MEDMEN ENTERPRISES INC.

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

FOR THE 13 AND 39 WEEKS ENDED MARCH 30, 2019

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*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of MedMen Enterprises Inc. ("**MedMen Enterprises**", "**MedMen**" or the "**Company**"), formerly known as The MedMen Group of Companies, is for the 13 and 39 weeks ended March 30, 2019. It is supplemental to, and should be read in conjunction with, the Annual Information Form filed on November 5, 2018 on www.sedar.com, and the Company's unaudited condensed interim consolidated financial statements and the accompanying notes for the 13 and 39 weeks ended March 30, 2019. The Company's unaudited condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**").*

This MD&A is presented as of May 29, 2019 unless otherwise noted.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

- the business, revenues, results and future activities of, and developments related to, the Company after the date of this MD&A,
- future business strategy, competitive strengths, goals, future expansion and growth of the Company's business and operations,
- the completion and timing of the completion of contemplated acquisitions, including the contemplated acquisition of PharmaCann, LLC ("**PharmaCann**"),
- the contemplated sale of certain real estate properties in one or more sale and leaseback transactions, and stated expectations regarding whether such proposed transactions will be consummated and the conditions to the consummation of such proposed transactions,
- whether any proposed transactions will be completed on the current terms and contemplated timing,
- expectations for the effects of such any proposed transactions, including the potential number and location of cultivation and production facilities and dispensaries or licenses therefor to be acquired,
- expectations regarding the markets to be entered into by the Company as a result of completing such proposed acquisitions,
- the ability of the Company to successfully achieve its business objectives as a result of completing such proposed acquisitions,
- the contemplated use of proceeds remaining from previously completed financings,
- the application for additional licenses and the grant of licenses or renewals of existing licenses that have been applied for,
- the rollout of new dispensaries, including as to number of planned dispensaries to be opened in the future and the timing in respect of the same, and related forecasts,
- the expansion of existing dispensaries,
- the expansion of existing cultivation and production facilities,

- the completion of cultivation and production facilities that are under construction,
- the construction of additional cultivation and production facilities,
- the expansion into additional U.S. and international markets,
- estimates of future cultivation, manufacturing and extraction capacity,
- expectations as to the development and distribution of the Company's brands and products,
- new revenue streams,
- the development and implementation by the Company of direct-to-consumer delivery services,
- future components of the Company's digital and online strategy,
- the expansion of the Company's in-store pickup service,
- features of, and the development and implementation of the Company's enterprise and information technology solutions across its various operations, including within its cultivation operations,
- the implementation of a research and development division,
- the development of a wholesale channel,
- any changes to the business or operations as a result of any potential future legalization of adult-use and/or medical cannabis under U.S. federal law,
- expectations of market size and growth in the United States and the states in which the Company operates or contemplates future operations and the effect that such growth will have on the Company's financial performance,
- the returns that may be experienced by investors,
- expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally, and
- other events or conditions that may occur in the future.

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

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

- contemplated acquisitions and dispositions being completed on the current terms and current contemplated timeline,
- development costs remaining consistent with budgets,
- the ability to raise sufficient capital to advance the business of the Company and to fund planned capital expenditures and acquisitions,
- the ability to manage anticipated and unanticipated costs,
- favorable equity and debt capital markets,
- stability in financial and capital goods markets,
- the ability to sustain negative operating cash flows while expanding the Company's business and operations,
- the ability to satisfy operational and financial covenants under the Company's existing debt obligations,

- favorable operating and economic conditions,
- political and regulatory stability,
- obtaining and maintaining all required licenses and permits,
- receipt of governmental approvals and permits,
- sustained labor stability,
- favorable production levels and costs from the Company's operations,
- consistent or increasing pricing of various cannabis products,
- the ability of the Company to negotiate favorable pricing for the cannabis products supplied to it,
- the level of demand for cannabis products,
- the availability of third-party service providers and other inputs for the Company's operations, and
- the Company's ability to conduct operations in a safe, efficient and effective manner.

While the Company considers these estimates and assumptions to be reasonable, the estimates and assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking information and statements. Many estimates and assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

Risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements include, among others:

- risks relating to the concentrated founder voting control of the Company and the unpredictability caused by the Company's existing capital structure,
- uncertain and changing U.S. regulatory landscape and enforcement related to cannabis, including political risks,
- the inability to raise necessary or desired funds,
- the inability to satisfy operational and financial covenants under the Company's existing debt obligations,
- funds being raised on terms that are not favorable to the Company,
- the inability to consummate the proposed acquisitions and the inability to obtain requisite regulatory approvals and third-party consents and the satisfaction of other conditions to the consummation of the proposed acquisitions on the proposed terms and schedule,
- the inability to complete the PharmaCann acquisition on the basis of the contemplated structure and timeline,
- the potential adverse impacts of the announcement or consummation of the proposed acquisitions on relationships, including with regulatory bodies, employees, suppliers, customers and competitors,
- the diversion of management time on the proposed acquisitions and dispositions,
- risks related to future acquisitions or dispositions, resulting in unanticipated liabilities,
- reliance on the expertise and judgment of senior management of the Company,
- adverse changes in public opinion and perception of the cannabis industry,
- risks relating to anti-money laundering laws and regulation,
- risks of new and changing governmental and environmental regulation,
- risk of costly litigation (both financially and to the brand and reputation of the Company and relationships with third parties),
- risks related to contracts with third party service providers,

- risks related to the unenforceability of contracts,
- the limited operating history of the Company,
- risks inherent in an agricultural business,
- risks related to proprietary intellectual property and potential infringement by third parties,
- risks relating to financing activities including leverage,
- the inability to effectively manage growth,
- errors in financial statements and other reports,
- costs associated with the Company being a publicly traded company,
- increasing competition in the industry,
- increases in energy costs,
- risks associated with cannabis products manufactured for human consumption, including potential product recalls,
- inputs, suppliers and skilled labor being unavailable or available only at uneconomic costs,
- breaches of and unauthorized access to the Company's systems and related cybersecurity risks,
- constraints on marketing cannabis products,
- fraudulent activity by employees, contractors and consultants,
- tax and insurance related risks,
- risks related to the economy generally,
- conflicts of interest of management and directors,
- failure of management and directors to meet their duties to the Company, including through fraud or breaches of their fiduciary duties,
- risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effect service outside of Canada,
- sales by existing shareholders negatively impacting market prices,
- the limited market for securities of the Company,
- limited research and data relating to cannabis, and
- those risk factors discussed elsewhere herein and in the Annual Information Form of the Company dated November 2, 2018 (the "**Annual Information Form**") and the short form base shelf prospectus dated March 26, 2019 available under the Company's profile on *www.sedar.com*.

With respect to certain forward-looking information and statements contained in this MD&A, the Company notes that the completion and expansion or renovations of retail locations assumes that funds are available, that the Company obtains the necessary licenses (or amendments to licenses) to permit a larger or new or renovated facility, that all necessary construction permits are issued and that the cost of such construction does not increase such that construction would no longer be economically viable. A failure to obtain necessary permits and licenses, or a delay in such permits and licenses, or an increase in construction costs could result in this completion, expansion or renovation being deferred for a material amount of time or being cancelled.

Readers are cautioned that the foregoing lists are not exhaustive of all factors, estimates and assumptions that may be applicable to or impact the Company's results. Although the Company has attempted to identify important factors that could cause actual results to differ materially from the forward-looking information and statements contained in this MD&A, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. The forward-looking information and statements contained herein are presented for the purposes of assisting readers in understanding the Company's

expected financial and operating performance and the Company's plans and objectives and may not be appropriate for other purposes.

The forward-looking information and statements contained in this MD&A represent the Company's views and expectations as of the date of this MD&A, unless otherwise indicated. The Company anticipates that subsequent events and developments may cause its views and expectations to change. However, while the Company may elect to update such forward-looking information and statements at a future time, it has no current intention of and assumes no obligation for doing so, except to the extent required by applicable law.

Readers should read this MD&A and the documents that we reference herein and have filed at www.sedar.com completely and with the understanding that our actual future results may be materially different from what we expect.

Basis of Presentation

The unaudited interim condensed consolidated financial statements of the Company for the 13 and 39 weeks ended March 30, 2019 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("**IASB**"). Certain financial measures contained in this MD&A are non-IFRS financial measures and are discussed further under *"Non-IFRS Financial and Performance Measures"* below.

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

Change in Fiscal Year-End

The Company changed its fiscal year-end from a fiscal year ending on June 30 to a 52/53-week year ending on the last Saturday in June, effective beginning with fiscal year 2019. In a 52-week fiscal year, each of the Company's quarterly periods will comprise 13 weeks. The additional week in a 53-week fiscal year is added to the fourth quarter, making such quarter consist of 14 weeks. The Company's first 53-week fiscal year will occur in fiscal year 2024. The Company believes the change in fiscal year provides numerous benefits, including aligning the Company's reporting periods to be more consistent and improving comparability between periods.

The Company made the fiscal year change on a prospective basis and has not adjusted operating results for prior periods. The change impacts the prior year comparability of the Company's fiscal quarters in 2018, as well as the fiscal first quarter of 2019, and will result in shifts in the quarterly periods, which will have an impact on quarterly financial results. The fiscal third quarter of 2019 began on December 30, 2018 and ended March 30, 2019 and is referred to throughout this report as the "13 weeks ended March 30, 2019" or the "fiscal third quarter of 2019". The 13 weeks ended March 30, 2019 included one more operating day than the comparable interim period in the prior year.

Market and Industry Data

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

ABOUT MEDMEN

Corporate Structure

MedMen Enterprises Inc. was incorporated in the Province of British Columbia under the *Business Corporations Act* (British Columbia).

The Company's Class B Subordinate Voting Shares are listed on the Canadian Securities Exchange (the "**CSE**") under the symbol "MMEN", on the OTCQX under the symbol "MMNFF", on the Frankfurt Stock Exchange under the symbol "OJS.F", on the Stuttgart Stock Exchange under the symbol "OJS.SG", on the Munich Stock Exchange under the symbol "OJS.MU" and on the Berlin Stock Exchange under the symbol "OJS.BE".

The Company operates through its wholly-owned subsidiaries, MM CAN USA, Inc., a California corporation ("**MM CAN**"), and MM Enterprises USA, LLC, a Delaware limited liability company ("**MM Enterprises USA**").

MM CAN converted into a California corporation (from a Delaware corporation) on May 16, 2018 and is based in Culver City, California. The head office and principal address of the company is 10115 Jefferson Boulevard, Culver City, California 90232.

MM Enterprises USA was formed on January 9, 2018 and is based in Culver City, California. The head office and principal address of the company is 10115 Jefferson Boulevard, Culver City, California 90232.

The MedMen Group of Companies was comprised of the following companies: MMMG LLC; MMOF Downtown Collective, LLC; MMOF Venice, LLC; MMOF Venice Collective, LLC; Project Compassion Venture, LLC; The MedMen of Nevada 2, LLC; Project Mustang Development, LLC; Desert Hot Springs Green Horizon, Inc.; and Manlin DHS Development, LLC.

On January 29, 2018, pursuant to a Formation and Contribution Agreement (the "**Agreement**"), a roll-up transaction was consummated whereby the assets and liabilities of The MedMen Group of Companies were transferred into MM Enterprises USA. In return, the vendors of the businesses of The MedMen Group of Companies received 217,184,382 MM Enterprises USA Class B Units. The Agreement was entered into by and among MM Enterprises Manager, LLC, the sole manager of MM Enterprises; MMMG LLC ("**MMMG**"); MedMen Opportunity Fund, LP ("**Fund I"**); MedMen Opportunity Fund II, LP ("**Fund II**"); The MedMen of Nevada 2 LLC ("**MMNV2**"); DHSM Investors, LLC ("**DHS Owner**"); and Bloomfield Partners Utica, LLC ("**Utica Owner**"). On May 28, 2018, a reverse takeover of Ladera Ventures Corp. was completed by MM Enterprises USA (the "**Business Combination**"). This Business Combination resulted in a reorganization of MM Enterprises USA and Ladera Ventures Corp. pursuant to which Ladera became the indirect parent of MM Enterprises USA and Ladera changed its name to "MedMen Enterprises Inc." On May 29, 2018, the Company's Class B Subordinate Voting Shares began trading on the Canadian Securities Exchange under the ticker "MMEN".

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

Summary Description of the Business

MedMen is a cannabis retailer with operations across the U.S. and flagship stores in Los Angeles, Las Vegas and New York. MedMen strives to provide an unparalleled experience that invites the world to discover the remarkable benefits of cannabis because a world where cannabis is legal and regulated is a safer, healthier and happier world.

MedMen believes it has the highest market share in California, one of the largest cannabis markets in the world. Including pending acquisitions, the Company and its target acquiree entities currently operate 35 retail locations in the U.S. and are licensed for a total of 84 dispensaries across 12 states. In addition to selling products from third parties, MedMen also sells its wholly-owned house brands – [statemade], LuxLyte, and MedMen – and has minority stakes in other successful brands, including Lowell Smokes, Old Pal and K.I.N.D. Concentrates.

Company Mission

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

Today, MedMen is one of the most recognized brands in the industry and is associated with state-of-the-art retail, best-in-class curated product offerings, and an uncompromising commitment to quality. Our talented team of 1,200 employees are bringing operational excellence to every market we serve, solving the technical challenges of a fragmented and evolving regulatory framework, and challenging cultural perceptions with disruptive marketing campaigns that are breaking down the stigma of cannabis.

Our retail strategy is focused on quality of licenses over quantity. We are scaling with speed to open flagship and strategic locations in the most important markets. As we continue to convert our high-value licenses into operational stores, we are uncompromising in our commitment to the customer experience, from our award-winning retail design to the cultivation, manufacturing and presentation of our premium product offerings. Our vertically-integrated business model allows us to directly control quality and leverages our leading retail footprint to capture higher margins.

Retail: Ultimate Defensibility

MedMen is unique in the cannabis business in that our focus is on the retail component of the industry, while still leveraging the key advantages of being vertically-integrated and controlling the resulting supply chain.

Below are highlights of the Company's national retail, California retail, cultivation & manufacturing, corporate SG&A and pre-opening expenses. We are always striving to assist your understanding of the strength of our position for market dominance through transparency. For the fiscal third quarter of 2019, we are providing detail with respect to EBITDA attributable to the Company's retail, California retail, cultivation & manufacturing, corporate SG&A and pre-opening expenses to show how we are leveraging our retail advantage and strategically investing in the future while executing in the present.

Key Business Metrics – Fiscal Third Quarter of 2019

National Retail

One must think in terms of traditional retail metrics while considering the effect of the unique regulatory environment U.S. cannabis businesses currently operate in. Our retail business serves as the ultimate defensive moat and competitive advantage.

	13 Weeks Ended March 30, 2019	13 Weeks Ended December 29, 2018	$ Change	% Change
		($ in Millions)		
Consolidated Revenue (IFRS)	$ 36.6	$ 29.9	$ 6.7	22%
Less: Non-Retail Revenue (IFRS)	2.0	0.2	1.8	900%
Retail Revenue (Non-IFRS)	34.6	29.7	4.9	16%
Consolidated Cost of Goods Sold (IFRS)	21.1	16.6	4.5	27%
Less: Non-Retail Cost of Goods Sold (IFRS)	4.8	2.6	2.2	85%
Retail Cost of Goods Sold (Non-IFRS)	16.3	14.0	2.3	16%
Four Wall Retail Gross Margin (Non-IFRS)	**18.3**	**15.7**	**2.6**	17%
Four Wall Retail Gross Margin Rate (Non-IFRS)	*53%*	*53%*	*0%*	0%
Direct Store Operating Expenses (IFRS)	14.0	10.8	3.2	30%
Four Wall Retail EBITDA Margin (Non-IFRS)	**$ 4.3**	**$ 4.9**	**$ (0.6)**	-12%
Four Wall Retail EBITDA Margin Rate (Non-IFRS)	*12%*	*16%*	*-4%*	-25%

Four Wall Retail EBITDA Margin (Non-IFRS) excludes corporate marketing expenses and local cannabis/excise taxes. These expenses are included in the Corporate SG&A section.

MedMen's core business is retail and we are better positioned for success now more than ever. For the fiscal third quarter of 2019, system-wide retail revenue was $34.6 million across the Company's operations in California, Nevada, New York, Arizona and Illinois. This represents a 16% increase over the fiscal second quarter of 2019 ($29.7 million). Importantly, the Company's California retail locations reported a combined $24.9 million in revenue, up 5% versus the prior quarter.

We had an aggregate Four Wall Retail EBITDA Margin Rate (Non-IFRS) of 12%. This represented a decline versus the 16% realized in the fiscal second quarter of 2019 due to expansion into medical markets which tend to carry lower margins and increased labor costs associated with unionization of employees in several of our stores.

California Retail

Our California retail operations generated a Four Wall California Retail EBITDA Margin Rate (Non-IFRS) of 22%, representing a decrease versus 24% in the fiscal second quarter of 2019. While the Four Wall California Retail Gross Margin Rate (Non-IFRS) increased sequentially to 57% from 51%, the decrease in the Four Wall California Retail EBITDA Margin Rate (Non-IFRS) was driven by higher payroll as described above. In California, Average Dollar Sale ("**ADS**"), defined as the average pre-tax purchase amount per customer per visit, was $77.36.

As an investor, with the understanding that we are, first and foremost, a retailer, it is important to see the results of our most tenured market, California. It is our hope and strategy, to replicate these results across the United States as laws and regulations allow.

	13 Weeks Ended March 30, 2019	13 Weeks Ended December 29, 2018	$ Change	% Change
		($ in Millions)		
Consolidated Revenue (IFRS)	$ 36.6	$ 29.9	$ 6.7	22%
Less: Non-Retail and Retail Revenue Outside California (IFRS)	11.7	6.2	5.5	89%
California Retail Revenue (Non-IFRS)	24.9	23.7	1.2	5%
Consolidated Cost of Goods Sold (IFRS)	21.1	16.6	4.5	27%
Less: Non-Retail Cost of Goods Sold and Retail Cost of Goods Sold Outside of California (IFRS)	10.4	5.0	5.4	108%
California Retail Cost of Goods Sold (Non-IFRS)	10.7	11.6	(0.9)	-8%
Four Wall California Retail Gross Margin (Non-IFRS)	**14.2**	**12.1**	**2.1**	17%
Four Wall California Retail Gross Margin Rate (Non-IFRS)	*57%*	*51%*	*6%*	12%
California Direct Store Operating Expenses (IFRS)	8.7	6.4	2.3	36%
Four Wall California Retail EBITDA Margin (Non-IFRS)	**$ 5.5**	**$ 5.7**	**$ (0.2)**	-4%
Four Wall California Retail EBITDA Margin Rate (Non-IFRS)	*22%*	*24%*	*-2%*	-8%

Cultivation & Manufacturing

We continue to invest in our ability to control the supply chain and we believe this choice to provide the highest quality and safest products available will translate to the most tangible benefit for our customers. We are well aware this infrastructure ramp-up and commitment to our customers will take longer to show a payoff. MedMen is focused on long-term and sustainable execution.

	13 Weeks Ended March 30, 2019	13 Weeks Ended December 29, 2018	$ Change	% Change
		($ in Millions)		
Revenue	**$ 2.0**	**$ 0.2**	$ 1.8	900%
Adjusted EBITDA Loss (Non-IFRS)	**$ (4.7)**	**$ (4.9)**	$ 0.2	-4%

For the 13 weeks ended March 30, 2019, revenue from cultivation and manufacturing operations was $2.0 million, up meaningfully from $181,000 for the 13 weeks ended December 29, 2018. The increase was driven by facilities recently acquired in Arizona. Of the $4.7 million in Adjusted EBITDA Loss (Non-IFRS) during the period, approximately $4.3 million was attributable to the Mustang cultivation and manufacturing facility. This investment will allow us to not only control the product but expand our margins significantly once our cultivation and manufacturing facilities are operating at capacity. The $4.7 million in Adjusted EBITDA Loss (Non-IFRS) for the fiscal third quarter of 2019 represented a modest improvement from the $4.9 million Adjusted EBITDA Loss (Non-IFRS) experienced in the fiscal second quarter of 2019.

Corporate SG&A

Major initiatives in Marketing and investment in our employees in various functions including IT, Licensing, Government Affairs, Marketing, Operations, Real Estate, Legal, Accounting and Finance, Corporate Development, Compliance, Project Management and Security combined to account for a significant proportion of this expense.

	13 Weeks Ended March 30, 2019	13 Weeks Ended December 29, 2018	$ Change	% Change
		($ in Millions)		
Corporate SG&A as a Component of Adjusted EBITDA Loss (Non-IFRS)	**$ (37.5)**	**$ (40.9)**	$ 3.4	-9%

The Company has established a target to reduce Corporate SG&A by 20% from the fiscal second quarter's level. Adjusted EBITDA Loss (Non-IFRS) relating to Corporate SG&A of $37.5 million in the fiscal third quarter of 2019 represented a 9% decrease from the $40.9 million that Corporate SG&A contributed to Adjusted EBITDA Loss (Non-IFRS) in the fiscal second quarter of 2019.

Pre-Opening Expenses

We incurred $4.6 million of pre-opening expenses in the fiscal third quarter of 2019 primarily driven by rent expenses of retail stores and cultivation and manufacturing facilities that are not yet operational. Due to the nature of "first strike" propensity of the industry and the regulatory requirements of the traditional banking system, we are forced to prepay rent in advance of opening stores.

	13 Weeks Ended March 30, 2019	13 Weeks Ended December 29, 2018	$ Change	% Change
		($ in Millions)		
Pre-Opening Expenses as a Component of Adjusted EBITDA Loss (Non-IFRS)	**$ (4.6)**	**$ (3.0)**	$ (1.6)	53%

Pre-opening expenses contributed $4.6 million to Adjusted EBITDA Loss (Non-IFRS) for the fiscal third quarter of 2019 compared to $3.0 million for the fiscal second quarter of 2019. The increase was due to the Company incurring costs to open five new retail locations during the 13 weeks ended March 30, 2019 compared to costs incurred to open three new retail locations, offset by the relocation of one retail license, during the 13 weeks ended December 29, 2018.

California Market Share by Revenue

For the 13 weeks ended March 30, 2019, the State of California collected $61.4 million in excise taxes at a rate of 15%, which equates to approximately $409.3 million in retail sales according to the California Department of Tax and Fee Administration[1]. The Company's California stores reported $24.9 million in revenue over the same period, which equates to an approximate 6% market share in the state. Including revenue of $2.2 million from announced pending acquisitions, our pro forma market share for the fiscal third quarter of 2019 was 7%. The State of California has 1,127 licensed retailers as of April 30, 2019. The Company started the fiscal third quarter of 2019 with eight stores in the state and ended the quarter with 10 stores in the state, and currently operates 11 stores in California. We estimate the Company's California stores generate eight times the revenue of the average cannabis retailer in the State of California.

[1] http://cdtfa.ca.gov/news/19-10.htm

Global Impact of the Brand

MedMen stores have drawn customers from all 56 U.S. States and Territories/Protectorates. Not only does this represent the power of our brand, but also the importance of our location-based real estate strategy. While the majority of our business comes from California, the top five (non-local) states our stores draw from are New York, Texas, Florida, Illinois and Arizona – the majority of which are states MedMen operates in.

Vertical Integration is the Key to the Supply Chain

MedMen currently operates seven (7) cultivation and six (6) production facilities across Nevada, California, New York, Florida and Arizona. Subsequent to March 30, 2019, the Company obtained the license to a cultivation, manufacturing and distribution facility in California which is included in the number of facilities noted above. With the exception of replacement of facilities in New York and Florida that are underway, the Company's scalable, high-efficiency cultivation and production facilities use the latest agronomic technology, enterprise grade software and sustainable techniques. We continue to view Nevada, California, New York, Florida, Arizona and Illinois as providing ongoing opportunities for growth due to their market depth, current supply-demand dynamics and regulatory framework.

Each cultivation and manufacturing facility is or will be focused primarily on the commercialization of cannabis (both medical and recreational, as permitted under applicable laws) and, in select locations, the research and development of new strains of cannabis and cultivation techniques. The procedures at each facility place a heavy emphasis on customer and patient safety, with a strict quality control process.

Nevada (Mustang)

Mustang, located in northern Nevada, is comprised of a 30,000 square foot cultivation facility and a 15,000 square foot production facility and sits on a total of 4.27 acres of land. The 30,000 square foot high-tech Dutch hybrid greenhouse allows for 22,000 square feet of canopy space. The production facility includes state-of-the-art production and extraction equipment. The first crop was planted in the fiscal third quarter of 2018 and the sale of product commenced in the fiscal first quarter of 2019.

California (Desert Hot Springs)

MedMen completed construction of the first phase of a cultivation and production facility in Desert Hot Springs, California. The first phase is comprised of a 30,000 square foot cultivation facility and a 15,000 square foot production facility. Similar to Mustang, the facility utilizes a high-tech Dutch hybrid greenhouse, further refined and informed by lessons learned and incremental improvements.

New York (Utica)

MedMen operates a temporary cultivation and production facility in Utica, New York in order to service medical marijuana patients in the state through its vertically-integrated license. The temporary facility has a cultivation area of 1,600 square feet and a production area of 800 square feet. MedMen is currently in the planning stage of developing a 45,000 square foot cultivation and production facility on the same parcel of land. The new facility is intended to follow the same model as Mustang.

Florida (Eustis)

In September 2018, MedMen completed the transaction it announced on June 6, 2018, acquiring a master license and related assets from Florida-based Treadwell Simpson Partnership and affiliates ("**Treadwell Nursery**"). The facility acquired is located in Eustis, Florida, which is approximately an hour drive north from Orlando. The Company is currently operating a temporary facility and is in the planning stages for another Mustang-type facility.

Arizona (Mesa and Tempe)

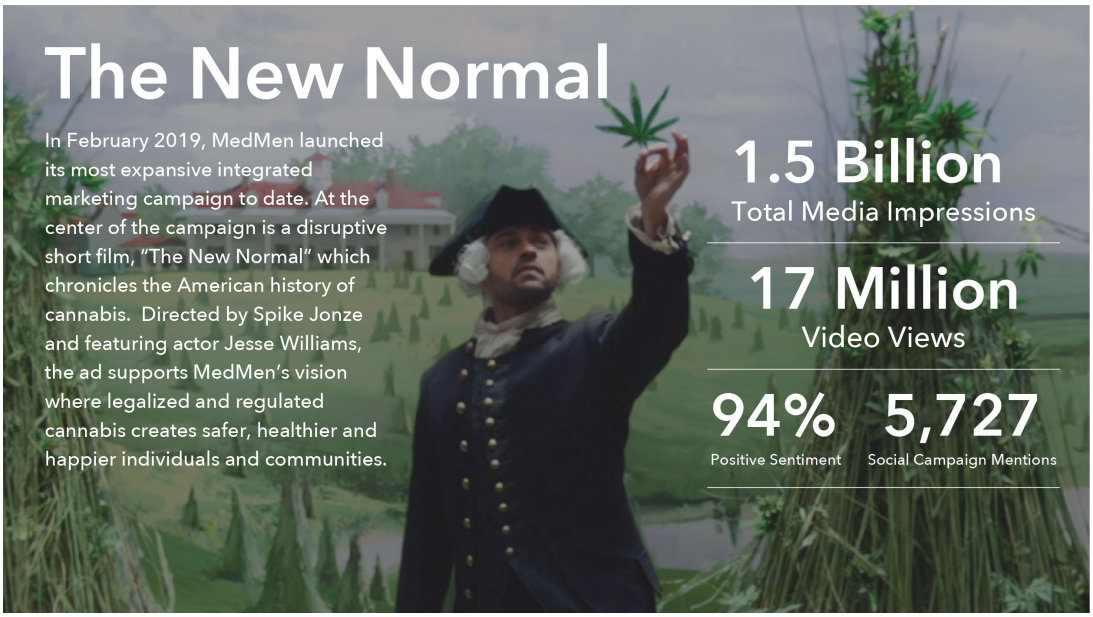
In December 2018, MedMen completed the previously announced acquisition of a dispensary in Scottsdale, Arizona, and a 20,000 square foot cultivation and manufacturing facility in Mesa, Arizona. In connection with these acquisitions, the Company also acquired exclusive co-manufacturing and licensing agreements with Kiva and HUXTON for the state of Arizona. Additionally, during the fiscal third quarter of 2019, MedMen completed an acquisition two operational dispensaries in Arizona located in Scottsdale and Tempe and a 25,000 square foot cultivation and manufacturing facility co-located with the Tempe dispensary.

Marketing: Engaging and Inspiring Cannabis Customers

While MedMen continues to be hyper-focused on growing market share and allocating capital to maximize shareholder value, our focus also includes providing a great retail experience for our consumers. This includes building and supporting spaces where customers feel safe, delighted and informed, and can discover the remarkable benefits of cannabis.

MedMen truly believes that cannabis can help people ameliorate their lives – through better sleep, less pain, less stress and anxiety, more relaxation and so on – but the stigma and lack of understanding about the product and legality continues to be a barrier. From a marketing perspective, we continue to focus on the task of normalizing cannabis. Raising awareness and reinforcing the relevance of MedMen to drive customer visits is the key priority in all of our markets. February 2019 brought the launch of *The New Normal*, the most expansive integrated marketing campaign the Company has executed to date. At the center of the campaign is a disruptive short film that chronicles the American history of cannabis, educating viewers about the journey to legalization. The goal of this particular campaign goes beyond education – it aims to culturally normalize and demystify something that has been oversimplified and furthermore, it aims to help decriminalize both politically and philosophically. Directed by Academy Award Winner Spike Jonze and featuring actor Jesse Williams – mostly recognized for his role on the show *Grey's Anatomy* – the film supports MedMen's vision that legalized and regulated cannabis creates safer, healthier and happier individuals and communities.

The New Normal short film was played on a variety of TV networks including Bravo, CBS Sports Network, Oxygen, MSNBC, Lifetime and Food Network. It was also played in hundreds of movie theaters across California, Nevada, and Michigan. The ad campaign surrounding the commercial included more than 80 out-of-home assets, print ads (including national ad placements in Rolling Stone and US Weekly), Sirius XM, native integrations with Complex, podcasts and terrestrial radio, digital, pre-roll and programmatic ads.



Data as of May 1, 2019. Sources: YouTube, Vimeo and performance marketing from agency partners.

Best-in-Class Technology Strategy and Execution

At MedMen, we are investing in technology that will enable us to effectively and efficiently operationalize our vast national footprint as well as enable the creation of innovative customer experiences that bridge the gap between digital and physical.

Over the coming quarters, we will be rolling out sophisticated technology for our cultivation operations that will enhance crop traceability, and inventory and workflow management solutions. We continue to invest in our enterprise resource planning ("**ERP**") platform, with a focus on manufacturing, procurement, distribution and warehouse management.

We believe that our relationship with our customers does not begin and end with a single transaction. As such, we continue to develop our overall corporate brand by offering our customers digital products that enhance their retail experience so that they can engage with the MedMen brand at any time, resulting in more efficient new customer acquisition and improved customer retention, which is necessary to create brand loyalists in the digital era.

The Technology team continues their focus on flexibility, convenience and value by kicking-off software development for the innovative MedMen Loyalty and Rewards Program. We will complete point-of-sale ("**POS**") software development for retail stores opening in the state of Florida and Arizona as well as continued development of the MedMen delivery program that will expand through California and Florida over the coming quarters.

Our continued focus on user experience optimization (specifically on mobile devices), as well as higher-value consumer messaging and content, has contributed to improvement in key *MedMen.com* user engagement metrics in the fiscal third quarter of 2019. *MedMen.com* average daily users grew approximately 14% quarter over quarter, while users visiting our retail store pages on *MedMen.com* declined approximately 7% quarter over quarter as more new users were driven to the site by the success of *The New Normal* marketing campaign, and the geo-location improvements that made it easier to visit store menu pages. With geo-location now live on *MedMen.com*, tailored content and site navigation is in use for consumer messaging. Another notable product launch is the MedMen online apparel store which is now live at *MedMenShop.com*.

Recent Developments

Acquisition of Long Beach Dispensary

On May 28, 2019, the Company entered into a definitive agreement to acquire a licensed dispensary located in Long Beach, California. As consideration for the acquisition, the Company will pay $13.0 million, of which $1.0 million will be satisfied in cash at closing, $1.0 million in cash to be paid six months after the closing date, $1.0 million in cash to be paid 12 months after the closing date, and $10.0 million in Class B Subordinate Voting Shares at closing. The transaction is expected to close within 90 days of signing and is subject to customary closing conditions.

Real Estate Sale and Leaseback Transactions

On January 7, 2019, the Company announced that the Treehouse Real Estate Investment Trust (the "**REIT**") had completed its first round of capital raise at $133.0 million and is expected to partially use the funds to purchase properties from the Company.

On February 7, 2019, the Company announced that it had completed the sale of three properties to the REIT, generating approximately $18.4 million of net proceeds for the Company, after repayment of debt. Such properties are the locations for the Company's Beverly Hills and Venice stores and for the Company's cultivation and manufacturing facility in Nevada (Mustang).

On March 14, 2019, the Company announced that it had completed the sale of two additional properties to the REIT, generating approximately $30.6 million of net proceeds for the Company, after repayment of debt. Such properties are the locations for the Company's new retail location on South Highland Drive in Las Vegas, which the Company expects to open later in calendar year 2019, and for the Company's cultivation and manufacturing facility in Desert Hot Springs, California.

The Company intends to use such net proceeds from the sale and leaseback transactions with the REIT to assist in funding the build-out of its national footprint. The Company has leased such properties sold at market rates for cannabis businesses under long-term leases.

All current real estate assets of the Company have been offered for sale to the REIT. It is expected that additional sale and leaseback transactions will occur between the REIT and the Company over the next 12 months. These additional potential transactions include real estate related to retail stores and cultivation and production facilities. Any such sale of properties remains subject to ongoing due diligence by the REIT, successful negotiation and execution of definitive documentation, final approval of the Company and the REIT board and the satisfaction of customary closing conditions.

The REIT has a three-year right of first offer on additional MedMen-owned facilities and development projects. The Company expects to lease all properties sold at market rates for cannabis businesses under long-term leases.

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

Management Change

Subsequent to the fiscal third quarter of 2019, the Company named Ryan Lissack as Chief Technology Officer. Mr. Lissack is a seasoned technology executive with over 20 years of experience.

The Company further accepted the resignations of Ben Cook, Chief Operating Officer, and Lisa Sergi, General Counsel and member of the MedMen Board of Directors.

Change to Management Employment Agreements

The Board of Directors has approved Amended and Restated Employment Agreements for Adam Bierman, Chief Executive Officer, and Andrew Modlin, President. Effective August 1, 2019, their base salaries will be reduced from $1.5 million to $50,000 (the lowest allowable for an exempt employee under the California Labor Code), and their cash bonuses, if any, will be within the complete discretion of the Compensation Committee of the Board, and require ultimate Board approval. The term of each employment agreement will be for two years, retroactive to May 18, 2018, and, if terminated without cause during the employment term, severance will be limited to vesting of one third (1/3) of any unvested full value long-term incentive plan ("**FV LTIP**") units. Neither Bierman nor Modlin were provided any additional compensation or equity for entering into the Amended and Restated Employment Agreements.

Territorial Expansion

Continues to Expand Footprint in Northern California

On January 15, 2019, the Company completed the acquisition of Viktoriya's Medical Supplies LLC d/b/a Buddy's Cannabis, which holds a microbusiness license entitling the Company to sell, distribute, cultivate and manufacture cannabis and cannabis products onsite in San Jose, California. The dispensary is a two-story building located in San Jose, situated in Silicon Valley and the largest city in Northern California and the tenth most populous in the United States. Buddy's Cannabis is one of sixteen licensed cannabis collectives in the city of San Jose, and as such exemplifies MedMen's focus on restrictive license sub-markets. This location is contemplated by the Company to serve as the initial hub for its Northern California platform.

On March 29, 2019, the Company completed the acquisition of PHSL, LLC d/b/a SugarLeaf Trading Co., an adult and medical use cannabis retail license holder in Seaside, California. The total consideration was approximately $3.0 million. The dispensary occupies a high traffic shopping area and represents one of six licenses issued in the city of Seaside. Seaside is among the few coastal communities in Monterey County with existing cannabis retail sales. This is MedMen's third retail license in Northern California.

Florida Rollout

In relation to the acquisition in Eustis, Florida, the Company has secured 19 sites for retail locations in Florida. The acquisition included a license providing the right to open 25 medical dispensaries in Florida. The qualified patient count in Florida has surpassed 200,000, which was deemed to be the threshold that, once crossed, allows for license holders to further expand their footprint to 35 medical dispensaries to serve the needs of the population. The Company is expected to open 12 stores in the state of Florida by calendar year-end.

Acquisition of MedMen Branded Retail Operations

On January 25, 2019, the Company completed the acquisition of two MedMen branded retail operations in Southern California from Captor Capital Corp. ("**Captor**") for $31.3 million pursuant to a stock purchase agreement entered into on January 9, 2019 (the "**SPA**"). Under the terms of the SPA, the Company acquired all of the shares of ICH California Holdings, Ltd., a wholly-owned subsidiary of Captor that held assets including the ownership interests in its MedMen branded retail cannabis dispensary located in Santa Ana.

Completes Acquisition of Illinois Dispensary

On February 4, 2019, the Company announced the completion of the acquisition of Seven Point, a licensed medical cannabis dispensary located in the historic Chicago suburb of Oak Park, Illinois. Pursuant to the acquisition, the Company paid a combination of cash at closing, deferred cash and subordinate voting shares of MedMen for an undisclosed total amount. With the closing of the acquisition and following the completion of the pending acquisition of PharmaCann, LLC, MedMen will be licensed for five medical-use cannabis dispensaries in Illinois. Seven Point is located in a high foot traffic shopping district among popular restaurants, cafes and major retail stores.

Completes Acquisition of Vertically-Integrated Arizona Operator

On February 13, 2019, the Company announced the completion of the acquisition of Kannaboost Technology Inc. and CSI Solutions LLC, collectively referred to as "Level Up," two vertically-integrated operations in Arizona. The acquisition also includes a 40 percent stake in top-selling brand K.I.N.D. Concentrates, which is currently distributed in over 90 percent of the dispensaries in Arizona. The Company paid a combination of cash and stock valued at an aggregate of $31.2 million. With the closing of the acquisition, MedMen is licensed for three medical-use cannabis dispensaries in Arizona. The flagship Level Up location in Scottsdale is one of the highest-grossing dispensaries in the state.

Enters into Strategic Partnership with Gotham Green Partners

On March 22, 2019, the Company signed a binding term sheet for a senior secured convertible credit facility (the "**Facility**") of up to $250,000,000 from funds managed by Gotham Green Partners ("**GGP**" or the "**Investor**"), an investor in the global cannabis industry. The Company subsequently entered into definitive documentation on April 23, 2019 and closed on a portion of the initial funding tranche.

The Facility will be accessed through issuances to the lenders of convertible senior secured notes ("**Notes**") co-issued by the Company and MM CAN USA, Inc., a subsidiary of the Company ("**MM CAN**"), in an aggregate amount of up to $250,000,000. Under the definitive terms, Notes will be issuable in up to five tranches, with each tranche being issuable at the option of the Company, subject to certain conditions and, in certain cases, price thresholds for the Class B subordinate voting shares of the Company (the "**Subordinate Voting Shares**"). The initial tranche, which the Company and MM CAN have drawn down on April 23, 2019 and May 22, 2019, was for gross proceeds of $100,000,000 ("**Tranche 1**"). The balance of the Facility will be funded through additional tranches as follows:

- ***Tranche 2***: An aggregate amount of $75,000,000 will be available to the Company, of which:
    - an aggregate amount of $25,000,000 may be requested by the Company (without meeting any share price threshold, as described below) ("**Optional Tranche 2**"), and will be available beginning 75 days after the April 23, 2019 closing date (the "**Closing Date**"); and
    - an aggregate amount of $75,000,000 may be requested by the Company if Optional Tranche 2 is not funded and an aggregate amount of $50,000,000 may be requested by the Company if Optional Tranche 2 is funded ("**Required Tranche 2**"), and which will be available beginning on the six-month anniversary of the May 22, 2019 date.
- ***Tranche 3***: An aggregate amount of $75,000,000 will be available to the Company beginning on the six-month anniversary of the closing date of Required Tranche 2.

All Notes will have a maturity date of 36 months from the Closing Date (the "**Maturity Date**"), with a 12-month extension feature available to the Company on certain conditions, including payment of an extension fee of 1.0% of the principal amount under the outstanding Notes. All Notes will bear interest from their date of issue at LIBOR + 6.0% per annum. During the first 12 months, interest may be paid-in-kind ("**PIK**") at the Company's option such that any amount of PIK interest will be added to the outstanding principal of the Notes. The Company shall have the right after the first year, to prepay the outstanding principal amount of the Notes prior to maturity, in whole or in part, upon payment of 105% of the principal amount in the second year and 103% of the principal amount thereafter.

The Notes (including all accrued interest and fees thereon) will be convertible, at the option of the holder, into Subordinate Voting Shares at any time prior to the close of business on the last business day immediately preceding the Maturity Date. The conversion price for each tranche of Notes is as follows:

- ***Tranche 1 Notes***: The conversion price per share is equal to $3.29.
- ***Optional Tranche 2 Notes:*** The conversion price per share will be equal to the lesser of (i) 115% of the 20 trading day volume weighted average trading price ("**VWAP**") of the Subordinate Voting Shares as of the trading day immediately preceding the date of issue of the Optional Tranche 2 Notes (as reported on the Canadian Securities Exchange (the "**CSE**") and converted to U.S. dollars) and (ii) $3.29.
- ***Required Tranche 2 Notes:*** The conversion price per share will be equal to the lesser of (i) 115% of the 20 trading day VWAP of the Subordinate Voting Shares as of the trading day immediately preceding the date of issue of the Required Tranche 2 Notes (as reported on the CSE and converted to U.S. dollars) and (ii) $7.00.
- ***Tranche 3 Notes:*** The conversion price per share will be equal to the lesser of (i) 115% of the 20 trading day VWAP of the Subordinate Voting Shares as of the trading day immediately preceding the date of issue of the Tranche 3 Notes (as reported on the CSE and converted to U.S. dollars) and (ii) $7.00.

The Company may force the conversion of up to 75% of the then outstanding Notes if the VWAP of the Subordinate Voting Shares (converted to U.S. dollars) is at least $8.00 for any 20 consecutive trading day period, at a conversion price per Subordinate Voting Share equal to $8.00. If 75% of the then outstanding Notes are converted by the Company, the term of the remaining 25% of the then outstanding Notes will be extended by 12 months (if such extended period is longer than the maturity date of such Notes), subject to an outside date of 48 months from the Closing Date.

Upon issuance of Notes pursuant to any tranche, the lenders will be issued share purchase warrants of the Company ("**Warrants**"), each of which would be exercisable to purchase one Subordinate Voting Share for a period of 36 months from the date of issue. The number of Warrants to be issued will represent an approximate 50% Warrant coverage for each tranche. The exercise prices for each tranche of Warrants are as follows:

- ***Tranche 1 Warrants:***
    - 75% of such Warrants have an exercise price per share equal to $3.72.
    - 25% of such Warrants have an exercise price per share equal to $4.29.
- ***Optional Tranche 2 Warrants:***
    - 75% of such Warrants will have an exercise price per share equal to the lesser of (A) a 30% premium to the 20 trading day VWAP of the Subordinate Voting Shares as of the trading day immediately preceding the date of the issuance of the Optional Tranche 2 Notes (as reported on the CSE and converted to U.S. dollars) and (B) $3.72.
    - 25% of such Warrants will have an exercise price per share equal to the lesser of (A) a 50% premium to the 20 trading day VWAP of the Subordinate Voting Shares as of the trading day immediately preceding the date of the issuance of the Optional Tranche 2 Notes (as reported on the CSE and converted to U.S. dollars) and (B) $4.29.
- ***Required Tranche 2 Warrants:***
    - 75% of such Warrants will have an exercise price per share equal to the lesser of (A) a 30% premium to the 20 trading day VWAP of the Subordinate Voting Shares as of the trading day immediately preceding the date of the issuance of the Required Tranche 2 Notes (as reported on the CSE and converted to U.S. dollars) and (B) $7.91.
    - 25% of such Warrants will have an exercise price per share equal to the lesser of (A) a 50% premium to the 20 trading day VWAP of the Subordinate Voting Shares as of the trading day immediately preceding the date of the issuance of the Required Tranche 2 Notes (as reported on the CSE and converted to U.S. dollars) and (B) $9.13.
- ***Tranche 3 Warrants:***
    - 75% of such Warrants will have an exercise price per share equal to the lesser of (A) a 30% premium to the 20 trading day VWAP of the Subordinate Voting Shares as of the trading day immediately preceding the date of the issuance of the Tranche 3 Notes (as reported on the CSE and converted to U.S. dollars) and (B) $7.91.
    - 25% of such Warrants will have an exercise price per share equal to the lesser of (A) a 50% premium to the 20 trading day VWAP of the Subordinate Voting Shares as of the trading day immediately preceding the date of the issuance of the Tranche 3 Notes (as reported on the CSE and converted to U.S. dollars) and (B) $9.13.

In connection with Tranche 1, the Company issued to the lenders 8,068,852 Warrants with an exercise price per share equal to $3.72 and 2,330,999 Warrants with an exercise price per share equal to $4.29.

As additional consideration for purchase of the Notes, at the time of each Tranche closing, the lenders will be paid an advance fee of 1.5% of the principal amount of the Notes purchased in such Tranche.

While the Notes are outstanding, the lenders will be entitled to the collective rights (a) to nominate an individual to the board of directors of the Company, and (b) to appoint a representative to attend all meetings of the board of directors in a non-voting observer capacity.

The Notes and the Warrants, and any Subordinate Voting Shares issuable as a result of conversion of the Notes or exercise of the Warrants, will be subject to a four-month hold period from the date of issuance of such Notes or such Warrants, as applicable, in accordance with applicable Canadian securities laws.

Closing of any tranche of the Facility subsequent to Tranche 1 is subject to certain conditions being satisfied including, but not limited to, there being no event of default, reconfirmation of representations and warranties and compliance with applicable covenants and agreements. In addition, in order for the Company to access (a) Required Tranche 2, the 20 trading day VWAP of the Subordinate Voting Shares as of the trading day immediately preceding the date notice is given to the lenders (as reported on the CSE and converted to U.S. dollars) must be at least $3.75; and (b) Tranche 3, the 20 trading day VWAP of the Subordinate Voting Shares as of the trading day immediately preceding the date notice is given to the lenders (as reported on the CSE and converted to U.S. dollars) must be at least $4.50.

The Company intends to use such net proceeds from the Facility to assist in funding the build-out of its national footprint and operational needs.

Ground Breaking Proposed PharmaCann Acquisition Would Double Market Penetration

On October 11, 2018, MedMen and PharmaCann announced that they had signed a binding letter of intent for MedMen to acquire PharmaCann in an all-stock transaction valued at $682.0 million based on the closing price of MedMen's Subordinate Voting Shares on October 9, 2018 (such value being subject to change based on the daily closing price of the Subordinate Voting Shares), and which, on a pro forma basis, will equal approximately 25% of the then fully diluted outstanding Subordinate Voting Shares of the Company (upon the closing of the transaction), calculated according to the treasury stock method. On December 24, 2018, the Company announced the execution of a definitive business combination agreement with PharmaCann in respect of the PharmaCann acquisition.

Each of the Company and PharmaCann will become subsidiaries of a newly incorporated corporation, which is incorporated under the laws of British Columbia and have an authorized and issued share capital substantially similar to that of the Company, subject to the issuance of subordinate voting shares to the unit holders of PharmaCann.

The transaction is subject to, among other things, regulatory approvals by various local and state authorities in each of the U.S. states where PharmaCann's assets and licenses are held, certain debt of PharmaCann being repaid, any applicable security holder approvals being obtained and other customary closing conditions. The transaction closing is expected to take six to 12 months from announcement based on the receipt of such regulatory approvals. In the event that certain of such regulatory approvals are not obtained by the transaction closing, a portion of the consideration (the "**Holdback Shares**"), as determined by the parties (but in no event more than 30% of the consideration), will be withheld until such regulatory approvals are received, and such Holdback Shares shall be released to unit holders of PharmaCann upon the receipt of such regulatory approvals. In the event that an approval is not able to be obtained within 24 months following the execution of definitive documentation in respect of the transaction, the parties will use commercially reasonable efforts to transition the related license to a third party with any such proceeds going to the Company and any related Holdback Shares being released to PharmaCann unit holders.

It is contemplated that the Company will call and hold a shareholders' meeting in the fiscal first quarter of 2020 to pursue the requisite shareholder approval to consummate the PharmaCann acquisition in accordance with the acquisition structure as currently contemplated and noted above. In respect of obtaining state and local regulatory approval, all applicable regulators have been provided with notice of the PharmaCann acquisition. Additionally, the Company and PharmaCann have been in correspondence with such regulatory authorities as currently appropriate and have submitted, or are in the process of submitting, applicable application documentation for obtaining such regulatory approvals.

The resulting pro-forma company (including pending acquisitions by MedMen) will have a portfolio of cannabis licenses across 12 states, which comprise a total estimated addressable market, as of 2030, of approximately $40 billion according to Cowen Group[2]. Through the transaction, MedMen will add licenses in Illinois, New York, Pennsylvania, Maryland, Massachusetts, Ohio, and Virginia. Combined, the two companies will be licensed for 84 retail stores, 17 cultivation facilities and 15 production facilities (including pending acquisitions by MedMen). As of the date of this MD&A, the following table shows the combined footprint and operational status of MedMen and PharmaCann assets, including MedMen's managed assets:

	Retail				Cultivation/Manufacturing	
	Stores Permitted Under Licenses [2]		Currently Operational Stores [1]		Licenses for Facilities [1]	
State	MedMen	PharmaCann	MedMen	PharmaCann	MedMen	PharmaCann
Arizona	3	0	3	0	X	
California	13	0	12	0	X	
Florida	35	0	0	0	X	
Illinois	1	5	1	5		X
Maryland	0	1	0	1		
Massachusetts	0	3	0	1		X
Michigan	1	0	1	0		
Nevada	3	0	3	0	X	
New York	4	4	4	4	X	X
Ohio	0	1	0	0		X
Pennsylvania	0	9	0	0		X
Virginia	0	1	0	0		X
TOTAL:	**60**	**24**	**24**	**11**		
TOTALS COMBINED: [2]	**84**		**35**			

(1) Includes the pending acquisition of a store in California and the pending acquisition of a Michigan license and two stores managed by MedMen that are not owned by the Company.

(2) Includes licenses expected to be acquired through the announced PharmaCann transaction and other pending transactions, and those acquired in recently closed transactions. Through the acquisition of PharmaCann, MedMen will obtain an additional 24 retail licenses and have a presence across 12 states. Those 12 states contain approximately half of the total U.S. population.

[2] Cowen and Company, LLC. (2018) – *Cannabis: $75B Opportunity; Category Cross-Currents Keep Us Cautious on Booze*. Retrieved from http://www.cowen.com/reports/cannabis-75b-opportunity-category-cross-currents-keep-us-cautious-on-booze/

Non-IFRS Financial and Performance Measures

In addition to providing financial measurements based on IFRS, the Company provides additional financial metrics that are not prepared in accordance with IFRS. Management uses non-IFRS financial measures, in addition to IFRS financial measures, to understand and compare operating results across accounting periods, for financial and operational decision-making, for planning and forecasting purposes and to evaluate the Company's financial performance. These non-IFRS financial measures are EBITDA, Adjusted EBITDA, Adjusted Net Loss, Working Capital, Retail Revenue, California Retail Revenue, Retail Cost of Goods Sold, California Retail Cost of Goods Sold, Four Wall Retail Gross Margin, Four Wall Retail Gross Margin Rate, Four Wall Retail EBITDA Margin, Four Wall Retail EBITDA Margin Rate, Four Wall California Retail Gross Margin, Four Wall California Retail Gross Margin Rate, Four Wall California Retail EBITDA Margin, and Four Wall California Retail EBITDA Margin Rate (collectively, the "**non-IFRS financial measures**").

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

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

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

EBITDA, Adjusted EBITDA, Adjusted Net Loss, Retail Revenue, California Retail Revenue, Retail Cost of Goods Sold, California Retail Cost of Goods Sold, Four Wall Retail Gross Margin, Four Wall Retail Gross Margin Rate, Four Wall Retail EBITDA Margin, Four Wall Retail EBITDA Margin Rate, Four Wall California Retail Gross Margin, Four Wall California Retail Gross Margin Rate, Four Wall California Retail EBITDA Margin, and Four Wall California Retail EBITDA Margin Rate

EBITDA, Adjusted EBITDA, Adjusted Net Loss, Working Capital, Retail Revenue, California Retail Revenue, Retail Cost of Goods Sold, California Retail Cost of Goods Sold, Four Wall Retail Gross Margin, Four Wall Retail Gross Margin Rate, Four Wall Retail EBITDA Margin, Four Wall Retail EBITDA Margin Rate, Four Wall California Retail Gross Margin, Four Wall California Retail Gross Margin Rate, Four Wall California Retail EBITDA Margin, and Four Wall California Retail EBITDA Margin Rate are financial measures that are not defined under IFRS. We use these non-IFRS financial measures, and believe they enhance an investor's understanding of our financial and operating performance from period to period. These non-IFRS financial measures exclude certain material non-cash items and certain other adjustments we believe are not reflective of our ongoing operations and our performance.

EBITDA is calculated as Net Loss adjusted for net interest and other financing costs, provision for income taxes, and amortization and depreciation. Adjusted EBITDA is the related EBITDA adjusted for transaction costs, share-based compensation, and other non-cash operating costs, such as unrealized gain or loss on fair value of biological assets, change in fair value of derivative liabilities, and unrealized change in fair value of investments. Adjusted Net Loss is Net Loss adjusted for transaction costs, share-based compensation, and other non-cash operating costs, such as those noted above.

Retail Revenue is consolidated revenue less non-retail revenue, such as cultivation and manufacturing revenue, while California Retail Revenue is the total Retail Revenue noted above less Retail Revenues outside of California.

Retail Cost of Goods Sold is consolidated cost of goods sold less non-retail cost of goods sold, while California Cost of Goods Sold is the total Retail Cost of Goods Sold noted above less those related to retail cost of goods sold outside of California.

Four Wall Retail Gross Margin is calculated as Retail Revenue less the related Retail Cost of Goods Sold, while the Four Wall Retail Gross Margin Rate is the related Four Wall Retail Gross Margin divided by Retail Revenue. Four Wall Retail EBITDA Margin is the Four Wall Retail Gross Margin less direct store operating expenses, including rent, payroll, security, insurance, office supplies and payment processing fees, while the Four Wall Retail EBITDA Margin Rate is the related Four Wall Retail EBITDA Margin divided by Retail Revenue. Four Wall California Retail Gross Margin is calculated as California Retail Revenue less the related California Retail Cost of Goods Sold, while the Four Wall California Retail Gross Margin Rate is the related Four Wall California Retail Gross Margin divided by California Retail Revenue. Four Wall California Retail EBITDA Margin is the Four Wall California Retail Gross Margin less direct California store operating expenses, including rent, payroll, security, insurance, office supplies and payment processing fees, while the Four Wall California Retail EBITDA Margin Rate is the related Four Wall California Retail EBITDA Margin divided by California Retail Revenue. These financial measures are not intended to represent and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with IFRS as measures of operating performance or operating cash flows or as measures of liquidity.

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

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

Other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

Working Capital

The calculation of Working Capital provides additional information and is not defined under IFRS. We define Working Capital as current assets less current liabilities. This measure should not be considered in isolation or as a substitute for any standardized measure under IFRS. This information is intended to provide investors with information about the Company's liquidity.

Other companies in our industry may calculate this measure differently than we do, limiting its usefulness as a comparative measure.

Reconciliations of Non-IFRS Financial and Performance Measures

The table below reconciles Net Loss to Adjusted Net Loss, Net Loss to EBITDA and EBITDA to Adjusted EBITDA for the periods indicated.

	13 Weeks Ended March 30, 2019	Three Months Ended March 31, 2018	39 Weeks Ended March 30, 2019	Nine Months Ended March 31, 2018
		($ in Millions)		
Net Loss (IFRS)	$ (63.1)	$ (16.8)	$ (194.1)	$ (33.5)
Add (Deduct) Impact of:				
Transaction Costs	3.4	1.2	10.2	3.1
Share-Based Compensation	6.0	-	28.7	0.5
Other Non-Cash Operating Costs	(2.1)	-	(7.0)	0.1
Total Adjustments	7.3	1.2	31.9	3.7
Adjusted Net Loss (Non-IFRS)	**$ (55.8)**	**$ (15.6)**	**$ (162.2)**	**$ (29.8)**
Net Loss (IFRS)	$ (63.1)	$ (16.8)	$ (194.1)	$ (33.5)
Add (Deduct) Impact of:				
Net Interest and Other Financing Costs	2.5	1.0	7.5	2.0
Provision for Income Taxes	2.9	0.6	6.6	0.9
Amortization and Depreciation	7.9	1.8	15.5	3.3
Total Adjustments	13.3	3.4	29.6	6.2
EBITDA (Non-IFRS)	**$ (49.8)**	**$ (13.4)**	**$ (164.5)**	**$ (27.3)**
EBITDA (Non-IFRS)	$ (49.8)	$ (13.4)	$ (164.5)	$ (27.3)
Add (Deduct) Impact of:				
Transaction Costs	3.4	1.2	10.2	3.1
Share-Based Compensation	6.0	-	28.7	0.5
Other Non-Cash Operating Costs	(2.2)	-	(6.9)	0.1
Total Adjustments	7.2	1.2	32.0	3.7
Adjusted EBITDA (Non-IFRS)	**$ (42.6)**	**$ (12.2)**	**$ (132.5)**	**$ (23.6)**

See *"Key Business Metrics – Fiscal Third Quarter of 2019"* for reconciliations of Retail Revenue, California Retail Revenue, Retail Cost of Goods Sold, California Retail Cost of Goods Sold, Four Wall Retail Gross Margin, Four Wall Retail Gross Margin Rate, Four Wall Retail EBITDA Margin, Four Wall Retail EBITDA Margin Rate, Four Wall California Retail Gross Margin, Four Wall California Retail Gross Margin Rate, Four Wall California Retail EBITDA Margin, and Four Wall California Retail EBITDA Margin Rate.

OVERALL PERFORMANCE

Factors Affecting Performance

The nascent cannabis industry represents an extraordinary opportunity in which our performance and success depend on a number of factors:

- ***Aggressive Market Expansion.*** Our recent success in achieving a large retail footprint is attributable to our aggressive market expansion strategy, which has been a key driver of our revenue growth. We have identified additional high potential markets in which we plan to continue to execute our expansion strategy. We expect acquisition related costs as well as marketing and selling expenses required to support these initiatives will continue to grow along with revenue.

- ***Retail Growth.*** Our stores are located in premium locations at nexuses of travel and tourism like Manhattan, Los Angeles and Las Vegas. To date, we own or operate retail stores in New York, California, Nevada, Arizona and Illinois. As we continue to increase sales, we expect to leverage our retail footprint to develop a robust distribution model.

- ***Direct-to-Consumer Channel Rollout: Delivery Services and In-Store Pickup.*** While our existing dispensaries currently provide for in-store pickup, a significant majority of them do not currently conduct direct-to-consumer delivery services. We expect to continually roll out that service during calendar year 2019 to additional retail locations. We plan to engage in delivery operations either through the development of our own delivery infrastructure and network, or through the use of third-party services focused on the delivery and e-commerce market.

- ***Wholesale Channel Rollout: Cultivation and Production.*** We currently have seven (7) cultivation and six (6) production facilities in different stages of development. The first facility, Mustang, is located in northern Nevada and is comprised of a 45,000 square foot cultivation and production facility and sits on a total of 4.27 acres of land. The second facility is located in Utica, New York and is in the planning stages and will be comprised of a 45,000 square foot cultivation and production facility. The Company currently operates a temporary facility in Utica. The third facility is located on five acres of land in Eustis, Florida, which is approximately an hour drive north from Orlando, Florida. The Company is currently operating a temporary facility in Eustis and is in the planning stages for another Mustang-type factory. The fourth facility is located in Desert Hot Springs, California and is comprised of a 45,000 square foot cultivation and production facility. The facility sits on 10 acres of land now owned by the REIT. There are two facilities in Arizona - one located in Mesa and one located in Tempe. The two Arizona facilities combined exceed 45,000 square feet for cultivation and manufacturing.

- ***New Cannabis Products.*** On October 5, 2018, MedMen launched a comprehensive suite of new cannabis products under the brand [statemade]. We anticipate introducing new branded products from our cultivation and production facilities gradually over 2019, including those facilities acquired during 2019, and in doing so expect to develop our wholesale channel. We expect that our capital expenditures will continue as we complete the rollout of our cultivation and production facilities.

Trends

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

- ***Liberalization of Cannabis Laws.*** We are reliant on the continuation of the trend toward increased liberalization of cannabis laws throughout the United States, including the adoption of medical cannabis regimes in states without cannabis programs and the conversion of medical cannabis regimes to recreational regimes in states with medical cannabis programs. Although we have focused on California, New York, Nevada, Arizona, Illinois and Florida, this trend provides us with new opportunities to deploy capital and expand geographically. The opportunity for geographic expansion is important because some jurisdictions with existing cannabis programs limit the number of retail locations that can be owned by a single entity.

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

- ***Balanced Supply and Demand in States.*** We are reliant on the maintenance of a balance between supply and demand in the various states in which we operate cannabis retail stores. Federal law provides that cannabis and cannabis products may not be transported across state lines in the United States. As a result, all cannabis consumed in a state must be grown and produced in that same state. This dynamic could make it more difficult, in the short term, to maintain a balance between supply and demand. If excess cultivation and production capacity is created in any given state and this is not matched by increased demand in that state then this could exert downward pressure on the retail price for the products we sell. If too many retail licenses are offered by state authorities in any given state then this could result in increased competition and exert downward pressure on the retail prices for the products we sell. On the other hand, if cultivation and production in a state fails to match demand then, in the short term, there could be insufficient supply of product in a state to meet demand and, while we might be able to raise our prices, there could be inadequate product availability in the short term, causing our revenue in that state to fall or to not grow to its full potential.

Risks and Uncertainties

We are subject to various risks and uncertainties that could have a material impact on us, our financial performance and condition, and our outlook. Many factors could cause the Company's actual results, performance and achievements to differ materially from those expressed or implied by the forward-looking information and forward-looking statements contained herein including without limitations the following factors which are disclosed in greater detail in the Annual Information Form dated November 2, 2018 and short form base shelf prospectus dated March 26, 2019 of the Company, which are available at www.sedar.com under the Company's profile, which risk factors should be reviewed in detail by all readers. These risks and uncertainties include, but are not limited to, the following:

- There is unpredictability as a result of our capital structure and concentrated founder voting control.
- Our continued development will require additional financing and as a result we may issue additional equity and debt securities in the future, which may dilute a shareholder's holdings in the Company, and we may incur additional indebtedness.
- We may not be able to secure adequate or reliable sources of funding required to operate or grow our business.
- We are reliant on our licenses and on our continued ability to win and acquire new licenses for our ability to grow, store and sell medical and recreational cannabis and other products derived therefrom and such licenses are subject to ongoing compliance, reporting and renewal requirements.
- We are subject to and cannabis continues to be a controlled substance under the United States Federal Controlled Substances Act.
- The laws, regulations and guidelines generally applicable to the cannabis industry in the United States and internationally may change in ways currently unforeseen by us.
- There can be no assurance that the United States government will not choose to enforce more aggressively laws criminalizing cannabis at the Federal level.
- Our assets may be subject to civil asset forfeiture as the cannabis industry remains illegal under U.S. federal law.
- There can be no assurance that proposed acquisitions will be consummated and that the requisite regulatory approvals and third-party consents and other conditions will be satisfied on the proposed terms and schedule.
- There can be no assurance that the PharmaCann acquisition will be completed on the basis of the contemplated structure and timeline.
- There can be no assurance that the announcement or consummation of proposed acquisitions will not have an adverse impact on relationships, including with regulatory bodies, employees, suppliers, customers and competitors.
- Proposed acquisitions and dispositions will divert management time.
- We may not be able to effectively manage growth.
- There are risks related to future acquisitions that may result in unanticipated liabilities.
- Future clinical research studies on the effects of cannabis may lead to conclusions that dispute or conflict with our understanding and belief regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis.
- Our expansion into jurisdictions outside of the United States is subject to risks.
- 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 have a limited operating history and therefore we are subject to many of the risks common to early-stage enterprises.
- Our existing stores and facilities are integral to our operations and any adverse changes or developments affecting these stores and facilities may impact our business, financial condition and results of operations.
- The cannabis industry and markets are relatively new in the United States and in other jurisdictions, and this industry and market may not continue to exist or grow as anticipated or we may ultimately be unable to succeed in this industry and market.

- We are dependent on our senior management.
- There may be conflicts of interest of management and directors.
- We may be subject to product liability claims.
- The products we sell in our stores may be subject to recalls.
- We may be unable to attract or retain skilled labor and personnel with experience in the cannabis sector, and may be unable to attract, develop and retain additional employees required for our operations and future developments.
- We, or the cannabis industry more generally, may receive unfavorable publicity or become subject to negative consumer perception.
- We are dependent on our ability to negotiate favourable pricing for the cannabis products supplied to us.
- We may not be able to successfully develop new products or find a market for their sale.
- We may fail to retain existing customers or patients as clients or acquire new customers or patients as clients.
- We may not be able to achieve or maintain profitability and may continue to incur losses in the future.
- We must rely largely on our own market research to forecast sales and market demand that may not materialize.
- Our existing operations in the United States are, and any future operations or investments may be, the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada.
- We are subject to constraints on marketing cannabis products.
- We may not be able to meet the contractual requirements of our existing debt obligations.
- We may not be able to refinance, extend or repay our substantial indebtedness.
- We may be subject to increased leverage risk if faced with adverse economic factors such as downturns in the economy or deterioration in the condition of our business.
- We may experience breaches of security at our facilities or in respect of electronic documents and data storage and may face risks related to breaches of applicable privacy laws.
- We may be adversely affected by information technology system failures, cyber attacks or other information security breaches.
- If we are not able to comply with all safety, health and environmental regulations applicable to the Company's operations and industry, it may be held liable for any breaches thereof.
- We may become subject to fraudulent activity by employees, contractors and consultants.
- We are subject to existing litigation and could be subject to additional litigation in the future.
- We may compete for market share with other companies, both domestically and internationally, who may have longer operating histories and more financial resources, manufacturing and marketing experience than us.
- Third parties with whom we do business may perceive themselves as being exposed to reputational risk as a result of their relationship with us.
- Insurance premiums may not continue to be commercially justifiable and there may be coverage limitations and other exclusions that may not be sufficient to cover potential liabilities faced by us.
- There may be a limited market for our securities.
- We may face risks related to the unenforceability of contracts.
- We may be subject to risks inherent in an agricultural business.
- Sales by existing shareholders may negatively impact market prices for our securities.
- We are subject to risks related to the economy generally.

Components of Our Results of Operations

Revenue

For the 13 and 39 weeks ended March 30, 2019, we derived the vast majority of our revenue from direct sales to customers in our retail stores. Approximately 68% of our revenue was generated from operations in California with the remaining 32% from our New York, Nevada, Arizona and Illinois operations. Revenue primarily consists of sales in our retail stores. Revenue through retail stores are recognized upon delivery of the goods to the customer and when collection is reasonably assured, net of an estimated allowance for sales returns. All of our New York retail sales were from products developed in our Utica cultivation and manufacturing facility. Cultivation output from our Nevada facility began during the fiscal first quarter of 2019 and shipments of our [statemade] branded products to our stores in Las Vegas began in October 2018 while shipments of our MedMen branded line of products began in February 2019.

Cost of Goods Sold and Gross Profit

Gross profit is our revenue less cost of goods sold, changes in fair value of inventory sold and unrealized gains and losses from the transformation of biological assets. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles and concentrates, as well as packaging and other supplies, fees for services and processing, and also includes allocated overhead, which includes allocations of rent, administrative salaries, utilities and related costs. Cannabis costs are affected by various state regulations that limits 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 past two years, execution on our expansion strategy and driving revenue growth has taken priority over improving our gross margin. We expect to continue our expansion strategy and revenue growth in the near future, however, as our retail footprint increases and our cultivation and production facilities become fully productive, we expect our gross margin to improve as we leverage our distribution power.

Expenses

General and administrative expenses represent costs incurred in our corporate offices, primarily related to personnel costs, including salaries, incentive compensation, benefits, share-based compensation and other professional service costs, including legal and accounting. We expect to continue to invest in this area to support our aggressive expansion plans and to support the increasing complexity of the cannabis business. However, now that the Company is more mature and has been public for one year, management has begun to implement cost saving measures to streamline operations.

Sales and marketing expenses consist of selling costs to support our customer relationships and to deliver product to our retail stores. It also includes a significant investment in marketing and brand activities and the corporate infrastructure required to support our ongoing business.

Income Taxes

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

Previous Financings

During the year ended June 30, 2018, the Company raised $266.6 million from a combination of contributions from members, non-controlling interests, issuance of notes payable, sales of member units and private placements. Of the capital raised during the year ended June 30, 2018, approximately $189.2 million was used for the following: debt payments ($23.4 million), business acquisitions ($28.4 million), a management service agreement purchase ($4.0 million), cultivation and retail property plant and equipment purchases ($59.6 million) and general working capital needs to fund operations ($73.8 million).

During the 39 weeks ended March 30, 2019, the Company raised approximately $217.8 million through the issuance of debt and equity instruments. The funds received during the 39 week period and from the previous year financing were used primarily for operations ($184.2 million for the 39 weeks ended March 30, 2019), purchases of $82.2 million of property, plant and equipment, and acquisition of businesses of $49.2 million. During these periods, the Company executed on its plans and adhered to its objectives using the capital raised.

SELECTED FINANCIAL INFORMATION

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

The following table sets forth selected interim consolidated financial information for the periods indicated that was derived from our unaudited condensed interim consolidated financial statements and the respective accompanying notes prepared in accordance with IFRS. Adjusted Net Loss, EBITDA, Adjusted EBITDA exclude certain material non-cash items and certain other adjustments we believe are not reflective of our ongoing operations and our performance. Adjusted Net Loss, EBITDA, Adjusted EBITDA and Working Capital are not measures that are defined under IFRS.

The selected interim consolidated financial information set forth below may not be indicative of MedMen's future performance:

	13 Weeks Ended March 30, 2019	Three Months Ended March 31, 2018	39 Weeks Ended March 30, 2019	Nine Months Ended March 31, 2018
		($ in Millions)		
Revenue	$ 36.6	$ 14.3	$ 88.0	$ 19.2
Gross Profit Before Fair Value Adjustments for Biological Assets	$ 15.5	$ 6.1	$ 40.5	$ 7.2
Loss from Operations	$ (53.3)	$ (15.2)	$ (178.4)	$ (30.6)
Total Other Expense (Income)	$ 6.8	$ 1.0	$ 9.2	$ 2.0
Net Loss and Comprehensive Loss	$ (63.1)	$ (16.8)	$ (194.1)	$ (33.5)
Net (Loss) Income and Comprehensive (Loss) Income Attributable to Non-Controlling Interest	$ (39.3)	$ 1.7	$ (139.2)	$ 1.2
Net Loss and Comprehensive Loss Attributable to Shareholders of MedMen Enterprises Inc.	$ (23.7)	$ (18.4)	$ (54.9)	$ (34.8)
Adjusted Net Loss	$ (55.8)	$ (15.6)	$ (162.2)	$ (29.8)
EBITDA	$ (49.8)	$ (13.4)	$ (164.5)	$ (27.3)
Adjusted EBITDA	$ (42.6)	$ (12.2)	$ (132.5)	$ (23.6)

DISCUSSION OF OPERATIONS

13 Weeks Ended March 30, 2019 Compared to 13 Weeks Ended December 29, 2018

	13 Weeks Ended March 30, 2019	13 Weeks Ended December 29, 2018	$ Change	% Change
		($ in Millions)		
Revenue	$ 36.6	$ 29.9	$ 6.7	22%
Cost of Goods Sold	21.1	16.6	4.5	27%
Gross Profit Before Fair Value Adjustments	15.5	13.3	2.2	17%
Changes in Fair Value of Inventory Sold	(5.7)	(0.2)	(5.5)	2,750%
Unrealized Gain on Changes in Fair Value of Biological Assets	9.8	2.9	6.9	238%
Gross Profit	19.6	16.0	3.6	23%
Expenses:				
General and Administrative	61.3	65.7	(4.4)	(7%)
Sales and Marketing	6.7	8.6	(1.9)	(22%)
Depreciation and Amortization	5.0	3.4	1.6	47%
Total Expenses	73.0	77.7	(4.7)	(6%)
Loss from Operations	(53.4)	(61.7)	8.3	(13%)
Other Expense (Income):				
Interest Expense	2.6	2.9	(0.3)	(10%)
Interest Income	(0.1)	(0.3)	0.2	(67%)
Amortization of Debt Discount	2.3	1.4	0.9	64%
Change in Fair Value of Derivative Liabilities	3.9	(5.4)	9.3	(172%)
Unrealized Gain on Changes in Fair Value of Investments	(1.1)	(1.2)	0.1	(8%)
Other Expense	(0.8)	3.2	(4.0)	(125%)
Total Other Expense (Income)	6.8	0.6	6.2	1,033%
Loss Before Provision for Income Taxes	(60.2)	(62.3)	2.1	(3%)
Provision for Income Taxes	2.9	2.2	0.7	32%
Net Loss and Comprehensive Loss	(63.1)	(64.5)	1.4	(2%)
Net Loss and Comprehensive Loss Attributable to Non-Controlling Interest	39.3	45.9	(6.6)	(14%)
Net Loss and Comprehensive Loss Attributable to Shareholders of MedMen Enterprises Inc.	**$ (23.7)**	**$ (18.7)**	**$ (5.1)**	**27%**
Adjusted Net Loss	$ (55.8)	$ (53.9)	$ (1.9)	4%
EBITDA	$ (49.8)	$ (60.0)	$ 10.2	(17%)
Adjusted EBITDA	$ (42.6)	$ (47.4)	$ 4.8	(10%)

Revenue

Revenue for the 13 weeks ended March 30, 2019 was $36.6 million, an increase of $6.7 million, or 22%, compared to revenue of $29.9 million for the 13 weeks ended December 29, 2018. The increase in revenue was driven by the addition of five retail locations during the 13 weeks ended March 30, 2019. We expect, through our continued approach of acquiring retail dispensaries, our revenues will significantly increase in the coming periods. However, our expectations of increased revenues through acquisitions are subject to risks as further noted or referred to herein.

Cost of Goods Sold and Gross Profit

Cost of goods sold for the 13 weeks ended March 30, 2019 was $21.1 million, an increase of $4.5 million, or 27%, compared with $16.6 million of cost of goods sold for the 13 weeks ended December 29, 2018. Gross profit before fair value adjustments for changes in fair value of inventory sold and unrealized gain on changes in fair value of biological assets for the 13 weeks ended March 30, 2019 was $15.5 million, representing a gross margin of 42%, compared with gross profit of $13.3 million, representing a gross margin of 44%, for the 13 weeks ended December 29, 2018.

Total Expenses

Total expenses, including general and administrative, sales and marketing and depreciation and amortization for the 13 weeks ended March 30, 2019 were $73.0 million, a decrease of $4.7 million, or 6%, compared to total expenses of $77.7 million for the 13 weeks ended December 29, 2018, which represents 199% of revenue for the 13 weeks ended March 30, 2019 compared to 260% of revenue for the 13 weeks ended December 29, 2018. The decrease in total expenses was primarily attributable to a decrease of $2.4 million in deal costs and a decrease of $2.5 million in professional fees.

General and administrative expenses represent costs incurred in our corporate offices and retail locations. These are primarily related to salaries and salary related expenses (incentive compensation, benefits and share-based compensation to certain management, key employees and directors), professional fees incurred in connection with being a publicly traded company (consulting, legal and accounting), deal costs (acquisition costs) and other general office support expenses. General and administrative expenses for the 13 weeks ended March 30, 2019 and 13 weeks ended December 29, 2018 were $61.3 million and $65.7 million, respectively, a decrease of $4.4 million, or 7%. The decrease in general and administrative expenses is primarily attributed to the decreases in deal costs and professional fees noted above.

Sales and marketing expenses consist of selling costs to support our customer relationships and to deliver product to our retail stores. It also includes a significant investment in marketing and brand activities and the corporate infrastructure required to support our ongoing business. Sales and marketing expenses for the 13 weeks ended March 30, 2019 and the 13 weeks ended December 29, 2018 were $6.7 million and $8.6 million, respectively, a decrease of $1.9 million, or 22%. The decrease in sales and marketing expenses is primarily attributed to the optimization of media spending.

Depreciation and amortization for the 13 weeks ended March 30, 2019 and 13 weeks ended December 29, 2018 was $5.0 million and $3.4 million, respectively, an increase of $1.6 million or 47%. The increase is attributed to the growth of the Company's operations through acquisitions, although generally consistent with the prior quarter.

Total Other Expense

Total other expense for the 13 weeks ended March 30, 2019 was $6.8 million, an increase of $6.2 million compared to total other expense of $555,000 for the 13 weeks ended December 29, 2018. The increase in total other expense was largely driven by changes in fair value of derivative liabilities.

Provision for Income Taxes

The provision for income taxes for the 13 weeks ended March 30, 2019 was $2.9 million compared to provision for income taxes of $2.2 million for the 13 weeks ended December 29, 2018. This increase was primarily due to our increased operations.

Net Loss

Net loss for the 13 weeks ended March 30, 2019 was $63.1 million, a decrease of $1.4 million, or 2%, compared to a net loss of $64.5 million for the 13 weeks ended December 29, 2018. The decrease in net loss was driven by the factors related to revenue and expenses described above.

13 Weeks Ended March 30, 2019 Compared to Three Months Ended March 31, 2018

	13 Weeks Ended March 30, 2019	Three Months Ended March 31, 2018	$ Change	% Change
		($ in Millions)		
Revenue	$ 36.6	$ 14.3	$ 22.3	156%
Cost of Goods Sold	21.1	8.2	12.9	157%
Gross Profit Before Fair Value Adjustments	15.5	6.1	9.4	154%
Changes in Fair Value of Inventory Sold	(5.7)	-	(5.7)	-
Unrealized Gain on Changes in Fair Value of Biological Assets	9.8	-	9.8	-
Gross Profit	19.6	6.1	13.5	221%
Expenses:				
General and Administrative	61.3	18.0	43.3	241%
Sales and Marketing	6.7	1.8	4.9	272%
Depreciation and Amortization	5.0	1.5	3.5	233%
Total Expenses	73.0	21.3	51.7	243%
Loss from Operations	(53.4)	(15.2)	(38.2)	251%
Other Expense (Income):				
Interest Expense	2.6	1.0	1.6	160%
Interest Income	(0.1)	-	(0.1)	-
Amortization of Debt Discount	2.3	-	2.3	-
Change in Fair Value of Derivative Liabilities	3.9	-	3.9	-
Unrealized Gain on Changes in Fair Value of Investments	(1.1)	-	(1.1)	-
Other Expense	(0.8)	-	(0.8)	-
Total Other Expense (Income)	6.8	1.0	5.8	580%
Loss Before Provision for Income Taxes	(60.2)	(16.2)	(44.0)	272%
Provision for Income Taxes	2.9	0.6	2.3	383%
Net Loss and Comprehensive Loss	(63.1)	(16.8)	(46.3)	276%
Net Loss (Income) and Comprehensive Loss (Income) Attributable to Non-Controlling Interest	39.3	(1.7)	41.0	(2,412%)
Net Loss and Comprehensive Loss Attributable to Shareholders of MedMen Enterprises Inc.	**$ (23.7)**	**$ (18.4)**	**$ (5.3)**	**29%**
Adjusted Net Loss	$ (55.8)	$ (15.6)	$ (40.2)	258%
EBITDA	$ (49.8)	$ (13.4)	$ (36.4)	272%
Adjusted EBITDA	$ (42.6)	$ (12.2)	$ (30.4)	249%

Revenue

Revenue for the 13 weeks ended March 30, 2019 was $36.6 million, an increase of $22.3 million, or 156%, compared to revenue of $14.3 million for the three months ended March 31, 2018. The increase in revenue was driven by the acquisitions of dispensaries in several states during 2018 through fiscal year 2019. More specifically, for the 13 weeks ended March 30, 2019, we had 21 active retail locations in the states of California, New York, Nevada, Arizona and Illinois, compared to 7 active retail locations for the same period in the prior year. We expect through our continued approach of acquiring retail dispensaries, our revenues will significantly increase in the coming periods. However, our expectations of increased revenues through acquisitions are subject to risks as further noted or referred to herein.

Cost of Goods Sold and Gross Profit

Cost of goods sold for the 13 weeks ended March 30, 2019 was $21.1 million, an increase of $12.9 million, or 157%, compared with $8.2 million of cost of goods sold for the three months ended March 31, 2018. Gross profit before fair value adjustments for changes in fair value of inventory sold and unrealized gain on changes in fair value of biological assets for the 13 weeks ended March 30, 2019 was $15.5 million, representing a gross margin of 42%, compared with gross profit of $6.1 million, representing a gross margin of 43%, for the three months ended March 31, 2018. The increases in cost of goods sold and gross profit were driven by the acquisitions of dispensaries in several states during 2018 through fiscal year 2019. More specifically, for the 13 weeks ended March 30, 2019, we had 21 active retail locations in the states of California, New York, Nevada, Arizona and Illinois compared to 7 active retail locations for the same period in the prior year. We expect through our continued approach of acquisitions of retail and cannabis related companies, our costs of goods sold and gross profit will significantly increase in the coming periods.

Total Expenses

Total expenses, including general and administrative, sales and marketing and depreciation and amortization for the 13 weeks ended March 30, 2019 were $73.0 million, an increase of $51.7 million, or 243%, compared to total expenses of $21.3 million for the three months ended March 31, 2018, which represents 199% of revenue for the 13 weeks ended March 30, 2019 compared to 149% of revenue for the three months ended March 31, 2018. The increase in total expenses was attributable to an increase in headcount and operating costs for our retail stores acquired in California, New York, Nevada, Arizona and Illinois during the same period in the prior year.

General and administrative expenses for the 13 weeks ended March 30, 2019 and three months ended March 31, 2018 were $61.3 million and $18.0 million, respectively, an increase of $43.3 million, or 241%. General and administrative expenses have increased primarily due to growth of the Company's operations and retail locations and retention of management talent through equity compensation.

Sales and marketing expenses for the 13 weeks ended March 30, 2019 and three months ended March 31, 2018 were $6.7 million and $1.8 million, respectively, an increase of $4.9 million or 272%. The increase in sales and marketing expenses is primarily attributed to the growth of our retail locations and increased marketing and advertising efforts to promote our brand.

Depreciation and amortization for the 13 weeks ended March 30, 2019 and three months ended March 31, 2018 was $5.0 million and $1.5 million, respectively, an increase of $3.5 million or 233%. The increase is attributed to the growth of the Company's operations through acquisitions as well as significant property and equipment acquired in the recent periods as compared to the same period in the prior year.

Total Other Expense

Total other expense for the 13 weeks ended March 30, 2019 was $6.8 million, an increase of $5.8 million, or 580%, compared to total other expense of $1.0 million for the three months ended March 31, 2018. The increase in total other expense was driven by changes in fair value of derivative liabilities, interest expense given the Company's higher debt balance and increased amortization of debt discount.

Provision for Income Taxes

The provision for income taxes for the 13 weeks ended March 30, 2019 was $2.9 million compared to provision for income taxes of $588,000 for the three months ended March 31, 2018, primarily due to our increased operations during the same period in the prior year.

Net Loss

Net loss for the 13 weeks ended March 30, 2019 was $63.1 million, an increase of $46.3 million, or 276%, compared to a net loss of $16.8 million for the three months ended March 31, 2018. The increase in net loss was driven by factors related to revenue and expenses described above.

39 Weeks Ended March 30, 2019 Compared to Nine Months Ended March 31, 2018

	39 Weeks Ended March 30, 2019	Nine Months Ended March 31, 2018	$ Change	% Change
		($ in Millions)		
Revenue	$ 88.0	$ 19.2	$ 68.8	358%
Cost of Goods Sold	47.5	12.0	35.5	296%
Gross Profit Before Fair Value Adjustments	40.5	7.2	33.3	463%
Changes in Fair Value of Inventory Sold	(7.9)	-	(7.9)	-
Unrealized Gain on Changes in Fair Value of Biological Assets	12.7	-	12.7	-
Gross Profit	45.3	7.2	38.1	529%
Expenses:				
General and Administrative	192.7	32.7	160.0	489%
Sales and Marketing	20.1	2.3	17.8	774%
Depreciation and Amortization	10.8	2.9	7.9	272%
Total Expenses	223.6	37.9	185.7	490%
Loss from Operations	(178.3)	(30.7)	(147.6)	481%
Other Expense (Income):				
Interest Expense	7.9	2.0	5.9	295%
Interest Income	(0.4)	-	(0.4)	-
Amortization of Debt Discount	3.8	-	3.8	-
Change in Fair Value of Derivative Liabilities	(2.3)	-	(2.3)	-
Unrealized Gain on Changes in Fair Value of Investments	(2.3)	-	(2.3)	-
Other Expense	2.5	-	2.5	-
Total Other Expense (Income)	9.2	2.0	7.2	360%
Loss Before Provision for Income Taxes	(187.5)	(32.7)	(154.8)	473%
Provision for Income Taxes	6.6	0.9	5.7	633%
Net Loss and Comprehensive Loss	(194.1)	(33.6)	(160.5)	478%
Net Loss (Income) and Comprehensive Loss (Income) Attributable to Non-Controlling Interest	139.2	(1.2)	140.4	(11,700%)
Net Loss and Comprehensive Loss Attributable to Shareholders of MedMen Enterprises Inc.	**$ (54.9)**	**$ (34.8)**	**$ (20.1)**	**58%**
Adjusted Net Loss	$ (162.2)	$ (29.8)	$ (132.4)	444%
EBITDA	$ (164.5)	$ (27.3)	$ (137.2)	503%
Adjusted EBITDA	$ (132.5)	$ (23.6)	$ (108.9)	461%

Revenue

Revenue for the 39 weeks ended March 30, 2019 was $88.0 million, an increase of $68.8 million, or 358%, compared to revenue of $19.2 million for the nine months ended March 31, 2018. The increase in revenue was driven by the acquisitions of dispensaries in several states during 2018 through fiscal year 2019. More specifically, for the 39 weeks ended March 30, 2019, we had 21 active retail locations in the states of California, New York, Nevada, Arizona and Illinois, compared to 7 active retail locations for the same period in the prior year. The addition of the new operating retail locations in fiscal year 2019 together with the passage of the adult use cannabis laws in California and Nevada on January 1, 2018 and July 1, 2017, respectively, resulted in a significant increase in our revenues. We expect through our continued approach of acquiring retail dispensaries, our revenues will significantly increase in the coming periods. However, our expectations of increased revenues through acquisitions are subject to risks as further noted or referenced to herein.

Cost of Goods Sold and Gross Profit

Cost of goods sold for the 39 weeks ended March 30, 2019 was $47.5 million, an increase of $35.5 million, or 296%, compared with $12.0 million of cost of goods sold for the nine months ended March 31, 2018. Gross profit before fair value adjustments for changes in fair value of inventory sold and unrealized gain on changes in fair value of biological assets for the 39 weeks ended March 30, 2019 was $40.5 million, representing a gross margin of 46%, compared with gross profit of $7.2 million, representing a gross margin of 38%, for the nine months ended March 31, 2018. The increases in cost of goods sold and gross profit were driven primarily by the acquisitions of dispensaries in California, New York, Nevada, Arizona and Illinois during 2018 through fiscal year 2019. For the 39 weeks ended March 30, 2019, we had 21 active retail locations in the states of California, New York, Nevada, Arizona and Illinois, compared to 7 active retail locations in the states of California and New York for the same period in the prior year. The addition of new operating retail locations in fiscal year 2019 and the passage of the adult use cannabis law in California and Nevada on January 1, 2018 and July 1, 2017, respectively, resulted in a significant increase in our revenue, and thus resulted in a significant increase in cost of goods sold and resulting gross profit. We expect through our continued approach of acquisitions of retail and cannabis related companies, our costs of goods sold and gross profit will significantly increase in the coming periods.

Total Expenses

Total expenses, including general and administrative, sales and marketing and depreciation and amortization for the 39 weeks ended March 30, 2019 were $223.6 million, an increase of $185.7 million, or 490%, compared to total expenses of $37.9 million for the nine months ended March 31, 2018, which represents 254% of revenue for the 39 weeks ended March 30, 2019, compared to 197% of revenue for the nine months ended March 31, 2018. The increase in total expenses was attributable to an increase in headcount and operating costs for our retail stores acquired in California, New York, Nevada, Arizona and Illinois.

General and administrative expenses for the 39 weeks ended March 30, 2019 and nine months ended March 31, 2018 were $192.7 million and $32.7 million, respectively, an increase of $160.0 million, or 489%. General and administrative expenses have increased primarily due to growth of the Company's operations and retail locations and retention of management talent through equity compensation.

Sales and marketing expenses for the 39 weeks ended March 30, 2019 and nine months ended March 31, 2018 were $20.1 million and $2.3 million, respectively, an increase of $17.8 million or 774%. The increase in sales and marketing expenses is primarily attributed to the growth of our retail locations and increased marketing and advertising efforts to promote our brand.

Depreciation and amortization for the 39 weeks ended March 30, 2019 and nine months ended March 31, 2018 was $10.8 million and $2.9 million, respectively, an increase of $7.9 million or 272%. The increase is attributed to the growth of the Company's operations through acquisitions, as well as significant property and equipment acquired in the recent periods as compared to the same periods in the prior year.

Total Other Expense

Total other expense for the 39 weeks ended March 30, 2019 was $9.2 million, an increase of $7.2 million compared to total other expense of $2.0 million for the nine months ended March 31, 2018. The increase in total other expense was mainly attributed to changes in fair value of derivative liabilities compared to no derivative liabilities recorded for the nine months ended March 31, 2018, and increased interest expense given the Company's higher debt balance.

Provision for Income Taxes

The provision for income taxes for the 39 weeks ended March 30, 2019 was $6.6 million compared to provision for income taxes of $864,000 for the nine months ended March 31, 2018, primarily due to our increased operations during the same period in the prior year.

Net Loss

Net loss for the 39 weeks ended March 30, 2019 was $194.1 million, an increase of $160.5 million, or 478%, compared to a net loss of $33.6 million for the nine months ended March 31, 2018. The increase in net loss was driven by the factors related to revenue and expenses described above.

SUMMARY OF QUARTERLY RESULTS

The following table presents selected financial information for the eight most recently prepared quarters:

Period	Total Revenue	Net Loss	Active Retail Locations
	($ in Millions)		
13 Weeks Ended March 30, 2019	$ 36.6	$ (63.1)	21
13 Weeks Ended December 29, 2018 [(1)]	$ 29.9	$ (64.6)	16
Quarter Ended September 30, 2018	$ 21.5	$ (66.5)	14
Quarter Ended June 30, 2018	$ 20.6	$ (78.7)	11
Quarter Ended March 31, 2018	$ 14.4	$ (16.8)	7
Quarter Ended December 31, 2017	$ 3.1	$ (11.0)	5
Quarter Ended September 30, 2017	$ 1.8	$ (5.7)	5
Quarter Ended June 30, 2017	$ 1.5	$ (7.4)	2

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

Revenues increased quarter over quarter through the 13 weeks ended March 30, 2019, primarily due to the number of active retail locations acquired and operated. For the 13 weeks ended March 30, 2019, the Company experienced growth in sales from retail locations that had previously not operated in the prior period.

For each quarter presented, there were no other significant factors, economically or industry wide relating to pricing, competition, or buying patterns that contributed to the noted significant variances.

Net loss for the 13 weeks ended March 30, 2019 has been declining compared to the preceding few quarters, see discussion of operations for 13 weeks ended March 30, 2019 compared to 13 weeks ended December 29, 2018 described above.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Financial Condition

The following table summarizes certain aspects of our financial condition as of March 30, 2019 and June 30, 2018:

	March 30, 2019	June 30, 2018	$ Change	% Change
		($ in Millions)		
Cash and Cash Equivalents	$ 21.9	$ 79.2	$ (57.3)	(72%)
Restricted Cash	$ 1.8	$ 6.2	$ (4.4)	(71%)
Total Current Assets	$ 104.9	$ 111.4	$ (6.5)	(6%)
Total Assets	$ 552.1	$ 282.2	$ 269.9	96%
Total Current Liabilities	$ 84.4	$ 81.4	$ 3.0	4%
Notes Payable, Net of Current Portion	$ 88.7	$ 3.6	$ 85.1	2,364%
Total Liabilities	$ 292.7	$ 85.0	$ 207.7	244%
Total Shareholders' Equity	$ 259.4	$ 197.2	$ 62.2	32%
Working Capital	$ 20.5	$ 30.0	$ (9.5)	(32%)

As of March 30, 2019, we had $21.9 million of cash and $20.5 million of working capital, compared to $79.2 million of cash and $30.0 million of working capital as of June 30, 2018. The $9.5 million decrease in our working capital was primarily related to an increase of $15.6 million in inventory due to the Company's growth in active operations, an increase of $22.0 million in investments and security deposits, an increase of $9.7 million in prepaid expenses, an increase of $4.1 million in biological assets, and an increase of $2.8 in amounts due from related parties, offset by a decrease of $57.3 million in cash and cash equivalents.

In addition to the decrease in current assets, the decrease in our working capital was also attributable to an increase in accounts payable and accrued liabilities of $18.9 million due to increased activity and retail locations, an increase of $11.0 million in derivative liabilities compared to none recorded as of June 30, 2018. These increases were offset by a $41.1 million decrease in current notes payable relating to the sale of Downtown Las Vegas and Abbot Kinney, which are properties under the sale and leaseback transactions with Stable Road Capital, and conversion of convertible notes.

Our working capital will be significantly impacted by our growth in the retail operations, opening new retail locations, increasing cultivation activities and new cultivation facilities coming online in the coming year. Our ability to fund our working capital needs will also be dependent on our ability to raise additional debt and equity financing.

Liquidity and Capital Resources

As of March 30, 2019, cash generated from our ongoing operations was not sufficient to fund our operations and growth strategy in the short-term or long-term. We are required to raise additional funds from debt and equity financing to meet our current working capital needs, to fund operating cash flows and to fund our growth strategy. Our primary need for liquidity is to fund working capital requirements of our business, capital expenditures, debt service, and acquisitions. Our primary source of liquidity has been primarily from private and/or public financing and to a lesser extent by cash generated from sales. Our ability to fund our operations, to make planned capital expenditures, to execute our growth/acquisition strategy, to make scheduled debt and rent payments and to repay or refinance indebtedness depends on our future operating performance and cash flows, which are subject to prevailing economic conditions and financial, business and other factors, some of which are beyond our control.

For the 13 weeks ended March 30, 2019, our monthly burn rate, which was calculated as cash spent per month in operating activities, was approximately $20.5 million. At our current operating level, we will not have sufficient funds generated from operations to cover our short-term and long-term operational needs, capital expenditure plans and acquisition strategy. As of March 30, 2019, we had $21.9 million of cash and cash equivalents, $1.8 million of restricted cash and $20.5 million of working capital, compared with $79.2 million of cash and cash equivalents, $6.2 million of restricted cash and $30.0 million of working capital as of June 30, 2018. The decrease of $9.5 million in our working capital is primarily due to a decrease in current assets offset by an increase in current liabilities at March 30, 2019 as compared to June 30, 2018, as discussed above.

Cash Flows

	39 Weeks Ended March 30, 2019	Nine Months Ended March 31, 2018	$ Change	% Change
		($ in Millions)		
Net Cash Used in Operating Activities	$ (184.2)	$ (43.6)	$ (140.6)	322%
Net Cash Used in Investing Activities	(39.6)	(60.5)	20.9	(35%)
Net Cash Provided by Financing Activities	166.6	114.1	52.5	46%
Net Increase (Decrease) in Cash and Cash Equivalents	(57.2)	10.0	(67.2)	(672%)
Cash and Cash Equivalents, Beginning of Period	79.2	5.7	73.5	1,289%
Cash and Cash Equivalents, End of Period	**$ 22.0**	**$ 15.7**	**$ 6.3**	40%

Cash Flow from Operating Activities

Net cash used in operating activities was $184.2 million for the 39 weeks ended March 30, 2019, an increase of $140.6 million, or 322%, compared to $43.6 million for the nine months ended March 31, 2018. The increase in net cash used in operating activities was primarily due to an increase in net loss of $160.6 million.

Cash Flow from Investing Activities

Net cash used in investing activities was $39.6 million for the 39 weeks ended March 30, 2019, a decrease of $20.9 million, or 35%, compared to $60.5 million for the nine months ended March 31, 2018. The decrease in net cash used in investing activities was primarily due to proceeds received from sale of property of $96.4 million. The proceeds received were offset by increased cash paid for acquisitions of $27.6 million and an increase in purchases of property and equipment of $45.7 million compared to the same period in the prior year.

Cash Flow from Financing Activities

Net cash provided by financing activities was $166.6 million for the 39 weeks ended March 30, 2019, an increase of $52.5 million, or 46%, compared to $114.1 million for the nine months ended March 31, 2018. The increase in net cash provided by financing activities was primarily due to $115.3 million received from the issuance of equity financing instruments during the 39 weeks ended March 30, 2019. Additionally, there was an increase of $93.9 million from the issuance of notes payable during the 39 weeks ended March 30, 2019 compared to the same period in the prior year. The cash received from financing activities noted above was offset by an increase of $84.2 million in principal repayments on notes payable, an increase of $36.6 million in principal repayments of capital lease liability, and a decrease of $21.9 million in contributions from members during the 39 weeks ended March 30, 2019 compared to the same period in the prior year.

Contractual Obligations

As of March 30, 2019 and June 30, 2018, and in the normal course of business, the Company has the following obligations to make future payments, representing contracts and other commitments that are known and committed.

The Company leases certain business facilities from third parties under operating lease agreements that specify minimum rentals. The leases expire through 2038 and contain certain renewal provisions. The Company's net rent expense for the 13 weeks ended March 30, 2019 and three months ended March 31, 2018 was $7.1 million and $1.1 million, respectively, of which $1.2 million and $89,000, respectively, was included in cost of goods sold. The Company's net rent expense for the 39 weeks ended March 30, 2019 and nine months ended March 31, 2018 was $17.3 million and $3.3 million , respectively, of which $1.7 million and $445,000, respectively, was included in cost of goods sold.

Future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as follows:

Fiscal Year Ending	Scheduled Payments
June 29, 2019 (13 Weeks)	$ 7,483,408
June 27, 2020	31,865,292
June 26, 2021	32,747,215
June 25, 2022	33,336,573
June 24, 2023	33,051,184
June 29, 2024 and Thereafter	237,879,048
Total Future Minimum Lease Payments	**$ 376,362,720**

In addition to the commitments outlined above, current portion of notes payable, notes payable, derivative liabilities, and due to related parties, the Company had the following contractual obligations as of March 30, 2019:

	< 1 Year	1 to 3 Years	3 to 5 Years	Total
Accounts Payable and Accrued Liabilities	$ 36,881,382	$ -	$ -	$ 36,881,382
Other Current Liabilities	$ 16,695,595	$ -	$ -	$ 16,695,595

In addition to the commitments outlined above, current portion of notes payable, notes payable, derivative liabilities, and due to related parties, the Company had the following contractual obligations as of June 30, 2018:

	< 1 Year	1 to 3 Years	3 to 5 Years	Total
Accounts Payable and Accrued Liabilities	$ 18,001,505	$ -	$ -	$ 18,001,505
Other Current Liabilities	$ 1,186,148	$ -	$ -	$ 1,186,148

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS BETWEEN RELATED PARTIES

Related Party Balances

All related party balances due from or due to the Company as of March 30, 2019 and June 30, 2018 did not have any formal contractual agreements requiring payment terms or interest.

As of March 30, 2019 and June 30, 2018, amounts due from related parties were as follows:

Name and Relationship to Company	Transaction	March 30, 2019	June 30, 2018
MedMen Opportunity Fund LP II, LLC ("Fund LP II"), an entity which Mr. Adam Bierman, Mr. Andrew Modlin and Mr. Christopher Ganan each holds 33.33% voting interest. Fund LP II is the General Partner of Fund II, which holds equity interests in a subsidiary of the Company.	Management Fees [1]	$ 1,820,904	$ 2,100,000
MedMen Opportunity Fund LP LLC ("Fund LP"), an entity which Mr. Adam Bierman, Mr. Andrew Modlin and Mr. Christopher Ganan each holds 33.33% voting interest. Fund LP is the General Partner of Fund I, which holds equity interests in a subsidiary of the Company.	Management Fees [1]	1,228,259	1,228,259
MedMen Canada Inc., a 50/50 joint venture partnership between the Company and Cronos Group Inc.	Advance [1]	1,153,200	-
Other		2,144,831	180,776
Total Amounts Due from Related Parties		**$ 6,347,194**	**$ 3,509,035**

[1] *The amounts are unsecured, non-interest bearing and have no specific repayment terms.*

As of March 30, 2019 and June 30, 2018, amounts due to related parties were as follows:

Name and Relationship to Company	Transaction	March 30, 2019	June 30, 2018
MedMen Opportunity Fund LP II, LLC ("Fund LP II"), an entity which Mr. Adam Bierman, Mr. Andrew Modlin and Mr. Christopher Ganan each holds 33.33% voting interest. Fund LP II is the General Partner of Fund II which holds equity interests in a subsidiary of the Company.	Working Capital, Construction and Tenant Improvements, Lease Deposits and Cash Used for Acquisitions [1]	$ (1,093,896)	$ (2,427,693)
MedMen Opportunity Fund LP LLC ("Fund LP"), an entity which Mr. Adam Bierman, Mr. Andrew Modlin and Mr. Christopher Ganan each holds 33.33% voting interest. Fund LP is the General Partner of Fund I, which holds equity interests in a subsidiary of the Company.	Working Capital, Management Fees and Cash Used for Acquisitions [1]	(2,862,647)	(2,862,647)
Other		(1,684,278)	(4,568,105)
Total Amounts Due to Related Parties		**$ (5,640,821)**	**$ (9,858,445)**

[1] *The amounts are unsecured, non-interest bearing and have no specific repayment terms.*

PROPOSED TRANSACTIONS

Key Developments Subsequent to March 30, 2019

Descriptions of significant events subsequent to March 30, 2019 are more fully described in the section *"Recent Developments"* above. Also refer to "*Note 20 – Subsequent Events*" of the unaudited condensed interim consolidated financial statements for the 13 and 39 weeks ended March 30, 2019.

CRITICAL ACCOUNTING ESTIMATES

The Company makes judgments, estimates and assumptions about the future that affect the reported amounts of assets and liabilities, and revenues and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

The preparation of the Company's interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 period 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 interim consolidated financial statements are described below.

Estimated Useful Lives and Depreciation of Property and Equipment

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

Estimated Useful Lives and Amortization of Intangible Assets

Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, 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.

Biological Assets and Inventory

In calculating the value of biological assets and inventory, management is required to make a number of estimates, including the stage of growth of the plant up to the point of harvest, harvesting costs, selling costs, average or expected selling and list prices, expected yields for the plants, and oil conversion factors. In calculating final inventory values, management compares the inventory cost to estimated net realizable value. Refer to "*Note 4 – Biological Assets*" of the unaudited condensed interim consolidated financial statements for the 13 and 39 weeks ended March 30, 2019.

Business Combinations

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

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

Convertible Notes Payable

Convertible notes payable are compound financial instruments which are accounted for separately by their components: a financial liability and an equity instrument. The financial liability, which represents the obligation to pay coupon interest on the convertible notes in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

The identification of convertible notes payable components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Share-Based Compensation

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

Goodwill Impairment

Goodwill is tested for impairment annually during the second quarter 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 cash-generating unit to which goodwill has been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

Deferred Tax Assets

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

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities, short-term note payable, and long-term debt. The carrying values of these financial instruments approximate their fair values as of March 30, 2019 and June 30, 2018.

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

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

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

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

There have been no transfers between fair value levels during the period.

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:

- ***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 March 30, 2019 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.

- ***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 risk is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due by raising additional funds through debt or equity financing. As of March 30, 2019, cash generated from our ongoing operations was not sufficient to fund our operations and growth strategy as discussed above in "*Financial Condition, Liquidity and Capital Resources*".

- ***Market Risk***

  (i) Currency Risk

  The operating results and financial position of the Company are reported in U.S. dollars. Some of the Company's financial transactions are denominated in currencies other than the U.S. dollar. The results of the Company's operations are subject to currency transaction and translation risks.

As of March 30, 2019 and June 30, 2018, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

(ii) 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.

(iii) Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices.

Summary of Outstanding Share Data

The Company had the following securities issued and outstanding as of May 16, 2019:

Securities	Number of Shares
Issued and Outstanding:	
Subordinate Voting Shares	166,534,631
Super Voting Shares	1,630,590
Reserved for Issuance:	
Stock Options	12,696,858
Warrants [2]	25,598,441
Restricted Share Units	898,524
Convertible Notes Payable	6,079,027
Additional Subordinate Voting Shares Reserved for Issuance: [1]	
MM Enterprises USA, LLC LTIP Units	27,076,556
MM Enterprises USA, LLC Redeemable Units	966,565
MM CAN USA, Inc. Redeemable Shares	319,226,687
MM CAN USA, Inc. Warrants [2]	18,655,137
Total Additonal Subordinate Voting Shares Reserved for Issuance	**365,924,945**

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

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

UNITED STATES REGULATORY ENVIRONMENT

Federal Regulatory Environment

Under U.S. federal law, marijuana is currently a Schedule I drug. The CSA has five different tiers or schedules. A Schedule I drug means the Drug Enforcement Agency considers it to have a high potential for abuse, no accepted medical treatment, and lack of accepted safety for the use of it even under medical supervision. Other Schedule I drugs are heroin, LSD and ecstasy. The Company believes the CSA categorization as a Schedule I drug is not reflective of the medicinal properties of marijuana or the public perception thereof, and numerous studies show cannabis is not able to be abused in the same way as other Schedule I drugs, has medicinal properties, and can be safely administered. Additionally, while studies show cannabis is less harmful than alcohol,[3] alcohol is not classified under the CSA.

33 states and the District of Columbia, have now legalized adult-use and/or medical marijuana. The federal government sought to provide guidance to enforcement agencies and banking institutions with the introduction of the United States Department of Justice Memorandum drafted by former Deputy Attorney General James Michael Cole in 2013 (the "**Cole Memo**")[4] and the Department of the Treasury Financial Crimes Enforcement Network ("**FinCEN**") guidance in 2014.[5]

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

1. Preventing the distribution of marijuana to minors;

2. Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels;

3. Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;

4. Preventing the state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;

5. Preventing the violence and the use of firearms in the cultivation and distribution of marijuana;

6. Preventing the drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;

7. Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and

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[3] See Lachenmeier, DW & Rehm, J. (2015). Comparative risk assessment of alcohol, tobacco, cannabis and other illicit drugs using the margin of exposure approach. *Scientific Reports, 5,* 8126. doi: 10.1038/srep08126; see also Thomas, G & Davis, C. (2009). Cannabis, Tobacco and Alcohol Use in Canada: Comparing risks of harm and costs to society. *Visions Journal*, 5. Retrieved from http://www.heretohelp.bc.ca/sites/default/files/visions_cannabis.pdf; see also Jacobus et al. (2009). White matter integrity in adolescents with histories of marijuana use and binge drinking. *Neurotoxicology and Teratology, 31, 349-355.* https://doi.org/10.1016/j.ntt.2009.07.006; Could smoking pot cut risk of head, neck cancer? (2009 August 25). Retrieved from https://www.reuters.com/article/us-smoking-pot/could-smoking-pot-cut-risk-of-head-neck-cancer-idUSTRE57O5DC20090825; Watson, SJ, Benson JA Jr. & Joy, JE. (2000). Marijuana and medicine: assessing the science base: a summary of the 1999 Institute of Medicine report. *Arch Gen Psychiatry Review, 57, 547-552.* Retrieved from https://www.ncbi.nlm.nih.gov/pubmed/10839332; see also Hoaken, Peter N.S. & Stewart, Sherry H. (2003). Drugs of abuse and the elicitation of human aggressive behavior. *Addictive Behaviours, 28, 1533-1554.* Retrieved from http://www.ukcia.org/research/AgressiveBehavior.pdf; and see also Fals-Steward, W.,Golden, J. & Schumacher, JA. (2003). Intimate partner violence and substance use: a longitudinal day-to-day examination. *Addictive Behaviors, 28, 1555-1574*. Retrieved from https://www.ncbi.nlm.nih.gov/pubmed/14656545.

[4] U.S. Dept. of Justice. (2013). *Memorandum for all United States Attorneys re: Guidance Regarding Marijuana Enforcement.* Washington, DC: US Government Printing Office. Retrieved from https://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf.

[5] 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.

8. Preventing marijuana possession or use on federal property.

In January 2018, then United States Attorney General, Jeff Sessions, by way of issuance of a new Department of Justice Memorandum (the "**Sessions Memo**"), rescinded the Cole Memo and thereby created a vacuum of guidance for enforcement agencies and the Department of Justice. As an industry best practice, despite the recent rescission of the Cole Memo, the Company continues to do the following to ensure compliance with the guidance provided by the Cole Memo:

- Ensure the operations of its subsidiaries (or third parties, in the jurisdictions where the Company conducts its business as an ancillary services provider) are compliant with all licensing requirements that are set forth with regards to cannabis operation by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions. To this end, the Company retains appropriately experienced legal counsel to conduct the necessary due diligence to ensure compliance of such operations with all applicable regulations;

- The activities relating to cannabis business adhere to the scope of the licensing obtained – for example, in the 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; and in the states where cannabis is permitted for adult recreational use, the products are only sold to individuals who meet the requisite age requirements;

- In working with licensed operators, such as cultivators and manufacturers in states where programs allow for the wholesaling of products, the Company conducts due diligence on the policies and procedures to ensure that the products are not distributed to minors. Additionally, the Company employs professional consultants to investigate any past license violations and ensure that the business has not been involved in these types of violations;

- The Company only works through licensed operators, which must pass a range of requirements, adhere to strict business practice standards and be subjected to strict regulatory oversight whereby sufficient checks and balances to ensure that no revenue is distributed to criminal enterprises, gangs and cartels. Furthermore, as a part of its due diligence, the Company retains professional consultants to vet the ownership of such cannabis businesses to ensure that no profits or revenues are used for the benefit of criminal enterprises;

- As a part of its compliance audit, the Company also ensures that the licensed operators have an adequate inventory tracking system and necessary procedures in place to ensure that such compliance system is effective in tracking inventory. This is done to ensure that there is no diversion of cannabis or cannabis products into the states where cannabis is not permitted by state law, or cross the state lines in general;

- The Company conducts the necessary review of financial records and where appropriate retains professional third-party consultants to do so, to ensure that the state-authorized cannabis business activity is not used as a cover or pre-text for trafficking of other illegal drugs, is engaged in other illegal activity or any activities that are contrary to any applicable anti-money laundering statutes;

- The Company conducts background checks to ensure that the principals and management of the licensed operators are of good character, and have not been involved with other illegal drugs, engaged in illegal activity or activities involving violence, or use of firearms in cultivation, manufacturing or distribution of cannabis;

- The Company conducts reviews of activities of the cannabis businesses, the premises on which they operate and the policies and procedures that are related to possession of cannabis or cannabis products outside of licensed premises (including the cases where such possession permitted by regulation – e.g. transfer of products between licensed premises). These activities are done to ensure that no licensed operators possess or use cannabis on federal property or engage in manufacturing or cultivation of cannabis on federal lands;

- The Company 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; and

- The Company ensures, through policies, procedures, training and technology solutions, that it complies with interstate commerce restrictions.

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

While there has been no change in U.S. federal banking laws to account for the trend towards legalizing medical and recreational marijuana by U.S. states, FinCEN has issued guidance advising prosecutors of money laundering and other financial crimes not to focus their enforcement efforts on banks and other financial institutions that serve marijuana-related businesses, so long as that business is legal in their state and none of the federal enforcement priorities are being violated (such as keeping marijuana away from children and out of the hands of organized crime). The FinCEN guidance also clarifies how financial institutions can provide services to marijuana-related businesses consistent with their Bank Secrecy Act obligations, including thorough customer due diligence, but makes it clear that they are doing so at their own risk. The customer due diligence steps include:

1. Verifying with the appropriate state authorities whether the business is duly licensed and registered;

2. Reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its marijuana-related business;

3. Requesting from state licensing and enforcement authorities available information about the business and related parties;

4. Developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical versus recreational customers);

5. Ongoing monitoring of publicly available sources for adverse information about the business and related parties;

6. Ongoing monitoring for suspicious activity, including for any of the red flags described in this guidance; and

7. Refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk. With respect to information regarding state licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available.

Due to the fear by financial institutions of being implicated in or prosecuted for money laundering, cannabis businesses are often forced into becoming "cash-only" businesses. As banks and other financial institutions in the U.S. are generally unwilling to risk a potential violation of federal law without guaranteed immunity from prosecution, most refuse to provide any kind of services to cannabis businesses. Despite the attempt by FinCEN to legitimize cannabis banking, in practice its guidance has not made banks much more willing to provide services to cannabis businesses. This is because, as described above, the current law does not guarantee banks immunity from prosecution, and it also requires banks and other financial institutions to undertake time-consuming and costly due diligence on each cannabis business they take on as a customer. Recently, some banks that have been servicing cannabis businesses have been closing accounts operated by cannabis businesses and are now refusing to open accounts for new cannabis businesses for the reasons enumerated above.

The few credit unions who have agreed to work with cannabis businesses are limiting those accounts to no more than 5% of their total deposits to avoid creating a liquidity risk. Since the federal government could change the banking laws as it relates to cannabis businesses at any time and without notice, these credit unions must keep sufficient cash on hand to be able to return the full value of all deposits from cannabis businesses in a single day, while also servicing the need of their other customers.

The U.S. Treasury Department, headed by Stephen Mnuchin, has publicly stated they were not informed of the then Attorney General Jeff Sessions' desire to rescind the Cole Memo and do not have a desire to rescind the FinCEN guidance for financial institutions.[6] Multiple legislators believe that the former Attorney General Jeff Sessions' rescinding of the Cole Memo invites an opportunity for Congress to pass more definitive protections for cannabis businesses in states with legal cannabis programs during this Congress.[7] It is unclear what position the new Attorney General will take.

Because the Department of Justice memorandums serve as discretionary agency guidance and do not constitute a force of law, cannabis related businesses have worked to continually renew the Rohrabacher Blumenauer Appropriations Amendment (originally the Rohrabacher Farr Amendment) that has been included in federal annual spending bills since 2014. This amendment restricts the Department of Justice from using federals funds to prevent states with medical cannabis regulations from implementing laws that authorize the use, distribution, possession or cultivation of medical cannabis. In 2017, Senator Patrick Leahy (D-Vermont) introduced a parity amendment to H.R.1625 – a vehicle for the Consolidated Appropriations Act of 2018, preventing 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 ("**Leahy Amendment**"). The Leahy Amendment expired with the 2018 Fiscal Year on September 30, 2018.

While funding restrictions that protect the medical cannabis industry continue through the end of September as a part of the 2018 Fiscal Year cycle, Congress had been negotiating the 2019 Fiscal Year Appropriations since February 2018. The much relied on appropriations protecting the medical cannabis industry was renewed in both the House and Senate versions of the 2019 Fiscal Year Appropriations bills, with the expectation that the language will be enacted in the final 2019 Fiscal Year Appropriations Bill.

On February 15, 2019, the President of the United States signed an omnibus appropriations bill in respect of certain appropriations bills for the remainder of fiscal 2019 which included appropriations protecting the medical cannabis industry.[8] [and 9]

Since 2014, Congress has made immense strides in marijuana policy. The bipartisan Congressional Cannabis Caucus launched in 2017 and is headed by Representatives Dana Rohrabacher (CA-48), Earl Blumenauer (OR-03), Don Young (AK-At Large), and Jared Polis (CO-02). The group is "dedicated to developing policy reforms that bridge the gap between federal laws banning marijuana and the laws in an ever-growing number of states that have legalized it for medical or recreational purposes"[10] Additionally, each year more Representatives and Senators sign on and co-sponsor marijuana legalization bills including the CARERS Act, REFER Act and others. While there are different perspectives on the most effective route to end federal marijuana prohibition, Congressman Blumenauer and Senator Wyden introduced the three-bill package, Path to Marijuana Reform which would fix Section 280E of the United States Internal Revenue Code of 1986, as amended (the "**Code**"), eliminate civil asset forfeiture and federal criminal penalties for businesses complying with state law, reduce barriers to banking, and would de-schedule, tax and regulate

[6] Angell, Tom. (2018 February 6). Trump Treasury Secretary Wants Marijuana Money In Banks. Retrieved from https://www.forbes.com/sites/tomangell/2018/02/06/trump-treasury-secretary-wants-marijuana-money-in-banks/#2848046a3a53; see also Mnuchin: Treasury is reviewing cannabis policies. (2018 February 7). Retrieved from http://www.scotsmanguide.com/News/2018/02/Mnuchin--Treasury-is-reviewing-cannabis-policies/.

[7] Jackson, Cherese. (2018 January 30). State-by-State Analysis of Sessions Move to Rescind Cole Memo. Retrieved from http://guardianlv.com/2018/01/state-state-analysis-sessions-move-rescind-cole-memo/; see also Velasquez, Josefa. (2018 January 23). NY Lawmarker Asks US Attorneys to Keep Hands Off State's Med Marijuana Programs. Retrieved from https://www.law.com/newyorklawjournal/sites/newyorklawjournal/2018/01/22/ny-lawmaker-asks-us-attorneys-to-keep-hands-off-states-med-marijuana-programs/?slreturn=20180205182803; and see also The Cannabist. (2018 January 4). "This is Outrageous": Politicians react to news that A.G. Sessions is rescinding Cole Memo. Retrieved from https://www.thecannabist.co/2018/01/04/sessions-marijuana-cole-memo-politicians/95890/.

[8] Boston Globe. Trump issues signing statement on medical marijuana provision of funding bill. Retrieved from https://www.bostonglobe.com/news/marijuana/2019/02/15/trump-issues-signing-statement-medical-marijuana-provision-funding-bill/UwqDzyQwhRppWqN9lCvuiP/story.html

[9] Committee for a Responsible Federal Budget. Appropriations Watch: FY 2019. Retrieved from http://www.crfb.org/blogs/appropriations-watch-fy-2019

[10] Huddleston, Tom Jr. (2017 February 17). Pro-Pot Lawmakers Launch a Congressional Cannabis Caucus. Retrieved from http://fortune.com/2017/02/16/congress-cannabis-caucus/.

marijuana in 2017.[11] Senator Booker has also introduced the Marijuana Justice Act, which would deschedule marijuana, and in 2018 Congresswoman Barbara Lee introduced the House companion.

Additionally, on June 7, 2018, 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 under the STATES Act, it makes the CSA unenforceable to the extent it is in conflict with state law. In essence, the bill extends the limitations afforded by the Rohrabacher-Blumenauer protection within the federal budget − which prevents the Department of Justice and the Drug Enforcement Agency from using funds to enforce federal law against state-legal medical cannabis commercial activity − to both medical and recreational 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."

Notwithstanding the foregoing, there is no guarantee that the current presidential administration will not change the stated policy of the previous administration regarding the low-priority enforcement of U.S. federal laws that conflict with state laws. The Trump administration and Congress could decide to enforce U.S. federal laws vigorously. **Accordingly, there are a number of significant risks associated with the business of the Company and unless and until the United States Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current federal law, and the business of the Company may be deemed to be producing, cultivating, extracting, or dispensing cannabis or aiding or abetting or otherwise engaging in a conspiracy to commit such acts in violation of federal law in the United States.**

As of March 30, 2019, $552,070,077 of the Company's assets and $87,991,112 of the Company's revenues (for the 39 weeks ended March 30, 2019) are exposed to U.S. marijuana related activities. In this respect, all of the Company's assets and operations are currently related to U.S. marijuana related activities.

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

Another aspect of federal law is that it provides that cannabis and cannabis products may not be transported across state lines in the United States. As a result, all cannabis consumed in a state must be grown and produced in that same state. This dynamic could make it more difficult for the Company, in the short term, to maintain a balance between supply and demand. If excess cultivation and production capacity is created in any given state and this is not matched by increased demand in that state, then this could exert downward pressure on the retail price for the products the Company sells. If too many retail licenses are offered by state authorities in any given state, then this could result in increased competition and exert downward pressure on the retail price for the products the Company sells. On the other hand, if cultivation and production in a state fails to match demand then, in the short term, there could be insufficient supply of product in a state to meet demand and while the Company may be able to raise its prices there could be inadequate product availability in the short term, causing the Company's revenue in that state to fall or to not grow to its full potential.

The following sections describe the legal and regulatory landscape in the states in which the Company operates. The Company's operations maintain compliance with applicable state laws, regulations and licensing requirements. Additionally, the Company uses the same proprietary, best-practices policies and procedures in its managed dispensaries as in its owned dispensaries in order to ensure systematic operations and, as such, to the Company's

[11] Wyden, Blumenauer. (2017 March 30). Wyden, Blumenauer announce bipartisan path to marijuana reform. Retrieved from https://blumenauer.house.gov/media-center/press-releases/wyden-blumenauer-announce-bipartisan-path-marijuana-reform.

knowledge, the dispensaries that the Company manages are in compliance with applicable state laws, regulations and licensing requirements. Nonetheless, for the reasons described above and the risks further described under or referenced in "Risk Factors" in the Annual Information Form and the heading "Risks and Uncertainties" herein, there are significant risks associated with the business of the Company. Readers are strongly encouraged to carefully read all of the risk factors under or referenced in the heading "Risk Factors" in the Annual Information Form and the heading "Risks and Uncertainties" herein.

Arizona

Arizona Regulatory Landscape

The Arizona Medical Marijuana Program ("**AZDHS Program**"), is governed by Title 9; Chapter 17 Department of Health Services Medical Marijuana Program (the "**AZDHS Rules**") and A.R.S. § 36-2801 et seq., as amended from time to time (the "**Act**") (the AZDHS Rules and the Act collectively referred to herein as the "**AMMA**"). The Act, which was approved by the Arizona voters in 2010 provides the legal requirements and restrictions and in conjunction with the applicable rules, guidelines and requirements, promulgated by the Arizona Department of Health Services ("**AZDHS**"). AZDHS Program provides for a limited number of Medical Marijuana Dispensary Registration Certificates (each, a "**License**"). The program currently allows 131 Licenses and does not require full vertical integration, resulting in a robust wholesale market. A variety of product types are allowed in the state including medical marijuana and manufactured and derivative products which contain medical marijuana (collectively "**MMJ Products**").

Arizona Licenses

The Company, through acquisition, maintains three (3) Licenses in the State which will allow the Company to operate three (3) Dispensaries, and up to three (3) onsite cultivation and processing facilities, and three (3) offsite cultivation and processing facilities, subject to all applicable rules, regulations and requirements, under AMMA and local jurisdictions.

Holding Entity	Permit/License	City	Expiration/ Renewal Date (if applicable)	Description
EBA Holdings, Inc.	00000072DCMU00762354	Scottsdale	8/7/2019	Dispensary
EBA Holdings, Inc.	00000072DCMU00762354	Tempe	8/7/2019	Cultivation/ Manufacturing
CSI Solutions, LLC	0000008DCJJ00257791	Scottsdale	8/7/2019	Dispensary
Kannaboost Technologies, Inc.	00000118DCKD00426097	Tempe	10/05/2019	Dispensary
Kannaboost Technologies, Inc.	N00000118DCKD00426097	Tempe	10/05/2019	Cultivation/ Manufacturing

Arizona state licenses are renewed annually. Licensees are required to submit a renewal application, an annual financial statement, an audit of the annual financial statement prepared by an independent certified public accountant for the previous year and fees outlined in the AZDHS Rules. While renewals are annual, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner along with the necessary supporting documents, and regulatory requirements are met, the Licensee would expect to receive the applicable renewed license in the ordinary course of business. While the Company's compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that when the acquisition is finalized, that the Company's licenses will be renewed in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations of the Company and have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Arizona Regulations

Licenses in Arizona permit the sale of medical cannabis and cannabis products to any qualified patients or caregiver who possess a valid AZDHS-issued Registry Identification Card Registry Identification Cards are valid for one year after the date approval.

In order for a physician to recommend medical marijuana, no special training is required, however, the physician must be licensed to practice in the State and certify that the patient has one of the debilitating medical conditions listed in A.R.S. §36-2801. The certification must be provided on an AZDHS provided form.

In order for a patient or designated caregiver to be dispensed marijuana, the Registry ID card must be entered in the state's electronic verification system. The registry is monitored by the AZDHS, and contains medical marijuana dispensing history.

Allowable forms of medical marijuana in Arizona are smokable flower, including pre-rolls, manufactured and derivative products which contain medical marijuana (vape pens, gel caps, tinctures, etc.) and edibles.

Qualifying conditions in the state of Arizona are the following: cancer, glaucoma, HIV, AIDS, Hepatitis C, Amyotrophic lateral sclerosis (ALS), Crohn's disease, agitation of Alzheimer's disease, and a chronic or debilitating disease or medical condition or the treatment for a chronic or debilitating disease or medical condition that causes cachexia or wasting syndrome; severe and chronic pain; severe nausea; seizures, including those characteristic of epilepsy; or severe or persistent muscle spasms, including those characteristic of multiple sclerosis.

In the state of Arizona, only cannabis that is grown and manufactured in the state can be sold in the state. Although Arizona is not a vertically integrated system, a single License holder is provided with the ability to cultivate, harvest, process, transport, sell and dispense cannabis products. Delivery is allowed from dispensaries to patients, however the delivery must be approved by the AZDHS.

Reporting Requirements

The AZDHS has not selected a state mandated seed-to-sale system at this time. Licensed entities are permitted to choose their own provider or to track marijuana products from seed-to-sale using proprietary methods. Currently, the Company intends to continue utilizing the incumbent seed-to-sale system utilized to date by the prior operators of its facilities in Arizona. The Company may explore other options in the future. Although there are no periodic reporting requirements to the State, full seed-to-sale tracking is required by all licensees and will be periodically audited by the AZDHS.

California

California Regulatory Landscape

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

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

In September 2015, the California legislature passed three bills collectively known as the "Medical Cannabis Regulation and Safety Act" ("**MCRSA**"). The MCRSA established a licensing and regulatory framework for medical marijuana businesses in California. The system created multiple license types for dispensaries, infused products manufacturers, cultivation facilities, testing laboratories, transportation companies, and distributors. Edible infused product manufacturers would require either volatile solvent or non-volatile solvent manufacturing licenses depending on their specific extraction methodology. Multiple agencies would oversee different aspects of the program and businesses would require a state license and local approval to operate. However, in November 2016, voters in

California overwhelmingly passed Proposition 64, the "Adult Use of Marijuana Act" ("**AUMA**") creating an adult-use marijuana program for adult-use 21 years of age or older. AUMA had some conflicting provisions with MCRSA, so in June 2017, the California State Legislature passed Senate Bill No. 94, known as Medicinal and Adult-Use Cannabis Regulation and Safety Act ("**MAUCRSA**"), which amalgamates MCRSA and AUMA to provide a set of regulations to govern medical and adult-use licensing regime for cannabis businesses in the State of California. The four agencies that regulate marijuana at the state level are the California Department of Consumer Affairs' Bureau of Cannabis Control ("**BCC**"), California Department of Food and Agriculture, California Department of Public Health, and California Department of Tax and Fee Administration.

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

MAUCRSA went into effect on January 1, 2018 and final regulations, replacing emergency regulations, were issued on January 15, 2019. The Company began receiving its marijuana medical and adult-use licenses at the beginning of 2018 and was one of the first businesses to begin selling adult-use marijuana products. The Company was also the first business to receive approval to dispense adult-use marijuana in the City of Los Angeles on January 20, 2018. The Company currently owns three (the maximum allowed) of the 183 permitted dispensaries in the City of Los Angeles. The Company only operates in Californian cities with clearly defined marijuana programs.

Licenses

The Company and its subsidiaries are licensed to operate as Medical and Adult-Use Retailers, and Distributors under applicable California and local jurisdictional law. The Company's licenses permit it to possess, cultivate, distribute, dispense and sell medical and adult-use cannabis in the State of California pursuant to the terms of the various licenses issued by the BCC under the provision of the MAUCRSA and California Assembly Bill No. 133. The Company obtained the rights to the entities that were ultimately licensed pursuant to several acquisitions in the form of stock and/or asset purchase agreements.

The licenses are independently issued for each approved activity for use at the Company's facilities in California. Please see Table 1 below for a list of the licenses issued to the Company in respect of its operations in California.

Table 1: California Licenses

Holding Entity	Permit/License	City	Expiration/ Renewal Date (if applicable) (MM/DD/YY)	Description
Advanced Patients' Collective	A10-18-0000167-TEMP	Los Angeles	8/12/2019	State Temp Adult Use and Medicinal Retail License
	A11-18-0000139-TEMP		7/8/2019	State Temp Adult Use and Medicinal Distributor License
	0002086145-0001-8. Fund Class J010		12/28/18[12]	City of Los Angeles – Medical Retail

[12] The City of Los Angeles announced on January 8, 2019 that the Department of Cannabis Regulation will automatically extend all temporary local licenses by issuing an invoice to pay the annual renewal fees by the end of January 2019, this did not occur and all temporary licenses remain active and valid. On 3/19/2019 the Department released the annual applications process and the Company is in the process of submitting applications for all applicable assets. During the application process, licenses remain valid.

Holding Entity	Permit/License	City	Expiration/ Renewal Date (if applicable) (MM/DD/YY)	Description
	0002086145-0001-8. Fund Class J020		12/28/18[12]	City of Los Angeles – Adult Use Retail
	0002086145-0001-8. Fund Class J080		12/28/18[12]	City of Los Angeles – Medical Distributor
	0002086145-0001-8. Fund Class J090		12/28/18[12]	City of Los Angeles – Adult Use Distributor
Advanced Patients' Collective	C11-18-0000345-TEMP		7/8/19	State Temp Adult Use and Medicinal Distributor License
	LA-C-18-000454		N/A	City of Los Angeles Temporary Distribution License
The Compassion Network	A10-18-0000165-TEMP		8/12/2019	State Temp Adult Use and Medicinal Retail License
	0002181643-0001-9 Fund Class J010		12/28/18[12]	City of Los Angeles – Medical Retail
	0002181643-0001-9 Fund Class J020		12/28/18[12]	City of Los Angeles – Adult Use Retail
Cyon Corporation, Inc.	A10-18-0000164-TEMP		8/12/2019	State Temp Adult Use and Medicinal Retail License
	0002053218-0001-8. Fund Class J010		12/28/18[12]	City of Los Angeles – Medical Retail
	0002053218-0001-8. Fund Class J020		12/28/18[12]	City of Los Angeles – Adult Use Retail
San Diego Health & Wellness[13]	CUP 1291580	San Diego	6/25/20	City of San Diego – Recorded Conditional Use Permit for Retail

[13] As a conditional use permit for retail, this permit is attached to the real estate, which is in turn owned by MMOF RE SD, LLC, a subsidiary of the Company.

Holding Entity	Permit/License	City	Expiration/ Renewal Date (if applicable) (MM/DD/YY)	Description
MMOF San Diego Retail, Inc.	A10-17-0000038-TEMP		7/25/2019	State Temp Adult Use and Medicinal Retail License
	Form DS-191		2/22/19[14]	Medical Marijuana Consumer Cooperative Permit
Desert Hot Springs Green Horizon, Inc.	CUP 14-16	Desert Hot Springs	9/25/19	Conditional Use Permit for Cultivation
	CUP 14-16		9/25/19	Conditional Use Permit for Production
	CUP 14-16		9/25/19	Conditional Use Permit for Distribution
	Regulatory Safety Permit		4/2/2020	City of Desert Hot Springs Permit to operate a Cultivation, Manufacturing and Distribution facility
	CDPH-T00001613		5/10/2020	State Temp Adult Use and Medicinal Manufacturing License
	C11-18-0000386-TEMP		7/8/2019	State Temp Adult Use and Medicinal Distributor License
	TML18-0010010		4/28/2019[15]	State Temp Adult Use and Medicinal Cultivation License
Rochambeau, Inc	C10-18-0000199-TEMP	Emeryville	7/18/2019	State Temp Adult Use and Medicinal Retail License

[14] Renewal was successfully submitted to the City of San Diego and confirmed. The Company is awaiting on the issuance of the updated document.

[15] Temporary licenses expired as noted. The Company successfully submitted and paid applicable fees to obtain a California Annual Provisional license. The State of California has a large backlog and is delayed in issuing such licenses.

Holding Entity	Permit/License	City	Expiration/ Renewal Date (if applicable) (MM/DD/YY)	Description
	EPD18-006		5/8/19[16]	Cannabis Operator -Dispensary and Delivery Permit
	UP18-001		2/28/2021	Conditional Use Permit for Retail
Sure Felt, LLC	C10-18-0000195-TEMP	San Diego	7/18/2019	State Temp Adult Use and Medicinal Retail License
	Form DS-191		4/17/2020	Medical Marijuana Consumer Cooperative Permit
	1865509		6/18/2021	Conditional Use Permit for Retail
Viktoriya's Medical Supplies LLC (d/b/a Buddy's Cannabis)	A12-17-0000001-TEMP	San Jose	7/22/2019	State Temp Adult Use and Medicinal Microbusiness License
	101-568997		12/14/2019	City of San Jose – Medical Cannabis Cultivation, Medical Cannabis Distribution, Medical Cannabis Manufacturing, Medical Cannabis Retail, Non-Medical Cannabis Cultivation, Non-Medical Cannabis Distribution, Non-Medical Cannabis Manufacturing, Non-Medical Cannabis Retail
Farmacy Collective	A10-17-0000039-TEMP	West Hollywood	7/25/19	State Temp Adult Use and Medicinal Microbusiness License
	17-0013		7/25/19	Temporary Use Permit - Sale of Adult-Use
	MMC-0004536		12/31/19	Business License - Medical Marijuana
MME MFDST, Inc.	C11-18-0000823-TEMP	Culver City	7/26/19	State Temp Adult Use and Medicinal

[16] Permit renewal submitted timely. The Company is awaiting issuance of updated permit. During the renewal period the Company is allowed to continue operations.

Holding Entity	Permit/License	City	Expiration/ Renewal Date (if applicable) (MM/DD/YY)	Description
				Distribution License
	CDPH-10003083		5/3/2020	State Annual Provisional Adult Use and Medicinal Manufacturing License
PHSL, LLC	M10-18-0000379-TEMP	Seaside	8/6/19	State Temp Adult Use and Medicinal Retail License
	9992016567		6/30/19	City Business License
The Source Santa Ana	A10-17-0000068-TEMP	Santa Ana	7/25/2019	Dispensary
	2018-16		6/11/19	Regulatory Safety Permit

California state and local licenses are renewed annually. Each year, licensees are required to submit a renewal application per guidelines published by BCC. While renewals are annual, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, the Company would expect to receive the applicable renewed license in the ordinary course of business. While the Company's compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that the Company's licenses will be renewed in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations of the Company and have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Regulations

The Adult-Use and Medical Retailer licenses permit the sale of cannabis and cannabis products to any individual age 21 years of age or older and certain medical patients under the age of 21 who possess a physician's recommendation. The Company is permitted to sell adult-use cannabis and cannabis products to any domestic and international qualified customer, provided that the customer presents a valid government-issued photo identification.

The Adult-Use and Medicinal Distribution licenses permit cannabis related distribution activity which means the procurement, sale, and transportation of cannabis and cannabis products between licensed entities. Distribution activity is permissible to and from certain MedMen and non-MedMen licensees.

In the state of California, only cannabis that is grown in the state can be sold in the state. Although California is not a vertically integrated system, the Company is endeavouring to be vertically integrated and is in the development of capabilities to process and manufacture cannabis products and has the capabilities to cultivate, harvest, sell, dispense, deliver and distribute cannabis and cannabis products. The state also allows the Company to make wholesale purchase of cannabis from, or a distribution of cannabis and cannabis product to, another licensed entity within the state.

Reporting Requirements

The state of California has selected Franwell Inc.'s METRC solution ("**METRC**") as the state's track-and-trace ("**T&T**") system used to track commercial cannabis activity and movement across the distribution chain ("**seed-to-sale**"). The METRC system is currently in use only by licensees who obtained an annual license. The system allows for other third-party system integration via application programming interface ("**API**"). The Company currently

utilizes an electronic T&T system independent of METRC that will integrate with METRC via API once annual licenses are issued to the Company.

Florida

Florida Regulatory Landscape

In June 2014, the Florida Legislature and Governor enacted the Compassionate Medical Cannabis Act (SB1030) (the "**CMCA**") to provide a comprehensive, safe and effective medical marijuana program to meet the needs of Florida residents. The program currently allows 22 Medical Marijuana Treatment Centers (each, an "**MMTC**") to hold vertically integrated licenses and service qualified patients and caregivers. The Florida State Department of Health's Office of Medical Marijuana Use (the "**OMMU**") is the regulatory agency overseeing the medical marijuana program.

Florida License

The Company is licensed to operate as a vertically integrated medical marijuana cultivator, manufacturer and retailer, as a MMTC, under applicable Florida jurisdictional law. Each MMTC is licensed to operate one (1) cultivation/manufacturing facility and 35 dispensaries, under Title XXIX, Chapter 381, Section 381.986 of the Florida Statutes.

The expiration/renewal date for the Company's Florida license is January 15, 2020. Florida state licenses are issued unnumbered and are renewed biennially. Licensees are required to submit a renewal application and fees per guidelines published by OMMU. While renewals are biennial, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and regulatory requirements are met, the Company would expect to receive the applicable renewed license in the ordinary course of business. While the Company's compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that the Company's licenses will be renewed in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations of the Company and have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Florida Regulations

Licenses in Florida permit the sale of medical cannabis products to any qualified patients who possess a physician's recommendation. Under the terms of Florida licenses, the applicable holder is permitted to sell OMMU approved medical marijuana manufactured products to any qualified patient, provided that the patient presents a valid OMMU-issued Registry Identification Card proving the patient or designated caregiver meets the statutory conditions to be a qualified patient or designated caregiver.

In order for a physician to recommend medical marijuana, the physician must take a two-hour course and examination offered by the Florida Medical Association or Florida Osteopathic Medical Association, depending on the physician license type.

In order for a patient or designated caregiver to be dispensed marijuana, they must be registered in the Medical Marijuana Use registry. The registry is monitored by the OMMU, and is accessible to law enforcement, and contains medical marijuana dispensing history.

Allowable forms of medical marijuana in Florida State are marijuana (flower, including pre-rolls) and marijuana derivative products (vape pens, gel caps, tinctures, etc.). Edibles are codified into existing regulations but are not yet approved. Qualifying conditions in the state of Florida are the following: Cancer, Epilepsy, Glaucoma, HIV, AIDS, Post-traumatic stress disorder (PTSD), Amyotrophic lateral sclerosis (ALS), Crohn's disease, Parkinson's disease, Multiple sclerosis (MS), and medical conditions of the same kind or class as or comparable to such conditions, including a terminal condition diagnosed by a physician other than the qualified physician issuing the physician certification and chronic nonmalignant pain caused by a qualifying medical condition or that originates from a qualifying medical condition and persists beyond the usual course of that qualifying medical condition.

In the state of Florida, only cannabis that is grown and manufactured in the state can be sold in the state. Florida is a vertically integrated system, providing under a single license the holder with the ability to cultivate, harvest, process,

transport, sell and dispense cannabis products. Delivery is allowed from dispensaries to patients, however the delivery must be pre-approved by the OMMU.

Reporting Requirements

The OMMU has not selected a state mandated seed-to-sale system at this time. Licensed entities are permitted to choose their own provider or to track marijuana products from seed-to-sale using proprietary methods. Currently the Company plans to use BioTrackTHC and its proprietary system to track all inventory and product movements and storage. Although there are no periodic reporting requirements to the State, full seed-to-sale tracking is required by all licensees and will be periodically audited by the OMMU.

Illinois

Illinois Regulatory Landscape

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

Illinois License

The Company operates one (1) DO license, obtained through acquisition, allowing the Company to dispense medical marijuana to qualified patients under the Act.

Holding Entity	Permit/License	City	Expiration/ Renewal Date (if applicable)	Description
Future Transactions Holdings LLC	36-001	Oak Park	8/22/2019	Dispensary

Licensees are required to submit annual renewal application and fees per guidelines published by the IDFPR and the Department of Agriculture respectively. While renewals are annual, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and regulatory requirements are met, the Licensee would expect to receive the applicable renewed license in the ordinary course of business. While the Company's compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that the Company's licenses will be renewed in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations of the Company and have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Illinois Regulations

Under the terms of the DO license, Licensees are permitted to sell medical cannabis products to qualified patients provided that the patient presents a valid IDPH-issued Registry Identification Card proving the patient or designated caregiver meets the statutory conditions to be a qualified patient or designated caregiver. Under the terms of the Cultivation Center license, the Licensee is permitted to cultivate, harvest, manufacture and distribute medical cannabis in the state.

In order for a physician to recommend medical marijuana, the physician must be a doctor of medicine or osteopathy licensed under the Medical Practice Act of 1987, have a controlled substances license under Article III of Illinois Controlled Substances Act, be in good standing to practice medicine in Illinois, and have a bona fide physician-patient relationship with the patient whose debilitating condition they are certifying.

In order for a patient or designated caregiver to be dispensed marijuana, they must be registered in the Medical Cannabis Registry Program, the DO must enter the Registry ID card into the medical cannabis electronic verification system, and verify that dispensing would not exceed dispensing limits. The registry is monitored by the IDPH and contains medical cannabis dispensing history.

Allowable forms of medical cannabis in Illinois includes smokable dried flower, dried flower for vaporizing, cannabis derivative products (i.e., vape pens, gel caps, tinctures, etc.) and medical cannabis-infused products (i.e., ointments, balms and edible products).

Qualifying conditions in the state of Illinois are the following: agitation of Alzheimer's disease, HIV/AIDS, amyotrophic lateral sclerosis (ALS), Arnold-Chiari malformation, cancer, causalgia, chronic inflammatory demyelinating polyneuropathy, Crohn's disease, CRPS (complex regional pain syndrome Type II), dystonia, fibrous dysplasia, glaucoma, Hepatitis C, hydrocephalus, hydromyelia, interstitial cystitis, lupus, multiple sclerosis, muscular dystrophy, myasthenia gravis, myoclonus, nail-patella syndrome, neurofibromatosis, Parkinson's disease, post-concussion syndrome, post-traumatic stress disorder (PTSD), reflex sympathetic dystrophy, residual limb pain, rheumatoid arthritis, seizures (including those characteristic of epilepsy), severe fibromyalgia, Sjogren's syndrome, spinal cord disease (including but not limited to arachnoiditis), spinal cord injury where there is damage to the nervous tissue of the spinal cord with objective neurological indication of intractable spasticity, spinocerebellar ataxia, syringomyelia, tarlov cysts, tourette syndrome, traumatic brain injury and cachexia/wasting syndrome.

In addition to the conditions noted above, on August 28, 2018, the Opioid Alternative Pilot Program (Public Act 100-1114[17]) became effective. The Pilot Program which allows access to medical cannabis for individuals who have or could receive a prescription for opioids as certified by a physician licensed in Illinois, was officially launched on January 31, 2019.[18]

In the state of Illinois, only cannabis that is grown and manufactured in the state can be sold in the state. Illinois is not a vertically integrated system, as a result, DO License holders are provided the ability to dispense medical cannabis and Cultivation Centers are provided with the ability to cultivate, harvest, process and transport medical cannabis products. Delivery is not allowed from dispensaries to patients. Only designated caregivers may deliver medical cannabis to qualified patients.

Reporting Requirements

The state of Illinois has selected BioTrackTHC's solution as the state's track and trace system used to track commercial cannabis activity and seed-to-sale. Licensed entities are permitted to choose their own provider, with a requirement that it has the ability integrate with BioTrackTHC via an application program interface ("**API**"). Currently, the Company intends to continue utilizing the incumbent seed-to-sale and POS systems utilized by the prior operation of its dispensary in Illinois.

Nevada

Nevada Regulatory Landscape

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

[17] Public Act 100-1114 (SB0336), referred to as the Alternatives to Opioids Act of 2018: http://www.ilga.gov/legislation/publicacts/100/PDF/100-1114.pdf

[18] IDPH. News Release. Retrieved from https://www.idfpr.com/Forms/MC/OAPP%20News%20Release%201-31-19.pdf

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

Licenses

The Company is licensed to operate in the state of Nevada as a Recreational and Medical Cultivator, a Recreational and Medical Product Manufacturer and a Recreational and Medical Dispensary. Please see Table 2 below for a list of the licenses issued to the Company in respect of its operations in Nevada. Under applicable laws, the licenses permit the Company 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.

All marijuana establishments must register with DOT. If applications contain all required information and after vetting by officers, 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 the establishment is in compliance with all applicable local governmental ordinances. Final 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.

Table 2: Nevada Licenses

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
MMOF Vegas Retail, Inc.	2000169.MMR.301	Clark County	12/31/19	Clark County Business License – Marijuana Master License
	Certificate: 34652970986411553293 Code: D078		6/30/19	State of NV Final Registration Certificate
	Retail Marijuana Store License, Taxpayer ID: 1037525396-001		6/30/19	State of NV – Recreational Marijuana Store License
MMOF Vegas Retail 2, Inc.	2000104.MMR.301	Clark County	12/31/19	Clark County Business License – Marijuana Master License
	Certificate: 20254016881821567342 Code: D092		6/30/19	State of NV Final Registration Certificate
	47182081583508846760		6/30/19	State of NV – Recreational Marijuana Store License
MMOF Fremont Retail, Inc.	Certificate: 51798010886861416556 Code: D178	Las Vegas	6/30/19	State of NV Final Registration Certificate
	67501179020484699802			State of NV – Recreational

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
				Marijuana Store License
	License No.: M66-00014		7/1/2019	City of Las Vegas Medical Business License
	License No.: M66-00015		7/1/2019	City of Las Vegas Retail Business License
MMNV2 Holdings I, LLC	Certificate: 17870088520850390544 Code: C025	Unincorporated Washoe County	6/30/2019	State of NV Final Registration Certificate
	07912568590104527553		7/31/2019	State of NV Marijuana Cultivation Facility License – Recreational
	Certificate: 42811321585035807243 Code: P016		6/30/2019	State of NV Final Registration Certificate
	28332017443877189253		7/31/2019	State of NV Marijuana Production Facility License – Recreational
	W000009ME-LIC		04/1/19[1]	Washoe County Medical Marijuana Establishment Business License
	W000005ME-LIC			Washoe County Medical Marijuana Establishment Business License
MMNV2 Holdings V, LLC	Certificate: 10617708293398081636 Code: C036	Unincorporated Washoe County	6/30/2019	State of NV Marijuana Cultivation Facility License – Medical
	W000018ME-LIC		04/1/2019[1]	Washoe County Marijuana Cultivation Facility

Note:

(1) Renewal applications, which entails a quarterly tax payment, have been submitted by the Company in respect of the noted licenses held by MMNV2 Holdings I, LLC and MMNV2 Holdings V, LLC. Such licenses remain effective during the renewal application process. The Company expects to receive renewals for such license and registration certificate in the ordinary course of business.

License and Regulations

In the state of Nevada, only cannabis that is grown/produced in the state by a licensed establishment may be sold in the state. Although Nevada is not a vertically integrated system, the Company is vertically integrated and has the capabilities to cultivate, harvest, process and sell/dispense/deliver adult-use and medical cannabis and cannabis products. The state also allows the Company to make wholesale purchase of cannabis from another licensed entity within the state.

Reporting Requirements

The state of Nevada uses METRC as the state's computerized T&T system used to track commercial cannabis activity and seed-to-sale. Individual licensees whether directly or through third-party integration systems are required to push data to the state to meet all reporting requirements. For all Nevada licensed facilities, the Company will designate an in-house computerized seed to sale software that will integrate with METRC via API. The chosen seed-to-sale system captures the required data points for cultivation, manufacturing and retail as required in Nevada Revised Statutes section 453A.

New York

New York Regulatory Landscape

In July 2014, the New York Legislature and Governor enacted the Compassionate Care Act (A06357E, S07923) (the "**CCA**") to provide a comprehensive, safe and effective medical marijuana program to meet the needs of New Yorkers. The program currently allows ten (10) "Registered Organizations" (each, an "**RO**") to hold vertically integrated licenses and service qualified patients and caregivers. Limited product types are allowed in the state and smoking of cannabis flower is prohibited. The New York State Department of Health (the "**NYSDOH**") is the regulatory agency overseeing the medical marijuana program.

New York License

MedMen NY, Inc. ("**MedMen NY**") is licensed to operate as a vertically integrated medical marijuana cultivator, manufacturer and retailer, as a "Registered Organization", under applicable New York jurisdictional law. MedMen NY was issued five (5) licenses that are vertically integrated – one (1) cultivation/manufacturing license and four (4) dispensary licenses (collectively, the "**NY Licenses**"), under the CCA and Medical Use of Marihuana Regulations (Title 10, Chapter XIII, Part 1004) by the NYSDOH, permitting MedMen NY to possess, cultivate, process, transport, dispense and sell medical cannabis in the State of New York. MedMen NY obtained the rights to the NY Licenses through a stock purchase agreement completed in January 2017 with Bloomfield Industries, Inc., the original holder of the NY Licenses. In August 2017, the NYSDOH approved the change of the business name from Bloomfield Industries, Inc. to MedMen NY, Inc.

While there are individual licenses issued for each site in New York, MedMen NY is considered a vertically integrated license holder with one (1) cultivation/manufacturing facility in Utica, NY, and four dispensaries geographically dispersed throughout the state per the CCA. Please see Table 3 below for a list of the licenses issued to MedMen NY in respect of its operations in New York.

Table 3: New York Licenses

Holding Entity	Permit/License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
MedMen NY, Inc.	MM0501M	Utica	7/31/19	Utica – Manufacturing License
	MM0502D	Lake Success	7/31/19	Lake Success – Dispensary License
	MM0503D	New York	7/31/19	New York – Dispensary License
	MM0504D	Syracuse	7/31/19	Syracuse – Dispensary License
	MM0505D	Williamsville	7/31/19	Williamsville – Dispensary License

The state licenses in New York are renewed every two years. Before the two-year period ends, licensees are required to submit a renewal application per guidelines published by the NYSDOH. The Company has successfully submitted its 2019 renewal application.

While renewals are granted every two years, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, the Company would expect to receive the applicable renewed license in the ordinary course of business. While the Company's compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that the Company's licenses will be renewed in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations of the Company and have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

New York Regulations

Under the terms of the NY Licenses, MedMen NY is permitted to sell NYSDOH approved medical marijuana manufactured products to any New York qualified patient, provided that the patient presents a physician's recommendation and a NYSDOH-issued Registry Identification Card proving the patient or designated caregiver meets the statutory conditions to be a qualified patient or designated caregiver.

In order for a physician to recommend medical marijuana, the physician must pay for and pass a NYSDOH approved physician certification training program which lasts from two to four hours. The content of the course includes: "pharmacology of marijuana; contraindications; side effects; adverse reactions; overdose prevention; drug interactions; dosing; routes of administration; risks and benefits; warnings and precautions; abuse and dependence; and such other components as determined by the commissioner".

In order for a patient or registered caregiver to receive dispensed marijuana, the dispensary must check the Prescription Monitoring Program ("**PMP**") registry to ensure the patient receives appropriately recommended medical marijuana products and does not receive more than a 30-day supply of medical marijuana. The PMP registry is monitored by the NYSDOH and contains controlled substance prescription dispensing history and medical marijuana dispensing history.

Allowable forms of medical marijuana in New York State are the following:

"(1) metered liquid or oil preparations;

(2) solid and semisolid preparations (e.g. capsules, chewable and effervescent tablets, lozenges);

(3) metered ground plant preparations; and

(4) topical forms and transdermal patches."[19]

Medical marijuana may not be incorporated into food products by the RO, unless approved by the Commissioner of Health. Smoking is not an approved route of administration.

Qualifying conditions in the state of New York are the following: cancer, HIV infection or AIDS, amyotrophic lateral sclerosis (ALS), Parkinson's disease, multiple sclerosis, spinal cord injury with spasticity, epilepsy, inflammatory bowel disease, neuropathy, Huntington's disease, post-traumatic stress disorder, chronic pain, and any condition for which an opioid could be prescribed (provided that the precise underlying condition is expressly stated on the patient's certification). The severe debilitating or life-threatening condition must also be accompanied by one or more of the following associated or complicating conditions: cachexia or wasting syndrome, severe or chronic pain, severe nausea, seizures, or severe or persistent muscle spasms.

In the state of New York, only cannabis that is grown and manufactured in the state can be sold in the state. New York is a vertically integrated system however it does allow ROs to wholesale manufactured product to one another. As such, MedMen NY is vertically integrated and has the capabilities to cultivate, harvest, process, transport, sell and dispense cannabis products. Delivery is allowed from dispensaries to patients, however the delivery plan must be pre-approved by the NYSDOH. As of the date hereof, the Company has not submitted a delivery plan to the NYSDOH.

Reporting Requirements

The state of New York has selected BioTrackTHC's solution as the state's T&T system used to track commercial cannabis activity and seed-to-sale. The BioTrackTHC system is required to serve as all ROs' patient verification system but is optional as the RO facing tracking system. The Company currently uses BioTrackTHC as its seed-to-sale tracking system but is also exploring more robust options for the future that more seamlessly integrate with its tracking systems used in other states as well.

In addition to entering all dispensing transactions into the BioTrackTHC system, every month the NYSDOH requests a dispensing report in Excel format, via email, showing all products dispensed for the month. This is the only report the Company is required to submit to the NYSDOH. All other data is pulled by the NYSDOH directly from the Company's seed-to-sale tracking system.

Compliance Program

The Company's VP of Compliance oversees, maintains, and implements the compliance program and personnel in conjunction with the SVP of Legal. In addition to the Company's robust legal and compliance departments, the Company also has local regulatory/compliance counsel engaged in every jurisdiction (state and local) in which it operates. Such counsel regularly provides legal advice to the Company regarding compliance with state and local laws and regulation and the Company's legal and compliance exposures under United States federal law. The VP of Compliance and Compliance Managers serve as the liaison to state and local regulators during both regular business hours and after hours. The compliance department is responsible for ensuring operations and employees strictly comply with applicable laws, regulations and licensing conditions and ensure that operations do not endanger the health, safety or welfare of the community.

The compliance department oversees training for all employees, including on the following topics:

- Compliance with State and Local Laws
- Safe Cannabis Use
- Dispensing Procedures
- Security & Safety Policies and Procedures

[19] New York State Department of Health. (2018 July). Registered Organizations. Retrieved from https://www.health.ny.gov/regulations/medical_marijuana/application/.

- Inventory Control
- Track-and-Trace Training Session
- Quality Control
- Transportation Procedures

The Company's compliance program emphasizes security and inventory control to ensure strict monitoring of cannabis and inventory from delivery by a licensed distributor to sale or disposal. Only authorized, properly trained employees are allowed to access the Company's computerized seed-to-sale system including any applicable statewide T&T system.

The VP of Compliance monitors all compliance notifications from the statewide T&T systems, timely resolving any issues identified. The Company keeps records, on its computerized seed-to-sale system, of all compliance notifications received from the statewide T&T system and how and when the issue was resolved.

The Company 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, as well as procedures for performing inventory reconciliation and ensuring the accuracy of inventory tracking and recordkeeping. The Company maintains accurate records of its inventory at all licensed facilities. Adherence to the Company's standard operating procedures is mandatory and ensures that the Company's operations are compliant with the rules set forth by the applicable state and local laws, regulations, ordinances, licenses and other requirements.

Service Providers

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

Ability to Access Public and Private Capital

The Company has historically, and continues to have, robust access to equity and debt financing from the public and private markets in Canada and private markets in the United States and internationally. While the Company is not able to obtain bank financing in the U.S. or financing from other U.S. federally regulated entities, it currently has access to such equity and debt financing in Canada, the United States and internationally, both on a brokered and non-brokered basis. The Company's executive team and the MedMen board of directors have extensive relationships with sources of private capital (such as funds and high net worth individuals), which has facilitated its ability to complete non-brokered financing transactions. Further, the Company is actively pursuing sale and leaseback transactions to divest itself of certain of its portfolio real estate assets and currently plans to endeavor to complete similar transactions in the future. Proceeds from the sale of such assets would be used to finance the continued growth of the Company's business.

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

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

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