

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: Harvest Health & Recreation Inc. (the "Issuer").

Trading Symbol: HARV

Number of Outstanding Listed Securities: 279,343,635 subordinate voting shares

Date: August 5, 2021

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

During the month the Issuer remained committed to executing on its business plan and remains focused on returning to profitability in its operations. The Issuer continues to operate in its existing markets with minimal disruption from the Covid-19 pandemic and remains vigilant with its safety precautions by continuously

reviewing, revising, and implementing appropriate protections and procedures related to its operations during the pandemic on a case by case basis.

During the month Issuer opened its eleventh Florida medical dispensaries located at 1011 5th St., South Miami Beach, Florida 33139.

2. Provide a general overview and discussion of the activities of management.

The Issuer continues to execute on its core goals which include:

- Scaling Issuer's operating team and general operations to return to profitability.
- Expanding Issuer's retail and wholesale footprint across its target key markets in the US.
- Building and expanding brands and distributing them across its footprint and key markets in the U.S.
- Continued efforts to seek regulatory approval for planned acquisitions/divestments.
- Rationalization of resources following completion of acquisitions/divestments.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

None.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

None.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

None.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

On July 23, 2021, the Issuer issued 3,471,109 SVS upon conversion by Bridging Finance Inc. ("BFI"), as lender, of indebtedness held by BFI in the principal amount of \$10 million at a conversion price of CDN \$3.62276. Such indebtedness was evidenced by, and converted pursuant to the terms of, a 9% Convertible Promissory Note, dated as of December 31, 2019, issued by the Issuer in favor of BFI.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

During the month of July, a local operator acquired Issuer's cultivation and processing operations located in Ogden, Utah for an immaterial amount of cash. Following the sale, Issuer no longer has operations in Utah.

8. Describe the acquisition of new customers or loss of customers.
None.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

None.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

Hiring: 168 employees; 150 hourly, non-exempt and 18 salary, exempt

Terminations: 116

Lay-offs: 0

11. Report on any labour disputes and resolutions of those disputes if applicable.
None.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

On May 10, 2021, the Issuer entered into an arrangement agreement (the "Arrangement Agreement") with Trulieve Cannabis Corp. ("Trulieve"), pursuant to which Trulieve agreed, subject to the terms and conditions thereof, to acquire all of the issued and outstanding subordinate voting shares of the Issuer, multiple voting shares of the Issuer, and super voting shares of the Issuer. On July 13, 2021, the Issuer issued its Definitive Proxy Statement (the "Proxy") soliciting stockholder approval of the proposed transaction. Since the issuance of the Proxy, a number of purported stockholders of the Issuer have sent demand letters to the Issuer's Board of Directors and/or commenced litigation challenging the accuracy and/or completeness of the disclosures in the Proxy. To date, the following six lawsuits have been filed, bearing the following captions:

- *Oppen v. Harvest Health et al.*, C.A. No. 21-02048 (D. Col.)
- *Stout v. Harvest Health et al.*, C.A. No. 21-06398 (S.D.N.Y.)
- *Jenkins v. Harvest Health et al.*, C.A. No. 21-02045 (D. Col.)
- *Coffman v. Harvest Health et al.*, C.A. No. 21-02026 (D. Col.)
- *Wean v. Harvest Health et al.*, C.A. No. 21-06435 (S.D.N.Y.)
- *Finger v. Harvest Health & Recreation, Inc.*, C.A. No. 21-02086 (D. Col.)

Each lawsuit asserts claims under Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 and alleges that the Proxy omits and/or misrepresents material information concerning: (i) the Issuer's and Trulieve's financial projections; (ii) the financial analyses performed by the Issuer's financial advisors, Moelis & Company LLC and Haywood Securities Inc. ("Haywood"), in connection with their fairness opinions; (iii) information regarding the nature of Haywood's arrangement; and (iv) the sales process leading up to the proposed transaction.

The Issuer vehemently denies these allegations, and intends to vigorously defend these lawsuit. At this point, the Issuer is unable to state whether an outcome unfavorable to the Issuer is either probable or remote, or to estimate the range of possible loss in the event of an unfavorable outcome.

In the Matter of Arbitration between TGS National Franchise, LLC ("TGS") v. San Felasco Nurseries, Inc., an indirect subsidiary of Issuer ("SFN") as assignee of Florida Compassionate Growers LLC (Case No: 01-18-0003-9481) (the "SFN Arbitration"), TGS filed several arbitrations and civil lawsuits (the "TGS Lawsuits") arising out of franchise agreements between TGS and SFN dated April 8, 2016 ("Franchise Agreements"). The TGS Lawsuits included a demand for arbitration filed with the American Arbitration Association filed on October 22, 2018 (the "SFN Arbitration") seeking monetary damages arising from the termination of the Franchise Agreements. On March 28, 2019, the SFN Arbitration was stayed by agreement of the parties pending resolution of a TGS appeal, to the Colorado

Court of Appeals, of a decision adverse to TGS in another of the TGS Lawsuits (the “TGS Appeal”).

On February 21, 2020, TGS moved to substitute Jushi FL SPV, LLC (“Jushi”) as Claimant in the SFN Arbitration (“Claimant”) and amend the case caption to In the Matter of Arbitration between Jushi FL SPV, LLC, as assignee of TGS National Franchise, LLC v. San Felasco Nurseries, Inc., as assignee of Florida Compassionate Growers LLC (Case No: 01-18-0003-9481). On May 15, 2020, the parties stipulated to substitute Jushi as Claimant and amend the case caption. On March 26, 2020, the Colorado Court of Appeals denied the TGS Appeal and held that certain terms in the Franchise Agreements evidence “a clear intent to limit the parties’ rights and remedies otherwise available.”

With the TGS Appeal decided, the SFN Arbitration re-commenced in August 2020. On November 9, 2020, the panel in the SFN Arbitration (the “AAA Panel”) denied SFN’s motion to dismiss, which had argued that the arbitration was precluded by the earlier TGS Lawsuits. On March 29, 2021, the AAA Panel denied SFN’s request to file a pre-hearing motion to dismiss the SFN Arbitration for failure to state recoverable damages. The final hearing in the SFN Arbitration was held the week of May 3, 2021. Post-hearing briefing was completed on June 29, 2021. The AAA Panel issued its interim award (the “Interim Award”) on July 29, 2021.

The AAA Panel ruled against Claimant on its legal and equitable claims for breach of a contractual right of first refusal (“ROFR”) under the Franchise Agreements in connection with a potential sale of SFN (the “ROFR Transaction”), holding that SFN had negotiated the ROFR Transaction in good faith. Claimant prevailed, however, on its claims for breach of contract and breach of the implied covenant of good faith and fair dealing arising from SFN’s termination of the Franchise Agreements. The AAA Panel awarded Claimant \$10,637,012 based on the supposed “present value” of “unpaid future royalties” in respect of these claims. The AAA Panel awarded an additional \$3,727,908.14 in pre-award interest (accrued at a rate of \$3,497.099 per day) on these damages, and post-award interest at a rate of 12% per annum.

The Panel further determined that Claimant was the prevailing party in the arbitration and that the Franchise Agreements entitled Claimant to recover its reasonable attorneys’ fees and costs, exclusive of certain arbitration costs. Claimant’s fee request currently is due to the Panel on August 12, 2021, and SFN’s response currently is due on August 26, 2021.

The Franchise Agreements provide that the Interim Award, once finalized, is subject to review by an independent panel of three arbitrators (the “Independent Panel”). The SFN intends to appeal the decision to the Independent Panel on the grounds that, among other things, the damages awarded are not available under the contracts and applicable law. The appeal will be filed no later than 30 days after the Interim Award becomes final.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

On July 23, 2021, the Issuer issued 3,471,109 SVS upon conversion by Bridging Finance Inc. (“BFI”), as lender, of indebtedness held by BFI in the principal amount of \$10 million at a conversion price of CDN \$3.62276. Such indebtedness was evidenced by, and converted pursuant to the terms of, a 9% Convertible Promissory Note, dated as of December 31, 2019, issued by the Issuer in favor of BFI.

Additionally, during the month Issuer made regularly scheduled debt payments of principal and interest in the amount of \$894,901.

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued/Granted	Details of Issuance	Use of Proceeds⁽¹⁾
Incentive Stock Options	126,500	Exercise Price of CDN \$4.73. Expires July 20, 2031	N/A
Subordinate Voting Stock (“SVS”)	18,314,550	Multiple Voting Stock (“MVS”) Conversions to SVS	No proceeds were received.
SVS	1,584,871	Warrant exercises by various investors	CDN \$2,160,009.55
SVS	3,471,109	Conversion of previously disclosed promissory note held by Bridging Finance Inc.	No proceeds were received by the Issuer.
SVS	150,000	Settlement of previously disclosed Rainbow litigation	No proceeds were received by Issuer
SVS	75,000	Stock option exercise by former employees	n/a

(1) State aggregate proceeds and intended allocation of proceeds.

15. Provide details of any loans to or by Related Persons.
None.
16. Provide details of any changes in directors, officers or committee members.
None.
17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

Changes/Updates to Federal Law

Senate Democrats unveiled new draft legislation to decriminalize marijuana, titled the Cannabis Administration and Opportunity Act. The legislation, if signed into law, would legalize cannabis sales in the U.S., allows consumers to purchase up to 10 ounces of cannabis, and overturn nonviolent drug related convictions amongst other things. The legislation is just now in draft form, but it is a significant step on the pathway to legalization in the U.S.

Changes/Updates to State Laws

Arizona

The legislative session in Arizona concluded after a flurry of cannabis-related bills were debated. Positive legislative outcomes include removing the requirement of testing cannabis for herbicides; allowing dispensaries to have more than one single, secure entrance; enabling DHS to perform surprise inspections; and establishing a concurrent renewal period for a recreational and medical license.

Other legislation that was passed with a 2023 effective date includes requiring licensees to use a comprehensive seed-to-sale tracking system and to label product with a scannable THC QR code that will link to a web page displaying product-specific information.

California

Governor Gavin Newsom signed Assembly Bill 141 into law, consolidating California's three regulatory cannabis agencies into one, the Department of Cannabis Control (DCC). The DCC will begin taking over the responsibilities and duties of the Bureau of Cannabis Control, Cal Cannabis within the Department of Food and Agriculture as well as the Cannabis Manufacturing branch within the Department of Public Health. The new agency should help to simplify the regulatory oversight and improve licensing access.

In addition to the new agency, AB 141 extended the expiration of the provisional licensing program until January 1, 2025. This was another move by the state legislature to support California's legal cannabis industry.

Pennsylvania

Governor Tom Wolf signed House Bill 1024 into law, making a number of positive changes to the medical marijuana laws in Pennsylvania, some of which stemmed from temporary COVID-19 regulatory changes. Patients now have access to a 90-day supply of medicine (up from a 30-day supply), telehealth medical consultations are now allowed, and operators are able to dispense products curbside. Importantly, the bill added additional qualifying medical conditions for which medical marijuana can be offered as a treatment.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: August 5, 2021

Nicole Stanton
Name of Director or Senior
Officer

/s/ Nicole Stanton
Signature

Secretary
Official Capacity

Issuer Details		For Month End	Date of Report
Name of Issuer		July	08/5/2021
Harvest Health & Recreation Inc.			
Issuer Address			
1155 W. Rio Salado Parkway, Suite 201			
City/Province/Postal Code		Issuer Fax No.	Issuer Telephone No.
Tempe, Arizona 85281		()	(480) 494-2261
Contact Name		Contact Position	Contact Telephone No.
Nicole Stanton		Secretary	(480) 493-2571
Contact Email Address		Web Site Address	
Nstanton@harvestinc.com		Harvesthoc.com	