MEDMEN ENTERPRISES INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

13 AND 26 WEEKS ENDED DECEMBER 29, 2018 AND THREE AND SIX MONTHS ENDED DECEMBER 31, 2017

(Expressed in United States Dollars Unless Otherwise Stated)

MEDMEN ENTERPRISES INC.
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UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS:

MEDMEN ENTERPRISES INC.
Unaudited Condensed Interim Consolidated Statements of Financial Position
(Amounts Expressed in United States Dollars Unless Otherwise Stated)

		December 29, 2018	June 30, 2018
ASSETS			
Current Assets:			
Cash and Cash Equivalents		$ 78,219,490	$ 79,159,970
Restricted Cash		3,164,980	6,163,599
Accounts Receivable		534,283	318,159
Current Portion of Prepaid Rent - Related Party		1,922,038	1,898,863
Prepaid Expenses	*Note 3*	16,044,104	9,387,047
Biological Assets	*Note 4*	2,672,981	1,952,580
Inventory	*Note 5*	13,133,638	6,248,754
Other Current Assets	*Note 6*	22,357,390	2,790,772
Due from Related Party	*Note 16(b)*	5,999,146	3,509,035
Total Current Assets		144,048,050	111,428,779
Prepaid Rent - Related Party, Net of Current Portion		1,681,474	2,652,149
Property and Equipment, Net	*Note 7*	131,004,726	88,748,447
Intangible Assets, Net	*Note 9*	96,339,102	48,792,757
Goodwill		84,818,127	18,165,161
Other Assets		8,561,933	12,403,049
TOTAL ASSETS		**$ 466,453,412**	**$ 282,190,342**
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities		$ 26,204,120	$ 18,001,505
Other Current Liabilities		14,856,540	1,186,148
Derivative Liabilities	*Note 10*	7,089,100	-
Current Portion of Finance Lease Liability	*Note 11*	307,181	-
Current Portion of Notes Payable	*Note 12*	33,487,387	52,353,625
Due to Related Party	*Note 16(b)*	5,798,301	9,858,445
Total Current Liabilities		87,742,629	81,399,723
Non-Current Liabilities:			
Finance Lease Liability, Net of Current Portion	*Note 11*	6,539,888	-
Other Non-Current Liabilities, Net of Current Portion		17,547,652	-
Notes Payable, Net of Current Portion	*Note 12*	62,920,336	3,593,334
Total Non-Current Liabilities		87,007,876	3,593,334
TOTAL LIABILITIES		**174,750,505**	**84,993,057**
SHAREHOLDERS' EQUITY:			
Share Capital		288,042,748	129,145,994
Additional Paid-In Capital		80,071,402	47,091,271
Accumulated Deficit		(97,810,015)	(66,647,221)
Total Equity Attributable to Shareholders of MedMen		270,304,135	109,590,044
Non-Controlling Interest	*Note 13(e)*	21,398,772	87,607,241
TOTAL SHAREHOLDERS' EQUITY		**291,702,907**	**197,197,285**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 466,453,412**	**$ 282,190,342**

Nature of Operations *(Note 1)*
Commitments and Contingencies *(Note 15)*
Subsequent Events *(Note 17)*

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

MEDMEN ENTERPRISES INC.

Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

		13 Weeks Ended December 29, 2018	Three Months Ended December 31, 2017	26 Weeks Ended December 29, 2018	Six Months Ended December 31, 2017
Revenue		$ 29,930,358	$ 3,075,187	$ 51,390,553	$ 4,881,742
Cost of Goods Sold		16,629,783	2,564,202	26,439,116	3,768,988
Gross Profit Before Fair Value Adjustments		13,300,575	510,985	24,951,437	1,112,754
Changes in Fair Value of Inventory Sold		(244,343)	-	(2,196,924)	-
Unrealized Gain on Changes in Fair Value of Biological Assets	*Note 4*	2,878,271	-	2,882,915	-
Gross Profit		15,934,503	510,985	25,637,428	1,112,754
Expenses:					
General and Administrative		65,696,688	9,531,722	131,436,138	14,668,415
Sales and Marketing		8,602,293	357,299	13,402,526	528,081
Depreciation and Amortization	*Notes 7 and 9*	3,423,677	708,783	5,873,997	1,387,001
Total Expenses		77,722,658	10,597,804	150,712,661	16,583,497
Loss from Operations		(61,788,155)	(10,086,819)	(125,075,233)	(15,470,743)
Other Expense (Income):					
Interest Expense		2,886,674	669,130	5,296,706	1,017,717
Interest Income		(284,889)	-	(284,889)	-
Amortization of Debt Discount		1,384,186	-	1,442,944	-
Change in Fair Value of Derivative Liabilities	*Note 10*	(5,389,178)	-	(6,163,107)	-
Unrealized Gain on Changes in Fair Value of Investments	*Note 6*	(1,194,000)	-	(1,194,000)	-
Other Expense		3,152,422	-	3,258,049	-
Total Other Expense (Income)		555,215	669,130	2,355,703	1,017,717
Loss Before Provision for Income Taxes		(62,343,370)	(10,755,949)	(127,430,936)	(16,488,460)
Provision for Income Taxes		2,226,849	275,878	3,635,507	275,878
Net Loss and Comprehensive Loss		(64,570,219)	(11,031,827)	(131,066,443)	(16,764,338)
Net Loss and Comprehensive Loss Attributable to Non-Controlling Interest	*Note 13(e)*	45,885,355	-	99,903,648	423,804
Net Loss and Comprehensive Loss Attributable to MedMen Enterprises Inc.		**$ (18,684,864)**	**$ (11,031,827)**	**$ (31,162,795)**	**$ (16,340,534)**
Loss Per Share - Basic and Diluted Attributable to MedMen Enterprises Shareholders		**$ (0.25)**		**$ (0.57)**	
Weighted-Average Shares Outstanding - Basic and Diluted		**74,243,033**		**54,950,660**	

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

MEDMEN ENTERPRISES INC.

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

	Number of Shares / Units			$ Amount					TOTAL EQUITY		
	Share Capital	*Super Voting Shares*	*Class A/B/C/D/P Units*	Share Capital	Super Voting Shares	Class A/B/C/D/P Units	Additional Paid-In Capital	Accumulated Deficit	ATTRIBUTABLE TO SHAREHOLDERS OF MEDMEN	Non-Controlling Interest	TOTAL SHAREHOLDERS' EQUITY
BALANCE AS OF JULY 1, 2017	**-**	**-**	***176,756***	**$ -**	**$ -**	**$ 18,685,290**	**$ -**	**$ 14,894,575**	**$ 33,579,865**	**$ -**	**$ 33,579,865**
Net Loss	-	-	-	-	-	-	-	(15,818,747)	(15,818,747)	(945,591)	(16,764,338)
Non-Controlling Interest	-	-	-	-	-	-	-	-	-	4,690,505	4,690,505
Issuance of Class D Units	-	-	*18,163*	-	-	9,850,000	-	-	9,850,000	-	9,850,000
Issuance of Class P Units, Non-Cash Compensation	-	-	*3,399*	-	-	539,916	-	-	539,916	-	539,916
Contributions from Members	-	-	-	-	-	21,904,035	-	-	21,904,035	4,231,214	26,135,249
BALANCE AS OF DECEMBER 31, 2017	**-**	**-**	***198,318***	**$ -**	**$ -**	**$ 50,979,241**	**$ -**	**$ (924,172)**	**$ 50,055,069**	**$ 7,976,128**	**$ 58,031,197**

		Number of Shares / Units			$ Amount					TOTAL EQUITY		
		Share Capital	*Super Voting Shares*	*Class A/B/C/D/P Units*	Share Capital	Super Voting Shares	Class A/B/C/D/P Units	Additional Paid-In Capital	Accumulated Deficit	ATTRIBUTABLE TO SHAREHOLDERS OF MEDMEN	Non-Controlling Interest	TOTAL SHAREHOLDERS' EQUITY
BALANCE AS OF JULY 1, 2018		***45,216,974***	***1,630,590***	**-**	**$ 129,145,994**	**$ -**	**$ -**	**$ 47,091,271**	**$ (66,647,221)**	**$ 109,590,044**	**$ 87,607,241**	**$ 197,197,285**
Net Loss		-	-	-	-	-	-	-	(31,162,794)	(31,162,794)	(99,903,648)	(131,066,442)
Non-Controlling Interest	*Note 13(e)*	-	-	-	-	-	-	-	-	-	290,000	290,000
Issuance of Subordinate Voting Shares for:												
Cash Received, Net of Fees	*Note 13(d)*	*29,321,818*	-	-	115,289,679	-	-	-	-	115,289,679	-	115,289,679
Debt Issuance Costs		*45,027*	-	-	185,511	-	-	-	-	185,511	-	185,511
Redemption of MedMen Corp Redeemable Shares		*13,197,874*	-	-	17,994,369	-	-	-	-	17,994,369	(17,994,369)	-
Other Assets		*569,995*	-	-	1,946,290	-	-	-	-	1,946,290	-	1,946,290
Acquisition Costs	*Note 8*	*56,170*	-	-	150,242	-	-	-	-	150,242	-	150,242
Acquisitions	*Note 8*	*5,677,949*	-	-	18,434,907	-	-	-	-	18,434,907	-	18,434,907
Issuance of MedMen Corp Redeemable Shares for:												
Conversion of Convertible Debentures		-	-	-	3,802,381	-	-	-	-	3,802,381	-	3,802,381
Repayment of Notes Payable		-	-	-	6,759,125	-	-	-	-	6,759,125	-	6,759,125
Cash Exercise of Warrants	*Note 13(b)*	-	-	-	8,521,268	-	-	-	-	8,521,268	-	8,521,268
Other Assets		-	-	-	-	-	-	-	-	-	343,678	343,678
Acquisition Costs	*Note 8*	-	-	-	597,320	-	-	-	-	597,320	-	597,320
Issuance of LLC Redeemable Units for an Acquisition	*Note 8*	-	-	-	-	-	-	-	-	-	41,154,986	41,154,986
Derivative Liability Incurred on Issuance of Equity	*Note 10*	-	-	-	(13,252,207)	-	-	-	-	(13,252,207)	-	(13,252,207)
Issuance of Warrants for Debt		-	-	-	(1,532,131)	-	-	20,227,116	-	18,694,985	-	18,694,985
Share-Based Compensation	*Note 14*	-	-	-	-	-	-	12,753,015	-	12,753,015	9,900,884	22,653,899
BALANCE AS OF DECEMBER 29, 2018		***94,085,807***	***1,630,590***	**-**	**$ 288,042,748**	**$ -**	**$ -**	**$ 80,071,402**	**$ (97,810,015)**	**$ 270,304,135**	**$ 21,398,772**	**$ 291,702,907**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

MEDMEN ENTERPRISES INC.
Unaudited Condensed Interim Consolidated Statements of Cash Flows
(Amounts Expressed in United States Dollars Unless Otherwise Stated)

		26 Weeks Ended December 29, 2018	Six Months Ended December 31, 2017
CASH FLOW FROM OPERATING ACTIVITIES:			
Net Loss		$ (131,066,443)	$ (16,764,338)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:			
Unrealized Gain on Changes in Fair Value of Biological Assets		(2,882,915)	-
Changes in Fair Value of Inventory Sold		2,196,924	-
Depreciation and Amortization	*Notes (7) and (9)*	6,324,661	1,500,431
Amortization of Debt Discount and Loan Origination Fees		2,001,820	-
Loss on Sale of Property		2,626,216	-
Accretion of Deferred Gain on Sale of Property		(84,995)	-
Unrealized Gain on Change in Fair Value of Investments	*Note 6*	(1,194,000)	-
Loss on Extinguishment of Debt		715,979	-
Share-Based Compensation	*Note 14*	22,653,899	539,916
Shares Issued for Acquisition Costs	*Note 8*	747,562	-
Change in Fair Value of Derivative Liabilities	*Note 10*	(6,163,107)	-
Changes in Operating Assets and Liabilities:			
Accounts Receivable		(183,324)	(323,290)
Prepaid Rent - Related Party		947,500	1,100,000
Prepaid Expenses		(6,657,057)	(2,150,754)
Other Current Assets		(7,777,816)	-
Biological Assets		(34,410)	-
Inventory		(5,247,388)	(8,224,108)
Due from Related Party		(2,490,111)	(5,618,504)
Other Assets		3,841,116	(455,502)
Accounts Payable and Accrued Liabilities		6,988,188	15,187,349
Other Current Liabilities		(6,204,608)	(1,464,568)
Due to Related Party		(4,060,144)	(2,098,270)
NET CASH USED IN OPERATING ACTIVITIES		**(125,002,453)**	**(18,771,638)**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of Property and Equipment	*Note 7*	(55,261,730)	(13,263,308)
Investments	*Note 6*	(8,304,833)	-
Proceeds from Sale of Property		24,073,319	-
Purchase of Intangible Assets		-	(1,260)
Purchase of Management Agreement		-	(2,000,000)
Acquisition of Businesses, Net of Cash Acquired	*Note 8*	(30,686,541)	-
Restricted Cash		2,998,619	(472,136)
NET CASH USED IN INVESTING ACTIVITIES		**(67,181,166)**	**(15,736,704)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of MedMen Corp Redeemable Shares for Cash	*Notes 13(c) and (d)*	115,289,679	-
Exercise of Warrants for MedMen Corp Redeemable Shares	*Note 13(b)*	8,521,268	-
Contributions from Members		-	21,904,035
Proceeds from Issuance of Notes Payable	*Note 12*	93,943,539	-
Principal Repayments of Notes Payable	*Note 12*	(24,739,101)	(3,959,965)
Principal Repayments of Capital Lease Liability	*Note 11*	(42,775)	-
Debt Issuance Costs		(2,019,472)	-
Cash Received from Issuance of Class D Units		-	9,850,000
Contributions - Non-Controlling Interest	*Note 13(e)*	290,000	4,231,214
NET CASH PROVIDED BY FINANCING ACTIVITIES		**191,243,139**	**32,025,284**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(940,480)**	**(2,483,058)**
Cash and Cash Equivalents, Beginning of Period		79,159,970	5,720,026
CASH AND CASH EQUIVALENTS, END OF PERIOD		**$ 78,219,490**	**$ 3,236,968**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

MEDMEN ENTERPRISES INC.

Unaudited Condensed Interim Consolidated Statements of Cash Flows *(Continued)*

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

		26 Weeks Ended December 29, 2018	Six Months Ended December 31, 2017
CASH PAID DURING PERIOD FOR:			
Interest		$ 3,732,632	$ 762,657
OTHER NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Net Assets Acquired through Management Agreement		$ -	$ 4,690,505
Derivative Liability Incurred on Issuance of Equity	*Note 10*	$ 13,252,207	$ -
Issuance of Subordinate Voting Shares for Other Assets		$ 1,946,290	$ -
Issuance of MedMen Corp Redeemable Shares for Other Assets		$ 343,678	$ -
Redemption of MedMen Corp Redeemable Shares		$ 17,994,369	$ -
Debt Discount Recognized Upon Issuance of Warrants	*Note 13(b)*	$ 18,694,985	$ -
Debt Discount Recognized Upon Issuance of Subordinate Voting Shares		$ 185,511	$ -
Conversion of Convertible Notes into Equity		$ 3,802,381	$ -
Issuance of MedMen Corp Redeemable Shares for Repayment of Notes Payable		$ 6,759,125	$ -
Asset Acquired Under Sales-Leaseback (Finance Lease)	*Note 11*	$ 6,889,844	$ -
Issuance of Note Payable Related to Purchase of Management Agreement		$ -	$ 2,000,000
Deferred Gain on Sales/Leaseback		$ 5,666,274	$ -
Issuance of Note Payable Related to Purchase of Property and Equipment		$ -	$ 2,025,000

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

1. NATURE OF OPERATIONS

MedMen Enterprises Inc. ("MedMen Enterprises" or the "Company"), formerly known as Ladera Ventures Corp., was incorporated under the Business Corporations Act (British Columbia) on May 21, 1987. The Company's Class B Subordinate Voting Shares are listed on the Canadian Securities Exchange 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 head office and principal address of the Company is 10115 Jefferson Boulevard, Culver City, California 90232. The Company's registered and records office address is 885 West Georgia Street, Suite 2200, Vancouver, British Columbia Canada V6C 3E8. The Company operates through its wholly-owned subsidiaries, MM CAN USA, Inc., a California corporation ("MM CAN" or "MedMen Corp"), and MM Enterprises USA, LLC, a Delaware limited liability company ("MM Enterprises USA").

References herein to the "Company" for the three and six months ended December 31, 2017 means the MedMen Group of Companies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The unaudited condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standards ("IAS") 34, *"Interim Financial Reporting"* ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

The unaudited condensed interim consolidated financial statements do not include all of the information required for full annual financial statements. The accounting policies and critical estimates applied by the Company in these unaudited condensed interim consolidated financial statements are the same as those applied in the Company's audited consolidated financial statements as of and for the year ended June 30, 2018 with the exception of the policies listed below. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on February 27, 2019.

(b) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Change in Fiscal Year-End *(Continued)*

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 and will result in shifts in the quarterly periods, which will have an impact on quarterly financial results. The second fiscal quarter of 2019 began on September 30, 2018 and ended December 29, 2018 and is referred to throughout this report as the "13 weeks ended December 29, 2018". The 13 weeks ended December 29, 2018 included one less operating day than the comparable prior year.

(c) Basis of Measurement

These unaudited condensed interim consolidated financial statements have been prepared on the going concern basis, under the historical cost convention, except for certain financial instruments and biological assets, which are measured at fair value.

(d) Functional Currency

The Company and its affiliates' functional currency, as determined by management, is the United States ("U.S.") dollar. These unaudited condensed interim consolidated financial statements are presented in U.S. dollars. All references to "C$" refer to Canadian dollars.

(e) Basis of Consolidation

These unaudited condensed interim consolidated financial statements as of and for the 13 and 26 weeks ended December 29, 2018 include the accounts of the Company, its wholly-owned subsidiaries and entities over which the Company has control as defined in IFRS 10. Subsidiaries over which the Company has control are fully consolidated from the date control commences until the date control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are currently exercisable are taken into account. All of the consolidated entities were under common control during the entirety of the periods for which their respective results of operations were included in the consolidated statements (i.e., from the date of their acquisition). All intercompany balances and transactions are eliminated on consolidation.

The following are the Company's wholly-owned subsidiaries that are included in these unaudited condensed interim consolidated financial statements as of and for the 13 and 26 weeks ended December 29, 2018:

Corporate Entities

Entity		Location	Purpose
MedMen Enterprises Inc.	*(7)*	Canada	Parent Company
MM CAN USA, Inc.	*(8)*	California	Manager of MM Enterprises USA, LLC
MM Enterprises USA, LLC	*(11)*	Delaware	Operating Entity

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Basis of Consolidation *(Continued)*

The following are MM Enterprises USA's wholly-owned subsidiaries and entities over which the Company has control that are included in these unaudited condensed interim consolidated financial statements as of and for the 13 and 26 weeks ended December 29, 2018:

Cultivation Entities

Subsidiaries		Location	Purpose
Project Mustang Development, LLC	*(13)*	Northern Nevada	Cultivation and Production Facility
The MedMen of Nevada 2, LLC	*(13)*		
MMNV2 Holdings I, LLC	*(13)*		
MMNV2 Holdings II, LLC	*(13)*		
MMNV2 Holdings III, LLC	*(13)*		
MMNV2 Holdings IV, LLC	*(13)*		
MMNV2 Holdings V, LLC	*(13)*		
Manlin DHS Development, LLC	*(13)*	Desert Hot Springs, CA	Cultivation and Production Facility
Desert Hot Springs Green Horizon, Inc.	*(10)*		
Project Compassion Venture, LLC	*(11)*	Utica, NY	Cultivation and Production Facility
MME Florida, LLC	*(15)*	Eustis, Florida	Cultivation and Production Facility

Real Estate Entities

Subsidiaries		Location	Purpose
MMOF Venice Parking, LLC	*(9)*	Venice Beach - Lincoln Blvd.	Parking Lot
MME RE AK, LLC	*(9)*	Venice Beach - Abbot Kinney	Building
MMOF RE SD, LLC	*(9)*	San Diego - Kearny Mesa	Building
MMOF RE Vegas 2, LLC	*(13)*	Las Vegas - The Strip	Building
MMOF RE Fremont, LLC	*(13)*	Las Vegas - Downtown Arts District	Building
MME RE BH, LLC	*(9)*	Los Angeles - Beverly Hills	Building
NVGN RE Holdings, LLC	*(13)*	Nevada	Genetics R&D Facility/ Warehouse

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Basis of Consolidation *(Continued)*

Retail Entities

Subsidiaries		Location	Purpose
CYON Corporation, Inc.	*(8)*	Los Angeles - Beverly Hills	Dispensary
BH Fund II Group, LLC	*(9)*		
MMOF Downtown Collective, LLC	*(9)*	Los Angeles - Downtown	Dispensary
Advanced Patients' Collective	*(8)*		
DT Fund II Group, LLC	*(8)*		
Nature's Cure, Inc.	*(1) (2) (8)*	Los Angeles - LAX Airport	Dispensary
LAX Fund II Group, LLC	*(1) (2) (9)*		
Manlin LLC	*(1) (3) (9)*	Los Angeles - West Hollywood	Dispensary
Farmacy Collective	*(1) (4) (10)*		
The Source Santa Ana	*(1) (5) (8)*	Orange County - Santa Ana	Dispensary
SA Fund Group RT			
MMOF San Diego Retail, Inc.	*(9)*	San Diego - Kearny Mesa	Dispensary
San Diego Retail Group II, LLC	*(8)*		
Venice Caregiver Foundation, Inc.	*(1) (6) (8)*	Venice Beach - Abbot Kinney	Dispensary
MMOF Venice, LLC	*(9)*	Venice Beach - Lincoln Blvd.	Dispensary
The Compassion Network, LLC	*(8)*		
MMOF PD, LLC	*(9)*	Palm Desert	Dispensary
MMOF Palm Desert, Inc.	*(8)*		
MMOF SM, LLC	*(9)*	Santa Monica	Dispensary
MMOF Santa Monica, Inc.	*(8)*		
MMOF Fremont, LLC	*(13)*	Las Vegas - Downtown Arts District	Dispensary
MMOF Fremont Retail, Inc.	*(12)*		
MME SF Retail, Inc.	*(8)*	San Francisco	Dispensary
MMOF Vegas, LLC	*(13)*	Las Vegas - North Las Vegas	Dispensary
MMOF Vegas Retail, Inc.	*(12)*		
MMOF Vegas 2, LLC	*(13)*	Las Vegas - Cannacopia	Dispensary
MMOF Vegas Retail 2, Inc.	*(12)*		
Project Compassion Venture, LLC	*(11)*		
Project Compassion Capital, LLC	*(11)*		
Project Compassion NY, LLC	*(11)*		
MedMen NY, Inc.	*(14)*	New York (Manhattan / Syracuse / Lake Success / Buffalo)	Dispensaries
MME AZ Group, LLC	*(16)*	Mesa, Arizona	Dispensary

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Basis of Consolidation *(Continued)*

(1) Subsidiary over which the Company has control. Subsidiaries over which the Company has control are fully consolidated from the date control commences until the date control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are currently exercisable are taken into account. All of the consolidated entities were under common control during the entirety of the periods for which their respective results of operations were included in the consolidated statements (i.e., from the date of their acquisition). All intercompany balances and transactions are eliminated on consolidation.

(2) Nature's Cure, Inc. is owned by MedMen Opportunity Fund II, LP and under control of the Company through a management agreement.

(3) Manlin, LLC contains the operations of the MedMen West Hollywood dispensary ("WeHo"). The Company has a management agreement with i5 Holdings Ltd. ("i5") to manage WeHo, which is owned by i5, an entity controlled or owned by Captor Capital. See "Note 17 - Subsequent Events; (b) Acquisition of MedMen Branded Retail Operations" for further information.

(4) Farmacy Collective contains the operations of WeHo. The Company has a management agreement with i5 to manage WeHo, which is owned by i5, an entity controlled or owned by Captor Capital. See "Note 17 - Subsequent Events; (b) Acquisition of MedMen Branded Retail Operations" for further information.

(5) The Source Santa Ana contains the operations of the MedMen Santa Ana dispensary ("Santa Ana"). The Company has a management agreement with i5 to manage Santa Ana, which is owned by i5, an entity controlled or owned by Captor Capital, which indirectly holds membership interests in the Company. See "Note 17 - Subsequent Events; (b) Acquisition of MedMen Branded Retail Operations" for further information.

(6) Venice Caregivers Foundation, Inc. is owned by MedMen Opportunity Fund I, LP and under control of the Company through a management agreement.

(7) British Columbia, Canada Corporation

(8) California Corporation

(9) California Limited Liability Company

(10) California Non-Profit Corporation

(11) Delaware Limited Liability Company

(12) Nevada Corporation

(13) Nevada Limited Liability Company

(14) New York Corporation

(15) Florida Limited Liability Company

(16) Arizona Limited Liability Company

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Investments

An investment by the Company is first determined if there is control and should be consolidated or has significant influence or does not have control or significant influence. Investments that are controlled are consolidated. Investments in which the Company has significant influence but no control are considered investments in associates. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting. Interests in associates accounted for using the equity method are initially recognized at cost. Subsequent to initial recognition, the carrying value of the Company's investment in an associate is adjusted for the Company's share of comprehensive income (loss) and distributions of the investee. The carrying value of associates is assessed for impairment at each balance sheet date. Investments that are neither controlled, or the Company does not have significant influence, are first recognized at fair value. At each reporting period, changes in fair value are recognized through profit and loss. As of December 29, 2018, the Company did not recognize any impairments in investments at fair value or investments in associates.

(g) Intangible Assets

Intangible assets are recorded at cost, less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangibles is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any.

The estimated useful lives, residual values and amortization methods are reviewed at each year-end, and any changes in estimates are accounted for prospectively. Intangible assets with an indefinite life or not yet available for use are not subject to amortization. The Company's indefinite life intangible asset is comprised of the Florida dispensary license. This license does not expire, as such, there is no foreseeable limit to the period over which this asset is expected to generate future cash inflows to the Company.

Marijuana dispensary licenses are recorded at their acquisition date fair value and are amortized on a straight-line basis over a period of 15 years. Customer relationships are recorded at their acquisition date fair value and are amortized on a straight-line basis over a period of 5 years. Management agreements are recorded at their acquisition date fair value and are amortized on a straight-line basis over a period of 30 years.

(h) Revenue Recognition

The Company has adopted IFRS 15, *"Revenue from Contracts with Customers"*, for the 13 and 26 weeks ended December 29, 2018.

The Company has applied IFRS retrospectively and determined that there is no change to the comparative periods or transitional adjustments as a result of the adoption of this standard.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Revenue Recognition *(Continued)*

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRS standards. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

The Company recognizes revenue from the sale of cannabis for a fixed price upon delivery of goods to customers since at this time performance obligations are satisfied.

(i) Financial Instruments

Effective July 1, 2018, the Company adopted IFRS 9, *"Financial Instruments"*. IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model.

The Company has adopted this new standard using the retrospective approach where the cumulative impact of adoption will be recognized in deficit as of July 1, 2018 and accordingly has not restated comparative periods in the year of initial application. The adoption of IFRS 9 had no impact on the Company's consolidated financial statements on the date of initial application. There was no change in the carrying amounts on the basis of allocation from original measurement categories under IAS 39, *"Financial Instruments: Recognition and Measurement"*, to the new measurement categories under IFRS 9.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at fair value through profit or loss ("FVTPL"); (ii) those to be measured subsequently at fair value through other comprehensive income ("FVOCI"); and (iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial Instruments *(Continued)*

Financial Assets at Fair Value Through Comprehensive Income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at fair value through other comprehensive income are initially measured at fair value and changes therein are recognized in other comprehensive income.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit loss associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset at the reporting date with the risk of default at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. For trade receivables only, the Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial Instruments *(Continued)*

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward-looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

Summary of the Company's Classification and Measurements of Financial Assets and Liabilities

	IFRS 9		IAS 39	
	Classification	**Measurement**	**Classification**	**Measurement**
Cash and Cash Equivalents	FVTPL	Fair Value	Loans and Receivables	Amortized Cost
Restricted Cash	FVTPL	Fair Value	Loans and Receivables	Amortized Cost
Accounts Receivable	Amortized Cost	Amortized Cost	Loans and Receivables	Amortized Cost
Due from Related Party	Amortized Cost	Amortized Cost	Loans and Receivables	Amortized Cost
Investments	FVTPL	Fair Value	N/A	N/A
Accounts Payable and Accrued Liabilities	Amortized Cost	Amortized Cost	Other Liabilities	Amortized Cost
Acquisition Consideration Related Liabilities	FVTPL	Fair Value	FVTPL	Fair Value
Other Liabilities (Current and Long-Term)	Amortized Cost	Amortized Cost	Other Liabilities	Amortized Cost
Due to Related Party	Amortized Cost	Amortized Cost	Other Liabilities	Amortized Cost
Derivative Liabilities	FVTPL	Fair Value	FVTPL	Fair Value
Notes Payable	Amortized Cost	Amortized Cost	Other Liabilities	Amortized Cost

3. PREPAID EXPENSES

As of December 29, 2018 and June 30, 2018, prepaid expenses were comprised of the following:

	December 29, 2018	June 30, 2018
Prepaid Expenses	$ 10,746,629	$ 6,798,182
Prepaid Rent	3,209,633	322,389
Prepaid Insurance	2,087,842	2,266,476
Total Prepaid Expenses	**$ 16,044,104**	**$ 9,387,047**

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

4. BIOLOGICAL ASSETS

Biological assets consist of live cannabis plants. A reconciliation of the beginning and ending balances of biological assets for the 26 weeks ended December 29, 2018 and the year ended June 30, 2018 is as follows:

	26 Weeks Ended December 29, 2018	Year Ended June 30, 2018
Balance at Beginning of Period	$ 1,952,580	$ -
Costs Incurred Prior to Harvest to Facilitate Biological Transformation	3,387,584	1,232,190
Unrealized Gain on Changes in Fair Value of Biological Assets	2,882,915	720,390
Transferred to Inventory Upon Harvest	(5,550,098)	-
Balance at End of Period	**$ 2,672,981**	**$ 1,952,580**

On average, the growing time for a full harvest approximates 15 weeks. As listed below, key estimates are involved in the valuation process of the cannabis plants. The Company's estimates are subject to changes that could result in future gains or losses of biological assets. Changes in estimates could result from volatility of sales prices, changes in yields, and variability of the costs necessary to complete the harvest. Prior to harvest, all production costs are expensed.

Biological assets are valued in accordance with IAS 41. The Company capitalizes the direct and indirect costs incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest. The Company then measures the biological assets at fair value less cost to sell ("FVLCTS") up to the point of harvest, which becomes the initial basis for the cost of finished goods inventories after harvest. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. The fair value of biological assets is considered a Level 3 categorization in the IFRS fair value hierarchy. The significant estimates and inputs used to assess the fair value of biological assets include the following assumptions:

- The selling prices (which are based on average market prices in the states where the Company operated during the 26 weeks ended December 29, 2018);
- The cost to complete the cannabis production process post-harvest and the cost to sell;
- The stage of plant growth; and
- Expected yields from each cannabis plant.

The estimates of growing cycle, harvest yield and costs per gram are based on the Company's historical results. The estimate of the selling price per gram is based on the Company's historical sales in addition to the Company's expected sales price going forward.

The Company measures the yield of cannabis in active milligrams extracted from a plant. A plant typically produces a total of approximately 77.5 grams, which is comprised of THC and CBD. As of December 29, 2018, the biological assets were, on average, 56% (June 30, 2018 – 43%) complete based on the number of days remaining to harvest, and the estimated FVLCTS of dry cannabis was $2.95 per gram (June 30, 2018 – $2.87 per gram). As of December 29, 2018, it is expected that the Company's biological assets will ultimately yield approximately 1,020 kilograms of cannabis.

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

4. BIOLOGICAL ASSETS *(Continued)*

The Company has quantified the sensitivity of the inputs in relation to the biological assets as of December 29, 2018 and expects the following effect on fair value:

Significant Inputs and Assumptions	Range of Inputs	Sensitivity		Effect on Fair Value as of December 29, 2018
Selling Price Per Active Gram	$5.28 to $6.54	Increase 5%	$	40,654
		Decrease 5%	$	(40,654)
Estimated Yield Per Cannabis Plant	54.86 to 113.95 grams	Increase 5%	$	32,092
		Decrease 5%	$	(32,092)
Costs of Production Per Gram	$1.40 to $1.87	Increase 5%	$	-
		Decrease 5%	$	-

Management has made the following estimates in the valuation of biological assets:

- The average number of weeks in the growing cycle is 15 weeks from propagation to harvest;
- The average harvest yield of whole flower is 77.5 grams per plant; and
- The average selling price of whole flower is $5.78 per gram.

5. INVENTORY

As of December 29, 2018 and June 30, 2018, inventory consisted of the following:

		December 29, 2018		June 30, 2018
Raw Materials	$	1,737,294	$	175,087
Work-in-Process		334,671		822,366
Finished Goods		11,061,673		5,251,301
Total Inventory	**$**	**13,133,638**	**$**	**6,248,754**

During the 13 and 26 weeks ended December 29, 2018, inventory expensed to cost of goods sold was $16,629,783 and $26,439,116, respectively, which included $244,343 and $2,196,924, respectively, of non-cash expense related to the changes in fair value of inventory sold. During the three and six months ended December 31, 2017, inventory expensed to cost of goods sold was $2,564,202 and $3,768,988, respectively.

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

6. OTHER CURRENT ASSETS

As of December 29, 2018 and June 30, 2018, other current assets was comprised of the following:

	December 29, 2018	June 30, 2018
Investments	$ 9,498,833	$ -
Short-Term Security Deposits	8,141,146	-
Excise Tax Receivable	4,491,008	2,635,064
Other Current Assets	226,403	155,708
Total Other Current Assets	**$ 22,357,390**	**$ 2,790,772**

As of December 29, 2018, investments included in other current assets were comprised of the following:

Investment		Cost June 30, 2018	Fair Value June 30, 2018	Investment	Unrealized Gain on Change in Fair Value	Fair Value December 29, 2018
ToroVerde Inc.	*(1) (2)*	$ -	$ -	$ 5,000,000	$ 55,000	$ 5,055,000
The Hacienda Company, LLC	*(1) (3)*	-	-	1,500,000	39,000	1,539,000
Old Pal	*(1) (4)*	-	-	1,000,000	1,100,000	2,100,000
Other Investments		-	-	804,833	-	804,833
Total Investments		**$ -**	**$ -**	**$ 8,304,833**	**$ 1,194,000**	**$ 9,498,833**

(1) On the fair value hierarchy, this investment is Level 3 since there is no observable market data for determining fair value. The Company estimates fair value for this investment using a market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

(2) In July 2018, the Company purchased 9,000,000 common shares of ToroVerde Inc., an investment company focused on emerging international cannabis markets, for an aggregate purchase price of $5,000,000, or $0.56 per common share, amounting to approximately 15.0% of the outstanding common shares. As of December 29, 2018, the investment has been recorded at its fair value.

(3) In July 2018, the Company purchased units of The Hacienda Company, LLC, a California limited liability company, which owns Lowell Herb Co., a California-based cannabis brand known for its pack of pre-rolls called Lowell Smokes, for an aggregate purchase price of $1,500,000, amounting to approximately 3.9% of the outstanding units. As of December 29, 2018, the investment has been recorded at its fair value.

(4) In October 2018, the Company purchased 62.65 units of Old Pal, a California-based brand that provides high-quality cannabis flower for its customers, for an aggregate purchase price of $1,000,000, amounting to approximately 5.0% of the outstanding units. As of December 29, 2018, the investment has been recorded at its fair value.

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

7. PROPERTY AND EQUIPMENT

A reconciliation of the beginning and ending balances of property and equipment is as follows:

	Land and Buildings	Furniture and Fixtures	Leasehold Improvements	Manufacturing Equipment	Construction in Progress	Total Property and Equipment, Gross
Cost						
Balance at June 30, 2018	$ 52,922,744	$ 5,610,957	$ 11,438,968	$ 10,062,858	$ 12,203,077	$ 92,238,604
Additions	26,441,063	3,503,618	3,268,551	12,287,547	16,650,794	62,151,573
Disposals	(21,023,176)	-	(180,596)	-	(150,004)	(21,353,776)
Business Acquisitions	2,500,000	162,560	-	2,013,206	-	4,675,766
Balance at December 29, 2018	**$ 60,840,631**	**$ 9,277,135**	**$ 14,526,923**	**$ 24,363,611**	**$ 28,703,867**	**$ 137,712,167**
Accumulated Depreciation						
Balance at June 30, 2018	$ (454,890)	$ (362,101)	$ (566,648)	$ (2,106,518)	$ -	$ (3,490,157)
Depreciation	(656,528)	(423,037)	(1,208,339)	(1,249,895)	-	(3,537,799)
Disposals	296,964	-	23,551	-	-	320,515
Balance at December 29, 2018	**$ (814,454)**	**$ (785,138)**	**$ (1,751,436)**	**$ (3,356,413)**	**$ -**	**$ (6,707,441)**
Net Book Value						
June 30, 2018	$ 52,467,854	$ 5,248,856	$ 10,872,320	$ 7,956,340	$ 12,203,077	$ 88,748,447
December 29, 2018	**$ 60,026,177**	**$ 8,491,997**	**$ 12,775,487**	**$ 21,007,198**	**$ 28,703,867**	**$ 131,004,726**

A summary of depreciation expense is as follows:

	13 Weeks Ended December 29, 2018	Three Months Ended December 31, 2017	26 Weeks Ended December 29, 2018	Six Months Ended December 31, 2017
Depreciation Expense	$ 2,018,151	$ 122,805	$ 3,537,800	$ 427,549
Amount Recognized in Cost of Goods Sold	(239,034)	-	(450,664)	(190,282)
	$ 1,779,117	**$ 122,805**	**$ 3,087,136**	**$ 237,267**

During the 26 weeks ended December 29, 2018, borrowing costs totaling $752,745 were capitalized using a capitalization rate of 7.0%.

8. ACQUISITIONS

(a) Business Acquisitions

The purchase price allocations for the acquisitions, as set forth in the table below, reflect various preliminary fair value estimates and analyses that are subject to change within the measurement period as valuations are finalized. The primary areas of the preliminary purchase price allocations that are not yet finalized relate to the fair values of certain tangible assets, the valuation of intangible assets acquired and residual goodwill. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired at the acquisition date during the measurement period. Measurement period adjustments that the Company determines to be material will be applied retrospectively to the period of acquisition in the Company's consolidated financial statements and, depending on the nature of the adjustments, other periods subsequent to the period of acquisition could be affected.

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

8. ACQUISITIONS *(Continued)*

(a) Business Acquisitions *(Continued)*

A summary of business acquisitions completed during the 26 weeks ended December 29, 2018 is as follows:

	Monarch	B12, LLC	LVMC, LLC	MME GNTX, LLC	Treadwell Simpson Partnership	Total
Closing Date:	December 12, 2018	December 11, 2018	October 9, 2018	October 1, 2018	September 6, 2018	
Total Consideration						
Cash Paid	$ 6,986,541	$ 5,000,000	$ 10,075,000	$ 2,000,000	$ 6,625,000	$ 30,686,541
Deferred Cash Payment	-	-	-	-	19,875,000	19,875,000
Stock Issued:						
Subordinate Voting Shares	13,337,471	3,084,230	-	2,013,206	-	18,434,907
LLC Redeemable Units	-	-	-	2,013,206	39,141,780	41,154,986
Contingent Consideration	774,000	11,759,000	-	-	-	12,533,000
Total Consideration	**$ 21,098,012**	**$ 19,843,230**	**$ 10,075,000**	**$ 6,026,412**	**$ 65,641,780**	**$ 122,684,434**
Number of Shares Issued:						
Subordinate Voting Shares	*4,019,065*	*1,211,505*	*-*	*447,379*	*-*	*5,677,949*
LLC Redeemable Units	*-*	*-*	*-*	*447,379*	*8,549,132*	*8,996,511*
Preliminary Accounting Estimate of Net Assets Acquired						
Inventory	$ 1,637,496	$ -	$ -	$ -	$ -	$ 1,637,496
Other Current Assets	32,800	-	-	-	-	32,800
Fixed Assets	162,560	-	-	2,013,206	2,500,000	4,675,766
Current Liabilities	(647,800)	-	-	-	-	(647,800)
Intangible Assets:						
Customer Relationships	1,820,000	3,020,000	770,000	-	-	5,610,000
Dispensary License	2,410,000	2,820,000	4,889,000	-	-	10,119,000
Dispensary License (Indefinite Life)	-	-	-	-	32,591,000	32,591,000
IP Rights	-	-	-	2,013,206	-	2,013,206
Total Intangible Assets	4,230,000	5,840,000	5,659,000	2,013,206	32,591,000	50,333,206
Total Identifiable Net Assets	5,415,056	5,840,000	5,659,000	4,026,412	35,091,000	56,031,468
Goodwill	15,682,956	14,003,230	4,416,000	2,000,000	30,550,780	66,652,966
Total Preliminary Accounting Estimate of Net Assets Acquired	**$ 21,098,012**	**$ 19,843,230**	**$ 10,075,000**	**$ 6,026,412**	**$ 65,641,780**	**$ 122,684,434**
For the 13 Weeks Ended December 29, 2018:						
Acquisition Costs Expensed	*$ 1,147,320*	*$ 150,242*	*$ 650,000*	*$ -*	*$ 838,252*	*$ 2,785,814*
Net Loss	*$ (1,188,865)*	*$ (181,101)*	*$ (681,101)*	*$ -*	*$ (2,682,036)*	*$ (4,733,103)*
Revenues	*$ 723,048*	*$ -*	*$ 471,657*	*$ -*	*$ -*	*$ 1,194,705*

8. ACQUISITIONS *(Continued)*

(a) Business Acquisitions *(Continued)*

(i) Monarch

On December 12, 2018, the Company completed the acquisition of Monarch, a Scottsdale, Arizona-based licensed medical cannabis license holder with dispensary, cultivation and processing operations, from WhiteStar Solutions LLC ("WhiteStar") through the acquisition of Omaha Management Services, LLC. In addition, the Company will acquire from WhiteStar their exclusive co-manufacturing and licensing agreements with Kiva, Mirth Provisions and HUXTON for the state of Arizona. The acquisition was accounted for in accordance with IFRS 3, "*Business Combinations"* ("IFRS 3").

(ii) B12, LLC

On December 11, 2018, the Company completed the acquisition of a licensed dispensary from B12, LLC ("B12") in Emeryville, California. The store is expected to open in 2019. The acquisition was accounted for in accordance with IFRS 3.

(iii) LVMC, LLC

On October 9, 2018, the Company completed the acquisition of all of the assets of LVMC, LLC, dba Cannacopia, a Nevada limited liability company ("LVMC"). The assets consist primarily of the state of Nevada issued dispensary license, customer relationships, inventory and fixed assets. The Company began retail operations at its current location in November 2018 with the intention of moving operations to real property purchased at 3035 Highland Drive, Las Vegas, Nevada 89109 and 3025 Highland Drive, Las Vegas, Nevada 89109. The acquisition was accounted for in accordance with IFRS 3.

(iv) MME GNTX, LLC

On October 1, 2018, the Company completed the acquisition of all membership interests and assets of MME GNTX, LLC. The assets consisted primarily of fixed assets related to mother plants on specific strains and intellectual property. The acquisition of the mother plants and the strains will allow the Company to have worldwide rights to grow, sell and name these specific strains of cannabis plants. The acquisition was accounted for in accordance with IFRS 3.

(v) Treadwell Simpson Partnership

On September 6, 2018, MM Enterprises USA completed the acquisition of a dispensary and cultivation license and related assets from Florida-based Treadwell Simpson Partnership and affiliates ("Treadwell"). The acquisition was accounted for in accordance with IFRS 3. The assets consisted primarily of the State of Florida issued dispensary and cultivation license and a cultivation facility. The license permits MM Enterprises USA to open 30 (and up to 35 if certain conditions are met) medical marijuana dispensaries in the State of Florida and to conduct cultivation, delivery and manufacturing operations in the State of Florida. As part of the transaction, MM Enterprises USA also acquired Treadwell's cultivation facility situated on five acres near Orlando. As of December 29, 2018, the balance of the deferred cash payment was $13,750,000 and is included in other current liabilities.

8. ACQUISITIONS *(Continued)*

(b) Business Acquisitions (Pending)

(i) PharmaCann, LLC

On October 11, 2018, the Company entered into a binding letter of intent with PharmaCann, LLC ("PharmaCann") to acquire all outstanding equity interests in PharmaCann in an all-stock transaction (the "PharmaCann Acquisition"), valued at US$682 million based on the closing price of the Subordinate Voting Shares on October 9, 2018 (such value being subject to change based on the daily closing price of the Subordinate Voting Shares).

On December 24, 2018, the Company entered into a definitive business combination agreement (the "PharmaCann Acquisition Agreement") with PharmaCann in respect of the PharmaCann Acquisition.

Pursuant to PharmaCann Acquisition Agreement, MedMen and PharmaCann will combine their respective businesses, whereby a newly formed holding company ("New MedMen") will acquire (a) all of the securities of PharmaCann in exchange for subordinate voting shares of New MedMen (the "New Class B Shares") that are identical to the current Subordinate Voting Shares of MedMen, and (b) all of the Subordinate Voting Shares of MedMen in exchange for New Class B Shares on a one for one basis, pursuant to a plan of arrangement under the laws of British Columbia (the "Arrangement"). The securities to be issued in the Arrangement are intended to be eligible for exemption from the registration requirements under the U.S. Securities Act, in accordance with Section 3(a) (10) thereof. In addition, all of the Super Voting Shares of MedMen will be acquired by New MedMen in exchange for super voting shares of New MedMen ("New Class A Shares") on a one for one basis, pursuant to the Arrangement. Under the terms of the PharmaCann Acquisition Agreement, PharmaCann securityholders will be issued New Class B Shares of New MedMen such that following the issuance, the former PharmaCann securityholders will hold approximately 25 percent of the fully-diluted equity of New MedMen (calculated using the treasury stock method), with the majority of such shares to be subject to lock up agreements for a period of 6 months or 12 months from the completion of the PharmaCann Acquisition.

Following the completion of the PharmaCann Acquisition, current holders of Subordinate Voting Shares of MedMen will hold that number of New Class B Shares equal to the number of Subordinate Voting Shares of MedMen held immediately prior thereto. The terms of the New Class B Shares will be substantively and economically identical to the current Subordinate Voting Shares of MedMen. The PharmaCann Acquisition is structured to include an exchange of the current MedMen shares and a new holding company in order to facilitate the tax efficient acquisition of PharmaCann under United States tax laws.

8. ACQUISITIONS *(Continued)*

(b) Business Acquisitions (Pending) *(Continued)*

(i) PharmaCann, LLC *(Continued)*

Completion of the PharmaCann Acquisition is subject to, among other things (a) approval of the Arrangement by at least 66 2/3 percent of the votes of holders of MedMen shares cast at a special meeting of MedMen shareholders to be held in 2019; (b) approval of the CSE for the listing of the New Class B Shares; (c) approval of the Arrangement by the Supreme Court of British Columbia; (d) approval of the transfer of the cannabis-related licenses of PharmaCann by local and state authorities in each of the markets where PharmaCann's assets and licenses are held; and (e) certain debt of PharmaCann being repaid. In the event that certain licenses that are not deemed to be key are not approved for transfer at the closing, such non-key licenses will remain beneficially owned as they are prior to the closing and up to 30 percent of the consideration payable (the "Holdback Shares") may be withheld by New MedMen pending the approval of such transfers. If such transfers are not approved within 24 months of the date of the PharmaCann Acquisition Agreement, such non-key licenses will be sold and, based on the proceeds, the Holdback Shares will be released to the PharmaCann securityholders or New MedMen.

(ii) Kannaboost Technology Inc. and CSI Solutions LLC

On November 1, 2018, the Company entered into a definitive agreement to acquire control of Kannaboost Technology Inc. and CSI Solutions LLC (collectively referred to as "Level Up") in a cash and stock transaction valued at $33,000,000. Level Up holds licenses for two vertically-integrated operations in Arizona, which include retail locations in Scottsdale and Tempe, as well as 25,000 square feet of cultivation and production capacity in Tempe and Phoenix. As part of the transaction, the Company will also receive 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. As consideration for the transaction, the Company will pay $33,000,000, of which approximately 51.5 percent will be satisfied in cash and 48.5 percent in Class B Subordinate Voting Shares. On February 13, 2019, the Company completed the acquisition of Level Up.

(iii) Viktorya's Medical Supplies LLC

On October 22, 2018, the Company entered into a definitive agreement (the "Agreement") to acquire Viktorya's Medical Supplies LLC ("VMS"), doing business as Buddy's Cannabis. VMS owns a microbusiness license to retail, distribute, cultivate and manufacture cannabis onsite in San Jose, California. As consideration for the transaction, the Company will pay $10,300,000, of which $3,800,000 will be satisfied in cash and $6,500,000 in a note payable. On January 15, 2019, the Company completed the acquisition of VMS.

(iv) Seven Point

On October 3, 2018, the Company announced the execution of a definitive agreement to acquire Future Transactions Holdings LLC ("Future Transactions"), d/b/a Seven Point, a licensed medical cannabis dispensary located in Oak Park, Illinois. As consideration for the acquisition, the Company will pay $13,550,000, of which $3,050,000 will be satisfied in cash at closing, $3,000,000 in cash to be paid six months after the closing date, $6,250,000 in Class B Subordinate Voting Shares at closing, and $1,250,000 in Class B Subordinate Voting Shares to be held in an escrow account for one year after the closing date. On February 8, 2019, the Company completed the acquisition of Future Transactions.

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

9. INTANGIBLE ASSETS

As of December 29, 2018, intangible assets consisted of the following:

	Definite Life Intangible Assets Subject to Amortization					Indefinite Life Intangible	
	Dispensary Licenses	Customer Relationships	Management Agreement	Other Intangible Assets	Total Definite Life Intangible Assets	Dispensary License	Total Intangible Assets
Cost							
Balance as of June 30, 2018	$ 33,255,069	$ 13,786,200	$ 6,000,000	$ -	$ 53,041,269	$ -	$ 53,041,269
Additions from Acquisitions	10,119,000	5,610,000	-	2,013,206	17,742,206	32,591,000	50,333,206
Balance as of December 29, 2018	**$ 43,374,069**	**$ 19,396,200**	**$ 6,000,000**	**$ 2,013,206**	**$ 70,783,475**	**$ 32,591,000**	**$ 103,374,475**
Accumulated Amortization							
Balance as of June 30, 2018	$ (2,430,004)	$ (1,707,397)	$ (111,111)	$ -	$ (4,248,512)	$ -	$ (4,248,512)
Amortization	(1,083,189)	(1,497,785)	(155,556)	(50,331)	(2,786,861)	-	(2,786,861)
Balance as of December 29, 2018	**$ (3,513,193)**	**$ (3,205,182)**	**$ (266,667)**	**$ (50,331)**	**$ (7,035,373)**	**$ -**	**$ (7,035,373)**
Net Book Value							
June 30, 2018	$ 30,825,065	$ 12,078,803	$ 5,888,889	$ -	$ 48,792,757	$ -	$ 48,792,757
December 29, 2018	**$ 39,860,876**	**$ 16,191,018**	**$ 5,733,333**	**$ 1,962,875**	**$ 63,748,102**	**$ 32,591,000**	**$ 96,339,102**

10. DERIVATIVE LIABILITIES

During the 26 weeks ended December 29, 2018, the Company issued the following warrants that were accounted for as derivative liabilities:

	Number of Warrants	
September Bought Deal Equity Financing	7,840,909	*(1) (2) (3)*
December Bought Deal Equity Financing	13,640,000	*(1) (2) (4)*

(1) *The exercise price of the warrants was denominated in a price other than the Company's functional currency. In accordance with IAS 32, a share warrant denominated in a price other than the functional currency of the Company fails to meet the definition of equity. Accordingly, such a contract or instrument would be accounted for as a derivative liability and measured at fair value with changes in fair value recognized in the consolidated statements of operations at each period-end.*

(2) *Measured based on Level 1 inputs on the fair value hierarchy since there are quoted prices in active markets for these warrants. The Company used the closing price of the publicly-traded warrants to estimate fair value of the derivative liability at issuance and at each reporting date.*

(3) *See "Note 13 – Shareholders' Equity; (c) September Bought Deal Equity Financing" for further information.*

(4) *See "Note 13 – Shareholders' Equity; (d) December Bought Deal Equity Financing" for further information.*

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

10. DERIVATIVE LIABILITIES *(Continued)*

A reconciliation of the beginning and ending balance of derivative liabilities and change in fair value of derivative liabilities is follows:

	26 Weeks Ended December 29, 2018
Balance at Beginning of Period	$ -
Initial Recognition of Derivative Liabilities:	
Bought Deal Equity Financing:	
Warrants Issued (September)	7,458,304
Warrants Issued (December)	5,793,903
Total Initial Recognition of Derivative Liabilities	13,252,207
Change in Fair Value of Derivative Liability:	
Bought Deal Equity Financing:	
Warrants Issued (September)	(4,872,213)
Warrants Issued (December)	(1,290,894)
Total Change in Fair Value of Derivative Liability	(6,163,107)
Balance at End of Period	**$ 7,089,100**

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

11. FINANCE LEASE LIABILITY

During the 26 weeks ended December 29, 2018, the Company entered into a sale/leaseback transaction with a third party. The Company determined that the sale/leaseback transaction resulted in a finance lease as defined under IAS 17, "*Leases*". Accordingly, the Company recorded a finance lease liability for the fair value of the future minimum lease payments.

As of December 29, 2018, the carrying amount of the finance lease asset was $6,786,496.

A deferred gain of $5,014,652 was recorded for the sale/leaseback transaction and is included in Other Non-Current Liabilities, Net of Current Portion on the unaudited condensed interim consolidated statement of financial position.

Below are the details of the finance lease liability as of December 29, 2018 and June 30, 2018:

	December 29, 2018	June 30, 2018
Finance Lease Liability Incurred in November 2018 with an Implied Interest Rate of 10%; Principal and Interest Payable Monthly Starting at $81,951 and Escalating 3% at Each One Year Anniversary Thereafter Through November 2028	$ 6,847,069	$ -
Less Current Portion of Finance Lease Liability	(307,181)	-
Finance Lease Liability, Net of Current Portion	**$ 6,539,888**	**$ -**

As of December 29, 2018, the future minimum lease payments under the lease are as follows:

	< One Year	One to Five Years	> Five Years	Total
Future Minimum Lease Payments	$ 307,181	$ 1,947,498	$ 4,592,390	$ 6,847,069

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

12. NOTES PAYABLE

As of December 29, 2018 and June 30, 2018, notes payable consisted of the following:

	December 29, 2018	June 30, 2018
Promissory notes dated January 18, 2017, issued to accredited investors, which mature on July 18, 2018, bear interest at a rate of .96% per annum and requires minimum monthly payments of $128,894. Subsequent to June 30, 2018, the promissory notes were paid in full.	$ -	$ 558,837
Promissory notes dated January 18, 2017, issued to accredited investors, which mature on July 18, 2018, and bear interest at a rate of .96% per annum. Subsequent to June 30, 2018, the promissory notes were paid in full.	-	2,106,993
Promissory notes dated January 13, 2016 to January 18, 2017, issued to accredited investors, which mature on July 18, 2018, bear interest at a rate of .96% per annum and requires minimum monthly payments of $83,393. Subsequent to June 30, 2018, the promissory notes were paid in full.	-	574,504
Promissory note dated January 18, 2017, issued to accredited investor, which matures on July 18, 2018, bears interest at a rate of 2.30% per annum and requires minimum monthly payments of $70,641. Subsequent to June 30, 2018, the promissory note was paid in full.	-	210,363
Short-term note dated June 29, 2018, issued for business acquisition, which matures on November 29, 2018, and bears interest at a rate of 12% per annum.	-	6,325,000
Short-term note dated June 21, 2017, issued to accredited investors, which matured on December 21, 2018, and bears interest at a rate of 17% per annum. Use of funds restricted to construction costs. Subsequent to December 29, 2018, the note was paid in full.	6,375,000	6,375,000
Convertible notes dated January 18, 2017, issued to accredited investors, which mature on January 18, 2019, and bear interest at a rate of 10% per annum. Subsequent to December 29, 2018, $1,170,500 of the convertible notes were paid in full and and $1,000,000 were converted into shares of MedMen Enterprises Inc. The Company and the remaining convertible noteholders are in discussions for the conversion of the notes.	3,170,550	3,270,550
Secured promissory notes dated April 23, 2018, issued to refinance property acquisition loans, which mature on April 30, 2019 and bears interest at a rate of 15% per annum.	11,050,000	26,500,000
Secured promissory notes dated May 13, 2018, issued to refinance various property acquisition loans, which mature on April 30, 2019, and bear interest at a rate of 15% per annum.	3,750,000	7,500,378
Secured promissory note dated July 25, 2018, issued for property acquisition, which matures on August 1, 2019, bears interest at a rate of 4% plus Prime Rate per annum and requires minimum monthly payments of $84,094 until the Maturity Date at which time all unpaid principal and accrued interest is due.	11,212,500	-
Convertible notes dated May 10, 2018, issued to accredited investors, which mature on May 10, 2020, and bear interest at a rate of 5% per annum. Subsequent to June 30, 2018, the notes were converted into MedMen Corp Redeemable Shares.	-	3,593,334
Non-revolving, senior secured term note dated October 1, 2018, issued to accredited investors, which matures on October 1, 2020, bears interest at a fixed rate of 7.5% per annum and requires monthly payments of all accrued and unpaid interest in amounts that may vary until the maturity date.	77,675,000	-
Promissory note dated November 7, 2018, issued to Lessor for tenant improvements at Las Vegas Fremont as part of sales/leaseback transaction, which matures on November 7, 2028, bears interest at a rate of 10.0% per annum and requires minimum monthly payments of $15,660.	1,174,587	-
Promissory note dated November 7, 2018, issued to Lessor for tenant improvements at Abbot Kinney as part of sales/leaseback transaction, which matures on November 7, 2028, bears interest at a rate of 10.0% per annum and requires minimum monthly payments of $18,471.	1,385,418	-
Other	23,173	123,760
Total Notes Payable	115,816,228	57,138,719
Less Unamortized Debt Issuance Costs and Loan Origination Fees	(19,408,505)	(1,191,760)
Net Amount	96,407,723	55,946,959
Less Current Portion of Notes Payable	(33,487,387)	(52,353,625)
Notes Payable, Net of Current Portion	**$ 62,920,336**	**$ 3,593,334**

12. NOTES PAYABLE *(Continued)*

(a) Senior Secured Term Loan Facility

On October 1, 2018, the Company closed a $73,275,000 senior secured term loan facility (the "Facility") with funds managed by Hankey Capital and with an affiliate of Stable Road Capital (the "Lenders"). On October 3, 2018, the Company closed an additional tranche of the Facility, which increased the principal amount of the loan to $77,675,000. The principal amount under the Facility will accrue interest at a rate of 7.5 percent per annum, paid monthly, with a maturity date of 24 months following the date of closing on October 1, 2018. The Company may repay the balance of the Facility at any time and from time to time, in whole or in part, with a prepayment penalty of one percent of the outstanding principal amount repaid if repaid before December 31, 2019. Additionally, MM CAN has issued to the Lenders 8,105,642 warrants, each being exercisable for one Class B Common Share of such company at a purchase price per share of $4.97 for a period of 30 months. Such Class B Common Shares are redeemable in accordance with their terms for Class B Subordinate Voting Shares of the Company. The Facility will be used for acquisitions, capital expenditures and general corporate purposes.

In connection with the increased principal under the Facility, MM CAN issued to the Lenders an additional 511,628 warrants, each being exercisable for one Class B Common Share of such affiliate at a purchase price per share of $4.73 for a period of 30 months. Such Class B Common Shares are redeemable in accordance with their terms for Class B Subordinate Voting Shares of the Company.

In addition to providing a portion of the Facility, Stable Road Capital provided advisory services to the Company. Advisory services included introducing the Company to brands and various service providers, advice on the Facility and providing advice with respect to the Company's planned structured sale of real estate assets. For its advisory services, MM CAN issued to Stable Road Capital 8,105,642 warrants at a purchase price per share of $4.97 and 511,628 warrants at a purchase price per share of $4.73, each being exercisable for one Class B Common Share of such company for a period of 30 months. Such Class B Common Shares are redeemable in accordance with their terms for Class B Subordinate Voting Shares of the Company.

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

13. SHAREHOLDERS' EQUITY

(a) Issued and Outstanding

A reconciliation of the beginning and ending amounts of the issued and outstanding shares is as follows:

	Subordinate Voting Shares	Super Voting Shares	Stock Options	Warrants
Balance as of July 1, 2018	**45,216,976**	**1,630,590**	**8,306,271**	**2,415,485**
Subordinate Voting Shares Issued for:				
Cash Received, Net of Fees	15,681,818	-	-	-
Redemption of MedMen Corp Redeemable Shares	9,942,346	-	-	-
Stock Options:				
Granted for Services Rendered	-	-	200,000	-
Granted to Directors	-	-	438,696	-
Forfeited	-	-	(1,424,613)	-
Warrants:				
Issued for Bought Equity Financing	-	-	-	7,840,909
Balance as of September 29, 2018	**70,841,140**	**1,630,590**	**7,520,354**	**10,256,394**
Subordinate Voting Shares Issued for:				
Cash Received, Net of Fees	13,640,000	-	-	-
Debt Issuance Costs	45,027			
Other Assets	569,995	-	-	-
Acquisition Costs	56,170	-	-	-
Acquisitions	5,677,949	-	-	-
Redemption of MedMen Corp Redeemable Shares	3,255,526	-	-	-
Stock Options:				
Granted to Employees	-	-	3,699,450	-
Forfeited	-	-	(1,768,364)	-
Warrants:				
Issued for Bought Equity Financing	-	-	-	13,640,000
Balance as of December 29, 2018	**94,085,807**	**1,630,590**	**9,451,440**	**23,896,394**

(b) Warrants

Each whole warrant issued by the Company entitles the holder to purchase one Subordinate Voting Share of the Company. Each whole warrant issued by MM CAN entitles the holder to purchase one MedMen Corp Redeemable Share, which are redeemable for Subordinate Voting Shares on a one-for-one basis.

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

13. SHAREHOLDERS' EQUITY *(Continued)*

(b) Warrants *(Continued)*

A reconciliation of the beginning and ending balance of warrants outstanding is as follows:

	Number of Warrants	Weighted-Average Exercise Price
Balance as of July 1, 2018	**11,212,504**	$3.52
Issued	7,840,909	$5.28
Exercised	(1,969,889)	$3.10
Expired	(3,675,382)	$3.10
Balance as of September 29, 2018	**13,408,142**	**$4.91**
Issued (including Warrants for MedMen Corp Redeemable Shares)	30,874,540	$4.93
Exercised	(1,731,151)	$3.68
Balance as of December 29, 2018	**42,551,531**	**$4.91**

The following table summarizes the warrants that remain outstanding as of December 29, 2018:

Security Issuable	Exercise Price	Number of Warrants	Expiration Date
Subordinate Voting Shares	$4.06	2,415,485	May 28, 2019
Subordinate Voting Shares	$5.28	7,840,909	September 27, 2021
Subordinate Voting Shares	$4.90	13,640,000	November 16, 2021
Total Subordinate Voting Shares		**23,896,394**	
MedMen Corp Redeemable Shares	$4.14	483,097	April 30, 2023
MedMen Corp Redeemable Shares	$4.14	937,500	May 16, 2019
MedMen Corp Redeemable Shares	$4.97	16,211,284	April 1, 2021
MedMen Corp Redeemable Shares	$4.73	1,023,256	April 3, 2021
Total MedMen Corp Redeemable Shares		**18,655,137**	
		42,551,531	

During the 13 and 26 weeks ended December 29, 2018, the Company issued 30,874,540 warrants and 38,715,449 warrants, respectively, with a fair value of $0.77 per warrant and $0.81 per warrant, respectively. See *"Note 13 – Shareholders' Equity, (c) September Bought Deal Equity Financing and (d) December Bought Deal Equity Financing"* for further information.

On September 27, 2018, the warrants exercisable for Subordinate Voting Shares commenced trading on the Canadian Securities Exchange. The fair value of these warrants issued was determined using the closing price on the date of issuance.

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

13. SHAREHOLDERS' EQUITY *(Continued)*

(b) Warrants *(Continued)*

The fair value of warrants exercisable for MedMen Corp Redeemable Shares was determined using the Black-Scholes option-pricing model with the following assumptions on the date of issuance:

Risk-Free Annual Interest Rate	2.82% to 2.85%
Expected Annual Dividend Yield	0%
Expected Stock Price Volatility	82.93%
Expected Life	1 Year

Volatility was estimated by using the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies. The expected life in years represents the period of time that warrants issued are expected to be outstanding. The risk-free rate was based on U.S. Treasury bills with a remaining term equal to the expected life of the warrants.

As of December 29, 2018, warrants outstanding have a weighted-average remaining contractual life of 29 months. There were no warrants issued during the three and six months ended December 31, 2017 or outstanding as of December 31, 2017.

(c) September Bought Deal Equity Financing

On September 27, 2018, MedMen completed a bought deal financing (the "September Offering") of 15,681,818 units (the "September Units") at a price of C$5.50 per September Unit (the "September Issue Price"), which included the exercise in full by the Underwriters of their over-allotment option, for aggregate gross proceeds of approximately C$86,250,000.

Each September Unit consists of one Subordinate Voting Share and one-half of one share purchase warrant of the Company (each whole share purchase warrant, a "September Warrant"). Each September Warrant entitles the holder thereof to acquire, subject to adjustment in certain circumstances, one Subordinate Voting Share at an exercise price of C$6.87 (US$5.28) for a period of 36 months following the closing of the September Offering. On September 27, 2018, the September Warrants commenced trading under the ticker symbol "MMEN.WT".

(d) December Bought Deal Equity Financing

On December 5, 2018, MedMen completed a bought deal financing (the "December Offering") of 13,640,000 units (the "December Units") at a price of C$5.50 per December Unit (the "December Issue Price") for aggregate gross proceeds of approximately C$75,020,000. The over-allotment option to purchase an additional 2,046,000 Units was not exercised and expired.

Each December Unit consists of one Subordinate Voting Share and one share purchase warrant of the Company ("December Warrant"). Each December Warrant entitles the holder thereof to acquire one Subordinate Voting Share at an exercise price of C$6.87 for a period of 36 months following the closing of the December Offering. The December Warrants are traded under the ticker symbol "MMEN.WT" with the September Warrants.

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

13. SHAREHOLDERS' EQUITY *(Continued)*

(e) Non-Controlling Interest

Non-controlling interest represents subsidiaries over which the Company has control but does not own. A reconciliation of the beginning and ending balances for non-controlling interest is as follows:

	26 Weeks Ended December 29, 2018	Year Ended June 30, 2018
Balance at Beginning of the Period	$ 87,607,241	$ -
Contribution on Date Control Assumed	-	4,690,505
Non-Controlling Interest on Reverse Take-Over Transaction	-	118,212,004
Non-Controlling Interest Non-Cash Contributions	33,695,179	10,322,355
Share of Loss	(99,903,648)	(45,617,623)
Balance at End of the Period	**$ 21,398,772**	**$ 87,607,241**

As of December 29, 2018 and June 30, 2018, non-controlling interest included the following amounts before intercompany eliminations:

	December 29, 2018	June 30, 2018
Current Assets	$ 119,859,476	$ 97,385,785
Non-Current Assets	255,704,411	152,531,612
Total Assets	**$ 375,563,887**	**$ 249,917,397**
Current Liabilities	$ 331,448,225	$ 158,847,034
Non-Current Liabilities	22,716,890	3,463,122
Total Liabilities	**$ 354,165,115**	**$ 162,310,156**
Revenues	**$ 26,665,737**	**$ 22,209,515**
Net Loss	**$ (99,903,648)**	**$ (45,617,623)**

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

14. SHARE-BASED COMPENSATION

The Company has a stock and equity incentive plan (the "Incentive Plan") under which the Company may issue various types of equity instruments to any employee, officer, consultant, advisor or director. The types of equity instruments issuable under the Incentive Plan encompass, among other things, stock options, restricted stock awards, restricted stock units, and stock appreciation rights (all together, "Awards"). To the extent that the Company has not appointed a Compensation Committee, all rights and obligations under the Incentive Plan shall be those of the full Board of Directors. The maximum number of Awards that may be issued under the Incentive Plan shall be determined by the Compensation Committee or the Board of Directors in the absence of a Compensation Committee. Any shares subject to an Award under the Incentive Plan that are forfeited, cancelled, expire unexercised, are settled in cash, or are used or withheld to satisfy tax withholding obligations, shall again be available for Awards under the Incentive Plan. Vesting of Awards will be determined by the Compensation Committee or Board of Directors in absence of one. The exercise price for Awards (if applicable) will generally not be less than the fair market value of the Award at the time of grant and will generally expire after 10 years.

A summary of share-based compensation expense for the periods indicated is as follows:

	13 Weeks Ended December 29, 2018	Three Months Ended December 31, 2017	26 Weeks Ended December 29, 2018	Six Months Ended December 31, 2017
Stock Options:				
Directors	$ 166,098	$ -	$ 276,830	$ -
Employees	4,141,294	-	7,955,009	-
Consultants	-	-	548,332	-
Total Stock Options	4,307,392	-	8,780,171	-
LTIP Units and P Units	3,499,763	288,494	9,900,884	539,916
Restricted Stock Grants	3,663,208	-	3,972,844	-
Total Share-Based Compensation	**$ 11,470,363**	**$ 288,494**	**$ 22,653,899**	**$ 539,916**

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

14. SHARE-BASED COMPENSATION *(Continued)*

(a) Stock Options

A reconciliation of the beginning and ending balance of stock options outstanding is as follows:

	Number of Stock Options	Weighted-Average Exercise Price
Balance as of July 1, 2018	**8,306,271**	**$4.14**
Granted	638,696	$3.98
Forfeited	(1,424,613)	$5.12
Balance as of September 29, 2018	**7,520,354**	**$4.49**
Granted	3,699,450	$5.12
Forfeited	(1,768,364)	$4.14
Balance as of December 29, 2018	**9,451,440**	**$4.49**

The following table summarizes the stock options that remain outstanding as of December 29, 2018:

Security Issuable	Exercise Price	Expiration Date	Stock Options Outstanding		Stock Options Exercisable
Subordinate Voting Shares	$4.14	May 2028	5,368,386	*(1)*	165,813
Subordinate Voting Shares	$3.83	July 2023	200,000	*(2)*	200,000
Subordinate Voting Shares	$4.06	August 2028	61,950	*(3)*	-
Subordinate Voting Shares	$4.06	August 2028	376,746	*(4)*	-
Subordinate Voting Shares	$5.12	Oct 2028 to Dec 2028	3,444,358	*(1)*	-
			9,451,440		**365,813**

(1) Issued to employees of certain subsidiaries of the Company under the Company's stock and incentive plan. Such options expire in ten years from the date of grant and generally have the following vesting conditions: 1/4th of the options will vest on the first anniversary of the grant date and 1/48th of the options will vest upon each successive month after such first anniversary.

(2) Issued to a consultant in connection with services rendered under the Company's stock and incentive plan. Such options expire in five years from the grant date.

(3) Issued to a certain director of the Company under the Company's stock and incentive plan. Such options vest at the end of the first year of service and expire in ten years from the date of grant.

(4) Issued to certain directors of the Company under the Company's stock and incentive plan. Such options vest at the end of three years of service and expire in ten years from the date of grant.

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

14. SHARE-BASED COMPENSATION *(Continued)*

(a) Stock Options *(Continued)*

For the 13 weeks ended December 29, 2018, the fair value of stock options granted was determined using the Black-Scholes option-pricing model with the following assumptions at the time of grant:

Weighted-Average Risk-Free Annual Interest Rate	3.09%
Weighted-Average Expected Annual Dividend Yield	0%
Weighted-Average Expected Stock Price Volatility	77.80%
Weighted-Average Expected Life of Stock Options	7.50 Years
Weighted-Average Forfeiture Rate	40.0%

Volatility was estimated by using the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies. The expected life in years represents the period of time that stock options issued are expected to be outstanding. The risk-free rate was based on U.S. Treasury bills with a remaining term equal to the expected life of the options.

During the 13 and 26 weeks ended December 29, 2018, the weighted-average fair value of stock options granted was $3.84 per option and $3.76 per option, respectively. As of December 29, 2018, stock options outstanding have a weighted-average remaining contractual life of 9.5 years. There were no stock options granted during the three and six months ended December 31, 2017 or outstanding as of December 31, 2017.

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

14. SHARE-BASED COMPENSATION *(Continued)*

(b) LTIP Units and LLC Redeemable Units

A reconciliation of the beginning and ending balances of the LTIP Units and LLC Redeemable Units outstanding is as follows:

	LTIP Units		LLC
	Issued and Outstanding	Vested	Redeemable Units
Balance as of July 1, 2018	**30,314,333** *(1)*	**2,417,817**	**1,570,065**
Acquisition of Treadwell Simpson Partnership	-	-	8,549,132
Vesting of LTIP Units	-	912,804 *(1)*	-
Balance as of September 29, 2018	**30,314,333**	**3,330,621**	**10,119,197**
Cancellation of LTIP Units	(4,227,098) *(2)*	(989,321) *(2)*	-
Vesting of LTIP Units	-	758,624 *(1)*	-
Balance as of December 29, 2018	**26,087,235**	**3,099,924**	**10,119,197**

(1) Vesting of the LTIP Units will vest as follows:

- *19,323,878 of the LTIP Units will vested contingent upon achievement of certain price targets in respect of the Subordinate Voting Shares, whereby one third of such aggregate LTIP Units will vest when the price of the Subordinate Voting Shares reaches C$10 in the open market, another third will vest when such share price reaches C$15 in the open market and the final third will vest when such share price reaches C$20 in the open market. Such share price will be determined as a 5-day volume weighted-average trading price on any exchange on which the Subordinate Voting Shares are traded.*
- *6,038,712 of the LTIP Units will vest as follows: (a) 25% will vest immediately on issuance; and (b) the remaining 75% will vest ratably, on a monthly basis, beginning on May 17, 2018 and concluding with all LTIP Units being fully vested on March 15, 2020.*
- *724,645 of the LTIP Units will vest ratably, on a monthly basis, beginning on May 17, 2018 and concluding with all LTIP Units being fully vested on March 15, 2021.*

(2) 4,227,098 of the LTIP Units were cancelled upon resignation of an employee.

(c) Restricted Stock Grants

During the 13 weeks ended December 29, 2018, the Company granted an entitlement to 3,000,000 restricted Subordinate Voting Shares to an employee. The restricted shares will vest as follows: one-fourth upon the 12-month employment anniversary, with the remaining three fourths vesting in amounts of one third each when the trading price of the shares on the then current stock exchange at any time during the term of employment reaches a minimum of C$10, C$15 and C$20, respectively. These shares were valued using a Monte Carlo simulation model taking into account the fair value of the Company’s share on the date of grant and into the future encompassing a wide range of possible future market conditions.

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

15. COMMITMENTS AND CONTINGENCIES

(a) Office and Operating Leases

The Company leases certain business facilities from third parties under operating lease agreements that specify minimum rentals. The leases expire through 2027 and contain certain renewal provisions. The Company's rent expense was as follows for the periods indicated:

	13 Weeks Ended December 29, 2018	Three Months Ended December 31, 2017	26 Weeks Ended December 29, 2018	Six Months Ended December 31, 2017
Rent Expense Included in:				
General and Administrative Expense	$ 5,216,206	$ 935,287	$ 9,641,278	$ 1,870,574
Cost of Goods Sold	444,583	-	532,083	144,125
Total Rent Expense	**$ 5,660,789**	**$ 935,287**	**$ 10,173,361**	**$ 2,014,699**

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 (26 Weeks)	$ 12,672,401
June 27, 2020	26,651,296
June 26, 2021	27,320,864
June 25, 2022	27,668,441
June 24, 2023	27,280,108
June 29, 2024 and Thereafter	382,634,622
Total Future Minimum Lease Payments	**$ 504,227,732**

(b) Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation as of December 29, 2018, marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties or restrictions in the future.

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

15. COMMITMENTS AND CONTINGENCIES *(Continued)*

(c) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of December 29, 2018, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. As of December 29, 2018, there are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party to the Company or has a material interest adverse to the Company's interest.

A legal claim has been filed against the Company relating to a financial transaction and seeking damages of approximately $3.5 million. The claim is at a very early stage and the Company believes that it has no merit. As a result, no amount has been set up for potential damages in these financial statements.

In late January 2019, James Parker, the Company's former Chief Financial Officer, filed a complaint against MM Enterprises in the Superior Court of California, County of Los Angeles, seeking damages for claims relating to his employment. The Company is currently defending against this lawsuit, which seeks damages for wrongful termination, breach of contract, and breach of implied covenant of good faith. Mr. Parker's employment agreement provided for the payment of severance in the event of termination without cause. The Company disputes the claims set forth in Mr. Parker's lawsuit and believes that the outcome is neither probable nor estimable; therefore, no amounts have been accrued in relation to the claim.

16. RELATED PARTY TRANSACTIONS

(a) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors. Compensation provided to key management is as follows:

	13 Weeks Ended December 29, 2018	Three Months Ended December 31, 2017	26 Weeks Ended December 29, 2018	Six Months Ended December 31, 2017
Short-Term Employee Benefits, including Salaries, Fees and One-Time Bonuses Related to Reverse Take-Over	$ 1,170,224	$ 340,000	$ 14,957,724	$ 680,000
Directors	425,120	-	964,655	-
Share-Based Compensation	6,931,449	-	13,332,570	-
	$ 8,526,793	**$ 340,000**	**$ 29,254,949**	**$ 680,000**

(b) Related Party Balances

All related party balances due from or due to the Company as of December 29, 2018 and June 30, 2018 did not have any formal contractual agreements regarding payment terms or interest.

(Amounts Expressed in United States Dollars Unless Otherwise Stated)

16. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Related Party Balances *(Continued)*

As of December 29, 2018 and June 30, 2018, amounts due from related parties were as follows:

Name and Relationship to Company	Transaction	December 29, 2018	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 and a subsidiary of Fund II, which holds equity interests in 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 and a subsidiary of Fund I, which holds equity interests in 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		1,796,783	180,776
Total Amounts Due from Related Parties		**$ 5,999,146**	**$ 3,509,035**

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

As of December 29, 2018 and June 30, 2018, amounts due to related parties were as follows:

Name and Relationship to Company	Transaction	December 29, 2018	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 and a subsidiary of Fund II which holds equity interests in 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 and a subsidiary of Fund I, which holds equity interests in the Company.	Working Capital, Management Fees and Cash Used for Acquisitions [(1)]	(2,862,647)	(2,862,647)
Other		(1,841,758)	(4,568,105)
Total Amounts Due to Related Parties		**$ (5,798,301)**	**$ (9,858,445)**

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

17. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 27, 2019, which is the date these unaudited condensed interim consolidated financial statements were issued.

(a) Completion of Real Estate Sale to Cannabis REIT

On February 7, 2019, the Company completed the sale of three properties to Treehouse Real Estate Investment Trust for net proceeds, after repayment of debt, of approximately $18,400,000. The three properties included in the sale were:

- One retail storefront located on Lincoln Boulevard in Venice, California;
- One retail storefront located on Robertson Boulevard, the closest dispensary to Beverly Hills, California; and
- One 45,000 square foot cultivation and production factory located in Sparks, Nevada.

(b) 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 $31,255,353 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. The purchase price was paid with 9,736,870 Subordinate Voting Shares at a deemed issue price of US$3.21 per share. Odyssey Trust Company is holding 701,268 Subordinate Voting Shares in escrow issued as part of the purchase price. Of the shares held in escrow, 350,634 shares will be released from escrow on the six-month anniversary of the closing date, subject to these shares being used to offset any indemnifiable claims under the SPA that may arise, and 350,634 shares will be released on the earlier of (a) the six-month anniversary of the closing date; and (b) the occurrence of specified other post-closing events. Additionally, 1,051,902 Subordinate Voting Shares issued as part of the purchase price are contractually restricted from trading for a period of six months from the closing date.

The SPA replaces and supersedes the definitive purchase agreement entered into between Captor and MedMen for the sale of Captor's MedMen branded cannabis dispensary in Santa Ana, California for $16,229,567, as announced on November 16, 2018.

(c) Acquisitions Closed

On February 13, 2019, the Company completed the acquisition of Level Up.

On February 8, 2019, the Company completed the acquisition of Future Transactions.

On January 15, 2019, the Company completed the acquisition of VMS.