MEDMEN ENTERPRISES INC.

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

FOR THE 13 AND 52 WEEKS ENDED JUNE 29, 2019

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*This management's discussion and analysis ("**MD&A**") of the financial condition and results of operations of MedMen Enterprises Inc. ("**MedMen Enterprises**", "**MedMen**" or the "**Company**"), formerly known as The MedMen Group of Companies, is for the 13 and 52 weeks ended June 29, 2019. It is supplemental to, and should be read in conjunction with, the Annual Information Form filed on November 5, 2018 on www.sedar.com, and the Company's audited consolidated financial statements and the accompanying notes for the 52 weeks ended June 29, 2019. The Company's audited consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**").*

This MD&A is presented as of October 28, 2019 unless otherwise noted.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Readers should read this MD&A and the documents that the Company references herein and has filed at *www.sedar.com* completely and with the understanding that the Company's actual future results may be materially different from what it expects.

Basis of Presentation

The audited consolidated financial statements of the Company for the 52 weeks ended June 29, 2019 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("**IASB**"). Certain financial measures contained in this MD&A are non-IFRS financial measures and are discussed further under *"Non-IFRS Financial Measures"* below.

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

Change in Fiscal Year-End

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

The Company made the fiscal year change on a prospective basis and has not adjusted operating results for prior periods. The change impacts the prior year comparability of the Company's fiscal quarters in 2018, as well as the fiscal first quarter of 2019, and will result in shifts in the quarterly periods, which will have an impact on quarterly financial results. The fiscal fourth quarter of 2019 began on March 31, 2019 and ended on June 29, 2019 and is referred to throughout this report as the "13 weeks ended June 29, 2019" or the "fiscal fourth quarter of 2019". The 13 weeks ended June 29, 2019 included one more operating day than the comparable interim period in the prior year.

Prior Period Adjustment

During the 52 weeks ended June 29, 2019, the Company identified a prior period adjustment related to accounting for deferred tax liabilities arising from its acquisitions during the prior years. As such, the Company has retrospectively restated the previously reported consolidated financial statements for the year ended June 30, 2018. Refer to *"Note 23 – Provision for Income Taxes and Deferred Income Taxes"* of the audited consolidated financial statements for the 52 weeks ended June 29, 2019. Amounts related to the Consolidated Statement of Financial Position and Consolidated Statement of Operations and Comprehensive Loss for the year ended June 30, 2018 reflected herein have been updated accordingly.

Market and Industry Data

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

ABOUT MEDMEN

Corporate Structure

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

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

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

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

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

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

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

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

Summary Description of the Business

MedMen is a cannabis retailer with operations across the U.S. and flagship stores in Los Angeles, Las Vegas and New York. MedMen is currently licensed for up to 70 locations across nine states, including licenses to be acquired through pending acquisitions and applications that the Company has a degree of certainty of receiving. This geographic footprint includes the Company's industry-leading California retail network of 17 licenses, of which 13 locations are currently open in California. MedMen has seven retail stores open in the state of Florida, where the Company is licensed for up to 35 stores, and an additional five locations are slated to open before the end of calendar year 2019. Beyond offering premium products from brands like Lowell Herb Co., Papa & Barkley, and Dosist, MedMen also cultivates, manufactures and sells three wholly-owned house brands – [statemade], LuxLyte and MedMen Red.

Company Mission

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

Today, MedMen is one of the most recognized names in the industry and is associated with state-of-the-art retail, best-in-class curated product offerings and an uncompromising commitment to quality. Its talented team of over 1,300 employees is bringing operational excellence to every market it serves, solving the technical challenges of a fragmented and evolving regulatory framework, and challenging cultural perceptions with disruptive marketing campaigns that are breaking down the stigma of cannabis.

MedMen's retail strategy is focused on the quality of licenses over quantity and is scaling with speed to open flagship and strategic locations in the most important markets. As the Company continues to convert its high-value licenses into operational stores, it remains uncompromising in its commitment to the customer experience, from its award-winning retail design to the cultivation, manufacturing and presentation of its robust product offerings. MedMen's vertically-integrated business model allows it to directly control quality and capture higher margins. The Company furthered its commitment to defining the cannabis industry by creating a first-of-its-kind customer loyalty program, called MedMen Buds, and launching delivery services in California and Nevada, which will soon expand to other locations across the country.

Retail: Ultimate Defensibility

MedMen is uniquely focused on the retail component of the industry, while still leveraging the key advantages of being vertically-integrated and controlling the resulting supply chain.

Below are highlights of the Company's retail, cultivation and manufacturing, corporate selling, general and administrative expenses ("**SG&A**") and pre-opening expenses. For the fiscal fourth quarter of 2019, the Company is providing detail with respect to earnings before interest, taxes, depreciation and amortization ("**EBITDA**") attributable to the Company's national retail, California retail, cultivation and manufacturing, corporate SG&A and pre-opening expenses to show how it is leveraging its retail footprint and strategically investing in the future.

Key Business Metrics – Fiscal Fourth Quarter of 2019 Compared to Fiscal Third Quarter of 2019

National Retail

The table below highlights the Company's national Four Wall Retail EBITDA. Four Wall Retail EBITDA Margin (Non-IFRS) excludes corporate marketing expenses, which are included in the Corporate SG&A section, and local cannabis/excise taxes.

($ in Millions)	**13 Weeks Ended June 29, 2019**	**13 Weeks Ended March 30, 2019**	**$ Change**	**% Change**
Consolidated Revenue (IFRS)	$ 42.0	$ 36.6	$ 5.4	15%
Less: Non-Retail Revenue (IFRS)	3.0	2.0	1.0	50%
Retail Revenue (Non-IFRS)	39.0	34.6	4.4	13%
Consolidated Cost of Goods Sold (IFRS)	26.0	21.1	4.9	23%
Less: Non-Retail Cost of Goods Sold (IFRS)	6.6	4.8	1.8	38%
Retail Cost of Goods Sold (Non-IFRS)	19.4	16.3	3.1	19%
Four Wall Retail Gross Margin (Non-IFRS)	**19.6**	**18.3**	**1.3**	7%
Four Wall Retail Gross Margin Rate (Non-IFRS)	*50%*	*53%*	*-3%*	-5%
Direct Store Operating Expenses (IFRS)	13.2	14.0	(0.8)	-6%
Four Wall Retail EBITDA Margin (Non-IFRS)	**$ 6.4**	**$ 4.3**	**$ 2.1**	49%
Four Wall Retail EBITDA Margin Rate (Non-IFRS)	*16%*	*12%*	*4%*	32%
Local Taxes (IFRS)	3.5	2.4	1.1	46%
Four Wall Retail Adjusted EBITDA Margin (Non-IFRS)	**$ 2.9**	**$ 1.9**	**$ 1.0**	53%
Four Wall Retail Adjusted EBITDA Margin Rate (Non-IFRS)	*7%*	*5%*	*2%*	35%

For the fiscal fourth quarter of 2019, system-wide retail revenue was $39.0 million across the Company's operations in California, Nevada, New York, Arizona, Illinois and Florida. This represents a 13% increase over the fiscal third quarter of 2019 ($34.6 million). Importantly, the Company's California retail locations reported a combined $27.5 million in revenue, up 10% versus the prior quarter.

The Company had an aggregate Four Wall Retail Adjusted EBITDA Margin Rate (Non-IFRS) of 7%. This represented an increase versus the 5% realized in the fiscal third quarter of 2019. The improvement was driven by two main factors. First, results benefited from higher productivity initiatives, including scheduling optimization, allowing the Company to reduce payroll expenses sequentially despite the double-digit increase in retail revenue. Second, the Four Wall Retail portion of SG&A was meaningfully decreased in dollar terms during the fiscal fourth quarter as compared with the fiscal third quarter. It is important to note that the Company reclassified local taxes from Corporate SG&A to Four Wall Retail EBITDA. Under the prior classification, Four Wall Retail EBITDA Margin Rate (Non-IFRS) would have been 16% in the fiscal fourth quarter of 2019 versus 12% in the fiscal third quarter of 2019.

California Retail

The Company's California retail operations generated a Four Wall California Retail Adjusted EBITDA Margin Rate (Non-IFRS) of 9% in the fiscal fourth quarter of 2019, representing a decrease versus 13% in the fiscal third quarter of 2019. It is important to note that the Company reclassified local taxes from Corporate SG&A to Four Wall Retail EBITDA. Under the prior classification, Four Wall California Retail EBITDA Margin Rate (Non-IFRS) would have been 20% in the fiscal fourth quarter of 2019 versus 22% in the fiscal third quarter of 2019. In California, Average Dollar Sale ("**ADS**"), defined as the average pre-tax purchase amount per customer per visit, was $75.27 for the fiscal fourth quarter of 2019.

As an investor, with the understanding that MedMen is, first and foremost, a retailer, it is important to see the results of the Company's most tenured market, California. The Company's strategy is to replicate these results across the United States as laws and regulations allow.

The table below highlights the Company's Four Wall California Retail EBITDA. Four Wall California Retail EBITDA Margin (Non-IFRS) excludes corporate marketing expenses, which are included in the Corporate SG&A section, and local cannabis/excise taxes.

($ in Millions)	**13 Weeks Ended June 29, 2019**	**13 Weeks Ended March 30, 2019**	**$ Change**	**% Change**
Consolidated Revenue (IFRS)	$ 42.0	$ 36.6	$ 5.4	15%
Less: Non-Retail and Retail Revenue Outside California (IFRS)	14.5	11.7	2.8	24%
California Retail Revenue (Non-IFRS)	27.5	24.9	2.6	10%
Consolidated Cost of Goods Sold (IFRS)	26.0	21.1	4.9	23%
Less: Non-Retail Cost of Goods Sold and Retail Cost of Goods Sold Outside of California (IFRS)	12.8	10.4	2.4	23%
California Retail Cost of Goods Sold (Non-IFRS)	13.2	10.7	2.5	23%
Four Wall California Retail Gross Margin (Non-IFRS)	**14.3**	**14.2**	**0.1**	1%
Four Wall California Retail Gross Margin Rate (Non-IFRS)	*52%*	*57%*	*-5%*	-9%
California Direct Store Operating Expenses (IFRS)	8.7	8.7	-	0%
Four Wall California Retail EBITDA Margin (Non-IFRS)	**$ 5.6**	**$ 5.5**	**$ 0.1**	2%
Four Wall California Retail EBITDA Margin Rate (Non-IFRS)	*20%*	*22%*	*-2%*	-8%
Local Taxes (IFRS)	3.0	2.2	0.8	36%
Four Wall California Retail Adjusted EBITDA Margin (Non-IFRS)	**$ 2.6**	**$ 3.3**	**$ (0.7)**	-21%
Four Wall Retail Adjusted EBITDA Margin Rate (Non-IFRS)	*9%*	*13%*	*-4%*	-29%

California Market Share by Revenue

For the quarter ended June 30, 2019, the state of California collected $74.2 million in excise taxes at a rate of 15%, which equates to approximately $494.7 million in retail sales according to the California Department of Tax and Fee Administration[1]. The Company's California stores reported $27.5 million in revenue for the 13 weeks ended June 29, 2019, which equates to an approximate 6% market share in the state. The state of California had approximately 1,200 licensed retailers during the quarter. The Company started the fiscal fourth quarter of 2019 with 10 stores in the state of California and ended the quarter with 11 stores. Based on this information, the Company's California stores generate six times the revenue of the average cannabis retailer in the state of California.

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

Cultivation and Manufacturing

MedMen continues to invest in its ability to control the supply chain and it believes this choice to provide the highest quality and safest products available, and will translate to the most tangible benefit for its customers. The Company is well aware this infrastructure ramp-up and commitment to its customers will take longer to show a payoff, however, MedMen is focused on long-term and sustainable execution.

($ in Millions)	**13 Weeks Ended June 29, 2019**	**13 Weeks Ended March 30, 2019**	**$ Change**	**% Change**
Revenue	**$ 3.0**	**$ 2.0**	$ 1.0	50%
Adjusted EBITDA Loss (Non-IFRS)	**$ (4.1)**	**$ (4.7)**	$ 0.6	-13%

For the 13 weeks ended June 29, 2019, revenue from cultivation and manufacturing operations was $3.0 million, up from $2.0 million for the 13 weeks ended March 30, 2019. The increase was driven by facilities recently acquired in Arizona, which only contributed partially to results in the fiscal third quarter of 2019 as opposed to the entirety of the fiscal fourth quarter of 2019. The $4.1 million in Adjusted EBITDA Loss (Non-IFRS) for the fiscal fourth quarter of 2019 represented an improvement from the $4.7 million Adjusted EBITDA Loss (Non-IFRS) experienced in the fiscal third quarter of 2019.

Corporate SG&A

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

($ in Millions)	**13 Weeks Ended June 29, 2019**	**13 Weeks Ended March 30, 2019**	**$ Change**	**% Change**
Corporate SG&A as a Component of Adjusted EBITDA Loss (Non-IFRS)	**$ (32.9)**	**$ (35.1)**	$ 2.2	-6%

On August 13, 2019, the Company announced a target to reduce Corporate SG&A by 30% from the fiscal second quarter's level by the end of the September 2019 quarter or to approximately $115.0 million on an annualized basis going forward. Adjusted EBITDA Loss (Non-IFRS) relating to Corporate SG&A of $32.9 million in the fiscal fourth quarter of 2019 represented a 6% decrease from the $35.1 million that Corporate SG&A contributed to Adjusted EBITDA Loss (Non-IFRS) in the fiscal third quarter of 2019. Note that due to the reclassification of local taxes from Corporate SG&A to Four Wall Retail EBITDA, Corporate SG&A has been reduced to $38.5 million ($40.9 million previously) for the fiscal second quarter of 2019, and $35.1 million ($37.5 million previously) for the fiscal third quarter of 2019. For the fiscal fourth quarter of 2019, Corporate SG&A would have been $36.2 million under the previous classification of local taxes.

Pre-Opening Expenses

The Company incurred $5.3 million of pre-opening expenses in the fiscal fourth quarter of 2019 primarily driven by rent expenses for retail stores and cultivation and manufacturing facilities that are not yet operational. Due to the first mover advantage that exists in the industry and the regulatory requirements of the traditional banking system, the Company is forced to prepay rent in advance of opening stores.

($ in Millions)	13 Weeks Ended June 29, 2019	13 Weeks Ended March 30, 2019	$ Change	% Change
Pre-Opening Expenses as a Component of Adjusted EBITDA Loss (Non-IFRS)	**$ (5.3)**	**$ (4.6)**	$ (0.7)	15%

Pre-opening expenses contributed $5.3 million to Adjusted EBITDA Loss (Non-IFRS) for the fiscal fourth quarter of 2019 compared to $4.6 million for the fiscal third quarter of 2019. An increase in rent expense for retail locations in Florida was the key driver to the sequential increase.

National Impact of the Brand

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

Vertical Integration is the Key to Profitability

MedMen currently operates six (6) cultivation and production facilities across Nevada, California, New York, Florida and Arizona. With the exception of the facilities in New York and Florida, which are currently being renovated, the Company's scalable, high-efficiency cultivation and production facilities use modern agronomic technology, enterprise-grade software and sustainable techniques. The Company continues to view Nevada, California, New York, Florida and Arizona as providing ongoing opportunities for growth due to their market depth, current supply-demand dynamics and regulatory framework.

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

Nevada (Mustang)

Mustang, located in northern Nevada, is comprised of a 30,000 square foot cultivation facility and a 15,000 square foot production facility and sits on a total of 4.27 acres of land. The 30,000 square foot high-tech Dutch hybrid greenhouse allows for 22,000 square feet of canopy space. The production facility includes state-of-the-art production and extraction equipment.

California (Desert Hot Springs)

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

New York (Utica)

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

Florida (Eustis)

MedMen operates a temporary cultivation and production facility in Eustis, Florida, which is approximately an hour's drive north from Orlando. A new 45,000 square foot cultivation and production facility on the same parcel of land is currently in the planning stages which has a potential expansion of up to 120,000 square feet. The new facility is intended to follow the same model as Mustang.

Arizona (Mesa and Tempe)

MedMen operates two cultivation and manufacturing facilities, located in Mesa and Tempe, Arizona. The facilities are comprised of an aggregate 45,000 square feet of production and cultivation space. MedMen is currently in the process of a space and equipment refresh to incorporate modern production and extraction equipment.

Marketing

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

As the Company evolves its marketing strategy to build authentic interactions and engage in meaningful dialogue with customers, it will continue to provide a world-class experience in the world of cannabis. Striving to provide a safe and trusted place for education and exploration, the Company curates unique cannabis products and resources that reflect the interests of its customers.

MedMen works diligently to identify emerging cannabis trends and influencers within beauty, wellness, fashion, sports, and entertainment lifestyle verticals. As cannabis gains not only popularity but also credibility across these categories, MedMen aims to become a leading lifestyle destination for the next-generation cannabis consumer.

In order to continue enhancing its customer experience, the Company recently launched MedMen Buds, a first-in-category rewards program that encompasses over 135,000 individual participants and continues to grow daily, with members across Arizona, California, Florida and Nevada. MedMen understands that in the current retail landscape, building loyalty with core customers is a key driver of continued growth. The Company's understanding of what its customers value, and how it can meet those needs is critical in deepening its connection with its core customers.

Creating a true omni-channel experience for customers has been a priority for the Company since its inception. In support of that endeavor, the Company successfully launched a fully-owned and operated delivery service in the California and Nevada markets. MedMen is held to the highest standard as it releases "first-to-market" goods and services to cannabis consumers, and as such the Company takes great pride in the initial positive feedback towards its enhanced omni-channel offering. With industry-leading staff and five-star hospitality, MedMen is poised for significant achievements in the coming year.

Recent Developments

Delivery Program Launched

MedMen remains at the forefront of the cannabis market. Expanding upon its omni-channel experience, the Company launched its same-day delivery platform of over 400 best-in-class products in California on August 19, 2019. On September 16, 2019, MedMen's delivery service was launched in all its Nevada retail locations. The Company expects a nationwide expansion of MedMen Delivery in the near future.

Delivery service is available seven days a week, 365 days a year. Orders are eligible for delivery within a 25-mile radius of a MedMen store, and every order qualifies for rewards with MedMen Buds. Both MedMen Buds and MedMen Delivery cement the Company's commitment to continuously evolving the consumer journey.

Enters into Strategic Partnership with Gotham Green Partners

On March 22, 2019, the Company signed a binding term sheet for a senior secured convertible credit facility (the "**Facility**") of up to $250.0 million arranged by Gotham Green Partners ("**GGP**"). The Company subsequently entered into definitive documentation on April 23, 2019 and closed on a portion of the initial funding tranche. The Facility has been and will be accessed through issuances to the lenders of convertible senior secured notes ("**Notes**") co-issued by the Company and MM CAN USA, Inc. in an aggregate amount of up to $250.0 million. Refer to *"Note 17 – Senior Secured Convertible Credit Facility"* of the audited consolidated financial statements for the 52 weeks ended June 29, 2019.

On July 10, 2019, the Company announced that it has secured an additional $30.0 million in equity commitment from GGP, with participation from Wicklow Capital, bringing its total financing commitment to $280.0 million. On August 12, 2019, the Company and the lenders made certain amendments to the Facility. On August 13, 2019, the Company completed such equity private placement by way of issuance of 14,634,147 Class B Subordinate Voting Shares in the capital of the Company, at a price of $2.05 per Class B Subordinate Voting Share.

The Company is currently in active discussions with GGP to make additional amendments to the Facility given current market conditions. The potential amendment is not expected to change the total financing commitment, but would require the mutual consent of the Company and the lenders of the Facility, depending on market conditions at the time of funding. The amendment would also modify certain reporting and financial covenants to provide the Company with greater balance sheet and financing flexibility. The Company is also working with other long-term capital partners, such as Wicklow Capital, on other financing options that may include the sale of certain non-core assets.

At-the-Market Equity Financing Program

On April 10, 2019, the Company established an At-the-Market equity financing program (the "**ATM Program**")with Canaccord Genuity Corp. ("**Canaccord**") pursuant to which the Company may, from time to time, sell Class B Subordinate Voting Shares at prevailing trading prices at the time of sale for aggregate gross proceeds of up to C$60,000,000. Since Class B Subordinate Voting Shares are distributed under the ATM Program at trading prices prevailing at the time of sale, prices may vary between purchasers and during the period of distribution. The Company has used and intends to use the net proceeds from the sale of Class B Subordinate Voting Shares under the ATM Program principally for general and administrative expenses, working capital needs and other general corporate purposes.

During the fiscal fourth quarter of 2019, the Company sold an aggregate of 5,168,500 Class B Subordinate Voting Shares under the ATM Program, for aggregate gross proceeds of C$18,576,517, with an average price per share of C$3.594. In addition, an aggregate of C$557,296 was paid to Canaccord as its sales commission, resulting in aggregate net proceeds to the Company of C$18,019,221.

Real Estate Sale and Leaseback Transactions

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

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

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

Subsequent to June 29, 2019, the Company completed the sale of certain properties to the REIT, generating approximately $17.7 million of net proceeds for the Company. The properties included the cultivation and production facility located in Eustis, Florida and two dispensaries.

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

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

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

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

Termination of Merger Agreement with PharmaCann

On October 8, 2019, MedMen and PharmaCann announced the mutual agreement to terminate their business combination ("**Termination of Merger**"). In light of market developments over the past year and the continued evolution of its business strategy, MedMen believes that focusing on the Company's retail brand, its leadership position in its core markets, including California, and investing in its digital platform will create greater shareholder value than completing this transaction. As part of the agreement to terminate, PharmaCann agreed to pay a termination fee to MedMen through a transfer of the membership interests in three entities ("**Transfer of Interests**") holding the following four assets:

- Operational cultivation and production facility in Hillcrest, Illinois;
- Retail location in Evanston, Illinois;
- Retail license for Greater Chicago, Illinois; and
- License for a vertically-integrated facility in Virginia.

As part of the agreement to terminate and contingent on the successful Transfer of Interests, MedMen will forgive all amounts outstanding under its existing line of credit to PharmaCann (the "**Line of Credit**"), which totaled approximately $21.0 million, including accrued interest, as of September 30, 2019. In the event any Transfer of Interest is unable to occur due to a final adjudication or denial by the applicable regulatory body governing the applicable license (a "**Rejected Transfer**"), PharmaCann is to pay MedMen an amount equal to (i) one-third (1/3) of the aggregate principal amount and any corresponding accrued interest thereon owed under the Line of Credit (such interest to be calculated as if no loan forgiveness of any portion of the Line of Credit occurred), and (ii) $10.0 million (such amounts are collectively referred to as the "**Rejected Transfer Fee**") for each denial. Any such Rejected Transfer Fee is to be paid by PharmaCann within five days of the related Rejected Transfer, or, PharmaCann may elect to finance the Rejected Transfer Fee, provided that the financed Rejected Transfer Fee will accrue interest at a rate of seven and one-half percent (7.5%) per annum and be due and payable on the first anniversary of the date of the Rejected Transfer. Subsequent to the Termination of Merger, the transfer of interests related to the license in Virginia has been completed.

Complaint for Breach of Fiduciary Duty Moved to Arbitration

On January 7, 2019, two minority investors in MMMG, LLC ("**MMMG**") filed a complaint in the Superior Court for the County of Los Angeles (the "**Superior Court**") alleging breach of fiduciary duty by MMMG's managers and seeking injunctive relief (the "**Complaint**"). The Complaint alleges, among other things, that the plaintiffs are being unfairly prevented from disposing of their interest in MMMG as a result of the lock-up agreement entered into between MMMG and MedMen Corp. On January 9, 2019, the Superior Court denied the request for injunctive relief. Following the Superior Court's ruling, the lock-up agreement between MedMen Corp. and MMMG remains in effect. On June 5, 2019, the litigation pending before the Superior Court was dismissed and the matter was referred to arbitration. The matter currently remains pending in arbitration.

Management Changes

On October 8, 2019, the Company announced that Michael Kramer's employment as Chief Financial Officer had been terminated. Zeeshan Hyder, previously MedMen's Chief Corporate Development Officer, was appointed to the role of Chief Financial Officer.

On October 11, 2019, the Company announced that Stacey Hallerman resigned from its Board of Directors to serve as Chief Administrative Officer and General Counsel at Lowell Herb Co. ("**Lowell**"). Lowell was one of MedMen's first strategic investments into a cannabis brand when, in July 2018, the Company announced an investment in the parent company of Lowell.

Change to Management Employment Agreements

The Board of Directors has approved Amended and Restated Employment Agreements for Adam Bierman, Chief Executive Officer, and Andrew Modlin, President. Effective August 1, 2019, their base salaries were reduced from $1.50 million to $50,000 (the lowest allowable for an exempt employee under the California Labor Code), and their cash bonuses, if any, will be within the complete discretion of the Compensation Committee of the Board, and require ultimate Board approval. The term of each employment agreement will be for two years, retroactive to May 18, 2018, and, if terminated without cause during the employment term, severance will be limited to vesting of one third (1/3) of any unvested full value long-term incentive plan units. Neither Bierman nor Modlin was provided any additional compensation or equity for entering into the Amended and Restated Employment Agreements.

Territorial Expansion

Continued Expansion in California

On June 7, 2019, it was announced that the city of Pasadena has awarded the Company one of six commercial retail and delivery licenses (subject to obtaining properly zoned real estate and a Conditional Use Permit), further enhancing its industry-leading footprint. On June 20, 2019, the Company announced that it has signed a definitive agreement with Enhanced Energies Inc. to acquire a retail and distribution license in the Northern California city of Vallejo. This will be MedMen's fourth planned retail cannabis store in Northern California, joining locations in Emeryville, San Jose and Seaside.

MedMen further enhanced the Company's California footprint by adding a flagship location in Southern California's third largest city, Long Beach, through the closing of its previously announced acquisition of MattnJeremy, Inc. d/b/a One Love Beach Club on September 4, 2019. The dispensary is situated ideally between MedMen's Santa Ana and LAX stores and is contemplated to serve as a hub for MedMen's delivery launch across Long Beach and its surrounding communities.

Strong Florida Rollout

On June 14, 2019, MedMen announced its expansion into Florida with the opening of a retail location in West Palm Beach. This was followed by the opening of three new stores in the state of Florida on September 24, 2019 in St. Petersburg, Key West and Pensacola. On October 15, 2019, MedMen opened its retail store located in Jacksonville Beach, which is the fifth location in the state of Florida. On October 25, 2019, the Company announced two additional store openings in Orlando and Tallahassee, Florida. MedMen plans to open five additional locations in Florida by the end of calendar year 2019 and is licensed for up to 35 retail locations in the state.

Completes Acquisition of Illinois Dispensary

On February 4, 2019, the Company announced the completion of the acquisition of Seven Point, a licensed medical cannabis dispensary located in the historic Chicago suburb of Oak Park, Illinois. Pursuant to the acquisition, the Company paid a combination of cash at closing, deferred cash and Class B Subordinate Voting Shares of MedMen for total consideration paid of $12.9 million. Seven Point is located in a high foot traffic shopping district among popular restaurants, cafes and major retail stores.

Entrance into Arizona

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

Non-IFRS Financial Measures

In addition to providing financial measurements based on IFRS, the Company provides additional financial metrics that are not prepared in accordance with IFRS. Management uses non-IFRS financial measures, in addition to IFRS financial measures, to understand and compare operating results across accounting periods, for financial and operational decision-making, for planning and forecasting purposes and to evaluate the Company's financial performance. These non-IFRS financial measures (collectively, the "**non-IFRS financial measures**") are:

EBITDA	Net Loss adjusted for net interest and other financing costs, provision for income taxes, and amortization and depreciation
Adjusted EBITDA	EBITDA adjusted for transaction costs, share-based compensation, and other non-cash operating costs, such as unrealized gain or loss on fair value of biological assets, change in fair value of derivative liabilities, and unrealized change in fair value of investments
Adjusted Net Loss	Net loss adjusted for transaction costs, share-based compensation, and other non-cash operating costs
Working Capital	Current assets less current liabilities
Retail Revenue	Consolidated revenue less non-retail revenue, such as cultivation and manufacturing revenue
California Retail Revenue	Retail Revenue less Retail Revenues outside of California
Retail Cost of Goods Sold	Consolidated cost of goods sold less non-retail cost of goods sold
California Retail Cost of Goods Sold	Retail Cost of Goods Sold less those related to retail cost of goods sold outside of California
Four Wall Retail Gross Margin	Retail Revenue less the related Retail Cost of Goods Sold
Four Wall Retail Gross Margin Rate	Four Wall Retail Gross Margin divided by Retail Revenue
Four Wall Retail EBITDA Margin	Four Wall Retail Gross Margin less direct store operating expenses, including rent, payroll, security, insurance, office supplies and payment processing fees
Four Wall Retail EBITDA Margin Rate	Four Wall Retail EBITDA Margin divided by Retail Revenue
Four Wall California Retail Gross Margin Rate	Four Wall California Retail Gross Margin divided by California Retail Revenue
Four Wall California Retail EBITDA Margin	Four Wall California Retail Gross Margin less direct California store operating expenses, including rent, payroll, security, insurance, office supplies and payment processing fees
Four Wall California Retail EBITDA Margin Rate	Four Wall California Retail EBITDA Margin divided by California Retail Revenue

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

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

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

Non-IFRS financial measures are financial measures that are not defined under IFRS. The Company uses these non-IFRS financial measures and believes they enhance an investors' understanding of the Company's financial and operating performance from period to period. These non-IFRS financial measures exclude certain material non-cash items and certain other adjustments the Company believes are not reflective of its ongoing operations and performance.

These financial measures are not intended to represent and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with IFRS as measures of operating performance or operating cash flows or as measures of liquidity.

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

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

Other companies in the cannabis industry may calculate these measures differently than the Company does, limiting their usefulness as comparative measures.

Reconciliations of Non-IFRS Financial Measures

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

($ in Millions)	13 Weeks Ended June 29, 2019	Three Months Ended June 30, 2018	52 Weeks Ended June 29, 2019	Year Ended June 30, 2018
Net Loss (IFRS)	**$ (82.9)**	**$ (80.3)**	**$ (277.0)**	**$ (113.8)**
Add (Deduct) Impact of:				
Transaction Costs & Restructuring Costs	6.8	5.1	17.0	9.2
Share-Based Compensation	3.4	30.8	32.1	31.4
Other Non-Cash Operating Costs	4.4	(2.7)	(2.6)	(2.7)
Total Adjustments	14.6	33.2	46.5	37.9
Adjusted Net Loss (Non-IFRS)	**$ (68.3)**	**$ (47.1)**	**$ (230.5)**	**$ (75.9)**
Net Loss (IFRS)	**$ (82.9)**	**$ (80.3)**	**$ (277.0)**	**$ (113.8)**
Add (Deduct) Impact of:				
Net Interest and Other Financing Costs	5.2	3.3	11.6	5.3
Provision for Income Taxes	7.3	2.3	13.8	3.2
Amortization and Depreciation	16.4	13.4	33.1	16.8
Total Adjustments	28.9	19.0	58.5	25.3
EBITDA (Non-IFRS)	**$ (54.0)**	**$ (61.3)**	**$ (218.5)**	**$ (88.5)**
EBITDA (Non-IFRS)	**$ (54.0)**	**$ (61.3)**	**$ (218.5)**	**$ (88.5)**
Add (Deduct) Impact of:				
Transaction Costs & Restructuring Costs	6.8	5.1	17.0	9.2
Share-Based Compensation	3.4	30.8	32.1	31.4
Other Non-Cash Operating Costs	4.4	(2.7)	(2.6)	(2.7)
Total Adjustments	14.6	33.2	46.5	37.9
Adjusted EBITDA (Non-IFRS)	**$ (39.4)**	**$ (28.1)**	**$ (172.0)**	**$ (50.6)**

Adjusted EBITDA (Non-IFRS) for the three months and year ended June 30, 2018 was adjusted to conform to the current year presentation of Adjusted EBITDA (Non-IFRS) for the 13 and 52 weeks ended June 29, 2019. Changes in fair value of biological assets and derivative liabilities are now included in other non-cash operating costs. Under the prior year presentation, Adjusted EBITDA Loss (Non-IFRS) was $24.6 million for the three months ended June 30, 2018 and $47.1 million for the year ended June 30, 2018.

See *"Key Business Metrics – Fiscal Fourth Quarter of 2019 Compared to Fiscal Third Quarter of 2019"* for reconciliations of other non-IFRS financial measures.

OVERALL PERFORMANCE

Factors Affecting Performance

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

- ***Aggressive Market Expansion.*** The Company's recent success in achieving a large retail footprint is attributable to its aggressive market expansion strategy, which has been a key driver of revenue growth. The Company has identified additional high potential markets in which it plans to expand into. MedMen expects acquisition-related costs, as well as marketing and selling expenses required to support these initiatives, will continue to grow along with revenue.

- ***Retail Growth.*** MedMen stores are located in premium locations in markets such as New York, California, Nevada, Arizona, Illinois and Florida. As it continues to increase sales, the Company expects to leverage its retail footprint to develop a robust distribution model.

- ***Direct-to-Consumer Channel Rollout.*** MedMen Delivery is available in California and Nevada, and the same-day delivery platform will be available to patients in Florida by calendar year-end. The Company expects to obtain increased traction with in-store pickup as well as its recently launched delivery service and loyalty rewards program during calendar year 2019.

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

- ***New Cannabis Products.*** On October 5, 2018, MedMen launched a comprehensive suite of new cannabis products under the brand [statemade]. The Company also recently launched MedMen Red which includes cartridges and disposable pens. The Company will continue introducing new branded products from its cultivation and production facilities gradually over calendar year 2019, including those facilities acquired during 2019, and in doing so expects to develop its wholesale channel. The Company expects further capital expenditures as it completes the rollout of cultivation and production facilities.

Trends

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

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

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

- ***Balanced Supply and Demand in States*.** The Company is reliant on the maintenance of a balance between supply and demand in the various states in which it operates cannabis retail stores. Federal law provides that cannabis and cannabis products may not be transported across state lines in the United States. As a result, all cannabis consumed in a state must be grown and produced in that same state. This dynamic could make it more difficult, in the short term, to maintain a balance between supply and demand. If excess cultivation and production capacity is created in any given state and this is not matched by increased demand in that state then this could exert downward pressure on the retail price for products. A substantial increase in retail licenses offered by state authorities in any given state could result in increased competition and exert downward pressure on the retail pricing. If cultivation and production in a state fails to match demand, there could be insufficient supply of product in a state to meet demand, causing retail revenue in that state to fall or stagnate.

Risks and Uncertainties

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

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

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

Components of Results of Operations

Revenue

For the 52 weeks ended June 29, 2019, the Company derived the vast majority of its revenue from direct sales to customers in its retail stores. Approximately 73% of revenue was generated from operations in California, with the remaining 27% from operations in New York, Nevada, Arizona, Illinois and Florida. Revenue through retail stores is recognized upon delivery of the goods to the customer and when collection is reasonably assured, net of an estimated allowance for sales returns.

Cost of Goods Sold and Gross Profit

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

Over the past two years, the Company has prioritized rapid retail expansion and revenue growth over gross margin improvements. However, as the Company's retail footprint increases and its cultivation and production facilities become fully productive, the Company expects gross margin to significantly improve through leveraging its distribution power.

Expenses

General and administrative expenses represent costs incurred in MedMen's corporate offices, primarily related to personnel costs, including salaries, incentive compensation, benefits, share-based compensation and other professional service costs, including legal and accounting. The Company expects to continue investing in its corporate infrastructure to support its aggressive expansion plans and to support the increasing complexity of the cannabis business. However, now that the Company is more mature, management has begun to implement cost-saving measures to streamline operations.

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

Income Taxes

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

Previous Financings

During the year ended June 30, 2018, the Company raised $261.6 million from a combination of contributions from members, non-controlling interests, issuance of notes payable, sales of member units and private placements. Of the capital raised during the year ended June 30, 2018, approximately $189.2 million was used for the following: debt payments ($23.4 million), business acquisitions ($28.4 million), a management service agreement purchase ($4.0 million), cultivation and retail property and equipment purchases ($59.6 million) and general working capital needs to fund operations ($73.4 million).

During the 52 weeks ended June 29, 2019, the Company raised approximately $331.1 million through the issuance of debt and equity instruments. The funds received during the 52 week period and from the previous year's financing were used primarily for operations ($236.1 million for the 52 weeks ended June 29, 2019), purchases of $125.0 million of property and equipment, and acquisition of assets and businesses of $46.5 million. During this period, the Company executed on its plans and adhered to its objectives using the capital raised.

SELECTED FINANCIAL INFORMATION

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

The following table sets forth selected consolidated financial information for the periods indicated that was derived from the audited consolidated financial statements and the respective accompanying notes prepared in accordance with IFRS. Adjusted Net Loss, EBITDA, Adjusted EBITDA exclude certain material non-cash items and certain other adjustments that the Company believes are not reflective of ongoing operations and performance. Adjusted Net Loss, EBITDA, Adjusted EBITDA and Working Capital are not measures that are defined under IFRS. See *"Non-IFRS Financial Measures"* for non-IFRS reconciliations and other non-IFRS definitions.

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

($ in Millions)	13 Weeks Ended June 29, 2019	Three Months Ended June 30, 2018	52 Weeks Ended June 29, 2019	Year Ended June 30, 2018
Revenue	$ 42.0	$ 20.6	$ 130.0	$ 39.8
Gross Profit Before Fair Value Adjustments for Biological Assets	$ 16.0	$ 5.9	$ 56.5	$ 13.1
Loss from Operations	$ (53.3)	$ (66.0)	$ (231.7)	$ (96.6)
Total Other Expense (Income)	$ 22.3	$ 12.1	$ 31.5	$ 14.1
Net Loss and Comprehensive Loss	$ (82.9)	$ (80.3)	$ (277.0)	$ (113.8)
Net Loss and Comprehensive Loss Attributable to Non-Controlling Interest	$ (58.7)	$ (47.4)	$ (197.9)	$ (46.2)
Net Loss and Comprehensive Loss Attributable to Shareholders of MedMen Enterprises Inc.	$ (24.2)	$ (32.9)	$ (79.1)	$ (67.6)
Adjusted Net Loss	$ (68.3)	$ (47.1)	$ (230.5)	$ (75.9)
EBITDA	$ (54.0)	$ (61.3)	$ (218.5)	$ (88.5)
Adjusted EBITDA	$ (39.4)	$ (28.1)	$ (172.0)	$ (50.6)

DISCUSSION OF OPERATIONS

52 Weeks Ended June 29, 2019 Compared to Year Ended June 30, 2018

($ in Millions)	52 Weeks Ended June 29, 2019	Year Ended June 30, 2018	$ Change	% Change
Revenue	$ 130.0	$ 39.8	$ 90.2	227%
Cost of Goods Sold	73.5	26.7	46.8	175%
Gross Profit Before Fair Value Adjustments	56.5	13.1	43.4	331%
Realized Fair Value of Inventory Sold	(16.0)	-	(16.0)	-
Unrealized Gain on Changes in Fair Value of Biological Assets	20.4	0.7	19.7	2,814%
Gross Profit	60.9	13.8	47.1	341%
Expenses:				
General and Administrative	244.0	98.2	145.8	148%
Sales and Marketing	27.6	7.0	20.6	294%
Depreciation and Amortization	21.0	5.2	15.8	304%
Total Expenses	292.6	110.4	182.2	165%
Loss from Operations	(231.7)	(96.6)	(135.1)	140%
Other Expense (Income):				
Interest Expense	12.3	5.3	7.0	132%
Interest Income	(0.7)	-	(0.7)	-
Amortization of Debt Discount and Loan Origination Fees	10.5	10.8	(0.3)	(3%)
Change in Fair Value of Derivatives	(4.4)	(2.9)	(1.5)	52%
Unrealized Gain on Changes in Fair Value of Investments	(4.3)	-	(4.3)	-
Unrealized Loss on Changes in Fair Value of Contingent Consideration	8.4	-	8.4	-
Other Expense	9.7	0.9	8.8	978%
Total Other Expense (Income)	31.5	14.1	17.4	123%
Loss Before Provision for Income Taxes	(263.2)	(110.7)	(152.5)	138%
Provision for Income Taxes	13.8	3.1	10.7	345%
Net Loss and Comprehensive Loss	(277.0)	(113.8)	(163.2)	143%
Net Loss and Comprehensive Loss Attributable to Non-Controlling Interest	197.9	46.2	151.7	328%
Net Loss and Comprehensive Loss Attributable to Shareholders of MedMen Enterprises Inc.	**$ (79.1)**	**$ (67.6)**	**$ (11.5)**	**17%**
Adjusted Net Loss	$ (230.5)	$ (75.9)	$ (154.6)	204%
EBITDA	$ (218.5)	$ (88.5)	$ (130.0)	147%
Adjusted EBITDA	$ (172.0)	$ (50.6)	$ (121.4)	240%

Revenue

Revenue for the 52 weeks ended June 29, 2019 was $130.0 million, an increase of $90.2 million, or 227%, compared to revenue of $39.8 million for the year ended June 30, 2018. The increase in revenue was driven by the acquisitions of dispensaries in several states during 2018 through fiscal year 2019. More specifically, for the 52 weeks ended June 29, 2019, MedMen had 23 active retail locations in the states of California, New York, Nevada, Arizona, Illinois and Florida, compared to 11 active retail locations for the same period in the prior year. The addition of the new operating retail locations in fiscal year 2019 together with the passage of the adult-use cannabis laws in California and Nevada on January 1, 2018 and July 1, 2017, respectively, resulted in a significant increase in revenues. As the Company continues to acquire and build dispensaries and operationalize existing licenses, revenue will continue to increase in the coming periods. However, expectations of increased revenues through acquisitions are subject to risks as further noted or referenced herein.

Cost of Goods Sold and Gross Profit

Cost of goods sold for the 52 weeks ended June 29, 2019 was $73.5 million, an increase of $46.8 million, or 175%, compared with $26.7 million of cost of goods sold for the year ended June 30, 2018. Gross profit before fair value adjustments for realized fair value of inventory sold and unrealized gain on changes in fair value of biological assets for the 52 weeks ended June 29, 2019 was $56.5 million, representing a gross margin of 43%, compared with gross profit of $13.1 million, representing a gross margin of 33%, for the year ended June 30, 2018. The increases in cost of goods sold and gross profit were driven primarily by the acquisitions of dispensaries in California, New York, Nevada, Arizona, Illinois and Florida during 2018 through fiscal year 2019. For the 52 weeks ended June 29, 2019, the Company had 23 active retail locations in the states of California, New York, Nevada, Arizona, Illinois and Florida, compared to 11 active retail locations in the states of California, New York and Nevada for the same period in the prior year. The addition of new operating retail locations in fiscal year 2019 and the passage of the adult-use cannabis laws in California and Nevada on January 1, 2018 and July 1, 2017, respectively, resulted in a significant increase in revenue, and thus resulted in a significant increase in cost of goods sold and resulting gross profit. Further, the increase in the number of cultivation and production facilities operated by the Company allowed for improved margins on cannabis products. For the 52 weeks ended June 29, 2019, we operated six cultivation and production facilities in the states of Nevada, California, New York, Florida and Arizona, compared to two facilities in the states of Nevada and New York for the same period in the prior year. MedMen expects costs of goods sold to increase at a slower rate than the increase in revenue in the coming periods through leveraging of its supply chain and distribution to achieve higher gross margin rates.

Total Expenses

Total expenses, including general and administrative, sales and marketing and depreciation and amortization, for the 52 weeks ended June 29, 2019 were $292.6 million, an increase of $182.2 million, or 165%, compared to total expenses of $110.4 million for the year ended June 30, 2018, which represents 225% of revenue for the 52 weeks ended June 29, 2019, compared to 277% of revenue for the year ended June 30, 2018. The increase in total expenses was attributable to an increase in headcount and operating costs for retail stores acquired in California, Nevada, Arizona, Illinois and Florida.

General and administrative expenses for the 52 weeks ended June 29, 2019 and year ended June 30, 2018 were $244.0 million and $98.2 million, respectively, an increase of $145.8 million, or 148%. General and administrative expenses have increased primarily due to the growth of the Company's operations and retail locations and retention of management talent through equity compensation.

Sales and marketing expenses for the 52 weeks ended June 29, 2019 and year ended June 30, 2018 were $27.6 million and $7.0 million, respectively, an increase of $20.6 million, or 294%. The increase in sales and marketing expenses is primarily attributed to the increase in the Company's retail locations and marketing and advertising efforts to promote the MedMen brand.

Depreciation and amortization for the 52 weeks ended June 29, 2019 and year ended June 30, 2018 was $21.0 million and $5.2 million, respectively, an increase of $15.8 million, or 304%. The increase is attributed to the growth of the Company's operations through acquisitions, as well as significant property and equipment acquired in recent periods as compared to the same periods in the prior year.

Total Other Expense

Total other expense for the 52 weeks ended June 29, 2019 was $31.5 million, an increase of $17.4 million compared to total other expense of $14.1 million for the year ended June 30, 2018. The increase in total other expense was mainly attributed to increased interest expense given the Company's higher debt balance, a one-time expense related to restructuring costs of $7.6 million, and an unrealized loss on changes in fair value of contingent consideration of $8.4 million.

Provision for Income Taxes

The provision for income taxes for the 52 weeks ended June 29, 2019 was $13.8 million compared to the provision for income taxes of $3.1 million for the year ended June 30, 2018, primarily due to our increased revenue and operations compared to the same period in the prior year.

Net Loss

Net loss for the 52 weeks ended June 29, 2019 was $277.0 million, an increase of $163.2 million, or 143%, compared to a net loss of $113.8 million for the year ended June 30, 2018. The increase in net loss was driven by the factors related to revenue and expenses described above. More specifically, the increase in net loss was primarily attributable to a $145.8 million increase in general and administrative expenses related to increases in salaries and benefits, rent, security, fees associated with maintaining licenses, acquisition costs, insurance, banking and processing fees, all related to the Company's retail expansion and development of corporate operations to support such retail expansion, in addition to professional service costs, including legal, accounting, consulting and audit services, associated with being a publicly-traded company; and a $20.6 million increase in sales and marketing expenses primarily related to the development of the MedMen brand, the Company's retail expansion and to a lesser extent, MedMen's efforts to mainstream marijuana. Net loss attributable to non-controlling interest for the 52 weeks ended June 29, 2019 was $197.9 million, resulting in net loss of $79.1 million attributable to the shareholders of MedMen Enterprises Inc. compared to $67.6 million for the year ended June 30, 2018.

13 Weeks Ended June 29, 2019 Compared to Three Months Ended June 30, 2018

($ in Millions)	13 Weeks Ended June 29, 2019	Three Months Ended June 30, 2018	$ Change	% Change
Revenue	$ 42.0	$ 20.6	$ 21.4	104%
Cost of Goods Sold	26.0	14.7	11.3	77%
Gross Profit Before Fair Value Adjustments	16.0	5.9	10.1	171%
Realized Fair Value of Inventory Sold	(8.2)	-	(8.2)	-
Unrealized Gain on Changes in Fair Value of Biological Assets	7.7	0.7	7.0	1,000%
Gross Profit	15.5	6.6	8.9	135%
Expenses:				
General and Administrative	51.3	65.6	(14.3)	(22%)
Sales and Marketing	7.4	4.7	2.7	57%
Depreciation and Amortization	10.1	2.3	7.8	339%
Total Expenses	68.8	72.6	(3.8)	(5%)
Loss from Operations	(53.3)	(66.0)	12.7	(19%)
Other Expense (Income):				
Interest Expense	4.3	3.3	1.0	30%
Interest Income	(0.3)	-	(0.3)	-
Amortization of Debt Discount and Loan Origination Fees	6.8	10.8	(4.0)	(37%)
Change in Fair Value of Derivatives	(2.1)	(2.9)	0.8	(28%)
Unrealized Gain on Changes in Fair Value of Investments	(2.0)	-	(2.0)	-
Unrealized Loss on Changes in Fair Value of Contingent Consideration	8.4	-	8.4	-
Other Expense	7.2	0.9	6.3	700%
Total Other Expense (Income)	22.3	12.1	10.2	84%
Loss Before Provision for Income Taxes	(75.6)	(78.1)	2.5	(3%)
Provision for Income Taxes	7.3	2.2	5.1	232%
Net Loss and Comprehensive Loss	(82.9)	(80.3)	(2.6)	3%
Net Loss and Comprehensive Loss Attributable to Non-Controlling Interest	58.7	47.4	11.3	24%
Net Loss and Comprehensive Loss Attributable to Shareholders of MedMen Enterprises Inc.	**$ (24.2)**	**$ (32.9)**	**$ 8.7**	**(26%)**
Adjusted Net Loss	$ (68.3)	$ (47.1)	$ (21.2)	45%
EBITDA	$ (54.0)	$ (61.3)	$ 7.3	(12%)
Adjusted EBITDA	$ (39.4)	$ (28.1)	$ (11.3)	40%

Revenue

Revenue for the 13 weeks ended June 29, 2019 was $42.0 million, an increase of $21.4 million, or 104%, compared to revenue of $20.6 million for the three months ended June 30, 2018. The increase in revenue was driven by the acquisitions of dispensaries in several states during 2018 through fiscal year 2019. More specifically, for the 13 weeks ended June 29, 2019, MedMen had 23 active retail locations in the states of California, New York, Nevada Arizona, Illinois and Florida, compared to 11 active retail locations for the same period in the prior year. As the Company continues to acquire and build dispensaries and operationalize existing licenses, revenue will continue to increase in the coming periods. However, expectations of increased revenues through acquisitions are subject to risks as further noted herein and in the Annual Information Form.

Cost of Goods Sold and Gross Profit

Cost of goods sold for the 13 weeks ended June 29, 2019 was $26.0 million, an increase of $11.3 million, or 77%, compared with $14.7 million of cost of goods sold for the three months ended June 30, 2018. Gross profit before fair value adjustments for realized fair value of inventory sold and unrealized gain on changes in fair value of biological assets for the 13 weeks ended June 29, 2019 was $16.0 million, representing a gross margin of 38%, compared with gross profit of $5.9 million, representing a gross margin of 29%, for the three months ended June 30, 2018. The increases in cost of goods sold and gross profit were driven by the acquisitions of dispensaries in several states during 2018 through fiscal year 2019. More specifically, for the 13 weeks ended June 29, 2019, MedMen had 23 active retail locations in the states of California, New York, Nevada, Arizona, Illinois and Florida, compared to 11 active retail locations for the same period in the prior year. Further, the increase in the number of cultivation and production facilities operated by the Company allowed for improved margins on cannabis products. MedMen expects costs of goods sold to increase at a slower rate than the increase in revenue in the coming periods through leveraging of its supply chain and distribution to achieve higher gross margin rates.

Total Expenses

Total expenses, including general and administrative, sales and marketing and depreciation and amortization, for the 13 weeks ended June 29, 2019 were $68.8 million, a decrease of $3.7 million, compared to total expenses of $72.6 million for the three months ended June 30, 2018, which represents 164% of revenue for the 13 weeks ended June 29, 2019 compared to 352% of revenue for the three months ended June 30, 2018. The decrease in total expenses was attributable to the factors described below.

General and administrative expenses for the 13 weeks ended June 29, 2019 and three months ended June 30, 2018 were $51.3 million and $65.6 million, respectively, a decrease of $14.3 million, or 22%. General and administrative expenses have decreased primarily due to the Company's efforts to optimize corporate SG&A. Key drivers of the decrease in corporate SG&A expenses include general corporate cost savings, strategic headcount reductions across various departments, and elimination of non-core functions and overhead in various departments.

Sales and marketing expenses for the 13 weeks ended June 29, 2019 and three months ended June 30, 2018 were $7.4 million and $4.7 million, respectively, an increase of $2.7 million, or 57%. The increase in sales and marketing expenses is primarily attributed to the growth of our retail locations and increased marketing and advertising efforts to promote our brand.

Depreciation and amortization for the 13 weeks ended June 29, 2019 and three months ended June 30, 2018 was $10.1 million and $2.3 million, respectively, an increase of $7.8 million, or 339%. The increase is attributed to the growth of the Company's operations through acquisitions as well as significant property and equipment acquired in recent periods as compared to the same period in the prior year.

Total Other Expense

Total other expense for the 13 weeks ended June 29, 2019 was $22.3 million, an increase of $10.2 million, or 84%, compared to total other expense of $12.1 million for the three months ended June 30, 2018. The increase in total other expense was driven by a one-time expense related to restructuring costs of $7.6 million during the 13 weeks ended June 29, 2019 and changes in fair value of contingent consideration, offset by a decrease in amortization of debt discounts and loan origination fees.

Provision for Income Taxes

The provision for income taxes for the 13 weeks ended June 29, 2019 was $7.3 million compared to the provision for income taxes of $2.2 million for the three months ended June 30, 2018, primarily due to our increased revenue and operations compared to the same period in the prior year.

Net Loss

Net loss for the 13 weeks ended June 29, 2019 was $82.9 million, an increase of $2.6 million, compared to a net loss of $80.3 million for the three months ended June 30, 2018. The increase in net loss was primarily attributable to an increase in revenue and gross profit driven by the factors described above. In addition, there was a significant decrease in general and administrative expenses compared to the same period in the prior year as part of the Company's efforts to optimize Corporate SG&A, which was partially offset by an increase in sales and marketing expenses and an increase in depreciation and amortization expense compared to the three months ended June 30, 2018 related to acquisitions of assets related to the Company's retail, cultivation and manufacturing expansion. Further, other expense increased $10.2 million compared to the same period in the prior year due to a one-time expense related to restructuring costs of $7.6 million incurred during the 13 weeks ended June 29, 2019. Net loss attributable to non-controlling interest for the 13 weeks ended June 29, 2019 was $58.7 million, resulting in net loss of $24.2 million attributable to the shareholders of MedMen Enterprises Inc. compared to $32.9 million for the three months ended June 30, 2018.

SUMMARY OF QUARTERLY RESULTS

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

Period	Total Revenue	Net Loss	Active Retail Locations
	($ in Millions)		
13 Weeks Ended June 29, 2019	$ 42.0	$ (82.9)	23
13 Weeks Ended March 30, 2019	$ 36.6	$ (63.1)	21
13 Weeks Ended December 29, 2018 [(1)]	$ 29.9	$ (64.6)	16
Quarter Ended September 30, 2018	$ 21.5	$ (66.5)	14
Quarter Ended June 30, 2018	$ 20.6	$ (80.3)	11
Quarter Ended March 31, 2018	$ 14.4	$ (16.8)	7
Quarter Ended December 31, 2017	$ 3.1	$ (11.0)	5
Quarter Ended September 30, 2017	$ 1.8	$ (5.7)	5

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

Revenues increased quarter over quarter through the 13 weeks ended June 29, 2019, primarily due to the number of active retail locations acquired and operated. For the 13 weeks ended June 29, 2019, the Company experienced growth in sales from retail locations that had previously not operated in the prior period.

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

Net loss for the 13 weeks ended June 29, 2019 had been declining from the quarter ended June 30, 2018 as a result of a one-time recognition of equity compensation to management during the quarter ended June 30, 2018, followed by consistent net losses for the first three quarters of 2019. Net loss for the 13 weeks ended June 29, 2019 increased compared to the preceding few quarters as a result of restructuring costs incurred during the fiscal fourth quarter of 2019 and an increase in the provision for income taxes during the fiscal fourth quarter of 2019 arising from the Company's acquisitions during the year.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Financial Condition

The following table summarizes certain aspects of the Company's financial condition as of June 29, 2019 and June 30, 2018:

($ in Millions)	June 29, 2019	June 30, 2018	$ Change	% Change
Cash and Cash Equivalents	$ 33.8	$ 79.2	$ (45.4)	(57%)
Restricted Cash	$ 0.1	$ 6.2	$ (6.1)	(98%)
Total Current Assets	$ 115.8	$ 111.4	$ 4.4	4%
Total Assets	$ 634.6	$ 294.2	$ 340.4	116%
Total Current Liabilities	$ 114.9	$ 83.8	$ 31.1	37%
Notes Payable, Net of Current Portion	$ 167.7	$ 3.6	$ 164.1	4,558%
Total Liabilities	$ 433.8	$ 98.6	$ 335.2	340%
Total Shareholders' Equity	$ 200.8	$ 195.7	$ 5.1	3%
Working Capital	$ 0.8	$ 27.6	$ (26.7)	(97%)

As of June 29, 2019, the Company had $33.8 million of cash and cash equivalents and $0.8 million of working capital, compared to $79.2 million of cash and cash equivalents and $27.6 million of working capital as of June 30, 2018. Reductions in cash and cash equivalents were primarily due to the Company's significant investments in its retail expansion in which MedMen more than doubled the number of active retail locations as compared to the same period in the prior year, going from 11 retail stores as of June 30, 2018 to 23 retail stores as of June 29, 2019. Similarly, the Company had considerable uses of cash in its efforts to expand and develop its vertically-integrated supply chain, including substantial purchases of property and equipment. The decrease in cash and cash equivalents was also associated with significant payments on notes payable and costs associated with the issuances of debt. The foregoing uses of cash were partially offset by cash generated from sale and leaseback transactions and significant debt and equity financing during the fiscal year ended June 29, 2019.

The $26.7 million decrease in working capital was primarily related to an increase in accounts payable and accrued liabilities of $32.7 million, an increase of $9.3 million in derivative liabilities compared to none recorded as of June 30, 2018, an increase of $13.6 million in income taxes payable and an increase of $6.9 million in construction commitments. These increases were offset by a $32.1 million decrease in current notes payable relating to the sale of several properties under sale and leaseback transactions, and the conversion of convertible notes.

The decrease in working capital was also attributable to an increase of $22.9 million in inventory due to the Company's growth in active operations, an increase of $16.1 million in other current assets primarily related to investments, an increase of $4.8 million in prepaid expenses, and an increase of $5.2 million in derivative assets compared to none recorded as of June 30, 2018, offset by a decrease of $45.4 million in cash and cash equivalents.

The Company's working capital will be significantly impacted by growth in retail operations, opening new retail locations, increasing cultivation and production activities as well as adding new cultivation and production facilities coming online in the coming year. The ability to fund working capital needs will also be dependent on the Company's ability to raise additional debt and equity financing.

Liquidity and Capital Resources

As of June 29, 2019, cash generated from ongoing operations was not sufficient to fund operations and, in particular, to fund the Company's growth strategy in the short-term or long-term. The Company is required to raise additional funds from debt and equity financing. The primary need for liquidity is to fund working capital requirements of the business, including operationalizing existing licenses, capital expenditures, debt service and acquisitions. The primary source of liquidity has primarily been private and/or public financing and to a lesser extent by cash generated from sales. The ability to fund operations, to make planned capital expenditures, to execute on the growth/acquisition strategy, to make scheduled debt and rent payments and to repay or refinance indebtedness depends on the Company's future operating performance and cash flows, which are subject to prevailing economic conditions and financial, business and other factors, some of which are beyond its control.

For the 52 weeks ended June 29, 2019, the Company's monthly burn rate, which was calculated as cash spent per month in operating activities, was approximately $19.7 million. At its current operating level, the Company will not have sufficient funds generated from ongoing operations to cover short-term and long-term operational needs and capital expenditure plans related to operationalizing existing licenses. As of June 29, 2019, the Company had $33.8 million of cash and cash equivalents, $0.1 million of restricted cash and $0.8 million of working capital, compared to $79.2 million of cash and cash equivalents, $6.2 million of restricted cash and $27.6 million of working capital as of June 30, 2018. The decrease of $26.7 million in working capital is primarily due to an increase in current liabilities offset by an increase in current assets as of June 29, 2019 compared to June 30, 2018, as discussed above.

Cash Flows

($ in Millions)	52 Weeks Ended June 29, 2019	Year Ended June 30, 2018	$ Change	% Change
Net Cash Used in Operating Activities	$ (236.1)	$ (68.9)	$ (167.2)	243%
Net Cash Used in Investing Activities	(80.8)	(96.0)	15.2	(16%)
Net Cash Provided by Financing Activities	271.5	238.3	33.2	14%
Net (Decrease) Increase in Cash and Cash Equivalents	(45.4)	73.4	(118.8)	(162%)
Cash and Cash Equivalents, Beginning of Period	79.2	5.7	73.5	1,289%
Cash and Cash Equivalents, End of Period	**$ 33.8**	**$ 79.1**	**$ (45.3)**	(57%)

Cash Flow from Operating Activities

Net cash used in operating activities was $236.1 million for the 52 weeks ended June 29, 2019, an increase of $167.2 million, or 243%, compared to $68.9 million for the year ended June 30, 2018. The increase in net cash used in operating activities was primarily due to an increase in net loss of $163.2 million.

Cash Flow from Investing Activities

Net cash used in investing activities was $80.8 million for the 52 weeks ended June 29, 2019, a decrease of $15.2 million, or 16%, compared to $96.0 million for the year ended June 30, 2018. The decrease in net cash used in investing activities was primarily due to proceeds received from the sale of property of $96.4 million. The proceeds received were offset by an increase in cash paid for asset acquisitions of $19.8 million and an increase in purchases of property and equipment of $65.4 million compared to the same period in the prior year.

Cash Flow from Financing Activities

Net cash provided by financing activities was $271.5 million for the 52 weeks ended June 29, 2019, an increase of $33.2 million, or 14%, compared to $238.3 million for the year ended June 30, 2018. The increase in net cash provided by financing activities was primarily due to $128.6 million received from the issuance of equity financing instruments during the 52 weeks ended June 29, 2019 and an increase of $118.7 million from the issuance of notes payable during the 52 weeks ended June 29, 2019 compared to the same period in the prior year. The cash received from financing activities noted above was offset by an increase of $31.1 million in principal repayments on notes payable and a decrease of $21.9 million in contributions from members during the 52 weeks ended June 29, 2019 compared to the same period in the prior year. Additionally, the Company received $137.8 million from private placements during the year ended June 30, 2018 compared to none for the 52 weeks ended June 29, 2019.

Contractual Obligations

As of June 29, 2019 and June 30, 2018, and in the normal course of business, the Company has the following obligations to make future payments, representing contracts and other commitments that are known and committed.

The Company leases certain business facilities from third parties under operating lease agreements that specify minimum rentals. The leases expire through 2038 and contain certain renewal provisions. The Company's net rent expense for the 52 weeks ended June 29, 2019 and year ended June 30, 2018 was $24.7 million and $7.0 million, respectively, of which $2.1 million and $614,000, respectively, was included in cost of goods sold.

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

Fiscal Year Ending	Scheduled Payments
June 27, 2020	$ 36,752,852
June 26, 2021	40,265,184
June 25, 2022	41,329,391
June 24, 2023	40,722,473
June 29, 2024	37,413,162
June 28, 2025 and Thereafter	290,822,206
Total Future Minimum Lease Payments	**$ 487,305,268**

In addition to the commitments outlined above, the Company had the following contractual obligations as of June 29, 2019:

	< 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	TOTAL
Accounts Payable and Accrued Liabilities	$ 49,794,041	$ -	$ -	$ -	$ 49,794,041
Other Liabilities	$ 10,550,240	$ 22,214,365	$ 2,016,675	$ 6,646,754	$ 41,428,034
Derivative Liabilities	$ 9,343,485	$ -	$ -	$ -	$ 9,343,485
Finance Lease Liability	$ 11,873,173	$ 37,799,755	$ 27,127,623	$ 153,333,160	$ 230,133,711
Notes Payable	$ 20,229,641	$ 75,727,536	$ 819,144	$ 846,069	$ 97,622,390
Due to Related Party	$ 5,640,817	$ -	$ -	$ -	$ 5,640,817
Senior Secured Convertible Credit Facility	$ 90,270,837	$ -	$ -	$ -	$ 90,270,837

In addition to the commitments outlined above, the Company had the following contractual obligations as of June 30, 2018:

	< 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	TOTAL
Accounts Payable and Accrued Liabilities	$ 17,135,714	$ -	$ -	$ -	$ 17,135,714
Other Liabilities	$ 1,186,148	$ -	$ -	$ -	$ 1,186,148
Notes Payable	$ 52,353,625	$ -	$ 3,593,334	$ -	$ 55,946,959
Due to Related Party	$ 9,858,445	$ -	$ -	$ -	$ 9,858,445

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS BETWEEN RELATED PARTIES

Related Party Balances

All related party balances due from or due to the Company as of June 29, 2019 and June 30, 2018 did not have any formal contractual agreements requiring payment terms or interest.

As of June 29, 2019 and June 30, 2018, amounts due from related parties were as follows:

Name and Relationship to Company	Transaction	2019	2018
MMOF GP II, LLC ("Fund LP II"), an entity which Mr. Adam Bierman, Mr. Andrew Modlin and Mr. Christopher Ganan each holds 33.33% indirect voting interest. The shareholders each hold 27.12% of indirect equity interest in MMOF GP II, LLC, the General Partner of Fund II, which both hold equity interests in a subsidiary of the Company.	Management Fees [(1)]	$ 1,820,904	$ 2,100,000
MedMen Opportunity Fund GP, LLC ("Fund LP"), an entity which Mr. Adam Bierman, Mr. Andrew Modlin and Mr. Christopher Ganan each holds 33.33% indirect voting interest. The shareholders each hold 24.22% of indirect equity interest in MedMen Opportunity Fund GP, LLC, the General Partner of Fund I, which both hold equity interests in a subsidiary of the Company.	Management Fees [(1)]	1,228,259	1,228,259
MedMen Canada Inc., a 50/50 joint venture partnership between the Company and Cronos Group Inc.	Advance [(1)]	1,153,200	-
Other		719,092	180,776
Total Amounts Due from Related Parties		**$ 4,921,455**	**$ 3,509,035**

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

As of June 29, 2019 and June 30, 2018, amounts due to related parties were as follows:

Name and Relationship to Company	Transaction	2019	2018
Fund LP II, an entity which Mr. Adam Bierman, Mr. Andrew Modlin and Mr. Christopher Ganan each holds 33.33% indirect voting interest. The shareholders each hold 27.12% of indirect equity interest in MMOF GP II, LLC, the General Partner of Fund II, which both hold equity interests in a subsidiary of the Company.	Working Capital, Construction and Tenant Improvements, Lease Deposits and Cash Used for Acquisitions [(1)]	$ (1,093,896)	$ (2,427,693)
Fund LP, an entity which Mr. Adam Bierman, Mr. Andrew Modlin and Mr. Christopher Ganan each holds 33.33% indirect voting interest. The shareholders each hold 24.22% of indirect equity interest in MedMen Opportunity Fund GP, LLC, the General Partner of Fund I, which both hold equity interests in a subsidiary of the Company.	Working Capital, Management Fees and Cash Used for Acquisitions [(1)]	(2,862,647)	(2,862,647)
Other		(1,684,274)	(4,568,105)
Total Amounts Due to Related Parties		**$ (5,640,817)**	**$ (9,858,445)**

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

PROPOSED TRANSACTIONS

Key Developments Subsequent to June 29, 2019

Descriptions of significant events subsequent to June 29, 2019 are more fully described in the section *"Recent Developments"* above. Also refer to "*Note 29 – Subsequent Events*" of the audited consolidated financial statements for the 52 weeks ended June 29, 2019.

CRITICAL ACCOUNTING ESTIMATES

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

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

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

Estimated Useful Lives and Depreciation of Property and Equipment

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

Estimated Useful Lives and Amortization of Intangible Assets

Amortization of intangible assets is dependent upon estimates of useful lives and residual values which are determined through the exercise of judgment. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions.

Biological Assets and Inventory

In calculating the value of biological assets and inventory, management is required to make a number of estimates, including the stage of growth of the plant up to the point of harvest, harvesting costs, selling costs, average or expected selling and list prices, expected yields for the plants, and oil conversion factors. In calculating final inventory values, management compares the inventory cost to estimated net realizable value. Refer to "*Note 5 – Biological Assets*" of the audited consolidated financial statements for the 52 weeks ended June 29, 2019.

Business Combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Management exercises judgment in estimating the probability and timing of when earn-outs are expected to be achieved which is used as the basis for estimating fair value. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, *"Financial Instruments"*, or IAS 37, *"Provisions, Contingent Liabilities and Contingent Assets"*, as appropriate, with the corresponding gain or loss being recognized in profit or loss. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Compound Financial Instruments and Embedded Derivatives

The identification of components embedded within financial instruments is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the financial instruments at issuance and the subsequent recognition of interest on the liability component. Where the conversion option has a variable conversion rate, the conversion option is recognized as a derivative liability measured at fair value through profit and loss. The residual amount is recognized as a financial liability and subsequently measured at amortized cost. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Share-Based Compensation

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

Goodwill Impairment

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying value of goodwill has been impaired. Impairment is determined for goodwill by assessing if the carrying value of a cash-generating unit ("**CGU**") or group of CGU's, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs of disposal and the value-in-use. When determining the recoverable amount of the CGU or CGU's to which goodwill is allocated, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the recoverable amount.

Determination of CGUs

Goodwill and indefinite life intangibles are allocated to the CGU that represents the lowest level within the Company at which management monitors goodwill or indefinite life intangibles, and not at a level higher than an operating segment. For the purpose of impairment testing for goodwill, the Company allocates the goodwill to the group of CGU's expected to benefit from the business combination which management has determined to be the state level in which the CGU's will benefit from the acquired goodwill. For the purpose of impairment testing for indefinite lived intangibles, the Company compares the lowest level CGU's carrying amount with its recoverable amount.

Deferred Tax Assets

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

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, due from related party, investments, derivative assets, accounts payable and accrued liabilities, acquisition consideration related liabilities, notes payable, due to related party, derivative liabilities, and senior secured convertible credit facility. The carrying values of these financial instruments approximate their fair values as of June 29, 2019 and June 30, 2018.

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

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

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

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

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

Financial Risk Management

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

- ***Credit Risk***

  Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at June 29, 2019 is the carrying values of cash and cash equivalents, restricted cash, accounts receivable, and due from related party. The Company does not have significant credit risk with respect to its customers. All cash and cash equivalents are placed with major U.S. financial institutions.

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

- ***Liquidity Risk***

  Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. As of June 29, 2019, cash generated from ongoing operations was not sufficient to fund operations and growth strategy as discussed above in "*Financial Condition, Liquidity and Capital Resources*".

- ***Market Risk***

(i) Currency Risk

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

The Company's main risk is associated with fluctuations in Canadian dollars. The Company holds cash in U.S. dollars, investments denominated in U.S. dollars, debt denominated in U.S. dollars and equity denominated in U.S. and Canadian dollars. Such assets and liabilities denominated in currencies other than the U.S. dollar are translated based on the Company's foreign currency translation policy.

As of June 29, 2019 and June 30, 2018, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

(ii) Interest Rate Risk

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

(iii) Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company's investments are susceptible to price risk arising from uncertainties about their future outlook, future values and the impact of market conditions. The fair value of investments held in privately-held entities are based on a market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Summary of Outstanding Share Data

The Company had the following securities issued and outstanding and reserved for issuance as of October 15, 2019:

Securities	Number of Shares
Issued and Outstanding:	
Subordinate Voting Shares	208,298,137
Super Voting Shares	1,630,590
Additional Subordinate Voting Shares Reserved for Issuance : [1]	
MedMen Enterprises Inc.:	
Stock Options	13,538,102
Warrants [2]	38,305,718
Restricted Share Units	1,018,908
Convertible Notes Payable	50,736,423
MM Enterprises USA, LLC:	
LTIP Units	26,351,910
Redeemable Units	725,017
MM CAN USA, Inc.:	
Redeemable Shares	310,810,597
Warrants [2]	17,234,540
Total Additional Subordinate Voting Shares Reserved for Issuance	**458,721,215**

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

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

UNITED STATES REGULATORY ENVIRONMENT

Federal Regulatory Environment

The federal government of the United States regulates controlled substances through the CSA, which places controlled substances on one of five schedules. Currently, marijuana is classified as a Schedule I controlled substance. A Schedule I controlled substance means the Drug Enforcement Agency considers it to have a high potential for abuse, no accepted medical treatment, and a lack of accepted safety for the use of it even under medical supervision. Overall, the United States federal government has specifically reserved the right to enforce federal law in regards to the sale and disbursement of medical or adult-use marijuana even if such sale and disbursement is sanctioned by state law. **Accordingly, there are a number of significant risks associated with the business of the Company and unless and until the United States Congress amends the CSA with respect to medical and/or adult-use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a significant risk that federal authorities may enforce current federal law, and the business of the Company may be deemed to be producing, cultivating, extracting, or dispensing cannabis or aiding or abetting or otherwise engaging in a conspiracy to commit such acts in violation of federal law in the United States.**

As of June 29, 2019, $634,630,235 of the Company's assets and $129,963,405 of the Company's revenues (for the 52 weeks ended June 29, 2019) are exposed to U.S. marijuana-related activities. In this respect, all of the Company's assets and operations are currently related to U.S. marijuana-related activities.

The following table provides a list of the licenses granted to and disclosed as applied for by, and licenses that are subject to pending acquisitions by the Company.

Holding Entity	Permit/License	City	State	Expiration/ Renewal Date (if applicable) (MM/DD/YYYY)	Description	Status
Advanced Patients' Collective	C10-0000499-LIC	Los Angeles	CA	07/23/2020	State Adult Use and Medicinal Retail License – Provisional	Granted
	0002086145-0001-8. Fund Class J010			12/28/2018[2]	City of Los Angeles – Medical Retail	
	0002086145-0001-8. Fund Class J020			12/28/2018[2]	City of Los Angeles – Adult Use Retail	
	C11-0000635-LIC			07/02/2020	State Adult Use and Medicinal Distributor License - Provisional	
	LA-C-18-000454			N/A	City of Los Angeles – Temporary Distribution License	
The Compassion Network	C10-0000177-LIC			06/11/2020	State Adult Use and Medicinal Retail License – Provisional	Granted
	0002181643-0001-9 Fund Class J010			12/28/2018[2]	City of Los Angeles – Medical Retail	
	0002181643-0001-9 Fund Class J020			12/28/2018[2]	City of Los Angeles – Adult Use Retail	
Cyon Corporation, Inc.	C10-0000426-LIC			07/15/2020	State Adult Use and Medicinal Retail License – Provisional	Granted
	0002053218-0001-8. Fund Class J010			12/28/2018[2]	City of Los Angeles – Medical Retail	
	0002053218-0001-8. Fund Class J020			12/28/2018[2]	City of Los Angeles – Adult Use Retail	
San Diego Health & Wellness[1]	CUP 1291580	San Diego	CA	06/25/2020	Conditional Use Permit for Retail	Granted

Holding Entity	Permit/License	City	State	Expiration/ Renewal Date (if applicable) (MM/DD/YYYY)	Description	Status
MMOF San Diego Retail, Inc.	C10-0000378-LIC	San Diego	CA	07/04/2020	State Adult Use and Medicinal Retail License – Provisional	Granted
	N/A (Form DS-191)			05/23/2020	Medical Marijuana Consumer Cooperative Permit	
Sure Felt, LLC	C10-0000379-LIC			07/04/2020	State Adult Use and Medicinal Retail License – Provisional	Granted
	N/A (Form DS-191)			04/17/2020	Medical Marijuana Consumer Cooperative Permit	
	CUP 1865509			06/18/2021	Conditional Use Permit for Retail	
Desert Hot Springs Green Horizon, Inc.	CUP 14-16	Desert Hot Springs	CA	03/13/2020	Conditional Use Permit for Cultivation	Granted
	CUP 14-16			03/13/2020	Conditional Use Permit for Production	
	CUP 14-16			03/13/2020	Conditional Use Permit for Distribution	
	Regulatory Safety Permit			04/02/2020	City of Desert Hot Springs – Permit to Operate a Cultivation, Manufacturing and Distribution Facility	
	CDPH-10003152			05/10/2020	State Adult Use and Medicinal Manufacturing License – Provisional	
	C11-0000490-LIC			06/24/2020	State Adult Use and Medicinal Distributor License – Provisional	
	CAL19-0004050			09/13/2020	State Adult Use and Medicinal Cultivation License – Provisional	
Rochambeau, Inc.	C10-0000385-LIC	Emeryville	CA	07/07/2020	State Adult Use and Medicinal Retail License – Provisional	Granted
	EPD19-006			08/21/2020	Cannabis Operator – Dispensary and Delivery Permit	
	UP18-001			02/22/2021	Conditional Use Permit for Retail	
Viktoriya's Medical Supplies LLC (d/b/a Buddy's Cannabis)	C12-0000144-LIC	San Jose	CA	07/04/2020	State Adult Use and Medicinal Microbusiness License – Provisional	Granted
	101-568997			12/14/2019	City of San Jose – Medical Cannabis Cultivation, Medical Cannabis Distribution, Medical Cannabis Manufacturing, Medical Cannabis Retail, Non-Medical Cannabis Cultivation, Non-Medical Cannabis Distribution, Non-Medical Cannabis Manufacturing, Non-Medical Cannabis Retail	
MattnJeremy, Inc.	C10-0000438-LIC	Long Beach	CA	07/15/2020	State Adult Use and Medicinal Retail License – Provisional	Granted
	MJ21908296			01/04/2023	Medical Cannabis Dispensary with Delivery	
	MJ21908299			08/30/2023	Adult-Use Cannabis Dispensary with Deliver	

Holding Entity	Permit/License	City	State	Expiration/ Renewal Date (if applicable) (MM/DD/YYYY)	Description	Status
The Source Santa Ana	C10-0000442-LIC	Santa Ana	CA	07/15/2020	State Adult Use and Medicinal Retail License – Provisional	Granted
	2018-16			06/11/2019[3]	Regulatory Safety Permit	
PHSL, LLC	C10-0000425-LIC	Seaside	CA	07/15/2020	State Adult Use and Medicinal Retail License – Provisional	Granted
	9992016567			06/30/2020	City Business License	
Farmacy Collective	C10-0000421-LIC	West Hollywood	CA	07/14/2020	State Adult Use and Medicinal Retail License – Provisional	Granted
	17-0013			12/31/2019	Temporary Use Permit – Sale of Adult-Use and Medical	
	MMC-0004536			12/31/2019	Business License – Medical Marijuana	
MMOF Fremont Retail, Inc.	Certificate: 51798010886861416556 Code: D178	Las Vegas	NV	06/30/2020	State of NV – Final Registration Certificate	Granted
	67501179020484699802			06/30/2020	State of NV – Recreational Marijuana Store License	
	License No.: M66-00014			01/01/2020	City of Las Vegas – Medical Business License	
	License No.: M66-00015			01/01/2020	City of Las Vegas – Retail Business License	
MMOF Vegas Retail, Inc.	2000169.MMR.301	Clark County	NV	12/31/2019	Clark County Business License – Marijuana Master License	Granted
	Certificate: 34652970986411553293 Code: D078			06/30/2020	State of NV – Final Registration Certificate	
	04045523128584413069			06/30/2020	State of NV – Recreational Marijuana Store License	
MMOF Vegas Retail 2, Inc.	2000104.MMR-301			12/31/2019	Clark County Business License – Marijuana Master License	Granted
	Certificate: 20254016881821567342 Code: D092			06/30/2020	State of NV – Final Registration Certificate	
	47182081583508846760			06/30/2020	State of NV – Recreational Marijuana Store License	
MMNV2 Holdings I, LLC	Certificate: 17870088520850390544 Code: C025	Unincorporated Washoe County	NV	06/30/2020	State of NV – Final Registration Certificate	Granted
	07912568590104527553			07/31/2020	State of NV – Marijuana Cultivation Facility License – Recreational	
	28332017443877189253		NV	07/31/2020	State of NV Marijuana Production Facility License – Recreational	

Holding Entity	Permit/License	City	State	Expiration/ Renewal Date (if applicable) (MM/DD/YYYY)	Description	Status
MMNV2 Holdings I, LLC	Certificate: 42811321585035807243 Code: P016	Unincorporated Washoe County	NV	06/30/2020	State of NV – Final Registration Certificate	Granted
	W000009ME-LIC			09/01/2019[3]	Washoe County Cultivation Marijuana Establishment Business License	
	W000005ME-LIC			09/01/2019[3]	Washoe County Marijuana Establishment Product Manufacturing Business License	
MMNV2 Holdings V, LLC	Certificate: 10617708293398081636 Code: C036			06/30/2020	State of NV – Marijuana Cultivation Facility License – Medical	Granted
	86355113381169981369			02/29/2020	State of NV – Marijuana Cultivation Facility License – Recreational	
	W000018ME-LIC			09/01/2019[3]	Washoe County Cultivation Marijuana Establishment Business License	
MedMen NY, Inc.	MM0501M	Utica	NY	07/31/2021	Utica – Manufacturing License	Granted
	MM0502D	Lake Success		07/31/2021	Lake Success – Dispensary License	
	MM0503D	New York		07/31/2021	New York – Dispensary License	
	MM0504D	Syracuse		07/31/2021	Syracuse – Dispensary License	
	MM0505D	Williamsville		07/31/2021	Williamsville – Dispensary License	
MME Florida, LLC	N/A	Eustis	FL	01/15/2020	Florida – Cultivation/Processing	Granted
	N/A	West Palm Beach		01/15/2020	Medical Marijuana Treatment Center (Dispensary)	
	N/A	Key West		01/15/2020	Medical Marijuana Treatment Center (Dispensary)	
	N/A	Pensacola		01/15/2020	Medical Marijuana Treatment Center (Dispensary)	
	N/A	St. Petersburg		01/15/2020	Medical Marijuana Treatment Center (Dispensary)	
	N/A	Jacksonville Beach		01/15/2020	Medical Marijuana Treatment Center (Dispensary)	
	N/A	Tallahassee		01/15/2020	Medical Marijuana Treatment Center (Dispensary)	
	N/A	Orlando		01/15/2020	Medical Marijuana Treatment Center (Dispensary)	
	N/A	Various		TBD	Dispensary – up to 35	
EBA Holdings, Inc.	00000072DCMU00762354	Scottsdale	AZ	08/07/2020	Dispensary	Granted
	00000072DCMU00762354	Tempe		08/07/2020	Cultivation/Manufacturing	

Holding Entity	Permit/License	City	State	Expiration/ Renewal Date (if applicable) (MM/DD/YYYY)	Description	Status
CSI Solutions, LLC	0000008DCJJ00257791	Scottsdale	AZ	08/07/2020	Dispensary	Granted
	0000008DCJJ00257791	Phoenix		08/07/2020	Cultivation/Manufacturing	
Kannaboost Technologies, Inc.	00000118DCKD00426097	Tempe	AZ	10/05/2019[3]	Dispensary	Granted
	00000118DCKD00426097	Tempe		10/05/2019[3]	Cultivation/Manufacturing	
	N/A	N/A		N/A	Cultivation/Manufacturing	
Future Transactions Holdings LLC	36-001	Oak Park	IL	08/22/2020	Dispensary	Granted
PharmaCann Virginia LLC	TBD	Staunton	VA	TBD	Dispensary/ Cultivation/Processing	Provisional
MME SF Retail, Inc.	N/A	San Francisco	CA	N/A	Dispensary	Pending Application
	N/A			N/A	Dispensary	
MME Pasadena Retail, LLC	N/A	Pasadena	CA	N/A	Dispensary	Pending Application
Enhanced Energies	N/A	Long Beach	CA	N/A	State Adult Use and Medicinal Retail and Distribution License	Pending Acquisition /Transfer
Ryan Cameron Rayburn	N/A	Vallejo	CA	N/A	State Adult Use and Medicinal Retail and Distribution License	Pending Acquisition /Transfer
MedMen Boston, Inc.	N/A	Boston	MA	N/A	Dispensary	Pending Application
Green Planet Patient Collective	MMJ19-0017	Ann Arbor	MI	07/30/2020	Provisioning Center – City	Pending Acquisition
Uldaman, Inc. (Green Plant Patient Collective)	PC-000128			09/10/2020	Provisioning Center – State	Pending Acquisition
PharmaCann LLC	1503060628	Hillcrest	IL	03/09/2020	Cultivation/Processing	Pending Acquisition
	34-001	Evanston		11/09/2019	Dispensary	

Notes:

(1) As a conditional use permit for retail, this permit is attached to the real estate, which is in turn owned by MMOF RE SD, LLC, a subsidiary of MMOF San Diego Retail, Inc., which is a subsidiary of the Company.

(2) The City of Los Angeles announced on January 8, 2019 that the Department of Cannabis Regulation will automatically extend all temporary local licenses by issuing an invoice to pay the annual renewal fees by the end of January 2019. This did not occur and all temporary licenses remain active and valid. On March 19, 2019, the Department released the annual applications process and the Company has submitted applications for all applicable licenses. During the review process, licenses remain valid.

(3) A renewal application has been submitted by the Company in respect of the noted license/permit. The license/permit remains effective during the renewal process. The Company expects to receive a renewal for such a license in the ordinary course of business.

Disclosure that a license has been granted to or applied for by the Company does not imply that all required regulatory steps have been satisfied to operate a cannabis facility under that license, as licensing commonly requires multiple levels of approval at the state and local level, as well as securing compliant real estate, and licenses listed as having been granted are often provisional in nature.

The Company's operations are in compliance with applicable state laws, regulations and licensing requirements. Additionally, the Company uses the same proprietary, best-practices policies and procedures in its managed dispensaries as in its owned dispensaries in order to ensure systematic operations and, as such, to the Company's knowledge, the dispensaries that the Company manages are in compliance with applicable state laws, regulations and licensing requirements.

Nonetheless, for the reasons described above and the risks further described under the *"Risk and Uncertainties"* section herein and in the Company's Annual Information Form, there are significant risks associated with the business of the Company. Readers are strongly encouraged to carefully read all the risk factors contained herein and in the Company's Annual Information Form.

The following sections describe the legal and regulatory landscape in respect of the states in which the Company currently operate and as such in which it is currently contemplated that the Company will be operating upon completion of announced transactions.

While the Company's compliance controls have been developed to mitigate the risk of any material violations of a license arising, there is no assurance that the Company's licenses will be renewed in the future in a timely manner. Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations of the Company and have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

California

California Regulatory Landscape

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

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

In September 2015, the California legislature passed three bills collectively known as the "Medical Cannabis Regulation and Safety Act" ("**MCRSA**"). The MCRSA established a licensing and regulatory framework for medical marijuana businesses in California. The system created multiple license types for dispensaries, infused products manufacturers, cultivation facilities, testing laboratories, transportation companies, and distributors. Edible infused product manufacturers would require either volatile solvent or non-volatile solvent manufacturing licenses depending on their specific extraction methodology. Multiple agencies would oversee different aspects of the program and businesses would require a state license and local approval to operate. However, in November 2016, voters in California overwhelmingly passed Proposition 64, the "Adult Use of Marijuana Act" ("**AUMA**") creating an adult-use marijuana program for adult-use 21 years of age or older. AUMA had some conflicting provisions with MCRSA, so in June 2017, the California State Legislature passed Senate Bill No. 94, known as Medicinal and Adult-Use Cannabis Regulation and Safety Act ("**MAUCRSA**"), which amalgamates MCRSA and AUMA to provide a set of regulations to govern medical and adult-use licensing regime for cannabis businesses in the State of California. The four agencies that regulate marijuana at the state level are the California Department of Consumer Affairs' Bureau of Cannabis Control ("**BCC**"), California Department of Food and Agriculture ("**CDFA**"), California Department of Public Health ("**CDPH**"), and California Department of Tax and Fee Administration.

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

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

Licenses

The Company is licensed to operate as a Medical and Adult-Use Retailer, Cultivator, Manufacturer and Distributor under applicable California and local jurisdictional law. The Company's licenses permit it to possess, cultivate, distribute, dispense and sell medical and adult-use cannabis in the state of California pursuant to the terms of the various licenses issued by the BCC under the provision of the MAUCRSA and California Assembly Bill No. 133.

The licenses are independently issued for each approved activity for use at the Company's facilities in California. The Company is licensed to operate thirteen (13) Medical and Adult-Use Dispensaries and holds two (2) licenses to operate Medical and Adult-Use Manufacturing, Cultivation and Distribution facilities. The Company manages and operates two (2) Medical and Adult-Use Dispensaries and has two (2) pending acquisitions of licenses to operate Medical and Adult-Use Dispensaries in the state of California.

California state and local licenses are renewed annually. Each year, licensees are required to submit a renewal application per guidelines published by BCC, CDFA and CDPH. While renewals are annual, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, the Company would expect to receive the applicable renewed license in the ordinary course of business.

Regulations

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

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

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

Reporting Requirements

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

Nevada

Nevada Regulatory Landscape

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

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

Licenses

The Company maintains three (3) Medical and Recreational Dispensary licenses, two (2) Medical and Recreational Cultivation licenses and one (1) Medical and Recreational Manufacturing license in the state of Nevada Under applicable laws, the licenses permit the Company to cultivate, manufacture, process, package, sell, and purchase marijuana pursuant to the terms of the licenses.

Licenses are renewed annually and there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner along with the necessary supporting documents, and regulatory requirements are met, the licensee would expect to receive the applicable renewed license in the ordinary course of business.

Regulations

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

Reporting Requirements

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

Florida

Florida Regulatory Landscape

In June 2014, the Florida Legislature and Governor enacted the Compassionate Medical Cannabis Act (SB1030) (the "**CMCA**") to provide a comprehensive, safe and effective medical marijuana program to meet the needs of Florida residents. The program currently licensed 22 Medical Marijuana Treatment Centers[2] (each, an "**MMTC**") to hold vertically-integrated licenses and service qualified patients and caregivers. The Florida State Department of Health's Office of Medical Marijuana Use (the "**OMMU**") is the regulatory agency overseeing the medical marijuana program.

[2] https://knowthefactsmmj.com/mmtc/

Licenses

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

The expiration/renewal date for the Company's Florida license is January 15, 2020. Florida state licenses are issued unnumbered and are renewed biennially. Licensees are required to submit a renewal application and fees per guidelines published by OMMU. While renewals are biennial, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and regulatory requirements are met, the Company would expect to receive the applicable renewed license in the ordinary course of business.

Regulations

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

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

Allowable forms of medical marijuana in Florida State are marijuana (flower, including pre-rolls) and marijuana derivative products (vape pens, gel caps, tinctures, etc.). Edibles are codified into existing regulations but are not yet approved.

In the state of Florida, only cannabis that is grown and manufactured in the state can be sold in the state. Florida is a vertically-integrated system, providing under a single license the holder with the ability to cultivate, harvest, process, transport, sell and dispense cannabis products. Delivery is allowed from dispensaries to patients, however the delivery must be pre-approved by the OMMU.

Reporting Requirements

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

Arizona

Arizona Regulatory Landscape

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

product types are allowed in the state including medical marijuana and manufactured and derivative products which contain medical marijuana.

Licenses

The Company maintains three (3) licenses in the state of Arizona which allow the Company to operate three (3) dispensaries, and up to three (3) onsite cultivation and processing facilities, and three (3) offsite cultivation and processing facilities, subject to all applicable rules, regulations and requirements, under AMMA and local jurisdictions.

Arizona state licenses are renewed annually, with all license renewals switching to a two-year renewal cycle at the end of 2019. Licensees are required to submit a renewal application, an annual financial statement, an audit of the annual financial statement prepared by an independent certified public accountant for the previous year and fees outlined in the AZDHS rules. There is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner along with the necessary supporting documents, and regulatory requirements are met, the licensee would expect to receive the applicable renewed license in the ordinary course of business.

Regulations

Licenses in Arizona permit the sale of medical cannabis products to any qualified patients who possess a valid registry ID card. Under the terms of Arizona licenses, the applicable holder is permitted to sell AZDHS approved medical marijuana manufactured products to any qualified patient, provided that the patient presents a valid government-issued photo identification and AZDHS-issued Registry Identification Card proving the patient or designated caregiver meets the statutory conditions to be a qualified patient or designated caregiver. Registry Identification Cards are valid for two years after the date approval.

In order for a patient or designated caregiver to be dispensed marijuana, the Registry Identification Card must be entered in the state's electronic verification system. The registry is monitored by the AZDHS, and contains medical marijuana dispensing history to ensure that patients only receive a maximum of 2.5 ounces of medical marijuana every 14 days.

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

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

Reporting Requirements

The AZDHS has not selected a state mandated seed-to-sale system at this time. Licensed entities are permitted to choose their own provider or to track marijuana products from seed-to-sale using proprietary methods. Although there are no periodic reporting requirements to the State, full seed-to-sale tracking is required by all licensees and is periodically audited by the AZDHS.

New York

New York Regulatory Landscape

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

Licenses

Under New York jurisdictional law, an RO is licensed to operate as a vertically-integrated medical marijuana cultivator, manufacturer and retailer. MedMen was issued a vertically-integrated license, which allows MedMen to operate one (1) cultivation/manufacturing facility and four (4) medical dispensaries, under the CCA and Medical Use of Marijuana Regulations (Title 10, Chapter XIII, Part 1004) by the NYSDOH, permitting MedMen to possess, cultivate, process, transport, dispense and sell medical cannabis in the state of New York.

State licenses in New York are renewed every two years. Before the two-year period ends, licensees are required to submit a renewal application per guidelines published by the NYSDOH. While renewals are granted every two years, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, the licensee would expect to receive the applicable renewed license in the ordinary course of business.

Regulations

An RO is permitted to sell NYSDOH approved medical marijuana manufactured products to any New York qualified patient, provided that the patient presents a valid government-issued photo identification, a physician's recommendation and a NYSDOH-issued Registry Identification Card proving the patient or designated caregiver meets the statutory conditions to be a qualified patient or designated caregiver. Registry Identification Cards are valid for one year after the date the certification is signed. The card contains the recommendation from the physician and the limitation on form or dosage of medical marijuana.

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

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

- metered liquid or oil preparations;
- solid and semisolid preparations (e.g. capsules, chewable and effervescent tablets, lozenges);
- metered ground plant preparations; and
- topical forms and transdermal patches.

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

In the state of New York, only cannabis that is grown and manufactured in the state can be sold in the state. New York is a vertically-integrated system however it does allow ROs to wholesale manufactured product to one another. Delivery is allowed from dispensaries to patients, however the delivery plan must be pre-approved by the NYSDOH.

Reporting Requirements

The state of New York has selected BioTrackTHC's solution as the state's T&T system used to track commercial cannabis activity and seed-to-sale. The BioTrackTHC system is required to serve as all ROs' patient verification system, but is optional as the RO facing tracking system. In addition to entering all dispensing transactions into the BioTrackTHC system, every month the NYSDOH requests a dispensing report in Excel format, via email, showing all products dispensed for the month. This is the only report a licensee is required to submit to the NYSDOH. All other data is pulled by the NYSDOH directly from the licensee's seed-to-sale tracking system.

Illinois

Illinois Regulatory Landscape

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

In June 2019, Illinois governor signed legislation legalizing marijuana for recreational use. The Amendment to House Bill 1438, legalizing marijuana for recreational use, goes into effect on January 1, 2020 when recreational sales of marijuana will be legal in the state.

Licenses

The Company operates one (1) DO license, allowing the Company to dispense medical marijuana to qualified patients under the Illinois Act. The Company is also in the process of acquiring a cultivation and processing license in Hillcrest, Illinois, and an additional DO license in Evanston, Illinois from PharmaCann.

With passing of new legislation, all existing DO licenses are entitled to obtain a recreational license to become a co-located adult-use and medical dispensary as well as an additional adult-use only location.

Licensees are required to submit an annual renewal application and fees per guidelines published by the IDFPR and the Department of Agriculture respectively. While renewals are annual, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and regulatory requirements are met, the licensee would expect to receive the applicable renewed license in the ordinary course of business.

Regulations

Under the terms of a DO license, licensees are permitted to sell medical cannabis products to qualified patients provided that the patient presents a valid government-issued photo identification and IDPH-issued Registry Identification Card proving the patient or designated caregiver meets the statutory conditions to be a qualified patient or designated caregiver. Registry Identification Cards are valid for one year after the date of approval. Under the terms of a cultivation center license, licensees are permitted to cultivate, harvest, manufacture and distribute medical cannabis in the state.

In order for a patient or designated caregiver to be dispensed marijuana, they must be registered in the Medical Cannabis Registry Program, the DO must enter the Registry ID card into the medical cannabis electronic verification system, and verify that dispensing would not exceed dispensing limits. The registry is monitored by the IDPH and contains medical cannabis dispensing history to ensure that only patients receive a maximum of 2.5 ounces of medical cannabis every 14 days.

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

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

Reporting Requirements

The state of Illinois has selected BioTrackTHC's solution as the state's track and trace system used to track commercial cannabis activity and seed-to-sale. Licensed entities are permitted to choose their own provider, with a requirement that it has the ability integrate with BioTrackTHC via an API.

Massachusetts

Massachusetts Regulatory Landscape

The use of cannabis for medical use was legalized in Massachusetts by a voter approval of the Massachusetts Marijuana Initiative in 2012. The law took effect on January 1, 2013, eliminating criminal and civil penalties for the possession and use of up to a 60-day or ten (10) ounce supply of marijuana for medical use for patients possessing a state issued registration card.

On November 8, 2016, Massachusetts voters approved Question 4 or the Massachusetts Marijuana Legalization Initiative, which allowed for recreational or "adult use" cannabis in the Commonwealth. On September 12, 2017, the Cannabis Control Commission ("**CCC**") was established under Chapter 55 of the Acts of 2017 (the "**Massachusetts Act**") to implement and administer laws enabling access to medical and adult-use cannabis.

On November 16, 2018, the CCC issued the first notices for retail marijuana establishments to commence adult-use operations in Massachusetts.

Under the current program there are no state-wide limits on the total number of licenses permitted however, no individual or entity shall be a controlling person over more than three licenses in a particular class of license. Similarly, no individual, corporation or other entity shall be in a position to control the decision making of more than three licenses in a particular class of license. In addition, all Marijuana Establishments are required to enter into host community agreements with the municipality in which they are located.

Licenses

MedMen has applied for a Marijuana Retailer license in the state of Massachusetts. Please refer to the *"Federal Regulatory Environment"* section herein.

Provisional Marijuana Establishment licenses are valid for one (1) year and licenses must be renewed annually thereafter in accordance with CCC guidelines. There is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, the applicable licensee provides an accounting of the financial benefits accruing to the municipality as the result of the host community agreement, and regulatory requirements are met, the licensee would expect to receive the applicable renewed license in the ordinary course of business.

Regulations

Under the terms of the Marijuana Cultivator license the licensee may cultivate, process and package marijuana, to transfer and deliver marijuana products to marijuana establishments, but not to consumers. A Marijuana Product Manufacturer is an entity authorized to obtain, manufacture, process and package marijuana and marijuana products, to deliver marijuana and marijuana products to Marijuana Establishments and to transfer marijuana and marijuana products to other Marijuana Establishments, but not to consumers. A Marijuana Retailer is an entity authorized to purchase and deliver marijuana and marijuana products from Marijuana Establishments and to sell or otherwise transfer marijuana and marijuana products to Marijuana Establishments and to consumers. A Marijuana Retailer provides a retail location which may be accessed by consumers 21 years of age or older or, if the retailer is co-located with a RMD by individuals who are registered qualifying patients with the Medical Use of Marijuana Program with a registration card.

In order for a customer to be dispensed marijuana, they must present a valid government issued photo ID immediately upon entry of the retail facility. If the individual is younger than 21 years old but 18 years of age or older, he or she shall not be admitted unless they produce an active medical registration card issued by the DPH. If the individual is younger than 18 years old, he or she shall not be admitted unless they produce an active medical registration card and they are accompanied by a personal caregiver with an active medical registration card. In addition to the medical

registration card, registered qualifying patients 18 years of age and older and personal caregivers must also produce proof of identification.

Each recreational customer may be dispensed no more than one ounce of marijuana or five grams of marijuana concentrate per transaction as outlined in 935 CMR 500.140(4). Medical patients may be dispensed up to a 60-day supply of marijuana, or equivalent amount of marijuana in MIPs, that a registered qualifying patient would reasonably be expected to need over a period of 60 calendar days for his or her personal medical use, which is ten ounces, subject to 105 CMR 725.010(I).

Allowable forms of marijuana in Massachusetts include smokable dried flower, dried flower for vaporizing, cannabis derivative products (i.e., vape pens, gel caps, tinctures, etc.) and medical cannabis-infused products, including edibles.

In the state of Massachusetts, only cannabis that is grown and manufactured in the state can be sold in the state. Massachusetts is not a vertically-integrated system, as a result a Marijuana Retailer may purchase and transport marijuana products from Marijuana Establishments and transport, sell or otherwise transfer marijuana products to Marijuana Establishments and to consumers. Licensed cultivators and product manufacturers may cultivate, harvest, process, produce package and sell marijuana products to Marijuana Establishments.

Reporting Requirements

The state of Massachusetts has selected Franwell's METRC solution as the state's T&T system used to track commercial cannabis activity and movement across the distribution chain ("**seed-to-sale**"). The system allows for other third-party system integration via API.

Michigan

Michigan Regulatory Landscape

In November 2008, Michigan residents approved the Michigan Medical Marijuana Act (the "**MMMA**") to provide a legal framework for a safe and effective medical marijuana program. In September 2016, the Michigan Senate passed the Medical Marijuana Facilities Licensing Act (the "**MMFLA**") and the Marijuana Tracking Act (the "**MTA**" and together with the MMMA and the MMFLA, the "**Michigan Cannabis Regulations**") to provide a comprehensive licensing and tracking scheme, respectively, for the medical marijuana program. Additionally, the Michigan Department of Licensing and Regulatory Affairs and its licensing board ("**LARA**") has supplemented the Michigan Cannabis Regulations with "Emergency Rules" to further clarify the regulatory landscape surrounding the medical marijuana program. LARA is the main regulatory authority for the licensing of marijuana businesses.

Under the MMFLA, LARA administrates five types of "state operating licenses" for medical marijuana businesses: (a) a "grower" license, (b) a "processor" license, (c) a "secure transporter" license, (d) a "provisioning center" license and (e) a "safety compliance facility" license. There are no stated limits on the number of licenses that can be made available on a state level; however, LARA has discretion over the approval of applications and municipalities can pass additional restrictions.

On November 6, 2018, Michigan voters approved Proposal 1, to make marijuana legal under state and local law for adults 21 years of age or older and to control the commercial production and distribution of marijuana under a system that licenses, regulates, and taxes the businesses involved. The act will be known as the Michigan Regulation and Taxation of Marijuana Act. According to Proposal 1, LARA is required to start accepting applications for retail (recreational) dispensaries within 12 months of the measure's effective date.

Licenses

The Company entered into definitive agreements with Green Planet, Inc. and Uldaman, Inc. for the purchase of assets related to a licensed dispensary in Ann Arbor, Michigan.

State operating licenses for marijuana businesses have a 1 year term and are annually renewable if certain conditions are met: (a) the renewal application is submitted prior to the date the license expires, or within sixty (60) days of expiration if all other conditions are met and a late fee is paid, (b) the licensee pays the regulatory assessment fee set by LARA and (c) the licensee continues to meet the requirements to be a licensee under the Michigan Cannabis

Regulations. Each renewal application is reviewed by LARA, but there is no guarantee of a timely renewal. There is no ultimate expiry after which no renewals are permitted.

Regulations

Michigan Marijuana Products may be purchased in a retail setting from a provisioning center by registered qualified patients or registered primary caregivers connected to a registered qualifying patient (each, a "**Michigan Qualified Purchaser**"); in each case, Michigan Qualified Purchasers must present a valid registry identification card issued by LARA (a "**Michigan Registry ID**"). For a Michigan Qualified Purchaser to receive Michigan Marijuana Products, provision centers must deploy an inventory control and tracking system that is capable of interfacing with the statewide monitoring system to determine (a) whether a Michigan Qualified Purchaser holds a Michigan Registry ID and (b) whether the sale or transfer will exceed the then-current daily and monthly purchasing limit for the holder of the Michigan Registry ID.

For registered qualifying patients, the daily purchasing limit is 2.5 ounces, and for registered primary caregivers, the daily purchasing limit is 2.5 ounces per underlying registered qualifying patient that the registered primary caregiver is connected with through the registration process. Finally, the licensee shall verify in the statewide monitoring system that the sale or transfer does not exceed the monthly purchasing limit of ten (10) ounces of marijuana product per month to a qualifying patient, either directly or through the qualifying patient's registered primary caregiver.

Allowable forms of medical marijuana includes smokable dried flower, dried flower for vaporizing and marijuana-infused products, which are defined under the Act to include topical formulations, tinctures, beverages, edible substances or similar products containing usable marijuana that is intended for human consumption in a matter other than smoke inhalation. Under the Michigan Cannabis Regulations, marijuana-infused products shall not be considered food.

In the state of Michigan, only cannabis that is grown and manufactured in the state can be sold in the state. Michigan is not a vertically-integrated system, as a result, dispensary license holders are provided the ability to dispense medical cannabis and are able to acquire medical cannabis from any Michigan licensed grower and producer. Delivery is permitted from dispensaries to patients.

Reporting Requirements

Pursuant to the requirements of the MTA, Michigan selected Franwell's METRC software as the state's third-party solution for integrated marijuana industry verification. Using METRC, regulators are able to track third party inventory, permissible sales and seed-to-sale information. Additionally, provisioning centers can use the METRC API to connect their own inventory management and/or point-of-sale systems to verify the identity as well as permissible sales for Michigan Qualified Purchasers.

Virginia

Virginia Regulatory Landscape

Virginia legalized medical marijuana for the treatment of glaucoma and cancer as part of a sweeping overhaul of the state's drug laws in 1979. In 2015, state legislation provided an affirmative defense for the possession of cannabidiol or THC-A oil pursuant to a valid written certification for patient use of the oils from a physician to alleviate intractable epilepsy but made no provision for a patient to acquire these substances.

Legislation passed in 2016 and 2017 authorized five pharmaceutical processors, one in each Health Service Area, to produce and dispense these oils, under a permit issued by the Board of Pharmacy ("**BOP**"). Legislation in 2018 expanded the use of these oils to any diagnosed condition or disease, upon recommendation from any physician, and required that dispensing of these oils be reported to the Prescription Monitoring Program ("**PMP**"), and that physicians request information from the PMP prior to issuing written certifications. As set forth in §54.1-3442.6 of the Code of Virginia, the Board may issue or renew in any year a maximum of five pharmaceutical processor permits, one for each health service area established by the Board of Health. Currently, the program only allows for two types of products, cannabidiol oil and THC-A oil.

Permits

The Company holds one (1) conditionally approved Pharmaceutical Processor permit to operate in the state as a Pharmaceutical Processor.

An operational Pharmaceutical Processor permit is awarded once the following steps are completed:

- Designation of a Pharmacist-in-Charge (PIC);
- Evidence of criminal background checks for all employees and agents of the processor;
- Evidence of utilization of an electronic tracking system; and
- A satisfactory inspection of the facility conducted by the board or its agents.

The Pharmaceutical Processor permits allow the cultivation of Cannabis plants for the production of CBD oil and/or THC-A oil, and the dispensation of oils to patients registered by the BOP and who have obtained a written certification from a board-registered physician. Permits are renewed annually in accordance with BOP guidelines. There is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and regulatory requirements are met, the licensee would expect to receive the applicable renewed license in the ordinary course of business.

A pharmaceutical processor shall initially cultivate only the number of Cannabis plants necessary to produce cannabidiol oil or THC-A oil for the number of patients anticipated within the first nine months of operation. Thereafter, the processor shall:

- Not maintain more than 12 Cannabis plants per patient at any given time based on dispensing data from the previous 90 days; and
- Not maintain cannabidiol oil or THC-A oil in excess of the quantity required for normal, efficient operation.

Regulations

Under the terms of the Permit, the pharmaceutical processor shall dispense or deliver cannabidiol oil or THC-A oil only in person to (i) a patient who is a Virginia resident, has been issued a valid written certification, and is registered with the Board, or (ii) if such patient is a minor or an incapacitated adult, such patient's parent or legal guardian who is a Virginia resident and is registered with the Board.

No pharmaceutical processor shall dispense more than a 90-day supply for any patient during any 90-day period. Allowable forms of medical cannabis in Virginia are limited to cannabidiol oil and THC-A oil. "Cannabidiol oil" means a processed Cannabis plant extract that contains at least 15 percent cannabidiol but no more than five percent tetrahydrocannabinol, or a dilution of the resin of the Cannabis plant that contains at least five milligrams of cannabidiol per milliliter but not more than five percent tetrahydrocannabinol. "THC-A oil" means a processed Cannabis plant extract that contains at least 15 percent tetrahydrocannabinol acid but not more than five percent tetrahydrocannabinol, or a dilution of the resin of the Cannabis plant that contains at least five milligrams of tetrahydrocannabinol acid per milliliter but not more than five percent tetrahydrocannabinol. The state has not clarified delivery methods of oil at this time.

In the state of Virginia, a pharmaceutical processor shall dispense only cannabidiol oil and THC-A oil that has been cultivated and produced on the premises of such pharmaceutical processor. Virginia is a vertically-integrated system, as a result, permit holders are provided the ability to cultivate, harvest, process and dispense approved medical cannabis products. Delivery is permitted.

Reporting Requirements

Pharmaceutical processors are required to use an electronic radio-frequency identification (RFID) seed-to-sale tracking system to enable the state to monitor their activity. The electronic tracking system must include, at a minimum, a central inventory management system and standard and ad hoc reporting functions and must be capable of otherwise satisfying required recordkeeping. At this time, the state has not selected a state-wide seed-to-sale electronic tracking system.

Compliance Program

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

The Compliance Department oversees training for all employees, including on the following topics:

- Compliance with State and Local Laws
- Safe Cannabis Use
- Dispensing Procedures
- Security & Safety Policies and Procedures
- Inventory Control
- Track-and-Trace Training Session
- Transportation Procedures

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

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

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

Service Providers

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

In addition to the above disclosure, please see "*Risk Factors — Risks Associated with the Business of the Company — Service Providers"* in the Company's Annual Information Form.

Ability to Access Public and Private Capital

The Company has historically, and continues to have access to equity and debt financing from the public and private markets in Canada and private markets in the United States and internationally. While the Company is not able to obtain bank financing in the U.S. or financing from other U.S. federally regulated entities, it currently has access to such equity and debt financing in Canada, the United States and internationally, both on a brokered and non-brokered basis. The Company's executive team and the MedMen Board have extensive relationships with sources of private

capital (such as funds, high net worth individuals and family offices), which has facilitated its ability to complete non-brokered financing transactions.

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

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

In addition to the above disclosure, please see *"Risk Factors — Risks Associated with the Business of the Company — Going Concern Risk"* in the Company's Annual Information Form.