



RIV CAPITAL

RIV CAPITAL INC.

ANNUAL INFORMATION FORM

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

DATED: June 28, 2021

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EXPLANATORY NOTES AND CAUTIONARY STATEMENTS

Explanatory Notes

All financial information in this AIF is prepared using IFRS. Information contained in this AIF is given as of March 31, 2021, unless otherwise stated.

Market and industry data used throughout this AIF was obtained from various publicly available sources. Although the Company believes that these independent sources are generally reliable, the accuracy and completeness of such information are not guaranteed and have not been verified due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and the limitations and uncertainty inherent in any statistical survey of market size, conditions and prospects.

This AIF should be read in conjunction with the Company's audited consolidated financial statements for the financial years ended March 31, 2021 and March 31, 2020, and the management's discussion and analysis for the three and twelve months ended March 31, 2021, which are available under the Company's profile on SEDAR at www.sedar.com.

Caution Regarding Forward-Looking Information

This AIF contains certain forward-looking information. All information, other than statements of historical fact, included in this AIF that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's and Investees' businesses, operations, plans and other matters, is forward-looking information. To the extent any forward-looking information in this AIF constitutes "financial outlooks" within the meaning of applicable Canadian securities laws, the reader is cautioned that this information may not be appropriate for any other purpose and the reader should not place undue reliance on such financial outlooks. 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, statements relating to: the strategy, objectives and plans of the Company and the Investees; the success of the Company's investment activities; international market opportunities and the Company's ability to enter and participate in such opportunities; the market for the current and proposed product offerings of the Investees; the anticipated cash flows from certain Investees; the anticipated business and operations expansion plans for the Company and certain Investees; expectations for other economic, business, regulatory and/or competitive factors related to the Company, the Investees or the cannabis industry generally; anticipated legislative and regulatory changes, including the impact of U.S. legislative changes related to cannabis on the ability of the Company to invest in the U.S.; the potential de-listing of the Company's securities from the TSX and the subsequent listing of its securities on a stock exchange that does not prohibit investments or acquisitions of companies with business activities related to cannabis operations in the U.S.; future expenditures and capital activities; the competitive landscape in which the Company and the Investees operate; the potential impact of infectious diseases, including the COVID-19 pandemic, and other general economic trends on the Company and the Investees; and other events or conditions that may occur in the future.

Investors are cautioned that forward-looking information is not based on historical fact but instead is based on the reasonable assumptions and estimates of management of the Company at the time they were made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, but are not limited to, business strategy risk; cannabis is a controlled substance in the United States; acquisition and integration risks; risks inherent in strategic alliances and investments; risks associated with investing in or acquiring United States cannabis businesses; volatility of the Common Share price; competition risks; no control over operations; additional financing risk; difficulty reselling Common Shares; risks associated with United States cannabis regulatory requirements; risks associated with delisting from the TSX; compliance with laws; changes in cannabis laws, regulations and guidelines; conflicts of interest; risks of a significant shareholder; insurance risks; litigation; expansion into foreign jurisdictions; limited operating history; difficulty to forecast; cannabis prices; challenging global financial conditions; unknown defects and impairments; risks associated with divestment and restructuring; infectious diseases, including the Covid-19 pandemic; 2018 Farm Bill risks; dependence upon key personnel; risks associated with material contracts; lack of access to united states

bankruptcy protections; intellectual property risks; credit and liquidity risk; security over underlying assets; internal controls; reputational risk; catastrophic events, natural disasters, severe weather and disease; management of growth; equity price risk; anti-money laundering laws and regulation risks; anti-bribery law violations; cybersecurity and privacy risks; risk of entry bans into the United States; hedging risk; PFIC classification; dividend policy; restrictions on the acquisition or use of properties by foreign investors; reliance on Investee licences; failure of certain Investees to obtain necessary licences; operating risks for the Investees; increased operational, regulatory and other risks; access to capital for the Investees; competitive conditions for the Investees; reliance on Investee facilities; governmental regulations; compatibility of existing technologies in cannabis; testing and trials for certain Investees' products; operations in emerging markets; ability to forecast certain Investees' production; the ability of the Investees to acquire customers; constraints on the Investees' ability to market products; risks inherent in an agricultural business; wholesale price volatility; risks regarding vaping products; product recalls by Investees; product liability risks for the Investees; insurance risks for Investees; slow acceptance of Investee products; environmental and employee health and safety regulations; reliance of certain Investees on key inputs; dependence of the Investees on suppliers and skilled labour; research and development; rapid technological change; inflation; corruption and fraud risk; intellectual property risks for Investees; vulnerability to rising energy costs; and transportation risks associated with the delivery of certain Investees' products.

Risks relating to the Company and the Investees are discussed under the heading "*Risk Factors*". Although the Company has attempted to identify important factors that could cause actual results to differ materially from statements contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is made as of the date given and the Company does not intend or undertake any obligation to publicly revise or update any forward-looking information that is included in this AIF, whether as a result of new information, future events or otherwise, other than as required by applicable law.

Currency and Exchange Rate Information

This AIF contains references to Canadian dollars, referred to herein as "\$" and United States dollars, referred to herein as "US\$".

The following table sets forth, for each period indicated, the high and low exchange rates, the average exchange rate, and the exchange rate at the end of the period, based on the rate of exchange of one United States dollar in exchange for Canadian dollars published by the Bank of Canada.

	Year ended March 31		
	2021	2020	2019
High	\$1.4217	\$1.4496	\$1.3642
Low	\$1.2455	\$1.2970	\$1.2552
Average	\$1.3219	\$1.3308	\$1.3118
Closing	\$1.2575	\$1.4187	\$1.3363

As of the date of this AIF, the closing daily exchange rate as reported by the Bank of Canada was US\$1.00 = \$ 1.2335 or \$1.00 = US\$0.8107.

GLOSSARY OF CERTAIN TERMS

The following terms are used in this document:

“**2018 Farm Bill**” means the Agricultural Improvement Act of 2018;

“**Agripharm**” means Agripharm Corp., a corporation existing under the laws of the Province of Ontario;

“**AIF**” means this annual information form;

“**AIM2**” means the Company, prior to the Qualifying Transaction;

“**AIM2 Common Shares**” means the common shares in the capital of AIM2;

“**Arrangement**” means the arrangement under section 182 of the OBCA involving the Company, RCC, CGC and Tweed Tree Lot;

“**Arrangement Agreement**” means the arrangement agreement dated December 21, 2020 among the Company, RCC, CGC and Tweed Tree Lot (including the schedules thereto);

“**Arise Bioscience**” means Arise Bioscience Inc.;

“**Audit Committee**” means the audit committee of the Board;

“**Bertrand**” means Les Serres Stéphane Bertrand Inc., a corporation existing under the laws of the Province of Quebec;

“**BioLumic**” means BioLumic Ltd., a corporation existing under the laws of New Zealand;

“**BioLumic Note**” means the convertible promissory note issued by BioLumic to RCC on April 26, 2019;

“**Blakes**” means Blake, Cassels & Graydon LLP;

“**Board**” means the board of directors of the Company;

“**Bought Deal**” has the meaning ascribed thereto under the heading “*General Development of the Business – History – Fiscal Year 2019*”;

“**CCAA**” means the *Companies’ Creditors Arrangement Act*;

“**CCAA Proceedings**” has the meaning ascribed thereto under the heading “*General Development of the Business – History – Fiscal Year 2021*”;

“**Canapar**” means Canapar Corp., a corporation existing under the federal laws of Canada;

“**Canapar Italy**” means Canapar SrL, a corporation existing under the laws of Italy;

“**Canapar Shares**” means the common shares in the capital of Canapar;

“**Cannabis Act**” means, collectively, the *Cannabis Act* (Canada) and the Cannabis Regulations;

“**Cannabis Regulations**” means the *Cannabis Regulations* promulgated under the Cannabis Act, as amended;

“**CBD**” means cannabidiol;

“**CBP**” means United States Customs and Border Protection;

“**CGC**” means Canopy Growth Corporation, a corporation existing under the federal laws of Canada;

“**CGC Shares**” has the meaning ascribed thereto under the heading “*General Development of the Business – History – Fiscal Year 2021*”;

“**Civilized**” means Civilized Worldwide Inc., a corporation existing under the laws of the Province of New Brunswick;

“**Civilized Shares**” means the class A common shares in the capital of Civilized;

“**Cole Memorandum**” has the meaning ascribed thereto under the heading “*Description of the Business – Overview of Industry – Cannabis Regulatory Framework in the United States*”;

“**Common Shares**” means the Class A common shares in the capital of the Company;

“**Company**” means RIV Capital Inc. (formerly Canopy Rivers Inc.), a corporation existing under the laws of the Province of Ontario, and/or its subsidiaries, as applicable;

“**Compensation, Nominating and Governance Committee**” means the compensation, nominating and governance committee of the Board;

“**Conflicts Review Committee**” means the conflicts review committee of the Board;

“**Consolidation**” means the consolidation of the AIM2 Common Shares on the basis of the Consolidation Ratio;

“**Consolidation Ratio**” means the consolidation ratio of one post-Consolidation AIM2 Common Share for every 26.565 pre-Consolidation AIM2 Common Shares;

“**Convertible Debenture**” means the \$20,000,000 convertible debenture advanced to CRC PrivateCo by CGC on May 12, 2017;

“**Court**” means the Ontario Superior Court of Justice (Commercial List);

“**COVID-19**” has the meaning ascribed thereto under the heading “*Risk Factors – Risks Relating to the Company – Infectious Diseases, Including the COVID-19 Pandemic*”;

“**CPMP**” means the Chemical and Pharmaceutical Military Plant;

“**CRC PrivateCo**” means Canopy Rivers Corporation prior to the completion of the Qualifying Transaction, a corporation existing under the federal laws of Canada;

“**CRC Subordinated Voting Shares**” means the Class B common shares in the capital of CRC PrivateCo;

“**CSA**” means the United States Controlled Substances Act;

“**CSE**” means the Canadian Securities Exchange;

“**DEA**” means the United States Drug Enforcement Administration;

“**Deloitte**” means Deloitte LLP;

“**DIP Financing**” has the meaning ascribed thereto under the heading “*General Development of the Business – History – Fiscal Year 2021*”;

“**Dual Class Voting Structure**” has the meaning ascribed thereto under the heading “*Corporate Structure – Name, Address and Incorporation*”;

“**Dynaleo**” means Dynaleo Inc., a corporation existing under the laws of the Province of British Columbia;

“**Dynaleo Debenture**” means the unsecured convertible debenture issued by Dynaleo to RCC on April 6, 2020;

“**Eureka**” means Eureka 93 Inc. (formerly LiveWell Canada Inc.), a corporation existing under the federal laws of Canada;

“**Exchangeable Shares**” has the meaning ascribed thereto under the heading “*General Development of the Business – History – Fiscal Year 2019*”;

“**FCEN**” means the Financial Crimes Enforcement Network of the United States Treasury Department;

“**FCEN Memorandum**” means the memorandum issued by the FCEN in February 2014 providing instructions to banks seeking to provide services to cannabis-related businesses;

“**FDA**” means the United States Food and Drug Administration;

“**FDCA**” means the United States Food, Drug and Cosmetics Act;

“**forward-looking information**” means “forward-looking information” within the meaning of Canadian securities laws and “forward-looking statements” within the meaning of United States securities laws, collectively;

“**GMP**” means good manufacturing practices;

“**GRAS**” has the meaning ascribed thereto under the heading “*Description of the Business – Overview of Industry – Cannabis Regulatory Framework in the United States*”;

“**Greenhouse Juice**” means 10831425 Canada Ltd. d/b/a Greenhouse Juice Company, a corporation existing under the federal laws of Canada;

“**Greenhouse Preferred Warrants**” means the preferred share purchase warrants in the capital of Greenhouse Juice;

“**Greenhouse Secured Debenture**” means the senior secured convertible debenture issued by Greenhouse Juice to RCC on January 14, 2019;

“**Greenhouse Shares**” means the preferred shares in the capital of Greenhouse Juice;

“**Greenhouse Unsecured Debenture**” means the unsecured debenture issued by Greenhouse Juice to RCC on January 14, 2019;

“**Headset**” means Headset, Inc., a Delaware corporation;

“**Headset Shares**” means the series A preferred shares in the capital of Headset;

“**Herbert**” means 10663522 Canada Inc., a corporation existing under the federal laws of Canada, operating through its wholly-owned subsidiaries Herbert Works Ltd. and 11010131 Canada Inc.;

“Herbert Shares” means the preferred shares in the capital of Herbert;

“High Beauty” means High Beauty, Inc., a Delaware corporation;

“High Beauty Note” means the senior secured promissory note issued by High Beauty to RCC on December 3, 2019, as amended;

“High Beauty Shares” means the preferred shares in the capital of High Beauty;

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board;

“Initial Order” has the meaning ascribed thereto under the heading *“General Development of the Business – History – Fiscal Year 2021”*;

“Investees” means entities in which the Company has made a royalty, equity, debt or other investment;

“IT” means information technology;

“JWAM” means JW Asset Management, LLC;

“JWAM Funds” means certain funds managed by JWAM;

“JWC” means James E. Wagner Cultivation Corporation (formerly AIM1 Ventures Inc.), a corporation existing under the laws of the Province of Ontario;

“JWC Ltd.” means James E. Wagner Cultivation Ltd. prior to the completion of the reverse takeover with JWC, a corporation existing under the laws of the Province of Ontario;

“Kindred” means Kindred Partners Inc., a corporation existing under the laws of the Province of Ontario;

“KPMG” means KPMG LLP;

“LeafLink International” means LeafLink Services International ULC, a corporation existing under the laws of the Province of British Columbia;

“LiveWell Foods” means LiveWell Foods Canada Inc., a corporation existing under the federal laws of Canada;

“Long Term Incentive Plan” means the Company’s long term incentive plan for officers, employees and other eligible service providers of the Company, as approved by the Board on August 5, 2020 and by the shareholders of the Company on September 24, 2020;

“Multiple Voting Shares” means the Class B common shares designated as multiple voting shares in the capital of the Company prior to the closing of the Arrangement;

“NCIB” means normal course issuer bid;

“New Claim” has the meaning ascribed thereto under the heading *“General Development of the Business – History – Fiscal Year 2021”*;

“NI 52-110” means National Instrument 52-110 – *Audit Committees*;

“Nielsen” means Nielsen Holdings plc, a corporation existing under the laws of England and Wales;

“**Nova Cannabis**” means Nova Cannabis Inc. (formerly YSS Corp.TM), a corporation existing under the laws of the Province of Alberta;

“**OBCA**” means the *Business Corporation Act* (Ontario);

“**Option Plan**” means the Company’s amended and restated stock option plan, approved by shareholders of the Company on September 26, 2019;

“**Options**” means stock options issued by the Company pursuant to the Option Plan and the Long Term Incentive Plan;

“**PFIC**” means passive foreign investment company;

“**PharmHouse**” means PharmHouse Inc., a corporation existing under the federal laws of Canada;

“**PharmHouse Credit Agreement**” means the credit agreement dated January 7, 2019, between PharmHouse, the Company and Bank of Montreal, as administrative agent and as lead arranger and sole bookrunner, among others;

“**PharmHouse Credit Agreement Amendment**” means the third amendment to the PharmHouse Credit Agreement dated April 13, 2020, between PharmHouse, the Company and Bank of Montreal, as administrative agent and as lead arranger and sole bookrunner, among others;

“**PharmHouse Credit Facility**” means the committed, non-revolving credit facility with a maximum principal amount of \$90,000,000 governed by the PharmHouse Credit Agreement, as amended by the PharmHouse Credit Agreement Amendment;

“**PharmHouse Loan Agreement**” means the loan agreement dated November 21, 2018, between RCC and PharmHouse;

“**PharmHouse Majority Shareholder**” means 2615975 Ontario Inc., a corporation existing under the laws of the Province of Ontario;

“**PharmHouse Promissory Note**” means the demand promissory note entered into among PharmHouse, RCC and the PharmHouse Majority Shareholder on December 27, 2019;

“**PIPEDA**” means the *Personal Information Protection and Electronics Documents Act* (Canada);

“**PSU**” means a performance share unit issued by the Company, pursuant to the Long Term Incentive Plan;

“**Qualifying Transaction**” has the meaning ascribed thereto under the heading “*Corporate Structure – Name, Address and Incorporation*”;

“**Qualifying Transaction Agreement**” means the agreement dated July 4, 2018, entered into between AIM2 and CRC PrivateCo in connection with the Qualifying Transaction;

“**Radicle**” means, collectively, Radicle Cannabis Holdings Inc. and Radicle Medical Marijuana Inc., a corporation existing under the laws of the Province of Ontario;

“**RAMM**” means RAMM Pharma Corp., a corporation existing under the federal laws of Canada;

“**RCC**” refers to RIV Capital Corporation (formerly Canopy Rivers Corporation) following completion of the Qualifying Transaction, a corporation existing under the federal laws of Canada;

“Replacement Options” means the replacement options issued in exchange for options of CRC PrivateCo pursuant to the Qualifying Transaction;

“Requirements” has the meaning ascribed thereto under the heading *“Description of the Business – Overview of Industry – Cannabis Regulatory Framework in the United States”*;

“Restricted Share Unit Plan” means the Company’s Share Unit Plan for Non-Employee Directors, which was approved by the Board on March 18, 2020 and by the shareholders of the Company on September 24, 2020;

“ROFR Shares” has the meaning ascribed thereto under the heading *“General Development of the Business – History – Fiscal Year 2021”*;

“RSU” means a restricted share unit issued by the Company pursuant to the Restricted Share Unit Plan;

“SEDAR” means the System for Electronic Document Analysis and Retrieval;

“September 2020 Claim” has the meaning ascribed thereto under the heading *“General Development of the Business – History – Fiscal Year 2021”*;

“Sessions Memorandum” has the meaning ascribed thereto under the heading *“Description of the Business – Overview of Industry – Cannabis Regulatory Framework in the United States”*;

“SISP” has the meaning ascribed thereto under the heading *“General Development of the Business – History – Fiscal Year 2021”*;

“Special Committee” means the special committee of independent members of the Board constituted in connection with the Arrangement;

“Staff Notice” means Canadian Securities Administrators Staff Notice 51-352 – *Issuers with U.S. Marijuana-Related Activities*;

“Subco” means 10859150 Canada Inc., a corporation existing under the federal laws of Canada;

“Subordinated Voting Shares” means the Class A common shares designated as subordinated voting shares in the capital of the Company prior to the closing of the Arrangement;

“Subscription Receipts” means the subscription receipts in the capital of CRC PrivateCo issued pursuant to CRC PrivateCo’s July 2018 private placement offering;

“TerrAscend” means TerrAscend Corp., a corporation existing under the laws of the Province of Ontario;

“TerrAscend Arrangement” has the meaning ascribed thereto under the heading *“General Development of the Business – History – Fiscal Year 2019”*;

“TerrAscend Canada” means TerrAscend Canada Inc., a corporation existing under the laws of the Province of Ontario and a wholly-owned subsidiary of TerrAscend;

“TerrAscend Canada Investment” has the meaning ascribed thereto under the heading *“General Development of the Business – History – Fiscal Year 2020”*;

“TerrAscend Shares” means the common shares in the capital of TerrAscend;

“TerrAscend Warrants I” has the meaning ascribed thereto under the heading *“General Development of the Business – History – Fiscal Year 2020”*;

“**TerrAscend Warrants II**” has the meaning ascribed thereto under the heading “*General Development of the Business – History – Fiscal Year 2020*”;

“**THC**” means tetrahydrocannabinol;

“**TSX**” means the Toronto Stock Exchange;

“**TSXV**” means the TSX Venture Exchange;

“**Tweed Tree Lot**” means Tweed Tree Lot Inc. (formerly Spot Therapeutics Inc.), a corporation existing under the laws of the Province of New Brunswick and a wholly-owned subsidiary of CGC;

“**USDA**” means the United States Department of Agriculture;

“**UV**” means ultraviolet;

“**Vert Mirabel**” means Les Serres Vert Cannabis Inc., a corporation existing under the laws of the Province of Quebec; and

“**ZeaKal**” means ZeaKal, Inc., a Delaware corporation.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated as “AIM2 Ventures Inc.” on October 31, 2017, under the OBCA. Prior to completing its qualifying transaction on September 17, 2018, AIM2 was a capital pool company under Policy 2.4 of the TSXV Corporate Finance Manual.

On September 17, 2018, the Company completed the acquisition of 100% of the issued and outstanding securities of CRC PrivateCo in connection with a business combination involving the Company and CRC PrivateCo (the “**Qualifying Transaction**”). The Qualifying Transaction was completed by way of a “three-cornered” amalgamation pursuant to which CRC PrivateCo and Subco, a wholly-owned subsidiary of the Company, amalgamated and the resulting entity became a wholly-owned subsidiary of the Company and continued under the name “Canopy Rivers Corporation”. The effective date of the Qualifying Transaction was September 17, 2018.

In connection with the Qualifying Transaction, on September 14, 2018, the Company changed its name from “AIM2 Ventures Inc.” to “Canopy Rivers Inc.”. In addition, in connection with the Qualifying Transaction, the Company filed articles of amendment to effect the Consolidation and to change its authorized capital to create the Subordinated Voting Shares and the Multiple Voting Shares (the “**Dual Class Voting Structure**”), and to re-designate each outstanding post-Consolidation Common Share as a Subordinated Voting Share.

On February 23, 2021, the Company completed the Arrangement. In connection with the Arrangement, the articles of the Company were amended to (i) change the name of the Company from “Canopy Rivers Inc.” to “RIV Capital Inc”, (ii) delete the Multiple Voting Shares from the authorized capital of the Company and delete all the rights, privileges, restrictions and conditions attached thereto, and (iii) re-designate and re-classify each issued and outstanding Subordinated Voting Share as a Common Share.

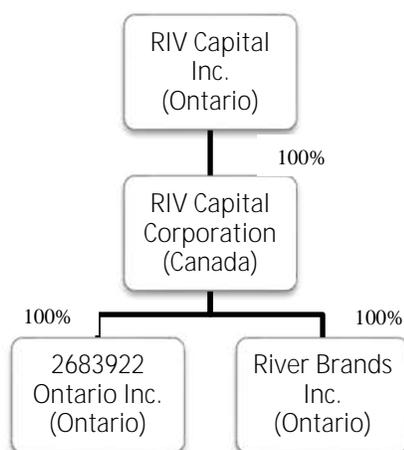
The Common Shares currently trade on the TSX under the trading symbol “RIV”. As the Company is considering potential investments in, or acquisitions of, operating businesses in the United States cannabis market, which may be inconsistent with TSX Staff Notice 2017-0009, the Company has initiated the process to delist its Common Shares from the TSX and list its Common Shares on an alternative stock exchange that does not prohibit such investments or acquisitions. See “*Overview of Industry – Cannabis Regulatory Framework in the United States*” for additional information.

JWAM Funds currently hold 33,433,334 Common Shares, representing approximately 23% of the issued and outstanding Common Shares on a non-diluted basis.

The head and registered office of the Company is located at 40 King Street West, Suite 2504, Toronto, Ontario, M5H 3Y2.

Intercorporate Relationships

As of the date of this AIF, the Company has three wholly-owned subsidiaries. The following chart illustrates, as of the date of this AIF, the Company's subsidiaries, including their respective jurisdictions of incorporation and percentage of voting securities of each that are beneficially owned, controlled or directed by the Company. The Company does not beneficially own, control or direct, directly or indirectly, any restricted securities in any of its subsidiaries:



GENERAL DEVELOPMENT OF THE BUSINESS

History

AIM2

On February 14, 2018, AIM2 completed its initial public offering by way of a prospectus dated January 17, 2018. AIM2 sold 5,000,000 AIM2 Common Shares at a price of \$0.10 per AIM2 Common Share pursuant to such prospectus, raising gross proceeds of \$500,000. The AIM2 Common Shares were halted from trading on May 29, 2018, pending the announcement of the Qualifying Transaction. As a capital pool company, AIM2 had no assets other than cash and did not carry on any active business operations.

Fiscal Year 2019

On April 6, 2018, CRC PrivateCo completed a non-brokered private placement offering of 454,545 CRC Subordinated Voting Shares for aggregate gross proceeds of approximately \$500,000.

On April 15, 2018, LiveWell Foods issued CRC PrivateCo common shares in the capital of LiveWell Foods. LiveWell Foods subsequently completed a reverse takeover transaction with Percy Street Capital Corporation, which resulted in CRC PrivateCo owning 5,863,188 common shares in Eureka. During the year ended March 31, 2021, Eureka filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* (Canada) and was deemed bankrupt. The Company does not currently ascribe any value to this investment.

On April 17, 2018, CRC PrivateCo entered into a convertible debenture with Civilized pursuant to which RCC has subsequently invested \$5,120,000 in Civilized. The debenture, as amended, bears interest at a rate of 14% per annum and is secured against all of Civilized's assets. The debenture matured on May 31, 2020. On May 28, 2020, the Company entered into a sales agreement with Civilized and 716608 N.B. Inc., as amended on March 26, 2021, whereby the Company agreed to sell the debenture to 716608 N.B. Inc. for \$1,000,000 payable on or before March 15, 2022. The Company has agreed to forbear from enforcing its rights under the debenture until the earliest of (i) March 1, 2022, (ii) the occurrence of a default under the sales agreement or the amending agreement, and (iii) the occurrence of certain defaults under the debenture. Civilized also issued CRC PrivateCo a warrant to purchase \$3,500,000 of Civilized Shares. After experiencing significant financial challenges, Civilized recently recapitalized its business. As of the date of this AIF, the operating activities of Civilized are limited.

On April 30, 2018, CRC PrivateCo subscribed for subscription receipts of JWC. Each subscription receipt was automatically converted, without the payment of additional consideration, into common shares in the capital of JWC and one-half of one common share purchase warrant of JWC Ltd. JWC Ltd. subsequently completed a reverse takeover transaction with AIM1 Ventures Inc., which was renamed "James E. Wagner Cultivation Corporation", and the common shares of JWC commenced trading on the TSXV under the trading symbol "JWCA" on June 11, 2018. During the year ended March 31, 2021, JWC entered into creditor protection proceedings under the CCAA and completed a sales and investor solicitation process, pursuant to which substantially all of JWC's assets were sold to an affiliate of Trichome Financial Corp. The Company does not currently ascribe any value to this investment.

On May 7, 2018, CRC PrivateCo entered into a joint venture with the PharmHouse Majority Shareholder, to form PharmHouse. To fund the development of PharmHouse, CRC PrivateCo contributed an aggregate of \$9,800,000 in cash in exchange for 49% of the outstanding common shares of PharmHouse. During the year ended March 31, 2021, PharmHouse entered into creditor protection proceedings under the CCAA as described under "*General Development of the Business – History – Fiscal Year 2021*" below. PharmHouse currently has no material assets and the Company does not currently ascribe any value to this investment.

On May 30, 2018, CRC PrivateCo entered into a binding letter agreement with AIM2 pursuant to which the parties agreed to effect the Qualifying Transaction.

On June 28, 2018, CRC PrivateCo acquired 55,300,000 common shares of Nova Cannabis for a total investment of \$2,765,000. In connection with the subscription, CRC PrivateCo and Nova Cannabis entered into an investor rights agreement. The common shares of Nova Cannabis were subsequently sold as described under "*General Development of the Business – History – Fiscal Year 2022*" below.

On July 4, 2018, AIM2 and CRC PrivateCo entered into the Qualifying Transaction Agreement, which set out the terms of the Qualifying Transaction. A copy of the Qualifying Transaction Agreement is available under the Company's profile on SEDAR at www.sedar.com.

On July 5, 2018, CRC PrivateCo completed a brokered private placement offering of 28,792,000 Subscription Receipts for gross proceeds of \$100,772,000. On July 6, 2018, CRC PrivateCo completed a non-brokered private placement of 982,857 Subscription Receipts for gross proceeds of \$3,440,000.

On July 24, 2018, CRC PrivateCo completed a \$750,000 investment in Canapar in exchange for Canapar Shares and a call option to purchase 100% of Canapar's interest in its investees. The Canapar Shares were subsequently sold as described under "*General Development of the Business – History – Fiscal Year 2021*" below.

On September 17, 2018, RCC completed the Qualifying Transaction by way of a three-cornered amalgamation. Prior to the closing of the Qualifying Transaction, on September 14, 2018, the Company (i) consolidated its existing AIM2 Common Shares based on the Consolidation Ratio, (ii) implemented the Dual Class Voting Structure, and (iii) changed its name to "Canopy Rivers Inc." In connection with the closing of the Qualifying Transaction, the Subscription Receipts issued were automatically converted into CRC Subordinated Voting Shares. Pursuant to the Qualifying Transaction, the Company acquired all of the outstanding shares of CRC PrivateCo and issued to CRC PrivateCo shareholders one Subordinated Voting Share in exchange for each CRC Subordinated Voting Share held and one Multiple Voting Share in exchange for each RCC Multiple Voting Share.

On September 20, 2018, the Subordinated Voting Shares commenced trading on the TSXV under the ticker symbol “RIV”.

Effective October 4, 2018, the Company changed auditors from Deloitte to KPMG.

On October 8, 2018, RCC entered into an arrangement agreement with TerrAscend, among others, pursuant to which TerrAscend agreed to restructure its share capital by way of a plan of arrangement under the OBCA (the “**TerrAscend Arrangement**”). The TerrAscend Arrangement was completed in order to permit TerrAscend to pursue strategic transactions in the cannabis sector internationally, including select opportunities in the United States, in order to maintain compliance with industry regulations and stock exchange policies. Pursuant to the TerrAscend Arrangement, RCC exercised its common share purchase warrants in the capital of TerrAscend for no cash consideration, resulting in the net issuance of 8,159,829 TerrAscend Shares to RCC. All TerrAscend Shares held by RCC were then immediately exchanged for new conditionally exchangeable shares in the capital of TerrAscend (the “**Exchangeable Shares**”). The TerrAscend Arrangement was approved by the holders of TerrAscend Shares at a special meeting of shareholders held on November 27, 2018, and the TerrAscend Arrangement closed on November 30, 2018. The Exchangeable Shares were subsequently disposed of pursuant to the Arrangement as described under “*General Development of the Business – History – Fiscal Year 2021*” below.

On November 21, 2018, RCC entered into the PharmHouse Loan Agreement with PharmHouse. Pursuant to the PharmHouse Loan Agreement, RCC provided \$40,000,000 of secured debt financing to PharmHouse with a three-year term and an annual interest rate of 12%. During the year ended March 31, 2021, PharmHouse entered into creditor protection proceedings under the CCAA as described under “*General Development of the Business – History – Fiscal Year 2021*” below. The Company does not currently ascribe any value to this investment and upon the termination of the CCAA Proceedings, the Company is entitled to any remaining cash held by PharmHouse as described below.

On December 6, 2018, RCC completed a subscription for additional Canapar Shares for aggregate consideration of approximately \$8,000,000. This follow-on investment was part of a broader private placement completed by Canapar and represented the first of two tranches of investment by RCC. The Canapar Shares were subsequently sold as described under “*General Development of the Business – History – Fiscal Year 2021*” below.

On December 21, 2018, RCC completed a subscription for Headset Shares for aggregate consideration of US\$3,000,000.

On January 7, 2019, PharmHouse entered into the PharmHouse Credit Agreement to provide PharmHouse with up to \$80,000,000 of secured debt financing for a three-year term. The obligations of PharmHouse under the PharmHouse Credit Facility were secured by guarantees of the Company and RCC and a pledge by RCC of all of the shares of PharmHouse held by it. The PharmHouse Credit Agreement contained certain representations and warranties and affirmative covenants applicable to the Company. The PharmHouse Credit Agreement was subsequently amended as described under “*General Development of the Business – History – Fiscal Year 2021*” below. In addition, PharmHouse entered into creditor protection proceedings under the CCAA as described under “*General Development of the Business – History – Fiscal Year 2021*” below. The Company does not currently ascribe any value to this investment and upon the termination of the CCAA Proceedings, the Company is entitled to any remaining cash held by PharmHouse as described below.

On January 14, 2019, RCC completed a \$6,000,000 investment in Greenhouse Juice pursuant to the Greenhouse Secured Debenture. The Greenhouse Secured Debenture has a three-year term, bears interest at a rate of 12% and is convertible, at the option of RCC, into Greenhouse Shares. RCC also committed to invest an additional \$3,000,000 pursuant to the Greenhouse Unsecured Debenture, which was drawn down in full on May 1, 2019. The Greenhouse Unsecured Debenture was non-interest bearing and automatically converted into Greenhouse Shares on April 30, 2020. In connection with the investment, RCC also received Greenhouse Preferred Warrants pursuant to which RCC was permitted to purchase \$3,000,000 of Greenhouse Shares upon Greenhouse Juice meeting certain revenue targets. Greenhouse Juice also issued RCC a warrant pursuant to which, in certain circumstances, RCC may acquire up to 51% of the then issued and outstanding fully diluted shares in the capital of Greenhouse Juice. The Greenhouse Unsecured Debenture and the Greenhouse Preferred Warrants were subsequently amended as described under “*General Development of the Business – History – Fiscal Year 2021*” below.

On January 17, 2019, Narbe Alexandrian was appointed as President of the Company.

On January 22, 2019, RCC purchased Herbert Shares for aggregate consideration of \$1,500,000. Herbert also issued RCC a warrant pursuant to which, in certain circumstances, RCC may acquire up to 51% of the then issued and outstanding fully diluted shares in the capital of Herbert. As of the date of this AIF, the operating activities of Herbert are limited, and Herbert is currently re-assessing its business plan. The Company does not currently ascribe any value to this investment.

On February 1, 2019, RCC purchased additional Canapar Shares for aggregate consideration of approximately \$9,400,000. This follow-on investment represented the second tranche of its total committed investment of \$17,400,000 and increased RCC's ownership interest in Canapar to 49% of the issued and outstanding Canapar Shares on a non-diluted basis. The Canapar Shares were subsequently sold as described under "*General Development of the Business – History – Fiscal Year 2021*" below.

On February 27, 2019, the Company completed a bought deal offering of 13,225,000 Subordinated Voting Shares for aggregate gross proceeds of approximately \$63,480,000 (the "**Bought Deal**"). Concurrent with the Bought Deal, the Company completed a private placement of 6,250,000 Subordinated Voting Shares with CGC for additional gross proceeds of approximately \$30,000,000.

On March 8, 2019, 2683922 Ontario Inc., a wholly-owned subsidiary of RCC, purchased common shares in the capital of LeafLink International for aggregate consideration of US\$2,000,000. Upon the occurrence of certain events, 2683922 Ontario Inc. has the right to invest up to an additional US\$6,000,000 in LeafLink International in the form of an unsecured convertible note.

Fiscal Year 2020

On April 2, 2019, RCC purchased High Beauty Shares for aggregate consideration of US\$2,500,000. High Beauty also issued RCC a warrant pursuant to which, in certain circumstances, RCC may acquire 500,000 additional High Beauty Shares at a price of US\$0.01 per High Beauty Share. As a result of impairment charges and cumulative net losses, the Company does not currently ascribe any value to this investment.

On April 26, 2019, RCC invested an aggregate principal amount of US\$1,500,000 in BioLumic pursuant to the BioLumic Note. The BioLumic Note bore interest at a rate of 6% per annum and was convertible, upon the occurrence of certain events, into equity securities of BioLumic. The BioLumic Note had a two-year term and converted into 281,590 preferred shares of BioLumic on August 13, 2020.

On May 22, 2019, Narbe Alexandrian replaced Bruce Linton as Chief Executive Officer of the Company.

On June 14, 2019, RCC purchased series C preferred shares in the capital of ZeaKal for aggregate consideration of approximately US\$10,000,000.

On July 2, 2019, Bruce Linton stepped down as a director and Chair of the Board. John Bell was subsequently appointed as Chair of the Board.

On September 9, 2019, the Company graduated from the TSXV and the Subordinated Voting Shares began trading on the TSX under the ticker symbol "RIV".

On September 11, 2019, the Company announced the formation of a Strategic Advisory Board to provide guidance to the Company's executive team. As of the date of this AIF, the following individuals serve on the Company's Strategic Advisory Board: Julian Burzynski, Philip Donne, Meg Lovell and John Ruffolo. Thirty Five Ventures is also a strategic advisor to the Company.

On October 2, 2019, RCC invested \$13,243,000 in TerrAscend Canada (the "**TerrAscend Canada Investment**"). RCC was also issued the TerrAscend Warrants II. Following the announcement of this investment and subsequent discussions with the TSX, RCC, TerrAscend, and TerrAscend Canada agreed to amend certain terms of the TerrAscend Canada Investment, as described in further detail below. In addition, the Company's interest in the

TerrAscend Canada Investment and the TerrAscend Warrants II were subsequently disposed of pursuant to the Arrangement as described under “*General Development of the Business – History – Fiscal Year 2021*” below.

On October 8, 2019, RCC advanced \$13,500,000 to Tweed Tree Lot pursuant to the terms of the repayable debenture described above, which was immediately set-off against the purchase price of a royalty interest. Pursuant to the royalty agreement, RCC was to receive a royalty per gram of cannabis produced by Tweed Tree Lot for a term of 25 years, subject to a minimum annual payment of \$2,853,000. The Company’s interest in the royalty from Tweed Tree Lot was subsequently terminated in connection with the Arrangement as described under “*General Development of the Business – History – Fiscal Year 2021*” below.

On October 16, 2019, RCC completed a subscription for additional Headset Shares for aggregate consideration of US\$145,000 in order to maintain a 7% equity interest in Headset on a fully diluted basis.

On October 23, 2019, RCC entered into a strategic alliance agreement with Kindred, a specialty cannabis brokerage and services company. The agreement, which was subsequently amended, provided current and future Investees with access to Kindred’s expertise and distribution channels in order to enhance their revenue-generating capabilities.

On December 3, 2019, RCC invested an additional US\$750,000 in High Beauty pursuant to the High Beauty Note. The High Beauty Note matures on December 31, 2021, bears interest at an initial rate of 8% per annum and is convertible, upon the occurrence of certain events, into High Beauty Shares. High Beauty also issued RCC a warrant with a face value of US\$113,000 pursuant to which, in certain circumstances, RCC may acquire additional High Beauty Shares.

On December 27, 2019, PharmHouse, RCC and the PharmHouse Majority Shareholder entered into the PharmHouse Promissory Note pursuant to which RCC and the Pharmhouse Majority Shareholder agreed to advance additional funds to PharmHouse in accordance with their pro rata equity ownership interests in PharmHouse. Concurrent with the execution of the PharmHouse Promissory Note, RCC advanced \$1,470,000 to PharmHouse. Subsequent advances have since been made such that the total amount advanced by the Company to PharmHouse pursuant to the PharmHouse Promissory Note is \$2,450,000. During the year ended March 31, 2021, PharmHouse entered into creditor protection proceedings under the CCAA as described under “*General Development of the Business – History – Fiscal Year 2021*” below. The Company does not currently ascribe any value to this investment and upon the termination of the CCAA Proceedings, the Company is entitled to any remaining cash held by PharmHouse as described below.

On January 2, 2020, RCC invested an additional \$1,000,000 in Radicle pursuant to a convertible debenture agreement that bears interest at a rate of 12% per annum and matures on January 2, 2023. RCC was also issued 266,667 common share purchase warrants of Radicle with an exercise price of \$0.75 per common share.

On February 4, 2020, RCC, TerrAscend, and TerrAscend Canada completed the amendment of the TerrAscend Canada Investment. Pursuant to the amended terms, the investment was restructured to include three components, including a term loan with TerrAscend Canada and two sets of common share purchase warrants in TerrAscend. The loan had a principal amount of \$13,243,000 and bore interest at a rate of 6% per annum. The loan matured on the earlier of October 2, 2024 and the date that the TerrAscend Warrants I were exercised in full. The first set of common share purchase warrants (the “**TerrAscend Warrants I**”) were exercisable into 2,225,714 common shares of TerrAscend at an exercise price of \$5.95 per common share and the second set of common share purchase warrants (the “**TerrAscend Warrants II**”), which remained unchanged, were exercisable into 333,723 common shares of TerrAscend at an exercise price of \$6.49 per common share. The TerrAscend Warrants I and TerrAscend Warrants II were only exercisable following the TerrAscend Triggering Event and were set to expire on October 2, 2024. The Company’s interest in the loan to TerrAscend Canada, the TerrAscend Warrants I and the TerrAscend Warrants II were subsequently disposed of pursuant to the Arrangement as described under “*General Development of the Business – History – Fiscal Year 2021*” below.

On February 6, 2020, RCC subscribed for 2,380,952 units of JWC, with each unit comprised of one common share in the capital of JWC and one-half of one common share purchase warrant, for a total investment of \$500,000. Each full warrant entitled RCC to purchase one common share of JWC at an exercise price of \$0.28 per common share at any time on or before February 6, 2023. During the year ended March 31, 2021, JWC entered into creditor protection

proceedings under the CCAA and completed a sales and investor solicitation process, pursuant to which substantially all of JWC's assets were sold to an affiliate of Trichome Financial Corp. The Company does not currently ascribe any value to this investment.

On March 30, 2020, the TSX accepted the Company's notice of intention to commence a NCIB, allowing the Company to repurchase, at its discretion, up to 10,409,961 Subordinated Voting Shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. The NCIB commenced on April 2, 2020 and expired on April 1, 2021. A total of 273,300 Common Shares were purchased for cancellation pursuant to the NCIB.

Fiscal Year 2021

On April 6, 2020, RCC invested \$2,000,000 in Dynaleo pursuant to the Dynaleo Debenture. The Dynaleo Debenture bore interest at a rate of 8% per annum and was convertible, upon the occurrence of certain events, into common shares of Dynaleo. The Dynaleo Debenture matured on August 31, 2020 and converted into 1,499,569 common shares of Dynaleo. Dynaleo also issued RCC 1,000,000 warrants to purchase common shares in the capital of Dynaleo.

On April 13, 2020, PharmHouse entered into the PharmHouse Credit Agreement Amendment, which provided PharmHouse with an additional \$10,000,000 of secured debt financing, representing an increase to the PharmHouse Credit Facility. Pursuant to the PharmHouse Credit Agreement Amendment and as part of the increase to the PharmHouse Credit Facility, the guarantee of the Company and RCC increased by \$10,000,000, commensurate with the increase to the PharmHouse Credit Facility. Subsequently, PharmHouse entered into creditor protection proceedings under the CCAA as described below.

On April 30, 2020, the Company and Greenhouse Juice amended select terms of the Greenhouse Unsecured Debenture to extend the maturity and automatic conversion date of the debenture from April 30, 2020, to October 1, 2020.

On May 28, 2020, following a strategic and operational review of its business, the Company announced a series of changes designed to optimize its organization structure, streamline operations, and preserve and maximize cash-on-hand. These changes included: a material reduction in the Company's operating cash outflows (including a reduction in headcount, directors' compensation, marketing expenses, and general corporate expenses) of a targeted minimum of 35% from the Company's fiscal year 2020 operating cash outflows on a normalized basis; a focus on generating positive cash flow from operations for fiscal year 2021; and a focus on maximizing returns on existing assets. The Company achieved the targeted reduction in operating cash outflows on a normalized basis for fiscal year 2021.

On June 15, 2020, Mike Lee, Chief Financial Officer of CGC, was appointed to the Board as a nominee of CGC. Mike Lee subsequently resigned from the Board in connection with the Arrangement.

On August 4, 2020, the Company entered into an unsecured demand promissory note agreement with PharmHouse, pursuant to which it made total advances of \$1,206,000 between August 4, 2020 and September 8, 2020. The unsecured demand promissory note bears interest at a rate of 12%. Subsequently, PharmHouse entered into creditor protection proceedings under the CCAA as described below. The Company does not currently ascribe any value to this investment and upon the termination of the CCAA Proceedings, the Company is entitled to any remaining cash held by PharmHouse as described below.

On August 10, 2020, the Company advanced \$1,080,000 to Headset pursuant to a convertible promissory note agreement. The note matures on December 31, 2021, and bears interest at a rate of 8% per annum, calculated and compounded annually. The outstanding principal amount and any accrued interest is convertible, upon the occurrence of certain events, into preferred shares of Headset.

On August 13, 2020, the principal amount of \$2,024,000 that the Company had advanced to BioLumic pursuant to the convertible promissory note, along with accrued interest, converted into 381,590 preferred shares of BioLumic. Also on August 13, 2020, the Company completed a follow-on invested of \$688,000 in BioLumic pursuant to a second convertible promissory note agreement. The note matures on August 13, 2022, and bears interest at a rate of 6% per annum, calculated and compounded annually. The outstanding principal amount and any accrued interest is convertible, upon the occurrence of certain events, into preferred shares of BioLumic.

On August 31, 2020, the principal amount of \$2,000,000 that the Company had advanced to Dynaleo pursuant to the convertible debenture, along with accrued interest, converted into 1,499,569 common shares of Dynaleo, representing an equity interest of approximately 11% on a fully-diluted basis (assuming the exercise of the common share purchase warrants).

On September 14, 2020, the Company received a statement of claim filed by the PharmHouse Majority Shareholder, concerning certain disputes relating to PharmHouse (the “**September 2020 Claim**”). The statement of claim made a number of allegations against the Company, CGC, TerrAscend and TerrAscend Canada, including claims relating to bad faith, fraud, civil conspiracy, breach of the duty of honesty and good faith in contractual relationships and breach of fiduciary duty. The Company considered the September 2020 Claim as it related to the Company to be completely without merit and intended to vigorously defend its position at the appropriate time and in the appropriate forum. The September 2020 Claim was subsequently discontinued and the New Claim was reissued, as described below.

On September 15, 2020, PharmHouse obtained an order (the “**Initial Order**”) from the Court granting PharmHouse creditor protection under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”). Ernst and Young LLP was appointed by the Court to act as the monitor of PharmHouse in the CCAA proceedings (the “**CCAA Proceedings**”). Pursuant to the Initial Order and the CCAA Proceedings, the September 2020 Claim was stayed. Pursuant to the Initial Order, the Company entered into an agreement to provide PharmHouse with a debtor-in-possession (“**DIP**”) interim, non-revolving credit facility up to a maximum amount of \$7,214,000 (the “**DIP Financing**”) to enable the company to continue its day-to-day operations throughout the anticipated CCAA Proceedings. The DIP Financing bears interest at a rate of 8% per annum, calculated and compounded monthly and payable on the maturity date. The DIP Financing was subordinate to PharmHouse’s obligations under the PharmHouse Credit Facility.

On September 24, 2020, Garth Hankinson was elected to the Board as a nominee of CGC. Garth Hankinson subsequently resigned from the Board in connection with the Arrangement.

On October 1, 2020, the principal amount of \$3,000,000 that the Company had advanced to Greenhouse Juice pursuant to the unsecured convertible debenture agreement converted into 1,981,248 preferred shares of Greenhouse Juice, representing an equity interest of approximately 27% on a fully-diluted basis (assuming the conversion of the unsecured convertible debenture and the exercise of the preferred share purchase warrants, excluding the control warrant).

On October 29, 2020, PharmHouse received approval from the Court to commence its Sale and Investor Solicitation Process (the “**SISP**”), intended to solicit interest in, and opportunities for, a sale of, or investment in, all or part of PharmHouse’s assets or business.

On December 15, 2020, February 5, 2021 and March 11, 2021, the Company amended the DIP Financing in favour of PharmHouse to increase the maximum principal amount available to \$10,740,000 and extend the maturity date to June 30, 2021.

On December 21, 2020, the Company entered into a definitive agreement (the “**Arrangement Agreement**”) with CGC, RCC and Tweed Tree Lot pursuant to which, among other things, the Company agreed to dispose of certain assets held by RCC in exchange for \$115,000,000 in cash, up to 3,750,000 common shares in the capital of CGC, and the cancellation of all shares in the capital of the Company held by CGC, all by way of a plan of arrangement under the OBCA (the “**Arrangement**”). Pursuant to the Arrangement, the Company agreed to dispose of its interest in the Exchangeable Shares, the TerrAscend Warrants I, the TerrAscend Warrants II, the loan to TerrAscend Canada made in connection with TerrAscend Canada Investment, the Tweed Tree Lot royalty interest, the Vert Mirabel common shares, and the Vert Mirabel preferred shares.

On December 30, 2020, the Company, sold its interest in Canapar. RCC entered into a definitive share purchase agreement with RAMM, effective as of December 30, 2020, pursuant to which the Company sold its interest in Canapar to RAMM for consideration of up to \$9,000,000. On closing of the transaction, RAMM delivered a cash payment of \$7,000,000 to the Company to purchase the Company’s 29,833,333 common shares in Canapar. The transaction also included contingent consideration of \$2,000,000, to be paid upon achievement of certain operational milestones or upon the occurrence of certain events, including a change of control of Canapar, which was satisfied on

June 15, 2021. The contingent portion of the consideration will be satisfied through the issuance of 2,105,263 common shares in the capital of RAMM.

On January 13, 2021, RCC and Greenhouse Juice agreed to cancel the Greenhouse Preferred Warrants in consideration for Greenhouse Juice issuing (i) a warrant to acquire \$1,000,000 of preferred shares upon Greenhouse Juice achieving a twelve-month revenue of \$12,000,000; and (ii) a warrant to acquire \$1,000,000 of preferred shares on February 17, 2021.

On February 10, 2021, the Company received a statement of claim filed by the PharmHouse Majority Shareholder concerning certain disputes relating to PharmHouse (the “**New Claim**”). The New Claim was substantially similar to the September 2020 Claim, which was discontinued. The New Claim made a number of allegations against the Company, CGC, TerrAscend, and TerrAscend Canada. As with the September 2020 Claim, the Company views the claims as they relate to the Company’s actions to be completely without merit and intends to vigorously defend its position at the appropriate time and in the appropriate forum.

On February 16, 2021, the Company received shareholder approval of the Arrangement. In addition, in connection with the Arrangement, Bertrand exercised its right of first refusal to purchase its proportionate interest of the common shares in Vert Mirabel (the “**ROFR Shares**”) from the Company. Accordingly, RCC entered into a definitive purchase agreement with Bertrand in respect of the ROFR Shares, pursuant to which RCC sold to Bertrand, 117 ROFR Shares, representing 11.7% of the issued and outstanding common shares of Vert Mirabel, for cash consideration of approximately \$3,400,000.

On February 23, 2020, the Company completed the Arrangement and received consideration comprised of \$115,000,000 in cash and 3,647,902 common shares of CGC (the “**CGC Shares**”), as well as the cancellation of all Multiple Voting Shares and Subordinated Voting Shares held by CGC. As a result of completion of the Arrangement, the Dual Class Voting Structure was eliminated such that the Company’s authorized share capital currently consists of an unlimited number of Common Shares. Following the closing of the Arrangement, CGC no longer has any equity, debt, or other material outstanding balances with the Company and Mike Lee and Garth Hankinson, the directors of the Company nominated by CGC, resigned.

On March 3, 2021, PharmHouse signed an asset purchase agreement, pursuant to which PharmHouse agreed to sell various operating assets, including its facility and certain equipment located in its facility. The sale was conditional on approval from the Court, which approval was granted on March 11, 2021.

On March 16, 2021, the Company made a voluntary payment of \$25,000,000 to the lenders under the PharmHouse Credit Facility, relating to the Company’s estimated liability in respect of its guarantee of the PharmHouse Credit Facility and the Company’s determination that the recoverable amount of PharmHouse’s assets would be less than the principal amount owed by PharmHouse pursuant to the PharmHouse Credit Facility.

Fiscal Year 2022

Between April 28, 2021 and May 6, 2021, the Company sold 593,000 common shares of Nova Cannabis for total net proceeds of \$1,446,000. The Company no longer owns any Nova Cannabis common shares.

On May 14, 2021, PharmHouse, through the SISF, closed the sale of its greenhouse facility pursuant to the asset purchase agreement entered into on March 3, 2021. Concurrently, the Company made a payment of \$7,535,000 to the lenders under the PharmHouse Credit Facility. This payment, when combined with the net proceeds received from the sale of the greenhouse facility and the previous \$25,000,000 payment made by the Company on March 16, 2021, among other items, satisfied all obligations outstanding pursuant to the PharmHouse Credit Facility. The PharmHouse Credit Facility was subsequently terminated and cancelled.

On June 2, 2021, the Company sold its property in Fredericton, New Brunswick to Tweed Tree Lot in exchange for a cash payment of \$4,000,000. The Company no longer has any agreements with Tweed Tree Lot.

On June 23, 2021, PharmHouse received approval from the Court to terminate the CCAA proceedings upon the Monitor filing a certificate that all remaining activities in the CCAA Proceedings including the payment of any

remaining funds to the Company and the filing of an assignment into bankruptcy of PharmHouse. The Company is entitled to any cash available for distribution upon the termination of the CCAA Proceedings.

Following completion of the Arrangement, in an aim to maximize its available cash on hand and to enhance its relative advantage in pursuing potential opportunities in the United States cannabis market, the Company commenced the process of divesting the CGC Shares. As of June 3, 2021, the Company had sold all of the CGC Shares for net proceeds of approximately \$110,000,000.

DESCRIPTION OF THE BUSINESS

Company Overview

Prior to the closing of the Arrangement, the Company was a venture capital firm specializing in cannabis. The Company's business strategy was to create shareholder value through the continued deployment of strategic capital throughout the global cannabis sector. The Company identified strategic counterparties that were seeking financial and/or operating support, and aimed to provide investor returns through dividends and capital appreciation, while also generating interest, lease and royalty income to finance employee compensation, professional fees and other general and administrative costs associated with operating the business to generate these returns.

The Company made investments through a variety of financial structures (including common and preferred equity, debt, royalty, joint venture, and profit-sharing agreements, among others) in 20 companies, including seven Investees with international operations, and in doing so established a diversified portfolio of investments, which included large-scale greenhouse cannabis cultivators, small-scale premium cannabis cultivators, agriculture-technology companies, international hemp processors, brand developers and distributors, retail distribution licence operators, data, software, and other technology and media platforms, edible and beverage companies and beauty brands.

Revised Corporate Strategy

On February 23, 2021, the Company completed the Arrangement. Upon completion of the Arrangement, the Board and the Special Committee, in consultation with management and external advisors, comprehensively re-evaluated the Company's business and investment strategy. Accordingly, the Company has shifted its strategic focus to potential material investments in, or acquisitions of, established operating businesses in the United States cannabis market. As such investments or acquisitions may be inconsistent with the policies of the TSX, the Company has initiated the process to delist its Common Shares from the TSX and list its Common Shares on a stock exchange that does not prohibit such investments or acquisitions.

In addition to pursuing a strategy targeting opportunities in the United States cannabis market, the Company plans to continue to manage its existing portfolio in a manner intended to facilitate growth, optimize capital allocation, and maximize value to its shareholders.

The Company believes that the market opportunity in the United States continues to be significant, particularly in light of the outcome of the recent United States federal election. The United States cannabis market is currently comprised of 18 states where cannabis is legal for adult use and 36 states where cannabis is legal for medical use, representing a large addressable population. According to data published by BDS Analytics and Arcview Market Research in March 2021, the country's legal cannabis sales totaled approximately US\$17.5 billion in 2020. The Company expects sales to trend higher as a result of a continuation of medical and adult-use programs rolling out across states, coupled with the potential for regulatory reform at the federal level. Despite the changing political environment, many participants in the United States cannabis market continue to experience uncertain and constrained access to capital. Accordingly, the Company believes that, with the completion of the Arrangement, it is well-positioned with its strong balance sheet and existing expertise and knowledge of the United States cannabis landscape to enter the United States cannabis market in earnest.

As of the date hereof, the Company does not engage in the cultivation or distribution of cannabis in the United States for the purposes of the Staff Notice. However, given the Company's revised corporate strategy following the completion of the Arrangement, investments or acquisitions may involve the cultivation or distribution of cannabis in the United States and the Company may become subject to additional disclosure expectations under the Staff Notice.

Existing Portfolio

As of the date of this AIF, the Company has active investments in the following companies:

Investee	Location of Operations
Agripharm	Canada
BioLumic	New Zealand, United States and Europe
Civilized ⁽¹⁾	Canada and United States
Dynaleo	Canada
Greenhouse Juice	Canada
Headset	Canada and United States
Herbert ⁽²⁾	Canada
High Beauty	United States, Canada, Europe, Hong Kong, and the United Arab Emirates
LeafLink International	Canada
PharmHouse ⁽³⁾	Canada
Radicle	Canada
ZeaKal	United States and New Zealand

(1) As of the date of this AIF, the operating activities of Civilized are limited. The business recently recapitalized.

(2) As of the date of this AIF, the operating activities of Herbert are limited, and the businesses is currently re-assessing its business plans. The Company does not currently ascribe any value to this investment.

(3) As of the date of this AIF, PharmHouse has been granted creditor protection under the CCAA and has no material assets. The Company does not currently ascribe any value to this investment. Please refer to "General Developments of the Business" for additional information.

Set out below is a brief description of each Investee:

- Agripharm is a company licensed to cultivate, process and sell dried and fresh cannabis, cannabis plants, cannabis seeds, edible cannabis and cannabis extracts and topicals under the Cannabis Act. Agripharm is a joint venture between CGC, the owners of the North American entity that holds the rights to the globally-recognized cannabis brand Green House Seed Co. (a Netherlands-based portfolio of leading cannabis businesses, including an award-winning genetics portfolio, and pioneer in the development of the European cannabis coffee shop market) and SLANG Worldwide Inc. (owner of several market-leading cannabis brands, including O.penVAPE, Bakked, Pressies, and District Edibles). Pursuant to a joint venture agreement, Agripharm has sublicensed certain proprietary technology, trademarks, genetics, know-how, and other intellectual property to distribute the suite of Green House Seed Co. products and certain SLANG Worldwide Inc. products in Canada. Based in Creemore, Ontario, Agripharm currently operates a 20,000 square foot indoor production facility and a 570,000 square foot outdoor cultivation lot located on a 20-acre property.
- BioLumic is a leader in the emerging field of light signal treatments for agriculture, with a focus on unlocking the natural genetic potential of seeds and seedlings. BioLumic's Light Signals Recipes™ have demonstrated significant and consistent gains in crop yield, plant quality, and disease resistance, without the addition of chemicals or changes in plant production systems. The company has applied its technology and research to cannabis, soybeans, corn, lettuce, and strawberries, with plans to expand to additional controlled environment agriculture and row crop applications in the second half of 2021. BioLumic's coupled marker and phenotype research is being used to define "BioLumic-Ready crops" that can achieve predictable gains using the company's growing library of light signal treatments. BioLumic expects to expand testing and development of BioLumic's Light Signals Recipes™ to over 50 cannabis strains by early 2022 and plans to deploy its technology through partner technology and production systems.
- Civilized is a modern media company and lifestyle brand focused on elevating cannabis culture. After experiencing significant financial challenges, Civilized recently recapitalized its business.
- Dynaleo is a company licensed to produce cannabis edibles under the Cannabis Act. Based in Nisku, Alberta, Dynaleo operates a 27,000 square foot purpose-built facility, and is focused on manufacturing edible cannabis gummies for the Canadian adult-use market by way of Dynaleo-branded products and white-label contracts.

Dynaleo's soft-chew brands, *Sunshower* and *DYNATHRIVE CBD*, are currently available in Alberta, British Columbia, Ontario and Saskatchewan.

- Greenhouse Juice is an organic, plant-based food and beverage company. Founded in January 2014, Greenhouse Juice has expanded from a single retail store in Toronto to an omnichannel business with a number of company-owned stores, an e-commerce delivery service, and a growing network of grocery and foodservice partners with hundreds of retail locations across Canada, including both specialty boutiques and national/international chains like Whole Foods and Sobeys. Greenhouse Juice manufactures its beverages in a purpose-built, SQF-, HACCP- and organic-certified production facility in Mississauga, Ontario.
- Headset is a market intelligence and analytics software platform for the cannabis industry. With services that provide access to information on sales trends, emerging industries, popular products, and pricing, Headset's proprietary software platform allows customers to use data to identify new areas of opportunity, understand the competition, and tailor product development. Headset has launched its Insights market intelligence product in multiple adult-use cannabis markets in the United States (California, Colorado, Michigan, Massachusetts, Nevada, Oregon, and Washington) and in Canada (Alberta, British Columbia, Ontario, and Saskatchewan), and its retail data intelligence tool in Canada and the United States.
- Herbert is an early-stage beverage brand platform that was established by certain principals of Greenhouse Juice to focus on the adult-use cannabis beverage and herbal supplement beverage markets and that is licensed to conduct research and development activities under the Cannabis Act. Herbert had intentions for its core beverage offering to focus primarily around THC-infused products designed for distribution in Canada and non-infused herbal products designed for distribution across North America. The commercialization of Herbert's products was delayed due to a number of factors and Herbert is currently re-assessing its business plan.
- High Beauty is a multiple-brand beauty company, offering *high* and *canBE Naturally* products. Both brands are formulated using cannabis sativa seed oil, which is free of psychoactive substances including THC and CBD, in combination with certified organic plant oils, high-potency antioxidants, and pure plant essential oils. High Beauty has distribution partnerships through approximately 42 retailers with approximately 2,340 stores in the United States, Canada, Hong Kong, the United Arab Emirates and the European Union. The *high*-branded portfolio of facial products is sold through United States retailers including Macy's Kohls, ShopHQ, SkinStore, Revolve, and Sprouts Markets, as well as global retailers including Shopper's Drug Mart, Today's Shopping Choice, Hudson Bay, and Indigo in Canada, and Douglas and Cult Beauty in Europe. The *canBE Naturally* brand is distributed through United States retailers, including approximately 1,760 CVS stores nationwide, Walmart.com, SkinStore, AskDerm, and natural food retailers.
- LeafLink International is a subsidiary of LeafLink, Inc., a United States based company, that exclusively licenses LeafLink, Inc.'s business-to-business e-commerce marketplace and supply chain technology platform for deployment throughout regulated international cannabis markets outside of the United States. LeafLink, Inc. is a business-to-business wholesale marketplace that simplifies the supply chain through its e-commerce platform and that has linked approximately 6,975 cannabis retailers across 25 territories in the United States with approximately 1,829 vendors, servicing approximately US\$4.2 billion of gross merchandise value on an annualized basis. As of the date of this AIF, LeafLink International's e-commerce platform is facilitating transactions between 105 cannabis retailers and 72 vendors in Canada, with further provincial expansion underway.
- PharmHouse is a joint venture between the Company and the PharmHouse Majority Shareholder. A company formerly licensed to cultivate cannabis under the Cannabis Act, PharmHouse is currently subject to creditor protection proceedings under the CCAA. PharmHouse previously owned a 1,300,000 square foot automated greenhouse in Leamington, Ontario, which was fully licensed. On September 16, 2020, the Court granted the Initial Order providing PharmHouse with creditor protection under the CCAA and subsequently approved the SISP which was carried out under the supervision of a Court-approved monitor. In connection with the CCAA Proceedings and the SISP, PharmHouse entered into an asset purchase agreement, pursuant to which PharmHouse agreed to sell various operating assets, including its facility and certain equipment located in its facility. On May 14, 2021, PharmHouse, through the SISP, closed the sale of its greenhouse facility pursuant to the asset purchase agreement.

- Radicle is a white label company licensed to cultivate, process, and sell cannabis and cannabis oils under the Cannabis Act. Based in Hamilton, Ontario, Radicle is located near key transportation infrastructure and currently occupies in a 140,000 square foot indoor facility, which is being developed in phases, with 40,000 square feet currently in operation. Radicle’s products are currently available for sale in British Columbia, Ontario, and Saskatchewan.
- ZeaKal, a California-based plant science company, is building a value-driven “NewType” of agriculture to harmonize the needs of farmers, consumers, and the planet. Its flagship plant trait technology, PhotoSeed™, helps crops capture more carbon and sunlight, leading to healthier, nutrient-rich food and feed grown on a smaller environmental footprint. ZeaKal goes beyond science to make affordable nutrition more sustainable, with marketable differentiation for growers. ZeaKal is currently developing its PhotoSeed™ technology for hemp.

Below is a summary of the Company’s investments as at March 31, 2021:

Yield Investments			
Investee	Investment	Capital Advanced as at Mar. 31, 2021	Notes ⁽¹⁾⁽²⁾
Agripharm ⁽³⁾	Royalty interest	\$20,000,000	• Royalty is for a term of 20 years and is subject to a minimum annual payment based on 20% of the amount advanced
BioLumic	Second convertible promissory note	\$668,000	• Amount drawn under the promissory note bears interest at a rate of 6% per annum, payable at the maturity date or at the date that a qualified financing occurs • Convertible into 117,966 preferred shares of BioLumic (excluding accrued interest)
Greenhouse Juice	Secured convertible debenture	\$6,000,000	• Amount drawn under the debenture bears interest at a rate of 12% per annum, payable at the maturity date • Convertible into 3,962,496 preferred shares of Greenhouse Juice (excluding accrued interest)
Headset	Convertible promissory note	\$1,080,000	• Amount drawn under the promissory note bears interest at a rate of 8% per annum, payable at the maturity date or at the date that a qualified financing occurs • Convertible into 455,063 preferred shares of Headset (excluding accrued interest)
High Beauty	Convertible promissory note	\$1,009,000	• Amount drawn under the promissory note bears interest at a rate of 8% per annum, payable at the maturity date or at the date that a qualified financing occurs • Conversion price based on per share valuation of preferred stock upon closing of a qualified financing
Radicle	Royalty interest	\$5,000,000	• Royalty is for a term of 20 years and is subject to a minimum annual payment of \$900,000
	Convertible debenture	\$1,000,000	• Amount drawn under the debenture bears interest at a rate of 12% per annum, payable semi-annually • Convertible into 1,666,667 common shares of Radicle

- (1) The information contained in this table excludes certain yield investments that the Company had written off or ascribed a fair value of \$nil as at March 31, 2021, including the PharmHouse shareholder loan, secured demand promissory note, unsecured demand promissory note, and DIP Financing, as well as the Civilized convertible debenture. See “*General Developments of the Business*” for additional details.
- (2) Annual payments are based on the contractual terms of the underlying instruments in effect as of the date of this AIF and may not reflect actual cash amounts received by the Company. See “*Risk Factors*”.
- (3) During the year ended March 31, 2021, the Company determined that there was a significant risk that Agripharm would not be able to meet its financial obligations pursuant to the royalty agreement due to underlying financial challenges and business conditions, including the payment of the outstanding overdue royalty balance owing to the Company as at March 31, 2021, of \$5,669,000 and future minimum annual royalties of \$4,000,000.

Equity and Warrant Investments				
Investee	Investment	Cost Base ⁽¹⁾	Number of Shares / Warrants	Notes ⁽²⁾
BioLumic ⁽³⁾	Preferred shares	\$2,024	381,590	• Represents an approximate 11% equity interest on a fully-diluted basis

Equity and Warrant Investments				
Investee	Investment	Cost Base ⁽¹⁾	Number of Shares / Warrants	Notes ⁽²⁾
CGC	Common shares	n/a	3,565,402	• Represents less than 1% equity interest on a fully-diluted basis
Dynaleo	Common shares	\$1,613,000	1,499,569	• Represents an approximate 9% equity interest on a fully-diluted basis
	Warrants	\$387,000	1,000,000	
Greenhouse Juice ⁽³⁾	Preferred Shares	\$4,000,000	2,905,830	• Represents an approximate 26% equity interest on a fully-diluted basis (excluding control warrant) • Control warrant to purchase 51% of the fully-diluted shares
	Warrants	Nominal	924,582	
Headset ⁽³⁾	Preferred shares	\$4,279,000	1,572,588	• Represents an approximate 8% equity interest on a fully-diluted basis
Herbert ⁽⁴⁾	Preferred shares	\$1,406,000	4,074,074	• Represents an approximate 25% equity interest on a fully-diluted basis (excluding control warrant) • Control warrant to purchase 51% of the fully-diluted shares
	Warrants	\$94,000	n/a	
High Beauty ⁽³⁾⁽⁵⁾	Preferred shares	\$2,867,000	2,500,000	• Represents an approximate 19% equity interest on a fully-diluted basis
	Warrants	\$495,000	612,500	
LeafLink International	Common shares	\$2,638,000	2,000,000	• Represents an approximate 17% equity interest on a fully-diluted basis
Nova Cannabis	Common shares	\$3,265,000	10,883,333	• Represents an approximate 1% equity interest on a fully-diluted basis
Radicle ⁽³⁾	Common shares	\$5,000,000	17,588,424	• Represents an approximate 25% equity interest on a fully-diluted basis
	Warrants	\$40,000	266,667	
ZeaKal	Preferred shares	\$13,487,000	248,446	• Represents an approximate 9% equity interest on a fully-diluted basis

- (1) Cost base for warrant investments is generally estimated based on an allocation of total committed capital on an individual transaction basis between warrants and another financial instrument (e.g. royalty interest, convertible debenture, common shares, etc.), and is not representative of consideration that the Company separately and specifically paid for such warrants. Cost base for share investments that resulted from the conversion of previously-held debentures is based on the original cost base of the corresponding debenture.
- (2) The information contained in this table excludes the Company's equity-related investments in PharmHouse and Civilized that the Company has written off or ascribed a fair value of \$nil as at March 31, 2021. See "General Developments of the Business" for additional details.
- (3) Equity ownership on a fully-diluted basis assumes the conversion of the convertible security described in the previous table.
- (4) See "General Developments of the Business" for additional details relating to the current estimated value of the Company's investment in Herbert preferred shares.
- (5) See "General Developments of the Business" herein for additional details relating to the current estimated value of the Company's investment in High Beauty preferred shares.

Overview of Industry

Cannabis Regulatory Framework in Canada

Medical cannabis has been legal in Canada since 2001 through various regulatory regimes. On October 17, 2018, the Cannabis Act came into force. The Cannabis Act governs both the medical and the regulated adult-use markets in Canada.

The distribution and sale of cannabis for adult-use purposes is regulated under the individual authority of each provincial and territorial government, and as such, regulatory regimes vary from jurisdiction to jurisdiction. In each of the provinces and territories, except for Saskatchewan and Nunavut, a provincial or territorial distributor is exclusively responsible for purchasing cannabis from producers and selling products to its regulated retail distribution channels. In addition, in each province and territory, other than Saskatchewan, Manitoba and Nunavut, the provincial or territorial distributor is solely responsible for online sales. However, as a result of the COVID-19 pandemic, the Government of Ontario has established new temporary standards to the Registrar's Standards for Cannabis Retail Stores, allowing private retail stores to offer online sales to consumers through click-and-collect and delivery services. See "Risk Factors – Risks Relating to the Company – Infectious Diseases, Including COVID-19 Pandemic" for additional information.

With respect to retail sales of cannabis (other than online sales), certain provinces and territories allow only for government-run cannabis stores, whereas others, such as Ontario, leave the retail sale of cannabis to the private sector.

In addition, other provinces and territories, such as British Columbia, allow for a hybrid model in which both public and private stores can operate. As a result of the COVID-19 pandemic, many retail cannabis stores across Canada have been temporarily closed (either voluntarily or by government order), and are now re-opening slowly subject to social distancing and other applicable measures, including curbside pickup and delivery-only models. See “*Risk Factors – Risks Relating to the Company – Infectious Diseases, Including COVID-19 Pandemic*” for additional information.

Under the Cannabis Act, Health Canada has been granted the authority to issue a wide range of licences, including licences for standard cultivation, micro-cultivation, industrial hemp cultivation, and nursery cultivation, licences for standard processing and micro-processing, medical sales licences, and licences for analytical testing, research and cannabis drugs. In addition, the Cannabis Act includes various labeling and branding requirements, as well as restrictions on promotion, among other requirements.

In the initial stage of the regulated adult-use cannabis market, products available for sale included, among other things, dried flower, oils and soft-gels, and pre-rolled cannabis products. On October 17, 2019, the federal government legalized additional classes of products; specifically, edible cannabis, cannabis extracts, and cannabis topical products pursuant to certain amendments to the Cannabis Regulations. Cannabis oil ceased to be a separate class of saleable cannabis effective October 17, 2020 and is subsumed within other classes of cannabis (e.g. cannabis extracts or edible cannabis), depending on the details of how the particular cannabis product is packaged, the THC content and the presence of other ingredients. Edible cannabis, cannabis extracts, and cannabis topical products, which are now available for sale, are subject to, among other things, additional regulatory requirements that include supplemental marketing and advertising rules, further restrictions on labelling and packaging, rules relating to ingredients of edible cannabis and cannabis extracts, limits on THC content, and added facility requirements.

Cannabis Regulatory Framework in the United States

Unlike in Canada, which has uniform federal legislation governing the cultivation, distribution, sale and possession of cannabis under the Cannabis Act, in the United States, cannabis is regulated differently at the federal and state level. Notwithstanding the permissive regulatory environment of cannabis in some states, cannabis continues to be categorized as a Schedule I controlled substance under the CSA, making it illegal under federal law in the United States to cultivate, distribute, or possess cannabis. This means that while state laws may take a permissive approach to medical and/or adult-use of cannabis, the CSA may still be enforced by United States federal law enforcement officials against citizens of those states for activity that is legal under state law. As at the date of this AIF, 36 states, plus the District of Columbia (and the territories of Guam, Puerto Rico, the U.S. Virgin Islands and the Northern Mariana Island), have legalized the cultivation and sale of cannabis for medical purposes. In 18 of those jurisdictions, the sale and possession of cannabis is legal for both medical and adult use, and the District of Columbia has legalized adult use but not commercial sale. In February 2021, the Virginia legislature has enacted legislation that would legalize cannabis for adult use beginning in 2024. Virginia is the first southern state to legalize cannabis for adult use. Also in February 2021, New Jersey Governor Phil Murphy signed three bills into law that legalize cannabis for adult use. At the end of March, 2021, New York enacted legislation to legalize recreational use of cannabis, becoming the 15th state to do so.

As a result of the conflicting views between state legislatures and the United States federal government regarding cannabis, investments in cannabis businesses in the United States are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in August 2013 when then Deputy Attorney General James Cole authored a memorandum (the “**Cole Memorandum**”), addressed to all United States district attorneys acknowledging that notwithstanding the designation of cannabis as a controlled substance at the federal level in the United States, several U.S. states have enacted laws relating to cannabis.

The Cole Memorandum outlined certain priorities for the Department of Justice relating to the prosecution of cannabis offenses. In particular, the Cole Memorandum noted that in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, distribution, sale and possession of cannabis, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. Notably, however, the Department of Justice has never provided specific guidelines for what regulatory and enforcement systems it deems sufficient under the Cole Memorandum standard. In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the Department of

Justice should be focused on addressing only the most significant threats related to cannabis. States where medical cannabis had been legalized were not characterized as a high priority. On January 4, 2018, then United States Attorney General Jeff Sessions issued a memorandum (the “**Sessions Memorandum**”) that rescinded the Cole Memorandum. The Sessions Memorandum rescinded previous nationwide guidance specific to the prosecutorial authority of United States attorneys relative to cannabis enforcement on the basis that they are unnecessary, given the well-established principles governing federal prosecution that are already in place. Those principles require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution and the cumulative impact of particular crimes on the community.

As a result of the Sessions Memorandum, federal prosecutors are now free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and therefore it is uncertain how active federal prosecutors will be in relation to such activities. Due to the ambiguity of the Sessions Memorandum, there can be no assurance that the federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law. See “*Risk Factors*” for additional information.

It is unclear what specific impact the new Biden administration will have on United States federal government enforcement policy, and there is no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the CSA with respect to cannabis (and there can be no assurances as to the timing or scope of any such potential amendments) there is a risk that federal authorities may enforce current United States federal law, including in respect of the cultivation, distribution, sale and possession of cannabis.

Additionally, under United States federal law it may, under certain circumstances, be a violation of federal money laundering statutes for financial institutions to accept any proceeds from cannabis sales or any other Schedule I controlled substances. Certain Canadian banks are similarly reluctant to transact business with United States cannabis companies, due to the uncertain legal and regulatory framework characterizing the industry at present. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to United States cannabis businesses. Under United States federal law, banks or other financial institutions that provide a cannabis business with a chequing account, debit or credit card, small business loan or any other service could be found guilty of money laundering or conspiracy. Despite these laws, in February 2014, FCEN issued the FCEN Memorandum providing instructions to banks seeking to provide services to cannabis-related businesses. The FCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. It refers to supplementary guidance that Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA. It is unclear at this time whether the current administration will follow the guidelines of the FCEN Memorandum. See “*Risk Factors*” for additional information.

On December 20, 2018, the 2018 Farm Bill was signed into law by the former President Donald Trump in the United States. The 2018 Farm Bill, among other things, removed industrial hemp and its cannabinoids, including CBD derived from industrial hemp (as defined in the 2018 Farm Bill), from the CSA and amended the Agricultural Marketing Act of 1946 to allow for industrial hemp production and sale in the United States. Under the 2018 Farm Bill, industrial hemp is defined as “the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis.” The USDA has been tasked with promulgating regulations for the industrial hemp industry, which, among other things, requires the USDA to review and approve any state-promulgated regulations relating to industrial hemp. On October 31, 2019, the USDA issued interim final regulations that imposed certain testing and other requirements in order to assure that crops to be sold as industrial hemp will meet the statutory limitations. On February 27, 2020, the USDA announced that it would delay enforcement of certain requirements of the interim final regulations pertaining to analytical testing and disposal requirements until October 31, 2021, or publication of the final rule, whichever occurred first. On January 11, 2021, the USDA announced the final regulations, with an effective date of March 22, 2021. The final regulations generally track the interim final regulations, though with some modifications.

Further, under the 2018 Farm Bill, the FDA has retained its authority to regulate products containing cannabis or cannabis-derived compounds, including CBD, under the FDCA and section 351 of the Public Health Services Act. On May 31, 2019, the FDA held its first public meeting to discuss the regulation of cannabis-derived compounds, including CBD. The meeting included stakeholders across academia, agriculture, consumer, health professional, and manufacturer groups, and was intended to explore new pathways for hemp-derived CBD to be sold legally in the food and supplement markets, while protecting research into future pharmaceutical applications. The FDA has expressed an interest in fostering innovation regarding the development of products containing hemp-derived compounds such as CBD; however, the FDA has indicated that those actions will have to fit under the confines of current law and further legislation will likely be required. In November 2019, the FDA issued guidance and a description of its activities, in which the FDA stated that only hemp seed oil, hulled hemp seed, and hemp seed powder were “Generally Recognized as Safe” (“GRAS”) as ingredients in food, and that CBD and THC were not GRAS. In the guidance, the FDA has taken the position that a food product or dietary supplement containing CBD would be “adulterated” and could not legally be marketed in the United States. The FDA has continued to issue warning letters to manufacturers of food or dietary supplements that are labeled as including CBD. The FDA has approved one prescription drug containing CBD and has taken the position that no other product can be marketed as containing CBD without approval as a new drug. There can be no assurance that the FDA will approve CBD as an additive to products under the FDCA. Additionally, the 2018 Farm Bill does not legalize “marihuana” (as such term is defined in the CSA), which remains a Schedule I controlled substance under the CSA.

On November 3, 2020, ballot initiatives regarding the establishment of medical use regulatory frameworks in Mississippi and South Dakota, and adult-use regulatory frameworks in Arizona, New Jersey, Montana, and South Dakota, successfully passed. Additionally, by mid-2021, Connecticut, New Mexico, New York and Virginia passed legislation to allow adult use of cannabis. Other states, including Pennsylvania and Rhode Island, are currently considering the implementation of adult-use regulatory frameworks as well. Furthermore, multiple legislative reforms related to cannabis have been introduced in the United States Congress. Examples include the proposed bills styled as the Medical Marijuana Research Act, the Marijuana Opportunity Reinvestment and Expungement Act, the Strengthening the Tenth Amendment Through Entrusting States Act, and the Secure and Fair Enforcement Banking Act. Currently, although the SAFE Banking Act has passed the House of Representatives and is pending in the Senate, none of these proposed bills have been approved by both chambers and none have yet been presented to President Biden for signature. The emergence and ongoing effect of the COVID-19 pandemic may impact the timeline for the potential passage of these reforms as regulators prioritize their response to the health and economic crisis. There can be no assurance that any of these pieces of legislation will become law in the United States.

On October 16, 2017, the TSX provided clarity regarding the application of Sections 306 (Minimum Listing Requirements) and 325 (Management) and Part VII (Halting of Trading, Suspension and Delisting of Securities) of the TSX Company Manual (collectively, the “**Requirements**”) to applicants and TSX-listed issuers with business activities in the cannabis sector. In TSX Staff Notice 2017-0009, the TSX notes that issuers with ongoing business activities that violate United States federal law regarding cannabis are not in compliance with the Requirements. These business activities may include (i) direct or indirect ownership of, or investment in, entities engaging in activities related to the cultivation, distribution or possession of cannabis in the United States, (ii) commercial interests or arrangements with such entities, (iii) providing services or products specifically targeted to such entities, or (iv) commercial interests or arrangements with entities engaging in providing services or products to United States cannabis companies. The TSX reminded issuers that, among other things, should the TSX find that a listed issuer is engaging in activities contrary to the Requirements, the TSX has the discretion to initiate a delisting review.

In addition, on February 8, 2018, the Canadian Securities Administrators revised their previously released Staff Notice, which provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the United States as permitted within a particular state’s regulatory framework. All issuers with United States cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents.

As of the date of this AIF, the Company is not considered a U.S. Marijuana Issuer (as defined in the Staff Notice) nor does the Company currently have material ancillary involvement in the United States cannabis industry in accordance with the Staff Notice. Furthermore, the Company and the Investees are not directly involved in any marijuana-related activities in the United States (as defined in the Staff Notice). However, given the Company’s revised corporate strategy following the completion of the Arrangement, the Company may engage in activities in the United States

related to cultivating and distributing cannabis while cannabis remains illegal under United States federal law, and certain Investees in the Company's portfolio may also operate in the United States cannabis industry. Accordingly, the Company has initiated the process to delist its Common Shares from the TSX and list its Common Shares on an alternative stock exchange that does not prohibit such investments or acquisitions. See "*Risk Factors*" for additional information.

The Company is also in discussions with current service providers whose terms of service prohibit the Company from making investments or acquisitions in the United States cannabis market regarding any necessary transition to service providers whose terms of service would not prohibit such activities. Based on its discussions to date, the Company believes that it will be able to complete any required transition to new service providers on a timely basis and prior to undertaking any activities in the United States cannabis market.

For the reasons set forth above, the Company's existing investments in the United States, and any future investments in the United States cannabis market that the Company pursues under its revised corporate strategy, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to invest in the United States or any other jurisdiction. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its investments in certain Investees, the listing of the Common Shares on the TSX, its financial position, operating results, profitability or liquidity or the market price of the Common Shares. See "*Risk Factors*" for additional information.

Cannabis Regulatory Framework in New Zealand

In December 2018, the New Zealand Misuse of Drugs Act (Medicinal Cannabis) Amendment Act came into effect, providing a defence for terminally ill people to possess and use cannabis in certain circumstances and changing the classification of CBD products containing less than 2% THC such that they are no longer considered to be controlled drugs.

In December 2019, the New Zealand government passed the Misuse of Drugs (Medicinal Cannabis) Regulations 2019. These regulations became effective on April 1, 2020, and the New Zealand Ministry of Health's new Medicinal Cannabis Agency launched New Zealand's Medicinal Cannabis Scheme. This scheme allows for domestic commercial cultivation, manufacture and distribution of medical cannabis. It also establishes quality standards and a licensing regime for medicinal cannabis products. The Medicinal Cannabis Agency accepts licence applications from prospective cannabis cultivators and manufacturers.

On November 6, 2020, New Zealand held a referendum on adult-use cannabis legalization, in which voters were asked whether they support a new bill which would regulate the sale, production, and possession of cannabis in New Zealand. The referendum failed to pass as 48.4% of voters supported the referendum.

Specialized Skill and Knowledge

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and the Board. The Company's future success depends on its continuing ability to attract, develop, motivate, and retain such personnel. Qualified individuals, including those with knowledge and experience in the investment and cannabis industries, are in high demand and the Company may incur significant costs to attract and retain them.

Competitive Conditions

As the cannabis market continues to mature, the entry of new competitors may also increase the level of competition in the cannabis market as a whole, including for entities like the Company that pursue investment and acquisition opportunities in the global cannabis sector. As presently constituted, domestic and international companies in the cannabis industry face a number of obstacles in securing appropriate growth capital and strategic support, particularly in light of the COVID-19 pandemic. The Company's business strategy is to create shareholder value through the continued deployment of strategic capital throughout the global cannabis sector. However, as opportunities continue

to arise as a result of regulatory developments internationally, there is potential that the Company will face intense competition from other companies, some of which may have longer operating histories and greater financial resources. In particular, as the cannabis industry matures, additional sources of capital may become available to companies in the sector. This could have a negative impact on the Company's business strategy as potential investees or acquisition targets may seek alternative transactions or forms of financing, including, among others, traditional debt financing. In addition, maturation of the cannabis industry will likely result in the participation of additional institutional investors, which may reduce the current financing constraints faced by domestic and international companies in the cannabis industry and may impact the competitive environment in which the Company currently operates. The participation of new investors in the cannabis industry will also increase the supply of capital available to companies in the sector, which may increase the valuations at which the Company is able to invest and have a negative impact on the potential returns on investment available to the Company.

Similarly, as competition for the Company increases, Investees will also face increased competition from other companies, some of which can also be expected to have longer operating histories and greater financial resources.

Competitive factors may also result in the Company being unable to enter into desirable arrangements for new investments and/or acquisitions, to recruit or retain qualified employees or to acquire the capital necessary to fund its investments and/or acquisitions. See "*Risk Factors – Risks Relating to the Company – Competition*" for additional information.

Intangible Properties

The Company owns and/or uses trademarks, brands, domain names and other intangible assets that are important to its success. The Company has taken measures to protect, renew and defend such trademarks. If the Company is not successful in protecting, renewing or defending its intangible assets it could have a negative impact on the Company's business.

Changes to Contracts

The Company engages in ongoing dialogue with the Investees regarding, among other things, developments in the businesses of the Investees and the relationship between the Company and the Investees. As a result of the continuing impacts of the COVID-19 pandemic, regulatory developments, challenges affecting certain companies in the cannabis industry, and other general economic factors that may have an adverse impact on certain Investees, the contracts of certain Investees, including contracts with the Company, may be renegotiated or terminated.

In particular, during the year ended March 31, 2021, the Company determined that there was a significant risk that Agripharm would not be able to meet its financial obligations pursuant to the royalty agreement due to underlying financial challenges and business conditions. Accordingly, the Company's arrangements with Agripharm may require renegotiation.

Employees

As of March 31, 2021, the Company employed 12 individuals. As of the date of this AIF, the Company employs 12 individuals.

Foreign Operations

The Company evaluates investments in both the domestic and the global cannabis sector and expects that the geographic composition of the Company's investment portfolio will reflect the global nature and constitution of the cannabis industry, with a specific emphasis on operating businesses in the United States cannabis market in the near term. Currently, the majority of the entities that the Company has invested in operate solely within Canada and the Company is not dependent upon foreign operations.

The Company currently only conducts business and only invests in entities in jurisdictions outside of Canada where such operations are legally permissible and in compliance with the policies of the TSX. However, following

completion of the Arrangement, the Company has shifted its strategic focus to actively pursue potential material investments in, or acquisitions of, operating businesses in the United States cannabis market.

Bankruptcy and Similar Procedures

There have been no bankruptcy, receivership or similar proceedings against the Company or any of its subsidiaries, or any voluntary bankruptcy, receivership or similar proceedings by the Company or any of its subsidiaries, within the three most recently completed financial years or during or proposed for the current financial year.

Reorganizations

Other than the Qualifying Transaction and the Arrangement, there have been no material reorganizations of the Company or any of its subsidiaries within the three most recently completed financial years or during or proposed for the current financial year.

RISK FACTORS

Risks Relating to the Company

Business Strategy Risk

The Company's revised business strategy involves seeking new investment and/or acquisition opportunities in the global cannabis industry, with a focus on opportunities in the United States cannabis market. In the pursuit and execution of such opportunities, the Company may fail to select appropriate investment and/or acquisition candidates and/or fail to negotiate beneficial or advantageous contractual arrangements. The Company cannot provide assurance that it can complete any business arrangement that it pursues or is pursuing, on favourable terms, or that any business arrangements completed will ultimately benefit the Company.

Cannabis is a Controlled Substance in the United States

The Company is currently indirectly involved, through certain Investees, in ancillary activities related to the cannabis industry and is considering potential material investments in, or acquisitions of, operating businesses in jurisdictions in the United States where local law permits such activities and therefore, the Company may be associated with the cultivation, processing or distribution of cannabis in the United States. In the United States, regulation of cannabis use remains subject to control at both the federal and state levels. While a number of jurisdictions in the United States have authorized the cultivation, distribution or possession of cannabis to various degrees and subject to various requirements or conditions, cannabis continues to be categorized as a controlled substance under the CSA and, as such, cultivation, distribution, sale and possession of cannabis violates federal law in the United States. The inconsistency between federal and state laws and regulations is a major risk factor.

As a result of the Sessions Memorandum, federal prosecutors have prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities and, as a result, it is uncertain how active federal prosecutors will be in relation to such activities. There can be no assurance that the federal government will not seek to prosecute cases involving cannabis businesses that are otherwise compliant with state law.

It is unclear what specific impact the new Biden administration will have on United States federal government enforcement policy, and there is no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the CSA with respect to cannabis (and there can be no assurances as to the timing or scope of any such potential amendments) there is a risk that federal authorities may enforce current United States federal law, including in respect of the cultivation, distribution, sale and possession of cannabis.

While state laws may take a permissive approach to medical and/or adult-use of cannabis, the CSA may still be enforced by United States federal law enforcement officials against individuals and companies operating in those states for activity that is legal under state law. If the Department of Justice opted to pursue a policy of aggressively enforcing United States federal law against financiers or equity owners of cannabis-related businesses, then the Company or certain Investees could face (i) seizure of their cash and other assets used to support or derived from their business activities; and/or (ii) the arrest of its employees, directors, officers, managers and/or investors, who could face charges of ancillary criminal violations of the CSA for aiding and abetting and conspiring to violate the CSA by virtue of providing financial support to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis.

In addition, under such an aggressive enforcement policy, the Department of Justice could allege that the Company and the Board and, potentially its shareholders, “aided and abetted” violations of federal law by providing finances and services to certain Investees. Under these circumstances, it is possible that the federal prosecutor would seek to seize the assets of the Company or certain Investees, and to recover the “illicit profits” previously received by Company or, if the Company has paid dividends, the shareholders who received such dividends, resulting from any of the foregoing financing or services. In these circumstances, the Company’s shareholders may lose their entire investment and directors, officers and/or the Company’s shareholders may be required to defend any criminal charges against them at their own expense and, if convicted, be sent to federal prison.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings initiated by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its holdings (directly or indirectly) of interests in certain Investees, the listing of its securities on the TSX or other stock exchanges, its financial position, operating results, profitability or liquidity or the market price of its listed securities. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial. For the reasons set forth above, the Company’s investments and operations in the United States may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities, in addition to investors with restrictions on their risk exposure to the United States cannabis opportunities. Overall, an investor’s contribution to and involvement in the Company’s activities may result in federal civil and/or criminal prosecution, including forfeiture of his or her entire investment.

Acquisition and Integration Risks

The Company’s revised business strategy involves seeking new investment and/or acquisition opportunities in the global cannabis industry, with a focus on opportunities in the United States cannabis market. Any acquisition that the Company may choose to complete may be of a significant size, may change the scale of the Company’s business and operations, and may expose the Company to new geographic, political, operating and financial risks. The Company’s success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of the Company. Any acquisitions would be accompanied by risks. For example, the Company may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt the Company’s ongoing business and its relationships; and the acquired business or assets may have unknown liabilities which may be significant. In the event that the Company chooses to raise debt capital to finance any such acquisition, the Company’s leverage will be increased. If the Company chooses to use equity as consideration for such acquisition, existing shareholders may experience dilution. Alternatively, the Company may choose to finance any such acquisition with its existing resources. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

While the Company conducts due diligence with respect to the acquisition of businesses and assets, there may be liabilities or risks that the Company failed, or was unable, to discover in the course of performing its due diligence

investigations, which may be significant. Any such liabilities, individually or in the aggregate, could have a material adverse effect on the Company's business, financial condition and results of operations.

Risks Inherent in Strategic Alliances and Investments

The Company may enter into further strategic alliances with third parties that it believes will complement or augment its existing business. The Company's ability to form strategic alliances is dependent upon, and may be limited by, the availability of suitable counterparties and capital. In addition, strategic alliances could present unforeseen integration obstacles or costs, may not enhance the Company's business, and/or may involve risks that could adversely affect the Company, including significant amounts of management time that may be diverted from operations to pursue and complete such transactions or maintain such strategic alliances. Strategic alliances could result in the incurrence of additional debt, costs and/or contingent liabilities, and there can be no assurance that future strategic alliances will achieve the expected benefits to the Company's business or that the Company will be able to consummate future strategic alliances on satisfactory terms, or at all.

While the Company conducted due diligence with respect to the Investees, there are risks inherent in any investment. Specifically, there could be unknown or undisclosed risks or liabilities of the Investees for which the Company is not sufficiently indemnified or at all. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Company's financial performance and results of operations. While the Company's investments were expected to be accretive at the time they were made, the performance of such investments may be materially different. The Company could encounter additional transaction and enforcement-related costs, fail to realize any or all of the potential benefits from its investments or lose the capital invested in the Investees. Any of the foregoing risks and uncertainties could have a material adverse effect on the Company's business, financial condition and results of operations.

Risks Associated with Investing in or Acquiring United States Cannabis Businesses

The Company will be subject to various risks and uncertainties in the event that it ultimately invests in, or acquires, operating businesses in the United States cannabis market. Such risks and uncertainties include, among others, navigation of a new, complex and dynamic legal and regulatory environment, the fact that the Company has no definitive agreements with prospective target businesses, the intense competition in the United States cannabis market, including with companies with longer operating histories and greater financial resources than the Company, the ability of its investors, directors, officers and/or management to travel without restrictions due to their association with the United States cannabis industry, the possibility that investments or acquisitions in the United States could become the subject of heightened scrutiny by Canadian regulators, stock exchanges and other authorities and the implications of amending the terms of or replacing existing agreements with the Company's banking institutions, suppliers and other third parties that preclude investment in, or acquisitions of, United States cannabis businesses.

In addition, operating or investing in the United States cannabis industry may breach existing contractual covenants the Company has with any banking institutions, suppliers or other third parties. In such circumstances, the Company would be required to amend the terms of or replace such agreements and enter into alternative arrangements. Any violation of the terms of such contractual covenants and the failure to enter into appropriate alternative arrangements would result in a breach of the applicable agreement, and accordingly, may have a material adverse effect on the business, operations, and financial condition of the Company.

In addition, the Company and certain Investees may have difficulty accessing the services of banks and processing credit card payments in the United States, which may make it difficult for the Company and these Investees to operate. In February 2014, the FCEN issued guidance with respect to financial institutions providing banking services to cannabis business, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defences from examination or regulatory or criminal enforcement actions by the Department of Justice, FCEN or other federal regulators. Thus, most banks and other financial institutions do not appear to be comfortable providing banking services to cannabis-related businesses. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, operators in the United States may have limited or no access to banking or other financial services in the United States, and may have to operate their businesses on an all-cash basis. The inability or limitation on to open or maintain bank accounts in the United States, obtain other banking services and/or

accept credit card and debit card payments may make it difficult for the Company and/or certain Investees to operate and conduct their businesses as planned in the United States.

Volatility of the Common Share Price

The market price of the Common Shares may be subject to wide fluctuations in response to many factors, including variations in the financial results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by market analysts, changes in the Company's business prospects, developments with respect to the Investees, general economic conditions (including volatile economic conditions in response to the COVID-19 pandemic), regulatory changes, industry trends impacting the cannabis sector generally, and other events and factors outside of the Company's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Common Shares. Continued volatility of the market price of the Common Shares may impact the ability of the Company to raise additional capital.

Competition Risks

As the adult-use cannabis market continues to mature, consumers that once solely relied on the medical cannabis market may shift some, or all, of their consumption away from medical cannabis and towards adult-use cannabis, resulting in increased levels of competition in the medical cannabis market. As the adult-use cannabis market continues to mature, the entry of new competitors may also increase the level of competition in the cannabis market as a whole. This increase in competition may have a negative impact on the Company and/or the Investees.

There is potential that the Company and the Investees will face intense competition from other companies, some of which can be expected to have longer operating histories and greater financial resources. Increased competition from larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company and the Investees. Certain of the Investees' competitors with longer operating histories may be further advanced in the licence application process and may have already secured licensing for significant amounts of production. The ability of Investees to increase and/or maintain their production or other relevant business capacity, enter into supply agreements or develop sales channels is uncertain. In the Canadian market, certain Investees may not be able to find buyers for their production in jurisdictions where provincial agencies will be responsible for the sale of cannabis and, even if they are able to enter into supply agreements with provincial agencies, they may not be able to negotiate favourable prices. If the Investees are unable to achieve their business objectives, such failure could materially and adversely affect the business, financial condition and results of operations of the Company. Moreover, competitive factors may result in the Company being unable to enter into desirable arrangements with new Investees, to recruit or retain qualified employees or to acquire the capital necessary to fund its capital investments. Investees may also face competition from illegal cannabis dispensaries that are selling cannabis to individuals despite not having a valid licence. Existing or future competition in the cannabis industry could materially adversely affect the Company's prospects for providing growth capital to Investees in the future.

As the cannabis industry continues to mature, additional sources of capital may become available to cannabis companies. This could have a negative impact on the Company's business strategy, as potential investees may seek alternative forms of financing, including, among others, traditional debt financing. In addition, maturation of the cannabis industry will likely result in the participation of additional institutional investors, which may reduce the current financing constraints faced by domestic and international companies in the cannabis industry and may impact the competitive environment in which the Company currently operates. The participation of new investors in the cannabis industry will also increase the supply of capital available to companies in the sector, which may increase the valuations at which the Company is able to invest and have a negative impact on the potential returns on investment available to the Company.

The legal landscape for medical and adult-use cannabis is also changing internationally. More countries have passed laws that allow for the production and distribution of medical cannabis in some form or another, and some of these countries may pass laws allowing for the production and distribution of adult-use cannabis as well. Increased international competition could materially adversely affect the Company's and the Investees' business, operations or growth prospects.

No Control over Operations

The Company may not be directly involved in the ownership or operation of and may have no or limited contractual rights relating to the operations of its Investees. The Investees will generally have the power to determine the manner in which their businesses are developed, expanded and operated. The interests of the Company and the Investees may not always be aligned. As a result, the cash flows of the Company from royalties, debt instruments or otherwise will be dependent upon the activities of the Investees, which creates the risk that at any time those Investees may: (i) have business interests or targets that are inconsistent with those of the Company; (ii) take action contrary to the Company's policies or objectives; (iii) be unable or unwilling to fulfill their obligations under their agreements with the Company; or (iv) experience financial, operational or other difficulties, including insolvency, which could limit or suspend an Investee's ability to perform its obligations under agreements with the Company. There can be no assurance that the Investees involved in the production of cannabis will ultimately meet forecasts or targets. Payments to the Company, in certain instances, will be calculated by the Investees based on reported production, and such payments are subject to, and dependent upon, the adequacy and accuracy of the operators' production and accounting functions. The Company must rely on the accuracy and timeliness of the disclosure and other information it receives from the Investees. If the information contains material inaccuracies or omissions, the Company's ability to accurately forecast, fulfill its reporting requirements or achieve its stated objectives may be materially impaired. Failure to receive the Company's entitlements pursuant to the agreements it has entered into with Investees may have a material adverse effect on the Company.

Additional Financing Risk

The continued growth and development of the Company, including through follow-on investments in the Investees to support their business objectives, may require additional financing. The failure by the Company to raise such capital could result in the delay or indefinite postponement of the Company or the Investees' current business plan, the decrease in value of an Investee to the Company, or the Company or the Investee going out of business. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company. If additional funds are raised through issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution. In addition, from time to time, the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards. Debt financing often includes restrictive covenants on the operations of the borrower. Any debt financing obtained in the future could involve restrictive covenants relating to financial and operational matters, which may adversely impact the Company's business model, financial situation, and other financial and operational matters. The Company may require additional financing to fund its operations to the point where it is generating positive net cash flows. Negative net cash flow may restrict the Company's ability to pursue its business objectives.

Difficulty Reselling Common Shares

Almost all major securities clearing firms in the United States refuse to facilitate transactions related to securities of Canadian public companies involved in the cannabis industry. This is due to the fact that cannabis continues to be listed as a Schedule I controlled substance under the CSA. Accordingly, United States residents who acquire shares of the Company as "restricted securities" may find it difficult to resell such shares over the facilities of any Canadian stock exchange on which the shares may then be listed. It remains unclear what impact, if any, this and any future actions among market participants in the United States will have on the ability of United States residents to resell any shares of the Company that they may acquire in open market transactions.

Risks Associated with United States Cannabis Regulatory Requirements

Even where cannabis is permitted in the United States at the state level, regulations vary from state to state and the Company may not be able to comply with such regulations in a cost-efficient manner, if at all. For example, certain United States jurisdictions have *de facto* residency requirements that require investors in cannabis businesses to be a resident of such state, particularly if the cannabis business in question is one that directly involves the production, sale and distribution of cannabis. Such requirements may prove to be onerous or otherwise impracticable for an issuer to

comply with, which may have the result of excluding such investment opportunities from the list of possible transactions that the Company would otherwise consider.

Successful execution of a transaction in connection with the Company's potential United States strategy within the cannabis sector is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and ensuring the Company, and the portfolio companies the Company may invest in, obtains all regulatory approvals, where necessary, for the sale of its products, including maintaining and renewing all applicable licenses, permits and authorizations. The commercial cannabis industry is still a relatively new industry and the Company cannot predict the impact of the compliance regime to which it may be subject in connection with the Company's United States strategy. Similarly, the Company cannot predict the time required to secure all appropriate regulatory approvals for any of the products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, financial condition and operating results of the Company. Without limiting the foregoing, failure to comply with the requirements of any underlying licenses or any failure to maintain any underlying licenses would have a material adverse impact on the business, financial condition and operating results of the Company. There can be no guarantees that any required licenses for the operation of the applicable business will be extended or renewed in a timely manner, if at all, or that if they are extended or renewed, that the licenses will be extended or renewed on the same or similar terms.

Risks Associated with Delisting from the TSX

As the Company remains listed on the TSX, the Company is prohibited from investing in, or acquiring, operating businesses in the United States cannabis market until a change in United States federal law occurs or the Company delists its Common Shares from the TSX and lists on an alternative exchange that does not prohibit investments in United States cannabis businesses. While the Company has initiated the process to delist its Common Shares from the TSX and list on another exchange, there is no assurance that the Company can satisfy the conditions required to delist its Common Shares from the TSX or list on an alternative stock exchange, or when such delisting or listing could occur. Unless the Company can delist from the TSX and list on an alternative stock exchange, it will be hindered in pursuing United States investment or acquisition opportunities.

Compliance with Laws

The Company's and the Investees' operations are subject to various laws, regulations and guidelines that may change over time. The Company has implemented governance processes and endeavours to cause the Investees to comply with all relevant laws, regulations and guidelines at all times. Although some of the Investees are contractually required to comply with laws pursuant to their agreements with the Company, certain Investees, including Headset, are not subject to such requirements, and in any event these contractual obligations do not guarantee compliance by Investees. In the event that an Investee such as Headset is discovered not to be in compliance with laws, the Company may be limited in its recourse against such Investee. In addition, the Investees may not maintain internal policies and procedures adequate to ensure compliance with the various laws, regulations and guidelines to which they are subject. There is also a risk that the Company's and the Investees' interpretation of laws, regulations and guidelines, including, but not limited to, the Cannabis Act, the associated regulations, various U.S. state regulations and applicable stock exchange rules and regulations, may differ from those of others, including those of government authorities, securities regulators and exchanges, and the Company's and the Investees' operations may not be in compliance with such laws, regulations and guidelines. In addition, the Company or the Investees, while they may be compliant today, may not be compliant following changes to any laws, regulations or guidelines. In addition, achievement of the Company's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and, where necessary, obtaining regulatory approvals. The impact of regulatory compliance regimes, and the impact of any delays in obtaining or failures to obtain regulatory approvals required by the Company or the Investees may significantly delay or impact the development of the Company's and the Investees' business and operations and could have a material adverse effect on the business, financial condition and results of operations of the Company. In addition, any potential noncompliance could cause the business, financial condition and results of operations of the Company to be adversely affected.

The Company and the Investees will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws and regulations may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions. Parties may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, court rulings or more stringent application of existing laws or regulations, may have a material adverse impact on the Company and/or the Investees, resulting in increased capital expenditures or production costs, reduced levels of cannabis production or abandonment or delays in the development of facilities, or other significant changes in the Company's and/or the Investees' business plans, which could have a material adverse effect on the business, financial condition and results of operations of the Company and/or the Investees.

The introduction of new tax laws, regulations or rules, or changes to, or differing interpretation of, or application of, existing tax laws, regulations or rules in any of the countries in which the Company may operate could result in an increase in the Company's taxes, or other governmental charges, duties or impositions. No assurance can be given that new tax laws, regulations or rules will not be enacted or that existing tax laws, regulations or rules will not be changed, interpreted or applied in a manner which could result in the Company's profits being subject to additional taxation or which could otherwise have a material adverse effect on the Company.

Due to the complexity and nature of the Company's operations, various legal and tax proceedings may be in progress from time to time. If the Company is unable to resolve any of these proceedings favourably, there may be a material adverse effect on the Company.

Changes in Cannabis Laws, Regulations and Guidelines

Any amendment to or replacement of the Cannabis Act or other applicable rules and regulations governing the activities of the Company and the Investees may cause adverse effects on the Company's or the Investees' business, financial condition and results of operations. The risks to the business of the Company and the Investees associated with any amendment or replacement of the Cannabis Act or any subsequent regulatory changes in Canada or the United States could reduce the available market for products or services of the Investees and could materially and adversely affect the business, financial condition and results of operations of the Company. In addition, global cannabis regulatory reform may not occur as anticipated or at all, which could negatively impact the Company's investment opportunities and ability to fulfill its investment objectives.

Conflicts of Interest

The Company may be subject to various potential conflicts of interest because of the fact that some of its officers and directors may be engaged in a range of business activities, including certain officers and directors that may provide services to both the Company and to an Investee. The Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that could require significant time and attention and interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company may also become involved in other transactions which conflict with the interests of its directors and officers who may from time to time deal with persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws and the Company's policies. In particular, in the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In addition, any material transaction or agreement proposed to be entered by the Company with any related party will be subject to the prior review and recommendation of the Conflicts Review Committee. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

Risks of a Significant Shareholder

The JWAM Funds control a significant number of Common Shares and also have financial interests in various other cannabis businesses that may be viewed as competitors to the Company now or in the future. As a result of the number of Common Shares held by the JWAM Funds, JWAM has the ability to exercise significant influence over the Company's business and operations due to its ownership interest, including matters requiring shareholder approval, such as the election of directors, change of control transactions and the determination of other significant corporate actions. There can also be no assurance that the interests of JWAM will align with the interests of the Company or the Company's other shareholders, particularly in light of the other financial interests of the JWAM Funds, and JWAM will have the ability to influence certain actions that may not reflect the intent of the Company or align with the interests of the Company or its shareholders. The ownership interest of the JWAM Funds could limit the price that investors or an acquirer may be willing to pay for Common Shares and may therefore delay or prevent a change of control or take-over bid of the Company.

Insurance Risks

While the Company currently maintains insurance coverage, there are exclusions and additional difficulties and complexities associated with insurance coverage that could cause the Company to suffer uninsured losses, which could adversely affect the business, results of operations, and profitability of the Company. To the extent that the Company completes an investment in or acquisition of a cannabis company operating in the United States, the cost of insurance coverage may increase and may even become unavailable. There is no assurance that the Company will be able to obtain or maintain insurance coverage at a reasonable cost or fully utilize such insurance coverage, if necessary.

Litigation

The Company and the Investees may from time to time be involved in various claims, legal proceedings and disputes arising in the ordinary course of business, including class action litigation. If the Company or an Investee is unable to resolve these disputes favourably, it may have a material adverse effect on the Company and/or the Investee. Even if the Company and/or the Investee successfully defends against a purported class action and/or is involved in litigation and wins, litigation can redirect significant resources and/or divert management's attention, and the legal fees and costs incurred in connection with such activities may be significant. Additionally, the Company and/or the Investee may be subject to judgements or enter into settlements of claims for significant monetary damages. Such litigation may also create a negative perception of the Company and/or the Investee. Any decision resulting from any such litigation that is adverse to the Company or an Investee could have a negative impact on the Company's business, financial results, operations and ability to pursue a United States strategy.

Expansion into Foreign Jurisdictions

The Company's expansion into jurisdictions outside of Canada, including the Company's potential investments in, or acquisitions of, operating businesses in the United States cannabis market, is subject to risks. In addition, in jurisdictions outside of Canada, there can be no assurance that any market for the Investees' products will develop. The Company may face new or unexpected risks or significantly increase its exposure to one or more existing risks, including economic instability, compliance with and changes in laws and regulations, and the effects of competition. These factors may limit the Company's ability to successfully expand its operations into such jurisdictions and may have a material adverse effect on the Company's business, financial condition and results of operations.

Limited Operating History

The Company has a limited history of operations. Accordingly, the Company is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources, and lack of income. The limited operating history may also make it difficult for investors to evaluate the Company's prospects for success. There is no assurance that the Company will be successful and its likelihood of success must be considered in light of its early stage of operations.

The Company may not be able to achieve or maintain profitability and may incur losses in the future. In addition, the Company is expected to increase its capital investments as it implements initiatives to grow its business. If the Company's operating income and access to capital are not able to support its operating and investing activities, the Company may not generate positive net cash flow. There is no assurance that future income will be sufficient to generate the funds required to continue operations without external funding.

Difficulty to Forecast

The Company relies largely on its own market research and information provided by the Investees to forecast industry trends, statistics and market sizes, as well as the success of the business, products, plans and strategies of the Investees as detailed forecasts are, with certain exceptions, not generally available from other sources at this early stage of the cannabis industry. If the Company's forecasts are not accurate as a result of competition, technological change, change in the regulatory or legal landscape, change in consumer behavior, or other factors, including the impact of the COVID-19 pandemic, the business, financial condition and results of operations of the Company may be adversely affected.

Cannabis Prices

The price of the Common Shares and the Company's financial results may be significantly and adversely affected by a decline in the price of cannabis. There is currently not an established market price for cannabis and the price of cannabis is affected by numerous factors beyond the Company's control. Any price decline may have a material adverse effect on the business, financial condition and results of operations of the Investees and the Company.

The Company's operating income may be sensitive to changes in the price of cannabis and the overall condition of the cannabis industry, as its operating income will be derived in part from royalty payments. In addition, the value of the Company's investments in the Investees may be affected as a result of changes in the prevailing market price of cannabis, which may have a material adverse effect on the ability of the Investees to generate positive cash flow or earnings.

Challenging Global Financial Conditions

In recent years, global financial conditions have displayed increased volatility, with such volatility having caused significant financial institutions to, among other things, go into bankruptcy or be rescued by governmental authorities. Future events could cause global financial conditions to destabilize suddenly and rapidly, and governmental authorities may have limited resources to respond to such future crises. Further, global capital markets have displayed increased volatility in response to recent global events. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, pandemics or outbreaks of new infectious diseases or viruses, changes to energy prices or sovereign defaults. Any sudden or rapid destabilization of global economic conditions, including as a result of the COVID-19 pandemic, could negatively impact the ability of the Company or the Investees to obtain equity or debt financing or make other suitable arrangements to finance their projects. It may also impact the ability of the Investees to meet their commitments to the Company and other counterparties, including royalty payments, interest payments, lease payments, and other debt obligations, which may negatively impact the Company's financial condition, operating results and cash flow. If increased levels of volatility continue or if there is a general decline in global economic conditions, it may impact, among other things, the operations of certain Investees, patterns of consumption and service, the financial markets, the price of the Common Shares, the value of the Company's investments, and the Company's ability to realize successful monetization events involving its economic interests in the Investees, which could have a material adverse effect on the Company and the Investees.

Unknown Defects and Impairments

A defect in any business arrangement may arise to defeat or impair the claim of the Company to such transaction, which may have a material adverse effect on the Company. It is possible that material changes could occur that may adversely affect management's estimate of the recoverable amount for any agreement the Company enters into. Impairment estimates, based on applicable key assumptions and sensitivity analysis, will be based on management's best knowledge of the amounts, events, actions, or prospects at such time, and the actual future outcomes may differ

from any estimates that are provided by the Company. Any impairment charges on the Company's carrying value of business arrangements could have a material adverse effect on the Company.

Risks Associated with Divestment and Restructuring

In certain circumstances, the Company may divest its investment in certain Investees. There is no assurance that these divestitures will be completed on terms favourable to the Company, or at all. Any opportunities resulting from these divestitures, and the anticipated effects of these divestitures on the Company may never be realized or may not be realized to the extent the Company anticipates. Moreover, there is no guarantee that the Company will realize gains on its investments based on the fair value of underlying financial assets or recover its invested capital. In pursuit of opportunities to dispose of any of the Company's investments, third parties may not ascribe similar value to such investments as the Company and the Company may not be able to obtain the value it ascribes to such investments. Not all of the Company's investments are liquid, and such investments may be difficult to dispose of and subject to illiquidity discounts on divestiture.

Infectious Diseases, Including the COVID-19 Pandemic

The Company and the Investees may be adversely affected by a significant outbreak or the threat of outbreaks of viruses or other infectious diseases or similar health threats, including the outbreak of the novel coronavirus ("COVID-19"), which was declared as a global pandemic by the World Health Organization in March 2020 and continues to spread in Canada, the United States, Europe, and globally, including in multiple jurisdictions where the Company and the Investees have operations. The COVID-19 pandemic has caused companies and various international jurisdictions to impose restrictive measures such as quarantines, business closures and travel restrictions.

The Company has successfully adopted a work-from-home program which has allowed it to remain fully operational and has announced a series of operational changes designed to optimize its organizational structure, streamline operations and preserve and maximize cash-on-hand. However, the situation is continuously evolving and it is impossible to predict the continued effect and ultimate impact of the COVID-19 pandemic on the Company and the Investees due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, containment and treatment of COVID-19, and the length of the travel restrictions, business closures and other restrictions that have been or may be imposed by government authorities.

The impact of the COVID-19 pandemic has, and will likely continue to, adversely affect global economies and financial markets, resulting in an economic downturn that has, and could continue to, cause a loss of sales, operational and supply chain delays and disruptions (including as a result of government regulation and prevention measures), labour shortages and shutdowns, social unrest, declines in the price of goods and services, government, regulatory or private sector actions or inactions, capital markets volatility, a reduction in available financing for the Company or the Investees, or other unknown but potentially significant impacts, all of which could have a material adverse effect on the business, financial condition, operating results, and cash flows of the Company and the Investees.

As a result of the outbreak of the COVID-19 pandemic, regulatory developments, challenges affecting certain companies in the cannabis industry, and other general economic factors that may have an adverse impact on certain Investees, the contracts of certain Investees, including contracts with the Company, may be renegotiated or terminated. At this time, it is impossible to predict the effect and overall impact of the COVID-19 pandemic on the operations, liquidity, and financial results of the Company or any of the Investees due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, containment and treatment of COVID-19, and the length of the travel restrictions and business closures that have been or may be imposed by government authorities. However, the impact of the COVID-19 pandemic has, and will likely continue to, adversely affect global economic and financial markets, resulting in an economic downturn that could have a material adverse effect on the business, financial condition, operating results, and cash flows of the Company and the Investees.

2018 Farm Bill Risks

The FDA is responsible for ensuring public health and safety through regulation of food, drugs, supplements, and cosmetics, among other products, through its enforcement authority pursuant to the FDCA. The FDA's responsibilities include regulating ingredients in, as well as the marketing and labeling of, drugs sold in interstate commerce.

If cannabis or THC or CBD derived from cannabis are re-categorized as Schedule II substances under the CSA or lower controlled substances, the ability to conduct research on the medical benefits of cannabis would most likely be improved; however, rescheduling cannabis, THC or CBD derived from cannabis may materially alter enforcement policies across many federal agencies, including the FDA. Because cannabis is federally illegal to produce and sell, and because it has no federally recognized medical uses, the FDA has historically deferred enforcement related to cannabis to the DEA; however, the FDA has enforced the FDCA with regard to industrial hemp-derived products, especially CBD derived from industrial hemp, sold outside of state-regulated cannabis businesses. If cannabis or THC or CBD derived from cannabis were to be rescheduled as federally controlled, yet legal, substances, the FDA would likely play a more active regulatory role. Further, in the event that the pharmaceutical industry directly competes with state-regulated cannabis businesses for market share, as could potentially occur with rescheduling, the pharmaceutical industry may urge the DEA, FDA and others to enforce the CSA and FDCA against businesses that comply with state but not federal law.

On December 20, 2018 the 2018 Farm Bill was signed into law. The 2018 Farm Bill, among other things, removes industrial hemp and its cannabinoids, including CBD derived from industrial hemp, from the CSA and amends the Agricultural Marketing Act of 1946 to allow for industrial hemp production and sale in the United States. Under the 2018 Farm Bill, industrial hemp is defined as “the plant *Cannabis sativa* L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis.” The USDA has been tasked with promulgating regulations for the industrial hemp industry, which, among other things, requires the USDA to review and approve any state-promulgated regulations relating to industrial hemp. On October 29, 2019, the USDA issued interim final regulations that impose certain testing and other requirements in order to assure that crops to be sold as industrial hemp will meet the statutory limitations. On February 27, 2020, the USDA announced that it would delay enforcement of certain requirements of the interim final regulations pertaining to analytical testing and disposal requirements until October 31, 2021, or publication of the final rule, whichever occurred first. On January 11, 2021, the USDA announced the final regulations, with an effective date of March 22, 2021. The final regulations generally track the interim final regulations, though with some modifications.

Further, under the 2018 Farm Bill, the FDA has retained its authority to regulate products containing cannabis or cannabis-derived compounds, including CBD, under the FDCA and section 351 of the Public Health Services Act. On May 31, 2019, the FDA held its first public meeting to discuss the regulation of cannabis-derived compounds, including CBD. The meeting included stakeholders across academia, agriculture, consumer, health professional, and manufacturer groups, and was intended to explore new pathways for hemp-derived CBD to be sold legally in the food and supplement markets, while protecting research into future pharmaceutical applications. The FDA has expressed an interest in fostering innovation regarding the development of products containing hemp-derived compounds such as CBD; however, the FDA has indicated that those actions will have to fit under the confines of current law and further legislation will likely be required. In November 2019, the FDA issued guidance and a description of its activities, in which the FDA stated that only hemp seed oil, hulled hemp seed, and hemp seed powder were “Generally Recognized as Safe” (“GRAS”) as ingredients in food, and that CBD and THC were not GRAS. In the guidance, the FDA has taken the position that a food product or dietary supplement containing CBD would be “adulterated” and could not legally be marketed in the United States. The FDA has continued to issue warning letters to manufacturers of food or dietary supplements that are labeled as including CBD. The FDA has approved one prescription drug containing CBD and has taken the position that no other product can be marketed as containing CBD without approval as a new drug. There can be no assurance that the FDA will approve CBD as an additive to products under the FDCA. Additionally, the 2018 Farm Bill does not legalize “marihuana” (as such term is defined in the CSA), which remains a Schedule I controlled substance under the CSA.

The potential for multi-agency enforcement post-rescheduling of cannabis and post-removal of industrial hemp from the CSA could threaten or have a materially adverse effect on the operations of existing state-legal cannabis businesses, including certain Investees of the Company.

Dependence upon Key Personnel

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its key personnel. The Company’s future success depends on its continuing ability to attract, develop, motivate, and retain key personnel. Qualified individuals for such positions are in high demand, and the Company may incur significant

costs to attract and retain them. The loss of the services of key personnel, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Company's ability to execute on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. While employment agreements are customarily used as a primary method of retaining the services of key personnel, these agreements cannot assure the continued services of such individuals.

Risks Associated with Material Contracts

The business of the Company may be significantly impacted if its material contracts are subject to change or termination. In addition, certain Investees may be significantly impacted if certain material contracts are not obtained or if existing material contracts, including offtake agreements or other agreements with suppliers, customers, retailers, and/or lenders, are subject to change or termination. In addition, in the event that a counterparty breaches the terms of a material contract, the Company and/or the Investees may be unable to enforce such agreement, and if the Company and/or the Investees do take steps to enforce the agreement, it may be time-consuming and costly. The failure to obtain, maintain or enforce certain material contracts could have a material adverse effect on the business, operating results and financial condition of the Company and the Investees, and such risks may be increased as a result of the current economic environment as a result of the outbreak of the COVID-19 pandemic.

Certain contracts of Investees may involve cannabis or cannabis-related businesses and other activities that are not legal under United States federal law. In some jurisdictions, such Investees may face difficulties in enforcing their contracts in United States federal and certain state courts.

Lack of Access to United States Bankruptcy Protections

As cannabis is a Schedule I substance under the CSA, many courts have denied cannabis businesses federal bankruptcy protections, making it difficult for lenders to recover their investments in the cannabis industry in the event of a bankruptcy. If the Company or one of the Investees were to experience a bankruptcy, there is no guarantee that United States federal bankruptcy protections would be available to the Company or such Investee, which would have a material adverse effect on the Company.

Intellectual Property Risks

Federal protection of trademarks may be difficult or impossible for the Company or the Investees to obtain in the United States, given the federal illegality of cannabis and the necessity of making "lawful use" of the trademark in commerce to obtain federal protection. While state-level protection is available, this nevertheless increases the risks in protecting the Company's and the Investees' brands until such time as the CSA is amended by federal legislation. In the European Union, where laws on the legality of cannabis use are not uniform, trademarks cannot be obtained for products that are "contrary to public policy or accepted principles of morality". Accordingly, the ability to obtain intellectual property rights or enforce intellectual property rights against third party uses of similar trademarks may be limited in certain countries.

Credit and Liquidity Risk

The Company is exposed to counterparty risks and liquidity risks including, but not limited to: (i) through Investees that experience financial, operational or other difficulties, including insolvency, which could limit or suspend those Investees' ability to perform their obligations under agreements with the Company, cause the lenders of the Investees to enforce the Company's guarantee of such Investees' debt obligations, if any, or result in the impairment or inability to recover the Company's investment in an Investee; (ii) through financial institutions that may hold the Company's cash and cash equivalents; (iii) through companies that have payables to the Company; (iv) through the Company's insurance providers; and (v) through the Company's lenders, if any. The Company may also be exposed to liquidity risks in meeting its operating expenditure requirements and complying with affirmative covenants it has provided in certain agreements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If these risks materialize, the Company's operations could be adversely impacted and the price of the Common Shares could be adversely affected.

In the event that an Investee were to experience financial, operational or other difficulties, then that Investee may (i) be unable to deliver some or all of the payments due to the Company; (ii) otherwise default on its obligations to the Company; (iii) cease operations at one or more facilities; or (iv) become insolvent. These and any other adverse financial or operational impacts on an Investee may also have a material adverse effect on the Company's business, financial condition and results of operations. In addition, there is no assurance that the Company will be successful in enforcing its rights under any security or guarantees provided to the Company.

Security over Underlying Assets

There is no guarantee that the Company will be able to effectively enforce any guarantees, indemnities or other security interests it may have, including security interests in the Investees. Should a bankruptcy or other similar event occur that precludes an Investee from performing its obligations under an agreement with the Company, the Company would have to enforce its security interest if it has one. However, the Company may be limited in its ability to enforce its security interests under applicable law. In the event that the Investee has insufficient assets to pay its liabilities, it is possible that other liabilities will be satisfied prior to the liabilities owed to the Company. In addition, bankruptcy or other similar proceedings are often a complex and lengthy process, the outcome of which may be uncertain and could result in a material adverse effect on the Company.

In addition, because the Investees may be owned and operated by foreign affiliates, the Company's security interests may be subject to enforcement and insolvency laws of foreign jurisdictions that differ significantly from those in Canada, and the Company's security interests may not be enforceable as anticipated. Further, there can be no assurance that any judgments obtained in Canadian courts will be enforceable in any of those jurisdictions. If the Company is unable to enforce its security interests, there may be a material adverse effect on the Company. Moreover, the Company may not be able to negotiate a security interest, or the perfection or registration of such security may be cost prohibitive.

Internal Controls

The Company is responsible for establishing and maintaining adequate internal control over financial reporting, which is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. However, the Company's system of internal controls over financial reporting is not guaranteed to provide absolute assurance regarding the reliability of financial reporting and financial statements and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. A failure to prevent or detect errors or misstatements may have a material adverse effect on the business, financial condition and results of operations of the Company or the market price of the Common Shares.

In addition, if the Company does not maintain adequate financial and management personnel, processes and controls, it may not be able to accurately report financial performance on a timely basis, which could cause a decline in the price of the Common Shares, harm the Company's ability to raise capital and jeopardize the Company's listing on the TSX or any other stock exchange. Delisting of the Common Shares would reduce the market liquidity of the Common Shares, which would increase the volatility of the price of the Common Shares.

Furthermore, the Company is dependent upon the quality of financial information provided to it by certain Investees, which in turn is dependent upon adequate internal controls over financial reporting within the Investees' respective finance functions. While the Company works closely with the Investees with respect to receiving, analyzing and querying the financial information received, there can be no assurance that the financial information provided by Investees is accurate and free of material misstatement or fraud. Should the financial information provided by Investees be materially incorrect, the Company may be required to re-file its financial statements, which could also cause investors to lose confidence in the Company's reported financial information, which in turn could also result in a reduction in the trading price of the Common Shares.

The Company does not expect that the disclosure controls and procedures and internal control over financial reporting will prevent all errors or fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control

system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially adversely affected, which could also cause investors to lose confidence in the Company's reported financial information, which in turn could result in a reduction in the trading price of the Common Shares.

Reputational Risk

The Company believes that the cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception can be significantly influenced by research or findings, regulatory proceedings, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future research, findings, regulatory proceedings, litigation, media attention or other publicity will be favourable to the cannabis market or any particular product, or consistent with currently held views. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the cannabis industry and demand for Investees' products and services, which could affect the business, financial condition and results of operations and cash flows of the Company. The Company's dependence upon consumer perception means that adverse research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the Company, the business, financial condition, results of operations and cash flows of the Company.

In addition, parties outside of the cannabis industry with which the Company does business may perceive that they are exposed to reputational risk as a result of the Company's cannabis related business activities. For example, the Company could receive a notification from a financial institution advising it that they would no longer maintain banking relationships with those in the cannabis industry. The Company may in the future have difficulty establishing or maintaining bank accounts or other business relationships that it needs to operate its business. Failure to establish or maintain business relationships could have a material adverse effect on the Company.

Catastrophic Events, Natural Disasters, Severe Weather and Disease

The Company's and the Investees' businesses may be negatively impacted by a number of events which are beyond their control, including cyber-attacks, energy blackouts, pandemics, terrorist attacks, acts of war, earthquakes, hurricanes, tornados, fires, floods, ice storms or other catastrophes. While the Company has implemented a risk management system, including business continuity, crisis management and disaster recovery planning, such events can evolve rapidly and their impacts can be difficult to predict. As such, there can be no assurance that in the event of such a catastrophe the Company's or the Investees' operations and ability to carry on business will not be disrupted. A catastrophic event, including an outbreak of infectious disease, a pandemic or a similar health threat, such as the COVID-19 pandemic, or fear of any of the foregoing, could adversely impact the Company and the Investees. In addition, liquidity and volatility, credit availability and market and financial conditions generally could change at any time as a result. These events could have a material adverse effect on the financial condition, operating results and cash flows of the Company and the Investees.

Management of Growth

The Company may be subject to growth-related risks. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and growth prospects.

Equity Price Risk

The Company may be exposed to equity price risk as a result of holding long-term investments in cannabis companies. Just as investing in the Company carries inherent risks, such as those set out in this AIF, the Company faces similar inherent risks by investing in other cannabis companies, and accordingly may be exposed to the risks associated with owning equity securities in the Investees.

Anti-Money Laundering Laws and Regulation Risks

The Company is subject to a variety of domestic and international laws and regulations pertaining to money laundering, financial recordkeeping and proceeds of crime, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended and the rules and regulations thereunder, the *Criminal Code* (Canada) and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities internationally.

In the event that any of the Company's investments, any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments were found to be in violation of money laundering legislation, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada. Furthermore, while the Company has no current intention to declare or pay dividends in the foreseeable future, in the event that a determination was made that the Company's investments could reasonably be shown to constitute proceeds of crime, the Company may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Additionally, under United States federal law it may, under certain circumstances, be a violation of federal money laundering statutes for financial institutions to accept any proceeds from cannabis sales or any other Schedule I controlled substances. Certain Canadian banks are similarly reluctant to transact business with United States cannabis companies, due to the uncertain legal and regulatory framework characterizing the industry at present. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to United States cannabis businesses. The United States federal prohibitions on the sale of cannabis may result in the Company and its partners being restricted from accessing the United States banking system and they may be unable to deposit funds in federally insured and licensed banking institutions. Banking restrictions could be imposed due to the Company's banking institutions not accepting payments and deposits. Such risks increase costs to the Company and its ability to handle any revenue received.

Anti-Bribery Law Violations

The Company's business is subject to Canadian laws which generally prohibit companies and employees from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. In addition, the Company is or will be subject to the anti-bribery laws of any other countries in which it conducts business now or in the future. The Company's employees or other agents may, without its knowledge and despite its efforts, engage in prohibited conduct under the Company's policies and procedures and anti-bribery laws for which the Company may be held responsible. The Company's policies mandate compliance with these anti-corruption and anti-bribery laws. However, there can be no assurance that the Company's internal control policies and procedures will always protect it from recklessness, fraudulent behaviour, dishonesty or other inappropriate acts committed by its or the Investees' affiliates, employees, contractors or agents. If the Company's or the Investees' employees or other agents are found to have engaged in such practices, the Company could suffer severe penalties and other consequences that may have a material adverse effect on its business, financial condition and results of operations.

Cybersecurity and Privacy Risks

The information systems of the Company, the Investees and any third party service providers and vendors are vulnerable to an increasing threat of continually evolving cybersecurity risks. These risks may take the form of malware, computer viruses, cyber threats, extortion, employee error, malfeasance, system errors or other types of risks, and may occur from inside or outside of the respective organizations. Cybersecurity risk is increasingly difficult

to identify and quantify and cannot be fully mitigated because of the rapid evolving nature of the threats, targets and consequences. Additionally, unauthorized parties may attempt to gain access to these systems through fraud or other means of deceiving third party service providers, employees or vendors. The operations of the Company and the Investees depend, in part, on how well networks, equipment, IT systems and software are protected against damage from a number of threats. These operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risk of failures. However, if the Company and/or the Investees are unable or delayed in maintaining, upgrading or replacing IT systems and software, the risk of a cybersecurity incident could materially increase. Any of these and other events could result in information system failures, delays and/or increases in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the reputation, business and results of operations of the Company and/or the Investees.

Certain Investees may collect and store certain personal information about individuals, including information about patients who purchase medical cannabis, and are responsible for protecting such information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. In addition, theft of data is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such privacy breach or theft could have a material adverse effect on the business, financial condition and results of operations of the Company and/or the Investees.

In addition, there are a number of federal and provincial laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information, including the privacy rules under PIPEDA. If any Investees were found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the confidentiality of medical cannabis patient health information, they could be subject to sanctions and civil or criminal penalties, which could increase their liabilities, harm their reputations or the reputation of the Company and have a material adverse effect on the business, financial condition and results of operations of the Company and/or the Investees.

Risk of entry bans into the United States

Cannabis remains illegal under United States federal law. Employees, directors, officers, managers and investors of companies involved in business activities related to cannabis in the United States or Canada (such as the Company), who are not United States citizens, may face denial of entry or lifetime bans from the United States. Entry to the United States is granted at the sole discretion of CBP officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The Government of Canada has started warning travelers that previous use of cannabis, or any substance prohibited by United States federal laws, could result in denial of entry to the United States. Business or financial involvement in the cannabis industry in Canada or in the United States could also be reason enough for CBP officers to deny entry. On September 21, 2018, CBP released a statement outlining its position with respect to enforcement of the laws of the United States. It stated that Canada's legalization of cannabis will not change CBP enforcement of United States laws regarding controlled substances and because cannabis continues to be a controlled substance under United States law, working in or facilitating the proliferation of the cannabis industry in U.S. states or Canada may affect admissibility to the United States. On October 9, 2018, CBP released an additional statement regarding the admissibility of Canadian citizens working in the legal cannabis industry. CBP stated that a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada coming into the United States for reasons unrelated to the cannabis industry will generally be admissible to the United States; however, if such person is found to be coming into the United States for reasons related to the cannabis industry, such person may be deemed inadmissible.

Hedging Risk

The Company may enter into hedging arrangements. Hedging involves certain inherent risks including: (i) credit risk — the risk that the creditworthiness of a counterparty may adversely affect its ability to perform its payment and other obligations under its agreement with the Company or adversely affect the financial and other terms the counterparty is able to offer the Company; (ii) market liquidity risk — the risk that the Company has entered into a hedging position that cannot be closed out quickly, by either liquidating such hedging instrument or by establishing an offsetting position; and (iii) unrealized fair value adjustment risk — the risk that, in respect of certain hedging products, an

adverse change in market prices will result in the Company incurring losses in respect of such hedging products as a result of the hedging products being out-of-the-money on their settlement dates.

There can be no assurance that a hedging program designed to reduce the risks associated with price fluctuations will be successful. Although hedging may protect the Company from adverse changes in price fluctuations, it may also prevent the Company from fully benefitting from positive changes in price fluctuations.

PFIC Classification

The Company believes that it may meet the requirements to be considered a PFIC within the meaning of the United States Internal Revenue Code for the year ended March 31, 2021. Accordingly, certain potentially adverse United States federal income tax rules may cause United States federal income tax consequences for the Company's United States investors resulting from the acquisition, ownership and disposition of Common Shares.

The determination as to whether a corporation is, or will be, a PFIC for a particular tax year depends, in part, on the application of complex United States federal income tax rules, which are subject to differing interpretations and uncertainty. Whether any corporation will be a PFIC for any tax year depends on its assets and income over the course of such tax year, and, as a result, the Company's PFIC status for its current tax year and any future tax year cannot be predicted with certainty. The PFIC rules are complex and may be unfamiliar to United States investors. Accordingly, investors subject to United States federal taxation are urged to consult their own tax advisors concerning the application of the PFIC rules to their investment in the securities.

Dividend Policy

The declaration, timing, amount and payment of dividends are at the discretion of the Board and will depend upon the Company's future earnings, cash flows, investment capital requirements and financial condition, and other relevant factors. There can be no assurance that the Company will declare a dividend on a quarterly, annual or other basis, or at all. The Company has no plans to pay any dividends, now or in the near future.

Restrictions on the Acquisition or Use of Properties by Foreign Investors

Non-resident individuals and legal entities operating in foreign jurisdictions may be subject to restrictions on the investment in, or acquisition or lease of, properties in certain emerging markets. Limitations also apply in certain countries to legal entities domiciled in such countries which are controlled by foreign investors, such as the Company. For example, some US states have limitations on foreign ownership of agricultural land to the extent the Company sought to acquire farmland for growing cannabis; and USDA requires foreign owners of agricultural land to provide notice regarding their acquisition of farm land. Accordingly, the Company's current and future operations may be impaired as a result of such restrictions on the investment, acquisition or use of property, and the Company's ownership or access rights in such jurisdictions may be subject to legal challenges, any of which could result in a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Risks Relating to the Investees

In addition to the risk factors that may impact the business, operations and financial condition of the Company and the Investees noted above, the following supplemental risk factors may directly impact the business, operations and financial condition of certain Investees and, accordingly, may have an indirect material adverse effect on the Company.

Reliance on Licences

The Company is dependent on the licences or ability to obtain a licence of certain Investees, which are subject to ongoing compliance and reporting requirements. Failure of the applicable Investees to comply with the requirements of these licences or any failure to obtain or maintain these licences could have a material adverse impact on the business, financial condition and operating results of the Investee and the Company. There can be no guarantee that a licence will be issued, extended or renewed or, if issued, extended or renewed, that they will be issued, extended or renewed on terms that are favourable to such Investee and the Company. Should a licence not be issued, extended or

renewed or should it be issued or renewed on terms that are less favourable to such Investee and the Company than anticipated, the business, financial condition and results of the operations of the Company could be materially adversely affected.

Failure to Obtain Necessary Licences

The abilities of certain Investees' to conduct their businesses are dependent on securing and maintaining the appropriate licences with Health Canada or other relevant regulatory authorities. Failure to comply with the requirements of any license application or failure to obtain and maintain the appropriate licences with Health Canada or other relevant authorities could have a material adverse impact on the business, financial condition and results of operations of the Investee and the Company. There can be no guarantees that regulatory authorities will issue the required licences.

Operating Risks

Cannabis operations generally involve a high degree of risk. The Investees are subject to the hazards and risks normally encountered in the cannabis industry. Should any of these risks or hazards affect one of the Investees, it may (i) cause the cost of development or production to increase to a point where it would no longer be economic to produce cannabis, (ii) cause delays or stoppage of operations, (iii) cause personal injury or death and related legal liability, or (iv) result in the loss of insurance coverage. The occurrence of any of these risks or hazards could have a material adverse effect on the Company and the price of the Common Shares.

Increased Operational, Regulatory and Other Risks

An Investee may in the future expand into other geographic areas, product categories or market segments, which could increase the Investee's operational, regulatory, compliance, reputational and foreign exchange rate risks. The failure of the Investee's operating infrastructure to support such expansion could result in operational failures and regulatory fines or sanctions. Future international expansion, including expansion into the United States cannabis market, could require the Investees to incur a number of up-front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance. The Investees may not be able to successfully identify suitable acquisition, investment and/or expansion opportunities or integrate such operations successfully with the Investees' existing operations.

Access to Capital for the Investees

The continued development and operation of the Investees may require additional financing. The failure by an Investee to raise additional capital could result in the delay or indefinite postponement of its current business plan, the decrease in value of such Investee to the Company, or the Investee going out of business. There can be no assurance that additional capital or other types of financing will be available to the Investees if needed or that, if available, the terms of such financing will be favourable to the Investee. If additional funds are raised by the Investees through issuances of equity or convertible debt securities, the Company could suffer significant dilution.

Competitive Conditions

The Investees will face intense competition from other companies, some of which have longer operating histories as well as more financial resources, production capacity and marketing experience than the Investees. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Investees, including the Investees' ability to source starting materials, retain qualified employees, enter into supply agreements, develop retail sales channels and obtain a share of the overall cannabis market. Accordingly, the business, financial conditions and results of operations of the Company would also be similarly affected.

Reliance on Investee Facilities

The facilities used by certain Investees could be subject to adverse changes or developments, including but not limited to a breach of security and facility closures, including as a result of the COVID-19 pandemic, which could have a material and adverse effect on the Investees' and Company's business, financial condition and prospects. Any breach of the security measures and other facility requirements, including any failure to comply with recommendations or requirements arising from inspections by regulatory authorities, could also have an impact on such Investee's ability to continue operating under their licences or the prospect of renewing their licences, which may have an adverse effect on the Company.

Governmental Regulations

Cannabis operations are subject to extensive laws and regulations. The costs of compliance with such laws and regulations are significant. It is possible that the costs and delays associated with compliance with such laws and regulations could become such that the Investees would not continue to develop or operate their businesses. Moreover, it is possible that future regulatory developments could result in substantial costs and liabilities for the Investees in the future such that they would not continue to develop or operate their business. In addition, the Investees are subject to various laws, regulations and guidelines, including, but not limited to the Cannabis Act, the CSA and applicable stock exchange rules and regulations. See "*Risk Factors – Risks Relating to the Company – Compliance with Laws*" for additional information.

Compatibility of Existing Technologies in Cannabis

The success of certain Investees will depend upon whether the Investee is able to develop a sustainable income stream from the implementation of their existing technologies in the cannabis industry. In large part, this will depend on whether the market views these technologies as safe, effective and economically beneficial. Market acceptance will also depend on the Investee's field testing of their technology and the ability to demonstrate that such technology has utility and benefits for cannabis cultivation that is an attractive alternative to existing options. If these Investees fail to demonstrate feasibility, commercially viable scale within acceptable quality and/or equipment performance standards, it could have a material adverse effect on the Investees' business, operating results and financial condition, which, in turn, could have a materially adverse effect on the Company.

Testing and Trials

Testing and trials for certain Investees' products in the cannabis market are anticipated in the near future. If the results of the tests and trials are not favourable, or do not warrant additional testing, such failure could have a significant impact on the ability to bring products to market or it may limit the scope and number of crops to which the Investees' products are applicable. Unforeseen circumstances, such as inclement weather events and the COVID-19 pandemic, could have a negative impact on the outcome and ability to conduct trials and affect the quality of results and completion of tests. Such unfavourable or delayed testing results could have a material adverse effect on the Investees' business, operating results and financial condition, which, in turn, could have a materially adverse effect on the Company.

Operations in Emerging Markets

The Investees may have operations in various emerging markets in the future. Such operations expose the Company to the socio-economic conditions as well as the laws governing the cannabis industry in such countries. Inherent risks with conducting foreign operations include, but are not limited to: high rates of inflation; extreme fluctuations in currency exchange rates; military repression; war or civil war; social and labour unrest; organized crime; hostage taking; terrorism; violent crime; expropriation and nationalization; renegotiation or nullification of existing licences, approvals, permits and contracts; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political norms, banking and currency controls and governmental regulations that favour or require the Investees to award contracts in, employ citizens of, or purchase supplies from, the jurisdiction.

Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Changes, if any, in cannabis industry or investment policies or shifts in political attitude in the countries in which the Company invests may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, importation of product and supplies, income and other taxes, royalties, the repatriation of profits, expropriation of property, foreign investment, maintenance of licences, approvals and permits, environmental matters, land use, land claims of local people, water use and workplace safety. Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of licences, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The Company continues to monitor developments and policies in the emerging markets in which it invests and the Investees operate and assess the impact thereof to its operations; however such developments cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

Production Forecasts

The Company will prepare estimates and forecasts of future attributable production from certain Investees and will rely on public disclosure and other information it receives from the owners, operators and independent experts to prepare such estimates and forecasts. Such information will be necessarily imprecise because it will depend upon significant judgment. In addition, the Company will rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis industry. These production estimates and projections will be based upon existing plans and other assumptions which change from time to time, and over which the Company has no control, including the costs of production, the operators' ability to sustain and increase production levels, the sufficiency of infrastructure, the performance of personnel and equipment, the ability to maintain and obtain licences and permits, the impact of the COVID-19 pandemic on the Investees' operations and compliance with existing and future laws and regulations. Any such information is forward-looking and no assurance can be given that such production estimates and projections will be achieved. Actual attributable production may vary from the Company's estimates for a variety of reasons and may result in the failure to achieve the production forecasts currently anticipated. If the Company's forecasts prove to be incorrect, it may have a material adverse effect on the Company.

Customer Acquisitions

The Company's success depends, in part, on the Investees' ability to attract and retain customers. There are many factors which could impact the Investees' ability to attract and retain customers, including but not limited to the ability of certain Investees to continually produce desirable and effective products, changes in consumer preferences and the Investees' ability to fulfill such consumer preferences, changes in consumption patterns, the successful implementation of customer-acquisition plans, the continued growth in the aggregate number of customers and the accessibility of the Investees' products. The failure to acquire and retain customers would have a material adverse effect on the Investees' business, operating results and financial condition, which, in turn, could have a materially adverse effect on the Company.

Constraints on Marketing Products

The development of the Investees' businesses and operating results may be hindered by applicable restrictions on sales and marketing. The regulatory environment in Canada and abroad limits the Investees' ability to compete for market share in a manner similar to other industries. If the Investees are unable to effectively market their products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for its products, the Investees' sales and operating results could be adversely affected, which, in turn, could have a materially adverse effect on the Company's business, financial condition and operating results.

Risks Inherent in an Agricultural Business

The business of certain of the Investees involves the growing of cannabis. Cannabis is an agricultural product. As such, the business of these Investees, including those that grow cannabis indoors and in greenhouses, is subject to the risks inherent in the agricultural business, such as insects, plant diseases and other agricultural risks, which could require crop destruction and adversely affect the business of certain Investees and the Company.

Like other agricultural products, the quality of cannabis grown outdoors is affected by weather conditions and the environment, which can have an impact on the quality and size of the harvested crops that can be processed and sold by certain Investees. If a weather event is particularly severe, such as a major drought or hurricane, the affected harvest could be destroyed or damaged to an extent that it would be less desirable to customers, which would result in a reduction in revenues for certain Investees. If such an event is also widespread, it could affect the ability of certain Investees to accumulate the quantity of products required by customers. In addition, other items can affect the marketability of cannabis grown outdoors, including, among other things, the presence of: non-cannabis related material; genetically modified organisms; and excess residues of pesticides, fungicides and herbicides.

Significant increases or decreases in the total harvest will impact the Company's profits realized on sales of the Investees' products and, consequently, the results of the Company's operations. High degrees of quality variance can also affect processing velocity and capacity utilization, as the processes required to potentially upgrade lower or more variable quality product can slow overall processing times. There can be no assurance that natural elements will not have a material adverse effect on the production of products by certain Investees, which may have a material adverse effect on the Company.

Wholesale Price Volatility

The cannabis industry is a margin-based business in which gross profits depend on the excess of sales prices over costs. Consequently, profitability is sensitive to fluctuations in wholesale and retail prices caused by changes in supply (which itself depends on other factors such as industry-wide facility build-out, weather, fuel, equipment and labour costs, shipping costs, economic situation and demand), taxes, government programs and policies for the cannabis industry (including price controls and wholesale price restrictions that may be imposed by provincial and territorial agencies responsible for the sale of cannabis), and other market conditions, all of which are factors beyond the control of the Company and the Investees.

Risks Regarding Vaping Products

On October 4, 2019, the FDA issued a warning to the public to stop using vaping products containing THC, in light of a potential but unconfirmed link to lung injuries such as severe pulmonary illness. These warnings appear to be particularly focused on the use of vaping liquids purchased from unlicensed or unregulated retailers in the United States. There have also been reported cases in Canada of lung injuries associated with the use of cannabis derivatives containing vaping liquid. Health Canada has issued an information update advising Canadians who use cannabis derivatives containing vaping liquids to monitor themselves for symptoms of pulmonary illness. Governments and the private sector may take further actions aimed at reducing the sale of cannabis containing vaping liquids and/or seeking to hold manufacturers of cannabis containing vaping liquids responsible for the adverse health effects associated with the use of these vaping products. For instance, the provincial governments in Quebec and Newfoundland have already imposed provincial regulatory restrictions on the sale of cannabis vape products. These actions, together with potential deterioration in the public's perception of cannabis containing vaping liquids, may result in a reduced market for the vaping products of certain Investees. Federal, provincial, and local regulations or actions that prohibit or restrict the sale of the vaping products of certain Investees, including cannabis derivative vaping liquids, or that decrease consumer demand for these products by prohibiting their use, raising the minimum age for their purchase, raising the purchase prices to unattractive levels via taxation, or banning their sale, could adversely impact certain Investees and the Company.

Product Recalls

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other

substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of the products produced by the Investees are recalled due to an alleged product defect or for any other reason, the Company and/or the Investee may be required to incur unexpected expenses relating to the recall and any legal proceedings that might arise in connection with the recall. In addition, a product recall may require significant management attention. There can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the products produced by the Investees were subject to recall, the reputation of that product, the Investee and the Company could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for an Investee's products and could have a material adverse effect on the results of operations and financial condition of the Company. Additionally, product recalls may lead to increased scrutiny of certain Investees' operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses, which may also have an adverse effect on the Company.

Product Liability

As a manufacturer and distributor of products designed to be ingested by humans, certain Investees face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. In addition, the manufacture and sale of cannabis products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. Certain Investees may be subject to various product liability claims, including that their products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances.

A product liability claim or regulatory action against any Investee could result in increased costs to the Company, could adversely affect the Company's reputation generally, and could have a material adverse effect on the Company's financial condition and results of operations. There can be no assurances that the Investees will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of products.

Insurance Risks

Premiums for the insurance coverage obtained by the Investees may not continue to be available or commercially justifiable, and such insurance coverage may have limitations and other exclusions and may not be sufficient to cover Investees' potential liabilities. While the Investees may have insurance to protect their assets, operations and employees, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which such Investees are exposed. If the Investees were to incur substantial liability not covered by insurance or in excess of policy limits, or if they were to incur such liability at a time when they are not able to obtain liability insurance, the business, financial condition and results of operations of the Investees and/or the Company may be adversely affected.

Slow Acceptance of Investee Products

The marketplace may be slow to accept or understand the significance of the technology developed by certain Investees, whether due to its unique nature, the competitive landscape or otherwise. If Investees are unable to promote, market and sell their products and secure relationships with purchasers, the Company's business, financial condition and operating results may be adversely affected.

Environmental and Employee Health and Safety Regulations

The Investees' operations may be subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. Accordingly, the Investees incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with

environmental and safety laws and regulations may result in costs for corrective measures, penalties or restrictions on certain Investees' production operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Investees' operations or give rise to material liabilities, which, in turn, could have a material adverse effect on the business, financial condition and/or results of operations of the Investees and the Company.

Reliance on Key Inputs

Certain of the Investees' businesses are dependent on a number of key inputs and their related costs, including raw materials and supplies related to their growing operations, electricity, water and other utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs, including as a result of the COVID-19 pandemic, could materially impact the financial condition and operating results of these Investees. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of these Investees, in which circumstance there could be a materially adverse effect on the financial results of the Company.

Dependence on Suppliers and Skilled Labour

The ability of the Investees to compete and grow will be dependent upon having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that Investees will be successful in maintaining their required supply of skilled labour, equipment, parts and components, including as a result of the COVID-19 pandemic. It is also possible that the final costs of the major equipment contemplated by capital expenditure programs may be significantly greater than anticipated or available, in which case there could be a materially adverse effect on the financial results of the Company.

Research and Development

The future growth of certain Investees depends on penetrating new markets, adapting existing services to new applications, and introducing new services that achieve market acceptance. These Investees will need to incur research and development costs as part of their efforts to develop and commercialize new services and enhance existing products. The expenditures of Investees on research and development activities may adversely affect their earnings in the future. Further, research and development programs may not produce successful results, and new products and services may not achieve market acceptance, create additional revenue or become profitable, which could have a materially adverse impact on the business, financial condition and operating results of these Investees, in which case there could be a materially adverse effect on the financial results of the Company.

Rapid Technological Change

The markets in which the Investees compete are characterized by rapid technological change, which requires the Investees to test new products and product enhancements and could render existing equipment obsolete. Continuing technological changes could make the products and services of Investees less competitive or obsolete, either generally or for particular applications. The Company's future success will, in part, depend upon the Investees' ability to develop and introduce a variety of new capabilities and enhancements to its existing service offerings, as well as introduce a variety of new service offerings, to address the changing needs of the cannabis markets in which they offer products and services. If the Investees are unable to devote adequate resources to evaluating new systems or cannot otherwise successfully test new systems or enhancements that meet customer needs on a timely basis, their services could lose market share, their revenue and profits could decline, and the Company's business, financial condition and operating results could be materially adversely impacted.

Inflation

In the past, high levels of inflation have adversely affected emerging economies and financial markets, and the ability of governments to create conditions that stimulate or maintain economic growth. Moreover, governmental measures to curb inflation and speculation about possible future governmental measures have contributed to the negative economic impact of inflation and have created general economic uncertainty. The emerging markets in which the

Company may invest may experience high levels of inflation in the future. Inflationary pressures may weaken investor confidence in such countries and lead to further government intervention in the economy. If countries in which the Company invests experience high levels of inflation and/or price controls, certain Investees may not be able to adjust the rates charged to customers to fully offset the impact of inflation on the Investee's cost structures, which could adversely affect the Company's financial condition or results of operations.

Corruption and Fraud Risk

There are uncertainties, corruption and fraud risks relating to title ownership of real property in certain emerging markets in which the Company may invest. Property disputes over title ownership are frequent in emerging markets, and, as a result, there is a risk that errors, fraud or challenges in respect of ownership of real property could adversely affect future Investees' ability to operate in such jurisdictions.

Intellectual Property Risks

The ownership and protection of trademarks, patents, trade secrets and intellectual property rights of the Investees are significant aspects of the Company's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use certain Investees' products, technology, inventions, trade secrets, trademarks, technical know-how and proprietary information. Policing the unauthorized use of current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Identifying unauthorized use of intellectual property rights is difficult and the Investees may be unable to effectively monitor and evaluate the intellectual property used by its competitors, including parties such as unlicensed dispensaries, and the processes used to produce such products. Additionally, if the steps taken to identify and protect intellectual property rights are deemed inadequate, the Investees may have insufficient recourse against third parties for enforcement of their intellectual property rights.

In addition, in any infringement proceeding, some or all of the trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same, may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defence proceedings could put one or more of the trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly and could put existing intellectual property applications at risk of not being issued. Any or all of these events could materially and adversely affect the business, financial condition and results of operations of the Investees and/or the Company.

In relation to agreements with parties that have access to the Investees' intellectual property or have granted intellectual property rights to an Investee, any of these parties may breach these agreements and the Investees may not have adequate remedies for any specific breach. In relation to security measures, such security measures may be breached and the Investees may not have adequate remedies for any such breach. In addition, intellectual property which has not yet been applied for or registered may otherwise become known to or be independently developed by competitors, or may already be the subject of applications for intellectual property registrations filed by competitors, which may have a material adverse effect on the business, financial condition and results of operations of the Investees and/or the Company.

Other parties may claim that the Investees' products infringe on their proprietary and perhaps patent protected rights. There may be third party patents or patent applications with claims to products or processes related to the manufacture, use or sale of the Investees' products and processes. There may be currently pending patent applications, some of which may still be confidential, that may later result in issued patents that the Investees' products or processes may infringe. In addition, third parties may obtain patents in the future and claim that use of the inventions, trade secrets, technical know-how and proprietary information, or the manufacture, use or sale of products infringes upon those patents. Third parties may also claim that the Investees' use of trademarks infringes upon their trademark rights. Parties making claims against the Investees may obtain injunctive or other equitable relief, which may have an adverse impact on the business, financial condition and results of operations of the Investees and/or the Company. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages. As well, the Investees may need to obtain licences from third parties who allege that the Investee has infringed on their lawful rights. However, such licences may not be available on terms acceptable to the Investee or at all. In addition, the Investee may not be

able to obtain or utilize on terms that are favourable to it, or at all, licences or other rights with respect to intellectual property that it does not own.

There is no guarantee that any patent or other intellectual property applications that an Investee files will result in registration or any enforceable intellectual property rights. Even if patents do successfully issue, and cover the products and processes, third parties may challenge their validity, enforceability, or scope, which may result in such patents being narrowed, found unenforceable or invalidated. Furthermore, even if they are unchallenged, any patent applications and future patents may not adequately protect the Investee's intellectual property, provide exclusivity for products or processes, or prevent others from designing around any issued patent claims. Any of these outcomes could impair the ability of the Investees to prevent competition from third parties, which may have an adverse impact on the business, financial condition and results of operations of the Investees and/or the Company.

Vulnerability to Rising Energy Costs

Certain of the Investees' growing operations consume considerable energy, making such Investees vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of these Investees and their ability to operate profitably, which, in turn, could have a materially adverse effect on the Company's business, financial condition and operating results.

Transportation Risks

Certain Investees depend on fast and efficient third party transportation services. Any prolonged disruption of these services could have an adverse effect on the financial condition and results of operations of such Investees and/or the Company. Due to the nature of the business of certain Investees, security of product during transport is of the utmost concern. A breach of security during transport or delivery, including any failure to comply with recommendations or requirements of Health Canada or other regulatory agencies, could have a material and adverse effect on the business, financial condition and prospects of these Investees and the Company, as well as the Investees' ability to continue operating.

DIVIDENDS

The declaration, timing, amount and payment of dividends are at the discretion of the Board and will depend upon, among other things, the Company's financial results, investment opportunities, cash requirements, contractual obligations and other factors the Board may consider relevant. There can be no assurance that the Company will declare a dividend on a quarterly, annual or other basis, or at all. The Company has no plans to pay any dividends, now or in the near future.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The Company is authorized to issue an unlimited number of Common Shares. As of the date of this AIF, there were 142,468,471 Common Shares outstanding. Holders of Common Shares are entitled to receive notice of and attend all meetings of the shareholders of the Company and to one vote per Common Share on all matters upon which holders of Common Shares are entitled to vote at such meetings of shareholders.

The Common Shares shall be subject to and subordinate to the rights, privileges, restrictions and conditions attaching to the shares of any other class ranking senior to the Common Shares and shall rank *pari passu*, share for share, as to the right to receive dividends and any amount payable on distribution of assets constituting a return of capital and to receive the remaining property and assets of the Company on the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purposes of winding up its affairs.

The holders of Common Shares are entitled to receive dividends as and when declared by the Board. Holders of Common Shares do not have pre-emptive, conversion or exchange rights or other subscription rights and no redemption, retraction, purchase for cancellation or surrender provisions or sinking or purchase fund provisions will

be applicable to the Common Shares. There are no provisions in the articles of the Company requiring holders of Common Shares to contribute additional capital, or permitting or restricting the issuance of additional securities or any other material restrictions.

Options

As of the date of this AIF, the Company has Options outstanding for the purchase of an aggregate of 8,589,667 Common Shares.

Restricted Share Units

As of the date of this AIF, the Company has RSUs outstanding, which are redeemable for an aggregate of 353,030 Common Shares.

Performance Share Units

As of the date of this AIF, the Company has PSUs outstanding, which are redeemable for an aggregate of 919,996 Common Shares.

MARKET FOR SECURITIES

Trading Price and Volume

The following table sets forth information relating to the trading of the Common Shares on the TSX for the periods listed below.

Date	High (\$)	Low (\$)	Total Volume for Period (#)
April 2020	0.96	0.71	2,829,674
May 2020	1.63	0.79	3,800,387
June 2020	1.44	1.07	2,787,573
July 2020	1.13	0.97	1,616,678
August 2020	1.01	0.73	4,824,341
September 2020	0.94	0.66	1,536,954
October 2020	1.04	0.65	2,275,855
November 2020	1.10	0.78	5,797,287
December 2020	1.35	0.92	9,596,419
January 2021	2.09	1.20	12,107,250
February 2021	3.60	1.84	23,913,680
March 2021	3.24	2.01	8,112,150

Prior Sales

During the financial year ended March 31, 2021, the Company issued the following securities, which are convertible into or redeemable for Common Shares but are not listed or quoted on a marketplace:

Date of Issuance	Security	Number of Securities	Issue / Exercise Price Per Security (\$)
August 5, 2020	PSUs ⁽¹⁾	1,210,000	0.98
September 23, 2020	RSUs ⁽²⁾	28,884	0.75
March 31, 2021	RSUs ⁽²⁾	86,608	2.25

(1) PSUs issued pursuant to Long Term Incentive Plan.

(2) RSUs issued pursuant to the Restricted Share Unit Plan.

DIRECTORS AND OFFICERS

The following table sets forth for each director and executive officer of the Company, as of the date of this AIF, each such individual's name, province or state and country of residence, position(s) held with the Company, principal occupation(s) for the last five years and, if currently a director, period(s) during which such individual has served as a director of the Company. The statements as to principal occupation(s) for the last five years of the directors and executive officers of the Company are based upon information furnished by the individuals concerned. All directors of the Company hold office until the next annual meeting of shareholders of the Company or until their successors are elected or appointed.

Name, Province or State and Country of Residence	Current Position(s) with the Company	Date of Appointment as Director	Principal Occupation(s) for Last Five Years
Asha Daniere ⁽¹⁾⁽³⁾⁽⁵⁾⁽⁶⁾ Toronto, Canada	Director	September 17, 2018	March 2020 to present – Independent Strategic Legal Advisor September 2012 to February 2020 – Executive Vice-President, Legal & Business Affairs at Blue Ant Media
Richard Mavrinc ⁽²⁾⁽⁵⁾⁽⁷⁾ Toronto, Canada	Director	September 17, 2018	March 2017 to present – Director May 2007 to present – Retired
Joseph Mimran ⁽⁴⁾⁽⁷⁾ Toronto, Canada	Director	September 17, 2018	June 2015 to present – Chairman, Gibraltar & Company, Inc. January 2002 to present – Chairman and President, Joseph Mimran & Associates Inc. January 2017 to July 2018 – Co-Chief Executive Officer, Gibraltar Opportunity, Inc. January 2017 to July 2018 – Co-Chief Executive Officer, Gibraltar Growth Corporation
Narbe Alexandrian Toronto, Canada	President, Chief Executive Officer and Director	September 26, 2019	May 2019 to present – President and Chief Executive Officer of the Company January 2019 to present – President of the Company September 2018 to January 2019 – Vice-President, Business Development of the Company July 2018 to September 2018 – Vice-President, Business Development of CRC PrivateCo December 2014 to July 2018 – Venture Capitalist at OMERS Ventures

Name, Province or State and Country of Residence	Current Position(s) with the Company	Date of Appointment as Director	Principal Occupation(s) for Last Five Years
Edward Lucarelli Toronto, Canada	Chief Financial Officer	N/A	September 2018 to present – Chief Financial Officer of the Company March 2018 to September 2018 – Chief Financial Officer of CRC PrivateCo December 2015 to March 2018 – Investment Banker in Mergers & Acquisitions at TD Securities
Matthew Mundy Oakville, Canada	Chief Strategy Officer, General Counsel and Corporate Secretary	N/A	May 2020 to present – Chief Strategy Officer, General Counsel and Corporate Secretary of the Company September 2018 to May 2020 – General Counsel and Corporate Secretary of the Company May 2018 to September 2018 – General Counsel and Corporate Secretary of CRC PrivateCo September 2013 to May 2018 – Associate at Blakes

- (1) Chair of the Board.
- (2) Chair of the Audit Committee.
- (3) Member of the Audit Committee.
- (4) Chair of the Compensation, Nominating and Governance Committee.
- (5) Member of the Compensation, Nominating and Governance Committee.
- (6) Chair of the Conflicts Review Committee.
- (7) Member of the Conflicts Review Committee.

As of the date of this AIF, the directors and executive officers of the Company, as a group, beneficially owned, or controlled or directed, directly or indirectly, 857,876 Common Shares, representing, on a non-diluted basis, approximately 0.6% of the total issued and outstanding Common Shares (or 4,924,210 Common Shares assuming the exercise of the Options and the redemption of the RSUs and PSUs held by the directors and executive officers, representing, on a partially diluted basis, approximately 3.5% of the total issued and outstanding Common Shares).

Biographies

The principal occupations, businesses or employments of each of the Company’s directors and executive officers within the past five years are disclosed in the brief biographies set out below.

Asha Daniere – *Director* – Ms. Daniere is a strategic and legal advisor to companies in the media and technology industries. Previously, she was Executive Vice-President, Legal & Business Affairs at Blue Ant Media, a multi-platform media company. Ms. Daniere was the Senior Vice President and General Counsel at Score Media Inc. (“**Score Media**”), a formerly publicly traded sports media company. Prior to her role at Score Media, Ms. Daniere was General Counsel at Fun Technologies Inc. (“**Fun Technologies**”), an Internet start-up that previously traded on the TSX and on the Alternative Investment Market. Fun Technologies was focused on online skill games and online fantasy sports offerings and was bought by Liberty Media Inc. during her tenure at a valuation of \$454,000,000. In addition to her experience in Canada, Ms. Daniere practiced law in the United States, as an associate at White and Case LLP in New York City and as in-house counsel to The Topps Company, Inc. Ms. Daniere is currently a board member of the Toronto International Film Festival and M.D.C. Partners Inc. Ms. Daniere was called to the bar in both New York State and Ontario. She received her J.D. from Tulane Law School and her B.A. from the University of Toronto.

Richard Mavrincac – *Director* – Richard Mavrincac served as the Chief Financial Officer of George Weston Limited (“**GWL**”) and the Executive Vice-President of Loblaw Companies Limited (“**Loblaws**”), two of Canada’s largest companies operating in the retail grocery and bakery sectors, from 2003 to 2007. As Chief Financial Officer of GWL,

Mr. Mavrinac's experience encompassed all aspects of finance, including overall responsibility for financial reporting, treasury, risk management, pension and benefits, investor relations, taxation and acquisitions and divestitures. Mr. Mavrinac began his career with Loblaw's in 1982 as Director of Taxation, subsequently holding a variety of financial positions within the company. In 1996, Mr. Mavrinac assumed the role of Senior Vice-President, Finance for GWL and Loblaw's. Mr. Mavrinac is currently a member of the board of Roots Corporation, TerrAscend and Gage Growth Corp., and brings experience in the retail and cannabis sectors to the Board of Directors. Mr. Mavrinac received his Bachelor of Commerce degree from the University of Toronto in 1975 and began his career with Peat Marwick Mitchell Chartered Accountants after receiving his Chartered Accountant designation in 1978.

Joseph Mimran – *Director* – Mr. Mimran is among Canada's leading fashion and retail pioneers and entrepreneurs. Throughout his career, he has founded or co-founded and built brands that have helped define the fashion industry landscape, including Joe Fresh™, Club Monaco, Alfred Sung, Caban and, with his wife Kimberley Newport-Mimran, Pink Tartan. In addition, Mr. Mimran is the Chairman of Gibraltar & Company, Inc., and was formerly the Co-Chief Executive Officer of Gibraltar Opportunity, Inc. and Gibraltar Growth Corporation. Mr. Mimran was the founder and former Creative Director of the Joe Fresh™ brand for Loblaw's, where he led the entire creative process for the women's, men's and children's apparel line from product design to marketing and advertising to store selection and design for the merchandising of the line. Mr. Mimran founded the consulting firm Joseph Mimran & Associates Inc. ("JMA") in 2001. In 2003, Loblaw's engaged JMA to design home products under its President's Choice brand, followed by all general merchandise categories by 2009. Mr. Mimran co-founded The Monaco Group (which included Alfred Sung, a high-end fashion women's wear line, and Club Monaco, a fashion-forward, high-end casual clothing retailer) in 1980 and took the company public in 1986. The company was purchased by Dylex in 1989. In 1991, Mr. Mimran repurchased Club Monaco from Dylex, founded and launched Caban (a design-oriented home furnishings retailer) and took the business public in 1997. In 1999, he sold Club Monaco (and Caban) to Ralph Lauren for an equity value of \$77,500,000. Mr. Mimran has been the recipient of many industry awards, including the Canadian Style Award and the lifetime achievement award by the Design Exchange, and in 2015 he was inducted into Canada's Marketing Hall of Legends. Mr. Mimran began his career at Coopers & Lybrand (now PricewaterhouseCoopers) after receiving his Chartered Accountant designation.

Narbe Alexandrian – *President, Chief Executive Officer and Director* – Mr. Alexandrian served as Vice President, Business Development of CRC PrivateCo from July 2018 to September 2018 and of the Company from September 2018 to January 2019. He was appointed as President of the Company in January 2019 and as President and Chief Executive of the Company in May 2019, and was elected as a director of the Company in September 2019. Prior to joining the Company, Mr. Alexandrian was a Venture Capitalist at OMERS Ventures, one of the most prominent technology venture capital funds in Canada. During his time at OMERS Ventures, Narbe helped fundraise for two funds (\$520,000,000 of capital), sourced and lead multiple debt/equity financings, and acted as a Board Observer for a number of portfolio companies. Prior to OMERS Ventures, Narbe was a Senior Strategy Manager in TELUS' Internet of Things (IoT) group where he helped launch operational go-to-market strategies to TELUS' executive leadership team. Prior to TELUS, he held roles at Firmex Inc., a leading virtual data room company based in Toronto, and Deloitte, where he held roles in Financial Advisory and Consulting (fka Monitor Deloitte). Narbe is a Sessional Instructor at the Schulich School of Business, teaching technology entrepreneurship and venture capital within the undergraduate and MBA programs, and serves on the board of the National Cannabis Industry Association. He holds a Bachelor of Business Administration degree from the Schulich School of Business at York University and is a Chartered Professional Accountant (CPA Canada).

Edward Lucarelli – *Chief Financial Officer* – Prior to joining the Company, Mr. Lucarelli was an investment banker in the Mergers & Acquisitions ("M&A") group at TD Securities ("TD"). He provided sell-side and buy-side M&A advisory services to large and mid-cap Canadian companies. During his time at TD, Mr. Lucarelli worked on multiple transformative transactions across the telecommunications, financial services, and real estate industries. Mr. Lucarelli began his career at Deloitte where he was a business valuator in the firm's Financial Advisory practice. He advised domestic and international clients across a variety of industries on business valuation matters for transaction, tax, audit, accounting, litigation and other purposes. During his time at Deloitte, Mr. Lucarelli also helped execute the firm's global Financial Advisory strategy and completed a placement in London, England. Mr. Lucarelli holds a Bachelor of Commerce from the Smith School of Business at Queen's University. He is a Chartered Professional Accountant (CPA Canada) and a Chartered Business Valuator (Canadian Institute of Chartered Business Valuators).

Matthew Mundy – *Chief Strategy Officer, General Counsel & Corporate Secretary* – Prior to joining the Company, Mr. Mundy was a corporate lawyer at Blakes, where his practice covered a wide range of corporate and commercial matters, including M&A, corporate reorganizations and corporate governance. He advised purchasers, vendors and targets on domestic and international transactions, and his practice involved acting for clients in a variety of sectors, including the private equity, financial services, cannabis and manufacturing sectors. Mr. Mundy was also an active member of the Blakes Cannabis group and regularly wrote and spoke on the latest developments in the industry. Prior to Blakes, Mr. Mundy clerked at the Ontario Court of Appeal for Chief Justice Warren Winkler and Justice Gloria Epstein. Mr. Mundy holds a B.A. (Hon.) in Political Science and Sociology from McGill University, an M.A. in Journalism from the University of Southern California, and a J.D. (Hon., Valedictorian) from the University of Toronto.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no director or executive officer of the Company is, as at the date hereof, or has been, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) was subject to a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days and that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer.

To the knowledge of the Company, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date hereof, or has been, within the 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

To the knowledge of the Company, as at the date hereof, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the best knowledge of the Company, and other than as disclosed herein, there are no known existing or potential material conflicts of interest between the Company or a subsidiary of the Company and a director or officer of the Company or a subsidiary of the Company, except that certain of the directors or officers of the Company serve as directors, officers or promoters of other companies and therefore it is possible that a conflict may arise between their duties as a director, officer or promoter of the Company and their duties as a director or officer of such other companies. See “*Risk Factors – Conflicts of Interest*” for additional information.

The directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors of conflicts of interest and the Company will rely upon such laws in respect of any directors’ and officers’ conflict of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts will be disclosed by such directors or officers in accordance with applicable law and they will govern themselves in respect thereof to the best of their ability in accordance with the obligation imposed upon them by law.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Other than as set out below, the Company is not aware of: (a) any legal proceedings to which the Company is a party, or to which any of the Company’s property is subject, which would be material to the Company or of any such proceedings being contemplated, (b) any penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority, or other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, and (c) any settlement agreements that the Company has entered into before a court relating to securities legislation or with a securities regulatory authority.

On September 14, 2020, the Company received the September 2020 Claim filed by the PharmHouse Majority Shareholder concerning certain disputes relating to PharmHouse. The September 2020 Claim made a number of allegations against the Company, CGC, TerrAscend, and TerrAscend Canada, including claims relating to bad faith, fraud, civil conspiracy, breach of the duty of honesty and good faith in contractual relations, and breach of fiduciary duty, and claims relating to PharmHouse’s offtake agreements with CGC and TerraAscend Canada. Pursuant to the Initial Order and in connection with the CCAA Proceedings, the September 2020 Claim was stayed on October 30, 2020 and the Court issued an endorsement pursuant to which the PharmHouse Majority Shareholder discontinued the September 2020 Claim and agreed not to issue a new claim in respect of this matter prior to January 1, 2021.

On February 10, 2021, the Company received the New Claim filed by the PharmHouse Majority Shareholder concerning certain disputes relating to PharmHouse. The New Claim is substantially similar to the September 2020 Claim. As with the September 2020 Claim, the Company views the New Claim as it relates to its actions to be completely without merit and intends to vigorously defend its position at the appropriate time and in the appropriate forum.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed herein and in the consolidated financial statements of the Company for the financial year ended March 31, 2021, to the best of the Company’s knowledge, no director or executive officer of the Company or persons or companies who directly or indirectly beneficially own, or exercise control or direction over, more than 10% of any class of the Company’s outstanding voting securities, nor any associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the three financial years before the date of this AIF or during the current financial year, that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for the Common Shares is TSX Trust Company at its principal offices in Toronto, Ontario.

MATERIAL CONTRACTS

Except for material contracts entered into in the ordinary course of business, there are no material contracts entered into by the Company within the most recently completed financial year and through to the date of this AIF, or prior thereto, that are still in effect as of the date hereof.

AUDIT COMMITTEE INFORMATION

The Audit Committee is responsible for monitoring the Company's systems and procedures for financial reporting and internal controls, reviewing certain public disclosure documents, including the Company's annual audited financial statements and unaudited quarterly financial statements, and monitoring the performance and independence of the Company's external auditors. The Audit Committee is also responsible for reviewing with management the Company's risk management policies, the timeliness and accuracy of the Company's regulatory filings and all related party transactions as well as the development of policies and procedures related to such transactions.

Audit Committee Charter

The Audit Committee is governed by its charter, which is attached hereto as Appendix "A" hereto.

Composition of the Audit Committee

The Company established the Audit Committee in connection with the completion of the Qualifying Transaction. As at the date hereof, the Audit Committee is composed of the following members: Mr. Mavrinac (Chair), Ms. Daniere and Mr. Mimran. Each member of the Audit Committee is considered "independent" within the meaning of NI 52-110. Based on the education and breadth of experience of each Audit Committee member, the Board has determined each such member to be "financially literate" within the meaning of NI 52-110.

Relevant Education and Experience

For the purposes of NI 52-110, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements. All members of the Audit Committee have experience reviewing financial statements and dealing with related accounting and auditing issues.

The following is a brief summary of the education and experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as an Audit Committee member:

Asha Daniere

Asha Daniere is a director of the Company and a member of the Audit Committee. Ms. Daniere is a strategic and legal advisor to companies in the media and technology industries. Previously, she was the Executive Vice-President, Legal & Business Affairs at Blue Ant Media, a multi-platform media company. Ms. Daniere was the Senior Vice President and General Counsel at Score Media and the General Counsel at Fun Technologies. Fun Technologies was bought by Liberty Media Inc. during her tenure at a valuation of \$454,000,000. Ms. Daniere is a director of the Toronto International Film Festival and M.D.C. Partners Inc. In addition to her experience in Canada, Ms. Daniere practiced law in the United States, as an associate at White and Case LLP in New York City and as in-house counsel to The Topps Company, Inc. Ms. Daniere was called to the bar in both New York State and Ontario. She received her J.D. from Tulane Law School and her B.A. from the University of Toronto.

Richard Mavrinac

Richard Mavrinac is a director of the Company and the Chair of the Audit Committee. Mr. Mavrinac served as the Chief Financial Officer of GWL and the Executive Vice-President of Loblaws, two of Canada's largest companies

operating in the retail grocery and bakery sectors from 2003 to 2007. As Chief Financial Officer of GWL, Mr. Mavrinac’s experience encompassed all aspects of finance, including overall responsibility for financial reporting, treasury, risk management, pension and benefits, investor relations, taxation and acquisitions and divestitures. Mr. Mavrinac began his career with Loblaw’s in 1982 as Director of Taxation, subsequently holding a variety of financial positions within the company. In 1996, Mr. Mavrinac assumed the role of Senior Vice-President, Finance for GWL and Loblaw’s. Mr. Mavrinac is currently a member of the board of Roots Corporation, RIV Capital Inc., TerrAscend and Gage Growth Corp., and brings specific experience in the retail and cannabis sectors to the Board of Directors. Mr. Mavrinac received his Bachelor of Commerce degree from the University of Toronto in 1975 and began his career with Peat Marwick Mitchell Chartered Accountants after receiving his Chartered Accountant designation in 1978.

Joseph Mimran

Joseph Mimran is a director of the Company and a member of the Audit Committee. Mr. Mimran founded or co-founded and built brands that include Joe Fresh™, Club Monaco, Alfred Sung, Caban and Pink Tartan. In addition, Mr. Mimran is the Chairman of Gibraltar & Company, Inc., and was formerly the Co-Chief Executive Officer of Gibraltar Opportunity, Inc. and Gibraltar Growth Corporation. Mr. Mimran founded the consulting firm JMA in 2001 and co-founded The Monaco Group in 1980 and took Club Monaco public in 1986. Club Monaco was purchased by Dylex in 1989 and then repurchased by Mr. Mimran in 1991. Mr. Mimran also founded and launched Caban and took the business public in 1997. In 1999, he sold Club Monaco (and Caban) to Ralph Lauren for an equity value of \$77,500,000. Mr. Mimran began his career at Coopers & Lybrand (now PricewaterhouseCoopers) after receiving his Chartered Accountant designation.

Audit Committee Oversight

At no time since the commencement of the Company’s most recently completed financial year, has any recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Company on behalf of the Board.

Pre-Approvals Policies and Procedures

Subject to the requirements of NI 52-110, the charter of the Audit Committee allows for the engagement of certain non-audit services by the Company’s external auditor and sets out that such non-audit services must be pre-approved by the Audit Committee.

External Auditor Service Fees (By Category)

For the financial years ended March 31, 2021 and March 31, 2020, the aggregate fees incurred by the Company for services performed by the Company’s external auditor, KPMG, are as detailed below:

Financial Year Ended	Audit Fees⁽¹⁾	Audit-Related Fees⁽²⁾	Tax Fees⁽³⁾	All Other Fees⁽⁴⁾
March 31, 2020	\$489,686	\$39,175	Nil	Nil
March 31, 2021	\$559,209	Nil	Nil	Nil

- (1) “**Audit fees**” include fees for services rendered by the external auditors in relation to the audit and review of the Company’s financial statements and in connection with the Company’s statutory and regulatory filings.
- (2) “**Audited related fees**” include the aggregate audit related fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company’s financial statements and are not reported as “Audit fees”. The services provided include due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “**Tax fees**” include the aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to investments in portfolio companies, preparation of tax returns and preparation or review of tax provisions.
- (4) “**All other fees**” include the aggregate fees billed for products and services, other than “Audit fees”, “Audit related fees” and “Tax fees” above.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) of NI 52-110.

INTERESTS OF EXPERTS

KPMG are the auditors of the Company and have confirmed that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation and that they are independent accountants with respect to the Company under all relevant United States professional and regulatory standards.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, as applicable, will be contained in the Company's management information circular to be filed in connection with its annual shareholders' meeting for 2021. Additional financial information is provided in the consolidated financial statements and management's discussion and analysis of the Company for the financial year ended March 31, 2021. Additional information relating to the Company may be found under the Company's profile on SEDAR at www.sedar.com.

APPENDIX “A”

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

PURPOSE OF THIS CHARTER

The Audit Committee (the “**Committee**”) is appointed by the Board of Directors (the “**Board**”) of RIV Capital Inc. (the “**Corporation**”) to assist the Board in fulfilling its oversight responsibilities relating to financial accounting, reporting and internal controls for the Corporation. The Committee’s primary duties and responsibilities are to:

- a) conduct such reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- b) assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- c) review the quarterly and annual financial statements and management’s discussion and analysis of the Corporation’s financial position and operating results and in the case of the annual financial statements and related management’s discussion and analysis, report thereon to the Board for approval of same;
- d) select and monitor the independence and performance of the Corporation’s external auditors, including attending at private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration; and
- e) provide oversight of all disclosure relating to, and information derived from, financial statements and management’s discussion and analysis.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the external auditors, as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee’s duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part 4 of this Charter.

2. AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

- a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- b) set and pay the compensation for advisors employed by the Committee; and
- c) communicate directly with the internal and external auditors of the Corporation.

3. COMPOSITION AND MEETINGS

The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the Ontario Securities Commission (“**OSC**”), any exchange upon which the securities of the Corporation are listed, the *Business Corporations Act* (Ontario) and all applicable securities regulatory authorities.

- a) The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. Unless a Chair is elected by the Board, the members of the Committee shall designate from amongst themselves by majority vote of the full Committee a member who shall serve as Chair. The position description and responsibilities of the Chair are set out in Schedule “A” attached hereto.
- b) All of the members of the Committee shall be “independent” and “financially literate”. An “independent” director is a director who has no direct or indirect material relationship with the Corporation. A “material relationship” is a relationship which, in the view of the Board, could be reasonably expected to interfere with the exercise of the director’s independent judgement or a relationship deemed to be a material relationship pursuant to Sections 1.4 and 1.5 of National Instrument 52-110 — *Audit Committees*, as set out in Schedule “B” hereto. A “financially literate” director is a director who has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the accounting issues that can be reasonably expected to be raised in the Corporation’s financial statements.
- c) Each member of the Committee shall serve at the pleasure of the Board. The Committee shall report to the Board.
- d) The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present, either in person or by telephone, shall constitute a quorum.
- e) If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the next business day following the date of such meeting at the same place. If at the adjourned meeting a quorum is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum is not present, the quorum for the adjourned meeting shall consist of the members then present (a “**Reduced Quorum**”).
- f) If, and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office or a Reduced Quorum is present in respect of a specific Committee meeting.
- g) The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other means of communication, by giving at least 48 hours’ notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
- h) Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for the purposes hereof, to be present in person at the meeting.
- i) The Committee shall keep minutes of its meetings. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
- j) Any director of the Corporation may attend meetings of the Committee, and the Committee may invite such officers and employees of the Corporation and its subsidiaries as the Committee may see fit, from time to time, to attend at meetings of the Committee.

- k) Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. The Committee shall report its determinations to the Board at the next scheduled meeting of the Board, or earlier as the Committee deems necessary.
- l) The Committee members will be appointed annually at the first meeting of the Board following the annual general meeting of shareholders.
- m) The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.

4. RESPONSIBILITIES

a) Financial Accounting and Reporting Process and Internal Controls

- i. The Committee shall review the annual audited and interim financial statements and related management's discussion and analysis before the Corporation publicly discloses this information to satisfy itself that the financial statements are presented in accordance with applicable accounting principles and in the case of the annual audited financial statements and related management's discussion and analysis, report thereon and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall consider whether the Corporation's financial disclosures are complete, accurate, prepared in accordance with International Financial Reporting Standards and fairly present the financial position of the Corporation. The Committee shall also satisfy itself that, in the case of the annual financial statements, the audit function has been effectively carried out by the auditors and, in the case of the interim financial statements, that the review function has been effectively carried out.
- ii. The Committee shall review and assess the adequacy and effectiveness of the Corporation's systems of internal control and management information systems through discussion with management and the external auditor to ensure that the Corporation maintains appropriate systems, is able to assess the pertinent risks of the Corporation and that the risk of a material misstatement in the financial disclosures can be detected.
- iii. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, management's discussion and analysis and annual and interim financial press releases, and periodically assess the adequacy of these procedures in consultation with any disclosure committee of the Corporation.
- iv. The Committee shall review any press releases containing disclosure regarding financial information that are required to be reviewed by the Committee under any applicable laws or otherwise pursuant to the policies of the Corporation (including before the Corporation publicly discloses this information).
- v. The Committee shall meet no less than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a

Chief Financial Officer, the officer of the Corporation in charge of financial matters, deem appropriate.

- vi. The Committee shall inquire with management and the external auditors about significant financial and internal control risks or exposures and assess the steps management has taken to minimize such risks.
- vii. The Committee shall review the post-audit or management letter, if any, containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
- viii. The Committee shall periodically review and make recommendations regarding the Code of Business Conduct and Ethics adopted by the Board.
- ix. The Committee shall periodically review and make recommendations regarding the Whistleblower Policy and the Anti-Bribery and Anti-Corruption Policy adopted by the Board.
- x. The Committee shall follow procedures established as set out in the Corporation's Whistleblower Policy, for:
 - the receipt, retention, and treatment of complaints received by management of the Corporation regarding financial statement disclosures, accounting, internal accounting controls, or auditing matters; and
 - the submission by employees, consultants, contractors, directors or officers of the Corporation, on a confidential and anonymous basis, of concerns regarding financial statement disclosures, questionable accounting, internal accounting controls, auditing matters or violations to the Corporation's Code of Business Conduct and Ethics or any other policy, charter or mandate of the Corporation, applicable laws, rules and regulations, discrimination, harassment or retaliation.
- xi. The Committee shall ensure that management establishes and maintains an appropriate budget process, which shall include the preparation and delivery of periodic reports from the Chief Financial Officer to the Committee comparing actual spending to the budget. The budget shall include assumptions regarding economic parameters that are well supported and shall take into account the risks facing the Corporation.
- xii. The Committee shall have the authority to adopt such policies and procedures as it deems appropriate to operate effectively.

b) External Auditors

- i. The Committee shall recommend to the Board the external auditors to be nominated for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Corporation, shall set the compensation for the external auditors, provide oversight of the external auditors and shall ensure that the external auditors report directly to the Committee.
- ii. The Committee shall ensure that procedures are in place to assess the audit activities of the external auditors and the internal audit functions.
- iii. The pre-approval of the Committee shall be required as further set out in Schedule "C" prior to the undertaking of any non-audit services not prohibited by law to be provided by the external auditors in accordance with this Charter.

- iv. The Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the external auditors and attempt to resolve disagreements between management and the external auditors regarding financial reporting.
- v. The Committee shall review the external auditors' audit plan, including the scope, procedures and timing of the audit.
- vi. The Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.
- vii. The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within International Financial Reporting Standards that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Corporation and the external auditors.
- viii. The Committee shall review fees paid by the Corporation to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.
- ix. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.
- x. The Committee shall have the authority to engage the external auditors to perform a review of the interim financial statements.

c) Other Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

5. APPROVAL

Approved by the Board of Directors on June 2, 2020.

SCHEDULE “A”

RIV CAPITAL INC.

POSITION DESCRIPTION FOR THE CHAIR OF THE AUDIT COMMITTEE

1. PURPOSE

The Chair of the Committee shall be an independent director who is elected by the Board or designated by a majority vote of the Committee to act as the leader of the Committee in assisting the Board in fulfilling its financial reporting and control responsibilities to the shareholders of the Corporation.

2. WHO MAY BE CHAIR

The Chair will be selected from amongst the directors of the Corporation who have a sufficient level of financial sophistication and experience in dealing with financial issues to ensure the leadership and effectiveness of the Committee.

The Chair will be selected annually at the first meeting of the Board following the annual general meeting of shareholders or designated by a majority vote of the Committee.

3. RESPONSIBILITIES

The following are the primary responsibilities of the Chair:

- a) chair all meetings of the Committee in a manner that promotes meaningful discussion;
- b) ensure adherence to the Committee’s Charter and that the adequacy of the Committee’s Charter is reviewed annually;
- c) provide leadership to the Committee to enhance the Committee’s effectiveness, including:
 - i. act as liaison and maintain communication with the Board to coordinate input from directors and to optimize the effectiveness of the Committee. This includes ensuring that Committee materials are available to any director upon request and reporting to the Board on all decisions of the Committee at the first meeting of the Board after each Committee meeting and at such other times and in such manner as the Committee considers advisable;
 - ii. ensure that the Committee works as a cohesive team with open communication, as well as to ensure open lines of communication among the independent auditors, financial and senior management and the Board for financial and control matters;
 - iii. ensure that the resources available to the Committee are adequate to support its work and to resolve issues in a timely manner;
 - iv. ensure that the Committee serves as an independent and objective party to monitor the Corporation’s financial reporting process and internal control systems, as well as to monitor the relationship between the Corporation and the independent auditors to ensure independence;
 - v. ensure that procedures as determined by the Committee are in place to assess the audit activities of the independent auditors and the internal audit functions; and

- vi. ensure that procedures as determined by the Committee are in place to review the Corporation's public disclosure of financial information and assess the adequacy of such procedures periodically, in consultation with any disclosure committee of the Corporation;
- d) ensure that procedures as determined by the Committee are in place for dealing with complaints received by the Corporation regarding accounting, internal controls and auditing matters, and for employees to submit confidential anonymous concerns;
- e) manage the Committee, including:
 - i. adopt procedures to ensure that the Committee can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
 - ii. prepare the agenda of the Committee meetings and ensure pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
 - iii. ensure Committee meetings are appropriate in terms of frequency, length and content;
 - iv. obtain a report from the independent auditors on an annual basis, review the report with the Committee and arrange meetings with the auditors and financial management to review the scope of the proposed audit for the current year, its staffing and the audit procedures to be used;
 - v. oversee the Committee's participation in the Corporation's accounting and financial reporting process and the audits of its financial statements;
 - vi. ensure that the auditors report directly to the Committee, as representatives of the Corporation's shareholders;
 - vii. annually review with the Committee its own performance, report annually to the Board on the role of the Committee and the effectiveness of the Committee in contributing to the effectiveness of the Board;
 - viii. together with the Board, oversee the structure, composition and membership of, and activities delegated to, the Committee from time to time;
 - ix. ensure Committee's work plan for the year is scheduled and monitor progress at each meeting; and
 - x. ensure Committee minutes are reviewed and approved;
- f) perform such other duties as may be delegated from time to time to the Chair of the Committee by the Board.

SCHEDULE “B”

RIV CAPITAL INC.

NATIONAL INSTRUMENT 52-110 AUDIT COMMITTEES (“NI 52-110”)

Section 1.4 — Meaning of Independence

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a “material relationship” is a relationship which could, in the view of the issuer’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgment.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
 - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
 - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
 - (c) an individual who:
 - (i) is a partner of a firm that is the issuer’s internal or external auditor,
 - (ii) is an employee of that firm, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is the issuer’s internal or external auditor,
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
 - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer’s current executive officers serves or served at that same time on the entity’s compensation committee; and
 - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because

- (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or
 - (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
- (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
- (a) has previously acted as an interim chief executive officer of the issuer, or
 - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

Section 1.5 — Additional Independence Requirements for Audit Committee Members

- (1) Despite any determination made under section 1.4 of NI 52-110, an individual who
- (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
 - (b) is an affiliated entity of the issuer or any of its subsidiary entities,

is considered to have a material relationship with the issuer.

- (2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
- (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
 - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.

- (3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

SCHEDULE “C”

RIV CAPITAL INC.

PROCEDURES FOR APPROVAL OF NON-AUDIT SERVICES

1. The Corporation’s external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:
 - (a) bookkeeping or other services related to the Corporation’s accounting records or financial statements;
 - (b) appraisal or valuation services, fairness opinion or contributions-in-kind reports;
 - (c) actuarial services;
 - (d) internal audit outsourcing services;
 - (e) management functions;
 - (f) human resources;
 - (g) broker or dealer, investment adviser or investment banking services;
 - (h) legal services; and
 - (i) any other service that the Canadian Public Accountability Board or International Accounting Standards Board or other analogous board which may govern the Corporation’s accounting standards, from time to time determines is impermissible.
2. In the event that the Corporation wishes to retain the services of the Corporation’s external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority, subject to confirmation that such services will not compromise the independence of the Corporation’s external auditors, to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.
3. The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.