

## FORM 7

### MONTHLY PROGRESS REPORT

Name of Listed Issuer: Curaleaf Holdings, Inc. (the "Issuer" or "Curaleaf").

Trading Symbol: CURA

Number of Outstanding Listed Securities: 355,443,160 Subordinate Voting Shares

Date: October 6, 2019

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

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

#### **General Instructions**

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

## Report on Business

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

### General

**Curaleaf Holdings, Inc. (CSE: CURA) (OTCQX: CURLF) ("Curaleaf") is the leading vertically integrated multi-state cannabis operator in the United States. It is a high-growth cannabis company with a national brand known for quality, trust and reliability. The company is positioned in highly populated, limited license states, and currently operates in 12 states with 49 dispensaries, 14 cultivation sites and 13 processing sites. Curaleaf has the executive expertise and research and development capabilities to provide leading service, selection, and accessibility across the medical and adult-use markets, as well as in the CBD category through its Curaleaf Hemp brand.**

### Recent developments regarding the Issuer's business and operations

**On September 3, 2019, Curaleaf announced it had opened Port Charlotte's (Florida) largest medical cannabis center in Florida.**

**Please see the Issuer's press release dated September 3, 2019 filed on the Issuer's website for more information.**

**On September 12, 2019, Curaleaf announced it had launched the use of first medical cannabis tablets in Florida.**

**Please see the Issuer's press release dated September 12, 2019 filed on the Issuer's website for more information.**

**On September 12, 2019, Curaleaf announced it had received approval for five adult-use licenses in Massachusetts.**

**Please see the Issuer's press release dated September 12, 2019 filed on the Issuer's website for more information.**

**On September 18, 2019, Curaleaf announced the opening of a new Arizona dispensary.**

**Please see the Issuer's press release dated September 18, 2019 filed on the Issuer's website for more information.**

**On September 23, 2019, Curaleaf announced its launch of New York State's first medical cannabis flower products.**

**Please see the Issuer's press release dated September 23, 2019 filed on the Issuer's website for more information.**

**On September 25, 2019, Curaleaf responded to the passage of the SAFE Banking Act in the U.S. House of Representatives.**

**Please see the Issuer's press release dated September 25, 2019 filed on the Issuer's website for more information.**

**Nil shares were repurchased in September in connection with the normal course issuer bid ("NCIB"), the details of which were reported in the Form 7 filed by the Issuer on January 8, 2019.**

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

**Joseph Lusardi and Neil Davidson participated in the Beacon Capital Cannabis Symposium in New York City on September 12, and he participated in the Eight Capital Global Cannabis Conference in Toronto on September 19.**

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

**N/A**

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

**N/A**

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

**N/A**

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

**N/A**

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

**Under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (“HSR Act”), Curaleaf is required to file a notification to U.S. antitrust authorities and observe a waiting period before completing each of the acquisition of Cura Partners, Inc. (“Cura”) announced in May 2019 (the “Cura Acquisition”) and the acquisition of GR Companies, Inc. (“Grassroots”) announced in July 2019 (the “Grassroots Acquisition”). Further to the announcement of these transactions, Curaleaf has filed the required notifications to U.S. antitrust authorities.**

**Pursuant to the HSR Act, Curaleaf received a request for additional information (each, a “Second Request”) from the United States Department of Justice Antitrust Division (the “Department of Justice”) in respect of each of the Cura Acquisition and the Grassroots Acquisition on June 14, 2019 and September 12, 2019, respectively. The Second Request extends the HSR Act waiting period for up to 30 days after Curaleaf and Cura (in respect of the Cura Acquisition) and Grassroots (in respect of the Grassroots Acquisition) have each substantially complied with the applicable Second Request, unless that period is extended voluntarily by the parties or terminated sooner by the Department of Justice.**

**On September 27, 2019, Curaleaf and Cura submitted documentation to the Department of Justice which Curaleaf believes is in substantial compliance with the Second Request in respect of the Cura Acquisition, and the parties continue working toward closing of the Cura Acquisition. Curaleaf is confident that it and Grassroots will be able to submit all requested documentation to the Department of Justice in a timely manner and continue working toward closing of the Grassroots Acquisition.**

**Completion of each of the Cura Acquisition and the Grassroots Acquisition remains subject to the expiration or termination of the HSR Act waiting period and other customary conditions of closing. Assuming that the conditions to closing are satisfied or waived, it is now expected that the Cura Acquisition will be completed in late 2019 and that the Grassroots Acquisition will be completed in 2020. However, there is no guarantee that any of these transactions will be completed.**

**Please see the Issuer’s Form 9 filed with the CSE on May 3, 2019, the Issuer’s Material Change Report filed with SEDAR on May 10, 2019 and the press release dated May 1, 2019 on the Issuer’s website for more information regarding the Cura Acquisition.**

**Please see the Issuer’s Form 9 filed with the CSE on July 26, 2019, the Issuer’s Material Change Report filed on SEDAR on July 24, 2019 and the Issuer’s press release dated July 17, 2019 filed on the Issuer’s website for more information regarding the Grassroots Acquisition.**

8. Describe the acquisition of new customers or loss of customers.

**Please refer to Question #1 for information on dispensary openings.**

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

**Curaleaf Hemp introduced a new brand name, SOULEAF, for hemp-derived CBD topical cosmetic products.**

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

**Issuer has a total of 1,732 employees, which includes 118 new hires and 46 terminations in the month of September.**

11. Report on any labour disputes and resolutions of those disputes if applicable.

**N/A**

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

**Curaleaf may become threatened by a party, or otherwise become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Among other disputes, Curaleaf is currently (1) defending against an arbitration and litigation brought by certain minority shareholders of Curaleaf's Florida operations who seek the dissolution of Curaleaf Florida and PalliaTech Florida and assert claims for, among other things, breach of fiduciary duty, civil conspiracy, and breach of contract; (2) participating in an appraisal process in accordance with an agreement between Curaleaf and certain former minority shareholders of Curaleaf's Connecticut operations; and (3) defending against purported securities class actions alleging similar claims based on the FDA's July 22, 2019 warning letter to Curaleaf and the promotion of Curaleaf's CBD products.**

### **Connecticut**

**No updates to the pending Connecticut matter since it was last reported in the Issuer's Form 7 as filed on June 6, 2019.**

### **Florida**

**Curaleaf's subsidiaries in Florida are currently involved in an arbitration and litigation against certain minority shareholders of its Florida operations. On December 10, 2018, Jayson Weisz and SRC Medical Partners, LLC ("SRC") ("Claimants") initiated an arbitration against PalliaTech Florida LLC, in which they are seeking certain "books and**

records” of PalliaTech Florida and Curaleaf Florida LLC, as well as their costs and attorneys’ fees to obtain those records. On February 20, 2019, Claimants filed an Amended Demand for Arbitration in which they also sought an order to compel PalliaTech Florida LLC to appoint Scott Robins to the Board of Managers of Curaleaf Florida LLC. On March 6, 2019, PalliaTech Florida LLC responded that it has provided Claimants with all requested books and records, and that they no longer have the right to select an individual to serve on the Board of Managers as a result of their previous decision not to make such an appointment, their intervening transfers of their equity, and their intervening initiation of an arbitration against PalliaTech Florida LLC. On March 19, 2019, nominal Plaintiffs Jayson Weisz and SRC derivatively on behalf of Plaintiff PalliaTech Florida LLC filed a complaint against Defendants Curaleaf Florida LLC, PalliaTech Florida, Inc., Joseph Lusardi, and Boris Jordan in the Complex Business Litigation Section in the Circuit Court of the Eleventh Judicial Circuit in and for Miami-Dade County, Florida (“Complaint”). Plaintiffs’ derivative Complaint seeks the judicial dissolution of Curaleaf Florida LLC and asserts various causes of action against Defendants, including for breach of contract, civil conspiracy, breach of fiduciary duty, fraudulent transfer, and a declaratory judgment appointing Robins to the Board of Managers. On April 17, 2019, Weisz, SRC and JRF Group LLC filed a Second Amended Demand for Arbitration against PalliaTech Florida LLC, PalliaTech Florida, Inc., and Lusardi requesting the judicial dissolution of PalliaTech Florida LLC, and asserting claims for breach of contract, shareholder right to inspect books and records, civil conspiracy, breach of fiduciary duty, and declaratory relief. On May 17, 2019, Weisz, SRC, and JRF Group derivatively on behalf of PalliaTech Florida LLC filed an Amended Complaint (“Amended Complaint”). The Amended Complaint added JRF Group as a nominal Plaintiff, but is otherwise nearly identical to the Complaint. On May 28, 2019, Defendants filed a motion to compel arbitration as to the claims against PalliaTech Florida, Inc. and Curaleaf FL and otherwise to dismiss the claims for judicial dissolution, civil conspiracy, breach of fiduciary, fraudulent transfer, and declaratory relief, or, in the alternative, to stay all proceedings pending the resolution of the parallel arbitration. On June 24, 2019, Plaintiffs filed a Second Amended Complaint. The Second Amended Complaint is very similar to the Amended Complaint, but includes new claims for equitable dissolution of Curaleaf FL and aiding and abetting breach of fiduciary duty against Jordan. On July 5, 2019, Defendants filed a motion to compel arbitration and otherwise dismiss the Second Amended Complaint. On July 29, 2019, the Court heard oral argument on Defendants’ motion. On September 9, 2019, the Court denied Defendants’ motion to compel arbitration and granted in part and denied in part Defendants’ motion to dismiss. Specifically, Defendants’ motion to dismiss was granted without prejudice as to Plaintiffs’ claims for judicial dissolution, equitable dissolution, civil conspiracy, breach of fiduciary duty, and aiding and abetting breach of fiduciary duty, and Defendants’ motion was denied as to Plaintiffs’ claims for fraudulent transfer (but granted as to Mr. Jordan and Mr. Lusardi) and declaratory judgment. On September 23, 2019, Plaintiffs filed a Third Amended Complaint, which added Curaleaf Inc. as a defendant and asserts claims for breach of contract, breach of fiduciary duty, breach of contractual fiduciary duty, breach of statutory fiduciary duty, aiding and

abetting breach of fiduciary duty, judicial dissolution, equitable dissolution, declaratory judgment, fraudulent transfer, and equitable accounting.

Curaleaf will continue to vigorously defend the claims made in the arbitration and litigation proceedings.

### FDA

On July 22, 2019, the FDA issued a warning letter to Curaleaf in which it set forth its determination that certain CBD products sold on Curaleaf's website were "misbranded drugs" under the United States Federal Food, Drug, and Cosmetic Act. Upon receiving the letter, Curaleaf Hemp, Curaleaf's hemp-based CBD product line, immediately began an extensive review of its website and social media platforms to remove all statements that FDA identified as non-compliant. This included removing the Curaleaf Hemp blog, and the third-party links in it, and removing any statements and social media posts to which FDA had taken exception. On July 25, 2019, Curaleaf responded to the FDA letter informing the FDA that Curaleaf had addressed the issues that were raised in the letter regarding its CBD product marketing. Additionally, Curaleaf advised the FDA that a number of the products mentioned in the FDA letter had previously been discontinued. Curaleaf will continue to work diligently to ensure that information it provides to consumers on its website and social media platforms are fully compliant with FDA requirements.

Curaleaf is currently defending against purported securities class actions alleging similar claims based on the FDA's July 22, 2019 warning letter to Curaleaf and the promotion of Curaleaf's CBD products.

### Massachusetts Cannabis Control Commission

On September 12, 2019, Curaleaf announced it had received approval for five adult-use licenses in Massachusetts.

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

**Curaleaf expects to obtain additional debt financing as a means to fund future acquisitions and investments with the goal of remaining below a pro forma debt to Adjusted EBITDA ratio of 1.50.**

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

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>
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Subordinate Voting Shares	2,154,014	Issued in connection with option exercises.	The proceeds of USD \$1,006,551 from payment of the option exercise price will be used for general working capital purposes.
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(1) State aggregate proceeds and intended allocation of proceeds.

15. Provide details of any loans to or by Related Persons.

N/A

16. Provide details of any changes in directors, officers or committee members.

N/A

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

The historic passage of the SAFE Banking Act by the U.S. House of Representatives is an important first step in the process toward normalizing the cannabis industry's ability to transact. If ratified, the bill will increase the safety of our operations for our patients, customers and employees by reducing the reliance on cash and promoting transparency. This is incredibly important legislation for an industry that represents approximately \$50 billion in sales per year and is expected to grow to \$80 billion in sales by 2030, according to Cowen. In addition to normalizing the industry, the bill also provides more access to capital for cannabis businesses of all sizes, which will support social equity in our industry.

Adverse publicity reports or other media attention regarding the safety, efficacy and quality of marijuana in general, or associating the consumption of adult-use and medical marijuana with illness or other negative effects or events, could have such a material adverse effect. There is no assurance that such adverse publicity reports or other media attention will not arise. A negative shift in the public's perception of cannabis, including vaping or other forms of cannabis administration, in the U.S. or any other applicable jurisdiction could cause State jurisdictions to abandon initiatives or proposals to legalize medical and/or adult-use cannabis, thereby limiting the number of new State jurisdictions into which Curaleaf could expand. Recent medical alerts by the CDC and future bans on the sale of vaping products in the locations we serve, including the current ban in Massachusetts and recent state health agencies on vaping related illness and other issues directly related to cannabis consumption could potentially create an inability to fully implement Curaleaf's expansion strategy and may have a material adverse effect on Curaleaf's business, results of operations or prospects.

*[signature page follows]*

## Certificate of Compliance

The undersigned hereby certifies that:

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

Dated October 6, 2019.

Neil Davidson  
Name of Director or Senior Officer

  
Signature

Chief Financial Officer  
Official Capacity

<b>Issuer Details</b> Name of Issuer Curaleaf Holdings, Inc.	For Month Ended September 30, 2019	Date of Report YY/MM/D October 6, 2019
Issuer Address 301 Edgewater Place #405		
City/Province/Postal Code Wakefield, MA 01880 USA	Issuer Fax No. ( )	Issuer Telephone No. (781) 451-0150
Contact Name Neil Davidson	Contact Position Chief Financial Officer	Contact Telephone No. (781) 451-0150
Contact Email Address ndavidson@curaleaf.com	Web Site Address <a href="http://www.curaleaf.com">www.curaleaf.com</a>	