

# Choice Consolidation Corp.

## Investor Presentation

*February 1, 2021*

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# Disclosures

## Non-IFRS Financial Measures

This presentation refers to certain financial measures, such as EBITDA, and Total Enterprise Value, which are not measures recognized under IFRS and do not have a standardized meaning prescribed by IFRS. As a result, these measures may not be comparable to similar measures reported by other corporations. These measures are intended to provide additional information to the user and should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS.

“EBITDA” is defined as net income adjusted to exclude interest, income taxes, depreciation and amortization.

“Total Enterprise Value” is defined as market capitalization plus total debt outstanding less cash on hand.

## Forward-Looking Statements

Certain information in this presentation may constitute “forward-looking information” within the meaning of applicable securities legislation. Forward-looking information may relate to the Company, its sponsors (the “Sponsors”), or their respective affiliates’ future outlook and anticipated events or results and may include statements regarding the financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividends, plans and objectives of the Company, the Sponsors or their respective affiliates, as the case may be. Particularly, statements regarding future results, performance, achievements, prospects or opportunities of the Company, the Sponsors or their respective affiliates are forward-looking statements. The forward-looking information in this presentation is based on certain assumptions, including, without limitation, the closing of the Company’s initial public offering, the receipt of all required regulatory approvals, and the expected timing related thereto, the Company’s future objectives and strategies to achieve those objectives, including the completion of a qualifying transaction, as well as other statements with respect to management’s beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Generally, forward-looking information can be identified by use of words such as “outlook”, “objective”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “forecasts”, “project”, “seek”, “anticipate”, “believes”, “should”, “plans” or “continue”, and other similar terminology.

Forward-looking statements are based on the opinions and estimates of management of the Company, the Sponsors or their respective affiliates, as the case may be, as of the date such statements are made, and they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking statements. Although management of the Company, the Sponsors or their respective affiliates, as the case may be, believe the assumptions and analysis underlying such statements are reasonable as of the date hereof, you are cautioned not to place undue reliance on these statements.

Although management has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, 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 statements. The Company, the Sponsors and their respective affiliates do not undertake to update any forward-looking statements that are contained herein, except as required by applicable securities laws. See “Risk Factors” attached as Schedule “A” hereto for a description of the risk factors faced by the Company.

## Cautionary Note Regarding United States Securities Laws

This presentation does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities of the Company, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The securities of the Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons,” as such term is defined in Regulation S under the U.S. Securities Act, unless an exemption from such registration is available.

# Investment Highlights

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**I** Leading figures in cannabis industry aim to create a top MSO

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**II** Second mover advantage strategy allows for benefits from past learnings

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**III** Management and sponsor committing minimum \$37.5 million to IPO and at-risk capital with IPO units subject to non-redemption agreement

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**IV** Substantial 'white space' in key states – existing MSOs mostly capped out on growth

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**V** Significant private-to-public re-rating potential

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# Industry Leading Team

## Experienced Management Team and Board



### **Joe Caltabiano, *CEO***

- Co-founded Cresco Labs, one of the largest MSOs in the United States, and served as its President
- Grew Cresco Labs from a start-up to a multi-billion dollar company with annualized revenue over \$250 million and operations in 9 key states



### **Lois Mannon, *CFO***

- 25+ years of corporate accounting and financial consulting experience
- Currently serves as the fractional CFO for RA Holding Corp. and controller for Bluestem
- Founder of Mannon Consulting, LLC, a private firm specializing in outsourcing and advisory services
- A Certified Public Accountant and member of the American Institute of Certified Public Accountants and the Ohio Society of CPAs



### **Peter Kadens, *Director***

- Previously served as CEO of Green Thumb Industries, one of the largest publicly-traded cannabis operators in the U.S.
- Currently serves as the Chairman of the Kadens Family Foundation, a charitable organization dedicated to closing the pervasive wealth and education gaps in the United States
- Previously served as a board director for Marijuana Policy Project (MPP) and the Cannabis Trade Federation (CTF) and currently serves as a director at KushCo (Ticker: KSHB) and NewLake Capital, a cannabis REIT
- Prior to Green Thumb Industries, founded one of the largest commercial solar companies in the U.S., SoCore Energy, and sold it to a Fortune 500 utility, Edison International



### **Lisa Gavales, *Director***

- 30+ years of retail experience
- Served as CEO or held the senior most leadership position at Things Remembered, Destination Maternity and Bluestem
- Led marketing, branding and ecommerce for Bloomingdale's, EXPRESS and Talbots
- Extensive board experience with Things Remembered, Forever21, True Religion and Destination Maternity

# Extensive Cannabis M&A Experience

Management team & directors have sourced and completed over 25 cannabis M&A transactions

**150**

Total cannabis transactions considered by management and directors across 15 states in the past 24 months

**125**

Transactions passed on after careful consideration

**25**

High-quality transactions selected and completed



**Board and management team have been involved in winning over 25 licenses in 6 markets: Illinois, Maryland, Pennsylvania, Ohio, New Jersey and Massachusetts**

# The Second Mover Advantage

## Legacy Entrants

- ✗ Land grab with a focus on quantity over quality
- ✗ Companies burdened with expensive debt and long-term sale leasebacks
- ✗ '1.0' Cultivation / manufacturing technologies
- ✗ Wasted capital on ineffective branding, re-branding or advertising
- ✗ Substantial SG&A with legacy employees
- ✗ Lacking advanced technology and automation

VS.

## Second Mover Advantage

- ✓ Knowledge of key states and locations
- ✓ Cost of capital improving due to existing relationships
- ✓ Operational know-how allows for improved yields
- ✓ Management team with proven experience and an intimate relationship with top service providers and support players
- ✓ Implement ERP and latest technologies to drive profitability
- ✓ Focus on automation to increase throughput and eliminate bottlenecks

# The Choice Consolidation Acquisition Strategy

- As the Cannabis industry evolves, increased focus has been placed on business operations and profitability
- Choice Consolidation can capitalize on the second mover advantage by leveraging efficiencies gained across all aspects of the supply chain

## Key Acquisition Criteria

1

- Existing single state operators in markets with significant barriers to entry
- Targets want to partner to become part of an experienced, scaled operator

2

- Distressed assets that require minimal to moderate incremental capital to 'turn on'
- Sellers need help bringing their own asset to the finish line

3

- Paper licenses
- Owners have no plans to develop

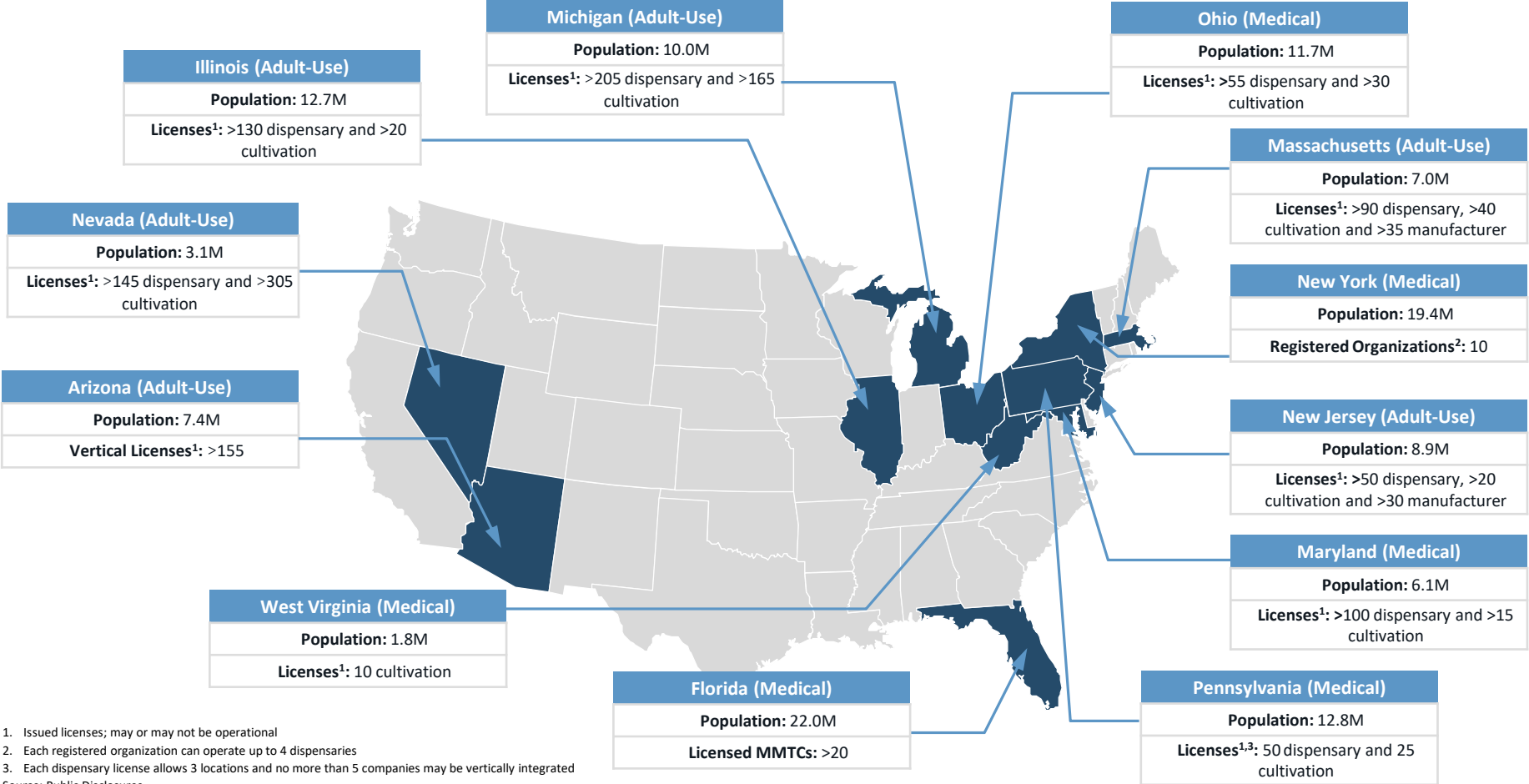
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- Build team to apply for and win *de novo* licenses as they become available

# Availability of Assets

## Limited License Market Landscape

- *De novo* licenses, rehabilitation licenses, existing operators
- Limited license state focus
- Benefit from acquiring dispensaries separate from cultivation – integrating both will improve margins and profitability



1. Issued licenses; may or may not be operational  
 2. Each registered organization can operate up to 4 dispensaries  
 3. Each dispensary license allows 3 locations and no more than 5 companies may be vertically integrated  
 Source: Public Disclosures



# Significant White Space

Many limited license cannabis markets remain highly fragmented

State	Population	Legalization Type	Total Operational Dispensaries	Dispensaries Owned by U.S. MSOs	Available Operational Dispensaries <sup>1</sup>
Arizona	7.4MM	Adult-use	> 120	<35	>85
Illinois	12.7MM	Adult-use	>55	<30	>25
Maryland	6.1MM	Medical	>85	<15	>70
Nevada	3.1MM	Adult-use	>75	<20	>55
New Jersey	8.9MM	Adult-use	>10	<5	>5
New York	19.4MM	Medical	>35	<30	>5
Ohio	11.7MM	Medical	>50	<15	>35
Pennsylvania	12.8MM	Medical	>100	<40	>60
<b>Select Limited License States Total</b>	<b>82.1MM</b>		<b>&gt;530</b>	<b>&lt;190</b>	<b>&gt;340</b>

1. Dispensaries not owned by U.S. MSOs  
Source: Public Disclosures

# Recent Acquisitions

Since 2019, there have been more than \$900M of private assets acquired by publicly listed U.S. MSOs

## Recent Acquisitions of Private Assets

Ann. Date	Acquirer	Target	State	Active Target	Target Cultivation &	Transaction	TTM unless otherwise noted	
				Dispensaries	Production (sq. ft.)	Size (US\$MM)	TEV / Rev.	TEV / EBITDA
07-Jan-21	Columbia Care	The Healing Center San Diego <sup>1</sup>	CA	1	-	15	1.2x	4.7x
23-Dec-20	AYR Strategies	Garden State Dispensary <sup>2</sup>	NJ	3	30,000	101	-	4.0x
06-Nov-20	TerrAscend	HMS Health	MD	-	22,000	28	-	-
04-Nov-20	Ayr Strategies	Oasis <sup>3</sup>	AZ	3	90,000	81	-	3.7x
01-Oct-20	Ayr Strategies	Assets in OH	OH	-	67,000	18	-	-
16-Sep-20	Trulieve	PurePenn <sup>4</sup>	PA	-	35,000	46	-	-
16-Sep-20	Trulieve	Solevo Wellness <sup>4</sup>	PA	3	-	20	-	-
08-Sep-20	Columbia Care	Project Cannabis <sup>5</sup>	CA	4	36,000	69	1.4x	6.4x
26-Aug-20	Ayr Strategies	CannTech PA <sup>6</sup>	PA	1	143,000	55	-	-
26-Aug-20	Ayr Strategies	DocHouse	PA	-	38,400	21	-	-
22-Jun-20	Jushi	Pennsylvania Medical Solutions <sup>7</sup>	PA	8	90,000	37	-	-
01-May-20	Ethos Cannabis	Assets in PA and MD	PA/MD	5	-	18	-	-
28-Apr-20	Hightimes Holdings	Assets in CA	CA	8	-	62	-	-
24-Mar-20	Curaleaf Holdings	Arrow Alternative Care	CT	3	-	38	-	-
02-Jan-20	Harvest Health & Recreation	GreenMart of Nevada	NV	-	32,000	35	-	-
05-Nov-19	Columbia Care	The Green Solution	CO	23	266,000	140	1.9x	nmf
02-Aug-19	TerrAscend	Ilera Healthcare <sup>6</sup>	PA	3	67,000	50	1.2x	-
18-Mar-19	Curaleaf Holdings	Acres Cannabis	NV	1	269,000	70	-	-
<b>Average</b>							<b>1.4x</b>	<b>4.7x</b>

1. Multiples are based on FY2021E revenue and EBITDA

2. EBITDA multiple is based on FY2022E EBITDA; transaction value does not include earnout of up to \$97 million

3. EBITDA multiple is based on FY2021E EBITDA; transaction value does not include earnout of 2 million shares of AYR Strategies

4. Transaction values do not include earnout of \$60 million for PurePenn and \$15 million for Solevo Wellness

5. Multiples are based on FY2020E revenue and EBITDA

6. Both CannTech and Ilera hold a clinical registrant license allowing the holder to operate up to 6 dispensaries; transaction value for Ilera does not include earnout of \$175 million

7. Rights to operate up to 15 dispensaries

Source: Public Disclosures, Capital IQ

# Overview of Key Stakeholders

Key backers are investing a combined minimum \$37.5 million to IPO and at risk capital



**Joe Caltabiano**

*Chief Executive Officer*

- Co-founded Cresco Labs, one of the largest MSOs in the United States, and served as its President
- Grew Cresco Labs from a start-up to a multi-billion dollar company with annualized revenue over \$250 million and operations in 9 key states

**CRESCO**labs™



**Senvest**

*Strategic Sponsor*

- Contrarian value-based investment strategy
- Founded in 1997
- Annualized net return of 16.74% over 24 years
- US \$2.0B firm assets under management and more than \$160M invested in US cannabis
- Anchor Investor in the Weedmaps private placement pending Nasdaq listing

# Clear Path to Value Creation

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**I** Significant private to public valuation multiple spread

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**II** Significant scale advantage through combining SSOs and sub scale MSOs

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**III** Best-in-class executive management with leading MSO creation track record

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**IV** Step-wise upside potential through *de novo* license wins

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# Term Sheet

<b>Issuer</b>	<ul style="list-style-type: none"><li>Choice Consolidation Corp.</li></ul>
<b>Sponsors</b>	<ul style="list-style-type: none"><li>Choice Consolidation SM Sponsor LLC and Calti Choice Sponsor LLC</li></ul>
<b>Offering Size</b>	<ul style="list-style-type: none"><li>US\$100,000,000</li><li>10,000,000 Class A Restricted Voting Units at US\$10.00 per Unit</li></ul>
<b>Sponsor Commitment</b>	<ul style="list-style-type: none"><li>Sponsors (or entities under common control with a Sponsor) to commit minimum \$32.5 million to IPO unit investment which will be subject to non-redemption agreements</li><li>Commitment is in addition to \$5 million of risk capital contribution</li></ul>
<b>Class A Units to IPO Subscribers</b>	<ul style="list-style-type: none"><li>One Class A Restricted Voting Share</li><li>One-quarter of a Warrant (Attached to Class A Restricted Voting Share until close of Qualifying Transaction)</li><li>Prior to the Qualifying Transaction, the Class A Restricted Voting Share and the Warrant will trade as a unit and may only be redeemed as a unit</li></ul>
<b>Founders' Warrants</b>	<ul style="list-style-type: none"><li>5,000,000 warrants for an aggregate purchase price of US\$5,000,000</li></ul>
<b>Founders' Shares</b>	<ul style="list-style-type: none"><li>2,500,000 Class B Shares for an aggregate purchase price of US\$25,000</li></ul>
<b>Warrants</b>	<ul style="list-style-type: none"><li>US\$11.50 strike with 5-year term upon closing of Qualifying Transaction</li><li>The Warrants will become exercisable only commencing 65 days after close of the Qualifying Transaction</li></ul>

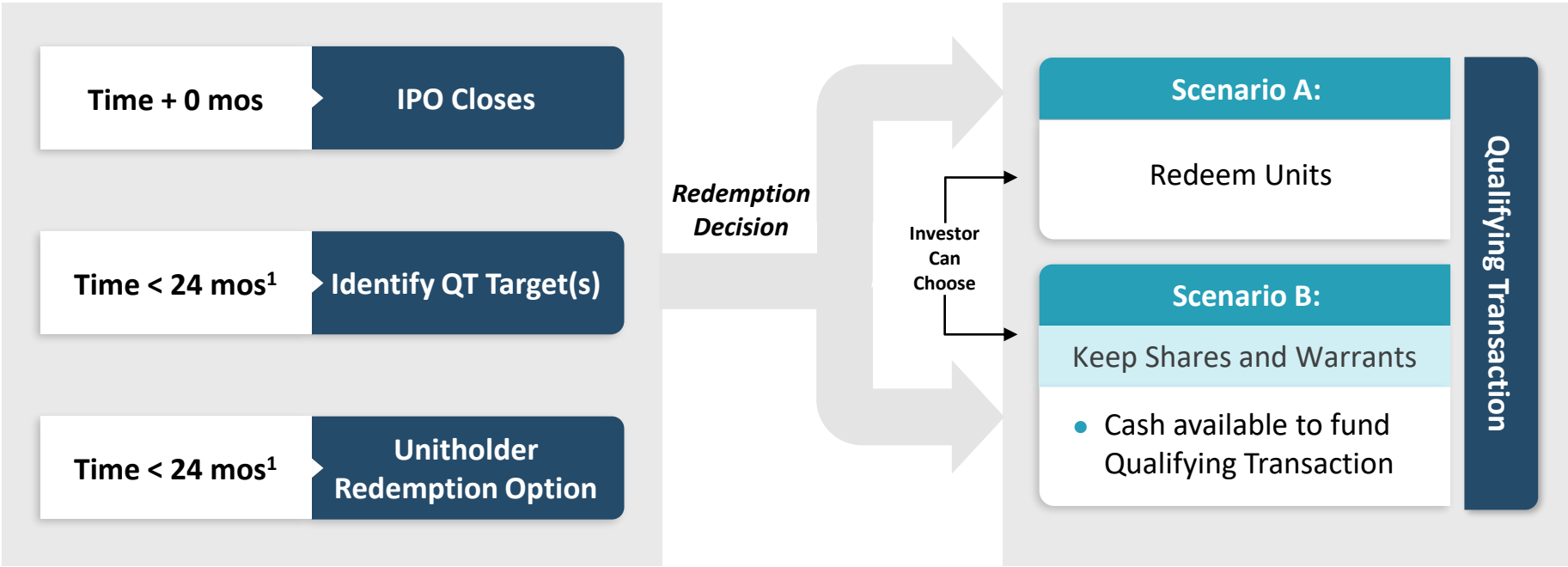
# Term Sheet (Cont'd)

<b>Form of Offering</b>	<ul style="list-style-type: none"><li>Initial public offering by way of a long form prospectus filed in all provinces and territories of Canada, other than Quebec. Private placement in the United States to “qualified institutional buyers” pursuant to Rule 144A by the U.S. Securities and Exchange Commission under the U.S. Securities Act and similar exemptions under applicable state securities laws, and internationally, as permitted</li></ul>
<b>Listing</b>	<ul style="list-style-type: none"><li>The Class A Restricted Voting Shares and Warrants comprising the Class A Restricted Voting Units will trade as a unit on the NEO Exchange</li></ul>
<b>Underwriters</b>	<ul style="list-style-type: none"><li>Canaccord Genuity Corp. and Beacon Securities Limited</li></ul>
<b>Permitted Timeline for QT</b>	<ul style="list-style-type: none"><li>24 months from the closing date</li></ul>
<b>Proceeds in Escrow</b>	<ul style="list-style-type: none"><li>100% of the Offering proceeds to be held in escrow until either a qualifying transaction, liquidation or winding up of the Company</li></ul>
<b>Closing</b>	<ul style="list-style-type: none"><li>Expected the Week of February 15, 2021</li></ul>

# SPAC Timeline

Timeframe: Up to 24 Months<sup>1</sup>

(Investors can sell units daily in the open market)



1. Permitted timeline may be extended with unitholder approval

# Publicly Traded Cannabis Companies

Management believes there is a significant spread between private and public valuations at this moment in time

## U.S. Licensed Operators

(US\$ millions, except per share amounts)	Mkt. Cap	TEV	TEV / Revenue			TEV / EBITDA			Revenue CAGR	
			CY20E	CY21E	CY22E	CY20E	CY21E	CY22E	'22E / '20E	'21E / '20E
Curaleaf	\$9,388	\$9,341	14.7x	7.4x	5.0x	65.1x	24.2x	14.4x	71%	99%
GTI	\$6,357	\$6,357	11.6x	7.7x	6.0x	36.9x	22.2x	16.3x	40%	50%
Trulieve	\$5,222	\$5,206	10.2x	6.5x	5.2x	20.8x	14.4x	11.3x	40%	57%
Cresco	\$4,637	\$4,698	9.9x	5.8x	4.3x	41.9x	17.7x	12.2x	51%	71%
TerrAscend	\$3,292	\$3,348	21.8x	11.6x	8.1x	75.7x	28.6x	18.8x	64%	88%
Columbia Care	\$2,030	\$1,927	10.6x	3.9x	2.8x	neg	23.1x	10.4x	94%	169%
AYR Strategies <sup>1</sup>	\$1,704	\$1,831	11.8x	4.4x	2.5x	32.2x	11.1x	6.1x	115%	165%
Jushi	\$1,577	\$1,540	19.4x	7.0x	4.6x	neg	35.1x	15.7x	105%	176%
Harvest	\$1,249	\$1,376	6.1x	3.8x	3.1x	66.0x	16.8x	11.5x	40%	58%
<b>Average</b>			<b>12.9x</b>	<b>6.5x</b>	<b>4.6x</b>	<b>48.4x</b>	<b>21.5x</b>	<b>13.0x</b>	<b>69%</b>	<b>104%</b>
<b>Median</b>			<b>11.6x</b>	<b>6.5x</b>	<b>4.6x</b>	<b>41.9x</b>	<b>22.2x</b>	<b>12.2x</b>	<b>64%</b>	<b>88%</b>

1. Pro forma acquisition of Liberty Health Sciences

Note: Adjusted for subsequent events from most recent filings

Source: Company Disclosures, Capital IQ, Public Disclosures as at January 29, 2021





**We would welcome your ideas at:  
[deals@jscfund.com](mailto:deals@jscfund.com)**

# Risk Factors

- We are a newly incorporated company with no operating history and no revenues, and you have no basis on which to evaluate our ability to achieve our business objective.
- Despite the \$32.5 million commitment of non-redeemable capital by investors under common control with the Sponsors, the ability of our holders of Class A Restricted Voting Units to redeem their Class A Restricted Voting Units for cash may make our financial condition unattractive to potential qualifying transaction targets, which may make it difficult for us to enter into our qualifying transaction with a target.
- The requirement that we complete our qualifying transaction within the Permitted Timeline may give potential target businesses leverage over us in negotiating our qualifying transaction and may decrease our ability to conduct due diligence on potential acquisition targets as we approach the end of the Permitted Timeline, which could undermine our ability to consummate our qualifying transaction on terms that would produce value for our shareholders.
- We may not be able to consummate our qualifying transaction within the Permitted Timeline, in which case we would redeem our Class A Restricted Voting Units.
- Potential targets may be unwilling to effect a qualifying transaction with us.
- Because of our limited resources and the significant competition for acquisition opportunities of target businesses, it may be difficult for us to complete our qualifying transaction. If we are unable to complete our qualifying transaction, our Warrants will expire worthless.
- Our ability to consummate an attractive qualifying transaction may be impacted by the market for initial public offerings.
- If the net proceeds of the Offering not being held in the escrow account are insufficient to allow us to operate for at least the period preceding the end of the Permitted Timeline, we may be unable to complete our qualifying transaction.
- If third parties bring claims against us, the proceeds held in the escrow account could be reduced and the per unit redemption amount received by holders of Class A Restricted Voting Units may be less than U.S.\$10.00 per unit.
- Our directors may decide not to enforce the indemnification obligations of our Sponsors, resulting in a reduction in the amount of funds in the escrow account available for distribution to holders of our Class A Restricted Voting Units.
- Our Sponsors will have significant influence in determining the outcome of the shareholders meeting (if required under applicable law), at which shareholder approval of the qualifying transaction would be sought, and accordingly, which transaction would ultimately be completed as our qualifying transaction.
- In addition to the Class A Restricted Voting Units to be purchased by investors under common control with the Sponsors, our Sponsors, directors, officers or their affiliates may elect to purchase additional Class A Restricted Voting Units, which may influence a vote on a proposed qualifying transaction.
- Our key personnel may negotiate employment or consulting agreements with a target business in connection with a qualifying transaction. These agreements may provide for them to receive compensation following our qualifying transaction and as a result, may cause them to have conflicts of interest in determining whether a particular qualifying transaction is the most advantageous.

# Risk Factors (Cont'd)

- Since our Sponsors will lose their investment in us if our qualifying transaction is not completed, a conflict of interest may arise in determining whether a qualifying transaction target is appropriate.
- Because there are other companies with a business plan similar to ours seeking to effectuate a qualifying transaction, it may be more difficult for us to complete a qualifying transaction.
- Changes in laws or regulations, or a failure to comply with any laws and regulations, may adversely affect our business, investments and results of operations.
- The Company's directors and officers and our Sponsors live or are organized outside of Canada; therefore investors may not be able to enforce applicable securities laws or their other legal rights against such parties.
- In the event the Company acquires a United States entity or assets of a United States entity, it may have adverse tax consequences on holders of Class A Restricted Voting Shares and on the Company.
- You will be unable to ascertain the merits or risks of any prospective qualifying transaction target or any particular target business' operations.
- We may seek acquisition opportunities outside of our management's area of expertise and our management may not be able to adequately ascertain or assess all significant risks associated with the target company.
- Although we identified general criteria and guidelines that we believe are important in evaluating prospective target businesses, we may enter into our qualifying transaction with a target that does not meet such criteria and guidelines, and as a result, the target business with which we enter into our qualifying transaction may not have attributes entirely consistent with our general criteria and guidelines.
- We are not required to obtain an opinion from a qualified person, and consequently, an independent source may not confirm that the price we are paying for the business is fair to us or our shareholders from a financial point of view.
- Resources could be wasted in researching acquisitions that are not consummated, which could materially adversely affect subsequent attempts to locate and acquire or merge with another business.
- After our qualifying transaction, it is possible that a majority of our directors and officers will live outside of Canada and all or the majority of our assets will be located outside of Canada; therefore investors may not be able to enforce applicable securities laws or their other legal rights.
- We are highly dependent upon our directors and officers and their loss could adversely affect our ability to operate and effect our qualifying transaction.
- Our ability to successfully effect our qualifying transaction and to be successful thereafter will be largely dependent upon the efforts of our key personnel, some of whom may join us following our qualifying transaction. The loss of key personnel could negatively impact the operations and profitability of our post-qualifying transaction business.
- We may have a limited ability to assess the management of a prospective target business and, as a result, may effect our qualifying transaction with a target business whose management may not have the skills, qualifications or abilities to manage a public company.

# Risk Factors (Cont'd)

- The officers and directors of an acquisition target may resign upon or following the closing of our qualifying transaction. The loss of an acquisition target's key personnel could negatively impact the operations and profitability of our post-qualifying transaction business.
- Our Sponsors, directors and officers may now be, and all of them may in the future become, affiliated with entities engaged in business activities similar to those intended to be conducted by us and, accordingly, may have conflicts of interest in allocating their time and determining to which entity a particular business opportunity should be presented.
- Our directors, officers, security holders and their respective affiliates and associates may have interests that conflict with our interests.
- We may attempt to contemporaneously consummate qualifying transactions with multiple prospective targets, which may hinder our ability to consummate our qualifying transaction and give rise to increased costs and risks that could negatively impact our operations and profitability.
- We may attempt to consummate our qualifying transaction with a private company about which little information is available, which may result in a qualifying transaction with a company that is not as profitable as we suspected, if at all.
- The Company may lose "foreign private issuer status" in the future, which could result in significant additional costs and expenses.
- The Company may be subject to risks related to the protection and enforcement of intellectual property rights subsequent to its qualifying transaction, and may become subject to allegations that the Company is in violation of intellectual property rights of third parties.
- The Company may be subject to risks related to information technology systems, including cyber-attacks.
- Management of growth may prove to be difficult.
- We may not be able to maintain control of a target business after our qualifying transaction.
- We may be unable to obtain additional financing to complete our qualifying transaction or to fund the operations and/or growth of a target business, which could compel us to restructure or abandon a particular qualifying transaction.
- We may only be able to complete one qualifying transaction with the proceeds of the Offering, which will cause us to be solely dependent on a single target business which may have a limited number of products or services.
- There is currently no market for our securities and a market for our securities may not develop, which would adversely affect the liquidity and price of our securities.

# Risk Factors (Cont'd)

- There may be tax consequences to our qualifying transaction that may adversely affect us.
- Holders of Class A Restricted Voting Shares may not be afforded an opportunity to vote on our proposed qualifying transaction, which means we may complete our qualifying transaction even though a majority of our holders of Class A Restricted Voting Shares do not support such a transaction.
- The only opportunity for holders of Class A Restricted Voting Shares to affect the investment decision regarding a potential qualifying transaction may be limited to the exercise of their right to redeem their Class A Restricted Voting Units for cash.
- Despite the \$32.5 million commitment of non-redeemable capital by investors related to the Sponsors, the ability of our shareholders to exercise redemption rights with respect to a large number of our Class A Restricted Voting Units may not allow us to complete the most desirable qualifying transaction or optimize our capital structure.
- Risks associated with acquiring and operating a cannabis business (if applicable):
  - Cannabis businesses may be highly regulated entities and, subject to identifying an appropriate target business or businesses for our qualifying transaction, we may be subject to significant regulatory risks.
  - The cannabis sector will be subject to a variety of changes in laws, regulations and guidelines, the full effect of which cannot yet be fully determined or assessed.
  - Scientific research related to the benefits of cannabis remains in early stages, is subject to a number of important assumptions and may prove to be inaccurate.
  - Competition in the cannabis industry is intense and includes increased competition by larger and better-financed competitors.
  - Negative publicity or consumer perception may affect the success of the cannabis industry.
  - Certain events or developments in the cannabis industry more generally may impact the Company's reputation.
  - Third parties with whom an issuer may do business may perceive themselves as being exposed to reputational risk as a result of their relationship with the issuer.
  - An issuer may be subject to advertising and promotional risk in the event the issuer cannot effectively implement a successful branding strategy.
  - The businesses we acquire may be subject to product liability regimes and strict product recall requirements.
  - An issuer may not be able to successfully develop new products or find a market for their sale.
  - Insurance risks in the cannabis industry are not insignificant.
  - The Company may be subject to transportation risks.
  - The Company may be vulnerable to rising energy costs.
  - The Company may be subject to risks inherent in an agricultural business.
  - The Company may be subject to significant environmental regulations and risks.

# Risk Factors (Cont'd)

- A limited number of licenses have been issued to date in Canada.
- While cannabis is legal in many U.S. state jurisdictions, it continues to be a controlled substance under the United States federal CSA.
- Even where cannabis is permitted at the individual state level, regulations vary from state to state and an issuer may be not be able to comply with such regulations in a cost-efficient manner, if at all.
- The differing regulatory requirements across state jurisdictions may hinder or otherwise prevent the Company from achieving economies of scale.
- The approach to the enforcement of cannabis laws may be subject to change or may not proceed as previously outlined.
- U.S. Food and Drug Administration rulemaking related to medical-use cannabis and the possible registration of facilities where medical-use cannabis is grown could negatively affect the medical-use cannabis industry, which could directly affect our financial condition.
- U.S. state regulatory uncertainty may adversely impact the Company.
- Any investments or acquisitions by the Company in the United States may be subject to applicable anti-money laundering laws and regulations.
- Any investments or acquisitions by the Company in the United States may be subject to heightened scrutiny.
- To the extent we acquire cannabis businesses or assets in the United States in connection with our qualifying transaction, we may be subject to measures that would restrict the ability of our investors to trade our securities.
- To the extent we acquire cannabis businesses or assets in the United States in connection with our qualifying transaction, U.S. border officials could deny entry into the U.S. to employees of, or investors in companies with cannabis operations in the United States.
- To the extent we acquire cannabis businesses or assets in the United States in connection with our qualifying transaction, there may be difficulty accessing the services of banks, which may make it difficult for us to operate our business.
- To the extent we acquire cannabis businesses or assets in the United States in connection with our qualifying transaction, there may be a restriction on the deduction of certain expenses.
- To the extent we acquire cannabis businesses or assets in the United States in connection with our qualifying transaction, there may be a lack of access to U.S. bankruptcy protections.
- To the extent we acquire cannabis businesses or assets in the United States in connection with our qualifying transaction, there may be difficulty with the enforceability of contracts.
- The ability to grow any business with cannabis operations in the United States depends on state laws pertaining to the cannabis industry.
- Risks associated with acquiring and operating a business outside of Canada.
- Risks associated with the contractual right of action.