UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

☐ Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934

or

☒ Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2020

Commission File Number 333-249081

Curaleaf Holdings, Inc.

(Exact name of Registrant as specified in its charter)

British Columbia, Canada	**2833**	**98-1461045**
(Province or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

666 Burrard Street, Suite 1700, Vancouver, British Columbia V6C 2XB; (781) 451-0351

(Address and telephone number of Registrant's principal executive offices)

Curaleaf, Inc.

301 Edgewater Place, Suite 405

Wakefield, MA 01880

(781) 451-0351

(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered

Securities registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: Subordinate Voting Shares, no par value.

For annual reports, indicate by check mark the information filed with this Form:

☒ Annual information form ☒ Audited annual financial statements

Indicate the number of outstanding shares of each of the registrant's classes of capital or common stock as of the close of the period covered by the annual report: As at December 31, 2020, 569,831,140 Subordinate Voting Shares of the Registrant were issued and outstanding.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

EXPLANATORY NOTE

Curaleaf Holdings, Inc. (the "Company" or the "Registrant") is a Canadian issuer that is permitted, under the multijurisdictional disclosure system adopted in the United States, to prepare this annual report on Form 40-F (this "Annual Report") pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), in accordance with Canadian disclosure requirements, which are different from those of the United States. The Company is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act and Rule 405 under the Securities Act of 1933, as amended. Equity securities of the Company are accordingly exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the Exchange Act pursuant to Rule 3a12-3 thereunder.

FORWARD LOOKING STATEMENTS

This Annual Report, including any documents incorporated by reference herein, contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of any transactions; expectations for the effects and potential benefits of any transactions; expectations for the effects of COVID-19 on the business' operations and financial condition; statements relating to the business and future activities of, and developments related to, the Company after the date of this Annual Report, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; expectations that planned acquisitions will be completed; expectations that licenses applied for will be obtained; potential future legalization of adult-use and/or medical cannabis under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; the ability for U.S. holders of securities of the Company to sell them on the Canadian Securities Exchange ("CSE"); and other events or conditions that may occur in the future. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as of and at the date they are made and are based on information currently available and on the then current expectations. Holders of securities of the Company are cautioned that forward-looking statements are not based on historical facts but instead are based on reasonable assumptions and estimates of management of the Company at the time they were provided or made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to: business structure risks; the Company's status as a holding company; the absence of a dividend record; the concentrated voting control of the Company; risks relating to sales of substantial amounts of SVS; market volatility; liquidity risks; legal and regulatory risks inherent in the cannabis industry; financing risks related to additional financing and restricted access to banking; general regulatory and legal risks including risk of civil asset forfeiture; risks relating to anti-money laundering laws and regulations; risks relating to the lack of access to U.S. bankruptcy protections; the risk of heightened scrutiny by regulatory authorities; risk of legal, regulatory or political change; general regulatory and licensing risks; risks relating to limitations on ownership of licenses; risks relating to regulatory actions and approvals from the Food and Drug Administration and risks of litigation; increased costs as a result of being a public company; newly established legal regimes; the risk relating to enforcement of judgments outside Canada; environmental risks including environmental regulation and unknown environmental risks; general business risks including risks related to the COVID-19 pandemic; the Company's possible failure to complete acquisitions; risks related to the senior secured debt facility; of the Company; risks related to service providers; risks relating to the enforceability of contracts; risks relating to the resale of the Company's subordinate voting shares ("SVS") on the CSE; the Company's reliance

on the expertise and judgment of senior management of the Company, and its ability to retain such senior management; risk relating to the concentrated voting control of the Company's Executive Chairman, Boris Jordan; risks inherent in an agricultural business; risks relating to unfavorable publicity or consumer perception; product liability risks; risks relating to product recalls; risks relating to the results of future clinical research; risks relating to the difficulty of attracting and retaining personnel; the Company's dependence on suppliers; the Company's reliance on inputs; risks relating to the limited market data and difficulty to forecast results; intellectual property risk; constraints on marketing products; risks relating to fraudulent or illegal activity by employees, contractors and consultants; risks relating to information technology systems and cyber-attacks; risks relating to security breaches; the Company's reliance on management services agreements with subsidiaries and affiliates; risks relating to website accessibility; high bonding and insurance coverage risk; risks of leverage; risks relating to expansion into foreign jurisdictions; risk relating to future acquisitions or dispositions; the Company's management of growth; the fact that past performance is not indicative of future results and that financial projections may prove materially inaccurate or incorrect; risks relating to conflicts of interest; global economic conditions; tax risks; as well as those risk factors discussed under "Risk Factors" in the Company's Annual Information Form dated April 28, 2021 and the Company's management discussion and analysis ("MD&A") dated March 11, 2021 filed on the Company's SEDAR profile at www.sedar.com.

The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. In particular, but without limiting the foregoing, disclosure in this Annual Report as well as statements regarding the Company's objectives, plans and goals, including future operating results and economic performance may make reference to or involve forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Certain of the forward-looking statements and other information contained herein concerning the cannabis industry, its medical, adult-use and hemp-based CBD markets, and the general expectations of the Company concerning the industry and the Company's business and operations are based on estimates prepared by the Company using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the cannabis industry involves risks and uncertainties that are subject to change based on various factors.

A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. You should not place undue reliance on forward-looking statements contained in this Annual Report. Such forward-looking statements are made as of the date of this Annual Report. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

NOTE TO UNITED STATES READERS - DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Registrant is permitted, under a multijurisdictional disclosure system adopted by the United States Securities and Exchange Commission (the "SEC"), to prepare this Annual Report in accordance with Canadian disclosure requirements, which are different from those of the United States. The Registrant prepares its financial statements, which are filed with this Annual Report in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, and which are not comparable to financial statements of United States companies.

ANNUAL INFORMATION FORM

The AIF for the fiscal year ended December 31, 2020 is filed as Exhibit 99.1 to this Annual Report and is incorporated by reference herein.

AUDITED ANNUAL FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the years ended December 31, 2020 and 2019, including the report of the independent auditor thereon, are filed as Exhibit 99.2 to this Annual Report, and are incorporated by reference herein.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's MD&A for the year ended December 31, 2020 is filed as Exhibit 99.3 to this Annual Report, and is incorporated by reference herein.

TAX MATTERS

Purchasing, holding, or disposing of the Company's securities may have tax consequences under the laws of the United States and Canada that are not described in this Annual Report.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

At the end of the period covered by this annual report for the fiscal year ended December 31, 2020, an evaluation was carried out under the supervision of, and with the participation of, the Company's management, including its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act). Based upon that evaluation, the Company's CEO and CFO have concluded that the disclosure controls and procedures were effective to give reasonable assurance that the information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

This Annual Report does not include an evaluation of the effectiveness of the Company's internal control over financial reporting due to a transition period established by rules of the SEC for newly public companies.

Management's Annual Report on Internal Control over Financial Reporting

This Annual Report does not include a report of management's assessment regarding internal control over financial reporting due to a transition period established by rules of the SEC for newly public companies.

Attestation Report of the Registered Public Accounting Firm

This Annual Report does not include an attestation report of the Company's registered public accounting firm due to a transition period established by rules of the SEC for newly public companies.

Changes in Internal Control over Financial Reporting

During the period covered by this Annual Report, no change occurred in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

AUDIT COMMITTEE FINANCIAL EXPERT

The Board of Directors has determined Karl Johansson qualifies as a financial expert (as defined in Item 407 (d)(5)(ii) of Regulation S-K under the Exchange Act), has financial management expertise (pursuant to Rule 5605(c)(2)(A) of the NASDAQ Stock Market Rules) is independent (as determined under Exchange Act Rule 10A-3).

PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES PROVIDED BY INDEPENDENT AUDITOR

The Audit Committee Charter sets out responsibilities regarding the provision of audit, audit-related, tax and other permissible non-audit services by the Company's external auditors. The Audit Committee has the authority to approve all audit and non-audit services in accordance with applicable law and the Company's Audit Committee Charter.

PRINCIPAL ACCOUNTANT FEES AND SERVICES – INDEPENDENT AUDITOR

The following table sets forth the aggregate fees billed to the Company by Antares Professional Corporation, Chartered Professional Accountants ("PFK Antares"), the Company's independent auditor in each of the last two years:

	2020	2019
Audit Fees[1]	$ 1,001,000	$ 534,000
Audit-Related Fees [2]	279,000	216,000
Tax Fees [3]	-	-
All Other Fees [4]	63,000	6,000
Total	$ 1,343,000	$ 756,000

(1) "Audit Fees" refers to fees necessary to perform the annual audit or quarterly review of our consolidated financial statements.

(1) "Audit-Related Fees" refers to fees for assurance and related services that are reasonably related to the performance of the audit and review of the Company's financial statements other than those included in "Audit Fees".

(2) "Tax Fees" refers to fees for tax compliance, tax advice and planning, for example in the context of internal reorganizations or acquisitions.

(3) "All Other Fees" refers to all other fees not included above.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

CODE OF ETHICS

The Board has adopted a Code of Business Conduct for directors, officers and employees (the "Code of Conduct"). A copy of the Code of Conduct is available on SEDAR under the Company's profile at www.sedar.com. The Company will, upon request, provide a copy of the Code of Conduct to any Shareholder. The Code meets the requirements for a "code of ethics" within the meaning of that term in General Instruction 9(b) of the Form 40-F.

Any waivers from the Code of Conduct that are granted for the benefit of a director or executive officer may be granted only by the Audit Committee of the Board. No waiver was granted under the Code of Conduct during the fiscal year ended December 31, 2020.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

As of December 31, 2020, the Company had the following contractual obligations (all amounts in U.S. dollars and thousands):

	Payments due by period				
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Lease obligations	$ 571,251	$ 48,669	$ 95,610	$ 90,437	$ 336,535
Notes payable	316,927	6,500	300,000	10,000	427
Accounts payable	47,043	47,043	-	-	-
Accrued expenses	57,475	57,475	-	-	-
Other current liabilities	6,568	6,568	-	-	-
Non-controlling interest redemption liability	2,694	-	2,694	-	-
Contingent consideration liability	1,898	-	1,898	-	-
Total	$1,003,856	$ 166,255	$400,202	$100,437	$ 336,962

NOTICES PURSUANT TO REGULATION BTR

There were no notices required by Rule 104 of Regulation BTR that the Company sent during the year ended December 31, 2020 concerning any equity security subject to a blackout period under Rule 101 of Regulation BTR.

MINE SAFETY DISCLOSURE

Not applicable.

UNDERTAKING

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

CONSENT TO SERVICE OF PROCESS

The Company has previously filed with the SEC a written consent to service of process on Form F-X. Any change to the name or address of the Company's agent for service shall be communicated promptly to the SEC by amendment to the Form F-X referencing the file number of the Company.

EXHIBIT INDEX

The following documents are being filed with the Commission as Exhibits to this Annual Report:

Exhibit	Description
99.1	Annual Information Form dated April 28, 2021
99.2	Audited Annual Consolidated Financial Statements and notes thereto as at and for the years ended December 31, 2020 and 2019, together with the report thereon of the independent auditor
99.3	Management's Discussion and Analysis for the year ended December 31, 2020
99.4	Certificate of Chief Executive Officer Pursuant to Rule 13a-14(a) of the Exchange Act
99.5	Certificate of Chief Financial Officer Pursuant to Rule 13a-14(a) of the Exchange Act
99.6	Certificate of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.7	Certificate of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.8	Consent of Antares Professional Corporation and Erkin Atakhanov
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CURALEAF HOLDINGS, INC.

Date: April 28, 2021

By: /s/ Christine Taylor
Christine Taylor
Senior Vice President of Finance
(Principal Financial and Accounting Officer)

Exhibit 99.1



CURALEAF HOLDINGS, INC.

ANNUAL INFORMATION FORM

Fiscal year ended December 31, 2020

April 28, 2021

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EXPLANATORY NOTES

Introductory Information

Unless otherwise noted or the context otherwise requires, all information provided in this Annual Information Form (the "**Annual Information Form**") is given as at December 31, 2020 and references to the " **Company**", "**Curaleaf**", "we", "us" or "our" refer to Curaleaf Holdings, Inc., its direct and indirect subsidiaries and any other entities controlled by them.

Certain capitalized terms and phrases used in this Annual Information Form are defined in the "Glossary of Terms" beginning on page 59.

Forward-Looking Statements

This Annual Information Form contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("**forward-looking statements**"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of any transactions; expectations for the effects and potential benefits of any transactions; expectations for the effects of COVID-19 on the business' operations and financial condition; statements relating to the business and future activities of, and developments related to, the Company after the date of this Annual Information Form, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; expectations that planned acquisitions will be completed; expectations that licenses applied for will be obtained; potential future legalization of adult-use and/or medical cannabis under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; the ability for U.S. holders of securities of the Company to sell them on the CSE; and other events or conditions that may occur in the future. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as of and at the date they are made and are based on information currently available and on the then current expectations. Holders of securities of the Company are cautioned that forward-looking statements are not based on historical facts but instead are based on reasonable assumptions and estimates of management of the Company at the time they were provided or made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to: business structure risks; the Company's status as a holding company; the absence of a dividend record; the concentrated voting control of the Company; risks relating to sales of substantial amounts of Subordinate Voting Shares; market volatility; liquidity risks; legal and regulatory risks inherent in the cannabis industry; financing risks related to additional financing and restricted access to banking; general regulatory and legal risks including risk of civil asset forfeiture; risks relating to anti-money laundering laws and regulations; risks relating to the lack of access to U.S. bankruptcy protections; the risk of heightened scrutiny by regulatory authorities; risk of legal, regulatory or political change; general regulatory and licensing risks; risks relating to limitations on ownership of licenses; risks relating to regulatory actions and approvals from the Food and Drug Administration and risks of litigation; increased costs as a result of being a public company; newly established legal regimes; the risk relating to enforcement of judgements outside Canada; environmental risks including environmental regulation and unknown environmental risks; general business risks including risks related to the COVID-19 pandemic; the Company's possible failure to complete acquisitions; risks related to the senior secured debt facility of the Company; risks related to service providers; risks relating to the enforceability of contracts; risks relating to the resale of the Subordinate Voting Shares on the CSE; the Company's reliance on the judgement and expertise of senior management of the Company, and its ability to retain such senior management; risk relating to the concentrated voting control of the Company's Executive Chairman, Boris Jordan; risks inherent in an agricultural business; risks relating to unfavorable publicity or consumer perception; product liability risks; risks relating to product recalls; risks relating to the results of future clinical research; risks relating to the difficulty of attracting and retaining personnel; the Company's dependence on suppliers; the Company's reliance on inputs; risks relating to the limited market data and difficulty to forecast results; intellectual property risk; constraints on marketing products; risks

relating to fraudulent or illegal activity by employees, contractors and consultants; risks relating to information technology systems and cyber-attacks; risks relating to security breaches; the Company's reliance on management services agreements with subsidiaries and affiliates; risks relating to website accessibility; high bonding and insurance coverage risk; risks of leverage; risks relating to the Company's expansion into foreign jurisdictions; risks relating to future acquisitions or dispositions; the Company's management of growth; the fact that past performance is not indicative of future results and that financial projections may prove materially inaccurate or incorrect; risks relating to conflicts of interest; global economic conditions; tax risks; risks relating to the European operations of the Company, including European regulatory and licensing risks; changes in applicable legislation (including POCA 2002); risks due to international operations; the Company's reliance on international advisors and consultants; risks relating to the reimbursement of medical cannabis by insurance companies; risks relating to competition from other participants in the European medical cannabis sector; risks related to building a European distribution network for medical cannabis; risks related to the adoption or prescription of medical cannabis by health professionals; risks related to the offer by national healthcare of medical cannabis as alternative treatment; EMMAC's reliance on third parties to distribute its products; risks related to protectionist policies adopted by countries in the European Union; as well as those risk factors discussed under "*Risk Factors*" herein and as described from time to time in documents filed by the Company with Canadian securities regulatory authorities, including the Annual MD&A.

The discussion of risk factors in this Annual Information Form has been updated to include discussion of risks related to the current COVID-19 pandemic. The nature and scope of the pandemic and its impact are rapidly developing and it is difficult for management to identify at the current time all risks, or quantify those identified, or to assess their impact on particular financial measures and operating results. Nevertheless, the discussion under "*Risk Factors – General Business Risks – COVID-19 Pandemic*" identifies potential areas of negative potential impact that may be caused by the pandemic.

The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. In particular, but without limiting the foregoing, disclosure in this Annual Information Form as well as statements regarding the Company's objectives, plans and goals, including future operating results and economic performance may make reference to or involve forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Certain of the forward-looking statements and other information contained herein concerning the cannabis industry, its medical, adult-use and hemp-based CBD markets, and the general expectations of the Company concerning the industry and the Company's business and operations are based on estimates prepared by the Company using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the cannabis industry involves risks and uncertainties that are subject to change based on various factors.

A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. You should not place undue reliance on forward-looking statements contained in this Annual Information Form. Such forward-looking statements are made as of the date of this Annual Information Form. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. The Company's forward-looking information and forward-looking statements are expressly qualified in their entirety by this cautionary statement.

Presentation of Financial Information

The Company's financial statements, copies of which are available on the Company's SEDAR profile at www.sedar.com, are prepared in accordance with the International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and Interpretations of the IFRS Interpretations Committee. The financial year end of all entities within Curaleaf's corporate structure is December 31. Financial information presented in this Annual Information Form is presented in U.S. dollars ("**$**" or "**US$**"), unless otherwise indicated.

Market and Industry Data

The Company has obtained the market and industry data presented in this Annual Information Form from a combination of internal surveys, third party information and the estimates of the Company's management. There are limited sources that report on the Company's markets and industries. As such, much of the market and industry data presented in this Annual Information Form is based on internally-generated management estimates, including estimates based on extrapolations from third party surveys of the industries in which the Company competes. While the Company believes internal surveys, third party information and estimates of the Company's

management are reliable, the Company has not verified them, nor have they been verified by any independent sources and the Company has no assurance that the information contained in third party websites is current and up-to-date. While the Company is not aware of any misstatements regarding the market and industry data presented in this Annual Information Form, such data involves risks and uncertainties and are subject to change based on various factors, including those factors discussed under "*Forward-Looking Statements*" and " *Risk Factors*".

CORPORATE STRUCTURE

Incorporation and Office

The Company, formerly known as Lead Ventures Inc. (" **LVI**"), was incorporated under the laws of the Province of British Columbia, pursuant to the BCBCA, on November 13, 2014 and is a vertically integrated multi-State cannabis operator in the U.S. Prior to the completion of the Business Combination (as defined below), the Company was a junior mineral exploration company engaged in the business of acquiring, exploring and evaluating natural resource properties.

On October 25, 2018, the Company and Curaleaf, Inc. (formerly PalliaTech, Inc.) completed the combination of their respective businesses (the "**Business Combination**") that resulted in the reverse take-over of the Company by the securityholders of Curaleaf, Inc. The Business Combination was structured as a series of transactions, including a Canadian three-cornered amalgamation transaction and a series of U.S. merger and reorganization steps (further described below). At the Company's annual general and special meeting of shareholders held on October 12, 2018, the shareholders of the Company approved all of the resolutions in connection with the Business Combination. As part of the Business Combination, the Company changed its name from "Lead Ventures Inc." to "Curaleaf Holdings, Inc.", and restructured its existing share capital to, among other things, reclassify its existing common shares as subordinate voting shares (the "**Subordinate Voting Shares**"), create a class of multiple voting shares (the "**Multiple Voting Shares**"), eliminate the class of preferred shares and add certain provisions, including a redemption right in favour of the Company to ensure that the Company complies with applicable licensing regulations.

Immediately prior to the Business Combination, 1177687 B.C. Ltd. (" **Curaleaf FinCo**"), a special purpose corporation, completed a brokered and a non-brokered subscription receipt financing at a price of C$11.45 per subscription receipt for aggregate gross proceeds of approximately C$520 million (the "**Private Placement**").

As part of the Business Combination, the Company, Curaleaf FinCo and 1177679 B.C. Ltd., a wholly-owned subsidiary of the Company, were parties to a three-cornered amalgamation (the "**Amalgamation**") pursuant to which the shareholders of Curaleaf FinCo (being the investors in the Private Placement after automatic conversion of their subscription receipts into common shares of Curaleaf FinCo (the "**Curaleaf FinCo Shares**")) received Subordinate Voting Shares in exchange for their Curaleaf FinCo Shares. Concurrently with the Amalgamation, Curaleaf MergerCo Inc., a wholly-owned subsidiary of the Company, merged with and into Curaleaf, Inc., with Curaleaf, Inc. continuing as the surviving corporation and becoming a wholly-owned subsidiary of the Company.

In connection with the Business Combination, Gociter Holdings Ltd., a corporation of which Mr. Boris Jordan, the Executive Chairman of the Company, is the beneficial owner, made a contribution of 3,734,965 shares of common stock of Curaleaf, Inc. and cash to the Company in exchange for 122,170,705 Multiple Voting Shares, representing 100% of the issued and outstanding Multiple Voting Shares as of closing of the Business Combination.

The Company's head office address is 301 Edgewater Place Suite 405 Wakefield, Massachussets, United States of America, 01880. The Company's registered and records office address is 666 Burrard Street, Suite 1700 Vancouver, British Columbia, Canada, V6C 2X8.

The Company's Subordinate Voting Shares are listed on the CSE under the symbol "CURA" and on the OTCQX under the symbol "CURLF".

Intercorporate Relationships

The table below lists the principal subsidiaries of the Company as of December 31, 2020, the percentage of votes attaching to all voting securities of each subsidiary beneficially owned, or controlled or directed, directly or indirectly, by the Company, and the jurisdiction of organization of each such subsidiary. The Company has other subsidiaries, but the assets and revenues of such subsidiaries individually did not exceed 10%, and in the aggregate did not exceed 20%, of the Company's assets or consolidated revenues.

Subsidiaries[1]	Percentage of Voting Securities Owned		Jurisdiction Where Organized
Curaleaf, Inc.[2]	100	%	Delaware
CLF AZ Management, LLC[2]	100	%	Arizona
Curaleaf Florida, LLC[2]	100	%	Florida
Cura Partners, Inc.[2]	100	%	Oregon
GR Companies, Inc.[2]	100	%	Delaware
Curaleaf Massachusetts, Inc.[3]	100	%	Massachusetts
Curaleaf NJ II, Inc.[3]	100	%	Delaware
CLF NY, Inc.[3]	100	%	Delaware

Notes:

(1) This table specifically excludes EMMAC (as defined herein), a wholly-owned subsidiary of the Company, as EMMAC was acquired after the financial year ended December 31, 2020. See "*General Development of the Business – Recent Developments – Acquisition of EMMAC Life Sciences Limited*."

(2) Each of these subsidiaries have assets and/or revenues that exceed 10% of the Company's consolidated assets or revenues, as applicable.

(3) These subsidiaries have revenues in the aggregate that exceed 20% of the Company's consolidated revenue.

GENERAL DEVELOPMENT OF THE BUSINESS

Curaleaf is a leading U.S. provider of consumer products in cannabis, with a mission to improve lives by providing clarity around cannabis and confidence around consumption. As a vertically integrated, high-growth cannabis operator known for quality, expertise and reliability, the Company and its brands, including Curaleaf, Select and Grassroots, provide industry-leading services, product selection and accessibility across the medical and adult-use markets. The Company operates in 23 States, and, as of December 31, 2020, operated 96 dispensaries, 23 cultivation sites, with total cultivation capacity of approximately 1.8 million square feet, and 30 processing sites with a focus on highly populated, limited license states, including New York, New Jersey, Florida, Illinois, Pennsylvania and Massachusetts. The Company leverages its extensive research and development capabilities to distribute cannabis products with the highest standard for safety, effectiveness, consistent quality and customer care. The Company is committed to leading the industry in education and advancement through research and advocacy. The Company markets to medical and adult-use customers through brand strategies intended to build trust and loyalty.

Currently, the Company is a diversified holding company dedicated to delivering market-leading products and services while building trusted national brands within the legal cannabis industry. Through its team of physicians, pharmacists, medical experts and industry innovators, the Company has developed a portfolio of branded cannabis-based therapeutic offerings in multiple formats and a strategic network of branded retail dispensaries.

Recent Developments

Acquisition of EMMAC Life Sciences Limited

In April 2021, Curaleaf announced that it had successfully completed its previously announced acquisition of EMMAC Life Sciences Limited ("**EMMAC**"), the largest vertically integrated independent cannabis company in Europe, for base consideration of approximately $50 million in cash and approximately 17.5 million shares of Curaleaf, with additional consideration to be paid based upon the successful achievement of performance milestones (the "**EMMAC Transaction**"). Curaleaf simultaneously established Curaleaf International Holdings Limited ("**Curaleaf International**") in Guernsey to hold the EMMAC investment and further its European expansion.

Curaleaf also announced that in order to accelerate the expansion of Curaleaf International, it had secured an investment of $130 million from a single strategic institutional investor in exchange for a 31.5% equity stake in Curaleaf International, implying a

$413 million post money valuation, with US$80 million in cash available to spend. The subscription was used to fund the entire cash portion of the EMMAC acquisition consideration of $50 million with the remaining $80 million to be used to fund Curaleaf International's current capital expenditures plan through 2022, as well as its pipeline of potential acquisitions. This infusion of outside capital into Curaleaf International significantly accelerates Curaleaf's expansion plans in Europe by fully funding Curaleaf's cash outlay for the EMMAC acquisition and providing the capital required to support Curaleaf International's near-term European rollout. With its foreseeable expansion budget fully funded, Curaleaf's new international business can focus on executing its further European expansion.

Curaleaf and the strategic investor have entered into a shareholders' agreement regarding the governance of Curaleaf International pursuant to which Curaleaf will have control over operational issues as well as raising capital and the ability to exit the business. In addition, the strategic investor's stake is subject to put/call rights which permit either party to cause the stake to be bought out by Curaleaf for Curaleaf equity starting in 2025.

The new Curaleaf International platform includes cultivation, EU GMP-certified processing, distribution, and R&D operations across several key European medical cannabis markets, including the United Kingdom, Germany, Italy, Spain and Portugal. Terra Verde, Curaleaf International's European market cultivation facility in Portugal, is one of the oldest licensed cannabis growing facilities in Europe with approximately 2 hectares of cultivation area and is an industry leader on the cannabis production cost efficiency front. The Portugal based cultivation facility provides Curaleaf International with the potential to serve customers across key European medical cannabis markets as well as supporting exports to countries such as Israel, among others. Curaleaf International plans to significantly increase its cultivation capacity in 2021, and to exceed 10 tons per year by 2022, in order to accommodate future growth related to the expansion of access to cannabis across the major European medical and adult-use, as well as export markets. Curaleaf International also has an operational presence and partnerships in European Union countries that are enacting new medical cannabis access programs. Curaleaf International will also serve as the platform for other possible acquisitions in Europe and adjacent areas, and for its participation in pilot adult use programs.

Mr. Antonio Costanzo has been appointed as the new Chief Executive Officer of Curaleaf International, with the former EMMAC management team continuing to lead Curaleaf's new European presence as well as driving local European strategy and day-to-day operations. The EMMAC Transaction constituted a “related party transaction” within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”) as a result of Measure 8 Ventures, LP, an investment fund managed by Mr. Boris Jordan, the Executive Chairman of the Board of Directors and control person of the Company, having an interest in the EMMAC Transaction by way of a profit interest and a convertible debt instrument which converted into shares of EMMAC representing 8% of EMMAC equity at closing of the EMMAC Transaction. Mr. Jordan owns a minority interest in Measure 8 Ventures, LP. The Company relied upon the exemptions provided under Sections 5.5(b) of MI 61-101 – Issuer Not Listed on Specified Markets and 5.7(1)(a) of MI 61-101 – Fair Market Value Not More the 25% of Market Capitalization from the requirements that the Company obtain a formal valuation of the EMMAC Transaction and that the EMMAC Transaction receive the approval of the minority shareholders of the Company.

The terms of the EMMAC Transaction were negotiated by management and advisors under guidance of, and unanimously recommended for approval by, a committee composed of members of the Board of Directors free from any conflict of interest with respect to the proposed EMMAC Transaction (the “Special Committee”), all of which are independent members of the Board of Directors within the meaning of National Instrument 52-110. The Special Committee has received a fairness opinion from Eight Capital to the effect that, in its opinion, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration paid by the Company as part of the EMMAC Transaction is fair from a financial point of view, to the Company. The fee paid to Eight Capital in connection with the delivery of its fairness opinion was not contingent on the successful implementation of the EMMAC Transaction.

Post-EMMAC Transaction, the former shareholders of EMMAC have approximately 3% pro forma ownership of the Company on a fully-diluted basis, before factoring in the performance-based earn-outs. The portion of the consideration to be paid through the issuance of Subordinate Voting Shares will be subject to a statutory four-month hold period as well as a lock-up agreement with each recipient restricting trading of the share received, with release of 5% from such restrictions at the end of each calendar quarter following the closing.

Further information about the EMMAC Transaction can be found in the Company's material change report dated March 19, 2021, a copy of which is available on SEDAR (www.sedar.com) under the Company's profile. A copy of the EMMAC Purchase Agreement is also available on SEDAR under the Company’s issuer profile at www.sedar.com.

Closing of Illinois Dispensary Licenses and Sale of Additional Illinois Dispensary Licenses

In connection with the acquisition of Grassroots, in April 2021, the Company obtained final regulatory approval from the state of Illinois for the transfer of five dispensary licenses, which have been subsequently rebranded to Curaleaf in accordance with state guidelines.

In addition to the closing of the Illinois dispensary licenses, in April 2021, the former affiliates of Grassroots signed a definitive agreement with Parallel Illinois, LLC, an Illinois limited liability company, to transfer the three additional dispensary licenses in Illinois, in which the Company retains the right to receive a portion of the proceeds from the sale. The closing of this transaction is currently pending receipt of regulatory approval.

Secured Expansion Credit Facility (January 2021)

In January 2021, the Company entered into a $50 million secured credit facility (the " **Expansion Credit Facility**") with a syndicate of lenders which matures on January 10, 2024. The net proceeds from borrowings under the Expansion Credit Facility are expected to be used to fund capital expenditures to support future growth initiatives, potential acquisitions, and for general corporate purposes. Borrowings under the Expanison Credit Facility bear interest on any outstanding principal of 10.25% per annum. The facility was fully drawn at closing. The Expansion Credit Facility serve as an expansion of Company's existing Financing Agreement, described under "General Development of the Business – Three Year History – 2019 – Senior Secured Term Loan Facility". Except as described below, the terms of the Extension Credit Facility are substantially similar to the terms of the Financing Agreement and the two facilities are secured by the same collateral.

The Expansion Credit Facility may be pre-paid but is subject to a prepayment premium dependent on the loan year. Any prepayment made between January 8, 2022 and January 7, 2023, will incur a prepayment premium of 5.125%. Any prepayment made between January 8, 2023 and January 7, 2024, will incur a prepayment premium of 2.50%.

The Expansion Credit Facility is subject to a yield maintenance premium. The yield maintenance premium is paid based on amounts repaid. The premium is determined by the amount of interest that would have otherwise been payable on the prepayment less the aggregate amount of interest that would have been earned if the prepayment were to be reinvested from the date of prepayment until January 8, 2022 at the yield maintenance premium rate. The yield maintenance premium rate is the rate per annum equal to the rate in effect 3 days before the repayment date for U.S. Treasury instruments that have a maximum term of 3 months or less times 0.50%.

Equity Offering (January 2021)

On January 12, 2021, the Company closed on an overnight marketed public offering of 18,975,000 Subordinate Voting Shares at a price of C$16.70 per share for total gross proceeds of C$316.88 million, before deducting the underwriters' fees and estimated offering expense. The Company intends to use the net proceeds of $240.57 million from the overnight marketed public offering for working capital and general corporate purposes.

COVID-19 Pandemic

The novel coronavirus commonly referred to as "COVID-19" was identified in December 2019 in Wuhan, China. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, and on March 11, 2020, the spread of COVID-19 was declared a pandemic by the World Health Organization. On March 13, 2020, the spread of COVID-19 was declared a national emergency by President Donald Trump. The outbreak has spread throughout the globe, causing companies and various international jurisdictions to impose restrictions such as quarantines, business closures and travel restrictions. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time.

The Company has taken responsible measures with respect to the COVID-19 pandemic to maximize the safety of staff working at its facilities. This includes reorganizing physical layouts, adjusting schedules to improve social distancing, implementing health screening measures for employees and applying rigorous standards for facility hygiene and personal protective equipment. Certain markets, such as Massachusetts and Nevada experienced a greater impact on sales earlier in the pandemic due to prolonged business closures and reduced foot traffic in certain locations. Other markets, such as Florida and New York have not been significantly impacted by COVID-19 and in some cases, stores in those markets have generated increased sales. All of the Company's facilities are and continue to be operational and the Company is working closely with the authorities to ensure it is following or exceeding the stated guidelines

related to COVID-19. For instance, the Company has modified store operations in certain locations, with an increased focus on direct-to-consumer delivery and enabling a curbside pickup option for its customers. See "*Risk Factors – General Business Risks – COVID-19 Pandemic*" for more information on the COVID-19 pandemic's impacts on the Company's operations and risk factors relating to the COVID-19 pandemic that may affect the Company's operations. .

Three Year History

2020

Acres Cultivation, LLC and Acres Medical, LLC, each a Nevada limited liability company (collectively, " ***Acres****")*

On January 3, 2020, the Company announced the closing of the acquisition of Acres for total consideration of $47.6 million, of which $15 million was paid in cash upon signing, $9.5 million was paid upon receiving regulatory approval of the license transfer for the dispensary in January 2020, as well as a $500,000 holdback. Total consideration also included $12.86 million which was settled through the issuance of 3,108,183 Subordinate Voting Shares, $8.57 million which was settled through the issuance of 2,039,062 Subordinate Voting Shares upon receiving regulatory approval of the license transfer for the dispensary in January 2020. The purchase agreement also included earn-out potential ("**Acres Earn-Out**") if certain financial targets were met. The Acres Earn-Out was not expected to be achieved as of December 31, 2020, and as a result, the Company recorded a gain on the change in fair value of the contingent consideration of $1,034 during the year ended December 31, 2020. Acres has a 269,000 square-foot operating cultivation facility (with further expansion as needed) on its 37 acres of land in Amargosa Valley, Nevada, and a large dispensary located in Las Vegas, Nevada, adjacent to the Strip, and a second dispensary located in Ely, Nevada.

Curaleaf Utah, LLC

On January 6, 2020, the Company announced it received a Notice of Intent to Award a medical cannabis retail license from the Utah Department of Health, one of 14 licenses to open a medical cannabis dispensary in Utah from more than 130 applications from 60 different companies. The Company's license is for Region 3, which includes Utah, Wasatch, Daggett, Duchesne, Uintah, Carbon, Emery, Grand and San Juan Counties. Following this announcement, on January 14, 2020, the Company announced that it received preliminary approval for a processing license by the Utah Department of Agriculture and Food. The notice granted Curaleaf permission to begin the build out of its processing facility in North Salt Lake City, which was completed during the year ended December 31, 2020. The Company also opened its first retail location in the Utah market with a new pharmacy in Lehi on August 31, 2020.

*Cura Partners, Inc., an Oregon corporation ("****Cura Partners****" or "****Select****")*

On February 1, 2020, the Company announced the closing of the acquisition of Cura Partners (the "**Cura Transaction**"), owners of the Select brand. At closing, pursuant to the terms of an Amended and Restated Agreement and Plan of Merger dated October 30, 2019 (the "**Cura Merger Agreement**"), Curaleaf issued 55,000,000 Subordinate Voting Shares to the benefit of the former Select equity holders. 40,555,556 Subordinate Voting Shares were payable to the former Select equity holders contingent upon Curaleaf achieving certain calendar year 2020 revenue targets based on Select branded retail extract sales beginning at a target of $130 million with maximum achievement at $250 million. In addition, the former Select equity holders were also eligible to receive an earn out of up to $200 million from the issuance of additional Subordinate Voting Shares, contingent upon Curaleaf exceeding $300 million in calendar year 2020 revenue for Select branded retail extract sales. As part of the Cura Transaction, certain holders of stock options of Select received stock options of Curaleaf. The Select earn-out criteria for the potential payout of an additional 40,555,556 SVS was not met as of December 31, 2020, and as a result the Company recorded a gain on the change in fair value of the contingent consideration of $28,445 during the year ended December 31, 2020.

Further information about the Cura Transaction can be found in the Company's material change reports dated May 10, 2019 and November 8, 2019, as well as the Company's business acquisition report dated May 29, 2020, copies of which are available on SEDAR (www.sedar.com) under the Company's profile. A copy of the Cura Merger Agreement is also available on SEDAR under the Company's issuer profile at www.sedar.com.

Expansion of Executive Team

On February 3, 2020, the Company announced an expansion of its executive team. Cameron Forni assumed the role of President of Select. Renowned brand marketer Jason White joined the Company in the newly created role of Chief Marketing Officer. The Company's Chief Financial Officer Neil Davidson was elevated to Chief Operating Officer. In addition, Michael Carlotti joined the

Company as Chief Financial Officer, succeeding Mr. Davidson, and Mark Russ was appointed Senior Vice President of Sales. Mr. Russ later transitioned to Regional President, West. Finally, Jaswinder Grover, MD, an orthopedic and spine surgeon with 25 years of experience, joined the Board of Directors, replacing Dr. Steven Patierno, PhD.

This news followed the December 9, 2019 announcement of Joe Bayern becoming President of the Company. Mr. Bayern brings over 20 years of executive leadership experience in consumer packaged goods at a critically important moment in Curaleaf's growth trajectory. Mr. Bayern subsequently transitioned to the role of Chief Executive Officer, in replacement of Joseph Lusardi. See "General Development of the Business – Recent Developments – Three Year History – 2020 – CEO Succession".

*Remedy Compassion Center, Inc., a Maine corporation ("**Remedy**")*

In February 2020, Remedy, which operated until then as a Maine non-profit corporation, converted to a for-profit corporation as approved by their independent Board of Directors when changes in Maine regulations allowed for such change. In connection with the conversion, the management services agreement entered among the Company and Remedy in October 2016 was terminated and the Company entered into a Registered Dispensary Management Agreement (the "**Remedy Operating Agreement**"). Current Maine regulations require that licensed medical marijuana dispensaries be owned by residents of Maine. However, under the Remedy Operation Agreement, the Company has acquired operational control and substantially all of the economic benefit of its business, which allows the Company to control Remedy in accordance with IFRS 10 definitions. The Company retains a right to acquire Remedy at such time as the residency requirement for ownership is lifted. The total consideration paid for Remedy was approximately $2.37 million. See "*United States Regulatory Overview – Regulation of Cannabis in the United States Federally – Maine Operations*" section.

Curaleaf PA, LLC

On February 21, 2020, the Company announced it had been approved as a Clinical Registrant in Pennsylvania by the Commonwealth's Department of Health, Office of Medical Marijuana. Under this designation, the Company will be permitted to open a cultivation and processing facility and up to six dispensaries, under the Commonwealth's medical marijuana research program. As a Clinical Registrant, Curaleaf will support research initiatives into the potential medical benefits of cannabis by providing medical cannabis expertise and distribution to patients participating in studies. In January 2021, the Company's subsidiary opened its cultivation and processing facility in King of Prussia, Pennsylvania, under the Clinical Registrant license, and in February 2021, opened its first dispensary located in Harrisburg, Pennsylvania, under the Clinical Registrant license. In April 2021, the Company opened an additional dispensary under the Clinical Registrant license in Philadelphia, Pennsylvania.

*Arrow Alternative Care, Inc., Arrow Alternative Care #2, Inc., Arrow Alternative Care #3, Inc., each a Delaware corporation (collectively, the "**Arrow Companies**")*

On April 6, 2020, the Company announced the closing of the acquisition of the Arrow Companies, which operated licensed medical cannabis dispensaries in Stamford, Hartford, and Milford, in the state of Connecticut. The Arrow Companies dispensary licenses in Stamford and Hartford transferred on April 6, 2020 and the transfer of the Arrow Companies dispensary license in Milford occurred on August 3, 2020, although the Company assumed management and economic control of the Milford dispensary along with the other dispensaries as at April 6, 2020. The fair value of the aggregate consideration paid was $38 million, including 3,194,149 Subordinate Voting Shares having a fair value of approximately $21.38 million. In August 2020, 27,334 "top up" Subordinate Voting Shares were issued as additional consideration in connection with the acquisition of the Arrow Companies.

*Primary Organic Therapy, Inc. (d/b/a Maine Organic Therapy), a Maine corporation ("**MEOT**")*

MEOT owns and operates a duly licensed registered medical marijuana and cultivation facility in the state of Maine. In January 2017, the Company entered into a Management Services Agreement with MEOT ("**MEOT MSA**") under which the Company provided services in the areas of financial services, compliance consulting, and human resources management. Under the MEOT MSA, MEOT maintained exclusive control and possession, and was solely responsible for final decision-making regarding all aspects of the business and the Company acted solely in an advisory capacity. The Company recognized management fee income for services rendered under the MEOT MSA.

The MEOT MSA was terminated in July 2020 and MEOT entered into a new MSA agreement (" **Verdure MSA**") with Verdure, Inc. ("**Verdure**"), an entity in which the Company's Executive Vice Chairman, Joseph Lusardi had a 50% ownership interest. The Company acquired Verdure in July 2020 for $8 million in cash and a cash earn-out of $2 million based on MEOT's achievement of certain earnings targets. Current Maine regulations require that licensed medical marijuana dispensaries be owned by residents of Maine.

However, under the Verdure MSA, the Company has acquired operational control and substantially all of the economic benefit of MEOT's business. The acquisition of Verdure resulted in the Company controlling MEOT in accordance with IFRS 10. The Company retains a right to acquire MEOT at such time as the residency requirement for ownership is lifted. See "*United States Regulatory Overview – Regulation of Cannabis in the United States Federally – Maine Operations*" section.

*Curaleaf NJ, Inc., a New Jersey corporation ("**Curaleaf NJ**")*

In February 2011, the Company entered into a Management Services Agreement (the " **NJ MSA**") with Curaleaf NJ (formerly Compassionate Sciences ATC Inc.) As required under state law, Curaleaf NJ was formed as a New Jersey nonprofit corporation without shareholders acting through its governing body, the Board of Trustees ("**NJ Board**"). Curaleaf NJ operated medical dispensary, processing, and cultivation facilities as permitted by the state of New Jersey. Under the NJ MSA, the Company acted as an independent contractor providing services in the areas of cultivation, extraction, and other consulting services. The Company recognized management fee income for services rendered under the NJ MSA. In addition to the NJ MSA, the Company entered into a Conditionally Convertible Promissory Note ("**NJ Note**"). The NJ Note allowed the Company to acquire Curaleaf NJ when the regulations in New Jersey changed to allow the conversion of non-profit corporations to for-profit corporations.

In July 2019, New Jersey Governor Murphy signed an amendment to the New Jersey Compassionate Use Medical Marijuana Act, known as the Jake Honig Compassionate Use Medical Cannabis Act (the "**Jake Honig Act**"). The Jake Honig Act authorized the New Jersey nonprofit corporations that hold Alternative Treatment Center Permits ("**ATC Permits**") to sell or transfer their permits and other assets to for-profit entities. Due to changes in New Jersey regulations, Curaleaf NJ received approval from the state of New Jersey for the transfer of the ATC Permit to a Curaleaf NJ II, Inc, a wholly owned subsidiary of the Company. In conjunction with the transfer of the ATC Permit, the Company entered into an Asset Purchase Agreement ("**CLNJ APA**"). As part of the CLNJ APA, Curaleaf NJ agreed to sell and transfer the ATC Permit and substantially all of its other assets to Curaleaf NJ II. This transaction closed in July 2020. As a result of the close of the sale and transfer of the assets, the $83.23 million balance of the NJ Note was applied to the purchase price.

*Virginia's Kitchen, LLC, a Colorado company d/b/a Blue Kudu ("**Blue Kudu**")*

In February 2020, the Company signed a definitive agreement to acquire 100% of Blue Kudu, a Colorado-licensed processor and producer of cannabis edibles, operating an 8,400 square foot facility in Denver, Colorado. The consideration consisted of 322,580 Subordinate Voting Shares, $1.38 million payable in cash at closing of the transaction and a 5% note of up to $500,000 due ten and a half months from closing. The transaction closed in July 2020.

*GR Companies, Inc., a Delaware corporation ("**Grassroots**")*

In July 2019, Curaleaf announced that it had signed a definitive agreement to acquire Grassroots (the " **Grassroots Transaction**"). On June 22, 2020, Curaleaf entered into an Amended and Restated Agreement and Plan of Merger (the "**Grassroots Merger Agreemen**t") which amended and restated the original definitive agreement and amended certain terms of the Grassroots Transaction. Closing of the Grassroots Transaction occurred on July 23, 2020.

At closing, the Company issued (i) 103,455,816 Subordinate Voting Shares to the benefit of the former holders of common stock of Grassroots, and (ii) 12,851,005 Subordinate Voting Shares to be held in escrow in accordance with the terms of the Grassroots Merger Agreement. The total consideration paid in connection with the Grassroots Transaction does not include a cash component. In addition, the parties have resolved that certain Grassroots related assets in Illinois and Ohio, and a dispensary in Maryland, are designated for sale to comply with local limitations on license ownership. Curaleaf also agreed to issue 2,119,864 Subordinate Voting Shares to partially offset the dilution to the holders of common stock of Grassroots caused by the conversion of certain debentures of Grassroots into equity of Grassroots immediately prior to the closing of the Grassroots Transaction. The transaction price remains subject to post-closing adjustments and the parties are still in the process of finalizing the computation of those post-closing adjustments, which is expected to finalize by the third quarter of 2021.

Upon closing of the Grassroot Transaction, Curaleaf appointed Mitchell Kahn, co-founder and CEO of Grassroots, to its Board of Directors. The appointment of Mr. Kahn expanded the Board of Directors from five to six members.

Further information about the Grassroots Transaction can be found in the Company's material change reports dated July 31, 2020, July 7, 2020 and July 17, 2019, copies of which are available on SEDAR under the Company's issuer profile at www.sedar.com. A copy of the Grassroots Merger Agreement is also available on SEDAR under the Company's issuer profile at www.sedar.com.

Private Placement of Subordinate Voting Shares

On July 20, 2020, Curaleaf completed the private placement offering previously announced on July 2, 2020 (the "**Offering**"). Under the initial tranche, subscribers purchased an aggregate of 3,541,429 Subordinate Voting Shares for aggregate gross proceeds of approximately CAD $27.27 million. Subsequent to setting the initial tranche, the Company secured a second tranche investment, which was part of the Offering which closed on July 20, 2020. Under the second tranche, a subscriber purchased 842,269 Subordinate Voting Shares for gross proceeds of approximately CAD $6.79 million. In aggregate, the Offering generated approximately CAD $34.06 million in gross proceeds for the Company in exchange for 4,383,698 Subordinate Voting Shares. The Offering was completed in connection with the closing of the Grassroots Transaction. Since the completion of the Offering, the net proceeds of the Offering have been used to fund Grassroots' high-return expansion projects, replenish its working capital as well as for general corporate purposes.

Further information about the Offering can be found in the Company's material change reports dated July 31, 2020 and July 7, 2020, copies of which are available on SEDAR under the Company's profile at www.sedar.com.

Sale and Leaseback Transaction

In August 2020, the Company completed a sale and leaseback transaction at its Mount Dora, Florida cultivation facility. In the transaction, the Company sold leasehold improvements with a gross value of $44.58 million for $41 million and entered into a new 15 year lease on the entire property with the new owner. Net of transaction costs and security deposits, the Company received $39.07 million at closing.

PalliaTech Florida

On August 17, 2020, the Company acquired the remaining 11.4% equity interest in PalliaTech Florida from certain of the Remaining Florida Minority Holders (as defined herein) for consideration of 2,375,000 Subordinate Voting Shares. In connection with the foregoing, the Company also agreed to the repayment of certain secured promissory notes in the amount of $1.75 million. Another 11.4% equity interest in PalliaTech Florida was acquired by the Company on January 10, 2020 from certain other Remaining Florida Minority Holders for consideration of $2.5 million in cash and 1,772,062 Subordinate Voting Shares. Upon completion, PalliaTech Florida became an indirect wholly-owned subsidiary of Curaleaf. On December 31, 2020, PalliaTech Florida LLC transferred all of the securities that it held in Curaleaf Florida, LLC to Palliatech Florida, Inc., so that PalliaTech Florida, Inc. became the sole member of Curaleaf Florida, LLC. Following that transfer of securities, having no other assets, PalliaTech Florida, LLC was voluntarily dissolved on December 31, 2020. See "*Legal Proceedings and Regulatory Actions – Florida*".

Promissory Note – 2024

In October 2020, the Company entered into a promissory note with a principal sum of $10 million (" **Promissory Note – 2024**") with Baldwin Holdings, LLC, in which Joseph F. Lusardi, the Company's Executive Vice Chairman, has a direct equity interest, to replace the contingent liability incurred in connection with the Curaleaf, MA acquisition which was deemed completed in March 2020. The issue price of the Promissory Note – 2024 is equal to 97.00% of the principal amount of the Promissory Note – 2024 and the remaining $300,000 was treated as original issue discount.

The Promissory Note – 2024 carries a fixed interest rate per quarter equal to 3.25%. Interest is payable in arrears on the last day of each fiscal quarter, commencing December 31, 2020. The Maturity Date of the Promissory Note – 2024 is June 10, 2024.

The Promissory Note – 2024 contains other terms substantially similar to the Financing Agreement, except that the Promissory Note – 2024 is secured by separate collateral consisting solely of the equity of, and guarantees given by, the Company's subsidiaries Curaleaf Hartford, Inc. and Curaleaf Stamford, Inc., which operate medical cannabis dispensaries in Hartford and Stamford, CT, respectively.

Asset Sales

The Company had been marketing the assets of Curaleaf Maryland, Inc., its licensed processing business in Maryland, with the intent to divest the Company from these assets to ensure compliance with Maryland regulations. In June 2020, the Company signed definitive agreements to sell 100% of Curaleaf Maryland, Inc. in October 2020. In November 2020, the Company announced the closing of its divestiture of Curaleaf Maryland, Inc. for total consideration of $4 million, of which $3 million was issued as a note receivable from Curaleaf Maryland, Inc. The note receivable has a payment-in-kind interest rate of 13% per annum and is payable upon maturity

on June 25, 2023. The principal balance of the note is payable each year on June 25th in equal installments of $1 million with the interest due on the final payment.

The Company had been marketing the assets of HMS Health, LLC and the cultivation and processing assets of HMS Processing, LLC (collectively, the "HMS Assets") for sale. Such a sale would enable the Company to acquire the Maryland cultivation and processing assets previously owned by Grassroots while complying with limits on license ownership in the state of Maryland. The cultivation and processing assets of Grassroots in Maryland were spun off prior to the acquisition of Grassroots by the Company, and the Company intends to purchase those assets when approved by the Maryland regulators.

In November 2020, the Company announced the signing of a definitive agreement to sell its rights to the HMS Assets in Maryland to TerrAscend Corp. for a total consideration of $27.5 million. The HMS Assets sale includes the divestiture of operations in a 22,000 square foot co-located cultivation and processing facility in Frederick, Maryland. The total consideration due to the Company of $27.5 million includes $25 million payable in cash upon closing as well as a $2.5 million interest bearing Note due and payable to the Company in April 2022. The transaction is expected to close pending customary closing conditions, including receipt of regulatory approval by the Maryland Medical Cannabis Commission.

In addition to the HMS Assets, the Company has been marketing the assets of Town Center Wellness, LLC, a licensed dispensary business in Takoma Park, Maryland. Such a sale will enable the Company to acquire dispensary assets previously owned by Grassroots while complying with limits on license ownership in the state of Maryland. In November 2020, the Company signed a definitive agreement to sell 100% of Town Center Wellness, LLC to PharmaCann LLC for a total consideration of $2 million, all payable in cash upon closing. The transaction is expected to close pending customary closing conditions, including receipt of regulatory approval by the Maryland Medical Cannabis Commission.

CEO Succession

In November 2020, the Company announced that its Board of Directors unanimously appointed Curaleaf President Joseph Bayern as the Company's next Chief Executive Officer, effective January 1, 2021, and that Mr. Lusardi would continue to serve on the Company's Board of Directors and would be named Executive Vice-Chairman of the Board of Directors effective January 1, 2021.

Acquisition of Alternative Therapies Group's Cultivation and Processing Operations

In November 2020, the Company announced the successful completion of the Company's acquisition of Alternative Therapies Group's ("**ATG**") licensed cultivation and processing operations in Amesbury, Massachusetts.

Combined with Curaleaf's current cultivation facility in Webster, Massachusetts, the ATG acquisition brought Curaleaf's total cultivation capacity in the state to 157,600 square feet. The integration of the new operations established Curaleaf as the only cannabis provider in Massachusetts approved for two adult-use cultivation licenses, two adult-use processing licenses, and the maximum-permitted three adult-use dispensary licenses. In connection with the acquisition, ATG's dispensaries located in Amesbury, Salisbury and Salem were spun off and continue to operate under the ATG brand.

2019

*HMS Health LLC ("**HMS**"), HMS Processing LLC, MI Health LLC, and HMS Sales LLC, all Maryland limited liability companies (the "**HMS Companies**")*

In January 2019, the Company completed the acquisition of certain cultivation and processing assets, as well as two dispensaries, from the HMS Companies, which was structured as a $30 million convertible financing with the owners of HMS Health, LLC, HMS Processing, LLC, HMS Sales, LLC and MI Health LLC (the "**HMS/MI Businesses**").

The HMS/MI Businesses consist of a 21,000 square-foot cultivation facility and 1,000 square-foot processing facility in Frederick, Maryland, and two separate 1,000 square-foot dispensaries, each in Gaithersburg, Maryland. As part of the agreement, the HMS/MI Businesses rebranded and now operate under the Curaleaf name, and receive products, services, and other support from the Company. Prior to funding, HMS spun off its cannabis processing license and cannabis dispensing license into separate entities.

The $30 million in loans from the Company, together with accrued interest, are convertible into equity of each of the HMS/MI Businesses upon receipt of all required state and local regulatory approvals. The owners of HMS will receive $2 million in Subordinate Voting Shares at the then-current market price upon conversion of the loans.

Due to current restrictions under Maryland State law that prevent change of control over cannabis licenses within the first three years of operations, the loans to HMS/MI are convertible in parts between August 2020 (for HMS Health, LLC, a cannabis cultivation facility), March 2021 (for HMS Sales LLC, a cannabis dispensary facility), June 2021 (for MI Health LLC, a cannabis dispensary facility) and October 2021 (for HMS Processing, LLC, a cannabis processing facility), based on the operation start dates of each of the businesses. Furthermore, Curaleaf may only own equity in one cannabis processing business under Maryland law as applied by the Maryland Medical Cannabis Commission. Therefore, the conversion of the loan instruments into equity of each of the HMS/MI Businesses will only occur upon regulatory approval if the conversion will not violate any restriction in force at the time. See details under the heading "General Development of the Business – Three Year History – 2020 – Asset Sales" section above regarding the potential sale of some of these assets.

Town Center Wellness, LLC

Also, in January 2019, the Company completed an agreement with the owners of Town Center Wellness, LLC (operating as Elevate Takoma) that secures the option to purchase 100 percent of the equity of the company's dispensary for a total cash consideration of $2 million. The Company also paid the option exercise price of $100,000. Elevate Takoma is a 1,500 square-foot dispensary located in Takoma, Maryland, along the Washington, D.C. border. See details under the heading "General Development of the Business – Three Year History – 2020 – Asset Sales" section above regarding the potential sale of these assets.

In Maryland, Curaleaf already owns and operates one dispensary in Reisterstown and a processing facility in Allegany County.

*Eureka Investment Partners, LLC, a Nevada limited liability company (" **Eureka**")*

In February 2019, the Company entered into an agreement to purchase Eureka for $25.5 million (the " **Base Price**") and to provide Eureka with $5 million to repay all existing debt and to replenish working capital. The Base Price was paid $5 million in cash and $20.5 million in Subordinate Voting Shares. The acquisition of Eureka closed in April 2019, at which time, a total of 2,351,860 Subordinate Voting Shares were issued by the Company to the sellers, of which 688,349 Subordinate Voting Shares were delivered in escrow contingent upon the satisfaction of post-closing conditions relating to the transfer of controlling stakes in three retail cannabis dispensaries in Long Beach, Salinas and Monterrey County, California. These escrowed Subordinate Voting Shares were returned to the Company's treasury and cancelled in August 2020 as the post-closing conditions were not fully met. No contingent earn-out was met as of December 31, 2020, and as such, the Company recorded a gain on the change in fair value of the contingent consideration of $9,572 during the year ended December 31, 2020.

The addition of Eureka's cultivation platform provided the Company access to California's wholesale market through an existing 110,000 square-foot greenhouse facility in Salinas, California.

In October 2018, Curaleaf, Inc., the Company’s main U.S. subsidiary, received a conditional use permit and business license from the City of Davis, California for cannabis manufacturing and State-wide distribution. A conditional use permit and business license for mobile delivery was issued by the City of Davis in November 2018. As of January 1, 2019, the Company's operations were licensed by the State of California and the City of Davis, and as of April 2019, the Company commenced its cannabis manufacturing operations.

The acquisition of Eureka's facilities in Salinas allows for seamless backward integration with the Company's manufacturing facility in Davis and the Company's subsequent acquisition of Cura Partners, enabling the Company to manage its supply chain efficiently through vertically integrated cultivation, production, distribution and dispensing in California. The Company's Davis facility and the Cura Partners facilities located in California position Eureka to maximize the value of its harvest, reducing waste and converting trim into oil and other consumables that can be utilized for distribution across the retail footprint.

PalliaTech Ohio, LLC

In February 2019, PalliaTech Ohio, LLC, an Ohio subsidiary of the Company, received a provisional medical cannabis processor license from the Ohio Department of Commerce for a location in Amelia Village, Ohio. The Company is currently evaluating strategic opportunities for the Amelia processing license. The town of Amelia Village, Ohio was dissolved in the middle of 2020, and as a result of the dissolution, the Company forfeited the processing license in May 2020.

*Ohio Grown Therapies, LLC, an Ohio limited liability company ("**OGT**")*

In May 2019, the Company entered into an agreement granting it an option to acquire OGT for $20 million. The Company paid $5 million in cash in May 2019 and $7.5 million in July 2020. The remaining consideration will be paid upon completion of milestones, culminating with regulatory approval of the transfer of the final licenses and OGT facility to Curaleaf. The closing of this transaction is currently pending receipt of regulatory approval.

*Absolute Healthcare, Inc. dba Emerald Dispensary, an Arizona non-profit corporation ("**Emerald**")*

In May 2019, the Company announced it acquired exclusive rights to operate the Emerald dispensary in Gilbert, AZ, whose license is held by Absolute Healthcare, Inc. Total consideration for the transaction was $18 million in cash. The acquisition closed in May 2019.

*GX3 LLC, an Arizona limited liability company ("**GX3**"), GGM LLC, an Arizona limited liability company (together with GX3, "**Glendale Greenhouse**") and Phytotherapeutics Management Services, LLC ("**Phytotherapeutics**")*

In June 2019, the Company announced that it had made two separate acquisitions in Arizona for combined consideration of $25.5 million, of which $3.5 million was payable in Subordinate Voting Shares and $22 million in cash.

The Company entered into an agreement to acquire Glendale Greenhouse, a vertically integrated cannabis business operating a cultivation and processing facility, as well as a retail location, which was rebranded as Curaleaf after the transaction closed.

The Glendale Greenhouse production facility is a 20,000 square-foot, multi-level cultivation center which is capable of producing 3,600 pounds of flower annually. Additionally, the acquisition included a 1,500 square-foot dispensary, located directly off the Agua Fria Freeway with 90,000 cars passing daily, which was expanded to nearly 5,000 square-feet subsequent to the close of the transaction. Glendale Greenhouse holds the master lease on the 15,000 square-foot multi-tenant building where the dispensary is located. The facility also operates a CO_2 extraction lab and a kitchen, which is already producing various edible lines such as mints, gummies, brownies and ice cream. This acquisition closed in August 2019.

Additionally, Curaleaf agreed to acquire Phytotherapeutics Management Services, LLC, which operates under the license of Phytotherapeutics of Tucson, LLC. This acquisition closed in July 2019. Upon close of the transaction, the license associated with the dispensary was applied to a newly developed, flagship dispensary located at 2175 N 83rd Avenue, which is part of an exciting Phoenix metro submarket with close access to the I-10 Freeway. The dispensary is in the immediate vicinity of the nationally recognized Ak-Chin Pavilion, a popular outdoor amphitheater and concert stadium hosting nearly forty events a year. This new location on 83rd Avenue has brought Curaleaf's store count in Arizona to eight, all in Maricopa county.

Approval for Change of Ownership and Control in Massachusetts

On August 9, 2019, the Company announced that it had been granted approval for its change of ownership and control by the Cannabis Control Commission ("**CCC**"). Subsequently, on September 13, 2019, the Company announced that it had been granted approval for three final adult-use licenses by the CCC. One license was a retail license co-located with the current medical retail location in Oxford, with adult-use sales launching in Oxford in November 2019. The other two licenses were for cultivation and manufacturing co-located with the current medical cultivation and manufacturing facility in Webster. On December 19, 2019, the Company announced it had been granted final approval for an adult-use retail license in Provincetown, the State's first adult-use location on Cape Cod, with the Provincetown dispensary opening in January 2020. On February 6, 2020, the Company announced it had been granted final approval for an adult-use retail license in Ware, with the Ware dispensary opening in March 2020. In addition to the adult-use licenses mentioned above, Curaleaf currently has medical retail locations in Hanover and Oxford.

Sale-Leaseback Transaction

On August 27, 2019, the Company announced it had signed a sale-leaseback agreement with Freehold Properties valued at approximately $28.3 million for six of its properties in Florida, Massachusetts and New Jersey. As a result of the transaction, Curaleaf sold a portion of its real estate assets while retaining use of the properties for cultivation, processing and retail, respectively. The sale price of $28.3 million for the six properties covers initial investment plus all tenant improvements made to date and the proceeds were used for capital expenditures and acquisition purposes.

DTC Eligibility

On August 21, 2019, the Company announced it had obtained eligibility with The Depository Trust Company (" **DTC**") for its shares listed on the OTCQX. DTC is a subsidiary of the Depository Trust & Clearing Corporation, a U.S. company that manages the electronic clearing and settlement of publicly traded companies. DTC eligibility provides cost benefits for investors and brokers trading in our securities in the United States.

Senior Secured Term Loan Facility

On December 20, 2019, the Company announced that it had received commitments from a syndicate of lenders for a $275 million senior secured term loan facility (the "**Term Loan Facility**"), bearing interest at a rate of 13.0% per annum, payable quarterly in arrears, pursuant to a financing agreement by and between Curaleaf, Inc., as borrower, the Company, as parent, certain subsidiaries of Curaleaf Inc., as guarantors, the Lenders (as defined therein) and Glass Trust Company, LLC, as agent (the "**Financing Agreement**"). On January 15, 2020, the Company amended the Financing Agreement, pursuant to an amendment to the Financing Agreement (the "**Financing Agreement Amendment**"), to among other things, increase the Term Loan Facility with additional commitments of $25 million, for a total commitment of $300 million. The Term Loan Facility, as amended, closed on January 15, 2020 and is due in December of 2023. This debt financing constituted a broadly syndicated institutional deal led by sophisticated and long-term investors.

The Term Loan Facility is secured by a guarantee of all the wholly-owned direct and indirect subsidiaries of the Company, as well as a pledge on the assets of the Company and each such guarantor. While the Term Loan Facility is outstanding, the Company is subject to certain negative covenants, including restrictions on its ability to pay dividends, to conduct transactions with affiliates, to modify any organizational documents, to invest in non-wholly owned entities and to incur subordinated and non-subordinated debt and certain covenant tests. Further, the Term Loan Facility imposes certain financial covenants, including minimum annual cash earnings and maintenance of unrestricted cash and cash equivalents. The Term Loan Facility is non-callable in the first two years and from year 2 to 3 is payable at par + ½ coupon, from year 3 to 3 ½ at par + ¼ coupon and at par from year 3 ½ to maturity. The proceeds were used to refinance the existing Cetus Senior Debt (as defined below), satisfy transaction fees and expenses from previously announced acquisitions, fund capital expenditures and for general corporate purposes.

The Term Loan Facility may be pre-paid but is subject to a prepayment premium dependent on the loan year. Any prepayment made between January 10, 2022 and January 9, 2023, will incur a prepayment premium of 6.50%. Any prepayment made between January 10, 2023 and October 14, 2023, will incur a prepayment premium of 3.25%. Any prepayment made on or after October 15, 2023, will not incur a prepayment premium.

Beginning with the fiscal quarter ending December 31, 2020, the Term Loan Facility is subject to a mandatory amortization payment and a yield maintenance premium. The mandatory amortization payment is paid ratably to each lender based on the aggregate principal amount of all initial term loans times an applicable rate that is based on the leverage ratio.

For the quarter ended December 31, 2020, the applicable percentage ranges from 0% to 3.00% depending on the leverage ratio. For all quarters in 2021, the applicable percentage ranges from 0% to 6.00% depending on the leverage ratio. For all quarters in 2022, the applicable percentage ranges from 0% to 8.00% depending on the leverage ratio. For all quarters in 2023 through September 30, 2023, the applicable percentage ranges from 0% to 9.00% depending on the leverage ratio.

The yield maintenance premium is paid based on all amounts repaid. The premium is determined by the amount of interest that would have otherwise been payable on the prepayment less the aggregate amount of interest that would have been earned if the prepayment were to be reinvested from the date of prepayment until January 10, 2022 at the yield maintenance premium rate. The yield maintenance premium rate is the rate per annum equal to the rate in effect 3 days before the repayment date for U.S. Treasury instruments that have a maximum term of 3 months or less times 0.50%.

Further information about the Term Loan Facility can be found in the Company's material change report dated December 31, 2019, a copy of which is available on SEDAR under the Company's issuer profile at www.sedar.com. Copies of the Financing Agreement and the Financing Agreement Amendment, have been filed on SEDAR on December 31, 2019 and January 17, 2020, respectively, and are available thereon under the heading "Other material contracts", under the Company's issuer profile at www.sedar.com.

2018

In January 2018, Curaleaf, Inc., the Company's main U.S. subsidiary, completed a non-brokered private placement of 1,150,747 shares of common stock at a price of $26.07 per share for aggregate cash proceeds of $30 million. The proceeds were used for the acquisition of Swell Management, LLC ("**Swell**"), the expansion of existing operations and to fund operations.

In March 2018, the Company acquired a 50% stake, plus one share, in Curaleaf MA, for a consideration of $36,000 in cash and $3.51 million of debt settlement, in accordance with a plan of conversion of Curaleaf MA's predecessor, Mass Organic Therapy, Inc., to a for-profit entity. PT Mass Holdings, LLC, of which Joseph F. Lusardi, Curaleaf, Inc.'s then President and Chief Executive Officer, is a member, acquired the remaining shares of Curaleaf MA at the time of conversion for a consideration of $35,500. In August 2018, the Company agreed to acquired PT Mass Holdings, LLC's stake in Curaleaf MA for $46.2 million, of which $28.2 million was satisfied by the issuance of 3,212,337 Subordinate Voting Shares and $18 million in cash. This transaction was completed immediately following completion of the Business Combination.

In April 2018, Curaleaf, Inc.'s subsidiary CLF AZ acquired 100% of the interests in Swell from JK Swell, LLC. Through its subsidiaries, Swell operates four medical cannabis dispensaries in and around Phoenix and a cultivation facility in Holbrook, Arizona under management services agreements with four not-for-profit companies which hold licenses to process, cultivate and dispense medical cannabis in Arizona. Swell also holds non-economic voting interests over these four not-for-profit license holders, which entitle it to appoint the directors of these entities. The total consideration for the acquisition of $26.9 million was comprised of $19.3 million in cash and a promissory note in an aggregate amount of $7.6 million (the "**Arizona Convertible Note**"). Curaleaf, Inc. further settled Swell's debt of $3.7 million to third parties. The repayment of debt was additional consideration as part of the acquisition. The Arizona Convertible Note was converted into 3,715,038 Subordinate Voting Shares following the completion of the Business Combination.

From May 2018 until completion of the Business Combination, Curaleaf, Inc. completed a number of unsecured private placement bridge financings with an affiliate of Mr. Boris Jordan, the control person and the Executive Chairman of the Company, for aggregate proceeds of $14.3 million, in each case, with a maturity date of November 4, 2018 at an interest rate of 11% per annum. The proceeds from the financings were used for working capital and capital expenditures, and were repaid in full as of December 31, 2018.

On June 7, 2018, Curaleaf, Inc. completed an unsecured private placement bridge financing of $6 million with Cetus Investments Limited ("**Cetus**") with a maturity date of December 7, 2018, at a rate of 11% per annum. The proceeds from the financing were used for working capital and capital expenditures. The total amount of the financing was repaid in full as of December 31, 2018.

In August 2018, Curaleaf, Inc. issued an aggregate amount of $85 million of 15% senior secured debt due August 23, 2021 (the "**Cetus Senior Debt**") to Cetus. The Cetus Senior Debt was repaid in full as of December 20, 2019.

In January 2017, the Company's subsidiary, PalliaTech Florida, acquired 49% voting and 70% economic interest in Modern Health Concepts ("**MHC**") for consideration of $28 million paid in cash, and following approval of the Florida Department of Health, PalliaTech Florida's interest in MHC converted into 70% voting and economic interest in MHC. PalliaTech Florida is owned 75% by the Company and 25% by third parties (the "**Remaining Florida Minority Holders**"). In accordance with its operating agreement, PalliaTech Florida was formed to invest up to $50 million in MHC, including the initial consideration paid by PalliaTech Florida to acquire 70% of its membership interests. The operating agreement further provides that PalliaTech Florida is to be financed entirely by loans from its members bearing interest at 14% per annum. The Remaining Florida Minority Holders are required to contribute 5% of this debt financing. The members of PalliaTech Florida have contributed the full investment amount of $50 million provided for in the operating agreement. In September 2018, the Company entered into an agreement with the former minority owner of Curaleaf Florida to acquire such minority owner's remaining interest (equal to 30% of the membership interests), for total consideration of $55 million, $25 million of which was payable in cash and $30 million of which was payable through the issuance of 3,417,379 Subordinate Voting Shares. The transaction closed immediately following completion of the Business Combination.

In November 2018, the Company acquired Thunderbird III Partners, LLC, a cannabis dispensary operating pursuant to a management services agreement with Catalina Hills Botanica Center, LLC, d/b/a Midtown Roots ("**MTR**"), a non-profit entity holding a vertical medical marijuana license issued by the Arizona Department of Health Services ("**MTR Acquisition**"). Total consideration consisted of $7 million in cash and $1.9 million which was settled through the issuance 341,737 Subordinate Voting Shares.

Also in October 2018, the Business Combination, as further described under " *Corporate Structure — Incorporation and Office*", was completed.

In December 2018, the Company commenced a normal course issuer bid (" **NCIB**") to expend up to an aggregate of $50 million on the purchase of Subordinate Voting Shares. The actual number of Subordinate Voting Shares that was available to be purchased under the NCIB and the exact timing of any such purchases was subject to determination by the Company. Pursuant to the NCIB, the Company was allowed to purchase Subordinate Voting Shares through the facilities of the CSE and/or alternative trading systems, from time to time over the 12-month period ended December 12, 2019, which purchases did not exceed 5% of the issued and outstanding Subordinate Voting Shares in the aggregate. All Subordinate Voting Shares purchased by the Company under the NCIB were cancelled. At the expiration of the NCIB, the Company did not renew the NCIB.

BUSINESS OF THE COMPANY

About Curaleaf

Curaleaf is a leading U.S. provider of consumer products in cannabis, with a mission to improve lives by providing clarity around cannabis and confidence around consumption. As a vertically integrated, high-growth cannabis operator known for quality, expertise and reliability, the Company and its brands, including Curaleaf, Select and Grassroots, provide industry-leading services, product selection and accessibility across the medical and adult-use markets. Headquartered in Wakefield, Massachusetts, the Company operates in 23 States, and, as of December 31, 2020, operated 96 dispensaries, 23 cultivation sites, with total cultivation capacity of approximately 1.8 million square feet, and 30 processing sites with a focus on highly populated, limited license states, including New York, New Jersey, Florida, Illinois, Pennsylvania and Massachusetts. The Company leverages its extensive research and development capabilities to distribute cannabis products with the highest standard for safety, effectiveness, consistent quality and customer care. The Company is committed to leading the industry in education and advancement through research and advocacy. The Company markets to medical and adult-use customers through brand strategies intended to build trust and loyalty.

The Company was an early entrant into the U.S. state-legal cannabis industry, which is one of the fastest growing industries in the U.S.. Formed in 2010, the Company began as a medical device company, and was the first to develop and patent a medical cannabis vaporizing unit capable of delivering single metered doses of cannabis medicine to patients (see "*Business of the Company - Intellectual Property*"). Curaleaf entered the cannabis business in 2011 as the operator of Compassionate Sciences ATC, one of the original six vertically-integrated medical cannabis license holders in the State of New Jersey.

Currently, the Company is a diversified holding company dedicated to delivering market-leading products and services while building trusted national brands within the legal cannabis industry. Through its team of physicians, pharmacists, medical experts and industry innovators, the Company has developed a portfolio of branded cannabis-based therapeutic offerings in multiple formats and a strategic network of branded retail dispensaries.

The Company is operated by an executive team that has significant experience in the cannabis industry and a robust operational and acquisition track-record as to all facets of the Company's operations, which has executed its business plan to rapidly scale its business.

The Company's Subordinate Voting Shares are listed on the CSE under the symbol "CURA" and on the OTCQX under the symbol "CURLF".

In order to achieve its strategy, the Company has completed several acquisitions since its formation. The Company expects to continue to actively pursue other acquisition, disposition and investment opportunities in the future.

Operating Segments

The Company currently operates in two segments:

- **Cannabis Operations (including hemp)**. The Company engages in the production and sale of cannabis, including hemp, via retail and wholesale channels. As of December 31, 2020, the Company operates 96 retail dispensaries in 18 states, as well as 23 cultivation sites in 16 states, and 30 processing sites in 22 states which sell cannabis through wholesale channels.
- **Non-Cannabis Operations**. The Company provides professional services including cultivation, processing and retail know-how and back office administration, intellectual property licensing, real estate leasing services and lending facilities to medical and adult-use cannabis licensees under management service agreements. The Company provides services to two integrated cannabis licensees in Maine. The management fee income for services rendered to these licensees eliminates upon consolidation due to obtaining operational control and substantially all economic benefits of the entities holding the licenses as a result of changes in Maine state regulations

As of December 31, 2020, the Company derives 100% of its revenues from the cannabis industry in certain U.S. states, which industry is illegal under U.S. Federal Law. As of December 31, 2020, 100% of the Company's operations are in the United States. The Company is directly involved (through its subsidiaries) in both the adult-use and medical cannabis industry in the States of Arizona, Arkansas, California, Colorado, Connecticut, Florida, Illinois, Kentucky, Maine, Maryland, Massachusetts, Michigan, Nevada, New Jersey, New York, North Dakota, Ohio, Oregon, Pennsylvania, Utah and Vermont, as permitted within such states under applicable state law which states have regulated such industries, and has partnered with an accredited medical school and obtained a "clinical registrant" license in Pennsylvania.

As of December 31, 2020, the Company operates in the United States as more specifically described in the below table. For further details on the Company's operations in the United States, see the "*United States Regulatory Overview*" section of this AIF.

		Curaleaf Operations Overview(1)				
		Dispensaries		**Production**(2)		**Cultivation**
		Licensed	**Operating**	**Processing**	**Cultivation**	**Facility SF**
1	Arizona	9	8	Y	Y	119 424
2	Arkansas	1	1			
3	California			Y	Y	190 000
4	Colorado			Y		
5	Connecticut	4	4	Y	Y	60 000
6	Florida(3)	45	33	Y	Y	352 200
7	Illinois(4)	10	9	Y	Y	70 000
8	Kentucky(5)			Y		
9	Maine(6)	4	2	Y	Y	43 070
10	Maryland	4	4	Y	Y	22 000
11	Massachusetts(7)	4	4	Y	Y	157 000
12	Michigan	4	4	Y		
13	Missouri(8)			Y		
14	Nevada(9)	3	3	Y	Y	278 800
15	New Jersey	3	1	Y	Y	153 150
16	New York	4	4	Y	Y	72 000
17	North Dakota	4	4	Y	Y	33 000
18	Ohio(10)	2	2	Y	Y	32 000
19	Oklahoma(11)			Y		
20	Oregon	1	1	Y	Y	37 000
21	Pennsylvania(12)	18	9	Y	Y	75 000
22	Utah	1	1	Y		
23	Vermont	4	2	Y	Y	13 000
	Total	**125**	**96**	**22**	**16**	**1 757 644**

Notes:

(1) Licensed operations of the Company's subsidiaries that are consolidated based on ownership, management agreement or similar contractual relationships.

(2) The Company has multiple production licenses and/or facilities in certain states. The above table sets out the number of states in which the Company currently holds operational licenses. In total, the Company has 30 processing sites and 23 cultivation sites.

(3) Caps on the number of dispensaries one company can open in Florida expired in April 2020. As such, the 45 Florida licensed dispensaries listed in this table only includes the number of locations Curaleaf has secured or is actively pursuing as of December 31, 2020.

(4) In Illinois, the Company was as of December 31, 2020 awaiting regulatory approval to acquire five dispensary licenses, which permit the holder to open up to ten total dispensaries, nine of which are currently operational. The Company took ownership of these dispensaries as of April 1, 2021 after receipt of regulatory approval.

(5) Kentucky has not legalized medical cannabis, but does permit hemp cultivation and processing. In Kentucky, the Company holds a hemp processor/handler license issued by the Kentucky Department of Agriculture and operates out of a 74,000 square foot facility.

(6) The Company's two adult-use dispensaries have received local approval for their locations and their state license application are pending regulatory approval.

(7) Of the four licensed dispensaries in Massachusetts, one is medical only and one is adult use only.

(8) While the Company, its subsidiaries, or affiliates, may have rights to certain dispensary licenses in Missouri, these are not included above since the Company, its subsidiaries, or affiliates do not intend to operationalize these licenses. The processing license held by the Company in Missouri is currently non-operational.

(9) Nevada licensed dispensary count excludes rights held by a Grassroots subsidiary to acquire certain dispensary licenses in the state. These licenses are excluded since the Company has not realized these rights at this time.

(10) Acquisition of the Ohio dispensaries is subject to receipt of regulatory approval.

(11) Oklahoma operations exclude certain dispensary licenses held by an affiliate of Grassroots, none of which are operational as of December 31, 2020. These licenses are not included above since the Company intends to close the one operational location and does not intend to operationalize the remaining licenses.

(12) Pennsylvania licenses are held by separate subsidiaries of the Company and not directly by the Company.

Principal Products and Services

The Company, through its subsidiaries and affiliates, operates in highly regulated markets that require expertise in cultivation, manufacturing, retail operations and logistics. The Company leverages its extensive research and development capabilities to assist its state-licensed entities to manufacture cannabis products in multiple formats with the highest standards for safety, effectiveness, consistent quality and customer care. Currently, the Company's subsidiary entities cultivate, process, market and/or dispense a wide-range of permitted cannabis products across its operating markets, including: flower, pre-rolls and flower pods, dry-herb vaporizer cartridges, concentrates for vaporizing such as pre-filled vaporizer cartridges and disposable vaporizer pens, concentrates for dabbing such as distillate droppers, mints, topical balms and lotions, tinctures, lozenges, capsules and edibles.

In most of the Company's markets, its licensed entities are vertically integrated, meaning the entire supply chain is managed from seed to sale, cultivating cannabis flower, processing the flower into manufactured products, and selling the product to registered patients and/or legal adult-use consumers. In most states in which its licensed entities operate, products are sold under the Curaleaf and Select brands, and in Curaleaf dispensaries. The Company is committed to be the industry's leading resource in education and advancement through research and advocacy, and is focused on developing a trusted, national brand.

The Company believes that it has developed the in-house resources to maintain best practices in cannabis cultivation, processing and dispensing and is dedicated to staying at the forefront of technology in the industry. The Company continues to invest strategically in infrastructure to ensure low overall production costs and to stay nimble in its ability to adapt its product mix to the rapidly developing cannabis market. The Company intends to use its footprint to share know-how and technology throughout its operations and spread out development costs.

- **Cultivation:** The Company has grown over 266 strains of cannabis, which it has extensively tested and characterized for yield, cannabinoid content and patient response. Additionally, Company's state-licensed entities cultivate cannabis using a variety of methods, including greenhouse, outdoor, indoor, and two-tier indoor cultivation.

- **Extraction and Purification:** The Company uses proprietary processes for cannabis and terpene purification, including "cold process" terpene purification. The Company believes it is an industry leader in achieving the desired composition of cannabinoids and terpenes in its finished products through processing and purification, enabling it to respond to trends in medical product formulation.

- **Formulation and Quality Control:** The Company's processing facilities produce across the range of solid, liquid and inhaled products utilizing its vast in-house knowledge and experience. By combining expert cultivation, manufacturing and analytical laboratory operations, the Company believes that it has developed a complete in-house quality assurance and quality control program. In-house quality assurance enables rapid product development cycles and production of higher quality consumer products.

Research and Development

Curaleaf's research and development activities primarily focus on optimizing cultivation and manufacturing techniques, and developing new manufactured products.

The Company collects data on the number of grams of cannabis flower produced per watt of light, per square foot, and per plant. This allows cultivators to gain insights on optimal cultivation methods by adjusting certain variables such as cannabis strain variety and plant spacing. The Company's cultivators also institute pest management techniques in facilities and document successes and failures, sharing this knowledge across its cultivation operations.

The Company also researches new methods of cannabis extraction for the development of new manufactured products. The Company's research and development activities operate on an on-going basis as the Company continually seeks to improve current methods for its licensed businesses.

Production and Sales

As of December 31, 2020, Curaleaf has 23 cultivation facilities totaling approximately 1.8 million square feet. Its current annual production capacity is estimated at over 220,000 pounds of dry flower.

As of December 31, 2020, Curaleaf had 30 processing facilities. Each new manufacturing suite is built to cGMP specifications and employs advanced nutritional and pharmaceutical formulations technology for the most optimal delivery methods. These facilities adhere to FDA guidelines and current good manufacturing principles. Each Curaleaf production facility (cultivation and processing) primarily focuses on the commercialization of cannabis products, with a strict focus on quality control and patient care. Illustrating this commitment, Curaleaf's Florida operations were the first in the cannabis industry to receive the Safe Quality Food certification under the Global Food Safety Initiative.

Curaleaf's primary method of sales currently occur in its brick-and-mortar dispensaries across the U.S. However, the Company also offers home delivery services across the States of Arizona, Florida, Nevada and New York, in compliance with all State regulations. Also in Florida, the Company offers drive-thru service at two of its dispensaries. In multiple States, the Company offers customers the option to order online to pick-up in store. Curaleaf aims to expand its e-commerce operations and delivery operations, where permitted, to offer convenient access for its customers and meet the demands of an evolving retail landscape.

Seasonality

The Company's business and operations do not experience marked seasonality. However, in certain regions (especially the west coast of the United States), the cannabis industry can be subject to seasonality in some states that allow home grow. Because homegrown plants are typically harvested in the late summer or early fall, there can be some deceleration in retail and wholesale sales trends during these months as these private supplies are consumed.

Intellectual Property

Curaleaf has developed multiple proprietary product formats, technologies and processes to ensure the high quality of its premium cannabis products. These proprietary technologies and processes include its cultivation and extraction techniques, product formulations and cannabis delivery and monitoring systems. While actively determining and pursuing the patentability of these processes and materials, Curaleaf ensures confidentiality through the use of non-disclosure and/confidentiality agreements.

Curaleaf has spent considerable time and resources to establish a premium and recognizable brand amongst consumers and retailers in the cannabis industry. As of December 31, 2020, Curaleaf has 1 federally registered patents with the United States Patent and Trademark Office ("**USPTO**"). Additionally, as of December 31, 2020, 46 trademarks were currently filed and pending approval with the USPTO, and Curaleaf is actively pursuing the filing of additional trademarks. All patent and trademarks are further described below.

In addition to its patent and pending trademarks, Curaleaf owned, as of December 31, 2020, numerous website domains, including www.curaleaf.com, as well as numerous social media accounts across all major platforms.

Curaleaf maintains an in-house legal team, as well as engages outside legal counsel, to actively monitor and identify potential infringements on its intellectual property.

Patents

As of December 31, 2020, Curaleaf has 1 federally registered patents with the USPTO:

	Filing Date	Patent Number	Description
1.	7/20/2012	8910630	Cannabis drug delivery and monitoring system

Trademarks

Additionally, as of December 31, 2020, Curaleaf had 46 pending trademarks with the USPTO, all pertaining to use of the Curaleaf brands and related goods associated with the Curaleaf brands and/or names.

	Filing Date	Serial Number	Word Mark	Trademark
1.	6/25/2018	88013026	CURALEAF	CURALEAF
2.	8/7/2018	88068377	CURALEAF	CURALEAF
3.	8/27/2018	88093822	CURALEAF	CURALEAF
4.	9/17/2018	88120354	CURALEAF	CURALEAF
5.	9/18/2018	88121665	CURALEAF	CURALEAF
6.	10/9/2018	88148369	CURALEAF	curaleaf
7.	10/9/2018	88148362	CURALEAF	curaleaf
8.	10/9/2018	88148295	CURALEAF	curaleaf
9.	10/9/2018	88148333	CURALEAF	curaleaf
10.	11/28/2018	88208488	UKU	UKU
11.	11/28/2018	88208490	UKU	UKU

	Filing Date	Serial Number	Word Mark	Trademark
12.	11/28/2018	88208497	UKU	UKU
13.	11/28/2018	88208522	UKU	UKU
14.	11/28/2018	88208515	UKU	UKU
15.	11/28/2018	88208506	UKU	UKU
16.	11/28/2018	88208463	UKU	UKU
17.	12/20/2018	87825460	S SELECT	Select
18.	12/20/2018	87825463	S	
19.	12/20/2018	87825466	SELECT	Select
20.	1/8/2019	88253131	BIDO	BIDO
21.	3/6/2019	88327600	CURACHEWS	CURACHEWS
22.	3/13/2019	88338635	S SELECT	Select
23.	3/13/2019	88338643	S	
24.	3/14/2019	88339818	BELIEVE IN CAN	BELIEVE IN CAN
25.	3/22/2019	88351987	DREAM IN GREEN	Dream in Green
26.	3/22/2019	88351992	HERBOLOGY	HERBOLOGY
27.	3/22/2019	88979255	HERBOLOGY	HERBOLOGY
28.	3/22/2019	88979353	DREAM IN GREEN	Dream in Green

	Filing Date	Serial Number	Word Mark	Trademark
29.	3/29/2019	88363388	LIVE DEEPLY	Live Deeply
30.	3/29/2019	88979002	LIVE DEEPLY	Live Deeply
31.	4/8/2019	88376366	SELECT BETTER	SELECT BETTER
32.	6/27/2019	88490971	GRASSROOTS	GRASSROOTS
33.	6/27/2019	88978174	GRASSROOTS	GRASSROOTS
34.	7/15/2019	88514467	WELCOME TO BETTER	
35.	7/30/2019	88549790	SELECT BETTER	SELECT BETTER
36.	10/2/2019	88639558	SOULEAF	SOULEAF
37.	10/2/2019	88639611	SOULEAF	SOULEAF
38.	10/2/2019	88639650	SOULEAF	SOULEAF
39.	10/2/2019	88639670	SOULEAF	SOULEAF
40.	12/12/2019	88725076	CANNABIS WITH CONFIDENCE	CANNABIS WITH CONFIDENCE
41.	6/5/2020	88950710	HERBOLOGY	HERBOLOGY
42.	6/5/2020	88950721	HERBOLOGY	HERBOLOGY
43.	6/5/2020	88950724	HERBOLOGY	HERBOLOGY
44.	6/5/2020	88950726	HERBOLOGY	HERBOLOGY
45.	6/5/2020	88950727	HERBOLOGY	HERBOLOGY

	Filing Date	Serial Number	Word Mark	Trademark
46.	6/5/2020	88950730	HERBOLOGY	

Curaleaf also has a registered trademark in the State of Connecticut (Connecticut registration number 3946987 filed September 22, 2017) for retail use of the Curaleaf brand for marketing purposes and related goods and services.

All federal registered trademarks in the U.S. described above are subject to renewal ten (10) years from the date of registration and the Connecticut trademark described above is subject to renewal five (5) years from the date of registration.

Competitive Conditions

The cannabis industry is highly competitive. The Company competes on quality, price, brand recognition, and distribution strength. Our cannabis products compete with other products for consumer purchases, as well as shelf space in retail dispensaries and wholesaler attention. The Company competes with numerous cannabis producing companies with various business models, from small family-owned operations to multi-billion dollar market capitalized multi-state operators. In certain markets, such as California, there are also a number of illegally operating dispensaries, which serve as competition as well.

The Company maintains an operational footprint of primarily limited-license States, with natural high barriers to entry and limited market participants. The majority of the markets in which the Company operates have formal regulations limiting the number of cannabis licenses that will be awarded, helping to ensure the Company's market share is protected in these limited-market States under the current regulatory framework.

As cannabis remains federally illegal in the U.S., businesses seeking to enter the industry face additional challenges when accessing capital. Presently, there exists no reliable source of U.S. bank lending or equity capital available to fund operations in the U.S. cannabis sector. Nevertheless, the Company is well-capitalized, and management believes that the level of expertise and significant capital investment required to operate a large-scale, vertically-integrated cannabis operation make it difficult and inefficient for smaller cannabis operators to enter this sector of the market. Due to the rapid growth of the cannabis industry in the U.S., management acknowledges that the Company will face competition from other companies accessing equity capital markets in the sector.

Foreign Operations

As of December 31, 2020, the Company conducts business exclusively in the U.S, except for immaterial wholesale of hemp-based CBD products to South America. See "United States Regulatory Overview".

In April 2021, the Company completed the acquisition of EMMAC, the largest vertically integrated independent cannabis company in Europe, and entered key European medical cannabis markets, including in the United Kingdom, Germany, Italy, Spain and Malta.

Refer to *"Risk Factors – European Operations"* for additional details regarding the risk associated with the Company's new European operations.

Compliance and Monitoring

As of December 31, 2020, the Company believes that each of its licensed operating entities (a) holds all applicable licenses to cultivate, manufacture, process, and/or distribute cannabis in its respective State, and (b) is in good standing and in material compliance with its respective State's cannabis regulatory program. The Company is in material compliance with its obligations under State law related to its cannabis cultivation, processing and dispensary licenses, other than minor violations that would not reasonably result in a material fine, suspension or revocation of any relevant license.

The Company uses reasonable commercial efforts to ensure that its business is in material compliance with laws and applicable licensing requirements and engages in the regulatory and legislative process nationally and in every State it operates through the Company's compliance department, government relations department, outside government relations consultants, cannabis industry groups and legal counsel.

The compliance department consists of Chief Compliance Officer (" **CCO**") Jim Shorris, Vice President Keisha Brice and local compliance officers in our subsidiaries. Compliance officers in each operating subsidiary are charged with knowing the local regulatory process and monitoring developments with their governing bodies. Each compliance officer regularly reports regulatory developments and ongoing developments to the Company's CCO and VP of Compliance, through written and oral communications and are charged with the creation and implementation of plans regarding all regulatory developments. The CCO and VP of Compliance work with external legal advisors in the states in which the Company operates to ensure that the Company is in on-going compliance with applicable state laws.

The government relations department, consisting of Senior Vice President, Ed Conklin, and Vice Presidents Matt Harrell and Don Williams, work closely with Curaleaf management to develop relationships with local and State regulators, industry groups, and elected officials in order to effectively monitor and engage in the regulatory and legislative processes. The Company's Government Relations Department develops strategies, engages legislative consultant's, directly lobbies and works with third party groups to protect the Company's right to operate and to advocate for legislation, regulations and oversight under which it can be successful.

Although the Company believes that its business activities are materially compliant with applicable and state and local laws of the United States, strict compliance with State and local laws with respect to cannabis may neither absolve the Company of liability under United States federal law nor provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may result in a material adverse effect on the Company. The Company derives 100% of its revenues from the cannabis industry in certain States, which industry is illegal under United States federal law. Even where the Company's cannabis-related activities are compliant with applicable State and local law, such activities remain illegal under United States federal law. The enforcement of relevant federal laws is a significant risk. See "Risk Factors".

United States Customs and Border Protection (" **CBP**") enforces the laws of the United States. Crossing the border while in violation of the CSA and other related United States federal laws may result in denied admission, seizures, fines, and apprehension. CBP officers administer the United States Immigration and Nationality Act to determine the admissibility of travelers who are non-U.S. citizens into the United States. An investment in the Company, if it became known to CBP, could have an impact on a non-U.S. citizen's admissibility into the United States and could lead to a lifetime ban on admission. Medical cannabis has been protected against enforcement by enacted legislation from the United States Congress in the form of the Rohrabacher-Farr Amendment (as defined herein), which prevents federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level, subject to the United States Congress restoring such funding. This amendment has historically been passed as an amendment to omnibus appropriations bills, which by their nature expire at the end of a fiscal year or other defined term. Subsequent to the issuance of Sessions Memo (as defined herein), the United States Congress passed its omnibus appropriations bill, SJ 1662, which for the fourth consecutive year contained the Rohrabacher-Farr Amendment (as defined herein) language and continued the protections for the medical cannabis marketplace and its lawful participants from interference by the Department of Justice ("**DOJ**"). The Rohrabacher-Farr Amendment again was included in the Consolidated Appropriations Act of 2019, which was signed by former President Trump on February 14, 2019 and funded the departments of the federal government through the fiscal year ended September 30, 2019 and was similarly renewed again on November 21, 2019. The fiscal year 2020 omnibus spending bill was ultimately passed on December 20, 2019, making the Rohrabacher-Farr Amendment effective through September 30, 2020, and on October 1, 2020 the amendment was renewed through the signing of a stopgap spending billing, effective through December 11, 2020. Most recently, the Rohrabacher-Farr Amendment was included in the Consolidated Appropriations Act of 2021, which was signed by former President Trump on December 27, 2020 and funds the departments of the federal government through the fiscal year ending September 30, 2021. Notably, such amendments have always applied only to medical cannabis programs and have no effect on pursuit of recreational cannabis activities.

In addition to the above disclosure, please see " *Risk Factors*" for further risk factors associated with the operations of the Company and the Company.

Employees

As at December 31, 2020, the Company had 3,667 employees.

Specialized Skill and Knowledge

To remain a leader in its field, Curaleaf relies on a motivated and experienced team, focused on offering the highest-quality product, in accordance with the regulations in force. The Company employs a diverse group of people for their particular administrative, operational and financial expertise, as well as numerous industry professionals with in-depth knowledge of the cultivation and growing of wellness and medical marijuana.

UNITED STATES REGULATORY OVERVIEW

In accordance with the Canadian Securities Administrators Staff Notice 51-352 (Revised) dated February 8, 2018 – *Issuers with U.S. Marijuana-Related Activities* ("**Staff Notice 51-352**"), below is a discussion of the federal and State-level U.S. regulatory regimes in those jurisdictions where the Company is currently directly involved, through its subsidiaries, in the cannabis industry. Curaleaf is directly engaged in the manufacture, possession, sale or distribution of cannabis in the adult-use and/or medical industries in the states of Arizona, Arkansas, California, Colorado, Connecticut, Florida, Illinois, Kentucky, Maine, Maryland, Massachusetts, Michigan, Missouri, Nevada, New Jersey, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Utah and Vermont.

In accordance with Staff Notice 51-352, the Company evaluates, monitors and reassesses this disclosure, and any related risks, on an ongoing basis and the same will be supplemented and amended to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation. Any non-compliance, citations or notices of violation which may have an impact on the Company's license, business activities or operations will be promptly disclosed by the Company.

Regulation of Cannabis in the United States Federally

The United States federal government regulates drugs through the federal Controlled Substances Act (21 U.S.C. § 811) (the "**CSA**"), which places controlled substances, including cannabis, in one of five different schedules. Cannabis, except hemp, is classified as a Schedule I drug. As a Schedule I drug, the federal Drug Enforcement Agency considers cannabis to have a high potential for abuse, no currently accepted medical use in treatment in the United States, and a lack of accepted safety for use of the drug under medical supervision[1]. The classification of cannabis as a Schedule I drug is inconsistent with what the Company believes to be many valuable medical uses for cannabis accepted by physicians, researchers, patients, and others. As evidence of this, the FDA on June 25, 2018 approved Epidiolex (CBD) oral solution with an active ingredient derived from the cannabis plant for the treatment of seizures associated with two rare and severe forms of epilepsy, Lennox-Gastaut syndrome and Dravet syndrome, in patients two years of age and older. This is the first FDA-approved drug that contains a purified drug substance derived from the cannabis plant. In this case, the substance is CBD, a chemical component of cannabis that does not contain the intoxication properties of THC, the primary psychoactive component of cannabis. The Company believes the CSA categorization as a Schedule I drug is not reflective of the medicinal properties of cannabis or the public perception thereof, and numerous studies show cannabis is not able to be abused in the same way as other Schedule I drugs, has medicinal properties, and can be safely administered[2].

The federal position is also not necessarily consistent with democratic approval of cannabis at the state government level in the United States. Unlike in Canada, which has federal legislation uniformly governing the cultivation, distribution, sale and possession of cannabis under the Cannabis Act, S.C. 2018, c. 16, (Canada) and the Cannabis for Medical Purposes Regulations, cannabis is largely regulated at the state level in the United States. State laws regulating cannabis conflict with the CSA, which makes cannabis use and possession federally illegal. Although certain states and territories of the United States authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under United States federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts. Although the Company's activities are compliant with applicable state and local laws, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under United States federal law nor provide a defense to federal criminal charges that may be brought against the Company. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and, in case of conflict between federal and State law, federal law shall apply.

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1 21 U.S.C. 812(b)(1).

2 See Lachenmeier, DW & Rehm, J. (2015). Comparative risk assessment of alcohol, tobacco, cannabis and other illicit drugs using the margin of exposure approach. *Scientific Reports*, 5, 8126. doi: 10.1038/srep08126; Thomas, G & Davis, C. (2009). Cannabis, Tobacco and Alcohol Use in Canada: Comparing risks of harm and costs to society. *Visions Journal*, 5. Retrieved from http://www.heretohelp.bc.ca/sites/default/files/visions_cannabis.pdf; Jacobus et al. (2009). White matter integrity in adolescents with histories of marijuana use and binge drinking. *Neurotoxicology and Teratology*, 31, 349-355. https://doi.org/10.1016/j.ntt.2009.07.006; Could smoking pot cut risk of head, neck cancer? (2009 August 25). Retrieved from https://www.reuters.com/article/us-smoking-pot/could-smoking-pot-cut-risk-of-head-neck-cancer-idUSTRE57O5DC20090825; Watson, SJ, Benson JA Jr. & Joy, JE. (2000). Marijuana and medicine: assessing the science base: a summary of the 1999 Institute of Medicine report. Arch Gen Psychiatry Review, 57, 547-552. Retrieved from https://www.ncbi.nlm.nih.gov/pubmed/10839332; Hoaken, Peter N.S. & Stewart, Sherry H. (2003). Drugs of abuse and the elicitation of human aggressive behavior. *Addictive Behaviours*, 28, 1533-1554. Retrieved from http://www.ukcia.org/research/AgressiveBehavior.pdf; and Fals-Steward, W., Golden, J. & Schumacher, JA. (2003). Intimate partner violence and substance use: a longitudinal day-to-day examination. *Addictive Behaviors*, 28, 1555-1574. Retrieved from https://www.ncbi.nlm.nih.gov/pubmed/14656545.

Nonetheless, 39 U.S. states, the District of Columbia, and the territories of Puerto Rico, the U.S. Virgin Islands, Guam, and the Northern Mariana Islands have legalized some form cannabis for medical use, while 18 states and the District of Columbia have legalized the adult use of cannabis for recreational purposes. As more and more states legalized medical and/or adult-use marijuana, the federal government attempted to provide clarity on the incongruity between federal prohibition under the CSA and these State-legal regulatory frameworks. Notwithstanding the foregoing, marijuana remains illegal under U.S. federal law, with marijuana listed as a Schedule I drug under the CSA. Until 2018, the federal government provided guidance to federal law enforcement agencies and banking institutions through a series of United States DOJ memoranda. The most recent such memorandum was drafted by former Deputy Attorney General James Cole on August 29, 2013 (the "**Cole Memorandum**")[3].

The Cole Memorandum offered guidance to federal enforcement agencies as to how to prioritize civil enforcement, criminal investigations and prosecutions regarding cannabis in all states, and acknowledged that, notwithstanding the designation of cannabis as a Schedule I controlled substance at the federal level, several states have enacted laws authorizing the use of cannabis. The Cole Memorandum also noted that jurisdictions that have enacted laws legalizing cannabis in some form have also implemented strong and effective regulatory and enforcement systems to control the cultivation, processing, distribution, sale and possession of cannabis. As such, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level.

In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the DOJ should be focused on addressing only the most significant threats related to cannabis.The Cole Memorandum put forth eight prosecution priorities:

1. Preventing the distribution of marijuana to minors;

2. Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels;

3. Preventing the diversion of marijuana from states where it is legal under State law in some form to other states;

4. Preventing the State-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;

5. Preventing the violence and the use of firearms in the cultivation and distribution of marijuana;

6. Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;

7. Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and

8. Preventing marijuana possession or use on federal property.

The Cole Memorandum was seen by many State-legal marijuana companies as a safe harbor – albeit an imperfect one – for their licensed operations that were conducted in full compliance with all applicable State and local regulations.

On January 4, 2018, former United States Attorney General Jeff Sessions rescinded the Cole Memorandum by issuing a new memorandum to all United States Attorneys (the "**Sessions Memo**"). Rather than establish national enforcement priorities particular to marijuana-related crimes in jurisdictions where certain marijuana activity was legal under State law, the Sessions Memo instructs that "[i]n deciding which marijuana activities to prosecute... with the [DOJ's] finite resources, prosecutors should follow the well-established principles that govern all federal prosecutions." Namely, these include the seriousness of the offense, history of criminal activity, deterrent effect of prosecution, the interests of victims, and other principles.

In the absence of a uniform federal policy, as had been established by the Cole Memorandum, numerous United States Attorneys with State-legal marijuana programs within their jurisdictions have announced enforcement priorities for their respective offices. For instance, Andrew Lelling, United States Attorney for the District of Massachusetts, stated that while his office would not immunize any businesses from federal prosecution, he anticipated focusing the office's marijuana enforcement efforts on: (1) overproduction; (2) targeted sales to minors; and (3) organized crime and interstate transportation of drug proceeds. Other United States

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[3] *See* James M. Cole, *Memorandum for All United States Attorneys* (Aug. 29, 2013), *available at* https://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf

attorneys provided less assurance, promising to enforce federal law, including the CSA in appropriate circumstances. One of those United State Attorneys, Greg Scott, the Interim U.S. Attorney for the Eastern District of California, has a history of prosecuting medical cannabis activity: his office published a statement that cannabis remains illegal under federal law, and that his office would “evaluate violations of those laws in accordance with our district’s federal law enforcement priorities and resources”.

Former United States Attorney General Sessions resigned on November 7, 2018 and was replaced by William Barr on February 14, 2019. On December 14, 2020, former President Trump announced that Mr. Barr would be resigning from his post as Attorney General, effective December 23, 2020. Merrick Garland, President Biden’s nominee to succeed Mr. Barr, has served as the current attorney since March 2021. It is unclear what specific impact the new Biden administration will have on U.S. federal government enforcement policy. There is no guarantee 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 as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current U.S. federal law.

The Company believes it is too soon to determine if any prosecutorial policy at the federal level will be forthcoming in the absence of the Cole Memorandum, or if the Biden administration will reinstitute the Cole Memorandum or a similar guidance document for United States attorneys or by executive order. The sheer size of the cannabis industry, in addition to various level of legalization at the State and local governments, suggests that a largescale enforcement operation would possibly create unwanted political backlash for the DOJ and the new administration. Moreover, State and local tax revenues generated by the cannabis business is an increasingly important source of funding for State and local government programs.

As an industry best practice, despite the rescission of the Cole Memorandum, the Company abides by the following standard operating policies and procedures to ensure compliance with the guidance provided by the Cole Memorandum:

1. Ensure that its operations are compliant with all licensing requirements as established by the applicable State, county, municipality, town, township, borough, and other political/administrative divisions;

2. Ensure that its cannabis related activities adhere to the scope of the licensing obtained (for example: in the states where cannabis is permitted only for adult-use, the products are only sold to individuals who meet the requisite age requirements);

3. Implement policies and procedures to ensure that cannabis products are not distributed to minors;

4. Implement policies and procedures to ensure that funds are not distributed to criminal enterprises, gangs or cartels;

5. Implement an inventory tracking system and necessary procedures to ensure that such compliance system is effective in tracking inventory and preventing diversion of cannabis or cannabis products into those states where cannabis is not permitted by State law, or across any State lines in general;

6. Ensure that its State-authorized cannabis business activity is not used as a cover or pretense for trafficking of other illegal drugs, is engaged in any other illegal activity or any activities that are contrary to any applicable anti-money laundering statutes; and

7. Ensure that its products comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

In addition, the Company conducts background checks to ensure that the principals and management of its operating subsidiaries are of good character, have not been involved with other illegal drugs, engaged in illegal activity or activities involving violence, or use of firearms in cultivation, manufacturing or distribution of cannabis. The Company will also conduct ongoing reviews of the activities of its cannabis businesses, the premises on which they operate and the policies and procedures that are related to possession of cannabis or cannabis products outside of the licensed premises, including the cases where such possession is permitted by regulation. See "*Risk Factors*".

Although the Cole Memorandum has been rescinded, one legislative safeguard for the medical cannabis industry remains in place: Congress has passed a so-called "rider" provision in the FY 2015, 2016, 2017, 2018, 2019, 2020 and 2021 Consolidated Appropriations Acts to prevent the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. The rider is known as the "Rohrabacher-Farr" Amendment after its original lead sponsors (it is also sometimes referred to as the "Rohrabacher-Blumenauer" or "Joyce-Leahy" amendment, but it is referred to in this Annual Information Form as "Rohrabacher-Farr Amendment"). Most recently, the Rohrabacher-

Farr Amendment was included in the Consolidated Appropriations Act of 2021, which was signed by former President Trump on December 27, 2020 and funds the departments of the federal government through the fiscal year ended September 30, 2021.

There is a growing consensus among cannabis businesses and numerous members of Congress that guidance is not law and temporary legislative riders, such as the Rohrabacher-Farr Amendment, are an inappropriate way to protect lawful medical cannabis businesses. Numerous bills have been introduced in Congress in recent years to decriminalize aspects of state-legal cannabis trades. For example, for fiscal year 2019, the strategy amongst the bipartisan Congressional Marijuana Working Group in Congress, was to introduce numerous cannabis-related appropriations amendments in the Appropriations Committee in both the House and Senate, similar to the strategy employed in fiscal year 2018. The amendments included protections for cannabis-related businesses in states with medical and adult-use cannabis laws, as well as protections for financial institutions that provide banking services to state-legal cannabis businesses. The Company also has observed that each year more congressmen and congresswomen sign on and cosponsor cannabis legalization bills. These include the CARERS Act, REFER Act and others. In light of all this, it is anticipated that the federal government will eventually repeal the federal prohibition on cannabis and thereby leave the states to decide for themselves whether to permit regulated cannabis cultivation, production and sale, just as states are free today to decide policies governing the distribution of alcohol or tobacco. Given current political trends, however, the Company considers these developments unlikely in the near-term.

For the time being, cannabis remains a Schedule I controlled substance at the federal level, and neither the Cole Memorandum nor its rescission nor the continued passage of the Rohrabacher-Farr Amendment has altered that fact. The federal government of the United States has always reserved the right to enforce federal law regarding the sale and disbursement of medical or adult-use cannabis, even if state law sanctions such sale and disbursement. If the United States federal government begins to enforce United States federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Company's business, results of operations, financial condition and prospects could be materially adversely affected.

Additionally, under United States federal law, it may potentially be a violation of federal money laundering statutes for financial institutions to take any proceeds from the sale of any Schedule I controlled substance. Due to the CSA categorization of marijuana as a Schedule I drug, federal law makes it illegal for financial institutions that depend on the Federal Reserve's money transfer system to take any proceeds from marijuana sales as deposits. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses under the United States Bank Secrecy Act. Therefore, under the Bank Secrecy Act, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be charged with money laundering or conspiracy.

On September 26, 2019, the U.S. House of Representatives passed the Secure and Fair Enforcement Banking Act of 2019 (commonly known as the "**SAFE Banking Act**"), which aims to provide safe harbor and guidance to financial institutions that work with legal U.S. cannabis businesses. On May 11, 2020, the U.S. House of Representatives introduced the Health and Economic Recovery Omnibus Emergency Solutions Act (the "**HEROES Act**"), an economic stimulus package which included the language of the SAFE Banking Act. On September 28, 2020, the House introduced a revised version of the HEROES Act, including the text of the SAFE Act for a second time. The revised bill was passed by the House of Representatives on October 1, 2020 before going to the Senate. On December 21, 2020, Congress reached a deal for a different $900 billion stimulus package. On April 19, 2021, the House again passed the SAFE Banking Act. While Congress may consider legislation in the future that may address these issues, there can be no assurance of the content of any proposed legislation or that such legislation will ever be passed. The Company's inability, or limitations on the Company's ability, to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Company to operate and conduct its business as planned or to operate efficiently.

While there has been no change in U.S. federal banking laws to accommodate businesses in the large and increasing number of U.S. states that have legalized medical and/or adult-use cannabis, in 2014, the Department of the Treasury's Financial Crimes Enforcement Network ("**FinCEN**") issued guidance to prosecutors of money laundering and other financial crimes (the "**FinCEN Guidance**") and notified banks that it would not seek enforcement of money laundering laws against banks that service cannabis companies operating under state law, provided that strict due diligence and reporting standards are met.

The FinCEN Guidance advised prosecutors not to focus their enforcement efforts on banks and other financial institutions that serve cannabis-related businesses, so long as that business is legal in their state and none of the federal enforcement priorities referenced in the Cole Memorandum are being violated (such as keeping cannabis away from children and out of the hands of organized crime). The FinCEN Guidance also clarifies how financial institutions can provide services to cannabis-related businesses consistent with their Bank Secrecy Act obligations, including thorough customer due diligence, but makes it clear that they are doing so at their own risk. The customer due diligence steps include:

1. Verifying with the appropriate State authorities whether the business is duly licensed and registered;

2. Reviewing the license application (and related documentation) submitted by the business for obtaining a State license to operate its marijuana-related business;

3. Requesting from State licensing and enforcement authorities available information about the business and related parties;

4. Developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical versus adult use customers);

5. Ongoing monitoring of publicly available sources for adverse information about the business and related parties;

6. Ongoing monitoring for suspicious activity, including for any of the red flags described in this guidance; and

7. Refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk.

With respect to information regarding State licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by State licensing authorities, where states make such information available.

Because most banks and other financial institutions are unwilling to provide any banking or financial services to cannabis businesses, these businesses can be forced into becoming "cash-only" businesses. While the FinCEN Guidance decreased some risk for banks and financial institutions considering serving the industry, in practice it has not increased banks' willingness to provide services to cannabis businesses, and most banks continue to decline to operate under the strict requirements provided under the FinCEN Guidance. This is because, as described above, the current law does not provide banks immunity from prosecution, and it also requires banks and other financial institutions to undertake time-consuming and costly due diligence on each cannabis business they accept as a customer.

The few state-chartered banks and/or credit unions that have agreed to work with cannabis businesses are limiting those accounts to small percentages of their total deposits to avoid creating a liquidity risk. Since, theoretically, the federal government could change the banking laws as it relates to cannabis businesses at any time and without notice, these credit unions must keep sufficient cash on hand to be able to return the full value of all deposits from cannabis businesses in a single day, while also keeping sufficient liquid capital on hand to serve their other customers. Those state-chartered banks and credit unions that do have customers in the cannabis industry charge marijuana businesses high fees to pass on the added cost of ensuring compliance with the FinCEN Guidance. Unlike the Cole Memorandum, however, the FinCEN Guidance from 2014 has not been rescinded.

The former Secretary of the U.S. Department of the Treasury, Stephen Mnuchin, publicly stated that he did not have a desire to rescind the FinCEN Guidance.[4] The newly appointed Secretary of the Treasury, Janet Yellen, has not yet articulated an official Treasury Department position with regard to the FinCEN Guidance and thus as an industry best practice and consistent with its standard operating procedures, the Company adheres to all customer due diligence steps in the FinCEN Guidance.

In both Canada and the United States, transactions involving banks and other financial institutions are both difficult and unpredictable under the current legal and regulatory landscape. Legislative changes could help to reduce or eliminate these challenges for companies in the cannabis space and would improve the efficiency of both significant and minor financial transactions.

Another bill, the Marijuana Opportunity Reinvestment and Expungement Act ("**MORE ACT**"), would decriminalize and deschedule cannabis from the CSA, provide for reinvestment in certain persons adversely impacted by the "War on Drugs," and provide for expungement of certain cannabis offenses, among other things. On November 20, 2019 the U.S. House of Representatives Judiciary

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[4] Angell, Tom. (2018 February 6). Trump Treasury Secretary Wants Marijuana Money In Banks, available at https://www.forbes.com/sites/tomangell/2018/02/06/trump-treasury-secretary-wants-marijuana-money-in-banks/#2848046a3a53; see also Mnuchin: Treasury is reviewing cannabis policies. (2018 February 7), available at http://www.scotsmanguide.com/News/2018/02/Mnuchin--Treasury-is-reviewing-cannabis-policies/.

Committee voted to advance the bill to the full House. Although the House of Representatives voted to pass the MORE Act on December 4, 2020, it failed to pass in the Senate prior to the end of the 2020 legislative session. There can be no assurance that it will be passed in its current form or at all.

An additional challenge to cannabis-related businesses is that the provisions of the Internal Revenue Code Section 280E are being applied by the IRS to businesses operating in the medical and adult-use cannabis industry. Section 280E prohibits businesses from deducting certain expenses associated with the trafficking of controlled substances within the meaning of Schedule I and II of the CSA. The IRS has applied Section 280E broadly in tax audits against various cannabis businesses in the U.S. that are permitted under applicable state laws, seeking substantial sums in tax liabilities, interest and penalties resulting from under payment of taxes due to the lack of deductibility of otherwise ordinary business expenses the deduction of which is prohibited by Section 280E. Although the IRS issued a clarification allowing the deduction of certain expenses that can be categorized as cost of goods sold, the scope of such items is interpreted very narrowly, and the bulk of operating costs and general administrative costs are not permitted to be deducted. Therefore, businesses in the state-legal cannabis industry may be less profitable than they would otherwise be.

On December 20, 2018, former President Trump signed the Agriculture Improvement Act of 2018, Pub. L. 115-334, (popularly known as the "**2018 Farm Bill**") into law. Under the 2018 Farm Bill, industrial and commercial hemp is no longer to be classified as a Schedule I controlled substance in the United States. Hemp includes the plant cannabis sativa L and any part of that plant, including seeds, derivatives, extracts, cannabinoids and isomers, which contain no more than 0.3% of delta-9-THC concentration by dry weight. The 2018 Farm Bill allows states to create regulatory programs allowing for the licensed cultivation of hemp and production of hemp-derived products. Hemp and products derived from it, such as CBD, may then be sold into commerce and transported across state lines, provided that the hemp from which any product is derived was cultivated under a license issued by an authorized state program approved by the U.S. Department of Agriculture and otherwise meets the definition of hemp.

To date, three different hemp seed-derived ingredients have received generally recognized as safe (" **GRAS**") notices from the FDA: hulled hemp seed, hemp seed protein powder, and hemp seed oil. The hemp seed-derived ingredients that are the subject of these GRAS notices contain only trace amounts of THC and CBD, which the seeds may pick up during harvesting and processing when they are in contact with other parts of the plant. Aside from these three hemp seed ingredients, no other cannabis or cannabis-derived ingredients, including ingredients sourced from hemp, have been the subject of a food additive petition, an evaluated GRAS notification, or have otherwise been approved for use in food by FDA. The FDA's current stated position is that it is a prohibited act under the Federal Food, Drug, and Cosmetic Act to introduce into interstate commerce a food to which CBD or THC has been added, or to market a product containing these ingredients as a dietary supplement.

The results of the 2020 Presidential and Congressional elections may impact the likelihood of any legal developments regarding cannabis at the national level, including the passage of the SAFE Banking Act and the MORE Act, as well as potential executive action to clarify federal policy toward the industry, although it is uncertain whether and in what manner any such federal changes will occur. On a federal level, President Joseph R. Biden campaigned on a platform that included cannabis decriminalization. Democrats, who are generally more supportive of federal cannabis reform than Republicans, maintained their majority in the House of Representatives, although at a smaller margin than initially expected, and have gained sufficient seats in the Senate to achieve control.

On a state level, the November 2020 elections included multiple initiatives on state ballots regarding cannabis, all of which passed. In Arizona and New Jersey, two markets where the Company already has medical operations described herein, adult use cannabis ballot initiatives passed. Similarly, adult use passed in Montana, medical use passed in Mississippi, and both adult use and medical use passed in South Dakota. In March 2021, the New York state legislature passed, and Governor Cuomo signed, a bill legalizing adult use cannabis in New York. In April 2021, the state legislatures in Virginia and New Mexico passed, and the respective Governors signed, adult-use legilization bills which, respectively, legalized adult use cannabis in Virginia and New Mexico. Barring any further legal challenges, these states are expected to adopt governing rules and regulations to expand their cannabis programs accordingly.

Arizona Operations

Arizona's medical cannabis program was introduced in November 2010 when voters approved the Proposition 203 "Arizona Medical Marijuana Initiative" ballot measure that legalized medical cannabis for patients with certain qualifying conditions. The first sales were made to patients in December 2012. In November 2020, Arizona voters approved Proposition 207 with approximately 60% of the vote, legalizing adult-use cannabis in the state. Dispensaries began selling to customers 21 years of age and older in January 2021.

The Arizona Department of Health Services (" **AZDHS**") has allocated 130 medical cannabis dispensary certificates. Each medical dispensary certificate permits the license holder to open one dispensary location, which can be approved for both medical and

adult-use sales, and gives the license holder the option to open one cultivation facility and/or one processing facility. Cultivation and processing sites can be located anywhere in the state and are not restricted based on where the license holder's dispensary is located. Dispensaries are limited to their district for their first three years of operation. Prior to the adoption of Proposition 207, all medical dispensaries had to be held by not-for-profit, entities. With the adoption of Proposition 207, both medical and adult-use licenses may be held by for-profit entities. Extracted oils, edibles, and flower products are permitted. Wholesale transactions are permitted. Per Proposition 207, the AZDHS intends to issue an additional 26 dispensary certificates to entities that qualify under the Social Equity Ownership Program. The AZDHS will begin accepting applications for these additional 26 licenses within six months of adopting final rules for the Social Equity Ownership program, the timing of which is uncertain. Additionally, it is expected the AZDHS will issue ten dispensary certificates in rural counties that are currently home to one or no dispensaries, with applications for these additional ten licenses accepted by the AZDHS until March 9, 2021.

As of December 31, 2020, the Company operated eight dispensaries in Arizona, primarily located in the metro-Phoenix area. Through the acquisitions of Grassroots, the Company acquired the rights to operate a ninth dispensary license, which is expected to become operational in the metro-Phoenix area in the second quarter of 2021. The Company also operates a 100,000 square foot indoor cultivation facility in Holbrook, Arizona, 50,000 square feet of which is already constructed for cultivation on a 68-acre plot of land. The Company is currently undergoing an expansion project to build out the entire 100,000 square feet of indoor cultivation in the Holbrook facility, which is expected to be complete in the second quarter of 2021. The Company also operates a separate 19,400 indoor cultivation facility in the metro-Phoenix area. Through the acquisition of Cura Partners, Inc., the Company also owns the Select brand, a leading wholesale brand in Arizona, among other states.

Arkansas Operations

Arkansas's medical cannabis program was introduced in November 2016 when 53% of voters approved Issue 6, the "Medical Marijuana Amendment," which legalized medical cannabis for patients with certain qualifying conditions. The first sales were made to patients in May 2019.

The Arkansas Department of Health ("**AR DOH**") is the regulatory agency that oversees the program. The market is divided into two main classes of licenses: cultivation/processing and dispensary. The AR DOH has awarded 8 cultivation/processing licenses and 38 dispensary licenses. As of December 31, 2020, there were 30 operational dispensaries. A large variety of medical cannabis products are allowed in the state, including the smoking of cannabis flower.

In July 2020, the Company acquired Grassroots, a cannabis multi-state operator in Arkansas, among other states, which manages one dispensary in Little Rock, Arkansas.

California Operations

California's medical cannabis program was introduced in 1996 when voters passed the Proposition 215 ballot initiative, that allowed patients with a valid doctor's recommendation to possess and cultivate cannabis for personal medical use. In October 2015, Governor Brown signed the Medical Cannabis Regulation and Safety Act into law, which provided a regulatory framework around the longstanding, though unregulated, medical cannabis industry. In November 2016, voters approved Proposition 64, the Adult Use of Marijuana Act, with 57% of the vote, legalizing adult-use cannabis in the state for adults 21 years of age and older and created a licensing system for commercial cannabis business. On June 27, 2017, Governor Brown signed SB-94 into law. SB-94 combines California's medicinal and adult-use regulatory framework into one licensing structure under the Medicinal and Adult-Use of Cannabis Regulation and Safety Act ("**MAUCRSA**"). Dispensaries began selling to customers 21 years of age and older in January 2018.

Pursuant to MAUCRSA, three state agencies are responsible for licensing and regulating each aspect of the industry: (i) the Bureau of Cannabis Control regulates retailers, distributors, testing labs, microbusinesses, and temporary cannabis events; (ii) the Manufactured Cannabis Safety Branch, a division of the California Department of Public Health, regulates manufacturers of cannabis-infused edibles for both medical and nonmedical use; and (iii) the California Department of Food and Agriculture regulates cultivators of medicinal and adult-use cannabis.

Permitted products include oil-based formulations, edibles, and flower. Wholesaling and home delivery are permitted.

As of December 31, 2020, the Company operated two processing facilities, one in Davis, CA, and one in Sacramtento, CA, and one cultivation facility in the Salinas Valley. Through the acquisition of Cura Partners, Inc., is the Company also owns the Select brand, a leading wholesale brand in California, among other states.

Colorado Operations

Colorado's medical cannabis program was introduced in November 2000, when 54% of voters approved "Amendment 20". Colorado became the first state in the nation to legalize adult-use cannabis when 55% of voters approved "Amendment 64" in November 2012. The first adult-use dispensaries opened in January 2014.

The market is divided into three main classes of licenses: cultivation, processing, and retail. Extracted oils, edibles, and flower products are permitted.

As of December 31, 2020, the Company operated one processing facility, located in Denver, CO. Through the acquisition of Cura Partners, Inc., the Company also owns the Select brand, a wholesale brand in Colorado, among other states.

Connecticut Operations

Connecticut's medical cannabis program was introduced in May 2012 when the General Assembly passed legislation PA 12-55 'An Act Concerning the Palliative Use of Marijuana.' The first dispensaries sold medical cannabis to patients in September 2014.

The program is divided into two classes of licenses: producers and dispensaries. Producers cultivate and process medicinal cannabis and wholesale to dispensaries. Dispensaries sell cannabis directly to patients and must have a pharmacist on staff. The program is regulated by the Connecticut Department of Consumer Protection ("**CTDCP**"). As of December 31, 2020, the CTDCP issued 18 dispensary licenses and four producer licenses, all of which are operational.

Extracted oils and flower products are permitted. Edibles are permitted with the exception of confectionaries.

As of December 31, 2020, the Company operated four dispensaries across the state: three of which were acquired from Arrow Alternative Care, and one of which was obtained through the acquisition of Grassroots. Curaleaf also holds one of the four approved producer licenses in the state and operates out of a 60,000 square foot facility, which includes cultivation space, extraction, purification facilities, and a commercial kitchen for the production of edibles. In June 2020, the Company launched the first sales of the Select brand in Connecticut.

Florida Operations

Florida's medical cannabis program was introduced in June 2014 when the Florida Legislature passed the Compassionate Medical Cannabis Act of 2014 ("**CMCA**"). The CMCA permitted low-THC cannabis oils to be dispensed and purchased by patients suffering from cancer and epilepsy. Under this program, six organizations called Medical Marijuana Treatment Centers ("**MMTCs**") were licensed to dispense low-THC cannabis to patients.

In November 2016, Florida voters approved the Amendment 2 "Expand Medical Marijuana" ballot measure with 71% of the vote. This constitutional amendment expanded the program by legalizing cannabis oils for individuals with specific debilitating diseases or conditions, including chronic pain, as determined by a licensed state physician. In June 2018, Governor Scott signed Senate Bill 8-A: "Medical Use of Marijuana," which outlined how patients can qualify and receive medical cannabis under the state's constitutional amendment.

A single MMTC license allows for the cultivation, processing, and dispensing of cannabis products. As of April 1, 2020, each MMTC is permitted to open an unlimited number of dispensaries across the state, so long as the MMTC receives the necessary local approvals. As of January 1, 2021, there were 459,171 qualified patients with an approved medical ID card, 22 approved MMTCs and 302 approved retail dispensing locations.

Permitted products originally included only oil-based formulations, though flower and edibles are now also permitted. Smokable flower was approved in March 2019, and edibles were approved in August 2020.

Each MMTC is required to cultivate and process all medical cannabis products they dispense. Wholesale transactions are permitted on a case by case basis to alleviate shortages. Home delivery is permitted.

The Company holds one of the original six vertically-integrated medical cannabis licenses issued in the state. In October 2016, Curaleaf's Florida business became the third license holder to begin sales to patients. As of December 31, 2020, Curaleaf operated a

24,000 square foot indoor growing facility in Homestead, a 278,000 square foot greenhouse growing facility and a 50,000 square foot indoor growing facility in Mt. Dora, and 33 dispensaries, with plans to open additional dispensaries in 2021. As of April 14, 2021, the Company opened four new Florida dispensaries and now operates 37 dispensaries across Florida. In August 2020, the Company launched the first sales of the Select brand in Florida.

Illinois Operations

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

In June 2019, Illinois governor signed legislation legalizing marijuana for recreational use. The Cannabis Regulation and Tax Act, legalizing and regulating marijuana for recreational use, went into effect on June 25, 2019, however recreational sales of marijuana began in the state on January 1, 2020. The adult use program allowed existing medical marijuana license holders to apply for Early Approval Adult Use Dispensing Organization ("**EAAUDO**") licenses to be able to sell adult use product at existing medical marijuana dispensaries (known as "co-located" or "same site" dispensaries) on January 1, 2020, and to have the privilege of opening a secondary adult use only retail site for every medical marijuana dispensary location the DO already had in its portfolio. All EAAUDO license holders were also required to commit to the state's groundbreaking Social Equity program either through a financial contribution, grant agreement, donation, incubation program, or sponsorship program. IDFPR was authorized to issue an additional 75 Adult Use Dispensing Organization ("**AUDO**") licenses in 2020 but, as of December 31, 2020, those licenses have yet to be issued and it is uncertain when they will be issued. IDFPR is also authorized to issue an additional 110 AUDO licenses by December 21, 2021. No single person or entity can have direct or indirect financial interest in more than 10 adult use dispensary licenses.

In July 2020, the Company acquired Grassroots, a cannabis multi-state operator in Illinois, among other states. Through the acquisition, the Company owns a cultivation and processing facility in Illinois and, after receiving regulatory approval in April 2021, 5 dispensary licenses. As of December 31, 2020, 9 dispensaries operated under these licenses, which permit up to 10 dispensaries to be operated. The Company opened the tenth dispensary location in April 2021. The Company retains the right to receive a portion of the proceeds from the sale of an additional three dispensary licenses in Illinois which are currently held by former affiliates of Grassroots. A definitive agreement has been signed for the sale of these licenses. See "General Development of the Business – Recent Developments – Closing of Illinois Dispensary Licenses and Sale of Additional Illinois Dispensary Licenses" for additional details regarding the signing of this definitive agreement.

Kentucky Operations

Kentucky's hemp program was introduced in 2013 when the Kentucky state legislature passed Senate Bill 50, "An Act Relating to Industrial Hemp." The program is regulated by the Kentucky Department of Agriculture. The market is divided into two main classes of licenses: growers, and processor/handlers. As of September 2020, there were 970 licensed growers, and 170 licensed processor/handlers.

Curaleaf holds a hemp processor/handler license in Kentucky and leases a 74,000 square foot facility in Lexington. This industrial scale manufacturing facility distributes hemp-derived products, mainly cannabinoids such as CBD and CBG, at wholesale quantities to certain Curaleaf licensed medical cannabis facilities in other states, as permitted by applicable federal and state regulations. In addition, this facility serves as a centralized hub for key equipment and supplies to support Curaleaf's national operations. During the early onset of the Covid-19 pandemic, the facility also produced and distributed hand sanitizer to Curaleaf facilities across the U.S.

Maine Operations

Maine's medical cannabis program was introduced in November 1999 when voters approved Question 2, the 'Maine Medical Marijuana for Specific Illnesses Initiative,' with 61% of the vote. This program permitted qualified patients, or their designated caregiver, to grow and consume cannabis, but did not create a licensing structure whereby entities could apply to cultivate, process, and/or dispense cannabis.

In November 2009, Maine voters expanded the medical program by passing Question 5, the 'Maine Medical Marijuana Initiative', with 59% of the vote, which established a licensing structure in which eight vertically-integrated, not-for-profit dispensaries could sell cannabis directly to registered patients. The first dispensary opened to patients in October 2010.

Medical dispensaries are vertically-integrated and cultivate, process, and dispense products to patients from a maximum of one dispensary per license. Wholesaling is only permitted in emergency situations. Extracted oils, edibles, and flower products are permitted. In July 2018, the Maine legislature approved a bill that removed the requirement that medical cannabis license holders operate as not-for-profit entities, and also formally approved registered caregivers to open medical dispensary storefronts. As of December 31, 2020, there were eight vertically-integrated medical dispensaries in Maine, and an undetermined number of caregiver storefronts.

In November 2016, Maine voters approved Question 1, the 'Maine Marijuana Legalization Measure,' which legalized adult-use cannabis sales in the state. In May 2018, the Maine legislature approved a bill to formally approve the cannabis legalization legislation and that lay the groundwork for the adult-use market, including the establishment of separate classes of adult-use licenses (dispensaries, cultivators, processors) with no caps in place on the number of licenses that can be issued. In April 2019, the Department of Administrative and Financial Services, which oversees both the medical and adult-use programs, finalized the rules and regulations for the adult-use program, which were signed by the Governor in June 2019. The first adult-use sales were made to customers in October 2020.

As of December 31, 2020, the Company managed two of the eight integrated medical cannabis licensees in the state: MEOT and Remedy Compassion Center ("**RCC**"). MEOT operates a 30,000 square foot indoor grow facility and a dispensary. RCC operates a small grow facility and a dispensary and obtains most of its product wholesale via MEOT. In July 2020, the Company launched the first sales of the Select brand in Maine. In February 2021, the Company opened a Curaleaf-branded dispensary in Bangor, ME, through a management service agreement with an affiliated entity. The Company plans to open adult-use locations in Maine and has received local approval for two adult-use dispensaries while the state adult-use licenses are pending regulatory approval.

Maryland Operations

Maryland's medical cannabis program was introduced in May 2013 when then Governor O'Malley signed House Bill 1101 into law. The Maryland Medical Cannabis Commission ("**MMCC**") issued preliminary licenses to 102 dispensaries, 15 cultivators, and 15 processors in 2016. The first dispensaries opened to patients in December 2018.

The market is divided into three classes of licenses: dispensaries, cultivators, and processors. Wholesaling is permitted. Dispensary locations are tied to the Senate District in which they were awarded, with the exception of dispensary licenses that were awarded to applicants who also were awarded a cultivation license – these dispensaries can be located at the discretion of the license holder. One company may hold up to one cultivation license, one processing license, and up to four dispensary licenses. Permitted products include oil-based formulations and flower. Edibles are prohibited.

In April 2018, the Maryland House and Senate approved a bill, which was later signed by Governor Hogan, that expanded the license pool, allowing for a maximum of seven additional cultivation licenses, for a total of 22, and 13 additional processing licenses, for a total of 28. In October 2020, the MMCC issued 3 additional cultivation licenses and seven additional processing licenses. As of December 31, 2020, there were approximately 92 operational dispensaries, 17 operational cultivators, and 18 operational processors.

Curaleaf received one of 102 preliminary medical cannabis dispensary licenses in December 2016. The Company launched its dispensary in the first quarter of 2018, shortly after the market launched in December 2017. The Company also acquired a company holding a cannabis processing license, Curaleaf Maryland, Inc., which began operations in the first quarter of 2018.

In January 2019, the Company completed a convertible debt financing with the owners of the HMS/MI Businesses. Concurrently with completion of the convertible debt financing, the Company entered into supply, offtake, branding and services agreements with the HMS/MI Businesses. As described below, the Company reached an agreement in November 2020 with a third party to sell the HMS/MI Business assets to a third party subject to regulatory approval. Conversion of the debt into the equity of the remaining HMS/MI Businesses (two dispensaries in Gaithersburg, Maryland) is expected to occur, subject to regulatory approval, when the dispensary licenses become subject to transfer under current law in 2021.

The Company also announced in January 2019 that it had entered into an option purchase agreement to purchase all of Town Center Wellness, LLC, subject to regulatory approval, which operates the Elevate Takoma dispensary located in Takoma Park, Maryland, that was subsequently rebranded as Curaleaf Takoma. The Company had been marketing the assets of Town Center Wellness,

LLC for sale. Such a sale would enable the Company to acquire dispensary assets previously owned by Grassroots while complying with limits on license ownership in the state of Maryland. In November 2020, the Company signed a definitive agreement to sell 100% of Town Center Wellness, LLC to PharmaCann LLC for a total consideration of $2,000, all payable in cash upon closing. The transaction is expected to close pending customary closing conditions, including receipt of regulatory approval by the Maryland Medical Cannabis Commission, and is expected to close by the end of the second quarter of 2021.

In May 2019, Maryland passed legislation allowing for the sale of edibles in the market, and the Company has constructed a processing and manufacturing facility at Curaleaf's Frederick facility in anticipation of the implementation of these rules.

In February 2020, the Company closed the acquisition of Cura Partners, Inc., owners of the Select brand. Select is a leading wholesale brand in Maryland, among other states.

In July 2020, the Company acquired Grassroots, a cannabis multi-state operator. In connection with the acquisition, the Company acquired the right to purchase entities affiliated with certain former Grassroots stockholders that own a cultivation and processing facility and a dispensary in Maryland and that manage another dispensary in Maryland.

In November 2020, the Company announced the signing of a definitive agreement to sell its rights to the HMS/MI Business to TerrAscend Corp. for a total consideration of $27,500. The HMS/MI Business sale includes the divestiture of operations in a 22,000 square foot co-located cultivation and processing facility in Frederick, MD. The total consideration due to Curaleaf of $27,500 includes $25,000 in cash due at closing as well as a $2,500 interest bearing note due and payable to Curaleaf in April 2022. The transaction is expected to close in the first half of 2021, pending customary closing conditions, including receipt of regulatory approval by the MMCC. As a result, the HMS/MI Business are classified as assets held for sale in the annual financial statements of the Company for the period ended December 31, 2020.

Furthermore, the Company signed definitive agreements to sell 100% of Curaleaf Maryland, Inc., its licensed processing business in Maryland, in October 2020. In November 2020, the Company announced the closing of its divestiture of the assets of Curaleaf Maryland, Inc. for a total consideration of $4,000, including $1,000 in cash and $3,000 as an interest bearing note due and payable to Curaleaf in June 2023.

Massachusetts Operations

Massachusetts' medical cannabis program was established by "An Act for the Humanitarian Medical Use of Marijuana" in November 2012 when voters passed Ballot Question 3 "Massachusetts Medical Marijuana Initiative" with 63% of the vote. The first dispensary opened in June 2015.

In November 2016, Massachusetts voters legalized adult-use cannabis by passing ballot Question 4 – Legalize Marijuana with 54% of the vote. In March 2018, the CCC, now the regulatory body of both the medical and adult-use programs, was set up to regulate the adult-use market and approve the rules that will govern the industry. In July 2019, Governor Baker signed legislation that laid the groundwork for the adult-use market. The first adult-use sale occurred in November 2018.

Each medical licensee must be vertically-integrated and may have up to three medical dispensaries. For adult-use, there are three separate classes of licenses—cultivation, processing, and dispensary—and vertical integration is permitted but not required. One company may own up to three adult-use dispensaries, up to three adult-use cultivation licenses, and up to three adult-use processing licenses. Adult-use cultivators are grouped into 11 tiers of production—ranging from up to 5,000 square feet of canopy to no larger than 100,000 square feet of canopy, and regulators will bump a licensee down to a lower tier if that licensee has not shown an ability to sell at least 70 percent of what it produces. One company may operate up to three adult-use dispensaries As of December 31, 2020, there were approximately 95 adult-use dispensaries permitted to open across the state.

In both the medical and adult-use markets, extracted oils, edibles, and flower products are permitted. Wholesaling is also permitted.

The Company holds an integrated medical cannabis license and operates a 104,000 square foot indoor grow and processing facility in Webster, MA, a 53,000 square foot indoor grow and processing facility in Amesbury, MA, and 4 dispensaries, one licensed for medical and adult-use sales in Oxford, one licensed for medical sales in Hanover, one licensed for adult-use sales in Provincetown, and one licensed for adult-use sales in Ware.

In July 2020, the Company launched the first sales of the Select brand in Massachusetts.

In October 2020, the Company completed the acquisition of Alternative Therapies Group, another licensed medical cannabis operator in Massachusetts, which operates the 53,000 square foot cultivation and processing facility in Amesbury, MA, was unanimously approved by the CCC. The transaction was completed in November 2020.

Michigan Operations

Michigan's medical cannabis program was introduced in November 2008, when 63% of voters approved the "Michigan Compassionate Care Initiative." In November 2018, 56% of voters approved the "Michigan Regulation and Taxation of Marijuana Act," which legalized adult-use cannabis in the state. The first adult-use dispensaries opened in December 2019.

The market is divided into three main classes of licenses: cultivation, processing, and retail. Extracted oils, edibles, and flower products are permitted.

In February 2020, the Company completed the acquisition of Cura Partners, Inc., owners of the Select brand, a wholesale brand in Michigan, among other states.

In July 2020, the Company acquired Grassroots, a cannabis multi-state operator in Michigan, among other states. As of December 31, 2020, Grassroots operated 4 dispensaries across Michigan.

Missouri Operations

Missouri's medical cannabis program was introduced in November 2018 when 66% of voters approved Amendment 2, the "Medical Marijuana and Veteran Healthcare Services Initiative," which legalized medical cannabis for patients with certain qualifying conditions. The first dispensary is expected to open by the end of 2020.

The Missouri Department of Health and Senior Services (" **MO DHSS**") is the regulatory agency that oversees the program. The market is divided into three main classes of licenses: cultivation, processing, and dispensary. The MO DHSS has awarded 60 cultivation, 86 processing, and 192 dispensary licenses. As of December 31, 2020, there were approximately 29 dispensaries approved to operate. A large variety of medical cannabis products are allowed in the state, including the smoking of cannabis flower.

The Company has reached a preliminary agreement with the holder of an Infused Product Manufacturing license to operate a roughly 6,700 square foot processing and manufacturing facility located in the Kansas City, Missouri region. This facility will supply the Missouri market with products under the Select brand. The licensee is expected to commence operations at the end of May 2021.

Nevada Operations

Nevada's medical cannabis program was introduced in June 2013 when the legislature passed SB374, legalizing the medicinal use of cannabis for certified patients. The first dispensaries opened to patients in August 2015. In November 2016, Nevada voters approved Question 2 with 55% of the vote, legalizing adult-use cannabis in the state. Adult-use sales launched on July 1, 2018.

The market is divided into five classes of licenses: dispensaries, cultivators, distribution, product manufacturing, and testing. Licenses are tied to the locality in which they were awarded. As of December 31, 2020, there were approximately 76 operational dispensaries, 150 operational cultivators, and 108 operational processors. Extracted oils, edibles, and flower products are permitted. Wholesaling is permitted. In 2018, the Company agreed to acquire a 10,000 square foot licensed indoor cannabis cultivation and a licensed dispensary, both operating in Las Vegas, NV. Both businesses are licensed for both medical and adult-use sales. Each of these transactions is subject to regulatory approval. The Company also operates an additional Las Vegas dispensary, a dispensary in Ely, NV, and a 269,000 square foot cultivation facility in Amargosa Valley, NV.

In February 2020, the Company completed the acquisition of Cura Partners, Inc., a leading wholesale brand in Nevada, among other states.

In July 2020, the Company acquired Grassroots, a cannabis multi-state operator in Nevada, among other states. The closing of the Grassroots transaction provides the Company with the rights to acquire seven additional cannabis dispensary licenses in Nevada. The Company has not realized these rights at this time.

New Jersey Operations

New Jersey's medical cannabis program was introduced in January 2010 when then Governor Corzine signed the New Jersey Compassionate Use Medical Marijuana Act ("**NJCUMMA**") into law. The NJCUMMA legalized medical cannabis for patients with certain qualifying conditions. The first sales were made to patients in December 2012.

The medical program is regulated by the New Jersey Department of Health (" **NJDOH**"), who has issued licenses to 12 Alternative Treatment Centers ("**ATCs**"). Each ATC is vertically integrated and permitted to open up to three dispensaries each. As of December 31, 2020, there were 10 operational ATCs dispensing medical cannabis to patients from a total of 13 dispensaries. In 2019, the NJDOH accepted applications for an additional 4 vertically integrated licenses, as well as 5 cultivation licenses and 15 dispensary licenses. These licenses are expected to be issued in 2021.

Extracted oils and flower products are permitted. Governor Murphy's Executive Order 6 Report, issued in March 2018, recommended adding edibles as a permitted product, with rulemaking for edibles the responsibility of the state legislature. As of the date hereof the legislature has yet to develop rules for edibles, and a timeline for edibles rulemaking is yet to be determined. Wholesaling is permitted with approval from the NJDOH.

In November 2020, New Jersey voters approved Public Question 1 Marijuana Legalization Amendment with 67% of the vote, legalizing the cultivation, processing and sale of adult-use marijuana in the state. The Cannabis Regulatory Commission will be responsible for regulating the cultivation, processing and sale of adult-use marijuana. In February 2021, the New Jersey Legislature passed, and the Governor signed, an adult-use implementation bill which lays the groundwork for adult-use sales. Governing rule and regulations are expected to follow.

The Company holds one of the original six ATC medical licenses in New Jersey and operates a vertically-integrated campus in Bellmawr, NJ, comprised of 42,150 square feet of cultivation space and an adjacent 12,000 foot facility, of which 4,000 square feet is utilized for dispensary operations, with the remainder used for ancillary operations such as packaging and storage. Since the start of sales in October 2015, Curaleaf NJ has established itself as a market leader, dispensing 36% of all product sold in the state in 2018.The Company plans to open two more dispensary locations in the state, as well as an additional cultivation facility, for which the Company has secured a 111,000 square foot facility in the township of Winslow, NJ.

New York Operations

New York's medical cannabis program was introduced in July 2014 when Governor Cuomo signed the Compassionate Care Act, which legalized cannabis oils for patients with certain qualifying conditions. The first sales were made to patients in January 2016.

The New York State Department of Health (" **NYSDOH**") regulates the program. The NYSDOH issued licenses to ten companies, called Registered Organizations (each, a "**RO**"). A single RO license allows for the cultivation, processing, and dispensing of medical cannabis products. Each RO is permitted to open four dispensaries in NYSDOH designated regions throughout the state and one cultivation/processing facility. Each RO is required to cultivate and process all medical cannabis products they dispense; however, wholesale transactions are permitted with approval from the state.

Permitted products include oil-based formulations (vaporizer cartridges, tinctures, capsules), and ground-flower sold in tamper-proof vessels. Home delivery is also permitted.

In January 2021, Governor Cuomo announced a proposal to legalize adult-use cannabis as part of the 2021 State of the State address. In March 2021, Governor Cuomo signed a bill that legalized adult use cannabis in New York. Governing rules and regulations are expected to follow.

The Company was awarded a vertically-integrated RO license in May 2018 with the right to open 4 dispensaries. The Company is only one of 10 license holders in the state. Curaleaf currently operates 4 dispensaries located in Newburgh, Plattsburgh, Queens, and Nassau County, as well as a 72,000 square foot cultivation and manufacturing facility in Ravena, New York. In September 2020, the Company launched the first sales of the Select brand in New York.

North Dakota Operations

North Dakota's medical cannabis program was introduced in November 2016 when 64% of voters approved Measure 5, "Medical Marijuana," which legalized medical cannabis for patients with certain qualifying conditions. The first sales were made to patients in March 2019.

The North Dakota Department of Health (" **ND DOH**") is the regulatory agency that oversees the program. The market is divided into two main classes of licenses: cultivation/processing and dispensary. The ND DOH has awarded 2 cultivation/processing licenses and 8 dispensary licenses. As of December 31, 2020, all 8 dispensaries were operational. A large variety of medical cannabis products are allowed in the state, including the smoking of cannabis flower.

In July 2020, the Company acquired Grassroots, a cannabis multi-state operator in North Dakota, among other states, with four operational dispensaries and one cultivation and processing facility in North Dakota. The cultivation and processing facility, located in Fargo, is 33,000 square feet and is also operational.

Ohio Operations

Ohio's medical cannabis program was introduced in June 2016 when House Bill 523 was signed into law. The first dispensaries opened in January 2019.

The Ohio Department of Commerce is responsible for regulating cultivators and processors. The Ohio State Board of Pharmacy is responsible for regulating dispensaries and the patient and caregiver registry. The Ohio State Medical Board is responsible for certifying physicians and reviewing petitions to add qualifying medical conditions.

The market is divided into four main classes of licenses: dispensary, processing, 'Level I' cultivation, which permits up to 25,000 square feet of canopy, and 'Level II' cultivation, which permits up to 3,000 square feet of canopy. One company is permitted to own up to one cultivator, one processor, and up to five dispensaries. As of December 31, 2020, the state has issued 57 dispensary licenses, 48 processing licenses, 19 'Level I' cultivation licenses, and 14 'Level II' cultivation licenses.

Extracted oils, edibles, and non-combustible flower products are permitted.

In May 2019, the Company entered into an agreement granting it an option to acquire OGT, a holder of one of the 19 Level 1 cultivation licenses and a processing license. OGT completed construction of a 32,000 square foot production facility in Johnstown, Ohio, and received its final licenses on July 1, 2020. The transfer of the OGT licenses and operations to the Company is pending regulatory approval.

In October 2020, the Company launched the first sales of the Select brand in Ohio.

In July 2020, the Company acquired Grassroots, a cannabis multi-state operator in Ohio, among other states, with rights to acquire one cultivation facility, one processing facility and two dispensaries in Ohio. The Company will own and operate the dispensaries upon receipt of regulatory approval. Due to license ownership limitations in Ohio, the Company will not exercise its rights to acquire the Ohio cultivation and processing facility, but will receive a portion of the proceeds from their sale by the current owners.

Oklahoma Operations

Oklahoma's medical cannabis program was introduced in June 2018, when 57% of voters approved Oklahoma State Question 788, the "Medical Marijuana Legalization Initiative." The first medical dispensaries opened in October 2018.

The market is divided into three main classes of licenses: cultivation, processing, and retail. Extracted oils, edibles, and flower products are permitted.

In May 2020, the Company announced the expansion of the Select brand to the Oklahoma medical cannabis market.

In July 2020, the Company acquired Grassroots, a cannabis multi-state operator in Oklahoma, among other states. As of December 31, 2020, a Grassroots affiliated entity no longer operated any dispensaries in Oklahoma due to the saturation of the Oklahoma dispensary market, where over 2,000 dispensary licenses have been issued.

Oregon Operations

Oregon's medical cannabis program was introduced in November 1998 when voters approved Measure 67, the Oregon Medical Marijuana Act.

In November 2014, voters approved Measure 91, the 'Oregon Legalized Marijuana Initiative', which legalized adult-use cannabis in the state. In October 2015, the first adult-use dispensaries opened.

The market is divided into six classes of licenses: dispensaries, cultivators, wholesalers, processors, laboratories and research. The Oregon Liquor Control Commission regulates the adult-use program, while the Oregon Health Authority regulates the medical program. Extracted oils, edibles, and flower products are permitted. Wholesaling and delivery are also permitted.

The Company operates one dispensary, one cultivation facility, and two processing facilities in Oregon. The dispensary, located in Portland, OR, opened in 2018. The cultivation center, located in The Dalles, OR, consists of a 20,000 square foot outdoor grow and an adjacent 17,000 square foot indoor facility for indoor growing.

In February 2020, the Company completed the acquisition of Cura Partners, Inc., owners of the leading Select wholesale brand in Oregon, among other states, with processing facilities in Portland, Oregon.

Pennsylvania Operations

Pennsylvania's medical cannabis program was introduced in April 2016 when Governor Wolf signed into law SB 3 "Medical Marijuana Act", which legalized medical cannabis oils for patients with certain qualifying conditions. The law also called for a class of licenses, called "Clinical Registrant" licenses, whereby accredited medical institutions in the state can partner with medical cannabis companies to conduct research. In February 2018, the first dispensaries opened to patients.

The Pennsylvania Department of Health ("**PADOH**") regulates the program. There are two primary classes of licenses: licenses to grow/process cannabis products, and licenses to dispense cannabis products to patients. Grower/processors wholesale products to dispensaries. Each dispensary license permits the licensee to open up to three dispensaries in the region in which the license was awarded. A Clinical Registrant license is vertically integrated, permitting one grow/processing facility and up to six dispensaries. As of December 31, 2020, the PADOH has issued 50 dispensary licenses, 25 grow/processing licenses, and 8 Clinical Registrant licenses.

Oil-based formulations and flower are permitted, while edibles are currently prohibited.

The Company, through its Pennsylvania subsidiary, has partnered with an accredited medical school and, in February 2020, the Company's Pennsylvania subsidiary was approved as a Clinical Registrant in Pennsylvania by the PADOH, Office of Medical Marijuana. Under this designation, the Company's Pennsylvania subsidiary is entitled to open a cultivation and processing facility and up to six dispensaries, under the Commonwealth's medical marijuana research program. Pennsylvania's medical cannabis program created this class of license to promote cooperation between industry and academia in the research of medical benefits of cannabis. In February 2021, the Company's subsidiary opened its first dispensary under the Clinical Registrant license, located in Harrisburg, PA, and is in the process of building out a 50,000 square foot cultivation and processing facility in King of Prussia, PA, as part of the Clinical Registrant license. In April 2021, the Company opened an additional dispensary under the Clinical Registrant license in Philadelphia, Pennsylvania.

In July 2020, the Company acquired Grassroots, a cannabis multi-state operator in Pennsylvania, among other states. Grassroots' subsidiaries hold cultivation, processing and three dispensary licenses, and also have rights to acquire a fourth dispensary license. Each dispensary license entitles the license holder to operate up to three dispensaries. The Pennsylvania subsidiaries, as of December 31, 2020, have an operating 75,000 square foot cultivation and processing facility and nine dispensaries. A Grassroots subsidiary opened a tenth dispensary location in April 2021 in Horsham, Pennsylvania.

Utah Operations

Utah's medical cannabis program was introduced in November 2018, when 53% of voters approved "Proposition 2, Medical Marijuana Initiative". In December 2018, the state legislature passed a bill that legalized medical cannabis, but implemented several changes to the Proposition 2 ballot erasure, including removing home cultivation rights for patients and adding a requirement that dispensaries employ pharmacists.

The market is divided into three main classes of licenses: cultivation, processing, and retail. In July 2019, the Utah Department of Agriculture and Food ("**UDAF**") awarded eight cultivation licenses. In January 2020, the Utah Department of Health awarded 14 retail licenses. The UDAF issues processing licenses on a rolling basis, with processing licenses awarded to 10 companies as of December 31, 2020. All medical cannabis form factors are permitted, as is wholesaling. The market began sales in March 2020.

In January 2020, the Company was awarded a medical cannabis retail license from the Utah Department of Health. The Company opened its dispensary in Lehi, Utah in August 2020. In January 2020, the Company announced that it received preliminary approval for a processing license by the UDAF. The notice grants Curaleaf permission to begin the build out of its processing facility, and, as of December 31, 2020, the Company completed the building of the processing facility. In February 2021, the Company announced the launch of the Select brand in Utah.

Vermont Operations

Vermont's medical cannabis program was introduced in May 2004 when Senate Bill 76 was approved by the Vermont House and Senate and became law without the governor's signature. This legislation permitted state-qualified patients to grow and possess marijuana for medicinal purposes. This legislation was expanded in June 2007 when Senate Bill 7 was approved by the Vermont House and Senate and again became law without the governor's signature. Senate Bill 7 expanded the list of qualifying conditions and increased the number of plants that patients may legally cultivate, among other things. In June 2011, the Vermont legislate passed Senate Bill 17, the "Vermont Marijuana for Symptom Relief Act," which, among other things, authorized a state-regulated system for medical cannabis sales through licensed dispensaries. The first sales were made to patients in 2012.

The Vermont Department of Public Safety is the regulatory agency that oversees the medical program. The market consists of five vertically-integrated licenses. Each license permits the owner to operate a grow/processing facility and up to two dispensaries. As of December 31, 2020, there were 7 operational dispensaries. A large variety of medical cannabis products are allowed in the state, including the smoking of cannabis flower.

In January 2018, Vermont became the first state to legalize cannabis via the legislature when Governor Scott signed H. 511, which legalized possession of up to one ounce of cannabis, among other things, though did not create a state-regulated system for adult-use sales. In October 2020, Governor Scott announced that he would allow legislation to regulate and tax cannabis sales to become law without his signature, with adult-use sales expected to begin in late 2022.

In July 2020, the Company acquired Grassroots, which operates two dispensaries and one cultivation and processing facility in Vermont.

RISK FACTORS

A discussion of the risks to which Curaleaf is subject is presented in the section entitled "Risk Factors" of the Company's management's and discussion analysis for the period ended December 31, 2020 (the "**Annual MD&A**"), which section is incorporated herein by reference. In addition to the risk factors discussed in the Annual MD&A, please refer to the discussion below relating to the risks associated with an investment in the securities of Curaleaf. The Annual MD&A is available on SEDAR at www.sedar.com. See the section entitled "Forward-Looking Statements" on page 2 of this Annual Information Form for a discussion of risks associated with forward-looking statements.

These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company or currently deemed immaterial by the Company, may also impair the operations of the Company. If any such risks actually occur, shareholders of the Company could lose all or part of their investment and the business, financial condition, liquidity, results of operations and prospects of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected.

The acquisition of any of the securities of the Company is speculative, involving a high degree of risk and should be undertaken only by persons whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Company should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Shareholders should evaluate carefully the following risk factors associated with the Company's securities described in the Annual MD&A, along with the risk factors described elsewhere in this Annual Information Form and in the Annual MD&A.

General Business Risks

COVID-19 Pandemic

The rapid development of the COVID-19 pandemic and the measures being taken by governments and private parties to respond to it remain fluid. While the Company has continuously sought to assess the potential impact of the pandemic on its financial and operating results, any assessment is subject to extreme uncertainty as to probability, severity and duration of the pandemic as reflected by infection rates at local, state and regional levels. The Company has attempted to assess the impact of the pandemic by identifying risks in the following principle areas:

- Mandatory Closure: In response to the pandemic, many states and localities implemented mandatory closure of, or limitations to, business to prevent the spread of COVID-19; this impacted the Company's operations. Subsequently, the Company's business was deemed an "essential service," permitting us to stay open despite the mandatory closure of non-essential businesses. More recently, the mandatory closures that impacted the Company's operations were lifted and the Company resumed full operations, albeit subject to various COVID-19 related precautions. The Company's ability to generate revenue would be materially impacted by any future shut down of its operations.

- Customer Impact: While the Company has not experienced an overall downturn in demand for its products in connection with the pandemic, if its customers become ill with COVID-19, are forced to quarantine, or decide to self-quarantine or not to visit its stores or distribution points in order to observe "social distancing", it may have material negative impact on demand for the Company's products while the pandemic continues. While the Company has implemented measures, where permitted, such as "curb side" sales and delivery, to reduce infection risk to our customers, regulators may not permit such measures, or such measures may not prevent a reduction in demand.

- Supply Chain Disruption: The Company relies on third party suppliers for equipment and services to produce its products and maintain its operations. If its suppliers are unable to continue operating due to mandatory closures or other impacts of the pandemic, it may negatively impact its own ability to continue operating. At this time, the Company has not experienced any failure to secure critical supplies or services. However, disruptions in our supply chain may affect our ability to continue certain aspects of the Company's operations or may significantly increase the cost of operating its business and significantly reduce its margins**.**

- Staffing Disruption: The Company is, for the time being, implementing among its staff where feasible "social distancing" measures recommended by such bodies as the Center of Disease Control, the Presidential Administration, as well as state and local governments. The Company has reduced non-essential travel by employees, implemented remote meetings where possible, and permitted all staff who can work remotely to do so. For those whose duties require them to work on-site, measures have been implemented to reduce infection risk, such as reducing contact with customers, mandating additional cleaning of workspaces and hand disinfection, providing masks and gloves to certain personnel and contact tracing following reports of employee infection. Nevertheless, despite such measures, the Company may find it difficult to ensure that its operations remain staffed due to employees falling ill with COVID-19, becoming subject to quarantine, or deciding not to come to come to work of their own volition to avoid infection. At certain locations, the Company has experienced increased absenteeism due to the pandemic. If such absenteeism increases, the Company may not be able, including through replacement and temporary staff, to continue to operate at desired levels in some or all locations. The Company continues to address a limited number of complaints about the efficacy of its COVID-related precautions made both directly to the Company or indirectly through complaints to regulatory authorities.

- Regulatory Backlog: Regulatory authorities, including those that oversee the cannabis industry on the state level, are heavily occupied with their response to the pandemic. These regulators as well as other executive and legislative bodies in the states in which we operate may not be able to provide the level of support and attention to day-to-day regulatory functions as well as to needed regulatory development and reform that they would otherwise have provided. Such regulatory backlog may materially hinder the development of the Company's business by delaying such activities as product launches, facility openings and approval of business acquisitions, thus materially impeding development of its business.

- Limited availability of vaccine: On December 11, 2020, the FDA issued an emergency use authorization (EUA) for the Pfizer BioN-Tech COVID-19 vaccine, the first such approval. Additional EUAs were issued on December 18, 2020 for a vaccine created by Moderna, and on February 27, 2021 for a vaccine created by Janssen Biotech (a Johnson & Johnson affiliate). As of March 25, 2021, the CDC reports that approximately 133 million doses of the various vaccines have been administered in the US, although both the Pfizer and Moderna vaccines require the administration of two doses for full effectiveness. On March 2, 2021, President Biden stated that the US will have sufficient vaccine supply for all adults by the end of May 2021. Actual delivery of the vaccines to individuals, however, is controlled by state and local governments using various prioritization criteria and states continue to impose activity limitations and other precautions on businesses during this period until the vaccine is widely disseminated. In addition, there can be no assurance of when the Company's employees in any particular jurisdiction will be able to access the vaccine. Moreover, there can be no assurance that all employees will choose to avail themselves of the vaccine or, if so, when they will choose to do so. The same applies to the Company's patients, customers, regulators, and suppliers. Consequently, the COVID-19 risk factors described above continue to be applicable.

The Company is actively addressing the risk to business continuity represented by each of the above factors through the implementation of a broad range of measures throughout its structure and is re-assessing its response to the COVID-19 pandemic on an ongoing basis. The above risks individually or collectively may have a material impact on the Company's ability to generate revenue. Implementing measures to remediate the risks identified above may materially increase our costs of doing business, reduce our margins and potentially result in losses. While the Company has not to date experienced any overall material negative impact on its operations or financial results related to the impact of the pandemic, so long as the pandemic and measures taken in response to the pandemic are not abated, substantial risk of such impact remains, which could negatively impact the Company's ability to generate revenue and/or profits, raise capital and complete its development plans.

European Operations

The general risk factors relating to Curaleaf's business and operations generally also apply in respect of EMMAC's business and operations, and will continue to affect the combined business following the EMMAC Transaction. Investors should carefully consider the risk factors set forth in Curaleaf's Annual MD&A. Moreover, investors should carefully consider the additional risk factors applicable to EMMAC's business and operations as set forth below.

European Regulatory and Licensing Risks

EMMAC's business is subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of cannabis, including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Achievement of EMMAC's business objectives are contingent, in part, upon compliance with applicable regulatory requirements and obtaining all requisite regulatory approvals and licenses. Changes to such laws, regulations and guidelines due to matters beyond the control of EMMAC may result in a material adverse effect on EMMAC's business, financial condition, results of operations or prospects.

EMMAC is required to obtain or renew further government permits and licenses for its current and contemplated operations (including, without limitation, in Spain, the UK and Portugal). EMMAC has further applied for licenses in Italy to import, store and distribute medical cannabis products. Obtaining, amending or renewing the necessary governmental permits and licenses can be a time-consuming process potentially involving numerous regulatory agencies, involving public hearings and costly undertakings on EMMAC's part. EMMAC may not be able to obtain, amend or renew permits or licenses that are necessary to its operations or to achieve the growth of its business in a timely manner in the future. Any unexpected delays or costs associated with the permitting and licensing process could impede the ongoing or proposed operations of EMMAC. To the extent necessary permits or licenses are not obtained, amended or renewed, or are subsequently suspended or revoked, EMMAC may be curtailed or prohibited from proceeding with its ongoing operations or planned development and commercialization activities or may incur unexpected costs associated with the licensing renewal process. Such curtailment, prohibition or unexpected costs may result in a material adverse effect on EMMAC's business, financial condition, results of operations or prospects.

Moreover, EMMAC may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm EMMAC's reputation, require EMMAC to take, or refrain from taking, actions that could harm its operations or require it to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations

and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on EMMAC's business, financial condition, results of operations or prospects.

Changes in applicable legislation (including POCA 2002)

Cannabis-related financial transactions are subject to a variety of laws that vary by jurisdiction, many of which are unsettled and still developing. While the interpretations of these laws are unclear, in some jurisdictions, financial benefit, directly or indirectly, arising from conduct that would be considered unlawful in such jurisdiction may be viewed to be within the purview of such laws, and persons receiving any such benefit may be subject to liability.

For instance, The UK Proceeds of Crime Act 2002 (" **POCA 2002**") and other anti-money laundering legislation applicable in the UK prohibits persons and corporations (or other undertakings) domiciled in the UK from receiving the proceeds of crime from activities outside the UK. The board of directors of EMMAC will take all precautions possible to ensure that it does not at any time or in any way contravene POCA 2002 or any other applicable regulations and legislation in relation to cannabis (both in the UK and in the relevant foreign jurisdiction applicable to the operations of EMMAC). However, there are no guarantees that the activities of EMMAC will always be deemed lawful if there are any changes in applicable law. Contravention of POCA 2002 carries potential criminal liability. POCA 2002 is extraterritorial in its application and receipt of funds by EMMAC from activities that are not legal in the UK, even if legal in the jurisdiction where relevant revenue is generated, may result in EMMAC being considered to be in receipt of "proceeds of crime". Whilst there remains significant uncertainty regarding the application of POCA and different financial institutions have adopted a different approach to such funding and/or holding of assets that may result in future revenue being received by a UK corporation, there can be no certainty that Curaleaf will be able to directly fund and/or capitalize EMMAC to support its growth in Europe. Delays or restrictions on Curaleaf funding EMMAC in the future may impact EMMAC's ability to grow its revenues as the European market develops.

As at the date hereof, the recreational use of cannabis is illegal in the countries in which EMMAC operates, including the UK. Changing sentiments and evolving regulations in relation to recreational cannabis may mean that in the future recreational cannabis use may be legalised.

EMMAC's strategy is focused primarily on the medical cannabis market in Europe. Should recreational cannabis use be legalised in countries in which EMMAC operates other than the UK, EMMAC may face difficulties participating in such markets and will face additional competition from recreational cannabis companies and/or may lose potential medical customers to the recreational cannabis market. EMMAC will not explore opportunities within the recreational cannabis sector where the board of directors of EMMAC determines that there is a risk of contravening POCA 2002 or any other applicable regulations and legislation in relation to cannabis.

Risk Due to International Operations

EMMAC is exposed to risks relating to the laws of various countries as a result of its international operations. EMMAC currently conduct operations in multiple countries and plan to expand these international operations. As a result of such operations, EMMAC is exposed to various levels of political, economic, legal and other risks and uncertainties associated with operating in or exporting to these jurisdictions, as well as various laws governing the cannabis industry in such countries. These risks and uncertainties include, but are not limited to, changes in the laws, regulations and policies governing the production, sale and use of cannabis and cannabis-based products, political instability, instability at the European Union level, currency controls, fluctuations in currency exchange rates and rates of inflation, labor unrest, changes in taxation laws, regulations and policies, restrictions on foreign exchange and repatriation and changing political conditions and governmental regulations relating to foreign investment and the cannabis business more generally. Changes, if any, in the laws, regulations and policies relating to the advertising, production, sale and use of cannabis and cannabis-based products or in the general economic policies in these jurisdictions, or shifts in political attitude related thereto, may adversely affect EMMAC's operations, or the profitability of EMMAC's operations, in these countries.

Possible investments by EMMAC in European countries that have less developed legal systems than the more established economies in Europe may occasion risks such as (a) effective legal redress in the courts of such jurisdiction, whether in respect of a breach of law or regulation or in an ownership dispute, being more difficult to obtain; (b) a higher degree of discretion on the part of governmental authorities; (c) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (d) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (e) relative inexperience of the judiciary and courts in such matters. In consequence the commitment of local business people, government officials, agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with

respect to licenses and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed.

As EMMAC explores novel business models, such as global co-branded products, cannabinoid clinics and cannabis retail, international regulations will become increasingly challenging to manage. Specifically, EMMAC's operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on advertising, production, price controls, export controls, controls on currency remittance, increased income taxes, restrictions on foreign investment, land and water use restrictions and government policies rewarding contracts to local competitors or requiring domestic producers or vendors to purchase supplies from a particular jurisdiction. Failure to comply strictly with applicable laws, regulations and local practices could result in additional taxes, costs, civil or criminal fines or penalties or other expenses being levied on EMMAC's international operations, as well as other potential adverse consequences such as the loss of necessary permits or governmental approvals.

Furthermore, although EMMAC has begun production in Portugal with a view toward facilitating exports of its cannabis products to countries in the EU (or, as permissible, elsewhere) from Portugal, there is no assurance that these EU (or non-EU) countries will authorize the import of cannabis products from Portugal, or that Portugal will authorize or continue to authorize such exports, or that such exports will provide EMMAC with advantages over its current EU export strategy. Each country in the EU (or elsewhere) may impose restrictions or limitations on imports that require the use of, or confer significant advantages upon, producers within that particular country. As a result, EMMAC may be required to establish production facilities in one or more countries in the EU (or elsewhere) where it wishes to distribute its cannabis products in order to take advantage of the favorable legislation offered to producers in these countries.

Reliance on International Advisors and Consultants

The legal and regulatory requirements in the foreign countries in which the Company operates or will operate with respect to the cultivation and sale of cannabis, banking systems and controls, as well as local business culture and practices are different from those in the United States. The Company must rely, to a great extent, on local legal counsel, consultants and advisors retained by it in order to keep apprised of legal, regulatory and governmental developments as they pertain to and affect the Company's business, and to assist the Company with its governmental relations. The Company must rely, to some extent, on those members of management and the Board of Directors who have previous experience working and conducting business in these countries, if any, in order to enhance its understanding of and appreciation for the local business culture and practices. The Company also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of the cultivation and sale of cannabis as well as in respect of banking, financing, labour, litigation and tax matters in these jurisdictions. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices are beyond the Company's control. The impact of any such changes may adversely affect the Company's business, financial condition and results of operations.

EMMAC will face competition from other participants in the European medical cannabis sector

EMMAC faces competition from a number of companies operating in the European medical cannabis sector and in each specific country where EMMAC operates (and intends to operate). Some competitors have longer operating histories and greater human resources, bigger or superior cultivation sites or more experience cultivating cannabis, greater manufacturing and marketing experience than EMMAC, or existing pharmaceutical operations or drug development experience. Competitor companies may have a larger local presence in a particular country, or a track-record in analogous industries in such country that establishes their credibility with regulators, partners, suppliers, distributors, customers or patients.

In addition, large pharmaceutical companies may enter the medical cannabis sector. Large pharmaceutical companies will have access to large research and development budgets, have recognised brands developed over many years, experience in bringing medical products to the market and are familiar to and trusted by regulators, doctors and patients.

Competition will intensify in all European markets as the medical cannabis industry opens up and develops, and the potential of medical cannabis is recognised. New operators will enter the market as legislators adopt a more permissive attitude towards medical cannabis. Existing operators in Canada and North America (which may compete with Curaleaf), many with experience and a track record cultivating and processing cannabis and manufacturing medical cannabis products, and with financial and human resources greater than European competitors, may enter the European market and/or make acquisitions to quickly establish a market presence.

EMMAC's competitors may develop more effective products for a particular illness or condition, or complete more comprehensive research on their products, or otherwise register intellectual property that establishes them as the market leader in a

particular country or field. Competitors may deliver more effective education, awareness, sales and/or marketing programs and be able to establish superior market share in any country or in relation to a specific illness or condition.

Competition from other competitors may also affect EMMAC's ability to: (i) pursue and complete acquisition and/or investment opportunities (or increase the cost of the same); (ii) pursue commercial opportunities with cultivation partners, contract manufacturers, suppliers or distributors in a particular country due to competition; and (iii) the ability of EMMAC to hire and/or retain key individuals.

There can be no assurance that increased competition from other companies in the medical cannabis sector will not have a material adverse effect on EMMAC's business, financial condition and results of operations.

Insurance companies may stop reimbursing costs of medical cannabis, or as the case may be in new markets, insurance companies may fail to reimburse medical cannabis prescriptions

In Germany, a key market for medical cannabis in Europe and a key market for EMMAC, a significant percentage of medical cannabis prescriptions are reimbursed in whole or in part pursuant to private health insurance policies held by patients. EMMAC believes insurance cover across Europe will increase (both in terms of the number of prescriptions reimbursed, the number of conditions for which reimbursement is available, and the number of countries where insurance companies reimburse some or all of costs incurred by patients) as the benefits of cannabis as a treatment option are more widely accepted, and importantly the cost of medical cannabis reduces and its cost effectiveness is compared to existing treatments and medicines more widely recognised. If this is not the case, and the number of prescriptions reimbursed falls or does not increase as expected, or medical cannabis for particular conditions is not available to patients under their insurance policies, or insurance is not available in new markets in Europe as either the efficacy of cannabis remains in doubt, or the cost of cannabis as a treatment option remains too high (compared to existing treatments), the number of prescriptions for medical cannabis will be less than forecast by analysts and the sales and revenues of EMMAC will be reduced.

Costs of building a European distribution network for medical cannabis may be higher than expected; establishing effective distribution channels may take longer than expected

Medical cannabis in Europe is a nascent industry; even industry leaders are building networks, supply-chains and distribution channels from a low base, often by mergers and acquisitions. Building large multi-country distribution networks may take longer than expected, and cost more than budgeted. Medical cannabis in Europe is not a single market and distribution of products in each country will be subject to separate and specific laws and regulations or specific application of EU regulations by those countries. If the cost of building a European wide distribution network is greater than expected, or it takes longer than forecast to establish reliable and effective sales channels across Europe or in any particular country (through the education of doctors and delivery of research differentiating EMMAC's products), the additional costs or delays incurred may have a material adverse effect on the financial performance and results of operations of EMMAC.

Reluctance of health professionals to adopt or prescribe medical cannabis until the results of comprehensive clinical trials are available

EMMAC is satisfied (based on third party research into the attitudes of doctors and patients) that a large number of doctors and patients in Europe are content that medical cannabis has potential benefits for patients suffering a wide range of conditions; however, it remains a significant risk to EMMAC that a large number of the same doctors and patients may not prescribe medical cannabis, or seek medical cannabis as a treatment option, unless and until the results of comprehensive clinical trials are available, confirming categorically the measured benefits of medical cannabis over a period of time, and providing evidence of the safety of medical cannabis (in isolation and in conjunction with a range of other drugs, licensed medicines and over-the-counter supplements that may be taken concurrently by patients, or in light of other lifestyle factors that may affect a particular part of a patient population (e.g. alcohol or other recreational drugs)).

National healthcare in the countries in which EMMAC operates may offer medical cannabis as alternative treatment

If the national healthcare providers in the countries in which EMMAC operates adopt cannabis as a treatment option for any condition, then they will endeavor to centrally procure approved medical cannabis products at the lowest price available in the market (and will potentially agree fixed term supply contracts with approved suppliers).

By way of illustration, the UK National Health Service (" **NHS**") provides free at the point of use healthcare for legal residents of the UK. If the NHS adopts cannabis as a treatment option for any condition, then it will endeavor to centrally procure approved

medical cannabis products at the lowest price available in the market (and will potentially agree fixed term supply contracts with approved suppliers).

EMMAC is not the largest medical cannabis company (in terms of hectares under cultivation, product portfolio or manufacturing capability) and may not be able to compete with competitors in terms of large-scale production, product range or costs to supply these national healthcare providers. In this scenario, EMMAC may not establish significant market share in those countries and may be restricted to private patients which will be a much reduced share of the total medical cannabis market.

EMMAC relies on third parties to distribute its products and those distributors may not perform their obligations

In certain jurisdictions, EMMAC has appointed third party distributors. Distributors appointed by EMMAC are responsible for generating revenues from the sale of medical cannabis products and EMMAC is therefore dependent upon distributors performing their obligations in order to generate revenues. If these distributors fail to carry out their contractual duties, or if there is a delay or interruptions in the distribution of EMMAC's products or if these third parties lose their license(s) to import products or impose onerous contractual terms (including fees and commissions for distribution), it could negatively affect the revenue EMMAC is able to generate from sales.

EMMAC intends to appoint further distributors in Europe. If suitable distribution partners are not engaged (either because they are not identified or they have agreed exclusive terms with competitors, or their proposed contractual terms are not acceptable to EMMAC), then EMMAC may not be able to distribute its products in a particular country and expansion to new European markets may be slower than expected.

Protectionist policies adopted by countries in the European Union

At present there is no single market in the European Union for medical cannabis. There can be no guarantee that as regulations develop politicians and/or regulators will not seek to protect local suppliers. This may take the form of restrictions on where cannabis can be grown, or where manufacturing occurs. EMMAC currently cultivates medical cannabis in Portugal. If markets elsewhere in Europe restrict the ability of EMMAC to export medical cannabis products from Portugal (or Spain to the extent manufacturing occurs at Medalchemy) then the ability of EMMAC to distribute medical cannabis products widely in Europe will be restricted and EMMAC's market share may be lower than expected (or reduced to nil), which may have a material adverse effect on EMMAC's financial position and results of operations.

DIVIDENDS

The Company has not declared or paid any cash dividends on its securities in Fiscal 2018, Fiscal 2019 and Fiscal 2020, and does not currently anticipate paying any dividends on its securities, in the near term. The Company currently intends to reinvest its earnings to finance the growth of its business. Any future determination to pay dividends on its securities will be at the discretion of the Board of Directors and will depend on, among other things, the Company's results of operations, current and anticipated cash requirement and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate laws and other factors that the Board of Directors may deem relevant. See "*Risk Factors*".

DESCRIPTION OF THE CAPITAL STRUCTURE

The following is a summary of the material attributes and characteristics of the Company's authorized share capital. This summary may not be complete and is subject to, and qualified in its entirety by reference to, the terms and provisions of the Company's articles, available on SEDAR on the Company's profile at www.sedar.com.

Authorized and Issued Share Capital

The Company's authorized share capital consists of (i) an unlimited number of Multiple Voting Shares; and (ii) an unlimited number of Subordinate Voting Shares. As at December 31, 2020, 93,970,705 Multiple Voting Shares and 569,831,140 Subordinate Voting Shares were issued and outstanding.

Multiple Voting Shares

Holders of Multiple Voting Shares are entitled to fifteen (15) votes in respect of each Multiple Voting Share held at all meetings of holders of shares, other than meetings at which only the holders of another class or series of shares are entitled to vote separately as

a class or series. The holders of the Multiple Voting Shares are entitled to receive any dividend, in cash or in property of the Company, declared by the Board of Directors in respect of the Subordinate Voting Shares (on an as-converted to Subordinate Voting Share basis), subject to the rights of the holders Subordinate Voting Shares. No dividend will be declared or paid on the Multiple Voting Shares unless the Company simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Subordinate Voting Shares. In the event of the payment of a dividend in the form of shares, holders of Multiple Voting Shares shall receive Multiple Voting Shares, unless otherwise determined by the Board of Directors of the Company. The Multiple Voting Shares are convertible into Subordinate Voting Shares on a one-for-one basis at any time at the option of the holder. The Multiple Voting Shares do not carry any pre-emptive, redemption, exchange or retraction rights, nor do they contain any purchase for cancellation or surrender provisions, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities and any other material restrictions, or provisions requiring a securityholder to contribute additional capital.

Subordinate Voting Shares

Holders of Subordinate Voting Shares are entitled to one (1) vote in respect of each Subordinate Voting Share held at all meetings of holders of shares, other than meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series. The holders of the Subordinate Voting Shares are entitled to receive any dividend declared, in cash or in property of the Company, by the Board of Directors in respect of the Subordinate Voting Shares, subject to the rights of the holders Multiple Voting Shares. No dividend will be declared or paid on the Subordinate Voting Shares unless the Company simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Multiple Voting Shares. In the event of the payment of a dividend in the form of shares, holders of Subordinate Voting Shares shall receive Subordinate Voting Shares, unless otherwise determined by the Board of Directors. The holders of the Subordinate Voting Shares will be entitled to receive, subject to the rights of the holders of Multiple Voting Shares, the remaining property and assets of the Company available for distribution, after payment of liabilities, upon the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary. The Subordinate Voting Shares do not carry any pre-emptive, redemption, conversion, exchange or retraction rights, nor do they contain any purchase for cancellation or surrender provisions, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities and any other material restrictions, or provisions requiring a securityholder to contribute additional capital.

Options & RSUs

As at December 31, 2020, there were 17,033,826 options to purchase Subordinate Voting Shares issued and outstanding, whether vested or unvested ("**Options**"). Each Option gives its holder the right to purchase one Subordinate Voting Share. In addition, there were 2,553,297 restricted stock units ("**RSUs**") issued and outstanding. Each RSU gives its holder the right to receive a Subordinate Voting Share or a cash payment equivalent to the Fair Market Value (as defined in the Plan) of a Subordinate Voting Share.

Stock and Incentive Plan

The Company's 2018 Stock and Incentive Plan (the " **Plan**") provides that the Board of Directors may, from time to time by resolution, grant to directors, officers, employees and consultants (who are natural persons) of the Company Options, Stock Appreciation Rights, Restricted Stock and RSUs, Performance Awards, Dividend Equivalents and Other Stock-Based Awards, as such terms are defined in the Plan. The purpose of the Plan is to promote the interests of the Company and its shareholders by aiding the Company in attracting and retaining employees, officers, consultants, advisors and Non-Employee Directors capable of assuring the future success of the Company, to offer such persons incentives to put forth maximum efforts for the success of the Company's business and to compensate such persons through various stock and cash-based arrangements and provide them with opportunities for stock ownership in the Company, thereby aligning the interests of such persons with the Company's shareholders. The maximum number of Subordinate Voting Shares reserved for issuance under the Plan at any point and time is 10% of the issued and outstanding Subordinate Voting Shares, including the aggregate number of Subordinate Voting Shares issuable on conversion of the Multiple Voting Shares. A copy of the Plan is available on SEDAR on the Company's profile at www.sedar.com.

Constraints

There are no constraints imposed on the ownership of securities of Curaleaf to ensure a certain level of Canadian ownership of Curaleaf.

Ratings

Curaleaf has not requested nor, to management's knowledge, has Curaleaf received any ratings from any rating organizations in respect of any securities of the Company.

MARKET FOR SECURITIES AND TRADING PRICE AND VOLUME

Trading Price and Volume

The Subordinate Voting Shares are listed and traded under the symbol "CURA" on the CSE. The following table shows the monthly range of high and low prices per Subordinate Voting Share at the close of market (CSE), as well as monthly volumes and average daily volumes of the Subordinate Voting Shares traded on the CSE from January 1, 2020, being the date of the first trading day of Fiscal 2020, to December 31, 2020, being the end of the Company's most recently completed fiscal year:

Month	Price per Common Share (C$) Monthly High	Price per Common Share (C$) Monthly Low	Subordinate Voting Shares Total Monthly Volume	Subordinate Voting Shares Average Daily Volume
January 2020	$ 9.92	$ 7.60	7,586,476	361,261
Febrary 2020	$ 9.56	$ 5.80	5,161,083	271,636
March 2020	$ 7.24	$ 3.72	11,424,365	519,289
April 2020	$ 6.91	$ 4.83	4,734,848	225,469
May 2020	$ 9.39	$ 5.86	5,215,892	260,795
June 2020	$ 8.29	$ 6.95	4,540,658	206,394
July 2020	$ 11.79	$ 7.47	9,796,106	445,278
August 2020	$ 12.75	$ 10.33	11,137,432	530,354
September 2020	$ 11.10	$ 8.82	7,658,318	364,682
October 2020	$ 12.99	$ 9.33	11,195,128	508,869
November 2020	$ 15.00	$ 12.42	20,272,554	1,013,628
December 2020	$ 16.73	$ 14.18	14,446,225	656,647

The Company's Subordinate Voting Shares are also listed on the OTCQX under the symbol "CURLF".

The Multiple Voting Shares are not listed for trading on any stock exchange.

Prior Sales

The following tables summarize details of the following securities that are not listed or quoted on a market place issued by Curaleaf, during the most recently completed financial year end.

Options

Pursuant to the Plan, during the most recently completed financial year, the Company issued the following Options:

Date of Issuance	Number of Options[1]	Exercise Price	Expiry Date	Grant Date Fair Value
January 30, 2020[2]	5,257,209	$ 13.19	July 30, 2022 & January 30, 2030	$ 9.54
March 27, 2020[3]	815,988	$ 5.44	March 27, 2030	$ 5.93
April 2, 2020[3]	323,922	$ 4.94	April 2, 2030	$ 5.05
May 20, 2020[3]	587,496	$ 7.94	May 20, 2030	$ 7.94
August 19, 2020[3]	28,928	$ 11.60	August 19, 2030	$ 11.60
November 20, 2020[3]	88,948	$ 12.77	November 20, 2030	$ 12.77
December 29, 2020[3]	24,230	$ 16.00	December 29, 2030	$ 16.00

Note:

(1) Vested and non-vested.
(2) Issued as "rollover options" to former holders of options to purchase stock of Cura Partners, in connection with the Cura Transaction.
(3) Issued to certain officers and directors of the Company, pursuant to the Plan

RSUs

Pursuant to the Plan, during the most recently completed financial year, the Company issued the following RSUs:

Date of Issuance	Number of RSUs	Exercise Price	Expiry Date	Grant Date Fair Value
March 27, 2020	942,122	N/A	N/A	$ 5.93
April 2, 2020	565,292	N/A	N/A	$ 5.05
August 19, 2020	227,105	N/A	N/A	$ 11.60
August 25, 2020	17,543	N/A	N/A	$ 11.29
November 20, 2020	58,929	N/A	N/A	$ 12.77
December 29, 2020	9,029	N/A	N/A	$ 16.00

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Certain directors, officers and significant shareholders of the Company entered into lock-up agreements pursuant to which such parties have agreed, subject to customary carve-outs and exceptions, not to sell any Subordinate Voting Shares (or announce any intention to do so), or any securities issuable in exchange therefor. Further, certain securities of the Company are held in escrow by Odyssey Trust Company, as escrow agent. To the Company's knowledge, the following securities are therefore in escrow or subject to contractual restrictions on transfer as of December 31, 2020:

Class of Securities	Number of Securities in Escrow or Subject to a Contractual Restriction on Transfer	Percentage of Class
Multiple Voting Shares	12,407,156	13.20%
Subordinate Voting Shares	345,106,165[1]	60.55%

Note:

(1) Include 12,851,005 Subordinate Voting Shares escrowed in connection with the Grassroots Transaction, as described in " *General Development of the Business – Recent Developments – GR Companies, Inc.*". These Subordinate Voting Shares are escrowed pursuant to an escrow agreement dated July 2020 entered between the Company, the Seller Representative (as such term is defined in the Grassroots Agreement) and Odyssey Trust Company, as escrow agent. Pursuant to the Grassroots Agreement, the escrowed Subordinate Voting Shares will be released on the 180th day following the first anniversary of the closing of the Grassroots Transaction, for distributions to the former holders of common stock of Grassroots.

DIRECTORS AND OFFICERS OF THE COMPANY

The following table sets out, for each of the Company's directors and executive officers, the person's name, age, State and country of residence, position with the Company, principal occupation(s) during the last five (5) years, and the date on which the person became an officer or director. The Company's directors are elected annually and, unless re-elected, will retire from office at the end of the next annual general meeting of shareholders.

All of the directors and executive officers of the Company, collectively as a group, beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 73,987,630 Subordinate Voting Shares (or approximately 13.2% of Subordinate Voting Shares) and 93,970,705 Multiple Voting Shares (or 100.0% of Multiple Voting Shares).

Under NI 52-110, an independent director is one who is free from any direct or indirect relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with a director's exercise of independent judgment. Mr. Boris Jordan, the control person and the Executive Chairman of the Company, Joseph Lusardi, Executive Vice Chairman of the Company, and Mitchell Kahn, director of the Company and co-founder and CEO of Grassroots, are not considered independent and Jaswinder Grover, Karl Johansson and Peter Derby are considered independent.

Directors

Name and State and Country of Residence	Age	Position(s) with the Company	Director of the Company Since	Principal Occupation(s) for Past Five (5) Years
Boris Jordan[(1)(2)] Florida, USA	54	Executive Chairman	Jan-13	The Sputnik Group, Founder; Renaissance Insurance, Founder and Chairman
Joseph Lusardi Massachusetts, USA	47	Executive Vice Chairman	Mar-16	Massapoag Advisors, Principal and Founder
Jaswinder Grover Nevada, USA	55	Director	Feb-20	Allegiant Institute and the Smoke Ranch Surgery Center, Founder, Developer and Owner at
Karl Johansson[(2)(3)] Minnesota, USA	71	Director	Oct-18	Ernst & Young, Managing Partner
Peter Derby[(1)(4)] New York, USA	60	Director	Oct-18	Concinnity Advisors, LP, Founder
Mitchell Kahn Illinois, USA	60	Director	Jul-20	Grassroots, Co-founder and CEO; Greenhouse Group LLC, Principal and CEO; Frontline Real Estate Partners, Principal and CEO.

Notes:

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Chair of the Audit Committee

(4) Chair of the Compensation Committee

Executive Officers who do not also serve as Directors

Name and State and Country of Residence	Age	Position(s) with the Company	Officers of the Company Since	Principal Occupation(s) for Past Five (5) Years
Joseph Bayern Massachusetts, USA	57	Chief Executive Officer	Dec-19	Indus, President; VOSS, CEO and COO; Dr. Pepper Snapple Group, Executive VP, and Cadbury
Jim Shorris Massachusetts, USA	60	Chief Compliance Officer	Mar-20	BMO Capital Markets, Vice President & Chief Compliance Officer; and Programs at Citizen's Bank, Chief Compliance Officer of Enterprise Regulatory
Neil Davidson Massachusetts, USA	49	Chief Operating Officer	Jan-19	Deluxe Entertainment Services Group, Chief Financial Officer, Strategic Advisor, Bally Technologies, Chief Financial Officer
Michael Carlotti(1) Nevada, USA	50	Chief Financial Officer	Jan-20	Indus Holdings, CFO; MGM Resorts International, SVP and Treasurer
Jason White(2) California, USA	44	Chief Marketing Officer	Feb-20	Cura Cannabis Solutions, Chief Marketing Officer; Apple, Senior Director
Peter Clateman New York, USA	53	Chief Legal Officer	Jul-17	The Sputnik Group, General Counsel and Chief Compliance Officer; Renaissance Capital, and VR Capital

Notes:

(1) Effective March 31, 2021, Mr. Carlotti entered into a medical leave of absence and, to cover for the temporary vacancy created in connection with Mr. Carlotti's leave of absence, Ms. Christine Taylor, the Senior Vice President – Finance & Accounting, will cover the day-to-day responsibilities of the Chief Financial Officer.

(2) Effective April 2, 2021, Jason White left the Company.

Biographies

The following are brief profiles of the Company's directors and executive officers.

Directors

Boris Jordan, Executive Chairman of the Board of Directors (Age 54)

Mr. Jordan is an American businessman, co-founder of Renaissance Capital Group and The Sputnik Group, two international investment and advisory firms. In the early 1990's, Mr. Jordan was considered a key player in the development of the Russian stock market and was a leader in the privatization of Russian State assets. Mr. Jordan is a longstanding Member of the Council on Foreign Relations and a member of The Board of Trustees of New York University. After founding The Sputnik Group in 1999, Mr. Jordan has led the company in its investments in emerging industries, including investments in Renaissance Insurance, a company where Mr. Jordan is President and the Chairman of the Board of Directors. Mr. Jordan built Renaissance Insurance into one of the leading insurance groups in the Russian market. Since acquiring majority control of Curaleaf in 2014, Mr. Jordan has been impactful in the Company's emergence as an industry leader. Mr. Jordan serves as a member of the Audit Committee of the Company, as well as a member of the Compensation Committee. Mr. Jordan holds a B.A. from New York University.

Joseph F. Lusardi, Executive Vice Chairman (Age 47)

Mr. Lusardi is a pioneer in the U.S. cannabis industry and is credited with opening one of the first medical cannabis operations on the East Coast. Mr. Lusardi has almost a decade of cannabis experience through which he has cultivated bottom-up expertise in cannabis company implementation and management, as well as 20 years' experience in finance, private equity and entrepreneurship. He previously held executive positions at financial services companies including Liberty Mutual Group, Fidelity Investments, and Affiliated Managers Group. At Curaleaf, Mr. Lusardi has been instrumental in developing an organizational strategy focused on bringing the Company's commitment to the advancement of cannabis science to all Curaleaf subsidiaries, and, ultimately, patients in need of medical cannabis. To support this effort, he raised over $100 million dollars to invest into the Company's infrastructure, research and development, and staff. Mr. Lusardi continues to guide corporate strategy with a focused view on the continual improvement of best practices. Mr. Lusardi has a B.B.A. from The Catholic University of America and an M.B.A. from Boston College.

Jaswinder Grover, MD (Age 55)

Jaswinder Grover, MD is an orthopedic and spine surgeon who has practiced in Las Vegas, Nevada for the past 25 years. Dr Grover is the founder, developer, and the owner of the Allegiant Institute and the Smoke Ranch Surgery Center, a referral center for patients with spine and pain disorders, which together employ more than 100 people in Las Vegas, Nevada. Originally from India, he spent his childhood in England and migrated to the United States as a teenager. He was invited to attend UCLA School of Medicine as an early acceptance for gifted students after only three years of college graduating with his MD at the age of 23. He performed his residency in orthopedic and trauma surgery at the USC - Los Angeles County Medical Center for five years. He thereafter served as fellow of spinal cord injury at the University of British Columbia, fellow of cervical spine reconstructive surgery at McGill University, Montreal, and fellow of spinal deformity and lumbar reconstruction surgery Nottingham Center for spine surgery in England. He started his practice in Las Vegas, Nevada in 1995 as associate professor of orthopedic surgery at the University Medical Center attending to the most complex spine and pelvis injuries. In 2004, he began the Nevada Spine Clinic and Center for Special Surgery, a private practice dedicated to the evaluation, care and treatment for patients with spinal disorders. The center has since evolved to become the Allegiant Institute, a comprehensive referral center for patients with spine, musculoskeletal, and pain disorders both acute and chronic, providing complete assessment and treatment options for affected patients. The Institute encompasses imaging and MRI facilities, a pain management division offering both pharmacological and advanced interventional options, regenerative and stem cell therapies, and advanced surgical solutions both major reconstructive when necessary, and when possible minimally invasive outpatient technologies. The Institute is associated with the Smoke Ranch Surgery Center, a Joint Commission for the Accreditation for Hospitals accredited center. Over his career, Doctor Grover has personally performed over 12,000 spine surgeries and has pioneered various outpatient techniques in minimally invasive spine surgery. He is a member of the American Medical Association, the North American Spine Society, and a fellow of the American Academy of Orthopedic Surgeons. Doctor Grover remains actively involved as a consultant and surgeon.

Karl Johansson, Director (Age 71)

Mr. Johansson has broad experience in multinational accounting and the co-ordination of international tax engagements, mergers and acquisitions, and due diligence projects in key global markets. From 1995 to 2000, Mr. Johansson was a Managing Partner of Ernst & Young CIS, after which he was a Regional Partner for Eastern Europe countries, including CIS (Vienna, Austria). From 2006 to 2014, he worked as a Managing Partner of Ernst & Young CIS in Moscow. While in Russia, he was a coordinator of the Foreign Investment Advisory Council (FIAC). Mr. Johansson has been a member of the Emerging Europe Business Council and Corporate Governance Task Force of the World Economic Forum, as well as the Foreign Investment Advisory Councils of Kazakhstan, Ukraine and Latvia. Mr. Johansson serves as the Chair of the Audit Committee of the Company, as well as a member of the Compensation Committee. Mr. Johansson received a Bachelor's degree from the University of Minnesota and a Juris Doctor degree from the University of Pennsylvania.

Peter Derby, Director (Age 60)

Peter Derby is a founding partner of Concinnity Advisors, LP, the sub-advisor with investment discretion for the Capital Stewardship Strategy, which was formed in 2011. From 2008 to 2011, Mr. Derby was a portfolio manager at Diamondback Advisors NY, LLC. From 2007 to 2008, he was a founding member of The Concinnity Group, LLC. During William H. Donaldson's tenure as Chairman of the Securities Exchange Commission, from 2003 to 2005, Mr. Derby served as the Securities Exchange Commission's Managing Executive for Operations and Management. In 1989, he participated in the founding of DialogBank, the first private Russian bank to receive an international banking license. At DialogBank, Mr. Derby served as Chairman of the board of directors from 1997 to 1998, as President and Chief Executive Officer from 1991 to 1997 and as Chief Financial Officer from 1990 to 1991. Mr. Derby also founded the first Russian investment firm in 1991, Troika Dialog, where he served as Chairman of the board of directors from 1996 to

1997 and as President and Chief Executive Officer from 1991 to 1996. Prior to his tenure in Russia, he was a Corporate Finance Officer at National Westminster Bank USA from 1985 to 1990 and an Auditor at Chase Manhattan Bank from 1983 to 1985. Mr. Derby serves as the Chair of the Compensation Committee of the Company, as well as a member of the Audit Committee. Mr. Derby earned a B.S. in accounting, finance and international finance from New York University in 1983.

Mitchell Kahn (Age 60)

Over his career, Mitchell Kahn has demonstrated a successful track record of business management, strong leadership, and entrepreneurship. Kahn graduated from University of Wisconsin School of Business and received his JD from Northwestern University Law School. After beginning his career as a transactional attorney focused on both real estate and corporate M&A transactions, he served as Senior Vice President at Sportmart, growing the company's retail footprint from 20 to 70 stores. He then co-founded Hilco, a leading real estate restructuring, disposition valuation and appraisal firm. Kahn served as President and CEO and grew the business to more than 30 employees and annual revenues in excess of $15,000,000. In 2010, Kahn co-founded Frontline Real Estate Partners, a real estate investment and advisory company with expertise in the acquisition, development, management, disposition and leasing of commercial real estate properties throughout the United States. The company has acquired properties valued at more than $125,000,000 and has built a successful brokerage and property management business currently managing more than two million square feet of properties. Kahn actively serves as Chairman of Frontline Real Estate Partners. In 2014, Kahn co-founded Grassroots Cannabis to provide safe and efficacious cannabinoid products to consumers. As CEO of the largest private, vertically integrated, cannabis operation in the United States, he established operations in 11 states, obtained more than 60 licenses, and empowered over 1100 employees. Today, Kahn serves on multiple boards and is actively involved in numerous charitable and community organizations.

Executive Officers who do not also serve as Directors

Joseph Bayern, Chief Executive Officer (Age 57)

Mr. Bayern has over 20 years of executive leadership experience in consumer-packaged goods companies, and is responsible for driving overall operational excellence and revenue growth at Curaleaf. He joins Curaleaf from INDUS Holdings, a vertically integrated cannabis company, where he served as President since January 2019. Before INDUS, Mr. Bayern served as chief executive officer and chief operating officer of the global beverage leader VOSS of Norway. Prior to this, he spent 15 years playing an integral role in several large-scale business transformations, with achievements that include the creation of the $6 billion Dr. Pepper Snapple Group, and the transformation of Cadbury into a singularly focused confectionary leader. Mr. Bayern has a Bachelor of Business Administration in Accounting from Adelphi University.

Jim Shorris, Chief Compliance Officer (Age 60)

Jim Shorris is Curaleaf's Chief Compliance Officer. Before joining Curaleaf, Jim was most recently Chief Compliance Officer of BMO Capital Markets in NY and Toronto. He was responsible for developing, implementing, and managing global capital markets compliance programs with a team of more than 60 professionals. Prior to that, Jim was Chief Compliance Officer of Enterprise Regulatory Programs at Citizen's Bank. He also served as Executive Director of Enforcement for the regulator FINRA for seven years. Jim began his career as an Assistant District Attorney in Manhattan. Jim holds a BA from Macalester College and a JD from Case Western Reserve University School of Law.

Neil Davidson, Chief Operating Officer (Age 49)

Mr. Davidson is an accomplished financial professional with experience leading publicly-traded and private equity owned businesses. He is responsible for leading and managing the Company's finance function and actively partnering with the executive leadership team on financial and overall business issues, including the strategic direction of the Company. Prior to joining Curaleaf, Mr. Davidson served as Chief Financial Officer for Deluxe Entertainment Services Group. Prior to that, he spent nine years at Bally Technologies, Inc. where he rose through the ranks to become its Chief Financial Officer. During that time, he gained extensive experience driving capital market and M&A activities for the company and was instrumental in orchestrating the sale of the business to Scientific Games Corporation (NASDAQ: SGMS).

Michael Carlotti, Chief Financial Officer (Age 50)

Michael Carlotti is Curaleaf's Chief Financial Officer, responsible for leading the Company's finance, capital markets, M&A, treasury and investor relations functions. Prior to joining Curaleaf, Mr. Carlotti was the Chief Financial Officer for a Nevada-based cannabis company. Mr. Carlotti spent nearly a decade in the gaming industry including having served as Senior Vice President and

Treasurer at MGM Resorts International, an S&P 500 global entertainment company. He began his career in investment banking with positions at Smith Barney, Donaldson, Lufkin & Jenrette and Wachovia Securities. Mr. Carlotti holds a Masters in Business Administration from the University of California, Los Angeles. See note 1 above under the “Executive Officers who do not also serve as Directors” table regarding Mr. Carlotti’s recent temporary leave of absence from the Company.

Jason White, Chief Marketing Officer (Age 44)

Jason White was Curaleaf's Chief Marketing Officer as of December 31, 2020. He brings 20 years of experience as an award-winning marketing professional and has built a highly acclaimed career creating culture-shaping ideas for Fortune 100 companies. Prior to joining Select in January 2019, Mr. White was the Global Head of Marketing for Beats by Dre, which was acquired by Apple in 2014. He also served as Managing Director at Wieden + Kennedy Shanghai for lead client Nike as they prepared for the 2008 Beijing Olympics and as Global Account Director on Nike at Wieden + Kennedy in Portland, Oregon, developing campaigns for LeBron James, Kobe Bryant and Tiger Woods. He is currently a board member at The Initiative, Marcus Graham Project and the digital lab Chinatown Bureau, as well as founder and board member of Possible Plan. Jason holds a BA from Georgetown University. Effective April 2, 2021, Jason White left the Company.

Peter Clateman, Chief Legal Officer (Age 53)

Peter Clateman has almost than 25 years of legal experience in investing and investment funds, including almost 20 years as general counsel. He has served as GC and CCO of The Sputnik Group and Renaissance Capital, as well as VR Capital, an award-winning, distressed-asset fund with more than $2 billion under management. Mr. Clateman also served as head of Legal and was a Management Board Member of UC Rusal during its acquisition of SUAL and assets of Glencore to become the world's biggest aluminum company. He previously was an associate with Skadden Arps Slate Meagher and Flom.

Cease Trade Orders, Bankruptcy/Insolvency Proceedings, Penalties and Sanctions

None of the Company's directors or executive officers has, within the 10 years prior to the date of this Annual Information Form, been a director or officer of any company (including the Company) that, while such person was acting in that capacity (or after such person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity) was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation, in each case for a period of more than 30 consecutive days.

None of the Company's directors or executive officers has, within the 10 years prior to the date of this Annual Information Form, become 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 the assets of such director or executive officer, been a director or executive officer of any 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.

No director or executive officer of the Company has: (i) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) been subject to 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

Conflicts of interest may arise as a result of the directors, officers and promoters of the Company also holding positions as directors or officers of other companies. They also invest and may invest in businesses, including in the cannabis sector, that compete directly or indirectly with the Company or act as customers or suppliers of the Company. Some of the individuals that are directors and officers of the Company have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Company will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies provided under BCBCA.

To the best of the Company's knowledge, other than as disclosed elsewhere in this Annual Information Form, there are no known existing or potential material conflicts of interest among the Company or a subsidiary of the Company and a director or officer of the Company or a subsidiary of the Company as a result of their outside business interests except that: (i) certain of the Company's or its subsidiaries' directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies, and (ii) certain of the Company's or its subsidiaries' directors and officers have portfolio investments consisting of minority stakes in businesses that may compete directly or indirectly with the Company or act as a customer of, or supplier to, the Company. See *"Interest of Management and Others in Material Transactions"* .

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company may from time to time be involved in legal administrative and other proceedings of a nature considered normal to our business. Other than the legal proceedings described below, we believe that none of the litigation in which we are currently involved, or have been involved since the beginning of the most recently completed financial year is, individually or in the aggregate, material to our combined financial condition or results of operations. For further discussion, see "*Risk Factors*".

Connecticut

Curaleaf is currently undergoing an appraisal process in accordance with a previous agreement between Curaleaf and certain former minority shareholders of its Connecticut operations. Pursuant to the Second Amended and Restated Operating Agreement of Doubling Road Holdings, LLC, the holders of a majority of the Series A-2 Units of Doubling Road Holdings, LLC (collectively, the "**Holders**") had the right to require that PalliaTech CT or any of its affiliates purchase (the " **Put Right**") all of the Series A-2 Units in exchange for shares of PalliaTech, Inc. (now Curaleaf, Inc., the Company's main U.S. subsidiary), the parent of PalliaTech CT, pursuant to a defined "Buy-Out Exchange Ratio." On October 25, 2018, the Holders, Curaleaf, and others entered into a Stipulation of Settlement in order to resolve a dispute with respect to the applicable Buy-Out Exchange Ratio for the Put Right. The Stipulation of Settlement provided, among other things, that PalliaTech CT, would purchase the Holders' interests in exchange for (1) a payment of $40.14 million; (2) 4,755,548 Subordinate Voting Shares; and (3) the potential for additional equity in Curaleaf depending on the results of a "Settlement Second Appraisal." Pursuant to the Settlement Second Appraisal, dated December 12, 2019, and the terms of the Stipulation of Settlement, the Holders received 2,016,859 additional Subordinate Voting Shares. On January 23, 2020, the Holders filed new claims in arbitration including for fraudulent inducement and breach of contract, relating primarily to a lock-up agreement that the Holders signed in connection with the Stipulation of Settlement. A schedule for the arbitration has not yet been established.

Florida

Curaleaf's subsidiaries in Florida was involved in an arbitration and litigation against certain minority shareholders of its Florida operations. On December 10, 2018, Jayson Weisz ("**Weisz**") and SRC Medical Partners, LLC (" **SRC**") initiated an arbitration against PalliaTech Florida. On March 19, 2019, Weisz and SRC derivatively, on behalf of PalliaTech Florida 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. Plaintiffs' derivative Complaint seeks the judicial dissolution of Curaleaf Florida LLC and asserts various causes of action against the 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 January 10, 2020, Weisz, JRF Group, and the Curaleaf entities entered into a Stipulation of Settlement pursuant to which all claims of Weisz and JRF Group against the Company and its affiliates were release without compensation and the Company purchased JRF Group's interest in PalliaTech Florida for consideration of 1,772,062 Subordinate Voting Shares and $2.5 millon in cash. During February 2020, SRC, PalliaTech Florida, PalliaTech Florida, Inc., and Lusardi participated in a final arbitration hearing. In June 2020, the arbitrator issued a final order regarding SRC's claims in the dispute. While no damages were awarded, the Company was ordered to buyout SRC's interest in PalliaTech Florida. Based on the order, the parties agreed that Curaleaf would acquire SRC's interest in PalliaTech Florida for no cash and 2,375,000 Subordinate Voting Shares. In addition, in connection with this transaction, the Company agreed to pay SRC $1.75 million in cash to retire principal and interest on the half of the Secured Promissory Note – 2029 held by SRC. The acquisition and retirement of the note were completed on August 17, 2020. See "*General Development of the Business – Three Year History – 2020 – PalliaTech Florida*".

Securities Class Action

On August 5, 2019, a purported class action was filed against Curaleaf, Joseph Lusardi, Neil Davidson, and Jonathan Faucher in the United States District Court for the Eastern District of New York on behalf of persons or entities who purchased or otherwise

acquired publicly traded securities of the Company from November 21, 2018 to July 22, 2019. On January 6, 2020, an Amended Class Action Complaint was filed against the defendants. The Amended Class Action Complaint alleges that the defendants made materially false and/or misleading statements regarding Curaleaf's CBD products based on a July 22, 2019 letter received from the U.S. Food and Drug Administration ("**FDA Letter**"). According to the Amended Class Action Complaint, the FDA Letter states that several of the CBD products sold on Curaleaf's website were "misbranded drugs" in violation of the Federal Food, Drug, and Cosmetic Act. The Amended Class Action Complaint asserts claims (1) against all Defendants for alleged violations of Section 10(b) of the Exchange Act and (2) against Lusardi, Davidson, and Faucher for alleged violations of Section 20(a) of the Exchange Act. On March 6, 2020, the Defendants filed a motion to dismiss arguing that the Amended Class Action Complaint failed to allege (1) any false or misleading statement or omission, (2) scienter, (3) any domestic transactions, or (4) control person liability. On February 15, 2021, the Company's motion to dismiss was granted with prejudice.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described elsewhere in this Annual Information Form, there are no material interests, direct or indirect, of any anticipated or current director or executive officer of the Company, any shareholder that beneficially owns, or controls or directs (directly or indirectly) more than 10% of any class or series of the Company's outstanding voting securities, or any associate or affiliate of any of the foregoing persons, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company or a subsidiary of the Company.

Companies affiliated with Mr. Boris Jordan, the control person and Executive Chairman of the Company, have provided consulting services to Curaleaf, Inc. related to financial analysis, business planning, recruiting, logistical support and other matters. Consulting fees and expense reimbursement paid by Curaleaf, Inc. for such services were, $3,152,303, and $1,135,329, $1,253,354 in Fiscal 2018, Fiscal 2019 and Fiscal 2020 respectively.

In February 2020, the Company closed the acquisition of Cura Partners, a corporation in which Mr. Boris Jordan, the control person and Executive Chairman of the Company, held an indirect interest. Further, in July 2020, the Company acquired Verdure, an entity in which the Company's Executive Vice Chairman, Joseph Lusardi held a 50% ownership interest. Also, in August 2018, Curaleaf acquired the remaining interest of Curaleaf MA from PT Holdings, LLC, a company of which the Company's Executive Vice Chairman, Joseph Lusardi, is a member. In April 2021, the Company closed the acquisition of EMMAC, a transaction in which Mr. Boris Jordan, the control person and Executive Chairman of the Company, held an indirect interest. See the "*General Developments of the Business – Recent Developments*" and "*General Developments of the Business – Three Year History*" sections of this Annual Information Form.

INDEPENDENT AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Company is Antares Professional Corporation, Chartered Professional Accountant (" **PKF Antares**"), and the transfer agent and registrar for the Subordinate Voting Shares is Odyssey Trust Company at its principal offices in Calgary, Alberta and Vancouver, British Columbia.

PROMOTER

No person or company has been within two years immediately preceding the date of this Annual Information Form, a promoter of the Company.

MATERIAL CONTRACTS

The following is the only material contract, other than those contracts entered into in the ordinary course of business, which the Company or one of its subsidiaries has entered into within the last financial year or before the last financial year, but which are still in effect and which is required to be filed with Canadian securities regulatory authorities in accordance with Section 12.2 of National Instrument 51-102 – *Continuous Disclosure Obligations*:

- the Financing Agreement, as amended pursuant to the Financing Agreement Amendment (described under " *General Development of the Business – Three Year History – 2019 – Senior Secured Term Loan Facility*").

A copy of the above material contract is available on the Company's SEDAR profile at www.sedar.com.

INTEREST OF EXPERTS

No person or company who is named as having prepared or certified a report, valuation, statement or opinion described or included in, or referred to in, a filing made under National Instrument 51-102 – *Continuous Disclosure Obligations* by the Company during, or relating to, our most recently completed financial year, or whose profession or business gives authority to such report, valuation, statement or opinion, holds any registered or beneficial interest, direct or indirect, in any of our securities or other property of our Company or one of our associates or affiliates and no such person or company, or a director, officer or employee of such person or company, is expected to be elected, appointed or employed as one of our directors, officers or employees or as a director, officer or employee of any of our associates or affiliates and no such person is one of our promoters or the promoter of one of our associates or affiliates.

PKF Antares has performed the audit in respect of the annual audited consolidated financial statements of the Company for the year ended December 31, 2020 and issued independent auditor's reports thereon. PKF Antares has also confirmed that it is independent with respect to the Company in accordance with the ethical requirements that are relevant to its audits of the Company's consolidated financial statements in Canada.

AUDIT COMMITTEE

The Audit Committee assists the Board of Directors in fulfilling its responsibilities for oversight of financial and accounting matters. The Audit Committee is responsible for monitoring the Company's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents, including the Company's annual audited consolidated financial statements and unaudited interim consolidated financial statements, and monitoring the performance and independence of the Company's external auditors. The Audit Committee is 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.

The Audit Committee also pre-approves all non-audit services to be provided to the Company or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities.

The Audit Committee of the Company is comprised of the following three directors. Also indicated is whether they are "independent" and "financially literate" within the meaning of NI 52-110. See the respective biography of each member of the Audit Committee under “Directors and officers of the Company” for a description of the education and experience that are relevant to the performance of their responsibilities as members of the Audit Committee.

Name of Member	Independent[1]	Financially Literate[2]
Boris Jordan	No	Yes
Peter Derby	Yes	Yes
Karl Johansson[3]	Yes	Yes

Notes:

(1) A member of the Audit Committee is independent if he or she has no direct or indirect "material relationship" with the Company. A material relationship is a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment. An executive officer of the Company, such as the President or Secretary, is deemed to have a material relationship with the Company.

(2) A member of the Audit Committee 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 Company's financial statements.

(3) Chair of the Audit Committee.

The Audit Committee operates under a written charter, which is attached hereto as Appendix 'A' and which sets forth the purpose, composition, authority and responsibility of the Audit Committee. Further, the Audit Committee adopted a whistleblower policy to handle complaints, reports and concerns by any individual regarding actual or potential violations of any applicable law and other suspected wrongdoing, including questionable accounting practices and conduct prohibited under the Company's policies.

Independent Auditors Fees

In Fiscal 2020 and Fiscal 2019, the Company was billed the following fees by its external auditors:

($'000)	Fiscal 2020	Fiscal 2019
Audit Fees[1]	1,001	534
Audit-Related Fees[2]	279	216
Tax Fees[3]	—	—
All Other Fees[4]	63	6
Total Fees Paid	1,343	756

Notes:

(1) Fees necessary to perform the annual audit or quarterly review of our consolidated financial statements.
(2) Fees for assurance and related services that are reasonably related to the performance of the audit and review of the Company's financial statements other than those included in "Audit Fees".
(3) Fees for tax compliance, tax advice and tax planning, for example in the context of internal reorganizations or acquisitions.
(4) All other fees not included above.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com under the Company's profile.

Additional information, including, without limitation, directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's information circular for its annual meeting of shareholders.

Additional information is provided in the audited consolidated financial statements and management's discussion and analysis of the Company for Fiscal 2020.

GLOSSARY OF TERMS

"**2018 Farm Bill**" has the meaning ascribed thereto under under "*United States Regulatory Overview – Regulation of Cannabis in the United States Federally*".

"**Acres**" has the meaning ascribed thereto under "*General Development of the Business — Three Year History – 2020 – Acres Cultivation LLC and Acres Medical, LLC, each a Nevada limited lialibity company*".

"**Acres Earn-Out**" has the meaning ascribed thereto under "*General Development of the Business — Three Year History – 2020 – Acres Cultivation LLC and Acres Medical, LLC, each a Nevada limited lialibity company*".

"**Amalgamation**" has the meaning ascribed thereto under " *Corporate Structure — Incorporation and Office*".

"**Annual Information Form**" has the meaning ascribed thereto under "Explanatory Notes — Introductory Information".

"**Annual MD&A**" has the meaning ascribed thereto under "*Risk Factors*".

"**AR DOH**" has the meaning ascribed thereto under " *United States Regulatory Overview – Regulation of Cannabis in the United States Federally – Arkansas Operations*".

"**Arizona Convertible Note**" has the meaning ascribed thereto under " *General Development of the Business — Three Year History – 2018*".

"**Arrow Companies**" has the meaning ascribed thereto under " *General Development of the Business – Three Year History – 2020 – Arrow Alternative Care, Inc., Arrow Alternative Care #2, Inc., Arrow Alternative Care #3, Inc., each a Delaware corporation*".

"**ATCs**" has the meaning ascribed thereto under "*United States Regulatory Overview – Regulation of Cannabis in the United States Federally – New Jersey Operations*".

"**ATC Permits**" has the meaning ascribed thereto under "*General Development of the Business – Three Year History – 2020 – Curaleaf NJ, Inc., a New Jersey corporation*".

"**ATG**" has the meaning ascribed thereto under "*General Development of the Business – Three Year History – 2020 – Acquisition of Alternative Therapies Group's Cultivation and Processing Operations*".

"**Audit Committee**" means the audit committee of the Board of Directors.

"**AUDO**" has the meaning ascribed thereto under " *United States Regulatory Overview – Regulation of Cannabis in the United States Federally – Illinois Operations*".

"**AZDHS**" has the meaning ascribed thereto under "*United States Regulatory Overview – Regulation of Cannabis in the United States Federally – Arizona Operations*".

"**Bank Secrecy Act**" means the United States Currency and Foreign Transactions Reporting Act of 1970.

"**Base Price**" has the meaning ascribed thereto under " *General Development of the Business — Three Year History – 2019 – Eureka Investment Partners, LLC, a Nevada limited liability company*".

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended.

"**Blue Kudu**" has the meaing ascribed thereto under " *General Development of the Business – Three Year History – 2020 – Virginia's Kitchen LLC, a Colorado company d/b/a Blue Kudu*".

"**Board of Directors**" means the board of directors of the Company.

"**Business Combination**" has the meaning ascribed thereto under " *Corporate Structure — Incorporation and Office*".

"**CBD**" means cannabidiol.

"**CBP**" has the meaning ascribed thereto under " *Business of the Company – Compliance and Monitoring* ".

"**CCC**" has the meaning ascribed thereto under " *General Development of the Business — Three Year History — 2019 – Approval for Change of Ownership and Control in Massachusetts*".

"**CCO**" has the meaning ascribed thereto under "*Business of the Company – Compliance and Monitoring* ".

"**Cetus**" has the meaning ascribed thereto under " *General Development of the Business — Three Year History — 2018*".

"**Cetus Senior Debt**" has the meaning ascribed thereto under " *General Development of the Business — Three Year History — 2018*".

"**CLF AZ**" means CLF AZ, Inc., a subsidiary of the Company, formerly named PalliaTech AZ, Inc.

"**CLNJ APA**" has the meaning ascribed thereto under " *General Development of the Business – Three Year History – 2020 – Curaleaf NJ, Inc., a New Jersey corporation*".

"**CMCA**" has the meaning ascribed thereto under " *United States Regulatory Overview – Regulation of Cannabis in the United States Federally – Florida Operations*"

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Cole Memorandum**" has the meaning ascribed thereto under " *United States Regulatory Overview – Regulation of Cannabis in the United States Federally*".

"**Company**" has the meaning ascribed thereto under "Explanatory Notes — Introductory Information".

"**Compensation Committee**" means the compensation committee of the Company.

"**Complaint**" has the meaning ascribed thereto under " *Legal Proceedings and Regulatory Actions – Florida* ".

"**COVID-19**" means the novel coronavirus, identified in December 2019 in Wuhan, China.

"**CSA**" has the meaning ascribed thereto under " *United States Regulatory Overview – Regulation of Cannabis in the United States Federally*".

"**CSE**" means the Canadian Securities Exchange.

"**CTDCP**" has the meaning ascribed thereto under " *United States Regulatory Overview – Regulation of Cannabis in the United States Federally – Connecticut Operations*"

"**Cura Merger Agreement**" has the meaning ascribed thereto under " *General Development of the Business – Three Year History – 2020 – Cura Partners, Inc., an Oregon corporation*".

"**Cura Partners**" has the meaning ascribed thereto under "*General Development of the Business – Three Year History – 2020 – Cura Partners, Inc., an Oregon corporation*".

"**Cura Transaction** " has the meaning ascribed thereto under "*General Development of the Business – Three Year History – 2020 – Cura Partners, Inc., an Oregon corporation*".

"**Curaleaf**" has the meaning ascribed thereto under "Explanatory Notes — Introductory Information".

"**Curaleaf FinCo**" has the meaning ascribed thereto under " *Corporate Structure — Incorporation and Office*".

"**Curaleaf FinCo Shares**" has the meaning ascribed thereto under " *Corporate Structure — Incorporation and Office*".

"**Curaleaf Florida**" means Curaleaf Florida, LLC.

"**Curaleaf, Inc.**" means Curaleaf, Inc., a corporation existing under the laws of the State of Delaware (formerly, PalliaTech, Inc.), and following the Business Combination, a subsidiary of the Company.

"**Curaleaf International**" has the meaning ascribed thereto under "*General Development of the Business – Recent Developments – Acquisition of EMMAC Life Sciences Limited*".

"**Curaleaf MA**" means Curaleaf Massachusetts, Inc., a subsidiary of the Company.

"**Curaleaf NJ**" has the meaning ascribed thereto under "*General Development of the Business – Three Year History – 2020 – Curaleaf NJ, Inc., a New Jersey corporation*".

"**DO**" has the meaning ascribed thereto under "*United States Regulatory Overview – Regulation of Cannabis in the United States Federally – Illinois Operations*".

"**DOJ**" has the meaning ascribed thereto under " *Business of the Company – Compliance and Monitoring* ".

"**DTC**" has the meaning ascribed thereto under "*General Development of the Business — Three Year History – 2019 – DTC Eligibility*".

"**EAAUDO**" has the meaning ascribed thereto under "*United States Regulatory Overview – Regulation of Cannabis in the United States Federally – Illinois Operations*".

"**Emerald**" has the meaning ascribed thereto under "*General Development of the Business – Three Year History – 2019 – Absolute Healthcare, Inc. dba Emerald Dispensary, an Arizona non-profit corporation*".

"**EMMAC**" has the meaning ascribed thereto under "*General Development of the Business – Recent Developments – Acquisition of EMMAC Life Sciences Limited*".

"**EMMAC Transaction**" has the meaning ascribed thereto under "*General Development of the Business – Recent Developments – Acquisition of EMMAC Life Sciences Limited*".

"**EU**" means the European Union.

"**Eureka**" has the meaning ascribed thereto under "*General Development of the Business — Three Year History – 2019 – Eureka Investment Partners, LLC, a Nevada limited liability company*".

"**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Expansion Credit Facility**" has the meaning ascribed threto under "*General Development of the Business – Recent Developments – Secured Expansion Credit Facility (January 2021)*".

"**FDA**" means the U.S. Food and Drug Administration.

"**FDA Letter**" has the meaning ascribed thereto under "*Legal Proceedings and Regulatory Actions – Securities Class Action*".

"**Financing Agreement**" has the meaning ascribed thereto under " *General Development of the Business – Three Year History – 2019 – Senior Secured Term Loan Facility*".

"**Financing Agreement Amendment**" has the meaning ascribed thereto under " *General Development of the Business – Three Year History – 2019 – Senior Secured Term Loan Facility*".

"**FinCEN**" has the meaning ascribed thereto under " *United States Regulatory Overview – Regulation of Cannabis in the United States Federally*".

"**FinCEN Guidance**" has the meaning ascribed thereto under " *United States Regulatory Overview – Regulation of Cannabis in the United States Federally*".

"**Fiscal 2018**" refers to the fiscal year ended December 31, 2018.

"**Fiscal 2019**" refers to the fiscal year ended December 31, 2019.

"**Fiscal 2020**" refers to the fiscal year ended December 31, 2020.

"**forward-looking statements**" has the meaning ascribed thereto under " *Explanatory Notes — Forward-Looking Statements*".

"**Glendale Greenhouse**" has the meaning ascribed thereto under " *General Development of the Business – Three Year History – 2019 – GX3 LLC, an Arizona limited liability company, GGM LLC, an Arizona limited liability company and Phytotherapeutics Management Services, LLC*".

"**GMP**" means Good Manufacturing Practices, and "**cGMP**" means current Good Manufacturing Practices.

"**Government**" means (a) the government of Canada, the United States or any other foreign country; (b) the government of any Province, State, county, municipality, city, town, or district of Canada, the United States or any other foreign country; and (c) any ministry, agency, department, authority, commission, administration, corporation, bank, court, magistrate, tribunal, arbitrator, instrumentality, or political subdivision of, or within the geographical jurisdiction of, any government described in the foregoing clauses (a) and (b), and for greater certainty, includes the CSE.

"**GRAS**" has the meaning ascribed thereto under "*United States Regulatory Overview – Regulation of Cannabis in the United States Federally*".

"**Grassroots**" has the meaning ascribed thereto under "*General Development of the Business – Three Year History – 2020 – GR COmpanies, Inc., a Delaware corporation*".

"**Grassroots Merger Agreement**" has the meaning ascribed thereto under "*General Development of the Business – Three Year History – 2020 – GR COmpanies, Inc., a Delaware corporation*".

"**Grassroots Transaction**" has the meaning ascribed thereto under "*General Development of the Business – Three Year History – 2020 – GR COmpanies, Inc., a Delaware corporation*".

"**GX3**" has the meaning ascribed thereto under "*General Development of the Business – Three Year History – 2019 – GX3 LLC, an Arizona limited liability company, GGM LLC, an Arizona limited liability company and Phytotherapeutics Management Services, LLC*".

"**HEROES Act**" has the meaning ascribed thereto under under "*United States Regulatory Overview – Regulation of Cannabis in the United States Federally*".

"**HMS**" has the meaning ascribed thereto under "*General Development of the Business – Three Year History – 2019 – HMS Health LLC, HMS Processing LLC, MI Health LLC, all Maryland limited liability companies*".

"**HMS Assets**" has the meaning ascribed thereto under " *General Development of the Business – Three Year History – 2020 – Asset Sales".*

"**HMS Companies**" has the meaning ascribed thereto under "General Development of the Business – Three Year History – *2019 – HMS Health LLC, HMS Processing LLC, MI Health LLC, all Maryland limited liability companies*".

"**HMS/MI Businesses**" has the meaning ascribed thereto under " *General Development of the Business – Three Year History – 2019 – HMS Health LLC, HMS Processing LLC, MI Health LLC, all Maryland limited liability companies*".

"**Holders**" has the meaning ascribed thereto under " *Legal Proceedings and Regulatory Actions – Connecticut* ".

"**IDFPR**" has the meaning ascribed thereto under " *United States Regulatory Overview – Regulation of Cannabis in the United States Federally – Illinois Operations*".

"**IFRS**" has the meaning ascribed thereto under " *Explanatory Notes – Presentation of Financial Information* ".

"**Illinois Act**" has the meaning ascribed thereto under " *United States Regulatory Overview – Regulation of Cannabis in the United States Federally – Illinois Operations*".

"**IRS**" means the United States Internal Revenue Service.

"**Jake Honig Act**" has the meaning ascribed thereto under " *General Development of the Business – Three Year History – 2020 – Curaleaf NJ, Inc., a New Jersey corporation*".

"**LVI**" has the meaning ascribed thereto under " *Corporate Structure — Incorporation and Office*".

"**MAUCRSA**" has the meaning ascribed thereto under "*United States Regulatory Overview – Regulation of Cannabis in the United States Federally – California Operations*".

"**MEOT**" has the meaning ascribed thereto under " *General Development of the Business – Three Year History – 2020 – Primary Organic Therapy, Inc. (d/b/a Maine Organic Therapy), a Maine corporation*".

"**MEOT MSA**" has the meaning ascribed thereto under " *General Development of the Business – Three Year History – 2020 – Primary Organic Therapy, Inc. (d/b/a Maine Organic Therapy), a Maine corporation*".

"**MHC**" has the meaning ascribed thereto under " *General Development of the Business — Three Year History – 2018*".

"**MI 61-101**" has the meaning ascribed thereto under "*General Development of the Business – Recent Developments – Acquisition of EMMAC Life Sciences Limited*".

"**MMCC**" has the meaning ascribed thereto under "*United States Regulatory Overview – Regulation of Cannabis in the United States Federally – Maryland Operations*".

"**MMTCs**" has the meaning ascribed thereto under "*United States Regulatory Overview – Regulation of Cannabis in the United States Federally – Florida Operations*"

"**MO DHSS**" has the meaning ascribed thereto under "*United States Regulatory Overview – Regulation of Cannabis in the United States Federally – Missouri Operations*"

"**MORE Act**" has the meaning ascribed thereto under under "*United States Regulatory Overview – Regulation of Cannabis in the United States Federally*".

"**MTR**" has the meaning ascribed thereto under "*General Development of the Business — Three Year History – 2018*".

"**MTR Acquisition**" has the meaning ascribed thereto under "*General Development of the Business — Three Year History – 2018*".

"**Multiple Voting Shares**" has the meaning ascribed thereto under "*Corporate Structure — Incorporation and Office*".

"**NCIB**" has the meaning ascribed thereto under "*General Development of the Business — Three Year History – 2018*".

"**ND DOH**" has the meaning ascribed thereto under "*United States Regulatory Overview – Regulation of Cannabis in the United States Federally – North Dakota Operations*".

"**NHS**" has the meaning ascribed thereto under "*Risk Factors – European Operations – National healthcare in the countries in which EMMAC operates may offer medical cannabis as alternative treatment*".

"**NI 52-110**" means National Instrument 52-110 — *Audit Committees*.

"**NJ Board**" has the meaning ascribed thereto under "*General Development of the Business – Three Year History – 2020 – Curaleaf NJ, Inc., a New Jersey corporation*".

"**NJCUMMA**" has the meaning ascribed thereto under "*United States Regulatory Overview – Regulation of Cannabis in the United States Federally – New Jersey Operations*".

"**NJDOH**" has the meaning ascribed thereto under "*United States Regulatory Overview – Regulation of Cannabis in the United States Federally – New Jersey Operations*".

"**NJ MSA**" has the meaning ascribed thereto under "*General Development of the Business – Three Year History – 2020 – Curaleaf NJ, Inc., a New Jersey corporation*".

"**NJ Note**" has the meaning ascribed thereto under "*General Development of the Business – Three Year History – 2020 – Curaleaf NJ, Inc., a New Jersey corporation*".

"**NYSDOH**" has the meaning ascribed thereto under "*United States Regulatory Overview – Regulation of Cannabis in the United States Federally – New York Operations*".

"**Offering**" has the meaning ascribed thereto under "*General Development of the Business – Three Year History – 2020 – Private Placement of Subordinate Voting Shares*".

"**OGT**" has the meaning ascribed thereto under "*General Development of the Business – Three Year History – 2019 – Ohio Grown Therapies, LLC, an Ohio limited liability company*".

"**Options**" has the meaning ascribed thereto under "*Description of the Capital Structure – Options & RSUs* ".

"**OTCQX**" means the OTCQX® Best Market, an over-the-counter stock exchange, by OTC Markets Group.

"**PADOH**" has the meaning ascribed thereto under the " *United States Regulatory Overview – Regulation of Cannabis in the United States Federally – Pennsylvania Operations*".

"**PalliaTech CT**" means PalliaTech CT, LLC, a subsidiary of the Company.

"**PalliaTech Florida**" means PalliaTech Florida, LLC, a subsidiary of the Company.

"**person**" means any corporation, partnership, limited liability company or partnership, joint venture, trust, unincorporated association or organization, business, enterprise or other entity; any individual; and any Government.

"**Phytotherapeutics**" has the meaning ascribed thereto under " *General Development of the Business – Three Year History – 2019 – GX3 LLC, an Arizona limited liability company, GGM LLC, an Arizona limited liability company and Phytotherapeutics Management Services, LLC*".

"**PKF Antares**" has the meaning ascribed thereto under " *Independent Auditor, Transfer Agent and Registrar* ".

"**Plan**" has the meaning ascribed thereto under " *Description of the Capital Structure – Stock and Incentive Plan* ".

"**POCA 2002**" has the meaning ascribed thereto under " *Risk Factors – European Operations – Changes in applicable legislation (including POCA 2002)*".

"**Private Placement**" has the meaning ascribed thereto under " *Corporate Structure – Incorporation and Office* ".

"**Promissory Note – 2024**" has the has the meaning ascribed thereto under " *General Development of the Business – Three Year History" – 2020 – Promissory Note – 2024*."

"**Put Right**" has the meaning ascribed thereto under " *Legal Proceedings and Regulatory Actions - Connecticut* ".

"**RCC**" has the meaning ascribed thereto under " *United States Regulatory Overview – Regulation of Cannabis in the United States Federally – Maine Operations*".

"**Remaining Florida Minority Holders**" has the meaning ascribed thereto under " *General Development of the Business – Three Year History – 2018*".

"**Remedy**" has the meaning ascribed thereto under " *General Development of the Business – Three Year History – 2020 – Remedy Compassion Center, Inc., a Maine corporation*".

"**Remedy Operating Agreement**" has the meaning ascribed thereto under " *General Development of the Business – Three Year History – 2020 – Remedy Compassion Center, Inc., a Maine corporation* ".

"**RO**" has the meaning ascribed thereto under " *United States Regulatory Overview – Regulation of Cannabis in the United States Federally – New York Operations*".

"**Rohrabacher-Farr Amendment**" has the meaning ascribed thereto under " *Regulation of Cannabis in the United States Federally*".

"**RSUs**" has the meaning ascribed thereto under " *Description of the Capital Structure – Options and RSUs* ".

"**SAFE Banking Act**" has the meaning ascribed thereto under " *United States Regulatory Overview – Regulation of Cannabis in the United States Federally*".

"**Select**" has the meaning ascribed thereto under " *General Development of the Business – Three Year History – 2020 – Cura Partners, Inc., an Oregon corporation*".

"**Sessions Memo**" has the meaning ascribed thereto under " *United States Regulatory Overview – Regulation of Cannabis in the United States Federally*".

"**Shareholders**" means the shareholders of Curaleaf Holdings, Inc.

"**Special Committee**" has the meaning ascribed thereto under " *General Development of the Business – Recent Developments –Acquisition of EMMAC Life Sciences Limited*".

"**SRC**" has the meaning ascribed thereto under " *Legal Proceedings and Regulatory Actions – Florida* ".

"**Staff Notice 51-352** " has the meaning ascribed thereto under " *United States Regulatory Overview*".

"**State**" means a State of the United States, as the context requires.

"**Subordinate Voting Shares**" has the meaning ascribed thereto under " *Corporate Structure — Incorporation and Office*".

"**Subsidiary**" means with respect to a specified corporation, any corporation of which more than fifty per cent (50%) of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified corporation, and shall include any corporation in like relation to a subsidiary.

"**Swell**" has the meaning ascribed thereto under " *General Development of the Business – Three Year History* ".

"**Term Loan Facility** " has the meaning ascribed thereto under " *General Development of the Business – Three Year History – 2019 – Senior Secured Term Loan Facility* ".

"**THC**" means Tetrahydrocannabinol.

"**UDAF**" has the meaning ascribed thereto under " *United States Regulatory Overview – Regulation of Cannabis in the United States Federally - Utah Operations*".

"**UK**" means the United Kingdom.

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

"**USPTO**" has the meaning ascribed thereto under " *Business of the Company — Intellectual Property*".

"**Verdure**" has the meaning ascribed thereto under " *General Development of the Business – Three Year History – 2020 – Primary Organic Therapy, Inc. (d/b/a Maine Organic Therapy), a Maine corporation*".

"**Verdure MSA**" has the meaning ascribed thereto under " *General Development of the Business – Three Year History – 2020 – Primary Organic Therapy, Inc. (d/b/a Maine Organic Therapy), a Maine corporation*".

"**Weisz**" has the meaning ascribed thereto under " *Legal Proceedings and Regulatory Actions - Florida* ".

APPENDIX A

MANDATE OF THE AUDIT COMMITTEE OF CURALEAF HOLDINGS, INC.

CURALEAF HOLDINGS, INC.

AUDIT COMMITTEE CHARTER

1. PURPOSE

The Audit Committee (the **"Committee"**) shall be established by resolution of the Board of Directors (the **"Board"**) of Curaleaf Holdings, Inc., a corporation existing under the laws of British Columbia (the **"Company"**).

The Committee is responsible for:

a) Assisting the Board in fulfilling its oversight responsibilities as they relate to the Company's accounting policies and internal controls, financial reporting practices and legal and regulatory compliance, including, among other things:

- Monitoring the integrity of the Company's financial statements, corporate accounting and financial reporting processes and financial information that will be provided to shareholders and others;
- Reviewing the Company's compliance with certain legal and regulatory requirements;
- Evaluating the independent auditors' qualifications and independence; and
- Monitoring the performance of the Company's internal audit function and the Company's independent auditors as well as any other public accounting firm engaged to perform other audit, review or attest services.

b) Providing an open avenue of communication among the independent auditors, financial and senior management and the Board.

c) Annually evaluating the performance of the Committee.

While the Committee has the duties and responsibilities set forth in this Charter, the role of the Committee is oversight. The Committee is not responsible for planning or conducting the audit or determining whether the Company's financial statements are complete and accurate and in accordance with applicable accounting rules. Such activities are the responsibility of the Company's independent auditors and management. The Committee has direct responsibility for the appointment, compensation, oversight and replacement, if necessary, of the independent auditors, including the resolution of disagreements between management and the independent auditors regarding financial reporting, and any other registered public accounting firm with respect to which the Committee is required to have such responsibility.

The Committee and each of its members shall be entitled to rely on:

a) The integrity of those persons and organizations within and outside of the Company from which it receives information;

b) The accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board); and

c) Representations made by management as to any audit and non-audit services provided by the independent auditors to the Company.

2. COMPOSITION AND QUALIFICATIONS

The Committee shall be appointed by the Board and shall be comprised of at least three Directors (as determined from time to time by the Board), one of whom shall be appointed by the Board as Chairman of the Committee. If a Chairman is not so appointed, the members of the Committee may elect a Chairman by majority vote. Committee members may be removed by the Board in its discretion.

Unless otherwise permitted by applicable phase-in rules and exemptions, each member of the Committee shall meet the 'independence' requirements of National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators (**"NI 52-110"**) and all other applicable laws and regulations. The Committee may avail itself of any phase-in compliance periods available to the Company that are afforded by applicable rules of the Canadian Securities Exchange, and all other applicable laws and regulations. The Committee may also avail itself of exemptions available to U.S. listed issuers under NI 52-110.

All members of the Committee must (except to the extent permitted by NI 52-110) be **"**financially literate**"** (as defined by NI 52-110).

A Committee member invited to sit on another public company's audit committee must notify the Board. If a Committee member or proposed Committee member simultaneously serves on the audit committees of two other public companies, the Board must determine whether or not such simultaneous service would impair the ability of such member to effectively serve on the Committee.

No member of the Committee shall receive from the Company or any of its affiliates any compensation other than the fees to which he or she is entitled as a Director of the Company or a member of a committee of the Board. Such fees may be paid in cash and/or shares, options or other in-kind consideration ordinarily available to Directors.

3. MEETINGS

The Committee shall meet as frequently as the Chairman of the Committee deems appropriate subject to the provisions of this Charter. The Committee may meet with the independent auditors, internal auditors, and management separately, to the extent the Committee deems necessary and appropriate.

A. Frequency

The Committee shall hold regularly scheduled meetings at least quarterly and such special meetings as circumstances dictate. The Chair of the Committee, any member of the Committee, the independent auditors, the Chairman of the Board, the Chief Executive Officer (**"CEO"**) or the Chief Financial Officer (**"CFO"**) may call a meeting of the Committee by notifying the Company's Corporate secretary, who will notify the members of the Committee.

B. Agenda and Notice

The Chairman of the Committee shall establish the meeting dates and the meeting agenda. The Chairman of the Committee or the Company Secretary shall send proper notice of each Committee meeting and information concerning the business to be conducted at the meeting, to the extent practical, to each member prior to each meeting.

Any written material provided to the Committee shall be appropriately balanced (i.e. relevant and concise) and shall be distributed in advance of the respective meeting with sufficient time to allow Committee members to review and understand the information.

C. Holding and Recording Meetings

Committee meetings may be held in person or telephonically. The Committee shall keep written minutes of its meetings and submit such minutes to the Board.

D. Quorum

A majority of the members of the Committee shall constitute a quorum.

E. Executive Sessions

The Committee will meet periodically (not less than annually) in separate executive sessions with each of the Chief Financial Officer or any other executive officer, the principal accounting officer and/or the senior internal auditing executive (or any other personnel responsible for the internal audit function), and the independent auditors.

4. COMPENSATION

The compensation of Committee members shall be determined by the Board.

5. RESPONSIBILITIES OF THE COMMITTEE

A. System of Financial Controls

The Committee shall oversee the process by which management shall design, implement, amend, maintain, and enforce a comprehensive system of financial controls (including the right internal and external people and resources, policies, processes and enforcement) aimed at ensuring the integrity and compliance of the Company's books and records with International Financial Reporting Standards (**"IFRS"**) as issued by the International Accounting Standards Board, and sound business practices, as well as protecting the value of the Company's assets and safeguarding the credibility of its brand, employees, management team, Board, and shareholders.

The system of financial controls will embody the adoption of best practices in financial controls and foster honesty, integrity, accuracy, and transparency in all aspects of the Company. Best practices include but are not limited to: setting the right tone at the top; active review of business performance by executive management, with regular reporting to and oversight by the Board; an accurate, stable and reliable general ledger; a robust internal audit function; unambiguous compliance with IFRS; and full transparency and ongoing dialogue with the Board, management and external auditors. Such system shall also incorporate the principles contained within the Code of Business Conduct and Ethics for the Chief Executive Officer and Chief Financial Officer as adopted by the Board.

B. Annual Audit Review

The Committee shall review and discuss the annual audited financial statements including the independent auditors' audit and audit report thereon, and the annual Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company with management and the independent auditors. In connection with such review, the Committee will:

- Review the scope of the audit, the audit plan and the audit procedures utilized.
- Review with the independent auditors any audit problems or difficulties encountered during their audit, including any change in the scope of the planned audit, any restrictions placed on the scope of the audit or access to requested information, and any significant disagreements with management, and management's response to such problems or difficulties.
- Resolve any differences in financial reporting between management and the independent auditors.

- Review with management, internal auditors, and the independent auditors, the adequacy of the Company's internal controls, including information systems controls and security and bookkeeping controls and any significant findings and recommendations with respect to such controls.

- Review reports required to be submitted by the independent auditors concerning:

  - Ø All critical accounting policies and practices used in the preparation of the Company's financial statements.

  - Ø All alternative treatments of financial information within IFRS that have been discussed with management, ramifications of such alternatives, and the accounting treatment preferred by the independent auditors.

  - Ø Any other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.

- Review and discuss the integrity of the annual audited Company financial statements and quarterly financial statements with management and the independent auditors, including the notes thereto and all matters required by applicable auditing standards, and the written disclosures required by applicable auditing standards regarding the independent auditors' independence.

- Review and discuss:

  - Ø Major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.

  - Ø Analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analysis of the effects of alternative IFRS methods on the financial statements and the effects of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.

- Inquire about and review with management and the independent auditors any significant risks or exposures faced by the Company and discuss with management the steps taken to minimize such risk or exposure. Such risks and exposures include, but are not limited to, threatened and pending litigation, claims against the Company, tax matters, regulatory compliance and correspondence from regulatory authorities, and environmental exposure.

- Discuss policies and procedures concerning earnings press releases and review the type and presentation of information to be included in earnings press releases (paying particular attention to any use of "pro forma" and "adjusted" or other non-IFRS information), as well as financial information and earnings guidance provided to analysts and rating agencies.

C. Quarterly Reviews

Review and discuss the quarterly financial statements and the quarterly Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company with management and the internal auditors, and the independent auditors, together with the independent auditors' review thereof pursuant to professional standards and procedures for conducting such reviews, as established by IFRS and applicable securities laws. In connection with the quarterly reviews, the Committee shall inquire about and review with management and the independent auditors any significant risks or exposures faced by the Company and discuss with management the steps taken to minimize such risk or exposure.

D. Other Financial Information

Review and discuss with management, where appropriate, financial information contained in any prospectuses, annual information forms, annual reports to shareholders, management proxy circulars, material change disclosure of a financial nature and similar disclosure and other documents prior to the filing or public disclosure of such documents or information.

E. Oversight of Independent Auditors

The Company's independent auditors shall report directly to and are ultimately accountable to the Committee. In connection with its oversight of the performance and independence of the independent auditors, the Committee will:

- Have the sole authority and direct responsibility to appoint, retain, compensate, oversee and replace (subject to shareholder approval, if deemed advisable by the Board or if required under applicable law) the independent auditors.

- Have authority to approve the engagement letter and all audit, audit-related, tax and other permissible non-audit services proposed to be performed by the independent auditors and the related fees for such services in accordance with the Audit and Non-Audit Services Pre-Approval Policy.

- Obtain confirmation and assurance as to the independent auditors' independence, including ensuring that they submit on a periodic basis (not less than annually) to the Committee a formal written statement delineating all relationships between the independent auditors and the Company. The Committee shall actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and shall take appropriate action in response to the independent auditors' report to satisfy itself of their independence.

- At least annually, obtain and review a report by the independent auditors describing the firm's internal quality-control procedures, any material issues raised by the most recent internal quality-control review or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.

- Meet with the independent auditors prior to the annual audit to discuss planning and staffing of the audit.

- Review and evaluate the performance of the independent auditors, as the basis for a decision to reappoint or replace the independent auditors.

- Set clear hiring policies for employees or former employees of the independent auditors, including but not limited to, as required by all applicable laws and listing rules.

- Consider whether rotation of the independent auditors is required to ensure independence.

F. Oversight of Internal Audit

In connection with its oversight responsibilities, the Committee shall have authority over and direct responsibility for the internal audit function at the Company at all times. In the Committee's discretion, the internal audit function may be outsourced to a third-party vendor, provided that such vendor follows the standards and guidelines established by the Committee. The head of the internal audit function (or the third-party vendor providing internal audit function support, if applicable) will report directly to the Committee or its designee. The head of the internal audit function or the relationship manager of the vendor providing internal audit function support, as applicable, shall report at least annually to the Committee regarding the internal audit function's organizational structure and personnel.

In overseeing internal audit, the Committee will:

- Review the appointment or replacement of the senior internal auditing executive, if any, or, if outsourced, the third-party vendor providing internal audit services.

- Review, in consultation with management, the independent auditors and the senior internal auditing executive, if any, the plan and scope of internal audit activities.

- Review internal audit activities, budget and staffing.

- Review significant reports to management prepared by the internal auditing department and management's responses to such reports.

G. Disclosure Controls & Procedures ("DC&P") and Internal Controls over Financial Reporting ("ICFR")

- Monitor and review the Company's Disclosure Policy and the Mandate of its Disclosure and Policy Compliance Committee, on an annual basis.

- Receive and review the quarterly report of the Disclosure and Policy Compliance Committee on its activities for the quarter.

- On a quarterly basis, review management's assessment of the design effectiveness of the Company's DC&P and ICFR including any significant control deficiencies identified and the related remediation plans.

- Review management's assessment of the operating effectiveness of the Company's DC&P (quarterly) and ICFR (annually) including any significant control deficiencies identified and the related remediation plans.

- Review and discuss any fraud or alleged fraud involving management or other employees who have a role in Company's ICFR and the related corrective and disciplinary actions to be taken.

- Discuss with management any significant changes in the ICFR that are disclosed, or considered for disclosure on a quarterly basis.

- Review and discuss with the CEO and the CFO the procedures undertaken in connection with the CEO and CFO certifications for the annual and interim filings with the securities commissions.

H. Risk Assessment and Risk Management

The Committee shall discuss the Company's major business, operational, and financial risk exposures and the guidelines, policies and practices regarding risk assessment and risk management, including derivative policies, insurance programs and steps management has taken to monitor and control major business, operational and financial risks.

I. Ethical Standards

The Committee shall establish, maintain and oversee the Company's Code of Business Conduct and Ethics (the **"Code**"), including dealing with issues that may arise under the Code related to executive officers and Directors of the Company. The Committee shall be responsible for reviewing and evaluating the Code periodically and will recommend any necessary or appropriate changes thereto to the Board for consideration. The Committee shall also assist the Board with the monitoring of compliance with the Code and consider any waivers of the Code (other than waivers applicable to the Directors or executive officers, which shall be subject to review by the Board as a whole).

J. Related Party Transactions

The Committee shall review and approve related-party transactions or recommend related-party transactions for review by independent members of the Board.

K. Submission of Complaints

The Committee shall establish procedures for (a) receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, (b) the confidential, anonymous submission by Directors, officers, employees, consultants and contractors of the Company of concerns regarding questionable accounting or auditing matters and (c) the investigation of such matters with appropriate follow-up actions.

L. Legal Compliance

On at least an annual basis, the Committee shall review with the Company's legal counsel and management, all legal and regulatory matters and litigation, claims or contingencies, including tax assessments, license or concession defaults or notifications, health and safety violations or environmental issues, that could have a material effect upon the financial position of the Company, and the manner in which these matters may be, or have been, disclosed in the financial statements.

M. Regulatory Developments

The Committee shall monitor and provide reports to the Board with respect to developments in accounting rules and practices, income tax laws and regulations, and other regulatory requirements that affect matters within the scope of the Committee's authority and responsibilities.

N. Other Responsibilities

The Committee shall perform such other duties as may be required by law or requested by the Board or deemed appropriate by the Committee. The Committee shall discharge its responsibilities, and shall assess the information provided to the Committee, in accordance with its business judgment. The Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate.

6. COMMITTEE ADMINISTRATIVE MATTERS

A. Independent Advisors

The Committee shall have authority to engage, provide appropriate funding for and cause the Company to pay the compensation to obtain advice and assistance from outside legal, accounting or other advisors to carry out its responsibilities.

B. Funding

The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to the independent auditors or any other registered public accounting firm engaged for the purpose of rendering or issuing an audit report or performing other audit, review or attest services for the Company; to any other advisors engaged by the Committee; and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

C. Access to Records and Personnel

The Committee shall have full access to any relevant records of the Company that it deems necessary to carry out its responsibilities. The Committee may request that any officer or other employee of the Company or any advisor to the Company meet with members of the Committee or its advisors, as it deems necessary to carry out its responsibilities.

D. Reports to Board of Directors

The Committee shall report regularly to the Board with respect to Committee activities and its conclusions with respect to the independent auditors, with recommendations to the Board as the Committee deems appropriate.

E. Annual Meeting Planner

Prior to the beginning of a fiscal year, the Committee shall submit an annual planner for the meetings to be held during the upcoming fiscal year, for review and approval by the Board to ensure compliance with the requirements of the Committee's Charter.

F. Education and Orientation

Members of the Committee shall be provided with appropriate and timely training to enhance their understanding of auditing, accounting, regulatory and industry issues applicable to the Company.

New Committee members shall be provided with an orientation program to educate them on the Company's business, their responsibilities and the Company's financial reporting and accounting practices.

G. Review of this Charter

The Committee shall review and reassess annually the adequacy of this Committee Charter and recommend any proposed changes to the Board.

H. Evaluation of Committee

The Committee is responsible for developing and conducting an annual self-assessment of its performance. The Committee shall report to the full Board on the results of its assessment each year and shall make any appropriate recommendations to further enhance the Committee's performance.

Exhibit 99.2



CURALEAF HOLDINGS, INC.

Consolidated Financial Statements
As of and for the Years Ended
December 31, 2020 and 2019

(Expressed in United States Dollars Unless Otherwise Stated)

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To the Shareholders of Curaleaf Holdings, Inc.:

Opinion

We have audited the consolidated financial statements of Curaleaf Holdings, Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of profits and losses, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Erkin Atakhanov.

/s/ Antares Professional Corporation
Chartered Professional Accountants

Calgary, Alberta
March 11, 2021

Curaleaf Holdings, Inc.
Consolidated Statements of Financial Position
(in thousands)

	Note	December 31, 2020	2019
Assets			
Current assets:			
Cash and cash equivalents		$ 73,542	$ 42,310
Accounts receivable, net	3	28,830	18,335
Inventories, net	5	197,991	63,210
Biological assets	6, 21	46,210	19,197
Assets held for sale	7	58,504	—
Prepaid expenses and other current assets		10,140	6,479
Current portion of notes receivable	8	2,645	—
Total current assets		417,862	149,531
Deferred tax asset	16	5,528	2,628
Notes receivable	8	2,000	57,166
Property, plant and equipment, net	9	242,855	129,812
Right-of-use assets, net	19	267,168	82,794
Intangible assets, net	10	797,401	185,635
Goodwill	10	470,144	69,326
Investments	4	16,264	51,209
Prepaid acquisition consideration	4	132,234	—
Other assets		35,135	8,825
Total assets		$ 2,386,591	$ 736,926
Liabilities and shareholders' equity			
Current liabilities:			
Accounts payable		$ 47,043	$ 12,742
Accrued expenses		57,475	18,016
Income tax payable	16	79,649	15,114
Current portion of lease liability	19	15,710	11,835
Current portion of notes payable	4, 11	6,500	17,000
Liabilities held for sale	7	7,181	—
Other current liabilities	21	6,568	31,549
Total current liabilities		220,126	106,256
Deferred tax liability	16	226,465	22,642
Notes payable	11	285,001	87,953
Lease liability	19	270,495	81,319
Non-controlling interest redemption liability	21	2,694	2,694
Contingent consideration liability	4, 19	1,898	32,616
Other long term liability	16	3,698	—
Total liabilities		1,010,377	333,480
Shareholders' equity:			
Share capital		1,754,412	693,699
Treasury shares		(5,208)	(5,208)
Reserves		(177,744)	(146,819)
Accumulated deficit		(194,645)	(132,910)
Total Curaleaf Holdings, Inc. shareholders' equity	12	1,376,815	408,762
Redeemable non-controlling interest contingency	21	(2,694)	(2,694)
Non-controlling interest		2,093	(2,622)
Total shareholders' equity		1,376,214	403,446
Total liabilities and shareholders' equity		$ 2,386,591	$ 736,926

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

Curaleaf Holdings, Inc.
Consolidated Statements of Profits and Losses
(in thousands, except for share and per share amounts)

	Note	Year ended December 31, 2020	2019
Revenues:			
Retail and wholesale revenues		$ 586,219	$ 173,857
Management fee income		40,418	47,161
Total revenues		626,637	221,018
Cost of goods sold		311,148	102,386
Gross profit before impact of biological assets		315,489	118,632
Realized fair value amounts included in inventory sold		(149,586)	(74,757)
Unrealized fair value gain on growth of biological assets	*6*	224,610	97,738
Gross profit		390,513	141,613
Operating expenses:			
Selling, general and administrative	*14*	227,274	121,022
Share-based compensation	*13*	30,879	16,607
Depreciation and amortization	*9, 10, 19*	68,676	31,701
Total operating expenses		326,829	169,330
Income (loss) from operations		63,684	(27,717)
Other income (expense):			
Interest income		6,484	9,938
Interest expense	*11*	(47,903)	(18,396)
Interest expense related to lease liabilities	*19*	(21,099)	(6,357)
Gain on investment	*4*	37,560	—
Other expense	*9, 10, 11, 15*	(16,683)	(3,257)
Total other expense		(41,641)	(18,072)
Income (loss) before provision for income taxes		22,043	(45,789)
Income tax expense	*16*	(83,371)	(24,059)
Net loss		(61,328)	(69,848)
Less: Net income (loss) attributable to non-controlling interest		407	(2,604)
Net loss attributable to Curaleaf Holdings, Inc.		$ (61,735)	$ (67,244)
Loss per share attributable to Curaleaf Holdings, Inc. – basic and diluted	*17*	$ (0.11)	$ (0.15)
Weighted average common shares outstanding – basic and diluted	*17*	557,192,899	462,911,053

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

Curaleaf Holdings, Inc.
Consolidated Statements of Changes in Equity
(in thousands, except for share amounts)

	Share Capital (Note 12) # of Shares SVS	MVS	Amount	Treasury Shares (Note 12)	Share-Based Reserves (Note 13)	Other Reserves (Note 4)	Total Reserves	Accumulated Deficit	Total Curaleaf Holdings, Inc. Shareholders' Equity	Redeemable Non - Controlling Interest Contingency (Note 4)	Non-Controlling Interest (Note 4)	Redeemable Non-Controlling Interest (Note 4)	Total Shareholders' Equity
Balances as of December 31, 2018	335,292,331	122,170,705	$ 657,525	$ (4,325)	$ 6,698	$ (153,459)	$ (146,761)	(65,666)	$ 440,773	$ (2,957)	$ —	$ (2,174)	$ 435,642
Repurchase of shares	(147,900)	—	—	(883)	—	—	—	—	(883)	—	—	—	(883)
Exercise and forfeiture of stock options	7,071,331	—	5,125	—	(2,788)	—	(2,788)	—	2,337	—	—	—	2,337
Share-based compensation	—	—	—	—	16,607	—	16,607	—	16,607	—	—	—	16,607
Issuance of shares in connection with acquisitions	5,698,604	—	31,049	—	—	—	—	—	31,049	—	—	—	31,049
Non-controlling interest in connection with acquisitions	—	—	—	—	—	—	—	—	—	—	2,156	—	2,156
Conversion of MVS to SVS	18,200,000	(18,200,000)	—	—	—	—	—	—	—	—	—	—	—
Minority buyouts	—	—	—	—	—	(13,877)	(13,877)	—	(13,877)	263	—	—	(13,614)
Net loss	—	—	—	—	—	—	—	(67,244)	(67,244)	—	—	(2,604)	(69,848)
Balances as of December 31, 2019	366,114,366	103,970,705	$ 693,699	$ (5,208)	$ 20,517	$ (167,336)	$ (146,819)	$ (132,910)	$ 408,762	$ (2,694)	$ 2,156	$ (4,778)	$ 403,446
Issuance of shares in connection with acquisitions	173,460,668	—	969,479	—	—	—	—	—	969,479	—	—	—	969,479
Issuance of shares in connection with private placement, net of issuance costs	4,383,698	—	30,236	—	—	(5,684)	(5,684)	—	24,552	—	—	—	24,552
Issuance of shares in connection with license success fee	245,629	—	2,348	—	—	—	—	—	2,348	—	—	—	2,348
Minority buyouts	6,163,920	—	45,748	—	—	(39,254)	(39,254)	—	6,494	—	—	4,308	10,802
Exercise and forfeiture of stock options	9,052,775	—	12,902	—	(9,891)	—	(9,891)	—	3,011	—	—	—	3,011
Share-based compensation	—	—	—	—	22,386	—	22,386	—	22,386	—	—	—	22,386
Non cash bonus	410,084	—	—	—	1,518	—	1,518	—	1,518	—	—	—	1,518
Conversion of MVS to SVS	10,000,000	(10,000,000)	—	—	—	—	—	—	—	—	—	—	—
Net income (loss)	—	—	—	—	—	—	—	(61,735)	(61,735)	—	(63)	470	(61,328)
Balances as of December 31, 2020	569,831,140	93,970,705	$ 1,754,412	$ (5,208)	$ 34,530	$ (212,274)	$ (177,744)	$ (194,645)	$ 1,376,815	$ (2,694)	$ 2,093	$ —	$ 1,376,214

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

Curaleaf Holdings, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Note	Year ended December 31, 2020	2019
Cash flows from operating activities:			
Net loss		$ (61,328)	$ (69,848)
Adjustments to reconcile loss to net cash provided (used) in operating activities:			
Depreciation and amortization		88,466	37,206
Share-based compensation		29,361	16,607
Non-cash bonus		1,518	—
Non-cash interest expense		6,590	6,711
Unrealized gain on changes in fair value of biological assets		(224,610)	(97,738)
Realized fair value amounts included in inventory sold		149,586	74,757
Impairment loss	*10, 15*	23,659	—
(Gain)/loss on sale of property, plant and equipment		550	(118)
Deferred taxes		7,541	6,959
Write off of acquisition costs		—	1,135
Gain on investment	*4*	(37,566)	—
Changes in operating assets and liabilities			
Accounts receivable		5,956	(6,943)
Biological assets		55,707	8,841
Inventories		(92,384)	(28,746)
Prepaid expenses and other current assets		4,748	710
Other assets		(17,702)	(1,216)
Accounts payable		9,958	533
Income taxes payable		57,753	12,384
Accrued expenses		4,552	445
Net cash provided (used) in operating activities		12,355	(38,321)
Cash flows from investing activities:			
Purchases of property and equipment		(126,273)	(82,075)
Proceeds from sale of entity	*8*	1,004	—
Payments made on completion on acquisitions		(59,695)	(80,560)
Prepayment for acquisition consideration		(7,500)	—
Payment in connection with option to acquire an entity		—	(5,966)
Amounts advanced for notes receivable		(4,646)	(35,444)
Net cash used in investing activities		(197,110)	(204,045)
Cash flows from financing activities:			
Cash received from financing agreement	*11*	186,235	—
Proceeds from sale leaseback		42,466	25,245
Minority buyouts		(2,508)	(395)
Lease liability payments	*19*	(26,762)	(5,132)
Cash received in private placement		24,552	—
Principal payments on notes payable		(2,920)	(3,995)
Exercise of stock options		3,013	2,337
Net cash provided by financing activities		224,076	18,060
Net change in cash		39,321	(224,306)
Cash at beginning of period		42,310	266,616
Cash held for sale		(8,089)	—
Cash at end of period		73,542	42,310
Supplemental disclosure of cash flow information:			
Cash paid for interest		38,133	9,285
Cash paid for income tax		21,498	7,200
Supplemental disclosure of non-cash investing and financing activities:			
Recognition of right of use assets and lease liabilities		85,127	93,063
Issuance of shares in connection with minority buyouts		10,802	—
Issuance of shares in connection with acquisitions		969,479	31,049
Issuance of shares in connection with license success fee		2,348	—
Contingent consideration incurred in connection with acquisitions		36,494	14,616
Forgiveness of note receivable in connection with acquisition		65,868	—
Reduction of notes receivable in connection with sale leaseback		—	12,090
Seller note incurred in connection with acquisition		—	35,069

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

Note 1 – Operations of the company

Curaleaf Holdings, Inc. (the "Company", "Curaleaf", or the "Group"), formerly known as Lead Ventures, Inc. ("LVI"), was incorporated under the laws of British Columbia, Canada on November 13, 2014. Curaleaf operates as a life science company developing full scale cannabis operations, with core competencies in cultivation, manufacturing, dispensing and medical cannabis research.

On October 25, 2018, the Company completed a reverse takeover transaction, and completed a related private placement which closed one day prior on October 24, 2018 (collectively, the "Business Combination"). Following the transaction, the Company's subordinate voting shares ("SVS") were listed on the Canadian Securities Exchange ("CSE") under the symbol "CURA" and on the OTCQX under the symbol "CURLF".

The head office and principal address of the Company is 301 Edgewater Place #405, Wakefield, MA 01880. The Company's registered and records office address is located at Suite 1700-666 Burrard Street, Vancouver, British Columbia, Canada.

Note 2 – Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC") in effect as of and for the year ended December 31, 2020.

These consolidated financial statements were approved and authorized by the Board of Directors of the Company on March 9, 2021.

Functional currency

The Company and its subsidiaries' functional currency, as determined by management, is the United States ("U.S.") dollar. The consolidated financial statements are presented in U.S. dollars unless otherwise stated.

Basis of consolidation

Subsidiaries are the entities controlled by the Company. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and is exposed to the variable returns from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling ("NCI") interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Companys's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions

When the Company loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in the statement of profits and losses. Any interest retained in the former subsidiary is measured at fair value when control is lost.

These consolidated financial statements include the accounts of the Company and its direct subsidiaries, indirect subsidiaries that are not wholly owned and other entities consolidated other than on the basis of ownership:

Business name	State of operations	December 31, 2020 ownership %	December 31, 2019 ownership %
CLF AZ, Inc.	AZ	100%	100%
CLF NY, Inc.	NY	100%	100%
Curaleaf CA, Inc.	CA	100%	100%
Curaleaf KY, Inc.	KY	100%	100%
Curaleaf Massachusetts, Inc.	MA	100%	100%
Curaleaf MD, LLC	MD	100%	100%
Curaleaf OGT, Inc.	OH	100%	100%
Curaleaf PA, LLC	PA	100%	100%
Curaleaf, Inc.	MA	100%	100%
Focused Investment Partners, LLC	MA	100%	100%
CLF Maine, Inc.	ME	100%	100%
PalliaTech RI, LLC	RI	100%	100%
PalliaTech CT, Inc.	CT	100%	100%
PalliaTech OR, LLC (formerly Groen)	OR	100%	100%
PalliaTech Florida, Inc.	FL	100%	100%
PalliaTech Florida, LLC (Note 19)	FL	100%	77.2%
Curaleaf Florida, LLC	FL	100%	70%
CLF MD Processing, LLC	MD	100%	100%
PT Nevada, Inc. (Note 4)	NV	100%	100%
CLF Sapphire Holdings, Inc. (Note 4)	OR	100%	—
Curaleaf NJ II, Inc. (Note 4)	NJ	100%	*
Focused Employer, Inc.	MA	100%	*
GR Companies, Inc. (Note 4)	IL	100%	—
HMS Health LLC (Note 4)	MD	—	—
HMS Processing LLC (Note 4)	MD	—	—
HMS Sales LLC (Note 4)	MD	—	—
MI Health LLC (Note 4)	MD	—	—
Town Center Wellness, LLC (Note 4)	MD	—	—
Grassroots OpCo AR, LLC (Note 4)	AR	—	—
WCCC, LLC (Note 4)	IL	—	—
Compass Dispensary Holdings, LLC (Note 4)	IL	—	—
Greenhouse Group, LLC (Note 4)	IL	—	—
GR Vending MI, LLC (Note 4)	IL	—	—
GR Companies OK, LLC (Note 4)	OK	—	—
Remedy Compassion Center, Inc (Note 4)	ME	—	—
Primary Organic Therapy, Inc. (d/b/a Maine Organic Therapy) (Note 4)	ME	—	—

All significant intercompany balances and transactions were eliminated on consolidation.

*Entity established in fiscal year 2020.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for biological assets and assets held for sale, which are measured at fair value less costs to sell; notes receivable measured at fair value through profit or losss (“FVTPL”); and liabilities for cash-settled share-based payment arrangements and contingent considerations

assumed in a business combination, which are recorded at fair value. Historical costs are generally based upon the fair value of the consideration given in exchange for assets and contractual obligation for liabilities.

Cash and cash equivalents

The Company considers all highly liquid instruments with original maturities at time of purchase of 90 days or less to be cash equivalents.

Restricted cash

Restricted cash balances are those which meet the definition of cash and cash equivalents but are not available for use by the Company. As of December 31, 2020 and 2019, other assets included restricted cash in the amounts of $0 and $500, respectively, which was related to amounts that were held in escrow with $125 being transferred to a third party on a monthly basis for consulting services.

Inventories

Inventories are stated at lower of cost or net realizable value ("NRV"). NRV is determined as the estimated selling price in the ordinary course of business less estimated costs to sell. Packaging and supplies are initially valued at cost. The Company utilizes the most reliable evidence available to determine if inventories should be written-down below its current carrying value. The direct and indirect costs of inventories initially include the fair value of the biological asset at the time of harvest. They also include subsequent costs such as materials, labor, and depreciation expense on equipment involved in trimming and packaging. All direct and indirect costs related to inventories are capitalized as they are incurred and subsequently recorded within the line item "cost of goods sold" in the consolidated statement of profits and losses at the time the product is sold.

Biological assets

Expenditures incurred on biological assets are measured on initial recognition and at the end of each reporting period at their fair value less costs to sell in accordance with *IAS 41 – Agriculture*. The unrealized gain or loss arising on initial recognition of such biological assets at fair value less costs to sell and the change in fair value less costs to sell of biological assets are included in the consolidated statement of profits and losses for the period in which it arises. While the Company's biological assets are within the scope of *IAS 41*, the direct and indirect costs of production are determined using an approach similar to the recognition criteria within the scope of *IAS 2 – Inventories*. These production costs incurred during the growing process are capitalized and included in the fair value of biological assets. These direct and indirect costs include but are not limited to material, labor, supplies, depreciation expense on production equipment, utilities, and facilities costs associated with cultivation. Capitalized costs are subsequently recorded within the line item "cost of goods sold" in the consolidated statement of profits and losses in the period that the related product is sold.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and impairment losses, if any. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms and methods:

	Estimated useful life
Information technology	5 years
Furniture and fixtures	7 years
Building and improvements	15 to 39 years
Leasehold improvements	Lesser of lease term or 7 to 10 years

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. Construction in progress is measured at cost. Upon completion, construction in progress will be reclassified as building or leasehold improvements depending on the nature of the assets and depreciated over the lesser of the estimated useful life of the asset or term of the lease. Subsequent expenditures are capitalized only if it is probable that the expenditure will provide future economic benefits to the Company.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the consolidated statement of profits and losses in the year the asset is derecognized. *IAS 36 – Impairment of Assets ("IAS 36")* requires that tangible assets be carried at no more than their recoverable amount. To meet this objective, the Company tests all assets that are within this scope for the existence of potential impairment.

Intangible assets subject to amortization

Intangible assets include intellectual property either owned by the Company or for which the Company has a license. Intangible assets include licenses to cultivate, process and sell cannabis, trade names and non-compete agreements obtained through business acquisitions. Intangible assets acquired in a business combination are recognized at fair value using generally accepted valuation methods deemed appropriate for the type of intangible asset acquired. Generally, the Company utilizes the discounted cash flow method for valuing licenses, the relief from royalty method for valuing trade names and the with or without cash flow method for valuing non-compete agreements. Intangible assets with finite lives are amortized over their estimated useful lives and reported net of accumulated amortization, separately from goodwill. Amortization is calculated on the straight-line method based on the following estimated useful lives:

	Estimated useful life
Licenses	10-20 years
Trade names	5-15 years
Non-compete agreements	1-2 years

The estimated useful lives, residual values, and amortization methods are reviewed at each year-end, and any changes in estimates are accounted for prospectively. *IAS 36* requires that intangible assets be carried at no more than their recoverable amount. To meet this objective, the Company tests all assets that are within this scope for potential impairment.

Subsequent expenditures are capitalized only when expenditures increase the future economic benefits embodied in the specific assets to which the expenditure relates. All other expenditures, including expenditures on internally generated goodwill and brands, are recognized in the consolidated statements of profits and losses as incurred.

Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is allocated to the cash generating unit ("CGU" or "CGUs") which are expected to benefit from the synergies of the combination. In determining its CGUs, the Company has completed an internal analysis to identify the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Given the nature of the Company's business, management generally identifies CGUs based on both regions and acquired business entities. The Company has determined that the goodwill recognized in connection with all acquisitions to date belong to the cannabis operations segment.

Goodwill is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired in accordance with *IAS 36*. Impairment is determined by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. The Company performs the analysis on a CGU level using a discounted cash flow method. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU. Any goodwill impairment loss is recognized in the consolidated statement of profits and losses in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

Debt with warrants and convertible options

The Company issues debt that may have separate warrants, conversion features or no equity-linked attributes which are accounted for as compound or hybrid financial instruments based on its features.

Convertible notes and debt with warrants classified as compound financial instruments are accounted for separately by their components: a financial liability and an equity instrument. The liability component is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest method. The equity component is not remeasured. No gain or loss is recognized at maturity or early conversion of the debt.

For convertible notes and debt with warrants classified as hybrid financial instruments, the Company elects on an instrument by instrument basis to bifurcate embedded derivatives or fair value of the entire instrument.

Leased assets

The Company primarily leases office and production facilities, warehouses, production equipment and vehicles. The Company assesses service arrangements to determine if an asset is explicitly or implicitly specified in the agreement and if the Company has the right to control the use of the identified asset.

The right-of-use asset is initially measured at cost, which is primarily comprised of the initial amount of the lease liability, plus initial direct costs and lease payments at or before the lease commencement date, less any lease incentives received, and is amortized on a straightline basis over the remaining lease term. All right-of-use assets are reviewed periodically for impairment. The lease liability is initially measured at the present value of lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The Company elected to recognize expenses for leases with a term of 12 months or less on a straight-line basis over the lease term and not to recognize these short-term leases on the balance sheet. Leases have varying terms with remaining lease terms of up to approximately 30 years. Certain of the Company's lease arrangements provide the Company with the option to extend or to terminate the lease early.

Lease payments included in the measurement of the lease liability comprise (a) fixed payments, including in-substance fixed payments; (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; (c) amounts expected to be payable under a residual value guarantee; and (d) the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early. At inception or reassessment of a contract that contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Income taxes

Income tax expense comprises current and deferred tax. It is recognized in the consolidated statement of profits and losses except to the extent that it relates to a business combination, or items recognized directly in equity or in other income. Interest and penalties related to income taxes, including uncertain tax treatments, are accounted for under *IFRIC 23 – Uncertainty over Income Tax Treatments* . Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable with respect to previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized with respect to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profit improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

Revenue recognition

The Company generates revenue from the sale of cannabis, cannabis related products and provision of services.

In accordance with *IFRS 15 – Revenue from Contracts with Customers,* the Company uses the following five-step approach to determine the timing and amount of revenue to be recognized:

i. identify the contract with the customer;
ii. identify the performance obligation(s) in the contract;
iii. determine the transaction price;
iv. allocate the transaction price to the performance obligation(s); and
v. recognize revenue when (or as) performance obligation(s) is/are satisfied.

Revenue from the sale of cannabis is recognized at the point in time when control over the goods have been transferred to the customer. The Company transfers control and satisfies its performance obligation upon delivery and acceptance by the customer. Revenue from management services fees are recognized over the term of the arrangement as services are provided. Revenue is presented net of discounts and sales and other related taxes.

Share-based payment arrangements

The Company measures all share-based payment arrangements to employees and directors at the fair value on the date of the grant. The Company uses the Black-Scholes valuation model to determine the grant-date fair value of options and warrants. The inputs into the Black-Scholes valuation model, including the expected term of the instrument, expected volatility, risk-free interest rate and dividend rate are determined by reference to the underlying terms of the instrument, and the Company's experience with similar instruments. In instances where stock options have performance or market conditions, the Company utilizes the Monte Carlo valuation model to simulate the various outcomes that affect the value of the option. The grant-date fair value of equity-settled share-based payment arrangements is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service conditions at the vesting date.

Earnings per share, basic and diluted

The Company presents basic and diluted earnings per share. Basic earnings per share is calculated by dividing the profit or loss attributable to shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of shares outstanding, for the effects of all dilutive potential shares, which comprise warrants, convertible debt and options issued. Items with an anti-dilutive impact are excluded from the calculation. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument to another entity. Financial assets and financial liabilities are recognized in the consolidated statement of financial position at the time the Company becomes a party to the contractual provisions of the financial instrument.

Initial measurement of financial assets and financial liabilities

Financial assets and liabilities are recognized at fair value upon initial recognition plus any directly attributable transaction costs when not subsequently measured at fair value through profit or loss. Transaction costs are expensed in the period incurred through the consolidated statement of profits and losses.

Subsequent measurement

Measurement in subsequent periods is dependent on the classification of the financial instrument. On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortised cost or fair value through other comprehensive income (loss) (" FVTOCI") as described below are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Classification

The Company classifies its financial instruments in the following categories: at FVTPL, at FVTOCI or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities, including accounts receivable and notes receivables, at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of profits and losses. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of profits and losses in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company recognizes in the consolidated statements of profits and losses, as an impairment loss or gain, the amount of expected credit losses or reversal that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of profits and losses.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of profits and losses.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

Biological assets

Biological assets are dependent upon estimates of future economic benefits as a result of past events to determine the fair value through an exercise of significant judgment by the Company. In estimating the fair value of an asset or a liability,

the Company uses market observable data to the extent it is available. The Company uses the average selling price per gram in the market in which the biological assets are produced to determine fair value. The Company reevaluates market prices on a quarterly basis in order to ensure biological assets are measured at the most relevant fair value.

Business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. The Company accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Company. In determining whether a particular set of activities and assets is a business, the Company assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

One of the most significant estimates relates to the determination of the fair value of assets and liabilities of the acquiree. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in the statement of profits and losses immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the statement of profits and losses. Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with *IFRS 9 – Financial Instruments* with the corresponding gain or loss being recognized in the consolidated statement of profits and losses. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods, not to exceed one year from the acquisition date.

The Company utilizes the guidance prescribed by Amendments to *IFRS 3 – Definition of a Business (the "IFRS 3 Amendment")*. The IFRS 3 Amendment changes the definition of a business and allows entities to use a concentration test to determine if transactions should be accounted for as a business combination or an asset acquisition. Under the optional concentration test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business and the transaction would be accounted for as an asset acquisition. Management performs a concentration test where appropriate and if the concentration of assets is 85% or above, the transaction is generally accounted for as an asset acquisition.

Compound financial instruments

The identification of components in compound financial instruments is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Share-based payment arrangements

The Company uses the Black-Scholes valuation model to determine the fair value of options granted to employees and directors under share-based payment arrangements, where appropriate. In instances where stock options have performance

or market conditions, the Company utilized the Monte Carlo valuation model to simulate the various outcomes that affect the value of the option. In estimating fair value, management is required to make certain assumptions and estimates such as the expected life of units, volatility of the Company's future share price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

Goodwill impairment

Goodwill is allocated to the cash generating unit ("CGU" or "CGUs") which are expected to benefit from the synergies of the combination. In determining its CGUs, the Company has completed an internal analysis to identify the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Given the nature of the Company's business, management generally identifies CGUs based on both regions and acquired business entities.

Goodwill is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired in accordance with *IAS 36*. Impairment is determined by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. The Company performs the analysis on a CGU level using a discounted cash flow method. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess of impairment amount is allocated to the carrying amount of assets in the CGU. Any goodwill impairment loss is recognized in the consolidated statement of profits and losses in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

Assets held for sale

The accounting policy for assets held for sale applied in these consolidated financial statements is new in comparison to the audited consolidated financial statements of the Company as of and for the year ended December 31, 2019. The Company classifies assets held for sale in accordance with IFRS 5, *"Non-Current Assets Held for Sale and Discontinued Operations."* When the Company makes the decision to sell an asset or to stop some part of its business, the Company assesses if such assets should be classified as an asset held for sale. To classify as an asset held for sale, the asset or disposal group must meet all of the following conditions: i) the asset is available for immediate sale in its present condition, ii) management is committed to a plan to sell, iii) an active program to locate a buyer and complete the plan has been initiated, iv) the asset is being actively marketed for sale at a sales price that is reasonable in relation to its fair value, v) the sale is highly probable within one year from the date of classification, and vi) actions required to complete the plan indicate that it is unlikely that the plan will be significantly changed or withdrawn. An asset held for sale is measured at the lower of its carrying amount or fair value less cost to sell ("FVLCTS") unless the asset held for sale meets the exceptions as denoted by IFRS 5. FVLCTS is the amount obtainable from the sale of the asset in an arm's length transaction, less the costs of disposal. Once classified as held for sale, any depreciation and amortization cease to be recorded (see Note 7).

COVID-19 estimation uncertainty

The novel coronavirus commonly referred to as "COVID-19" was identified in December 2019 in Wuhan, China. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, and on March 11, 2020, the spread of COVID-19 was declared a pandemic by the World Health Organization. On March 13, 2020, the spread of COVID-19 was declared a national emergency in the United States by former President Donald Trump. The outbreak has spread throughout the globe, causing companies and various international jurisdictions to impose restrictions such as quarantines, business closures, and travel restrictions.

The duration of the business disruptions and related financial impact cannot reasonably be estimated at this time. In addition, it is possible that estimates in the Company's financial statements will change in the near term as a result of

COVID-19, and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets, intangibles assets, and goodwill. The Company is closely monitoring the impact of the pandemic on all aspects of its business. See the heading "Risk Factors – General Business Risks – COVID-19 Pandemic" of the Company's management's discussion and analysis for the years ended December 31, 2020 and 2019 for more information.

New, amended and future IFRS pronouncements

The following IFRS standards have been recently issued by the IASB. The Company is assessing the impact of these new standards on future consolidated financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

Amendment to IFRS 3: Definition of a Business

In October 2018, the IASB issued the IFRS 3 Amendment. The IFRS 3 Amendment clarifies the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The IFRS 3 Amendment provides an assessment framework to determine when a series of integrated activities is not a business. The IFRS 3 Amendment is effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after January 1, 2020, however early application is permitted. The Company had elected early application of the IFRS 3 Amendment effective January 1, 2019 and elected whether to apply, or not apply, the test to each transaction separately. The Company applies the IFRS 3 Amendment based on whether a single asset is a significant percentage of the total assets acquired.

IAS 1 – Presentation of Financial Statements & IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

In October 2018, the IASB issued *"Definition of Material"*, an amendment to *IAS 1 – Presentation of Financial Statements* and *IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors*, to clarify the definition of materiality and to align the definition used in the Conceptual Framework and the standards themselves. The amendment clarifies that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." This amendment is effective for the annual period beginning January 1, 2020.

The following is a brief summary of the new standards issued but not yet effective:

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued *Classification of Liabilities as Current or Non-Current* ("Amendments to IAS 1"). The Amendments to IAS 1 aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The Amendments to IAS 1 include clarifying the classification requirements for debt a company might settle by converting it into equity. The Amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted.

Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract

In May 2020, the IASB issued *Onerous Contracts – Cost of Fulfilling a Contract* amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendment is effective for annual reporting periods beginning on or after January 1, 2022.

Note 3 – Accounts receivable

Accounts receivable consist of the following:

	December 31, 2020	December 31, 2019
Trade accounts receivable, net	$ 30,919	$ 17,339
Other receivables	2,446	996
Transferred to assets held for sale	(4,536)	—
Total trade and other receivables	$ 28,830	$ 18,335

As of December 31, 2020, the Company recognized a $494 provision for expected credit losses. No provision was recognized for the year ended December 31, 2019.

Note 4 – Acquisitions

A summary of acquisitions completed during the years ended December 31, 2020 and 2019 is provided below:

	Year ended December 31, 2020							
Purchase price allocation	**Cura (2)**	**Remedy (2)**	**Arrow (1)**	**MEOT (2)**	**Curaleaf NJ (2)**	**Blue Kudu (1)**	**Grassroots (2)**	**ATG (2)**
Assets acquired:								
Cash	$ 12,755	$ 172	$ 711	$ 395	$ 3,667	$ 276	$ 28,690	$ 7,253
Accounts receivable, net	11,027	15	—	129	1,995	350	5,511	—
Prepaid expenses and other current assets	2,232	3	—	15	405	—	5,835	787
Inventory	22,074	227	508	1,418	4,962	123	12,101	3,455
Biological assets	—	79		705	2,340	—	4,571	379
Property, plant and equipment, net	7,465	319	1,854	1,081	6,187	56	37,128	4,397
Right-of-use assets	9,047	108	2,058	1,812	41,518	812	103,055	1,555
Other assets	832	—	—	1,034	46	—	91	—
Intangible assets :								
Licenses	135,060	—	38,435	—	57,580	3,345	300,140	24,690
Trade name	28,340	160	—	170	8,260	—	12,130	120
Service agreements	59,030	1,430	—	5,830	—	—	3,080	—
Non-compete agreements	4,950	—	—	—	—	—	19,290	—
Goodwill	113,252	909	—	561	22,863	—	257,023	19,072
Deferred tax liabilities	(58,971)	(480)	—	(1,680)	(20,525)	—	(102,329)	(9,397)
Liabilities assumed	(22,652)	(573)	(5,885)	(3,426)	(46,065)	(1,469)	(159,368)	(9,811)
Consideration transferred	**$ 324,441**	**$ 2,369**	**$ 37,681**	**$ 8,044**	**$ 83,233**	**$ 3,493**	**$ 526,948**	**$ 42,500**

	Year ended December 31, 2019							
Purchase price allocation	**Acres (2)**	**Glendale (1)**	**Phyto (1)**	**Emerald (1)**	**Eureka (1)**	**Blackjack (1)**	**HMS (1)**	**Elevate (1)**
Assets acquired:								
Cash	$ 478	$ 330	$ 37	$ 747	$ 490	$ 120	$ 501	$ 101
Accounts receivable	884	92	—	188	82	—	1,052	—
Prepaid expenses and other current assets	114	21	143	253	876	—	211	53
Inventory	3,812	422	103	724	587	333	414	93
Biological assets	567	—	—	—		—	—	—
Property, plant and equipment	5,994	1,407	—	103	357	—	—	68
Other assets	45	107	—	15	—	—	—	—
Intangible assets :								
Licenses	22,340	17,060	7,424	15,970	35,253	7,187	32,775	1,937
Trade name	370	—	—	—	—	—	—	—
Non-compete agreements	700	—	—	—	—	—	—	—
Goodwill	17,471	—	—	—	—	—	—	—
Deferred tax liabilities	—	—	—	—	—	—	—	—
Liabilities assumed	(5,178)	(660)	(38)	—	(1,284)	(915)	(2,654)	(151)
Non-controlling interest	—	—	—	—	—	(2,156)	—	—
Consideration transferred	**$ 47,597**	**$ 18,779**	**$ 7,669**	**$ 18,000**	**$ 36,361**	**$ 4,569**	**$ 32,299**	**$ 2,101**

(1) Acquisition accounted for as an asset acquisition with the application of the IFRS 3 Amendment.
(2) Acquisition accounted for as a business combination under IFRS 3.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods, not to exceed one year from the acquisition date.

Goodwill arising from acquisitions consists largely of the synergies and economies of scale expected from combining the operations of the businesses. These synergies include the elimination of redundant facilities and functions and the use of the Company's existing commercial infrastructure to expand sales.

2020 acquisitions

Cura Partners, Inc., an Oregon corporation ("Cura" or "Select")

On February 1, 2020, the Company completed the acquisition of Select through the Company's subsidiary CLF Sapphire Holdings, Inc. The acquisition included Select's manufacturing, processing, distribution, and marketing operations, all adult-use and medical cannabis products marketed under the Select brand name, and all Select intellectual property (the "Cura Transaction"). The purpose of the Cura Transaction was to solidify the Company's stance as one of the largest cannabis operators in the U.S. in terms of operational and wholesale footprint and position the Company for its next phase of growth.

Due to changes in market conditions, Curaleaf and Select mutually agreed on October 30, 2019 to reduce the base consideration payable upon closing of the Cura Transaction. Under the Amended and Restated Merger Agreement (the "Amended Merger Agreement"), the Company issued 55,000,000 SVS to the benefit of the former Select equity holders. The fair value of the shares issued upon closing was $251,911 and the fair value of the shares issued and held in escrow was $17,381. There was an additional 40,555,556 SVS payable to former Select equity holders contingent upon Curaleaf achieving certain calendar year 2020 revenue targets based on Select-branded extract sales beginning at a target of $130,000 with maximum achievement at $250,000. In addition, Select equity holders will also be eligible to receive an earn-out of up to $200,000 from the issuance of additional SVS, contingent upon Curaleaf exceeding $300,000 in calendar year 2020 revenue for Select-branded extract sales. The total contingent consideration related to Cura had a fair value of $28,445. Consideration also included the rollover of former Select option-holders to Curaleaf options. The fair value of the rollover options was $26,072. There were 2 dissenting Select shareholders who elected to receive cash in lieu of merger consideration; they were paid $631 in April 2020. The Select earn-out criteria for the potential payout of an additional 40,555,556 SVS was not met as of the measurement date, and as a result the Company recorded a gain on

the change in fair value of the contingent consideration of $28,445 during the year ended December 31, 2020. The Company incurred transaction costs of approximately $7,452.

The Company calculated, on a pro forma basis, the combined results of the acquired entity as if the Cura Transaction had occurred as of January 1, 2020. These unaudited pro forma results are not necessarily indicative of either the actual consolidated results had the acquisition occurred as of January 1, 2020 or of the future consolidated operating results. For the Cura Transaction, total unaudited pro forma revenue and net loss for the year ended December 31, 2020 was $91,483 and $49,708, respectively.

Revenue and net loss from Cura included in the consolidated statement of profits and losses for the year ended December 31, 2020 was $81,837 and $34,276, respectively.

Arrow Alternative Care, Inc. ("Arrow 1"), Arrow Alternative Care #2, Inc. ("Arrow 2"), Arrow Alternative Care #3, Inc. ("Arrow 3"), each a Delaware corporation (collectively, the "Arrow Companies" or "Arrow")

In March 2020, the Company signed definitive agreements to acquire Arrow 1, Arrow 2, and Arrow 3 (respectively, "Transaction 1", "Transaction 2", and "Transaction 3", and collectively the "Arrow Transactions"), which operated licensed medical cannabis dispensaries in Stamford, Hartford, and Milford, Connecticut. The aggregated consideration paid for the Arrow Companies was $37,681, consisting of $16,298 in cash and $21,383 in SVS. The closing of Transaction 1 and Transaction 3 occurred in April 2020. While management's control of, and all economic interest in, Arrow 2 were transferred to the Company in April 2020, the closing of Transaction 2 occurred on August 3, 2020. The consideration for Arrow 1 was $10,412 and was paid in cash at closing. The consideration for Arrow 2 was $15,048 of which $9,333 was paid in SVS and the remainder in cash. Finally, the consideration for Arrow 3 was $12,227 which was paid by the issuance of 1,861,149 SVS. In August 2020, 27,334 "top up" shares were issued as additional consideration in connection with Transaction 3. The Company incurred transaction costs of approximately $227. The Company acquired Arrow due to its strategic locations in key metro areas in Connecticut.

The Company calculated, on a pro forma basis, the combined results of the acquired entity as if the Arrow acquisition had occurred as of January 1, 2020. These pro forma results are not necessarily indicative of either the actual consolidated results had the acquisition occurred as of January 1, 2020 or of the future consolidated operating results. For the Arrow acquisition, total unaudited pro forma revenue and net income for the year ended December 31, 2020 was $24,410 and $1,298, respectively.

Revenue and net loss from Arrow included in the consolidated statement of profits and losses for the year ended December 31, 2020 was $18,638 and $574, respectively.

Remedy Compassion Center, Inc. ("Remedy")

Remedy owns and operates a duly licensed registered medical marijuana and cultivation facility in the state of Maine. In October 2016, the Company entered into a Management Services Agreement with Remedy ("Remedy MSA") under which the Company provided services in the areas of cultivation, extraction, and other consulting. Under the Remedy MSA, Remedy maintained exclusive control and possession, and was solely responsible for final decision-making regarding all aspects of the business. The Company recognized management fee income for services rendered under the Remedy MSA.

Remedy operated as a Maine nonprofit corporation until February 2020, when changes in Maine regulations allowed for conversion to a for-profit corporation. In February 2020, Remedy converted to a for-profit corporation as approved by their independent Board of Directors. In connection with the conversion, the Remedy MSA was terminated and the Company entered into a Registered Dispensary Management Agreement ("Remedy Operating Agreement"). Current Maine regulations require that licensed medical marijuana dispensaries be owned by residents of Maine. However, under the Remedy Operating Agreement, the Company has acquired operational control and substantially all of the economic

benefit of Remedy's business (the “Remedy Acquisition”), which allows the Company to control Remedy in accordance with IFRS 10 definitions. The Company retains a right to acquire Remedy at such time as the residency requirement for ownership is lifted. Total consideration paid for the Remedy Acquisition was $2,369. The Company incurred transaction costs of approximately $28.

The Company calculated, on a pro forma basis, the combined results of the acquired entity as if the Remedy Acquisition had occurred as of January 1, 2020. These unaudited pro forma results are not necessarily indicative of either the actual consolidated results had the acquisition occurred as of January 1, 2020 or of the future consolidated operating results. For the Remedy Acquisition, total unaudited pro forma revenue and net loss for the year ended December 31, 2020 was $4,135 and $596, respectively.

Revenue and net loss from Remedy included in the consolidated statement of profits and losses for the year ended December 31, 2020 was $3,164 and $204, respectively.

GR Companies, Inc., a Delaware company ("Grassroots")

In July 2019, the Company entered into an Agreement and Plan of Merger to acquire Grassroots (the “Grassroots Acquisition”). In June 2020, Curaleaf entered into an Amended and Restated Agreement and Plan of Merger (the "Grassroots Merger Agreement") which amended and restated the original definitive agreement and amended certain terms of the Grassroots Acquisition. The Company acquired Grassroots to continue its path forward in playing a leading role in the growth of the U.S. cannabis market.

Closing of the Grassroots Transaction occurred in July 2020. At closing, the Company issued (i) 103,455,816 SVS to the benefit of the former holders of common stock of Grassroots which had a fair value of approximately $564,541, and (ii) 12,851,005 SVS to be held in escrow in accordance with the terms of the Amended Grassroots Merger Agreement which had a fair value of approximately $71,389. In addition, the Company paid an amount of $51,187 in connection with the closing of the Grassroots Transaction, which included reimbursements of permitted capital expenditures and acquisitions that occurred between signing and closing, transaction related expenses, and replenishment of working capital. In addition, the parties resolved that certain Grassroots related assets in Illinois and Ohio, and a dispensary in Maryland, are designated for sale to comply with local limitations on license ownership. Due to the limitations on license ownership, the Company recognized $132,234 for prepayment of acquisition consideration. Curaleaf also agreed to issue 2,119,864 SVS to partially offset the dilution to the holders of common stock of Grassroots caused by the conversion of certain debentures of Grassroots into equity of Grassroots immediately prior to the closing of the Grassroots Transaction. The transaction price remains subject to closing adjustments and the parties are still in the process of finalizing the computation of those post-closing adjustments, which is expected to finalize by the third quarter of 2021. The Company incurred transaction costs of approximately $7,623.

The Company calculated, on a pro forma basis, the combined results of the acquired entity as if the Grassroots Acquisition had occurred as of January 1, 2020. These unaudited pro forma results are not necessarily indicative of either the actual consolidated results had the acquisition occurred as of January 1, 2020 or of the future consolidated operating results. For the Grassroots Acquisition, total unaudited pro forma revenue and net income for the year ended December 31, 2020 was $213,215 and $120,127, respectively.

Revenue and net loss from Grassroots included in the consolidated statement of profits and losses for the year ended December 31, 2020 was $125,177 and $7,744, respectively.

Virginia’s Kitchen, LLC, a Colorado company d/b/a Blue Kudu (“Blue Kudu”)

In February 2020, the Company signed a definitive agreement to acquire 100% of Blue Kudu, a Colorado-licensed processor and producer of cannabis edibles, operating an 8,400 square foot facility in Denver, Colorado. The transaction

closed in July 2020. The consideration consisted of 322,580 SVS at a fair value of $2,109, $1,384 payable in cash at closing of the transaction, and a 5% note of up to $500 due ten and one half months from closing. The Company incurred transaction costs of approximately $100. The Company acquired Blue Kudu as a strategic move to support the Company's planned expansion of its Select brand throughout the state of Colorado.

The Company calculated, on a pro forma basis, the combined results of the acquired entity as if the Blue Kudu acquisition had occurred as of January 1, 2020. These unaudited pro forma results are not necessarily indicative of either the actual consolidated results had the acquisition occurred as of January 1, 2020 or of the future consolidated operating results. For the Blue Kudu acquisition, total unaudited pro forma revenue and net income for the year ended December 31, 2020 was $3,126 and $458, respectively.

Revenue and net income from Blue Kudu included in the consolidated statement of profits and losses for the year ended December 31, 2020 was $2,719 and $155, respectively.

Curaleaf NJ, Inc. ("CLNJ")

In February 2011, the Company entered into a Management Services Agreement ("NJ MSA") with CLNJ (formerly Compassionate Sciences ATC Inc.). As required under state law, CLNJ was formed as a New Jersey nonprofit corporation without shareholders, acting through its governing body, the Board of Trustees ("NJ Board"). CLNJ operated medical dispensary, processing, and cultivation facilities as permitted by the state of New Jersey. Under the NJ MSA, the Company acted as an independent contractor providing services in the areas of cultivation, extraction, and other consulting services. The Company recognized management fee income for services rendered under the NJ MSA. In addition to the NJ MSA, the Company entered into a Conditionally Convertible Promissory Note ("NJ Note") (see Note 8). The NJ Note allowed the Company to acquire CLNJ when the regulations in New Jersey changed to allow nonprofit corporations to convert to for-profit corporations.

In July 2019, New Jersey Governor Murphy signed an amendment to the New Jersey Compassionate Use Medical Marijuana Act (the "Act") known as the Jake Honig Compassionate Use Medical Cannabis Act ("Jake Honig Act"). The Jake Honig Act authorized the New Jersey nonprofit corporations that hold Alternative Treatment Center Permits ("ATC Permits") to sell or transfer their permits and other assets to for-profit entities. Due to changes in New Jersey regulations, CLNJ received approval from the state of New Jersey for the transfer of the ATC Permit to Curaleaf NJ II, Inc., a wholly owned subsidiary of the Company. In conjunction with the transfer of the ATC Permit, the Company entered into an Asset Purchase Agreement ("CLNJ APA"). As part of the CLNJ APA, CLNJ agreed to sell and transfer the ATC Permit and substantially all of its other assets to Curaleaf NJ II. The transaction closed in July 2020. As a result of the closing of the sale and transfer of the assets, the $83,233 balance of the NJ Note was applied to the purchase price. The Company incurred transaction costs of approximately $54. The Company acquired CLNJ due to its presence in the state of New Jersey and its growing market.

The Company calculated, on a pro forma basis, the combined results of the acquired entity as if the CLNJ acquisition had occurred as of January 1, 2020. These unaudited pro forma results are not necessarily indicative of either the actual consolidated results had the acquisition occurred as of January 1, 2020 or of the future consolidated operating results. For the CLNJ acquisition, total unaudited pro forma revenue and net income for the year ended December 31, 2020 was $65,178 and $6,080, respectively.

Revenue and net income from CLNJ included in the consolidated statement of profits and losses for the year ended December 31, 2020 was $37,510 and $15,757, respectively.

Primary Organic Therapy, Inc. (d/b/a Maine Organic Therapy) ("MEOT")

MEOT owns and operates a duly licensed registered medical marijuana and cultivation facility in the state of Maine. In January 2017, the Company entered into a Management Services Agreement with MEOT ("MEOT MSA") under which the Company provided services in the areas of financial services, compliance consulting, and human resources management. Under the MEOT MSA, MEOT maintained exclusive control and possession, and was solely responsible for final decision-making regarding all aspects of the business, and the Company acted solely in an advisory capacity. The Company recognized management fee income for services rendered under the MEOT MSA.

The MEOT MSA was terminated in July 2020, and MEOT entered into a new MSA agreement ("Verdure MSA") with Verdure, Inc. ("Verdure"), an entity in which the Company's Executive Vice Chairman, Joseph Lusardi had an ownership interest. The Company acquired Verdure in July 2020 for $8,000 cash and a cash earn-out of $2,000 based on MEOT's achievement of certain earnings targets. The fair value of the earn-out was $44. Current Maine regulations require that licensed medical marijuana dispensaries be owned by residents of Maine. However, under the Verdure MSA, the Company has acquired operational control and substantially all of the economic benefit of MEOT's business. The acquisition of Verdure resulted in the Company controlling MEOT in accordance with IFRS 10. The Company retains a right to acquire MEOT at such time as the residency requirement for ownership is lifted. The Company incurred transaction costs of approximately $32. The Company acquired operational control and substantially all of the economic benefit of MEOT due to its presence in the state of Maine and its growing market.

The Company calculated, on a pro forma basis, the combined results of the acquired entity as if the MEOT acquisition had occurred as of January 1, 2020. These unaudited pro forma results are not necessarily indicative of either the actual consolidated results had the acquisition occurred as of January 1, 2020 or of the future consolidated operating results. For the MEOT acquisition, total unaudited pro forma revenue and net income for the year ended December 31, 2020 was $5,317 and $158, respectively.

Revenue and net income from MEOT included in the consolidated statement of profits and losses for the year ended December 31, 2020 was $2,728 and $574, respectively.

PalliaTech Florida LLC

On August 17, 2020, the Company acquired the remaining 11.4% equity interest in PalliaTech Florida LLC from certain minority equity holders for consideration of 2,375,000 SVS. In connection with the foregoing, the Company also agreed to the repayment of certain secured promissory notes in the amount of $1,750. Another 11.4% equity interest in PalliaTech Florida LLC was acquired by the Company on January 10, 2020 from certain other minority equity holders for consideration of $2,500 paid in cash and 1,772,062 SVS. Upon completion, PalliaTech Florida LLC became an indirect wholly-owned subsidiary of the Company (See Note 19). On December 31, 2020, PalliaTech Florida LLC transferred all of the securities that it held in Curaleaf Florida, LLC to Palliatech Florida, Inc., so that PalliaTech Florida, Inc. became the sole member of Curaleaf Florida, LLC. Following that transfer of securities, having no other assets, PalliaTech Florida, LLC was voluntarily dissolved on December 31, 2020. Transaction costs for the remaining acquisition items that occurred in 2020 were immaterial.

Net loss from PalliaTech Florida LLC included in the consolidated statement of profits and losses for the year ended December 31, 2020 was $4,468.

Alternative Therapies Group, Inc, a Massachusetts corporation ("ATG")

In August 2018, the Company entered into an agreement to acquire ATG, which includes a 53,600 square foot cultivation and processing facility in Amesbury, Massachusetts, and intended to enter into supply agreements with ATG's three dispensaries in Massachusetts. Consideration for ATG is $50,000, $42,500 of which was prepaid in cash in December

2018 in order to solidify the Company's intent to complete the purchase of ATG and was recorded as a non-current asset. The remaining $7,500 was paid at the closing of the transaction in November 2020. In connection with the acquisition, ATG's dispensaries located in Amesbury, Salisbury and Salem have been spun off and continue to operate under the ATG brand. The dispensaries were sold for a total of $7,500. The Company incurred transaction costs of approximately $204. The Company purchased ATG to increase its cultivation capacity in Massachusetts.

The Company calculated, on a pro forma basis, the combined results of the acquired entity as if the ATG acquisition had occurred as of January 1, 2020. These unaudited pro forma results are not necessarily indicative of either the actual consolidated results had the acquisition occurred as of January 1, 2020 or of the future consolidated operating results. For the ATG acquisition, total unaudited pro forma revenue and net income for the year ended December 31, 2020 was $18,385 and $14,179, respectively.

Revenue and net income from ATG included in the consolidated statement of profits and losses for the year ended December 31, 2020 was $3,976 and $3,259, respectively.

2019 acquisitions

HMS Health LLC ("HMS"), HMS Processing LLC, MI Health LLC, and HMS Sales LLC, all Maryland limited liability companies (the "HMS Companies")

In January 2019, the Company completed the acquisition of the HMS Companies which concluded as a $30,000 convertible financing. Prior to funding, HMS spun off its cannabis processing license and cannabis dispensing license into separate entities, HMS Processing LLC and HMS Sales LLC, respectively. There was an additional adjustment of $447 made upon closing as part of the agreement. The loans, together with accrued interest, are convertible into equity of each of the HMS Companies upon receipt of all required regulatory approvals. In addition, the owners of the HMS Companies will receive additional consideration of $2,000 in SVS at the then-current market price upon completed conversion of the loans. The Company recorded a liability of $1,852 for the additional consideration. The Company incurred transaction costs of approximately $199. The Company has signed a definitive agreement with TerrAscend Corp for the sale of these acquired asset (see Note 7).

Town Center Wellness, LLC, dba Elevate Takoma, a Maryland limited liability company ("Elevate")

In January 2019, the Company paid $2,101 in cash for an option to acquire the license associated with Elevate, a dispensary located in Takoma Park, MD. The Company incurred transaction costs of approximately $40. The Company has signed a definitive agreement with PharmaCann LLC for the sale of these acquired asset (see Note 7).

Naturex II, LLC, dba Blackjack Collective, a Nevada limited liability company ("Blackjack")

In October 2017, the Company entered into an agreement to acquire 51.2% of Blackjack by purchasing a 64% interest in VSLV Management, a related party, which owned 80% of Blackjack. The purchase price was in the form of 4,105,988 shares of common stock of Curaleaf, Inc. valued at $3,001. The Company issued these shares of Curaleaf, Inc. into escrow for release to the members of VSLV Management upon regulatory approval of the transaction. In January 2019, the Company entered into an agreement to acquire an additional 18% of Blackjack from minority owners for cash consideration of $1,260. Furthermore, in October 2019, the Company entered into an agreement to acquire the remaining interests in VSLV Management in consideration of the issuance of 286,246 additional SVS upon closing of the transaction. Final completion of these further transactions also remains subject to regulatory approval.

The Company's total controlling ownership in Blackjack as of April 1, 2019, the date it took control of Blackjack, was 69.2%. The Company recognized the residual 30.8% of unowned membership interest as a $2,156 non-controlling interest in equity. As a result of its agreement to acquire the remaining interest in VSLV Management, the Company's controlling

ownership interest was increased to 98% as of October 11, 2019. There was an additional $308 of payables due to the Company that were effectively forgiven as part of the purchase price. The Company incurred transaction costs of approximately $122.

EC Investment Partners, LLC, a Nevada limited liability company ("Eureka")

In April 2019, the Company acquired all of the membership interests of Eureka. Total consideration of $36,361 consisted of $5,608 in cash, settlement of $5,000 of debt owed to the Company, and $14,239 which was settled through the issuance of 1,663,511 SVS. In addition, the sellers may be entitled to additional consideration in the form of additional SVS based upon the excess of Eureka's EBITDA for the twelve-month period starting July 1, 2019 above $5,000. The Company incurred transaction costs of approximately $609.The Eureka earn-out criteria were not met as of the measurement date, and as a result the Company recorded a gain on the change in fair value of the contingent consideration of $9,572 during the year ended December 31, 2020.

Absolute Healthcare, Inc. dba Emerald Dispensary, an Arizona non-profit corporation ("Emerald")

In May 2019, the Company acquired exclusive rights to operate the Emerald dispensary in Gilbert, AZ, whose license is held by Absolute Healthcare, Inc. Total consideration for the transaction was $18,000, of which $10,000 in cash was paid upfront, $5,000 was paid in cash in January 2020, and the balance of $3,000 was paid in cash in May 2020. (see Note 11). The Company incurred transaction costs of approximately $138.

Phytotherapeutics Management Services, LLC, an Arizona non-profit corporation ("Phyto")

In July 2019, the Company completed the acquisition of Phyto, which operates under the license of Phytotherapeutics of Tucson, LLC. The closing of the transaction resulted in the license being applied to a newly developed dispensary located in Phoenix, AZ.

Aggregate agreed consideration for Phyto was $7,669, consisting of cash in the amount of $5,669, 65,511 SVS valued at $500 and a promissory note in the amount of $1,500 with a maturity date of 18 months from the closing of the transaction with an interest rate of 7.5% (Note 11). The transaction was completed in July 2019. The Company incurred transaction costs of approximately $47.

Glendale Greenhouse, an Arizona non-profit corporation ("Glendale")

In August 2019, the Company completed the acquisition of Glendale, which operates under the license of PP Wellness as a vertically integrated cannabis cultivation, processing, and dispensary company.

Consideration for Glendale included 173,050 SVS valued at $1,500 and cash in the amount of $8,279. The Company also issued two promissory notes with a combined amount of $5,000 with a maturity date of 12 months from the closing of the transaction date and an interest rate of 7%. The Company also issued a promissory note in the amount of $2,500 with an interest rate of 7%, which was paid in February 2020 (Note 11). Additionally, the Company issued 172,544 SVS 12 months after the closing of the transaction. The Company incurred transaction costs of approximately $78.

Acres Cultivation, LLC, a Nevada limited liability company, and Acres Medical, LLC, a Nevada limited liability company (together, "Acres")

In October 2019, the Company completed the acquisition of Acres Cultivation, LLC, which included a cultivation facility in the Amargosa Valley, Nevada and, on January 1, 2020, the Company completed its acquisition of Acres Medical, LLC, which included a large dispensary located in Las Vegas, Nevada, with a second dispensary under construction that has since opened in Ely, Nevada. Total consideration for the Acres transaction was $47,597, of which $15,000 was paid in

cash upon signing of the definitive agreement, $9,500 was paid upon receiving regulatory approval of the license transfer for the dispensary in January 2020, as well as a $500 holdback. Total consideration also included $12,856 which was settled through the issuance of 3,108,183 SVS, and $8,569 which was settled through the issuance of 2,039,062 SVS upon receiving regulatory approval of the license transfer for the dispensary in January 2020. The purchase agreement also included earn-out potential ("Acres earn-out") if certain financial targets were met. The Acres earn-out was not expected to be achieved as of December 31, 2020, and as a result, the Company recorded a gain on the change in fair value of the contingent consideration of $1,034 during year ended December 31, 2020. The Company incurred transaction costs of approximately $448.

Pending acquisitions

The following acquisitions have been signed but were not completed prior to January 1, 2021. The results of the following entities are not included in the consolidated results of the Company:

Ohio Grown Therapies, LLC, an Ohio limited liability company ("OGT")

In May 2019, the Company entered into an agreement granting it an option to acquire OGT for $20,000. The Company paid $5,000 in cash in May 2019 and $7,500 in cash in July 2020. The remaining consideration will be paid upon completion of milestones, culminating with regulatory approval of the transfer of the final licenses and OGT facility to Curaleaf. The closing of this transaction is currently pending regulatory approval.

EMMAC Life Sciences Limited, a corporation existing under the laws of England and Wales ("EMMAC")

In March 2021, the Company signed a definitive agreement to acquire EMMAC, an independent cannabis company with operations spanning, amongst others, the United Kingdom, Germany, Italy, Spain and Portugal, for a total base consideration of approximately $286,000, consisting of approximately $50,000 in cash at closing, approximately 16,797,963 SVS and up to an additional $57,000 subject to performance-based earn-outs. The closing of this transaction is currently pending completion of certain closing conditions, including regulatory approval and is expected to close early in the second quarter of 2021.

Note 5 – Inventories

Inventories consist of the following:

	December 31, 2020	December 31, 2019
Raw materials		
Harvested cannabis	$ 5,036	$ 5,780
Harvested trim	8,450	2,890
Total raw materials	13,486	8,670
Work-in-process		
Processing	67,955	15,998
Finished goods		
Consumables	10,403	8,668
Flower	14,231	3,661
Extracts	31,269	14,663
Total finished goods	55,903	26,992
Fair value adjustment to inventory related to biological assets	63,828	11,550
Transferred to assets held for sale	(3,181)	—
	$ 197,991	$ 63,210

During the years ended December 31, 2020 and 2019, the Company recognized cost of goods sold of $460,734 and $177,143, respectively, of which $311,148 and $102,386, respectively, was included in costs before the impact of biological assets adjustments for the amount of $149,586 and $74,757, respectively, of non-cash expense relating to the realized change in fair value of inventory sold.

Note 6 – Biological assets

The following table is a reconciliation of the carrying amounts of the biological assets:

Balance at December 31, 2018	$ 4,491
Assets obtained in the acquisition of HMS Companies	469
Assets obtained in the acquisition of Eureka	577
Assets obtained in the acquisition of Acres	567
Unrealized fair value gain on growth of biological assets	97,738
Increase in biological assets due to capitalized costs	20,661
Transferred to inventory upon harvest	(105,306)
Balance at December 31, 2019	$ 19,197
Assets obtained in the acquisition of Remedy	79
Assets obtained in the acquisition of Curaleaf NJ	2,340
Assets obtained in the acquisition of MEOT	705
Assets obtained in the acquisition of Grassroots	4,571
Assets obtained in the acquisition of ATG	379
Unrealized fair value gain on growth of biological assets	224,610
Increase in biological assets due to capitalized costs	109,850
Transferred to inventories upon harvest	(314,114)
Transferred to assets held for sale	(1,407)
Balance at December 31, 2020	$ 46,210

Biological assets consist of actively growing cannabis plants to be harvested as agricultural produce.

The average grow cycle of plants up to the point of harvest is approximately twelve weeks. Plants in production are plants that are in the flowering stage and are valued at fair value less cost to complete and cost to sell, where fair value represents the Company's selling price per gram of dried cannabis. As of December 31, 2020 and 2019, it was expected that the Company's biological assets would yield 16,905,180 and 7,031,057 grams of cannabis when harvested, respectively. See Note 21 for the inputs and sensitivity analysis for the fair value of the biological assets.

Note 7 – Assets and liabilities held for sale

Assets and liabilities held for sale consist of the following:

Assets held for sale	**HMS Assets**	**Elevate, Takoma**	**GR Entities**	**Total**
Balance at January 1, 2020	$ —	$ —	$ —	$ —
Transferred in	30,397	2,274	25,833	58,504
Total assets held for sale at December 31, 2020	$ 30,397	2,274	25,833	$ 58,504

Liabilities associated with assets held for sale	HMS Assets	Elevate, Takoma	GR Entities	Total
Balance at January 1, 2020	$ —	$ —	$ —	$ —
Transferred in	3,145	797	3,239	7,181
Total liabilities associated with assets held for sale at December 31, 2020	$ 3,145	797	3,239	$ 7,181

The Company has been marketing the assets of HMS Health, LLC and the cultivation and processing assets of HMS Processing, LLC (collectively, the "HMS Assets") for sale. Such a sale will enable the Company to acquire the Maryland cultivation and processing assets previously owned by Grassroots while complying with limits on license ownership in the state of Maryland. The cultivation and processing assets of Grassroots in Maryland were spun off prior to the acquisition of Grassroots by the Company, and the Company intends to purchase those assets when approved by the Maryland regulators.

In November 2020, the Company announced the signing of a definitive agreement to sell its rights to the HMS Assets in Maryland to TerrAscend for a total consideration of $27,500. The HMS Assets sale includes the divestiture of operations in a 22,000 square foot co-located cultivation and processing facility in Frederick, MD. The total consideration due to the Company of $27,500 includes $25,000 payable in cash upon closing as well as a $2,500 interest bearing Note due and payable to the Company in April 2022. The transaction is expected to close pending customary closing conditions, including receipt of regulatory approval by the Maryland Medical Cannabis Commission.

In addition to the HMS Assets, the Company has been marketing the assets of Town Center Wellness, LLC, a licensed dispensary business in Takoma Park, Maryland. Such a sale will enable the Company to acquire dispensary assets previously owned by Grassroots while complying with limits on license ownership in the state of Maryland. In November 2020, the Company signed a definitive agreement to sell 100% of Town Center Welnness, LLC to PharmaCann LLC for a total consideration of $2,000, all payable in cash upon closing. The transaction is expected to close pending customary closing conditions, including receipt of regulatory approval by the Maryland Medical Cannabis Commission.

The Company has also been marketing certain rights and interests in some of the assets of the Grassroots-related entities, including OhiGrow, LLC and Ohio Green Grow, LLC, which have Ohio cultivation and processing licenses, respectively, in order to ensure compliance with Ohio regulations. Additionally, the Company has been marketing certain rights and interests of the assets of a select number of Illinois dispensaries associated with the Grassroots Acquisition in order to ensure compliance with Illinois rules and regulations.

Note 8 – Notes receivable

Notes receivable consist of the following:

	December 31, 2020	December 31, 2019
Notes receivable Curaleaf NJ, Inc. (Note 4)	$ —	$ 56,437
Notes receivable Remedy Compassion Center, Inc. (Note 4)	—	729
Notes receivable RJB Enterprises, LLC.	1,645	—
Notes receivable Curaleaf Maryland, Inc.	3,000	—
Total notes receivable	$ 4,645	$ 57,166
Current portion of notes receivable	2,645	—
Long term notes receivable	2,000	57,166
Total notes receivable	$ 4,645	$ 57,166

In October 2016, the Company entered into a $500 note receivable with Remedy Compassion Center, Inc ("RMC"). The note receivable has an interest rate of 12% per annum and interest payments are payable monthly. The principal balance of the loan is payable upon the maturity date of December 31, 2019. The notes receivable carries certain financial and non-financial covenants. The note receivable with RMC remained unpaid past the maturity date and continued accruing interest until it was used as the consideration paid for acquiring control of RMC due to the conversion of RMC to a for-profit corporation triggering a termination of the previous MSA and signing of the Remedy Operating Agreement (See Note 4). During the years ended December 31, 2020 and 2019, the Company recorded $37 and $82 of interest income, respectively.

In February 2011, the Company entered into a management services agreement which included a $2,500 credit facility, structured as a ten year term loan, with Curaleaf NJ, Inc., an unrelated party. The term loan had an interest rate of 18% per annum and interest payments were payable quarterly or added to the principal balance of the loan if payment was not made. In January 2019, the Company entered into the NJ Note to increase the term loan up to $70,000 with the same interest rate of 18% and maturity date of December 31, 2021. During the years ended December 31, 2020 and 2019, the Company recorded $6,336 and $8,017 of interest income, respectively. Additionally, the Company provided Curaleaf NJ, Inc. with management services for fees which are added to the note receivable. Revenue from Curaleaf NJ, Inc. accounted for approximately 3% and 17% of total revenue for the years ended December 31, 2020 and 2019, respectively.

Under the terms of the NJ Note, the outstanding balance of the principal and interest was convertible upon conversion of Curaleaf, NJ, Inc. from a non-for-profit corporation to a for-profit corporation in accordance with New Jersey law. In January 2020, Curaleaf NJ, Inc. submitted a request for authorization to sell and transfer its alternative treatment center ("ATC") permit and substantially all of its assets to the Company in exchange for forgiveness of the outstanding balance of the principal and interest of the NJ Note. Upon receiving approval from the State of New Jersey and other regulatory bodies, the transaction closed in July 2020. As a result of the closing of the sale and transfer of the assets, the $83,233 balance of the NJ Note was applied to the purchase price. See Note 4 for futher details.

In February 2020, the Company entered into a note receivable agreement with RJB Enterprises, LLC for a licensing arrangement for the purchase and processing of cannabis products associated with the Select product lines, structured as various term loan advances with a maximum borrowing amount of $7,000. The note receivable has an interest rate of 1.57% per annum and is payable upon maturity on March 1, 2022. The principal balance of the note is payable on the fifth day of each month starting on April 5, 2020, and so long as any indebtedness is outstanding under the note, is paid in increments of ten dollars and seventy-five cents per unit of licensed product sold by the borrower during the preceding month, with any remaining balance due upon maturity. The note can be prepaid at any time without any penalty or fees. The notes receivable carries certain financial and non-financial covenants.

The Company had been marketing the assets of Curaleaf Maryland, Inc., its licensed processing business in Maryland, with the intent to divest the Company from these assets to ensure compliance with Maryland regulations. In June 2020, the Company signed definitive agreements to sell 100% of Curaleaf Maryland, Inc. in October 2020. In November 2020, the Company announced the closing of its divestiture of Curaleaf Maryland, Inc. for total consideration of $4,000, of which $3,000 was issued as a note receivable from Curaleaf Maryland, Inc. The note receivable has a Payment-in-Kind ("PIK") interest rate of 13% per annum and is payable upon maturity on June 25, 2023. The principal balance of the note is payable each year on June 25th in equal installments of $1,000 with the interest due on the final payment.

Information about the Company's exposure to credit and market risks, and impartment losses for notes receivable is included in Note 21.

Note 9 – Property, plant and equipment

Property, plant and equipment and related accumulated depreciation consist of the following:

	December 31, 2020	December 31, 2019
Land	$ 6,827	$ 487
Building and improvements	132,428	87,563
Furniture and fixtures	64,214	37,526
Information technology	2,756	1,858
Construction in progress	73,177	20,387
Total property and equipment	279,402	147,821
Less: Accumulated depreciation	(36,547)	(18,009)
Property, plant and equipment, net	$ 242,855	$ 129,812

Assets included in construction in progress represent projects related to both cultivation and dispensary facilities not yet completed or otherwise not ready for use.

In August 2019, the Company entered into a Purchase and Sale Agreement ("PSA") with Freehold Properties, Inc. ("Freehold") pursuant to which Freehold agreed to purchase 7 of the Company's buildings that are used in the cultivation, manufacture and sale of cannabis. As part of the PSA, the Company agreed to lease the buildings from Freehold over a ten-year period. The Company received $25,245 in cash and 311,991 shares of Freehold stock valued at $2,836. The Company recognized a gain of $693 as a result of the sale, which was recorded within other expense on the consolidated statements of profits and losses.

On August 4, 2020, the Company completed a sale and lease back transaction to sell its Mt Dora, Florida cultivation and processing facility to GA NA 3 LLC. Under a long-term agreement, the Company will lease back the facility and continue to operate and manage it. As a result of the sale, the Company disposed of $26,700 of buildings and improvements and $14,800 of construction in progress. The Company recognized a loss on the sale related to the transaction of $557 which was recorded within other expense on the consolidated statements of profits and losses.

A reconciliation of the beginning and ending balances of property, plant and equipment and accumulated depreciation is as follows:

	Land	Building and Improvements	Furniture and Fixtures	Information Technology	Construction in Progress	Total
Cost						
As of December 31, 2018	$ 210	$ 48,060	$ 13,486	$ 582	$ 10,119	$ 72,457
Additions	277	39,280	25,307	1,677	35,439	101,980
Business acquisitions	—	5,365	2,050	2	512	7,929
Disposals	—	(26,348)	(2,525)	(840)	(4,832)	(34,545)
Transfers	—	21,206	(792)	437	(20,851)	—
As of December 31, 2019	$ 487	$ 87,563	$ 37,526	$ 1,858	$ 20,387	$ 147,821
Additions	10	45,659	17,934	646	62,024	126,273
Business acquisitions	6,384	25,828	12,225	823	13,227	58,487
Disposals	—	(27,620)	(3,674)	(498)	(14,801)	(46,593)
Transfers	(10)	5,537	1,653	(71)	(7,109)	—
Transferred to Assets Held for Sale	(44)	(4,539)	(1,450)	(2)	(551)	(6,586)
Balance as of December 31, 2020	$ 6,827	$ 132,428	$ 64,214	$ 2,756	$ 73,177	$ 279,402

	Land	Building and Improvements	Furniture and Fixtures	Information Technology	Construction in Progress	Total
Accumulated depreciation						
As of December 31, 2018	$ —	$ 3,521	$ 1,860	$ 107	$ —	$ 5,488
Depreciation	—	7,680	6,041	403	—	14,124
Disposals	—	(635)	(24)	—	(944)	(1,603)
As of December 31, 2019	$ —	$ 10,566	$ 7,877	$ 510	$ (944)	$ 18,009
Depreciation	—	8,624	10,854	1,006	—	20,484
Disposals	—	618	(3,018)	(230)	944	(1,686)
Transferred to Assets Held for Sale	—	(77)	(183)	—	—	(260)
Balance as of December 31, 2020	$ —	$ 19,731	$ 15,530	$ 1,286	$ —	$ 36,547

Depreciation expense totaled $20,484 and $14,124 for the years ended December 31, 2020 and 2019, respectively, which includes $13,135 and $5,505 recognized as cost of goods sold and $7,349 and $8,619 recognized as a part of operating expenses in the consolidated statements of profits and losses for the years ended December 31, 2020 and 2019, respectively.

There were no impairments recorded against property, plant and equipment during the years ended December 31, 2020 and 2019.

Note 10 – Goodwill and intangible assets

Identifiable intangible assets consist of the following:

	2019	2020						
	Balance at December 31,	Acquisitions	Purchase price adjustments	Disposals	Impairment Charge	Transferred to assets held for sale	Year-to-date amortization	Balance at December 31,
Licenses	$ 182,969	$ 559,250	$ (505)	$ (1,095)	$ (23,659)	$ (19,690)	$ (34,778)	$ 662,492
Trade names	1,921	49,180	767	(29)	—	(600)	(3,419)	47,820
Service agreements	—	69,370	—	—	—	—	(5,775)	63,595
Non-compete agreements	745	24,240	(45)	—	—	—	(1,446)	23,494
Total intangible assets, net	$ 185,635	$ 702,040	$ 217	$ (1,124)	$ (23,659)	$ (20,290)	$ (45,418)	$ 797,401

Amortization of intangible assets was $45,418 and $12,891 for the years ended December 31, 2020 and 2019, respectively.

The Company has determined that the goodwill associated with all acquisitions belongs to the cannabis operations segment for the years ended December 31, 2020 and 2019. The changes in the carrying amount of goodwill for the cannabis operations segment were as follows:

	Total
Balance at December 31, 2019	$ 69,326
Purchase price adjustments	76
Acquisition of Cura (Note 4)	113,252
Acquisition of Remedy (Note 4)	909
Acquisition of MEOT (Note 4)	561
Acquisition of Curaleaf NJ (Note 4)	22,863
Acquisition of Grassroots (Note 4)	257,023
Acquisition of ATG (Note 4)	19,072
Disposals (Note 8)	(1,748)
Transferred to assets held for sale (Note 7)	(11,190)
Balance at December 31, 2020	$ 470,144

There was no goodwill impairment as of December 31, 2020 or 2019 based on the analysis procedures outlined below.

As of December 31, 2020, the Company assessed whether there were events or changes in circumstances that would indicate that a Cash Generating Unit (“CGU”) or group of CGUs were impaired. The Company considers external and internal factors, including overall financial performance and relevant entity-specific factors, as part of this assessment.

The Company allocated goodwill to its cannabis operating segment based on acquisition of the entity to which the goodwill is attributable. As the cannabis operating segment comprises various CGUs, management tested the individual CGUs for impairment. The recoverable amount of all CGUs was determined based on the value in use (“VIU”) method using level 2 and level 3 inputs that were ultimately determined to be market participant assumptions. The recoverable amount for all CGUs was valued using a discounted cash flow (“DCF”) model, a variation of the income approach, and corroborated with value indications from certain market approaches, specifically the publicly-traded guideline company method and the comparable transaction method.

The significant assumptions applied in the determination of the recoverable amount are described as follows:

i. Cash flows: Estimated cash flows were projected based on actual operating results from internal sources as well as industry and market trends. The forecasts were extended to a total of eight years (with a terminal year thereafter) based on the relative immaturity of the industry;
ii. Terminal value growth rate: The terminal growth rate was based on historical and projected consumer price inflation, historical and projected economic indicators, and projected industry growth;
iii. Post-tax discount rate: The post-tax discount rate is reflective of the CGUs Weighted Average Cost of Capital ("WACC"). The WACC was estimated based on the risk-free rate, equity risk premium, beta adjustment to the equity risk premium based on a direct comparison approach, an unsystematic risk premium, and after-tax cost of debt based on corporate bond yields; and
iv. Tax rate: The tax rates used in determining the future cash flows were those effectively enacted based on jurisdiction at the respective valuation date.

Key assumptions used in calculating the recoverable amount for each CGU grouping tested for impairment as of December 31, 2020 is outlined in the following table:

	Grassroots CGU	Select CGU	New Jersey CGU	Nevada CGU	Arizona CGU	Connecticut CGU	Florida CGU	Massachusetts CGU
Terminal Value Growth Rate	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Discount Rate	14.0%	13.0%	19.0%	15.0%	19.0%	18.0%	18.0%	19.0%
Recoverable Amount	$ 607,958	$ 367,590	$ 187,617	$ 76,931	$ 338,205	$ 118,630	$ 343,470	$ 165,376
Carrying Amount of Goodwill	$ 245,833	$ 113,252	$ 22,863	$ 19,589	$ 15,547	$ 14,302	$ 13,410	$ 4,517

The recoverable amount of the CGU is compared to the total CGU carrying amount for each CGU grouping for impairment testing procedures.

Select CGU

The Company's Select CGU represents its operations dedicated to the manufacturing, processing, distribution, and marketing operations, and all adult-use and medical cannabis products marketed under the Select brand name, including all intellectual property. This CGU is attributed to the Company's cannabis operating segment. As a result of the impairment test, management concluded that the carrying value of the CGU was lower than its recoverable amount and recorded no impairment. An increase in the discount rate of 200 basis points would cause an impairment in the CGU grouping.

Grassroots CGU

The Company's Grassroots CGU represents its operations dedicated to the cultivation, processing and sale of cannabis within the states of Illinois, Pennsylvania, Michigan, Ohio, Vermont, North Dakota, Arkansas, and Connecticut. This CGU is attributed to the Company's cannabis operating segment. As a result of the impairment test, management concluded that the carrying value of the CGU was lower than its recoverable amount and recorded no impairment. An increase in the discount rate of 150 basis points would cause an impairment in the CGU grouping.

New Jersey CGU

The Company's New Jersey (Curaleaf) CGU represents its operations dedicated to the cultivation, processing and sale of cannabis within the state of New Jersey. This CGU is attributed to the Company's cannabis operating segment. As a result of the impairment test, management concluded that the carrying value of the CGU was lower than its recoverable amount and recorded no impairment.

Nevada CGU

The Company's Nevada CGU represents its operations dedicated to the cultivation and sale of cannabis within the state of Nevada. This CGU is attributed to the Company's cannabis operating segment. As a result of the impairment test, management concluded that the carrying value of the CGU was lower than its recoverable amount and recorded no impairment.

Arizona CGU

The Company's Arizona CGU represents its operations dedicated to the sale of cannabis within the state of Arizona. This CGU is attributed to the Company's cannabis operating segment. As a result of the impairment test, management concluded that the carrying value of the CGU was lower than its recoverable amount and recorded no impairment.

Connecticut CGU

The Company's Connecticut (Doubling Road) CGU represents its operations dedicated to the cultivation, processing, and sale of cannabis within the state of Connecticut. This CGU is attributed to the Company's cannabis operating segment. As a result of the impairment test, management concluded that the carrying value of the CGU was lower than its recoverable amount and recorded no impairment.

Florida CGU

The Company's Florida (Modern Health Concepts) CGU represents its operations dedicated to the cultivation, processing, and sale of cannabis within the state of Florida. This CGU is attributed to the Company's cannabis operating segment. As a result of the impairment test, management concluded that the carrying value of the CGU was lower than its recoverable amount and recorded no impairment.

Massachusetts CGU

The Company's Massachusetts (Curaleaf) CGU represents its operations dedicated to the cultivation, processing, and sale of cannabis within the state of Massachusetts. This CGU is attributed to the Company's cannabis operating segment. As a result of the impairment test, management concluded that the carrying value of the CGU was lower than its recoverable amount and recorded no impairment.

Finite asset specific impairments

During the year ended December 31, 2020, the Company identified underperformance of actual results against expected results for its Eureka cultivation operations, which is an indicator of asset impairment relating to the intangible license. The recoverable amount of the Eureka Cultivation licensing agreement was determined based on a third-party appraisal using a value in use approach, which is the present value of the future cash flows expected to be derived from the Eureka Cultivation licensing agreement, using unobservable inputs (level 3). The Eureka Cultivation licensing agreement was valued using a multi-period excess earnings method ("MPEEM"), a variation of the income approach. This methodology considers future cash flows attributable to the long-lived asset, contributory asset charges to reflect the use of other assets to sustain the subject asset, and a market participant discount rate observed in the industry. Consideration is given to historical data relating to the market and the subject asset, projected data relating to the subject asset, and certain industry standards which constitute both observable and unobservable inputs (level 2 and level 3). This model assumed a discount rate of 19.0%. As a result, the Company recognized a $23,659 impairment loss relating to this license for the year ended December 31, 2020. This license, and the corresponding impairment loss, are allocated to the cannabis operating segment (Note 18).

Note 11 – Notes payable

Notes payable consist of the following:

	December 31, 2020	December 31, 2019
Financing Agreement – 2021		
Principal amount and interest accrued	$ —	$ 90,795
Unamortized debt discount	—	(5,773)
Net carrying amount	—	85,022
Financing Agreement – 2023		
Principal amount	300,000	—
Unamortized debt discount	(25,126)	—
Net carrying amount	274,874	—
Promissory Note – 2024		
Principal amount	10,000	—
Unamortized debt discount	(300)	—
Net carrying amount	9,700	—
Secured Promissory Notes – 2029	—	2,505
Seller note payable	6,500	17,000
Other notes payable	427	426
Total other notes payable	$ 6,927	$ 17,426
Current portion of notes payable	6,500	17,000
Long term notes payable	285,001	87,953
Total notes payable	$ 291,501	$ 104,953

Financing Agreement – 2021

In August 2018, the Company issued $85,000 of senior secured debt (the "Financing Agreement – 2021"). In connection with the Financing – 2021 Agreement, the Company paid a fee of $1,700 upon the initial funding.

The Financing Agreement – 2021 accrued interest at a rate of 15% per annum, of which 10% was payable in cash quarterly and 5% is payable in kind. Principal and interest were due in full on August 23, 2021. The Financing Agreement – 2021 was secured by a guarantee of each wholly-owned direct and indirect subsidiary of the Company, as well as a pledge of the Company's assets and each such guarantor and contains certain negative covenants, including restrictions on the Company's ability to pay dividends, invest in non-wholly owned entities and to incur non-subordinated debt.

The Financing Agreement – 2021 may be pre-paid in tranches of up to $25,000 or $50,000 upon 90 or 180 days written notice. Any amount prepaid once the outstanding principal falls below $25,000 is subject to a prepayment premium.

In connection with the Financing Agreement – 2021, the Company issued warrants to purchase 3,598,492 shares of common stock of Curaleaf, Inc for a nominal value. The liability component of the notes was recorded at fair value of $77,556 and the equity component at the residual amount of $7,444. A debt discount is reflected as a reduction of the

carrying value of the long-term debt on the Company's consolidated statements of financial position and is being amortized to interest expense over the term of the notes using the effective interest method.

The Company recognized interest expense under the Financing Agreement – 2021 of $0 and $15,682 for the years ended December 31, 2020 and 2019, respectively, including interest expense related to the amortization of the debt discount of $0 and $2,250, respectively.

The Company satisfied, in full, its obligations including early repayment fees of $9,920 under the Financing Agreement – 2021 in connection with and out of the proceeds from the Financing Agreement – 2023 (as defined below) in January 2020. The early repayment fee was recorded with the debt discount and is being amortized over the term of the loan with the remaining unamortized debt discount netting against notes payable in the consolidated statements of financial position. The extinguishment of the loan under the Finance Agreement – 2021 was accounted for as a non-substantial modification to Financing Agreement – 2023.

Financing Agreement – 2023

In January 2020, the Company closed on a senior secured term loan facility ("Financing Agreement – 2023") from a syndicate of lenders totaling $300,000. The notes bear interest at a rate of 13.0% per annum, payable quarterly in arrears with maturity in December 2023. The notes contain certain principal prepayment premiums.

The Company satisfied its obligations in full under the Financing Agreement – 2021 in connection with, and out of the proceeds of the Financing Agreement - 2023. This was accounted for as a non-substantial modification with the related gain of $2,269 recorded in other income (expense) in the consolidated statements of profits and losses.

The Financing Agreement – 2023 may be pre-paid but is subject to a prepayment premium dependent on the loan year. Any prepayment made between January 10, 2022 and January 9, 2023, will incur a prepayment premium of 6.50%. Any prepayment made between January 10, 2023 and October 14, 2023, will incur a prepayment premium of 3.25%. Any prepayment made on or after October 15, 2023, will not incur a prepayment premium.

Beginning with the fiscal quarter ending December 31, 2020, the Financing Agreement – 2023 is subject to a mandatory amortization payment and a yield maintenance premium. The mandatory amortization payment is paid ratably to each lender based on the aggregate principal amount of all initial term loans times an applicable rate that is based on the leverage ratio.

For the quarter ended December 31, 2020, the applicable percentage ranges from 0% to 3.00% depending on the leverage ratio. For all quarters in 2021, the applicable percentage ranges from 0% to 6.00% depending on the leverage ratio. For all quarters in 2022, the applicable percentage ranges from 0% to 8.00% depending on the leverage ratio. For all quarters in 2023 through September 30, 2023, the applicable percentage ranges from 0% to 9.00% depending on the leverage ratio.

The yield maintenance premium is paid based on all amounts repaid. The premium is determined by the amount of interest that would have otherwise been payable on the prepayment less the aggregate amount of interest that would have been earned if the prepayment were to be reinvested from the date of prepayment until January 10, 2022 at the yield maintenance premium rate. The yield maintenance premium rate is the rate per annum equal to the rate in effect 3 days before the repayment date for U.S. Treasury instruments that have a maximum term of 3 months or less times 0.50%.

The Company recognized interest expense under the Financing Agreement – 2023 of $44,786 for the year ended December 31, 2020, including interest expense related to the amortization of the debt discount of $6,184.

Promissory Note – 2024

In October 2020, the Company entered into a Promissory Note with a principal sum of $10,000 with Baldwin Holdings, LLC ("Promissory Note – 2024") to replace the contingent liability incurred in connection with the Curaleaf, MA acquisition (Note 20) which was deemed completed in March 2020. The issue price of the Promissory Note – 2024 is equal to 97.00% of the principal amount of the Promissory Note – 2024 and the remaing $300 is treated as Original Issue Discount ("OID").

The Promissory Note – 2024 carries a fixed interest rate per quarter equal to 3.25%. Interest is payable in arrears on the last day of each fiscal quarter, commencing December 31, 2020. The Maturity Date of the Promissory Note – 2024 is June 10, 2024.

The Promissory Note – 2024 contain other terms substantially similar to the Financing Agreement – 2023, except that the Promissory Note – 2024 is secured by separate collateral consisting solely of the equity of, and guarantees given by, the Company's subsidiaries Curaleaf Hartford, Inc. and Curaleaf Stamford, Inc., which operate medical cannabis dispensaries in Hartford and Stamford, CT, respectively.

The Company recognized interest expense under the Promissory Note – 2024 of $1,047 for the year ended December 31, 2020.

Secured Promissory Notes – 2029

In January 2017, the Company entered into secured promissory notes (the "Secured Promissory Notes – 2029") with certain individuals for an aggregate principal amount of $2,505.

The Secured Promissory Notes – 2029 accrued interest at a rate of 12% per annum on the first $224 and 14% per annum on the remaining balance. Principal and interest were due in full on May 1, 2029. This note was paid in full through two payments in 2020 as described below.

The Company paid $1,252 and the respective accrued interest for a total of $1,651 in connection with a buyout of half of the Remaining Florida Minority Holders in February 2020 (Note 21). In August 2020, the Company paid $1,253 and the respective accrued interest for a total of $1,766 in connection with the buyout of the second half of the Remaining Florida Minority Holders (Note 21).

The Company recognized interest expense under the Secured Promissory Notes – 2029 of $115 and $300 for the years ended December 31, 2020 and 2019, respectively.

Seller note

The Company issued certain notes payable in conjunction with the Emerald acquisition in the amount of $8,000, the Glendale acquisition in the amount of $7,500, and the Phyto acquisition in the amount of $1,500. The Company paid $5,000 and the accrued interest related to the Emerald acquisition in January 2020 and the remaining $3,000 and accrued interest was paid in May 2020. The Company paid $2,500 and the accrued interest related to the Glendale acquisition in February 2020 (see Note 4).

Future maturities

As of December 31, 2020, future principal payments due under notes payable were as follows:

Period	Amount
2021	6,500
2022	—
2023	300,000
2024	9,700
2025 and thereafter	427
	$ 316,627

Information about the Company's exposure to interest rate risks and liquidity risks is included in Note 21.

Note 12 – Shareholders' equity

The authorized and issued share capital of the Company is as follows:

Authorized

As of December 31, 2020 the authorized share capital consists of an unlimited number of multiple voting shares ("MVS") without par value and an unlimited number of SVS without par value.

Issued

Holders of the MVS are entitled to 15 votes per share and are entitled to notice of and to attend at any meeting of the shareholders, except a meeting of which only holders of another particular class or series of shares will have the right to vote. As of December 31, 2020 and 2019, the MVS represent approximately 14.2% and 22.1%, respectively, of the total issued and outstanding shares and 71.2% and 81%, respectively, of the voting power attached to such outstanding shares. The MVS are convertible into SVS on a one-for-one basis at any time at the option of the holder or upon termination of the MVS structure. The MVS structure will terminate automatically on October 25, 2021. It will also terminate automatically upon the occurrence of the following events: (i) transfer or disposition of the MVS by the Company's Executive Chairman, Boris Jordan, to one or more third parties which are not certain permitted holders as described in the Company's Articles, and (ii) Mr. Jordan or his permitted holders no longer beneficially owning, directly or indirectly and in the aggregate, at least 50% of the issued and outstanding SVS and MVS. In 2019, the holder of 18,200,000 MVS voluntarily converted 18,200,000 MVS into SVS. In April and May 2020, Mr. Jordan voluntarily converted 10,000,000 MVS into SVS. As of December 31, 2020, the Company had 93,970,705 MVS issued and outstanding.

On July 20, 2020, the Company completed a private placement offering in two tranches, an initial tranche of 3,541,429 SVS and a subsequent tranche of 842,269 SVS, for a total of 4,383,698 SVS. The private placement offering was completed in connection with the closing of the Grassroots transaction.

Holders of the SVS are entitled to one vote per share. As of December 31, 2020 the Company had 569,831,140 SVS issued and outstanding.

The Company had reserved 66,380,185 and 52,237,230 SVS, as of December 31, 2020 and 2019, respectively, for the issuance of stock options under the Company's 2018 Long Term Incentive Plan (see Note 13). Other reserves in equity are due to the private placement offering described above as well as the minority buyout disclosed in Note 21.

Treasury shares

For the year ended December 31, 2020, the Company did not repurchase any treasury shares. For the year ended December 31, 2019, the Company repurchased an aggregate of 147,900 shares for a purchase price of $5.97 per share, or a total of $883. The amount is reflected as treasury shares in the consolidated statement of financial position.

Note 13 – Share-based payment arrangements

Stock option programs

The 2011 and 2015 Equity Incentive Plans provided for the grant of incentive stock options, non-statutory stock options, restricted stock awards, restricted stock units, stock appreciation rights and other share-based awards. In connection with the Business Combination, all unexercised stock options of Curaleaf, Inc. issued and outstanding under the 2011 and 2015 Equity Incentive Plans were converted to the option to receive an equivalent substitute option under the 2018 Long Term calculated as 10% of the aggregate number of SVS and MVS outstanding on an "as-converted" basis.

Stock option valuation

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes valuation model, where appropriate. In instances where stock options have performance or market conditions, the Company utilizes the Monte Carlo valuation model to simulate the various outcomes that affect the value of the option.

The weighted average inputs used in the measurement of the grant date fair values of the equity-settled share-based payment plans were as follows: Incentive Plan (the "LTIP"). The LTIP provides for the grant of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock and restricted stock units, performance awards, dividend equivalents, and other share-based awards. The number of SVS reserved for issuance under the LTIP is

	December 31,	
	2020	2019
Fair value at grant date	$ 5.03	$ 5.97
Share price at grant date	$ 6.61	$ 7.67
Exercise price	$ 6.57	$ 7.76
Expected volatility	93.2 %	87.2 %
Expected life	6.3 years	6.9 years
Expected dividends	— %	— %
Risk-free interest rate (based on government bonds)	1.19 %	1.90 %

The expected volatility is estimated based on the historical volatility of a publicly traded set of peer companies. The expected life in years represents the period of time that options granted are expected to be outstanding. The expected term of stock options granted to non-employees is equal to the contractual term of the option award. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future.

During the year ended December 31, 2020, the Company recorded share-based compensation in the amount of $30,879, including $8,493 related to the fair value of Select rollover options (Note 4). The Company recorded share-based compensation of $16,607 for the year ended December 31, 2019.

Reconciliation of outstanding share options

The number and weighted-average exercise prices of share options under the LTIP were as follows:

	Number of options 2020	Weighted average exercise price 2020	Number of options 2019	Weighted average exercise price 2019
Outstanding at January 1	26,919,515	$ 1.90	31,269,448	$ 0.94
Forfeited during the year	(684,911)	7.03	(178,086)	1.10
Exercised during the year	(8,183,416)	0.43	(6,905,117)	0.31
Granted during the year	2,007,230	6.57	2,733,370	8.35
Rollover grants in connection with acquisition (Note 4)	5,257,209	9.98	—	—
Outstanding at December 31	25,315,627	$ 4.24	26,919,615	$ 1.59
Options exercisable at December 31	17,033,826	$ 3.68	17,453,214	$ 0.24

Restricted stock units ("RSUs")

The number of RSUs awarded under the 2018 LTIP Plan were as follows:

	Number of RSUs	
	2020	2019
Outstanding at January 1	2,170,064	166,215
Forfeited during the year	(217,600)	—
Released during the year	(1,219,187)	(166,215)
Granted during the year	1,820,020	2,170,064
Outstanding at December 31	2,553,297	2,170,064
RSUs vested at December 31	105,593	—

Note 14 – Selling, general and administrative expense

Selling, general and administrative expenses consist of the following:

	Year ended December 31,	
	2020	2019
Selling, general and administrative expenses:		
Salaries and benefits	$ 104,252	$ 52,737
Sales and marketing	23,272	12,188
Rent and occupancy	13,124	4,613
Travel	4,779	6,574
Professional fees	47,598	30,550
Office supplies and services	17,731	8,290
Other	16,518	6,070
Total selling, general and administrative expense	$ 227,274	$ 121,022

Note 15 – Other expense

Other expense consist of the following:

	Year ended December 31,	
	2020	2019
Gain (loss) on disposal of assets (Note 9)	$ 3,288	$ (177)
Restructuring charges	—	(2,323)
Loss on termination of purchase agreement	—	(1,319)
Impairment of intangible assets (Note 10)	(23,659)	—
Gain on non-substantial debt modification (Note 11)	2,269	—
Other income	1,419	562
Total other expense, net	$ (16,683)	$ (3,257)

The restructuring charges incurred for the year ended December 31, 2019 were for costs related to the restructuring of the Curaleaf Hemp Brand.

The loss on termination of purchase agreement for the year ended December 31, 2019 was for the termination of the Agua Street purchase agreement.

Note 16 – Income taxes

The tax provision amounts recognized in the consolidated statements of profits and losses were as follows:

	Year ended December 31,	
	2020	2019
Current year	$ 76,718	$ 14,977
Provision to return adjustment	(888)	2,123
Current tax expense	75,830	17,100
Deferred tax expense	7,541	6,959
Provision for income taxes	$ 83,371	$ 24,059

The Company's provision for income taxes differs from applying the U.S. federal income tax rate to income before taxes primarily due to state income taxes, certain stock compensation, and miscellaneous permanent differences.

A reconciliation of the U.S. federal statutory income tax rate to the Company's effective income tax rate is as follows:

	Year ended December 31,			
	2020		2019	
Income (loss) before provision for income taxes	$ 22,043		$ (45,789)	
Tax using the Company's domestic tax rate	3,307	15.0 %	$ (6,868)	15.0 %
Effect of tax rates in foreign jurisdictions	1,323	6.0 %	(2,747)	6.0 %
Tax effect of:				
State taxes, net of federal benefit	1,240	5.6 %	3,130	(6.8)%
Share-based compensation	7,883	35.8 %	4,993	(10.9)%
Non-taxable partnership income	(395)	(1.8)%	(137)	0.3 %
Non-deductible expenses	61,970	281.1 %	18,341	(40.1)%
Other	3,139	14.2 %	1,290	(2.8)%
Unrecognized deferred tax asset on current year losses	4,904	22.2 %	6,057	(13.2)%
	$ 83,371	378.2 %	$ 24,059	(52.5)%

The Company operates in the legal cannabis industry, but is subject to Section 280E of the Internal Revenue Code ("IRC"). Section 280E prohibits businesses engaged in the trafficking of controlled substances (within the meaning of Schedule I and II of the Controlled Substance Act) from deducting normal business expenses associated with the sale of cannabis, such as payroll and rent, from gross income (revenue less cost of goods sold). The application of Section 280E has a significant impact on the retail side of cannabis, but a lesser impact on cultivation and manufacturing operations. Section 280E was originally intended to penalize criminal market operators, but because cannabis remains a Schedule I controlled substance for U.S. Federal purposes, the Internal Revenue Service ("IRS") has subsequently applied Section 280E to state-legal cannabis businesses. The effective tax rate on a cannabis business depends on how large its ratio of non-deductible expenses is to its total revenues. In states the Company operates in that align their tax codes with Section 280E, it is also unable to deduct normal business expenses for state tax purposes. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable and a higher effective tax rate than most industries. The non-deductible expenses shown in the effective rate reconciliation above is comprised primarily of the impact of applying Section 280E to the Company's businesses that are involved in selling cannabis, along with other typical non-deductible expenses such as those associated with lobbying.

The IRS has invoked Section 280E in tax audits against various state-legal cannabis businesses in the U.S.. Although the IRS has issued a clarification allowing the deduction of certain expenses, the scope of this allowance is interpreted very narrowly, resulting in the non-deductibility of certain operating and general administrative costs. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to the cannabis industry. Further, there are several pieces of legislation being considered by the U.S. Congress that could change the interpretation of Section 280E by removing its applicability to the legalized cannabis industry.

Changes in the Company's deferred taxes were as follows:

	Net balance at January 1	Recognized in profit or loss	Acquired in business combination	Net	Deferred tax asset	Deferred tax liability
As of December 31, 2020						
Depreciation and amortization	$ (8,004)	$ (13,648)	$ (193,382)	$ (215,034)	$ —	$ (215,034)
Accrued & prepaid expenses	(7,681)	7,984	—	303	303	—
Inventories	(7,552)	(18,633)	—	(26,185)	—	(26,185)
Tax loss carryforward	3,223	16,756	—	19,979	19,979	—
Tax asset (liability) before netting	$ (20,014)	$ (7,541)	$ (193,382)	$ (220,937)	$ 20,282	$ (241,219)
Balance sheet netting					(14,754)	14,754
Net tax asset (liability)					$ 5,528	$ (226,465)

	Net balance at January 1	Recognized in profit or loss	Acquired in business combination	Net	Deferred tax asset	Deferred tax liability
As of December 31, 2019						
Depreciation and amortization	$ (5,163)	$ 7,122	$ (9,963)	$ (8,004)	$ —	$ (8,004)
Accrued & prepaid expenses	(455)	(7,226)	—	(7,681)	—	(7,681)
Share-based compensation	1,117	(1,117)	—	—	—	
Inventories	(890)	(6,662)	—	(7,552)	—	(7,552)
Tax loss carryforward	903	1,460	860	3,223	3,223	—
Tax credit carryforward	536	(536)	—	—	—	—
Tax asset (liability) before netting	$ (3,952)	$ (6,959)	$ (9,103)	$ (20,014)	$ 3,223	$ (23,237)
Balance sheet netting					(595)	595
Net tax asset (liability)					$ 2,628	$ (22,642)

Future realization of the tax benefits of existing temporary differences and net operating loss carryforwards ultimately depends on the existence of sufficient taxable income within the carryforward period. As the Company generally files separate U.S. and state tax returns for each legal entity within the consolidated group, the Company must evaluate the realization of deferred tax assets separately. As of December 31, 2020, the Company performed an evaluation to determine whether the net deferred tax assets at each filing group could be recognized. The Company considered all available evidence, both positive and negative, which included the results of operations for the current and preceding years. The Company determined that Curaleaf, Inc., the U.S. parent company, along with its Kentucky, Maryland, Missouri, and Arizona operations should not recognize their deferred tax assets due to those companies being in cumulative loss positions.

Under IRC 382, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change NOL carryforwards and other pre-change tax attributes to offset its post-change income may be limited. The Company has not completed a study to assess whether an "ownership change" has occurred or whether there have been multiple ownership changes since the Company became a "loss corporation" as defined in Section 382. Future changes in the Company's share ownership, which may be outside of the Company's control, may trigger an "ownership change." In addition, future equity offerings or acquisitions that have equity as a component of the purchase price could result in an "ownership change." If an "ownership change" has occurred or does occur in the future, utilization of the NOL carryforwards or other tax attributes may be limited, which could potentially result in increased future tax liability for the Company.

Deferred tax assets have not been recognized with respect to the following items because it is deemed not probable that future taxable profit will be available against which the Company can utilize them.

	December 31, 2020		December 31, 2019	
	Gross amount	Tax amount	Gross amount	Tax amount
Deductible temporary differences	$ 61,192	$ 17,948	$ 20,535	$ 5,798
Tax losses	146,387	40,727	65,345	17,447
	$ 207,579	$ 58,675	$ 85,880	$ 23,245

At December 31, 2020 and 2019, the Company had tax loss carryforwards of $357,492 and $84,913, respectively, which begin to expire between 2021 through 2040 and 2020 through 2039, respectively. At December 31, 2020 and 2019, the Company had a tax loss carryforward of $132,003 and $70,753, respectively, which will never expire.

The Company records tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and information available at the reporting date. There is inherent uncertainty in quantifying income tax positions, especially considering the complex tax laws and regulations for federal, state and Canadian jurisdictions in which the Company operates. The Company has recorded tax benefits for those tax positions where it is more likely than not that a tax benefit will result upon ultimate settlement with a tax authority that has all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will result, no tax benefit has been recognized in the consolidated financial statements.

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal, state and Canadian jurisdictions, where applicable. The Company is currently under IRS examination for the tax years 2016, 2017, and 2018. In one of its recent acquisitions, the Company identified tax positions where it was not probable that the tax authorities would accept its tax position, therefore the Company recorded additional tax liabilities for the expected ultimate settlement with the tax authorities. As of December 31, 2020, the Company recorded $2.9 million of unrecognized tax benefits in purchase accounting and expects there is reasonable possibility that these unrecognized tax benefits will change within 12 months due to expirations of statute of limitations or audit settlements. As of December 31, 2020, the Company also accrued interest and penalties of $0.8 million for its uncertain tax positions. The Company records interest and penalties related to income tax amounts as a component of income tax expense.

The IRS proposed adjustments relating to the Company's treatment of certain expenses under Section 280E, however, the Company is defending its tax reporting before the IRS. The outcome of this audit remains unclear at this point. The Company also intends to litigate any further such challenges because it currently believes all of its other tax positions can be sustained under an IRS examination. The ultimate resolution of tax matters could have a material effect on the Company's consolidated financial statements. As the IRS interpretations on Section 280E continue to evolve, the impact of any such challenges cannot be reliably estimated. The Company's tax years are still open under statute from December 31, 2016, to the present.

Note 17 – Earnings per share

Basic and diluted loss per share attributable to Curaleaf Holdings, Inc. was calculated as follows:

	Three months ended December 31,		Year ended December 31,	
	2020	2019	2020	2019
Numerator:				
Net loss	$ (35,109)	$ (27,152)	$ (61,328)	$ (69,848)
Less: Net income (loss) attributable to redeemable non-controlling interest	165	(591)	407	(2,604)
Net loss attributable to Curaleaf Holdings, Inc. — basic and diluted	$ (35,274)	$ (26,561)	$ (61,735)	$ (67,244)
Denominator:				
Weighted average common shares outstanding — basic and diluted	660,398,593	468,445,941	557,192,899	462,911,053
Loss per share — basic and diluted	$ (0.05)	$ (0.06)	$ (0.11)	$ (0.15)

The Company's potentially dilutive securities, which include stock options to purchase shares of the Company, have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to shareholders is the same. The Company excluded the following potential shares, presented based on amounts outstanding at each period end, from the computation of diluted loss per share attributable to Curaleaf, Inc. for the periods indicated because including them would have had an anti-dilutive effect:

	Year ended December 31,	
	2020	2019
Options to purchase SVS	25,315,627	26,919,615

There were no shares of stock held in escrow as of December 31, 2020. As of December 31, 2019, the Company had 688,349 shares held in escrow in connection with the Eureka acquisition.

Note 18 – Segment Reporting

The Company operates in two segments: the production and sale of cannabis via retail and wholesale channels ("Cannabis Operations"); and providing professional services including cultivation, processing and retail know-how and back office administration, intellectual property licensing, real estate leasing services and lending facilities to medical and adult-use cannabis licensees under management service agreements ("Non-Cannabis Operations").

	Cannabis	Non-Cannabis	Total
For the year ended December 31, 2020:			
Revenues	$ 586,219	$ 40,418	$ 626,637
Gross profit	350,095	40,418	390,513
Income (loss) from operations	122,196	(58,512)	63,684
Net income (loss)	23,572	(84,900)	(61,328)

	Cannabis	Non-Cannabis	Total
For the year ended December 31, 2019:			
Revenues	$ 173,857	47,161	$ 221,018
Gross profit	94,452	47,161	141,613
Loss from operations	(6,348)	(21,369)	(27,717)
Net loss	(19,649)	(50,199)	(69,848)

	Cannabis	Non-Cannabis	Held for sale	Total
As of December 31, 2020:				
Total assets	$ 2,114,424	$ 211,631	$ 58,504	$ 2,384,559
Total liabilities	672,796	330,399	7,181	1,010,376

	Cannabis	Non-Cannabis	Held for sale	Total
As of December 31, 2019:				
Total assets	$ 465,169	$ 271,757	$ —	$ 736,926
Total liabilities	93,785	239,695	—	333,480

Note 19 – Commitments and contingencies

Leases

The Company leases its facilities under operating leases that provide for the payment of real estate taxes and other operating costs in addition to normal rent.

At December 31, 2020, approximate future minimum payments due under non-cancelable operating leases were as follows:

Period	Scheduled payments
2021	$ 48,669
2022	48,755
2023	46,855
2024 and thereafter	426,972
Total undiscounted lease liability	571,251
Impact of discount	(282,332)
Lease liability at December 31, 2020	288,919
Less current portion of lease liability	(15,710)
Less long-term lease liabilities transferred to liabilities associated with assets held for sale	(2,714)
Long-term portion of lease liability	$ 270,495

Real estate leases typically extend for a period of 1–10 years. Some leases for office space include extension options exercisable up to one year before the end of the cancellable lease term. Typically, the option to renew the lease is for an additional period of 5 years after the end of the initial contract term and is at the option of the Company as the lessee. Lease payments are in substance fixed, and certain real estate leases include annual escalation clauses with reference to an index or contractual rate.

The Company leases machinery and equipment but does not purchase or guarantee the value of leased assets. The Company considers these assets to be of low-value or short-term in nature and therefore no right-of use assets and lease liabilities are recognized for these leases. Expenses recognized relating to short-term leases and leases of low value during the years ended December 31, 2020 and 2019 were immaterial.

The Company leases space for its offices, cultivation centers, and retail dispensaries. Key movements relating to the right-of-use lease asset balances are presented below:

Carrying amount, January 1, 2020	$	82,794
ROU assets acquired (Note 4)		155,662
Additions to leased assets		53,527
Depreciation charges		(22,553)
Transferred to assets held for sale		(2,262)
Carrying amount, December 31, 2020	$	267,168

The total interest expense on lease liabilities for the year ended December 31, 2020 and 2019 was $18,962 and $6,357, respectively.

The total depreciation expense on right-of-use assets ("ROU assets") for the year ended December 31, 2020 and 2019 was $22,553 and $10,270, respectively, of which $6,644 and $0, respectively, was included in cost of goods sold.

The total cash outflow for lease liability payments for the years ended December 31, 2020 and 2019 was $26,762 and $11,073, respectively.

Indemnification agreements

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to vendors, lessors, business partners, and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its board of directors and senior management team that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. To date, the Company has not incurred any material costs as a result of such indemnification agreements. The Company does not believe that the outcome of any claims under indemnification arrangements will have a material effect on its financial position, results of operations or cash flows, and it has not accrued any liabilities related to such obligations in its consolidated financial statements.

Legal

The Company is involved in claims or lawsuits that arise in the ordinary course of business. Accruals for claims or lawsuits are provided to the extent that losses are deemed both probable and estimable. Although the ultimate outcome of these claims or lawsuits cannot be ascertained, on the basis of present information and advice received from counsel, it is management's opinion that the disposition or ultimate determination of such claims or lawsuits will not have a material adverse effect on the Company.

Among other legal disputes, the Company is currently involved in the following proceedings:

Connecticut Arbitration. Pursuant to the Second Amended and Restated Operating Agreement of Doubling Road Holdings, LLC, the holders (the "Holders") of a majority of the Series A-2 Units of Doubling Road Holdings had the right to require that PalliaTech CT, LLC or any Affiliate purchase all of the Series A-2 Units in exchange for shares of PalliaTech, Inc. (now Curaleaf, Inc.), the parent of PalliaTech CT, pursuant to a defined "Buy-Out Exchange Ratio." On October 25, 2018, the Holders, the Company, and others entered into a Stipulation of Settlement in order to resolve a dispute with respect to the applicable Buy-Out Exchange Ratio for the Put Right. The Stipulation of Settlement provided, among other things, that PalliaTech CT purchased the Holders' interests in exchange for (1) a payment of $40,142; (2)

4,755,548 SVS of Curaleaf Holdings, Inc.; and (3) the potential for additional equity in Curaleaf Holdings, Inc. depending on the results of a "Settlement Second Appraisal." Pursuant to the Settlement Second Appraisal, dated December 12, 2019, and the terms of the Stipulation of Settlement, the Holders received 2,016,859 additional SVS. On January 23, 2020, the Holders filed claims in arbitration including for fraudulent inducement and breach of contract, relating primarily to a lock-up agreement that the Holders signed in connection with the Stipulation of Settlement. On February 28, 2020, Curaleaf Holdings, Inc. filed a response to the Statement of Claim. A schedule for the arbitration has not yet been established.

Florida Arbitration / Litigation. On December 10, 2018, Jayson Weisz and SRC Medical Partners, LLC initiated an arbitration against PalliaTech Florida LLC. On March 19, 2019, Weisz and SRC derivatively on behalf of 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. 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 January 10, 2020, Weisz, JRF Group, and the Curaleaf entities entered into a Stipulation of Settlement pursuant to which all claims of Weisz and JRF Group against the Company and its affiliates were released without compensation and the Company purchased JRF Group's interest in PalliaTech Florida LLC for consideration of 1,772,062 SVS and $2,500 in cash. During February 2020, SRC, PalliaTech Florida LLC, PalliaTech Florida, Inc., and Lusardi participated in a final arbitration hearing. In June 2020, the arbitrator issued a final order regarding SRC's claims in the dispute. While no damages were awarded, the Company was ordered to buyout SRC's interest in PT Florida. Based on the order, the parties agreed that the Company would acquire SRC's interest in PT Florida for no cash and 2,375,000 SVS. In connection with this transaction, the Company agreed to pay SRC $1,750 cash to retire principal and interest on the half of the Secured Promissory Notes – 2029 held by SRC. The acquisition and retirement of the notes was completed in August 2020.

Securities Class Action. On August 5, 2019, a purported class action was filed against the Company, Joseph Lusardi, Neil Davidson, and Jonathan Faucher ("Defendants") in the United States District Court for the Eastern District of New York on behalf of persons or entities who purchased or otherwise acquired publicly traded securities of the Company from November 21, 2018 to July 22, 2019. On January 6, 2020, an Amended Class Action Complaint was filed against Defendants. The Amended Class Action Complaint alleges that Defendants made materially false and/or misleading statements regarding the Company's CBD products based on a July 22, 2019 letter received from the U.S. Food and Drug Administration ("FDA Letter"). According to the Amended Class Action Complaint, the FDA Letter states that several of the CBD products sold on the Company's website were "misbranded drugs" in violation of the Federal Food, Drug, and Cosmetic Act. The Amended Class Action Complaint asserts claims (1) against all Defendants for alleged violations of Section 10(b) of the Securities Exchange Act of 1934 and (2) against Lusardi, Davidson, and Faucher for alleged violations of Section 20(a) of the Securities Exchange Act of 1934. On March 6, 2020, Defendants filed a motion to dismiss, arguing that the Amended Class Action Complaint failed to allege (1) any false or misleading statement or omission, (2) scienter, (3) any domestic transactions, or (4) control person liability. On February 15, 2020, the Company's motion to dismiss was granted with prejudice.

Taxes

The Company records tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and information available at the reporting date. There is inherent uncertainty in quantifying income tax positions, especially considering the complex tax laws and regulations for federal, state and Canadian jurisdictions in which the Company operates. The Company has recorded tax benefits for those tax positions where it is more likely than not that a tax benefit will result upon ultimate settlement with a tax authority that has all relevant information. For those income tax positions where it is not more likely than not that a tax benefit will result, no tax benefit has been recognized in the consolidated financial statements.

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal, state and Canadian jurisdictions, where applicable. The Company is currently under IRS examination for the tax years 2016, 2017, and 2018. In one of its recent acquisitions, the Company identified tax positions where it was not probable that the tax authorities would accept its tax position, therefore the Company recorded additional tax liabilities for the expected ultimate settlement with the tax authorities. As of December 31, 2020, the Company recorded $2.9 million of unrecognized tax benefits in purchase accounting and expects there is reasonable possibility that these unrecognized tax benefits will change within 12 months due to expirations of statute of limitations or audit settlements. As of December 31, 2020, the Company also accrued interest and penalties of $0.8 million for its uncertain tax positions. The Company records interest and penalties related to income tax amounts as a component of income tax expense.

The IRS has proposed adjustments relating to the Company's treatment of certain expenses under Section 280E, however, the Company is defending its tax reporting positions before the IRS. The outcome of this audit remains unclear at this point. The Company also intends to litigate any further such challenges because it currently believes all of its other tax positions can be sustained under an IRS examination. The ultimate resolution of tax matters could have a material effect on the Company's consolidated financial statements. As the IRS interpretations on Section 280E continue to evolve, the impact of any such challenges cannot be reliably estimated. The Company's tax years are still open under statute from December 31, 2016, to the present.

Note 20 – Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. The Company incurred the following transactions with related parties during the years ended December 31, 2020 and 2019.

	Year ended December 31,		Balances as of	
	2020	2019	December 31, 2020	December 31, 2019
Transaction	Related party transactions		Balance receivable (payable)	
Processing fees [1]	$ 2,220	$ —	$ —	$ —
Consulting fees [2]	1,225	319	—	—
Travel and reimbursement [2]	180	816	—	—
Rent expense, net [3]	(208)	238	—	—
Contingent liability [4]	—	—	—	(18,000)
Senior Unsecured Note - 2019 [5]	—	237	—	—
Promissory Note - 2024 [6]	1,047	—	(9,700)	—
Non-consolidated GR Companies [7]	—	—	5,947	—
	$ 4,464	$ 1,610	$ (3,753)	$ (18,000)

(1) For the year ended December 31, 2020, the Company recognized direct expenses of $2,220 for processing expenses with Sisu Extracts. Sisu Extracts, a state licensed processor in California, performed toll processing services for the Company during the reported periods. Cameron Forni, Select President, holds a passive investment in Sisu Extracts. Amounts recorded in connection with these expenses were recorded on a current cost basis at the time expenses were incurred. There are no ongoing contractual commitments related to these transactions.

(2) For the year ended December 31, 2020, the Company recognized $1,000 of consulting expenses to Measure 8 Venture Partners, a company controlled by Boris Jordan, Executive Chairman, as well as $40 in travel and other business developement expenses. For the year ended December 31, 2020, the Company recognized consulting expenses of $74 and

travel and business development expenses of $140 for work directly performed by Boris Jordan, Executive Chairman. For the year ended December 31, 2020, the Company recognized consulting expense of $151 for real estate management and advisory services to Frontline Real Estate Partners, LLC, a company controlled by Mitchell Kahn, a Board Member. Amounts recorded in connection with these expenses were recorded on a current cost basis at the time expenses were incurred. There are no ongoing contractual commitments related to these transactions. For the year ended December 31, 2019, the Company recognized travel and business development expenses of $34 as expense to Measure 8 Venture Partners. For the year ended December 31, 2019, the Company recognized consulting, travel and business development expenses related to the Company of $1,101 as payment to Sputnik Group LTD, a company controlled by Boris Jordan, Executive Chairman as of December 31, 2019. For the fiscal year 2020, the Sputnik Group LTD no longer meets the definition of a related party. Amounts recorded in connection with these expenses were recorded on a current cost basis at the time expenses were incurred. There are no ongoing contractual commitments related to these transactions.

(3) For the years ended December 31, 2020 and 2019, the Company recognized a rent expense credit of $238 and rent expense of $238, respectively, for a sublease between Curaleaf NY LLC and Measure 8 Venture Partners LP, an entity controlled by Boris Jordan, Executive Chairman of the Company. For the year ended December 31, 2020, the Company recognized rent expense of $30 for a lease between GR Companies, Inc. and FREP Elm Place II, LLC, a company owned in part by Mitchell Kahn, a member of the Company's board of directors. Both arrangements represent on-going contractual commitments based on executed leases.

(4) As of December 31, 2019, the Company had a contingent consideration liability of $18,000 for the purchase of Curaleaf Massachusetts, Inc. payable upon the achievement of certain milestones. The liability was payable to Baldwin Holdings, LLC, of which Joseph F. Lusardi, the Company's Executive Vice Chairman, has a direct equity interest. The contingent consideration liability was converted to a note payable in October 2020 (Note 11). See (6) below regarding details on this new related party arrangement.

(5) For the year ended December 31, 2019, the Company recognized interest expense of $237 to Boris Jordan, Executive Chairman, and MedTech International Group, LLC, a company controlled by Boris Jordan, for interest on the Senior Unsecured Notes – 2019. The Company satisfied its full obligations under the Senior Unsecured Notes in December 2019, thus no interest expense is recognized in 2020. Amounts recorded in connection with these expenses were recorded on a current cost basis at the time expenses were incurred. There are no ongoing contractual commitments related to this transaction.

(6) For the year ended December 31, 2020, the Company had an outstanding notes payable balance of $9,700 and recognized a related interest expense of $1,047 on the Promissory Note – 2024, which is held with Baldwin Holdings, LLC, in which Joseph F. Lusardi, the Company's Executive Vice Chairman, has a direct equity interest. The Company entered into the Promissory Note – 2024 in October 2020 to replace the previously recorded contingent consideration liabilitilty (Note 11). Amounts recorded in connection with these expenses were recorded on a current cost basis at the time expenses were incurred. The liability contains certain repayment and interest components that represents on-going contractual commitments.

(7) Through its acquisition of Grassroots, the Company acquired an option to purchase Maryland Compassionate Care and Wellness, LLC ("MCCW") from its sole owner, KDW Maryland Holding Corporation ("KDW"), subject to regulatory approval. MCCW is the holder of cultivation, processing, and dispensary licenses in Maryland. The exercise price for the option is the cancellation of a secured promissory note issued by KDW to the Company in the principal amount of $32,000. MCCW is the sole owner of each of GR Vending MD Management, LLC and GR Vending MD, LLC. Mr. Kahn, a member of the Company's board of directors, is a minority stockholder, the sole director and an officer of KDW.

The Company recognized $132,234 for the prepayment for these non-consolidated GR Companies (See Note 4).

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consists of the Company's executive management team and management directors. Key management personnel compensation and other related party expenses for the years ended December 31, 2020 and 2019 are as follows:

Key management personnel compensation	Year ended December 31, 2020	2019
Short-term employee benefits	$ 3,023	$ 1,997
Other long-term benefits	46	27
Share-based payments	17,093	12,493
	$ 20,162	$ 14,517

Note 21 – Fair value measurements and financial risk management

The Company's financial instruments consist of cash, restricted cash and cash equivalents, notes receivable, accounts payable, accrued expenses, long-term debt and redeemable non-controlling interest contingency. The fair values of cash, restricted cash, notes receivable, accounts payable and accrued expenses approximate their carrying values due to the relatively short-term to maturity. The Company's long-term notes payable carrying value at the effective interest rate approximates fair value.

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

The Company's assets measured at fair value on a nonrecurring basis include investments, long-lived assets, indefinite-lived intangible assets and goodwill. The Company reviews the carrying amounts of such assets whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable or at least annually as of December 31, for indefinite-lived intangible assets and goodwill. Any resulting asset impairment would require that the asset be recorded at its fair value. The resulting fair value measurements of the assets are considered to be Level 3 measurements.

There have been no transfers between fair value levels during the years ended December 31, 2020 and 2019.

	Fair value measurements as of December 31, 2020 using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Biological assets	$ —	$ —	$ 46,210	$ 46,210
	$ —	$ —	$ 46,210	$ 46,210
Liabilities:				
Non-controlling interest redemption and contingent consideration liabilities	$ —	$ —	$ 4,592	$ 4,592
	$ —	$ —	$ 4,592	$ 4,592

	Fair value measurements as of December 31, 2019 using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Biological assets	$ —	$ —	$ 19,197	$ 19,197
	$ —	$ —	$ 19,197	$ 19,197
Liabilities:				
Non-controlling interest redemption and contingent consideration liabilities	$ —	$ —	$ 35,310	$ 35,310
	$ —	$ —	$ 35,310	$ 35,310

Biological assets

The fair value of biological assets is categorized within Level 3 on the fair value hierarchy. The Company measures its biological assets at fair value less costs to sell. This is determined using a model which estimates the expected harvest yield in grams for plants that are actively growing, and then adjusts that amount for the expected selling price per gram in the market in which the biological asset is growing. The estimates used in determining the fair value of biological assets are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods. The significant assumptions used in determining the fair value of biological assets include:

- Expected yield by plant – represents the expected number of grams of finished cannabis inventory which are expected to be obtained from each harvested cannabis plant;
- Wastage of plants – represents the weighted average percentage of biological assets which are expected to fail to mature into cannabis plants that can be harvested;
- Duration of the production cycle – represents the weighted average number of weeks out of the 12 week growing cycle that biological assets have reached as of the measurement date;
- Percentage of costs incurred as of this date compared to the total costs expected to be incurred – this is calculated as the cost per gram of harvested cannabis to complete the sale of cannabis plants post harvest, consisting of the cost of direct and indirect materials and labor related to further production, labeling, and packaging;
- Percentage of costs incurred for each stage of plant growth – represents the direct and indirect production costs incurred that are capitalized; and
- Market values – this is calculated as the current market price per gram in the market in which the biological asset is being produced. This is expected to approximate future selling price.

The Company accretes fair value on a straight line basis according to stage of growth. As a result, a cannabis plant that is 50% through its 12 week growing cycle would be ascribed approximately 50% of its harvest date expected fair value. All plants are to be harvested cannabis and as of December 31, 2020 and 2019, on average, were 57% and 49% complete, respectively. An increase or decrease in the estimated sale price would result in a significant change in the fair value of biological assets.

The following table highlights the sensitivities and impact of changes in significant assumptions to the fair value of biological assets:

Signifcant inputs & Assumptions	Sensitivity Inputs ('000s)		Sensitivity	(+/-) Impact on Fair Value ('000s)	
	December 31, 2020	December 31, 2019		December 31, 2020	December 31, 2019
Total expected grams yielded	9,776	3,466	(+/-) 10% grams yield	$ 3,017	$ 1,244
Average cost per gram to complete production	$ 1.78	$ 1.95	(+/-) $1.00 per gram	$ 9,734	$ 3,469
Average selling price per gram, less cost	$ 3.09	$ 3.59	(+/-) $1.00 per gram	$ 9,713	$ 3,464

Non-controlling interest contingency and buyout

During 2018, the Company agreed to acquire the remaining non-controlling interest in Costa Nursery Farms, LLC, d/b/a Modern Health Concepts ("MHC") and Double Road Holdings, LLC ("DRH"), therefore voiding the non-controlling interest put options and the non-controlling interest purchased call options from the original agreements. The MHC acquisition's consideration was for $25,000 in cash as well as common stock and the DRH acquisition's consideration was for $40,142 in cash as well as common stock. Upon closing of each acquisition, the Company reversed the non-controlling interest contingency liabilities.

The non-controlling interest in MHC of $12,000 was calculated using the fair value method of the assets acquired and liabilities assumed. The value used in this determination was the purchase price for the controlling interest. The Company used the fair value method as it believes that the risks and rewards of the acquired entity are shared by the Company and the holder of the non-controlling interest. The MHC Agreement contained a put option under which the holder of the non-controlling interest could require the Company to redeem its equity interest in MHC. The redemption value was to be determined by mutual agreement or by an independent valuation expert subject to certain parameters that include a "floor" amount of $12,000 and a "ceiling" amount equal to 75% of the excess of the fair market value over $40,000 times the percentage interest held by the holder of the non-controlling interest (30% at the acquisition date). The Company had a call option under which it may require the holder of the non-controlling interest to sell under the same terms.

PT Florida was owned 77.2% by the Company and 22.8% by third parties (the "Remaining Florida Minority Holders"). The Remaining Florida Minority Holders, through their 22.8% non-controlling interest in PT Florida, indirectly held a 15.9% non-controlling interest in MHC as of December 31, 2019. In January 2020, half of the Remaining Florida Minority Holders agreed to sell their 11.4% equity in PT Florida for consideration of $2,500 cash and 1,772,062 SVS, valued at $12,272. In connection with this transaction, the Company paid the selling Remaining Florida Minority Holders $1,651 cash to retire principal and interest on the half of the Secured Promissory Notes – 2029 held by the selling Remaining Florida Minority Holders (See Note 11). In August 2020, the remaining half of the Remaining Florida Minority Holders agreed to sell their 11.4% equity in PT Florida for consideration of no cash and 2,375,000 SVS, valued at $19,996. In connection with this transaction, the Company paid the selling Remaining Florida Minority Holders $1,766 cash to retire principal and interest on the remaining half of the Secured Promissory Notes – 2029 held by the selling Remaining Florida Minority Holders (See Note 11).

In October 2018, the Company agreed to acquire from the minority members of DRH (the "DRH Minority Members") their remaining 49% membership interests in DRH (the "DRH Minority Membership Units") in consideration for $40,142 in cash (the "Connecticut Minority Buy-Out") and $41,747 which was settled through the issuance of 4,755,548 SVS. This transaction closed immediately following completion of the Business Combination discussed in Note 3. The number of SVS to be paid to the DRH Minority Members for the DRH Minority Membership Units may be adjusted based upon an independent valuation to be conducted following the completion of the Business Combination. The valuation will first establish the value of DRH as a percentage of the value of Curaleaf Inc. as at March 8, 2018 (the "Exchange Ratio"), and then convert the Exchange Ratio into a percentage of the fully diluted equity as of the date of the Business Combination, not taking into account shares to be issued in connection with the Private Placement (the "Diluted Share Count"). Upon completion of this valuation, the number of additional SVS to be issued to DRH Minority Members shall be determined based on a prescribed formula, provided that the aggregate number of SVS issued to the DRH Minority Holders shall not

exceed an additional 1.96% of the Diluted Share Count representing 8,962,380 SVS. In February 2020, the Company issued 2,016,858 SVS to the former minority members of DRH as a result of the second independent valuation.

As of both December 31, 2020 and 2019 the Company recognized a non-controlling interest buyout liability in the amount of $2,694, with the offset being recognized in redeemable non-controlling interest buyout as contra equity. An increase or decrease in the weighted average cost of capital ("WACC") would result in an insignificant change in the fair value of the non-controlling interest contingency.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's notes and accounts receivable. The maximum credit exposure at December 31, 2020 and 2019 is the carrying amount of cash and cash equivalents, accounts receivable and notes receivable. The Company does not have significant credit risk with respect to its customers. All cash and cash equivalents are placed with major U.S. financial institutions.

The Company provides credit to its wholesale and MSA customers in the normal course of business and has established processes to mitigate credit risk. The amounts reported in the consolidated statements of financial position are net of allowances for bad debts, estimated by the Company's management based on prior experience and its assessment of the current economic environment. The Company reviews its trade receivable accounts regularly and reduces amounts to their expected realizable values by adjusting the allowance for doubtful accounts when management determines that the account may not be fully collectible. The Company applies the IFRS 9 simplified approach to measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade receivables. The Company has not adopted standardized credit policies, but rather assesses credit on a customer-by-customer basis in an effort to minimize those risks. As of December 31, 2020, the Company recognized a $494 provision for expected credit losses. No provision was recognized for the year ended December 31, 2019.

The Company's aging of trade receivables was as follows:

	December 31, 2020	December 31, 2019
0 to 90 days	$ 25,180	$ 10,471
91 to 180 days	236	1,853
181 days +	967	5,015
Total accounts receivable, net	$ 26,383	$ 17,339

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

In addition to the commitments outlined for notes payable in Note 11 and lease liabilities in Note 19, the Company has the following gross remaining contractual obligations:

	< 1 Year	1 to 3 Years	Total
For the year ended December 31, 2020:			
Accounts payable	$ 47,043	$ —	$ 47,043
Accrued expenses	57,475	—	57,475
Other current liabilities	6,568	—	6,568
Non-controlling interest redemption liability	—	2,694	2,694
Contingent consideration liability	—	1,898	1,898
	$ 111,086	$ 4,592	$ 115,678

	< 1 Year	1 to 3 Years	Total
For the year ended December 31, 2019:			
Accounts payable	$ 12,742	$ —	$ 12,742
Accrued expenses	18,016	—	18,016
Other current liabilities	31,549	—	31,549
Non-controlling interest redemption liability	—	2,694	2,694
Contingent consideration liability	—	32,616	32,616
	$ 62,307	$ 35,310	$ 97,617

The Company is monitoring the impacts of COVID-19 closely, and although liquidity has not been materially affected by the COVID-19 outbreak to date, the ultimate severity of the outbreak and its impact on the economic environment is uncertain. Given the current uncertainty of the future economic environment, the Company has taken additional measures in monitoring and deploying its capital to minimize the negative impact on liquidity.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company's notes receivable and financial debts have fixed rates of interest and are carried at amortized cost. The Company does not account for any fixed-rate financial assets or financial liabilities at fair value, therefore, a change in interest rates at the reporting date would not affect profit or loss.

Capital Management

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide returns to shareholders and benefits for other stakeholders.

The capital structure of the Company consists of items included in shareholders' equity and debt, net of cash and cash equivalents. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. The Company plans to use existing funds, as well as funds from the future sale of products to fund operations and expansion activities.

As disclosed in Note 11, the Company has various notes payable in place. Certain of these notes are subject to financial covenants which are mainly in the form of cash related covenants. Other than these items related to notes payable, as of December 31, 2020 and December 31, 2019, the Company was not subject to externally imposed capital requirements.

Note 22 – Subsequent events

In January 2021, the Company entered into a $50,000 secured credit facility (the "Credit Agreement") with a syndicate of lenders which matures on January 10, 2024. The net proceeds from borrowings under the Credit Agreement are expected to be used to fund capital expenditures to support future growth initiatives, potential acquisitions, and for general corporate purposes. Borrowings under the Credit Agreement bear interest on any outstanding principal of 10.25% per annum. The facility was fully drawn at closing.

The Credit Agreement may be pre-paid but is subject to a prepayment premium dependent on the loan year. Any prepayment made between January 8, 2022 and January 7, 2023, will incur a prepayment premium of 5.125%. Any prepayment made between January 8, 2023 and January 7, 2024, will incur a prepayment premium of 2.50%.

The Credit Agreement is subject to a yield maintenance premium. The yield maintenance premium is paid based on amounts repaid. The premium is determined by the amount of interest that would have otherwise been payable on the prepayment less the aggregate amount of interest that would have been earned if the prepayment were to be reinvested from the date of prepayment until January 8, 2022 at the yield maintenance premium rate. The yield maintenance premium rate is the rate per annum equal to the rate in effect 3 days before the repayment date for U.S. Treasury instruments that have a maximum term of 3 months or less times 0.50%.

The Credit Agreement contains other terms substantially similar to the Financing Agreement – 2023.

On January 12, 2021, the Company closed on its previously announced overnight marketed offering (the "Offering") of 18,975,000 SVS at a price of C$16.70 per share in an underwritten public offering exercised through an over-allotment option by the underwriters, for total gross proceeds of C$316,883, before deducting the underwriters' fees and estimated offering expense. The Company intends to use the net proceeds of $240,569 from the Offering for working capital and general corporate purposes.

See Note 19 for information regarding developments in certain legal proceedings that occurred after December 31, 2020.

See Note 4 for information regarding acquisitions that were signed after December 31, 2020.

Exhibit 99.3

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

(Amounts in thousands, except share and per share amounts)

This management discussion and analysis ("MD&A") of the financial condition and results of operations of Curaleaf Holdings, Inc. (the "Company" or "Curaleaf") is for the years ended December 31, 2020 and 2019 prepared as of March 11, 2021. It is supplemental to, and should be read in conjunction with, the Company's audited consolidated financial statements and the accompanying notes for the years ended December 31, 2020 and 2019. For the purposes of this MD&A, the terms "Company" and "Curaleaf" mean Curaleaf Holdings, Inc. and, unless the context otherwise requires, includes its subsidiaries. Additional information regarding Curaleaf, including its current annual information form, is available on the Company's website at www.curaleaf.com or through the SEDAR website at www.sedar.com. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC") in effect as of and for the year ended December 31, 2020. Financial information presented in this MD&A is presented in United States ("U.S.") dollars ("$" or "US$"), unless otherwise indicated.

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators and Staff Notice 51-352 (Revised) – Issuers with US Marijuana Related Activities ("Staff Notice 51-352").

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: expectations for the effects of any transactions; expectations for the effects and potential benefits of any transactions; expectations for the effects of COVID-19 on the business' operations and financial condition; statements relating to the business and future activities of, and developments related to, the Company after the date of this MD&A, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; expectations that planned acquisitions will be completed; expectations that licenses applied for will be obtained; potential future legalization of adult-use and/or medical cannabis under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; the ability for U.S. holders of securities of the Company to sell them on the Canadian Securities Exchange ("CSE"); and other events or conditions that may occur in the future. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as of and at the date they are made and are based on information currently available and on the then current expectations. Holders of securities of the Company are cautioned that forward-looking statements are not based on historical facts but instead are based on reasonable assumptions and estimates of management of the Company at the time they were provided or made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to: business structure risks; the Company's status as a holding company; the absence of a dividend record; the concentrated voting control of the Company; risks relating to sales of substantial amounts of SVS; market volatility; liquidity risks; legal and regulatory risks inherent in the cannabis industry; financing

risks related to additional financing and restricted access to banking; general regulatory and legal risks including risk of civil asset forfeiture; risks relating to anti-money laundering laws and regulations; risks relating to the lack of access to U.S. bankruptcy protections; the risk of heightened scrutiny by regulatory authorities; risk of legal, regulatory or political change; general regulatory and licensing risks; risks relating to limitations on ownership of licenses; risks relating to regulatory actions and approvals from the Food and Drug Administration and risks of litigation; increases costs as a result of being a public company; newly established legal regimes; the risk relating to enforcement of judgements outside Canada; environmental risks including environmental regulation and unknown environmental risks; general business risks including risks related to the COVID-19 pandemic; the Company's possible failure to complete acquisitions; risks related to the senior secured debt facility; of the Company; risks related to service providers; risks relating to the enforceability of contracts; risks relating to the resale of the Company's subordinate voting shares ("SVS") on the CSE; the Company's reliance on the expertise and judgment of senior management of the Company, and its ability to retain such senior management; risk relating to the concentrated voting control of the Company's Executive Chairman, Boris Jordan; risks inherent in an agricultural business; risks relating to unfavorable publicity or consumer perception; product liability risks; risks relating to product recalls; risks relating to the results of future clinical research; risks relating to the difficulty of attracting and retaining personnel; the Company's dependence on suppliers; the Company's reliance on inputs; risks relating to the limited market data and difficulty to forecast results; intellectual property risk; constraints on marketing products; risks relating to fraudulent or illegal activity by employees, contractors and consultants; risks relating to information technology systems and cyber-attacks; risks relating to security breaches; the Company's reliance on management services agreements with subsidiaries and affiliates; risks relating to website accessibility; high bonding and insurance coverage risk; risks of leverage; risks relating to expansion into foreign jurisdictions; risk relating to future acquisitions or dispositions; the Company's management of growth; the fact that past performance is not indicative of future results and that financial projections may prove materially inaccurate or incorrect; risks relating to conflicts of interest; global economic conditions; tax risks; as well as those risk factors discussed under "Risk Factors" in this MD&A and under "Risk Factors" in the Company's Annual Information Form dated September 25, 2020 filed on the Company's SEDAR profile at www.sedar.com.

The discussion of risk factors in this MD&A has been updated to include discussion of risks related to the current pandemic caused by the spread of the novel coronavirus ("COVID-19"). The nature and scope of the pandemic and its impact are rapidly developing and it is difficult for management to identify at the current time all risks, or quantify those identified, or to assess their impact on particular financial measures and operating results. Nevertheless, the discussion under "Risk Factors" identifies potential areas of negative potential impact that may be caused by the pandemic.

The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. In particular, but without limiting the foregoing, disclosure in this MD&A as well as statements regarding the Company's objectives, plans and goals, including future operating results and economic performance may make reference to or involve forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Certain of the forward-looking statements and other information contained herein concerning the cannabis industry, its medical, adult-use and hemp-based CBD markets, and the general expectations of the Company concerning the industry and the Company's business and operations are based on estimates prepared by the Company using data from publicly available governmental sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the cannabis industry involves risks and uncertainties that are subject to change based on various factors.

A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. You should not place undue reliance on forward-looking statements contained in this MD&A. Such forward-looking statements are made as of the date of this MD&A. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

This MD&A contains future-oriented financial information and financial outlook information (collectively, "FOFI") about the Company's prospective results of operations, production and production efficiency, commercialization, revenue and cash on hand, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraph. FOFI contained in this MD&A was approved by management as of the date of this MD&A and was provided for the purpose of providing further information about the Company's future business operations. The Company disclaims any intention or obligation to update or revise any FOFI contained in this MD&A, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this MD&A should not be used for purposes other than for which it is disclosed herein.

OVERVIEW OF THE COMPANY

Curaleaf is a leading U.S. provider of consumer products in cannabis, with a mission to improve lives by providing clarity around cannabis and confidence around consumption. As a vertically integrated, high-growth cannabis operator known for quality, expertise and reliability, the Company and its brands, including Curaleaf, Select and Grassroots, provide industry-leading services, product selection and accessibility across the medical and adult-use markets. Headquartered in Wakefield, Massachusetts, the Company has operations in 23 states and, as of December 31, 2020, operated 96 dispensaries, 23 cultivation sites and 30 processing sites with a focus on highly populated, limited license states, including New York, New Jersey, Florida, Illinois, Pennsylvania and Massachusetts. The Company leverages its extensive research and development capabilities to distribute cannabis products with the highest standard for safety, effectiveness, consistent quality and customer care. The Company is committed to leading the industry in education and advancement through research and advocacy. The Company markets to medical and adult-use customers through brand strategies intended to build trust and loyalty.

The Company was an early entrant into the U.S. state-legal cannabis industry, which is one of the fastest growing industries in the U.S. Formed in 2010, the Company began as a medical device company, and was the first to develop and patent a medical cannabis vaporizing unit capable of delivering single metered doses of cannabis medicine to patients. Curaleaf entered the cannabis business in 2011 as the operator of Compassionate Sciences ATC, one of the original six vertically-integrated medical cannabis license holders in the State of New Jersey

Currently, the Company is a diversified holding company dedicated to delivering market-leading products and services while building trusted national brands within the legal cannabis industry. Through its team of physicians, pharmacists, medical experts and industry innovators, the Company has developed a portfolio of branded cannabis-based therapeutic offerings in multiple formats and a strategic network of branded retail dispensaries.

The Company is operated by an executive team that has significant experience in the cannabis industry and a robust operational and acquisition track-record as to all facets of the Company's operations, which has executed its business plan to rapidly scale its business.

Curaleaf Holdings, Inc., formerly known as Lead Ventures, Inc., was incorporated under the laws of British Columbia, Canada on November 13, 2014. The Company changed its name to "Curaleaf Holdings, Inc." as part of its business combination with Curaleaf, Inc. completed on October 25, 2018 (the "Business Combination"). Additional information relating to the Business Combination can be found in the Company's Annual Information Form dated September 25, 2020 filed on the Company's SEDAR profile at www.sedar.com..

The SVS are listed for trading on the CSE under the ticker symbol "CURA" and on the OTCQX under the ticker symbol "CURLF".

In order to achieve its strategy, the Company has completed several acquisitions since its formation. The Company expects to continue to actively pursue other acquisition, disposition and investment opportunities in the future.

The consolidated financial statements of the Company include the financial statements of the Company and its direct subsidiaries, indirect subsidiaries that are not wholly owned by the Company and other entities consolidated other than on the basis of ownership:

Business name	State of operations	December 31, 2020 ownership %	December 31, 2019 ownership %
CLF AZ, Inc.	AZ	100%	100%
CLF NY, Inc.	NY	100%	100%
Curaleaf CA, Inc.	CA	100%	100%
Curaleaf KY, Inc.	KY	100%	100%
Curaleaf Massachusetts, Inc.	MA	100%	100%
Curaleaf MD, LLC	MD	100%	100%
Curaleaf OGT, Inc.	OH	100%	100%
Curaleaf PA, LLC	PA	100%	100%
Curaleaf, Inc.	MA	100%	100%
Focused Investment Partners, LLC	MA	100%	100%
CLF Maine, Inc.	ME	100%	100%
PalliaTech RI, LLC	RI	100%	100%
PalliaTech CT, Inc.	CT	100%	100%
PalliaTech OR, LLC (formerly Groen)	OR	100%	100%
PalliaTech Florida, Inc.	FL	100%	100%
PalliaTech Florida, LLC	FL	100%	77.2%
Curaleaf Florida, LLC	FL	100%	70%
CLF MD Processing, LLC	MD	100%	100%
PT Nevada, Inc.	NV	100%	100%
CLF Sapphire Holdings, Inc.	OR	100%	—
Curaleaf NJ II, Inc.	NJ	100%	*
Focused Employer, Inc.	MA	100%	*
GR Companies, Inc.	IL	100%	—
HMS Health LLC	MD	—	—
HMS Processing LLC	MD	—	—
HMS Sales LLC	MD	—	—
MI Health LLC	MD	—	—
Town Center Wellness, LLC	MD	—	—
Grassroots OpCo AR, LLC	AR	—	—
WCCC, LLC	IL	—	—
Compass Dispensary Holdings, LLC	IL	—	—
Greenhouse Group, LLC	IL	—	—
GR Vending MI, LLC	MI	—	—
GR Companies OK, LLC	OK	—	—
Remedy Compassion Center, Inc	ME	—	—
Primary Organic Therapy, Inc. (d/b/a Maine Organic Therapy)	ME	—	—

* Entity established in fiscal year 2020.

Company Performance and Objectives

The Company is currently active in numerous cannabis programs across the U.S. In the U.S., 39 states have legalized the use of medical cannabis for patients with certain qualifying conditions. In most of these medical states, a regulatory framework is in place whereby patients can receive a recommendation from a certified physician to purchase medical cannabis in approved dispensaries. In the U.S., 15 states have legalized cannabis for adult-use (“adult-use”). In many of these adult-use states, customers can purchase cannabis from approved dispensaries by providing identification proving the customer is 21 years of age or older.

A key aspect of the Company's business plan is achieving "vertical integration" in each cannabis program in which it operates. Vertical integration means controlling the entire supply chain: from cultivating cannabis, to processing the cannabis into oils and other formulated products and, ultimately, selling the end-product to customers and/or patients.

The Company plans to continue growth of its operations via expansion in three dimensions: acquiring licenses in limited-license markets, increasing presence in current markets, and increasing exposure in mass markets. While the Company's goal is to have its own licensed operations in each of its markets, it may enter a market through production and/or marketing arrangements where such arrangements provide opportunity for accelerated roll-out.

Limited-License Markets. The majority of the markets in which the Company currently operates have formal regulations limiting the number of cannabis licenses that will be awarded, thus forming high barriers to entry, limited market participants, and protected market share in these limited-license states. Curaleaf intends to apply for new licenses or acquire businesses within limited-license markets in which the Company does not currently operate.

Increasing Presence in Current Markets. The Company plans to grow within its current markets by pursuing opportunities for vertical integration, acquiring additional dispensary licenses and/or entering into production and marketing relationships to further build its brand and expand its distributional footprint. The Company intends to apply for new licenses as available and determined by each state.

Increasing Exposure in Mass Markets. The Company has established itself as a market leader and has become a dominant player due to its competitive pricing, experienced management, strong capitalization and strong brand goodwill. In mass markets exhibiting a free market dynamic typical of other industries, such as California and Oregon, the Company intends to leverage its extensive experience to grow cannabis and/or process more efficiently and reliably, while taking advantage of wholesale and retail opportunities and establishing a strong brand.

The Company expects acquisition related costs, marketing and selling expenses, and capital expenditures to increase as it expands its presence in current markets and expands into new markets.

Operating Segments

The Company currently operates in two segments:

Cannabis Operations

The Company engages in the production and sale of cannabis via retail and wholesale channels. The Company operates 96 retail dispensaries in 18 states. The Company operates 23 cultivation sites in 16 states and 30 processing sites in 22 states which sell cannabis through wholesale channels.

Non-Cannabis Operations

The Company provides professional services including cultivation, processing and retail know-how and back office administration, intellectual property licensing, real estate leasing services and lending facilities to medical and adult-use cannabis licensees under management service agreements. The Company provides services to two integrated cannabis licensees in Maine. The management fee income for services rendered to these licencees eliminates upon consolidation due to obtaining operational control and substantially all economic benefits of the entities holding the licenses as a result of changes in Maine state regulations. See "Recent Acquisitions" section below for further details regarding these licensees.

Principal Products and Services

The Company, through its subsidiaries and affiliates, operates in highly regulated markets that require expertise in cultivation, manufacturing, retail operations and logistics. The Company leverages its internal research and development capabilities to assist its state-licensed entities to manufacture cannabis products in multiple formats with the high standards for safety, effectiveness, consistent quality and customer care. Currently, the Company's subsidiary entities cultivate, process, market and/or dispense a wide-range of permitted cannabis products across its operating markets, including:

flower, pre-rolls and flower pods, dry-herb vaporizer cartridges, concentrates for vaporizing such as pre-filled vaporizer cartridges and disposable vaporizer pens, concentrates for dabbing such as distillate droppers, mints, topical balms and lotions, tinctures, lozenges, capsules and edibles.

In most of the Company's markets, its licensed entities are vertically-integrated, meaning the entire supply chain is managed from seed to sale, cultivating cannabis flower, processing the flower into manufactured products, and selling the product to registered patients and/or legal adult-use consumers. In most states in which its licensed entities operate, products are sold under the Curaleaf and Select brands, and in Curaleaf dispensaries. The Company is committed to be the industry's leading resource in education and advancement through research and advocacy, and is focused on developing a trusted, national brand.

The Company believes that it has developed the in-house resources to ensure its state-licensed entities maintain best practices in cannabis cultivation, processing and dispensing and are dedicated to staying at the forefront of technology in the industry. The Company continues to invest strategically in infrastructure to ensure its state-licensed entities maintain low overall production costs and adaptability in their product mix to ensure timely response to the rapidly developing cannabis market. The Company intends to use its footprint to share know-how and technology throughout its operation.

- Cultivation: The Company’s cultivation facilities have grown over 266 strains of cannabis, which have been tested and characterized for yield, cannabinoid content and other properties. Additionally, the Company’s state-licensed entities cultivate cannabis using a variety of methods, including greenhouse, outdoor, indoor, and two-tier indoor cultivation.

- Extraction and Purification: The Company’s extraction facilities use proprietary processes for cannabis and terpene purification. The Company believes its manufacturers are industry leaders in achieving the desired composition of cannabinoids and terpenes in finished products through processing and purification, thereby enabling timely response to trends in medical product formulation.

- Formulation and Quality Control: The Company's processing facilities produce across the range of solid, liquid and inhaled products utilizing its vast in-house knowledge and experience. By combining expert cultivation, manufacturing and analytical laboratory operations, our processors have developed a complete in-house quality assurance and quality control program. In-house quality assurance enables rapid product development cycles and production of higher quality consumer products.

Research and Development

The Company's research and development activities primarily focus on optimizing cultivation and manufacturing techniques and developing new manufactured products.

The Company collects data on the number of grams of cannabis flower produced per watt of light, per square foot, and per plant. This allows cultivators to gain insights on optimal cultivation methods by adjusting certain variables such as cannabis strain variety and plant spacing. The Company’s cultivators also institute pest management techniques in facilities and document successes and failures, sharing this knowledge across its cultivation operations.

The Company also researches new methods of cannabis extraction for the development of new manufactured products. The Company's research and development activities operate on an on-going basis as the Company continually seeks to improve current methods for our licensed businesses.

Production and Sales

The Company currently has 23 cultivation facilities totaling approximately 1.8 million square feet. Current annual production capacity in these facilities is estimated at over 220,000 pounds of dry flower. The Company currently has 30 processing facilities. Each new manufacturing site is built to cGMP specifications and employs advanced nutritional and pharmaceutical formulations technology for optimal delivery methods. Each production facility (cultivation and processing) primarily focuses on the commercialization of cannabis products, with a strict focus on quality control and

patient care. Illustrating this commitment, our Florida operations were the first in the cannabis industry to receive the Safe Quality Food certification under the Global Food Safety Initiative. See Risks Related to the COVID-19 Pandemic in the 'Risk Factors' section of this MD&A.

The Company's primary method of sales currently occur in its licensed dispensaries across the U.S. Also, the Company's dispensaries offer home delivery services across the States of Arizona, Florida, Nevada and New York, in compliance with all state regulations. In Florida, our licensee also offers drive-thru service at two of its dispensaries. In multiple States, our dispensaries offer customers the option to order online to pick-up in store. Curaleaf aims to expand dispensaries e-commerce operations and delivery operations, where permitted, to offer convenient access for its customers and meet the demands of an evolving retail landscape.

Intellectual Property

The Company has developed multiple proprietary product formats, technologies and processes to ensure the high quality of licensees' premium cannabis products. These proprietary technologies and processes include its cultivation and extraction techniques, product formulations and cannabis delivery and monitoring systems.

The Company has spent considerable time and resources to establish a premium and recognizable brand amongst consumers and retailers in the cannabis industry. The Company has two federally registered patents with the United States Patent and Trademark Office ("USPTO"). Additionally, as of December 31, 2020, 46 trademarks were currently filed and pending approval with the USPTO, and we are actively pursuing the filing of additional trademarks.

In addition to its patent and pending trademarks, Curaleaf owned, as of December 31, 2020, numerous website domains, including www.curaleaf.com, as well as numerous social media accounts across all major platforms.

Competitive Conditions

The cannabis industry is highly competitive. We compete on quality, price, brand recognition and distribution strength. Our cannabis products compete with other products for consumer purchases, as well as shelf space in retail dispensaries and wholesaler attention. We compete with numerous cannabis producing companies with various business models, from small family-owned operations to multi-billion-dollar market capitalized multi-state operators. In certain markets, such as California, there are also a number of illegally operating dispensaries, which serve as competition as well. The Company maintains an operational footprint of primarily limited-license States, with natural high barriers to entry and limited market participants. The majority of the markets in which our licensees operate have formal regulations limiting the number of cannabis licenses that will be awarded, helping to ensure the Company's market share is protected in these limited-market States under the current regulatory framework.

As cannabis remains federally illegal in the U.S., businesses seeking to enter the industry face additional challenges when accessing capital. Presently, there exists no reliable source of U.S. bank lending or equity capital available to fund operations in the U.S. cannabis sector. Nevertheless, the Company is well-capitalized, and believes that the level of expertise and significant capital investment required to operate its large-scale, vertically-integrated cannabis operations make it difficult and inefficient for smaller cannabis operators to enter this sector of the market. Due to the rapid growth of the cannabis industry in the U.S., we acknowledge that the Company will face competition from other companies accessing equity capital markets in the sector.

The States We Operate In, Their Legal Framework and How It Affects Our Business

Arizona Operations

Arizona's medical cannabis program was introduced in November 2010 when voters approved the Proposition 203 "Arizona Medical Marijuana Initiative" ballot measure that legalized medical cannabis for patients with certain qualifying conditions. The first sales were made to patients in December 2012. In November 2020, Arizona voters approved Proposition 207 with approximately 60% of the vote, legalizing adult-use cannabis in the state. Dispensaries began selling to customers 21 years of age and older in January 2021.

The Arizona Department of Health Services ("AZDHS") has allocated 130 medical cannabis dispensary certificates. Each medical dispensary certificate permits the license holder to open one dispensary location, which can be approved for both medical and adult-use sales, and gives the license holder the option to open one cultivation facility and/or one processing facility. Cultivation and processing sites can be located anywhere in the state and are not restricted based on where the license holder's dispensary is located. Dispensaries are limited to their district for their first three years of operation. Prior to the adoption of Proposition 207, all medical dispensaries had to be held by not-for-profit, entities. With the adoption of Proposition 207, both medical and adult-use licenses may be held by for-profit entities. Extracted oils, edibles, and flower products are permitted. Wholesale transactions are permitted. Per Proposition 207, the AZDHS intends to issue an additional 26 dispensary certificates to entities that qualify under the Social Equity Ownership Program. The AZDHS will begin accepting applications for these additional 26 licenses within six months of adopting final rules for the Social Equity Ownership program, the timing of which is uncertain. Additionally, it is expected the AZDHS will issue ten dispensary certificates in rural counties that are currently home to one or no dispensaries, with applications for these additional ten licenses accepted by the AZDHS until March 9, 2021.

As of December 31, 2020, the Company operated eight dispensaries in Arizona, primarily located in the metro-Phoenix area. Through the acquisitions of GR Companies, Inc. ("Grassroots"), the Company acquired the rights to operate a ninth dispensary license, which is expected to become operational in the metro-Phoenix area in the second quarter of 2021. The Company also operates a 100,000 square foot indoor cultivation facility in Holbrook, Arizona, 50,000 square feet of which is already constructed for cultivation on a 68-acre plot of land. The Company is currently undergoing an expansion project to build out the entire 100,000 square feet of indoor cultivation in the Holbrook facility, which is expected to be complete in the second quarter of 2021. The Company also operates a separate 19,400 indoor cultivation facility in the metro-Phoenix area. Through the acquisition of Cura Partners, Inc., the Company also owns the Select brand, a leading wholesale brand in Arizona, among other states.

Arkansas Operations

Arkansas's medical cannabis program was introduced in November 2016 when 53% of voters approved Issue 6, the "Medical Marijuana Amendment," which legalized medical cannabis for patients with certain qualifying conditions. The first sales were made to patients in May 2019.

The Arkansas Department of Health ("AR DOH") is the regulatory agency that oversees the program. The market is divided into two main classes of licenses: cultivation/processing and dispensary. The AR DOH has awarded 8 cultivation/processing licenses and 38 dispensary licenses. As of December 31, 2020, there were 30 operational dispensaries. A large variety of medical cannabis products are allowed in the state, including the smoking of cannabis flower.

In July 2020, the Company acquired Grassroots, a cannabis multi-state operator in Arkansas, among other states, which manages one dispensary in Little Rock, Arkansas.

California Operations

California's medical cannabis program was introduced in 1996 when voters passed the Proposition 215 ballot initiative, that allowed patients with a valid doctor's recommendation to possess and cultivate cannabis for personal medical use. In October 2015, Governor Brown signed the Medical Cannabis Regulation and Safety Act into law, which provided a regulatory framework around the longstanding, though unregulated, medical cannabis industry. In November 2016, voters approved Proposition 64, the Adult Use of Marijuana Act, with 57% of the vote, legalizing adult-use cannabis in the state for adults 21 years of age and older and created a licensing system for commercial cannabis business. On June 27, 2017, Governor Brown signed SB-94 into law. SB-94 combines California's medicinal and adult-use regulatory framework into one licensing structure under the Medicinal and Adult-Use of Cannabis Regulation and Safety Act ("MAUCRSA"). Dispensaries began selling to customers 21 years of age and older in January 2018.

Pursuant to MAUCRSA, three state agencies are responsible for licensing and regulating each aspect of the industry: (i) the Bureau of Cannabis Control regulates retailers, distributors, testing labs, microbusinesses, and temporary cannabis events; (ii) the Manufactured Cannabis Safety Branch, a division of the California Department of Public Health, regulates

manufacturers of cannabis-infused edibles for both medical and nonmedical use; and (iii) the California Department of Food and Agriculture regulates cultivators of medicinal and adult-use cannabis.

Permitted products include oil-based formulations, edibles, and flower. Wholesaling and home delivery are permitted.

As of December 31, 2020, the Company operated two processing facilities, one in Davis, CA, and one in Sacramtento, CA, and one cultivation facility in the Salinas Valley. Through the acquisition of Cura Partners, Inc., is the Company also owns the Select brand, a leading wholesale brand in California, among other states.

Colorado Operations

Colorado's medical cannabis program was introduced in November 2000, when 54% of voters approved "Amendment 20". Colorado became the first state in the nation to legalize adult-use cannabis when 55% of voters approved "Amendment 64" in November 2012. The first adult-use dispensaries opened in January 2014.

The market is divided into three main classes of licenses: cultivation, processing, and retail. Extracted oils, edibles, and flower products are permitted.

As of December 31, 2020, the Company operated one processing facility, located in Denver, CO. Through the acquisition of Cura Partners, Inc., the Company also owns the Select brand,, a wholesale brand in Colorado, among other states.

Connecticut Operations

Connecticut's medical cannabis program was introduced in May 2012 when the General Assembly passed legislation PA 12-55 'An Act Concerning the Palliative Use of Marijuana.' The first dispensaries sold medical cannabis to patients in September 2014.

The program is divided into two classes of licenses: producers and dispensaries. Producers cultivate and process medicinal cannabis and wholesale to dispensaries. Dispensaries sell cannabis directly to patients and must have a pharmacist on staff. The program is regulated by the Connecticut Department of Consumer Protection ("CTDCP"). As of December 31, 2020, the CTDCP issued 18 dispensary licenses and four producer licenses, all of which are operational.

Extracted oils and flower products are permitted. Edibles are permitted with the exception of confectionaries.

As of December 31, 2020, the Company operated four dispensaries across the state: three of which were acquired from Arrow Alternative Care, and one of which was obtained through the acquisition of Grassroots. Curaleaf also holds one of the four approved producer licenses in the state and operates out of a 60,000 square foot facility, which includes cultivation space, extraction, purification facilities, and a commercial kitchen for the production of edibles. In June 2020, the Company launched the first sales of the Select brand in Connecticut.

Florida Operations

Florida's medical cannabis program was introduced in June 2014 when the Florida Legislature passed the Compassionate Medical Cannabis Act of 2014 ("CMCA"). The CMCA permitted low-THC cannabis oils to be dispensed and purchased by patients suffering from cancer and epilepsy. Under this program, six organizations called Medical Marijuana Treatment Centers ("MMTCs") were licensed to dispense low-THC cannabis to patients.

In November 2016, Florida voters approved the Amendment 2 "Expand Medical Marijuana" ballot measure with 71% of the vote. This constitutional amendment expanded the program by legalizing cannabis oils for individuals with specific debilitating diseases or conditions, including chronic pain, as determined by a licensed state physician. In June 2018, Governor Scott signed Senate Bill 8-A: "Medical Use of Marijuana," which outlined how patients can qualify and receive medical cannabis under the state's constitutional amendment.

A single MMTC license allows for the cultivation, processing, and dispensing of cannabis products. As of April 1, 2020, each MMTC is permitted to open an unlimited number of dispensaries across the state, so long as the MMTC receives the necessary local approvals. As of January 1, 2021, there were 459,171 qualified patients with an approved medical ID card, 22 approved MMTCs and 302 approved retail dispensing locations.

Permitted products originally included only oil-based formulations, though flower and edibles are now also permitted. Smokable flower was approved in March 2019, and edibles were approved in August 2020.

Each MMTC is required to cultivate and process all medical cannabis products they dispense. Wholesale transactions are permitted on a case by case basis to alleviate shortages. Home delivery is permitted.

The Company holds one of the original six vertically-integrated medical cannabis licenses issued in the state. In October 2016, Curaleaf's Florida business became the third license holder to begin sales to patients. As of December 31, 2020, Curaleaf operated a 24,000 square foot indoor growing facility in Homestead, a 278,000 square foot greenhouse growing facility and a 50,000 square foot indoor growing facility in Mt. Dora, and 33 dispensaries, with plans to open additional dispensaries in 2021. In August 2020, the Company launched the first sales of the Select brand in Florida.

Illinois Operations

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

In June 2019, Illinois governor signed legislation legalizing marijuana for recreational use. The Cannabis Regulation and Tax Act, legalizing and regulating marijuana for recreational use, went into effect on June 25, 2019, however recreational sales of marijuana began in the state on January 1, 2020. The adult use program allowed existing medical marijuana license holders to apply for Early Approval Adult Use Dispensing Organization ("EAAUDO") licenses to be able to sell adult use product at existing medical marijuana dispensaries (known as "co-located" or "same site" dispensaries) on January 1, 2020, and to have the privilege of opening a secondary adult use only retail site for every medical marijuana dispensary location the DO already had in its portfolio. All EAAUDO license holders were also required to commit to the state's groundbreaking Social Equity program either through a financial contribution, grant agreement, donation, incubation program, or sponsorship program. IDFPR was authorized to issue an additional 75 Adult Use Dispensing Organization ("AUDO") licenses in 2020 but, as of December 31, 2020, those licenses have yet to be issued and it is uncertain when they will be issued. IDFPR is also authorized to issue an additional 110 AUDO licenses by December 21, 2021. No single person or entity can have direct or indirect financial interest in more than 10 adult use dispensary licenses.

In July 2020, the Company acquired Grassroots, a cannabis multi-state operator in Illinois, among other states. Grassroots owns a cultivation and processing facility in Illinois and its acquisition of 5 dispensary licenses from associated individuals is currently pending regulatory approval. As of December 31, 2020, 9 dispensaries operated under these licenses, which permit up to 10 dispensaries to be operated. The Company retains the right to receive a portion of the proceeds from the sale of an additional three dispensary licenses in Illinois which are currently held by former affiliates of Grassroots. Three dispensaries are operated under these licenses.

Kentucky Operations

Kentucky's hemp program was introduced in 2013 when the Kentucky state legislature passed Senate Bill 50, "An Act Relating to Industrial Hemp." The program is regulated by the Kentucky Department of Agriculture. The market is divided

into two main classes of licenses: growers, and processor/handlers. As of September 2020, there were 970 licensed growers, and 170 licensed processor/handlers.

Curaleaf holds a hemp processor/handler license in Kentucky and leases a 74,000 square foot facility in Lexington. This industrial scale manufacturing facility distributes hemp-derived products, mainly cannabinoids such as CBD and CBG, at wholesale quantities to certain Curaleaf licensed medical cannabis facilities in other states, as permitted by applicable federal and state regulations. In addition, this facility serves as a centralized hub for key equipment and supplies to support Curaleaf's national operations. During the early onset of the Covid-19 pandemic, the facility also produced and distributed hand sanitizer to Curaleaf facilities across the U.S.

Maine Operations

Maine's medical cannabis program was introduced in November 1999 when voters approved Question 2, the 'Maine Medical Marijuana for Specific Illnesses Initiative,' with 61% of the vote. This program permitted qualified patients, or their designated caregiver, to grow and consume cannabis, but did not create a licensing structure whereby entities could apply to cultivate, process, and/or dispense cannabis.

In November 2009, Maine voters expanded the medical program by passing Question 5, the 'Maine Medical Marijuana Initiative', with 59% of the vote, which established a licensing structure in which eight vertically-integrated, not-for-profit dispensaries could sell cannabis directly to registered patients. The first dispensary opened to patients in October 2010.

Medical dispensaries are vertically-integrated and cultivate, process, and dispense products to patients from a maximum of one dispensary per license. Wholesaling is only permitted in emergency situations. Extracted oils, edibles, and flower products are permitted. In July 2018, the Maine legislature approved a bill that removed the requirement that medical cannabis license holders operate as not-for-profit entities, and also formally approved registered caregivers to open medical dispensary storefronts. As of December 31, 2020, there were eight vertically-integrated medical dispensaries in Maine, and an undetermined number of caregiver storefronts.

In November 2016, Maine voters approved Question 1, the 'Maine Marijuana Legalization Measure,' which legalized adult-use cannabis sales in the state. In May 2018, the Maine legislature approved a bill to formally approve the cannabis legalization legislation and that lay the groundwork for the adult-use market, including the establishment of separate classes of adult-use licenses (dispensaries, cultivators, processors) with no caps in place on the number of licenses that can be issued. In April 2019, the Department of Administrative and Financial Services, which oversees both the medical and adult-use programs, finalized the rules and regulations for the adult-use program, which were signed by the Governor in June 2019. The first adult-use sales were made to customers in October 2020.

As of December 31, 2020, the Company managed two of the eight integrated medical cannabis licensees in the state: Maine Organic Therapy ("MEOT") and Remedy Compassion Center ("RCC"). MEOT operates a 30,000 square foot indoor grow facility and a dispensary. RCC operates a small grow facility and a dispensary and obtains most of its product wholesale via MEOT. In July 2020, the Company launched the first sales of the Select brand in Maine. In February 2021, the Company opened a Curaleaf-branded dispensary in Bangor, ME, through a management service agreement with an affiliated entity. The Company plans to open adult-use locations in Maine and has received local approval for two adult-use dispensaries while the state adult-use licenses are pending regulatory approval.

Maryland Operations

Maryland's medical cannabis program was introduced in May 2013 when then Governor O'Malley signed House Bill 1101 into law. The Maryland Medical Cannabis Commission ("MMCC") issued preliminary licenses to 102 dispensaries, 15 cultivators, and 15 processors in 2016. The first dispensaries opened to patients in December 2018.

The market is divided into three classes of licenses: dispensaries, cultivators, and processors. Wholesaling is permitted. Dispensary locations are tied to the Senate District in which they were awarded, with the exception of dispensary licenses that were awarded to applicants who also were awarded a cultivation license – these dispensaries can be located at the

discretion of the license holder. One company may hold up to one cultivation license, one processing license, and up to four dispensary licenses. Permitted products include oil-based formulations and flower. Edibles are prohibited.

In April 2018, the Maryland House and Senate approved a bill, which was later signed by Governor Hogan, that expanded the license pool, allowing for a maximum of seven additional cultivation licenses, for a total of 22, and 13 additional processing licenses, for a total of 28. In October 2020, the MMCC issued 3 additional cultivation licenses and seven additional processing licenses. As of December 31, 2020, there were approximately 92 operational dispensaries, 17 operational cultivators, and 18 operational processors.

Curaleaf received one of 102 preliminary medical cannabis dispensary licenses in December 2016. The Company launched its dispensary in the first quarter of 2018, shortly after the market launched in December 2017. The Company also acquired a company holding a cannabis processing license, which began operations in the first quarter of 2018.

In January 2019, the Company completed a convertible debt financing with the owners of a cultivation facility, a processing facility, and two dispensaries (the "HMS/MI Businesses"). Concurrently with completion of the convertible debt financing, the Company entered into supply, offtake, branding and services agreements with the HMS/MI Businesses. As described below, the Company reached an agreement in November 2020 with a third party to sell the HMS/MI Business Assets to a third party subject to regulatory approval. Conversion of the debt into the equity of the remaining HMS/MI Businesses (two dispensaries in Gaithersburg, Maryland) is expected to occur, subject to regulatory approval, when the dispensary licenses become subject to transfer under current law in 2021.

The Company also announced in January 2019 that it had entered into an option purchase agreement to purchase all of Town Center Wellness, LLC, subject to regulatory approval, which operates the Elevate Takoma dispensary located in Takoma Park, Maryland, that was subsequently rebranded as Curaleaf Takoma. The Company had been marketing the assets of Town Center Wellness, LLC for sale. Such a sale would enable the Company to acquire dispensary assets previously owned by Grassroots while complying with limits on license ownership in the state of Maryland. In November 2020, the Company signed a definitive agreement to sell 100% of Town Center Welnness, LLC to PharmaCann LLC for a total consideration of $2,000, all payable in cash upon closing. The transaction is expected to close pending customary closing conditions, including receipt of regulatory approval by the Maryland Medical Cannabis Commission, and is expected to close by the end of the first quarter of 2021.

In May 2019, Maryland passed legislation allowing for the sale of edibles in the market, and the Company has constructed a processing and manufacturing facility at Curaleaf's Frederick facility in anticipation of the implementation of these rules.

In February 2020, the Company closed the acquisition of Cura Partners, Inc., owners of the Select brand. Select is a leading wholesale brand in Maryland, among other states.

In July 2020, the Company acquired Grassroots, a cannabis multi-state operator. In connection with the acquisition, the Company acquired the right to purchase entities affiliated with certain former Grassroots stockholders that own a cultivation and processing facility and a dispensary in Maryland and that manage another dispensary in Maryland. See "Recent Acquisitions" section of this MD&A.

In November 2020, the Company announced the signing of a definitive agreement to sell its rights to the HMS/MI Business to TerrAscend Corp. for a total consideration of $27,500. The HMS/MI Business sale includes the divestiture of operations in a 22,000 square foot co-located cultivation and processing facility in Frederick, MD. The total consideration due to Curaleaf of $27,500 includes $25,000 in cash due at closing as well as a $2,500 interest bearing note due and payable to Curaleaf in April 2022. The transaction is expected to close in the first half of 2021, pending customary closing conditions, including receipt of regulatory approval by the MMCC. As a result, the HMS/MI Business are classified as assets held for sale in the annual financial statements to which this MD&A relates.

Furthermore, the Company has been marketing the assets of Curaleaf Maryland, Inc., its licensed processing business in Maryland, with the intent to divest Curaleaf from these assets to ensure compliance with Maryland regulations. The Company signed definitive agreements to sell 100% of Curaleaf Maryland, Inc. in October 2020. In November 2020, the

Company announced the closing of its divestiture of the assets of Curaleaf Maryland, Inc. for a total consideration of $4,000, including $1,000 in cash and $3,000 as an interest bearing note due and payable to Curaleaf in June 2023.

Massachusetts Operations

Massachusetts' medical cannabis program was established by "An Act for the Humanitarian Medical Use of Marijuana" in November 2012 when voters passed Ballot Question 3 "Massachusetts Medical Marijuana Initiative" with 63% of the vote. The first dispensary opened in June 2015.

In November 2016, Massachusetts voters legalized adult-use cannabis by passing ballot Question 4 – Legalize Marijuana with 54% of the vote. In March 2018, the Cannabis Control Commission (the "CCC"), now the regulatory body of both the medical and adult-use programs, was set up to regulate the adult-use market and approve the rules that will govern the industry. In July 2019, Governor Baker signed legislation that laid the groundwork for the adult-use market. The first adult-use sale occurred in November 2018.

Each medical licensee must be vertically-integrated and may have up to three medical dispensaries. For adult-use, there are three separate classes of licenses—cultivation, processing, and dispensary—and vertical integration is permitted but not required. One company may own up to three adult-use dispensaries, up to three adult-use cultivation licenses, and up to three adult-use processing licenses. Adult-use cultivators are grouped into 11 tiers of production—ranging from up to 5,000 square feet of canopy to no larger than 100,000 square feet of canopy, and regulators will bump a licensee down to a lower tier if that licensee has not shown an ability to sell at least 70 percent of what it produces. One company may operate up to three adult-use dispensaries As of December 31, 2020, there were approximately 95 adult-use dispensaries permitted to open across the state.

In both the medical and adult-use markets, extracted oils, edibles, and flower products are permitted. Wholesaling is also permitted.

The Company holds an integrated medical cannabis license and operates a 104,000 square foot indoor grow and processing facility in Webster, MA, a 53,000 square foot indoor grow and processing facility in Amesbury, MA, and 4 dispensaries, one licensed for medical and adult-use sales in Oxford, one licensed for medical sales in Hanover, one licensed for adult-use sales in Provincetown, and one licensed for adult-use sales in Ware.

In July 2020, the Company launched the first sales of the Select brand in Massachusetts.

In October 2020, the Company's acquisition of Alternative Therapies Group ("ATG"), another licensed medical cannabis operator in Massachusetts, which operates the 53,000 square foot cultivation and processing facility in Amesbury, MA, was unanimously approved by the CCC. The transaction was completed in November 2020.

Michigan Operations

Michigan's medical cannabis program was introduced in November 2008, when 63% of voters approved the "Michigan Compassionate Care Initiative." In November 2018, 56% of voters approved the "Michigan Regulation and Taxation of Marijuana Act," which legalized adult-use cannabis in the state. The first adult-use dispensaries opened in December 2019.

The market is divided into three main classes of licenses: cultivation, processing, and retail. Extracted oils, edibles, and flower products are permitted.

In February 2020, the Company completed the acquisition of Cura Partners, Inc., owners of the Select brand, a wholesale brand in Michigan, among other states.

In July 2020, the Company acquired Grassroots, a cannabis multi-state operator in Michigan, among other states. As of December 31, 2020, Grassroots operated 4 dispensaries across Michigan.

Missouri Operations

Missouri's medical cannabis program was introduced in November 2018 when 66% of voters approved Amendment 2, the "Medical Marijuana and Veteran Healthcare Services Initiative," which legalized medical cannabis for patients with certain qualifying conditions. The first dispensary is expected to open by the end of 2020.

The Missouri Department of Health and Senior Services ("MO DHSS") is the regulatory agency that oversees the program. The market is divided into three main classes of licenses: cultivation, processing, and dispensary. The MO DHSS has awarded 60 cultivation, 86 processing, and 192 dispensary licenses. As of December 31, 2020, there were approximately 29 dispensaries approved to operate. A large variety of medical cannabis products are allowed in the state, including the smoking of cannabis flower.

The Company has reached a preliminary agreement with the holder of an Infused Product Manufacturing license to operate a roughly 6,700 square foot processing and manufacturing facility located in the Kansas City, Missouri region. This facility will supply the Missouri market with products under the Select Brand. The licensee is expected to commence operations at the end of May.

Nevada Operations

Nevada's medical cannabis program was introduced in June 2013 when the legislature passed SB374, legalizing the medicinal use of cannabis for certified patients. The first dispensaries opened to patients in August 2015. In November 2016, Nevada voters approved Question 2 with 55% of the vote, legalizing adult-use cannabis in the state. Adult-use sales launched on July 1, 2018.

The market is divided into five classes of licenses: dispensaries, cultivators, distribution, product manufacturing, and testing. Licenses are tied to the locality in which they were awarded. As of December 31, 2020, there were approximately 76 operational dispensaries, 150 operational cultivators, and 108 operational processors. Extracted oils, edibles, and flower products are permitted. Wholesaling is permitted. In 2018, the Company agreed to acquire a 10,000 square foot licensed indoor cannabis cultivation and a licensed dispensary, both operating in Las Vegas, NV. Both businesses are licensed for both medical and adult-use sales. Each of these transactions is subject to regulatory approval. The Company also operates an additional Las Vegas dispensary, a dispensary in Ely, NV, and a 269,000 square foot cultivation facility in Amargosa Valley, NV.

In February 2020, the Company completed the acquisition of Cura Partners, Inc., a leading wholesale brand in Nevada, among other states.

In July 2020, the Company acquired Grassroots, a cannabis multi-state operator in Nevada, among other states. The closing of the Grassroots transaction provides the Company with the rights to acquire seven additional cannabis dispensary licenses in Nevada. The Company has not realized these rights at this time.

New Jersey Operations

New Jersey's medical cannabis program was introduced in January 2010 when then Governor Corzine signed the New Jersey Compassionate Use Medical Marijuana Act ("NJCUMMA") into law. The NJCUMMA legalized medical cannabis for patients with certain qualifying conditions. The first sales were made to patients in December 2012.

The medical program is regulated by the New Jersey Department of Health ("NJDOH"), who has issued licenses to 12 Alternative Treatment Centers ("ATCs"). Each ATC is vertically integrated and permitted to open up to three dispensaries each. As of December 31, 2020, there were 10 operational ATCs dispensing medical cannabis to patients from a total of 13 dispensaries. In 2019, the NJDOH accepted applications for an additional 4 vertically integrated licenses, as well as 5 cultivation licenses and 15 dispensary licenses. These licenses are expected to be issued in 2021.

Extracted oils and flower products are permitted. Governor Murphy's Executive Order 6 Report, issued in March 2018, recommended adding edibles as a permitted product, with rulemaking for edibles the responsibility of the state legislature.

As of the date hereof the legislature has yet to develop rules for edibles, and a timeline for edibles rulemaking is yet to be determined. Wholesaling is permitted with approval from the NJDOH.

In November 2020, New Jersey voters approved Public Question 1 *Marijuana Legalization Amendment* with 67% of the vote, legalizing the cultivation, processing and sale of adult-use marijuana in the state. The Cannabis Regulatory Commission will be responsible for regulating the cultivation, processing and sale of adult-use marijuana. In February 2021, the New Jersey Legislature passed, and the Governor signed, an adult-use implementation bill which lays the groundwork for adult-use sales. Governing rule and regulations are expected to follow.

The Company holds one of the original six ATC medical licenses in New Jersey and operates a vertically-integrated campus in Bellmawr, NJ, comprised of 42,150 square feet of cultivation space and an adjacent 12,000 foot facility, of which 4,000 square feet is utilized for dispensary operations, with the remainder used for ancillary operations such as packaging and storage. Since the start of sales in October 2015, Curaleaf NJ has established itself as a market leader, dispensing 36% of all product sold in the state in 2018.The Company plans to open two more dispensary locations in the state, as well as an additional cultivation facility, for which the Company has secured a 111,000 square foot facility in the township of Winslow, NJ.

New York Operations

New York's medical cannabis program was introduced in July 2014 when Governor Cuomo signed the Compassionate Care Act, which legalized cannabis oils for patients with certain qualifying conditions. The first sales were made to patients in January 2016.

The New York State Department of Health ("NYSDOH") regulates the program. The NYSDOH issued licenses to ten companies, called Registered Organizations (each, a "RO"). A single RO license allows for the cultivation, processing, and dispensing of medical cannabis products. Each RO is permitted to open four dispensaries in NYSDOH- designated regions throughout the state and one cultivation/processing facility. Each RO is required to cultivate and process all medical cannabis products they dispense; however, wholesale transactions are permitted with approval from the state.

Permitted products include oil-based formulations (vaporizer cartridges, tinctures, capsules), and ground-flower sold in tamper-proof vessels. Home delivery is also permitted.

In January 2021, Governor Cuomo announced a proposal to legalize adult-use cannabis as part of the 2021 State of the State address.

The Company was awarded a vertically-integrated RO license in May 2018 with the right to open 4 dispensaries. The Company is only one of 10 license holders in the state. Curaleaf currently operates 4 dispensaries located in Newburgh, Plattsburgh, Queens, and Nassau County, as well as a 72,000 square foot cultivation and manufacturing facility in Ravena, New York. In September 2020, the Company launched the first sales of the Select brand in New York.

North Dakota Operations

North Dakota's medical cannabis program was introduced in November 2016 when 64% of voters approved Measure 5, "Medical Marijuana," which legalized medical cannabis for patients with certain qualifying conditions. The first sales were made to patients in March 2019.

The North Dakota Department of Health ("ND DOH") is the regulatory agency that oversees the program. The market is divided into two main classes of licenses: cultivation/processing and dispensary. The ND DOH has awarded 2 cultivation/processing licenses and 8 dispensary licenses. As of December 31, 2020, all 8 dispensaries were operational. A large variety of medical cannabis products are allowed in the state, including the smoking of cannabis flower.

In July 2020, the Company acquired Grassroots, a cannabis multi-state operator in North Dakota, among other states, with four operational dispensaries and one cultivation and processing facility in North Dakota. The cultivation and processing facility, located in Fargo, is 33,000 square feet and is also operational.

Ohio Operations

Ohio's medical cannabis program was introduced in June 2016 when House Bill 523 was signed into law. The first dispensaries opened in January 2019.

The Ohio Department of Commerce is responsible for regulating cultivators and processors. The Ohio State Board of Pharmacy is responsible for regulating dispensaries and the patient and caregiver registry. The Ohio State Medical Board is responsible for certifying physicians and reviewing petitions to add qualifying medical conditions.

The market is divided into four main classes of licenses: dispensary, processing, 'Level I' cultivation, which permits up to 25,000 square feet of canopy, and 'Level II' cultivation, which permits up to 3,000 square feet of canopy. One company is permitted to own up to one cultivator, one processor, and up to five dispensaries. As of December 31, 2020, the state has issued 57 dispensary licenses, 48 processing licenses, 19 'Level I' cultivation licenses, and 14 'Level II' cultivation licenses.

Extracted oils, edibles, and non-combustible flower products are permitted.

In May 2019, the Company entered into an agreement granting it an option to acquire Ohio Grow Therapies ("OGT"), a holder of one of the 19 Level 1 cultivation licenses and a processing license. OGT completed construction of a 32,000 square foot production facility in Johnstown, Ohio, and received its final licenses on July 1, 2020. The transfer of the OGT licenses and operations to the Company is pending regulatory approval. See "Proposed Transactions" section of this MD&A.

In October 2020, the Company launched the first sales of the Select brand in Ohio.

In July 2020, the Company acquired Grassroots, a cannabis multi-state operator in Ohio, among other states, with rights to acquire one cultivation facility, one processing facility and two dispensaries in Ohio. The Company will own and operate the dispensaries upon receipt of regulatory approval. Due to license ownership limitations in Ohio, the Company will not exercise its rights to acquire the Ohio cultivation and processing facility, but will receive a portion of the proceeds from their sale by the current owners.

Oklahoma Operations

Oklahoma's medical cannabis program was introduced in June 2018, when 57% of voters approved Oklahoma State Question 788, the "Medical Marijuana Legalization Initiative." The first medical dispensaries opened in October 2018.

The market is divided into three main classes of licenses: cultivation, processing, and retail. Extracted oils, edibles, and flower products are permitted.

In May 2020, the Company announced the expansion of the Select brand to the Oklahoma medical cannabis market.

In July 2020, the Company acquired Grassroots, a cannabis multi-state operator in Oklahoma, among other states. As of December 31, 2020, a Grassroots affiliated entity no longer operated any dispensaries in Oklahoma due to the saturation of the Oklahoma dispensary market, where over 2,000 dispensary licenses have been issued.

Oregon Operations

Oregon's medical cannabis program was introduced in November 1998 when voters approved Measure 67, the Oregon Medical Marijuana Act.

In November 2014, voters approved Measure 91, the 'Oregon Legalized Marijuana Initiative', which legalized adult-use cannabis in the state. In October 2015, the first adult-use dispensaries opened.

The market is divided into six classes of licenses: dispensaries, cultivators, wholesalers, processors, laboratories and research. The Oregon Liquor Control Commission regulates the adult-use program, while the Oregon Health Authority regulates the medical program. Extracted oils, edibles, and flower products are permitted. Wholesaling and delivery are also permitted.

The Company operates one dispensary, one cultivation facility, and two processing facilities in Oregon. The dispensary, located in Portland, OR, opened in 2018. The cultivation center, located in The Dalles, OR, consists of a 20,000 square foot outdoor grow and an adjacent 17,000 square foot indoor facility for indoor growing.

In February 2020, the Company completed the acquisition of Cura Partners, Inc., owners of the leading Select wholesale brand in Oregon, among other states, with processing facilities in Portland, Oregon.

Pennsylvania Operations

Pennsylvania's medical cannabis program was introduced in April 2016 when Governor Wolf signed into law SB 3 "Medical Marijuana Act", which legalized medical cannabis oils for patients with certain qualifying conditions. The law also called for a class of licenses, called "Clinical Registrant" licenses, whereby accredited medical institutions in the state can partner with medical cannabis companies to conduct research. In February 2018, the first dispensaries opened to patients.

The Pennsylvania Department of Health ("PADOH") regulates the program. There are two primary classes of licenses: licenses to grow/process cannabis products, and licenses to dispense cannabis products to patients. Grower/processors wholesale products to dispensaries. Each dispensary license permits the licensee to open up to three dispensaries in the region in which the license was awarded. A Clinical Registrant license is vertically integrated, permitting one grow/processing facility and up to six dispensaries. As of December 31, 2020, the PADOH has issued 50 dispensary licenses, 25 grow/processing licenses, and 8 Clinical Registrant licenses.

Oil-based formulations and flower are permitted, while edibles are currently prohibited.

The Company, through its Pennsylvania subsidiary, has partnered with an accredited medical school and, in February 2020, the Company's Pennsylvania subsidiary was approved as a Clinical Registrant in Pennsylvania by the PADOH, Office of Medical Marijuana. Under this designation, the Company's Pennsylvania subsidiary is entitled to open a cultivation and processing facility and up to six dispensaries, under the Commonwealth's medical marijuana research program. Pennsylvania's medical cannabis program created this class of license to promote cooperation between industry and academia in the research of medical benefits of cannabis. In February 2021, the Company's subsidiary opened its first dispensary under the Clinical Registrant license, located in Harrisburg, PA, and is in the process of building out a 50,000 square foot cultivation and processing facility in King of Prussia, PA, as part of the Clinical Registrant license.

In July 2020, the Company acquired Grassroots, a cannabis multi-state operator in Pennsylvania, among other states. Grassroots' subsidiaries hold cultivation, processing and three dispensary licenses, and also have rights to acquire a fourth dispensary license. Each dispensary license entitles the license holder to operate up to three dispensaries. The Pennsylvania subsidiaries, as of December 31, 2020, have an operating 75,000 square foot cultivation and processing facility and nine dispensaries.

Utah Operations

Utah's medical cannabis program was introduced in November 2018, when 53% of voters approved "Proposition 2, Medical Marijuana Initiative". In December 2018, the state legislature passed a bill that legalized medical cannabis, but implemented several changes to the Proposition 2 ballot erasure, including removing home cultivation rights for patients and adding a requirement that dispensaries employ pharmacists.

The market is divided into three main classes of licenses: cultivation, processing, and retail. In July 2019, the Utah Department of Agriculture and Food ("UDAF") awarded eight cultivation licenses. In January 2020, the Utah Department of Health awarded 14 retail licenses. The UDAF issues processing licenses on a rolling basis, with processing licenses

awarded to 10 companies as of December 31, 2020. All medical cannabis form factors are permitted, as is wholesaling. The market began sales in March 2020.

In January 2020, the Company was awarded a medical cannabis retail license from the Utah Department of Health. The Company opened its dispensary in Lehi, Utah in August 2020. In January 2020, the Company announced that it received preliminary approval for a processing license by the UDAF. The notice grants Curaleaf permission to begin the build out of its processing facility, and, as of December 31, 2020, the Company completed the building of the processing facility.

Vermont Operations

Vermont's medical cannabis program was introduced in May 2004 when Senate Bill 76 was approved by the Vermont House and Senate and became law without the governor's signature. This legislation permitted state-qualified patients to grow and possess marijuana for medicinal purposes. This legislation was expanded in June 2007 when Senate Bill 7 was approved by the Vermont House and Senate and again became law without the governor's signature. Senate Bill 7 expanded the list of qualifying conditions and increased the number of plants that patients may legally cultivate, among other things. In June 2011, the Vermont legislate passed Senate Bill 17, the "Vermont Marijuana for Symptom Relief Act," which, among other things, authorized a state-regulated system for medical cannabis sales through licensed dispensaries. The first sales were made to patients in 2012.

The Vermont Department of Public Safety is the regulatory agency that oversees the medical program. The market consists of five vertically-integrated licenses. Each license permits the owner to operate a grow/processing facility and up to two dispensaries. As of December 31, 2020, there were 7 operational dispensaries. A large variety of medical cannabis products are allowed in the state, including the smoking of cannabis flower.

In January 2018, Vermont became the first state to legalize cannabis via the legislature when Governor Scott signed H. 511, which legalized possession of up to one ounce of cannabis, among other things, though did not create a state-regulated system for adult-use sales. In October 2020, Governor Scott announced that he would allow legislation to regulate and tax cannabis sales to become law without his signature, with adult-use sales expected to begin in late 2022.

In July 2020, the Company acquired Grassroots, which operates two dispensaries and one cultivation and processing facility in Vermont.

Components of Our Results of Operations

Revenue

Retail and Wholesale Revenue

The Company derives its retail and wholesale revenue in states in which it is licensed to cultivate, process, distribute, and sell cannabis. The Company sells directly to customers at its retail stores and sells wholesale to other dispensaries or processors not owned by the Company. For the years ended December 31, 2020 and 2019, our wholesale revenue represented approximately 28% and 20% of total retail and wholesale revenue, respectively.

Management Fee Income

Management fee income represents revenue related to management services agreements pursuant to which the Company provides professional services, including cultivation, processing and retail know-how and back office administration, intellectual property licensing, real estate leasing services and lending facilities to medical and adult-use cannabis licensees. The Company recognizes revenue from these consulting services on a straight-line basis over the term of third-party consulting agreements as services are provided.

Cost of Goods Sold

Cost of goods sold are derived from costs related to the cultivation and production of cannabis and from wholesale purchases made from other licensed producers operating within state markets in which the Company operates. Cost of goods sold includes the costs directly attributable to the production of inventory and includes amounts incurred in the cultivation and manufacture of finished goods, such as flower, concentrates, and edibles. Direct and indirect costs include but are not limited to material, labor, supplies, depreciation expense on production equipment, utilities, and facilities costs associated with cultivation.

Change in Fair Value of Biological Assets

Plants that are actively growing are considered biological assets. In accordance with *IAS 41 – Agriculture*, biological assets are recorded at fair value at the time of harvest, less costs to sell, which are transferred to inventory. The amount transferred becomes the carrying value of the inventory on a go-forward basis. When the inventory is sold, the fair value is relieved from inventory and the amount is expensed to the cost of goods sold. The cost of goods sold also includes the product cost and costs related to products acquired from other suppliers.

Gross Profit

Gross profit is revenue less cost of goods sold. During the years ended December 31, 2020 and 2019 the Company did not operate at full capacity and the Company expects gross profit to increase over the foreseeable future as it continues to invest in its current operations.

Operating Expenses

Salaries and benefits include non-cost-of-goods sold labor for each retail location and corporate labor expenses. The Company expects salaries and benefits to increase proportionally with store openings in the foreseeable future, but these expenses are expected to level off as operations are scaled in each market.

Sales and marketing expenses consist of selling costs to support the Company's retail stores including branding and marketing expenses and product development expenses. The Company expects selling costs to increase proportionally with each retail store opening.

Professional fees consist of accounting, legal and acquisition related expenses. The Company expects these fees to increase as expansion continues and subsequent acquisitions occur.

Other general and administrative expenses consist of travel, general office supplies and monthly services, facilities and occupancy, insurance, director fees and new business development expenses.

Other Income (Expense)

Interest income

The Company has notes receivable with various parties that earn interest income at rates ranging from 2% to 13%.

Interest expense

Interest expense consists of interest on outstanding borrowings under various promissory note agreements as well as amortization of debt discounts.

Other income (expense)

Other income consists of gains related to the non-subtantial modification of debt discount and investments for contingent considerations deemed no longer payable, offset by the gains and losses on the disposal of assets and liabilities and impairment on an intangible asset.

Income taxes

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal and state jurisdictions, where applicable.

As the Company operates in the state-legal cannabis industry, the Company is subject to Section 280E of the Internal Revenue Code which prohibits businesses engaged in the trafficking of controlled substances (within the meaning of Schedule I and II of the CSA) from deducting normal business expenses associated with the sale of cannabis, such as payroll and rent, from gross income (revenue less cost of goods sold). Section 280E, therefore, has a significant impact on the retail side of cannabis, but a lesser impact on cultivation and manufacturing operations. Section 280E was originally intended to penalize criminal market operators, but because cannabis remains a Schedule I controlled substance for U.S. Federal purposes, the Internal Revenue Service ("IRS") has subsequently applied Section 280E to state-legal cannabis businesses. The effective tax rate on a cannabis business depends on how large its ratio of non-deductible expenses is to its total revenues. In the states that the Company operates in that align their tax codes with Section 280E, it is also unable to deduct normal business expenses for state tax purposes. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable and a higher effective tax rate than most industries.

SELECTED FINANCIAL INFORMATION

The Company reports results of operations of its subsidiaries from the date that control commences. Control exists when the Company has the power, directly and indirectly, to govern the financial and operating policies of an entity and is exposed to the variable returns from its activities. The following selected financial information includes only the results of operations after the Company established control of its subsidiaries. Accordingly, the information included below may not be representative of the results of operations if such subsidiaries had included their results of operations for the entire reporting period.

The following table sets forth selected financial information for the periods indicated that was derived from our audited consolidated financial statements and the respective accompanying notes prepared in accordance with IFRS. See "Results of Operations for the Years ended December 31, 2020 and 2019" for additional details. The selected consolidated financial information set out below may not be indicative of Curaleaf's future performance:

	Year Ended December 31,		
	2020	2019	2018
Revenue	$ 626,637	$ 221,018	$ 77,057
Cost of goods sold	311,148	102,386	31,172
Gross profit before impact of biological assets	315,489	118,632	45,885
Net change in fair value of biological assets	75,024	22,981	402
Gross profit	390,513	141,613	46,287
Operating expenses	326,829	169,330	74,968
Other expense, net	(41,641)	(18,072)	(27,553)
Net loss	(61,328)	(69,848)	(61,877)
Loss per share attributable to Curaleaf Holdings, Inc. - basic and diluted	$ (0.11)	$ (0.15)	$ (0.14)

	December 31, 2020	December 31, 2019	December 31, 2018
Total assets	$ 2,386,591	$ 736,926	$ 569,836
Long-term debt	285,001	87,953	81,901
Long-term lease liabilities	270,495	81,319	—

RESULTS OF OPERATIONS YEAR ENDED DECEMBER 31, 2020 AND 2019

The following table summarizes the Company's results of operations for the years ended December 31, 2020 and 2019:

	Year ended December 31,			
	2020	2019	$ Change	% Change
Revenues:				
Retail revenue	$ 423,183	$ 138,738	$ 284,445	205 %
Wholesale revenue	163,036	$ 35,119	127,917	364 %
Management fee income	40,418	47,161	(6,743)	(14)%
Total revenues	626,637	221,018	405,619	184 %
Cost of goods sold	311,148	102,386	208,762	204 %
Gross profit before impact of biological assets	315,489	118,632	196,857	166 %
Realized fair value amounts included in inventory sold	(149,586)	(74,757)	(74,829)	100 %
Unrealized fair value gain on growth of biological assets	224,610	97,738	126,872	130 %
Gross profit	390,513	141,613	248,900	176 %
Operating expenses	326,829	169,330	157,499	93 %
Income (Loss) from operations	63,684	(27,717)	91,401	330 %
Other expense, net	(41,641)	(18,072)	(23,569)	130 %
Income (Loss) before provision for income taxes	22,043	(45,789)	67,832	148 %
Income tax expense	(83,371)	(24,059)	(59,312)	247 %
Net loss	(61,328)	(69,848)	8,520	12 %
Less: Net income (loss) attributable to redeemable non-controlling interest	407	(2,604)	3,011	116 %
Net loss attributable to Curaleaf, Holdings Inc.	$ (61,735)	$ (67,244)	$ 5,509	8 %

	Year ended December 31,	
	2020	2019
Retail revenue	$ 423,183	$ 138,738
Wholesale revenue	163,036	35,119
Management fee income	40,418	47,161
Total revenues	626,637	221,018
Cost of goods sold	311,148	102,386
Gross profit before impact of biological assets	315,489	118,632
Realized fair value amounts included in inventory sold	(149,586)	(74,757)
Unrealized fair value gain on growth of biological assets	224,610	97,738
Gross profit	$ 390,513	$ 141,613
Gross margin	62%	64%
Gross profit before impact of management fee income and biological assets	$ 275,071	$ 71,471
Gross margin before impact of management fee income and biological assets	47%	41%
Gross profit before impact of management fee income and after net gain on biological assets	$ 350,095	$ 94,452
Gross margin before impact of management fee income and after net gain on biological assets	60%	54%

Comparison of the Years Ended December 31, 2020 and 2019

Revenue

Revenue for the year ended December 31, 2020 was $626,637, an increase of $405,619 or 184% compared to revenue of $221,018 for the year ended December 31, 2019. The increase in revenue was driven by an increase of $412,362 in retail and wholesale revenue, offset by a decrease of $6,743 in management fee income.

Retail and wholesale revenue was $586,219 for the year ended December 31, 2020 compared to $173,857 for the year ended December 31, 2019, which represents an increase of $412,362 or 237%. The increase in retail and wholesale revenue was primarily due to organic growth in Florida, the opening of two additional dispensaries in New York, the completion of the acquisition of Select in February 2020, the completion of the acquisition of Arrow in April 2020, the completion of the acquisitions of Grassroots and Curaleaf NJ in July 2020, and the completion of the acquisition of ATG in November 2020. Additionally, wholesale revenue increased in Maryland and New York as a result of increased cultivation and harvest.

The decrease in management fee income of $6,743 is primarily due to the acquisitions of Curaleaf NJ, the formerly managed not-for-profit in New Jersey, in July 2020 and ATG in November 2020, for which the Company previously provided management services.

Cost of Goods Sold & Change in Fair Value of Biological Assets

Cost of goods sold, excluding any adjustments to the fair value of biological assets, for the year ended December 31, 2020 was $311,148, an increase of $208,762 or 204% compared to cost of goods sold of $102,386 for the year ended December 31, 2019. The increase was primarily due to cultivation and processing costs directly related to the increase in cannabis revenue for the year ended December 31, 2020, which were the result of opening additional dispensaries and completion of acquisitions made in the second half of 2019 and in the year ended December 31, 2020.

Biological asset transformation for the year ended December 31, 2020 was $75,024, an increase of $52,043 or 226% compared to $22,981 for the year ended December 31, 2019. The increase was primarily due to the increased cultivation operating capacity resulting from expansion projects in New York, Florida and Massachusetts, increased cultivation operating capacity resulting from acquisitions of Grassroots, New Jersey and Acres and the corresponding increase in the unrealized fair value gain on the growth of biological assets offset by the amounts realized and included in cost of goods sold.

Gross Profit

Gross profit for the year ended December 31, 2020 was $390,513, or 62%, compared to $141,613, or 64%, for the year ended December 31, 2019.

Gross profit before management fee income and biological asset adjustments for the year ended December 31, 2020 was $275,071 compared to $71,471 for the year ended December 31, 2019. Gross margin before management fee income and biological asset adjustments for the year ended December 31, 2020 was 47% compared to 41% for the year ended December 31, 2019. The increase was primarily due to the increase in revenue as mentioned above and increased efficiencies in the cultivation and manufacturing processes.

Gross profit before management fee income and after net gains on biological assets for the year ended December 31, 2020 was $350,095 or 60%, compared to $94,452, or 54%, for the year ended December 31, 2019. The increase was primarily due to increased cultivation capacity in Arizona, Massachusetts and New York, higher operating capacity in the Company's cultivation and processing facilities and the corresponding increase in the unrealized fair value gain on the growth of biological assets.

Total Operating Expenses

	Year ended December 31,		
	2020	2019	$ Change
Salaries and benefits	$ 104,252	$ 52,737	$ 51,515
Sales and marketing	23,272	12,188	11,084
Rent and occupancy	13,124	4,613	8,511
Travel	4,779	6,574	(1,795)
Professional fees	47,598	30,550	17,048
Office supplies and services	17,731	8,290	9,441
Other	16,518	6,070	10,448
Total selling, general, and administrative	227,274	121,022	106,252
Depreciation and amortization	68,676	31,701	36,975
Share-based compensation	30,879	16,607	14,272
Total operating expenses	$ 326,829	$ 169,330	$ 157,499

Total operating expenses for the year ended December 31, 2020 were $326,829, an increase of $157,499 or 93%, compared to $169,330 for the year ended December 31, 2019, which represents 52% and 77% of total revenue for the years ended December 31, 2020 and 2019, respectively. The increase in total operating expenses was primarily attributable to an increase in salaries and benefits, professional fees, as well as sales and marketing and other selling, general and administrative expenses as the Company expanded the number of retail dispensaries from 51 in 2019 to 96 in 2020, increased the level of support staff necessary to run the expanded operations as well as incurred $36,075 and $22,788 in one-time expenses during the years ended December 31, 2020 and 2019, respectively, largely associated with acquisitions and business development activities.

Salaries and benefits were $104,252 for the year ended December 31, 2020, compared to $52,737 for the year ended December 31, 2019, which represents an increase of $51,515. This was due to an increase in headcount at the corporate level as well as headcount from expanding operations in markets from organic growth in Florida, Massachusetts, New York, and Maryland and both organic and acquired growth in Arizona, Connecticut, New Jersey, Pennsylvania, Illinois, which is largely a result of the significant acquisitions of Select and Grassroots in February 2020 and July 2020, respectively.

Sales and marketing expenses totaled $23,272 for the year ended December 31, 2020, compared to $12,188 for the year ended December 31, 2019, which represents an increase of $11,084. The increase was largely due to marketing cost associated with the new Cannabis with Confidence campaign and the inclusion of Select and Grassroots after completion of the acquisitions in 2020.

Rent and occupancy expenses totaled $13,124 for the year ended December 31, 2020, compared to rent and occupancy expenses of $4,613 for the year ended December 31, 2019. The increase of $8,511 was primarily attributable to the increase in occupancy costs for the expansion of retail operations in Florida, New York, Arizona, Connecticut, and Maryland and the inclusion of Select and Grassroots expenses after the completion of acquisitions in 2020.

Travel expenses totaled $4,779 for the year ended December 31, 2020, compared to $6,574 for the year ended December 31, 2019, which represents a decrease of $1,795. The decrease was due to decreased management travel as a result of the COVID-19 pandemic, limiting travel for much of the year in 2020.

Professional fees were $47,598 for the year ended December 31, 2020 compared to $30,550 for the year ended December 31, 2019, which represents an increase of $17,048. This increase was primarily due to increased legal and accounting fees associated with the expansion to new operating markets and costs associated with multiple acquisitions.

Office supplies and service and other selling, general and administrative expenses were $34,249 for the year ended December 31, 2020 compared to $14,360 for the year ended December 31, 2019, which represents an increase of $19,889. This increase was primarily due to increased expenditures in office supplies and monthly services such as computer and

software, and bank and license fees at the corporate level, Florida, Connecticut, and Oregon, completion of acquisitions and operation of new business in Arizona, Nevada, Massachusetts, and Maryland, as well as the completion of the acquisitions of Select, Grassroots, Curaleaf NJ, Arrow, and ATG.

Depreciation and amortization was $68,676 for the year ended December 31, 2020, compared to $31,701 for the year ended December 31, 2019, which represents an increase of $36,975. The increase was primarily due to the Company's expansion of retail operations in Florida, New York, Arizona, Connecticut, and Maryland, as well as the inclusion of Select and Grassroots expenses after the completion of the acquisitions in 2020, which largely increased both the Company's wholesale and retail operations.

Share-based compensation was $30,879 for the year ended December 31, 2020, compared to $16,607 for the year ended December 31, 2019 represented an increase of $14,272. The increase was primarily due to the share-based cost associated with new options and restricted stock units granted in 2020, along with recognizing an $8,493 expense for the Select rollover share fair value adjustment. See further details regarding the Select rollover share fair value adjustment under the Select acquisition details in the "Recent Acquisitions" section below.

Total Other Expense

	Year ended December 31,		
	2020	2019	$ Change
Interest income	$ 6,484	$ 9,938	$ (3,454)
Interest expense	(47,903)	(18,396)	(29,507)
Interest expense related to lease liabilities	(21,099)	(6,357)	(14,742)
Other income (expense)	20,877	(3,257)	24,134
Total other expense, net	$ (41,641)	$ (18,072)	$ (23,569)

Interest income for the years ended December 31, 2020 and 2019 was $6,484 and $9,938, respectively. The decrease of $3,454 was primarily due to the conversion of the notes receivable related to Curaleaf NJ as part of the acquisition consideration paid for the acquisition.

Interest expense for the years ended December 31, 2020 and 2019 was $47,903 and $18,396 respectively. The increase of $29,507 was primarily due to the $300,000 Senior Secured Term Loan Facility entered into by the Company in January 2020, along with the $10,000 promissory note entered into in October 2020 to replace the contingent liability in connection with the Curaleaf, MA acquisition. See more details under "Recent Financing Transactions" within the "Financial Condition, Liquidity and Capital Resources" section below regarding the $10,000 promissory note, which is defined herein as the Promissory Note – 2024. Interest expense related to lease liabilities was $21,099 and $6,357 for the years ended December 31, 2020 and 2019, respectively.

Total other expense, net for the year ended December 31, 2020, was $41,641 compared to $18,072 for the year ended December 31, 2019. This is primarily due to the reasons discussed above, along with a $23,659 impairment loss related to the Eureka license, partially offset by the gain of $37,560 on investments relating to multiple contingent considerations from acquisitions deemed no longer payable.

Provision for Income Taxes

The Company recorded total income tax expense of $83,371 for the year ended December 31, 2020 with $7,541 as the deferred tax component. The Company recorded total income tax expense of $24,059 for the year ended December 31, 2019 with $6,959 as the deferred tax component. The increase was the result of increased gross profit in certain of the Company's subsidiaries that are subjected to Section 280E.

Net Loss

Net loss for the years ended December 31, 2020 and 2019 was $61,328 and $69,848, respectively, which represents a decrease of $8,520, or 12%. The decrease was primarily driven by the increase in gross profit, partially offset by the increase in operating expense as described above.

RESULTS OF OPERATIONS THREE MONTHS ENDED DECEMBER 31, 2020 AND 2019 AND THE THREE MONTHS ENDED SEPTEMBER 30, 2020.

The following table summarizes our results of operations for the three months ended December 31, 2020 and 2019 and the three months ended September 30, 2020:

	Three months ended						
	Q4 '20 December 31, 2020	Q3 '20 September 30, 2020	Q4 '20 vs Q3 '20 $ Change	Q4 '20 vs Q3 '20 % Change	Q4 '19 December 31, 2019	Q4 '20 vs Q4 '19 $ Change	Q4 '20 vs Q4 '19 % Change
Revenues:							
Retail revenue	$ 164,932	$ 135,344	$ 29,588	22 %	$ 48,196	$ 116,736	242 %
Wholesale revenue	64,351	44,958	19,393	43 %	9,485	54,866	578 %
Management fee income	970	2,106	(1,136)	(54)%	17,776	(16,806)	(95)%
Total revenues	230,253	182,408	47,845	26 %	75,457	154,796	205 %
Cost of goods sold	119,658	90,633	29,025	32 %	35,695	83,963	235 %
Gross profit before impact of biological assets	110,595	91,775	18,820	21 %	39,762	70,833	178 %
Realized fair value amounts included in inventory sold	(57,265)	(48,706)	(8,559)	18 %	(33,920)	(23,345)	69 %
Unrealized fair value gain on growth of biological assets	72,132	72,714	(582)	(1)%	39,453	32,679	83 %
Gross profit	125,462	115,783	9,679	8 %	45,295	80,167	177 %
Operating expenses	104,835	99,412	5,423	5 %	52,563	52,272	99 %
Income from operations	20,627	16,371	4,256	26 %	(7,268)	27,895	(384)%
Other expense, net	(17,893)	(6,557)	(11,336)	173 %	(7,858)	(10,035)	128 %
Income (Loss) before provision for income taxes	2,734	9,814	(7,080)	(72)%	(15,126)	17,860	118 %
Income tax expense	(37,843)	(18,745)	(19,098)	102 %	(12,026)	(25,817)	215 %
Net loss	(35,109)	(8,931)	(26,178)	293 %	(27,152)	(7,957)	29 %
Less: Net income (loss) attributable to redeemable non-controlling interest	165	412	(247)	(60)%	(591)	756	(128)%
Net loss attributable to Curaleaf, Holdings Inc.	$ (35,274)	$ (9,343)	$ (25,931)	(278)%	$ (26,561)	$ (8,713)	(33)%

	Three months ended		
	Q4 '20 December 31, 2020	Q3 '20 September 30, 2020	Q4 '19 December 31, 2019
Retail revenue	$ 164,932	$ 135,344	$ 48,196
Wholesale revenue	64,351	44,958	9,485
Management fee income	970	2,106	17,776
Total revenues	230,253	182,408	75,457
Cost of goods sold	119,658	90,633	35,695
Gross profit before impact of biological assets	110,595	91,775	39,762
Realized fair value amounts included in inventory sold	(57,265)	(48,706)	(33,920)
Unrealized fair value gain on growth of biological assets	72,132	72,714	39,453
Gross profit	$ 125,462	$ 115,783	$ 45,295
Gross margin	54%	63%	60%
Gross profit before impact of management fee income and biological assets	$ 109,625	$ 89,669	$ 21,986
Gross margin before impact of management fee income and biological assets	48%	50%	38%
Gross profit before impact of management fee income and after net gain on biological assets	$ 124,492	$ 113,677	$ 27,519
Gross margin before impact of management fee income and after net gain on biological assets	54%	63%	48%

Comparison of the Three Months ended December 31, 2020 and 2019

Revenue

Revenue for the three months ended December 31, 2020 was $230,253, an increase of $154,796 or 205% compared to revenue of $75,457 for the three months ended December 31, 2019. The increase in revenue was driven by an increase of $171,602 in retail and wholesale revenue, offset by a decrease of $16,806 in management fee income.

Retail and wholesale revenue was $229,283 for the three months ended December 31, 2020 compared to $57,681 for the three months ended December 31, 2019, which represents an increase of $171,602 or 298%. The increase in retail and wholesale revenue was primarily due to impact of the acquisitions completed in 2020, including Select, Grassroots, Curaleaf NJ, and Arrow, among others. Additionally, the Company implemented various holiday promotions during the three months ended December 31, 2020, which resulted in a significant boost in sales and the Company's best quarter-to-date results.

The decrease in management fee income of $16,806 was primarily due to the acquisitions of Curaleaf NJ, the formerly managed not-for-profit in New Jersey, in July 2020 and ATG in November 2020, for which the Company previously provided management services.

Cost of Goods Sold & Change in Fair Value of Biological Assets

Cost of goods sold, excluding any adjustments to the fair value of biological assets, for the three months ended December 31, 2020 was $119,658, an increase of $83,963 or 235% compared to cost of goods sold of $35,695 for the three months ended December 31, 2019. The increase was primarily due to cultivation and processing costs directly related to the increase in cannabis revenue for the three months ended December 31, 2020. Increases in cannabis revenue were the result of incremental costs resulting from the acquisitions of Select in early 2020, Grassroot and Curaleaf NJ in July 2020, ATG in November 2020, and acquisitions completed during 2019, as well as the opening of new dispensaries and organic growth. Biological asset transformation for the three months ended December 31, 2020 was $14,867 compared to $5,533 for the three months ended December 31, 2019. The increase was primarily due to the increased cultivation operating capacity resulting from (i) expansion projects in New York, Florida and Massachusetts, and (ii) acquisitions of Grassroots, New Jersey and Acres, and the number of cultivation facilities that generated initial harvests in 2020 and the corresponding increase in the unrealized fair value gain on the growth of biological assets offset by the amounts realized and included in cost of goods sold.

Gross Profit

Gross profit for the three months ended December 31, 2020 was $125,462, compared to $45,295 for three months ended December 31, 2019. Gross margin for the three months ended December 31, 2020 was 54% compared to 60% for the three months ended December 31, 2019.

Gross profit before management fee income and biological asset adjustments for the three months ended December 31, 2020 was $109,625 compared to $21,986 for the three months ended December 31, 2019. Gross margin before management fee income and biological asset adjustments for the year ended December 31, 2020 was 48% compared to 38% for the year ended December 31, 2019. The increase was primarily due to the increase in revenue as mentioned above and increased efficiencies in the cultivation and manufacturing processes.

Gross profit before management fee income and after net gains on biological assets for the three months ended December 31, 2020 was $124,492, compared to $27,519 for the three months ended December 31, 2019. Gross margin before management fee income and after net gains on biological assets for the year ended December 31, 2020 was 54% compared to 48% for the three months ended December 31, 2019. The increase is primarily due to increased cultivation capacity in Arizona, Massachusetts and New York, higher operating capacity in the Company's cultivation and processing facilities and the corresponding increase in the unrealized fair value gain on the growth of biological assets.

Comparison of the Three Months ended December 31, 2020 and September 30, 2020

Revenue

Revenue for the three months ended December 31, 2020 was $230,253, an increase of $47,845 or 26% compared to revenue of $182,408 for the three months ended September 30, 2020. The increase in revenue was driven by an increase of $48,981 in retail and wholesale revenue, offset by a decrease of $1,136 in management fee income.

Retail and wholesale revenue was $229,283 for the three months ended December 31, 2020 compared to $180,302 for the three months ended September 30, 2020, which represents an increase of $48,981 or 27%. The increase in retail and wholesale revenue was primarily due to impact of having full quarter results in the three months ended December 31, 2020 for acquisitions completed during the three months ended September 30, 2020. Additionally, the Company implemented various holiday promotions during the three months ended December 31, 2020, which resulted in a significant boost in sales and the Company's best quarter-to-date results.

The decrease in management fee income of $1,136 was primarily due to acquisitions of Curaleaf NJ, the formerly managed not-for-profit in New Jersey, in July 2020 and ATG in November 2020, for which the Company previously provided management services.

Cost of Goods Sold & Change in Fair Value of Biological Assets

Cost of goods sold, excluding any adjustments to the fair value of biological assets, for the three months ended December 31, 2020 was $119,658, an increase of $29,025 or 32% compared to cost of goods sold of $90,633 for the three months ended September 30, 2020. The increase was primarily due to cultivation and processing costs directly related to the increase in cannabis revenue for the three months ended December 31, 2020. Increases in cannabis revenue were the result of incremental costs resulting from the acquisitions of Select in early 2020, Grassroot and Curaleaf NJ in July 2020, ATG in November 2020 and acquisitions completed during 2019, as well as the opening of new dispensaries and organic growth. Biological asset transformation for the three months ended December 31, 2020 was $14,867 compared to a $24,008 for the three months ended September 30, 2020. The decrease was primarily due to the timing of harvest.

Gross Profit

Gross profit for the three months ended December 31, 2020 was $125,462, compared to $115,783 for three months ended September 30, 2020. Gross margin for the three months ended December 31, 2020 was 54% compared to 63% for the three months ended September 30, 2020.

Gross profit before management fee income and biological asset adjustments for the three months ended December 31, 2020 was $109,625 compared to $89,669 for the three months ended September 30, 2020. Gross margin before management fee income and biological asset for the three months ended December 31, 2020 was 48% compared to 50% for the three months ended September 30, 2020. The increase in absolute dollar amount was due to the reasons discussed above under the section title "Retail and Wholesale Revenue". The decrease in gross margin is primarily due to the higher cost associated with the establishment of new operations in Ohio, along with increased wholesale and retail discounts reducing net revenue.

Gross profit before management fee income and after net gains on biological assets for the three months ended December 31, 2020 was $124,492, compared to $113,677 for the three months ended September 30, 2020. Gross margin before management fee income and after net gains on biological assets for the three months ended December 31, 2020 was 54% compared to 63% for the three months ended September 30, 2020. The increase in absolute dollar amount was due to the reasons discussed above under retail and wholesale revenue. The decrease in gross margin is primarily due to the higher cost associated with the establishmen of new operations in Ohio, the decrease in net gain on biological assets described above and increased wholesale and retail discounts reducing net revenue.

Total Operating Expenses

	Three months ended December 31, 2020	September 30, 2020	December 31, 2019	Q4 '20 vs Q3 '20 $ Change	Q4 '20 vs Q4 '19 $ Change
Salaries and benefits	$ 33,469	$ 29,130	$ 14,940	$ 4,339	$ 18,529
Sales and marketing	9,057	5,598	3,693	3,459	5,364
Rent and occupancy	5,165	5,799	1,214	(634)	3,951
Travel	1,111	1,075	1,823	36	(712)
Professional fees	8,419	20,231	10,363	(11,812)	(1,944)
Office supplies and services	6,302	5,596	2,592	706	3,710
Other	4,766	5,235	1,602	(469)	3,164
Total selling, general, and administrative	68,289	72,664	36,227	(4,375)	32,062
Depreciation and amortization	20,432	21,318	10,673	(886)	9,759
Share-based compensation	16,114	5,430	5,663	10,684	10,451
Total operating expenses	$ 104,835	$ 99,412	$ 52,563	$ 5,423	$ 52,272

Comparison of the Three Months ended December 31, 2020 and 2019

Total operating expenses for the three months ended December 31, 2020 were $104,835, an increase of $52,272 or 99%, compared to $52,563 for the three months ended December 31, 2019, which represents 46% and 70% of total revenue for the three months ended December 31, 2020 and 2019, respectively. The increase in total operating expenses was primarily attributable to an increase in salaries and benefits, as well as sales and marketing and professional fees as the Company expanded the number of retail dispensaries from 51 in 2019 to 96 in 2020, and increased the level of support staff necessary to run the expanded operations as well as incurred $2,876 and $8,263 in one-time expenses during the three months ended December 31, 2020 and 2019, respectively, largely associated with acquisitions and business development activities.

Salaries and benefits were $33,469 for the three months ended December 31, 2020, compared to $14,940 for the three months ended December 31, 2019, which represents an increase of $18,529. This was due to an increase in headcount at the corporate level as well as headcount from expanding operations in markets from organic growth in Florida, Massachusetts, New York, and Maryland and both organic and acquired growth in Arizona, Connecticut, New Jersey, Pennsylvania, Illinois, which is largely a result of the significant acquisitions of Select and Grassroots in 2020.

Sales and marketing expenses totaled $9,057 for the three months ended December 31, 2020, compared to $3,693 for the three months ended December 31, 2019, which represents an increase of $5,364. The increase was largely due to marketing cost associated with the new Cannabis with Confidence campaign and the inclusion of Select and Grassroots after completion of the acquisitions in 2020.

Rent and occupancy expenses totaled $5,165 for the three months ended December 31, 2020, compared to rent and occupancy of $1,214 for the three months ended December 31, 2019. The increase of $3,951 was primarily attributable to the increase in occupancy costs for the expansion of retail operations in Florida, New York, Arizona, Connecticut, and Maryland and the inclusion of Select and Grassroots expenses after the completion of acquisitions in 2020.

Travel expenses totaled $1,111 for the three months ended December 31, 2020, compared to $1,823 for the three months ended December 31, 2019, which represents a decrease of $712. The decrease was due to decreased management travel as a result of the COVID-19 pandemic, limiting travel.

Professional fees were $8,419 for the three months ended December 31, 2020 compared to $10,363 for the three months ended December 31, 2019, which represents a decrease of $1,944. This decrease was primarily due to the settlement of two litigations related to the Company's Florida operations during January 2020 and August 2020, with significant costs incurred during the three months ended December 31, 2019, along with significant legal fees associated with the Select acquisition that closed during the first quarter of 2020.

Office supplies and service and other general and administrative expenses were $11,068 for the three months ended December 31, 2020 compared to $4,194 for the three months ended December 31, 2019, which represents an increase of $6,874. This increase was primarily due to increased expenditures in office supplies and monthly services at the corporate level, as well as the inclusion of Select, Grassroots, Curaleaf NJ, Arrow, and ATG after the completion of acquisitions in 2020.

Depreciation and amortization was $20,432 for the three months ended December 31, 2020, compared to $10,673 for the three months ended December 31, 2019, which represents an increase of $9,759. The increase was primarily due to the Company's expansion of retail operations in Florida, New York, Arizona, Connecticut, and Maryland, as well as the inclusion of Select and Grassroots expenses after the completion of the acquisitions in 2020, which largely increased both the Company's wholesale and retail operations.

Share-based compensation was $16,114 for the three months ended December 31, 2020, compared to $5,663 for the three months ended December 31, 2019 which represents an increase of $10,451. The increase was primarily due to the share-based cost associated with new options and restricted stock units granted in 2020, along with recognizing an $8,493 expense for the Select rollover share fair value adjustment during the three months ended December 31, 2020. See further details regarding the Select rollover share fair value adjustment under the Select acquisition details in the "Recent Acquisitions" section below.

Comparison of the Three Months ended December 31, 2020 and September 30, 2020

Total operating expenses for the three months ended December 31, 2020 were $104,835, an increase of $5,423 or 5%, compared to $99,412 for the three months ended September 30, 2020, which represents 46% and 54% of total revenue for the three months ended December 31, 2020 and September 30, 2020, respectively. The increase in total operating expenses was primarily attributable to an increase in salaries and benefits and sales and marketing as the Company expanded the number of retail dispensaries from 93 as of September 30, 2020 to 96 at December 31, 2020, and increased the level of support staff necessary to run the expanded operations as well as incurred $2,876 and $17,845 in one-time expenses during the three months ended December 31 and September 30, 2020, respectively, largely associated with acquisitions and business development activities.

Salaries and benefits were $33,469 for the three months ended December 31, 2020, compared to $29,130 for the three months ended September 30, 2020, which represents an increase of $4,339. This was due to an increase in headcount at the corporate level as well as headcount from operating markets from organic growth in Florida and Illinois and both organic and acquired growth in Ohio.

Sales and marketing expenses totaled $9,057 for the three months ended December 31, 2020, compared to $5,598 for the three months ended September 30, 2020, which represents an increase of $3,459. The increase was largely due to marketing campaigns throughout the Company during the holiday season, with significant costs incurred with the Select brand, to drive an increase in sales.

Rent and occupancy expenses totaled $5,165 for the three months ended December 31, 2020, compared to $5,799 for the three months ended September 30, 2020. The decrease of $634 was primarily due to the timing of Curaleaf NJ lease accounting implementation in the fourth quarter of 2020 offset by the increase of occupancy expenses related to the new dispensaries and facilities.

Travel expenses totaled $1,111 for the three months ended December 31, 2020, compared to $1,075 for the three months ended September 30, 2020, which represents an increase of $36. Travel expenses between the periods remained relatively consistent as many state COVID-19 restrictions remained in place, limiting travel.

Professional fees were $8,419 for the three months ended December 31, 2020 compared to $20,231 for the three months ended September 30, 2020, which represents a decrease of $11,812. This decrease was primarily due to decreased legal and consulting fees with reduced acquisition activity during the three months ended December 31, 2020. The Company finalized a few significant acquisitions during the three months ended September 30, 2020, including Grassroots and Curaleaf New Jersey, which ultimately resulted in significant legal and consulting fees incurred.

Office supplies and service and other general and administrative expenses were $11,068 for the three months ended December 31, 2020 compared to $10,831 for the three months ended September 30, 2020, which represents an increase of $237. This increase was primarily due to increased expenditures in office supplies and monthly services at the corporate level, as well as in Florida and Illinois to support expanding retail operation.

Depreciation and amortization was $20,432 for the three months ended December 31, 2020, compared to $21,318 for the three months ended September 30, 2020, which represents a decrease of $886. The decrease was primarily due to a true up of increase in effective interest rate for right of use assets acquired in 2020, partially offset by the Company's expansion of capital projects in Florida, Connecticut and Oregon as well as acquisition and operation of new businesses in Arizona, Nevada, Maryland, and Massachusetts, during the three months ended December 31, 2020.

Share-based compensation was $16,114 for the three months ended December 31, 2020, compared to $5,430 for the three months ended September 30, 2020 which represents an increase of $10,684. The increase was primarily due to the share-based cost associated with new restricted stock units granted, along with recording an $8,493 expense for the Select rollover share fair value adjustment due to finalizing the purchase accounting in the fourth quarter of 2020, during the three months ended December 31, 2020. See further details regarding the Select rollover share fair value adjustment under the Select acquisition details in the "Recent Acquisitions" section below.

Total Other Expense

	Three Months Ended			Q4 '20 vs Q3 '20	Q4 '20 vs Q4 '19
	December 31, 2020	September 30, 2020	December 31, 2019	$ Change	$ Change
Interest income	$ 24	$ 40	$ 2,450	$ (16)	$ (2,426)
Interest expense	(13,695)	(12,357)	(5,397)	(1,338)	(8,298)
Interest expense related to lease liabilities	(11,695)	(5,114)	(2,148)	(6,581)	(9,547)
Other income (expense)	7,473	10,874	(2,763)	(3,401)	10,236
Total other expense, net	$ (17,893)	$ (6,557)	$ (7,858)	$ (11,336)	$ (10,035)

Comparison of the Three Months ended December 31, 2020 and 2019

Interest income for the three months ended December 31, 2020 and 2019 was $24 and $2,450, respectively. The decrease of $2,426 was primarily due to the conversion of the notes receivable related to Curaleaf NJ as part of the consideration paid for the acquisition.

Interest expense, excluding interest related to lease liabilities for the three months ended December 31, 2020 and 2019 was $13,695 and $5,397 respectively. The increase of $8,298 was due to the $300,000 Senior Secured Term Loan Facility entered into by the Company in January 2020, along with the $10,000 promissory note entered into in October 2020 to replace the contingent liability in connection with the Curaleaf, MA acquisition. See more details under "Recent Financing Transactions" within the "Financial Condition, Liquidity and Capital Resources" section below regarding the $10,000 promissory note, which is defined herein as the Promissory Note – 2024.Interest expense related to lease liabilities was $11,695 and $2,148 for the three months ended December 31, 2020 and 2019, respectively.

Total other expense, net for the three months ended December 31, 2020, was a net loss of $17,893 compared to a net loss of $7,858 for the three months ended December 31, 2019. The increase in expense is primarily due to impairment on the Eureka license and the reasons discussed above, partially offset by gains on investments in relation to contingent considerations determined no longer payable for the Arrow Companies (as defined below) and Cura Partners, Inc. acquisitions.

Provision for Income Taxes

The Company recorded an income tax expense of $37,843 for the three months ended December 31, 2020, compared to an income tax expense of $12,026 for the three months ended December 31, 2019. The increase was the result of increased

gross profit in certain of the Company's subsidiaries that are subjected to Section 280E and an increase in biological assets resulting in increased deferred tax expense.

Net Loss

Net loss for the three months ended December 31, 2020 was $35,109 compared to net loss of $27,152 for the three months ended December 31, 2019, which represents an increase of $7,957, or 29%. The increase was primarily driven by an increase in income tax expense, impairment on the Eureka license and the increase in operating expenses described above, partially offset by the increase in gross profit and gains on contingent considerations deemed no longer payable.

Comparison of the Three Months ended December 31, 2020 and September 30, 2020

Interest income for the three months ended December 31, 2020 and September 30, 2020 was $24 and $40, respectively. The decrease of $16 was due to a reduction of bank deposit interest income related to the lower cash balance during the last quarter of 2020.

Interest expense, excluding interest related to lease liabilities for the three months ended December 31, 2020 and September 30, 2020 was $13,695 and $12,357, respectively. The increase of $1,338 was due to entering into the new Promissory Note – 2024, partially offset by the payoff of the Secured Promissory Notes due in 2029, in August 2020. Interest expense related to lease liabilities was $9,558 and $5,114 for the three months ended December 31, 2020 and September 30, 2020, respectively.

Total other expense, net for the three months ended December 31, 2020 was a net loss of $17,893 compared to net loss of $6,557 for the three months ended September 30, 2020. The increase in expense is primarily due to impairment on the Eureka license and the items discussed above, partially offset by gains on investments in relation to contingent considerations determined no longer payable for the Arrow Companies (as defined below) and Cura Partners, Inc. acquisitions.

Provision for Income Taxes

The Company recorded an income tax expense of $37,843 for the three months ended December 31, 2020, compared to an income tax expense of $18,745 for the three months ended September 30, 2020. The increase was the result of increased gross profit in certain of the Company's subsidiaries that are subjected to Section 280E and increase in biological assets resulting in increased deferred tax expense.

Net Loss

Net loss for the three months ended December 31, 2020 was $35,109 compared to net loss of $8,931 for the three months ended September 30, 2020, which represents an increase of $26,178, or 293%. The increase was primarily driven by an increase in income tax expense, impairment on the Eureka license and the increase in operating expenses described above, partially offset by the increase in gross profit and gains from contingent considerations deemed no longer payable.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Capital Resources

The Company's primary need for liquidity is to fund working capital requirements of our business, capital expenditures, acquisitions, debt service, and for general corporate purposes. To date the Company's primary source of liquidity has been from funds generated by financing activities, including the private placement completed in connection with the Company's Business Combination, and the senior secured debt financing completed in January 2020. The Company's ability to fund the Company's operations, to make planned capital expenditures, to make planned acquisitions, to make scheduled debt payments, and to repay or refinance indebtedness depends on our future operating performance and cash flows, which are subject to prevailing economic conditions and financial, business and other factors, some of which are beyond the

Company's control. See the "Financial Instruments and Financial Risk Management" and "Risk Factors" sections of this MD&A.

As of December 31, 2020, we had $73,542 of cash and cash equivalents and working capital of $197,736 (current assets minus current liabilities), compared with $42,310 of cash and cash equivalents and $43,275 of working capital as of December 31, 2019. The increase of $136,901 in our working capital was primarily due to a $154,461 increase in inventory largely resulting from major acquisitions, specifically the Grassroots and Select acquisitions, significantly expanding the Company's retail and wholesale operations during the year ended December 31, 2020, which was slightly offset by increases in most current liabilities as a result of the acquisitions

The Company is generating cash from sales and is investing its capital reserves in current operations and new acquisitions that are expected to generate additional earnings in the long term.

The Company expects that its cash on hand and cash flows from operations, along with private and/or public financing, will be adequate to meet its capital requirements and operational needs for the next 12 months.

Recent Financing Transactions

Senior Secured Term Loan Facility (January 2020)

In January 2020, the Company announced the upsizing and closing of a Senior Secured Term Loan Facility ("Facility") from a syndicate of lenders totaling $300,000 (the "Financing Agreement – 2023"). The amounts owing under the Facility bear interest at a rate of 13.0% per annum, payable quarterly in arrears with a maturity on December 2023.

The Company satisfied its obligations in full under the Financing Agreement – 2021 in connection with, and out of the proceeds of the Financing Agreement – 2023.

The Financing Agreement – 2023 can be pre-paid but is subject to a prepayment premium dependent on the loan year. Any prepayment made between January 10, 2022 and January 9, 2023, will incur a prepayment premium of 6.50%. Any prepayment made between January 10, 2023 and October 14, 2023, will incur a prepayment premium of 3.25%. Any prepayment made on or after October 15, 2023, will not incur a prepayment premium.

Beginning with the fiscal quarter ending, December 31, 2020, the Financing Agreement – 2023 is subject to a mandatory amortization payment and a yield maintenance premium. The mandatory amortization payment is paid ratably to each lender based on the aggregate principal amount of all initial term loans times an applicable rate that is based on the leverage ratio.

For the quarter ended December 31, 2020, the applicable percentage ranges from 0% to 3.00% depending on the leverage ratio. For all quarters in 2021, the applicable percentage ranges from 0% to 6.00% depending on the leverage ratio. For all quarters in 2022, the applicable percentage ranges from 0% to 8.00% depending on the leverage ratio. For all quarters 2023 through September 30, 2023, the applicable percentage ranges from 0% to 9.00% depending on the leverage ratio.

The yield maintenance premium is paid based on all amounts repaid. The premium is determined by the amount of interest that would have otherwise been payable on the prepayment less the aggregate amount of interest that would have been earned if the prepayment were to be reinvested from the date of prepayment until January 10, 2022 at the yield maintenance premium rate. The yield maintenance premium rate is the rate per annum equal to the rate in effect 3 days before the repayment date for U.S. Treasury instruments that have a maximum term of 3 months or less times 0.50%.

Private Placement of SVS

On July 20, 2020, Curaleaf completed the private placement offering previously announced on July 2, 2020 (the "Offering"). Pricing of the initial tranche of the Offering was set on July 2, 2020. Under the initial tranche, subscribers purchased an aggregate of 3,541,429 SVS for aggregate gross proceeds of approximately C$27,269. Subsequent to setting the initial tranche, the Company secured a second tranche investment, which was part of the Offering which closed on July

20, 2020. Under the second tranche, a subscriber purchased 842,269 SVS for gross proceeds of approximately C$6,787. In aggregate, the Offering generated approximately C$34,056 in gross proceeds for the Company in consideration of 4,383,698 SVS. The Offering was completed in connection with the closing of the Grassroots transaction. Since the completion of the Offering, the net proceeds of the Offering have been used and will continue to be used to fund Grassroots' high-return expansion projects, replenish its working capital as well as for general corporate purposes. Further information about the Offering can be found in the Company's material change reports dated July 31, 2020 and July 7, 2020, copies of which are available on SEDAR under the Company's profile at www.sedar.com.

Sale and Leaseback Transaction

In August 2020, the Company completed a sale and leaseback transaction at its Mount Dora, Florida cultivation facility. As part of this transaction, the Company sold leasehold improvements with a gross value of $44,579 for $41,000 and entered into a new 15-year lease on the entire property with the new owner. After deducting transaction costs and security deposits, the Company received $39,068 at closing.

Promissory Note – 2024

In October 2020, the Company entered into a Promissory Note with a principal sum of $10,000 ("Promissory Note – 2024") with Baldwin Holdings, LLC, in which Joseph F. Lusardi, the Company's Executive Vice Chairman, has a direct equity interest, to replace the contingent liability incurred in connection with the Curaleaf, MA acquisition which was deemed completed in March 2020. The issue price of the Promissory Note – 2024 is equal to 97.00% of the principal amount of the Promissory Note – 2024 and the remaining $300 is treated as Original Issue Discount ("OID").

The Promissory Note – 2024 carries a fixed interest rate per quarter equal to 3.25%. Interest is payable in arrears on the last day of each fiscal quarter, commencing December 31, 2020. The Maturity Date of the Promissory Note – 2024 is June 10, 2024.

The Promissory Note – 2024 contains other terms substantially similar to the Financing Agreement – 2023, except that the Promissory Note – 2024 is secured by separate collateral consisting solely of the equity of, and guarantees given by, the Company's subsidiaries Curaleaf Hartford, Inc. and Curaleaf Stamford, Inc., which operate medical cannabis dispensaries in Hartford and Stamford, CT, respectively.

Secured Credit Facility (January 2021)

In January 2021, the Company entered into a $50,000 secured credit facility (the "Credit Agreement") with a syndicate of lenders which matures on January 10, 2024. The net proceeds from borrowings under the Credit Agreement are expected to be used to fund capital expenditures to support future growth initiatives, potential acquisitions, and for general corporate purposes. Borrowings under the Credit Agreement bear interest on any outstanding principal of 10.25% per annum. The facility was fully drawn at closing.

The Credit Agreement may be pre-paid but is subject to a prepayment premium dependent on the loan year. Any prepayment made between January 8, 2022 and January 7, 2023, will incur a prepayment premium of 5.125%. Any prepayment made between January 8, 2023 and January 7, 2024, will incur a prepayment premium of 2.50%.

The Credit Agreement is subject to a yield maintenance premium. The yield maintenance premium is paid based on amounts repaid. The premium is determined by the amount of interest that would have otherwise been payable on the prepayment less the aggregate amount of interest that would have been earned if the prepayment were to be reinvested from the date of prepayment until January 8, 2022 at the yield maintenance premium rate. The yield maintenance premium rate is the rate per annum equal to the rate in effect 3 days before the repayment date for U.S. Treasury instruments that have a maximum term of 3 months or less times 0.50%.

The Credit Agreement contains other terms substantially similar to those of the Financing Agreement – 2023.

Equity Offering

On January 12, 2021, the Company closed on its previously announced overnight marketed offering of 18,975,000 SVS at a price of C$16.70 per share in an underwritten public offering, for total gross proceeds of C$316,883, before deducting the underwriters' fees and estimated offering expense. The Company intends to use the net proceeds of $240,569 from the overnight marketed offering for working capital and general corporate purposes.

Cash Flows

The following table summarizes the sources and uses of cash for each of the periods presented:

	Year ended December 31,	
	2020	2019
Net cash provided by (used in) operating activities	$ 12,355	$ (38,321)
Net cash used in investing activities	(197,110)	(204,045)
Net cash provided by financing activities	224,076	18,060
Net increase (decrease) in cash and cash equivalents	$ 39,321	$ (224,306)

Operating Activities

During the year ended December 31, 2020, operating activities provided $12,355 of cash, primarily resulting from net non-cash expenses including depreciation and amortization of $88,466 and realized fair value amounts included in inventory sold of $149,586 and net cash provided by changes in operating assets and liabilities of $28,588, partially offset by the net loss of $61,328 and net non-cash gains, including unrealized changes in fair value of biological assets of $224,610. Cash provided by changes in operating assets and liabilities was primarily due to a decrease in biologicals assets of $55,707 and an increase in income taxes payable of $57,753, partially offset by an increase in inventory of $92,384 and an increase in other assets of $17,702.

During the year ended December 31, 2019, operating activities used $38,321 of cash, primarily resulting from our net loss of $69,848, net non-cash gains including unrealized changes in fair value of biological assets of $97,738, and net cash used by changes in our operating assets and liabilities of $13,992, partially offset by net non-cash expenses, including depreciation and amortization of $37,206 and realized fair value amounts included in inventory sold of $74,757. Cash used by changes in operating assets and liabilities was primarily due to increases in accounts receivable and inventory of $6,943, and $28,746, respectively.

Investing Activities

During the year ended December 31, 2020, investing activities used $197,110 of cash, consisting primarily of payments totaling $126,273 in purchases of property and equipment, $67,195 in connection with acquisitions and $4,646 in connection with the amounts advanced under notes receivable.

During the year ended December 31, 2019, investing activities used $204,045 of cash, consisting primarily of payments totaling $82,075 in purchases of property and equipment, $80,560 in connection with acquisitions and $35,444 in connection with the amounts advanced under notes receivable.

Financing Activities

During the year ended December 31, 2020, financing activities provided $224,076 of cash, consisting primarily of $186,235 of cash received for financing agreements, $42,466 cash received from a sale leaseback transaction and cash received in the private placement of $24,552, offset by $26,762 of lease liability payments, principal payments on debt of $2,920 and minority buyouts of $2,508.

During the year ended December 31, 2019, financing activities provided $18,060 of cash, consisting primarily of $25,245 cash received from a sale leaseback transaction and option exercise of $2,337, offset by $5,132 of lease liability payments, principal payments on debt of $3,112 and repurchase of SVS of $883.

Contractual Obligations and Commitments

The Company leases space for its offices, cultivation centers, and retail dispensaries. Key movements as of December 31, 2020 relating to the lease balances are present below:

Period	Scheduled payments
2021	$ 48,669
2022	48,755
2023	46,855
2024 and thereafter	426,972
Total undiscounted lease liability	571,251
Impact of discount	(282,332)
Lease liability at December 31, 2020	288,919
Less current portion of lease liability	(15,710)
Less long-term lease liabilities transferred to liabilities associated with assets held for sale	(2,714)
Long-term portion of lease liability	$ 270,495

Real estate leases typically extend for a period of 1–10 years. Some leases for office space include extension options exercisable up to one year before the end of the cancellable lease term. Typically, the option to renew the lease is for an additional period of 5 years after the end of the initial contract term and is at the option of the Company as the lessee. Lease payments are in substance fixed, and most real estate leases include annual escalation clauses with reference to an index or contractual rate.

The Company leases machinery and equipment but does not purchase or guarantee the value of leased assets. The Company considers these assets to be of low-value or short-term in nature and therefore no right-of use assets and lease liabilities are recognized for these leases. Expenses recognized relating to short-term leases and leases of low value during the year ended December 31, 2020 were immaterial.

Amounts in the table below reflect the contractually required principal and interest payments payable under promissory note agreements and other long-term debt. The various borrowings bear interest at rates between 7.5% and 15% per annum:

Period	Amount
2021	6,500
2022	—
2023	300,000
2024	9,700
2025 and thereafter	427
	$ 316,627

SUMMARY OF QUARTERLY RESULTS

	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	$ 230,253	$ 182,408	$ 117,480	$ 96,496	$ 75,457	$ 61,820	$ 48,489	$ 35,251
Cost of goods sold	119,658	90,633	56,844	44,013	35,695	27,079	22,469	17,144
Net change in fair value of biological assets	14,867	24,008	20,591	15,556	5,533	13,810	1,392	2,246
Gross profit	125,462	115,783	81,227	68,039	45,295	48,551	27,412	20,353
Operating expenses	104,835	99,412	59,536	63,046	52,563	47,108	39,713	29,945
Other expense, net	(17,893)	(6,557)	(9,993)	(7,196)	(7,858)	(3,598)	(3,942)	(2,674)
Net loss	(35,109)	(8,931)	(1,836)	(15,452)	(27,152)	(7,434)	(24,435)	(10,828)
Less: Net income (loss) attributable to redeemable non-controlling interest	165	412	193	(363)	(591)	(599)	106	(619)
Net loss attributable to Curaleaf Holdings, Inc.	(35,274)	(9,343)	(2,029)	(15,089)	(26,561)	(6,835)	(24,541)	(10,209)
Loss per share - basic and diluted	$ (0.05)	$ (0.01)	$ (0.00)	$ (0.03)	$ (0.06)	$ (0.01)	$ (0.05)	$ (0.02)
Weighted average common shares outstanding - basic and diluted	660,398,593	625,228,556	533,192,806	507,700,498	468,445,941	464,073,130	461,313,741	453,559,765

OFF-BALANCE SHEET ARRANGEMENTS

As of the date hereof, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. The Company incurred the following transactions with related parties during the years ended December 31, 2020 and 2019.

	Year ended December 31,		Balances as of December 31,	December 31,
	2020	2019	2020	2019
Transaction	Related party transactions		Balance receivable (payable)	
Processing fees [1]	$ 2,220	$ —	$ —	$ —
Consulting fees [2]	1,225	319	—	—
Travel and reimbursement [2]	180	816	—	—
Rent expense, net [3]	(208)	238	—	—
Contingent liability [4]	—	—	—	(18,000)
Senior Unsecured Note - 2019 [5]	—	237	—	—
Promissory Note - 2024 [6]	1,047	—	(9,700)	—
Non-consolidated GR Companies [7]	—	—	5,947	—
	$ 4,464	$ 1,610	$ (3,753)	$ (18,000)

(1) For the year ended December 31, 2020, the Company recognized direct expenses of $2,220 for processing expenses with Sisu Extracts. Sisu Extracts, a state licensed processor in California, performed toll processing services for the Company during the reported periods. Cameron Forni, Select President, holds a passive investment in Sisu Extracts. Amounts recorded in connection with these expenses were recorded on a current cost basis at the time expenses were incurred. There are no ongoing contractual commitments related to these transactions.

(2) For the year ended December 31, 2020, the Company recognized $1,000 of consulting expenses to Measure 8 Venture Partners, a company controlled by Boris Jordan, Executive Chairman, as well as $40 in travel and other business development expenses. For the year ended December 31, 2020, the Company recognized consulting expenses of $74 and travel and business development expenses of $140 for work directly performed by Boris Jordan, Executive Chairman. For

the year ended December 31, 2020, the Company recognized consulting expense of $151 for real estate management and advisory services to Frontline Real Estate Partners, LLC, a company controlled by Mitchell Kahn, a Board Member. Amounts recorded in connection with these expenses were recorded on a current cost basis at the time expenses were incurred. There are no ongoing contractual commitments related to these transactions. For the year ended December 31, 2019, the Company recognized travel and business development expenses of $34 as expense to Measure 8 Venture Partners. For the year ended December 31, 2019, the Company recognized consulting, travel and business development expenses related to the Company of $1,101 as payment to Sputnik Group LTD, a company controlled by Boris Jordan, Executive Chairman as of December 31, 2019. For the fiscal year 2020, the Sputnik Group LTD no longer meets the definition of a related party. Amounts recorded in connection with these expenses were recorded on a current cost basis at the time expenses were incurred. There are no ongoing contractual commitments related to these transactions.

(3) For the years ended December 31, 2020 and 2019, the Company recognized a rent expense credit of $238 and rent expense of $238, respectively, for a sublease between Curaleaf NY LLC and Measure 8 Venture Partners LP, an entity controlled by Boris Jordan, Executive Chairman of the Company. For the year ended December 31, 2020, the Company recognized rent expense of $30 for a lease between GR Companies, Inc. and FREP Elm Place II, LLC, a company owned in part by Mitchell Kahn, a member of the Company's board of directors. Both arrangements represent on-going contractual commitments based on executed leases.

(4) As of December 31, 2019, the Company had a contingent consideration liability of $18,000 for the purchase of Curaleaf Massachusetts, Inc. payable upon the achievement of certain milestones. The liability was payable to Baldwin Holdings, LLC, in which Joseph F. Lusardi, the Company's Executive Vice Chairman, has a direct equity interest. The contingent consideration liability was converted to a note payable in October 2020 . See note 6 below regarding details on this new related party arrangement, along with above under Promissory Note – 2024.

(5) For the year ended December 31, 2019, the Company recognized interest expense of $237 to Boris Jordan, Executive Chairman, and MedTech International Group, LLC, a company controlled by Boris Jordan, for interest on the Senior Unsecured Notes due in December 2019. The Company satisfied its full obligations under the Senior Unsecured Notes in December 2019, thus no interest expense is recognized in 2020. Amounts recorded in connection with these expenses were recorded on a current cost basis at the time expenses were incurred. There are no ongoing contractual commitments related to this transaction.

(6) For the year ended December 31, 2020, the Company had an outstanding notes payable balance of $9,700 and recognized a related interest expense of $1,047 on the Promissory Note – 2024, which is held with Baldwin Holdings, LLC, in which Joseph F. Lusardi, the Company's Executive Vice Chairman, has a direct equity interest. The Company entered into the Promissory Note – 2024 in October 2020 to replace the previously recorded contingent consideration liability. Amounts recorded in connection with these expenses were recorded on a current cost basis at the time expenses were incurred. The liability contains certain repayment and interest components that represents on-going contractual commitments.

(7) Through its acquisition of Grassroots, the Company acquired an option to purchase Maryland Compassionate Care and Wellness, LLC ("MCCW") from its sole owner, KDW Maryland Holding Corporation ("KDW"), subject to regulatory approval. MCCW is the holder of cultivation, processing, and dispensary licenses in Maryland. The exercise price for the option is the cancellation of a secured promissory note issued by KDW to the Company in the principal amount of $32,000. MCCW is the sole owner of each of GR Vending MD Management, LLC and GR Vending MD, LLC. Mr. Kahn, a member of the Company's board of directors, is a minority stockholder, the sole director and an officer of KDW.

The Company recognized $132,234 for the prepayment for these non-consolidated GR Companies.

The Company's key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consists of the Company's executive management team and management directors. Key management personnel compensation and other related party expenses for the years ended December 31, 2020 and 2019 are as follows:

Key management personnel compensation	Year ended December 31, 2020	2019
Short-term employee benefits	$ 3,023	$ 1,997
Other long-term benefits	46	27
Share-based payments	17,093	12,493
	$ 20,162	$ 14,517

RECENT ACQUISITIONS

The following acquisitions were completed during the year ended December 31, 2020.

Cura Partners, Inc., an Oregon corporation ("Cura" or "Select")

On February 1, 2020, the Company completed the acquisition of Select through the Company's subsidiary CLF Sapphire Holdings, Inc. The acquisition included Select's manufacturing, processing, distribution, and marketing operations, all adult-use and medical cannabis products marketed under the Select brand name, and all Select intellectual property (the "Cura Transaction"). The purpose of the Cura Transaction was to solidify the Company's stance as one of the largest cannabis operators in the U.S. in terms of operational and wholesale footprint and position the Company for its next phase of growth.

Due to changes in market conditions, Curaleaf and Select mutually agreed on October 30, 2019 to reduce the base consideration payable upon closing of the Cura Transaction. Under the Amended and Restated Merger Agreement (the "Amended Merger Agreement"), the Company issued 55,000,000 SVS to the benefit of the former Select equity holders. The fair value of the shares issued upon closing was $251,911 and the fair value of the shares issued and held in escrow was $17,381. There was an additional 40,555,556 SVS payable to former Select equity holders contingent upon Curaleaf achieving certain calendar year 2020 revenue targets based on Select-branded extract sales beginning at a target of $130,000 with maximum achievement at $250,000. In addition, Select equity holders will also be eligible to receive an earn-out of up to $200,000 from the issuance of additional SVS, contingent upon Curaleaf exceeding $300,000 in calendar year 2020 revenue for Select-branded extract sales. The total contingent consideration related to Cura had a fair value of $28,445. Consideration also included the rollover of former Select option-holders to Curaleaf options. The fair value of the rollover options was $26,072. There were 2 dissenting Select stockholders who elected to receive cash in lieu of merger consideration; they were paid $631 in April 2020. The Select earn-out criteria for the potential payout of an additional 40,555,556 SVS was not met as of the measurement date, and as a result the Company recorded a gain on the change in fair value of the contingent consideration of $28,445 during the year ended December 31, 2020. The Company incurred transaction costs of approximately $7,452.

Revenue and net loss from Cura included in the consolidated statement of profits and losses for the year ended December 31, 2020 was $81,837 and $34,276, respectively.

Arrow Alternative Care, Inc. ("Arrow 1"), Arrow Alternative Care #2, Inc. ("Arrow 2"), Arrow Alternative Care #3, Inc. ("Arrow 3"), each a Delaware corporation (collectively, the "Arrow Companies" or "Arrow")

In March 2020, the Company signed definitive agreements to acquire Arrow 1, Arrow 2, and Arrow 3 (respectively, "Transaction 1", "Transaction 2", and "Transaction 3", and collectively the "Arrow Transactions"), which operated licensed medical cannabis dispensaries in Stamford, Hartford, and Milford, Connecticut. The aggregated consideration paid for the Arrow Companies was $37,681, consisting of $16,298 in cash and $21,383 in SVS. The closing of Transaction 1 and Transaction 3 occurred in April 2020. While management's control of, and all economic interest in, Arrow 2 were transferred to the Company in April 2020, the closing of Transaction 2 occurred on August 3, 2020. The consideration for Arrow 1 was $10,412 and was paid in cash at closing. The consideration for Arrow 2 was $15,048 of which $9,333 was

paid in SVS and the remainder in cash. Finally, the consideration for Arrow 3 was $12,227 which was paid by the issuance of 1,861,149 SVS. In August 2020, 27,334 “top up” shares were issued as additional consideration in connection with Transaction 3. The Company incurred transaction costs of approximately $227. The Company acquired Arrow due to its strategic locations in key metro areas in Connecticut.

Revenue and net loss from Arrow included in the consolidated statement of profits and losses for the year ended December 31, 2020 was $18,638 and $574, respectively.

Remedy Compassion Center, Inc. (“Remedy”)

Remedy owns and operates a duly licensed registered medical marijuana and cultivation facility in the state of Maine. In October 2016, the Company entered into a Management Services Agreement with Remedy (“Remedy MSA”) under which the Company provided services in the areas of cultivation, extraction, and other consulting. Under the Remedy MSA, Remedy maintained exclusive control and possession, and was solely responsible for final decision-making regarding all aspects of the business. The Company recognized management fee income for services rendered under the Remedy MSA.

Remedy operated as a Maine nonprofit corporation until February 2020, when changes in Maine regulations allowed for conversion to a for-profit corporation. In February 2020, Remedy converted to a for-profit corporation as approved by their independent Board of Directors. In connection with the conversion, the Remedy MSA was terminated and the Company entered into a Registered Dispensary Management Agreement (“Remedy Operating Agreement”). Current Maine regulations require that licensed medical marijuana dispensaries be owned by residents of Maine. However, under the Remedy Operating Agreement, the Company has acquired operational control and substantially all of the economic benefit of Remedy's business (the “Remedy Acquisition”), which allows the Company to control Remedy in accordance with IFRS 10 definitions. The Company retains a right to acquire Remedy at such time as the residency requirement for ownership is lifted. Total consideration paid for the Remedy Acquisition was $2,369. The Company incurred transaction costs of approximately $28.

Revenue and net loss from Remedy included in the consolidated statement of profits and losses for the year ended December 31, 2020 was $3,164 and $204, respectively.

GR Companies, Inc., a Delaware company ("Grassroots")

In July 2019, the Company entered into an Agreement and Plan of Merger to acquire Grassroots (the “Grassroots Acquisition”). In June 2020, Curaleaf entered into an Amended and Restated Agreement and Plan of Merger (the "Grassroots Merger Agreement") which amended and restated the original definitive agreement and amended certain terms of the Grassroots Acquisition. The Company acquired Grassroots to continue its path forward in playing a leading role in the growth of the U.S. cannabis market.

Closing of the Grassroots Transaction occurred in July 2020. At closing, the Company issued (i) 103,455,816 SVS to the benefit of the former holders of common stock of Grassroots which had a fair value of approximately $564,541, and (ii) 12,851,005 SVS to be held in escrow in accordance with the terms of the Amended Grassroots Merger Agreement which had a fair value of approximately $71,389. In addition, the Company paid an amount of $51,187 in connection with the closing of the Grassroots Transaction, which included reimbursements of permitted capital expenditures and acquisitions that occurred between signing and closing, transaction related expenses, and replenishment of working capital. In addition, the parties resolved that certain Grassroots related assets in Illinois and Ohio, and a dispensary in Maryland, are designated for sale to comply with local limitations on license ownership. Due to the limitations on license ownership, the Company recognized $132,234 for prepayment of acquisition consideration. Curaleaf also agreed to issue 2,119,864 SVS to partially offset the dilution to the holders of common stock of Grassroots caused by the conversion of certain debentures of Grassroots into equity of Grassroots immediately prior to the closing of the Grassroots Transaction. The transaction price remains subject to closing adjustments and the parties are still in the process of finalizing the computation of those post-closing adjustments, which is expected to finalize by the third quarter of 2021. The Company incurred transaction costs of approximately $7,623.

Revenue and net loss from Grassroots included in the consolidated statement of profits and losses for the year ended December 31, 2020 was $125,177 and $7,744, respectively.

Virginia's Kitchen, LLC, a Colorado company d/b/a Blue Kudu ("Blue Kudu")

In February 2020, the Company signed a definitive agreement to acquire 100% of Blue Kudu, a Colorado-licensed processor and producer of cannabis edibles, operating an 8,400 square foot facility in Denver, Colorado. The transaction closed in July 2020. The consideration consisted of 322,580 SVS at a fair value of $2,109, $1,384 payable in cash at closing of the transaction, and a 5% note of up to $500 due ten and one half months from closing. The Company incurred transaction costs of approximately $100. The Company acquired Blue Kudu as a strategic move to support the Company's planned expansion of its Select brand throughout the state of Colorado.

Revenue and net income from Blue Kudu included in the consolidated statement of profits and losses for the year ended December 31, 2020 was $2,719 and $155, respectively.

Curaleaf NJ, Inc. ("CLNJ")

In February 2011, the Company entered into a Management Services Agreement ("NJ MSA") with CLNJ (formerly Compassionate Sciences ATC Inc.). As required under state law, CLNJ was formed as a New Jersey nonprofit corporation without shareholders acting through its governing body, the Board of Trustees ("NJ Board"). CLNJ operated medical dispensary, processing, and cultivation facilities as permitted by the state of New Jersey. Under the NJ MSA, the Company acted as an independent contractor providing services in the areas of cultivation, extraction, and other consulting services. The Company recognized management fee income for services rendered under the NJ MSA. In addition to the NJ MSA, the Company entered into a Conditionally Convertible Promissory Note ("NJ Note"). The NJ Note allowed the Company to acquire CLNJ when the regulations in New Jersey changed to allow nonprofit corporations to convert to for-profit corporations.

In July 2019, New Jersey Governor Murphy signed an amendment to the New Jersey Compassionate Use Medical Marijuana Act (the "Act") known as the Jake Honig Compassionate Use Medical Cannabis Act ("Jake Honig Act"). The Jake Honig Act authorized the New Jersey nonprofit corporations that hold Alternative Treatment Center Permits ("ATC Permits") to sell or transfer their permits and other assets to for-profit entities. Due to changes in New Jersey regulations, CLNJ received approval from the state of New Jersey for the transfer of the ATC Permit to Curaleaf NJ II, Inc., a wholly owned subsidiary of the Company. In conjunction with the transfer of the ATC Permit, the Company entered into an Asset Purchase Agreement ("CLNJ APA"). As part of the CLNJ APA, CLNJ agreed to sell and transfer the ATC Permit and substantially all of its other assets to Curaleaf NJ II. The transaction closed in July 2020. As a result of the closing of the sale and transfer of the assets, the $83,233 balance of the NJ Note was applied to the purchase price. The Company incurred transaction costs of approximately $54. The Company acquired CLNJ due to its presence in the state of New Jersey and its growing market.

Revenue and net income from CLNJ included in the consolidated statement of profits and losses for the year ended December 31, 2020 was $37,510 and $15,757, respectively.

Primary Organic Therapy, Inc. (d/b/a Maine Organic Therapy) ("MEOT")

MEOT owns and operates a duly licensed registered medical marijuana and cultivation facility in the state of Maine. In January 2017, the Company entered into a Management Services Agreement with MEOT ("MEOT MSA") under which the Company provided services in the areas of financial services, compliance consulting, and human resources management. Under the MEOT MSA, MEOT maintained exclusive control and possession, and was solely responsible for final decision-making regarding all aspects of the business and the Company acted solely in an advisory capacity. The Company recognized management fee income for services rendered under the MEOT MSA.

The MEOT MSA was terminated in July 2020, and MEOT entered into a new MSA agreement ("Verdure MSA") with Verdure, Inc. ("Verdure"), an entity in which the Company's Executive Vice Chairman, Joseph Lusardi had an ownership interest. The Company acquired Verdure in July 2020 for $8,000 cash and a cash earn-out of $2,000 based on MEOT's achievement of certain earnings targets. The fair value of the earn-out was $44. Current Maine regulations require that

licensed medical marijuana dispensaries be owned by residents of Maine. However, under the Verdure MSA, the Company has acquired operational control and substantially all of the economic benefit of MEOT's business. The acquisition of Verdure resulted in the Company controlling MEOT in accordance with IFRS 10. The Company retains a right to acquire MEOT at such time as the residency requirement for ownership is lifted. The Company incurred transaction costs of approximately $32. The Company acquired operational control and substantially all of the economic benefit of MEOT due to its presence in the state of Maine and its growing market.

Revenue and net income from MEOT included in the consolidated statement of profits and losses for the year ended December 31, 2020 was $2,728 and $574, respectively.

PalliaTech Florida LLC

On August 17, 2020, the Company acquired the remaining 11.4% equity interest in PalliaTech Florida LLC from certain minority equity holders for consideration of 2,375,000 SVS. In connection with the foregoing, the Company also agreed to the repayment of certain secured promissory notes in the amount of $1,750. Another 11.4% equity interest in PalliaTech Florida LLC was acquired by the Company on January 10, 2020 from certain other minority equity holders for consideration of $2,500 paid in cash and 1,772,062 SVS. Upon completion, PalliaTech Florida LLC became an indirect wholly-owned subsidiary of the Company. On December 31, 2020, PalliaTech Florida LLC transferred all of the securities that it held in Curaleaf Florida, LLC to Palliatech Florida, Inc., so that PalliaTech Florida, Inc. became the sole member of Curaleaf Florida, LLC. Following that transfer of securities, having no other assets, PalliaTech Florida, LLC was voluntarily dissolved on December 31, 2020. Transaction costs for the remaining acquisition items that occurred in 2020 were immaterial.

Net loss from PalliaTech Florida LLC included in the consolidated statement of profits and losses for the year ended December 31, 2020 was $4,468.

Alternative Therapies Group, Inc, a Massachusetts corporation

In August 2018, the Company entered into an agreement to acquire ATG, which includes a 53,600 square foot cultivation and processing facility in Amesbury, Massachusetts and intended to enter into supply agreements with ATG's three dispensaries in Massachusetts. The total consideration paid by the Company to acquire ATG was $50,000, $42,500 of which was prepaid in cash in December 2018 in order to solidify the Company's intent to complete the purchase of ATG and the remaining $7,500 was paid at the closing of the transaction in November 2020. In connection with the acquisition, ATG's dispensaries located in Amesbury, Salisbury and Salem have been spun off and continue to operate under the ATG brand. The dispensaries were sold for a total of $7,500. The Company incurred transaction costs of approximately $204. The Company purchased ATG to increase its cultivation capacity in Massachusetts.

Revenue and net income from ATG included in the consolidated statement of profits and losses for the year ended December 31, 2020 was $3,976 and $3,259, respectively.

PROPOSED TRANSACTIONS

The following acquisition was signed, but was not completed prior to December 31, 2020. The results of the following entity are not included in the consolidated results of the Company for the year ended December 31, 2020:

Ohio Grown Therapies, LLC, an Ohio limited liability company

In May 2019, the Company entered into an agreement granting it an option to acquire OGT for $20,000. The Company paid $5,000 cash in May 2019 and $7,500 in cash in July 2020 recorded as a non-current asset on the consolidated statements of financial position. The remaining consideration will be paid upon completion of milestones, culminating with regulatory approval of the transfer of the final licenses and OGT facility to Curaleaf. The closing of this transaction is currently pending regulatory approval.

EMMAC Life Sciences Limited, a corporation existing under the laws of England and Wales ("EMMAC")

In March 2021, the Company signed a definitive agreement to acquire EMMAC, an independent cannabis company with operations spanning, amongst others, the United Kingdom, Germany, Italy, Spain and Portugal, for a total base consideration of approximately $286,000, consisting of approximately $50,000 in cash at closing, approximately 16,797,963 SVS and up to an additional $57,000 subject to performance based earn-outs. The closing of this transaction is currently pending completion of certain closing conditions, including regulatory approval and is expected to close early in the second quarter of 2021.

Post-transaction, the former shareholders of EMMAC will have approximately 3% pro forma ownership of the Company on a fully-diluted basis, before factoring in the performance-based earn-outs. The share consideration to be paid through the issuance of SVS will be subject to a statutory four-month hold period as well as a lock-up agreement with each recipient restricting trading of the share received, with release of 5% from such restrictions at then end of each calendar quarter following the closing. The transaction has been unanimously approved by the boards of directors of both EMMAC and the Company, with Mr. Boris Jordan abstaining from the voting.

The proposed transaction constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101") as a result of Measure 8 Ventures, LP an investment fund managed by Mr. Boris Jordan, the Executive Chairman of the board of directors and control person of the Company, having an interest in the proposed transaction by way of a profit interest and a convertible debt instrument which will convert into shares of EMMAC representing 8% of EMMAC equity at closing of the proposed transaction. Mr. Jordan owns a minority interest in Measure 8 Ventures, LP. The Company intends to rely upon the exemptions provided under Sections 5.5(b) of MI 61-101 – Issuer Not Listed on Specified Markets and 5.7(1)(a) of MI 61-101 – Fair Market Value Not More the 25% of Market Capitalization from the requirements that the Company obtain a formal valuation of the proposed transaction and that the proposed transaction receive the approval of the minority shareholders of the Company.

The terms of the proposed transaction were negotiated by management and advisors under guidance of, and unanimously recommended for approval by, a committee composed of members of the board of directors of the Company free from any conflict of interest with respect to the proposed transaction (the "Special Committee"), all of which are independent members of the board of directors within the meaning of National Instrument 52-110 – *Audit Committees*. The Special Committee has received a fairness opinion from Eight Capital ("Eight Capital") to the effect that, in its opinion, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be paid by the Company as part of the proposed transaction is fair from a financial point of view, to the Company. The fee paid to Eight Capital in connection with the delivery of its fairness opinion is not contingent on the successful implementation of the proposed transaction.

CHANGES IN OR ADOPTION OF ACCOUNTING PRACTICES

The following IFRS standards have been recently issued by the IASB. The Company is assessing the impact of these new standards on future consolidated financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

Amendment to IFRS 3: Definition of a Business

In October 2018, the IASB issued the IFRS 3 Amendment. The IFRS 3 Amendment clarifies the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The IFRS 3 Amendment provides an assessment framework to determine when a series of integrated activities is not a business. The IFRS 3 Amendment is effective for business combinations occurring on or after the beginning of the first annual reporting period beginning on or after January 1, 2020, however early application is permitted. The Company had elected early application of the IFRS 3 Amendment effective January 1, 2019 and elected whether to apply, or not apply, the test to each transaction separately. The Company applies the IFRS 3 Amendment based on whether a single asset is a significant percentage of the total assets acquired.

IAS 1 – Presentation of Financial Statements & IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

In October 2018, the IASB issued *"Definition of Material"*, an amendment to *IAS 1 – Presentation of Financial Statements* and *IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors*, to clarify the definition of materiality and to align the definition used in the Conceptual Framework and the standards themselves. as the amendment clarifies that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." This amendment became effective for the annual period beginning January 1, 2020.

The following is a brief summary of the new standards issued but not yet effective:

Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued *Classification of Liabilities as Current or Non-Current* ("Amendments to IAS 1"). The Amendments to IAS 1 aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The Amendments to IAS 1 include clarifying the classification requirements for debt a company might settle by converting it into equity. The Amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted.

Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract

In May 2020, the IASB issued *Onerous Contracts – Cost of Fulfilling a Contract* amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendment is effective for annual reporting periods beginning on or after January 1, 2022.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's annual audited consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

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

Biological Assets

Biological assets are dependent upon estimates of future economic benefits as a result of past events to determine the fair value through an exercise of significant judgment by the Company. In estimating the fair value of an asset or a liability, the Company uses market observable data to the extent it is available. The Company uses the average selling price per gram in the market in which the biological assets are produced to determine fair value. The Company reevaluates market prices on a quarterly basis in order to ensure biological assets are measured at the most relevant fair value.

Business Combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. The Company accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Company. In determining whether a particular set of activities and assets is a business, the Company assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

One of the most significant estimates relates to the determination of the fair value of assets and liabilities of the acquiree. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in the consolidated statements of profits andr losses immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in the consolidated statements of profits and losses. Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with *IFRS 9 – Financial Instruments* with the corresponding gain or loss being recognized in the consolidated statement of profits and losses. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods, not to exceed one year from the acquisition date.

The Company utilizes the guidance prescribed by the IFRS 3 Amendment. The IFRS 3 Amendment changes the definition of a business and allows entities to use a concentration test to determine if transactions should be accounted for as a business combination or an asset acquisition. Under the optional concentration test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the assets acquired would not represent a business and the transaction would be accounted for as an asset acquisition. Management performs a concentration test where appropriate and if the concentration of assets is 85% or above, the transaction is generally accounted for as an asset acquisition.

Compound financial instruments

The identification of components in compound financial instruments is based on interpretations of the substance of the contractual arrangement and requires judgment from management. The separation of the components affects the initial recognition at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

Share-based Payment Arrangements

The Company uses the Black-Scholes valuation model to determine the fair value of options granted to employees and directors under share-based payment arrangements, where appropriate. In instances where stock options have performance or market conditions, the Company utilizes the Monte Carlo valuation model to simulate the various outcomes that affect the value of the option. In estimating fair value, management is required to make certain assumptions and estimates such as the expected life of units, volatility of the Company's future share price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

Goodwill Impairment

Goodwill is allocated to the cash generating unit ("CGU" or "CGUs") which are expected to benefit from the synergies of the combination. In determining its CGUs, the Company has completed an internal analysis to identify the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Given the nature of the Company's business, management generally identifies CGUs based on both regions and acquired business entities.

Goodwill is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired in accordance with *IAS 36*. Impairment is determined by assessing if the

carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. The Company performs the analysis on a CGU level using a discounted cash flow method. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess of impairment amount is allocated to the carrying amount of assets in the CGU. Any goodwill impairment loss is recognized in the consolidated statement of profits and losses in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

Assets held for sale

The accounting policy for assets held for sale applied in these audited consolidated financial statements is new in comparison to the audited consolidated financial statements of the Company as of and for the year ended December 31, 2019. The Company classifies assets held for sale in accordance with IFRS 5, *"Non-Current Assets Held for Sale and Discontinued Operations"*. When the Company makes the decision to sell an asset or to stop some part of its business, the Company assesses if such assets should be classified as an asset held for sale. To classify as an asset held for sale, the asset or disposal group must meet all of the following conditions: i) the asset is available for immediate sale in its present condition, ii) management is committed to a plan to sell, iii) an active program to locate a buyer and complete the plan has been initiated, iv) the asset is being actively marketed for sale at a sales price that is reasonable in relation to its fair value, v) the sale is highly probable within one year from the date of classification, and vi) actions required to complete the plan indicate that it is unlikely that the plan will be significantly changed or withdrawn. Assets held for sale are measured at the lower of its carrying amount or fair value less cost to sell ("FVLCTS") unless the asset held for sale meets the exceptions as denoted by IFRS 5. FVLCTS is the amount obtainable from the sale of the asset in an arm's length transaction, less the costs of disposal. Once classified as held for sale, any depreciation and amortization cease to be recorded (see Note 7 of the Company's audited consolidated financial statements as of and for the years ended December 31, 2020 and 2019).

COVID-19 estimation uncertainty

The novel coronavirus commonly referred to as "COVID-19" was identified in December 2019 in Wuhan, China. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, and on March 11, 2020, the spread of COVID-19 was declared a pandemic by the World Health Organization. On March 13, 2020, the spread of COVID-19 was declared a national emergency in the United States by former President Donald Trump. The outbreak has spread throughout the globe, causing companies and various international jurisdictions to impose restrictions such as quarantines, business closures, and travel restrictions.

The duration of the business disruptions and related financial impact cannot reasonably be estimated at this time. In addition, it is possible that estimates in the Company's financial statements will change in the near term as a result of COVID-19, and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets, intangibles assets, and goodwill. The Company is closely monitoring the impact of the pandemic on all aspects of its business. See the heading "Risk Factors – General Business Risks – COVID-19 Pandemic" below for more information.

SUMMARY OF OUTSTANDING SHARE DATA

The Company had the following securities issued and outstanding as of March 11, 2021:

Securities	Number of Shares
Issue and Outstanding	
Multiple Voting Shares	93,970,705
Subordinate Voting Shares	590,336,009
Restricted Share Units	2,497,255
Stock Options	23,821,985

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, restricted cash, notes receivable, accounts payable, accrued expenses, long-term debt, and redeemable non-controlling contingency. The fair values of cash, restricted cash, notes receivable, accounts payable and accrued expenses approximate their carrying values due to the relatively short-term to maturity. The Company's long-term notes payable carrying value at the effective interest rate approximate fair value. Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

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

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

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

The Company's assets measured at fair value on a nonrecurring basis include investments, long-lived assets and indefinite-lived intangible assets and goodwill. The Company reviews the carrying amounts of such assets whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable or at least annually as at December 31, for indefinite-lived intangible assets and goodwill. Any resulting asset impairment would require that the asset be recorded at its fair value. The resulting fair value measurements of the assets are considered to be Level 3 measurements.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2020 and 2019 is the carrying amount of cash and cash equivalents, accounts receivable and notes receivable. The Company does not have significant credit risk with respect to its customers. All cash and cash equivalents are placed with major U.S. financial institutions.

The Company provides credit to its wholesale and MSA customers in the normal course of business and has established processes to mitigate credit risk. The amounts reported in the consolidated statements of financial position are net of allowances for bad debts, estimated by the Company's management based on prior experience and its assessment of the current economic environment. The Company reviews its trade receivable accounts regularly and reduces amounts to their expected realizable values by adjusting the allowance for doubtful accounts when management determines that the account may not be fully collectible. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Company has not adopted standardized credit policies, but rather assesses credit on a customer-by-customer basis in an effort to minimize those risks.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its cash flows necessary to fund operations and development and its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

The Company continues to have robust access to equity and debt financing from public and private markets in Canada. If such financing were no longer available in the public markets in Canada due to changes in applicable law, then the Company expects that it would have to raise financing privately.

The Company is monitoring the impacts of COVID-19 closely, and although liquidity has not been materially affected by the COVID-19 outbreak to date, the ultimate severity of the outbreak and its impact on the economic environment is uncertain. Given the current uncertainty of the future economic environment, the Company has taken additional measures in monitoring and deploying its capital to minimize the negative impact on liquidity.

Market Risk

Currency Risk

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

As of December 31, 2020 and 2019, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company's financial debts have fixed rates of interest and are caried at amortized cost. The Company does not account for any fixed-rate financial assets or financial liabilities at fair value, therefore, a change in interest rates at the reporting date would not affect the consolidated statements of profits and losses.

REGULATORY ENVIRONMENT: ISSUERS WITH UNITED STATES CANNABIS-RELATED ASSETS

In accordance with Staff Notice 51-352, below is a discussion of the current federal and state-level U.S. regulatory regimes in those jurisdictions where the Company is currently directly and indirectly involved, through its subsidiaries and investments, in the cannabis industry.

In accordance with Staff Notice 51-352, the Company will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented, amended and communicated to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation. Any non-compliance, citations or notices of violation which may have an impact on the Company's license, business activities or operations will be promptly disclosed by the Company.

The Company derives its revenues from the cannabis industry in certain states of the U.S., and the industry is illegal under U.S. federal law.

The Company is involved (through its licensed subsidiaries) in the cannabis industry in the U.S. where local state laws permit such activities. Currently, its subsidiaries and managed entities are directly engaged in the manufacture, possession, use, sale or distribution of cannabis and/or hold licenses in the adult-use and/or medicinal cannabis marketplace in the states of Arizona, Arkansas, California, Colorado, Connecticut, Florida, Illinois, Kentucky, Maine, Maryland, Massachusetts, Michigan, Missouri, Nevada, New Jersey, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Utah and Vermont; and have partnered with an accredited medical school and obtained a "clinical registrant" license in Pennsylvania. In addition, the Company is indirectly involved (through management services which include the use of the "Curaleaf" brand and retail and cultivation and production operations, human resources, finance and accounting, marketing, sales, legal and compliance support services) in both the adult-use and medical cannabis industry in the States of Maine and Massachusetts.

The Company's Statement of Financial Position and Operating Statement Exposure to U.S. Marijuana Related Activities

As of the date of this MD&A, all of the Company's business was directly derived from U.S. cannabis-related activities. As such, the Company's statement of financial position and statement of profits and losses exposure to U.S. cannabis-related activities is 100%.

Readers are cautioned that the foregoing financial information, though extracted from the Company's financial systems that supports its annual consolidated financial statements, has not been audited in its presentation format and accordingly is not in compliance with IFRS based on consolidation principles.

U.S. Federal Overview

The United States federal government regulates drugs through the federal Controlled Substances Act (21 U.S.C. § 811) (the "CSA"), which places controlled substances, including cannabis, in one of five different schedules. Cannabis, except hemp, is classified as a Schedule I drug. As a Schedule I drug, the federal Drug Enforcement Agency considers cannabis to have a high potential for abuse, no currently accepted medical use in treatment in the United States, and a lack of accepted safety for use of the drug under medical supervision[1]. The classification of cannabis as a Schedule I drug is inconsistent with what the Company believes to be many valuable medical uses for cannabis accepted by physicians, researchers, patients, and others. As evidence of this, the federal Food and Drug Administration ("FDA") on June 25, 2018 approved Epidiolex (CBD) oral solution with an active ingredient derived from the cannabis plant for the treatment of seizures associated with two rare and severe forms of epilepsy, Lennox-Gastaut syndrome and Dravet syndrome, in patients two years of age and older. This is the first FDA-approved drug that contains a purified drug substance derived from the cannabis plant. In this case, the substance is CBD, a chemical component of cannabis that does not contain the intoxication properties of tetrahydrocannabinol ("THC"), the primary psychoactive component of cannabis. The Company believes the CSA categorization as a Schedule I drug is not reflective of the medicinal properties of cannabis or the public perception thereof, and numerous studies show cannabis is not able to be abused in the same way as other Schedule I drugs, has medicinal properties, and can be safely administered[2].

The federal position is also not necessarily consistent with democratic approval of cannabis at the state government level in the United States. Unlike in Canada, which has federal legislation uniformly governing the cultivation, distribution, sale and possession of cannabis under the Cannabis Act, S.C. 2018, c. 16, (Canada) and the Cannabis for Medical Purposes Regulations, cannabis is largely regulated at the state level in the United States. State laws regulating cannabis conflict with the CSA, which makes cannabis use and possession federally illegal. Although certain states and territories of the United States authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under United States federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts. Although the Company's activities are compliant with applicable state and local laws, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under United States federal law nor provide a defense to federal criminal charges that may be brought against the Company. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and, in case of conflict between federal and State law, federal law shall apply.

Nonetheless, 39 U.S. states, the District of Columbia, and the territories of Puerto Rico, the U.S. Virgin Islands, Guam, and the Northern Mariana Islands have legalized some form of cannabis for medical use, while 15 states and the District of Columbia have legalized the adult use of cannabis for recreational purposes. As more and more states legalized medical and/or adult-use cannabis, the federal government attempted to provide clarity on the incongruity between federal prohibition under the CSA and these state-legal regulatory frameworks. Notwithstanding the foregoing, cannabis remains illegal under U.S. federal law, with cannabis listed as a Schedule I drug under the CSA. Until 2018, the federal government

[1] 21 U.S.C. 812(b)(1).

[2] See Lachenmeier, DW & Rehm, J. (2015). Comparative risk assessment of alcohol, tobacco, cannabis and other illicit drugs using the margin of exposure approach. *Scientific Reports*, *5*, 8126. doi: 10.1038/srep08126; see also Thomas, G & Davis, C. (2009). Cannabis, Tobacco and Alcohol Use in Canada: Comparing risks of harm and costs to society. *Visions Journal*, 5. Retrieved from http://www.heretohelp.bc.ca/sites/default/files/visions_cannabis.pdf; see also Jacobus et al. (2009). White matter integrity in adolescents with histories of marijuana use and binge drinking. *Neurotoxicology and Teratology, 31, 349-355.* https://doi.org/10.1016/j.ntt.2009.07.006; Could smoking pot cut risk of head, neck cancer? (2009 August 25). Retrieved from https://www.reuters.com/article/us-smoking-pot/could-smoking-pot-cut-risk-of-head-neck-cancer-idUSTRE57O5DC20090825; Watson, SJ, Benson JA Jr. & Joy, JE. (2000). Marijuana and medicine: assessing the science base: a summary of the 1999 Institute of Medicine report. *Arch Gen Psychiatry Review, 57, 547-552.* Retrieved from https://www.ncbi.nlm.nih.gov/pubmed/10839332; see also Hoaken, Peter N.S. & Stewart, Sherry H. (2003). Drugs of abuse and the elicitation of human aggressive behavior. *Addictive Behaviours, 28, 1533-1554.* Retrieved from http://www.ukcia.org/research/AgressiveBehavior.pdf; and see also Fals-Steward, W., Golden, J. & Schumacher, JA. (2003). Intimate partner violence and substance use: a longitudinal day-to-day examination. *Addictive Behaviors, 28, 1555-1574*. Retrieved from https://www.ncbi.nlm.nih.gov/pubmed/14656545.

provided guidance to federal law enforcement agencies and banking institutions regarding cannabis through a series of memoranda from the Department of Justice (“DOJ”). The most recent such memorandum was drafted by former Deputy Attorney General James Cole on August 29, 2013 (the "Cole Memorandum")[3].

The Cole Memorandum offered guidance to federal enforcement agencies as to how to prioritize civil enforcement, criminal investigations and prosecutions regarding cannabis in all states, and acknowledged that, notwithstanding the designation of cannabis as a Schedule I controlled substance at the federal level, several states have enacted laws authorizing the use of cannabis. The Cole Memorandum also noted that jurisdictions that have enacted laws legalizing cannabis in some form have also implemented strong and effective regulatory and enforcement systems to control the cultivation, processing, distribution, sale and possession of cannabis. As such, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level.

In light of limited investigative and prosecutorial resources, the Cole Memorandum concluded that the DOJ should be focused on addressing only the most significant threats related to cannabis. The Cole Memorandum put forth eight prosecution priorities:

1. Preventing the distribution of marijuana to minors;
2. Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels;
3. Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
4. Preventing the state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
5. Preventing the violence and the use of firearms in the cultivation and distribution of marijuana;
6. Preventing the drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
7. Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
8. Preventing marijuana possession or use on federal property.

The Cole Memorandum was seen by many state-legal cannabis companies as a form of safe harbor for their licensed operations that were conducted in full compliance with all applicable state and local regulations.

On January 4, 2018, former United States Attorney General Jeff Sessions rescinded the Cole Memorandum by issuing a new memorandum to all United States Attorneys (the "Sessions Memorandum"). Rather than establish national enforcement priorities particular to cannabis-related crimes in jurisdictions where certain cannabis activity was legal under state law, the Sessions Memorandum instructs that "in deciding which cannabis activities to prosecute... with the DOJ's finite resources, prosecutors should follow the well-established principles that govern all federal prosecutions." Namely, these include the seriousness of the offense, history of criminal activity, deterrent effect of prosecution, the interests of victims, and other principles.

In the absence of a uniform federal policy, as had been established by the Cole Memorandum, numerous United States Attorneys with state-legal cannabis programs within their jurisdictions have announced enforcement priorities for their respective offices. For instance, Andrew Lelling, United States Attorney for the District of Massachusetts, stated that while his office would not immunize any businesses from federal prosecution, he anticipated focusing the office's cannabis enforcement efforts on: (1) overproduction; (2) targeted sales to minors; and (3) organized crime and interstate transportation of drug proceeds. Other United States attorneys provided less assurance, promising to enforce federal law, including the CSA in appropriate circumstances. One of those United State Attorneys, Greg Scott, the Interim U.S. Attorney for the Eastern District of California, has a history of prosecuting medical cannabis activity: his office published a statement that cannabis remains illegal under federal law, and that his office would “evaluate violations of those laws in accordance with our district’s federal law enforcement priorities and resources”.

Former United States Attorney General Sessions resigned on November 7, 2018 and was replaced by William Barr on February 14, 2019. On December 14, 2020, former President Trump announced that Mr. Barr would be resigning from his post as Attorney General, effective December 23, 2020. President Joseph Biden has nominated Merrick Garland to succeed Mr. Barr as the U.S. Attorney General. It is unclear what specific impact the new Biden administration will have on U.S.

[3] See James M. Cole, *Memorandum for all United States Attorneys re: Guidance Regarding Marijuana Enforcement* (Aug. 29, 2013), available at https://www.justice.gov/iso/opa/resources/3052013829132756857467.pdf.

federal government enforcement policy. There is no guarantee 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 as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current U.S. federal law.

The Company believes it is too soon to determine if any prosecutorial policy at the federal level will be forthcoming in the absence of the Cole Memorandum, or if President Biden's nominee will reinstitute the Cole Memorandum or a similar guidance document for United States attorneys. The sheer size of the cannabis industry, in addition to various level of legalization at the State and local governments, suggests that a largescale enforcement operation would possibly create unwanted political backlash for the DOJ and the new administration. Moreover, State and local tax revenues generated by the cannabis business is an increasingly important source of funding for State and local government programs.

As an industry best practice, despite the recent rescission of the Cole Memorandum, the Company abides by the following standard operating policies and procedures to ensure compliance with the guidance provided by the Cole Memorandum:

1. Ensure that its operations are compliant with all licensing requirements as established by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions;
2. Ensure that its cannabis related activities adhere to the scope of the licensing obtained (for example: in the states where cannabis is permitted only for adult-use, the products are only sold to individuals who meet the requisite age requirements);
3. Implement policies and procedures to ensure that cannabis products are not distributed to minors;
4. Implement policies and procedures to ensure that funds are not distributed to criminal enterprises, gangs or cartels;
5. Implement an inventory tracking system and necessary procedures to ensure that such compliance system is effective in tracking inventory and preventing diversion of cannabis or cannabis products into those states where cannabis is not permitted by state law, or across any state lines in general;
6. Ensure that its state-authorized cannabis business activity is not used as a cover or pretense for trafficking of other illegal drugs, is engaged in any other illegal activity or any activities that are contrary to any applicable anti-money laundering statutes; and
7. Ensure that its products comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

In addition, the Company conducts background checks to ensure that the principals and management of its operating subsidiaries are of good character, have not been involved with other illegal drugs, engaged in illegal activity or activities involving violence, or use of firearms in cultivation, manufacturing or distribution of cannabis. The Company will also conduct ongoing reviews of the activities of its cannabis businesses, the premises on which they operate and the policies and procedures that are related to possession of cannabis or cannabis products outside of the licensed premises, including the cases where such possession is permitted by regulation. See the "*Risk Factors*" section of the Prospectus.

Although the Cole Memorandum has been rescinded, one legislative safeguard for the medical cannabis industry remains in place: Congress has passed a so-called "rider" provision in the FY 2015, 2016, 2017, 2018, 2019, 2020 and 2021 Consolidated Appropriations Acts to prevent the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. The rider is known as the "Rohrabacher-Farr" Amendment after its original lead sponsors (it is also sometimes referred to as the "Rohrabacher-Blumenauer" or "Joyce-Leahy" Amendment, but it is referred to in this MD&A as "Rohrabacher-Farr Amendment"). Most recently, the Rohrabacher-Farr Amendment was included in the Consolidated Appropriations Act of 2021, which was signed by former President Trump on December 27, 2020 and funds the departments of the federal government through the fiscal year ended September 30, 2021.

There is a growing consensus among cannabis businesses and numerous members of Congress that guidance is not law and temporary legislative riders, such as the Rohrabacher-Farr Amendment, are an inappropriate way to protect lawful medical cannabis businesses. Numerous bills have been introduced in Congress in recent years to decriminalize aspects of state-legal cannabis trades. For example, for fiscal year 2019, the strategy amongst the bipartisan Congressional Marijuana Working Group in Congress, was to introduce numerous cannabis-related appropriations amendments in the Appropriations Committee in both the House and Senate, similar to the strategy employed in fiscal year 2018. The

amendments included protections for cannabis-related businesses in states with medical and adult-use cannabis laws, as well as protections for financial institutions that provide banking services to state-legal cannabis businesses. The Company also has observed that each year more congressmen and congresswomen sign on and cosponsor cannabis legalization bills. These include the CARERS Act, REFER Act and others. In light of all this, it is anticipated that the federal government will eventually repeal the federal prohibition on cannabis and thereby leave the states to decide for themselves whether to permit regulated cannabis cultivation, production and sale, just as states are free today to decide policies governing the distribution of alcohol or tobacco. Given current political trends, however, the Company considers these developments unlikely in the near-term.

For the time being, cannabis remains a Schedule I controlled substance at the federal level, and neither the Cole Memorandum nor its rescission nor the continued passage of the Rohrabacher-Farr Amendment has altered that fact. The federal government of the United States has always reserved the right to enforce federal law regarding the sale and disbursement of medical or adult-use cannabis, even if state law sanctions such sale and disbursement. If the United States federal government begins to enforce United States federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Company’s business, results of operations, financial condition and prospects could be materially adversely affected.

Additionally, under United States federal law, it may potentially be a violation of federal money laundering statutes for financial institutions to take any proceeds from the sale of any Schedule I controlled substance. Due to the CSA categorization of cannabis as a Schedule I drug, federal law makes it illegal for financial institutions that depend on the Federal Reserve's money transfer system to take any proceeds from cannabis sales as deposits. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses under the United States Currency and Foreign Transactions Reporting Act of 1970 (the "Bank Secrecy Act"). Therefore, under the Bank Secrecy Act, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be charged with money laundering or conspiracy.

On September 26, 2019, the U.S. House of Representatives passed the Secured and Fair Enforcement Banking Act of 2019 (commonly known as the "SAFE Banking Act"), which aims to provide safe harbor and guidance to financial institutions that work with legal U.S. cannabis businesses. On May 11, 2020, the U.S. House of Representatives introduced the Health and Economic Recovery Omnibus Emergency Solutions Act (the "HEROES Act"), an economic stimulus package which included the language of the SAFE Banking Act. On September 28, 2020, the House introduced a revised version of the HEROES Act, including the text of the SAFE Act for a second time. The revised bill was passed by the House of Representatives on October 1, 2020 before going to the Senate. On December 21, 2020, Congress reached a deal for a different $900 billion stimulus package. While Congress may consider legislation in the future that may address these issues, there can be no assurance of the content of any proposed legislation or that such legislation is ever passed. The Company’s inability, or limitations on the Company's ability, to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Company to operate and conduct its business as planned or to operate efficiently.

While there has been no change in U.S. federal banking laws to accommodate businesses in the large and increasing number of U.S. states that have legalized medical and/or adult-use cannabis, in 2014, the Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") issued guidance to prosecutors of money laundering and other financial crimes (the "FinCEN Guidance") and notified banks that it would not seek enforcement of money laundering laws against banks that service cannabis companies operating under state law, provided that strict due diligence and reporting standards are met. The FinCEN Guidance advised prosecutors not to focus their enforcement efforts on banks and other financial institutions that serve cannabis-related businesses, so long as that business is legal in their state and none of the federal enforcement priorities referenced in the Cole Memorandum are being violated (such as keeping cannabis away from children and out of the hands of organized crime). The FinCEN Guidance also clarifies how financial institutions can provide services to cannabis-related businesses consistent with their Bank Secrecy Act obligations, including thorough customer due diligence, but makes it clear that they are doing so at their own risk. The customer due diligence steps include:

1. Verifying with the appropriate state authorities whether the business is duly licensed and registered;
2. Reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its marijuana-related business;

3. Requesting from state licensing and enforcement authorities available information about the business and related parties;
4. Developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical versus adult use customers);
5. Ongoing monitoring of publicly available sources for adverse information about the business and related parties;
6. Ongoing monitoring for suspicious activity, including for any of the red flags described in this guidance; and
7. Refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk.

With respect to information regarding state licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available.

Because most banks and other financial institutions are unwilling to provide any banking or financial services to cannabis businesses, these businesses can be forced into becoming "cash-only" businesses. While the FinCEN Guidance decreased some risk for banks and financial institutions considering serving the industry, in practice it has not increased banks' willingness to provide services to cannabis businesses, and most banks continue to decline to operate under the strict requirements provided under the FinCEN Guidance. This is because, as described above, the current law does not provide banks immunity from prosecution, and it also requires banks and other financial institutions to undertake time-consuming and costly due diligence on each cannabis business they accept as a customer.

The few state-chartered banks and/or credit unions that have agreed to work with cannabis businesses are limiting those accounts to small percentages of their total deposits to avoid creating a liquidity risk. Since, theoretically, the federal government could change the banking laws as it relates to cannabis businesses at any time and without notice, these credit unions must keep sufficient cash on hand to be able to return the full value of all deposits from cannabis businesses in a single day, while also keeping sufficient liquid capital on hand to serve their other customers. Those state-chartered banks and credit unions that do have customers in the cannabis industry charge marijuana businesses high fees to pass on the added cost of ensuring compliance with the FinCEN Guidance. Unlike the Cole Memorandum, however, the FinCEN Guidance from 2014 has not been rescinded.

The former Secretary of the U.S. Department of the Treasury, Stephen Mnuchin, publicly stated that he did not have a desire to rescind the FinCEN Guidance.[4] The newly nominated Secretary of the Treasury, Janet Yellen, has not yet articulated an official Treasury Department position with regard to the FinCEN Guidance and thus as an industry best practice and consistent with its standard operating procedures, the Company adheres to all customer due diligence steps in the FinCEN Guidance.

In both Canada and the United States, transactions involving banks and other financial institutions are both difficult and unpredictable under the current legal and regulatory landscape. Legislative changes could help to reduce or eliminate these challenges for companies in the cannabis space and would improve the efficiency of both significant and minor financial transactions.

Another bill, the Marijuana Opportunity Reinvestment and Expungement (MORE) Act, would decriminalize and deschedule cannabis from the CSA, provide for reinvestment in certain persons adversely impacted by the "War on Drugs," and provide for expungement of certain cannabis offenses, among other things. On November 20, 2019 the U.S. House of Representatives Judiciary Committee voted to advance the bill to the full House. Although the House of Representatives voted to pass the MORE Act on December 4, 2020, it failed to pass in the Senate prior to the end of the 2020 legislative session. There can be no assurance that it will be passed in its current form or at all.

An additional challenge to cannabis-related businesses is that the provisions of the Internal Revenue Code Section 280E are being applied by the IRS to businesses operating in the medical and adult-use cannabis industry. Section 280E prohibits businesses from deducting certain expenses associated with the trafficking of controlled substances within the meaning of Schedule I and II of the CSA. The IRS has applied Section 280E broadly in tax audits against various cannabis businesses in the U.S. that are permitted under applicable state laws, seeking substantial sums in tax liabilities, interest and penalties

[4]Angell, Tom. (2018 February 6). Trump Treasury Secretary Wants Marijuana Money In Banks, available at https://www.forbes.com/sites/tomangell/2018/02/06/trump-treasury-secretary-wants-marijuana-money-in-banks/#2848046a3a53; see also Mnuchin: Treasury is reviewing cannabis policies. (2018 February 7), available at http://www.scotsmanguide.com/News/2018/02/Mnuchin--Treasury-is-reviewing-cannabis-policies/.

resulting from under payment of taxes due to the lack of deductibility of otherwise ordinary business expenses the deduction of which is prohibited by Section 280E. Although the IRS issued a clarification allowing the deduction of certain expenses that can be categorized as cost of goods sold, the scope of such items is interpreted very narrowly, and the bulk of operating costs and general administrative costs are not permitted to be deducted. Therefore, businesses in the state-legal cannabis industry may be less profitable than they would otherwise be.

On December 20, 2018, former President Trump signed the Agriculture Improvement Act of 2018, Pub. L. 115-334, (popularly known as the "2018 Farm Bill") into law.[5] Under the 2018 Farm Bill, industrial and commercial hemp is no longer to be classified as a Schedule I controlled substance in the United States. Hemp includes the plant cannabis sativa L and any part of that plant, including seeds, derivatives, extracts, cannabinoids and isomers, which contain no more than 0.3% of delta-9-THC concentration by dry weight. The 2018 Farm Bill allows states to create regulatory programs allowing for the licensed cultivation of hemp and production of hemp-derived products. Hemp and products derived from it, such as CBD, may then be sold into commerce and transported across state lines, provided that the hemp from which any product is derived was cultivated under a license issued by an authorized state program approved by the U.S. Department of Agriculture and otherwise meets the definition of hemp.

To date, three different hemp seed-derived ingredients have received generally recognized as safe ("GRAS") notices from the FDA: hulled hemp seed, hemp seed protein powder, and hemp seed oil. The hemp seed-derived ingredients that are the subject of these GRAS notices contain only trace amounts of THC and CBD, which the seeds may pick up during harvesting and processing when they are in contact with other parts of the plant. Aside from these three hemp seed ingredients, no other cannabis or cannabis-derived ingredients, including ingredients sourced from hemp, have been the subject of a food additive petition, an evaluated GRAS notification, or have otherwise been approved for use in food by FDA. The FDA's current stated position is that it is a prohibited act under the Federal Food, Drug, and Cosmetic Act to introduce into interstate commerce a food to which CBD or THC has been added, or to market a product containing these ingredients as a dietary supplement.

The results of the 2020 Presidential and Congressional elections may impact the likelihood of any legal developments regarding cannabis at the national level, including the passage of the SAFE Banking Act and the MORE Act, as well as potential executive action to clarify federal policy toward the industry, although it is uncertain whether and in what manner any such federal changes will occur. On a federal level, President Joseph R. Biden campaigned on a platform that included cannabis decriminalization. Democrats, who are generally more supportive of federal cannabis reform than Republicans, maintained their majority in the House of Representatives, although at a smaller margin than initially expected, and have gained sufficient seats in the Senate to achieve control.

On a state level, the November 2020 elections included multiple initiatives on state ballots regarding cannabis, all of which passed. In Arizona and New Jersey, two markets where the Company already has medical operations described herein, adult use cannabis ballot initiatives passed. Similarly, adult use passed in Montana, medical use passed in Mississippi, and both adult use and medical use passed in South Dakota. Barring any further legal challenges, these states are expected to adopt governing rules and regulations to expand their cannabis programs accordingly.

Service Providers

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

Ability to Access Capital

Given the current laws regarding cannabis at the federal law level in the United States, traditional bank financing is typically not available to United States cannabis companies. Specifically, the federal illegality of marijuana in the United States means that financial transactions involving proceeds generated by cannabis-related conduct can form the basis for prosecution under money laundering statutes, the unlicensed money transmitter statute and the Bank Secrecy Act. As a

[5] H.R.2 - 115th Congress (2017-2018): Agriculture Improvement Act of 2018, Congress.gov (2018), https://www.congress.gov/bill/115th-congress/house-bill/2/text.

result, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. Banks who do accept deposits from cannabis-related businesses in the United states must do so in compliance with the Cole Memorandum and the FinCEN guidance, both discussed above.

The Company requires equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing through traditional banking to fund on-going operations, capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon the Company's business, results of operations, financial condition or prospects.

If additional funds are raised through further issuances of equity or convertible debt securities, existing Company shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to existing holders of SVS.

Restricted Access to Banking

As discussed above, the FinCEN Memorandum remains effective to this day, in spite of the fact that the 2014 Cole Memorandum was rescinded and replaced by the Sessions Memorandum. The FinCen Memorandum does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the Department of Justice, FinCEN or other federal regulators, though. Thus, most banks and other financial institutions in the U.S. do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Trump administration. 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, the Company may have limited or no access to banking or other financial services in the U.S. The inability or limitation in the Company's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Company to operate and conduct its business as planned or to operate efficiently.

On September 26, 2019, the U.S. House of Representatives passed the Secure and Fair Enforcement Banking Act of 2019 (commonly known as the "SAFE Banking Act"), which aims to provide safe harbor and guidance to financial institutions that work with legal U.S. cannabis businesses. The SAFE Banking Act is currently being reviewed by the U.S. Senate Banking Committee. While the Senate is contemplating the SAFE Banking Act, the passage of which would permit commercial banks to offer services to cannabis companies that are in compliance with state law, if Congress fails to pass the SAFE Banking Act, the Company's inability, or limitations on the Company's ability, to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Company to operate and conduct its business as planned or to operate efficiently.

Anti-Money Laundering Laws and Regulations

The Company is subject to a variety of laws and regulations domestically and in the U.S. that involve money laundering, financial recordkeeping and proceeds of crime, including the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), Sections 1956 and 1957 of U.S.C. Title 18 (the Money Laundering Control Act), 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 in the U.S. and Canada. Further, under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

In the event that any of the Company's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the U.S. were found to be in violation of money laundering legislation or otherwise, 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 there are no current intentions to declare or pay dividends on the SVS in the foreseeable future, in the event that a determination was made that the Company's proceeds from operations (or any future operations or investments in the U.S.) 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.

Heightened Scrutiny by Regulatory Authorities

For the reasons set forth above, the Company's existing operations in the U.S., and any future operations or investments of the Company, 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 significant 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 operate or invest in any other jurisdictions, in addition to those described herein.

Change to government policy or public opinion may also result in a significant influence on the regulation of the cannabis industry in Canada, the United States, or elsewhere. A negative shift in the public's perception of medical or adult-use cannabis in the United States or any other applicable jurisdiction could affect future legislation or regulation, or enforcement. Such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical or adult-use cannabis, thereby limiting the number of new state jurisdictions into which the Company could expand. Any inability to fully implement the Company's business strategy in the states in which the Company currently operates or in the Company's ability to expand its business into new states, may have a material adverse effect on the Company's business, financial condition, and results of operations. See "*Risk Factors*" section of this MD&A.

Further, violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions, or settlements arising from civil proceedings conducted 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. Any enforcement action against the Company or any of its licensed operating facilities could have a material adverse effect on (1) the Company's reputation, (2) the Company's ability to conduct business, (3) the Company's holdings (directly or indirectly) of medical or adult-use cannabis licenses in the United States, (4) the listing or quoting of the Company's securities on various stock exchanges, (5) the Company's financial position, (6) the Company's operating results, profitability, or liquidity, or (7) the market price of the Company's publicly traded shares. 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 their final resolution because the time and resources that may be necessary depend on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial. See "*Risk Factors*" section of this MD&A. The Company's business activities, and the business activities of its subsidiaries, while believed to be compliant with applicable U.S. state and local laws, currently are illegal under U.S. federal law.

Further to the indication by CDS Clearing and Depository Services Inc. ("CDS"), Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets that it would refuse to settle trades for cannabis issuers that have investments in the U.S., the TMX Group, the owner and operator of CDS, subsequently issued a statement in August 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S., despite media reports to the contrary and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time.

In February 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("MOU") with The Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the U.S. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is currently no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when the SVS are listed on a stock exchange, it would have a material adverse effect on the ability of holders of SVS to make and settle trades. In particular, the SVS would become highly illiquid as until an alternative was implemented,

investors would have no ability to affect a trade of securities through the facilities of the applicable stock exchange. Curaleaf has obtained eligibility with DTC for its SVS quotation on the OTCQX ® Best Market and such eligibility provides another possible avenue to clear the SVS in the event of a CDS ban. Revocation of DTC eligibility or implementation by DTC of a ban on the clearing of securities of issuers with cannabis-related activities in the United States would similarly have a material adverse effect on the ability of holders of the SVS to make and settle trades.

Compliance and Monitoring

As of the date of this MD&A, the Company believes that each of its licensed operating entities (a) holds all applicable licenses to cultivate, manufacture, possess, and/or distribute cannabis in its respective state, and (b) is in good standing and in compliance with its respective state's cannabis regulatory program. The Company is in compliance with its obligations under state law related to its cannabis cultivation, processing and dispensary licenses, other than minor violations that would not result in a material fine, suspension or revocation of any relevant license.

The Company uses reasonable commercial efforts to ensure that its business is in material compliance with laws and applicable licensing requirements and engages in the regulatory and legislative process nationally and in every state we operate through our compliance department, government relations department, outside government relations consultants, cannabis industry groups and legal counsel.

The compliance department consists of our Chief Compliance Officer ("CCO"), James Shorris and Vice President, Keisha Brice and local compliance officers in our subsidiaries. Compliance officers in each operating subsidiary are charged with knowing the local regulatory process and monitoring developments and ongoing developments with their governing bodies. Each compliance officer regularly reports regulatory developments to the Company's CCO and VP of Compliance through written and oral communications and are charged with the creation and implementation of plans regarding all regulatory developments. The Company's CCO and VP of Compliance work with external legal advisors in the states in which the Company operates to ensure that the Company is in on-going compliance with applicable state laws.

The government relations department, consisting of Senior Vice President, Ed Conklin, Vice President, Matt Harrell, and Vice President, Don Williams, work closely with Curaleaf management to develop relationships with local and state regulators, industry groups, and elected officials in order to effectively monitor and engage in the regulatory and legislative processes. The Company's Government Relations Department develops strategies, engages legislative consultant's, directly lobbies and works with third party groups to protect the Company's right to operate and to advocate for legislation, regulations and oversight under which it can be successful.

Although the Company believes that its business activities are materially compliant with applicable and state and local laws of the United States, strict compliance with State and local laws with respect to cannabis may neither absolve the Company of liability under United States federal law nor provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may result in a material adverse effect on the Company. The Company derives 100% of its revenues from the cannabis industry in certain States, which industry is illegal under United States federal law. Even where the Company's cannabis-related activities are compliant with applicable State and local law, such activities remain illegal under United States federal law. The enforcement of relevant federal laws is a significant risk.

United States Customs and Border Protection ("CBP") enforces the laws of the United States. Crossing the border while in violation of the CSA and other related United States federal laws may result in denied admission, seizures, fines, and apprehension. CBP officers administer the United States Immigration and Nationality Act to determine the admissibility of travelers who are non-U.S. citizens into the United States. An investment in the Company, if it became known to CBP, could have an impact on a non-U.S. citizen's admissibility into the United States and could lead to a lifetime ban on admission. Medical cannabis has been protected against enforcement by enacted legislation from the United States Congress in the form of the Rohrabacher-Farr Amendment, which prevents federal prosecutors from using federal funds to impede the implementation of medical cannabis laws enacted at the state level, subject to the United States Congress restoring such funding. This amendment has historically been passed as an amendment to omnibus appropriations bills, which by their nature expire at the end of a fiscal year or other defined term. Subsequent to the issuance of Sessions Memorandum, the United States Congress passed its omnibus appropriations bill, SJ 1662, which for the fourth

consecutive year contained the Rohrabacher-Farr Amendment language (referred to in 2018 as the Leahy Amendment) and continued the protections for the medical cannabis marketplace and its lawful participants from interference by the Department of Justice. The Rohrabacher-Farr Amendment again was included in the Consolidated Appropriations Act of 2019, which was signed by former President Trump on February 14, 2019 and funds the departments of the federal government through the fiscal year ending September 30, 2019 and was similarly renewed again on November 21, 2019. The fiscal year 2021 omnibus spending bill was ultimately passed on December 20, 2019, making the Rohrbacher-Farr Amendment effective through September 30, 2020, and on October 1, 2020 the amendment was renewed through the signing of a stopgap spending billing, effective through December 11, 2020. Most recently, the Rohrabacher-Farr Amendment was included in the Consolidated Appropriations Act of 2021, which was signed by former President Trump on December 27, 2020 and funds the departments of the federal government through the fiscal year ended September 30, 2021. Notably, such amendments have always applied only to medical cannabis programs and have no effect on pursuit of recreational cannabis activities.

In addition to the above disclosure, please see "*Risk Factors*" for further risk factors associated with the operations of the Company and the Company.

RISK FACTORS

The following are certain factors relating to the business of the Company. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company or currently deemed immaterial by the Company, may also impair the operations of the Company. If any such risks actually occur, shareholders of the Company could lose all or part of their investment and the business, financial condition, liquidity, results of operations and prospects of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected.

The acquisition of any of the securities of the Company is speculative, involving a high degree of risk and should be undertaken only by persons whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Company should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. The Company's shareholders should evaluate carefully the following risk factors associated with the Company's securities, along with the risk factors described elsewhere in this MD&A.

Business Structure Risks

Status as a Holding Company

The Company is a holding company as substantially all of its assets consist of shares in the capital stock of its subsidiaries in each of the markets the Company operates in and/or holds licenses in the adult-use and/or medicinal cannabis marketplace in Arizona, California, Connecticut, Florida, Maine, Maryland, Massachusetts, Nevada, New Jersey, New York, Ohio, Utah, Oregon and (awarded in February 2020) Pennsylvania; and the Company has no material assets other than: (i) cash on hand; and (ii) ownership of its subsidiaries, stakes in joint ventures and minority interests in certain operating companies. As a result, investors in the Company are subject to the risks attributable to its subsidiaries. As a holding company, the Company conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, the Company's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to the Company. To the extent that the Company requires funds, and its subsidiaries and such other entities are restricted from making such distributions by applicable law, regulation or contract, or are otherwise unable to provide such funds, it could materially adversely affect the Company's liquidity and financial condition, as well as its ability to make distributions to its shareholders. In the event of a bankruptcy, liquidation or reorganization of any of the Company's material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before the Company.

No Dividend Record

The Company has no dividend record, and the ability of its subsidiaries to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. Dividends paid by the Company would be subject to tax and, potentially, withholdings. The Company does not anticipate paying any dividends on the SVS in the foreseeable future. Please see "Risk Factors – Anti-Money Laundering Laws and Regulations".

Concentrated Voting Control

The concentrated control through the Multiple Voting Shares could delay, defer, or prevent a change of control of the Company, an arrangement involving the Company or a sale of all of substantially all of the Company's assets that the Company's other shareholders support. Conversely, this concentrated control could allow the holders of the Multiple Voting Shares to consummate such a transaction that the Company's other shareholders do not support. In addition, the holders of Multiple Voting Shares may make long-term strategic investment decisions and take risks that may not be successful and may seriously harm the Company's business.

Sales of substantial amounts of SVS may have an adverse effect on their market price

Sales of a substantial number of SVS in the public market could occur at any time either by existing holders of SVS or by holders of the Multiple Voting Shares that are convertible into SVS. These sales, or the market perception that the holders of a large number of SVS or Multiple Voting Shares intend to sell SVS, could reduce the market price of the SVS. If this occurs and continues, it could impair the Company's ability to raise additional capital through the sale of securities

The market price for the SVS has been and is likely to continue to be volatile

The market price for the SVS may be volatile and subject to wide fluctuations in response to numerous factors, many of which will be beyond our control, including, but not limited to, the following: (i) actual or anticipated fluctuations in our quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of companies in the cannabis industry; (iv) additions or departures of our executive officers and other key personnel; (v) release or expiration of transfer restrictions on our issued and outstanding shares; (vi) regulatory changes affecting the cannabis industry generally and our business and operations; (vii) announcements by us and our competitors of developments and other material events; (viii) fluctuations in the costs of vital production materials and services; (ix) changes in global financial markets and global economies and general market conditions; (x) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; (xi) operating and share price performance of other companies that investors deem comparable to us or from a lack of market comparable companies; (xii) false or negative reports issued by individuals or companies who have taken aggressive short sale positions; and (xiii) regulatory changes and other related issues in our industry or target markets.

Financial markets have experienced significant price and volume fluctuations that have affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of those companies. Accordingly, the market price of the SVS may decline even if our operating results, underlying asset values or prospects have not changed.

These factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, our operations could be adversely impacted, and the trading price of the SVS may be materially adversely affected.

An investor may face liquidity risks with an investment in the SVS

The SVS currently trade on the CSE and are quoted on the OTCQX tier of the OTC Markets in the U.S. The Company cannot predict at what prices the SVS will continue to trade, and there is no assurance that an active trading market will

be sustained. The SVS do not currently trade on any U.S. national securities exchange. In the event SVS begin trading on any U.S. national securities exchange, the Company cannot predict at what prices the SVS will trade and there is no assurance that an active trading market will develop or be sustained. There is a significant liquidity risk associated with an investment in the SVS.

Trading in securities quoted on the OTC Markets is often thin and characterized by wide fluctuations in trading prices, due to many factors, some of which may have little to do with the Company's operations or business prospects. This volatility could depress the market price of SVS for reasons unrelated to operating performance. Moreover, the OTC Markets is not a U.S. national securities exchange, and trading of securities on the OTC Markets is often more sporadic than the trading of securities listed on a U.S. national securities exchange like the Nasdaq or the NYSE. These factors may result in investors having difficulty reselling SVS on the OTC Markets.

Risks Related to Legality of Cannabis

Cannabis is a Controlled Substance under the United States Federal Controlled Substances Act

The Company is engaged directly and indirectly in the medical and adult-use cannabis industry in the U.S. where only state law permits such activities. Investors are cautioned that in the U.S., cannabis is largely regulated at the state level. To the Company's knowledge, some form of cannabis has been legalized in 39 states and Washington, D.C., Puerto Rico and Guam as of March 2021. Additional states have pending legislation regarding the same. Notwithstanding the permissive regulatory environment of cannabis at the state level, cannabis continues to be categorized as a controlled substance under the Controlled Substance Act and as such, cultivation, distribution, sale and possession of cannabis violates federal law in the U.S. Refer to the discussion above under the heading "Regulatory Environment: Issuers with United States Cannabis-Related Assets".

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted 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 holding (directly or indirectly) of medical and adult-use cannabis licenses in the U.S., the listing of its securities on the CSE, its financial position, operating results, profitability or liquidity or the market price of its publicly traded shares. 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.

Enforcement of Cannabis Laws Could Change

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, investments in cannabis businesses in the U.S. are subject to inconsistent legislation and regulation. The response to this inconsistency was addressed in the Cole Memorandum acknowledging that notwithstanding the designation of cannabis as a controlled substance at the federal level in the U.S., several states have enacted laws relating to cannabis for medical purposes.

The Cole Memorandum outlined certain enforcement 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 did not provide specific guidelines for what regulatory and enforcement systems it deemed 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 cannabis had been legalized were not characterized as a high priority. In March 2017, then newly appointed Attorney General Jeff Sessions again noted limited federal resources and acknowledged that much of the Cole Memorandum had merit. However,

he disagreed that it had been implemented effectively and, on January 4, 2018, Mr. Sessions issued a new memorandum that rescinded and superseded the Cole Memorandum effective immediately (the “Sessions Memorandum”). The Sessions Memorandum stated, in part, that current law reflects “Congress’ determination that cannabis is a dangerous drug and cannabis activity is a serious crime”, and Mr. Sessions directed all U.S. Attorneys to enforce the laws enacted by U.S. Congress and to follow well-established principles when pursuing prosecutions related to cannabis activities. U.S. Attorney General Jeff Sessions resigned on November 7, 2018. William Barr was appointed as the U.S. Attorney General on February 14, 2019. In an April 10, 2019 Senate Appropriations Subcommittee meeting to discuss the Justice Department's budget 2020, in response to a question about his position on the proposed Strengthening the Tenth Amendment Through Entrusting States (STATES) Act, Attorney General Barr stated: “Personally, I would still favor one uniform federal rule against marijuana,” “But if there is not sufficient consensus to obtain that then I think the way to go is to permit a more federal approach so states can, you know, make their own decisions within the framework of the federal law. So we’re not just ignoring the enforcement of federal law.” The STATES Act, if it were to pass, would allow states to determine their own approaches to marijuana. Attorney General Barr said the legislation is still being reviewed by his office but that he would "much rather... the approach taken by the STATES Act than where we currently are.” It is unclear what impact this development will have on U.S. federal government enforcement policy. The inconsistency between federal and state laws and regulations is a major risk factor. The newly nominated Attorney General, Merrick Garland, has views that are unclear on this topic. Refer to the discussion above under the heading “Regulatory Environment: Issuers with United States Cannabis-Related Assets”.

As a result of the Sessions Memorandum, federal prosecutors may use their prosecutorial discretion to decide whether to prosecute cannabis activities despite the existence of state-level laws permitting such activity. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and resultantly it is uncertain how active federal prosecutors will be in relation to such activities. Furthermore, the Sessions Memorandum did not discuss the treatment of medical cannabis by federal prosecutors. Under the Rohrabacher-Farr Amendment, federal prosecutors are prohibited from expending federal funds against medical cannabis activities that are in compliance with state law. Dozens of U.S. Attorneys across the country have affirmed that their view of federal enforcement priorities has not changed. In Washington, Annette Hayes, U.S. Attorney for the Western District of Washington, released a statement affirming that her office will continue to investigate and prosecute “cases involving organized crime, violent and gun threats, and financial crimes related to marijuana” and that “enforcement efforts with our federal, state, local and tribal partners focus on those who pose the greatest safety risk to the people and communities we serve.” However, in California, at least one U.S. Attorney has made comments indicating a desire to enforce the Controlled Substances Act: Adam Braverman, Interim U.S. Attorney for the Southern District of California, has been viewed as a potential “enforcement hawk” after stating that the rescission of the 2013 Cole Memo “returns trust and local control to federal prosecutors” to enforce the Controlled Substances Act. Additionally, Greg Scott, the Interim U.S. Attorney for the Eastern District of California, has a history of prosecuting medical cannabis activity: his office published a statement that cannabis remains illegal under federal law, and that his office would “evaluate violations of those laws in accordance with our district’s federal law enforcement priorities and resources”. 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.

Such potential proceedings could involve significant restrictions being imposed upon the Company or third parties, while diverting the attention of key executives. Such proceedings could have an adverse effect on the Company’s business, revenues, operating results and financial condition as well as the Company’s reputation and prospects, even if such proceedings were concluded successfully in favor of the Company. In the extreme case, such proceedings could ultimately involve the prosecution of key executives of the Company or the seizure of its corporate assets.

Renewal of Rohrabacher-Farr Amendment Would Protect the Medical Cannabis Industry

The Rohrabacher-Farr Amendment, as discussed above, prohibits the Department of Justice from spending funds appropriated by Congress to enforce the tenets of the Controlled Substances Act against the medical cannabis industry in states which have legalized such activity. This amendment has historically been passed as an amendment to omnibus appropriations bills, which by their nature expire at the end of a fiscal year or other defined term. The Rohrabacher-Farr Amendment will remain in effect until September 30, 2021. At such time, it may or may not be included in the omnibus appropriations package or a continuing budget resolution, and its inclusion or non-inclusion, as applicable, is subject to political changes. Should the Rohrabacher-Farr Amendment not be renewed upon expiration in subsequent spending bills,

there can be no assurance that the federal government will not seek to prosecute cases involving medical cannabis businesses that are otherwise compliant with state law. Such potential proceedings could involve significant restrictions being imposed upon the Company or third parties, while diverting the attention of key executives. Such proceedings could have a material adverse effect on the Company's business, revenues, operating results and financial condition as well as the Company's reputation, even if such proceedings were concluded successfully in favor of the Company.

Market for Cannabis Could Decline due to Regulatory Changes

There can be no assurance that the number of states that allow the use of medicinal cannabis will increase. Furthermore, there can be no assurance that the existing states, districts and territories that permit the use of medicinal cannabis will not reverse their position. If either of these things happens at any future time, then growth of the Company's business may be materially impacted. The Company may not be able to achieve targeted revenue levels and may experience declining revenue as the potential market for its products and services diminishes.

Financing Risks

Risks Related to Additional Financing

The Company will require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing through traditional banking to fund on-going operations, capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon the Company's business, results of operations, financial condition or prospects.

If additional funds are raised through further issuances of equity or convertible debt securities, existing Company shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to existing holders of SVS.

Restricted Access to Banking

In February 2014, the FinCEN bureau of the U.S. Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis businesses, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the Department of Justice, FinCEN or other federal regulators. Thus, most banks and other financial institutions in the U.S. do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Trump administration. 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, the Company may have limited or no access to banking or other financial services in the U.S. The inability or limitation in the Company's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Company to operate and conduct its business as planned or to operate efficiently.

General Regulatory and Legal Risks

Risk of Civil Asset Forfeiture

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or were purchased using the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

Anti-Money Laundering Laws and Regulations

The Company is subject to a variety of laws and regulations domestically and in the U.S. that involve money laundering, financial recordkeeping and proceeds of crime, including the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), Sections 1956 and 1957 of U.S.C. Title 18 (the Money Laundering Control Act), 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 in the U.S. and Canada.

In the event that any of the Company's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the U.S. were found to be in violation of money laundering legislation or otherwise, 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 there are no current intentions to declare or pay dividends on the SVS in the foreseeable future, in the event that a determination was made that the Company's proceeds from operations (or any future operations or investments in the U.S.) 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.

Lack of Access to U.S. Bankruptcy Protections

Because the use of cannabis is illegal under federal law, many courts have denied cannabis businesses bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If the Company were to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available to the Company's U.S. operations, which would have a material adverse effect on the Company, its lenders and other stakeholders.

Loss of Foreign Private Issuer Status

The Company is a Foreign Private Issuer as defined in Rule 405 under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") and Rule 3b-4 under the United States Exchange Act of 1934, as amended (the "U.S. Exchange Act"). If, as of the last business day of the Company's second fiscal quarter for any year, more than 50% of the Company's outstanding voting securities (as determined under Rule 405 of the U.S. Securities Act) are directly or indirectly held of record by residents of the United States, the Company will no longer meet the definition of a Foreign Private Issuer, which may have adverse consequences on the Company's ability to raise capital in private placements or Canadian prospectus offerings. In addition, the loss of the Company's Foreign Private Issuer status may likely result in increased reporting requirements and increased audit, legal and administration costs. These increased costs may significantly affect the Company's business, financial condition and results of operations.

The term "Foreign Private Issuer" is defined as any non-U.S. corporation, other than a foreign government, except any issuer meeting the following conditions:

(a) more than 50 percent of the outstanding voting securities of such issuer are, directly or indirectly, held of record by residents of the United States; and
(b) any one of the following:
    (i) the majority of the executive officers or directors are United States citizens or residents, or
    (ii) more than 50 percent of the assets of the issuer are located in the United States, or
    (iii) the business of the issuer is administered principally in the United States.

A "holder of record" is defined by Rule 12g5-1 under the U.S. Exchange Act. Generally speaking, the holder identified on the record of security holders is considered as the record holder. In December 2016, the United States Securities and Exchange Commission (the "SEC") issued a Compliance and Disclosure Interpretation to clarify that issuers with multiple classes of voting stock carrying different voting rights may, for the purposes of calculating compliance with this threshold,

examine either (i) the combined voting power of its share classes, or (ii) the number of voting securities, in each case held of record by U.S. residents. Based on this interpretation, each issued and outstanding Multiple Voting Share is counted as one voting security and each issued and outstanding SVS is counted as one voting security for the purposes of determining the 50 percent U.S. resident threshold and the Company is a “Foreign Private Issuer.” Should the SEC’s guidance and interpretation change, it is likely the Company will lose its Foreign Private Issuer status.

The Company's Status as an "Emerging Growth Company" under United States securities laws

The Company is an "emerging growth company" as defined in section 3(a) of the U.S. Exchange Act (as amended by the JOBS Act, enacted on April 5, 2012), and the Company will continue to qualify as an emerging growth company until the earliest to occur of: (a) the last day of the fiscal year during which the Company has total annual gross revenues of US$1.07 billion (as such amount is indexed for inflation every five years by the SEC) or more; (b) the last day of the fiscal year of the Company following the fifth anniversary of the date of the first sale of common equity securities of the Company pursuant to an effective registration statement under the U.S. Securities Act; (c) the date on which the Company has, during the previous three year period, issued more than US$1 billion in non-convertible debt; and (d) the date on which the Company is deemed to be a "large accelerated filer", as defined in Rule 12b–2 under the U.S. Exchange Act. The Company will qualify as a large accelerated filer (and would cease to be an emerging growth company) at such time when on the last business day of its second fiscal quarter of such year the aggregate worldwide market value of its common equity held by non-affiliates will be US$700 million or more.

For so long as the Company remains an emerging growth company, it is permitted to and intends to rely upon exemptions from certain disclosure requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include not being required to comply with the auditor attestation requirements of Section 404 of the JOBS Act. The Company takes advantage of some, but not all, of the available exemptions available to emerging growth companies. The Company cannot predict whether investors will find the SVS less attractive because the Company relies upon certain of these exemptions. If some investors find the SVS less attractive as a result, there may be a less active trading market for the SVS and the price per SVS may be more volatile. On the other hand, if the Company no longer qualifies as an emerging growth company, the Company would be required to divert additional management time and attention from the Company’s development and other business activities and incur increased legal and financial costs to comply with the additional associated reporting requirements, which could negatively impact the Company’s business, financial condition and results of operations.

Risk of Legal, Regulatory or Political Change

The success of the business strategy of the Company depends on the legality of the marijuana industry. The political environment surrounding the marijuana industry in general can be volatile and the regulatory framework remains in flux. To the Company’s knowledge, some form of cannabis has been legalized in 39 states and Washington, D.C., Puerto Rico and Guam as of March 2021; however, the risk remains that a shift in the regulatory or political realm could occur and have a drastic impact on the industry as a whole, adversely impacting the Company’s business, results of operations, financial condition or prospects.

Delays in enactment of new state or federal regulations could restrict the ability of the Company to reach strategic growth targets. The growth strategy of the Company is contingent upon certain federal and state regulations being enacted to facilitate the legalization of medical and adult-use marijuana. If such regulations are not enacted, or enacted but subsequently repealed or amended, or enacted with prolonged phase-in periods, the growth targets of the Company, and thus, the effect on the return of investor capital, could be detrimental. The Company is unable to predict with certainty when and how the outcome of these complex regulatory and legislative proceedings will affect its business and growth.

Further, there is no guarantee 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. If the federal government begins to enforce federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Company’s business, results of operations, financial condition and prospects would be materially adversely affected. It is also important to note that local and city ordinances may strictly limit and/or restrict disbursement of marijuana in a manner that will make it

extremely difficult or impossible to transact business in that jurisdiction, which may adversely affect the Company's continued operations. Federal actions against individuals or entities engaged in the marijuana industry or a repeal of applicable marijuana legislation could adversely affect the Company and its business, results of operations, financial condition and prospects.

The Company is also aware that multiple states are considering special taxes or fees on businesses in the marijuana industry. It is a potential yet unknown risk at this time that other states are in the process of reviewing such additional fees and taxation. Should such special taxes or fees be adopted, this could have a material adverse effect upon the Company's business, results of operations, financial condition or prospects.

The commercial medical and adult-use marijuana industry is in its infancy and the Company anticipates that such regulations will be subject to change as the jurisdictions in which the Company does business matures. The Company has in place a robust compliance program headed by its Chief Compliance Officer who oversees, maintains, and implements the compliance program and personnel. Compliance officers in each operating subsidiary as well as regional Compliance Directors are charged with knowing the local regulatory process and monitoring developments with their governing bodies. Each compliance officer regularly reports regulatory developments and enforcement actions taken by regulators. In addition to the Company's robust legal and compliance departments, the Company also has local legal/regulatory counsel engaged or available in every jurisdiction in which it operates. The Company's compliance program emphasizes is designed to provide meaningful advice, oversight and challenge for the Company's operations that includes regular site visits to ensure compliance with Company policies and procedures as well as applicable regulatory requirements, including but not limited to marketing materials review to ensure compliance with State and local regulations, and security and inventory control to ensure strict monitoring of cannabis and inventory from delivery by a licensed distributor to sale or disposal. The Company has implemented a corporate compliance training program for all employees. Additionally, the Company has created comprehensive standard operating procedures that include detailed descriptions and instructions for monitoring inventory at all stages of development and distribution. The Company will continue to monitor compliance on an ongoing basis in accordance with its compliance program, standard operating procedures, and any changes to regulation in the marijuana industry.

Overall, the medical and adult-use marijuana industry is subject to significant regulatory change at both the state and federal level. The inability of the Company to respond to the changing regulatory landscape may cause it to not be successful in capturing significant market share and could otherwise harm its business, results of operations, financial condition or prospects.

General Regulatory and Licensing Risks

The Company's business is subject to a variety of laws, regulations and guidelines relating to the manufacture, management, transportation, storage and disposal of marijuana, including laws and regulations relating to health and safety, the conduct of operations and the protection of the environment. Achievement of the Company's business objectives are contingent, in part, upon compliance with applicable regulatory requirements and obtaining all requisite regulatory approvals. Changes to such laws, regulations and guidelines due to matters beyond the control of the Company may result in a material adverse effect on the Company's business, financial condition, results of operations or prospects.

The Company is required to obtain or renew further government permits and licenses for its current and contemplated operations. Obtaining, amending or renewing the necessary governmental permits and licenses can be a time-consuming process potentially involving numerous regulatory agencies, involving public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain, amend and renew permits and licenses are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the relevant permitting or licensing authority. The Company may not be able to obtain, amend or renew permits or licenses that are necessary to its operations or to achieve the growth of its business. Any unexpected delays or costs associated with the permitting and licensing process could impede the ongoing or proposed operations of the Company. To the extent necessary permits or licenses are not obtained, amended or renewed, or are subsequently suspended or revoked, the Company may be curtailed or prohibited from proceeding with its ongoing operations or planned development and commercialization activities. Such curtailment or prohibition may result in a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Several of the Company's licenses are subject to renewal on an annual or periodic basis; however, they are generally renewed, as a matter of course, if the license holder continues to operate in compliance with applicable legislation and regulations and without any material change to its operations.

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

The Company may become involved in a number of government or agency proceedings, investigations and audits. The outcome of any regulatory or agency proceedings, investigations, audits, and other contingencies could harm the Company's reputation, require the Company to take, or refrain from taking, actions that could harm its operations or require Company to pay substantial amounts of money, harming its financial condition. There can be no assurance that any pending or future regulatory or agency proceedings, investigations and audits will not result in substantial costs or a diversion of management's attention and resources or have a material adverse impact on the Company's business, financial condition, results of operations or prospects.

Limitations on Ownership of Licenses

In certain states, the cannabis laws and regulation limit, not only the number of cannabis licenses issued, but also the number of cannabis licenses that one person may own. For example, in Massachusetts, no person may have an ownership interest, or control over, more than three license holders in any category -cultivation, processing or dispensing. In Maryland, the Department of Health has taken the position that the law prevents having a material ownership interest in more than one cultivation or processing license holder and more than four dispensing license holders. In New Jersey, there are restrictions on overlapping ownership of license holders. In Florida, there are also limitations on owning more than one of the vertically integrated medical cannabis licenses offered in that state. The Company believes that, where such restrictions apply, it may still capture significant share of revenue in the market through wholesale sales, exclusive marketing relations, provision of management or support services, franchising and similar arrangement with other operators. Nevertheless, such limitations on the acquisition of ownership of additional licenses within certain states or enforcement by regulators in certain States against such services arrangements may limit the Company's ability to grow organically or to increase its market share in such states.".

Regulatory Action and Approvals from the Food and Drug Administration

The Company's cannabis-based products are supplied to patients diagnosed with certain medical conditions. However, the Company's cannabis-based products are not approved by the FDA as "drugs" or for the diagnosis, cure, mitigation, treatment, or prevention of any disease. Accordingly, the FDA may regard any promotion of the cannabis-based products as the promotion of an unapproved drug in violation of the Food, Drug and Cosmetic Act ("FDCA").

Cannabidiol, a compound referred to as CBD, is one of the non-psychotropic cannabinoids in industrial hemp from the plant species *Cannabis sativa L*. There has been growing interest in CBD in recent years. CBD is increasingly used as an ingredient in food and beverages, as an ingredient in dietary supplements and as an ingredient in cosmetics, thereby generating new investments and creating employment in the cultivation and processing of hemp and hemp-derived products. Pharmaceutical products with CBD as an active ingredient have also been developed, including one product approved by the FDA (Epidiolex®). Foods and beverages, dietary supplements, pharmaceuticals, and cosmetics containing CBD are all subject to regulation under the FDCA. The FDA has asserted that CBD is not a lawful ingredient in foods and beverages, supplements and pharmaceuticals (unless FDA-approved), although FDA has generally refrained from taking enforcement action against those products. CBD-containing products may also be subject to the jurisdiction of state and local health authorities.

In recent years, the FDA has issued letters to a number of companies selling products that contain CBD oil derived from hemp warning them that the marketing of their products violates the FDCA. FDA enforcement action against the Company could result in a number of negative consequences, including fines, disgorgement of profits, recalls or seizures of products,

or a partial or total suspension of the Company's production or distribution of its products. Any such event could have a material adverse effect on the Company's business, prospects, financial condition, and operating results.

On December 20, 2018, the Agricultural Improvement Act, H.R. 25 ("2018 Farm Bill"), which included the language of the Hemp Farming Act of 2018, removed industrial hemp and hemp-derived products with a THC concentration of not more than 0.3 percent (dry weight basis) from Schedule I of the Controlled Substances Act. This has the effect of legalizing the cultivation of industrial hemp for commercial purposes, including the production of CBD and other cannabinoids, except for THC, subject to regulations to be developed by the U.S. Department of Agriculture.

The Company sells and distributes certain products containing CBD. The Company's compliance program also includes coverage of the CBD-related business with a focus on reviewing proposed marketing materials related to these products. There is a risk that the FDA or state or local Departments of Health will seek to stop the Company from selling its CBD products or seek to have the claims made for those products revised.

Litigation

The Company 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. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for the SVS. Even if the Company is involved in litigation and is successful, such litigation could redirect significant company resources.

Among other legal disputes, the Company is currently involved in the following proceedings:

Connecticut Arbitration. Pursuant to the Second Amended and Restated Operating Agreement of Doubling Road Holdings, LLC, the holders (the "Holders") of a majority of the Series A-2 Units of Doubling Road Holdings had the right to require that PalliaTech CT, LLC or any Affiliate purchase all of the Series A-2 Units in exchange for shares of PalliaTech, Inc. (now Curaleaf, Inc.), the parent of PalliaTech CT, pursuant to a defined "Buy-Out Exchange Ratio." On October 25, 2018, the Holders, the Company, and others entered into a Stipulation of Settlement in order to resolve a dispute with respect to the applicable Buy-Out Exchange Ratio for the Put Right. The Stipulation of Settlement provided, among other things, that PalliaTech CT purchased the Holders' interests in exchange for (1) a payment of $40,142; (2) 4,755,548 SVS of Curaleaf Holdings, Inc.; and (3) the potential for additional equity in Curaleaf Holdings, Inc. depending on the results of a "Settlement Second Appraisal." Pursuant to the Settlement Second Appraisal, dated December 12, 2019, and the terms of the Stipulation of Settlement, the Holders received 2,016,859 additional SVS. On January 23, 2020, the Holders filed claims in arbitration including for fraudulent inducement and breach of contract, relating primarily to a lock-up agreement that the Holders signed in connection with the Stipulation of Settlement. On February 28, 2020, Curaleaf Holdings, Inc. filed a response to the Statement of Claim. A schedule for the arbitration has not yet been established.

Florida Arbitration / Litigation. On December 10, 2018, Jayson Weisz and SRC Medical Partners, LLC initiated an arbitration against PalliaTech Florida LLC. On March 19, 2019, Weisz and SRC derivatively on behalf of 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. 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 January 10, 2020, Weisz, JRF Group, and the Curaleaf entities entered into a Stipulation of Settlement pursuant to which all claims of Weisz and JRF Group against the Company and its affiliates were released without compensation and the Company purchased JRF Group's interest in PalliaTech Florida LLC for consideration of 1,772,062 SVS and $2,500 in cash. During February 2020, SRC, PalliaTech Florida LLC, PalliaTech Florida, Inc., and Lusardi participated in a final arbitration hearing. In June 2020, the arbitrator issued a final order regarding SRC's claims in the dispute. While no damages were awarded, the Company was ordered to buyout SRC's interest in PT Florida. Based on the order, the parties agreed that the Company would acquire SRC's interest in PT Florida for no cash and 2,375,000 SVS. In connection with this transaction, the

Company agreed to pay SRC $1,750 cash to retire principal and interest on the half of the Secured Promissory Notes – 2029 held by SRC. The acquisition and retirement of the notes was completed in August 2020.

Securities Class Action. On August 5, 2019, a purported class action was filed against the Company, Joseph Lusardi, Neil Davidson, and Jonathan Faucher ("Defendants") in the United States District Court for the Eastern District of New York on behalf of persons or entities who purchased or otherwise acquired publicly traded securities of the Company from November 21, 2018 to July 22, 2019. On January 6, 2020, an Amended Class Action Complaint was filed against Defendants. The Amended Class Action Complaint alleges that Defendants made materially false and/or misleading statements regarding the Company's CBD products based on a July 22, 2019 letter received from the U.S. Food and Drug Administration ("FDA Letter"). According to the Amended Class Action Complaint, the FDA Letter states that several of the CBD products sold on the Company's website were "misbranded drugs" in violation of the Federal Food, Drug, and Cosmetic Act. The Amended Class Action Complaint asserts claims (1) against all Defendants for alleged violations of Section 10(b) of the Securities Exchange Act of 1934 and (2) against Lusardi, Davidson, and Faucher for alleged violations of Section 20(a) of the Securities Exchange Act of 1934. On March 6, 2020, Defendants filed a motion to dismiss arguing that the Amended Class Action Complaint failed to allege (1) any false or misleading statement or omission, (2) scienter, (3) any domestic transactions, or (4) control person liability. On February 15, 2021, the Company's motion to dismiss was granted with prejudice.

The Company is subject to increased costs as a result of being a public company in Canada and the United States

As a public company in Canada and the United States, the Company is subject to the reporting requirements, rules and regulations under the applicable Canadian and American securities laws and rules of stock exchanges on which the Company's securities may be listed. There are increased costs associated with legal, accounting and other expenses related to such regulatory compliance. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which add to a company's legal and financial compliance costs. The Company may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

Newly established legal regime

The Company's business activities will rely on newly established and/or developing laws and regulations in the states in which it operates. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect the Company's profitability or cause it to cease operations entirely. The cannabis industry may come under the scrutiny or further scrutiny by the FDA, Securities and Exchange Commission, the DOJ, the Financial Industry Regulatory Advisory or other federal or applicable state or nongovernmental regulatory authorities or self-regulatory organizations that supervise or regulate the production, distribution, sale or use of cannabis for medical or nonmedical purposes in the United States. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any proposals will become law. The regulatory uncertainty surrounding the industry may adversely affect the business and operations of the Company, including without limitation, the costs to remain compliant with applicable laws and the impairment of its business or the ability to raise additional capital.

Enforcement against directors and officers outside of Canada

The Company's directors and officers reside outside of Canada. Some or all of the assets of such persons may be located outside of Canada. Therefore, it may not be possible for Company shareholders to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for Company shareholders to effect service of process within Canada upon such persons. Courts in the United States may refuse to hear a claim based on a violation of Canadian securities laws on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a United States court agrees to hear a claim, it may determine that the local law, and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process.

Environmental Risks

Environmental Regulation

The Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors (or the equivalent thereof) and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.
Government approvals and permits are currently, and may in the future, be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from its proposed production of medical marijuana or from proceeding with the development of its operations as currently proposed.

Failure to comply with applicable laws, regulations and permitting requirements 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, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing the production of medical marijuana, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Unknown Environmental Risks

There can be no assurance that the Company will not encounter hazardous conditions at the facilities where it operates its businesses, including, without limitation, its medical cannabis cultivation and dispensary facilities, such as asbestos or lead, in excess of expectations that may delay the development of its businesses. Upon encountering a hazardous condition, work at the facilities of the Company may be suspended. The presence of other hazardous conditions may require significant expenditure of the Company's resources to correct the condition. Such conditions could have a material impact on the investment returns of the Company.

General Business Risks

COVID-19 pandemic

The novel coronavirus commonly referred to as "COVID-19" was identified in December 2019 in Wuhan, China. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency, and on March 11, 2020, the spread of COVID-19 was declared a pandemic by the World Health Organization. On March 13, 2020, the spread of COVID-19 was declared a national emergency in the United States by former President Donald Trump. The outbreak has spread throughout Europe, the Middle East and North America, causing companies and various international jurisdictions to impose restrictions such as quarantines, business closures and travel restrictions. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time.

The rapid development of the COVID-19 pandemic and the measures being taken by governments and private parties to respond to it are extremely fluid. While the Company has continuously sought to assess the potential impact of the pandemic on its financial and operating results, any assessment is subject to extreme uncertainty as to probably, severity and duration of the pandemic as reflected by infection rates at local, state and regional levels. The Company has attempted to assess the impact of the pandemic by identifying risks in the following principle areas:

- Mandatory Closure: In response to the pandemic, many states and localities implemented mandatory closure of, or limitations to, business to prevent the spread of COVID-19; this impacted the Company's operations. Subsequently, the Company's business was deemed an "essential service," permitting us to stay open despite the mandatory closure of non-essential businesses. More recently, the mandatory closures that impacted the Company's operations were lifted and the Company resumed full operations, albeit subject to various COVID-19 related precaution. The Company's ability to generate revenue would be materially impacted by any future shut down of its operations. During the last three months period ended December 31, 2020, the Company incurred higher operating costs of approximately $447 associated with additional personal protection equipment, cleaning, and sanitation efforts to manage through the impacts of COVID-19.
- Customer Impact: While the Company has not experienced an overall downturn in demand for its products in connection with the pandemic, if its customers become ill with COVID-19, are forced to quarantine, decide to self-quarantine or not to visit its stores or distribution points to observe "social distancing", it may have material negative impact on demand for its products while the pandemic continues. While the Company has implemented measures, where permitted, such as "curb side" sales and delivery, to reduce infection risk to our customers, regulators may not permit such measures, or such measures may not prevent a reduction in demand.
- Supply Chain Disruption: The Company relies on third party suppliers for equipment and services to produce its products and keep its operations going. If its suppliers are unable to continue operating due to mandatory closures or other effects of the pandemic, it may negatively impact its own ability to continue operating. At this time, the Company has not experienced any failure to secure critical supplies or services. However, disruptions in our supply chain may affect our ability to continue certain aspects of the Company's operations or may significantly increase the cost of operating its business and significantly reduce its margins.
- Staffing Disruption: The Company is, for the time being, implementing among its staff where feasible "social distancing" measures recommended by such bodies as the Center of Disease Control, the Presidential Administration, as well as state and local governments. The Company has cancelled non-essential travel by employees, implemented remote meetings where possible, and permitted all staff who can work remotely to do so. For those whose duties require them to work on-site, measures have been implemented to reduce infection risk, such as reducing contact with customers, mandating additional cleaning of workspaces and hand disinfection, providing masks and gloves to certain personnel and contact tracing following reports of employee infection. Nevertheless, despite such measures, the Company may find it difficult to ensure that its operations remain staffed due to employees falling ill with COVID-19, becoming subject to quarantine, or deciding not to come to come to work on their own volition to avoid infection. At certain locations, the Company has experienced increased absenteeism due to the pandemic. If such absenteeism increases, the Company may not be able, including through replacement and temporary staff, to continue to operate at desired levels in some or all locations. The Company continues to address a limited number of complaints about the efficacy of its COVID-related precautions made both directly to the Company or indirectly through complaints to regulatory authorities.
- Regulatory Backlog: Regulatory authorities, including those that oversee the cannabis industry on the state level, are heavily occupied with their response to the pandemic. These regulators as well as other executive and legislative bodies in the states in which we operate may not be able to provide the level of support and attention to day-to-day regulatory functions as well as to needed regulatory development and reform that they would otherwise have provided. Such regulatory backlog may materially hinder the development of the Company's business by delaying such activities as product launches, facility openings and approval of business acquisitions, thus materially impeding development of its business.
- Limited availability of vaccine: On December 11, 2020, the FDA issued an emergency use authorization (EUA) for the Pfizer BioN-Tech COVID-19 vaccine, the first such approval. Additional EUAs were issued on December 18, 2020 for a vaccine created by Moderna, and on February 27, 2021 for a vaccine created by Janssen Biotech (a Johnson & Johnson affiliate). As of March 2, 2021, approximately 78 million doses of the various vaccines have been administered in the US, although both the Pfizer and Moderna vaccines require the administration of two doses for full effectiveness. On March 2, 2021, President Biden stated that the US will have sufficient vaccine supply for all adults by the end of May

2021. Actual delivery of the vaccines to individuals, however, is controlled by state and local governments using various prioritization criteria and states continue to impose activity limitations and other precautions on businesses during this period until the vaccine is widely disseminated. In addition, there can be no assurance of when the Company's employees in any particular jurisdiction will be able to access the vaccine. Moreover, there can be no assurance that all employees will choose to avail themselves of the vaccine or, if so, when they will choose to do so. The same applies to the Company's patients, customers, regulators, and suppliers. Consequently, the COVID-19 risk factors described above continue to be applicable.

The Company is actively addressing the risk to business continuity represented by each of the above factors through the implementation of a broad range of measures throughout its structure and is re-assessing its response to the COVID-19 pandemic on an ongoing basis. The above risks individually or collectively may have a material impact on the Company's ability to generate revenue. Implementing measures to remediate the risks identified above may materially increase our costs of doing business, reduce our margins and potentially result in losses. While the Company has not to date experienced any overall material negative impact on its operations or financial results related to the impact of the pandemic, so long as the pandemic and measures taken in response to the pandemic are not abated, substantial risk of such impact remains, which could negatively impact the Company's ability to generate revenue and/or profits, raise capital and complete its development plans.

Expansion into Foreign Jurisdictions

The Company's expansion into jurisdictions outside of Canada and the United States is subject to risks. In addition, in jurisdictions outside of Canada and the United States, there can be no assurance that any market for the Company's products will develop or be maintained. The Company may face new or unexpected risks or significantly increase its exposure to one or more existing risks, including economic instability, 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.

Certain jurisdictions may prohibit or restrict its citizens or residents from investing in or transacting with companies involved in the cannabis industry, even if such companies only conduct business in jurisdictions where cannabis is legal. For example, if an investor in the United Kingdom profits from an investment in a cannabis producer or supplier, such investment may technically violate the United Kingdom Proceeds of Crime Act 2002. Similar prohibitions or restrictions may apply in other jurisdictions where cannabis has not been legalized. In addition, such prohibitions and restriction may limit the ability to receive dividends if such dividends were to be declared in the future.

Failure to Complete Acquisitions

The Company currently expects to complete certain transactions in the future, including the EMMAC acquisition. See "Proposed Transactions" section of the MD&A. These acquisitions are subject to a number of customary closing conditions including in certain instances, regulatory approval and may not close for a variety of reasons including if the closing conditions are not satisfied or waived, some of which may not be within the control of the Company. In addition, even if these transactions were to be completed, they may not close on terms or within the timing currently expected. If one or more of these transactions do not close or are completed pursuant to terms or timelines different than expected, it could have an adverse effect on the Company's future capital plans and require the Company to reallocate funds.

Risks Related to the Senior Debt

The various notes payable, as further described in "Recent Financing Transactions" above, require the Company to satisfy certain negative covenants, including items such as restrictions on its ability to pay dividends, to invest in non-wholly owned entities and to incur subordinated and non-subordinated debt. In addition, the notes impose certain financial covenants, including items such as maintenance of minimum annual cash earnings and minimum unrestricted cash and cash equivalents. These covenants may prevent the Company from taking actions that it believes would be in the best interest of its business and may make it difficult for it to execute its business strategy successfully or effectively compete with businesses that are not subject to the same restrictions. The Company's ability to comply with these covenants may

be affected by economic, financial and industry conditions beyond its control, including credit or capital market disruptions. The breach of any of these covenants could result in a default that would permit the lenders under the notes to declare all amounts outstanding to be due and payable, together with accrued and unpaid interest. There is no assurance that the Company will be able to secure additional financing to repay the notes should cash flows from operations be insufficient to repay the indebtedness, whether it is in default or not. If the Company is unable to repay the indebtedness, the lenders could proceed against the collateral securing the indebtedness. This could have serious consequences to the Company's financial position and results of operations and could cause it to become bankrupt or insolvent.

Service Providers

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

Enforceability of Contracts

It is a fundamental principle of law that a contract will not be enforced if it involves a violation of law or public policy. Because cannabis remains illegal at a federal level, judges may refuse to enforce contracts in connection with activities that violate federal law, even if there is no violation of state law. There remains doubt and uncertainty that the Company will be able to legally enforce contracts it enters into if necessary. The Company cannot be assured that it will have a remedy for breach of contract, the lack of which may have a material adverse effect on the Company's business, revenues, operating results, financial condition or prospects.

Resale of the SVS on the CSE

The Company understands that almost all major securities clearing firms in the U.S. refuse to facilitate transactions related to securities of Canadian public companies involved in the marijuana industry. This is due to the fact that marijuana continues to be listed as a controlled substance under U.S. federal law, with the result that marijuana-related practices or activities, including the cultivation, possession or distribution of marijuana, are illegal under U.S. federal law. Accordingly, U.S. residents who acquire SVS as "restricted securities" may find it difficult – if not impossible – to resell such shares over the facilities of any Canadian stock exchange on which the SVS may then be listed including the CSE. It remains unclear what impact if any, this and any future actions among market participants in the U.S. will have on the ability of U.S. residents to resell any SVS that they may acquire in open market transactions.

Reliance on Management

The success of the Company is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements or management agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results, financial condition or prospects.

News media have reported that U.S. immigration authorities have increased scrutiny of Canadian citizens who are crossing the U.S.-Canada border with respect to persons involved in cannabis businesses in the U.S. There have been a number of Canadians barred from entering the U.S. as a result of an investment in or act related to U.S. cannabis businesses. In some cases, entry has been barred for extended periods of time. Company employees who are not U.S. citizens traveling from Canada to the U.S. for the benefit of the Company may encounter enhanced scrutiny by U.S. immigration authorities that may result in the employee not being permitted to enter the U.S. for a specified period of time. If this happens to Company employees who are not U.S. citizens, then this may reduce our ability to manage effectively our business in the U.S.

Competition

The cannabis industry remains quite nascent, and so what the landscape will be in the future remains largely unknown, which in itself is a risk. Potential competitors, which in the future may include pharmaceutical companies, are also larger and better capitalized than the Company, may have longer operating histories and have significantly greater financial, technological, engineering, manufacturing, marketing and distribution resources. The market for the products that the Company offers or intends to offer is competitive. The competition will most likely increase as more U.S. states permit the use of medicinal cannabis and new industry participants emerge. Increased competition may hinder the Company's ability to successfully market its products and services. The Company may not have the resources, expertise or other competitive requirements to compete successfully in the future.

Risks Inherent in an Agricultural Business

The Company's business involves the cultivation of the cannabis plant. The cultivation of this plant is subject to agricultural risks related to insects, plant diseases, unstable growing conditions, water and electricity availability and cost, and force majeure events. Although the Company cultivates its cannabis plants in indoor, climate controlled rooms staffed by trained personnel and in the future plans to cultivate cannabis plants in greenhouses, there can be no assurance that agricultural risks will not have a material adverse effect on the cultivation of its cannabis. The Company may in the future cultivate cannabis plants outdoors, which would also subject it to related agricultural risks.

Unfavorable Publicity or Consumer Perception

The Company believes the adult-use and medical marijuana industries are highly dependent upon consumer perception regarding the safety, efficacy and quality of the marijuana produced. In particular, the Company's financial performance in each state will depend on whether patients and physicians view its products as effective and safe for use. Under the laws of the states in which the Company and its affiliates operate, the participation of physicians and health care providers in the certification process is voluntary and therefore depends on a number of variables, including: medical professionals' views as to the use of medical cannabis to treat qualifying conditions; the risks and benefits to individual patients or patient groups; the policies of particular medical practices; and patient demand. If physicians and other medical professionals do not certify patients where certification is required under state law, the Company's business, financial position and results of operations may be negatively affected.

Public perception can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of marijuana products. There can be no assurance that future scientific research or findings, regulatory investigations, litigation, media attention or other publicity will be favorable to the marijuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory investigations, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or other publicity could have a material adverse effect on the demand for adult-use or medical marijuana and on the business, results of operations, financial condition, cash flows or prospects of the Company.

Further, 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 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 the Company could expand. Any inability to fully implement the Company's expansion strategy may have a material adverse effect on the Company's business, results of operations or prospects.

Product Liability

As a manufacturer and distributor of products designed to be ingested by humans, the Company faces 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 marijuana 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 marijuana alone or in combination with other medications or substances could occur. As a manufacturer, distributor and retailer of adult-use and medical marijuana, or in its role as an investor in or service provider to an entity that is a manufacturer, distributor and/or retailer of adult-use or medical marijuana, the Company may be subject to various product liability claims, including, among others, that the marijuana product 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 the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally, and could have a material adverse effect on the business, results of operations, financial condition or prospects of the Company. There can be no assurances that the Company will be able to maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to maintain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of the Company's potential products or otherwise have a material adverse effect on the business, results of operations, financial condition or prospects of 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. Such recalls cause unexpected expenses of the recall and any legal proceedings that might arise in connection with the recall. This can cause loss of a significant amount of sales. In addition, a product recall may require significant management attention. Although the Company has detailed procedures in place for testing its products, 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 Company's products were subject to recall, the image of that product and the Company could be harmed. Additionally, product recalls can lead to increased scrutiny of operations by applicable regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Results of Future Clinical Research

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as cannabidiol ("CBD") and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC) and future research and clinical trials may discredit the medical benefits, viability, safety, efficacy, and social acceptance of cannabis or could raise concerns regarding, and perceptions relating to, cannabis. Given these risks, uncertainties and assumptions, prospective purchasers of the Company's securities should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this MD&A or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the demand for the Company's products with the potential to lead to a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Difficulty Attracting and Retaining Personnel

The Company's success depends to a significant degree upon its ability to attract, retain and motivate highly skilled and qualified personnel. Failure to attract and retain necessary technical personnel, sales and marketing personnel and skilled management could adversely affect the Company's business. If the Company fails to attract, train and retain sufficient numbers of these highly qualified people, its prospects, business, financial condition and results of operations will be materially and adversely affected.

Dependence on Suppliers

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of equipment, parts and components. It is also possible that the final costs of the major equipment contemplated by the Company's capital expenditure plans may be significantly greater than anticipated by the Company's management and may be greater than funds available to the Company, in which circumstance the Company may curtail, or extend the timeframes for completing, its capital expenditure plans. This could have an adverse effect on the business, financial condition, results of operations or prospects of the Company.

Reliance on Inputs

The marijuana business is dependent on a number of key inputs and their related costs including raw materials and supplies related to growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition, results of operations or prospects of the Company. In addition, any restrictions on the ability to secure required supplies or utility services or to do so on commercially acceptable terms could have a materially adverse impact on the business, financial condition and operating results. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Company might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Company in the future. Any inability to secure required supplies and services or to do so on appropriate terms and/or agreeable terms could have a materially adverse impact on the business, financial condition, results of operations or prospects of the Company.

Limited Market Data and Difficulty to Forecast

As a result of recent and ongoing regulatory and policy changes in the medical and adult-use marijuana industry, the market data available is limited and unreliable. Federal and state laws prevent widespread participation and hinder market research. Therefore, the Company must 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 industry. Market research and projections by the Company of estimated total retail sales, demographics, demand, and similar consumer research are based on assumptions from limited and unreliable market data, and generally represent the personal opinions of the Company's management team as of the date of this MD&A. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, financial condition or prospects of the Company.

Intellectual Property Risks

The Company's ability to compete in the future partly depends on the superiority, uniqueness and value of its intellectual property and technology, including both internally developed technology and technology licensed from third parties. To the extent the Company is able to do so, in order to protect its proprietary rights, the Company will rely on a combination of trademark, copyright and trade secret laws, confidentiality agreements with its employees and third parties, and protective contractual provisions which may prove insufficient to protect the Company's proprietary rights. Third parties may independently develop substantially equivalent proprietary information without infringing upon any proprietary technology. Third parties may otherwise gain access to the Company's proprietary information and adopt it in a competitive manner. Any loss of intellectual property protection may have a material adverse effect on the Company's business, results of operations or prospects.

As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark and patent protection regarding the intellectual property of a business, may not be available to the Company. As a result, the Company's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, the Company can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, state or

local level. While many states do offer the ability to protect trademarks independent of the federal government, patent protection is wholly unavailable on a state level, and state-registered trademarks provide a lower degree of protection than would federally-registered marks.

Constraints on Marketing Products

The development of the Company's business and operating results may be hindered by applicable restrictions on sales and marketing activities imposed by government regulatory bodies. The regulatory environment in the U.S. limits companies' abilities to compete for market share in a manner similar to other industries. If the Company is unable to effectively market its 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 Company's sales and results of operations could be adversely affected.

Fraudulent or Illegal Activity by Employees, Contractors and Consultants

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It may not always be possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Company's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Information Technology Systems and Cyber-Attacks

The Company's operations depend, in part, on how well it and its suppliers protect networks, equipment, information technology ("IT") systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's 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 risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses.

In addition, the Company collects and stores personal information about its patients and is responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on the Company's business, financial condition and results of operations.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Security Breaches

Given the nature of the Company's products and its lack of legal availability outside of channels approved by the government of the U.S., as well as the concentration of inventory in its facilities, there remains a risk of shrinkage as well as theft. If there was a breach in security systems and the Company becomes victim to a robbery or theft, the loss of cannabis plants, cannabis oils, cannabis flowers and cultivation and processing equipment or if there was a failure of information systems or a component of information systems, it could, depending on the nature of any such breach or failure, adversely impact the Company's reputation, business continuity and results of operations. A security breach at one of the Company's facilities could expose the Company to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential patients from choosing the Company's products.

Reliance on Management Services Agreements with Subsidiaries and Affiliates

The Company's subsidiaries and other affiliates engage in the medicinal cannabis business through management services agreements entered into with state-licensed entities. Under such agreements, its subsidiaries and affiliates perform a number of services, including cultivation, growing and handling of marijuana plants, trimming, curing and packaging of dry flower, patient advisory, lab and scientific research services, consultation on regulatory issues and a variety of management functions. In exchange for providing these services, the Company's subsidiaries and affiliates receive management fees which are a key source of revenue. Payment of such fees is dependent on the continuing validity and enforceability of the relevant management services agreements. If such agreements are found to be invalid or unenforceable, or are terminated by the counterparty, this could have a material adverse effect on the business, prospects, financial condition, and operating results.

Website Accessibility

Internet websites are visible by people everywhere, not just in jurisdictions where the activities described therein are considered legal. As a result, to the extent the Company sells services or products via web-based links targeting only jurisdictions in which such sales or services are compliant with state law, the Company may face legal action in other jurisdictions which are not the intended object of any of the Company's marketing efforts for engaging in any web-based activity that results in sales into such jurisdictions deemed illegal under applicable laws.

High Bonding and Insurance Coverage

There is a risk that a greater number of state regulatory agencies will begin requiring entities engaged in certain aspects of the business or industry of legal marijuana to post a bond or significant fees when applying, for example, for a dispensary license or renewal as a guarantee of payment of sales and franchise tax. The Company is not able to quantify at this time the potential scope for such bonds or fees in the states in which it currently or may in the future operate. Any bonds or fees of material amounts could have a negative impact on the ultimate success of the Company's business.

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labor disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance does not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Company is not generally available on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its business, results of operations, financial condition or prospects.

Risks of Leverage

Although the Company will seek to use leverage in connection with its investments in a manner it believes is prudent, such leverage will increase the exposure of an investment to adverse economic factors such as downturns in the economy or deterioration in the condition of the investment. If the Company defaults on unsecured indebtedness, the terms of the loan may require the Company to repay the principal amount of the loan and any interest accrued thereon in addition to heavy penalties that may be imposed. Because the Company may engage in financings where several investments are cross-collateralized, multiple investments may be subject to the risk of loss. As a result, the Company could lose its interest in performing investments in the event such investments are cross-collateralized with poorly performing or nonperforming investments.

In addition to leveraging the Company investments, the Company may borrow funds in its own name for various purposes and may withhold or apply from distributions amounts necessary to repay such borrowings. The interest expense and such other costs incurred in connection with such borrowings may not be recovered by income from investments purchased by the Company. If investments fail to cover the cost of such borrowings, the value of the investments held by the Company would decrease faster than if there had been no such borrowings. Additionally, if the investments fail to perform to expectation, the interests of investors in the Company could be subordinated to such leverage, which will compound any such adverse consequences.

Future Acquisitions or Dispositions

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Company's ongoing business; (ii) distraction of management; (iii) the Company may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; and (v) loss or reduction of control over certain of the Company's assets. Additionally, the Company may issue additional SVS in material amounts which would dilute the current shareholders' holding in the Company or indirect holdings in the Company.

The presence of one or more material liabilities of an acquired company that are unknown to the Company at the time of acquisition could have a material adverse effect on the business, results of operations, prospects and financial condition of the Company. A strategic transaction may result in a significant change in the nature of the Company's business, operations and strategy. In addition, the Company may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Company's operations.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. 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 expand, 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 or prospects.

Performance Not Indicative of Future Results

The prior investment and operational performance of the Company is not indicative of the future operating results of the Company. There can be no assurance that the historical operating results achieved by the Company or its affiliates will be achieved by the Company, and the Company's performance may be materially different.

Financial Projections May Prove Materially Inaccurate or Incorrect

The Curaleaf or Company financial estimates, projections and other forward-looking information or statements included in this MD&A are based on assumptions of future events that may or may not occur, which assumptions may not be disclosed in this MD&A. Shareholders of the Company should inquire of the Company and become familiar with the assumptions underlying any estimates, projections or other forward-looking information or statements. Projections are

inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events. There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including increases in operation expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, the Company's shareholders and prospective investors should not rely on any projections to indicate the actual results the Company might achieve.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Company also holding positions as directors or officers of other companies. They also invest and may invest in businesses, including in the cannabis sector, that compete directly or indirectly with the Company or act as customers or suppliers of the Company. Some of the individuals that are directors and officers of the Company have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Company will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies provided under the Business Corporations Act (British Columbia).

To the best of the Company's knowledge, other than as disclosed below and elsewhere in this MD&A, there are no known existing or potential material conflicts of interest among the Company or a subsidiary of the Company and a director or officer of the Company or a subsidiary of the Company as a result of their outside business interests except that: (i) certain of the Company's or its subsidiaries' directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies, and (ii) certain of the Company's or its subsidiaries' directors and officers have portfolio investments consisting of minority stakes in businesses that may compete directly or indirectly with the Company or act as a customer of, or supplier to, the Company.

The Company may be negatively impacted by challenging global economic conditions

The Company's business, financial condition, results of operations and cash flow may be negatively impacted by challenging global economic conditions.

A global economic slowdown would cause disruptions and extreme volatility in global financial markets, increased rates of default and bankruptcy and declining consumer and business confidence, which can lead to decreased levels of consumer spending. These macroeconomic developments could negatively impact the Company's business, which depends on the general economic environment and levels of consumer spending. As a result, the Company may not be able to maintain its existing customers or attract new customers, or it may be forced to reduce the price of its products. The Company is unable to predict the likelihood of the occurrence, duration or severity of such disruptions in the credit and financial markets or adverse global economic conditions. Any general or market-specific economic downturn could have a material adverse effect on the Company's business, financial condition, results of operations and cash flow.

Additionally, the U.S. has imposed and may impose additional quotas, duties, tariffs, retaliatory or trade protection measures or other restrictions or regulations and may adversely adjust prevailing quota, duty or tariff levels, which can affect both the materials that the Company uses to package its products and the sale of finished products. For example, the tariffs imposed by the U.S. on materials from China are impacting materials that the Company imports for use in packaging in the U.S. Measures to reduce the impact of tariff increases or trade restrictions, including geographical diversification of the Company's sources of supply, adjustments in packaging design and fabrication or increased prices, could increase its costs, delay its time to market and/or decrease sales. Other governmental action related to tariffs or international trade agreements has the potential to adversely impact demand for the Company's products and its costs, customers, suppliers and global economic conditions and cause higher volatility in financial markets. While the Company reviews existing and proposed measures to seek to assess the impact of them on its business, changes in tariff rates, import duties and other new or augmented trade restrictions could have a number of negative impacts on its business, including higher consumer prices and reduced demand for its products and higher input costs.

Future disruptions and volatility in global financial markets and declining consumer and business confidence, including as a result of COVID-19, could lead to decreased levels of consumer spending. The Company's operations could be

affected by the economic context should the unemployment level, nterest rates or inflation reach levels that influence consumer trends and spending and, consequently, impact the Company's sales and profitability. These macroeconomic developments could negatively impact the Company's business, which depends on the general economic environment and levels of consumer spending. As a result, the Company may not be able to maintain its existing customers or attract new customers, or the Company may be forced to reduce the price of its products. The Company is unable to predict the likelihood of the occurrence, duration, or severity of such disruptions in the credit and financial markets and adverse global economic conditions. Any general or market- specific economic downturn could have a material adverse effect on the Company's business, financial condition, results of operations, and cashflow.

Tax Risks

Change in tax law

There can be no assurance that the Canadian and U.S. federal income tax treatment of the Company or an investment in the Company will not be modified, prospectively or retroactively, by legislative, judicial or administrative action, in a manner adverse to the Company or shareholders.

Application of Section 280 of the Code

Section 280E of the Code, as amended prohibits businesses from deducting certain expenses associated with trafficking controlled substances (within the meaning of Schedule I and II of the CSA). The IRS has invoked Section 280E in tax audits against various cannabis businesses in the U.S. that are permitted under applicable state laws. Although the IRS issued a clarification allowing the deduction of certain expenses, the scope of such items is interpreted very narrowly, and the bulk of operating costs and general administrative costs are not permitted to be deducted. While there are currently several pending cases before various administrative and federal courts challenging these restrictions, there is no guarantee that these courts will issue an interpretation of Section 280E favorable to cannabis businesses. Given these facts, the impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial condition and/or the overall operations of the Company.

Dividends on the SVS may be subject to Canadian and/or United States withholding tax

It is unlikely that the Company will pay any dividends on the SVS in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purposes of the Income Tax Act will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Canada-United States tax treaty. In addition, a foreign tax credit or a deduction in respect of foreign taxes may not be available.

Dividends received by U.S. shareholders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Dividends paid by the Company will be characterized as U.S. source income for purposes of the foreign tax credit rules under the Internal Revenue Code. Accordingly, U.S. shareholders generally will not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have an excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax.

Dividends received by shareholders that are neither Canadian nor U.S. shareholders will be, subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a shareholder of the Company, subject to examination of the relevant treaty. These dividends may, however, qualify for a reduced rate of Canadian withholding tax under any income tax treaty otherwise applicable to a shareholder of the Company, subject to examination of the relevant treaty.

There can be no assurance that the Company will be able to make returns to shareholders in a tax efficient manner

The Company will endeavour to establish a tax efficient structure for its operations. The Company has made certain assumptions regarding taxation as part of this planning and existing work to structure the business. However, if these assumptions are not correct, taxes may be imposed with respect to the Company’s assets, or the Company may be subject to tax on its income, profits, gains or distributions (either on a liquidation and dissolution or otherwise) in a particular

jurisdiction or jurisdictions in excess of taxes that were anticipated. This could alter the post-tax returns for Shareholders (or shareholders in certain jurisdictions). Any change in laws or tax authority practices could also adversely affect any post-tax returns of capital to shareholders or payments of dividends (if any, which the Company does not envisage the payment of, at least in the short to medium term). In addition, the Company may incur costs in taking steps to mitigate any such adverse effect on the post-tax returns for shareholders.

Exhibit 99.4

CERTIFICATION

I, Joseph Bayern, certify that:

1. I have reviewed this annual report on Form 40-F of Curaleaf Holdings, Inc..;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: April 28, 2021

By: /s/ Joseph Bayern

Joseph Bayern
Chief Executive Officer
(Principal Executive Officer)

Exhibit 99.5

CERTIFICATION

I, Christine Taylor, certify that:

1. I have reviewed this annual report on Form 40-F of Curaleaf Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5 The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: April 28, 2021

By: /s/ Christine Taylor

Christine Taylor
Senior Vice President of Finance
(Principal Financial and Accounting Officer)

Exhibit 99.6

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Curaleaf Holdings, Inc. (the "Company") on Form 40-F for the period ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph Bayern, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 28, 2021

/s/ Joseph Bayern
Joseph Bayern
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Curaleaf Holdings, Inc. and will be retained by Curaleaf Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 99.7

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Curaleaf Holdings, Inc. (the "Company") on Form 40-F for the period ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christine Taylor, Senior Vice President of Finance of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 28, 2021

/s/ Christine Taylor
Christine Taylor
Senior Vice President of Finance
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Curaleaf Holdings, Inc. and will be retained by Curaleaf Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 99.8

CONSENT OF INDEPENDENT ACCOUNTING FIRM

April 28, 2021

The Board of Directors
Curaleaf Holdings, Inc.

We hereby consent to the filing with this Annual Report on Form 40-F being filed by Curaleaf Holdings, Inc. (the "Company") with the United States Securities and Exchange Commission of:

- our report, dated March 11, 2021, on the consolidated financial statements of the Company and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of profits and losses, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, (collectively the "Report"), included in this annual report on Form 40-F (the "Form 40-F").

We also consent to the incorporation by reference of the Report into Registration Statements No. 333-250071 on Form S-8 and No. 333-249081 on Form F-10 of the Company and any amendments thereto.

We also consent to the use of our names in reference to the Report included in the Form 40-F, the Registration Statements listed herein, and any amendments thereto.

Yours very truly,

/s/Antares Professional Corporation
Chartered Professional Accountants

Erkin Atakhanov, CPA, CA
Managing Director
Calgary, Alberta