

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**AMENDMENT NO. 2
TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

ASCEND WELLNESS HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

2833
(Primary Standard Industrial
Classification Code Number)

83-0602006
(I.R.S. Employer
Identification Number)

1411 Broadway
16th Floor
New York, NY 10018
(781) 703-7800

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Daniel Neville
1411 Broadway
16th Floor
New York, NY 10018
(781) 703-7800

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

As soon as practicable after this Registration Statement becomes effective.
(Approximate date of commencement of proposed sale to the public)

Copies to:

James Guttman
Dorsey & Whitney LLP
TD Canada Trust Tower
Brookfield Place, 161 Bay Street, Suite
4310 Toronto, Ontario
Canada, M5J 2S1
(416) 367-7376

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Accelerated filer	<input type="checkbox"/>	Emerging growth company	<input checked="" type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>		

If an emerging growth company, 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 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered ⁽¹⁾	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price ⁽¹⁾	Amount of Registration Fee
Class A Common Stock, \$0.001 par value per share	14,375,000	\$10.00	\$143,750,000	\$15,684 ⁽²⁾

-
- (1) Estimated solely for the purpose of calculating the amount of the registration fee in accordance with Rule 457(a) under the Securities Act. Includes the offering price of shares that the underwriters have an over-allotment option to purchase.
 - (2) The Registrant previously paid \$13,638 in connection with the Registration Statement on Form S-1 (File No. 333-254800) filed with the Commission on March 29, 2021 and \$2,046 in connection with Amendment No. 1 to the Registration Statement on Form S-1 filed with the Commission on April 15, 2021.

WE HEREBY AMEND THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL WE SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

EXPLANATORY NOTE

On April 22, 2021, Ascend Wellness Holdings, LLC, converted into a Delaware corporation and changed its name to “Ascend Wellness Holdings, Inc.” and effected a 2:1 reverse stock split. We refer to this conversion throughout the prospectus included in this registration statement as the “**Conversion.**” As a result of the Conversion, the members of Ascend Wellness Holdings, LLC became holders of shares of Class A common stock and Class B common stock of Ascend Wellness Holdings, Inc. The consolidated financial statements and selected consolidated financial data and other financial information included in this registration statement are those of Ascend Wellness Holdings, LLC and its subsidiaries prior to the Conversion, but have been adjusted for the 2:1 reverse stock split. Shares of the Class A common stock of Ascend Wellness Holdings, Inc. are being offered by the prospectus included in this registration statement.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS (Subject to Completion)

Dated April 23, 2021

12,500,000 Shares



Ascend Wellness Holdings, Inc.
Class A Common Stock

This is an initial public offering of shares of Class A common stock of Ascend Wellness Holdings, Inc. We are offering 12,500,000 shares of Class A common stock.

Prior to this offering, there has been no public market for our Class A common stock. It is currently estimated that the initial public offering price per share of Class A common stock will be between \$8.00 and \$10.00. For a detailed description of our Class A common stock, see “Description of Capital Stock.”

We have applied to list our Class A common stock on the Canadian Securities Exchange (the “CSE”) and to have our Class A common stock quoted on the OTCQX® Best Market operated by OTC Markets Group, Inc. (the “OTCQX”). Listing and quotation of our Class A common stock will be subject to us fulfilling all of the listing requirements of the CSE and OTCQX, respectively.

We have two classes of common stock, Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except for voting and conversion rights. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to 1,000 votes per share and is convertible at any time into one share of Class A common stock at the option of the holder. Following this offering, outstanding shares of Class B common stock will represent approximately 27% of the voting power of our outstanding capital stock. See “Description of Capital Stock.”

We are an emerging growth company under federal securities laws and are subject to reduced public company reporting requirements for this prospectus and our future filings. See “Implications of Being an Emerging Growth Company.”

Investing in our common stock involves a high degree of risk. We refer you to the section entitled “Risk Factors” on page 12 of this prospectus.

	<u>Per Share</u>	<u>Total</u>
Initial Public Offering Price		
Underwriting discount and commissions ⁽¹⁾		
Proceeds, before expenses, to us		

⁽¹⁾ We have agreed to reimburse the underwriters for certain expenses in connection with this offering. See “Underwriters.”

We have granted the underwriters an option for a period of 30 days following the date of this prospectus to purchase up to an additional 1,875,000 shares of Class A common stock at the initial offering price less the discount solely to cover over-allotments, if any. If the underwriters exercise the option in full, the total underwriting discounts and commission payable by us will be \$, and the total proceeds to us, before expenses, will be \$. See “Underwriters.”

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of Class A common stock against payment in on , 2021.

Canaccord Genuity

Beacon Securities Limited

Eight Capital

ATB Capital Markets Inc.

Cormark Securities Inc.

The date of this prospectus is , 2021.



BETTERING YOUR LIFE WITH CANNABIS.



**SUBSTANTIAL ASSET
BASE TO COME
ONLINE IN 2021**

SELECT STATS:



16
OPERATING
LOCATIONS



141k
AVG MONTHLY
TRANSACTIONS¹



>\$110
AVERAGE
TICKET²

REVENUE
(US\$ MILLION)

11x
GROWTH

'19 **\$12**

'20 **\$144**

WE GO DEEP, NOT WIDE

Focus on scaled vertical operations in key limited license markets east of the Rockies

WE EXECUTE

Strong allocators of capital with focus on growth and profitability

OUR LOCATIONS

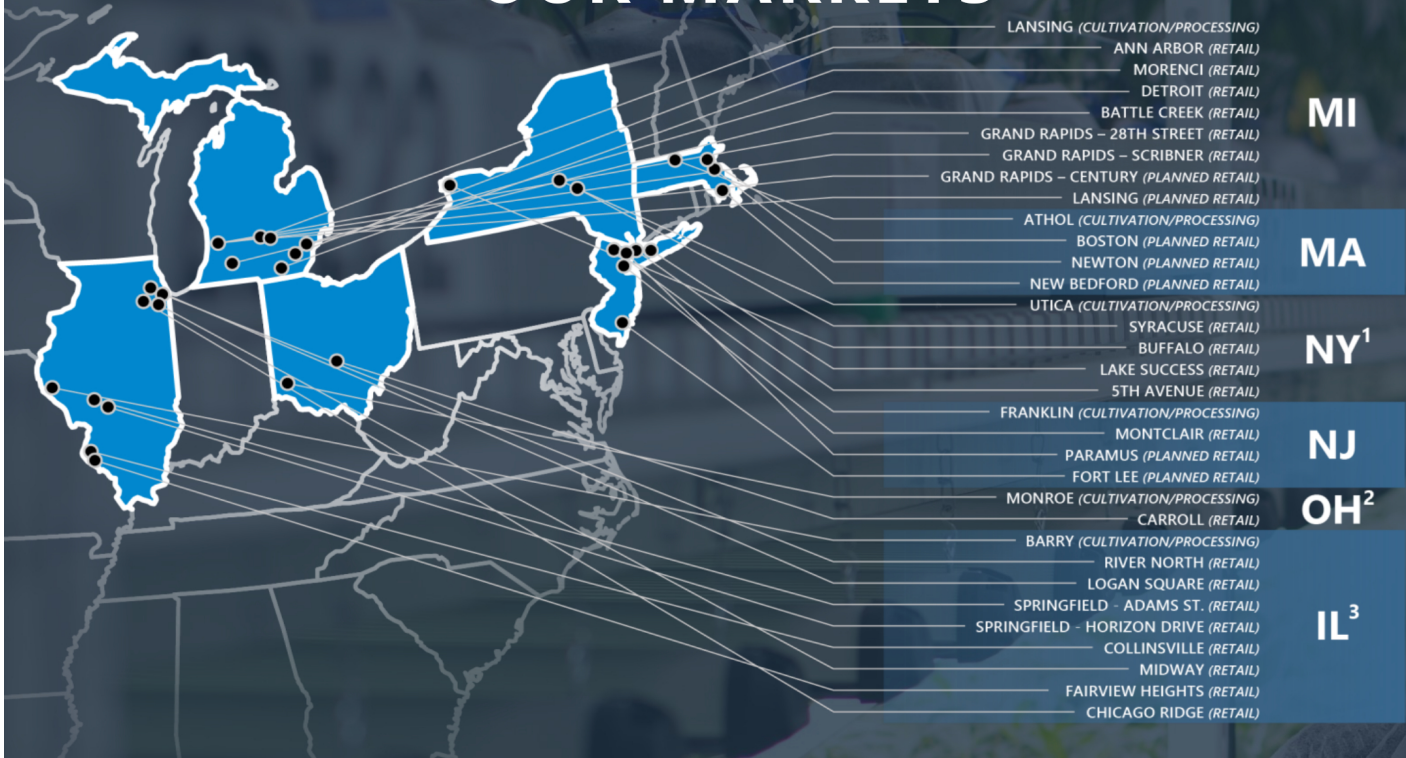
Strategically located flagship locations with an established Ascend brand and omni-channel customer experience

1. Based on Q1 2021 actual results.

2. Average per transaction, based on FY 2020 actual results.



LEADING POSITION ACROSS OUR MARKETS



OUR GOALS

INDUSTRY LEADING GROWTH IN 2021

DISCIPLINED CAPITAL ALLOCATION

BEST IN CLASS RETAIL EXECUTION

BECOME TOP PERFORMING MSO

1. We are not certain when or if such transaction will be consummated as remains subject to regulatory approval in all respects. 2. Currently under agreements to acquire, though we are not certain when or if such transactions will be consummated, as each remains subject to regulator approvals in all respects. 3. On December 14, 2020, the Company entered into a definitive agreement to acquire Midway Dispensary. The transaction remains subject to regulatory approval and satisfaction of other customary closing conditions.



TABLE OF CONTENTS

	<u>Page</u>
<u>ABOUT THIS PROSPECTUS</u>	<u>2</u>
<u>IMPLICATIONS OF BEING AN EMERGING GROWTH COMPANY</u>	<u>3</u>
<u>PROSPECTUS SUMMARY</u>	<u>4</u>
<u>RISK FACTORS</u>	<u>12</u>
<u>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	<u>45</u>
<u>MARKET AND INDUSTRY DATA</u>	<u>46</u>
<u>MARKET RISK</u>	<u>47</u>
<u>CORPORATE CONVERSION AND CORPORATE STRUCTURE</u>	<u>48</u>
<u>USE OF PROCEEDS</u>	<u>51</u>
<u>DIVIDEND POLICY</u>	<u>53</u>
<u>CAPITALIZATION</u>	<u>54</u>
<u>OPTIONS TO PURCHASE SECURITIES</u>	<u>56</u>
<u>DILUTION</u>	<u>57</u>
<u>SELECTED FINANCIAL DATA</u>	<u>59</u>
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	<u>60</u>
<u>BUSINESS</u>	<u>76</u>
<u>PROPERTIES</u>	<u>124</u>
<u>MANAGEMENT</u>	<u>125</u>
<u>EXECUTIVE COMPENSATION</u>	<u>130</u>
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	<u>137</u>
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	<u>139</u>
<u>LEGAL PROCEEDINGS</u>	<u>142</u>
<u>DESCRIPTION OF CAPITAL STOCK</u>	<u>144</u>
<u>SHARES ELIGIBLE FOR FUTURE SALE</u>	<u>149</u>
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>	<u>151</u>
<u>UNDERWRITERS</u>	<u>155</u>
<u>LEGAL MATTERS</u>	<u>165</u>
<u>EXPERTS</u>	<u>165</u>
<u>DISCLOSURE OF SEC POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES</u>	<u>165</u>
<u>WHERE YOU CAN FIND ADDITIONAL INFORMATION</u>	<u>165</u>
<u>INDEX TO CONSOLIDATED FINANCIAL STATEMENTS</u>	<u>F-1</u>

ABOUT THIS PROSPECTUS

This prospectus is a part of a registration statement on Form S-1 that we filed with the U.S. Securities and Exchange Commission (the “SEC”), under the Securities Act of 1933, as amended (the “Securities Act”). You should read this prospectus together with additional information described under “Where You Can Find Additional Information.”

We have not authorized anyone to provide you with information other than that contained in this prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give to you. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus.

We are offering to sell, and seeking offers to buy, shares of Class A common stock only in jurisdictions where offers and sales are permitted. We have not taken any action to permit a public offering of our shares of Class A common stock or the possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than the United States and Canada. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and market share, is based on information from our own management estimates and research, as well as from industry and general publications and research, surveys and studies conducted by third parties. Actual outcomes may vary materially from those forecasts in the reports or publications referred to herein. Management estimates are derived from publicly available information, our knowledge of our industry and assumptions based on such information and knowledge, which we believe to be reasonable. In addition, assumptions and estimates of our and our industry’s future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in “Risk Factors.” These and other factors could cause our future performance to differ materially from our assumptions and estimates. See “Cautionary Note Regarding Forward-Looking Statements.”

Solely for convenience, trademarks and trade names referred to in this prospectus may appear without the ® and ™ symbols, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights, or that the applicable owner will not assert its rights, to these trademarks and tradenames.

The terms “we,” “us,” “our,” “AWH” or the “Company” as used in this prospectus refer to Ascend Wellness Holdings, Inc., or its predecessor, Ascend Wellness Holdings, LLC, as applicable, together with its wholly-owned subsidiaries, unless the context otherwise requires.

Unless otherwise indicated, all references to “\$” or “US\$” in this prospectus refer to United States dollars.

IMPLICATIONS OF BEING AN EMERGING GROWTH COMPANY

As a company with less than \$1.07 billion in revenue during our most recently completed fiscal year, we qualify as an “emerging growth company” as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act (the “**JOBS Act**”) of 2012. As an emerging growth company, we may take advantage of specified reduced disclosure and other exemptions from requirements that are otherwise applicable to public companies that are not emerging growth companies. These provisions include:

- reduced disclosure about our executive compensation arrangements;
- exemptions from non-binding stockholder advisory votes on executive compensation or golden parachute arrangements; and
- exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting.

We may take advantage of these exemptions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than \$1.07 billion in annual revenues as of the end of a fiscal year, if we are deemed to be a large-accelerated filer under the rules of the SEC or if we issue more than \$1.0 billion of non-convertible debt over a three-year period.

PROSPECTUS SUMMARY

This summary highlights certain information about us, this offering and selected information contained in the prospectus. This summary is not complete and does not contain all of the information that you should consider before deciding whether to invest in our shares of common stock. For a more complete understanding of our company and this offering, we encourage you to read and consider the more detailed information included in this prospectus, including “Risk Factors” and the financial statements and related notes thereto. See “Where You Can Find Additional Information.”

Overview

AWH is a vertically integrated multi-state operator focused on adult-use or near-term adult-use cannabis states in limited license markets. Our core business is the cultivation, manufacturing and distribution of cannabis consumer packaged goods, which we sell through our company-owned retail stores and to third-party licensed cannabis retail stores. We were founded in 2018 and initially pursued cultivation and dispensary licensing opportunities in Massachusetts. In December 2018, we entered the Illinois market with the acquisition of an existing cultivation facility through the acquisition of Revolution Cannabis-Barry LLC. We also acquired HealthCentral, LLC (“**HCI**”) and its related entities, which owned two operational medical dispensaries in Illinois. We have since expanded our operational footprint, primarily through acquisitions and now have direct or indirect operations or financial interests in five U.S. geographic markets: Illinois, Massachusetts, Michigan, New Jersey, and Ohio.

We believe in bettering lives through cannabis. Our mission is to improve the lives of our employees, patients, customers and the communities we serve through the use of the cannabis plant. We are committed to providing safe, reliable and high-quality products and providing consumers options and education to ensure they are able to identify and obtain the products that fit their personal needs. As of April 22, 2021, we have direct or indirect operations or financial interests in five U.S. geographic markets and employ approximately 1,000 people.

Currently, approximately one third of our portfolio of cultivation and dispensary assets are generating revenue and we expect the remainder of these assets to begin generating revenue over the course of 2021 and 2022. We are committed to being vertically integrated in every state we operate in, which entails controlling the entire supply chain from seed to sale. We are currently vertically integrated in two out of our five states with expansion plans underway to achieve vertical integration in all five states. While we have been successful in opening facilities and dispensaries, we expect continued growth to be driven by opening new operational facilities and dispensaries under our current licenses, expansion of our current facilities and increased consumer demand.

Our consumer products portfolio is generated primarily from plant material that we grow and process ourselves. We produce our consumer-packaged goods in five manufacturing facilities with 74,000 square feet of current cumulative canopy and total current capacity of 38,000 pounds annually. We are undergoing expansions at our Barry, Illinois, Lansing, Michigan and Athol, Massachusetts cultivation facilities which are expected to be completed in 2021 and we expect to build facilities in Monroe, Ohio and New Jersey in 2022. The expansions are expected to add a total of approximately 285,000 square feet of cumulative canopy, which is estimated to have a total production capacity of 142,000 pounds annually post build-out, assuming production and yields are in line with the performance of our current operating canopy. Our product portfolio currently consists of 102 stock keeping units (“**SKUs**”), across a range of cannabis product categories, including flower, pre-rolls, concentrates, vapes, edibles and other cannabis-related products. As of April 22, 2021, we have 16 open and operating retail locations, including pending acquisitions in Illinois and Ohio, which we anticipate will expand to 23 locations open and operating by the end of calendar year 2021. Our new store opening plans are flexible and will ultimately depend on market conditions, local licensing, construction and other regulatory permissions. All of our expansion plans are subject to capital allocation decisions, the evolving regulatory environment and the COVID-19 pandemic. See “*Cautionary Note Regarding Forward-Looking Statements.*”

Corporate Information

We were originally formed as Ascend Group Partners, LLC on May 15, 2018 as a Delaware limited liability company. We changed our name to “Ascend Wellness Holdings, LLC” on September 10, 2018. On April 22, 2021, we converted into a Delaware corporation pursuant to a statutory conversion and were renamed “Ascend Wellness Holdings, Inc.” See “*Corporate Conversion and Corporate Structure.*”

Our principal executive offices are located at 1411 Broadway, 16th Floor, New York, NY 10018. Our telephone number is (781) 703-7800. Our website address is www.awholdings.com. The information contained on our website or connected to our website is not incorporated by reference into, and should not be considered part of, this prospectus.

Corporate Conversion and Corporate Structure

On April 22, 2021, we engaged in the following transactions, which we refer to collectively as the “**Conversion**”:

- we converted from a Delaware limited liability company to a Delaware corporation by filing a certificate of conversion with the Delaware Secretary of State; and
- we changed our name from “Ascend Wellness Holdings, LLC” to “Ascend Wellness Holdings, Inc.”

As part of the Conversion:

- we created two classes of authorized common stock, Class A common stock and Class B common stock;
- we effected a two-for-one reverse split of our outstanding equity interests (the “**Reverse Split**”);
- holders of Series Seed Preferred and Series Seed Preferred+ Units of AWH received one share of Class A common stock of Ascend Wellness Holdings, Inc. for each unit of Series Seed Preferred and Series Seed Preferred+ Units held immediately prior to the Conversion, as adjusted for the Reverse Split, rounded down to the nearest whole share;
- holders of Real Estate Preferred Units of AWH received, subject to final determination of the offering price of Class A common stock pursuant to this offering, for each unit of Real Estate Preferred Units of AWH, a number of shares of Class A common stock of Ascend Wellness Holdings, Inc. equal to (x) one plus (y) (A) the original purchase price of such Real Estate Preferred Unit multiplied by 1.5, divided by (B) the price at which we are offering Class A common stock pursuant to this offering, as adjusted for the Reverse Split, rounded down to the nearest whole share;
- holders of common units of AWH received one share of Class A common stock of Ascend Wellness Holdings, Inc. for each common unit held immediately prior to the Conversion, as adjusted for the Reverse Split, rounded down to the nearest whole share;
- holders of restricted common units issued under the 2020 Incentive Plan (as defined below) received one share of Class A common stock of Ascend Wellness Holdings, Inc. for each restricted common unit held immediately prior to the Conversion, as adjusted for the Reverse Split, rounded down to the nearest whole share;
- holders of warrants to acquire 3,531,142 common units of AWH at an exercise price of \$4.00 per share received warrants to acquire an equal number of shares Class A common stock; and
- we entered into an exchange agreement with AGP Partners, LLC, a Delaware limited liability company (“**AGP**”), pursuant to which AGP received 65,000 shares of Class B common stock, which constitute all of the outstanding shares of Class B common stock of AWH.

Effective as of the closing of this offering, holders of convertible notes will convert into shares of Class A common stock in accordance with the terms of the note purchase agreement, dated June 12, 2019, between the Company and the purchasers of the convertible notes, as amended on April 22, 2021 (the “**2019 Convertible Notes**”). The holders of 2019 Convertible Notes will receive a number of shares of Class A common stock equal to the outstanding principal and accrued and unpaid interest under the notes divided by a price per share equal to \$2.96. Prior to the amendment to the 2019 Convertible Notes entered into on April 22, 2021, the conversion feature in

connection with a going public transaction set forth in the 2019 Convertible Notes specified that the holders of 2019 Convertible Notes would receive a number of shares of Class A common stock equal to the outstanding principal and accrued and unpaid interest under the notes divided by a price per share equal to the lesser of (a) (i) a 20% discount to the price per share of Class A common stock offered pursuant to this offering in the event the offering occurs on or before 12 months from the closing date; (ii) a 25% discount to the price per share of Class A common stock offered pursuant to this offering in the event the offering occurs after 12 months from the closing date, but before the maturity date; and (b) the price per security, which equals the price per share resulting from a pre-money valuation of the company of \$295,900,000, taking into account the Reverse Split, which was determined by the Company to be \$2.96. The amendment to the 2019 Convertible Notes was solely made to clarify the conversion price in connection with a going public transaction. The 2019 Convertible Notes include provisions to the effect that they may be amended with the written consent of the holders of a majority of the outstanding principal amounts of all such notes, and which such consent was obtained, and any amendment so approved is binding on all holders of 2019 Convertible Notes.

Effective as of the closing of this offering, holders of convertible notes will convert into shares of Class A common stock in accordance with the terms of the note purchase agreement, dated January 6, 2021, between the Company and the purchasers of the convertible notes (the “**2021 Convertible Notes**”). The holders of 2021 Convertible Notes will receive a number of shares of Class A common stock equal to the outstanding principal and accrued and unpaid interest under the notes divided by a price per share equal to the lesser of (a) (i) a 20% discount to the price per share of Class A common stock offered pursuant to this offering in the event the offering occurs on or before 12 months from the closing date; (ii) a 25% discount to the price per share of Class A common stock offered pursuant to this offering in the event the offering occurs after 12 months from the closing date, but before the maturity date; and (b) \$6.00 per share of Class A common stock, taking into account the Reverse Split.

Following the Conversion, Ascend Wellness Holdings, Inc. continues to hold all property and assets of AWH and remains liable for all of the debts and obligations of AWH. After effecting the Conversion, we are governed by a certificate of incorporation filed with the Delaware Secretary of State and bylaws.

Following the Conversion, we have two classes of authorized common stock, Class A common stock and Class B common stock. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to 1,000 votes per share. Holders of Class A common stock and Class B common stock will vote together as a single class on all matters (including the election of directors) submitted to a vote of stockholders, unless otherwise required by law or our certificate of incorporation. Each share of Class B common stock will automatically convert into one share of Class A common stock on the final conversion date, as defined in our certificate of incorporation. Each share of Class B common stock is also convertible at any time at the option of the holder into one share of Class A common stock. In addition, each share of Class B common stock will convert automatically into one share of Class A common stock upon any transfer, whether or not for value, except for certain transfers described in our certificate of incorporation, including, without limitation, transfers for tax and estate planning purposes, so long as the transferring holder of Class B common stock continues to hold exclusive voting and dispositive power with respect to the shares transferred. Once converted into a share of Class A common stock, a converted share of Class B common stock will not be reissued. Following the conversion of all outstanding shares of Class B common stock, no further shares of Class B common stock will be issued. See “*Description of Capital Stock.*”

On the effective date of the Conversion, the members of the board of managers of AWH became the members of the board of directors (the “**Board**”) of Ascend Wellness Holdings, Inc., with the exceptions described in this prospectus, and the officers of AWH became the officers of Ascend Wellness Holdings, Inc.

The following diagram illustrates our corporate structure following the completion of the Conversion and the closing of the offering. See Exhibit 21.1 to the registration statement of which this prospectus is a part for a list of our subsidiaries. All lines represent 100% ownership of outstanding securities of the applicable subsidiary unless

THE OFFERING

Amount of securities to be offered:	12,500,000 shares of Class A common stock
Class A common stock to be outstanding after this offering:	168,741,409 shares of Class A common stock ⁽¹⁾
Class B common stock to be outstanding after this offering:	65,000 shares of Class B common stock ⁽¹⁾
Over-allotment option to purchase additional shares of Class A common stock:	We have granted the underwriters the right to purchase up to 1,875,000 additional shares of Class A common stock within 30 days following the date of this prospectus
Use of proceeds:	We estimate that the net proceeds from this offering will be approximately \$105,000,000, or approximately \$120,900,000 if the underwriters exercise their over-allotment option in full. We expect to use (i) approximately \$31,000,000 of the proceeds from this offering for the pending investment in MedMen NY, Inc., though we are not certain when or if such transaction will be consummated, or the terms upon which it will ultimately be completed as it remains subject to regulatory approval in all respects, (ii) approximately \$7,000,000 to consummate the transactions for our proposed acquisitions of (a) Hemma, LLC and (b) BCCO, LLC, both of which are in Ohio, though we are not certain when or if such transactions will be consummated, or the terms upon which they will ultimately be completed as each remains subject to regulatory approval in all respects, (iii) approximately \$20,000,000 for capital expenditures, and (iv) the remainder for future M&A transactions, general administration, tax liabilities, working capital and general corporate purposes, including additional financing provided to MedMen NY, Inc. prior to closing. See “Use of Proceeds.”
Dividend policy:	We do not expect to pay any dividends on our shares of Class A common stock for the foreseeable future. See “ <i>Dividend Policy</i> .”
Voting and conversion:	We have two classes of common stock, Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except for voting and conversion rights. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to 1,000 votes per share. In the event of any change of control transaction, shares of our Class A common stock and Class B common stock shall be treated equally, ratably and identically, on a per share basis, unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class. See “ <i>Description of Capital Stock</i> .”
Registration Rights Agreement	We intend to enter into a registration rights agreement (the “ Registration Rights Agreement ”) with AGP in connection with this offering. The Registration Rights Agreement will provide AGP certain registration rights whereby, following our initial public offering and the expiration of any related lock-up period, AGP can require us to register under the Securities Act shares of Class A common stock. The Registration Rights Agreement will also provide for piggyback registration rights for AGP.

Risk factors: You should read the “Risk Factors” section included in this prospectus for a discussion of factors to consider carefully before deciding to invest in shares of our Class A common stock.

Trading symbol: We have applied to list our Class A common stock on the CSE and to have our Class A common stock quoted on the OTCQX. The listing and quotation of our Class A common stock will be subject to us fulfilling all of the listing requirements of the CSE and OTCQX, respectively.

- (1) The total number of shares of our common stock outstanding immediately after this offering is based on 168,741,409 shares of Class A common stock and 65,000 shares of Class B common stock that would be outstanding as of April 22, 2021, if the Conversion occurred on April 21, 2021, and excludes:
- 3,531,143 shares of Class A common stock issuable upon the exercise of warrants outstanding as of April 22, 2021, at an exercise price of \$4.00 per share of Class A common stock;
 - 1,093,750 shares of Class A common stock issuable upon the exercise of warrants outstanding as of April 22, 2021, at an exercise price of \$3.20 per share of Class A common stock;
 - 1,875,000 shares of Class A common stock issuable upon the exercise of the over-allotment option by our underwriters; and
 - 2,516,495 unvested restricted stock units.

The data presented above gives effect to a two-for-one Reverse Split, which was effected on April 22, 2021.

Summary of Risk Factors

Participating in this offering involves substantial risk. Our ability to execute our strategy is also subject to certain risks and uncertainties. The risks described under the heading “*Risk Factors*” included elsewhere in this prospectus may cause us not to realize the full benefits of our strengths or may cause us to be unable to successfully execute all or part of our strategy. Some of the most significant challenges and risks include the following:

- the effect of the volatility of the market price and liquidity risks on shares of our Class A common stock;
- the effect of the voting control exercised by holders of Class B common stock;
- our ability to attract and maintain key personnel;
- our ability to continue to open new dispensaries and cultivation facilities as anticipated;
- the illegality of cannabis under federal law;
- our ability to comply with state and federal regulations;
- the uncertainty regarding enforcement of cannabis laws;
- the effect of restricted access to banking and other financial services;
- the effect of constraints on marketing and risks related to our products;
- the effect of unfavorable tax treatment for cannabis businesses;
- the effect of security risks;
- the effect of infringement or misappropriation claims by third parties;
- our ability to comply with potential future FDA regulations;
- our ability to enforce our contracts;
- the effect of unfavorable publicity or consumer perception;
- the effect of risks related to material acquisitions, dispositions and other strategic transactions;
- the effect of agricultural and environmental risks;
- the effect of risks related to information technology systems;
- the effect of product liability claims and other litigation to which we may be subjected;
- the effect of risks related to the results of future clinical research;
- the effect of intense competition in the industry;
- the effect of adverse changes in the wholesale and retail prices;
- the effect of outbreaks of pandemic diseases, fear of such outbreaks or economic disturbances due to such outbreaks, particularly the impact of the COVID-19 illness; and

- the effect of general economic risks, such as the unemployment level, interest rates and inflation, and challenging global economic conditions.

Before you invest in our Class A common stock, you should carefully consider all the information in this prospectus, including matters set forth in the section captioned “*Risk Factors*.”

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth our selected consolidated financial data for the periods, and as of the dates, indicated. The (i) consolidated statements of operations data for the years ended December 31, 2020 and 2019 and (ii) consolidated balance sheet data as of December 31, 2020 and 2019 have been derived from the audited consolidated financial statements of the Company and its subsidiaries, which are included elsewhere in this prospectus.

The data set forth below should be read in conjunction with “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and the consolidated financial statements and the accompanying notes presented in this prospectus. Our consolidated financial statements have been prepared in accordance with U.S. GAAP and on a going-concern basis that contemplates continuity of operations and realization of assets and liquidation of liabilities in the ordinary course of business.

	Year Ended December 31,	
	2020	2019
<i>(in thousands, except per share data)</i>		
Revenue, net	\$ 143,732	\$ 12,032
Cost of goods sold	\$ (82,818)	\$ (8,744)
Gross profit	\$ 60,914	\$ 3,288
Total operating expenses	\$ 53,067	\$ 29,409
Other income (expense)	\$ (12,986)	\$ (6,454)
Net loss attributable to AWH	\$ (25,439)	\$ (31,895)
Net loss per share attributable to AWH	\$ (0.27)	\$ (0.37)
Total assets	\$ 427,748	\$ 195,931
Noncurrent liabilities	\$ 308,677	\$ 145,045

RISK FACTORS

Investing in our Class A common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below before making an investment decision, which we believe are material risks associated with our business and this offering. Our business, financial condition, operating results or growth prospects could be harmed by any of these risks. In such an event, the trading price of our Class A common stock could decline, and you may lose all or part of your investment. In assessing these risks, you should also refer to all of the other information contained in this prospectus, including our consolidated financial statements and related notes. Please also see the sections captioned “Cautionary Note Regarding Forward-Looking Statements” and “Market Industry and Other Data.”

Risks Related to this Offering and Our Class A Common Stock

We do not intend to pay dividends on our shares of Class A common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our shares of Class A common stock.

We have never declared or paid any cash dividend on our shares of Class A common stock and do not currently intend to do so in the foreseeable future. We currently anticipate that we will retain future earnings, if materialized, for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends in the foreseeable future. Therefore, the success of an investment in our shares of Class A common stock will depend upon any future appreciation in their value. Our shares of Class A common stock may not appreciate in the short term or long term or even maintain the price at which said shares of Class A common stock were purchased. A holding of shares of Class A common stock is speculative and involves a high degree of risk and should be undertaken only by holders whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Holding shares of Class A common stock is appropriate only for holders who have the capacity to absorb a loss of some or all of their holdings.

Our voting control will be concentrated.

Abner Kurtin, one of our founders and our Chief Executive Officer, and Frank Perullo, one of our founders and our Chief Strategy Officer, have the ability to exercise significant voting power with respect to our outstanding shares because of the shares of Class B common stock that are held by AGP, an entity Mr. Kurtin and Mr. Perullo control. Shares of Class B common stock are entitled to 1,000 votes per share. Upon completion of this offering, Mr. Kurtin and Mr. Perullo will control approximately 18% of our total issued and outstanding shares and approximately 40% of the voting power attached to all of our issued and outstanding shares (approximately 18% and 40%, respectively, if the underwriters exercise their option to purchase additional Class A common stock in full).

Additionally, AGP, which Mr. Kurtin and Mr. Perullo control, JM10 II, LLC and JM10-FFF, LLC, entities in which Mr. Kurtin is a beneficial owner of, all have expressed interest in participating in this offering and purchasing a combined \$8,500,000 worth of Class A common stock. Mr. Kurtin is the beneficial owner of 50% of JM10 II, LLC; Mr. Kurtin does not have any investment control with respect to investment decisions of JM10 II, LLC and does not have investment control with respect to the investment decisions of JM10-FFF, LLC relating to AWH.

As a result, Mr. Kurtin and Mr. Perullo have the ability to exercise significant voting power on decisions that require stockholder approval, including the election and removal of directors and significant corporate transactions. This ability to exercise significant voting power could delay, defer or prevent a change of control, arrangement or merger or sale of all or substantially all of our assets that our other stockholders may support, which in turn could have a material adverse effect on the market price of our Class A common stock. Conversely, this concentrated control could allow the holders of the Class B common stock to consummate such a transaction that our other stockholders do not support. In addition, the holders of the Class B common stock may make long-term strategic investment decisions and take risks that may not be successful and/or may seriously harm our business.

Additionally, Mr. Kurtin serves as Chair of our Board and Mr. Perullo serves as one of our directors.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions described in our certificate of incorporation. Each share of our Class B common stock is convertible at any time at the option of the Class B holder into one share of Class A common stock. The conversion of Class B common stock to Class A common stock would dilute the overall voting power of Mr. Kurtin and Mr. Perullo and the voting power of holders of Class A common stock in terms of voting power within the Class A common stock, including holders of Class A common stock purchased in this offering.

For a description of our capital structure, see “*Description of Capital Stock.*”

Our capital structure and voting control may cause unpredictability in the price of our Class A common stock.

Given the concentration of voting control that is held by the holders of the Class B common stock, this capital structure and voting control could result in a lower trading price for, or greater fluctuations in, the trading price of our shares of Class A common stock, adverse publicity or other adverse consequences.

If you purchase our shares of Class A common stock in this offering, you will incur immediate and substantial dilution in the book value of your shares.

If you purchase shares of Class A common stock in this offering, you will incur immediate and substantial dilution of \$7.97 per share after giving effect to the sale by us of 12.5 million shares of Class A common stock offered in this offering at the public offering price of \$9.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions for shares sold in the public offering and estimated offering expenses payable by us. The exercise of outstanding stock options and warrants may result in further dilution of your investment. See the section titled “*Dilution*” appearing elsewhere in this prospectus for a more detailed description of the dilution to new investors in the offering.

The market price for the shares of Class A common stock may be volatile, which may affect the price at which you could sell the shares of Class A common stock.

The market price for securities of cannabis companies generally are likely to be volatile. In addition, the market price for the shares of Class A common stock has been and may be subject to wide fluctuations in response to numerous factors beyond our control, including, but not limited to:

- actual or anticipated fluctuations in our quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which we operate;
- addition or departure of our executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding shares of Class A common stock;
- sales or perceived sales of additional shares of Class A common stock;
- operating and financial performance that varies from the expectations of management, securities analysts and investors;
- regulatory changes affecting our industry generally and our business and operations both domestically and abroad, or legislative or regulatory decisions to halt adult-use or medical cannabis programs;
- announcements of developments and other material events by us or our competitors;
- fluctuations in the costs of vital production materials and services;
- changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;
- operating and share price performance of other companies that investors deem comparable to us or from a lack of market comparable companies; and
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in our industry or target markets.

Financial markets have at times historically experienced significant price and volume fluctuations that: (i) have particularly affected the market prices of equity securities of companies, and (ii) have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the shares of Class A common stock from time to time may decline even if our operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that may result in impairment losses to us. Further fluctuations in price and volume of equity securities may occur in the future. If increased levels of volatility and market turmoil continue, our operations could be adversely impacted, and the trading price of the shares of Class A common stock may be materially adversely affected.

We may face liquidity risks.

We have applied to list our shares of Class A common stock on the CSE and to have our shares of Class A common stock quoted on the OTCQX. Listing and quotation of our Class A common stock will be subject to us fulfilling all of the listing requirements of the CSE and OTCQX, respectively. We cannot predict at what prices the shares of Class A common stock will continue to trade, and an active trading market may not be sustained.

Our shares of Class A common stock do not currently trade on any U.S. securities exchange. In the event our shares of Class A common stock do trade on any U.S. securities exchange, we cannot predict at what prices the shares of Class A common stock 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 us.

We will be subject to increased costs as a result of being a United States company listed on the CSE.

We have applied to be listed on the CSE and anticipate being subject to SEC rules and regulations. As a result, we will be subject to the reporting requirements, rules and regulations under the applicable Canadian and U.S. securities laws and rules of stock exchanges on which our securities may be listed. The requirements of existing and potential future rules and regulations will increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may place undue strain on our personnel, systems and resources, which could adversely affect our business, financial condition and results of operations.

We will face costs of maintaining a public listing.

There are costs associated with legal, accounting and other expenses related to 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. We may also elect to devote greater resources on communication and other activities typically considered important by publicly traded companies.

Anti-takeover provisions in our certificate of incorporation and bylaws and Delaware law could discourage a takeover.

Our certificate of incorporation and bylaws, as adopted in connection with this offering, contain provisions that might enable our management to resist a takeover. These provisions include:

- authorizing the issuance of "blank check" preferred stock that could be issued by our Board to increase the number of outstanding shares and thwart a takeover attempt;
- advance notice requirements applicable to stockholders for matters to be brought before a meeting of stockholders and requirements as to the form and content of a stockholder's notice;
- restrictions on the transfer of our outstanding shares of Class B common stock, which shares will represent 27% of the voting rights of our capital stock following this offering, or 27% of the voting rights if the underwriters exercise in full their option to purchase additional shares of Class A common stock;
- the dual-class structure of our common stock, which gives our founders significant influence over all matters requiring stockholder approval, including the election of directors, amendments to our charter

- documents and significant corporate transactions, such as a merger or other sale of our company or its assets;
- the inability of our stockholders to act by written consent;
 - a requirement that the authorized number of directors may be changed only by resolution of the Board;
 - allowing all vacancies, including newly created directorships, to be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum, except as otherwise required by law;
 - limiting the forum for certain litigation against us to Delaware; and
 - limiting the persons that can call special meetings of our stockholders to our Board, the chief executive officer, the president, the secretary or a majority of the authorized number of directors.

These provisions might discourage, delay or prevent a change in control of our company or a change in our Board or management. The existence of these provisions could adversely affect the voting power of holders of Class A common stock and limit the price that investors might be willing to pay in the future for shares of our Class A common stock. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder became an “interested” stockholder. See “*Description of Capital Stock.*”

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Class A common stock, which could depress the price of our Class A common stock.

Our certificate of incorporation authorizes us to issue one or more series of preferred stock. Our Board has the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our Class A common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discourage bids for our Class A common stock at a premium to the market price, and materially and adversely affect the market price and the voting and other rights of the holders of our Class A common stock.

Our bylaws provide that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our bylaws provide that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees to us or to our stockholders, (iii) any action asserting a claim arising pursuant to the Delaware General Corporation Law or our certificate of incorporation or bylaws, (iv) any action to interpret apply, enforce or determine the validity of our certificate of incorporation or bylaws, or (v) any action asserting a claim governed by the internal affairs doctrine.

This exclusive forum provision would not apply to suits brought to enforce any liability or duty created by the Securities Act or the Exchange Act of 1934, as amended (the “**Exchange Act**”) or any other claim for which the federal courts have exclusive jurisdiction. Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act or the Exchange Act.

The choice of forum provisions above may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees or could result in increased costs for a stockholder to bring a claim, both of which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in our certificate

of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition.

It may be difficult to enforce civil liabilities in the U.S. under Canadian securities laws.

We are incorporated in the State of Delaware and our corporate headquarters are located in New York. A majority of our directors and executive officers and certain of the experts named in this prospectus reside principally in the U.S. and the majority of our assets and all or a substantial portion of the assets of these persons is located outside of Canada. It may be difficult for investors who reside in Canada to effect service of process upon these persons in Canada, or to enforce a Canadian court judgment predicated upon the civil liability provisions of the Canadian securities laws against us or any of these persons. U.S. courts may refuse to hear a claim based on an alleged violation of Canadian securities laws against us or these persons on the grounds that the U.S. is not the most appropriate forum in which to bring a claim. Even if a U.S. court agrees to hear a claim, it may determine that U.S. 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 proved as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by U.S. law.

We will be an SEC foreign issuer under Canadian securities laws and, therefore, will be exempt from certain requirements of Canadian securities laws applicable to other Canadian reporting issuers.

Although we intend to be a reporting issuer in Canada, we will be an “SEC foreign issuer” as defined in National Instrument 71-102 – *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*, and will be exempt from certain Canadian securities laws relating to continuous disclosure obligations and proxy solicitation if we comply with certain reporting requirements applicable in the U.S., provided that the relevant documents filed with the SEC are filed in Canada and sent to our stockholders in Canada to the extent and in the manner and within the time required by applicable U.S. requirements. In some cases, the disclosure obligations applicable in the U.S. are different or less onerous than the comparable disclosure requirements applicable in Canada for a Canadian reporting issuer that is not exempt from Canadian disclosure obligations. Therefore, there may be less or different publicly available information about us than would be available if we were a Canadian reporting issuer that is not exempt from such Canadian disclosure obligations. While we expect to be an SEC foreign issuer for the foreseeable future, we may lose the ability to rely upon such exemption in the event of a significant increase in the number of our Canadian resident stockholders and/or in the event of a significant change in the administration of our business or the location of our assets, which would in turn require us, as a consequence, to comply with the Canadian disclosure requirements in addition to those of the U.S., thereby necessitating the devotion of further administrative and legal resources in order to meet such requirement.

Risks Related to Our Business and Industry

Cannabis remains illegal under U.S. federal law, and enforcement of cannabis laws could change.

We are currently engaged in the cannabis industry in the United States, both directly and indirectly, where local and state laws permit such activities. However, investors are cautioned that cannabis is a Schedule I controlled substance pursuant to the United States Controlled Substances Act (21 U.S.C. § 811) (the “CSA”), and is illegal under U.S. federal law. Even in those states in which the use of cannabis has been legalized, its use, cultivation, sale and distribution remains a violation of federal law. Since federal law criminalizing the use of cannabis preempts state laws that legalize its use, strict enforcement of federal law regarding cannabis would harm our business, prospects, results of operation, and financial condition.

Unlike in Canada, which has federal legislation uniformly governing the cultivation, distribution, sale and possession of medical and adult-use cannabis, for both adult-use and medical purposes, cannabis is largely regulated at the state level in the United States. To date, the cultivation and sale of cannabis for medical uses has been legalized in 36 states, four of five permanently inhabited U.S. territories and the District of Columbia. The adult-use of cannabis has been legalized in 18 states and the District of Columbia, though the voter-approved constitutional amendment legalizing adult-use cannabis in South Dakota is currently being challenged. Although certain U.S.

states have legalized the sale of medical or adult-use cannabis, the sale, distribution, and cultivation of cannabis and cannabis-related products remains illegal under U.S. federal law pursuant to the CSA. The CSA classifies cannabis as a Schedule I controlled substance, and as such, medical and adult-use cannabis use is illegal under U.S. federal law.

Unless and until the United States Congress (“**Congress**”) amends the CSA with respect to cannabis (and the President approves such amendment), there is a risk that federal authorities may enforce current federal law. If that occurs, we may be deemed to be producing, cultivating or dispensing cannabis and drug paraphernalia in violation of federal law. Any person connected to the cannabis industry in the United States may be at risk of federal criminal prosecution and civil liability in the United States. Any investments may be subject to civil or criminal forfeiture and total loss.

We are directly or indirectly engaged in the medical and adult-use cannabis industry in the United States where local state law permits such activities. Although our activities are believed to be compliant with applicable state and local laws, strict compliance with state and local laws with respect to cannabis may neither absolve us from liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against us. There can be no assurances that the federal government of the United States will not seek to enforce the applicable laws against us. Enforcement of federal law regarding cannabis is a significant risk and would greatly harm our business, prospects, revenue, results of operation and financial condition.

Due to the conflicting views between state legislatures and the federal government regarding cannabis, cannabis businesses are subject to inconsistent laws and regulations. The Obama administration attempted to address the inconsistent treatment of cannabis under state and federal law in August 2013 in a memorandum which then-Deputy Attorney General James Cole sent to all U.S. District Attorneys (the “**Cole Memorandum**”). The Cole Memorandum outlined certain priorities for the Department of Justice (the “**DOJ**”) relating to the prosecution of cannabis offenses and 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, processing, distribution, sale and possession of cannabis, conduct in compliance with such laws and regulations was not a priority for the DOJ. However, the DOJ did not provide (and has not provided since) specific guidelines for what regulatory and enforcement systems would be deemed sufficient under the Cole Memorandum.

On January 4, 2018, then-U.S. Attorney General Jeff Sessions formally issued a memorandum (the “**Sessions Memorandum**”) which rescinded the Cole Memorandum effective upon its issuance. 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 Congress and to follow well-established principles when pursuing prosecutions related to cannabis activities.

As a result of the Sessions Memorandum, federal prosecutors are now free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities, despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and thus it is uncertain how active U.S. federal prosecutors will be in relation to such activities.

There can be no assurance that the federal government will not enforce federal laws relating to cannabis and seek to prosecute cases involving cannabis businesses that are otherwise compliant with state laws in the future. Mr. Sessions resigned as U.S. Attorney General on November 7, 2018. On February 14, 2019, William Barr was confirmed as U.S. Attorney General. On January 7, 2021, then President-elect Joe Biden announced his nomination of current Chief Judge of the United States Court of Appeals for the District of Columbia Circuit, Merrick Garland, to succeed Mr. Barr as the U.S. Attorney General. Merrick Garland was officially sworn in as Attorney General of the United States on March 11, 2021. It is unclear what impact this development will have on U.S. federal government enforcement policy.

We may be subject to action by the U.S. federal government.

Since the cultivation, processing, production, distribution and sale of cannabis for any purpose, medical, adult-use or otherwise, remain illegal under U.S. federal law, it is possible that we may be forced to cease activities. The U.S. federal government, through, among others, the DOJ, its sub-agency, the Drug Enforcement Administration (the “**DEA**”), and the Internal Revenue Service (“**IRS**”), has the right to actively investigate, audit and shut down cannabis growing facilities, processors and retailers. The U.S. federal government may also attempt to seize our property. Any action taken by the DOJ, the DEA and/or the IRS to interfere with, seize or shut down our operations will have an adverse effect on our business, prospects, revenue, results of operation and financial condition.

Because federal law criminalizing the use of cannabis preempts state laws that legalize its use, the federal government can assert criminal violations of federal law despite state laws permitting the use of cannabis. While it does not appear that federal law enforcement and regulatory agencies are focusing resources on licensed cannabis related businesses that are operating in compliance with state law, this could change at any time. Additionally, while the MORE Act was passed by the House of Representatives on December 4, 2020, there is no assurance that the bill will be passed by the Senate or signed into law by the President. The MORE Act was not passed by the Senate prior to the end of the 116th Congress and would need to be reintroduced and passed by the House of Representatives and Senate and signed into law by the president. As the rescission of the Cole Memorandum and the implementation of the Sessions Memorandum demonstrate, the DOJ may at any time issue additional guidance that directs federal prosecutors to devote more resources to prosecuting cannabis related businesses. If the DOJ under the Biden administration aggressively pursues financiers or equity owners of cannabis-related businesses, and U.S. Attorneys follow the DOJ policies through pursuing prosecutions, then we could face:

- seizure of our cash and other assets used to support or derived from our cannabis subsidiaries;
- the arrest of our employees, directors, officers, managers and investors;
- ancillary criminal violations of the Controlled Substances Act for aiding and abetting, and conspiracy to violate the Controlled Substances Act by providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors and/or retailers of cannabis; and
- the barring of our employees, directors, officers, managers and investors who are not U.S. citizens from entry into the United States for life.

Because the Cole Memorandum was rescinded, the DOJ under the current or new administration or an aggressive federal prosecutor could allege that us and our Board, our executive officers and, potentially, our stockholders, “aided and abetted” violations of federal law by providing finances and services to our portfolio cannabis companies. Under these circumstances, federal prosecutors could seek to seize our assets, and to recover the “illicit profits” previously distributed to stockholders resulting from any of our financing or services. In these circumstances, our operations would cease, stockholders may lose their entire investments and directors, officers and/or stockholders may be left to defend any criminal charges against them at their own expense and, if convicted, be sent to federal prison.

Additionally, there can be no assurance as to the position the new administration under President Biden may take on cannabis, and the new administration could decide to enforce the federal laws strongly. Any enforcement of current federal cannabis laws could cause significant financial damage to us and our stockholders. Further, President Biden’s administrations may choose to treat cannabis differently and potentially enforce the federal laws more aggressively.

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. These results could have a material adverse effect on us, including our reputation and ability to conduct business, our holding (directly or indirectly) of cannabis licenses in the United States, the listing of our Class A common stock on various stock exchanges, our financial position, operating results, profitability or liquidity or the market price of our shares of Class A common stock. In addition, it is difficult to estimate the time or

resources that would be needed for the investigation or final resolution of any such matters because: (i) the time and resources that may be needed depend on the nature and extent of any information requested by the authorities involved, and (ii) such time or resources could be substantial.

U.S. State regulation of cannabis is uncertain.

Our activities are, and will continue to be, subject to evolving regulation and interpretation by various governmental authorities. The medical and adult-use cannabis industries are subject to various local, state and federal laws, regulations, guidelines, and licensing requirements relating to the manufacture, sale, distribution, management, transportation, storage, and disposal of cannabis, as well as being subject to laws and regulations relating to health and safety, the conduct of operations, and the protection of the environment. There is no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Given the current regulatory environment in the United States, new risks may emerge, and management may not be able to predict all such risks. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, our business or operations in those states or under those laws would be materially and adversely affected. Federal actions against any individual or entity engaged in the cannabis industry or a substantial repeal of cannabis related legislation could adversely affect us, our business and our assets or investments.

As a result of the conflicting views between state legislatures and the federal government regarding cannabis, the rulemaking process at the state level that applies to cannabis operators in any state will be ongoing and result in frequent changes. As a result, a compliance program is essential to manage regulatory risk. All of our implemented operating policies and procedures are compliance-based and are derived from the state regulatory structure governing ancillary cannabis businesses and their relationships to state-licensed or permitted cannabis operators, if any. Notwithstanding our efforts and diligence, regulatory compliance and the process of obtaining regulatory approvals can be costly and time-consuming. No assurance can be given that we will receive or will continue to hold the requisite licenses, permits or cards to operate our businesses as currently operated or as proposed to be operated in the future, or that we will be able to complete business transactions, including acquisitions or transfers of licenses, permits, cards or other property.

In addition, local laws and ordinances could restrict our business activity. Although our operations are legal under the laws of the states in which we operate, local governments have the ability to limit, restrict and ban cannabis businesses from operating within their jurisdiction. Land use, zoning, local ordinances and similar laws could be adopted or changed and have a material adverse effect on our business.

Multiple states where medical and/or adult-use cannabis is legal have or are considering special taxes or fees on businesses in the cannabis industry. It is uncertain at this time whether other states are in the process of reviewing such additional taxes and fees. The implementation of special taxes or fees could have a material adverse effect upon our business, prospects, revenue, results of operation and financial condition.

We are affected by the dynamic laws and regulations of the industry.

The success of our business strategy depends on the legality of the cannabis industry. The constant evolution of laws and regulations affecting the cannabis industry could detrimentally affect us. Our current and proposed operations are subject to a variety of local, state and federal medical cannabis laws and regulations relating to the manufacture, management, transportation, storage and disposal of cannabis, as well as laws and regulations relating to consumable products health and safety, the conduct of operations and the protection of the environment. These laws and regulations are broad in scope and subject to evolving interpretations, which could require us to incur substantial costs associated with compliance or alter certain aspects of their business plans.

In addition, violations of these laws, or allegations of such violations, could disrupt certain aspects of our business plans and result in a material adverse effect on certain aspects of its planned operations. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely

affect our profitability or cause us to cease operations entirely. If cannabis is legalized at the federal level, our business and operations could be negatively affected if such legalization permits cannabis to be transported or sold across state lines, which could disrupt wholesale pricing in states with high wholesale prices. The cannabis industry may come under the scrutiny or further scrutiny by the U.S. Food and Drug Administration (the “FDA”), SEC, the DOJ, the Financial Industry Regulatory Authority 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 adult-use 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 medical and adult-use cannabis industries are subject to significant regulatory change at both the state and federal level. The regulatory uncertainty surrounding the industries may adversely affect our business and operations, including without limitation, the costs to remain compliant with applicable laws and the impairment of its business or the ability to raise additional capital. In addition, we will not be able to predict the nature of any future laws, regulations, interpretations or applications, and it is possible that regulations may be enacted in the future that will be directly applicable to its business. For example, see “*Risk Factors - We may be subject to heightened scrutiny by Canadian regulatory authorities*” below.

State regulatory agencies may require us to post bonds, maintain large insurance policies or post significant fees.

There is a risk that a greater number of state regulatory agencies will begin requiring entities engaged in certain aspects of the legal cannabis industry 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 taxes. We are not able to quantify at this time the potential scope of such bonds or fees in the states in which we currently operate or may in the future operate. Any bonds or fees of material amounts could have a negative impact on the ultimate success of our business.

We may be subject to heightened scrutiny by Canadian regulatory authorities.

Following the completion of this offering, we anticipate that our Class A common stock we will be traded on the CSE and quoted on the OTCQX in the United States. Our business, operations and investments in the United States, and any future business, operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada and the United States. As a result, we 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 our ability to operate or invest in the United States or any other jurisdiction.

In 2017, there were concerns that the Canadian Depository for Securities Limited, through its subsidiary 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), would refuse to settle trades for cannabis issuers that have investments in the United States. However, CDS has not implemented this policy.

On February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 describing the Canadian Securities Administrators’ disclosure expectations for specific risks facing issuers with cannabis-related activities in the U.S. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group, which is the owner and operator of CDS, announced the signing of a Memorandum of Understanding (“MOU”) with 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 United States. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the Canadian securities exchanges to review the conduct of listed issuers.

The MOU notes that securities regulation requires that the rules of each of the exchanges must not be contrary to the public interest and that the rules of each of the exchanges have been approved by the securities regulators. Pursuant to the MOU, CDS will not ban accepting deposits of or transactions for clearing and settlement of securities of issuers with cannabis-related activities in the United States.

Although the MOU indicated that there are no plans to ban the settlement of securities through CDS, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were implemented at a time when shares of Class A common stock are listed on a Canadian stock exchange, it would have a material adverse effect on the ability of holders of shares of Class A common stock to make and settle trades. In particular, the shares of Class A common stock would become highly illiquid until an alternative (if available) was implemented, and investors would have no ability to effect a trade of shares of Class A common stock through the facilities of the applicable Canadian stock exchange.

We face risks associated with a change in U.S. administrations.

The inauguration of President Joseph Biden Jr. in January 2021 has created political uncertainty with respect to the regulation of cannabis in the U.S. federally. This uncertainty may include issues such as enforcement of the U.S. federal laws including those with respect to the cannabis industry. Implementation by the U.S. of new legislative or regulatory regimes could impose additional costs on us, decrease U.S. demand for our products or otherwise negatively impact us, which may have a material adverse effect on the Company's business, financial condition and operations.

We may face limitations on ownership of cannabis licenses.

In certain states, the cannabis laws and regulations limit not only the number of cannabis licenses and types of licenses issued, but also the number of cannabis licenses and types that one person or entity may own. We believe that, where such restrictions apply, the Company may still recognize revenue in the market through wholesale sales, exclusive marketing relations, the provision of management or support services, and joint ventures or similar contractual relationships with other operators to ensure continued compliance with the applicable regulatory guidelines. In addition, states may require that certain qualified applicants or individuals participate in the ownership of the licensed entity. Currently, we have joint ventures or contractual relationships with third parties in Illinois, Michigan and Ohio. Nevertheless, such limitations on the ownership of additional licenses within certain states may limit our ability to expand in such states.

We face risks associated with licensing relating to supply, supply chain and market constraints.

The cannabis laws and regulations of states in which we operate limit the granting and number of licenses granted for dispensaries and cultivation and production facilities. The number of licenses by category, and issuance of individual licenses, may be limited, delayed, denied or otherwise unissued. This separate treatment of individual licenses as well as license categories, along with limits set on the number of licenses granted in each of these operating categories, can result in market and supply chain risks including, for example, mismatch between cultivation and production facilities and dispensaries relating to availability and production of cannabis products. This can result in, among other things, market, pricing and supply risks, which may have a material effect on the Company's business, financial condition and operations.

We may become subject to FDA or Bureau of Alcohol, Tobacco, Firearms and Explosives ("ATF") regulation.

Cannabis remains a Schedule I controlled substance under U.S. federal law. If the federal government reclassifies cannabis to a Schedule II controlled substance, it is possible that the FDA would seek to regulate cannabis under the Food, Drug and Cosmetics Act of 1938. Additionally, the FDA may issue rules and regulations, including good manufacturing practices, related to the growth, cultivation, harvesting, processing and labeling of

medical cannabis. Clinical trials may be needed to verify the efficacy and safety of cannabis. It is also possible that the FDA would require facilities where medical use cannabis is grown to register with the FDA and comply with certain federally prescribed regulations. If some or all of these regulations are imposed, the impact they would have on the cannabis industry is unknown, including the costs, requirements and possible prohibitions that may be enforced. If we are unable to comply with the potential regulations or registration requirements prescribed by the FDA, it may have an adverse effect on our business, prospects, revenue, results of operation and financial condition.

It is also possible that the federal government could seek to regulate cannabis under the ATF. The ATF may issue rules and regulations related to the use, transporting, sale and advertising of cannabis or cannabis products, including smokeless cannabis products.

Cannabis businesses are subject to applicable anti-money laundering laws and regulations and have restricted access to banking and other financial services.

We are subject to a variety of laws and regulations in the United States that involve money laundering, financial record-keeping and proceeds of crime, including the U.S. Currency and Foreign Transactions Reporting Act of 1970 (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 (which we refer to as the USA Patriot Act), and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States. Since the cultivation, manufacture, distribution and sale of cannabis remains illegal under the CSA, banks and other financial institutions providing services to cannabis-related businesses risk violation of federal anti-money laundering statutes (18 U.S.C. §§ 1956 and 1957) and the Bank Secrecy Act, among other applicable federal statutes. Accordingly, pursuant to 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 criminally prosecuted for willful violations of money laundering statutes, in addition to being subject to other criminal, civil, and regulatory enforcement actions.

Banks often refuse to provide banking services to businesses involved in the cannabis industry due to the present state of the laws and regulations governing financial institutions in the U.S. The lack of banking and financial services presents unique and significant challenges to businesses in the cannabis industry. The potential lack of a secure place in which to deposit and store cash, the inability to pay creditors through the issuance of checks and the inability to secure traditional forms of operational financing, such as lines of credit, are some of the many challenges presented by the unavailability of traditional banking and financial services. The above-mentioned laws and regulations can impose criminal liability for engaging in certain financial and monetary transactions with the proceeds of a “specified unlawful activity” such as distributing controlled substances, including cannabis, which are illegal under federal law, and for failing to identify or report financial transactions that involve the proceeds of cannabis-related violations of the CSA. We may also be exposed to the foregoing risks.

In February 2014, the U.S. Department of the Treasury’s Financial Crimes Enforcement Network (“**FinCEN**”) issued a memorandum (the “**FinCEN Memorandum**”) providing instructions to banks seeking to provide services to cannabis-related businesses. The FinCEN Memorandum echoed the enforcement priorities of the Cole Memorandum and states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. The FinCEN Memorandum directed prosecutors to apply the enforcement priorities of the Cole Memorandum in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of cannabis-related conduct.

The revocation of the Cole Memorandum has not yet affected the status of the FinCEN Memorandum, nor has FinCEN given any indication that it intends to rescind the FinCEN Memorandum itself. Shortly after the Sessions Memorandum was issued, FinCEN did state that it would review the FinCEN Memorandum, but FinCEN has not yet issued further guidance.

Although the FinCEN Memorandum remains intact, it is unclear whether the current administration will continue to follow its guidelines. The DOJ continues to have the right and power to prosecute crimes committed by

banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act, that occur in any state including states that have in some form legalized the sale of cannabis. Further, the conduct of the DOJ's enforcement priorities could change for any number of reasons. A change in the DOJ's priorities could result in the prosecution of banks and financial institutions for crimes that were not previously prosecuted.

If our operations, or proceeds thereof, dividend distributions or profits or revenues derived from our operations were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds from a crime (the sale of a Schedule I drug) under the Bank Secrecy Act's money laundering provisions. This may restrict our ability to declare or pay dividends or effect other distributions.

The FinCEN Memorandum does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions in the United States do not appear comfortable providing banking services to cannabis-related businesses or relying on this guidance given that it has the potential to be amended or revoked by the current administration. There are no assurances that this position will change under the Biden 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, we may have limited or no access to banking or other financial services in the United States. In addition, federal money laundering statutes and Bank Secrecy Act regulations discourage financial institutions from working with any organization that sells a controlled substance, regardless of whether the state it operates in permits cannabis sales. Our inability or limitation of our 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 us to operate and conduct our business as planned or to operate efficiently.

Other potential violations of U.S. federal law resulting from cannabis-related activities include the Racketeer Influenced Corrupt Organizations Act (“**RICO**”). RICO is a federal statute providing criminal penalties in addition to a civil cause of action for acts performed as part of an ongoing criminal organization. Under RICO, it is unlawful for any person who has received income derived from a pattern of racketeering activity (which includes most felonious violations of the CSA), to use or invest any of that income in the acquisition of any interest, or the establishment or operation of, any enterprise which is engaged in interstate commerce. RICO also authorizes private parties whose properties or businesses are harmed by such patterns of racketeering activity to initiate a civil action against the individuals involved. Although RICO suits against the cannabis industry are rare, a few cannabis businesses have been subject to a civil RICO action. Defending such a case has proven extremely costly, and potentially fatal to a business' operations.

On March 18, 2021, the Secure and Fair Enforcement Banking Act (the “**SAFE Banking Act**”) was reintroduced in the House of Representatives. On March 23, 2021, the bill was reintroduced in the Senate as well. The House previously passed the SAFE Banking Act in September 2019, but the measure stalled in the Senate. As written, the SAFE Banking Act would allow financial institutions to provide their services to state-legal cannabis clients and ancillary businesses serving state-legal cannabis businesses without fear of federal sanctions. There is no guarantee the SAFE Banking Act will become law in its current form, if at all.

In the event that any of our operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the United States 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 our ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada, and subject us to civil and/or criminal penalties. Furthermore, in the event that a determination was made that the proceeds from our operations (or any future operations or investments in the United States) could reasonably be shown to constitute proceeds of crime, we may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time. We could likewise be required to suspend or cease operations entirely.

We operate in a highly regulated sector and may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions where we carry on business.

Our business and activities are heavily regulated in all jurisdictions where we carry on business. Our operations are subject to various laws, regulations and guidelines by state and local governmental authorities relating to the manufacture, marketing, management, transportation, storage, sale, pricing and disposal of cannabis and cannabis oil, and also including laws and regulations relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over our activities, including the power to limit, require, or restrict business activities as well as impose additional disclosure requirements on our products and services. Achievement of our business objectives is contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all necessary regulatory approvals for the manufacture, production, storage, transportation, sale, import and export, as applicable, of our products, and as may be required in connection with any business transactions, including acquisition or transfer of licenses, permits, cards or other property. The commercial cannabis industry is still a new industry at the state and local level. The effect of relevant governmental authorities' administration, application and enforcement of their respective regulatory regimes and delays in obtaining, or failure to obtain, applicable regulatory approvals which may be required may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on our business, prospects, revenue, results of operation and financial condition.

While we endeavor to comply with all relevant laws, regulations and guidelines and we are in compliance or are in the process of being assessed for compliance with all such laws, regulations and guidelines, any failure to comply with the regulatory requirements applicable to our operations may lead to possible sanctions including the revocation or imposition of additional conditions on licenses to operate our business; the suspension or expulsion from a particular market or jurisdiction or of our key personnel; the imposition of additional or more stringent inspection, testing and reporting requirements; and the imposition of fines and censures. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to our operations, increase compliance costs or give rise to material liabilities and/or revocation of our licenses and other permits, which could have a material adverse effect on our business, results of operations and financial condition. Furthermore, governmental authorities may change their administration, application or enforcement procedures at any time, which may adversely impact our ongoing costs relating to regulatory compliance.

We may face difficulties in enforcing our contracts.

Because our contracts involve cannabis and other activities that are currently illegal under U.S. federal law and the laws of certain other jurisdictions, we may face difficulties in enforcing our contracts in U.S. federal courts and certain state courts.

More specifically, some courts have determined that contracts relating to state legal cultivation and sale of cannabis are unenforceable on the grounds that they are illegal under federal law and therefore void as a matter of public policy. This could substantially impact the rights of parties making or defending claims involving us and any of our lenders or members.

It is a fundamental principle of law that a contract will not be enforced if it involves a violation of law or public policy. Notwithstanding that cannabis related businesses operate pursuant to the laws of states in which such activity is legal under state law, judges have on a number of occasions refused to enforce contracts for the repayment of money when the loan was used in connection with activities that violate federal law, even if there is no violation of state law. There remains doubt and uncertainty that we will be able to legally enforce contracts we enter into if necessary. As we cannot be assured that we will have a remedy for breach of contract, investors must bear the risk of the uncertainty in the law. If borrowers fail or refuse to repay loans and we are unable to legally enforce our contracts, we may suffer substantial losses for which we have no legal remedy. The inability of us to enforce any of our contracts could have a material adverse effect on our business, revenues, operating results, financial condition or prospects.

We have limited trademark and intellectual property protection.

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 which may be available to most businesses, such as federal trademark protection, may not be available to us. Because producing, manufacturing, processing, possessing, distributing, selling and using cannabis is illegal under the CSA, the United States Patent and Trademark Office will not permit the registration of any trademark that identifies cannabis products. As a result, our intellectual property may never be adequately or sufficiently protected against use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, we can provide no assurance that we will ever obtain any protection of its intellectual property, whether on a federal, state or local level.

Any infringement or misappropriation of our intellectual property could damage its value and limit our ability to compete. We may have to engage in litigation to protect the rights to our intellectual property, which could result in significant litigation costs and require a significant amount of our time.

Competitors may also harm our sales by designing products that mirror our products or processes without infringing on our intellectual property rights. If we do not obtain sufficient protection for our intellectual property, or if we are unable to effectively enforce our intellectual property rights, our competitiveness could be impaired, which would limit our growth and future revenue.

We may also find it necessary to bring infringement or other actions against third parties to seek to protect our intellectual property rights. Litigation of this nature, even if successful, is often expensive and time-consuming to prosecute and there can be no assurance that we will have the financial or other resources to enforce our rights or be able to prevent other parties from developing similar products or processes or designing around our intellectual property.

We are and may continue to be subject to constraints on marketing our products.

We have committed and expect to continue committing significant resources and capital to develop and market existing products and new products and services. The development of our business and operating results may be adversely affected by applicable restrictions on sales and marketing activities imposed by regulatory bodies. Certain of the states in which we operate have enacted strict regulations regarding marketing and sales activities on cannabis products. There may be restrictions on sales and marketing activities imposed by government regulatory bodies that can hinder the development of our business and operating results. Restrictions may include regulations that specify what, where and to whom product information and descriptions may appear and/or be advertised. Marketing, advertising, packaging and labeling regulations also vary from state to state, potentially limiting the consistency and scale of consumer branding communication and product education efforts. The regulatory environment in the U.S. limits our ability to compete for market share in a manner similar to other industries. If we are unable to effectively market our 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 our products, our sales and operating results could be adversely affected.

We face risks related to the results of future clinical research.

Research regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as cannabidiol, commonly referred to as CBD, and tetrahydrocannabinol, commonly referred to as 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). Although we believe that various articles, reports and studies support our beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Further, the federal illegality of cannabis and associated limits on our ability to properly fund and conduct research on cannabis and the lack of formal FDA oversight of cannabis, there is limited information about the long-term safety and efficacy of cannabis in its various forms, when combusted or combined with various cannabis and/or non-cannabis derived ingredients and materials or when

ingested, inhaled, or topically applied. Future research or oversight may reveal negative health and safety effects, which may significantly impact our reputation, operations and financial performance.

Given these risks, uncertainties and assumptions, prospective purchasers of shares of Class A common stock 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 prospectus 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 our products, with the potential to have a material adverse effect on our business, prospects, revenue, results of operation and financial condition.

We face risks related to U.S. tax provisions related to controlled substances.

Limits on U.S. deductibility of certain expenses may have a material adverse effect on our financial condition, results of operations and cash flows. Section 280E (“**Section 280E**”) of the United States Internal Revenue Code of 1986, as amended (the “**Code**”), 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. 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 that is favorable to cannabis businesses.

If our tax filing positions were to be challenged by federal, state and local or foreign tax jurisdictions, we may not be wholly successful in defending our tax filing positions. We record reserves for unrecognized tax benefits based on our assessment of the probability of successfully sustaining tax filing positions. Management exercises significant judgment when assessing the probability of successfully sustaining tax filing positions, and in determining whether a contingent tax liability should be recorded and, if so, estimating the amount. If our tax filing positions are successfully challenged, payments could be required that are in excess of reserved amounts or we may be required to reduce the carrying amount of our net deferred tax asset, either of which result could be significant to our financial condition or results of operations.

We lack access to U.S. bankruptcy protections.

Because cannabis is illegal under U.S. federal law, and bankruptcy is a strictly federal proceeding, many courts have denied cannabis businesses federal bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If we were to seek protection from creditors pursuant to applicable bankruptcy or insolvency laws, there is no guarantee that U.S. federal bankruptcy protections would be available to our United States operations, which would have a material adverse effect on us, our lenders and other stakeholders. While state-level receivership options do exist in some states as an alternative to bankruptcy, the efficacy of these alternatives cannot be guaranteed.

Cannabis businesses may be subject to civil asset forfeiture.

As an entity that conducts business in the cannabis industry, we will potentially be subject to federal and state forfeiture laws (criminal and civil) that permit the government to seize the proceeds of criminal activity. Civil forfeiture laws could provide an alternative enforcement mechanism for the federal government, any state, or local police force that wants to discourage residents from conducting transactions with cannabis related businesses but believes criminal liability is too difficult to prove beyond a reasonable doubt. Individuals may be required to forfeit property considered to be from proceeds of crime even if the individual is not convicted of a criminal offense, and the standard of proof in a civil forfeiture matter is lower than the burden in a criminal matter. Depending on the applicable law, whether federal or state, rather than having to establish liability beyond a reasonable doubt, the

federal government or the state, as applicable, may be required to prove that the money or property at issue is proceeds of a crime only by either clear and convincing evidence or a mere preponderance of the evidence.

Our stockholders that are located in states where cannabis remains illegal may be at risk of prosecution under federal and/or state conspiracy, aiding and abetting, and money laundering statutes, and may be at further risk of losing their investments or proceeds thereof under forfeiture statutes. Many states remain able to take action to prevent the proceeds of cannabis businesses from entering their state. Because state legalization is relatively new, it remains to be seen whether these states would take such action and whether a court would approve it. Our stockholders and prospective stockholders should be aware of these potentially relevant federal and state laws in considering whether to invest in our securities.

We are subject to proceeds of crime statutes.

We will be subject to a variety of laws that concern money laundering, financial recordkeeping and proceeds of crime. These include: the Bank Secrecy Act, as amended by Title III of the USA Patriot Act, the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), the rules and regulations under the Criminal Code of Canada and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada.

In the event that any of our license agreements, or any proceeds thereof, in the United States 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 have a material adverse effect on us and, among other things, could restrict or otherwise jeopardize our ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

We face security risks.

The business premises of our operating locations are targets for theft. While we have implemented security measures at each location and continue to monitor and improve such security measures, our cultivation, processing and dispensary facilities could be subject to break-ins, robberies and other breaches in security. If there was a breach in security and we fell victim to a robbery or theft, the loss of cannabis plants, cannabis oils, cannabis flowers, other cannabis goods and cultivation and processing equipment could have a material adverse impact on our business, prospects, revenue, results of operation and financial condition.

As our business involves the movement and transfer of cash which is collected from dispensaries or patients/customers and deposited into our bank, there is a risk of theft or robbery during the transport of cash. Our transport, distribution, and delivery of finished cannabis goods inventory including but not limited to wholesale delivery of finished products to retail customers and delivery of finished goods to end consumers and other intermediaries, also is subject to risks of theft and robbery. We have engaged a security firm to provide security in the transport and movement of large amounts of cash and products. Employees sometimes transport cash and/or products and, if requested, may be escorted by armed guards. While we have taken robust steps to prevent theft or robbery of cash during transport, there can be no assurance that there will not be a security breach during the transport and the movement of cash involving the theft of product or cash.

Additionally, we store certain personally identifiable information, credit and debit card information and other confidential information of our customers on our systems. We may experience attempts by third parties to obtain unauthorized access to the personally identifiable information, credit and debit card information and other confidential information of our customers. This information could also be otherwise exposed through human error or malfeasance. The unauthorized access or compromise of this personally identifiable information, credit and debit card information and other confidential information could have a material adverse impact on our business, financial condition and results of operation.

We have not been materially impacted by the security risks described herein.

We are a holding company.

We are a holding company and substantially all of our assets are the capital stock of our subsidiaries in our five geographic markets, including Illinois, Massachusetts, Michigan, New Jersey and Ohio. As a result, our stockholders are subject to the risks attributable to our subsidiaries and each individual state laws, rules, and regulatory schemes. As a holding company, we conduct substantially all of our business through our subsidiaries, which generate substantially all of our revenues. Consequently, our cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of our subsidiaries and the distribution of those earnings to us. The ability of these entities to pay dividends and other distributions depends on their operating results and is subject to applicable laws and regulations, which require that solvency and capital standards be maintained by our subsidiaries and contractual restrictions are contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of our material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before us.

Competition for the acquisition and leasing of properties suitable for the cultivation, production and sale of medical and adult-use cannabis may impede our ability to make acquisitions or increase the cost of these acquisitions, which could adversely affect our operating results and financial condition.

We compete for the acquisition of properties suitable for the cultivation, production and sale of medical and adult-use cannabis with entities engaged in agriculture, real estate investment, consumer products manufacturing and retail activities, including corporate agriculture companies, cultivators, producers and sellers of cannabis. These competitors may prevent us from acquiring and leasing desirable properties, may cause an increase in the price we must pay for properties or may result in us having to lease our properties on less favorable terms than we expect. Our competitors may have greater financial and operational resources than we do and may be willing to pay more for certain assets or may be willing to accept more risk than we believe can be prudently managed. Larger companies may enjoy significant competitive advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies. Our competitors may also adopt transaction structures similar to ours, which would decrease our competitive advantage in offering flexible transaction terms. In addition, due to a number of factors, including but not limited to potential greater clarity of the laws and regulations governing medical use cannabis by state and federal governments, the number of entities and the amount of funds competing for suitable investment properties may increase, resulting in increased demand and increased prices paid for these properties. If we pay higher prices for properties or enter into leases for such properties on less favorable terms than we expect, our profitability and ability to generate cash flow and make distributions to our stockholders may decrease. Increased competition for properties may also preclude us from acquiring those properties that would generate attractive returns to us.

We face risks due to industry immaturity or limited comparable, competitive or established industry best practices.

As a relatively new industry, there are not many established operators in the medical and adult-use cannabis industries whose business models we can follow or build upon. Similarly, there is no or limited information about comparable companies available for potential investors to review in deciding about whether to invest in us.

Stockholders and investors should consider, among other factors, our prospects for success considering the risks and uncertainties encountered by companies, like us, that are in their early stages. For example, unanticipated expenses and problems or technical difficulties may occur, which may result in material delays in the operation of our business. We may fail to successfully address these risks and uncertainties or successfully implement our operating strategies. If we fail to do so, it could materially harm our business to the point of having to cease operations and could impair the value of the shares of Class A common stock to the extent that investors may lose their entire investments.

Our business is subject to the risks inherent in agricultural operations.

Medical and adult-use cannabis is an agricultural product. There are risks inherent in the cultivation business, such as insects, plant diseases and similar agricultural risks. Although the products are usually grown indoors or in

greenhouses under climate-controlled conditions, with conditions monitored, there can be no assurance that natural elements will not have a material adverse effect on the production of our products and, consequentially, on the anticipated business, financial condition or results of our operations.

We may be adversely impacted by rising or volatile energy costs and dependent on inputs.

Our cannabis cultivation operations consume considerable energy, which makes it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may adversely affect our business and our ability to operate profitably.

In addition, our business is dependent on a number of key inputs and their related costs, including raw materials and supplies related to our growing operations, as well as electricity, water and other utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact our financial condition and operating results. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on our business, financial condition and operating results.

We may encounter unknown environmental risks.

There can be no assurance that we will not encounter hazardous conditions, such as asbestos or lead, at the sites of the real estate used to operate our businesses, which may delay the development of our businesses. Upon encountering a hazardous condition, work at our facilities may be suspended. If we receive notice of a hazardous condition, we may be required to correct the condition prior to continuing construction. If additional hazardous conditions were present, it would likely delay construction and may require significant expenditure of our resources to correct the conditions. Such conditions could have a material impact on our investment returns.

We are dependent on key inputs, suppliers and skilled labor.

The cannabis industry 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, such as the raw material cost of cannabis, or natural or other disruptions to power or other utility systems, could materially impact our business, financial condition, results of operations or prospects. 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, we 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 us in the future. Any inability to secure required supplies and services, or to do so on appropriate terms, could have a materially adverse impact on our business, prospects, revenue, results of operation and financial condition.

Our ability to compete and grow will be dependent on us having access, at a reasonable cost and in a timely manner, to skilled labor, equipment, parts and components. No assurances can be given that we will be successful in maintaining our required supply of skilled labor, equipment, parts and components. This could have an adverse effect on our financial results.

We must attract and maintain key personnel or our business will fail.

Our success is dependent upon the ability, expertise, judgment, discretion and good faith of our senior management and key personnel. We compete with other companies both within and outside the cannabis industry to recruit and retain competent employees. If one or more of our executive officers are unable or unwilling to continue in their present positions, we may not be able to replace them readily, if at all. We may also incur additional expenses to recruit and retain new executive officers.

Our continuing ability to attract and retain highly qualified personnel will also be critical to our success because we will need to hire and retain additional personnel as our business grows. There can be no assurance that we will be

able to attract or retain highly qualified personnel. We face significant competition for skilled personnel in our industries. In particular, if the cannabis industry continues to grow, demand for personnel may become more competitive. This competition may make it more difficult and expensive to attract, hire, and retain qualified managers and employees. Because of these factors, we may not be able to effectively manage or grow our business, which could adversely affect our financial condition, operations or prospects. As a result, the value of an investment in our securities could be significantly reduced or completely lost. If we cannot maintain qualified employees to meet the needs of our anticipated growth, our business and financial condition could be materially adversely affected.

We may be subject to growth-related risks.

We may be subject to growth-related risks, including capacity constraints and pressure on our internal systems and controls. Our ability to manage growth effectively will require us to continue to implement and improve our operational and financial systems and to expand, train and manage our employee base. Our inability to deal with this growth may have a material adverse effect on our business, prospects, revenue, results of operation and financial condition.

Our growth strategy is dependent upon expanding our product and service offerings into new business areas or new geographic markets. There can be no assurance that any new business areas and geographic markets will generate the clients and revenue anticipated. In addition, any expansion into new business areas or geographic markets could expose us to new risks, including compliance with applicable laws and regulations, changes in the regulatory or legal environment, differing customer preferences or habits, adverse exchange rate fluctuations, adverse tax consequences, difficulties staffing and managing new operations, infringement of third-party intellectual property rights, new costs to adapting our products and services for new markets, and difficulties collecting accounts receivable. As a result of such expansion, we may incur losses or otherwise fail to enter new markets successfully.

We face an inherent risk of product liability and similar claims.

As a distributor of products designed to be ingested by humans, we face an inherent risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have failed to meet expected standards or to have caused significant loss or injury. In addition, the sale of our products involves 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 our products alone or in combination with other medications or substances could occur. We may be subject to various product liability claims, including, among others, that our products caused injury, illness or death, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. As an agricultural product, the quality of cannabis is inherently variable, and consumers may raise claims that our quality control or labeling processes have not sufficiently ensured that our grown and manufactured processes are sufficient to meet expected standards.

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

We may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to us, could subject us to significant liabilities and other costs.

Our success may depend on our ability to use and develop new extraction technologies, recipes, know-how and new strains of cannabis without infringing the intellectual property rights of third parties. We cannot assure that third parties will not assert intellectual property claims against us. We are subject to additional risks if entities licensing intellectual property to us do not have adequate rights to the licensed materials. If third parties assert copyright or

patent infringement or violation of other intellectual property rights against us, we will be required to defend ourselves in litigation or administrative proceedings, which can be both costly and time consuming and may significantly divert the efforts and resources of management personnel. An adverse determination in any such litigation or proceedings to which we may become a party could subject us to significant liability to third parties, require us to seek licenses from third parties, require us to pay ongoing royalties or subject us to injunctions that may prohibit the development and operation of our applications.

Our products may be subject to product recalls.

Manufacturers, distributors and retailers of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of our products or products sold at our retail stores are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall.

We may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin, if at all. In addition, a product recall may require significant management attention. Although we have detailed procedures in place for testing our products and requiring compliant labeling of third-party products we sell, 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 any of our brands were subject to recall, our image and the image of that brand could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for our products and could have a material adverse effect on the results of our operations and financial condition. Additionally, product recalls may lead to increased scrutiny of our operations by the FDA, or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

We may face unfavorable publicity or consumer perception.

Our ability to generate revenue and be successful in the implementation of our business plan is dependent on consumer acceptance of and demand for our product lines. Management believes the medical and adult-use cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced.

Acceptance of our products depends on several factors, including availability, cost, ease of use, familiarity of use, convenience, effectiveness, safety and reliability. If customers do not accept our products, or if such products fail to adequately meet customers' needs and expectations, our ability to continue generating revenues could be affected.

Consumer perception of our current or proposed products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that is perceived as less favorable than, or questions earlier research reports, findings or publicity could have a material adverse effect on the demand for our products. Our dependence upon consumer perceptions means that such adverse reports, whether or not accurate or with merit, could ultimately have a material adverse effect on our business, results of operations, financial condition and cash flows.

Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or our products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect on us. Although we use quality control processes and procedures to ensure our consumer packaged goods meet our standards, a failure or alleged failure of such processes and procedures could result in negative consumer perception of our products or legal claims against us. Adverse

publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Certain of our products are e-vapor or "vape" products. The use of vape products and vaping may pose health risks. According to the Centers for Disease Control, vape products may contain ingredients that are known to be toxic to humans and may contain other ingredients that may not be safe. Because clinical studies about the safety and efficacy of vape products have not been submitted to the FDA, consumers currently have no way of knowing whether they are safe for their intended use or what types or concentrations of potentially harmful chemicals or by-products are found in these products. It is also uncertain what implications the use of vape or other inhaled products, such as flower that is smoked, may have on respiratory illnesses such as that caused by COVID-19. Adverse findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of vape or other inhaled products, including adverse publicity regarding underage use of vape or other inhaled products, may adversely affect us.

We face intense competition.

We face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing, retail and marketing experience than us. Increased competition by larger and better financed competitors could materially and adversely affect our business, financial condition and results of operations.

Because of the early stage of the industry in which we operate, we face additional competition from new entrants. If the number of consumers of cannabis in the states in which we operate our business increases, the demand for products and qualified talent will increase and we expect that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. Although our operations and strategy are focused in primarily limited license states, the competitive landscape is different in each state. As an example, Michigan does not impose caps on the number of dispensaries an operator can own or control and does not have limitations on canopy cultivation square footage, which has led some operators to build sizable outdoor grows that can be built at much lower cost than indoor cultivation sites and has put pressure on pricing for low- and mid-tier flower. However, we believe there is unmet demand in the market for the premium indoor flower we anticipate producing at our Lansing, Michigan cultivation site. States such as Illinois, New Jersey and Massachusetts limit the number of dispensaries an operator can own and control, and also limit the number of cultivation licenses that may be owned by an operator and put caps on the canopy of these cultivations. To remain competitive, we will require a continued high level of investment in research and development, marketing, sales, talent retention and client support. We may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis, which could materially and adversely affect our business, financial condition and results of our operations.

Adverse changes in the wholesale and retail prices could result in earnings declines.

The cannabis industry is a margin-based business in which gross profits depend on the excess of sales prices over costs. Consequently, profitability is sensitive to shifts in wholesale and retail prices caused by changes in supply (which itself depends on other factors such as new entrants into retail markets, new entrants into the cultivation markets or cultivation expansions by existing operators, weather, fuel, equipment and labor costs, shipping costs, economic situation and demand), taxes, government programs and policies for the cannabis industry (including price controls and wholesale price restrictions that may be imposed by government agencies responsible for the sale of cannabis), and other market conditions, all of which are factors beyond our control. Our operating income may be significantly and adversely affected by a decline in the price of cannabis and will be sensitive to changes in the price of cannabis and the overall condition of the cannabis industry, as our profitability is directly related to the price of cannabis. There is currently not an established market price for cannabis and the price of cannabis is affected by numerous factors beyond our control. Any price decline may have a material adverse effect on us.

A decline in the price of the shares of Class A common stock could affect our ability to raise further capital and adversely impact our ability to continue operations.

A prolonged decline in the price of the shares of Class A common stock could result in a reduction in the liquidity of the shares of Class A common stock and a reduction in our ability to raise capital. Because a significant portion of our operations have been and will be financed through the sale of equity securities, a decline in the price of our Class A common stock could be especially detrimental to our liquidity and our operations. Such reductions may force us to reallocate funds from other planned uses and may have a significant negative effect on our business plan and operations, including our ability to develop new products and continue our current operations. If our stock price declines, there can be no assurance that we will be able to raise additional capital or generate funds from operations sufficient to meet our obligations. If we are unable to raise sufficient capital in the future, we may not be able to have the resources to continue our normal operations.

Our business is highly dependent upon our brand recognition and reputation, and the erosion or degradation of our brand recognition or reputation would likely adversely affect our business and operating results.

We believe that our business is highly dependent on the Ascend brand identity and our reputation, which is critical to our ability to attract and retain customers and consumers. We also believe that the importance of our brand recognition and reputation will continue to increase as competition in the markets in which we operate continues to develop. Our success in this area will depend on a wide range of factors, some of which are within our control and some of which are not. The factors affecting our brand recognition and reputation that are within our control include the following:

- the efficacy of our marketing efforts;
- our ability to maintain high satisfaction among consumers and customers;
- the quality of our products;
- our ability to successfully differentiate our products from competitors' products; and
- our compliance with laws and regulations.

In addition, our brand recognition and reputation may be affected by factors that are outside our control, such as:

- actions of competitors or other third parties;
- consumers' experiences with our services or products;
- positive or negative publicity, including with respect to events or activities attributed to us, our employees, partners or others associated with any of these parties; and
- litigation or regulatory developments.

Damage to our reputation and loss of brand equity from one or more of the factors listed above may reduce demand for our products and have an adverse effect on our business, operating results and financial condition. Moreover, any attempts to rebuild our reputation and restore the value of our brand may be costly and time-consuming, and such efforts may not ultimately be successful.

We may face competition from synthetic production and technological advances.

The pharmaceutical industry may attempt to dominate the cannabis industry, and in particular, legal cannabis, through the development and distribution of synthetic products which emulate the effects and treatment of organic cannabis. If they are successful, the widespread popularity of such synthetic products could change the demand, volume and profitability of the cannabis industry. This could materially adversely affect our ability to secure long-term profitability and success through the sustainable and profitable operation of its business. There may be unknown additional regulatory fees and taxes that may be assessed in the future.

We may have increased labor costs based on union activity.

Labor unions are working to organize workforces in the cannabis industry in general. Currently, there is no labor organization that has been recognized as a representative of our employees. However, it is possible that certain retail and/or manufacturing locations will be organized in the future, which could lead to work stoppages or increased labor costs and adversely affect our business, profitability and our ability to reinvest into the growth of our business. We cannot predict how stable our relationships with U.S. labor organizations would be or whether we would be able to meet any unions' requirements without impacting our financial condition. Labor unions may also limit our flexibility in dealing with our workforce. Work stoppages and instability in our union relationships could delay the production and sale of our products, which could strain relationships with customers and cause a loss of revenues which would adversely affect our operations.

Risks Related to Our Finances and Capital Requirements

We may face difficulties acquiring additional or traditional financing.

Due to the present state of the laws and regulations governing financial institutions in the U.S., banks often refuse to provide banking services to businesses involved in the cannabis industry. Consequently, it may be difficult for us to obtain financing from large U.S. financial institutions.

We have historically, and continue to have, access to equity and debt financing from non-public (i.e., private placement) markets. Our business plan continues to include aggressive growth, both in the form of additional acquisitions and through facility expansion and improvements. Accordingly, we may require equity and/or debt financing to support ongoing operations, to undertake capital expenditures or to undertake acquisitions and/or other business combination transactions. There can be no assurance that additional financing will be available to us when needed or on terms which are acceptable. Our inability to raise financing through traditional banking to fund ongoing operations, capital expenditures or acquisitions could limit our growth and may have a material adverse effect upon our business, prospects, revenue, results of operation and financial condition.

Our ability to utilize our net operating loss carryforwards and certain other tax attributes may be limited.

Under Section 382 and related provisions of the Code, if a corporation undergoes an "ownership change" (generally defined as a greater than 50% change (by value) in its equity ownership over a rolling three year period), the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change income may be limited. We may, in the future as a result of subsequent shifts in our stock ownership, experience, an "ownership change." Thus, our ability to utilize carryforwards of our net operating losses and other tax attributes to reduce future tax liabilities may be substantially restricted for federal or state tax purposes.

Material acquisitions, dispositions and other strategic transactions involve a number of risks for us.

Material acquisitions, dispositions and other strategic transactions involve a number of risks for us, including: (i) potential disruption of our ongoing business; (ii) distraction of management; (iii) increased financial leverage; (iv) the anticipated benefits and cost savings of those transactions may not be realized or may take longer to realize than anticipated; (v) increased scope and complexity of our operations; and (vi) loss or reduction of control over certain of our assets.

Additionally, we may issue additional shares of Class A common stock in connection with such transactions, which would dilute a stockholder's holdings in us.

The presence of one or more material liabilities of an acquired company that are known, but believed to be immaterial, or unknown to us at the time of acquisition could have a material adverse effect on our business, prospects, revenue, results of operation and financial condition. A strategic transaction may result in a significant

change in the nature of our business, operations and strategy. In addition, we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our operations.

We may experience risks relating to the closing of acquisitions or investments.

We may experience risks relating to the challenges and costs of closing an acquisition or investment, including the transfers of licenses, permits, cards or other property, and the risk that an announced transaction may not close. Completion of certain acquisition and investment transactions are conditioned upon, among other things, the receipt of necessary approvals, including the receipt of required regulatory clearances which could delay the completion a transaction for a significant period of time or prevent it from occurring at all.

In particular, the completion of our pending acquisitions of each of Hemma LLC, BCCO, LLC and Marichron Pharma LLC remain subject in all respects to approval by the relevant regulatory authorities in Ohio; the completion of our pending acquisition of Chicago Alternative Health Center, LLC and Chicago Alternative Health Center Holdings, LLC remain subject in all respects to approval by the relevant regulatory authorities in Illinois; and our investment in MedMen NY, Inc. remains subject in all respects to approval by the relevant regulatory authorities in New York. Although we have no reason to believe we will not receive the requisite approvals for the foregoing transactions, there is a possibility that such approvals may not be received. Any combination of the failure to complete the foregoing transactions could have a material adverse effect on us and would prevent us from realizing the anticipated benefits of such transaction(s). We may also be liable for certain transaction costs, including legal and accounting fees, whether or not a transaction is completed.

We may invest in pre-revenue and other revenue-generating cannabis companies which may not be able to meet anticipated revenue targets in the future.

We may make investments in companies with no significant sources of operating cash flow and no revenue from operations. Our investments in such companies will be subject to risks and uncertainties that new companies with no operating history may face. In particular, there is a risk that our investment in these pre-revenue companies will not be able to meet anticipated revenue targets or will generate no revenue at all. The risk is that underperforming pre-revenue companies may lead to these businesses failing, which could have a material adverse effect on our business, prospects, revenue, results of operation and financial condition.

There can be no assurance that our current and future contractual relationships or strategic alliances or expansions of scope of existing relationships will have a beneficial impact on our business, financial condition and results of operations.

We currently have, and may in the future enter into, additional strategic alliances and partnerships with third parties that we believe will complement or augment our existing business. Our ability to complete strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen integration obstacles or costs, may not enhance our business and may involve risks that could adversely affect us, including significant amounts of management time that may be diverted from operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that our existing strategic alliances will continue to achieve, the expected benefits to our business or that we will be able to consummate future strategic alliances on satisfactory terms, if at all. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Our sales are difficult to forecast.

As a result of recent and ongoing regulatory and policy changes in the medical and adult-use cannabis industries and unreliable levels of market supply, the market data available is limited and unreliable. We must rely largely on our own market research to forecast sales, as detailed forecasts are not generally obtainable from other sources in the states in which our business operates. Additionally, any market research and our projections of estimated total retail

sales, demographics, demand and similar consumer research, are based on assumptions from limited and unreliable market data. 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 operating expenses, changes or shifts in regulations or applicable laws, undiscovered or unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, our stockholders should not rely on any projections to indicate the actual results we might achieve.

Changes in our customer, product or competition mix could cause our product margin to fluctuate.

From time to time, we may experience changes in our customer mix, our product mix or our competition mix. Changes in our customer mix may result from geographic expansion or contractions, legislative or enforcement priority changes affecting the products we distribute, selling activities within current geographic markets and targeted selling activities to new customer sectors. Changes in our product mix may result from marketing activities to existing customers, the needs communicated to us from existing and prospective customers and from legislative changes. Changes in our competition mix may result from well-financed competitors entering into our business segment. If customer demand for lower-margin products increases and demand for higher-margin products decreases, our business, results of operations and financial condition may suffer.

We have a limited operating history and a history of net losses and negative cash flows from operating activities, and we may not achieve or maintain profitability or positive cash flows in the future.

We began operating in May 2018 and have yet to generate a profit. We generated a net loss of \$25.4 million (\$61.7 million after giving effect to: the acquisition of MOCA, LLC, the acquisition of Chicago Alternative Health Center Holdings, LLC and Chicago Alternative Health Center Holdings, LLC and the investment in MedMen NY, Inc.; see the unaudited consolidated statement of operations of AWH giving effect to such transactions as if they each occurred on January 1, 2020 attached as Exhibit 99.7 to the registration statement of which this prospectus forms a part) and \$31.9 million for the years ended December 31, 2020 and 2019, respectively. We anticipate the beneficial conversion feature related to our Real Estate Preferred Units may result in a non-cash charge of approximately \$27.4 million in 2021 that could adversely impact our results. Additionally, the Company entered into a settlement agreement on April 14, 2021 relating to a litigation matter as disclosed in the “*Legal Proceedings*” section of this prospectus, pursuant to which the Company paid \$9 million to the counterparty on the date of the settlement agreement and is obligated to pay an additional \$5.48 million on or before January 1, 2022. The Company also issued 5,024,038 common units (taking into account the Reverse Split). The payments and issuances under the settlement agreement could have an adverse impact on our operating results. For additional information regarding this matter please see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Legal Matter.*” We may be subject to further litigation that, if we suffer an adverse outcome or enter into unfavorable settlement agreement, may impact results from operations. We had negative cash flows from operating activities of \$6.0 million and \$40.9 million during the years ended December 31, 2020 and 2019, respectively. Our “cash and cash equivalents” as of December 31, 2020 was approximately \$56.5 million. We intend to continue to expend significant funds to expand our cultivation and processing facilities, make acquisitions and to fund our working capital. We cannot guarantee we will have a positive cash flow status in the future. To the extent we have negative cash flow in any future period, certain of the proceeds from the offering may be used to fund such negative cash flow from operating activities.

Our efforts to grow our business may be more costly than we expect and we may not be able to increase our revenue enough to offset higher operating expenses. We may incur significant losses in the future for a number of reasons, including as a result of unforeseen expenses, difficulties, complications and delays, the other risks described in this prospectus and other unknown events. The amount of future net losses will depend, in part, on the growth of our future expenses and our ability to generate revenue. If we continue to incur losses in the future, the net losses and negative cash flows incurred to date, together with any such future losses, will have an adverse effect on our stockholders’ equity and working capital. Because of the numerous risks and uncertainties associated with producing cannabis products, as outlined herein, we are unable to accurately predict when, or if, we will be able to achieve profitability. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent

periods. If we are unable to achieve and sustain profitability, the market price of our Class A common stock may significantly decrease and our ability to raise capital, expand our business or continue our operations may be impaired. A decline in our value may also cause you to lose all or part of your investment.

We will incur increased costs as a result of operating as a public company and our management will be required to devote substantial time to new compliance initiatives.

Historically, we have operated as a private company. As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. In addition, the Sarbanes-Oxley Act of 2002 and rules implemented by SEC, and CSE, and equivalent rules and regulations in Canada, impose various requirements on public companies, including requirements to file certain periodic and event-driven reports with respect to our business and financial condition and operations and establish and maintain effective disclosure and financial controls and corporate governance practices. In addition, we incurred costs in connection with the Conversion and this offering, including costs related to a contingent beneficial conversion feature which may result in a non-cash expense of approximately \$27.4 million, as described further in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Other Matters*”.

Our management and other personnel have limited experience operating a public company, which may result in operational inefficiencies or errors, or a failure to improve or maintain effective internal controls over financial reporting, and disclosure controls and procedures, necessary to ensure timely and accurate reporting of operational and financial results. Our existing management team will need to devote a substantial amount of time to these compliance initiatives, and we may need to hire additional personnel to assist us with complying with these requirements. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time consuming and costly.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some public company required activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and divert management’s time and attention from revenue generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

We also expect that being a public company and complying with applicable rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to incur substantially higher costs to obtain and maintain the same or similar coverage that is currently in place. These factors could also make it more difficult for us to attract and retain qualified executive officers and members of our Board.

There is no assurance that our management’s past experience will be sufficient to enable us to operate successfully as a public company.

There is no guarantee that our current cash position, expected revenue growth and anticipated financing transactions will be sufficient to fund our operations for the next twelve months.

We have an accumulated deficit of \$63,592 and \$38,153 as of December 31, 2020 and 2019, respectively, as well as a net loss and negative cash flows from operating activities for the reporting periods then-ended. The recurring net losses and negative cash flows from operating activities are indicators of substantial doubt as to our ability to continue as a going concern for at least one year from issuance of the audited financial statements included in this prospectus. If we are unable to raise additional capital on favorable terms, if at all, during the next twelve

months, we may be forced to decelerate or curtail certain of our operations until such time as additional capital becomes available.

See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources*” for a discussion regarding management’s belief that the substantial doubt of our ability to continue as a going concern for at least one year from the issuance of the financial statements included in this prospectus has been alleviated.

We are subject to a number of restrictive debt covenants under our loan agreements.

Many of our loan agreements contain certain restrictive covenants, which restrict our ability to, among other things, incur additional indebtedness, incur certain liens on our assets or sell assets, make investments, make capital expenditures, pay dividends and make other restricted payments. Many of our loan agreements also require us to maintain specified financial ratios under certain conditions and satisfy financial condition tests, including minimum cash balances and debt to assets ratios.

Our ability to meet those financial ratios and tests and otherwise comply with our financial covenants may be affected by the factors described herein and other factors outside our control, and we may not be able to meet those ratios, tests and covenants. Our ability to generate sufficient cash from operations to meet our debt obligations will depend upon our future operating performance, which will be affected by general economic, financial, competitive, business and other factors beyond our control. A breach of any of these covenants, ratios, tests or restrictions, as applicable, or any inability to pay interest on, or principal of, our outstanding debt as it becomes due could result in an event of default. Upon an event of default, if not waived by our lenders, our lenders may declare all amounts outstanding as due and payable. Such an acceleration of the maturity of our indebtedness may, among other things, prevent or limit us from engaging in transactions that benefit us, including responding to changing business and economic conditions and taking advantage of attractive business opportunities.

General Risk Factors

Additional issuances of shares of Class A common stock may result in further dilution.

We may issue additional equity or convertible debt securities in the future, which may dilute an existing stockholder’s holdings. Our certificate of incorporation permits the issuance of 750,000,000 shares of our Class A common stock, and existing stockholders will have no preemptive rights in connection with such further issuances. Our Board has discretion to determine the price and the terms of further issuances, and such terms could include rights, preferences and privileges superior to those existing holders of shares of Class A common stock. To the extent holders of our options or other convertible securities convert or exercise their securities and sell shares of Class A common stock they receive, the trading price of the shares of Class A common stock may decrease due to the additional amount of shares of Class A common stock available in the market. We cannot predict the size or nature of future issuances or the effect that future issuances and sales of shares of Class A common stock will have on the market price of the shares of Class A common stock. Issuances of a substantial number of additional shares of Class A common stock, or the perception that such issuances could occur, may adversely affect prevailing market prices for the shares of Class A common stock. With any additional issuance of shares of Class A common stock, our investors will suffer dilution to their voting power and economic interest.

Sales of substantial amounts of shares of Class A common stock by our existing stockholders in the public market may have an adverse effect on the market price of the shares of Class A common stock.

Sales of a substantial number of shares of Class A common stock in the public market could occur at any time, subject to certain restrictions described below. These sales, or the perception in the market that holders of many shares intend to sell shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the shares of Class A common stock. A decline in the market prices of the shares of Class A common stock could impair our ability to raise additional capital through the sale of securities should it desire to do so.

If securities or industry analysts do not publish or cease publishing research or reports or publish misleading, inaccurate or unfavorable research about us, our business or our market, our stock price and trading volume could decline.

The trading market for our shares of Class A common stock will be influenced by the research and reports that securities or industry analysts publish about us, our business, our market or our competitors. If no or few securities or industry analysts cover us, the trading price and volume of our shares would likely be negatively impacted. If one or more of the analysts who covers us downgrades our shares or publishes inaccurate or unfavorable research about our business, or provides more favorable relative recommendations about our competitors, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our shares could decrease, which could cause our stock price or trading volume to decline.

We are eligible to be treated as an “emerging growth company” as defined in the JOBS Act, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make the shares of Class A common stock less attractive to investors.

We are an “emerging growth company,” as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including (1) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, (2) reduced disclosure obligations regarding executive compensation in this prospectus and periodic reports and proxy statements, and (3) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if the market value of the shares of Class A common stock held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter, or if we have total annual gross revenue of \$1.07 billion or more during any fiscal year before that time, in which case we would no longer be an emerging growth company as of the following December 31. Additionally, if we issue more than \$1.0 billion in non-convertible debt during any three-year period before December 31, 2026, we would cease to be an emerging growth company immediately. We cannot predict if investors will find the shares of Class A common stock less attractive because we may rely on these exemptions. If some investors find the shares of Class A common stock less attractive as a result, there may be a less active trading market for the shares of Class A common stock, and the stock price may be more volatile.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies.

We have broad discretion in the use of our cash, cash equivalents, and investments, including the net proceeds from this offering, and may not use them effectively.

Our management will have broad discretion in the application of our cash, cash equivalents, and investments, including the net proceeds from this offering, and could spend the proceeds in ways that do not improve our results of operations or enhance the value of our Class A common stock. We intend to use the proceeds from this offering as described in “*Use of Proceeds*.” We could spend the proceeds in ways that our stockholders may not agree with. The failure by our management to apply these funds effectively could result in financial losses that could have a material adverse impact on our business, cause the price of our Class A common stock to decline, and delay the development of additional products or the opening of new locations. Pending their use, we may invest our cash, cash equivalents, and investments, including the net proceeds from this offering, in a manner that does not produce income or that loses value. See the section titled “*Use of Proceeds*” appearing elsewhere in this prospectus.

Changes in U.S. tax law may adversely affect us or our investors.

The rules dealing with U.S. federal, state and local income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. Changes to tax laws (which

changes may have retroactive application) could adversely affect us or holders of our common stock. In recent years, many changes have been made and changes are likely to continue to occur in the future.

For example, the Tax Cuts and Jobs Act was enacted in 2017 and made significant changes to corporate taxation, including the reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, which is a historically low rate. On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security Act, which included certain changes in tax law intended to stimulate the U.S. economy in light of the COVID-19 coronavirus outbreak, including temporary beneficial changes to the treatment of net operating losses, interest deductibility limitations and payroll tax matters.

In light of the election of Joseph Biden, it cannot be predicted whether, when, in what form, or with what effective dates, new tax laws may be enacted, or regulations and rulings may be enacted, promulgated or issued under existing or new tax laws, which could result in an increase in our or our stockholders' tax liability or require changes in the manner in which we operate in order to minimize or mitigate any adverse effects of changes in tax law or in the interpretation thereof.

If enacted, the proposed "Made in America Tax Plan" would increase our federal corporate tax rate requiring us to pay more in federal taxes, thus reducing our net revenue.

On March 31, 2021, the current presidential administration proposed the "American Jobs Plan" to create domestic jobs, rebuild national infrastructure and increase American competitiveness. To fund its expected \$2 trillion cost, the administration also proposed the "Made in America Tax Plan," which is intended to raise that amount or more over 15 years through several methods including higher income tax rates on corporations. If enacted, our federal corporate income tax rate would increase from 21% to 28%. Any increase in our federal corporate tax rate would require us to pay more in federal taxes, thus reducing our net revenue.

We face exposure to fraudulent or illegal activity by employees, contractors and consultants.

We face exposure to the risk that employees, independent contractors or consultants may engage in fraudulent or other illegal activities. Misconduct by these parties could be intentional, reckless and/or negligent conduct. There may be disclosure of unauthorized activities that violate government regulations, manufacturing standards, healthcare laws, abuse laws and other financial reporting laws. Further, it may not always be possible for us to identify and deter misconduct by our employees and other third parties, and the precautions we take to detect and prevent these activities may not always be effective in controlling unknown or unmanaged risks or losses, or in protecting us 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 us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, or curtailment of our operations, any of which could have a material adverse effect on our business, financial condition, results of operations or prospects.

Our reputation and ability to do business may be negatively impacted by the improper conduct by our business partners, employees or agents.

In certain states, we depend on third-party suppliers to produce and ship our orders. Products purchased from our suppliers are resold to our customers. These suppliers could fail to produce products to our specifications or quality standards and may not deliver units on a timely basis. Any changes in our suppliers' production or product availability could impact our ability to fulfill orders and could also disrupt our business due to delays in finding new suppliers.

Furthermore, we cannot provide assurance that our internal controls and compliance systems will protect us from acts committed by our employees, agents or business partners in violation of U.S. federal or state or local laws. Any improper acts or allegations could damage our reputation and subject us to civil or criminal investigations and

related stockholder lawsuits, could lead to substantial civic and criminal monetary and non-monetary penalties and could cause us to incur significant legal and investigatory fees.

We face risks related to our information technology systems, and potential cyber-attacks and security breaches.

Our operations depend, in part, on how well we and our suppliers protect networks, equipment, information technology (“IT”) systems and software against damage and 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. We are susceptible to operational, financial and information security risks resulting from cyber-attacks and/or malfunctioning technology. Our operations also depend on the timely maintenance and replacement of network equipment, IT systems and software, as well as preemptive expenses to mitigate associated risks. Any of the foregoing and other events could result in information system failures, delays, increase in capital expenses, financial losses, the inability to process transactions, the unauthorized release of customer information and reputational risk. If there was a breach in security or if there was a failure in information systems, it could adversely affect our reputation and business continuity.

Additionally, we may store and collect personal information about customers and are responsible for protecting that information from privacy breaches that may occur through procedural or process failure, IT malfunction or deliberate unauthorized intrusions. We are subject to laws, rules and regulations in the United States and other jurisdictions relating to the collection, processing, storage, transfer and use of personal data. Our ability to execute transactions and to possess and use personal information and data in conducting our business subjects us to legislative and regulatory burdens that may require us to notify regulators and customers, employees and other individuals of a data security breach. Any such theft or privacy breach would have a material adverse effect on our business, prospects, revenue, results of operation and financial condition.

In addition, non-compliance could result in proceedings against us by governmental entities and/or significant fines, could negatively impact our reputation and may otherwise adversely impact our business, financial condition and operating results.

We have not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that we will not incur such losses in the future. Our 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, we may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

We face risks related to our insurance coverage and uninsurable risks.

Our business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labor disputes, destruction from civil unrest 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 we intend to continue to maintain insurance to protect against certain risks in such amounts as we consider to be reasonable, our insurance will not cover all the potential risks associated with our operations. We 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 our operations is not generally available on acceptable terms. We might also become subject to liability for pollution or other hazards which it may not be insured against or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause us to incur significant costs that could have a material adverse effect upon our financial performance and results of operations.

We may be subject to litigation.

We may become party to litigation from time to time in the ordinary course of business, which could adversely affect our business. Should any litigation in which we become involved be determined against us, such a decision could adversely affect our ability to continue operating and the market price for the shares of Class A common stock and could potentially use significant resources. Even if we are successful in litigation, litigation can redirect our significant resources and/or the significant resources of our subsidiaries. On April 14, 2021, we entered into a settlement agreement relating to a litigation matter as disclosed in the “*Legal Proceedings*” section of this prospectus, pursuant to which we paid \$9 million to the counterparty on the date of the settlement agreement and are obligated to pay an additional \$5.48 million on or before January 1, 2022. We also issued 5,024,038 common units (taking into account the Reverse Split). The payments and issuances under the settlement agreement could have an adverse impact on our operating results. For additional information regarding this matter please see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations - Legal Matter*”. We may be subject to further litigation that, if we suffer an adverse outcome or enter into unfavorable settlement agreement, may impact results from operations. On April 22, 2021, we entered into an amendment to the 2019 Convertible Notes to clarify the conversion price in connection with a going public transaction. The 2019 Convertible Notes include provisions to the effect that they may be amended with the written consent of the holders of a majority of the outstanding principal amounts of all such notes and any amendment so approved is binding on all holders of 2019 Convertible Notes. While such consent was obtained, it is possible that certain holders of the 2019 Convertible Notes may challenge the amendment.

We may be negatively impacted by challenging global economic conditions.

Our business, financial condition, results of operations and cash flow may be negatively impacted by challenging global economic conditions. For example and as discussed in more detail below, since early 2020, the U.S. and other world economies have experienced turmoil due to the outbreak of a novel strain of coronavirus (“**COVID-19**”), which has resulted in global economic uncertainty.

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 our business, which depends on the general economic environment and levels of consumer spending. As a result, we may not be able to maintain our existing customers or attract new customers, or we may be forced to reduce the price of our products. We are 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 our 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 we use to package our products and the sale of finished products. For example, the tariffs imposed by the U.S. on materials from China are impacting materials that we import for use in packaging in the U.S. Measures to reduce the impact of tariff increases or trade restrictions, including geographical diversification of our sources of supply, adjustments in packaging design and fabrication or increased prices, could increase our costs, delay our 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 our products and our costs, customers, suppliers and global economic conditions and cause higher volatility in financial markets. While we actively review existing and proposed measures to seek to assess the impact of them on our business, changes in tariff rates, import duties and other new or augmented trade restrictions could have a number of negative impacts on our business, including higher consumer prices and reduced demand for our products and higher input costs.

We are subject to risks arising from epidemic diseases, such as the outbreak of the COVID-19 illness.

In December 2019, COVID-19 emerged in Wuhan, China. Since then, it has spread to several other countries and infections have been reported around the world. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. A public health epidemic, including COVID-19, or the fear of a potential pandemic, poses the risk that we or our employees, contractors, suppliers, and other partners may be prevented from conducting business activities for an indefinite period of time, including due to shutdowns or other preventative measures taken to limit the potential impact from a public health epidemic that may be requested or mandated by governmental authorities.

Our priorities during the COVID-19 pandemic are protecting the health and safety of our employees and our customers, following the recommended actions of government and health authorities. In the future, the pandemic may cause reduced demand for our products and services if, for example, the pandemic results in a recessionary economic environment. Our operations are currently ongoing as the cultivation, processing and sale of cannabis products is currently considered an essential business by all states in which we operate with respect to all customers (except in Massachusetts where only medical use cannabis has been deemed essential). Our ability to continue to operate without any significant negative operational impact from the COVID-19 pandemic will in part depend on our ability to protect our employees, customers and supply chain, as well as our continued designation as “essential” in states where we do business that currently or in the future impose restrictions on business operations.

While it is not possible at this time to estimate the impact that COVID-19 (or any other actual or potential pandemic) could have on our business, the continued spread of COVID-19 (or any other actual or potential pandemic) and the measures taken by the governments of countries affected could disrupt the supply chain and the manufacture or shipment or sale of our products and adversely impact our business, financial condition or results of operations. It could also affect the health and availability of our workforce at our facilities, as well as those of our suppliers, particularly those in China and India. The COVID-19 outbreak and mitigation measures may also have an adverse impact on global economic conditions which could have an adverse effect on our business and financial condition. The extent to which the COVID-19 outbreak impacts our results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the virus and the actions to contain its impact. Because cannabis remains federally illegal, it is possible that we would not be eligible to participate in any government relief programs (such as federal loans or access to capital) resulting from COVID-19 or any other actual or potential pandemic.

Our internal controls over financial reporting may not be effective, and our independent auditors may not be able to certify as to their effectiveness, which could have a significant and adverse effect on our business.

We are subject to various SEC reporting and other regulatory requirements. We have incurred and will continue to incur expenses and, to a lesser extent, diversion of our management’s time in our efforts to comply with Section 404 of the Sarbanes-Oxley Act of 2002 regarding internal controls over financial reporting. Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act of 2002, or the subsequent testing by our independent registered public accounting firm when required, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retrospective changes to our consolidated financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our shares of Class A common stock.

Our internal controls over financial reporting may not be effective and our independent registered public accounting firm may not be able to certify as to their effectiveness, which could have a significant and adverse effect on our business and reputation.

As a public company, we will be required to evaluate our internal controls over financial reporting. Furthermore, at such time as we cease to be an “emerging growth company,” as more fully described in these Risk Factors, we shall also be required to comply with Section 404. At such time we may identify material weaknesses that we may not be able to remediate in time to meet the applicable deadline imposed upon us for compliance with the requirements of Section 404. In addition, if we fail to achieve and maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404. We cannot be certain as to the timing of completion of our evaluation, testing and any remediation actions or the impact of the same on our operations. If we are not able to implement the requirements of Section 404 in a timely manner or with adequate compliance, our independent registered public accounting firm may issue an adverse opinion due to ineffective internal controls over financial reporting and we may be subject to sanctions or investigation by regulatory authorities, such as the SEC. As a result, there could be a negative reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. In addition, we may be required to incur costs in improving our internal control system and the hiring of additional personnel. Any such action could negatively affect our results of operations and cash flows.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains “forward-looking statements” that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. The statements contained in this prospectus that are not purely historical are “forward-looking statements” within the meaning of applicable securities legislation. Forward-looking statements are identified by the use of words such as, but not limited to, “anticipate,” “believe,” “continue,” “could,” “estimate,” “prospects,” “forecasts,” “expect,” “intend,” “may,” “will,” “plan,” “target,” and similar expressions or variations intended to identify forward-looking statements. These statements are based on the beliefs and assumptions of our management based on information currently available to management. Such forward-looking statements are subject to risks, uncertainties and other important factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, factors discussed in the section entitled “*Risk Factors*” in this prospectus.

By way of example, and without implied limitation, such risks and uncertainties include:

- the effect of the volatility of the market price and liquidity risks on shares of our Class A common stock;
- the effect of the voting control exercised by holders of Class B common stock;
- our ability to attract and maintain key personnel;
- our ability to continue to open new retail locations, processing facilities and cultivation facilities as anticipated;
- our ability to increase production capacity as anticipated;
- the illegality of cannabis under federal law;
- our ability to comply with state and federal regulations;
- the uncertainty regarding enforcement of cannabis laws;
- the effect of restricted access to banking and other financial services;
- the effect of constraints on marketing and risks related to our products;
- the effect of unfavorable tax treatment for cannabis businesses;
- the effect of security risks;
- the effect of infringement or misappropriation claims by third parties;
- our ability to comply with potential future FDA regulations;
- our ability to enforce our contracts;
- the effect of unfavorable publicity or consumer perception;
- the effect of risks related to material acquisitions, dispositions and other strategic transactions;
- the effect of agricultural and environmental risks;
- the effect of risks related to information technology systems;
- the effect of product liability claims and other litigation to which we may be subjected;
- the effect of risks related to the results of future clinical research;
- the effect of intense competition in the industry;
- the effect of outbreaks of pandemic diseases, fear of such outbreaks or economic disturbances due to such outbreaks, particularly the impact of the COVID-19 illness; and
- the effect of general economic risks, such as the unemployment level, interest rates and inflation, and challenging global economic conditions.

For more information regarding these and other uncertainties and factors that could cause our actual results to differ materially from what we have anticipated in our forward-looking statements or otherwise could materially adversely affect our business, financial condition or operating results, see the section entitled “*Risk Factors*” in this prospectus. The risks and uncertainties described above and in the section entitled “*Risk Factors*” in this prospectus are not exclusive and further information concerning us and our business, including factors that potentially could materially affect our financial results or condition, may emerge from time to time. We assume no obligation to update, amend or clarify any forward-looking statement or departures from them, except as required by applicable law.

MARKET AND INDUSTRY DATA

This prospectus contains statistical data and estimates regarding market and industry data. Unless otherwise indicated, information concerning our industry and the markets in which we operate, including our general expectations, market position, market opportunity and market size, are based on our management's knowledge and experience in the markets in which we operate, together with currently available information obtained from various sources, including publicly available information, industry reports and publications, surveys, our customers, trade and business organizations and other contacts in the markets in which we operate. Certain information is based on management estimates, which have been derived from third-party sources, as well as data from our internal research, and are based on certain assumptions that we believe to be reasonable. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. We have not independently verified any of the information from third-party sources nor have we ascertained the validity or accuracy of the underlying economic assumptions relied upon therein. Actual outcomes may vary materially from those forecast in the reports or publications referred to herein, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Because this information involves a number of assumptions and limitations, you are cautioned not to give undue weight to these estimates. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section entitled "*Risk Factors*."

MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign exchange rates, raw material and other commodity prices.

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. Our financial debts have fixed rates of interest and therefore expose us to a limited interest rate fair value risk.

Commodities Price Risk. Price risk is the risk of variability in fair value due to movements in equity or market prices. The primary raw materials we use, aside from those cultivated internally, are labels and packaging. Management believes a hypothetical 10% change in the price of these materials would not have a significant effect on our consolidated annual results of operations or cash flows, as these costs are generally passed through to our customers. However, such an increase could have an impact on our customers' demand for our products, and we are not able to quantify the impact of such potential change in demand on our annual results of operations or cash flows.

COVID-19 Risk. We are monitoring COVID-19 closely, and although our operations have 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. Our operations are ongoing as the cultivation, processing and sale of cannabis products is currently considered an essential business by the states in which we operate with respect to all customers (except for Massachusetts, where cannabis has been deemed essential only for medical patients). In all locations where regulations have been enabled by governmental authorities, we have expanded consumer delivery options and curbside pickup to help protect the health and safety of our employees and customers. The pandemic has not materially impacted our business operations or liquidity position to date. We continue to generate operating cash flows to meet our short-term liquidity needs. The uncertain nature of the spread of COVID-19 may impact our business operations for reasons including the potential quarantine of our employees or those of our supply chain partners or a change in our designation as "essential" in states where we do business that currently or in the future impose restrictions on business operations.

CORPORATE CONVERSION AND CORPORATE STRUCTURE

On April 22, 2021, we engaged in the following transactions, which we refer to collectively as the Conversion:

- we converted from a Delaware limited liability company to a Delaware corporation by filing a certificate of conversion with the Delaware Secretary of State; and
- we changed our name from “Ascend Wellness Holdings, LLC” to “Ascend Wellness Holdings, Inc.”

As part of the Conversion:

- we created two classes of authorized common stock, Class A common stock and Class B common stock;
- we effected a two-for-one reverse split of our outstanding equity (the “**Reverse Split**”);
- holders of Series Seed Preferred and Series Seed Preferred+ Units of AWH received one share of Class A common stock of Ascend Wellness Holdings, Inc. for each unit of Series Seed Preferred and Series Seed Preferred+ Units held immediately prior to the Conversion, as adjusted for the Reverse Split, rounded down to the nearest whole share;
- holders of Real Estate Preferred Units of AWH received, subject to final determination of the offering price of Class A common stock pursuant to this offering, for each unit of Real Estate Preferred Units of AWH, a number of shares of Class A common stock of Ascend Wellness Holdings, Inc. equal to (x) one plus (y) (A) the original purchase price of such Real Estate Preferred Unit multiplied by 1.5, divided by (B) the price at which we are offering Class A common stock pursuant to this offering, as adjusted for the Reverse Split, rounded down to the nearest whole share;
- holders of common units of AWH received one share of Class A common stock of Ascend Wellness Holdings, Inc. for each common unit held immediately prior to the Conversion, as adjusted for the Reverse Split, rounded down to the nearest whole share;
- holders of restricted common units issued under the 2020 Incentive Plan (as defined below) received one share of Class A common stock of Ascend Wellness Holdings, Inc. for each restricted common unit held immediately prior to the Conversion, as adjusted for the Reverse Split, rounded down to the nearest whole share;
- holders of warrants to acquire 3,531,142 common units of AWH at an exercise price of \$4.00 per share received warrants to acquire an equal number of shares Class A common stock, as adjusted for the Reverse Split, rounded down to the nearest whole share; and
- we entered into an exchange agreement with AGP, pursuant to which AGP received 65,000 shares of Class B common stock, which constitute all of the outstanding shares of Class B common stock of AWH.

Effective as of the closing of this offering, holders of convertible notes will convert into shares of Class A common stock in accordance with the terms of the note purchase agreement, dated June 12, 2019, between the Company and the purchasers of the 2019 Convertible Notes. The holders of 2019 Convertible Notes will receive a number of shares of Class A common stock equal to the outstanding principal and accrued and unpaid interest under the notes divided by a price per share equal to \$2.96. Prior to the amendment to the 2019 Convertible Notes entered into on April 22, 2021, the conversion feature in connection with a going public transaction set forth in the 2019 Convertible Notes specified that the holders of 2019 Convertible Notes would receive a number of shares of Class A common stock equal to the outstanding principal and accrued and unpaid interest under the notes divided by a price per share equal to the lesser of (a) (i) a 20% discount to the price per share of Class A common stock offered pursuant to this offering in the event the offering occurs on or before 12 months from the closing date; (ii) a 25% discount to the price per share of Class A common stock offered pursuant to this offering in the event the offering occurs after 12 months from the closing date, but before the maturity date; and (b) the price per security, which equals the price per share resulting from a pre-money valuation of the company of \$295,900,000, taking into account the Reverse Split, which was determined by the Company to be \$2.96. The amendment to the 2019 Convertible Notes was solely made to clarify the conversion price in connection with a going public transaction. The 2019 Convertible Notes include provisions to the effect that they may be amended with the written consent of the holders of a majority of the outstanding principal amounts of all such notes, which such consent was obtained, and any amendment so approved is binding on all holders of 2019 Convertible Notes.

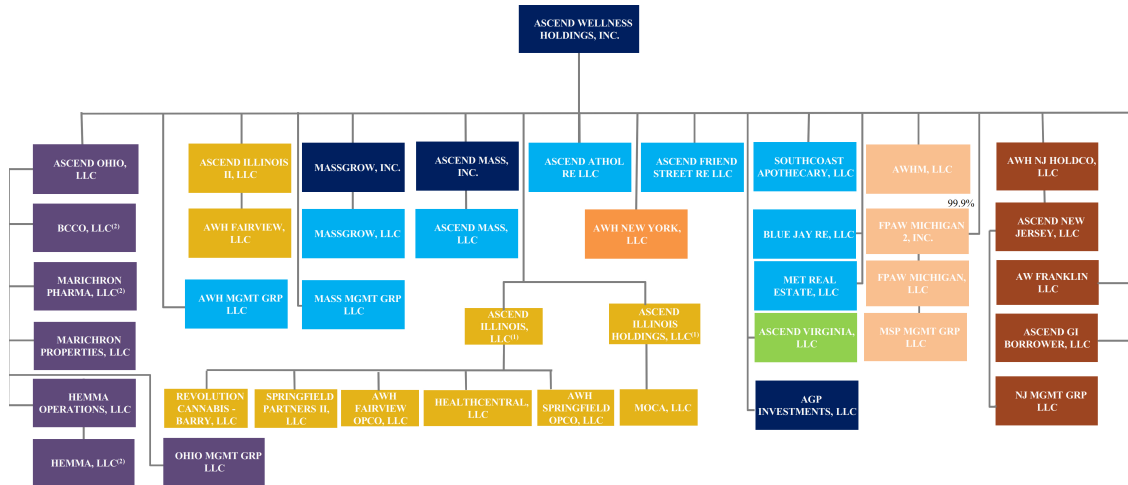
Effective as of the closing of this offering, holders of convertible notes will convert into shares of Class A common stock in accordance with the terms of the note purchase agreement, dated January 6, 2021, between the Company and the purchasers of the 2021 Convertible Notes. The holders of 2021 Convertible Notes will receive a number of shares of Class A common stock equal to the outstanding principal and accrued and unpaid interest under the notes divided by a price per share equal to the lesser of (a) (i) a 20% discount to the price per share of Class A common stock offered pursuant to this offering in the event the offering occurs on or before 12 months from the closing date; (ii) a 25% discount to the price per share of Class A common stock offered pursuant to this offering in the event the offering occurs after 12 months from the closing date, but before the maturity date; and (b) \$6.00 per share of Class A common stock, taking into account the Reverse Split.

Following the Conversion, Ascend Wellness Holdings, Inc. is deemed to be the same entity as Ascend Wellness Holdings, LLC, and as a result continues to hold all property and assets of AWH and remains liable for all of the debts and obligations of AWH. We are governed by a certificate of incorporation filed with the Delaware Secretary of State and bylaws.

Following the Conversion, we have two classes of authorized common stock, Class A common stock and Class B common stock. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to 1,000 votes per share. Holders of Class A common stock and Class B common stock will vote together as a single class on all matters (including the election of directors) submitted to a vote of stockholders, unless otherwise required by law or our certificate of incorporation. Each share of Class B common stock will automatically convert into one share of Class A common stock on the final conversion date, as defined in our certificate of incorporation. Each share of Class B common stock is also convertible at any time at the option of the holder into one share of Class A common stock. In addition, each share of Class B common stock will convert automatically into one share of Class A common stock upon any transfer, whether or not for value, except for certain transfers described in our certificate of incorporation, including, without limitation, transfers for tax and estate planning purposes, so long as the transferring holder of Class B common stock continues to hold exclusive voting and dispositive power with respect to the shares transferred. Once converted into a share of Class A common stock, a converted share of Class B common stock will not be reissued. Following the conversion of all outstanding shares of Class B common stock, no further shares of Class B common stock will be issued. See “*Description of Capital Stock.*”

On the effective date of the Conversion, the members of the board of managers of AWH became the members of the Board of Ascend Wellness Holdings, Inc., with the exceptions described in this prospectus, and the officers of AWH became the officers of Ascend Wellness Holdings, Inc.

The following diagram illustrates our corporate structure following the completion of the Conversion and the closing of the offering. See Exhibit 21.1 to the registration statement of which this prospectus is a part for a list of our subsidiaries. All lines represent 100% ownership of outstanding securities of the applicable subsidiary unless otherwise noted. In part, the complexity of our organization structure is due to state licensing requirements that mandate that we maintain the corporate identity of our operating license holders.



- (1) In process of transfer to AWH. The Illinois Department of Financial and Professional Regulation is currently reviewing the transfer application.
 (2) The Ohio Medical Marijuana Control Program is currently reviewing transfer requests for Hemma, LLC and BCCO, LLC. We have entered into an agreement to acquire Marichron Pharma, LLC, but cannot submit a transfer request until Marichron Pharma, LLC receives a certificate of operation.

Legend for state of incorporation:



In this prospectus, except as otherwise indicated or the context otherwise requires, all information is presented giving effect to the Conversion.

USE OF PROCEEDS

We estimate that the net proceeds to us from our issuance and sale of 12.5 million shares of Class A common stock in this offering will be approximately \$105 million, after deducting the underwriting commission and estimated offering expenses payable by us. This estimate assumes an initial public offering price of \$9.00 per share, the midpoint of the price range set forth on the cover page of this prospectus. If the underwriters exercise their over-allotment option in full to purchase additional shares from us, we estimate that our net proceeds will be approximately \$120.9 million, after deducting the underwriting commission and estimated offering expenses payable by us.

Each \$1.00 increase (decrease) in the assumed initial public offering price of \$9.00 per share would increase (decrease) our net proceeds by approximately \$11.8 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting the underwriting commission and estimated offering expenses payable by us. Each increase (decrease) of 1.0 million shares in the number of shares offered by us would increase (decrease) the net proceeds from this offering by approximately \$8.5 million, assuming the assumed initial public offering price remains the same, after deducting the underwriting commission and estimated offering expenses payable by us. The information discussed above is illustrative only and will adjust based on the actual initial public offering price and other terms of this offering determined at pricing. Any increase or decrease in the net proceeds would not change our intended use of proceeds.

We currently expect to use the balance of net proceeds of this offering to increase our capitalization and financial flexibility. We intend to use the net proceeds from this offering to fund the expansion of our cultivation and processing facilities, for future acquisitions, to fund working capital and for general corporate purposes. Specifically, we expect to use (i) approximately \$31,000,000 of the proceeds for the pending investment in MedMen NY, Inc., (ii) approximately \$7,000,000 to consummate the transactions for our proposed acquisitions of (a) Hemma, LLC and (b) BCCO, LLC, both of which are in Ohio, though we are not certain when or if such transactions will be consummated, or the terms upon which they will ultimately be completed, as each remains subject to regulatory approval in all respects, (iii) approximately \$20,000,000 for capital expenditures, and (iv) the remainder for future M&A transactions, general administration, tax liabilities, working capital and general corporate purposes, including additional financing provided to MedMen NY, Inc. prior to closing.

Our objective with respect to the proceeds allocated to capital expenditures is to increase our canopy and annual production capacity, in connection with which we intend to build-out our Lansing, Michigan and Athol, Massachusetts cultivation facilities. Of the approximately \$20,000,000 of the proceeds allocated to capital expenditures, approximately \$10,000,000 will be used to complete the build-out of the Lansing, Michigan cultivation facility and approximately \$10,000,000 will be used to complete the build-out of the Athol, Massachusetts cultivation facility. The build-out of these facilities and the anticipated associated production capacity are intended to be used to feed our owned retail stores in Michigan and Massachusetts as well sell finished goods to other third-party dispensaries. Completion for each facility is expected in the second half of 2021.

Additionally, we may use a portion of the net proceeds to acquire or invest in businesses, products, services or technologies. Pending the use of proceeds from this offering as described above, we may invest the net proceeds that we receive in this offering in short-term, investment grade, interest-bearing instruments.

For the year ended December 31, 2020, we had a net loss of \$25.4 million, or \$61.7 million after giving effect to the acquisition of each primary business. We may have negative cash flow from operating activities and net losses in future periods as revenue from commercial activities continues to increase. A portion of the proceeds from the offering may be used to fund negative cash flow from operating activities in future periods. See *“Risk Factors – We have a limited operating history and a history of net losses and negative cash flows from operating activities, and we may not achieve or maintain profitability or positive cash flows in the future.”*

The expected use of proceeds from this offering represent our intentions based upon our current plans and business conditions. The amounts and timing of our actual expenditures may vary significantly depending on numerous factors and any unforeseen cash needs. As a result, management will retain broad discretion over the

allocation of the net proceeds from this offering. See “*Risk Factors - We may experience risks relating to the closing of acquisitions or investments.*”

DIVIDEND POLICY

We do not intend to pay any cash dividends on our capital stock in the foreseeable future. We currently intend to reinvest all future earnings to finance the development and growth of our business and team. Any future determination to pay distributions will be at the discretion of the Board and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of distributions and any other factors that the Board deems relevant. Our future ability to pay cash dividends on our capital stock may be limited by any future debt instruments or preferred securities. Accordingly, you may need to sell your Class A common stock to realize a return on your investment and you may not be able to sell your shares at or above the price you paid for them.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of the dates set forth below:

- AWH and its subsidiaries on an actual basis as of December 31, 2020;
- Ascend Wellness Holdings, Inc. and its subsidiaries on a pro forma basis after giving effect to the Conversion and Reverse Split, including the conversion of outstanding convertible notes; and
- Ascend Wellness Holdings, Inc. and its subsidiaries on a pro forma after giving effect to the Conversion and Reverse Split, including the conversion of outstanding convertible notes, further adjusted to include the sale of shares of Class A common stock in this offering at an assumed initial public offering price of \$9.00 per share (which is the midpoint of the price range set forth on the cover page of this prospectus), after deducting the estimated underwriting discounts and commissions and estimated offering expenses that we expect to pay, the application of the net proceeds from this offering as described under “Use of Proceeds”.

This table should be read in conjunction with “Use of Proceeds”, “Selected Financial Data”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, and the consolidated financial statements and notes thereto appearing elsewhere in this prospectus. The data presented below gives effect to a two-for-one Reverse Split.

	AS OF DECEMBER 31, 2020		
	Ascend Wellness Holdings, LLC Actual	Pro Forma Ascend Wellness Holdings, Inc. (unaudited) ⁽²⁾	Pro Forma As Adjusted Ascend Wellness Holdings, Inc.(unaudited) ⁽³⁾
<i>(in thousands, except per share amounts)</i>			
Cash and cash equivalents	\$ 56,547	\$ 106,047	\$ 211,051
Debt, including current portion	\$ 211,607	\$ 136,123	\$ 136,123
Stockholders’ equity (deficit)			
Preferred stock, par value \$0.001, 10,000 shares authorized on a pro forma and pro forma as adjusted basis, no shares issued and outstanding on a pro forma and pro forma as adjusted basis	—	—	—
Class A common stock, par value \$0.001, 750,000 shares authorized, 156,241 shares issued and outstanding on a pro forma basis ⁽¹⁾ ; 168,741 shares issued and outstanding on a pro forma as adjusted basis	—	\$ 156	\$ 169
Class B common stock, par value \$0.001, 100 shares authorized on a pro forma and pro forma as adjusted basis, 65 shares issued and outstanding on a pro forma and pro forma as adjusted basis	—	\$ 0.1	\$ 0.1
Members’ equity			
Additional paid-in capital	\$ 67,378	\$ 232,308	\$ 337,300
Accumulated deficit	\$ (63,592)	\$ (90,953)	\$ (90,953)
Total members’/stockholders’ equity	\$ 3,786	\$ 141,511	\$ 246,516
Total capitalization	\$ 215,393	\$ 277,634	\$ 382,639

- (1) The pro forma number of shares of our Class A common stock to be outstanding after this offering set forth reflects: the conversion of our previously outstanding Common Units (including vested restricted stock units as of December 31, 2020), Series Seed Preferred Units, Series Seed+ Preferred Units, and Real Estate Preferred Units (which includes 3.0 million additional shares issued per the conversion terms); 37.4 million shares assumed to be issued in the conversion of our convertible notes immediately prior to the closing of this offering (based on outstanding principal plus accrued interest thereon assumed through May 1, 2021); 1.0 million restricted stock units that vest through April 28, 2021; 3.7 million restricted stock units with acceleration clauses that would become vested immediately prior to the closing of this offering; and the conversion of 5.1 million common units issued during 2021. The pro forma number of shares excludes: 1.1 million gross shares of Class A common stock issuable upon the exercise of warrants outstanding as of December 31, 2020 at an exercise price of \$3.20 per share; 3.5 million gross shares of Class A common stock issuable upon the exercise of warrants outstanding as of December 31, 2020 at an exercise price of \$4.00 per share; and 2.5 million unvested restricted stock units.
- (2) The pro forma adjustments reflect \$49.5 million of cash receipts from convertible notes issued in 2021 and includes an estimated adjustment to accumulated deficit for the 3.0 million additional shares issuable upon conversion of the Real Estate Preferred Units. The pro forma adjustments exclude the impact on accumulated deficit from incremental interest expense of approximately \$7 million that would have been incurred in 2021 on the convertible notes through the Conversion. The pro forma adjustments also exclude approximately \$0.3 million of expense that would have been incurred in 2021 for the restricted stock units that vest through April 28, 2021, as well as approximately \$1.0 million of expense that would have been incurred in 2021 for the restricted stock units with acceleration clauses that would become vested immediately prior to the closing of this offering. The pro forma adjustments exclude the impact of any potential beneficial conversion feature charges that may result in the Conversion.
- (3) This pro forma as adjusted information assumes the maximum number of 12.5 million shares offered by us, as set forth on this cover page of this prospectus (excluding any over-allotment that may be exercised by the underwriters) at an assumed initial public offering price of \$9.00 per share, which is the midpoint of the range set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. The estimated underwriting discounts and commissions assume a 3% fee on \$25 million of the gross proceeds and a 6% fee on the remaining \$87.5 million gross proceeds. The estimated total offering expenses payable by us is \$1.5 million. This pro forma as adjusted information is illustrative only and will depend on the actual initial public offering price and other terms of this offering determined at pricing. Further, the numbers in the table and the footnote exclude any proceeds from the exercise by the underwriters of the over-allotment option to purchase up to an additional 1,875,000 shares. If the underwriters exercise the over-allotment option, at an assumed initial public offering price of \$9.00 per share, we would receive approximately \$16.9 million in additional gross proceeds.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$9.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, additional paid-in capital, total stockholders' equity and total capitalization by \$11.8 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

OPTIONS TO PURCHASE SECURITIES

The following table sets forth the aggregate number of warrants to purchase Class A common stock and Class B common stock that will be outstanding upon the closing of this offering. See “*Corporate Conversion and Corporate Structure.*”

Category	Number of warrants exercisable to acquire Class A common stock	Number of warrants exercisable to acquire Class B common stock	Exercise Price	Expiration Date
Executive Officers and Former Executive Officers	Nil	Nil	N/A	N/A
Directors (other than those who are also executive officers) and Former Directors	Nil	Nil	N/A	N/A
Other Current and Former Employees	Nil	Nil	N/A	N/A
Consultants	Nil	Nil	N/A	N/A
Total	Nil	Nil		

DILUTION

Pursuant to the registration statement of which this prospectus is a part, we may offer or sell shares of our Class A common stock. If you invest in our Class A common stock in this offering, your interest in the Company will be immediately diluted to the extent of the difference between the public offering price per share of Class A common stock and the as adjusted net tangible book value per share of our Class A common stock immediately after this offering. The data presented below gives effect to a two-for-one Reverse Split that occurred on April 22, 2021.

Our historical net tangible book value as of December 31, 2020 was (\$69.5) million, or (\$0.65) per historical member unit then outstanding. Our historical net tangible book value is the amount of our total tangible assets less our total liabilities. Historical net tangible book value per historical common unit equivalent represents net tangible book value divided by 106.1 million member units outstanding as of December 31, 2020.

Our pro forma net tangible book value as of December 31, 2020 was \$68.3 million, or \$0.44 per share of Class A common stock. Pro forma net tangible book value per share of Class A common stock is determined by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of shares of Class A common stock deemed to be outstanding, after giving effect to the Conversion, including: the conversion of our previously outstanding Common Units (including vested restricted stock units as of December 31, 2020), Series Seed Preferred Units, Series Seed+ Preferred Units, and Real Estate Preferred Units (which includes 3.0 million additional shares issued per the conversion terms); 37.4 million shares assumed to be issued in the conversion of our convertible notes immediately prior to the closing of this offering; 1.0 million restricted stock units that vest through April 28, 2021; 3.7 million restricted stock units with acceleration clauses that would become vested immediately prior to the closing of this offering; and 5.1 million common shares issued during 2021 prior to the Conversion.

After giving further effect to the sale of 12.5 million shares of Class A common stock in this offering at an assumed initial public offering price of \$9.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of December 31, 2020 would have been \$173.3 million, or \$1.03 per share. This represents an immediate increase in pro forma as adjusted net tangible book value per share of \$1.68 to existing stockholders and immediate dilution of \$7.97 pro forma as adjusted net tangible book value per share to new investors purchasing shares of common stock in this offering. We determine dilution by subtracting the pro forma as adjusted net tangible book value per share of Class A common stock after this offering from the amount of cash that a new investor paid for a share of Class A common stock. The following table illustrates this dilution:

Assumed initial public offering price per share	\$	9.00
Historical net tangible book value per share as of December 31, 2020	\$	(0.65)
Increase per share attributable to the pro forma adjustments described above	\$	<u>1.09</u>
Pro forma net tangible book value per share as of December 31, 2020 immediately before this offering	\$	0.44
Increase in pro forma as adjusted net tangible book value per share attributable to investors in this offering	\$	<u>0.59</u>
Pro forma as adjusted net tangible book value per share immediately after this offering	\$	1.03
Dilution in pro forma as adjusted net tangible book value per share to new common stock investors in this offering	\$	<u>7.97</u>

A \$1.00 increase (decrease) in the assumed initial public offering price of \$9.00 per share of Class A common stock, which is the midpoint of the price range listed on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted net tangible book value per share of Class A common stock after this offering by approximately \$0.07, and dilution in pro forma as adjusted net tangible book value per share of Class A common

stock to new investors by approximately \$0.93, assuming that the number of shares of Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters exercise their over-allotment option to purchase additional shares of Class A common stock from us in full, the pro forma as adjusted net tangible book value after the offering would be \$1.11 per share of Class A common stock, the increase in pro forma as adjusted net tangible book value per share of Class A common stock to existing stockholders would be \$1.76 per share of Class A common stock and the dilution in pro forma as adjusted net tangible book value to new investors would be \$7.89 per share of Class A common stock, in each case assuming an initial public offering price of \$9.00 per share of Class A common stock, which is the midpoint of the price range listed on the cover page of this prospectus.

The following table summarizes, as of December 31, 2020, after giving effect to this offering, the number of shares of Class A common stock purchased from us, the total consideration paid, or to be paid, to us and the average price per share of Class A common stock paid, or to be paid, by existing stockholders and by the new investors. The calculation below is based on an assumed initial public offering price of \$9.00 per share of Class A common stock, which is the midpoint of the price range listed on the cover page of this prospectus, before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders	159,019,187	94 %	\$ 267,681,767	75 %	\$ 1.68
New investors ⁽¹⁾	9,722,222	6 %	\$ 87,500,000	25 %	\$ 9.00
Total	168,741,409	100 %	\$ 355,181,767	100 %	

(1) Assumes all investors on the Presidents' List are existing investors.

Each \$1.00 increase (decrease) in the assumed initial public offering price of \$9.00 per share of Class A common stock would increase (decrease) the total consideration paid by new investors and the total consideration paid by all stockholders by \$12.5 million, assuming the number of shares of Class A common stock offered by us remains the same.

Except as otherwise indicated, the discussion and the tables above assume no exercise of the underwriters' over-allotment option to purchase additional shares of Class A common stock from us. The number of shares of our Class A common stock outstanding after this offering as shown in the tables above is based on the number of shares of Class A common stock outstanding as of December 31, 2020, after giving effect to the Conversion and excludes:

- 3.5 million shares of Class A common stock issuable upon the exercise of warrants outstanding as of December 31, 2020, at an exercise price of \$4.00 per share of Class A common stock;
- 1.1 million shares of Class A common stock issuable upon the exercise of warrants outstanding as of December 31, 2020, at an exercise price of \$3.20 per share of Class A common stock; and
- 2.5 million unvested restricted stock units.

To the extent any of the outstanding warrants are exercised, there will be further dilution to new investors. If the underwriters exercise their over-allotment option to purchase additional shares of Class A common stock from us in full:

- the percentage of shares of Class A common stock held by the existing stockholders will decrease to approximately 93% of the total number of shares of our Class A common stock outstanding after this offering; and
- the number of shares held by new investors will increase to 11,597,222, or approximately 7% of the total number of shares of our Class A common stock outstanding after this offering.

SELECTED FINANCIAL DATA

The following table sets forth our selected consolidated financial data for the periods, and as of the dates, indicated. The (i) consolidated statements of operations data for the years ended December 31, 2020 and 2019 and (ii) consolidated balance sheet data as of December 31, 2020 and 2019 have been derived from the audited consolidated financial statements of the Company and its subsidiaries, which are included elsewhere in this prospectus.

The data set forth below should be read in conjunction with “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and the consolidated financial statements and the accompanying notes presented in this prospectus. Our consolidated financial statements have been prepared in accordance with U.S. GAAP and on a going-concern basis that contemplates continuity of operations and realization of assets and liquidation of liabilities in the ordinary course of business.

<i>(in thousands except per share data)</i>	Year Ended December 31,	
	2020	2019
Revenue, net	\$ 143,732	\$ 12,032
Cost of goods sold	\$ (82,818)	\$ (8,744)
Gross profit	\$ 60,914	\$ 3,288
Total operating expenses	\$ 53,067	\$ 29,409
Other income (expense)	\$ (12,986)	\$ (6,454)
Net loss attributable to AWH	\$ (25,439)	\$ (31,895)
Net loss per share attributable to AWH	\$ (0.27)	\$ (0.37)
Total assets	\$ 427,748	\$ 195,931
Noncurrent liabilities	\$ 308,677	\$ 145,045

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

This management discussion and analysis, which we refer to as the “**MD&A**”, of the financial condition and results of operations of Ascend Wellness Holdings, LLC (the “**Company**” or “**AWH**”) is for the years ended December 31, 2020 and 2019. It is supplemental to, and should be read in conjunction with, the consolidated financial statements for the years ended December 31, 2020 and 2019, and the accompanying notes thereto (the “**Annual Financial Statements**”). The Annual Financial Statements were prepared in accordance with accounting principles generally accepted in the United States of America, which we refer to as “**GAAP**”.

The following discussion should be read in conjunction with, and is qualified in its entirety by, the Annual Financial Statements and the accompanying notes thereto. In addition to historical information, the discussion in this section contains forward-looking statements and forward-looking information (collectively, forward-looking information”) that involve risks and uncertainties. Generally, forward-looking information may be identified by the use of forward-looking terminology such as “plans,” “expects,” “does not expect,” “proposed,” “is expected,” “budgets,” “scheduled,” “estimates,” “forecasts,” “intends,” “anticipates,” “does not anticipate,” “believes,” or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events, or results may, could, would, or might occur or be achieved. There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information. Forward-looking information is subject to known and unknown risks, uncertainties, and other factors that may cause the actual results, level of activity, performance, or achievements of the Company to be materially different from those or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; delay or failure to receive board or regulatory approvals; the actual results of future operations; operating and development costs; competition; changes in legislation or regulations affecting the Company; the timing and availability of external financing on acceptable terms, if at all; favorable production levels and outputs; the stability of pricing of cannabis products; the level of demand for cannabis product; the availability of third-party service providers and other inputs for the Company’s operations; and lack of qualified, skilled labor or loss of key individuals. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, including those set forth under the “Risk Factors” section and elsewhere in this Prospectus, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Financial information presented in this MD&A is presented in thousands of United States dollars (“\$”), unless otherwise indicated. We round amounts in this MD&A to the thousands and calculate all percentages and per-share data from the underlying whole-dollar amounts. Thus, certain amounts may not foot, crossfoot, or recalculate based on reported numbers due to rounding. Unless otherwise indicated, all references to years are to our fiscal year, which ends on December 31.

This MD&A was prepared by management of the Company and is dated and presented as of April 22, 2021.

BUSINESS OVERVIEW

We are a vertically integrated multi-state operator focused on adult-use or near-term adult-use cannabis states in limited license markets. Our core business is the cultivation, manufacturing, and distribution of cannabis consumer packaged goods, which we sell through our company-owned retail stores and to third-party licensed retail cannabis stores. We were founded in 2018 and initially pursued cultivation and dispensary licensing opportunities in Massachusetts. In December 2018, we entered the Illinois market with the acquisition of Revolution Cannabis-Barry LLC, an existing cultivation facility. We also acquired HealthCentral, LLC (“HCI”) and its related entities, which owned two operational medical dispensaries in Illinois. We have since expanded our operational footprint, primarily through acquisitions and now have direct or indirect operations or financial interests in five U.S. geographic markets: Illinois, Massachusetts, Michigan, New Jersey, and Ohio. During 2020, our growth was further fueled by the legalization of adult-use cannabis in the state of Illinois. We also acquired three dispensaries in the Chicago, Illinois area, along with a cultivation site and dispensary location in New Jersey. Additionally, we opened four new dispensaries during 2020 and expanded our cultivation operations.

We believe in bettering lives through cannabis. Our mission is to improve the lives of our employees, patients, customers and the communities we serve through the use of the cannabis plant. We are committed to providing safe, reliable and high-quality products and providing consumers options and education to ensure they are able to identify and obtain the products that fit their personal needs. As of April 22, 2021, we have direct or indirect operations or financial interests in five U.S. markets and employ approximately 1,000 people.

We are committed to being vertically integrated in every state we operate in, which entails controlling the entire supply chain from seed to sale. We are currently vertically integrated in two out of the five states in which we operate with expansion plans underway to achieve vertical integration in all five states. While we have been successful in opening facilities and dispensaries, we expect continued growth to be driven by opening new operational facilities and dispensaries under our current licenses, expansion of our current facilities, and increased consumer demand.

Our consumer products portfolio is generated primarily from plant material that we grow and process ourselves. We produce our consumer packaged goods in five manufacturing facilities with 74,000 square feet of current operational canopy and total current capacity of 38,000 pounds annually. We are undergoing expansions to 285,000 square feet of cumulative canopy, which is estimated to have a total production capacity of 142,000 pounds annually post build-out. As of April 22, 2021, our product portfolio consists of 102 stock keeping units (“SKUs”), across a range of cannabis product categories, including flower, pre-rolls, concentrates, vapes, edibles, and other cannabis-related products. As of April 22, 2021, we have 16 open and operating retail locations, including pending acquisitions in Illinois and Ohio, which we anticipate will expand to 23 locations open and operating by the end of calendar year 2021. Our new store opening plans are flexible and will ultimately depend on market conditions, local licensing, construction, and other regulatory permissions. All of our expansion plans are subject to capital allocations decisions, the evolving regulatory environment, and the COVID-19 pandemic.

Results of Operations

Year Ended December 31, 2020 Compared with the Year Ended December 31, 2019

(\$ in thousands)	Year Ended December 31,		Increase / (Decrease)	
	2020	2019		
Revenue, net	\$ 143,732	\$ 12,032	\$ 131,700	NM*
Cost of goods sold	(82,818)	(8,744)	74,074	NM*
Gross profit	60,914	3,288	57,626	NM*
Gross profit %	42.4 %	27.3 %		
Operating expenses				
General and administrative	53,067	29,409	23,658	80%
Total operating expenses	53,067	29,409	23,658	80%
Operating profit (loss)	7,847	(26,121)	33,968	130%
Other income (expense)				
Interest expense	(12,993)	(6,477)	6,516	101%
Other, net	7	23	(16)	(70)%
Total other income (expense)	(12,986)	(6,454)	6,532	101%
Loss before income taxes	(5,139)	(32,575)	(27,436)	(84)%
Income tax expense	(18,702)	(667)	18,035	NM*
Net loss	\$ (23,841)	\$ (33,242)	(9,401)	(28)%
Less: net income (loss) attributable to non-controlling interests	1,598	(1,347)	2,945	219%
Net loss attributable to AWH	\$ (25,439)	\$ (31,895)	\$ 6,456	20%

*Not meaningful

Revenue

Revenue in 2020 was \$143,732, compared to \$12,032 in 2019, representing an increase of \$131,700, primarily driven by growth from our existing businesses as well as new site openings and acquisitions. Revenue at our existing dispensaries increased by \$71,298, primarily due to the approval of adult recreational use in Illinois in January 2020. We opened four new dispensaries during 2020 which contributed \$5,912 of revenue during the year, and the acquisition of four dispensaries contributed additional \$15,445 of the total growth. Increased production and sales from our existing cultivation and manufacturing sites contributed \$38,929 to our revenue growth, primarily driven by a full year of sales at our Illinois facility, as compared to one quarter during 2019, and the commencement of cultivation and production at our Massachusetts and Michigan facilities during 2020. By the end of 2020, we had 87 SKUs for our cultivation products, compared to 33 at the end of 2019.

Cost of Goods Sold and Gross Profit

Cost of goods sold in 2020 was \$82,818, compared to \$8,744 in 2019, representing an increase of \$74,074. Cost of goods sold represent direct and indirect expenses attributable to the production of wholesale products as well as direct expenses incurred in purchasing products from other wholesalers. The increase in cost of goods sold in 2020 was driven by expansion of our operations, including \$8,096 of incremental costs from acquisitions. Gross profit for 2020 was \$60,914, representing a gross margin of 42.4%, compared to gross profit of \$3,288 and gross margin of 27.3% in 2019. The increase in gross margin was primarily driven by an increase in scale as well as efficiency improvements at our Illinois cultivation facility relative to its operations in 2019.

General and Administrative Expenses

General and administrative expenses were \$53,067 in 2020, compared to \$29,409 in 2019, representing an increase of \$23,658 or 80%. The increase was primarily related to:

- a \$7,873 increase in rent and utilities, driven by eight new operating leases that we entered into during 2020 and an increase in related utilities expenses to support the expansion of our operations;
- a \$7,155 increase in compensation expense resulting from an increase in headcount from approximately 270 at the end of 2019 to approximately 900 by the end of 2020 to support our expanded operations;
- a \$4,336 increase in depreciation and amortization expense due to \$4,530 of amortization related to in-place leases that were acquired during 2019, and \$583 of incremental amortization from licenses acquired during 2020.
- a \$2,633 increase in professional services, driven by an increase in consulting, accounting, and tax services;
- an increase of \$709 related to insurance expenses;
- a \$545 increase in marketing expenses associated with new dispensary openings; and
- a \$286 loss related to the sale of one of our capital assets during 2020.

Certain general and administrative expenses, primarily rent and utilities and amortization of in-place leases, were incurred in 2020 ahead of new store openings, particularly in Michigan. As such, expenses incurred exceeded revenue at certain locations; however, the Company does not anticipate recurring losses at these locations in the future as the business begins to operate at scale. The Company did not identify indicators of potential impairment of intangible assets or goodwill during 2020 or 2019.

Interest Expense

Interest expense was \$12,993 in 2020, compared to \$6,477 in 2019, an increase of \$6,516, due to an increase in the principal amount of Company debt outstanding during 2020. During 2020, the Company had an average outstanding debt balance of \$107,791 with a weighted-average interest rate of 10.8%, compared to an average debt balance of \$45,643 during 2019 with a weighted-average interest rate of 12.2%.

Income Tax Expense

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted at year-end. Since the Company operates in the cannabis industry, it is subject to the limitations of Internal Revenue Code (“IRC”) Section 280E, which prohibits businesses engaged in the trafficking of Schedule I or Schedule II controlled substances from deducting ordinary and necessary business expenses from gross profit. Cannabis businesses operating in states that align their tax codes with IRC Section 280E are also unable to deduct ordinary and necessary business expenses for state tax purposes. Ordinary and necessary business expenses deemed non-deductible under IRC Section 280E are treated as permanent book-to-tax differences. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss.

The statutory federal tax rate was 21% during 2019 and 2020. The Company has operations in five U.S. geographic markets: Illinois, Massachusetts, Michigan, New Jersey, and Ohio, which have state tax rates ranging from 4% to 9.5%. Certain states, including Michigan, do not align with IRC Section 280E for state tax purposes and permit the deduction of ordinary and necessary business expenses from gross profit in the calculation of state taxable income.

In 2020, income tax expense was \$18,702, which was approximately 30.7% of Gross Profit, compared to income tax expense of \$667 in 2019, which was approximately 20.3% of Gross Profit. The percentage increase was primarily driven by an increase in state tax expense incurred as a result of a significant increase in gross profit from operations in states which align with the provisions of IRC Section 280E for state tax purposes, relative to other states, such as Michigan, which do not.

Effective January 1, 2020, AWH elected to be treated as a C-Corporation for Federal income tax purposes. AWH did not recognize any deferred taxes as a result of this change, as AWH did not have any temporary book-to-tax differences prior to this election, largely due to the limitations of IRC Section 280E.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (“**CARES Act**”) was enacted in response to the COVID-19 pandemic. Among other provisions, the CARES Act allows net operating loss carryforwards incurred in 2018, 2019, and 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. The Company is currently evaluating the impact of the CARES Act, but at present does not expect it to have a material impact on its provision due to the limitations of IRC Section 280E.

NON-GAAP FINANCIAL MEASURES

We define “**Adjusted Gross Profit**” as gross profit excluding non-cash inventory costs. We define “**Adjusted Gross Margin**” as Adjusted Gross Profit as a percentage of net revenue. Our “**Adjusted EBITDA**” is a non-GAAP measure used by management that is not defined by U.S. GAAP and may not be comparable to similar measures presented by other companies. We define “**Adjusted EBITDA Margin**” as Adjusted EBITDA as a percentage of net revenue. Management calculates Adjusted EBITDA as the reported net loss, adjusted to exclude: income tax expense; other (income) expense; interest expense, depreciation and amortization; depreciation and amortization included in cost of goods sold; loss on sale of assets; non-cash inventory adjustments; equity based compensation; start-up costs; and transaction-related and other legal expenses. Accordingly, management believes that Adjusted EBITDA provides meaningful and useful financial information, as this measure demonstrates the operating performance of the business. Non-GAAP financial measures may be considered in addition to the results prepared in accordance with U.S. GAAP, but they should not be considered a substitute for, or superior to, U.S. GAAP results.

The following table presents Adjusted Gross Profit for the years ended December 31, 2020 and 2019:

	Year Ended December 31,	
	2020	2019
<i>(\$ in thousands)</i>		
Gross Profit	\$ 60,914	\$ 3,288
Depreciation and amortization included in cost of goods sold	3,696	323
Non-cash inventory adjustments	146	(589)
Adjusted Gross Profit	\$ 64,756	\$ 3,022
<i>Adjusted Gross Margin</i>	45.1 %	25.1 %

The following table presents Adjusted EBITDA for the years ended December 31, 2020 and 2019:

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Net income (loss)	\$ (23,841)	\$ (33,242)
Income tax expense	18,702	667
Other (income) expense	(7)	(23)
Interest expense	12,993	6,477
Depreciation and amortization	7,914	3,578
Depreciation and amortization included in cost of goods sold	3,696	323
Loss on sale of assets	286	—
Non-cash inventory adjustments	146	(589)
Equity based compensation	680	311
Start-up costs ⁽¹⁾	8,097	10,096
Transaction-related and other legal expenses ⁽²⁾	2,164	—
Adjusted EBITDA	\$ 30,830	\$ (12,402)
<i>Adjusted EBITDA Margin</i>	<i>21.4 %</i>	<i>(103.1)%</i>

⁽¹⁾ Represents certain expenses incurred before commencement of operations at various locations. Such expenses include: rent and utilities of \$5,538 and \$3,231 during 2020 and 2019, respectively; compensation and related expenses of \$664 and \$2,420 during 2020 and 2019, respectively; one-time costs associated with acquiring real estate or obtaining licenses and permits totaling \$296 and \$2,553 during 2020 and 2019, respectively; and other expenses, largely consisting of professional services expenses, totaling \$1,599 and \$1,892 during 2020 and 2019, respectively.

⁽²⁾ In addition to other legal expenses incurred for potential future business development and expansion, this amount includes acquisition-related costs for MOCA LLC, Greenleaf Compassion Center, and Chicago Alternative Health Center, LLC totaling \$526 during 2020 and legal and professional fees associated with the Company's potential go-public transaction totaling \$688 during 2020.

LIQUIDITY AND CAPITAL RESOURCES

We are an emerging growth company and our primary sources of liquidity are operating cash flows, borrowings through the issuances of notes payable, and funds raised through the issuance of equity securities. We are generating cash from sales and deploying our capital reserves to acquire and develop assets capable of producing additional revenue and earnings over both the immediate and long term. Capital reserves are being utilized for acquisitions in the medical and adult use cannabis markets, for capital expenditures and improvements in existing facilities, product development and marketing, as well as customer, supplier, and investor and industry relations.

Financing History and Future Capital Requirements

To date, we have used private financing as a source of liquidity for short-term working capital needs and general corporate purposes. During 2018, we raised \$28,675 through the issuance of notes payable and \$14,651 through the issuance of membership units to fund the commencement of our operations. During 2019, we raised \$64,742 through the issuance of notes payable and \$38,481 through the issuance of membership units to help finance our expanded operations and provide funds for investments in our capital assets and acquisitions. During 2020, we raised an additional \$101,886 through the issuance of notes payable to further finance our expanded operations. During 2021, we raised \$49,500 through the issuance of notes payable to further finance our expanded operations and acquisitions.

Our future ability to fund operations, to make planned capital expenditures, to acquire other entities or investments, to make scheduled debt payments, and to repay or refinance indebtedness depends on our future

operating performance, cash flows, and ability to obtain equity or debt financing, which are subject to prevailing economic conditions, as well as financial, business, and other factors, some of which are beyond our control.

As reflected in the Annual Financial Statements, the Company had an accumulated deficit as of December 31, 2020 and 2019, as well as a net loss and negative cash flows from operating activities for the reporting periods then-ended. Management believes that substantial doubt of our ability to continue as a going concern for at least one year from the issuance of our Annual Financial Statements has been alleviated due to: (i) capital raised subsequent to December 31, 2020 and (ii) continued sales growth from our consolidated operations. Management plans to continue to access capital markets for additional funding through debt and/or equity financings to supplement future cash needs, as may be required. However, management cannot provide any assurances that the Company will be successful in accomplishing its business plans. If we are unable to raise additional capital on favorable terms, if at all, whenever necessary, we may be forced to decelerate or curtail certain of its operations until such time as additional capital becomes available.

As of December 31, 2020 and 2019, the Company had total current liabilities of \$115,285 and \$16,046, respectively, and total current assets of \$134,547 and \$57,376, respectively, which includes cash and cash equivalents of \$56,547 and \$10,555, respectively, to meet its current obligations. As of December 31, 2020, the Company had working capital of \$19,262, compared to \$41,330 as of December 31, 2019.

Approximately 95% and 94% of the Company's cash and cash equivalents balance as of December 31, 2020 and 2019, respectively, is on deposit with banks, credit unions, or other financial institutions. We have not experienced any material impacts related to banking restrictions applicable to cannabis businesses (see "Risk Factors – Cannabis businesses are subject to applicable anti-money laundering laws and regulations and have restricted access to banking and other financial services"). Our cash and cash equivalents balance is not restricted for use by variable interest entities.

Cash Flows

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Net cash used in operating activities	\$ (6,004)	\$ (40,929)
Net cash used in investing activities	(30,872)	(65,551)
Net cash provided by financing activities	82,168	111,062

Operating Activities

Net cash used in operating activities decreased by \$34,925 during 2020, as compared to 2019. The decrease was primarily driven by: the year-over-year decrease in our net loss and increases in non-cash income and expense items impacting net loss, as well as a decrease in net investments in working capital, including inventory partially offset by the timing of accounts receivable and income taxes payable.

Investing Activities

Net cash used in investing activities decreased by \$34,679 during 2020, as compared to 2019. The decrease primarily resulted from lower purchases of intangible assets, lower cash investments in capital assets, and an increase in proceeds from the sale of assets, partially offset by an increase in cash paid in business acquisitions.

Financing Activities

Net cash provided by financing activities decreased by \$28,894 during 2020, as compared to 2019. The decrease was primarily driven by lower proceeds from the issuance of membership units, lower proceeds from sale-leaseback transactions, and an increase in repayments of debt, partially offset by higher proceeds from the issuance of debt.

Contractual Obligations and Other Commitments and Contingencies

The following table summarizes the Company's future contractual obligations as of December 31, 2020:

<i>(in thousands)</i>	Commitments Due by Period				
	Total	2021	2022 - 2023	2024 - 2025	Thereafter
Contractual Obligations					
Term notes ⁽¹⁾	\$ 155,608	\$ 28,222	\$ 85,762	\$ 41,624	\$ —
Sellers' Notes ⁽²⁾	45,803	31,517	14,286	—	—
Finance arrangements ⁽³⁾	19,873	2,022	4,225	4,477	9,149
Operating leases ⁽⁴⁾	427,971	20,345	42,599	45,084	319,943
Total	\$ 649,255	\$ 82,106	\$ 146,872	\$ 91,185	\$ 329,092

⁽¹⁾ Principal payments due under term notes payable.

⁽²⁾ Consists of amounts owed for acquisitions or other purchases. Certain cash payments include an interest accretion component.

⁽³⁾ Reflects our contractual obligations to make future payments under non-cancelable operating leases that did not meet the criteria to qualify for sale-leaseback treatment.

⁽⁴⁾ Reflects our contractual obligations to make future payments under non-cancelable operating leases.

Other Commitments

In December 2020, the Company submitted a state application to acquire BCCO, LLC, a medical dispensary license holder in Ohio for cash consideration of approximately \$3,500, subject to certain adjustments at closing. The Company may settle the outstanding balances due under a note receivable and a working capital loan as part of the purchase price at closing. The Company expects to enter into a definitive purchase agreement following the state approval of the license transfer. Though precise timing is difficult to estimate given the uncertainties around receipt of the requisite regulatory approvals, if the proposed transaction is completed during 2021, the Company has adequate cash on hand to consummate the proposed transaction and anticipates allocating certain of the proceeds from the offering to this transaction, as indicated in "Use of Proceeds."

In December 2020, the Company submitted a state application to acquire Hemma, LLC, the owner of a medical cultivation site in Ohio, for cash consideration of approximately \$9,570, subject to certain adjustments at closing. The Company may settle the outstanding balances due under a note receivable and a working capital loan as part of the purchase price at closing. The Company expects to enter into a definitive purchase agreement following the state approval of the license transfer. Though precise timing is difficult to estimate given the uncertainties around receipt of the requisite regulatory approvals, if the proposed transaction is completed during 2021, the Company has adequate cash on hand to consummate the proposed transaction and anticipates allocating certain of the proceeds from the offering to this transaction, as indicated in "Use of Proceeds."

Capital Expenditures

We anticipate cash capital expenditures, net of tenant improvement allowances, of approximately \$90,000 during 2021. This includes new projects we expect to initiate in 2021, as well as payments related to projects that began in 2020. During 2021, we anticipate completing the build-outs of the greenhouse at our Barry, Illinois cultivation facility and the cultivation and processing facility in Lansing, Michigan. We also anticipate completing the phase 2 expansion at our Athol, Massachusetts cultivation facility, as well as the expansion of our Franklin, New Jersey cultivation and processing facility. Spending at our cultivation and processing facilities includes both construction and the purchase of capital equipment such as extraction equipment, Heating, ventilation, and air conditioning (HVAC) equipment, manufacturing equipment and general maintenance capital expenditures. Additionally, we expect to complete the build-outs of 7 total dispensaries across Illinois, Massachusetts, New Jersey, and Michigan that are expected to open in 2021. In addition, dispensary-related capital expenditures include anticipated costs to rebrand all dispensaries to the Ascend retail brand and general maintenance of our retail locations.

As of December 31, 2020, our construction in progress (“**CIP**”) balance was \$25,139 and relates to capital spending of assets that were not yet complete. This balance includes approximately \$15,000 related to the Lansing, Michigan cultivation and processing facility. Production operations at this location are expected to begin during the first quarter of 2021 and cultivation activities are expected to commence during the second quarter of 2021. Approximately \$4,000 of the CIP balance relates to the construction of a greenhouse at our Barry, Illinois cultivation facility, which is expected to be completed in the second or third quarter of 2021. The remaining balance of approximately \$6,000 relates to the active construction projects related to certain licensed dispensaries that were not yet open as of December 31, 2020.

Off-Balance Sheet Arrangements

As of the date of this MD&A, we do not have any off-balance-sheet arrangements, as defined by applicable regulations of the Securities and Exchange Commission, that have, or are reasonably likely to have, a current or future effect on the results of our operations or financial condition, including, and without limitation, such considerations as liquidity and capital resources.

Related Party Transactions

AWH has a management services agreement (“**MSA**”) with AGP Partners, LLC (“**AGP**”) under which AGP provides management services to AWH in connection with the monitoring and oversight of AWH’s financial and business functions. The founder of AGP is the Chief Executive Officer and founder of AWH. Pursuant to the MSA, AWH pays AGP a quarterly fee of \$100. As of December 31, 2020 and 2019, \$100 and \$200, respectively, of these fees are included in “Accounts payable and other accrued expenses” on the Consolidated Balance Sheets. We recognized expenses of \$400 during each of 2020 and 2019, respectively, that are included in “General and administrative expenses” on the Consolidated Statements of Operations. AGP is entitled to receive \$2,000 upon the termination of the MSA in the event of an initial public offering or a change of control. This payout is contingent upon the beneficial owners of AGP who serve as officers of the Company entering into lock-up agreements that extend for 180 days following such event. Pursuant to the MSA, each such lock-up agreement shall contain a provision whereby AWH’s Board of Managers may waive, in whole or in part, such extended lock-up thereto if AWH’s Board of Managers determines, in its sole discretion and in accordance with AWH’s governing documents and applicable law, that such waiver will not have an adverse effect on AWH and its equity holders, business, financial condition and prospects.

Additionally, \$1,000 of the Company’s convertible notes are with related party entities that are managed by one of the founders of the Company.

In December 2020, one of the founders of AWH assigned his interest in Ascend Michigan to AWH. Following the assignment, AWH retains a 99.9% ownership interest in Ascend Michigan. Please see the description of the transaction below for additional information.

On April 14, 2021, the Company entered into a warrant cancellation agreement with One Tower Atlantic, LLC, holder of warrants to acquire 1,094 common units of AWH at an exercise price of \$3.20 per unit (the “**\$3.20 Warrants**”). Upon the completion of the proposed offering, the \$3.20 Warrants will be cancelled and cashed out in exchange for a payment of \$4,156 (or \$7.00 per share assuming cashless exercise) from cash on hand. Chris Leavy, a former member of the board of managers of the Company, is a partial owner of the general partner of One Tower Atlantic, LLC, and approximately 3% of the equity interest in One Tower Atlantic, LLC, and has an interest in the transaction valued at approximately \$125. Mr. Leavy is not currently a member of the board of directors.

Other Matters

As of December 31, 2020, there are 22,801 of Real Estate Preferred Units outstanding, 14,252 of Series Seed Preferred Units outstanding, and 20,982 of Series Seed+ Preferred Units outstanding (collectively, the “**Preferred Units**”), in addition to 48,047 common units (including vested restricted common units as denoted below). The Preferred Units are convertible at the option of the Holder into common units on a one-for-one basis. In addition, if a

go-public transaction were to occur, then each common unit, Series Seed Preferred Unit, and Series Seed+ Preferred Unit would convert on a one-for-one basis. Each Real Estate Preferred Unit would convert at a rate of (i) one (ii) plus (A) the original purchase price of such Real Estate Preferred Unit multiplied by 1.5, divided by (B) the price at which the securities are sold to the public. This conversion feature for the Real Estate Preferred Units is considered a contingent beneficial conversion feature that would only be recognized if the event occurs, and is quantifiable only at the date of such event. We anticipate this contingent beneficial conversion feature may result in a charge of approximately \$27,400 that could adversely impact our operating results upon the conversion.

As of December 31, 2020, there are 9,944 of restricted common units issued, of which 2,626 are vested. The Company recognized \$313 as compensation expense in connection with these units during 2020, which is included in “General and administrative expenses” on the Consolidated Statement of Operations in the Annual Financial Statements. As of December 31, 2020, total unrecognized compensation cost related to incentive units was \$1,802, which is expected to be recognized over the weighted-average remaining vesting period of 1.4 years. Approximately 4,480 of the unvested restricted common units have an acceleration clause upon a go-public transaction. The accelerated vesting provisions could result in additional compensation charges up to \$1,084, related to these awards.

In December 2020, the sole member of FPAW Michigan 2, Inc. (“**Ascend Michigan**”) assigned his interests to AWH, thereby making AWH the majority member, retaining 99.9% of the membership interests in Ascend Michigan. The previous member is a founder of the Company and has a significant equity interest in the Company. Ascend Michigan was previously accounted for as a variable interest entity (“**VIE**”) because the Company possessed the power to direct the significant activities of the VIE and had the obligation to absorb losses or the right to receive benefits from the VIE. Subsequent to the assignment of the member interests, Ascend Michigan is considered a wholly owned subsidiary. The assignment had no significant impact on the Company’s results, as Ascend Michigan was previously consolidated as a VIE and will continue to be consolidated as a subsidiary. No impairment of assets or impact on results of operations occurred with the transfer of member interests.

Subsequent Transactions

Investments

On February 25, 2021, we entered into a definitive investment agreement (the “**Investment Agreement**”) with MedMen Enterprises Inc. (“**MedMen**”), under which we will, subject to regulatory approval, complete an investment (the “**Investment**”) of approximately \$73,000 in MedMen NY, Inc. (“**MMNY**”), a licensed medical cannabis operator in New York. In connection with the Investment, and subject to regulatory approval, MMNY will engage our services pursuant to a management agreement (the “**Management Agreement**”) under which we will advise on MMNY’s operations pending regulatory approval of the Investment transaction.

Under the terms of the Investment, at closing, MMNY will assume approximately \$73,000 of MedMen’s existing secured debt, AWH will invest \$35,000 in cash in MMNY, and AWH New York, LLC will issue a senior secured promissory note in favor of MMNY’s senior secured lender in the principal amount of \$28,000, guaranteed by AWH, which cash investment and note will be used to reduce the amounts owed to MMNY’s senior secured lender. Following its investment, AWH will hold a controlling interest in MMNY equal to approximately 86.7% of the equity in MMNY, and be provided with an option to acquire MedMen’s remaining interest in MMNY in the future. AWH must also make an additional investment of \$10,000 in exchange for additional equity in MMNY, which investment will also be used to repay MMNY’s senior secured lender if adult-use cannabis sales commence in MMNY’s dispensaries.

The transactions contemplated by the Investment Agreement are subject to customary closing conditions, including approval from the New York State Department of Health and other applicable regulatory bodies.

The audited financial statements of MMNY for the years ended December 31, 2020 and 2019, management’s discussion and analysis of financial condition and results of operations of MMNY for the years ended December 31, 2020 and 2019, and the unaudited consolidated statement of operations of AWH giving effect to the acquisition of MOCA, the acquisition of Midway, and the investment in MMNY are attached as Exhibits 99.5, 99.6, and 99.7,

respectively, to the registration statement of which this prospectus forms a part. Such financial statements were prepared to satisfy requirements of the Canadian securities regulatory authorities in connection with our concurrent Canadian public offering. Those financial statements were prepared in accordance with U.S. GAAP and audited in accordance with International Standards on Auditing; and are provided solely for the purposes of the Canadian securities regulatory authorities and not with respect to any SEC regulation or the Securities Act.

Leases

Subsequent to December 31, 2020, new operating leases with ROU assets and related lease liabilities of approximately \$7,400 have commenced.

Notes Payable

In January 2021, the Company entered into a convertible note purchase agreement (the “**2021 AWH Convertible Promissory Notes**”). The Company issued \$49,500 of 2021 AWH Convertible Promissory Notes through the date of this report. Each note matures two years from its issue date and can either be paid in full at maturity or converted into common units. Each note bears interest at 8% for the first twelve months, 10% for months thirteen through fifteen, and 13% thereafter through maturity. Interest is paid-in-kind and added to the outstanding balance of the note, to be paid at maturity or upon conversion.

These notes are convertible into common units of the Company on occurrence of certain events, such as a change of control or an initial public offering (“**IPO**”) (which events had not occurred as of the date of the Annual Financial Statements). Upon the occurrence of an IPO, each note, including interest thereon less applicable withholding taxes, will automatically convert into equity securities issued in connection with the IPO, with the number of securities issued on the basis of a price equal to the lesser of: (a)(i) a 20% discount to the issue price if an IPO occurs on or before 12 months from each note issuance; (ii) a 25% discount to the issue price if an IPO occurs after 12 months of each note issuance, but before maturity; and (b) the conversion price then in effect based on a defined pre-money valuation of the Company. If the Company does not consummate an IPO prior to the maturity date, at maturity the holder may elect the outstanding principal amount and accrued and unpaid interest to be paid in full in cash or convert into common units at a price of \$6.00 per unit, subject to adjustments for splits, dividends or other similar recapitalization events.

Legal Matter

In September 2019, FPAW Michigan, LLC (“**FPAW**”), a VIE of the Company at the time then nominally owned by Frank Perullo, co-founder of the Company, through FPAW Michigan 2, Inc. and the Company entered into two agreements to purchase real estate holding companies owning six properties in Michigan that were zoned or to be zoned for the sale of medical or adult use cannabis. As indicated above, the Company accounted for FPAW Michigan 2, Inc. as a VIE, as the Company had the obligation to absorb losses and the right to receive the benefits from the VIE. The acquisition of these properties would allow AWH to expand its operations in Michigan as part of its initial growth strategy. At the time the agreements were signed, the Michigan cannabis market remained in the early stages of development, with adult use sales in the state not commencing until December 2019. While the contracts were being negotiated in 2019, AWH and the parties entered into lease agreements under which FPAW was permitted to occupy the properties. Operations commenced at one property in September 2020 and at a second property in March 2021. Following the execution of the original agreements in September 2019, three of the six properties to be acquired under the original agreements were deemed not suitable for the intended business purposes due to regulatory developments. Due to the lack of suitability of three of the properties, lower than expected revenue and margins due to increased competition, higher operating costs than anticipated, and lack of vertical integration while FPAW and the Company continued to develop its Michigan cultivation facility, FPAW and AWH and the counterparties reengaged in negotiations relating to the commercial transaction, though such negotiations ended unsuccessfully in September 2020.

On December 4, 2020, the counterparties to the agreements mentioned above, TVP, LLC, TVP Grand Rapids, LLC and TVP Alma, LLC (collectively, the “**TVP Parties**”), filed a complaint in the Circuit Court of the State of

Michigan, County of Oakland, asserting claims against FPAW and AWH. The case number for the action was 2020-184972-CB. The TVP Parties alleged that FPAW and AWH had breached the two agreements entered into in September 2019. The TVP Parties asked the court to grant specific performance of the contracts with AWH and FPAW, which, if granted, would have resulted in AWH issuing approximately 4,770 common units (taking into account the Company's two-for-one reverse split effected on April 22, 2021 (the "**Reverse Split**")) as originally agreed in September 2019 and paying approximately \$16,500 in cash to the TVP Parties in exchange for the entities holding the properties subject to the agreements. AWH and FPAW filed an answer to the complaint on January 28, 2021. AWH and FPAW believed there existed valid defenses to the demand for specific performance due to the lack of suitability of three of the six properties subject to the original transaction agreements.

As the litigation proceeded, the Company and FPAW engaged in settlement discussions with the counterparties and determined that settling the dispute so the Company could focus on growing its Michigan business was in the best interest of the Company and FPAW and a better use of Company and FPAW resources and time than continuing to defend the lawsuit and incurring additional litigation fees and expenses. Following such negotiations, on April 14, 2021, the TVP Parties, FPAW and AWH entered into a settlement agreement (the "**Settlement Agreement**"), which provides for, among other items, the dismissal of all claims brought by the TVP Parties against FPAW and AWH upon performance of each parties' obligations under the Settlement Agreement. Pursuant to the Settlement Agreement, FPAW and AWH were required to deliver a cash payment of \$9,000 to TVP, LLC on the date of the Settlement Agreement, with an additional cash payment of \$5,480 due on or before January 1, 2022. In addition, on April 14, 2021, upon the execution of the Settlement Agreement, AWH issued 4,770 common units of AWH (taking into account the Reverse Split) to an escrow account, to be held in the name of the escrow agent (the "**Escrow Units**"). The total cash payments are approximately \$2,000 less than would have otherwise been payable under the agreements. The value of the shares issued have increased significantly between September 2019 when the agreements were initially entered into and the date of the Settlement Agreement. The Escrow Units converted into shares of Class A common stock upon the Conversion in the same manner as all other common units of AWH. Also as part of the Settlement Agreement and in order to avoid further potential litigation, AWH issued 255 common units of AWH (taking into account the Reverse Split) to a party to one of the September 2019 agreements that was not a party to the litigation matter.

Upon the receipt of the initial cash payment of \$9,000 and the issuance of the Escrow Units, the TVP Parties filed a stipulated order dismissing all lawsuits, with prejudice and without costs, against FPAW and AWH. The Escrow Units are issued and outstanding and will remain in the escrow account until such time as the TVP Parties exercise an option to hold the Escrow Units directly (the "**Put Option**"). Upon their exercise of the Put Option, the Escrow Units shall be released to the TVP Parties and the TVP Parties shall transfer to FPAW the equity interests of the entities that hold the three real estate properties in Grand Rapids, which are the three remaining properties that remain suitable for the original business purposes. The parties intend to work to identify at least two additional sites that will be suitable for future Ascend retail locations, which properties the Company would lease pursuant to market rental terms. The Company and FPAW determined that identifying and developing additional properties that would be suitable for operating cannabis dispensaries was of greater value to the Company than acquiring and subsequently disposing of the other three parcels, as the value of such properties once they were no longer suitable for the Company's original business purposes was not of material value to the Company. The Put Option is required to be exercised by the TVP Parties within three years of the date of the Settlement Agreement. FPAW and AWH are entitled to use the subject properties until such time as the Put Option is exercised. FPAW currently operates dispensaries at two of the properties and expects to open a dispensary at the third property by the end of 2021.

The total value of the settlement is currently estimated at approximately \$59,700, which includes the cash payment of approximately \$14,500 as well as an estimated value of the shares issued, assuming an estimated value of \$9.00 per share of Class A common stock offered in this offering (which is the midpoint of the price range set forth on the cover page of this prospectus). The total consideration will be allocated between the three properties to be acquired in the settlement based on the fair value of such properties, with the remainder allocated to settlement expense in the Company's 2021 financial statements. The settlement charge could have a significant impact on the Company's operating results in 2021 and is not expected to be deductible for tax purposes.

The Company reported losses of approximately \$16,700 related to FPAW in 2020 and there is no guarantee that the Company's Michigan operations will become profitable in the future. The 2020 losses were in part driven by costs incurred while building out the Company's assets, including its cultivation facility in Lansing, Michigan, which is substantially complete as of the date of this filing. The Company expects cultivation operations to commence in April 2021, and the Company anticipates that revenue and profitability in Michigan will improve as a result of vertical integration. Once vertically integrated, the Company will be able to produce products for sale at our owned dispensaries at a significantly lower cost compared to the cost associated with acquiring product on the wholesale market from third parties. Additionally, the Company opened new dispensaries in September 2020 (which began adult use sales in December 2020) and March 2021, which the Company expects to positively contribute to the Company's 2021 results. The Company also intends to identify additional attractive locations for future retail locations in Michigan. However, despite these developments, Michigan may continue to be a difficult market for us in 2021 as it is more competitive than the other markets in which the Company operates because Michigan does not limit the number of dispensaries or the size of cultivation facilities. As of the date of this prospectus, there are over 300 dispensaries in Michigan and due to the significant retail competition in this market, we expect our sales per retail location and gross margins in this market to be below our average across the portfolio.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated financial statements in accordance with GAAP requires our management to make certain estimates that affect the reported amounts. The Company's significant accounting policies are described in Note 2, "*Basis of Presentation and Significant Accounting Policies*," in the Annual Financial Statements. The Company bases estimates on historical experience, known or expected trends, independent valuations, and various other assumptions that the Company believes to be reasonable under the circumstances. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. The Company believes the following critical accounting policies govern the more significant judgments and estimates used in the preparation of the Annual Financial Statements.

Estimated Useful Lives and Amortization of Intangible Assets

Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they may be impaired.

Business Combinations

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition.

In determining the fair value of all identifiable assets and liabilities acquired, the most significant estimates relate to intangible assets. 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.

Cannabis licenses are the primary intangible asset acquired in business combinations, as they provide us the ability to operate in each market. The key assumptions used in calculating the fair value of these intangible assets are cash flow projections that include discount rates and terminal growth rates. In calculating the fair value of the cannabis licenses acquired during 2020 and 2019, management selected discount rates ranging from 13% to 21%. The terminal growth rate represents the rate at which these businesses will continue to grow into perpetuity. Management selected a terminal growth rate of 3%. Other significant assumptions include revenue, gross profit, operating expenses and anticipated capital expenditures which are based upon the Company's historical operations along with management projections.

The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets.

Inventories

The net realizable value of inventories represents the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. The determination of net realizable value requires significant judgment, including consideration of factors such as shrinkage, the aging of and future demand for inventory, expected future selling price we expect to realize by selling the inventory, and the contractual arrangements with customers. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts and net realizable value. The estimates are judgmental in nature and are made at a point in time, using available information, expected business plans and expected market conditions. As a result, the actual amount received on sale could differ from the estimated value of inventory. Periodic reviews are performed on the inventory balance. The impact of changes in inventory reserves is reflected as cost of goods sold.

Goodwill Impairment

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired. In order to determine if the value of goodwill has been impaired, the reporting unit to which goodwill has been assigned or allocated must be valued using present value techniques. When applying this valuation technique, we rely on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

In performing our annual goodwill impairment analysis we concluded that the implied fair value of our reporting units was substantially in excess of its carrying value and that no further evaluation of impairment was necessary. A 10% decrease in the estimated fair value of our reporting unit would not have resulted in a different conclusion.

Leases

For leases other than short-term leases (those with an initial term of twelve months or less), we recognize right-of-use (“**ROU**”) assets and lease liabilities on the Consolidated Balance Sheet. Operating lease liabilities are initially recognized based on the net present value of the fixed portion of our lease payments from lease commencement through the lease term. To calculate the net present value, we apply an incremental borrowing rate that is estimated as the rate of interest we would pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term. We use quoted interest rates as an input to derive our incremental borrowing rate as the discount rate for the lease. We recognize ROU assets based on operating lease liabilities reduced by lease incentives, including tenant improvement allowances. We test ROU assets for impairment in the same manner as long-lived assets.

Consolidation

Judgment is applied in assessing whether we exercise control and have significant influence over entities in which we directly or indirectly own an interest. We have control when we have the power over the subsidiary, have exposure or rights to variable returns and have the ability to use our power to affect the returns. Significant influence is defined as the power to participate in the financial and operating decisions of the subsidiaries. Where we are determined to have control, these entities are consolidated. Additionally, judgment is applied in determining the effective date on which control was obtained.

Recently Adopted Accounting Standards and Recently Issued Accounting Pronouncements

For information about our recently adopted accounting standards and recently issued accounting standards not yet adopted, see Note 2, “Basis of Presentation and Significant Accounting Policies,” of the Annual Financial Statements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed in varying degrees to a variety of financial instrument related risks. We mitigate these risks by assessing, monitoring and approving our risk management processes.

Credit Risk

Credit risk is the risk of a potential loss to us if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2020 is the carrying amount of cash and cash equivalents. We do not have significant credit risk with respect to our customers. All cash and cash equivalents are placed with major U.S. financial institutions. We provide credit to our customers in the normal course of business.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations associated with financial liabilities. We manage liquidity risk through the effective management of our capital structure. Our approach to managing liquidity is to ensure that we will have sufficient liquidity at all times to settle obligations and liabilities when due.

As reflected in the Annual Financial Statements, we had an accumulated deficit as of December 31, 2020 and 2019, as well as a net loss and negative cash flows from operating activities for the reporting periods then-ended. Management believes that substantial doubt of our ability to continue as a going concern for at least one year from the issuance of our Annual Financial Statements has been alleviated due to: (i) capital raised subsequent to December 31, 2020 and (ii) continued sales growth from our consolidated operations. Management plans to continue to access capital markets for additional funding through debt and/or equity financings to supplement future cash needs, as may be required. However, management cannot provide any assurances that we will be successful in accomplishing our business plans. If we are unable to raise additional capital on favorable terms, if at all, whenever necessary, we may be forced to decelerate or curtail certain of our operations until such time as additional capital becomes available.

Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, raw materials, and other commodity prices. Strategic and operational risks may arise if we fail to carry out business operations and/or raise sufficient equity and/or debt financing. Strategic opportunities or threats may arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. We seek to mitigate such risks by consideration of potential development opportunities and challenges.

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. Our financial debts have fixed rates of interest and therefore expose us to a limited interest rate fair value risk.

Commodities Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The primary raw materials used by us aside from those cultivated internally are labels and packaging. Management believes a hypothetical 10% change in the price of these materials would not have a significant effect on our consolidated annual results of operations or cash flows, as these costs are generally passed through to our customers. However, such an increase could have an impact on our customers' demand for our products, and we are not able to quantify the impact of such potential change in demand on our annual results of operations or cash flows.

COVID-19 Risk

We are monitoring COVID-19 closely, and although our operations have 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. Our operations are ongoing as the cultivation, processing and sale of cannabis products is currently considered an essential business by the states in which we operate with respect to all customers (except for Massachusetts, where cannabis has been deemed essential only for medical patients). In all locations where regulations have been enabled by governmental authorities, we have expanded consumer delivery options and curbside pickup to help protect the health and safety of our employees and customers. The pandemic has not materially impacted our business operations or liquidity position to date. We continue to generate operating cash flows to meet our short-term liquidity needs. The uncertain nature of the spread of COVID-19 may impact our business operations for reasons including the potential quarantine of our employees or those of our supply chain partners or a change in our designation as “essential” in states where we do business that currently or in the future impose restrictions on business operations.

BUSINESS

Overview

AWH is a vertically integrated multi-state operator focused on adult-use or near-term adult-use cannabis states in limited license markets. Our core business is the cultivation, manufacturing and distribution of cannabis consumer packaged goods, which we sell through our company-owned retail stores and to third-party licensed retail cannabis stores. We were founded in 2018 and initially pursued cultivation and dispensary licensing opportunities in Massachusetts. In December 2018, we entered the Illinois market with the acquisition of an existing cultivation facility through the acquisition of Revolution Cannabis-Barry LLC. We also acquired HCI and its related entities, which owned two operational medical dispensaries in Illinois. We have since expanded our operational footprint, primarily through acquisitions, and now have direct or indirect operations or financial interests in five U.S. geographic markets: Illinois, Massachusetts, Michigan, New Jersey, and Ohio.

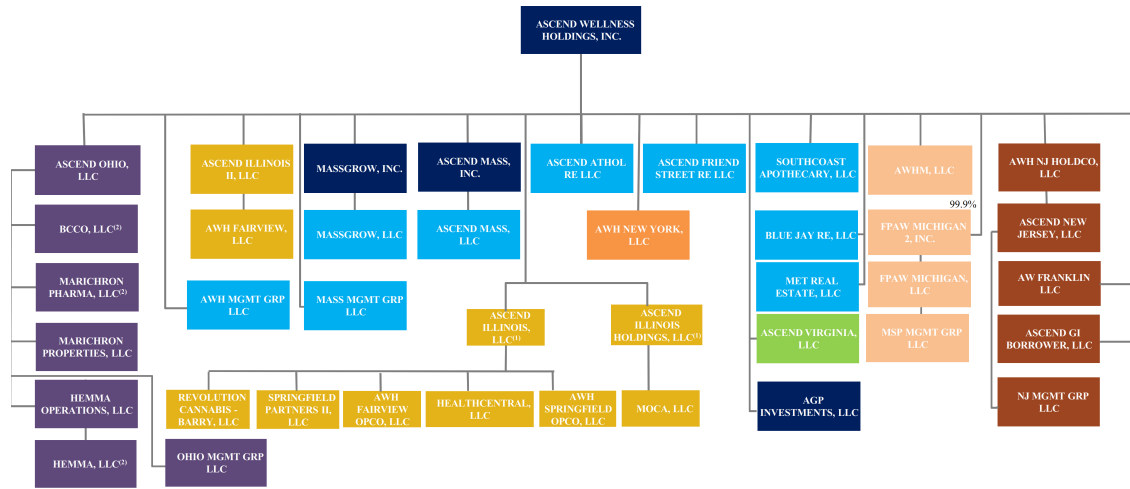
We believe in bettering lives through cannabis. Our mission is to improve the lives of our employees, patients, customers and the communities we serve through the use of the cannabis plant. We are committed to providing safe, reliable and high-quality products and providing consumers options and education to ensure they are able to identify and obtain the products that fit their personal needs. As of April 22, 2021, we have direct or indirect operations or financial interests in five U.S. geographic markets and employ approximately 1,000 people.

Currently, approximately one third of our portfolio of cultivation and dispensary assets are generating revenue and we expect the remainder of these assets to begin generating revenue over the course of 2021 and 2022. Our core business is the cultivation, manufacturing and distribution of cannabis consumer packaged goods, which we sell through our company-owned retail stores and to third-party licensed retail cannabis stores. We are committed to being vertically integrated in every state we operate in, which entails controlling the entire supply chain from seed to sale. We are currently vertically integrated in two out of our five states with expansion plans underway to achieve vertical integration in all five states. While we have been successful in opening facilities and dispensaries, we expect continued growth to be driven by opening new operational facilities and dispensaries under our current licenses, expansion of our current facilities and increased consumer demand.

Our consumer products portfolio is generated primarily from plant material that we grow and process ourselves. We produce our consumer-packaged goods in five manufacturing facilities with 74,000 square feet of current cumulative canopy and total current capacity of 38,000 pounds annually. We are undergoing expansions at our Barry, Illinois, Lansing, Michigan and Athol, Massachusetts cultivation facilities which are expected to be completed in 2021 and we expect to build facilities in Monroe, Ohio and New Jersey in 2022. The expansions are expected to add approximately 58,000, 28,000, 37,000, 35,000 and 56,000 square feet of canopy, respectively, or a total of approximately 285,000 square feet of cumulative canopy, which is estimated to have a total production capacity of 142,000 pounds annually post build-out, assuming production and yields are in line with the performance of our current operating canopy. Our product portfolio currently consists of 102 SKUs, across a range of cannabis product categories, including flower, pre-rolls, concentrates, vapes, edibles and other cannabis-related products. As of April 22, 2021, we have 16 open and operating retail locations, including pending acquisitions in Illinois and Ohio, which we anticipate will expand to 23 locations open and operating by the end of calendar year 2021. We are substantially complete on the build-out of three additional retail dispensaries, and the remaining four require additional funding of approximately \$7 million in the aggregate, which we expect to be paid using cash on hand. Our new store opening plans are flexible and will ultimately depend on market conditions, local licensing, construction, and other regulatory permissions. All of our expansion plans are subject to capital allocation decisions, the evolving regulatory environment and the COVID-19 pandemic. See *“Cautionary Note Regarding Forward-Looking Statements.”*

The following organizational chart describes our organizational structure as of April 22, 2021. See Exhibit 21.1 to the registration statement of which this prospectus is a part for a list of our subsidiaries. All lines represent 100% ownership of outstanding securities of the applicable subsidiary unless otherwise noted. In part, the complexity of

our organization structure is due to state licensing requirements that mandate that we maintain the corporate identity of our operating license holders.



- (1) In process of transfer to AWH. The Illinois Department of Financial and Professional Regulation is currently reviewing the transfer application.
- (2) The Ohio Medical Marijuana Control Program is currently reviewing transfer requests for Hemma, LLC and BCCO, LLC. We have entered into an agreement to acquire Marichron Pharma, LLC, but cannot submit a transfer request until Marichron Pharma, LLC receives a certificate of operation.

Legend for state of incorporation:



Our registered office is located at 1209 Orange Street, Wilmington, DE 19801. Our headquarters are located at 1411 Broadway, 16th Floor, New York, NY 10018.

Operations Summary

The following is an overview of our assets by state that are currently operational, as well as our expected asset base once fully built out:

Illinois

We have an indoor cultivation and manufacturing facility in Barry, Illinois and eight open dispensaries, including our pending acquisition of Chicago Alternative Health Center LLC and Chicago Alternative Health Center Holdings LLC (collectively, “Midway Dispensary”).

Our Barry cultivation and manufacturing facility is a 75,000 square foot building with 55,000 square feet of double-stacked indoor canopy that has an annual production capacity of 28,000 pounds, an increase from 12,000 pounds annual production capacity in December 2019. We currently utilize both ethanol- and butane-based extraction on site. We are also currently building out an additional 110,000 square foot headhouse and greenhouse on the Barry site with 58,000 square feet of canopy. This build-out is funded through a sale lease-back transaction with Innovative Industrial Properties and is expected to add an additional 26,000 pounds of production capacity for total canopy of 114,000 square foot and annual capacity of 54,000 pounds at completion.

We have four open dispensaries in Chicago and its immediate suburbs with two located in each of the Logan Square and River North neighborhoods, one located next to Chicago's Midway Airport and one in Chicago Ridge. We also have two dispensaries in Springfield and two in the St. Louis area. The Fairview Heights location near St. Louis opened in March 2021 and the Chicago Ridge location opened in April 2021. Both of our dispensaries in the St. Louis area are located in retail corridors along major highways. Illinois rules and regulations impose a 10-dispensary cap on any one operator. Given our scale in Illinois, we view the acquisition of additional dispensaries in Illinois as a lower-risk, higher-return opportunity to move up from our current portfolio of eight dispensaries to ten dispensaries over time.

Massachusetts

We have an operational indoor cultivation and manufacturing facility in Athol, Massachusetts and three dispensaries fully permitted and currently under development.

Our Athol cultivation and manufacturing facility is a 360,000 square foot building with 17,000 square feet of double-stacked indoor canopy that has an annual production capacity of 9,000 pounds. We are also currently building out a 90,000 square foot Phase II expansion with 37,000 square feet of indoor single-stacked canopy. This expansion is also funded through a sale lease-back transaction with Innovative Industrial Properties and will add an additional 19,000 pounds of production capacity for total canopy of 54,000 square feet and annual capacity of 28,000 pounds at completion. We expect to add both ethanol and butane-based extraction capabilities in calendar year 2021.

Our dispensaries are located in downtown Boston, Newton and New Bedford, with all three dispensaries anticipated to open in 2021. The downtown Boston dispensary is located in the heart of downtown Boston on Friend Street, one block from TD Garden and North Station and approximately 0.5 miles from Faneuil Hall. We believe this location is the first adult-use dispensary in the downtown area of a major Northeast city.

New Jersey

Our New Jersey license grants the right to operate a cultivation and processing facility and up to three medical dispensaries in New Jersey. Our operations are vertically integrated in New Jersey. We currently operate a medical dispensary in Montclair and an indoor cultivation and manufacturing facility in Franklin.

Our Franklin cultivation and manufacturing facility is located in a 115,000 square foot building and currently has 2,300 square feet of indoor canopy that has an annual production capacity of 1,000 pounds. We are currently reviewing opportunities to expand our cultivation and processing capabilities ahead of adult-use sales in New Jersey in late calendar year 2021 to ensure the New Jersey medical and adult-use markets are adequately supplied.

In addition to our existing dispensary, we have a second dispensary site located in Rochelle Park near Paramus that is locally permitted and under development and a third site in Fort Lee that is locally permitted. Both of these sites were identified, zoned and permitted by the Ascend team utilizing our local zoning expertise. Our Rochelle Park location is on Route 17 in a major retail corridor and is a mile away from the Garden State Plaza. Our two satellite dispensaries are anticipated to open in calendar year 2021. We anticipate that New Jersey will remain a product-constrained market in the medium term, with a limited number of operators and insufficient canopy ahead of adult-use sales commencing. As such, we are pursuing an aggressive canopy expansion to supply our owned retail stores and wholesale to third-party stores.

Michigan

We have an indoor cultivation and manufacturing facility under development in Lansing, Michigan and six open dispensaries.

Our Lansing cultivation and manufacturing facility is a 144,000 square foot building that will have 28,000 square feet of single-stacked indoor canopy with an annual production capacity of 15,000 pounds at completion of

its build-out. We expect to add both ethanol and butane-based extraction in calendar year 2021 and the site has adequate space for a second phase canopy build-out.

Our dispensaries are located in Ann Arbor, Morenci, Grand Rapids, Detroit and Battle Creek. We are also currently building out two additional dispensaries in Grand Rapids and Lansing, both of which are expected to be operational in calendar year 2021. Our existing Detroit dispensary currently serves medical customers only, but Detroit is expected to pass an adult-use ordinance in calendar year 2021. Our Ann Arbor and Grand Rapids -Scriber locations serves adult-use customers. Morenci, Battle Creek and Grand Rapids - 28th Street serve both medical and adult-use customers and patients.

New York

On February 25, 2021, we entered into the Investment Agreement with MedMen, under which we will, subject to regulatory approval, complete the Investment of approximately \$73 million in MMNY, one of ten medical cannabis vertically integrated operators in New York. In connection with the Investment, and subject to regulatory approval, MMNY will engage our services pursuant to the Management Agreement under which we will advise on MMNY's operations pending regulatory approval of the Investment transaction.

Under the terms of the Investment, at closing, MMNY will assume approximately \$73 million of MedMen's existing secured debt, AWH will invest \$35 million in cash in MMNY, and AWH New York, LLC will issue a senior secured promissory note in favor of MMNY's senior secured lender in the principal amount of \$28 million, guaranteed by AWH, which cash investment and note will be used to reduce the amounts owed to MMNY's senior secured lender. Following its investment, AWH will hold a controlling interest in MMNY equal to approximately 86.7% of the equity in MMNY, and be provided with an option to acquire MedMen's remaining interest in MMNY in the future. AWH must also make an additional investment of \$10 million in exchange for additional equity in MMNY, which investment will also be used to repay MMNY's senior secured lender if adult-use cannabis sales commence in MMNY's dispensaries.

The transactions contemplated by the Investment Agreement are subject to customary closing conditions, including approval from the New York State Department of Health and other applicable regulatory bodies.

MMNY operates a 11,000 square foot cultivation and manufacturing facility in Utica, New York, and has four operational medical cannabis dispensaries. The Utica facility sits on five acres and has a 21,000 square foot shell for future expansion already constructed. We also have an option to purchase an additional 5+ acres. MMNY's dispensaries are in the Bryant Park neighborhood of New York City, Syracuse, Buffalo and Lake Success on Long Island. The MedMen flagship location on 5th Avenue is currently one of four dispensaries in Manhattan.

Ohio

We have entered into agreements to acquire a (i) licensed cultivator, (ii) processor and (iii) dispensary operator in Ohio. We are party to a consulting services agreement with the dispensary operator. Our contractual partners have one open medical dispensary and a cultivation and processing facility under development. The medical dispensary is located in Carroll, which is in the Columbus area. The cultivation and processing facilities will be located in Monroe. The 9,000 square foot processing facility and 9,000 square foot cultivation facility is currently under development and we are in the planning stage for a 55,000 square foot cultivation with 35,000 square feet of quad-stacked canopy capable of producing 18,000 pounds annually once complete. The Company is awaiting approval from regulators to move the existing sub-scale cultivation and co-locate a larger, greenfield cultivation on the same site as our processing facility; the Company has submitted an application and is awaiting feedback.

Licenses

The following chart summarizes as of **April 22, 2021**, the U.S. states in which we operate or have an investment, the nature of our operations, whether such activities carried on are direct, indirect or ancillary in nature, the number of

dispensary, cultivation and other licenses held by each entity and whether such entity has any operation, cultivation or processing facilities.

State	Entity	Adult-Use/Medical	Direct/Indirect/Ancillary	Dispensary Licenses	Cultivation/Processing/Distribution Licenses	Operational Dispensaries	Operational Cultivation/Processing Facilities
Illinois	HealthCentral LLC	AU, M	Direct	6	—	4	—
Illinois	Revolution Cannabis-Barry LLC	AU, M	Direct	—	2	—	1
Illinois	MOCA LLC	AU, M	Direct	3	—	2	—
Illinois	Chicago Alternative Health Center, LLC	AU, M	Ancillary ⁽⁷⁾	3	—	2	—
Mass.	MassGrow LLC	AU	Direct	—	2 ⁽¹⁾	—	1
Mass.	Ascend Mass LLC	AU	Direct	3 ⁽²⁾	—	—	—
New Jersey	Ascend New Jersey LLC	M	Direct	1 ⁽³⁾	1	1	1
New York	MedMen NY, Inc. ⁽⁴⁾	M	Ancillary ⁽⁵⁾	4	1	4	1
Michigan	FPAW Michigan LLC	AU, M	Direct	9	1	6	1
Ohio	Ascend Ohio LLC	M	Ancillary ⁽⁶⁾	1	2 ⁽¹⁾	1	—
Total				30	9	20	5

(1) Provisionally licensed for processing.

(2) Two of these are provisionally licensed.

(3) An ATC permit enables the holder to pursue two additional satellite dispensary locations.

(4) On February 25, 2021, we entered into a definitive investment agreement with MedMen under which we will, subject to regulatory approval, complete an investment in MedMen NY, Inc.

(5) In the event of regulatory approval of the investment agreement with MedMen, our interest will become Direct.

(6) The Ohio Medical Marijuana Control Program is currently reviewing transfer requests for Hemma, LLC and BCCO, LLC. In the event either request is approved, our interest will become Direct.

(7) In the event of regulatory approval of our transfer request for the Midway Dispensary, our interest will become Direct.

Investment Highlights and Competitive Strengths

Leading Position Across Some of the Most Attractive U.S. Markets

We strive to become a leading player in each of the markets we operate in. While many of our competitors have focused on geographic breadth, our strategy has been to “go deep, not wide” in what we believe to be the most attractive markets. We seek to have scaled cultivation facilities and high-volume, flagship retail locations, alongside a portfolio of brands to create a dominant market position in each of the states in which we operate. Being vertically integrated not only enables operators to capture vertical margin from seed through retail sale, it also ensures availability of supply to owned dispensaries. Availability of supply is especially important in early-stage adult-use markets, where aggregate retail demand can exceed existing cultivation capacity. States with cannabis programs on the East Coast and in the Midwest are also largely limited license markets. We consider states and jurisdictions which have enacted regulations that restrict the number of licenses that may be issued to operate in the cannabis business or have caps on the amount of canopy per cultivation facility to be “limited license.” We believe these markets are characterized by prospects for stable pricing, reasonably predictable competitive forces and the potential for attractive returns for incumbent, vertically integrated operators. AWH operates in these limited license, East Coast and Midwest states and endeavors to capitalize on these favorable market dynamics. Additionally, we believe that our scale within our states should allow us to realize better margins than operators that have wider footprints and lower market shares within their markets on a relative basis. We remain vigilant regarding the allocation of our operational focus and deployment of capital to markets that we believe will afford us optimal returns.

Established Ascend Brand with Focus on Flagship Retail

The Ascend retail brand elevates the cannabis shopping experience by combining consistent and convenient customer service with high-quality products and exclusive brand partnerships. Our stores are primarily located in high-traffic retail corridors, with sufficient parking and proximity to highways or main thoroughfares. Despite operating a number of high-throughput locations, our well-trained staff and omni-channel capabilities enable us to serve our customer efficiently, while also delivering a pleasant, informative and cultivated shopping experience. In Illinois, the Ascend retail brand is a recognized brand in the cannabis market and serves an average of 2,615 customers on a daily basis. We have also focused on opening flagship locations in or near major metropolitan areas including Chicago, Boston, St. Louis and the Greater New York City Area, where we expect to achieve higher customer traffic and drive mind-share for our retail brand. We have targeted and accessed these retail locations using our deep zoning and permitting expertise. Due to its location, we believe that our Boston location could become one of the highest volume dispensaries on the East Coast. Our flagship location in Collinsville has achieved even higher sales productivity than our Illinois average at \$10,893 per square foot in the fourth quarter of 2020, making it one of the top grossing stores in the state. Collinsville served on average 1,262 customers per day during the same period with an average basket size of \$133, compared to an average basket size of \$110 across all dispensaries. Our Collinsville location offers over 600 SKUs across all suppliers, including house brands, in over 20 different form factors. Our focus on customer experience has led to a 4.5/5 rating on Google at our Collinsville location. We believe these flagship locations strengthen our brand awareness and will create a halo-effect around the rest of our retail portfolio. While the number of dispensaries and competition will likely increase over time, we anticipate that the combination our brand awareness and premium locations will enable us to outperform our competitors.

Omni-channel Customer Experience

As customer shopping preferences continue to evolve and customers increasingly shop across multiple channels, we strive to create a best-in-class, omni-channel customer experience. Although in-store experiences will continue to be the primary fulfillment point for orders, we believe that customers' experiences in our stores are complemented by our omni-channel capabilities, a few of which include:

- Reserve-Online-Pickup-in-Store, allowing customers to purchase merchandise through one of our websites and pick-up the merchandise in-store, which often drives incremental in-store sales. Over 90% of our customers in Collinsville utilize our Reserve-Online-Pickup-in-Store option;
- Curbside Pickup, allowing customers to have their orders brought directly to their vehicles; and
- Online Consultations and Real-time Chat, allowing customers to interact with associates, ask questions and build their basket ahead of their in-store visit, driving associate productivity and incremental sales.

We also believe that our loyalty programs are an important part of our omni-channel strategy as we aim to seamlessly interact and connect with customers across all touchpoints. We had approximately 53,000 SMS loyalty members across our 13 operating dispensaries as of December 31, 2020. We currently have approximately 67,000 SMS loyalty member, growing by 14,000 members or 28% sequentially. Under these programs, customers accumulate points primarily based on purchase activity. These rewards can then be redeemed for merchandise at the point of purchase. Our loyalty programs provide timely customer insights, creating stronger customer engagement while driving a higher average level of customer spend. In addition, we use our loyalty programs as a tool to stay connected to our customers through members-only offers, items and experiences.

Continued Innovation and Brand Partnerships to Expand Product Portfolio

Our product portfolio today includes standard form factors: flower, pre-rolls, distillate vapes and gummies. We believe standard form factors typically account for over 80% of market demand in medical and early-stage adult-use markets. However, as these markets mature, we expect customer preferences to evolve and the consumer will increasingly look toward new form factors and brands. We have a robust product development pipeline that includes a number of new form factors including live resin vapes, tablets, vegan gummies, cigarette-style pre-rolls and mints. We expect to launch five new internally-developed products over the next six months. In addition to developing products internally, we have also partnered with leading West Coast cannabis brands like Cookies Enterprises, 1906,

and Airo Brands, to bring established brands with cannabis heritage and name recognition to our existing markets, while creating a halo effect around our retail stores with exclusive launch events and product releases.

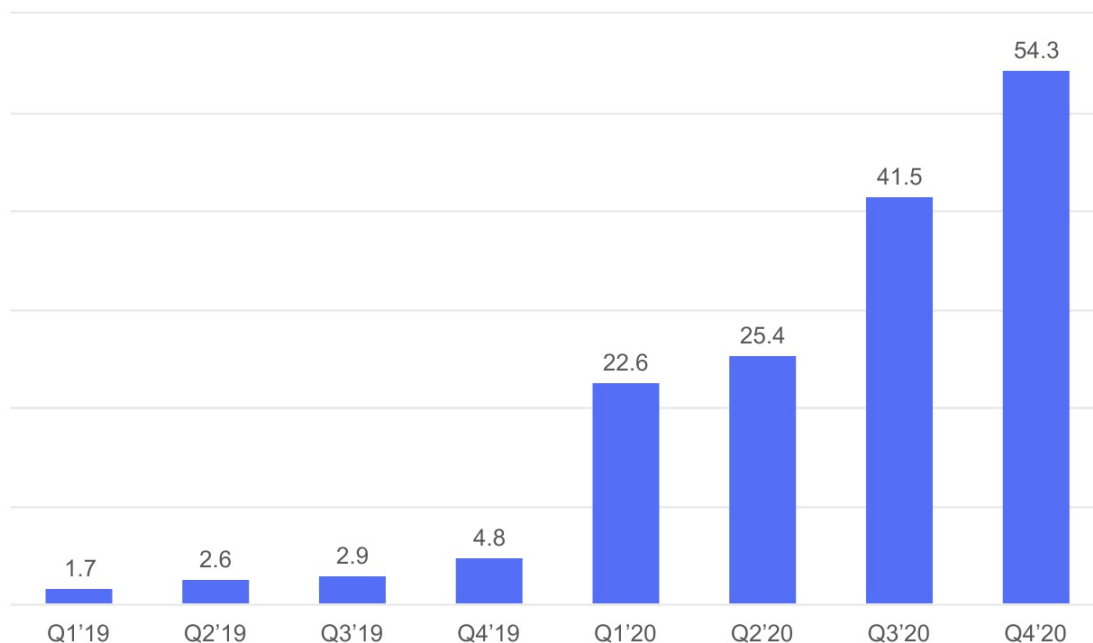
Executing on Growth While Maintaining Profitability and Liquidity

We achieved \$144 million of revenue in 2020. We will continue to work to open additional dispensaries and build out our existing cultivation facilities during the remainder of 2021 to achieve our goal of industry-leading growth in 2021. The figure below shows our quarterly revenue progression from Q1'19 through Q4'20, highlighting that our calendar year 2020 revenue is over 10x higher than revenue in calendar year 2019. Additionally, our gross profit in calendar year 2020 is over 17x higher than revenue in calendar year 2019 and our loss before income taxes decreased from \$32.6 million in calendar year 2019 to \$5.1 million in calendar year 2020. As of December 31, 2019, we had four open dispensaries and 32,000 square feet of operational canopy. As of December 31, 2020, we had 13 dispensaries open and 74,000 square feet of operational canopy with expectations to have 23 retail locations by the end of 2021 and 285,000 square feet of operational canopy by the end of calendar year 2022. We currently have 16 retail locations open, including pending acquisitions in Illinois and Ohio. See "*Cautionary Note Regarding Forward-Looking Statements.*"

Managing significant growth in a capital-intensive industry while determining which opportunities to focus on requires a keen focus on disciplined capital allocation, which we believe will help us meet our goal to generate industry leading returns and become a top performing multi-state operator. We have worked to secure project financing for our expansion projects by partnering with Innovative Industrial Properties to fund cultivation build-outs through sale leaseback transactions with various financing sources to fund acquisition opportunities.

Our management team has significant capital markets success and has raised over \$300 million of debt, equity, and sale-leaseback financing since inception. This proven ability to raise capital is especially important as we execute on our growth plans in a highly capital-intensive industry and as we explore potential acquisitions in the future. We believe that we will continue to be able to source capital in an efficient manner on a go-forward basis.

Quarterly Net Revenue (\$ in millions) (unaudited)



History

Illinois

In December 2018, we entered the Illinois market with the acquisition of an existing cultivation facility, through the acquisition of Revolution Cannabis-Barry LLC. We expanded our presence in Illinois in January 2019 through the acquisition of HCI and its related entities, which owned two operational medical dispensaries in Springfield and Collinsville. Over the course of 2019, we aggressively scaled our cultivation and manufacturing capabilities in order to ensure adequate supply and customer access in our owned dispensaries for the start of adult-use sales in January 2020. Under the Illinois recreational act, existing operators were granted, as-right, a license to operate an additional adult-use dispensary for each existing medical dispensary they owned. These dispensaries were required to be in the same U.S. Bureau of Labor Statistics (“**BLS**”) Region as the existing medical dispensaries. A BLS Region is a geographic area designated by the BLS to gather and categorize certain employment and wage data. There are 17 such regions in Illinois.

We sited our two HCI expansion dispensaries in Springfield and Fairview Heights. Our second Springfield site opened in November 2020 and our Fairview Heights dispensary is currently under construction and is expected to open in Spring 2021. We entered into an agreement to acquire MOCA in August 2020, which operates two Chicago-area dispensaries. MOCA’s original dispensary in Logan Square has been operational since 2016 and is licensed for sales to both medical and adult-use customers. MOCA’s second dispensary, which opened in August 2020, is located in the River North area of downtown Chicago just outside of the Chicago Loop shopping district and serves adult-use customers. We received approval from the Illinois Department of Financial & Professional Regulation for the acquisition of MOCA on December 15, 2020, and we closed on the transaction on December 23, 2020. On December 14, 2020, we entered into an agreement to acquire Chicago Alternative Health Center, LLC, which does business as Midway Dispensary, an operational medical and adult use dispensary in Chicago located next to Midway Airport. Effective with the agreement date, we obtained financial control over Midway and began providing advisory services. The final closing date is pending the Illinois Department of Financial & Professional Regulation’s

approval of the license transfer. Midway Dispensary is permitted to open a second adult use dispensary. On April 8, 2021, Midway Dispensary opened its second dispensary in Chicago Ridge, Illinois.

Massachusetts

In 2018, the Company acquired two properties that were zoned for cannabis but unlicensed, which became the foundation of our operations in Massachusetts. The real property that is now our Boston, MA dispensary was acquired in May 2018 and our future Athol, MA cultivation was acquired in August 2018. We obtained local support for both properties and submitted applications with the Massachusetts Cannabis Control Commission. MassGrow LLC, which is the licensee for our Athol cultivation received its provisional license in May 2019 and commenced operations in November 2019. Our dispensary licenses are held by AscendMass, LLC. Our Boston dispensary received its final license in March 2021 and is expected to commence operations in Spring 2021. Our Newton location, which we lease, received its provisional license in June 2020 and is expected to commence operations in Summer 2021. We were required to extensively renovate the building as a condition of receiving local approval for the location, which is visible from the Massachusetts Turnpike and is situated in a retail corridor near Whole Foods and Trader Joe's. In February 2020, we acquired Southcoast Apothecary LLC, which held the license application for a third adult-use dispensary located in New Bedford, MA. This dispensary was provisionally licensed in August 2020 and is expected to open in the second half of 2021. There is a license cap of three dispensaries in Massachusetts, and we cannot add any additional dispensaries under the current regulations.

New Jersey

Ascend New Jersey LLC acquired certain assets of Greenleaf Compassion Center, which holds a permit for the operation of an Alternative Treatment Center (each, an "ATC") in New Jersey on September 29, 2020. We currently operate one medical dispensary in Montclair, NJ and a cultivation and processing facility in Franklin, NJ. An ATC permit enables the holder to pursue two additional satellite dispensary locations, and, as such, we are currently pursuing licensing for two additional dispensary locations.

Michigan

We entered the Michigan market through a series of acquisitions over the course of 2019, acquiring the property that would become our Lansing cultivation and four dispensaries. Our licenses are held by FPAW Michigan, LLC. We closed on the acquisition of properties in Detroit in April 2019 and Battle Creek in August 2019. In July 2019, we acquired our Morenci dispensary property and entered into a back-to-back close and sale leaseback of the Lansing cultivation with Innovative Industrial Properties, and secured a \$15 million tenant improvement allowance for the development of the property. In September 2019, we acquired certain lease agreements for our Ann Arbor dispensary. We operate under the Michigan Supply and Provisions retail banner in Michigan.

Ohio

Ascend Ohio, LLC entered into a unit purchase option agreement with BCCO, LLC ("BCCO"), which holds a license for a medical dispensary in Carroll, OH, in March 2019. The Carroll dispensary, which is 45 minutes southeast of Columbus, is branded Ohio Provisions and opened in September 2019. We have submitted applications for the full transfer of ownership of BCCO to a wholly owned subsidiary of AWH and are awaiting regulatory approval. The parties also entered into a consulting services agreement in April 2019, pursuant to which AWH provides certain consulting services relating to the operation of the medical dispensary business for a fixed monthly fee of \$25,000, which can be adjusted at the discretion of AWH to reflect the scope and nature of services being provided to BCCO, plus expense reimbursement.

In January 2020, Ascend Ohio, LLC entered into an amended merger agreement with Hemma Operations, LLC ("**Hemma**"), which holds a license to operate a medical cannabis cultivation facility in Monroe, OH. We have submitted applications for the full transfer of ownership of Hemma to a wholly owned subsidiary of Ascend and are awaiting regulatory approval. We anticipate the transfer of ownership with the state of Ohio to be completed in the first half of 2021.

We also entered into an agreement with Marichron Pharma LLC, which was granted a processor license in Monroe, Ohio. This processing facility is currently being built-out and is expected to be operational in 2021.

New York

On February 25, 2021, we entered into the Investment Agreement with MedMen, under which we will, subject to regulatory approval, complete the Investment of approximately \$73 million in MMNY, a licensed medical cannabis operator in New York. In connection with the investment, and subject to regulatory approval, MMNY will engage our services pursuant to the Management Agreement under which we will advise on MMNY's operations pending regulatory approval of the Investment transaction.

The transactions contemplated by the Investment Agreement are subject to customary closing conditions, including approval from the New York State Department of Health and other applicable regulatory bodies.

MMNY operates a cultivation and manufacturing facility in Utica, New York, and has four operational medical cannabis dispensaries. MMNY's dispensaries are in the Bryant Park neighborhood of New York City, Syracuse, Buffalo and Lake Success on Long Island.

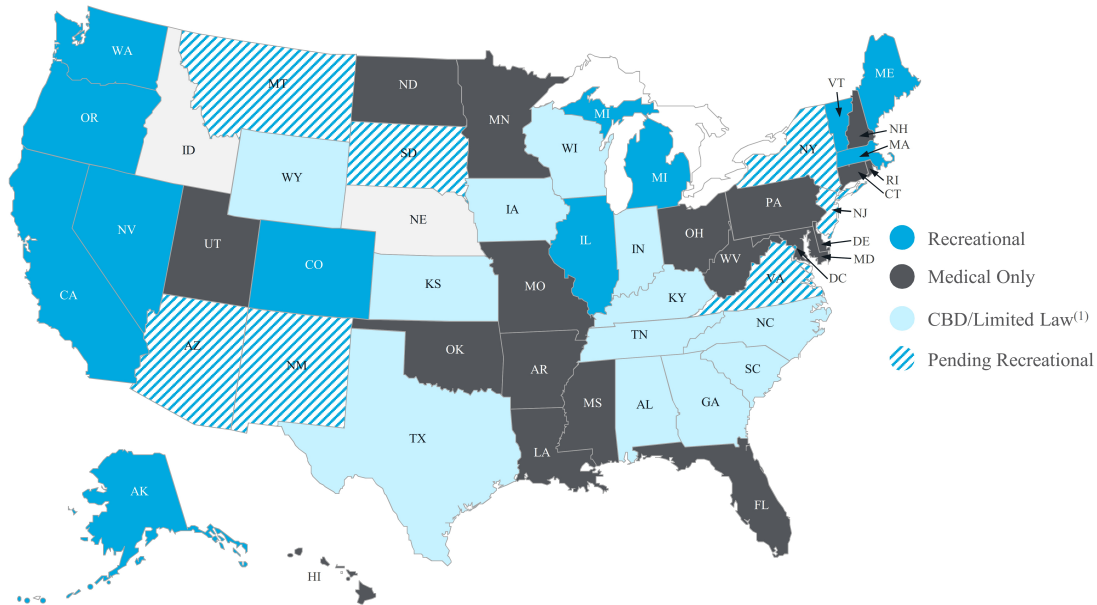
U.S. Cannabis Landscape

As illustrated by the map below, as of the date of this prospectus, a total of 36 states have legalized medical cannabis and 18 states have legalized cannabis for adult-use in some form, although not all of those jurisdictions have fully implemented their legalization programs and the voter-approved constitutional amendment legalizing adult-use cannabis in South Dakota is currently being challenged. Two additional states (Connecticut and Pennsylvania) are actively considering the legalization of cannabis for adult-use. Fourteen additional states have legalized high-cannabidiol (CBD), low tetrahydrocannabinol (THC) oils for a limited class of patients. Notwithstanding the continued trend toward further state legalization, cannabis continues to be categorized as a Schedule I controlled substance under the federal Controlled Substances Act and, accordingly, the cultivation, processing, distribution, sale and possession of cannabis violate federal law in the United States as discussed further in *“Risk Factors — Cannabis remains illegal under U.S. federal law, and enforcement of cannabis laws could change.”*

We believe support for cannabis legalization in the United States is gaining momentum. According to a November 2020 poll by the Gallup organization, approximately 68% of Americans support the legalization of cannabis for medical or adult-use. In the recent November 3, 2020 election, voters in five states had the opportunity to vote on state legalization of cannabis for medical or adult-use. Voters approved the legalization of cannabis for adult-use in Arizona, New Jersey, South Dakota and Montana, though the voter-approved constitutional amendment legalizing adult-use cannabis in South Dakota is currently being challenged. Voters in Mississippi and South Dakota approved the legalization of medical cannabis. These ballot initiatives pushed the number of adults in medical cannabis states to approximately 174 million (69% of the country's adult population) and the number of adults in adult-use states to approximately 85 million (34% of the country's adult population). State legislatures in New York, New Mexico, and Virginia each passed bills legalizing adult-use cannabis in 2021. According to *The State of the Legal Cannabis Markets, 8th Edition*, published by Arcview Market Research on May 5, 2020, the top seven adult-use geographic markets by population in the U.S. were California, Illinois, Michigan, New Jersey, Washington, Arizona and Massachusetts and the top five medical geographic markets by population were Texas, Florida, New York, Pennsylvania and Ohio. Our footprint gives us a presence in four of the top seven adult-use markets and two of the top five medical geographic markets.

The U.S. cannabis industry has experienced significant growth over the past 12 months fueled in part by increasing consumer acceptance and the legalization of medical and adult-use cannabis across the United States. According to Arcview/BDSA, U.S. adult-use spending is on track to grow 27.9% in 2020 to \$9.4 billion and grow at a 21.7% compound annual growth rate (“CAGR”) to \$23.8 billion by 2025, while the U.S. medical market is on track to grow 36.1% to a total of \$6.9 billion in 2020, and grow at a 7.9% CAGR to \$10.1 billion by 2025.

/Regulatory Status of the US Cannabis Market



Source: Public disclosure

(1) CBD/Limited Law states permit medical use of cannabis products that have little or no THC.

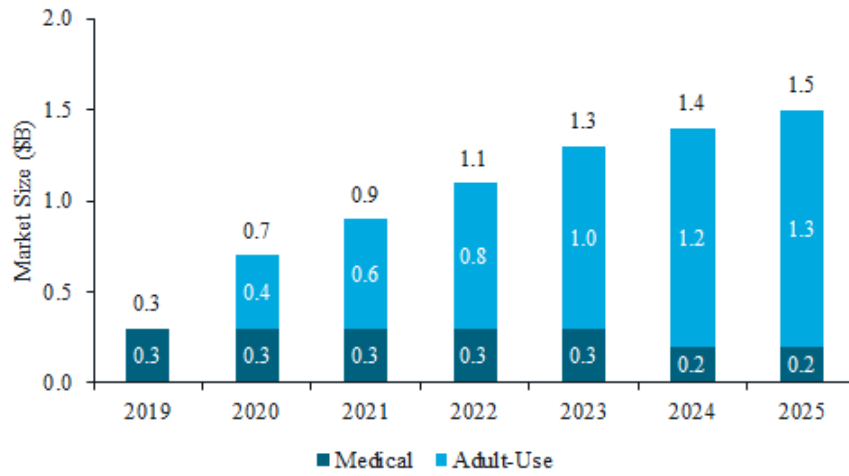
Our Markets

We operate or have contractual relationships in Illinois, Massachusetts, Michigan, New Jersey and Ohio, which cumulatively represent 15% of the United States’ adult population, according to 2019 U.S. Census Bureau data. The regulatory status and market characteristics of each of those states are outlined below. Please refer to the section titled “*Business - Operations Summary*” for a summary of our operations in each such state.

Illinois

On June 25, 2019, Illinois, population 12.7 million, became the eleventh state to legalize adult-use cannabis and the first to do so by legislative action. Illinois’ adult-use market reported a strong start to legalization, reaching nearly \$110 million in spending from the sale of 2.6 million cannabis items in the first three months of operation. Adult-use spending is expected to see robust growth through the next five years, and exceed \$1.3 billion in sales by 2025. Medical spending is anticipated to peak in 2021 at \$317 million in sales. Total legal cannabis sales in Illinois are forecasted to grow to more than \$1.5 billion by 2025. Illinois is one of just 13 legal cannabis markets in the U.S. forecasted by Arcview to break the \$1 billion sales barrier.

Illinois Market Forecast (\$ billions)

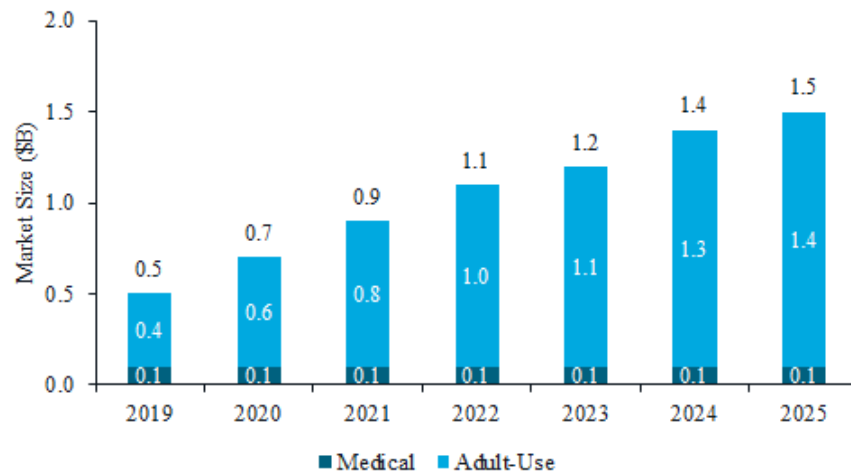


Source: 8th Edition, The State of the Legal Cannabis Markets, Arcview Market Research (Published May 5, 2020)

Massachusetts

On November 20, 2018, Massachusetts, population 6.9 million, legalized cannabis for adult-use and demonstrated strong starting results, with total sales increasing by 170% between 2018 and 2019, growing from \$218 million to \$587 million. Supply chain issues have somewhat tempered market potential, as retail rollouts have been slow due to a combination of slow licensing processes and local obstacles, such as zoning restrictions. As a result, a lack of product availability and variety, as well as high prices have strained market forecast expectations, but leave room for significant growth potential should supply chain issues be resolved over time. Total legal cannabis sales in Massachusetts are forecasted to reach nearly \$1.5 billion in 2025, growing at a CAGR of 16.4% from 2019. Medical spending is expected to experience a steady decline to \$72.4 million in 2025, while adult-use spending will grow at a CAGR of 20.9% to almost \$1.4 billion.

Massachusetts Market Forecast (\$ billions)

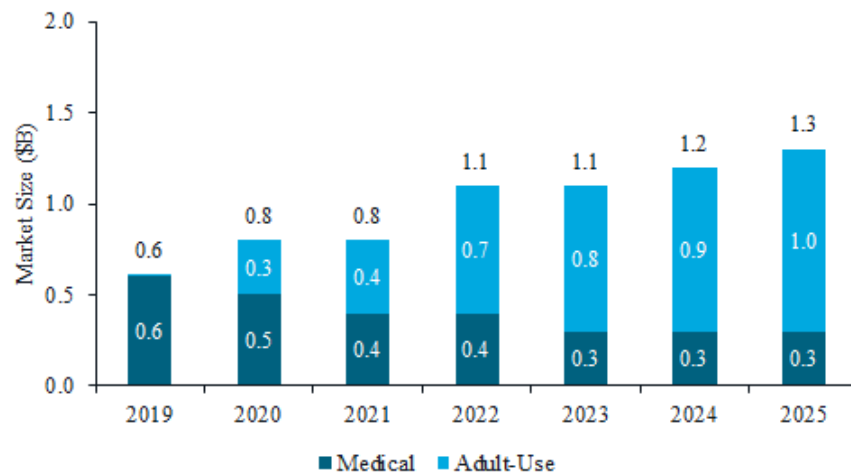


Source: 8th Edition, The State of the Legal Cannabis Markets, Arcview Market Research (Published May 5, 2020)

Michigan

Voters in Michigan, population 10.0 million, legalized adult-use in November 2018 and the formerly medical-only market commenced adult-use sales on December 1, 2019. The state generated an estimated \$46.5 million in adult-use sales during the first quarter of 2020. Growth in 2021 is expected to be tempered by product shortages due to the lack of licensed cultivators and the state regulators estimate it could take up to 18 months before supply can adequately meet demand. Total sales are expected to grow by 29% to reach \$825 million in 2020 and \$1.3 billion in 2025.

Michigan Market Forecast (\$ billions)

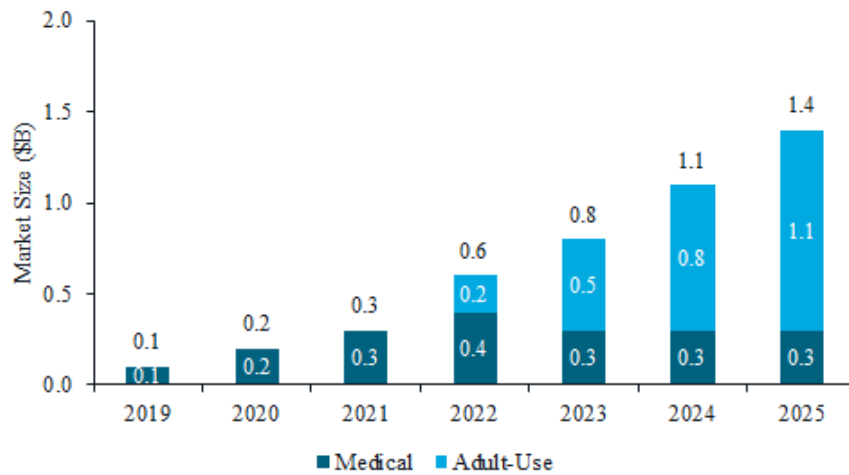


Source: 8th Edition, The State of the Legal Cannabis Markets, Arcview Market Research (Published May 5, 2020)

New Jersey

On November 3, 2020, voters in New Jersey, population 8.9 million, authorized the legalization of adult-use cannabis. Adult-use sales are expected to commence in early 2022 and are forecasted to reach \$206 million in 2022, while medical sales are expected to peak at \$351 million in the same year. By 2025, adult-use sales are anticipated to grow to \$1.1 billion, while medical sales are expected to decline to \$273 million.

New Jersey Market Forecast (\$ billions)



Source: 8th Edition, The State of the Legal Cannabis Markets, Arcview Market Research (Published May 5, 2020)

New York

In July 2014, New York, population 20 million, became the 23rd state to legalize the use of cannabis for medical purposes, with sales beginning in 2016. On March 30, 2021, the New York legislature passed The Marihuana Regulation and Taxation Act to legalize adult-use cannabis in the state. Governor Cuomo signed the legislation the next day on March 31, 2021, making New York the 16th state to legalize adult-use cannabis. Total spending in New York is anticipated to reach \$1.6 billion in 2025, growing at a 46.9% CAGR from 2019. Total cannabis market spending in New York was \$161 million in 2019 (Source: 8th Edition, The State of the Legal Cannabis Markets, Arcview Market Research (Published May 5, 2020)). There are currently ten licensed vertically integrated operators in New York.

Ohio

In May 2016, Ohio, population 11.7 million, became the 26th state to legalize the use of cannabis for medical purposes, with sales beginning in January 2019. A campaign for a 2020 adult-use cannabis ballot initiative failed to gain traction in part because of the COVID-19 pandemic; however, we believe it is highly likely that Ohio will become an adult-use market in the next few years. Assuming adult-use cannabis is legalized in Ohio in the coming years, total spending in Ohio is anticipated to reach \$644 million in 2025, growing at a 49.2% CAGR from 2019. Total cannabis market spending in Ohio was \$58 million in 2019 (Source: 8th Edition, The State of the Legal Cannabis Markets, Arcview Market Research (Published May 5, 2020)).

Our Growth Strategies

Growth From Activation and Optimization of Existing Asset Portfolio

Currently, approximately one third of our portfolio of cultivation and dispensary assets are generating revenue and we expect the remainder of these assets to begin generating revenue over the course of the 2021 calendar year. We believe revenue growth and increased profitability should follow a step function approach throughout the year and we expect our run-rate financial performance at year-end 2021 to be more representative of the full potential of our asset base. We are focused on opening our dispensaries and executing on our canopy expansion plans to achieve both our revenue growth plans and to increase profitability and margins as there are significant carrying costs associated with our non-revenue generating assets, and, historically, our similar assets have achieved profitability in the first month once operational and selling product. Therefore, we do not face long lead times to achieve profitability once we commence operations. We believe that we also have a significant opportunity to optimize the performance of our existing asset base by improving our yields, product mix, and achieving labor efficiencies through automation.

Pursue Accretive Acquisitions of Attractive Operators

Largely due to early license awards, there are a number of independent and single-state operators in the markets in which we operate today. These assets represent attractive acquisition opportunities for us, as we can leverage our local permitting expertise and operational and financial resources to optimize the performance of these assets. We have been successful thus far in navigating local zoning and permitting for the secondary dispensary sites of historical acquisitions, such as Paramus and Fort Lee in New Jersey and Fairview Heights in Illinois. We have also been able to improve the financial performance of acquired assets by implementing our standard operating procedures and technology stack such as live inventory, reserve ahead capabilities and loyalty programs as well as leveraging our shared corporate infrastructure. Finally, our ability to raise external capital has enabled us to undertake secondary site build-outs and cultivation expansions that would not have been possible under previous ownership. We believe that our ability to acquire these underperforming assets and optimizing their performance as outlined above has historically created, and will continue to create, significant value for our stockholders.

Execute on Identified Operational Initiatives

We continue to evaluate operational initiatives to improve our profitability by leveraging our purchasing power and strengthening our retail pricing and category management capabilities. We are also working to streamline and refine our marketing process and are investing in more sophisticated information technology systems and data analytics. In addition, we continue to further automate our manufacturing facilities to improve our throughput and optimize our headcount. Although we are still in the early stages of many of these initiatives, we believe that these operational improvements represent a significant cost-saving opportunity and we will continue to benefit from these and other efficiencies.

Building of Brand Portfolio and Introduction of New, Differentiated Products

We anticipate launching a number of new brands and form factors this year and over the course of calendar year 2021. While consumers tend to focus more on stains and potency in early-stage adult-use markets, we believe that long-term brands will be more successful and thus, we are focused on expanding our branded portfolio. Ozone, our branded line of flower, vapes and gummies, launched three new product types in Q4'20: a disposable with a rechargeable battery, a pre-pack 0.3g, repackable glass chillum and a live resin vape, a premium offering which addresses one of the fastest growing product categories in cannabis. Our strategy to date has been to focus on building our Ozone product line and establishing credibility in the market for our primary branded product. We also have an effects-specific brand, Tune, under development that will target the casual consumer and have its own line of flower, vapes and edible products.

We also have a very active edible product development pipeline and expect to offer additional flavors, SKUs and new form factors over the course of calendar year 2021. We launched Drops, a pressed tablet form factor, in

partnership with 1906 in December 2020. We anticipate launching an Ozone branded micro-dose chewable mint and a 5.0mg vegan fruit-chew in multiple flavors in 2021. These launches will build on the success we have achieved to date with our strain-specific Ozone gummies. Edibles comprise approximately 15% of our sales in our markets and are a highly profitable form factor given the lower THC content, typically 10 mg per unit. Our revenue per pound on a dry equivalent basis and margins are more than double the pricing as well as our margins realized on our flower-based or other extracted products.

We expect to develop new brands and form factors in-house utilizing our existing facilities, research and development and product development teams. These products and brands will use packaging and materials that are generally available and we do not anticipate these activities to represent a significant cost.

Selectively Apply in Competitive License Processes

We expect to selectively apply in competitive license processes in additional limited license markets. As these processes are competitive and require us to devote internal and external resources and often require the Company to pay property hold fees, we selectively evaluate processes and pursue opportunities where we view the risk-reward as favorable given the inherent value of these licenses. We have submitted applications for vertical licenses in the central-region of Virginia. We have also submitted applications for a number of dispensaries in Rhode Island. In each case, we have obtained local support for the applications. While these processes are extremely competitive and there is no guarantee that we will be successful in these endeavors, this offers another potential avenue to expand our operational footprint.

Cultivation

Our cultivation practices have been engineered for scalability and repeatability as we expand into additional states. We have continuously refined our cultivation operations to rapidly scale our output without sacrificing quality and consistency. Future expansion is planned to provide the infrastructure to diversify the seed supply and further mechanize and automate harvest operations. We believe we will be able to continue to rapidly scale cultivation by: (i) commencing operations at additional cultivation sites; (ii) expanding our canopy at existing cultivation sites; and (iii) increasing yields by dialing in genetics and environmental conditions and increasing the number of harvests.

We currently operate five cultivation facilities with 74,000 square feet of canopy with a production capacity of 38,000 pounds per year. We are undergoing expansions at our Barry, Illinois, Lansing, Michigan and Athol, Massachusetts cultivation facilities which are expected to be completed in 2021 and we expect to build facilities in Monroe, Ohio and New Jersey in 2022. The expansions are expected to approximately 58,000, 28,000, 37,000, 35,000 and 56,000 square feet of canopy, respectively, or a total of approximately 285,000 square feet of cumulative canopy, which is estimated to have a total production capacity of 142,000 pounds annually post build-out, assuming production and yields are in line with the performance of our current operating canopy. In 2020, our actual production was approximately 22,000 pounds, growing from approximately 3,419 pounds harvested in Q1 2020 to over 7,500 pounds harvested in Q4 2020. We believe this large increase in capacity is needed to fulfill the increasing demand from our own retail network as additional dispensaries come online as well as the needs of the third-party dispensaries via wholesale sales. The wholesale opportunity in the states in which we operate remains robust, with demand generally outpacing supply. In New Jersey, where we are undertaking a significant canopy expansion, there are only 12 licensed operators, many of which have sub-scale cultivations, and the medical market is currently significantly undersupplied. With the New Jersey market moving toward the legalization of adult-use cannabis sales in the near-term, we anticipate robust demand for wholesale product. We anticipate that our portfolio will remain relatively balanced between wholesale and retail sales, despite this increase in production capacity. See “*Cautionary Note Regarding Forward-Looking Statements.*”

We are focused on driving biomass cost per gram lower to create a competitive advantage in the limited license states in which we operate. We have used strain rationalization, improved cultivation practices, and investments in technology to drive significantly higher yields per square foot. We are maximizing the canopy of our existing indoor grows through innovative multi-tiered designs. We are using less capital-intensive greenhouses to add capacity in

our biggest market, Illinois, and are planning to add outdoor grows where allowed for inexpensive source material for extract products.

Manufacturing

Our manufacturing operations are centered around the quality of our products and the efficiency of their production. Our manufacturing operations are co-located with our cultivation facilities in each of our markets. We strive to produce high quality, consistent products across our manufacturing facilities, and have implemented strict brand and quality assurance standards and standard operating procedures to ensure consistent product and consumer experience across all operating markets. Almost all of the raw material input we use to produce finished cannabis consumer packaged goods, except packaging materials, are cultivated or processed internally for further use in the manufacturing process. In anticipation of our continued growth, we have planned for additional production manufacturing space and capabilities in all of our markets. These manufacturing operations will be constructed using state of the art processes and equipment to deliver superior products to our customers at the lowest possible cost to produce.

In calendar year 2020, approximately two-thirds of sales out of our Barry, Illinois facility are dedicated to flower-based form factors with the remaining biomass utilized for extracted products including vapes, edibles and concentrates. Our manufacturing in both the Athol, Massachusetts and Franklin, New Jersey facilities is currently limited to flower-based form factors, but we anticipate having ethanol- and butane-based extraction capabilities at Athol in calendar year 2021. We currently manufacture and package 65 SKUs in Illinois, 26 SKUs in Michigan, 7 SKUs in Massachusetts and 4 SKUs in New Jersey.

We are focused on scaling capacity, improving yields and increasing efficiency. This includes adding senior level leadership in operations from industries outside of cannabis with experience driving lean transformational changes. We are standardizing and increasing capacity in our hydrocarbon and ethanol extraction wherever possible to maximize product quality and throughput and improve crude yields. We are making investments in manufacturing and extraction technology, including high speed flower packaging, cartridge filling and automated pre-rolling as major drivers of labor efficiency.

Retail

We believe our vision and standard operating procedures differentiate us from competitors, particularly in the Illinois market, where we currently operate eight dispensaries.

We focus on six key pillars to define our retail strategy:

Vision - We believe in using the power of the cannabis plant to help people better their lives. As a company we have a strong commitment to the success of the brand and maintaining this vision.

People - We focus on hiring store managers who have prior experience in cannabis and focus on talent development for the rest of our store employees. We have an extensive onboarding and training program focused not only on brand and product knowledge, but also on creating a great customer experience. Training sessions are led by associates that have proven success in their expertise and have expressed a desire to grow within the Company.

Culture - Our employees are motivated by daily sales goals we set at the stores. We reach our goals by ensuring we have the right product and the right talent in place to deliver a best-in-class customer experience. Our stores measure week over week sales growth, peak days for volume, transactions, gross margin and other key performance metrics. We collect and analyze the data available to us to continually improve our flow, processes and sales strategy.

High Volume Focus - We are also focused on driving high transaction volume in our stores. In the first quarter of 2021, we averaged approximately 141,000 transactions per month, after totaling approximately 874,000

transactions in 2020. These improvements were in part achieved by adding point-of-sale stations where able and by enhancing the design and flow of our stores.

Menu Management - Our menu management team is actively working alongside our wholesale team and third party vendors. Our purchasing manager builds wholesale third party relationships in order to ensure broad inventory selections across dispensaries. We believe this is critical to our customer retention, which is reflected in over 2.0 customer visits a month with average basket size of \$126 in Illinois in the fourth quarter of 2020.

Online Ordering & Reservation - Online ordering has been critical to our operations during the COVID-19 pandemic. Customers order online at letsascend.com from our online menu and when completing an order, make a reservation to come in and pick up their order. While online ordering & reservations have grown with the COVID-19 pandemic, we believe they will continue to be a meaningful part of the customer ordering plan after the disruptions caused by the COVID-19 pandemic subside.

Wholesale

We expect to drive wholesale growth by maximizing the productivity of our existing facilities, increasing market share through category expansion or new product launches and leveraging our existing licensed cultivation and manufacturing assets through partnerships with established brands who are looking to expand into our states in a capital-light manner. Our key strategies to drive growth in our wholesale segment are below:

Wholesale Category Management and Expansion

Our focus is developing products for everyday cannabis consumers that want convenience, portability, reliability and flexible dose control. Our development is focused on pre-rolls, vapes, edibles and other ready-to-use product forms that we expect to outperform whole flower over time. We are also looking to partner with established cannabis brands that complement our own portfolio and manufacturing capabilities.

We are focused on expanding our vape offering, including live products and ratio products that represent fast growing segments of the vape category. We expect the pre-roll category to grow significantly as the preferred way to consume flower for many customers. We intend to launch multiple additional pre-roll SKUs in smaller sizes, innovative multi-pack options and premium infused pre-rolls. We are expanding our edibles manufacturing capabilities to provide micro-dose product forms along with additional forms desired by the market.

Strategic partnerships will be part of growing our business. We have partnered with the brand Cookies to produce their premium flower products in Illinois, Massachusetts and New Jersey through a licensing deal. We have also partnered with Airo Brands to produce their proprietary vape cartridge in Illinois and Michigan and 1906 to produce their innovative Drops edibles in Illinois. Building incremental brand partnerships is an important part of our strategy as we seek to find additional brands that complement our current portfolio and leverage our asset base of licensed manufacturing sites.

Strategic Sourcing

We are continuing our focus on supply chain optimization and strategic sourcing as we scale, allowing our growing base to provide leverage across the organization. This includes a focus on supplier rationalization, so that best-in-class supply partners are providing full end-to-end service across the enterprise. Building a common base of operating procedures, packaging and supply components, and supply partners across the organization is critical to this strategic direction.

Almost all of the raw material input we use to produce finished cannabis consumer packaged goods, except packaging materials, are cultivated or processed internally for further use in the manufacturing process. In anticipation of continued growth, we have planned for additional production manufacturing space and capabilities in all of our markets. These manufacturing operations will be constructed using state of the art processes and

equipment to deliver superior products to our customers and at the lowest possible cost to produce. See “*Business - Cultivation*” and “*Business - Manufacturing*.”

As we build out our strategic sourcing organization, our focus will be on procurement of supplies and materials, along with sourcing of biomass and related byproducts where markets and regulations allow. This will allow our growth to scale even more rapidly than our canopy and will allow us to flex with the short-term dynamics recognized in any market.

Brands, Products and Marketing

Retail Brands

We and our partners currently operate 16 dispensaries across our markets. We are focused on building a national chain of dispensaries that offer the best selection of products, at the best price and with the best shopping experience.

To help us achieve this goal, we recently re-branded our stores in southern Illinois from Illinois Supply and Provisions to Ascend. We are working to build a recognizable multi-state brand of dispensaries, which now includes Ascend IL and Ascend NJ and will soon include Ascend MA. The brand recognition that we build in one state can easily be transferred to our other stores and markets. Having a consistent and repeatable best-in-class experience in all our stores will enable us to grow the awareness and reputation around Ascend dispensaries, which in turn creates more value for the Ascend brand. A unified name also serves to save costs and amplifies our retail brand messaging. While we are increasingly moving to a unified retail brand strategy, we believe it is still important for each dispensary and state to have local roots and service their individual communities’ needs. As we look to expand, we will continue to add Ascend-branded stores to build our national brand and consider re-naming some of our other existing retail stores to the Ascend brand name.

Retail Marketing Strategy

We continuously market through industry publications such as Weedmaps and Leafly, our website letsascend.com and social media channels, and more traditional channels such as billboards, flyers and posters. Our retail brands have thousands of reviews across multiple websites, including Google and Weedmaps, and our dispensaries are consistently highly-rated and reviewed within their local geographies. We also partner with a number of different companies to help us expand our marketing reach. Recently in specific markets, we engaged with new online advertising programs that allow us to geo-target competitors’ customers and offer deals and incentives to visit an Ascend store. This program has allowed us to expand our customer base and increase sales for our participating stores.

In addition, we utilize our loyalty program to deepen our relationships with our customers. Each dispensary can sign customers up to join our loyalty program, except where prohibited by applicable law. Program participants consent to receive direct marketing via text or email, and are able to earn points and rewards for continuing to shop with Ascend stores. Our loyalty program enables us to undertake targeted, individualized promotions, such as offers for high value customers, reactivation of lapsed customers, birthdays, visit milestones, etc. Our loyalty program is one of our strongest marketing assets, where one single text could help drive six-digit sales.

Our retail stores engage in weekly marketing initiatives, locally and nationally. National campaigns focused on major holidays or events allow us to show the breadth of our various brands and offer similar campaigns to our customers across various states. Local initiatives allow our teams to market directly to their communities and help increase traffic and sales. These initiatives are frequently marketed through our own social media channels and in-house communication through our text loyalty program.

Product Brands

Our branded products portfolio includes SKUs across a range of product categories, including flower, pre-rolls, concentrates, vapes, edibles and other form factors.

We have taken a 'branded house' strategy within the product landscape. Our Ozone brand covers a variety of cannabis products, categories, and price ranges. Ozone has both a 'Core' tier through which we sell our high-quality yet accessible everyday cannabis products, as well as a 'Reserve' tier that houses our more unique and higher-grade products. By focusing on one brand within multiple states, we can leverage our marketing expenditure effectively and build a large national brand. This strategy also allows us to quickly enter a new market with our own fully finished products and marketing.

Our Ozone brand is currently sold in Illinois, Massachusetts and Michigan offering a variety of products from flower to extracted products, like vape pens and edibles. Illinois hosted Ozone's initial product launch, and we believe the brand has become a well-known staple in the Illinois market, as it is carried by 78 of 86 dispensaries in the state as of the date of this registration statement. Ozone launched in Massachusetts in August 2020 and currently has a flower-only assortment in the state. Ozone's Michigan reach includes flower, vaporizers and edibles. We are looking to expand offerings in our Franklin, New Jersey production facility.

We pride ourselves on our products and our expression of brand through packaging and marketing initiatives. Ozone is currently a finalist for best cannabis packaging by Adcann, an industry publication.

Branded Products Marketing Strategy

Our Ozone brand is managed and marketed through a variety of medium including our own Ozone website, partner platforms, social media channels and in-store collateral. We believe in continually improving these assets through new packaging initiatives, photo shoots, customer engagement, and product expansion. We engage in frequent marketing initiatives for the Ozone brand, from online campaigns to consumer engagement opportunities, such as the Illinois Cannabis Cup.

A large portion of product marketing is through partner dispensaries. Brands rely heavily on the word of the budtender, the gatekeepers of their products. In order to help these partners better promote the Ozone brand, and sell-through product, we create educational materials, provide them with updated digital and display marketing assets, and send branded gear for their budtenders to proudly wear. We also launched a new Ozone website in Q4'20, which includes in-depth product descriptions and insights, helping existing consumers better understand their Ozone products.

Product expansion is key to continuing to market the Ozone brand. In November 2020, we launched a disposable vape with a rechargeable battery. In December 2020, we launched a pre-pack 0.3g glass chillum and a live resin vape, a premium offering which addresses one of the fastest growing product categories in the cannabis market.

Supply Chain Process

We operate in limited license states in highly regulated markets. Therefore, controlling our supply chain is a critical factor in successfully operating in each state. We are focused on becoming vertically-integrated in all of our markets to ensure we manage the entire supply chain managed from seed to sale, including cultivation, manufacturing and packaging.

Packaging

Our final step prior to distribution to our retail stores or third-party wholesalers is packaging. We keep strict product quality and assurance controls dependent on each state regulations. We have a variety of packaging across both our flower and extracted products.

Packaging for the Ozone branded portfolio was completed in-house and sourced using third-party demand aggregators, who are able to achieve better pricing with scale buys. We utilize glass jars for our Reserve flower and mylar bags for our Core flower-based products. Edibles utilize a variety of packaging form-factors depending on the SKU being produced including plastic jars, metal tins and pop-top tubes. Vapes utilize both cardboard cartons and mylar bags, but some of our vapes utilize different packaging for each flavor or strain. In addition to managing packaging for a growing SKU portfolio, all product packaging must adhere to varying state regulations, which can vary widely from state to state and can hinder our efforts to unify our packaging design. As we bring more brands and form factors to market, packaging design and sourcing will increasingly be in focus, and we anticipate that we will devote additional internal and external design resources to these efforts.

Significant Customers

Our sales are primarily to our customers through our retail dispensaries, and to third party dispensaries in certain jurisdictions. We are not dependent upon a single customer, or a few customers, and the loss of any one or more of which would not have a material adverse effect on the business. No customer accounted for 10% or more of our consolidated net revenue during calendar years 2020, 2019 or 2018.

Omnichannel Strategy

We generated approximately 65% of our revenue from retail and 35% from wholesale in calendar year 2020. We estimate that our wholesale to retail mix will be split more evenly by the end of 2022 when our cultivation assets are fully built out. While we currently see supply shortages in our limited license states, we believe it is important to have a significant retail footprint to maintain pricing power within our brands and as more supply becomes available in our markets.

Intellectual Property—Patents and Trademarks

We believe that brand protection is critical to our business strategy. Where possible, we protect our intellectual property rights in connection with our operating names (e.g., Ascend), our products (e.g., Ozone) and certain patentable goods and services. The U.S. trademark statute, The Lanham Act, allows for the protection of trademarks and service marks on products and services used, or intended for use, lawfully. Because cannabis-related products and services remain illegal at the federal level under the Controlled Substances Act, we are not able to fully protect our intellectual property at the federal level; therefore, we currently seek trademark protections at the state level where commercially feasible. Nonetheless, our success depends upon other areas of our business such as product development and design, production and marketing and not exclusively upon trademarks, patents and trade secrets.

Since receiving our cultivation licenses, we have developed proprietary cultivation techniques. We have also developed certain proprietary intellectual property for operating butane extraction, carbon dioxide extraction and ethanol extraction machinery, including production best practices, procedures and methods. This requires specialized skills in cultivation, extraction and refining.

We rely on non-disclosure/confidentiality agreements to protect our intellectual property rights. To the extent we describe or disclose our proprietary cultivation or extraction techniques in applications for cultivation or processing licenses, we redact, or request redaction of, such information prior to public disclosure.

We own several website domains, including www.awholdings.com, numerous social media accounts across all major platforms and various phone and web application platforms.

We are currently in the process of submitting applications to protect our brands and marks. We will continue to rely on common law protection for these brands during the trademark registration process. Moreover, we proactively seek intellectual property protection for brand expansions in current markets as well as any new market expansion. For additional details on the risks associated with the lack of trademark protection, see “*Risk Factors*” with respect to intellectual property.

Social Responsibility

While we understand and appreciate how fortunate we are to be in a position to help build and guide the future of modern cannabis, we are also acutely aware of the lives that have been impacted, especially in minority communities, through decades of unjust laws and inequitable enforcement. We think this is unacceptable, which is why we have teamed up with the Last Prisoner Project through a donation match program. We are seeking to raise \$250,000, evenly split between customer donations and AWH match. The Last Prisoner Project is a nonprofit coalition of cannabis industry leaders, executives, and artists dedicated to bringing restorative justice to the cannabis industry.

Working Capital

Effective inventory management is critical to our ongoing success and we use a variety of demand and supply forecasting, planning and replenishment techniques. We strive to maintain sufficient levels of inventory for core product categories, positive vendor and customer relationships and carefully plan to minimize markdowns and inventory write-offs. We typically carry four to six weeks of inventory at our dispensaries and maintain minimum wholesale inventory levels by SKU based on market demand for these SKUs. We will also enter into supply agreements with cultivators as needed to ensure adequate inventory as needed, whether to supplement our owned cultivation operations or in jurisdictions in which we have yet to achieve vertical integration.

For additional details on liquidity and capital resources, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations.*”

Number of Employees

As of April 22, 2021, we have approximately 1,000 employees nationwide including corporate, retail, manufacturing and part-time employees, including but not limited to: finance and accounting, legal and compliance, supply chain and operations, sales and marketing, commercial and cannabis agriculture, chemists, customer service, construction and project management, real estate and human resources. Approximately 850 of our employees are full-time employees.

Environmental Compliance

Expenditures for compliance with federal, state and local environmental laws and regulations are consistent from year to year and are not material to our financials. We are compliant with all applicable regulations and do not use materials that would pose any known risks under normal conditions.

Competitive Conditions

The markets in which our products are distributed are highly competitive. We compete directly with single state and larger multi-state cannabis producers and retailers. More broadly, we view manufacturers of other consumer products, such as those in the pharmaceuticals, alcohol, tobacco, health and beauty and functional wellness industries, as potential competitors. Product quality, performance, new product innovation and development, packaging, customer experience and consumer price/value are important differentiating factors. While we face intense competition, our industry faces relatively high barriers to entry given the licensed nature of the cannabis industry. See “*Risk Factors*” for additional detail regarding risks with respect to competition.

Overview of Government Regulation

Below is a discussion of the federal and state-level regulatory regimes in those jurisdictions where we are currently directly involved through our subsidiaries. Our subsidiaries and licensed operators with which we have contractual relationships are directly engaged in the manufacture, possession, sale or distribution of cannabis in the adult-use and/or medical cannabis marketplace in the states of Illinois, Massachusetts, Michigan, New Jersey and Ohio.

The U.S. federal government regulates drugs through the CSA, which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I controlled substance. The CSA explicitly prohibits the manufacturing, distribution, selling and possession of cannabis and cannabis-derived products as a consequence of its Schedule I classification. Classification of substances under the CSA is determined jointly by the DEA and the FDA. The DOJ defines Schedule I drugs and substances as drugs with no currently accepted medical use, a high potential for abuse and a lack of accepted safety for use under medical supervision. However, the FDA has approved Epidiolex, which contains a purified form of the drug CBD, a non-psychoactive cannabinoid in the cannabis plant, for the treatment of seizures associated with two epilepsy conditions. The FDA has not approved cannabis or cannabis compounds as a safe and effective drug for any other condition. Moreover, under the 2018 Farm Bill or Agriculture Improvement Act of 2018, CBD remains a Schedule I controlled substance under the Controlled Substances Act, with a narrow exception for CBD derived from hemp with a tetrahydrocannabinol, which is commonly referred to as THC, concentration of less than 0.3%.

Unlike in Canada, where federal legislation uniformly governs the cultivation, distribution, sale and possession of medical and adult-use cannabis under the Cannabis Act, S.C. 2018, c. 16, and the Cannabis for Medical Purposes Regulations, cannabis is largely regulated at the state level in the United States. To date, there are 36 states, plus the District of Columbia (and the territories of Guam, Puerto Rico, the U.S. Virgin Islands and the Northern Mariana Islands), that have laws and/or regulations that recognize, in one form or another, legitimate medical uses for cannabis and consumer use of cannabis in connection with medical treatment. In addition, Alaska, Arizona, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Montana, Nevada, New Jersey, New Mexico, New York, Oregon, South Dakota, Vermont, Virginia Washington and the District of Columbia have legalized cannabis for adult-use. The voter-approved constitutional amendment legalizing adult-use cannabis in South Dakota is being challenged and is expected to be heard before the South Dakota Supreme Court in April 2021. Fourteen states have also enacted low-THC/high-CBD only laws for medical cannabis patients.

State laws that permit and regulate the production, distribution and use of cannabis for adult-use or medical purposes are in direct conflict with the CSA, which makes cannabis use, distribution and possession federally illegal. Although certain states and territories of the U.S. authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under any and all circumstances under the CSA. 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, the federal law shall apply. Although the Company's activities are believed to be compliant with applicable United States state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company.

The Obama administration attempted to address the inconsistent treatment of cannabis under state and federal law in the Cole Memorandum which outlined certain priorities for the DOJ relating to the prosecution of cannabis offenses. The Cole Memorandum acknowledged that, notwithstanding the designation of cannabis as a Schedule I controlled substance at the federal level, several states had enacted laws authorizing the use of cannabis for medical purposes. The Cole Memorandum 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 implicate the Cole Memorandum's enforcement priorities. The DOJ did not provide (and has not provided since) specific guidelines for what regulatory and enforcement systems would be deemed sufficient under the Cole Memorandum. 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, such as distribution of cannabis from states where cannabis is legal to those where cannabis is illegal, the diversion of cannabis revenues to illicit drug cartels and sales of cannabis to minors.

On January 4, 2018, former U.S. Attorney General Jeff Sessions issued the Sessions Memorandum, which rescinded the Cole Memorandum effective upon its issuance. 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 Congress by following well-established principles when pursuing prosecutions related to cannabis activities. We are not aware of any prosecutions of investment companies doing routine business with licensed cannabis related businesses in light of the new DOJ position. However, there can be no assurance that the federal government will not enforce federal laws relating to cannabis in the future. As a result of the Sessions Memorandum, federal prosecutors are now free to utilize their prosecutorial discretion to decide whether to prosecute cannabis activities, despite the existence of state-level laws that may be inconsistent with federal prohibitions. No direction was given to federal prosecutors in the Sessions Memorandum as to the priority they should ascribe to such cannabis activities, and thus it is uncertain how active U.S. federal prosecutors will be in relation to such activities.

While federal prosecutors appear to continue to use the Cole Memorandum's priorities as an enforcement guide, the prosecutorial effects resulting from the rescission of the Cole Memorandum and the implementation of the Sessions Memorandum remain uncertain. The sheer size of the cannabis industry, in addition to participation by state and local governments and investors, suggests that a large-scale federal enforcement operation may create unwanted political backlash for the DOJ. It is also possible that the revocation of the Cole Memorandum could motivate Congress to reconcile federal and state laws. While Congress is considering and has considered legislation that may address these issues, there can be no assurance that such legislation passes. Regardless, at this time, cannabis remains a Schedule I controlled substance at the federal level. The U.S. federal government has always reserved the right to enforce federal law in regard to the sale and disbursement of medical or adult-use cannabis, even if state law authorizes such sale and disbursement. It is unclear whether the risk of enforcement has been altered.

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 cannabis or any other Schedule I controlled substance. Canadian banks are likewise hesitant to deal with cannabis companies, due to the uncertain legal and regulatory framework of the industry. Banks and other financial institutions, particularly those that are federally chartered in the United States, could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses. While Congress is considering legislation that may address these issues, there can be no assurance of the content of any proposed legislation or that such legislation is ever passed.

Despite these laws, FinCEN issued the FinCEN Memorandum outlining the pathways for financial institutions to bank state-sanctioned cannabis businesses in compliance with federal enforcement priorities. The FinCEN Memorandum echoed the enforcement priorities of the Cole Memorandum and states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. Under these guidelines, financial institutions must submit a Suspicious Activity Report ("SAR") in connection with all cannabis-related banking activities by any client of such financial institution, in accordance with federal money laundering laws. These cannabis-related SARs are divided into three categories - cannabis limited, cannabis priority, and cannabis terminated - based on the financial institution's belief that the business in question follows state law, is operating outside of compliance with state law, or where the banking relationship has been terminated, respectively. On the same day that the FinCEN Memorandum was published, the DOJ issued a memorandum (the "**2014 Cole Memorandum**") directing prosecutors to apply the enforcement priorities of the Cole Memorandum in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of cannabis-related conduct. The 2014 Cole Memorandum has been rescinded as of January 4, 2018, along with the Cole Memorandum, removing guidance that enforcement of applicable financial crimes against state-compliant actors was not a DOJ priority.

However, former Attorney General Sessions' revocation of the Cole Memorandum and the 2014 Cole Memorandum has not affected the status of the FinCEN Memorandum, nor has the Department of the Treasury given any indication that it intends to rescind the FinCEN Memorandum itself. Though it was originally intended for the 2014 Cole Memorandum and the FinCEN Memorandum to work in tandem, the FinCEN Memorandum is a standalone document which explicitly lists the eight enforcement priorities originally cited in the Cole Memorandum. As such, the FinCEN Memorandum remains intact, indicating that the Department of the Treasury and FinCEN intend to continue abiding by its guidance. However, in the United States, it is difficult for cannabis-based businesses to open and maintain a bank account with any bank or other financial institution. On November 7,

2018, U.S. Attorney General Jeff Sessions resigned. On February 14, 2019, William Barr was confirmed as U.S. Attorney General. Mr. Barr resigned as Attorney General on December 23, 2020. On December 24, 2020, Jeffrey Rosen began serving as the Acting Attorney General of the United States. On January 20, 2021, Robert “Monty” Wilkinson replaced Jeffrey Rosen as the Acting Attorney General of the United States.

On March 11, 2021, former Chief Judge of the United States Court of Appeals for the District of Columbia Circuit, Merrick Garland, was sworn in as serve as Attorney General of the United States. It is not yet known whether the Department of Justice under President Biden and Attorney General Garland will re-adopt the Cole Memorandum or announce a substantive cannabis enforcement policy. If the Department of Justice policy under Attorney General Garland were to aggressively pursue financiers or owners of cannabis-related businesses, and United States Attorneys followed such Department of Justice policies through pursuing prosecutions, then the Company could face (i) seizure of its cash and other assets used to support or derived from its cannabis operations, (ii) the arrest of its employees, directors, officers, managers and investors, and charges of ancillary criminal violations of the Controlled Substances Act for aiding and abetting and conspiring to violate the Controlled Substances Act by virtue of providing financial support to cannabis companies that service or provide goods to state-licensed or permitted cultivators, processors, distributors, and/or retailers of cannabis, and/or (iii) the barring of its employees, directors, officers, managers and investors who are not United States citizens from entry into the United States for life. Unless and until the United States Congress amends the Controlled Substances Act 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 criminalizing cannabis.

One legislative safeguard for the medical cannabis industry, appended to the federal budget bill, remains in place following the rescission of the Cole Memorandum. For fiscal years 2015, 2016, 2017, 2018, 2019 and 2020 Consolidated Appropriations Acts (currently referred to as the “**Rohrabacher/Blumenauer Amendment**”) 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 Rohrabacher/Blumenauer Amendment was included in the Consolidated Appropriations Act, 2021 signed into legislation by President Trump in December 2020 to 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 once the current Consolidated Appropriations Act, 2021 expires.

Despite the rescission of the Cole Memorandum, the DOJ appears to continue to adhere to the enforcement priorities set forth in the Cole Memorandum. The Cole Memorandum and the Rohrabacher/Blumenauer Amendment gave licensed cannabis operators (particularly medical cannabis operators) and investors in states with legal regimes greater certainty regarding the DOJ’s enforcement priorities and the risk of operating cannabis businesses. While the Sessions Memorandum has introduced some uncertainty regarding federal enforcement, the cannabis industry continues to experience growth in legal medical and adult-use markets across the United States. Accordingly, as an industry best practice, we continue to employ the following policies to ensure compliance with the guidance provided by the Cole Memorandum:

- 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;
- 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);
- implement policies and procedures to ensure that cannabis products are not distributed to minors;
- implement policies and procedures in place to ensure that funds are not distributed to criminal enterprises, gangs or cartels;
- 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 cross any state lines in general;
- ensure that its state-authorized cannabis business activity is not used as a cover or pretense for trafficking of other illegal drugs, and is not engaged in any other illegal activity, or any activities that are contrary to any applicable anti-money laundering statutes; and

- 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.

On June 7, 2018, the Strengthening the Tenth Amendment Through Entrusting States Act (the “**STATES Act**”) was introduced in the Senate by Republican Senator Cory Gardner of Colorado and Democratic Senator Elizabeth Warren of Massachusetts. A companion bill was introduced in the House by Democratic representative Jared Polis of Colorado. The bill provides in relevant part that the provisions of the CSA, as applied to cannabis, “shall not apply to any person acting in compliance with state law relating to the manufacture, production, possession, distribution, dispensation, administration, or delivery of marijuana.” Even though cannabis will remain within Schedule I of the CSA under the STATES Act, the bill makes the CSA unenforceable to the extent it conflicts with state law. In essence, the bill extends the limitations afforded by the protection within the federal budget—which prevents the DOJ and the DEA from using funds to enforce federal law against state-legal medical cannabis commercial activity—to both medical and adult-use cannabis activity in all states where it has been legalized. The STATES Act was reintroduced on April 4, 2019 in both the House and the Senate. Since the STATES Act is currently draft legislation, there is no guarantee that the STATES Act will become law in its current form.

On December 4, 2020, the House of Representatives passed the Marijuana Opportunity Reinvestment and Expungement Act of 2019 (the “**MORE Act**”). The MORE Act would provide for the removal of cannabis from the list of controlled substances in the CSA and other federal legislation. It would end the applicability of Section 280E to cannabis businesses but would impose a 5% federal excise tax. The MORE Act was not passed by the Senate prior to the end of the 116th Congress and would need to be reintroduced and passed by the House of Representatives and Senate and signed into law by the president. There is no guarantee the MORE Act will become law in its current form. Overall, there were more than 1500 cannabis-related bills moving through state legislatures and Congress for the 2020 sessions.

On March 18, 2021, the SAFE Banking Act was reintroduced in the House of Representatives. On March 23, 2021, the bill was reintroduced in the Senate as well. The House previously passed the SAFE Banking Act in September 2019, but the measure stalled in the Senate. As written, the SAFE Banking Act would allow financial institutions to provide their services to state-legal cannabis clients and ancillary businesses serving state-legal cannabis businesses without fear of federal sanctions. There is no guarantee the SAFE Banking Act will become law in its current form, if at all.

Compliance with Applicable State Laws in the United States

We are in compliance with applicable cannabis licensing requirements and the regulatory framework enacted by each state in which we currently operate. We currently have an administrative proceeding pending against the Company in Illinois for 12 counts of regulatory violations dating from October 2019 to January 2020 including camera outages, doors being propped open during construction and a failed security incursion. All of the alleged violations have been remediated, and we are contesting the complaint. Other than as disclosed, we have not been subject to any non-compliance, citations or notices of violation which may have an impact on our licenses, business activities or operations.

We have in place a detailed compliance program and an internal legal and compliance department, and we are building out our operational compliance team across all states in which we operate. Our compliance department is overseen by our chief compliance officer and our senior vice president of compliance, and further consists of compliance professionals who oversee and ensure compliance in each of our jurisdictions and facilities. We also have external state and local regulatory/compliance counsel engaged in every jurisdiction in which we operate.

We provide training for all employees, using various methods on the following topics relevant to job tasks: compliance with state laws and rules; patient education materials; education materials for recreational customers; security in our facilities and establishments; handwashing and sanitation practices; packaging procedures; state mandated tracking software; establishment specific tracking; track and trace; inventory and POS software; audit procedures; epidemic responses; emergency situation response; dispensing procedures; patient/client check-in

procedure; employee education and consultation materials; packaging and labeling requirements; cannabis waste and destruction; active shooter response; robbery response; fire response; bomb-threat response; sexual harassment; drug free workplace; internet and phone usage; discrimination harassment; workplace violence; hygiene and clothing requirements; hand washing; medical emergency response; biocontamination response; gas leak response; visitor access; discounts for special groups; customer loyalty programs; client intake; storage and recall of products; the science of cannabis; speaking with physicians; edibles education; reconciling transactions; inventory control; receiving inventory; shipping inventory; corrective and preventive action plans; filing corrective and preventive action reports; pesticides; wastewater; irrigation systems; fertilizer; beneficial organisms; climate control; transplanting; inventory tagging; pruning; defoliation; drying, trimming and curing; storage of products; maintaining confidentiality; cash handling; and preventing diversion of products.

We emphasize security and inventory control to ensure strict monitoring of cannabis and inventory, from delivery by a licensed distributor to sale or disposal. Only authorized, properly trained employees are allowed to access our computerized inventory control system.

We monitor all compliance notifications from the regulators and inspectors in each market and timely resolve any issues identified. We keep records of all compliance notifications received from the state regulators or inspectors, as well as how and when an issue was resolved. Moreover, we monitor news sources for information regarding developments at the state and federal level relating to the regulation and criminalization of cannabis.

Further, we have created comprehensive standard operating procedures that include detailed descriptions and instructions for receiving shipments of inventory, inventory tracking, recordkeeping and record retention practices related to inventory. We also have comprehensive standard operating procedures in place for performing inventory reconciliation, and ensuring the accuracy of inventory tracking and recordkeeping. We maintain accurate records of our inventory at all licensed facilities. Adherence to our standard operating procedures is mandatory and ensures that our operations are compliant with the rules set forth by the applicable state and local laws, regulations, ordinances, licenses and other requirements. We ensure adherence to standard operating procedures by regularly conducting internal inspections and ensures that any issues identified are resolved quickly and thoroughly.

We maintain strict compliance guidelines with respect to online reservations of products. No purchase and sale transactions may be completed online. A patient, patient's primary caregiver or customer may reserve products online, but the patient or customer must be physically present at one of our dispensaries to complete the transaction. This requirement allows our dispensary staff to ensure that our standard operating procedures (including its compliance programs) are applied to all patients, patient's primary caregivers and customers in connection with the purchase and sale of products.

In jurisdictions where medical cannabis is legal, upon arrival of the patient or the patient's primary caregiver at the applicable dispensary, dispensary staff must verify the patient's or the patient's primary caregiver's identity and credentials (such as a state-issued medical cannabis card) and confirm the patient's allotment amount to ensure the user is not exceeding the state's dispensing limits. Once the foregoing is verified, the patient or the patient's primary caregiver may pay for the products to complete the purchase. If the customer does not have valid identification and credentials, the customer will not be able to purchase medical cannabis at the applicable dispensary, irrespective of any reservations made online.

In jurisdictions where recreational cannabis is legal, upon arrival at the dispensary, a customer must present government-issued photo identification to verify they are at least 21 years of age. Once the identification is verified, the customer may pay for the products to complete the transaction. If the customer does not have valid identification, the customer will not be able to purchase recreational cannabis at the applicable Company dispensary, irrespective of any reservations made online.

We will continue to monitor compliance on an ongoing basis in accordance with our compliance program and standard operating procedures. While our operations are in full compliance with all applicable state laws, regulations and licensing requirements, such activities remain illegal under federal law. For the reasons described above and the risks further described in the section entitled "*Risk Factors*," there are significant risks associated with our business.

Readers of this prospectus are strongly encouraged to carefully read all of the risk factors contained in “*Risk Factors.*”

State Regulation of Cannabis

The risk of federal enforcement and other risks associated with our business are described in the section entitled “*Risk Factors.*”

Following the thesis that distributing brands at scale will win, we enter markets where we believe that we can profitably and sustainably operate and command significant market share, and thus maximize consumer and brand awareness. The regulatory frameworks enacted by the states, which are similar to the limited and controlled issuance of gaming or alcohol distributorship licenses, provide macro-level indication of whether certain state markets will be sustainable and profitable.

Below is a summary overview of the regulatory and competitive frameworks in each of our operating markets.

Illinois

Illinois Regulatory Landscape

In January 2014, the Compassionate Use of Medical Cannabis Pilot Program Act, which allows individuals diagnosed with certain debilitating or “qualified” medical conditions to access medical cannabis, became effective. There are over 35 qualifying conditions as part of the medical program, including epilepsy, traumatic brain injury, and post-traumatic stress disorder. In January 2019, the Illinois Department of Health launched the Opioid Alternative Pilot Program that allows individuals who have/could receive a prescription for opioids to access medical cannabis.

On August 28, 2018, Public Act 100-1114, the Alternative to Opioids Act of 2018, was signed into law, making changes to the Compassionate Use of Medical Cannabis Pilot Program Act. The Public Act created the Opioid Alternative Pilot Program (“**OAPP**”), which allows access to medical cannabis for individuals who have or could receive a prescription for opioids as certified by a physician licensed in Illinois.

On August 12, 2019 Governor J.B. Pritzker signed into law legislation that made the program permanent and added 11 conditions to the existing program.

In June 2019, Illinois legalized adult-use cannabis pursuant to the Cannabis Regulation and Tax Act (the “**IL Act**”). Effective January 1, 2020, Illinois residents 21 years of age and older may possess up to 30 grams of cannabis (non-residents may possess up to 15 grams). The IL Act authorizes the Illinois Department of Financial and Professional Regulation (the “**IDFPR**”) to issue up to 75 Conditional Adult Use Dispensing Organization licenses before May 1, 2020 and an additional 110 conditional licenses during 2021 (no person may hold a financial interest in more than 10 dispensing organizations). Existing medical dispensaries were able to apply for an “Early Approval Adult Use Dispensing Organization License” to serve adult purchasers at an existing medical dispensary or at a secondary site. The IDFPR also held an application period for Conditional Adult Use Cannabis Dispensary Licenses from December 10, 2019 through January 2, 2020. To date, the IDFPR has granted a total of 110 Adult-Use Dispensing Licenses. According to the Cowen report, *Charting Cannabis: A U.S. State Level Deep Dive*, published February 19, 2020, there were 55 open dispensaries in Illinois as of the end of 2019.

The Illinois Department of Agriculture (the “**IL Ag. Department**”) is authorized to make up to 30 cultivation center licenses available for medical and adult-use programs. As with existing medical dispensaries, existing cultivation centers were able to apply for an “Early Approval Adult Use Cultivation Center License.” The IL Ag. Department issued approximately 21 Early Approval Adult Use Cultivation Center licenses to date. No person can hold a financial interest in more than three cultivation centers, and the centers are limited to 210,000 square feet of canopy space. Cultivation centers are also prohibited from discriminating in price when selling to dispensaries, craft growers, or infuser organizations. The IL Ag. Department was also permitted to license up to 40 craft growers and

40 infuser organizations by July 1, 2020 and another 60 of each license type by the end of 2021. License awards will likely be delayed due to the COVID-19 pandemic and legal actions taken by applicants. The IL Ag. Department recently closed an application period for craft growers, infusers and cannabis transporters.

The IL Act imposes several operational requirements on adult-use licensees and requires prospective licensees to demonstrate their plans to comply with such requirements. For example, applicants for dispensary licenses must include an employee training plan, a security plan, recordkeeping and inventory plans, a quality control plan and an operating plan.

Licensees must establish methods for identifying, recording, and reporting diversion, theft, or loss, correcting inventory errors, and complying with product recalls. Licensees also must comply with detailed inventory, storage, and security requirements. Cultivation licenses are subject to similar operational requirements, such as complying with detailed security and storage requirements, and must also establish plans to address energy, water, and waste-management needs. Dispensary licenses will be renewed bi-annually, and cultivation licenses, craft grower licenses, infuser organization licenses, and transporter licenses will be renewed annually.

The IL Ag. Department is authorized to promulgate, and has promulgated, regulations for cultivators, craft growers, infuser organizations, and transporting organizations. The IDFPR is authorized to regulate dispensaries but has not yet issued adult-use regulations. Therefore, currently licensed adult-use retail operations are governed by the IL Act and adult-use retail applications submitted during the application window which closed on January 2, 2020 will be evaluated under and in accordance with the IL Act.

Illinois Licenses

Illinois licenses four types of cannabis businesses within the state: (1) cultivation; (2) processing; (3) transportation; and (4) dispensary. All cultivation, craft growers, infusers, and transporting establishments must register with the Illinois Department of Agriculture. All dispensaries must register with the IDFPR. If applications contain all required information, establishments are issued a cannabis establishment registration certificate. Registration certificates are valid for a period of one year and are subject to strict annual renewal requirements.

HealthCentral LLC has been issued a total of six dispensary licenses, two medical licenses and four adult use licenses. Revolution Cannabis-Barry LLC has been issued two cultivation licenses, one medical license and one adult use license. MOCA LLC is licensed to operate two dispensaries and has been issued a total of three dispensary licenses, one medical and two adult use licenses. On December 14, 2020, we entered into a definitive agreement to acquire Midway Dispensary. The transaction is conditioned on approval of the IDFPR prior to close.

The below table lists our Illinois licenses:

Entity	License Number	City	Expiration Date / Renewal Date	Description
Revolution Cannabis-Barry, LLC	1503060627	Barry	03/09/2022	Medical Cultivation License
Revolution Cannabis-Barry, LLC	1503060627 – EA	Barry	03/31/2022	Early Adult Use Cultivation License
HealthCentral, LLC	DISP.000022 / 11-0	Collinsville	01/07/2022	Medical License
HealthCentral, LLC	AUDO.000025	Collinsville	03/31/2022	Adult Use License
HealthCentral, LLC	DISP.000029 / 09-00	Adam St. / Springfield	02/03/2022	Medical License
HealthCentral, LLC	AUDO.000026	Adam St. / Springfield	03/31/2022	Adult Use License
HealthCentral, LLC	AUDO.000069	Horizon Dr. / Springfield	03/31/2022	Adult Use License
HealthCentral, LLC	AUDO.000104	Fairview Heights	03/31/2022	Adult Use License
Chicago Alternative Health Center, LLC	DISP. 43.002	Archer Ave. / Chicago	04/13/2022	Medical License
Chicago Alternative Health Center, LLC	AUDO.000032	Archer Ave. / Chicago	03/31/2022	Adult Use License
Chicago Alternative Health Center, LLC	AUDO.000114	Chicago Ridge	03/31/2022	Adult Use License
MOCA LLC	DISP.000028 / 48-00	Fullerton Ave/ Chicago	02/01/2022	Medical License
MOCA LLC	AUDO.000021	Fullerton Ave/ Chicago	03/31/2022	Adult Use License
MOCA LLC	AUDO.000052	Ohio St / Chicago	03/31/2022	Adult Use License

Illinois Storage and Security

Both our cultivation center and our dispensaries are required to store cannabis in restricted-access areas. Our dispensaries must store inventory on-site in a secured and restricted-access area and enter information into Illinois’ tracking system as required by law and IDFPR rules. Any cannabis or cannabis products in an open or defective package, which have expired, or which the company otherwise has reason to believe have been opened or tampered with must be segregated in secure storage until promptly and properly disposed of.

Dispensaries are also required to implement security measures designed to deter and prevent unauthorized entry into the facility (and restricted-access areas) and theft, loss or diversion of cannabis or cannabis products. In this respect, dispensaries must maintain a commercial grade alarm and surveillance system installed by an Illinois licensed private alarm contractor or private alarm contractor agency. Dispensaries must also implement various security measures designed to protect the premises, customers and dispensing organization agents (employees).

Illinois Reporting Requirements

Illinois uses BioTrack THC as its track and trace (“T&T”) system. All dispensing organization licensees are required to use a real-time, web-based inventory tracking/point-of-sale system that is accessible to IDFPR at any time, and at a minimum, tracks the date of sale, amount, price, and currency. We use BioTrack THC for inventory management and LeafLogix as a point-of-sale system. Licensees are also required to track each sales transaction at the time of the sale, daily beginning and ending inventory, acquisitions (including information about the supplier and the product) and disposal.

Illinois Transportation Requirements

Currently, licensed cultivation centers may transport cannabis and cannabis products in accordance with certain guidelines. For receiving products, dispensing organizations must receive a copy of the shipping manifest prepared by the cultivation center in advance of transport and is required to check the product delivered against such manifest at the time of delivery. All cannabis and cannabis products must be packaged in properly labeled and sealed containers. Dispensaries may not accept products that are mislabeled, products that have labels missing or when packaging is opened or tampered with.

U.S. Attorney Statements in Illinois

To the knowledge of management, other than as disclosed in this prospectus, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Illinois. See *“Risk Factors - U.S. State regulation of cannabis is uncertain.”*

Massachusetts

Massachusetts Regulatory Landscape

The Massachusetts Medical Use of Marijuana Program (the **“MA Program”**) was formed pursuant to the Act for the Humanitarian Medical Use of Marijuana (the **“MA ACT”**). The MA Program allows registered persons to purchase medical cannabis and applies to any patient, personal caregiver, Medical Marijuana Treatment Center (each, a **“MTC”**), and MTC agent that qualifies and registers under the MA Program. To qualify, patients must suffer from a debilitating condition as defined by the MA Program. Currently there are eight conditions that allow a patient to acquire cannabis in Massachusetts, including AIDS/HIV, ALS, cancer and Crohn’s disease. As of May 31, 2019, approximately 59,000 patients have been registered to purchase medical cannabis products in Massachusetts. The MA Program is administered by the Cannabis Control Commission of Massachusetts (the **“CCC”**). According to the Cowen report, *Charting Cannabis: A U.S. State Level Deep Dive*, published February 19, 2020, there were 52 open dispensaries in Massachusetts as of the end of 2019.

In November 2016, Massachusetts voted affirmatively on a ballot petition to legalize and regulate cannabis for adult-use. The Massachusetts legislature amended the law on December 28, 2016, delaying the date adult-use cannabis sales would begin by six months. The delay allowed the legislature to clarify how municipal land-use regulations would treat the cultivation of cannabis and authorized a study of related issues. After further debate, the state House of Representatives and state Senate approved H.3818 which became Chapter 55 of the Acts of 2017, An Act to Ensure Safe Access to Marijuana, and established the CCC. The CCC consists of five commissioners and regulates both the Adult Use and Medical Use of Marijuana programs. Sales of adult-use cannabis in Massachusetts started in July 2018. Adult-use cannabis in Massachusetts is regulated under M.G.L. ch. 94G and 935 CMR 500 et seq.

Under the MA Program, MTCs are heavily regulated. Vertically integrated MTCs grow, process, and dispense their own cannabis. As such, each MTC is required to have a retail facility as well as cultivation and processing operations, although retail operations may be separate from grow and cultivation operations. An MTC’s cultivation location may be in a different municipality or county than its retail facility.

The MA Program mandates a comprehensive application process for MTCs. Each Registered Marijuana Dispensary (each, a **“RMD”**) applicant must submit a Certificate of Good Standing, comprehensive financial statements, a character competency assessment, and employment and education histories of the senior partners and individuals responsible for the day-to-day security and operation of the MTC. Municipalities may individually determine what local permits or licenses are required if an MTC wishes to establish an operation within its boundaries.

Massachusetts Licenses

MassGrow LLC has been issued one cultivation and one provisional manufacturing processing license and Ascend Mass LLC has been issued one retail license and two provisional retail licenses.

The below table lists our Massachusetts licenses:

Entity	License Number	City	Expiration Date / Renewal Date	Description
MassGrow, LLC	MC281488	Athol	08/12/2021	Adult Use Cultivation License
MassGrow, LLC	MP281460	Athol	07/13/2021	Manufacturing Processing Provisional License
Ascend Mass, LLC	MR282077	Boston	01/15/2022	Adult Use License
Ascend Mass, LLC	MRN282837	Newton	06/05/2021	Adult Use Provisional License
Ascend Mass, LLC	MRN283075	New Bedford	08/07/2021	Adult Use Provisional License

Each Massachusetts dispensary, grower and processor license is valid for one year and must be renewed no later than 60 calendar days prior to expiration. As in other states where cannabis is legal, the CCC can deny licenses and renewals for multiple reasons, including (per 935 CMR 500.400) (1) failure to complete the application process within the required time period; (2) submission of deceptive, misleading, or fraudulent information, (3) an indication of an inability to maintain and operate a compliant cannabis establishment, (4) determination of unsuitability pursuant to, for example, certain criminal convictions, (5) failure to comply with cannabis license control limitations, (6) rejection of revocation of another cannabis license in Massachusetts or elsewhere; or (7) any other ground that serves the purposes of the law. Revocations can also be based on (per 935 CMR 500.450) (1) failure to submit or implement a plan of correction; (2) attempting to assign ownership to another entity or making other significant changes without proper permission, (3) lack of responsible operation of a cannabis establishment, (4) maintaining a substandard level of compliance with applicable statutory and regulatory requirements, (5) financial insolvency; (6) failure to cooperate with law enforcement, (7) violation of the safety, health, or welfare of the public; or (8) committing, permitting, aiding, or abetting of any illegal practices in the operation of the cannabis establishment. Additionally, license holders must ensure that no cannabis is sold, delivered, or distributed by a producer from or to a location outside of the state.

Regulation of the Adult-Use Cannabis Market in Massachusetts

Adult-use cannabis has been legal in Massachusetts since December 15, 2016, following a ballot initiative in November of that year. The CCC, a regulatory body created in 2018, licenses adult-use cultivation, processing and dispensary facilities (collectively, “**Marijuana Establishments**” or “**MEs**”) pursuant to 935 CMR 500.000 et seq. The first adult-use cannabis facilities in Massachusetts began operating in November 2018.

Massachusetts Licensing Requirements (Adult-Use)

Applicants must submit proof of being an entity registered to do business in Massachusetts, as well as a list of all people and entities having direct or indirect control of the business, documentation of any such people or entities’ other business interests, details of the amounts and sources of capital resources, and documentation of a bond or escrow account. Furthermore, the applicant must provide a specific address for the location of the establishment, proof of a property interest in that address, documentation that the applicant has a “host community agreement” with the municipality, and documentation that the applicant has held at least one community outreach meeting. The applicant must also provide a description of plans to ensure that the cannabis establishment will be compliant with all applicable laws and regulations, and also a specific plan to positively impact areas of disproportionate impact

(geographical locations in the state which have had historically high rates of arrest, conviction, and incarceration related to cannabis crimes). The application also requires payment of a fee.

All individuals identified as having direct or indirect control in the license must undergo an extensive background check that includes criminal, civil, and regulatory records; certain criminal convictions, civil actions, or regulatory infractions may trigger a finding of unsuitability

Each license applicant must submit detailed information about its business registration, certificates of good standing, and a plan to obtain liability insurance. The application must include a detailed business plan, a detailed summary of operating policies and procedures addressing issues like security, storage, prevention of diversion, transportation, inventory practices, recordkeeping, and a specific diversity plan demonstrating promotion of equity among people of color, women, veterans, persons with disabilities, and LGBTQ+ individuals. Such plans must have specific goals and measurable outcomes that will be monitored and updated through the entire existence of the cannabis establishment.

Pursuant to 935 CMR 500.050, no person or entity may own or have direct or indirect control over more than three licenses in each Marijuana Establishment category (i.e., cannabis retailer, cannabis cultivator, cannabis product manufacturer). Additionally, there is a 100,000 square foot cultivation canopy restriction for adult-use licenses.

Massachusetts Dispensary Requirements (Adult-Use)

Cannabis retailers may purchase, transport, sell, repackage, or otherwise transfer cannabis and cannabis products to consumers. On-site consumption is prohibited. All permitted cannabis-related activities must take place solely at the licensed address.

All cannabis establishment employees must receive at least eight hours of training annually. A total of four hours of training shall be from Responsible Vendor Training Program courses established under 935 CMR 500.105(2)(b). The remaining four hours may be conducted in-house by the cannabis establishment as on-the-job training.

All cannabis establishments must have written operating procedures addressing security measures, employee security policies, descriptions of operating hours and after-hours contact information, storage and waste disposal, product descriptions, price list, recordkeeping, quality control, staffing, emergency procedures, alcohol/smoke/drug-free workplace policies, confidential information handling, plans for immediate dismissal of employees who divert cannabis, engage in unsafe practices or are convicted of certain crimes, board of directors and members list, cash handling, prevention of diversion, energy efficiency, and workplace safety. Retail establishments must also have plans to check the identification of each customer both upon entering the store and again at the point of sale. No one under 21 is permitted to purchase cannabis or to be on the premises. Retail stores must ensure that customers purchase no more than one ounce of cannabis (or its equivalent in other forms) per day. Retailers also have the right to refuse sales to customers, for example, those that appear to be impaired by the influence of substances.

The retail point of sale system must be approved by both the CCC and the state Department of Revenue. It must be integrated with Metrc, the state's seed-to-sale tracking system. The system must also be audited on a monthly basis to ensure that no additional software has been installed that could alter sales data.

Cannabis retailers must have available extensive consumer education materials, including in languages other than English.

Massachusetts Security and Storage Requirements (Adult-Use)

Each Marijuana Establishment must implement sufficient safety measures to deter and prevent unauthorized entrance into areas containing cannabis and theft of cannabis at the establishment. Security measures taken by the

establishments to protect the premises, employees, consumers and general public must include, but not be limited to, the following:

- positively identifying individuals seeking access to the premises of the Cannabis Establishment or to whom or cannabis products are being transported pursuant to 935 CMR 500.105(13) to limit access solely to individuals 21 years of age or older;
- adopting procedures to prevent loitering and ensure that only individuals engaging in activity expressly or by necessary implication permitted by the regulations and its enabling statute are allowed to remain on the premises;
- disposing of cannabis in accordance with 935 CMR 500.105(12) in excess of the quantity required for normal, efficient operation as established within 935 CMR 500.105;
- securing all entrances to the Marijuana Establishment to prevent unauthorized access;
- establishing limited access areas pursuant to 935 CMR 500.110(4), which shall be accessible only to specifically authorized personnel limited to include only the minimum number of employees essential for efficient operation;
- storing all finished cannabis products in a secure, locked safe or vault in such a manner as to prevent diversion, theft and loss;
- keeping all safes, vaults, and any other equipment or areas used for the production, cultivation, harvesting, processing or storage of cannabis products securely locked and protected from entry, except for the actual time required to remove or replace cannabis;
- keeping all locks and security equipment in good working order;
- prohibiting keys, if any, from being left in the locks or stored or placed in a location accessible to persons other than specifically authorized personnel;
- prohibiting accessibility of security measures, such as combination numbers, passwords or electronic or biometric security systems, to persons other than specifically authorized personnel;
- ensuring that the outside perimeter of the Marijuana Establishment is sufficiently lit to facilitate surveillance, where applicable;
- ensuring that all cannabis products are kept out of plain sight and are not visible from a public place without the use of binoculars, optical aids or aircraft;
- developing emergency policies and procedures for securing all product following any instance of diversion, theft or loss of cannabis, and conduct an assessment to determine whether additional safeguards are necessary;
- developing sufficient additional safeguards as required by the CCC for Marijuana Establishments that present special security concerns;
- establishing procedures for safe cash handling and cash transportation to financial institutions to prevent theft, loss and associated risks to the safety of employees, customers and the general public;
- sharing the establishment's floor layout with law enforcement and as required by the municipality to identify the use of any flammable or combustible solvents, chemicals, or other such materials in use; and
- sharing the Marijuana Establishment's security plan and procedures with law enforcement authorities and fire services and periodically updating law enforcement authorities and fire services if the plans or procedures are modified in a material way.

Cannabis must be stored in special limited access areas, and alarm systems must meet certain technical requirements, including a failure notification system, perimeter alarms on all entry and exit points, duress/panic alarms, and video surveillance in all areas where cannabis or cash is kept and at all points of entry and exit. The surveillance system must have the ability to record footage 24 hours a day and to retain such footage for at least 90 days. The systems must be angled so as to allow for the capture of clear identification of any person entering or existing the establishment and must be able to remain operational for a minimum of four hours in the event of a power outage. Regular audits are required every 30 days.

Massachusetts Transportation Requirements (Adult-Use)

Cannabis products may only be transported between licensed MEs by registered Marijuana Establishment agents. A licensed cannabis transporter may contract with a licensed Marijuana Establishment to transport that

licensee's cannabis products to other licensed establishments. The originating and receiving licensed establishments shall ensure that all transported cannabis products are linked to METRC, Massachusetts' seed-to-sale tracking program. For the purposes of tracking, seeds and clones will be properly tracked and labeled in a form and manner determined by the CCC. Any cannabis product that is undeliverable or is refused by the destination Marijuana Establishment shall be transported back to the originating establishment. All vehicles transporting cannabis products shall be staffed with a minimum of two Marijuana Establishment agents. At least one agent shall remain with the vehicle at all times that the vehicle contains cannabis or cannabis products. Prior to the products leaving a Marijuana Establishment for the purpose of transporting cannabis products, the originating Marijuana Establishment must weigh, inventory, and account for, on video, all cannabis products to be transported. Within eight hours after arrival at the destination Marijuana Establishment, the destination establishment must re-weigh, re-inventory, and account for, on video, all cannabis products transported. When videotaping the weighing, inventorying, and accounting of cannabis products before transportation or after receipt, the video must show each product being weighed, the weight, and the manifest. Cannabis products must be packaged in sealed, labeled, and tamper or child-resistant packaging prior to and during transportation. In the case of an emergency stop during the transportation of cannabis products, a log must be maintained describing the reason for the stop, the duration, the location, and any activities of personnel exiting the vehicle. A Marijuana Establishment or a cannabis transporter transporting cannabis products is required to ensure that all transportation times and routes are randomized. An establishment or transporter transporting cannabis products shall ensure that all transport routes remain within Massachusetts. All vehicles and transportation equipment used in the transportation of cannabis products or edibles requiring temperature control for safety must be designed, maintained, and equipped as necessary to provide adequate temperature control to prevent the cannabis products or edibles from becoming unsafe during transportation, consistent with applicable requirements pursuant to 21 CFR 1.908(c).

Vehicles used for transport must be owned or leased by the Marijuana Establishment or transporter, and they must be properly registered, inspected, and insured in Massachusetts. All vehicles must be equipped with a video system that includes at least one camera in the storage area and at least one camera in the driver area. All cameras must remain functional throughout the entire transportation process. All vehicles must also be equipped with an alarm system, and functioning heating and air conditioning. Cannabis may not be visible from outside the vehicle, and it must be transported in a secure, locked storage compartment. The vehicle may not have any external markings indicating that it is used to transport cannabis. Each vehicle must have a global positioning system, and any agent transporting cannabis must have access to a secure form of communication with the originating location. Firearms are forbidden inside the vehicle or on the person of an agent. Each transport must have a manifest filled out in triplicate.

Massachusetts CCC Inspections

The CCC or its agents may inspect a Marijuana Establishment and affiliated vehicles at any time without prior notice in order to determine compliance with all applicable laws and regulations. All areas of a Marijuana Establishment, all Marijuana Establishment agents and activities, and all records are subject to such inspection. Marijuana establishments must immediately upon request make available to the CCC all information that may be relevant to a CCC inspection, or an investigation of any incident or complaint. A Marijuana Establishment must make all reasonable efforts to facilitate the CCC's inspection, or investigation of any incident or complaint, including the taking of samples, photographs, video or other recordings by the CCC or its agents, and to facilitate the CCC's interviews of Marijuana Establishment agents. During an inspection, the CCC may direct a Marijuana Establishment to test cannabis for contaminants as specified by the CCC, including but not limited to mold, mildew, heavy metals, plant-growth regulators, and the presence of pesticides not approved for use on cannabis by the Massachusetts Department of Agricultural Resources.

Moreover, the CCC is authorized to conduct a secret shopper program in retail establishments to ensure compliance with all applicable laws and regulations.

U.S. Attorney Statements in Massachusetts

On July 10, 2018, the U.S. Attorney for the District of Massachusetts, Andrew Lelling, issued a statement regarding the legalization of adult-use cannabis in Massachusetts. Mr. Lelling stated that since he has a constitutional obligation to enforce the laws passed by Congress, he would not immunize the residents of Massachusetts from federal law enforcement. He did state, however, that his office's resources would be primarily focused on combating the opioid epidemic. He stated that considering those factors and the experiences of other states that have legalized adult-use cannabis, his office's enforcement efforts would focus on the areas of (i) overproduction, (ii) targeted sales to minors, and (iii) organized crime and interstate transportation of drug proceeds.

To the knowledge of management, other than as disclosed in this prospectus, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Massachusetts. See *"Risk Factors - U.S. State regulation of cannabis is uncertain."*

Michigan

Michigan Regulatory Landscape

In 2008, the Michigan Compassionate Care Initiative established a medical cannabis program for serious and terminally ill patients. This program, which was approved by the House but not acted upon and defaulted to a public initiative on the November ballot. Proposal 1 was approved by 63% of voters on November 8, 2008. Proposal 1 was then written into law and approved by Michigan's lawmakers in December 2008. The resulting Act became the Michigan Medical Marihuana Act ("**MMMA**"). The MMMA provides access to state residents to cannabis and cannabis related products under one of 11 debilitating conditions, including epilepsy, cancer, HIV/AIDS, cancer and post-traumatic stress disorder. In July 2018, the Medical Marihuana Facility Licensing Division approved 11 additional conditions to the list of ailments to qualify for medical cannabis. The additional 11 include chronic pain, colitis and spinal cord injury.

In 2016, the Michigan legislature passed two new acts and also amended the original MMMA. The first act, the Medical Marihuana Facilities Licensing Act ("**MMFLA**"), effective December 20, 2016 and amended effective January 1, 2019, establishes a licensing and regulation framework for medical cannabis growers, processors, secure transporters, provisioning centers, and safety compliance facilities. The second act establishes a "seed-to-sale" system to track cannabis that is grown, processed, transferred, stored, or disposed of under the MMFLA.

In November of 2018 Michigan voters, through another public ballot initiative approved the Michigan Regulation and Taxation of Marihuana Act ("**MRTMA**") legalizing and establishing a licensing and regulatory framework for adult-use growers, processors, secure transporters, retailers, microbusinesses, event organizers, designated consumption, and safety compliance establishments. The proposal was approved by nearly 56% of the voters. The state began taking applications for such on November, 1, 2019 and the first sales of adult-use marihuana took place on December 1, 2019. According to the Cowen report, *Charting Cannabis: A U.S. State Level Deep Dive*, published February 19, 2020, there were 125 open dispensaries in Michigan as of the end of 2019.

The Marihuana Regulatory Agency ("**MRA**") is a separate bureau within the Michigan Department of Licensing and Regulatory Affairs and is responsible for the oversight of cannabis in Michigan. The MRA consists of the Medical and Adult Marihuana Licensing, Compliance, Legal and Enforcement Divisions and the Michigan Medical Marihuana Program Division. The MRA is responsible for issuing cards to medical cannabis patients, and oversight and licensing of medical facilities and adult-use establishments.

The MRA and State of Michigan are attempting to combine the medical and adult-use markets. On June 22, 2020 Final Administrative rules covering both the MMFLA and MRTMA were filed with the Michigan Secretary of State. Draft bills combining the MMFLA and MRTMA drafted by the Legislative Service Bureau Legal Division were circulated during the 2019-2020 legislative session, but did not receive a vote in the both legislative bodies.

Under both the MMFLA and MRTMA Michigan municipalities can choose if they will allow cannabis establishments or facilities, and the type and number of establishments or facilities within their jurisdiction. This includes licensing and zoning ordinances for many municipalities. Because each municipality is able to devise a unique set of rules for cannabis licenses, each facility or establishment in a different Michigan municipality may be subject to a different set of local ordinances.

Michigan Licenses

The below table lists our Michigan licenses:

Entity	License Number	City	Expiration Date / Renewal Date	Description
FPAW Michigan, LLC	AU-RA-000286	Ann Arbor	11/27/2021	Adult Use License
FPAW Michigan, LLC	PC-000391	Battle Creek	07/29/2021	Medical Use License
FPAW Michigan, LLC	AU-RA-000234	Battle Creek	11/27/2021	Adult Use License
FPAW Michigan, LLC	PC-000390	Detroit	07/29/2021	Medical Use License
FPAW Michigan, LLC	PC-000318	Morenci	07/29/2021	Medical Use License
FPAW Michigan, LLC	AU-R-000125	Morenci	11/27/2021	Adult Use License
FPAW Michigan, LLC	PC-000503	28th Street, Grand Rapids	07/29/2021	Medical Use License
FPAW Michigan, LLC	AU-R-000338	28th Street, Grand Rapids	11/27/2021	Adult Use License
FPAW Michigan, LLC	AU-R-000373	Scribner Ave, Grand Rapids	11/27/2021	Adult Use License
FPAW Michigan, LLC	PR-000171	Lansing	07/29/2021	Cultivation Facility Processor
FPAW Michigan, LLC	AU-P-000145	Lansing	11/27/2021	Cultivation Marijuana Processor License

Michigan Storage and Security Requirements

Michigan establishments must meet the security requirements as set forth in the MRTMA, MMFLA and Administrative Rules. As such, establishments are required to include a security plan in their state license applications. The plan and required security measures include, but are not limited to, ensuring that visitors are escorted by an employee at all times; maintaining commercial locks or electronic access on all doors and windows; having an alarm system at the establishment; having a video surveillance system that records all areas where marijuana products are weighed, packed, stored, loaded, and unloaded for transportation, prepared, or moved; recording the access point to the surveillance system; recording the exterior and interior of entrances and exits; recording all areas within 20 feet of exits of the establishment; recording in 720p resolution or higher; ensuring sufficient lighting for recording; maintaining recordings for at least 30 days and a log of all those with access to the surveillance system. General requirements for all cannabis business can be found in Michigan Administrative Rule 420.206.

Michigan Transportation Requirements

Transportation of cannabis to establishments takes place via State licensed secure transporters. Transported products are entered into a manifest and the Michigan T&T system. Products are picked up from cultivators and processors by secure transporters and then delivered to destinations. For adult use products licensed transporters may also transfer products between our retail locations. A transporter must transport all cannabis products in a locked, secured, and sealed container that is not accessible while in transit. The container must be secured by a locked closed lid or door. Cannabis product must be labeled and kept in separate compartments or containers within the main

locked, secured, and sealed container. If the transporter transports money associated with the purchase or sale of cannabis product between businesses, the transporter shall lock the money in a sealed container kept separate from the cannabis product and only accessible to the licensee and its employees. A transporter cannot maintain custody of the cannabis product for more than 96 hours without permission from the MRA.

Michigan Reporting Requirements

Michigan establishments must maintain on-site, or have electronic access to, all records of the establishment. Records are defined as books, ledgers, documents, writings, photocopies, correspondence, electronic storage media, electronically stored records, money receptacles, equipment in which records are stored, including data or information in the statewide monitoring system, or any other document that is used for recording information. Additionally, establishments must provide the state with an audited annual financial report every year. This report must be conducted by an independent certified public accountant and includes information including but not limited to: sampling of all transaction done by the organization over the course of the year; employees and employment; bank accounts; management, revenues, METRC transactions, vendors, taxes, ownership and distributions, outsourcing, licensing agreements, and independent contractors. Additionally, licensees must report any change to operations, officers, owners, members, managers, applicants; changes in processing machinery or equipment, violations or local ordinances, changes in named applicant; changes in names; conveyances of interest in a license; modifications to businesses or business plans between inspections or submissions; changes in capacities; changes to ingress or egress; adverse reactions to marihuana products; criminal convictions, charges, civil judgements, lawsuits, legal proceedings, charges, or governmental investigations; employee discipline for misconduct related to product sales or transfers; diversion; theft; and any suspected criminal activity on the premises. The above issues, depending on the type, must be reported either before the change, within 24 hours thereof or within 10 days of notice thereof.

Michigan Site-Visits and Inspections

The MRA or its agents may inspect an establishment at any time without prior notice in order to determine compliance with all applicable laws and regulations. All areas of an establishment, all establishment agents and activities, and all records are subject to such inspection. Establishments must immediately upon request make available to the MRA all information that may be relevant to a MRA inspection, or an investigation of any incident or complaint.

MRA agents conduct initial inspections, an inspection within 30 days of operation, and then bi-annual inspections thereafter. The Michigan Bureau of Fire Services also conducts initial and bi-annual inspections of establishments.

U.S. Attorney Statements in Michigan

On November 8, 2018, United States Attorneys Matthew Schneider and Andrew Birge for the Eastern and Western Districts of Michigan, respectively, issued a joint statement regarding the legalization of adult-use cannabis in Michigan. They stated that since they had taken oaths to protect and defend the Constitution and the laws of the United States, they would not immunize the residents of Michigan from federal law enforcement. They stated that they would continue to the investigation and prosecution of cannabis crimes as they do with any other crime. They stated they would consider the federal law enforcement priorities set by the DOJ, the seriousness of the crime, the deterrent effect of prosecution, and the cumulative impact of the crime on a community, while also considering their ability to prosecute with limited resources. They stated that combating illegal drugs was just one of many priorities, and that even within the area of drugs, they were focused on combating the opioid epidemic. They stated that they have not focused on prosecution of low-level offenders, which they stated would not change (unless aggravating factors were present). They did state that certain crimes involving cannabis could pose serious risks and harm to a community, including interstate trafficking, involvement of other illegal drugs or activity, persons with criminal records, presence of firearms or violence, criminal enterprises, gangs and cartels, bypassing local laws and regulations, potential for environmental contamination, risks to minors, and cultivation on federal property.

To the knowledge of management, other than as disclosed in this prospectus, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Michigan. See “*Risk Factors - U.S. State regulation of cannabis is uncertain.*”

New Jersey

New Jersey Regulatory Landscape

New Jersey’s medical cannabis program was introduced in January 2010 when then Governor Corzine signed the New Jersey Compassionate Use Medical Marijuana Act into law which legalized medical cannabis for patients with certain enumerated qualifying conditions. Medical cannabis sales began in December 2012 and as of the first quarter of 2021, there were 10 licensed and operational ATCs dispensing medical cannabis to patients. However, the state has accepted applications for satellite dispensaries for those operators, and we expect additional locations to open by the end of calendar year 2021. According to the Cowen report, *Charting Cannabis: A U.S. State Level Deep Dive*, published February 19, 2020, there were six open medical dispensaries in New Jersey as of the end of 2019.

In March 2018, under the direction of Governor Phil Murphy, who campaigned on a platform that included cannabis legalization, the New Jersey Department of Health (“**NJ DOH**”) issued the Executive Order 6 Report, which immediately expanded the medical cannabis program in numerous ways including adding chronic pain and anxiety as qualifying conditions, doubling the monthly product limit, and permitting current licensees to open satellite dispensaries. In August 2018, the NJ DOH began accepting applications for the licensing of six additional ATCs, and those licenses were awarded in December 2018. In August 2019, the NJ DOH accepted applications for the licensing of 24 additional ATCs, divvied among three regions (northern, central, southern) and three forms of endorsements (cultivation, dispensary, vertically integrated).

ATC licenses are awarded by a selection committee that evaluates applicants on the following general criteria: (1) submittal of mandatory organizational information; (2) ability to meet the overall health needs of qualified patients and safety of the public; (3) history of compliance with regulations and policies governing government-regulated cannabis programs; (4) ability and experience of applicant in ensuring an adequate supply of cannabis; (5) community support and participation; (6) ability to provide appropriate research data; (7) experience in cultivating, manufacturing, or dispensing cannabis in compliance with government-regulated cannabis programs; and (8) workforce and job creation plan. Information required to be submitted is wide-ranging, and includes identification information and background checks of principals, employees, directors, and other stakeholders, and evidence of compliance with certain state and local laws and ordinances.

ATCs are subject to a detailed regulatory scheme encompassing security, staffing, point-of-sale systems, manufacturing standards, hours of operation, delivery, advertising and marketing, product labeling, records and reporting, and more. As with all jurisdictions, the full regulations (N.J.A.C. 8:64 et seq.) should be consulted for further information about any particular operational area. For example (and not by limitation), ATCs are subject to a number of regulations regarding their policies, procedures, records, and reporting. For example, ATCs must develop oversight procedures; procedures to ensure safe growing and dispensing operations; security policies; inventory protocols; disaster plans; pricing standards; and crime prevention plans and must maintain careful records, including organizational charts; facility documents; supply-and-demand projections; general business records; detailed sales records; and detailed personnel and training records. ATCs must provide substantial training for their employees and must maintain an alcohol and drug-free workplace.

Licenses are renewed annually, and applications therefore must be submitted 60-days prior to expiration of the license then in force and effect. Provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations associated with the license, license holders can expect to receive a renewal in the ordinary course of business.

On November 3, 2020, voters in New Jersey approved an amendment to the state’s constitution to legalize cannabis for adult use in New Jersey. On February 22, 2021, New Jersey Governor Phil Murphy signed into law three bills which, taken together, give effect to the amendment and decriminalize small amounts of cannabis

possession in New Jersey. The cultivation, processing and sale of cannabis for adult use purposes will remain prohibited until the new Cannabis Regulatory Commission establishes the regulatory framework for adult use cannabis.

New Jersey Licenses

Ascend New Jersey, LLC is permitted to open three dispensaries and one cultivation under its ATC license. Ascend New Jersey, LLC is an indirect subsidiary of the Company.

The below table lists our New Jersey licenses:

Entity	License Number	City	Expiration Date / Renewal Date	Description
Ascend New Jersey, LLC	9292020	Franklin	12/31/2021	Cultivation License
Ascend New Jersey, LLC	9292020	Montclair	12/31/2021	Medical License

New Jersey Storage and Security Requirements

All ATCs are required to provide effective controls and procedures to guard against theft and diversion of cannabis including, when appropriate, systems to protect against electronic records tampering. With respect to security and inventory protocols, ATCs are required to maintain security and alarm systems in good working order; test and inspect such security systems; employ policies to limit unauthorized access to areas containing cannabis; adopt security protocols to protect personnel; minimize exterior access and ensure the exterior of the facility has adequate lighting; and notify the proper authorities of reportable losses, security breaches, alarm activations, and electrical failures.

Further, all ATCs must install, maintain in good working order and operate a safety and security alarm system at its authorized physical address(es) that will provide suitable protection 24 hours a day, seven days a week against theft and diversion and that provides, at a minimum: (i) immediate automatic or electronic notification to alert state or local police agencies to an unauthorized breach of security at the ATC; and (ii) a backup system that activates immediately and automatically upon a loss of electrical support and that immediately issues either automatically or electronic notification to state or local police agencies of the loss of electrical support. ATCs must also implement appropriate security and safety measures to deter and prevent the unauthorized entrance into areas containing cannabis and the theft of cannabis and security measures that protect the premises, registered qualifying patients, registered primary caregivers and principal officers, directors, board members and employees of the ATC. Each ATC must establish a protocol for testing and maintenance of the security alarm system and conduct maintenance inspections and tests of the security alarm system at the ATC's authorized location at intervals not to exceed 30 days from the previous inspection and test, and it must promptly implement all necessary repairs to ensure the proper operation of the alarm system. In the event of a failure of the security alarm system due to a loss of electrical support or mechanical malfunction that is expected to last longer than eight hours, an ATC must notify NJ DOH and either provide alternative security measures or close the affected facilities until service is restored. Finally, each ATC must equip its interior and exterior premises with electronic monitoring, video cameras, and panic buttons.

New Jersey Reporting Requirements

The reporting requirements for ATCs are governed by N.J.A.C. 8:64-4.3. The State of New Jersey allows ATCs to choose their method of electronic verification and a T&T system. In the course of operations, ATCs are required to conduct detailed monthly inventories and an annual comprehensive inventory. ATCs must retain records for at least two years.

New Jersey Site-Visits & Inspections

ATCs are subject to inspection by NJ DOH at any time, with or without notice. ATCs must provide immediate access to all facilities, materials, and information requested by NJ DOH. Failure to cooperate with an onsite assessment and or to provide access to the premises or information may be grounds to revoke the permit of the ATC and to refer the matter to state law enforcement agencies. If a problem is discovered, the ATC must notify NJ DOH in writing, with a postmark date that is within 20 business days of the date of the notice of violations, of the corrective actions the ATC has taken to correct the violations and the date of implementation of the corrective actions. Additionally, the NJ DOH is continually monitoring the operations of the ATC through our security and surveillance systems. The NJ DOH has the ability to access our surveillance system at any time and therefore may conduct a visual inspection of the premises at any time.

New Jersey Transportation Requirements

An ATC that is authorized by permit to cultivate medical cannabis at one location and to dispense it at a second location shall transport only usable cannabis from the cultivation site to the dispensing site according to a delivery plan submitted to the NJ DOH. Each vehicle must be staffed with at least two registered ATC employees. At least one delivery team member shall remain with the vehicle at all times that the vehicle contains medical cannabis. Each delivery team member shall have access to a secure form of communication with the ATC, such as a cellular telephone, at all times that the vehicle contains medical cannabis. Each delivery team member must possess their ATC employee identification card at all times and shall produce it to NJ DOH staff or law enforcement officials upon demand.

Each transport vehicle needs to be equipped with a secure lockbox or locking cargo area, which shall be used for the sanitary and secure transport of medical cannabis. Each ATC must maintain current commercial automobile liability insurance on each vehicle used for transport of medical cannabis in the amount of \$1 million per incident. Each ATC must ensure that vehicles used to transport medical cannabis bear no markings that would either identify or indicate that the vehicle is used to transport medical cannabis, and each trip must be completed in a timely and efficient manner, without intervening stops or delays. Each ATC shall maintain a record of each transport of medical cannabis in a transport logbook, which must include dates and times of trips, names of employees on the delivery team, relevant facts about the products transported and the signatures of the delivery team.

ATCs must report any vehicle accidents, diversions, losses, or other reportable events that occur during transport to the permitting authority in accordance with New Jersey law.

Home delivery is not permitted under New Jersey law. An ATC may not deliver cannabis to the home or residence of a registered qualifying patient or primary caregiver.

U.S. Attorney Statements in New Jersey

To the knowledge of management, other than as disclosed in this prospectus, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in New Jersey. See *“Risk Factors - U.S. State regulation of cannabis is uncertain.”*

Ohio

Ohio Regulatory Landscape

Effective September 8, 2016, House Bill 523 legalized the use of medical cannabis for 26 debilitating conditions as prescribed by a licensed physician. The Ohio Medical Marijuana Control Program (“**OMMCP**”) allows people with certain medical conditions, including Alzheimer’s disease, HIV/AIDS, ALS, cancer, traumatic brain injury, chronic pain, post-traumatic stress disorder and cachexia, to purchase medical cannabis. Though Ohio was required to implement a fully operational OMMCP by September 8, 2018 with a controlled system for cultivation, laboratory testing, physician/patient registration and dispensing, the timeline was delayed until

November 2018. Regulatory oversight is shared between three offices; (a) the Ohio Department of Commerce with respect to overseeing cultivators, processors and testing laboratories; (b) the Ohio Board of Pharmacy with respect to overseeing retail dispensaries and the registration of patients and caregivers, and (c) the State Medical Board of Ohio with respect to certifying physicians to recommend medical cannabis. The OMMCP will permit limited product types including oils, tinctures, plant materials and edibles. Adult-use and the smoking of cannabis flower are prohibited. As of January 31, 2021, there were approximately 169,000 registered patients allowed to purchase cannabis products from a dispensary. According to the Cowen report, Charting Cannabis: A U.S. State Level Deep Dive, published February 19, 2020, there were 24 open dispensaries in Ohio as of the end of 2019.

Ohio Licenses

To be considered for approval of a provisional dispensary, cultivation or a processing license, the applicant must complete all mandated requirements. To obtain a certificate of operation for a medical cannabis dispensary, cultivation facility or processing facility, the prospective licensee must be capable of operating in accordance with Chapter 3796 of the Revised Code, the Medical Marijuana Control Program. Dispensary certificates of operation carry two-year terms, while certificates of operation for cultivators and processors must be renewed annually.

A certificate of operation will expire on the date identified on the certificate. A licensee will receive written or electronic notice 90 days before the expiration of its certificate of operation. The licensee must submit the renewal information at least 45 days prior to the date the existing certificate expires. The information required for the license renewal includes, but is not limited to, the following: (a) a roster that includes the dispensary’s employees’ names, (b) the history of compliance with regulations, and (c) the number and severity of any violations. If a licensee’s renewal application is not filed prior to the expiration date of the certificate of operation, the certificate of operation will be suspended for a maximum of 30 days. After 30 days, if the dispensary has not successfully renewed the certificate of operation, including the payment of all applicable fees, the certificate of operations will be deemed expired.

BCCO, LLC holds a license to open one dispensary. Marichron Pharma, LLC holds a processing license. Hemma, LLC holds a license to open a cultivation facility. The closing of the transactions with BCCO, LLC and Hemma, LLC have been submitted to regulators for approval. We have entered into an agreement with Marichron Pharma, LLC and intend to submit the transaction for state approval once we are permitted to under state regulations, which we anticipate will be in the third quarter of 2021.

The below table lists the licenses held by our contractual parties hold in Ohio:

Entity	License Number	City	Expiration Date / Renewal Date	Description
BCCO, LLC	MMD.0700028	Carroll	12/4/2020*	Medical – Dispensary
Hemma, LLC	MMPC0014	Monroe	09/10/2021	Medical Cultivation
Marichron Pharma, LLC	MMCPP00125	Monroe	01/17/2021*	Medical Processing

* Ohio Department of Commerce has extended the expiration date to 07/01/2021 due to COVID-19.

Ohio Storage Requirements

Ohio has selected METRC as the T&T system. Individual licensees, whether directly or through third-party APIs, are required to push data to the state to meet all reporting requirements. A holder of a processing or cultivation license must track and submit through the inventory tracking system any information the Ohio Department of Commerce determines necessary for maintaining and tracking medical cannabis extracts and products.

A holder of a cultivation license must conduct a weekly inventory of medical cannabis which includes (a) date of inventory; (b) amount of medical cannabis on hand; (c) total count of plants, whether in the flowering, vegetative,

or clone phase of growth and organized by room in which the plants are being grown; (d) amount of medical cannabis sold since previous weekly inventory; (e) date, quantity, and method of disposal of medical cannabis; (f) summary of the inventory findings; and (g) name, signature, and title of the employees who conducted the inventory and oversaw the inventory. On an annual basis and as a condition for renewal of a cultivation license, a holder of a cultivation license must conduct a physical, manual inventory of the medical cannabis on hand at the cultivation facility and compare the findings to an annual inventory report generated using the inventory tracking system.

A holder of a processing license must conduct weekly inventory of medical cannabis which includes (a) the date of the inventory, (b) net weight of plant material and the net weight and volume of medical cannabis extract, (c) net weight and unit count of medical cannabis products prepared or packaged for sale to a dispensary, (d) the amount of medical cannabis and medical cannabis products sold since previous weekly inventory; (e) the date, quantity, and method of disposal of any plant material, medical cannabis extract, and medical cannabis products; (f) a summary of the inventory findings; and (g) name, signature and employees who conducted the inventory and oversaw the inventory. On an annual basis and as a condition for renewal of a processing license, a holder of a processing license shall conduct a physical, manual inventory of plant material, medical cannabis extract, and medical cannabis products on hand at the processor and compare the findings to an annual inventory report generated using the inventory tracking system. A holder of a processing license must store plant material, medical cannabis extract, and medical cannabis product inventory on the premises in a designated, enclosed, locked area and accessible only by authorized individuals.

A holder of a dispensary license must use the METRC T&T system to push data to the Ohio Board of Pharmacy on a real-time basis. The following data must be transmitted (a) each transaction and each day's beginning inventory, acquisitions, sales, disposal and ending inventory, (b) acquisitions of medical cannabis from a licensed processor or cultivator holding a plant-only processor designation, (c) name and license number of the licensed dispensary employee receiving the medical cannabis and, (d) other information deemed appropriate by the Ohio State Board of Pharmacy. A dispensary's designated representative shall conduct the inventory at least once a week. Records of each day's beginning inventory, acquisitions, sales, disposal and ending inventory shall be kept for a period of three years.

The dispensary licensee must restrict access areas and keep stock of medical cannabis in secured area enclosed by a physical barrier with suitable locks and an alarm system capable of detecting entry at a time when licensed dispensary employees are not present. Medical cannabis must be stored at appropriate temperatures and under appropriate conditions to help ensure that its identity, strength, quality and purity are not adversely affected.

Ohio Security Requirements

All licensees must have a security system that remains operational at all times and that uses commercial grade equipment to prevent and detect diversion, theft or loss of medical cannabis, including (a) a perimeter alarm, (b) motion detectors, and (c) duress and panic alarms. All licensees must also employ a holdup alarm, which means a silent alarm signal generated by the manual activation of a device intended to signal a robbery in progress. Processing and cultivation facilities are also required to have secondary alarm systems installed and monitored by a vendor that differs from the primary alarm system.

Video cameras at a dispensary must be positioned at each point of egress and each point of sale. The cameras must capture the sale, the individuals and the computer monitors used for the sale, approved safes, approved vaults and any area where cannabis is stored, handled or destroyed. Video surveillance recording must operate 24 hours a day, seven days a week. Recording from all video cameras during hours of operation must be made available for immediate viewing by the Ohio State Board of Pharmacy upon request and must be retained for at least six months.

Video cameras at a processing or cultivation facility must be directed at all approved safes, approved vaults, and any other area where plant material, medical cannabis extract, or medical cannabis products are being processed, stored, handled or destroyed. Video surveillance must take place 24 hours a day, seven days a week. Recordings from all video cameras during hours of operation must be readily available for immediate viewing by the Ohio regulatory bodies upon request and must be retained for at least six months. Video recording must be

maintained for at least a 45-day period. Video recording must be maintained beyond the 45-day period when the cultivator or processor becomes aware of a pending criminal, civil or administrative investigation or legal proceeding for which a recording may contain relevant information. The cultivator or processor must retain an unaltered copy of the recording until the investigation or proceeding is closed or the entity conducting the investigation or proceeding is closed or the entity conducting the investigation or proceeding notifies the cultivator or processor that it is no longer necessary to retain the recording.

Ohio Reporting Requirements

A holder of a processing license must maintain the following records: (a) samples sent for testing, (b) disposal of products, (c) tracking of inventory, (d) form and types of medical cannabis maintained at the processing facility on a daily basis, (e) production records, including extraction, refining, manufacturing, packaging and labeling, (f) financial records, (g) employee records and (h) purchase invoices, bills of lading, manifests, sales records, copies of bills of sale, and any supporting documents, including the items and/or services purchased, from whom the items were purchased, and the date of purchase. Records must be maintained for five years.

A holder of a cultivation license must maintain the following records: (a) forms and types of medical cannabis maintained at the cultivator on a daily basis; (b) soil amendment, fertilizers, pesticides, or other chemicals applied to the growing medium or plants or used in the process of growing medical cannabis; (c) production records, including planting, harvesting and curing, weighing, and packaging and labeling; (d) financial records; (e) employee records; and (f) purchase invoices, bills of lading, manifests, sales records, copies of bills of sale, and any supporting documents, including the items and/or services purchased, from whom the items were purchased, and the date of purchase. Records will be maintained for 5 years.

A holder of a dispensary license must maintain the following records (a) confidential storage and retrieval of patient information or other medical cannabis records, (b) records of all medical cannabis received, dispensed, sold, destroyed, or used, (c) dispensary operating procedures, (d) a third-party vendor list, (e) monetary transactions, and (f) journals and ledgers. All records relating to the purchase or return, dispensing, distribution, destruction, and sale of medical cannabis must be maintained under appropriate supervision and control to restrict unauthorized access on the licensed premises for a five-year period.

Ohio Transportation Requirements

Medical cannabis entities must maintain a transportation log in METRC containing the names and addresses of the medical cannabis entities sending and receiving the shipment, names and registration numbers of the registered employees transporting the medical cannabis or the products containing medical cannabis, the license plate number and vehicle type that will transport the shipment, the time of departure and estimated time of arrival, the specific delivery route, which includes street names and distances; and the total weight of the shipment and a description of each individual package that is part of the shipment, and the total number of individual packages. Copies of the log described above must be transmitted to the recipient and to the Ohio Department of Commerce through METRC before 11:59 p.m. on the day prior to the trip.

Vehicles transporting medical cannabis or cannabis products must be insured as required by law, store the products in locked compartments, ensure that the products are not visible from outside the vehicle, be staffed with two employees registered with the department (with one remaining with the vehicle at all times) and have access to the 911 emergency system. Vehicles must not be marked with any marks or logos.

Trips must be direct, other than to refuel the vehicle. Drivers must have their employee identification cards on their person at all times and must ensure that delivery times and routes are randomized. A copy of the transportation log must be carried during the trip.

Ohio Inspections Requirements

The submission of an application that results in the issuance of a provisional license or certificate of operation for a cultivator irrevocably gives the Ohio Department of Commerce consent to conduct all inspections necessary to ensure compliance with the cultivator's application, state and local law and regulators. An inspector conducting an inspection pursuant to this rule shall be accompanied by a "type 1" key employee during the inspection. The inspector may review and make copies of records, enter any area of a facility, inspect vehicles, equipment, premises, and question employees, among other actions. Dispensaries are not permitted to deliver cannabis products to the homes of patients or their designated caregivers.

Dispensaries in Ohio are subject to random and unannounced dispensary inspections and medical cannabis testing by the Ohio Board of Pharmacy. The Ohio Board of Pharmacy and its representatives may enter facilities and vehicles where medical cannabis is held and conduct inspections in a reasonable manner each place and all pertinent equipment, containers and materials and data. The Ohio Board of Pharmacy may also obtain any medical cannabis or related products from such facility.

U.S. Attorney Statements in Ohio

To the knowledge of management, other than as disclosed in this prospectus, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in Ohio. See "*Risk Factors - U.S. State regulation of cannabis is uncertain.*"

New York

New York Regulatory Landscape

In July 2014, the New York Legislature and Governor enacted the Compassionate Care Act (the "CCA") to provide a comprehensive, safe and effective medical cannabis program. The CCA provides access to the program to certified patients who suffer from one of 14 qualifying serious conditions including, debilitating or life-threatening conditions including cancer, HIV/AIDS, ALS and chronic pain. Certified patients must also have one of the following associated or complicating conditions: cachexia or wasting syndrome, severe or chronic pain, severe nausea, seizures, or severe or persistent muscle spasms, post-traumatic stress disorder, or opioid use disorder (if enrolled in a treatment program pursuant to Article 32 of the Mental Hygiene Law).

Pursuant to the CCA, only a limited number of product offerings are allowed including metered liquid or oil preparations, solid and semi-solid preparations (e.g. capsules, chewable and effervescent tablets), metered ground plant preparations, and topical forms and transdermal patches. Smoking medical cannabis is not allowed. Medical cannabis may not be incorporated into the food products unless approved by the Commissioner of Health and smoking of cannabis flower is prohibited. According to the Cowen report, *Charting Cannabis: A U.S. State Level Deep Dive*, published February 19, 2020, there were 35 open dispensaries in New York as of the end of 2019.

On March 31, 2021, New York became the 16th state to legalize the adult-use of cannabis with the enactment of Senate Bill S854A, also known as The Marihuana Regulation and Taxation Act (the "MRTA"). Under MRTA, the current medical cannabis program is set to undergo several changes. A new Office of Cannabis Management—an independent agency operating as part of the New York State Liquor Authority—will be responsible for regulating the adult-use cannabis market as well as the existing medical cannabis and hemp programs, and will be overseen by a new five-member Cannabis Control Board. The list of medical conditions covered under the CCA will be widened to include additional qualifying conditions, medical patients will no longer be restricted from smoking medical cannabis, and the current limit on cannabis supply for medical patients will be doubled. Medical cannabis license holders may also be allowed to double their existing number of dispensaries for up to a total of eight dispensaries, but no more than three of the dispensary locations will be permitted to serve as adult-use cannabis retail stores. The legislation takes effect immediately, though full implementation will not occur until the Cannabis Control Board is appointed and develops regulations for the adult-use cannabis program. It is currently expected that full implementation could take between 18 months to two years.

New York Licenses

The New York Department of Health (“NYDOH”) approves entities to operate as “registered organizations” under the CCA. There are currently ten registered organizations. Each registered organization is vertically integrated and can operate one cultivation/processing facility and up to four dispensaries.

As described above, on February 25, 2021, we entered into the Investment Agreement with MedMen, under which we will, subject to regulatory approval, complete the Investment of approximately \$73 million in MMNY, a registered organization in New York. MMNY holds a cultivation and four dispensary licenses. To the Company’s knowledge, MedMen NY, Inc.’s business is in compliance with applicable licensing requirements and the regulatory framework enacted in the State of New York and the Company is not aware of any non-compliance, citations or notices of violation that may have an impact on MedMen’s licence, business activities or operations.

The below table lists the New York licenses held by MMNY:

Entity	License Number	City	Expiration Date / Renewal Date	Description
MedMen NY, Inc.	MM0506D	Williamsville	07/31/2021	Dispensary
MedMen NY, Inc.	MM0502D	Lake Success	07/31/2021	Dispensary
MedMen NY, Inc.	MM0503D	New York	07/31/2021	Dispensary
MedMen NY, Inc.	MM0504D	Syracuse	07/31/2021	Dispensary
MedMen NY, Inc.	MM0501M	Utica	07/31/2021	Manufacturing

Licenses under New York’s medical cannabis program are valid for two years from the date of issuance and registered organizations are required to submit a renewal application not more than six months nor less than four months prior to expiration. Registered organizations must ensure that no medical cannabis product is sold, delivered, transported or distributed by a producer from or to a location outside of New York.

New York Record-Keeping/Reporting

The NYDOH uses the BioTrack THC T&T system to track medical cannabis activity. Each month, each registered organization is required to file reports with the NYDOH which provides information showing all medical cannabis products dispensed during the month. All other data shall be pulled from the T&T system. The data must include (a) documentation, including lot numbers where applicable, of all materials used in the manufacturing of the approved medical cannabis product to allow tracking of the materials including but not limited to soil, soil amendment, nutrients, hydroponic materials, fertilizers, growth promoters, pesticides, fungicides, and herbicides, (b) cultivation, manufacturing, packaging and labeling production records, and (c) laboratory testing results. The records are required to be maintained for a period of five years.

New York Inventory/Storage Requirements

A record of all approved medical cannabis products that have been dispensed must be filed with the NYDOH electronically through BioTrack THC no later than 24 hours after the medical cannabis product was dispensed to the certified patient or designated caregiver. The information filed must include (a) a serial number for each approved medical cannabis product dispensed to the certified patient or designated caregiver, (b) an identification number for the registered organization’s dispensing facility, (c) the patient’s name, date of birth and sex, (d) the patient’s address, including street, city, state and zip code, (e) the patient’s registry identification card number, (f) if applicable, the designated caregiver’s name and registry identification number, (g) the date the approved medical cannabis was filled by the dispensing facility, (h) the medical cannabis product drug code number, (i) the number of days of supply dispensed, (j) the registered practitioner’s Drug Enforcement Administration number, (k) the date the written certification was issued by the registered practitioner, and (l) the payment method.

All cannabis must be stored in a secure area or location within the registered organization accessible only to a minimum number of employees essential for efficient operation and in such a manner as approved by the NYDOH in advance, to prevent diversion, theft or loss and against physical, chemical and microbial contamination and deterioration. Cannabis must be returned to its secure location immediately after completion of manufacture, distribution, transfer or analysis.

New York Security Requirements

All facilities operated by a registered organization, including any manufacturing facility and dispensing facility, must have a security system to prevent and detect diversion, theft or loss of cannabis and/or medical cannabis products, utilizing commercial grade equipment which includes, at a minimum (a) a perimeter alarm, (b) motion detectors, (c) video cameras in all areas that may contain cannabis and at all points of entry and exit, (d) a duress alarm, (e) a panic alarm, (f) a holdup alarm, (g) an automatic voice dialer, (h) a failure notification system, and (i) the ability to remain operational during a power outage.

The manufacturing and dispensing facilities' cameras must have the ability to product a clear color still photo that is a minimum of 9600 dpi from any camera image and must be directed at all approved safes, approved vaults, dispensing areas, cannabis sales areas and any other area where cannabis is manufactured, stored, handled, dispensed or disposed of. The manufacturing and dispensing facilities must angle the cameras to allow for the capture of clear and certain identification of any person entering or exiting the facilities. The surveillance cameras must record 24 hours a day, seven days a week. Recordings from all video cameras must include a date and time stamp embedded on all recordings and must be readily available for immediate viewing by a state authorized representative upon request and must be retained for at least 90 days. A registered organization must test the security and surveillance equipment no less than semi-annually at each manufacturing and dispensing facility that is operated under the registered organization's registration. Records of security tests must be maintained for five years and be made available for inspection by the NYDOH.

New York Transportation Requirements

Prior to transporting any medical cannabis, a registered organization must complete a shipping manifest using a form determined by NYDOH. A copy of the shipping manifest must be transmitted to the destination that will receive the products and to NYDOH at least two business days prior to transport unless otherwise expressly approved NYDOH. The registered organization shall maintain all shipping manifests and make them available to the department for inspection upon request, for a period of 5 years.

Approved medical cannabis products must be transported in a locked storage compartment that is part of the vehicle transporting the cannabis and in a storage compartment that is not visible from outside the vehicle. An employee of a registered organization, when transporting approved medical cannabis products must (a) travel directly to his or her destination(s) and may not make any unnecessary stops in between, (b) ensure that all approved medical cannabis product delivery times are randomized, (c) appoint each transport vehicle with a minimum of two employees where at least one transport team member remains with the vehicle at all times that the vehicle contains cannabis, (d) have access to a secure form of communication with employees at the registered organization's manufacturing facility at all times that the vehicle contains cannabis, (e) possess a copy of the shipping manifest at all times when transporting or delivering approved medical cannabis products, and (f) keep the manifest in a safe compartment for a minimum of five years.

New York Inspections

Medical cannabis facilities in New York must make its books, records and manufacturing and dispensing facilities available to the NYDOH or its authorized representatives for monitoring, on-site inspection, and audit purposes, including but not limited to periodic inspections and/or evaluations of facilities, methods, procedures, materials, staff and equipment to assess compliance with requirements of the CCA and the regulations promulgated thereunder.

U.S. Attorney Statements in New York

To the knowledge of management, other than as disclosed in this prospectus, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action in New York. See “*Risk Factors - U.S. State regulation of cannabis is uncertain*”.

Certain Recent Developments

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. We are monitoring this closely, and although operations have 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. Our operations are currently ongoing as the cultivation, processing and sale of cannabis products is currently considered an essential business by the states in which we operate with respect to all customers (except in Massachusetts, where cannabis was deemed essential only for medical patients, which led to the state-wide suspension of recreational sales from March 24, 2020 to May 25, 2020). The uncertain nature of the spread of COVID-19 globally may impact our business operations for reasons including the potential quarantine of our employees, customers, and third-party service providers, delay in supply chains and the inability to adequately adjust business operations and staffing per evolving regulations and Center for Disease Control guidelines that inhibit business operations and productivity and thereby potentially impact revenue, revenue growth, profitability. Further, rising unemployment levels nationally may result in less consumer spending on our products. At this time, we are unable to estimate the impact of this event on its operations.

PROPERTIES

We lease office space in New York, NY that houses our corporate headquarters.

We lease cultivation and manufacturing facilities in Barry, IL, Athol, MA, Lansing, MI and Franklin, NJ consisting of a total of approximately 640,000 square feet. These facilities support the operations of our Wholesale segment. We lease approximately 60,000 square feet for our dispensary operations supporting our Retail segment.

We own the 15,000 square foot building that will house our future Boston, MA dispensary.

Our wholesale leases generally have a term of eighteen to twenty years. Most leases for our cultivation and manufacturing operations provide for a base rent, typically with 3 percent annual escalators and generally require us to pay insurance, utilities, real estate taxes and repair and maintenance expenses.

Our retail leases generally have a term of ten years with two five-year renewal options. Most leases for our retail stores provide for a base rent, typically with 2-3 percent annual escalators and generally require us to pay insurance, utilities, real estate taxes and repair and maintenance expenses.

The average size of our stores is approximately 5,000 square feet. The following table summarizes our principal physical properties by state, as of April 22, 2021:

State	Wholesale/Cultivation	Retail	Ancillary
Illinois	1	8	3
Massachusetts	1	3	1
New Jersey	1	3	—
New York ⁽¹⁾	1	4	3
Michigan	1	8	—
Ohio	2	1	—
Total	7	27	7

(1) On February 25, 2021, we entered into a definitive investment agreement with MedMen under which we will, subject to regulatory approval, complete an investment in MedMen NY, Inc.

MANAGEMENT

Our certificate of incorporation provides that the number of directors is set forth in our bylaws and that each director shall hold office until the expiration of the term for which they were elected and until their successors have been duly elected and qualified or until their earlier resignation or removal. Our bylaws provide that the number of directors on our Board shall be determined from time to time by a resolution adopted by the majority of directors of the Board.

The following table provides information regarding the individuals who currently and will continue to serve as our executive officers and directors immediately following the completion of this offering, including their ages as of April 22, 2021.

Name and Place of Residence	Age	Position
Emily Paxhia <i>San Francisco, California</i>	40	Director
Scott Swid <i>Sag Harbor, New York</i>	53	Director
Abner Kurtin <i>Miami Beach, Florida</i>	54	Founder, Chair of the Board and Chief Executive Officer
Frank Perullo <i>Lexington, Massachusetts</i>	44	Founder, Director and Chief Strategy Officer
Dan Neville <i>New York, New York</i>	35	Chief Financial Officer
Christopher Melillo <i>Medford, New Jersey</i>	47	Chief Revenue Officer
Robin Debiase <i>Saddle River, New Jersey</i>	51	Chief People Officer

Our bylaws provide that the directors may, from time to time, appoint such officers as the directors determine. The directors may, at any time, terminate any such appointment, subject to the rights, if any, of an officer under any contract of employment. All members of management devote full time to our business and have entered into a non-competition or non-disclosure agreements with us. Each of our directors have entered into non-disclosure agreements with us as part of the onboarding process.

Our bylaws provide that our board of directors will consist of one or more members, as determined by the board from time to time. Initially, our board of directors consists of four members. We are actively evaluating candidates to serve on our board who will contribute to the success and growth of our company. We anticipate adding an additional member to our board shortly after the completion of this offering.

Director and Executive Officer Biographies

Executive Officers

Abner Kurtin, Chairman, Founder, and Chief Executive Officer. Mr. Kurtin is our Chief Executive Officer and Founder and serves on our Board of Managers, positions he has held since May 2018. He has served as Chief Executive Officer since our founding in 2018. Prior to founding our company, Mr. Kurtin founded K Capital Partners, a multibillion-dollar hedge fund, in 2000 and served with the company through April 2009, and was managing member of Ca2 Group, a high-end real estate development firm in Massachusetts, from January 2010 to January 2018. He started his career at The Baupost Group as a Managing Director. He previously served as a member of the President's Council of Massachusetts General Hospital and Chairman of the Hill House. Mr. Kurtin holds an undergraduate degree from Tufts University and a M.B.A. from Harvard University. Mr. Kurtin is qualified to serve as a Director due to his in-depth knowledge of the cannabis industry and our Company.

Frank Perullo, Director and Chief Strategy Officer. Mr. Perullo is the co-founder of our Company and has served as our Chief Strategy Officer and a member of our Board of Managers since May 2018. In 2015, prior to co-founding our Company, Mr. Perullo founded the Novus Group, a consulting firm that advises government and commercial clients, and he currently serves as principal. Prior to founding the Novus Group, Mr. Perullo founded and served as president of Sage Systems, one of the leading providers of web-based campaign management software, from 2002 to 2015. Mr. Perullo's successful entrepreneurial career and deep knowledge of the cannabis industry and our Company make him qualified to as a director.

Daniel Neville, Chief Financial Officer. Daniel Neville joined as SVP of Finance in March 2019 and became Chief Financial Officer in August 2020. He was previously at SLS Capital, a special situations hedge fund based in New York, where he served as a Managing Director from January 2015 to March 2019 and an Analyst from April 2010 to January 2015. Previously, he worked as an investment banker at Credit Suisse in the Technology Group, where he worked on mergers & acquisitions and IPO transactions. Dan earned his Bachelor of Science in Economics from Duke University.

Christopher Melillo, Chief Revenue Officer. Mr. Melillo has served as our Chief Revenue Officer since September 2020. He was formerly the Senior Vice President, Retail/Wholesale at Curaleaf Holdings, Inc. from September 2018 to September 2020. Prior to that, Christopher was the Senior Director of Stores Nike North America from July 2013 to November 2016, and Vice President of Stores at DTLR/Villa from January 2017 to August 2018. He has held significant leadership roles in Equinox, Pet Smart, Home Depot. He has been instrumental in retail expansions, store design, construction, merchandising and omni-channel commerce in hundreds of stores. In addition to developing and leading retail teams across the country.

Robin Debiase, Chief People Officer. Robin Debiase joined AWH March 29, 2021. She was previously at WW (formerly known as Weight Watchers) as Vice-President Human Resources - North America and Emerging Markets from November 2019 to March 2021. Prior to WW, from May 2014 to August 2019, Ms. Debiase was Senior Vice President of HR at Delta Galil Industries, a global manufacturer and marketer of private label, licensed apparel products and owner of world-renowned brands such as 7 For All Mankind, PJ Salvage and Splendid. Earlier in her career, Debiase held executive leadership positions at various brands including Hanesbrands, Inc., Walgreens and Circuit City. She holds a Bachelor's degree in Human Relations from St. Joseph's College as well as an MBA from Johns Hopkins Carey Business School.

Non-Employee Directors

Emily Paxhia, Director. Ms. Paxhia is a co-founder and Managing Director of Poseidon Investment Management, which has three private funds and seven special purpose vehicles dedicated to cannabis and hemp related investments, and has served in such role since 2013. Poseidon has over 30 portfolio companies across several verticals in the industry in the United States and abroad. She is currently a director of Flowhub, LLC (from 2015 to present), a compliance technology solution, Headset, Inc. (from 2015 to present), a data analytics and insights platform and served on the board of the Marijuana Policy Project, a cannabis policy reform organization. Ms. Paxhia earned a B.A. in Psychology from Skidmore College. Ms. Paxhia has served on our Board of Managers since September 2018. Ms. Paxhia is qualified to serve as a Director due to her extensive experience in the cannabis industry, as well as her background in sourcing, negotiating and managing investments.

Scott Swid, Director. Mr. Swid is the General Partner and managing owner of Venturi Grand Prix. He is the general partner and Managing Member of SLS Management ("SLS"). Prior to starting SLS in 1999, Mr. Swid was a senior portfolio manager at Kingdon Capital Management Company and an analyst at Perry Capital. Scott is a member of the Advisory Council for Stanford University's Freeman Spogli Institute for International Studies and Chairman of the Board of Directors at the Henry Street Settlement. Mr. Swid is also a member of the Council on Foreign Relations. Mr. Swid received a MBA from Harvard Business School and a BA in History from Stanford University. Mr. Swid has served on our Board of Managers since September 2018. Mr. Swid is qualified to serve as a director due to his experience in the financial services industry and his knowledge and experience in the cannabis industry.

Familial Relationships

As of April 22, 2021, there are no familial relationships among any of our officers or directors.

Director Independence

For purposes of this prospectus, the independence of our directors is determined under the corporate governance rules of the New York Stock Exchange (the “NYSE”). While we are not listed on the NYSE, we believe NYSE rules represent corporate governance best practices and we believe our Board should follow best practices. The independence rules of the NYSE include a series of objective tests, including that an “independent” person will not be employed by us and will not be engaged in various types of business dealings with us. In addition, the Board is required to make a subjective determination as to each person that no material relationship exists with us either directly or as a partner, stockholder or officer of an organization that has a relationship with us. It has been determined that two of our directors are independent persons under the independence rules of the NYSE: Emily Paxhia and Scott Swid.

Board Leadership Structure

Our bylaws provide our Board with flexibility to combine or separate the positions of Chair of the Board and Chief Executive Officer. Abner Kurtin serves as both Chair of our Board and as our Chief Executive Officer.

As Chair of the Board, Mr. Kurtin’s key responsibilities include facilitating communication between our Board and management, assessing management’s performance, managing board members, preparation of the agenda for each board meeting, acting as Chair of board meetings and meetings of our Company’s stockholders and managing relations with stockholders, other stakeholders and the public.

We will take steps to ensure that adequate structures and processes are in place to permit our Board to function independently of management. The directors are able to request at any time a meeting restricted to independent directors for the purposes of discussing matters independently of management and are encouraged to do so should they feel that such a meeting is required.

Board Committees

Our Board (i) has established an audit committee and (ii) prior to the completion of this offering, will establish a compensation and corporate governance committee. A brief description of each committee is set out below.

Audit Committee

The Audit Committee of the Board assists our Board in fulfilling its responsibilities for oversight of financial, audit and accounting matters. The Audit Committee reviews the financial reports and other financial information that we provide to regulatory authorities and our stockholders, as well as reviews our system of internal controls regarding finance and accounting, including auditing, accounting and financial reporting processes.

The members of the Audit Committee are:

Name of Member	Independent⁽¹⁾	Financially Literate⁽²⁾	Audit Committee Financial Expert
Scott Swid	Yes	Yes	Yes
Emily Paxhia	Yes	Yes	No
Abner Kurtin	No	Yes	No

(1) A member of the Audit Committee is independent if he or she has no direct or indirect ‘material relationship’ with us. A material relationship is a relationship which could, in the view of our Board, reasonably interfere with the exercise of a

- member's independent judgment. Any of our executive officers, such as the President or Secretary, are deemed to have a material relationship with us.
- (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 our financial statements.

Each member of the Audit Committee has experience relevant to his or her responsibilities as an Audit Committee member. See "*Director and Executive Officer Biographies*" for a description of the education and experience of each Audit Committee member.

Our audit committee operates under a written charter that satisfies applicable securities rules and regulations and the listing standards of the CSE. The Audit Committee's principal duties and responsibilities include assisting the Board in discharging the oversight of: (i) our internal audit function; (ii) the integrity of our consolidated financial statements and accounting and financial processes and the audits of our consolidated financial statements; (iii) compliance with legal and regulatory requirements; (iv) external auditors' qualifications and independence; (v) the work and performance of financial management and external auditors; and (vi) system of disclosure controls and procedures and system of internal controls regarding finance, accounting, legal compliance and risk management established by management and the Board. The Audit Committee has access to all books, records, facilities and personnel and may request any information about us as it may deem appropriate. It also has the authority to retain and compensate special legal, accounting, financial and other consultants or advisors to advise the Audit Committee.

Compensation and Corporate Governance Committee

Our compensation and corporate governance committee will consist of Emily Paxhia, Scott Swid and Abner Kurtin. Emily Paxhia will serve as the chair of our compensation and corporate governance committee. Emily Paxhia and Scott Swid meet the requirements of a "non-employee director" pursuant to Rule 16b-3 under the Exchange Act.

Our compensation and corporate governance committee will, among other things, be responsible for:

- reviewing and approving the goals and objectives relating to the compensation of our executive officers, including any long-term incentive components of our compensation programs;
- evaluating the performance of our executive officers in light of the goals and objectives of our compensation programs and determining each executive officer's compensation based on such evaluation;
- reviewing and approving, subject, if applicable, to stockholder approval, our compensation programs;
- reviewing the operation and efficacy of our executive compensation programs in light of their goals and objectives;
- reviewing and assessing risks arising from our compensation programs;
- reviewing and recommending to the Board the appropriate structure and amount of compensation for our directors;
- reviewing and approving, subject, if applicable, to stockholder approval, material changes in our employee benefit plans;
- establishing and periodically reviewing policies for the administration of our equity compensation plans;
- identifying, evaluating and recommending qualified nominees to serve on our Board;
- considering and making recommendations to our Board regarding the composition and chairmanship of the committees of our Board;
- developing and making recommendations to our Board regarding corporate governance guidelines and matters and periodically reviewing such guidelines and recommending any changes; and
- overseeing annual evaluations of our Board's performance, including committees of our Board and management.

Compensation Committee Interlocks and Insider Participation

None of our executive officers currently serve, or in the past year has served, as a member of the Board or compensation and corporate governance committee of any entity that has one or more executive officers serving on our Board or compensation and corporate governance committee.

Code of Business Conduct and Ethics

Our Board has adopted a code of business conduct and ethics that applies to all of our employees, officers and directors, including our Chief Executive Officer, Chief Financial Officer and other executive and senior officers. Following this offering, the full text of our code of business conduct and ethics will be posted on the investor relations page on our website. We intend to disclose any amendments to our code of business conduct and ethics, or waivers of its requirements, on our website or in filings under the Exchange Act.

Trading Restrictions

All of our executives, directors and certain other employees are subject to our insider trading policy, which prohibits trading in our securities while in possession of material undisclosed information about us. Under this policy, such individuals are also prohibited from entering into hedging transactions involving our securities, such as short sales, puts and calls.

EXECUTIVE COMPENSATION

This section discusses the material components of the executive compensation program for our executive officers who are named in the “Summary Compensation Table” below. In 2020, our “named executive officers” and their positions were as follows:

- Abner Kurtin, Founder and Chief Executive Officer;
- Frank Perullo, Founder and Chief Strategy Officer; and
- Daniel Neville, Chief Financial Officer

In preparing to become a public company, we have begun a thorough review of all elements of our executive compensation program, including the function and design of our equity incentive programs. We have begun, and expect to continue in the coming months, to evaluate the need for revisions to our executive compensation program to ensure that our program is competitive with the companies with which we compete for executive talent and is appropriate for a public company. This discussion may contain forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs.

Summary Compensation Table

The following table sets forth all compensation paid to or earned by our named executive officers in the last two fiscal years.

Name and Principal Position	Year	Salary	Bonus	Stock Awards ⁽¹⁾	Option Awards	Non-Equity Incentive Plan Compensation	Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
Abner Kurtin, ⁽¹⁾ <i>Chair and Chief Executive Officer</i>	2020	\$ 384,808	\$ —	\$ 50,143	\$ —	\$ —	\$ —	\$ 1,200	\$ 436,151
	2019	\$ 276,474	\$ —	\$ 66,309	\$ —	\$ —	\$ —	\$ 500	\$ 343,283
Frank Perullo, ⁽¹⁾ <i>Chief Strategy Officer</i>	2020	\$ 384,808	\$ 20,000	\$ 50,143	\$ —	\$ —	\$ —	\$ 1,200	\$ 456,151
	2019	\$ 276,474	\$ —	\$ 66,309	\$ —	\$ —	\$ —	\$ 500	\$ 343,283
Daniel Neville, <i>Chief Financial Officer</i>	2020	\$ 276,923	\$ —	\$ 63,366	\$ —	\$ —	\$ —	\$ 1,200	\$ 341,489
	2019	\$ 140,481	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 800	\$ 141,281

- (1) The Company incurred quarterly management fees to AGP Partners, LLC of \$400,000 in 2020 and \$400,000 in 2019 as described below under “Certain Relationships and Related Transactions”. Mr. Kurtin and Mr. Perullo are the principal beneficial owners of AGP.
- (2) The amounts reported in the Stock Awards column reflect aggregate grant date fair value computed in accordance with ASC Topic 718, Compensation—Stock Compensation. These amounts reflect our calculation of the value of these awards at the grant date and do not necessarily correspond to the actual value that may ultimately be realized by the named executive officer. Assumptions used in the calculation of these amounts are included in Note 13 to our consolidated financial statements for the fiscal years ended December 31, 2020 and 2019, which are included elsewhere in this registration statement.

Base Salary. We use base salaries to recognize the experience, skills, knowledge and responsibilities required of all our employees, including our named executive officers. None of our named executive officers is currently party to an employment agreement or other agreement or arrangement that provides for automatic or scheduled increases in base salary. The employment agreements with our named executive officers are described below.

In 2019, we paid Mr. Kurtin and Mr. Perullo an annualized base salary of \$300,000 beginning on February 1, 2019. On July 1, 2019, our Board approved an increase in the annualized base salaries for Mr. Kurtin and Mr. Perullo to \$350,000 per year. On June 29, 2020, our Board approved an increase in the annualized base salaries for Mr. Kurtin and Mr. Perullo to \$425,000 per year. In 2019, Mr. Neville earned an annual salary of \$250,000. On May 25, 2020, Mr. Neville’s annual salary increased to \$300,000. In March 2021, the Company entered into employment agreements with our named executive officers, the terms of which, including base salaries, are described below under “*Termination and Change of Control Benefits.*”

Annual Bonus. Our Board may, in its discretion, award bonuses to our named executive officers from time to time. We have not awarded cash bonuses to our named executive officers or to our employees generally to date. We believe it is imperative to deploy our capital to build our assets and acquire promising targets. In November 2020, as discussed below, our Board approved additional equity incentive grants to our named executive officers and employees. In the future, we may adopt a formal policy regarding annual cash bonuses.

Equity Incentives. Although we do not have a formal policy with respect to the grant of equity incentive awards to our executive officers, or any formal equity ownership guidelines applicable to them, we believe that equity grants provide our executives with a strong link to our long-term performance, create an ownership culture and help to align the interests of our executives and our stockholders. In addition, we believe that equity grants with a time-based vesting feature promote executive retention. We also believe that having vesting tie to the completion of this offering or a Change of Control encourages our executive officers to continue to operate in the best interests of our equity holders and work toward successful completion of a liquidity event for our members.

In January 2019, our board of managers adopted the Ascend Wellness Holdings, LLC Equity Incentive Plan (the “**Incentive Plan**”). During 2019, our board of managers approved the issuance of incentive units to our named executive officers and employees. We granted 425,000 incentive units to Mr. Kurtin and Mr. Perullo, vesting annually beginning June 29, 2018. Mr. Neville received 375,000 incentive units on March 31, 2020, vesting annually beginning March 18, 2019. The grant agreements for these units provide for accelerated vesting of all unvested units upon an initial public offering or change of control. In November 2020, in connection with our election to be treated as a corporation, as well as the adoption of the 2020 Equity Incentive Plan, our outstanding incentive units that were previously classified as “profits interests” were cancelled and replaced with restricted common units. No changes were made to vesting conditions.

In November 2020, the Company granted Mr. Kurtin and Mr. Perullo 1,250,000 restricted common units each as a 2020 Bonus award. Mr. Neville also received a total of 625,000 restricted common units. These awards vest in one-third increments on the first three anniversaries of November 3, 2020. The grant agreements for these units provide for accelerated vesting of 50% of unvested units upon an initial public offering or change of control.

Outstanding Equity Awards Table

The following table sets forth outstanding equity awards for our named executive officers at December 31, 2020.

	Grant Dates	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽¹⁾	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) ⁽¹⁾
Abner Kurtin <i>Chair and Chief Executive Officer</i>	11/3/2020	—	—	—	—	—	1,391,666	\$ 12,524,994	—	—
Frank Perullo <i>Chief Strategy Officer and Director</i>	11/3/2020	—	—	—	—	—	1,391,666	\$ 12,524,994	—	—
Daniel Neville <i>Chief Financial Officer</i>	11/3/2020	—	—	—	—	—	875,000	\$ 7,875,000	—	—

(1) The market value of the unvested incentive share awards is based on the assumed initial public offering price of \$9.00 per share, which is the midpoint of the price range per share set forth on the cover of this prospectus.

The Incentive Plan

The Incentive Plan was initially approved by the board of managers of the Company in January 2019. The Incentive Plan provided for the grant of incentive units and other unit-based awards. The maximum number of incentive units authorized for issuance under the Incentive Plan was 6,475,000 shares, after adjusting for the Reverse Split.

The 2020 Incentive Plan

In November 2020, our board of managers approved that the Company be taxed as a corporation under U.S. federal income tax rules as of January 1, 2020. As a result, the incentive units previously approved and issued by the board of managers were required to be cancelled. The board of managers approved the Ascend Wellness Holdings, LLC 2020 Equity Incentive Plan (the “**2020 Incentive Plan**”) in November 2020, pursuant to which the Company is permitted to issue common units, common unit options and restricted unit awards. The board of managers has approved the issuance of up to 10,030,573 units under the 2020 Incentive Plan, after adjusting for the Reverse Split. As of the date of this prospectus, 9,943,579 restricted common units, after adjusting for the Reverse Split, have been issued under the 2020 Incentive Plan.

As part of the Conversion, holders of restricted common units issued under the 2020 Incentive Plan received one share of Class A common stock of Ascend Wellness Holdings, Inc. for each restricted common unit held immediately prior to the Conversion. See “*Corporate Conversion and Corporate Structure.*”

Termination and Change of Control Benefits

The Company has entered into employment agreements with Abner Kurtin, Frank Perullo, Daniel Neville and Christopher Melillo. A summary of each agreement is set forth below.

Abner Kurtin, Chief Executive Officer

Effective as of March 22, 2021, the Company entered into an employment agreement with Abner Kurtin (the “**CEO Employment Agreement**”). Pursuant to the CEO Employment Agreement, Mr. Kurtin will continue to serve the Company as its Chief Executive Officer and report to the Company’s Board, for an initial term of three years, after which the term of employment will automatically renew for successive one year terms unless either Mr. Kurtin or the Company provides notice of non-renewal to the other party at least 90 days prior to the expiration of the then current term. So long as Mr. Kurtin is serving as the Chief Executive Officer, the Company will nominate him for re-election to the Board.

Under the CEO Employment Agreement, Mr. Kurtin is entitled to receive a base salary of \$1,000,000 per year (subject to any discretionary increase by the Board from time to time) and is eligible to earn an annual bonus based on the achievement of performance goals established by the Compensation Committee of the Board, with the target and maximum annual bonus opportunities equal to 100% and 200%, respectively, of the base salary. In the event of a change of control of the Company (as may be defined in the incentive plan the Company intends to adopt following the completion of the proposed offering (the “**2021 Equity Incentive Plan**”), Mr. Kurtin will be deemed to have earned the maximum annual bonus for each fiscal year during the remainder of the term of employment; provided that the Company’s obligation to pay such bonus will terminate immediately upon a termination of Mr. Kurtin’s employment by the Company for Cause (as defined in the CEO Employment Agreement). Additionally, subject to the Board’s approval, Mr. Kurtin will be granted 1,250,000 restricted stock units under the Company’s 2021 Equity Incentive Plan.

In the event that Mr. Kurtin’s employment is terminated due to death or disability (as described in the CEO Employment Agreement), he will be entitled to: (x) any annual bonus earned for the fiscal year in which such termination occurs, prorated for the number of days worked during such fiscal year (the “**Prorated Bonus**”), and (y) 12 months of continued participation in the Company’s medical and dental insurance plans (the “**Benefit Continuation**”). If the Company terminates Mr. Kurtin’s employment for any reason other than for Cause,

including as a result of the Company's non-renewal notice to Mr. Kurtin (and in any event, not due to his death or disability), or if Mr. Kurtin resigns from the Company for Good Reason (as defined in the CEO Employment Agreement), then, in addition to the Prorated Bonus and the Benefit Continuation, Mr. Kurtin will be entitled to: (i) an amount equal to two times the sum of the base salary and annual bonus earned by him for the full fiscal year preceding the termination date (or, if termination occurs before one full fiscal year of employment has lapsed, the current base salary and target bonus amount), with such amount payable in installments over the 12 month period after the termination date (provided that, if such termination occurs within 18 months after a Change of Control Event (as defined in the CEO Employment Agreement), then such amount will be paid in a lump sum), and (ii) immediate vesting in full and lapse of any repurchase right with respect to all of his outstanding equity awards (with any performance-based equity awards deemed earned at target performance).

The severance benefits described above are subject to Mr. Kurtin's (or his estate's or legal representative's, as applicable) execution and non-revocation of a general release of claims, as well as Mr. Kurtin's compliance with the restrictive covenants set forth in the CEO Employment Agreement, including certain non-competition and non-solicitation restrictions during employment and for 12 months thereafter and to certain obligations relating to non-disparagement, confidentiality and intellectual property for an indefinite period (and the Company has a mutual non-disparagement obligation with respect to Mr. Kurtin).

The foregoing description of the CEO Employment Agreement is only a summary, does not purport to be complete, and is qualified in its entirety by reference to the CEO Employment Agreement, a copy of which is filed as Exhibit 10.28 hereto and is incorporated herein by reference.

Frank Perullo, Chief Strategy Officer

Effective as of March 23, 2021, the Company entered into an employment agreement with Mr. Perullo (the "**CSO Employment Agreement**"). Pursuant to the CSO Employment Agreement, Mr. Perullo will continue to serve the Company as its Chief Strategy Officer and report to the Company's Board of Directors (the "**Board**"), for an initial term of three years, after which the term of employment will automatically renew for successive one year terms unless either Mr. Perullo or the Company provides notice of non-renewal to the other party at least 90 days prior to the expiration of the then current term. So long as Mr. Perullo is serving as the Chief Strategy Officer, the Company will nominate him for re-election to the Board.

Under the CSO Employment Agreement, Mr. Perullo is entitled to receive a base salary of \$750,000 per year (subject to any discretionary increase by the Board from time to time) and is eligible to earn an annual bonus based on the achievement of performance goals established by the Compensation Committee of the Board, with the target and maximum annual bonus opportunities equal to 100% and 200%, respectively, of the base salary. In the event of a change of control of the Company (as defined in the Company's 2021 Equity Incentive Plan), Mr. Perullo will be deemed to have earned the maximum annual bonus for each fiscal year during the remainder of the term of employment; provided that the Company's obligation to pay such bonus will terminate immediately upon a termination of Mr. Perullo's employment by the Company for Cause (as defined in the CSO Employment Agreement). Additionally, subject to the Board's approval, Mr. Perullo will be granted 750,000 restricted stock units under the Company's 2021 Equity Incentive Plan.

In the event that Mr. Perullo's employment is terminated due to death or disability (as described in the CSO Employment Agreement), he will be entitled to: (x) any annual bonus earned for the fiscal year in which such termination occurs, prorated for the number of days worked during such fiscal year (the "**Prorated Bonus**"), and (y) 12 months of continued participation in the Company's medical and dental insurance plans (the "**Benefit Continuation**"). If the Company terminates Mr. Perullo's employment for any reason other than for Cause, including as a result of the Company's non-renewal notice to Mr. Perullo (and in any event, not due to his death or disability), or if Mr. Perullo resigns from the Company for Good Reason (as defined in the CSO Employment Agreement), then, in addition to the Prorated Bonus and the Benefit Continuation, Mr. Perullo will be entitled to: (i) an amount equal to two times the sum of the base salary and annual bonus earned by him for the full fiscal year preceding the termination date (or, if termination occurs before one full fiscal year of employment has lapsed, the current base salary and target bonus amount), with such amount payable in installments over the 12 month period

after the termination date (provided that, if such termination occurs within 18 months after a Change of Control Event (as defined in the CSO Employment Agreement), then such amount will be paid in a lump sum), and (ii) immediate vesting in full and lapse of any repurchase right with respect to all of his outstanding equity awards (with any performance-based equity awards deemed earned at target performance).

The severance benefits described above are subject to Mr. Perullo's (or his estate's or legal representative's, as applicable) execution and non-revocation of a general release of claims, as well as Mr. Perullo's compliance with the restrictive covenants set forth in the CSO Employment Agreement, including certain non-competition and non-solicitation restrictions during employment and for 12 months thereafter and to certain obligations relating to non-disparagement, confidentiality and intellectual property for an indefinite period (and the Company has a mutual non-disparagement obligation with respect to Mr. Perullo).

The foregoing description of the CSO Employment Agreement is only a summary, does not purport to be complete, and is qualified in its entirety by reference to the CSO Employment Agreement, a copy of which is filed as Exhibit 10.29 hereto and is incorporated herein by reference.

Daniel Neville, Chief Financial Officer

Effective as of March 23, 2021, the Company entered into an employment agreement with Mr. Neville (the "**CFO Employment Agreement**"). Pursuant to the CFO Employment Agreement, Mr. Neville will continue to serve the Company as its Chief Financial Officer and report to the Company's CEO, for an initial term of three years, after which the term of employment will automatically renew for successive one year terms unless either Mr. Neville or the Company provides notice of non-renewal to the other party at least 90 days prior to the expiration of the then current term.

Under the CFO Employment Agreement, Mr. Neville is entitled to receive a base salary of \$500,000 per year (subject to any discretionary increase by the Board from time to time) and is eligible to earn an annual bonus based on the achievement of performance goals established by the Compensation Committee of the Board, with the target and maximum annual bonus opportunities equal to 100% and 200%, respectively, of the base salary. In the event of a change of control of the Company (as defined in the Company's 2021 Equity Incentive Plan), Mr. Neville will be deemed to have earned the maximum annual bonus for each fiscal year during the remainder of the term of employment; provided that the Company's obligation to pay such bonus will terminate immediately upon a termination of Mr. Neville's employment by the Company for Cause (as defined in the CFO Employment Agreement). Additionally, subject to the Board's approval, Mr. Neville will be granted 750,000 restricted stock units under the Company's 2021 Equity Incentive Plan.

In the event that Mr. Neville's employment is terminated due to death or disability (as described in the CFO Employment Agreement), he will be entitled to: (x) the Prorated Bonus, and (y) the Benefit Continuation. If the Company terminates Mr. Neville's employment for any reason other than for Cause, including as a result of the Company's non-renewal notice to Mr. Neville (and in any event, not due to his death or disability), or if Mr. Neville resigns from the Company for Good Reason (as defined in the CFO Employment Agreement), then, in addition to the Prorated Bonus and the Benefit Continuation, Mr. Neville will be entitled to: (i) an amount equal to two times the sum of the base salary and annual bonus earned by him for the full fiscal year preceding the termination date (or, if termination occurs before one full fiscal year of employment has lapsed, the current base salary and target bonus amount), with such amount payable in installments over the 12 month period after the termination date (provided that, if such termination occurs within 18 months after a Change of Control Event (as defined in the CFO Employment Agreement), then such amount will be paid in a lump sum), and (ii) immediate vesting in full and lapse of any repurchase right with respect to all of his outstanding equity awards (with any performance-based equity awards deemed earned at target performance).

The severance benefits described above are subject to Mr. Neville's (or his estate's or legal representative's, as applicable) execution and non-revocation of a general release of claims, as well as Mr. Neville's compliance with the restrictive covenants set forth in the CFO Employment Agreement, including certain non-competition and non-solicitation restrictions during employment and for 12 months thereafter and to certain obligations relating to non-

disparagement, confidentiality and intellectual property for an indefinite period (and the Company has a mutual non-disparagement obligation with respect to Mr. Neville).

The foregoing description of the CFO Employment Agreement is only a summary, does not purport to be complete, and is qualified in its entirety by reference to the CFO Employment Agreement, a copy of which is filed as Exhibit 10.30 hereto and is incorporated herein by reference.

Christopher Melillo, Chief Revenue Officer

Effective as of March 29, 2021, the Company entered into an employment agreement with Mr. Melillo (the “**CRO Employment Agreement**”). Pursuant to the CRO Employment Agreement, Mr. Melillo will continue to serve the Company as its Chief Revenue Officer and report to the Company’s CEO, for an initial term of three years, after which the term of employment will automatically renew for successive one year terms unless either Mr. Melillo or the Company provides notice of non-renewal to the other party at least 90 days prior to the expiration of the then current term.

Under the CRO Employment Agreement, Mr. Melillo is entitled to receive a base salary of \$500,000 per year (subject to any discretionary increase by the Board from time to time) and is eligible to earn an annual bonus based on the achievement of performance goals established by the Compensation Committee of the Board, with the target and maximum annual bonus opportunities equal to 100% and 200%, respectively, of the base salary. In the event of a change of control of the Company (as defined in the Company’s 2021 Equity Incentive Plan), Mr. Melillo will be deemed to have earned the maximum annual bonus for each fiscal year during the remainder of the term of employment; provided that the Company’s obligation to pay such bonus will terminate immediately upon a termination of Mr. Melillo’s employment by the Company for Cause (as defined in the CRO Employment Agreement). Additionally, subject to the Board’s approval, Mr. Melillo will be granted 750,000 restricted stock units under the Company’s 2021 Equity Incentive Plan.

In the event that Mr. Melillo’s employment is terminated due to death or disability (as described in the CRO Employment Agreement), he will be entitled to: (x) any annual bonus earned for the fiscal year in which such termination occurs, prorated for the number of days worked during such fiscal year (the “**Prorated Bonus**”), and (y) 12 months of continued participation in the Company’s medical and dental insurance plans (the “**Benefit Continuation**”). If the Company terminates Mr. Melillo’s employment for any reason other than for Cause, including as a result of the Company’s non-renewal notice to Mr. Melillo (and in any event, not due to his death or disability), or if Mr. Melillo resigns from the Company for Good Reason (as defined in the CRO Employment Agreement), then, in addition to the Prorated Bonus and the Benefit Continuation, Mr. Melillo will be entitled to: (i) an amount equal to two times the sum of the base salary and annual bonus earned by him for the full fiscal year preceding the termination date (or, if termination occurs before one full fiscal year of employment has lapsed, the current base salary and target bonus amount), with such amount payable in installments over the 12 month period after the termination date (provided that, if such termination occurs within 18 months after a Change of Control Event (as defined in the CRO Employment Agreement), then such amount will be paid in a lump sum), and (ii) immediate vesting in full and lapse of any repurchase right with respect to all of his outstanding equity awards (with any performance-based equity awards deemed earned at target performance).

The severance benefits described above are subject to Mr. Melillo’s (or his estate’s or legal representative’s, as applicable) execution and non-revocation of a general release of claims, as well as Mr. Melillo’s compliance with the restrictive covenants set forth in the CRO Employment Agreement, including certain non-competition and non-solicitation restrictions during employment and for 12 months thereafter and to certain obligations relating to non-disparagement, confidentiality and intellectual property for an indefinite period (and the Company has a mutual non-disparagement obligation with respect to Mr. Melillo).

The foregoing description of the CRO Employment Agreement is only a summary, does not purport to be complete, and is qualified in its entirety by reference to the CRO Employment Agreement, a copy of which is filed as Exhibit 10.31 hereto and is incorporated herein by reference.

Director Compensation

The table below shows the aggregate number of restricted common units (vested and unvested) held as of December 31, 2020 by each non-employee director who was serving as of December 31, 2020.

Name	Outstanding at Fiscal Year End
Chris Leavy	250,000
Emily Paxhia	250,000
Scott Swid	250,000

In January 2019, Chris Leavy and Emily Paxhia were each awarded 125,000 incentive units. These units vest in one-third increments on the first three anniversaries of June 29, 2018. The grant agreements provide for accelerated vesting of all unvested units upon an initial public offering or change of control. These incentive units were exchanged for restricted common units in 2020.

In November 2020, Chris Leavy and Emily Paxhia were each awarded 125,000 restricted common units. Scott Swid was not awarded any incentive units in fiscal year 2019, but was awarded a total of 250,000 restricted common units in 2020. These units vest in one-third increments on the first three anniversaries of November 3, 2020. The grant agreements provide for accelerated vesting of 50% of unvested units upon an initial public offering or change of control.

The following table sets forth all compensation paid to or earned by each of our non-employee directors during fiscal year 2020 other than the two named executive officers who also serve as directors.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$) ⁽¹⁾	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Chris Leavy	—	\$ 13,887	—	—	—	—	\$ 13,887
Emily Paxhia	—	\$ 13,887	—	—	—	—	\$ 13,887
Scott Swid	—	\$ 30,301	—	—	—	—	\$ 30,301

(1) The amounts reported in the Stock Awards column reflect aggregate grant date fair value computed in accordance with ASC Topic 718, Compensation—Stock Compensation. These amounts reflect our calculation of the value of these awards at the grant date and do not necessarily correspond to the actual value that may ultimately be realized by the named executive officer. Assumptions used in the calculation of these amounts are included in Note 13 to our consolidated financial statements for the fiscal years ended December 31, 2020 and 2019, which are included elsewhere in this registration statement.

Non-Employee Director Compensation Policy

In connection with this offering, we intend to adopt a non-employee director compensation policy that, effective upon the closing of this offering, will be applicable to each of our non-employee directors. Pursuant to this non-employee director compensation policy, we expect that each non-employee director will receive an annual retainer of \$100,000. Each director will also receive an annual restricted stock unit award of 12,500 shares of Class A common stock after giving effect to the Reverse Split (with prorated awards made to directors who join on a date other than an annual meeting following the first annual meeting after the closing of this offering), which will generally vest in full on the day immediately prior to the date of our annual stockholder meeting immediately following the date of grant, subject to the non-employee director continuing in service through such meeting date. In addition, each director will be reimbursed for out-of-pocket expenses in connection with his or her services.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information with respect to the beneficial ownership of our common stock (1) reflecting the Conversion and (2) as adjusted to give effect to this offering, for:

- each of our named executive officers;
- each of our directors;
- all of our executive officers and directors as a group; and
- each person known to us to own beneficially more than 5% of our common stock.

The number of shares beneficially owned by each stockholder as described in this prospectus is determined under rules issued by the SEC. Under these rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power. In computing the number of shares beneficially owned by an individual or entity and the percentage ownership of that person, shares of common stock subject to options, or other rights held by such person that are currently exercisable or will become exercisable within 60 days of , are considered outstanding, although these shares are not considered outstanding for purposes of computing the percentage ownership of any other person. The percentage ownership of each individual or entity before this offering is based on 155,228,029 shares of Class A common stock as of April 22, 2021, after giving effect to (i) the completion of the offering; (ii) the assumed exercise of warrants to purchase 3,531,142 shares of our common stock outstanding as of April 22, 2021, which will result in the issuance of 1,961,746 shares of common stock in connection with this offering (using treasury stock method); and (iii) the Conversion. The applicable percentage ownership after this offering is based on 170,703,155 shares of our Class A common stock outstanding immediately following the completion of this offering, assuming that the underwriters will not exercise their over-allotment option in full and assuming the issuance of up to 12,500,000 shares of Class A common stock at the closing of this offering. Unless otherwise indicated, the address for each director and executive officer is c/o Ascend Wellness Holdings, Inc., 1411 Broadway, 16th Floor, New York, NY 10018.

Name, Position and Address of Beneficial Owner	Shares of Class A Common Stock Beneficially Owned Before this Offering		Shares of Class A Common Stock Beneficially Owned After this Offering		Shares of Class B Common Stock Beneficially Owned After this Offering ⁽¹⁾		Aggregate Voting Power After this Offering
	Number	Percent	Number	Percent	Number	Percent	Percent
Abner Kurtin ⁽²⁾⁽³⁾ , Founder and Chief Executive Officer	23,105,017	14.9 %	23,054,389	13.5 %	50,629	77.9 %	31.3 %
Emily Paxhia ⁽⁴⁾ , Director	3,855,744	2.5 %	4,026,319	2.4 %	—	— %	1.7 %
Frank Perullo ⁽⁵⁾⁽³⁾ , Founder and Chief Strategy Officer	7,772,357	5.0 %	7,757,986	4.5 %	14,371	22.1 %	9.4 %
Scott Swid ⁽⁶⁾ , Director	3,945,083	2.5 %	4,117,156	2.4 %	—	— %	1.7 %
Daniel Neville ⁽⁷⁾ , Chief Financial Officer	1,000,000	0.6 %	1,000,000	0.6 %	—	— %	0.4 %
Christopher Melillo ⁽⁸⁾ , Chief Revenue Officer	750,000	0.5 %	750,000	0.4 %	—	— %	0.3 %
Robin Debiase ⁽⁹⁾ , Chief People Officer	42,500	— %	42,500	— %	—	— %	— %
All Board directors and named executive officers as a group	40,470,701	26.0 %	40,748,350	23.8 %	65,000	100.0 %	44.8 %

* Represents beneficial ownership of less than one percent of the outstanding shares of the class.

- (1) There were no shares of Class B common stock outstanding prior to the offering.
- (2) Represents shares of Class A common stock acquired following the Conversion, consisting of (i) 21,480,017 common units beneficially held through AGP and (ii) 1,675,000 restricted common units awarded under the 2020 Incentive Plan.
- (3) The number of shares of Class A common stock shown as beneficially owned before this offering represent amounts held prior to the exchange by AGP of Class A common stock for an equivalent number of shares of Class B common stock. Additionally, the number of shares beneficially owned after this offering does not include any shares of Class A common stock purchased in this offering.
- (4) Represents shares of Class A common stock acquired following the Conversion, consisting of (i) 3,776,319 common units under Poseidon Asset Management and (ii) 250,000 restricted common units awarded under the 2020 Incentive Plan.
- (5) Represents shares of Class A common stock acquired following the Conversion, consisting of (i) 6,097,357 common units beneficially held through AGP and (ii) 1,675,000 restricted common units awarded under the 2020 Incentive Plan.
- (6) Represents shares of Class A common stock acquired following the Conversion, consisting of (i) 3,867,156 common units and (ii) 250,000 restricted common units awarded under the 2020 Incentive Plan.
- (7) Represents shares of Class A common stock acquired following the Conversion, consisting of restricted common units under the 2020 Incentive Plan.
- (8) Represents shares of Class A common stock acquired following the Conversion, consisting of restricted common units under the 2020 Incentive Plan.
- (9) Represents shares of Class A common stock acquired following the Conversion, consisting of restricted common units under the 2020 Incentive Plan.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Since May 15, 2018, the date of formation of AWH, other than employment and executive compensation matters described under “*Executive Compensation*” and the transactions described below, there have been no transactions or loans between us and:

- enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, us;
- associates, meaning unconsolidated enterprises in which we have a significant influence, or which have significant influence over us;
- individuals owning, directly or indirectly, an interest in the voting power of us that gives them significant influence over our us, and close members of any such individual’s family;
- key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of ours, including directors and senior management of us and close members of such individuals’ families; and
- enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in the third or fourth bullets above or over which such a person is able to exercise significant influence, including enterprises owned by directors or major shareholders of us and enterprises that have a member of key management in common with us.

Related Party Transaction Policy

Our Board has adopted a Related Party Transactions Policy, which requires that employees, officers and directors report to the chief legal officer any activity that would cause or appear to cause a conflict of interest on his or her part.

Under the Related Party Transactions Policy, a related party transaction includes any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which:

- we or any of our subsidiaries are or will be a participant;
- the aggregate amount involved will be or may be expected to exceed \$120,000 in any fiscal year; and
- any related party has or will have a direct or indirect material interest.

Related parties include any person who is or was (since the beginning of the last fiscal year, even if such person does not presently serve in that role) an executive officer, director or nominee for director of the Company, any stockholder owning more than 5% of any class of our voting securities or an immediate family member, as defined in the Related Party Transactions Policy, of any such person.

Pursuant to the Related Party Transactions Policy, any potential related party transaction that requires approval will be reviewed by the Compensation and Corporate Governance Committee, and the Compensation and Corporate Governance Committee will consider such factors as it deems appropriate to determine whether to approve, ratify or disapprove the related party transaction. The Compensation and Corporate Governance Committee may approve the related party transaction only if it determines in good faith that, under all of the circumstances, the transaction is in the best interests of us and our stockholders.

Transactions with Related Parties

Management Agreement

Effective April 1, 2018, AWH entered into a management agreement (the “**Management Agreement**”) with AGP, the managing member of AWH, pursuant to which AWH paid AGP \$100,000 on a quarterly basis in exchange for AGP serving as managing member of AWH. AGP is entitled to receive \$2,000,000 upon the termination of the Management Agreement in the event of an initial public offering or change of control of AWH. The payout is contingent upon the beneficial owners of AGP who serve as officers of the Company (i.e., Abner Kurtin and Frank

Perullo) entering into lock-up agreements that extend for 180 days beyond the lock-up agreements to be entered into in connection with the offering. Pursuant to the MSA, each such lock-up agreement shall contain a provision whereby AWH's Board of Managers may waive, in whole or in part, such extended lock-up thereto if AWH's Board of Managers determines, in its sole discretion and in accordance with AWH's governing documents and applicable law, that such waiver will not have an adverse effect on AWH and its equity holders, business, financial condition and prospects. For more information regarding the lock-up agreements, see "Underwriters." Following the completion of this offering and the Conversion, the Management Agreement will terminate and AGP will be paid \$2,000,000. The Management Agreement was approved by the disinterested members and the board of managers of AWH.

JM10 II, LLC Convertible Note

JM10 II, LLC purchased \$1,000,000 of the Company's convertible notes issued pursuant to that certain Note Purchase Agreement, dated June 12, 2019. Abner Kurtin is the beneficial owner of 50% of JM10 II, LLC but does not have any investment control.

JM10 II, LLC Loan

On May 11, 2020, the Company made a loan to JM10 II, LLC, in the principal amount of \$500,000, pursuant to a short-term promissory note. The note and all principal and interest obligations thereunder was repaid in full on November 12, 2020. Abner Kurtin is the beneficial owner of 50% of JM10 II, LLC but does not have any investment control.

Registration Rights Agreement

In connection with this offering, we intend to enter into a registration rights agreement with AGP. AGP will be entitled to request that we register their shares of capital stock on a long-form or short-form registration statement on one or more occasions in the future, which registrations may be "shelf registrations." AGP will be entitled to participate in certain of our registered offerings, subject to the restrictions in the registration rights agreement. We will pay expenses in connection with the exercise of these rights. The registration rights described in this paragraph apply to (1) shares of our Class A common stock held by AGP and their affiliates, and (2) any of our capital stock (or that of our subsidiaries) issued or issuable with respect to the Class A common stock described in clause (1) with respect to any dividend, distribution, recapitalization, reorganization, or certain other corporate transactions ("**Registrable Securities**") and (3) Class A common stock issuable upon the conversion of Class B common stock. These registration rights are also for the benefit of any subsequent holder of Registrable Securities; provided that any particular securities will cease to be Registrable Securities when they have been sold in a registered public offering, sold in compliance with Rule 144 of the Securities Act or repurchased by us or our subsidiaries. In addition, with the consent of the company and holders of a majority of Registrable Securities, certain Registrable Securities will cease to be Registrable Securities if they can be sold without limitation under Rule 144 of the Securities Act.

Corporate Conversion

On April 22, 2021, we converted from a Delaware limited liability company to a Delaware corporation. Existing security holders (including certain related parties) received the number of shares of common stock described in this prospectus as a result of the Conversion. See "*Corporate Conversion and Corporate Structure.*"

Exchange Agreement

On April 22, 2021, subsequent to the Conversion, we entered into an exchange agreement with AGP whereby AGP exchanged 65,000 shares of Class A Common Stock for the same number of shares of Class B Common Stock. Abner Kurtin and Frank Perullo are the beneficial owners of AGP.

Warrant Cancellation

On April 14, 2021, the Company entered into a warrant cancellation agreement with One Tower Atlantic, LLC, holder of warrants to acquire 1,093,750 common units of AWH at an exercise price of \$3.20 per unit (the “**\$3.20 Warrants**”). Upon the completion of the proposed offering, the \$3.20 Warrants will be cancelled and cashed out in exchange for a payment of \$4,156,250 (or \$7.00 per share assuming cashless exercise) from cash on hand. Chris Leavy, a former member of the board of managers of the Company, is the partial owner of the general partner of One Tower Atlantic, LLC and also holds approximately 3% interest in One Tower Atlantic, LLC, and has approximately \$125,000 interest in the transaction. Mr. Leavy is not currently a member of the board of directors.

Offering Participation

Additionally, AGP, which Mr. Kurtin and Mr. Perullo control, JM10 II, LLC and JM10-FFF, LLC, entities in which Mr. Kurtin is a beneficial owner of, all have expressed interest in participating in this offering and purchasing a combined \$8,500,000 worth of Class A common stock. Mr. Kurtin is the beneficial owner of 50% of JM10 II, LLC; Mr. Kurtin does not have any investment control with respect to investment decisions of JM10 II, LLC and does not have investment control with respect to the investment decisions of JM10-FFF, LLC relating to AWH.

Indemnification

Our bylaws provide that we will indemnify our directors and officers to the fullest extent permitted by the laws of the State of Delaware in effect from time to time, subject to certain exceptions contained in our bylaws. In addition, our certificate of incorporation provides that our directors will not be personally liable for monetary damages for breaches of fiduciary duty as a director.

We have entered into indemnification agreements with each of our executive officers and directors. The indemnification agreements provide the executive officers and directors with contractual rights to indemnification, and expense advancement and reimbursement, to the fullest extent permitted under the laws of the State of Delaware in effect from time to time, subject to certain exceptions contained in those agreements.

There is no pending litigation or proceeding naming any of our directors or officers to which indemnification is being sought, and we are not aware of any pending litigation that may result in claims for indemnification by any director or officer.

Promoters

AGP, Abner Kurtin and Frank Perullo may each be considered a promoter of the Company within the meaning of applicable securities legislation. Pursuant to the Management Agreement, in connection with this offering, AGP will receive \$2 million. AGP is currently owned approximately 78% by entities controlled by Abner Kurtin and 22% by entities controlled by Frank Perullo. Messrs. Kurtin and Perullo will not receive any additional consideration of value nor will they dispose of any assets to the Company in connection with the offering or otherwise.

LEGAL PROCEEDINGS

From time to time, we may become involved in legal proceedings arising in the ordinary course of our business. Except as disclosed below, we are not currently a party to any material pending legal proceedings the outcome of which, if determined adversely to us, would individually or in the aggregate have a material adverse effect on our business, financial condition, results of operations or prospects.

On December 4, 2020, the TVP Parties filed a complaint in the Circuit Court of the State of Michigan, County of Oakland, asserting claims against FPAW and AWH. The case number for the action is 2020-184972-CB. The TVP Parties alleged that FPAW and AWH had breached multiple contracts with the TVP Parties for the sale of medical cannabis-zoned real estate locations throughout Michigan. The TVP Parties asked the court to grant specific performance of the contracts with AWH and FPAW, which, if granted, would have resulted in AWH issuing approximately 4.8 million common units (taking into account the Reverse Split) and paying approximately \$16.5 million in cash to the TVP Parties in exchange for the properties subject to the agreements. AWH and FPAW filed an answer to the complaint on January 28, 2021.

On April 14, 2021, the TVP Parties, FPAW and AWH entered into the Settlement Agreement, which provides for, among other items, the dismissal of all claims brought by the TVP Parties against FPAW and AWH upon performance of each parties' obligations under the Settlement Agreement. Pursuant to the Settlement Agreement, FPAW and AWH are required to deliver a cash payment of \$9 million to TVP, LLC on the date of the Settlement Agreement, with an additional cash payment of \$5.480 million due on or before January 1, 2022. In addition, on April 14, 2021 upon the execution of the Settlement Agreement, AWH issued 4,769,531 common units of AWH (taking into account the Reverse Split) to an escrow account, to be held in the name of the escrow agent (the "**Escrow Units**"). The Escrow Units converted into shares of Class A common stock upon the Conversion in the same manner as all other common units of AWH. Also as part of the Settlement Agreement, AWH issued 254,507 common units of AWH (taking into account the Reverse Split) to a party to one of the agreements that was not a party to the litigation matter.

Upon the receipt of the initial cash payment of \$9 million and the issuance of the Escrow Units, the TVP Parties filed a stipulated order dismissing all lawsuits, with prejudice and without costs, against FPAW and AWH. The Escrow Units are issued and outstanding and will remain in the escrow account until such time as the TVP Parties exercise the Put Option to hold the Escrow Units directly. Upon their exercise of the Put Option, the Escrow Units shall be released to the TVP Parties and the TVP Parties shall transfer to FPAW the equity interests of the entities that hold real estate in Grand Rapids, MI. The Put Option is required to be exercised by the TVP Parties within three years of the date of the Settlement Agreement. FPAW and AWH are entitled to use the subject properties until such time as the Put Option is exercised. For additional information regarding this matter please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Legal Matter.*"

On January 21, 2021, the Division of Professional Regulation of the Illinois Department of Financial and Professional Regulation (the "**IDFPR**") filed an administrative law complaint against Health Central, LLC, d/b/a Ascend, and three former employees of Ascend's dispensary in Collinsville, Illinois. On March 2, 2021, the IDFPR filed an amended complaint removing pre-2020 claims under the adult use statute, but keeping those claims under the medical use statute. The complaint contains twelve counts alleging compliance and security violations at the dispensary between November 2019 and January 2020 and one incident in June 2020. The counts allege that particular security cameras were temporarily inoperative, a door was propped open during a construction project, products and certain areas were not sufficiently secure on three instances and two incidents of dispensing beyond the adult-use limit (both of which Ascend caught prior to the customer leaving the point of sale and self-reported to the IDFPR). Notably, the IDFPR does not allege that any incident led to diversion of cannabis from the dispensary. All but the June 2020 incident arose during the limited construction project or the opening weeks of legalization of adult-use recreational cannabis. Ascend believes that it has remediated and addressed each alleged incident. The complaint asks the court to discipline Ascend for each count with revocation or suspension of the dispensary license, a fine of up to \$10,000 for the pre-2020 claims and \$20,000 for the other claims or other discipline as the court deems appropriate. While counsel for the defendants has filed appearances in the case, the defendants have not yet

responded to the complaint. A preliminary hearing was held on March 8, 2021, and a status hearing was set for April 26, 2021.

DESCRIPTION OF CAPITAL STOCK

General

The following is a summary of the rights of our common stock and preferred stock and certain provisions of our certificate of incorporation and bylaws assuming the completion of this offering. This summary does not purport to be complete and is qualified in its entirety by the provisions of our certificate of incorporation and bylaws, copies of which are filed as exhibits to the registration statement of which this prospectus is a part. We encourage you to read our certificate of incorporation and our bylaws for additional information.

Our authorized capital stock consists of 760,100,000 shares of capital stock, of which:

- 750,000,000 shares are designated as Class A common stock, \$0.001 par value per share;
- 100,000 shares are designated as Class B common stock, \$0.001 par value per share; and
- 10,000,000 shares are designated as preferred stock, \$0.001 par value per share.

After the consummation of this offering, we expect to have 168,741,409 shares of Class A common stock issued and outstanding (or 170,616,409 shares if the underwriters exercise in full their option to purchase additional shares) assuming an initial public offering price of \$9.00 per share (the midpoint of the estimated offering price range set forth on the cover page of this prospectus). After the consummation of this offering, there will be 65,000 shares of our Class B common stock outstanding and no shares of our preferred stock outstanding.

Common Stock

Dividend Rights

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, and any contractual limitations, such as our credit agreements, the holders of our common stock will be entitled to receive dividends out of funds then legally available, if any, if our Board, in its discretion, determines to issue dividends and then only at the times and in the amounts that our Board may determine. If a dividend is paid in the form of Class A common stock or Class B common stock, then holders of Class A common stock shall receive Class A common stock and holders of Class B common stock shall receive Class B common stock.

Voting Rights

We have two classes of authorized common stock, Class A common stock and Class B common stock. Each share of Class A common stock is entitled to one vote per share. Each share of Class B common stock is entitled to 1,000 votes per share. Holders of Class A common stock and Class B common stock will vote together as a single class on all matters (including the election of directors) submitted to a vote of stockholders, unless otherwise required by law or our certificate of incorporation.

Delaware law could require holders of Class A common stock or Class B common stock to vote separately as a single class in the following circumstances:

- if we were to seek to amend our certificate of incorporation to increase or decrease the par value of a class of our capital stock, then that class would be required to vote separately to approve the proposed amendment; and
- if we were to seek to amend our certificate of incorporation in a manner that alters or changes the powers, preferences or special rights of a class of our capital stock in a manner that affected its holders adversely, then that class would be required to vote separately to approve the proposed amendment.

Our stockholders do not have the ability to cumulate votes for the election of directors. Except in respect of matters relating to the election of directors, or as otherwise provided in our certificate of incorporation or required by law, all matters to be voted on by our stockholders must be approved by a majority of the shares present in person

or by proxy at the meeting and entitled to vote on the subject matter. In the case of the election of directors, director candidates must be approved by a plurality of the shares present in person or by proxy at the meeting and entitled to vote on the election of directors.

After this offering, all of our Class B common stock, representing 27% of the voting power of our outstanding capital stock, will be held by AGP which is controlled by Mr. Kurtin and Mr. Perullo, as the managing members of AGP. Mr. Kurtin is one of our Founders and serves as our Chief Executive Officer and Chair of our Board. Mr. Perullo is one of our Founders and is a director and Chief Strategy Officer. Because of our dual-class structure, we anticipate that, for the foreseeable future, Mr. Kurtin and Mr. Perullo, as managing members of AGP, will continue to be able to control all matters submitted to our stockholders for approval, including the election and removal of directors.

Conversion, Preemptive or Similar Rights

Each share of Class B common stock will automatically convert into one share of Class A common stock on the final conversion date, as defined in our certificate of incorporation. Each share of Class B common stock is also convertible at any time at the option of the holder into one share of Class A common stock. In addition, each share of Class B common stock will convert automatically into one share of Class A common stock upon any transfer, whether or not for value, except for certain transfers described in our certificate of incorporation, including, without limitation, transfers for tax and estate planning purposes, so long as the transferring holder of Class B common stock continues to hold exclusive voting and dispositive power with respect to the shares transferred.

All shares of Class B common stock will convert automatically into Class A common stock on the date on which Mr. Kurtin or Mr. Perullo cease for any reason to own cumulatively at least 51% of the voting control of AGP.

Once converted into a share of Class A common stock, a converted share of Class B common stock will not be reissued. Following the conversion of all outstanding shares of Class B common stock, no further shares of Class B common stock will be issued.

Except as described above, holders of Class A common stock and Class B common stock will have no preemptive, conversion, subscription or other rights, and there are no redemption or sinking fund provisions applicable to Class A common stock or Class B common stock. The rights, preferences and privileges of the holders of Class A common stock and Class B common stock will be subject to and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate in the future.

Right to Receive Liquidation Distributions

In the event of our liquidation, dissolution or winding up, holders of our Class A common stock and Class B common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then-outstanding shares of preferred stock.

Identical Treatment of Common Stock in Change of Control Transaction

In the event of any change of control transaction, shares of our Class A common stock and Class B common stock shall be treated equally, ratably and identically, on a per share basis, with respect to any consideration into which such shares are converted or any consideration paid or otherwise distributed to stockholders of the Corporation, unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

Fully Paid and Non-Assessable

All of the outstanding shares of our common stock are, and the shares of our common stock to be issued pursuant to this offering will be, fully paid and non-assessable.

Preferred Stock

After the completion of this offering, no shares of our preferred stock will be outstanding. Pursuant to our certificate of incorporation, our Board has the authority, without further action by the stockholders, to issue from time to time shares of preferred stock in one or more series. Our Board may designate the rights, preferences, privileges and restrictions of the preferred stock, including dividend rights, conversion rights, voting rights, redemption rights, liquidation preference, sinking fund terms, and the number of shares constituting any series or the designation of any series. The issuance of preferred stock could have the effect of restricting dividends on our common stock, diluting the voting power of our common stock, impairing the liquidation rights of our common stock, or delaying, deterring or preventing a change in control. Such issuance could have the effect of decreasing the market price of our common stock. Any preferred stock so issued may rank senior to our common stock with respect to the payment of dividends or amounts upon liquidation, dissolution or winding up, or both. We currently have no plans to issue any shares of preferred stock.

Anti-Takeover Provisions in Our Certificate of Incorporation and Bylaws

Certain provisions of our certificate of incorporation and bylaws may have the effect of delaying, deferring or discouraging another person from attempting to acquire control of us. These provisions, which are summarized below, may discourage takeovers, coercive or otherwise. These provisions are also geared, in part, towards encouraging persons seeking to acquire control of us to negotiate first with our Board. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

Stockholder Action; Special Meeting of Stockholders. Pursuant to Section 228 of the Delaware General Corporation Law (the “**DGCL**”), any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of our stock entitled to vote thereon were present and voted, unless our certificate of incorporation provides otherwise. Our certificate of incorporation provides that our stockholders may not take action by written consent but may only take action at annual or special meetings of our stockholders. As a result, a holder controlling a majority of our capital stock would not be able to amend our bylaws or remove directors without holding a meeting of our stockholders called in accordance with our bylaws. Our certificate of incorporation provides that special meetings of the stockholders may be called only upon a resolution approved by a majority of the total number of directors that we would have if there were no vacancies, the Chair of our Board, the Chief Executive Officer or the President. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.

Advance Notice Requirements for Stockholder Proposals and Director Nominations. Our bylaws provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our bylaws specify certain requirements regarding the form and content of a stockholder’s notice. Our bylaws prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting. Our bylaws also provide that nominations of persons for election to our Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the notice of meeting (i) by or at the direction of our Board or (ii) provided that our Board has determined that directors shall be elected at such meeting, by any stockholder who (a) is a stockholder of record both at the time the notice is delivered and on the record date for the determination of stockholders entitled to vote at the special meeting, (b) is entitled to vote at the meeting and upon such election and

(c) complies with the notice procedures set forth in our bylaws. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not followed. We expect that these provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

No Cumulative Voting. The DGCL provides that stockholders are not entitled to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our certificate of incorporation does not provide for cumulative voting.

Additional Authorized Shares of Capital Stock. The additional shares of authorized common stock and preferred stock available for issuance under our certificate of incorporation, could be issued at such times, under such circumstances and with such terms and conditions as to impede a change in control.

Issuance of Undesignated Preferred Stock. Our Board has the authority, without further action by our stockholders, to designate and issue shares of preferred stock with rights and preferences, including super voting, special approval, dividend or other rights or preferences on a discriminatory basis. The existence of authorized but unissued shares of undesignated preferred stock would enable our Board to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or other means.

Business Combinations with Interested Stockholders. We have elected in our certificate of incorporation to be subject to Section 203 of the DGCL, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with an interested stockholder (i.e., a person or group owning 15% or more of the corporation's voting capital stock) for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Accordingly, we are subject to any anti-takeover effects of Section 203 of the DGCL.

Dual-class Stock Structure. Our certificate of incorporation provides for a dual-class common stock structure. As a result of this structure, our founders will have significant influence over all matters requiring stockholder approval, including the election of directors, amendments to our charter documents and significant corporate transactions, such as a merger or other sale of our company or its assets. This concentrated control could discourage others from initiating any potential merger, takeover or other change of control transaction that other stockholders may view as beneficial.

Choice of Forum

Our bylaws provide that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees to us or to our stockholders, (iii) any action asserting a claim arising pursuant to the Delaware General Corporation Law or our certificate of incorporation or bylaws, (iv) any action to interpret apply, enforce or determine the validity of our certificate of incorporation or bylaws, or (v) any action asserting a claim governed by the internal affairs doctrine.

This exclusive forum provision would not apply to suits brought to enforce any liability or duty created by the Securities Act or the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act or the Exchange Act.

The choice of forum provisions above may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees or could result in increased costs for a stockholder to bring a claim, both of which may discourage such lawsuits against us and our directors, officers

and other employees. Alternatively, if a court were to find the choice of forum provision contained in our bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition.

Transfer Agent

The transfer agent for our Class A common stock is Odyssey Trust Company.

Trading Symbol and Market

We have applied to list our Class A common stock on the CSE and to have our Class A common stock quoted on the OTCQX. The listing and quotation of our Class A common stock will be subject to us fulfilling all of the listing requirements of the CSE and the OTCQX, respectively.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to the completion of this offering, there has been no established public trading market for shares of our common equity. Future sales of shares of our Class A common stock in the public market after this offering, or the perception that these sales may occur, could adversely affect the prevailing market price at such time and our ability to raise equity capital in the future.

Following the completion of this offering, based on the number of shares of our Class A common stock that would be outstanding as of April 22, 2021, if the Conversion occurred on April 21, 2021, a total of 168.7 million shares of our Class A common stock would be outstanding (excluding any over-allotment option that may be exercised by our underwriters). Of these shares, all 12.5 million shares of our Class A common stock sold in this offering by us would be eligible for sale in the public market without restriction under the Securities Act, except that any shares of our common stock purchased in this offering by our “affiliates,” as that term is defined in Rule 144 under the Securities Act, would only be able to be sold in compliance with the conditions of Rule 144 described below. We have entered into a registration rights agreement with AGP that requires us to register certain shares of Class A common stock, subject to certain conditions. See “Certain Relationships and Related Transactions — Registration Rights Agreement.”

The remaining shares of our Class A common stock will be deemed “restricted securities,” as that term is defined in Rule 144 under the Securities Act. These restricted securities will be eligible for sale in the public market only if they are registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which rules are summarized below. Subject to the lock-up agreements described below, the applicable conditions of Rule 144 or Rule 701, and our insider trading policy, these restricted securities will be eligible for sale in the public market from time to time beginning 181 days after the date of this prospectus.

Lock-Up Agreements

We, our executive officers and directors and certain stockholders will have entered into lock-up agreements immediately prior to this offering with the underwriters of this offering under which we and they have agreed that, subject to certain exceptions, without the prior written consent of Canaccord Genuity LLC, we and they will not dispose of or hedge any shares or any securities convertible into or exchangeable for shares of our Class A common stock for an initial period, with respect to the Lock-Up Securities, ending 180 days after the date of the underwriting agreement and an additional period, with respect to 50% of the Lock-Up Securities, beginning 180 days from the date of the underwriting agreement until the date that is 360 days after the date of the underwriting agreement. The consent of Canaccord Genuity LLC is required to release any of the securities subject to the Initial Lock-Up and the consent of the Company is required to release any of the securities subject to the Additional Lock-Up. See the section titled “*Underwriters*.”

Pursuant to Canadian National Policy 46-201 - *Escrow for Initial Public Offerings*, we are an “exempt issuer” as defined therein and are thus not subject to escrow.

Registration Rights Agreement

We intend to enter into a Registration Rights Agreement with AGP in connection with this offering. The Registration Rights Agreement will provide AGP certain registration rights whereby, following our initial public offering and the expiration of any related lock-up period, AGP can require us to register under the Securities Act shares of Class B common stock once converted to Class A common stock. The Registration Rights Agreement will also provide for piggyback registration rights for AGP. See “*Certain Relationships and Related Transactions — Registration Rights Agreement*.”

Rule 144

In general, under Rule 144, as currently in effect, once we have been subject to the public company reporting requirements of the Exchange Act for at least 90 days, a person (or persons whose common shares are required to be

aggregated) who is not deemed to have been one of our “affiliates” for purposes of Rule 144 at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months, including the holding period of any prior owner other than one of our “affiliates,” is entitled to sell those shares in the public market (subject to the lock-up agreement referred to below, if applicable) without complying with the manner of sale, volume limitations or notice provisions of Rule 144, but subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than “affiliates,” then such person is entitled to sell such shares in the public market without complying with any of the requirements of Rule 144 (subject to the lock-up agreement referred to below, if applicable). In general, under Rule 144, as currently in effect, once we have been subject to the public company reporting requirements of the Exchange Act for at least 90 days, our “affiliates,” as defined in Rule 144, who have beneficially owned the shares of Class A common stock proposed to be sold for at least six months are entitled to sell in the public market, upon expiration of any applicable lock-up agreements and within any three-month period, a number of those shares of our Class A common stock that does not exceed the greater of:

- 1% of the aggregate number of shares of our capital stock then outstanding, which will equal approximately 1.7 million shares of Class A common stock immediately after the completion of this offering; or
- the average weekly trading volume of our Class A common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales of our Class A common stock made in reliance upon Rule 144 by a stockholder who is deemed to have been one of our affiliates at any time during the preceding 90 days are also subject to the current public information, manner of sale and notice conditions of Rule 144.

Rule 701

Rule 701 generally provides that, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, (i) a stockholder who purchased shares of our Class A common stock pursuant to a written compensatory benefit plan or contract and who is not deemed to have been one of our affiliates at any time during the preceding 90 days may sell such shares in reliance upon Rule 144 without complying with the current public information or holding period conditions of Rule 144 and (ii) a stockholder who purchased shares of our Class A common stock pursuant to a written compensatory benefit plan or contract and who is deemed to have been one of our affiliates during the preceding 90 days may sell such shares under Rule 144 without complying with the holding period condition of Rule 144.

Equity Incentive Plans

We intend to file one or more registration statements on Form S-8 under the Securities Act to register the offer and sale of all shares of Class A common stock subject to outstanding stock options, and Class A common stock issued or issuable under our 2020 Incentive Plan. We expect to file the registration statement covering shares offered pursuant to our 2020 Incentive Plan after the date of this prospectus, permitting the resale of such shares by non-affiliates in the public market without restriction under the Securities Act and the sale by affiliates in the public market subject to compliance with the resale provisions of Rule 144 and any lock up agreements entered into in connection with this offering.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a discussion of certain material U.S. federal income tax considerations applicable to a Non-U.S. Holder (as defined below) with respect to the ownership and disposition of shares of our Class A common stock. For purposes of this discussion, the term “**Non-U.S. Holder**” means a beneficial owner of shares of our Class A common stock that is treated for U.S. federal income tax purposes as an individual, corporation, estate or trust, other than:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more “United States persons” (within the meaning of Section 7701(a)(30) of the Code) or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

If a partnership (or an entity treated as a partnership for U.S. federal income tax purposes) holds shares of our Class A common stock, the tax treatment of a person treated as a partner of such partnership generally will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Persons that, for U.S. federal income tax purposes, are treated as partners in a partnership holding shares of our Class A common stock should consult their own tax advisors.

This discussion only addresses beneficial owners that are Non-U.S. Holders of shares of our Class A common stock that hold such shares of our Class A common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all aspects of U.S. federal income taxation that may be important to a Non-U.S. Holder in light of such Non-U.S. Holder’s particular circumstances or that may be applicable to Non-U.S. Holders subject to special treatment under U.S. federal income tax law (including, for example, financial institutions, regulated investment companies, real estate investment trusts, dealers in securities, traders in securities that elect mark-to-market treatment, insurance companies, tax-exempt entities, Non-U.S. Holders who acquire our Class A common stock pursuant to the exercise of employee stock options or otherwise as compensation for their services, Non-U.S. Holders liable for the alternative minimum tax, controlled foreign corporations, passive foreign investment companies, former citizens or former long-term residents of the United States, persons subject to special tax accounting rules, partnerships or other pass-through entities, persons deemed to sell our Class A common stock under the constructive sale provisions of the Code, and Non-U.S. Holders that hold our Class A common stock as part of a hedge, straddle, constructive sale, conversion or other integrated transaction). In addition, this discussion does not address U.S. federal tax laws other than those pertaining to U.S. federal income tax (such as U.S. federal estate or gift tax or the federal net investment income tax), nor does it address any aspects of U.S. state, local or non-U.S. taxes. Non-U.S. Holders are urged to consult with their own tax advisors regarding the possible application of these taxes. Except as discussed below, this summary does not address tax reporting requirements.

The following discussion is based upon current provisions of the Code, U.S. judicial decisions, administrative pronouncements and Treasury regulations, all as in effect and applicable as of the date hereof. All of the preceding authorities are subject to change at any time, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those discussed below. We have not requested, and will not request, a ruling from the IRS with respect to any of the U.S. federal income tax consequences described below, and as a result there can be no assurance that the IRS will not disagree with or challenge any of the conclusions we have reached and describe herein.

Prospective purchasers are urged to consult their own tax advisors as to the particular consequences to them under U.S. federal, state and local, and applicable foreign tax laws of the acquisition, ownership and disposition of our Class A common stock.

Distributions

Although we do not anticipate that we will make any distributions on our Class A common stock in the foreseeable future, distributions of cash or property that we pay in respect of our Class A common stock will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits as determined under U.S. federal income tax principles. Subject to the discussions below under “—U.S. Trade or Business Income,” “—Information Reporting and Backup Withholding” and “—FATCA,” you generally will be subject to U.S. federal withholding tax at a 30% rate, or at a reduced rate prescribed by an applicable income tax treaty, on any dividends received in respect of our Class A common stock. If the amount of the distribution exceeds our current and accumulated earnings and profits, such excess will first be treated as a return of capital to the extent of your tax basis in our Class A common stock, and thereafter will be treated as capital gain. However, we (or the paying agent or other intermediary through which you hold your Class A common stock) may be required to withhold on the entire distribution, in which case you would be entitled to a refund from the IRS for the withholding tax on the portion of the distribution that exceeded our current and accumulated earnings and profits.

In order to obtain a reduced rate of U.S. federal withholding tax under an applicable income tax treaty, you will be required to provide a properly executed IRS Form W-8BEN or Form W-8BEN-E (or, in each case, a successor form) certifying your entitlement to benefits under the treaty. If you are eligible for a reduced rate of U.S. federal withholding tax under an applicable income tax treaty, you may generally obtain a refund or credit of any excess amounts withheld by filing an appropriate and timely claim for a refund with the IRS. You should consult your own tax advisor regarding your possible entitlement to benefits under an applicable income tax treaty.

Sale, Exchange or Other Taxable Disposition of Class A Common Stock

Subject to the discussions below under “—U.S. Trade or Business Income,” “—Information Reporting and Backup Withholding” and “—FATCA,” you generally will not be subject to U.S. federal income or withholding tax in respect of any gain on a sale, exchange or other taxable disposition of our Class A common stock unless:

- the gain is U.S. trade or business income (as defined below), in which case, such gain will be taxed as described in “U.S. Trade or Business Income” below;
- you are an individual who is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met, in which case you will be subject to U.S. federal income tax at a rate of 30% (or a reduced rate under an applicable income tax treaty) on the amount by which certain capital gains allocable to U.S. sources exceed certain capital losses allocable to U.S. sources; or
- we are or have been a “United States real property holding corporation” (a “**USRPHC**”) under Section 897 of the Code at any time during the shorter of the five-year period ending on the date of the disposition and your holding period for the Class A common stock, in which case, subject to the exception set forth in the second sentence of the next paragraph, such gain will be subject to U.S. federal income tax in the same manner as U.S. trade or business income discussed below.

In general, a corporation is a USRPHC if the fair market value of its “United States real property interests” equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. In the event that we are determined to be a USRPHC, gain will not be subject to tax as U.S. trade or business income if your holdings (actually and constructively) at all times during the applicable period described in the third bullet point above constituted 5% or less of our common stock, provided that our Class A common stock was regularly traded on an established securities market during such period under the rules set forth in the Treasury regulations. We believe that we are not currently, and we do not anticipate becoming in the future, a USRPHC for U.S. federal income tax purposes. We have applied to list our Class A common stock on the CSE. Accordingly, we anticipate that our Class A common stock will be regularly traded on an established securities market following this offering. However, we can provide no assurances that the Class A common stock will be regularly traded on an established securities market at the time at the time a Non-U.S. Holder sells, exchanges or otherwise disposes of shares of Class A common stock. Listing of our Class A common stock will be subject to us fulfilling all of the listing requirements of the CSE.

U.S. Trade or Business Income

For purposes of this discussion, dividend income and gain on the sale, exchange or other taxable disposition of our Class A common stock will be considered to be “U.S. trade or business income” if (i) such income or gain is effectively connected with your conduct of a trade or business within the United States and (ii) if you are eligible for the benefits of an income tax treaty with the United States and, if such treaty requires, such gain is attributable to a permanent establishment (or, if you are an individual, a fixed base) that you maintain in the United States. Generally, U.S. trade or business income is not subject to U.S. federal withholding tax (provided that you comply with applicable certification and disclosure requirements, including providing a properly executed IRS Form W-8ECI (or successor form)); instead, you are subject to U.S. federal income tax on a net basis at regular U.S. federal income tax rates (generally in the same manner as a U.S. person) on your U.S. trade or business income. If you are a corporation, any U.S. trade or business income that you receive may also be subject to a “branch profits tax” at a 30% rate, or at a lower rate prescribed by an applicable income tax treaty.

Information Reporting and Backup Withholding

We must annually report to the IRS and to each Non-U.S. Holder any dividend income that is subject to U.S. federal withholding tax or that is exempt from such withholding pursuant to an income tax treaty. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which a Non-U.S. Holder resides. Under certain circumstances, the Code imposes a backup withholding obligation on certain reportable payments. Dividends paid to you will generally be exempt from backup withholding if you provide a properly executed IRS Form W-8BEN, Form W-8BEN-E or Form W-8ECI (or, in each case, a successor form) or otherwise establish an exemption and we do not have actual knowledge or reason to know that you are a U.S. person or that the conditions of such other exemption are not, in fact, satisfied.

The payment of the proceeds from the disposition of our Class A common stock to or through the U.S. office of any broker (U.S. or non-U.S.) will be subject to information reporting and possible backup withholding unless you certify as to your non-U.S. status under penalties of perjury or otherwise establish an exemption and the broker does not have actual knowledge or reason to know that you are a U.S. person or that the conditions of any other exemption are not, in fact, satisfied. The payment of proceeds from the disposition of our Class A common stock to or through a non-U.S. office of a non-U.S. broker will not be subject to information reporting or backup withholding unless the non-U.S. broker has certain types of relationships with the United States (a “U.S. related financial intermediary”). In the case of the payment of proceeds from the disposition of our Class A common stock to or through a non-U.S. office of a broker that is either a U.S. person or a U.S. related financial intermediary, the Treasury regulations require information reporting (but not backup withholding) on the payment unless the broker has documentary evidence in its files that the owner is not a U.S. person and the broker has no knowledge to the contrary. You are urged to consult your own tax advisor on the application of information reporting and backup withholding in light of your particular circumstances.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to you will be refunded or credited against your U.S. federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

FATCA

Pursuant to Section 1471 through 1474 of the Code, commonly referred to as the Foreign Account Tax Compliance Act (“**FATCA**”), foreign financial institutions (which include most foreign hedge funds, private equity funds, mutual funds, securitization vehicles and any other investment vehicles) and certain other foreign entities that do not otherwise qualify for an exemption must comply with information reporting rules with respect to their U.S. account holders and investors or be subject to a withholding tax on U.S. source payments made to them (whether received as a beneficial owner or as an intermediary for another party).

More specifically, a foreign financial institution or other foreign entity that does not comply with the FATCA reporting requirements or otherwise qualify for an exemption will generally be subject to a 30% withholding tax

with respect to any “withholdable payments.” For this purpose, withholdable payments generally include U.S.-source payments otherwise subject to nonresident withholding tax (e.g., U.S.-source dividends). While withholding under FATCA would have also applied to payments of gross proceeds from the sale or other disposition of shares of our Class A common stock, recently proposed Treasury regulations eliminate FATCA withholding on payments of gross proceeds. The preamble to these proposed regulations indicates that taxpayers may rely on them pending their finalization. The FATCA withholding tax will apply to all withholdable payments without regard to whether the beneficial owner of the payment would otherwise be entitled to an exemption from imposition of withholding tax pursuant to an applicable income tax treaty with the United States or U.S. domestic law. We will not pay additional amounts to holders of our Class A common stock in respect of amounts withheld. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

FATCA currently applies to dividends made in respect of our Class A common stock. To avoid withholding on dividends, Non-U.S. Holders may be required to provide us (or our withholding agents) with applicable tax forms or other information. Non-U.S. Holders are urged to consult with their own tax advisors regarding the effect, if any, of the FATCA provisions to them based on their particular circumstances.

UNDERWRITERS

We are offering the shares of Class A common stock described in this prospectus through a number of underwriters. Canaccord Genuity LLC is acting as the representative of the underwriters. We have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase from us, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of shares of Class A common stock listed next to its name in the following table:

Name	Number of Shares
Canaccord Genuity LLC	
Canaccord Genuity Corp	
Beacon Securities Limited	
Eight Capital	
ATB Capital Markets Inc.	
Cormark Securities Inc.	
Total	12,500,000

The offering is being made in the United States and in each of the Provinces of Canada (other than Quebec). The shares of Class A common stock will be offered in the United States through certain of the underwriters listed above, either directly or indirectly, through their respective U.S. broker-dealer affiliates or agents and in each of the provinces of Canada (other than Quebec) through those underwriters or their affiliates who are registered to offer the Class A common Stock for sale in such provinces and such other registered dealers as may be designated by the underwriters. Sales of shares made outside of the United States and Canada may be made by affiliates of the underwriters.

The underwriters are committed to purchase all the shares of Class A common stock offered by us. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated.

Before this offering, there has been no public market for our Class A common stock. The initial public offering price will be determined through negotiations between us and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are:

- the valuation multiples of publicly traded companies that the representatives believe to be comparable to us,
- our financial information,
- the history of, and the prospects for, our Company and the industry in which we compete,
- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues,
- the present state of our development, and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the common shares may not develop. It is also possible that after the offering the common shares will not trade in the public market at or above the initial public offering price.

The underwriters have an option to buy up to 1,875,000 additional shares of Class A common stock from us to cover sales of shares by the underwriters which exceed the number of shares specified in the table above. The underwriters have 30 days from the date of this prospectus to exercise this option to purchase additional shares. If any shares are purchased with this option to purchase additional shares, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional shares of Class A common stock

are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriting fee is equal to the public offering price per share of Class A common stock less the amount paid by the underwriters to us per share of Class A common stock. The underwriting fee is \$ _____ per share. The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us assuming both no exercise and full exercise of the underwriters' option to purchase additional shares. We have agreed to reimburse the underwriters for certain of their expenses in an amount up to \$ _____ as set forth in the underwriting agreement.

	Total		
	Per Share	No Exercise	Full Exercise
Price to public			
Underwriting discounts and commissions paid by us			
Proceeds, before expenses, to us			

We estimate that the total expenses of this offering, including registration, filing fees, printing fees and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately \$1.5 million.

A prospectus in electronic format may be made available on the web sites maintained by one or more underwriters participating in the offering. The underwriters may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make internet distributions on the same basis as other allocations.

We have agreed, subject to certain limited exceptions, not to (1) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise dispose of, directly or indirectly, or file or confidentially submit with the SEC a registration statement under the Securities Act relating to, any shares of our Class A common stock or securities convertible into or exchangeable or exercisable for any shares of our Class A common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, (2) enter into any swap or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of any shares of Class A common stock or any such other securities (regardless of whether any of these transactions are to be settled by the delivery of shares of Class A common stock or such other securities, in cash or otherwise), or (3) make any public announcement of its intention to do any of the foregoing, in each case without the prior written consent of Canaccord Genuity LLC for a period of 180 days after the date of this prospectus.

Our directors, officers and certain of our stockholders have entered into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each of these persons or entities, with limited exceptions, for an initial period, with respect to the Lock-Up Securities (as defined below), ending 180 days after the date of the underwriting agreement (the "**Initial Lock-Up**") and an additional period, with respect to 50% of the Lock-Up Securities (as defined below), beginning 180 days from the date of the underwriting agreement until the date that is 360 days after the date of the underwriting agreement (the "**Additional Lock-Up**"), may not, without the prior written consent of Canaccord Genuity LLC, in the case of the Initial Lock-Up, and the Company, in the case of the Additional Lock-Up, (A) directly or indirectly, offer, issue, secure, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer, dispose of or monetize, or engage in any hedging transaction with respect to any shares of the Class A common stock or any securities convertible into or exercisable or exchangeable for Class A common stock (including, without limitation, Class A common stock or such other securities which may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the SEC and the Ontario Securities Commission and securities which may be issued upon exercise of a stock option or warrant), whether now owned or hereafter acquired by the undersigned or with respect to which the undersigned has or

hereafter acquires the power of disposition (collectively, the “**Lock-Up Securities**”), or exercise any right with respect to the registration of any of the Lock-Up Securities, or file, cause to be filed or cause to be confidentially submitted any registration statement in connection therewith with the SEC, or any prospectus in connection therewith with any Canadian regulatory authorities or (B) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the consequence of which is to alter economic exposure to, or announce any intention to do so, in any manner whatsoever, the Lock-Up Securities, whether any such swap or transaction is to be settled by delivery of Class A common stock or other securities, in cash or otherwise. See the section captioned “*Shares Eligible For Future Sale—Lock-up Agreements.*”

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act. We have also agreed to reimburse the underwriters for certain of their expenses.

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling shares of Class A common stock in the open market for the purpose of preventing or retarding a decline in the market price of the Class A common stock while this offering is in progress. These stabilizing transactions may include making short sales of the Class A common stock, which involves the sale by the underwriters of a greater number of shares of Class A common stock than they are required to purchase in this offering, and purchasing shares of Class A common stock on the open market to cover positions created by short sales. Short sales may be “covered” shorts, which are short positions in an amount not greater than the underwriters’ option to purchase additional shares referred to above, or may be “naked” shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their option to purchase additional shares, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through the option to purchase additional shares. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A common stock in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the Class A common stock, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase Class A common stock in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the Class A common stock or preventing or retarding a decline in the market price of the Class A common stock, and, as a result, the price of the Class A common stock may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the Canadian Securities Exchange, in the over-the-counter market or otherwise.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage, and other financial and non-financial activities and services. Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. In addition, from time to time, certain of the underwriters and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade

securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Insider Participation

Certain insiders have an interest in participating under this offering up to \$8,500,000. In the event that insiders participate in this offering, such participation would constitute a related party transaction (the “**Related Party Transaction**”) within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”), requiring us, in the absence of exemptions, to obtain a formal valuation for, and minority shareholder approval of the Related Party Transaction. We have determined that, in the event insiders participate in this offering, an exemption is available from the formal valuation requirements under MI 61-101, specifically under Section 5.5(a), which provides that at the time the transaction is agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves related parties, exceeds 25% of our market capitalization. We have determined that an exemption is also available from the minority shareholder approval requirements using the corresponding exemption under Section 5.7(a) of MI 61-101. Assuming an initial public offering price of \$9.00 per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and the issuance of 12,500,000 under the offering, assuming that the underwriters will not exercise their over-allotment option, upon giving effect to this offering there will be 168,741,409 shares of Class A common stock outstanding, resulting in a market capitalization of the Company of \$1,518,672,681.

Selling Restrictions

Other than in the U.S. or Canada, no action has been taken by us or the underwriters that would permit a public offering of the shares offered by this prospectus in any jurisdiction where action for that purpose is required. The shares offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such shares be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any shares offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Regulation, or a Relevant Member State, with effect from and including the date on which the Prospectus Regulation is implemented in that Relevant Member State, no offer of shares offered by this prospectus may be made to the public in that Relevant Member State other than:

- to any legal entity which is a qualified investor as defined in Article 2(E) of the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2(E) of the Prospectus Regulation), subject to obtaining the prior consent of the underwriters; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation and each person who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with us and each of the underwriters that

it is a “qualified investor” within the meaning of the law in that Relevant Member State implementing Article 2(e) of the Prospectus Regulation.

In the case of any shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged, and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an “offer of shares to the public” in relation to any shares in any Relevant Member State means the communication in any form and by means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase shares, as the same may be varied in that Member State by any measure implementing the Prospectus Regulation in that Member State and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129 (as amended) and includes any relevant implementing measure in the Relevant Member State.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are “qualified investors” (as defined in the Prospectus Regulation) (i) who have professional experience in matters relating to investments and are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”), and/or (ii) who are high net worth companies or unincorporated associations (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”) or otherwise in circumstances which have not resulted and will not result in an offer of transferable securities to the public in the United Kingdom within the meaning of section 102B of the Financial Services and Markets Act 2000 (“**FSMA**”).

Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this document relates to may be made or taken exclusively by relevant persons.

All applicable provisions of FSMA must be complied with in respect of anything done by any person in relation to the shares offered by this prospectus in, from or otherwise involving the United Kingdom. It is the responsibility of all persons under whose control or into whose possession this document comes to inform themselves about and to ensure observance of all applicable provisions of FSMA in respect of anything done in relation to the shares offered by this prospectus in, from or otherwise involving, the United Kingdom.

This prospectus does not contain an offer or constitute any part of an offer to the public in the United Kingdom within the meaning of sections 85 and 102B of FSMA or otherwise. This prospectus is not an “approved prospectus” within the meaning of Section 85(7) of FSMA and has not been prepared in accordance with the prospectus regulation rules (the “**Prospectus Regulation Rules**”) contained in the Financial Conduct Authority (“**FCA**”) handbook published and updated from time to time by the FCA (acting in its capacity as the United Kingdom Listing Authority). A copy of this prospectus has not been, and will not be, delivered to the FCA in accordance with the Prospectus Regulation Rules or delivered to any other authority which could be a competent authority for the purpose of the Prospectus Regulation and its contents have not been examined or approved by the FCA or London Stock Exchange plc and it has not been approved by an “authorised person” for the purposes of Section 21 of FSMA.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or the SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, us, or the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority, or FINMA, and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes, or the CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This document relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority, or DFSA. This document is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for this document. The securities to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this document you should consult an authorized financial advisor.

In relation to its use in the Dubai International Financial Centre, or DFIC, this document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DFIC.

Notice to Prospective Investors in the United Arab Emirates

The shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the DFIC) other than in compliance with the laws of the United Arab Emirates (and the DFIC) governing the issue, offering, and sale of securities. Further, this prospectus does not constitute a public offer of securities in the United Arab Emirates (including the DFIC) and is not intended to be a public offer. This prospectus has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority or the Dubai Financial Services Authority.

Notice to Prospective Investors in Australia

This prospectus:

- does not constitute a product disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth), or the Corporations Act;
- has not been, and will not be, lodged with the Australian Securities and Investments Commission, or ASIC, as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act;

- does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a “retail client” (as defined in section 761G of the Corporations Act and applicable regulations) in Australia; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors, or Exempt Investors, available under section 708 of the Corporations Act.

The shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of shares under this document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the shares you undertake to us that you will not, for a period of 12 months from the date of issue of the shares, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Notice to Prospective Investors in Japan

The shares have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act. Accordingly, none of the shares nor any interest therein may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any “resident” of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Notice to Prospective Investors in Hong Kong

Warning. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

The shares have not been and will not be reviewed, approved, and/or registered by any regulatory body in Hong Kong. The shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” by way of private placement as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the shares has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription

or purchase, of shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:
- to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore

Solely for the purposes of its obligations pursuant to Section 309B of the SFA, we have determined, and hereby notify all relevant persons (as defined in the CMP Regulations 2018), that the shares are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice of Recommendations of Investment Products).

Notice to Prospective Investors in Bermuda

Shares may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 of Bermuda which regulates the sale of securities in Bermuda. Additionally, non-Bermudian persons (including companies) may not carry on or engage in any trade or business in Bermuda unless such persons are permitted to do so under applicable Bermuda legislation.

Notice to Prospective Investors in Saudi Arabia

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the board of the Saudi Arabian Capital Market Authority, or CMA, pursuant to resolution number 2-11-2004 dated 4 October 2004 as amended by resolution number 1-28-2008, as amended. The CMA does not make any representation as to the accuracy or completeness of this document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorized financial adviser.

Notice to Prospective Investors in the British Virgin Islands

The shares may be offered to persons located in the British Virgin Islands who are “qualified investors” for the purposes of SIBA. Qualified investors include (i) certain entities which are regulated by the Financial Services Commission in the British Virgin Islands, including banks, insurance companies, licensees under SIBA and public,

professional and private mutual funds; (ii) a company, any securities of which are listed on a recognized exchange; and (iii) persons defined as “professional investors” under SIBA, which is any person (a) whose ordinary business involves, whether for that person’s own account or the account of others, the acquisition or disposal of property of the same kind as the property, or a substantial part of the property of the Issuer; or (b) who has signed a declaration that he, whether individually or jointly with his spouse, has net worth in excess of \$1,000,000 and that he consents to being treated as a professional investor.

Notice to Prospective Investors in China

This prospectus does not constitute a public offer of shares, whether by sale or subscription, in the People’s Republic of China, or the PRC. The shares are not being offered or sold directly or indirectly in the PRC to or for the benefit of, legal or natural persons of the PRC.

Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the shares or any beneficial interest therein without obtaining all prior PRC’s governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this document are required by the issuer and its representatives to observe these restrictions.

Notice to Prospective Investors in Korea

The shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder, or the FSCMA, and the shares have been and will be offered in Korea as a private placement under the FSCMA. None of the shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder, or the FETL. The shares have not been listed on any of securities exchanges in the world including, without limitation, the Korea Exchange in Korea. Furthermore, the purchaser of the shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the shares. By the purchase of the shares, the relevant stockholder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the shares pursuant to the applicable laws and regulations of Korea.

Notice to Prospective Investors in Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the shares has been or will be registered with the Securities Commission of Malaysia, or the Malaysia Commission, for the Malaysia Commission’s approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Malaysia Commission; (ii) a holder of a Capital Markets Services Licence; (iii) a person who acquires the shares, as principal, if the offer is on terms that the shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Malaysia Commission; provided that, in the each of the

preceding categories (i) to (xi), the distribution of the shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this prospectus is subject to Malaysian laws. This prospectus does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Malaysia Commission under the Capital Markets and Services Act 2007.

Notice to Prospective Investors in Taiwan

The shares have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding, or otherwise, intermediate the offering and sale of the shares in Taiwan.

Notice to Prospective Investors in South Africa

Due to restrictions under the securities laws of South Africa, the shares are not offered, and the offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions applies:

- the offer, transfer, sale, renunciation or delivery is to:
 - persons whose ordinary business is to deal in securities, as principal or agent;
 - the South African Public Investment Corporation;
 - persons or entities regulated by the Reserve Bank of South Africa;
 - authorized financial service providers under South African law;
 - financial institutions recognized as such under South African law;
 - a wholly-owned subsidiary of any person or entity contemplated in (c), (d) or (e), acting as agent in the capacity of an authorized portfolio manager for a pension fund or collective investment scheme (in each case duly registered as such under South African law); or
 - any combination of the person in (a) to (f); or
- the total contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than 1,000,000 South African rand.

No “offer to the public” (as such term is defined in the South African Companies Act, No. 71 of 2008 (as amended or re-enacted), or the South African Companies Act) in South Africa is being made in connection with the issue of the shares. Accordingly, this document does not, nor is it intended to, constitute a “registered prospectus” (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act and has not been approved by, and/or filed with, the South African Companies and Intellectual Property Commission or any other regulatory authority in South Africa. Any issue or offering of the shares in South Africa constitutes an offer of the shares in South Africa for subscription or sale in South Africa only to persons who fall within the exemption from “offers to the public” set out in section 96(1)(a) of the South African Companies Act. Accordingly, this document must not be acted on or relied on by persons in South Africa who do not fall within section 96(1)(a) of the South African Companies Act, such persons being referred to as SA Relevant Persons. Any investment or investment activity to which this document relates is available in South Africa only to SA Relevant Persons and will be engaged in South Africa only with SA Relevant Persons.

LEGAL MATTERS

The validity of the securities being offered by this prospectus and certain legal matters in connection with this offering relating to U.S. law will be passed upon for us by Dorsey & Whitney LLP. Saul Ewing Arnstein & Lehr LLP is representing the underwriters.

EXPERTS

Our consolidated financial statements as of and for the years ended December 31, 2020 and 2019 have been included in this prospectus in reliance upon the report of Marcum LLP, independent registered public accounting firm, included elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

The financial statements of MOCA, LLC as of and for the years ended December 31, 2020 and 2019 are attached as Exhibit 99.1 to the registration statement of which this prospectus forms a part in reliance upon the report of Hill, Barth & King LLC, independent registered public accounting firm, included elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

The financial statements of Chicago Alternative Health Center Holdings, LLC and Affiliate as of and for the years ended December 31, 2020 and 2019 are attached as Exhibit 99.3 to the registration statement of which this prospectus forms a part in reliance upon the report of Hill, Barth & King LLC, independent registered public accounting firm, included elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

The financial statements of MedMen NY, Inc. as of and for the years ended December 31, 2020 and 2019 are attached as Exhibit 99.5 to the registration statement of which this prospectus forms a part in reliance upon the report of MNP LLP, independent registered public accounting firm, included elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

DISCLOSURE OF SEC POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us, we have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by us of expenses incurred or paid by a director, officer or controlling person in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by us is against public policy as expressed hereby in the Securities Act, and we will be governed by the final adjudication of such issue.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of Class A common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed with the registration statement. For further information about us and the Class A common stock offered hereby, we refer you to the registration statement and the exhibits filed with the registration statement. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. The SEC maintains an internet website that contains reports, proxy statements and other information about registrants, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

Upon the closing of this offering, we will be required to file periodic reports, proxy statements, and other information with the SEC pursuant to the Exchange Act. These reports, proxy statements, and other information will be available on the website of the SEC referred to above.

We also maintain a website at www.awholdings.com, through which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on our website is not a part of this prospectus, and the inclusion of our website address in this prospectus is an inactive textual reference only.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Ascend Wellness Holdings, LLC Consolidated Financial Statements as of December 31, 2020 and 2019	
Report of Independent Registered Public Accounting Firm	F-2
Ascend Wellness Holdings, LLC Consolidated Balance Sheets as of December 31, 2020 and 2019	F-3
Ascend Wellness Holdings, LLC Consolidated Statements of Operations for the Years Ended December 31, 2020 and 2019	F-4
Ascend Wellness Holdings, LLC Consolidated Statements of Changes in Members' Equity for the Years Ended December 31, 2020 and 2019	F-5
Ascend Wellness Holdings, LLC Consolidated Statements of Cash Flows for the Years Ended December 31, 2020 and 2019	F-6
Notes to Consolidated Financial Statements	F-8
Audited Financial Statements of MOCA, LLC for the years ended December 31, 2020 and December 31, 2019	Exhibit 99.1
Management's Discussion and Analysis of Financial Condition and Results of Operations of MOCA, LLC for the years ended December 31, 2020 and December 31, 2019	Exhibit 99.2
Audited Combined Financial Statements of Chicago Alternative Health Center Holdings, LLC and Affiliate for the years ended December 31, 2020 and December 31, 2019	Exhibit 99.3
Management's Discussion and Analysis of Financial Condition and Results of Operations Chicago Alternative Health Center Holdings, LLC and Affiliate for the years ended December 31, 2020 and December 31, 2019	Exhibit 99.4
Audited Financial Statements of MedMen NY, Inc. for the years ended December 31, 2020 and December 31, 2019	Exhibit 99.5
Management's Discussion and Analysis of Financial Condition and Results of Operations of MedMen NY, Inc. for the years ended December 31, 2020 and December 31, 2019	Exhibit 99.6
Unaudited Pro Forma Consolidated Statement of Operations of Ascend Wellness Holdings, LLC giving effect to the acquisition of MOCA, LLC, the acquisition of Chicago Alternative Health Center Holdings, LLC and Affiliate and the investment in MedMen NY, Inc.	Exhibit 99.7

Report of Independent Registered Public Accounting Firm

To the Members and Board of Managers of
Ascend Wellness Holdings, LLC

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Ascend Wellness Holdings, LLC (the “Company”) as of December 31, 2020 and 2019, the related consolidated statements of operations, members’ equity and cash flows for each of the two years in the period ended December 31, 2020, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Marcum LLP

Marcum LLP

We have served as the Company’s auditor since 2020.

New York, NY

February 25, 2021, except for Note 1a and Note 18a, as to which the date is April 22, 2021

Ascend Wellness Holdings, LLC

Consolidated Balance Sheets

<i>(in thousands)</i>	December 31,	
	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 56,547	\$ 10,555
Restricted cash	1,550	2,250
Accounts receivable, net	6,227	220
Inventory	28,997	15,388
Notes receivable	8,259	9,200
Other current assets	32,967	19,763
Total current assets	134,547	57,376
Property and equipment, net	120,540	79,477
Operating lease right-of-use assets	84,642	34,400
Intangible assets, net	50,461	19,560
Goodwill	22,798	809
Deferred tax assets	2,395	1,109
Other noncurrent assets	12,365	3,200
TOTAL ASSETS	\$ 427,748	\$ 195,931
Liabilities and Members' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 31,224	\$ 12,591
Current portion of debt, net	59,330	410
Operating lease liabilities, current	2,128	660
Income taxes payable	18,275	1,775
Other current liabilities	4,328	610
Total current liabilities	115,285	16,046
Long-term debt, net	152,277	81,403
Operating lease liabilities, noncurrent	156,400	63,642
Total liabilities	423,962	161,091
Commitments and contingencies (Note 15)		
Members' Equity		
Membership units, no par value, 106,082 and 89,821 issued and outstanding, respectively	—	—
Additional paid-in capital	67,378	71,947
Accumulated deficit	(63,592)	(38,153)
Equity of Ascend Wellness Holdings, LLC	3,786	33,794
Non-controlling interests	—	1,046
Total members' equity	3,786	34,840
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 427,748	\$ 195,931

See accompanying notes to consolidated financial statements.

Ascend Wellness Holdings, LLC
Consolidated Statements of Operations

<i>(in thousands, except per unit amounts)</i>	Year Ended December 31,	
	2020	2019
Revenue, net	\$ 143,732	\$ 12,032
Cost of goods sold	(82,818)	(8,744)
Gross profit	60,914	3,288
Operating expenses		
General and administrative	53,067	29,409
Total operating expenses	53,067	29,409
Operating profit (loss)	7,847	(26,121)
Other income (expense)		
Interest expense	(12,993)	(6,477)
Other, net	7	23
Total other income (expense)	(12,986)	(6,454)
Loss before income taxes	(5,139)	(32,575)
Income tax expense	(18,702)	(667)
Net loss	(23,841)	(33,242)
Less: net income (loss) attributable to non-controlling interests	1,598	(1,347)
Net loss attributable to Ascend Wellness Holdings, LLC	\$ (25,439)	\$ (31,895)
Net loss per unit attributable to Ascend Wellness Holdings, LLC — basic and diluted	\$ (0.27)	\$ (0.37)
Weighted-average units outstanding — basic and diluted	95,165	87,289

See accompanying notes to consolidated financial statements.

Ascend Wellness Holdings, LLC

Consolidated Statements of Changes in Members' Equity

<i>(in thousands)</i>	LLC Membership Units	Attributable to Members of the Parent			Non-Controlling Interests	Total Equity
		Unit Capital	Accumulated Deficit	Members' Equity		
December 31, 2018	68,303	\$ 32,892	\$ (6,258)	\$ 26,634	\$ —	\$ 26,634
Proceeds from private placement	21,205	38,481	—	38,481	—	38,481
Units issued in acquisitions or asset purchases	313	263	—	263	—	263
Non-controlling interests issued in acquisitions	—	—	—	—	2,393	2,393
Equity-based compensation expense	—	311	—	311	—	311
Net loss	—	—	(31,895)	(31,895)	(1,347)	(33,242)
December 31, 2019	89,821	\$ 71,947	\$ (38,153)	\$ 33,794	\$ 1,046	\$ 34,840
Units issued in acquisitions or asset purchases	10,000	2,800	—	2,800	—	2,800
Purchase of non-controlling interests	3,635	(8,329)	—	(8,329)	(2,644)	(10,973)
Vesting of restricted common units	2,626	—	—	—	—	—
Issuance of warrants	—	280	—	280	—	280
Equity-based compensation expense	—	680	—	680	—	680
Net loss	—	—	(25,439)	(25,439)	1,598	(23,841)
December 31, 2020	106,082	\$ 67,378	\$ (63,592)	\$ 3,786	\$ —	\$ 3,786

See accompanying notes to consolidated financial statements.

Ascend Wellness Holdings, LLC
Consolidated Statements of Cash Flows

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Cash flows from operating activities		
Net loss	\$ (23,841)	\$ (33,242)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	12,561	4,101
Amortization of operating lease assets	872	194
Non-cash interest expense	5,319	1,522
Share-based compensation expense	680	311
Deferred income taxes	(1,286)	(1,109)
Loss on sale of assets	286	—
Changes in operating assets and liabilities, net of effects of acquisitions		
Accounts receivable	(6,007)	(220)
Inventory	(11,744)	(15,789)
Other current assets	(3,152)	(3,664)
Other noncurrent assets	(4,710)	(1,739)
Accounts payable and accrued liabilities	1,937	5,863
Other current liabilities	3,719	609
Lease liabilities	2,862	459
Income taxes payable	16,500	1,775
Net cash used in operating activities	(6,004)	(40,929)
Cash flows from investing activities		
Additions to capital assets	(26,419)	(41,670)
Investments in notes receivable	(5,559)	(9,200)
Collection of notes receivable	527	—
Proceeds from sale of assets	26,750	13,750
Purchase of businesses, net of cash acquired	(26,044)	(8,731)
Purchases of intangible assets	(127)	(19,700)
Net cash used in investing activities	(30,872)	(65,551)
Cash flows from financing activities		
Proceeds from issuance of debt	101,886	64,742
Repayments of debt	(19,591)	(6,018)
Proceeds from private placement	—	38,481
Proceeds from finance leases	3,750	14,000
Repayments under finance leases	(478)	(143)
Debt issuance costs	(3,399)	—
Net cash provided by financing activities	82,168	111,062
Net increase in cash, cash equivalents, and restricted cash	45,292	4,582
Cash, cash equivalents, and restricted cash at beginning of period	12,805	8,223
Cash, cash equivalents, and restricted cash at end of period	\$ 58,097	\$ 12,805

See accompanying notes to consolidated financial statements.

Ascend Wellness Holdings, LLC

Consolidated Statements of Cash Flows

(continued)

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Supplemental Cash Flow Information		
Interest paid	\$ 6,204	\$ 3,229
Income taxes paid	2,417	—
Non-cash investing and financing activities		
Capital expenditures incurred but not yet paid	11,572	3,435
Issuance of common units in business acquisitions	2,319	—
Issuance of common units for intangible assets	481	263
Issuance of common units in purchase of non-controlling interests	1,018	—
Issuance of non-controlling interests in acquisitions	—	2,393
Warrants issued with notes payable	280	—

See accompanying notes to consolidated financial statements.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

1. THE COMPANY AND NATURE OF OPERATIONS

Ascend Wellness Holdings, LLC, which operates through its subsidiaries (collectively referred to as “Ascend Wellness,” “AWH,” “we,” “us,” “our,” or the “Company”), is a multi-state operator in the United States cannabis industry. AWH owns, manages, and operates cannabis cultivation facilities and dispensaries in several states across the United States, most significantly in Illinois, Michigan, and Massachusetts. AWH is a Delaware limited liability company that was formed on May 15, 2018 and is headquartered in New York, New York.

1a. Corporate Conversion and Reverse Stock Split

On April 22, 2021, Ascend Wellness Holdings, LLC, converted into a Delaware corporation and changed its name to “Ascend Wellness Holdings, Inc.” and effected a 2:1 reverse stock split (the “Conversion”). As a result of the Conversion, the members of Ascend Wellness Holdings, LLC became holders of shares of Class A common stock and Class B common stock of Ascend Wellness Holdings, Inc. Following the Conversion, there are 750,000,000 shares of Class A common stock authorized, 100,000 shares of Class B common stock authorized, and 10,000,000 shares of preferred stock authorized. The consolidated financial statements are those of Ascend Wellness Holdings, LLC and its subsidiaries prior to the Conversion, but have been adjusted retrospectively for the 2:1 reverse stock split for all periods presented.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The consolidated financial statements and accompanying notes (the “Financial Statements”) have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”). The Financial Statements include the accounts of Ascend Wellness Holdings, LLC and its subsidiaries, including: AGP Investments, LLC; Ascend Group Partners, LLC; Ascend Illinois Holdings, LLC; Ascend Illinois, LLC; Revolution Cannabis-Barry, LLC; HealthCentral, LLC; Massgrow, LLC; Ascend Mass, LLC; Ascend Friend Street RE LLC; Ascend New Jersey, LLC; FPAW Michigan 2, Inc.; and Ascend Ohio, LLC. Refer to Note 8, “Variable Interest Entities,” for additional information regarding certain entities that are not wholly-owned by the Company. We include the results of acquired businesses in the consolidated statements of operations from their respective acquisition dates. All intercompany accounts and transactions have been eliminated in consolidation.

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts. We base our estimates on historical experience, known or expected trends, independent valuations, and various other measurements that we believe to be reasonable under the circumstances. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates.

We round amounts in the Financial Statements to thousands, except unit and per unit amounts or as otherwise stated. In June 2019, the Company authorized a 10-for-1 unit split, which is retroactively reflected in these Financial Statements for all periods presented. We calculate all percentages and per-unit data from the underlying whole-dollar amounts. Thus, certain amounts may not foot, crossfoot, or recalculate based on reported numbers due to rounding. Unless otherwise indicated, all references to years are to our fiscal year, which ends on December 31.

Liquidity

As reflected in the Financial Statements, the Company had an accumulated deficit as of December 31, 2020 and 2019, as well as a net loss and negative cash flows from operating activities for the years then-ended. Management believes that substantial doubt of our ability to continue as a going concern for at least one year from the issuance of these financial statements has been alleviated due to: (i) capital raised subsequent to December 31, 2020 (see Note 18, “Subsequent Events”) and (ii) continued sales growth from our consolidated operations. Management plans to continue to access capital markets for additional funding through debt and/or equity financings to supplement future cash needs, as may be required. However, management cannot provide any assurances that the Company will be successful in accomplishing its business plans. If the Company is unable to raise additional capital whenever

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

necessary, it may be forced to decelerate or curtail certain of its operations until such time as additional capital becomes available.

Reclassifications

Certain prior year amounts have been reclassified to conform with our fiscal 2020 presentation. These changes had no impact on our previously reported net loss.

Revision of Financial Statements

During 2020, the Company identified and corrected an error related to the calculation of the incremental borrowing rate that is used to determine the present value of future lease payments of the Company's operating leases.

In order to assess materiality with respect to the adjustment, the Company considered Staff Accounting Bulletin ("SAB") 99, *Materiality*, and SAB 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*, and determined that the impact of the adjustments on prior period consolidated financial statements was immaterial.

This adjustment had no material impact on the Consolidated Statement of Operations for the year ended December 31, 2019.

The impact of this adjustment on the Consolidated Balance Sheet as of December 31, 2019 is as follows:

<i>(in thousands)</i>	Previously Reported	As Revised
Operating lease right-of-use assets	\$ 53,939	\$ 34,400
Total assets	215,470	195,931
Operating lease liabilities, current	631	660
Operating lease liabilities, noncurrent	83,210	63,642
Total liabilities	180,630	161,091
Total liabilities and members' equity	215,470	195,931

The impact of this adjustment on the Consolidated Statement of Cash Flows for the year ended December 31, 2019 is as follows:

<i>(in thousands)</i>	Previously Reported	As Revised
Amortization of operating lease assets	\$ 476	\$ 194
Lease liabilities	177	459

Additionally, the non-cash supplemental disclosure related to lease assets obtained in exchange for new operating lease liabilities was previously reported as \$64,930 and is revised to \$45,108. The weighted average discount rate on our lease liabilities as of December 31, 2019 was previously reported as 9.0% and is revised to 13.0%. The deferred tax assets attributable to operating lease liabilities as of December 31, 2019 was previously reported as \$17,976 and is revised to \$12,410. The deferred tax liabilities attributable to operating lease right-of-use assets was previously reported as \$11,298 and is revised to \$5,732. There was no impact to the net deferred tax assets previously reported as of December 31, 2019.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

Variable Interest Entities

In determining whether we are the primary beneficiary of a variable interest entity (“VIE”), we assess whether we have the power to direct matters that most significantly impact the activities of the VIE and the obligation to absorb losses or the right to receive the benefits from the VIE that could potentially be significant to the VIE.

A VIE is a legal entity that does not have sufficient equity at risk to finance its activities without additional subordinated financial support or is structured that such equity investors lack the ability to make significant decisions relating to the entity’s operations through voting rights or do not substantively participate in the gains or losses of the entity. The primary beneficiary has both the power to direct the activities of the VIE that most significantly impact the entity’s economic performance and the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. We assess all variable interests in the entity and use our judgment when determining if we are the primary beneficiary. Other qualitative factors that are considered include decision-making responsibilities, the VIE capital structure, risk and rewards sharing, contractual agreements with the VIE, voting rights, and level of involvement of other parties. We assess the primary beneficiary determination for a VIE on an ongoing basis if there are any changes in the facts and circumstances related to a VIE.

Where we determine we are the primary beneficiary of a VIE, we consolidate the accounts of that VIE. The equity owned by other shareholders is shown as non-controlling interests in the accompanying Consolidated Balance Sheets, Statements of Operations, and Statements of Changes in Members’ Equity. The assets of the VIE can only be used to settle obligations of that entity, and any creditors of that entity generally have no recourse to the assets of other entities or the Company unless the Company separately agrees to be subject to such claims.

Non-Controlling Interests

Non-controlling interests (“NCI”) represent equity interests in certain of our subsidiaries that are owned by outside parties. NCI may be initially measured at fair value or at the NCI’s proportionate share of the recognized amounts of the acquiree’s identifiable net assets, made on a transaction by transaction basis. We have elected to measure each NCI at its proportional share of the recognized amounts of the acquiree’s identifiable net assets. The share of net assets attributable to NCI are presented as a component of equity. Their share of net income or loss is recognized directly in equity. Total comprehensive income or loss of subsidiaries is attributed to the members of the Company and to the NCI, even if this results in the NCI having a deficit balance. At December 31, 2019, the only NCI is related to Ascend Illinois, which the Company purchased during 2020. There are no NCI as of December 31, 2020. See Note 8, “Variable Interest Entities” for additional information.

Cash and Cash Equivalents and Restricted Cash

We consider all highly liquid securities with an original maturity of three months or less that are held for the purpose of meeting short-term cash commitments and are readily convertible into known amounts of cash to be cash and cash equivalents. As of December 31, 2020 and 2019, we did not hold significant cash equivalents. We maintain cash with various U.S. banks and credit unions with balances in excess of the Federal Deposit Insurance Corporation and National Credit Union Share Insurance Fund limits. The failure of a bank or credit union where we have significant deposits could result in a loss of a portion of such cash balances in excess of the insured limits, which could materially and adversely affect our business, financial condition, and results of operations.

Restricted cash consists of deposits that the Company is contractually obligated to maintain in accordance with the terms of a construction loan. See Note 11, “Debt,” for additional information.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

The following table provides a reconciliation of cash, cash equivalents, and restricted cash to amounts shown in the Consolidated Statements of Cash Flows:

<i>(in thousands)</i>	As of December 31,	
	2020	2019
Cash and cash equivalents	\$ 56,547	\$ 10,555
Restricted cash	1,550	2,250
Total cash, cash equivalents, and restricted cash	\$ 58,097	\$ 12,805

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoiced amount, which may bear interest and do not require collateral. Past due balances are determined based on the contractual terms of the arrangements. The Company estimates its allowance for doubtful accounts based on specific identification of probable credit losses and historical write-off experience. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. As of December 31, 2020 and 2019, the Company determined that no allowance for doubtful accounts was required.

Inventory

Inventory includes the direct costs of seeds and growing materials, indirect costs (such as utilities, labor, depreciation, and overhead costs), and subsequent costs to prepare the products for ultimate sale, which include direct costs such as materials and indirect costs such as utilities and labor. All direct and indirect costs related to inventory are capitalized when they are incurred and they are subsequently classified to "Cost of goods sold" in the Consolidated Statements of Operations. Inventory is valued at the lower of cost and net realizable value, with cost determined using the weighted average cost method for cultivation inventory and specific identification for retail inventory. The Company reviews inventory for obsolete and slow-moving goods, and any such inventories are written down to net realizable value.

Notes Receivable

The Company provides financing to various related and non-related businesses within the cannabis industry. These notes are classified as held for investment and are accounted for as financial instruments in accordance with Accounting Standards Codification ("ASC") Topic 310, *Receivables*. The Company recognizes impairment on notes receivable when, based on all available information, it is probable that a loss has been incurred based on past events and conditions existing at the date of the Financial Statements. No impairment losses were recognized in 2020 or 2019.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation, amortization and impairment losses, if any. Land and construction in process are not depreciated. Depreciation and amortization is calculated on a straight-line basis over the estimated useful lives of the assets which are as follows:

<u>Category</u>	<u>Estimated Lives</u>
Machinery and other equipment	5 years
Leasehold improvements	Shorter of 10 years or lease term
Buildings	39 years

Estimates of useful life and the method of depreciation are reviewed only when events or changes in circumstances indicate that the current estimates or depreciation method are no longer appropriate. Any changes are accounted for on a prospective basis as a change in estimate. Construction in progress is measured at cost and is reclassified upon completion as building or leasehold improvements, depending on the nature of the assets, and

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

depreciated over the estimated useful life of the asset. Repairs and maintenance costs are expensed as incurred. Property and 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 is included in the Consolidated Statements of Operations.

Leases

The Company early adopted Accounting Standards Update (“ASU”) 2016-01, *Leases*, at formation as of May 15, 2018 and accounts for leases in accordance with ASC Topic 842. We record right-of-use (“ROU”) assets on the balance sheet (representing the right to use an underlying asset for the lease term) and the corresponding lease liabilities (the obligation to make lease payments arising from the lease). We do not record ROU assets or lease liabilities for leases with an initial term of 12 months or less and we recognize payments for such leases in our Consolidated Statements of Operations on a straight-line basis over the lease term. We do not separate lease components from non-lease components for all asset classes. Sale-leasebacks are assessed to determine whether a sale has occurred under ASC Topic 606, *Revenue from Contracts with Customers*. If a sale is determined not to have occurred, the underlying “sold” assets are not derecognized and a financing liability is established in the amount of cash received. At such time the lease expires, the assets are then derecognized along with the financing liability, with a gain recognized on disposal for the difference between the two amounts, if any. A lease of property and equipment is classified as an operating lease whenever the terms of the lease do not transfer substantially all the risks and rewards of ownership to the Company. Lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed. See Note 10, “Leases,” for additional information on our lease arrangements.

Intangible Assets

Finite-lived intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. These assets are amortized on a straight-line basis over their estimated useful lives as follows:

	Years
Tradenames	6 months
Licenses and permits	10 years
In-place leases	Lease term

The estimated useful life and amortization method are reviewed at the end of each reporting year, and the effect of any changes in estimate is accounted for on a prospective basis. No impairment indicators were noted during 2020 or 2019 and, as such, we did not record any impairment charges during either period.

Goodwill and Indefinite Life Intangible Assets

Goodwill represents the excess of purchase price of acquired businesses over the fair value of the assets acquired and liabilities assumed. Goodwill is allocated to the reporting unit in which the business that created the goodwill resides. We have elected to make the first day of our fourth quarter the annual impairment assessment date for goodwill. However, we could be required to evaluate the recoverability of goodwill more often if impairment indicators exist.

In 2018, we early adopted ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which eliminates the two-step goodwill impairment process and allows us to test goodwill for impairment by comparing the fair value of a reporting unit to its carrying amount. If the fair value of a reporting unit is less than its carrying value, an impairment charge will be recorded for the difference between the fair value and carrying value, but is limited to the carrying value of the reporting unit’s goodwill. During the fourth quarter of 2020, we performed our annual assessment of goodwill, noting no indicators of impairment and, as such, we did not record any impairment charges. No impairment was recorded during 2020 or 2019.

Indefinite life intangible assets are carried at cost less accumulated impairment losses. The Company reviews the classification each reporting period to determine whether the assessment made about the useful life as indefinite or finite is still appropriate. Any change is accounted for on a prospective basis as a change in estimate.

Impairment of Long-Lived Assets

The Company evaluates the recoverability of long-lived assets, including property and equipment, finite life intangible assets, and lease-related ROU assets whenever events or changes in circumstances indicate a potential impairment exists. We group assets at the lowest level for which cash flows are separately identifiable, referred to as an asset group. When indicators of potential impairment exist, we prepare a projected undiscounted cash flow analysis for the respective asset or asset group. If the sum of the undiscounted cash flow is less than the carrying value of the asset or asset group, an impairment loss is recognized equal to the excess of the carrying value over the fair value, if any.

Fair Value of Financial Instruments

Fair value is the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. Preference is given to observable inputs. These two types of inputs create the following fair value hierarchy:

Level 1 – Quoted prices for identical instruments in active markets;

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable; and

Level 3 – Significant inputs to the valuation model are unobservable.

We evaluate assets and liabilities subject to fair value measurements on a recurring and non-recurring basis to determine the appropriate level at which to classify them for each reporting period. The Company records cash, accounts receivable, notes receivable, and notes payable at cost. The carrying value of these instruments approximates their fair value due to their short-term maturities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. During 2020 and 2019, we had no transfers of assets or liabilities between any of the hierarchy levels.

In addition to assets and liabilities that are measured at fair value on a recurring basis, we are also required to measure certain assets at fair value on a non-recurring basis that are subject to fair value adjustments in specific circumstances. These assets can include: goodwill; intangible assets; property and equipment; and lease related ROU assets. We estimate the fair value of these assets using primarily unobservable Level 3 inputs.

Convertible Instruments

The Company accounts for hybrid contracts that feature conversion options in accordance with ASC Topic 815, *Derivatives and Hedging Activities* ("ASC 815"). ASC 815 requires companies to bifurcate conversion options and account for them as freestanding financial instruments according to certain criteria. If the embedded features do not meet the criteria for bifurcation, the convertible instrument is accounted for as a single hybrid instrument in accordance with ASC Topic 470-20, *Debt with Conversion and Other Options* ("ASC 470-20").

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

From time to time, the Company may issue, in connection with its debt, warrants to purchase common units. The warrants are recorded at fair value using the Black-Scholes option pricing model or a binomial model, based on the classification of the instrument. The classification of warrants as liabilities or equity is evaluated at issuance.

Acquisitions

We account for business combinations using the acquisition method of accounting. On the date of the acquisition, we allocate the purchase price to the assets acquired and liabilities assumed at their estimated fair values. Goodwill on the acquisition date is measured as the excess of the purchase price over the fair values of assets acquired and liabilities assumed. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, our estimates are subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we record adjustments to the assets acquired and liabilities assumed with corresponding adjustments to goodwill. We recognize subsequent changes in the estimate of the amount to be paid under contingent consideration arrangements in the accompanying Consolidated Statements of Operations. We expense acquisition-related costs as incurred.

For acquisitions that are not deemed to be businesses, the assets acquired are recognized based on their cost to the Company as the acquirer and no gain or loss is recognized. The cost of assets acquired in a group is allocated to the individual assets within the group based on their relative fair values and does not give rise to goodwill. Transaction costs related to acquisitions of assets are included in the cost basis of the assets acquired.

Contingencies and Litigation

The Company may be subject to lawsuits, investigations, and other claims related to employment, commercial, and other matters that arise out of operations in the normal course of business. We accrue for loss contingencies when losses become probable and are reasonably estimable. If the reasonable estimate of the loss is a range and no amount within the range is a better estimate, the minimum amount of the range is recorded as a liability. We recognize legal costs as an expense in the period incurred.

Income Taxes

We account for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amount of existing assets and liabilities and their respective tax basis. We measure deferred tax assets and liabilities using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered. Deferred tax assets are reviewed for recoverability on an annual basis. A valuation allowance is recorded to reduce the carrying amount of a deferred tax asset to its realizable value unless it is more likely than not that such asset will be realized. We recognize interest and penalties associated with tax matters as part of the income tax provision, if any, and include accrued interest and penalties with the related tax liability in the Consolidated Balance Sheet, if applicable.

As discussed further in Note 14, "Income Taxes," we are subject to the provisions of Internal Revenue Code ("IRC") Section 280E.

Revenue Recognition

Revenue is recognized in accordance with ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and the related subsequent pronouncements (collectively "Topic 606"), which the Company early adopted at formation as of May 15, 2018. Under Topic 606, revenue recognition depicts the transfer of promised goods or services to a customer in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. Revenue recognition is aligned with the delivery of goods and services and is recognized at a point in time or over time, the assessment of which requires judgment.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

In accordance with Topic 606, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue reflects the consideration to which the Company expects to be entitled to receive in exchange for these goods or services. The Company applies the following five-step analysis to determine whether, how much, and when revenue is recognized: (1) identify the contract with the customer; (2) identify the performance obligation in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligation in the contract; and (5) recognize revenue when or as the Company satisfies a performance obligation.

Under Topic 606, revenue from the sale of medicinal and adult-use cannabis and derivative products has a single performance obligation and revenue is recognized at the point in time when control of the product transfers and the Company's obligations have been fulfilled. This generally occurs upon delivery and acceptance by the customer. Amounts disclosed as revenue are net of allowances, discounts, and rebates. Sales discounts were not material during 2020. Sales taxes collected from customers are excluded from revenue.

For certain locations, we offer a loyalty program to dispensary customers. A portion of the revenue generated in a sale is allocated to the loyalty points earned and the amount allocated to the points earned is deferred until the loyalty points are redeemed or expire. The loyalty liability was not material at December 31, 2020 or 2019.

Equity-Based Payments

The Company issues equity-based awards to employees and non-employee directors for services. These awards are measured based on their fair value at the grant date and recognized as compensation expense over the requisite service period. Forfeitures are accounted for as they occur. The Company issues new units to satisfy the issuance of equity-based payments.

Loss per Unit

Net loss per unit represents the net loss attributable to members divided by the weighted average number of units outstanding during the period on an as-converted to common unit basis. Diluted earnings per unit reflects the potential dilution that could occur if securities or other contracts to issue common units were exercised or converted into common units of the Company during the reporting periods. Potential dilutive common unit equivalents consist of the incremental common units issuable upon the exercise of warrants and the incremental shares issuable upon conversion of convertible notes. In reporting periods in which the Company has a net loss, the effect of these are considered anti-dilutive and are excluded from the diluted earnings per unit calculation. The number of units excluded from the calculation was 29,726 and 12,146 as of December 31, 2020 and 2019, respectively, because their inclusion would have been anti-dilutive.

Recently Adopted Accounting Standards

Distinguishing Liabilities from Equity and Derivatives and Hedging

In July 2017, the FASB issued ASU 2017-11, *Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480), Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferred for Mandatorily Redeemable Financial of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interest with a Scope Exception*, ("ASU 2017-11"). Part I addresses complexities of accounting for certain financial instruments with down round features and Part II addresses the difficulty of navigating Topic 480 for certain financial instruments with characteristics of liability and equity. ASU 2017-11 became effective for us on January 1, 2020 and did not significantly impact our Consolidated Financial Statements.

Fair Value Measurements

In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)*, ("ASU 2018-13"). ASU 2018-13 adds, modifies, and

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

removes certain fair value measurement disclosure requirements. ASU 2018-13 became effective for us on January 1, 2020 and did not significantly impact our Consolidated Financial Statements.

Recently Issued Accounting Pronouncements

The following standards have been recently issued by the Financial Accounting Standards Board (“FASB”). Pronouncements that are not applicable to the Company or where it has been determined do not have a significant impact on us have been excluded herein.

Financial Instruments

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, (“ASU 2016-13”). ASU 2016-13 replaces the existing guidance surrounding measurement and recognition of credit losses on financial assets measured at amortized cost, including trade receivables and investments in certain debt securities, by requiring recognition of an allowance for credit losses expected to be incurred over an asset’s life based on relevant information about past events, current conditions, and supportable forecasts impacting its ultimate collectability. This current expected credit losses (“CECL”) model will result in earlier recognition of credit losses than the current “as incurred” model, under which losses are recognized only upon the occurrence of an event that gives rise to the incurrence of a probable loss.

ASU 2019-05, *Financial Instruments – Credit Losses (Topic 326): Targeted Transition Relief*, was issued in May 2019 to provide target transition relief allowing entities to make an irrevocable one-time election upon adoption of the new credit losses standard to measure financial assets previously measured at amortized cost (except held-to-maturity securities) using the fair value option.

ASU 2019-11, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*, was issued in November 2019 to clarify, improve, and amend certain aspects of ASU 2016-13, such as disclosures related to accrued interest receivables and the estimation of credit losses associated with financial assets secured by collateral.

ASU 2020-03, *Codification Improvements to Financial Instruments*, was issued in March 2020 to improve and clarify various financial instruments topics, including the CECL standard issued in 2016. The ASU includes seven different issues that describe the areas of improvement and the related amendments to U.S. GAAP, intended to make the standards easier to understand and apply by eliminating inconsistencies and providing clarifications. Certain amendments contained within this update were effective upon issuance and had no material impact on our Consolidated Financial Statements. The amendments related to ASU 2019-04 and ASU 2016-13 will be adopted in conjunction with ASU 2016-13. ASU 2016-13 and its related ASUs are effective for us beginning January 1, 2023. We are currently evaluating the impact of this ASU on our Consolidated Financial Statements.

Income Taxes

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740) – Simplifying the Accounting for Income Taxes*, (“ASU 2019-12”) which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. ASU 2019-12 is effective for us beginning January 1, 2021. We are currently evaluating the impact of this ASU on our Consolidated Financial Statements.

Investments

In January 2020, the FASB issued ASU 2020-01, *Investments – Equity Securities (Topic 321), Investments – Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815): Clarifying the Interactions between Topic 321, Topic 323, and Topic 815*. This ASU provides clarification of the interaction of rules for equity securities, the equity method of accounting, and forward contracts and purchase options on certain types of securities and is effective for the Company beginning on January 1, 2021, with early adoption permitted. This new guidance is not expected to have a material impact on our Consolidated Financial Statements.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

Reference Rate Reform

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. This new guidance can be adopted prospectively no later than December 1, 2022, with early adoption permitted, and is not expected to have a material impact on the Company's Consolidated Financial Statements.

In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848): Scope*, ("ASU 2021-01"), which clarifies certain optional expedients and exceptions in Topic 848 when accounting for derivative contracts and certain hedging relationships affected by changes in interest rates. ASU 2021-01 is effective upon issuance and the amendments within are applied either prospectively or retrospectively. ASU 2021-01 is not expected to have a significant impact on the Company's financial statements.

Debt

In August 2020, the FASB issued ASU 2020-06, *Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which simplifies the accounting for convertible instruments by reducing the number of accounting models available for convertible debt instruments. This guidance also eliminates the treasury stock method to calculate diluted earnings per share for convertible instruments and requires the use of the if-converted method. This guidance will be effective for us January 1, 2022 on a full modified or modified retrospective basis, with early adoption permitted. We are currently evaluating the impact of this updated on our Consolidated Financial Statements.

3. REPORTABLE SEGMENTS AND REVENUE

The Company operates under one operating segment, which is its only reportable segment: the production and sale of cannabis products. The Company prepares its segment reporting on the same basis that its Chief Operating Decision Maker manages the business and makes operating decisions. The Company's measure of segment performance is net income and derives its revenue primarily from the sale of cannabis products. All of the Company's operations are located in the United States.

Disaggregation of Revenue

The Company disaggregates its revenue from the direct sale of cannabis to customers as retail revenue and wholesale revenue. We have determined that disaggregating revenue into these categories best depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Retail revenue	\$ 103,859	\$ 11,204
Wholesale revenue	57,452	1,970
	161,311	13,174
Elimination of inter-company revenue	(17,579)	(1,142)
Total revenue, net	\$ 143,732	\$ 12,032

4. ACQUISITIONS

The Company has determined that the acquisitions discussed below are considered business combinations under ASC Topic 805, *Business Combinations*, ("ASC Topic 805") and are accounted for by applying the acquisition method, whereby the assets acquired and the liabilities assumed are recorded at their fair values with any excess of

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. Operating results have been included in these Consolidated Financial Statements from the date of the acquisition.

2020 Acquisitions

Effective August 1, 2020, the Company acquired MOCA LLC (“MOCA”), a dispensary operator in the Chicago, Illinois area for total consideration of \$22,312, consisting of \$21,174 in cash, including working capital adjustments, and 4,063 common units of AWH with a fair value of \$1,138. We incurred \$263 of acquisition-related costs during 2020, which are included in “General and administrative” in the accompanying Consolidated Statement of Operations. The transaction was treated as a business combination under ASC Topic 805, and MOCA was consolidated as a VIE from the signing date until the final closing date in December 2020.

Effective September 29, 2020, the Company’s subsidiary, Ascend New Jersey, LLC, acquired the assets and liabilities of Greenleaf Compassion Center (“GCC”), a vertically integrated operator in New Jersey with licenses for three retail locations and one cultivation and manufacturing facility. Total consideration for this acquisition was \$16,307, which consisted of \$13,626 of cash, 4,219 common units of AWH with a fair value of \$1,181, and settlement of a \$1,500 note receivable (see Note 6, “Notes Receivable”). We incurred \$114 of acquisition-related costs during 2020, which are included in “General and administrative” in the accompanying Consolidated Statement of Operations.

Additionally, effective December 15, 2020, the Company acquired Chicago Alternative Health Center, LLC and Chicago Alternative Health Center Holdings, LLC (collectively, “Midway”) for total cash consideration of \$28,000, subject to certain adjustments including a customary working capital adjustment. The transaction was treated as a business combination under ASC Topic 805, and Midway is consolidated as a VIE from the signing date through the final closing date, which is pending the state’s approval of the license transfer. We incurred \$149 of acquisition-related costs during 2020, which are included in “General and administrative expenses” in the accompanying Consolidated Statement of Operations.

Preliminary Purchase Price Allocation

The Company allocated the purchase price of each of its acquisitions during 2020 as summarized in the table below. The purchase price allocation for these acquisitions reflects various preliminary fair value estimates and analyses, including certain tangible assets acquired and liabilities assumed, the valuation of intangible assets acquired, and goodwill, which are subject to change within the measurement period as preliminary valuations are finalized (generally one year from the acquisition date). Measurement period adjustments are recorded in the reporting period in which the estimates are finalized and adjustment amounts are determined.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

<i>(in thousands)</i>	MOCA	GCC	Midway	Total
Assets acquired (liabilities assumed):				
Cash	\$ 261	\$ 39	\$ 82	\$ 382
Inventory	1,308	660	499	2,467
Prepays and other current assets	1,367	—	14	1,381
Property and equipment ⁽¹⁾	790	—	2,016	2,806
Intangible assets ⁽²⁾	10,661	11,845	15,108	37,614
Goodwill ⁽³⁾	7,980	3,733	10,276	21,989
Trade names ⁽²⁾	170	30	10	210
Other assets	83	—	50	133
Accounts payable and accrued liabilities	(308)	—	(55)	(363)
Net assets acquired	\$ 22,312	\$ 16,307	\$ 28,000	\$ 66,619
Consideration transferred:				
Cash ⁽⁴⁾	\$ 21,174	\$ 13,626	\$ 28,000	\$ 62,800
Fair value of AWH common units	1,138	1,181	—	2,319
Settlement of note	—	1,500	—	1,500
Total consideration	\$ 22,312	\$ 16,307	\$ 28,000	\$ 66,619

(1) Consists of real property with a fair value of \$876, furniture, fixtures and equipment of \$1,399, and leasehold improvements of \$531.

(2) The amortization period for the acquired intangible assets is 10 years and trade names is 6 months.

(3) Goodwill is largely attributable to the value we expect to obtain from long-term business growth and buyer-specific synergies. The goodwill is not deductible for tax purposes due to the limitations imposed on marijuana dispensaries under IRC Section 280E. See Note 14, "Income Taxes," for additional information.

(4) Includes working capital adjustments, as applicable. MOCA includes a seller's note of \$11,174 that is included in "Current portion of debt, net" on the Consolidated Balance Sheet at December 31, 2020 and was paid in January 2021. Midway includes a total seller's note of \$25,200, of which \$17,200 is included in "Current portion of debt, net" and \$8,000 is included in "Long-term debt, net" on the Consolidated Balance Sheet at December 31, 2020. See Note 11, "Debt," for additional information.

Pro Forma and Financial Information

The following table summarizes the revenue and net income related to MOCA, GCC, and Midway included in our consolidated results from the respective transaction dates (August 1, 2020, September 29, 2020, and December 15, 2020, respectively) through December 31, 2020:

<i>(in thousands)</i>	MOCA	GCC	Midway
Revenue, net	\$ 13,011	\$ 1,687	\$ 747
Net income	304	657	61

The tables below summarize the unaudited pro forma combined revenue and net income (loss) of AWH, MOCA, GCC, and Midway for the years ended December 31, 2020 and 2019 as if the respective acquisitions had occurred on January 1, 2019. These results do not reflect the cost of integration activities or benefits from expected revenue enhancements and synergies. Accordingly, the unaudited pro forma information is not necessarily indicative of the results that would have been achieved if the acquisitions had been effective on January 1, 2019.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

Year Ended December 31, 2020

<i>(in thousands)</i>	AWH (as reported)	MOCA	GCC	Midway	Pro Forma Adjustments⁽¹⁾	Pro Forma Combined
Revenue, net	\$ 143,732	\$ 8,615	\$ 3,046	\$ 10,416	\$ —	\$ 165,809
Net income (loss)	(23,841)	786	926	2,680	(10,897)	(30,346)

⁽¹⁾ These adjustments include estimated additional incremental amortization expense of \$2,879 on intangible assets acquired as part of the acquisitions as follows: \$537 related to MOCA, \$887 related to GCC, and \$1,455 related to Midway. These adjustments also include estimated additional incremental interest expense of \$8,544 on loans entered into during 2020, which borrowings were used to help fund these acquisitions. These results are also adjusted to exclude \$526 of acquisition-related costs incurred during 2020, which are included in “General and administrative” on the accompanying Consolidated Statement of Operations. These adjustments are not tax-effected, as the related expenses are not deductible for tax purposes due to the limitations imposed on marijuana dispensaries under IRC Section 280E.

Year Ended December 31, 2019

<i>(in thousands)</i>	AWH (as reported)	MOCA	GCC	Midway	Pro Forma Adjustments⁽¹⁾	Pro Forma Combined
Revenue, net	\$ 12,032	\$ 7,864	\$ 2,984	\$ 4,062	\$ —	\$ 26,942
Net income (loss)	(33,242)	1,231	(312)	577	(15,337)	(47,083)

⁽¹⁾ These adjustments include estimated additional amortization expense of \$3,971 on intangible assets acquired as part of the acquisitions as follows: \$1,236 related to MOCA, \$1,214 related to GCC, and \$1,521 related to Midway, each representing twelve months of amortization expense, respectively. These adjustments also include additional estimated interest expense of \$11,366 as if the respective loans were outstanding for twelve months. These adjustments are not tax-effected, as the related expenses are not deductible for tax purposes due to the limitations imposed on marijuana dispensaries under IRC Section 280E.

2019 Acquisitions

Acquisition of HCI

On January 1, 2019, the Company acquired the membership interests of HealthCentral, LLC, (“HCI, LLC”), HealthCentral Illinois Holdings, LLC (“HCI Holdings”), and Springfield Partners II, LLC (“Springfield Partners II”) (collectively, “HCI”). HCI, LLC is an Illinois based company that owned and operated two cannabis dispensaries pursuant to licenses issued by the Illinois Department of Financial and Professional Regulation, Division of Professional Regulation. Springfield Partners II owned one property that was utilized by HCI, LLC’s operations. Total consideration of \$11,143 consisted of i) \$8,750 cash and ii) \$2,393 fair value of non-controlling interest.

Purchase Price Allocation

<i>(in thousands)</i>	
Cash	\$ 19
Property and equipment, net ⁽¹⁾	11,186
Intangible assets – cannabis licenses ⁽²⁾	1,529
Goodwill ⁽³⁾	809
Accounts payable	(8)
Other liabilities ⁽⁴⁾	(2,393)
Net assets acquired	\$ 11,143

⁽¹⁾ Consists of three properties with fair values totaling \$11,074 and furniture and fixtures totaling \$112.

⁽²⁾ The amortization period for the acquired intangible assets is 10 years.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

- ⁽³⁾ Goodwill is largely attributable to the value we expect to obtain from long-term business growth and buyer-specific synergies. The goodwill is not deductible for tax purposes due to the limitations imposed on marijuana dispensaries under IRC Section 280E. See Note 14, “Income Taxes,” for additional information.
- ⁽⁴⁾ Mortgages on acquired properties that were paid during 2019.

Other Financial Information

During 2019, we recorded revenue related to HCI of \$10,496 and operating profit of \$1,184. As the date of acquisition was January 1, 2019, our consolidated results for 2019 reflect a full year of HCI’s operations. We incurred \$59 of acquisition-related costs, substantially all of which were incurred prior to 2019.

5. INVENTORY

The components of inventory are as follows:

<i>(in thousands)</i>	As of December 31,	
	2020	2019
Materials and supplies	\$ 7,756	\$ 6,877
Work in process	13,615	4,395
Finished goods	7,626	4,116
Total	\$ 28,997	\$ 15,388

Total compensation expense capitalized to inventory was \$15,588 and \$1,918 during 2020 and 2019, respectively. At December 31, 2020 and 2019, \$5,909 and \$1,186, respectively, of compensation expense remained capitalized as part of inventory.

6. NOTES RECEIVABLE

In April 2019, the Company issued a \$1,750 non-interest bearing promissory note to BCCO, LLC (“BCCO”) an unrelated third party, with an initial maturity date of September 1, 2020, that remains outstanding at December 31, 2020. The Company also entered into a working capital line of credit with BCCO, allowing for maximum borrowings of \$2,000, of which \$1,794 and \$1,251 was outstanding at December 31, 2020 and 2019, respectively. These balances are included in “Notes receivable” on the Consolidated Balance Sheets. The promissory note and working capital line of credit were issued in conjunction with a unit purchase option agreement that the parties entered into during 2019, the closing of which is pending state approval (see Note 15, “Commitments and Contingencies”). The promissory note and working capital line of credit were issued to provide BCCO with additional funding for operations while awaiting state approval of the transaction. The Company has not identified any collectability concerns for the amounts due as of December 31, 2020. The Company may settle the outstanding balances as part of the purchase price at closing following state approval of the transaction.

In April 2019, the Company issued a \$1,500 promissory note to Marichron Pharma LLC (“Marichron”), an unrelated third party, with a stated interest rate of 12% per year and an initial maturity date of June 2020, that remains outstanding at December 31, 2020. The Company also entered into a working capital line of credit with Marichron, allowing for maximum borrowings of \$1,000, of which \$45 was outstanding at December 31, 2020 and 2019. These balances are included in “Notes receivable” on the Consolidated Balance Sheets. The promissory note and working capital line of credit were issued in conjunction with a unit purchase option agreement that the parties entered into during 2019. The promissory note and working capital line of credit were issued to provide Marichron with additional funding for operations. The Company has not identified any collectability concerns for the amounts due as of December 31, 2020. The Company expects to submit a license transfer application to the state during 2021 and may settle the outstanding balances as part of the purchase price at closing following state approval.

In May 2019, the Company issued a \$2,500 non-interest bearing promissory note to Hemma, LLC (“Hemma”), an unrelated third party, with an initial maturity date of December 31, 2020. The Company also entered into a

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

working capital line of credit with Hemma, allowing for maximum borrowings of \$4,000, of which \$670 and \$654 was outstanding at December 31, 2020 and 2019, respectively. These balances are included in “Notes receivable” on the Consolidated Balance Sheets. The promissory note and working capital line of credit were issued in conjunction with a membership interest purchase agreement that the parties entered into during 2019, the closing of which is pending state approval (see Note 15, “Commitments and Contingencies”). The promissory note and working capital line of credit were issued to provide Hemma with additional funding for operations while awaiting state approval of the transaction. The Company has not identified any collectability concerns for the amounts due as of December 31, 2020. The Company may settle the outstanding balances as part of the purchase price at closing following state approval of the transaction.

In June 2019, the Company entered into a loan agreement with GCC under which it issued a \$1,500 promissory note. This note has an initial maturity date of June 17, 2022 and an interest rate of 18% per annum. The Company acquired GCC during 2020 and settled the outstanding balance of the note as part of the purchase price at closing. The Company did not recognize interest income on this note. Refer to Note 4, “Acquisitions,” for additional information related to this acquisition.

In May 2020, the Company issued a \$500 promissory note to a related party entity that is managed by one of the founders of the Company. The short-term promissory note had a principal amount of \$500, a stated annual interest rate of 2%, and an initial maturity date of December 31, 2020. All obligations thereunder were repaid in full in November 2020.

In October 2020, the Company issued a \$4,500 promissory note to the owner of a property the Company is renting. This note bears interest at 4% per annum due monthly, in arrears, in along with monthly principal payments. The note matures on November 1, 2030 and is secured by the owner’s interest in the property. The total outstanding balance of this note at December 31, 2020 was \$4,473, of which \$151 and \$4,322 is included in “Other current assets” and “Other noncurrent assets,” respectively, on the Consolidated Balance Sheet. The Company funded this note through a \$4,500 term loan; refer to Note 11, “Debt,” for additional information.

7. PROPERTY AND EQUIPMENT

Property and equipment and related depreciation consist of the following:

<i>(in thousands)</i>	As of December 31,	
	2020	2019
Buildings	\$ 38,561	\$ 25,322
Leasehold improvements	33,931	13,906
Furniture, fixtures, and equipment	28,554	12,427
Construction in progress	25,139	28,901
Land	894	430
Property and equipment, gross	127,079	80,986
Less: accumulated depreciation	6,539	1,509
Property and equipment, net	\$ 120,540	\$ 79,477

Total depreciation expense was \$5,030 and \$1,509 during 2020 and 2019, respectively. Total depreciation expense capitalized to inventory was \$4,297 and \$589 during 2020 and 2019, respectively. At December 31, 2020 and 2019, \$602 and \$516, respectively, of depreciation expense remained capitalized as part of inventory.

8. VARIABLE INTEREST ENTITIES

The following table represents the summarized financial information about the Company’s consolidated VIEs which are included in the Consolidated Balance Sheets and Statements of Operations as of and for the years ended December 31, 2020 and 2019. These entities were determined to be VIEs since the Company possesses the power to

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

direct the significant activities of the VIEs and has the obligation to absorb losses or the right to receive benefits from the VIE.

<i>(in thousands)</i>	December 31, 2020		December 31, 2019	
	Ascend Illinois	Ascend Michigan	Ascend Illinois	Ascend Michigan
Current assets	\$ 54,787	\$ 11,355	\$ 14,735	\$ 20,105
Non-current assets	151,449	58,516	71,041	44,456
Current liabilities	62,508	5,553	6,876	3,949
Non-current liabilities	134,792	37,809	62,551	37,906
Deficit attributable to non-controlling interests	—	—	(1,347)	—
Equity (deficit) attributable to AWH	9,322	(23,822)	(2,797)	(7,137)
Revenue	120,004	11,719	11,323	708
Net income (loss) attributable to non-controlling interests	1,598	—	(1,347)	—
Net income (loss) attributable to AWH	14,363	(16,684)	(4,459)	(6,397)
Net income (loss)	\$ 15,961	\$ (16,684)	\$ (5,806)	\$ (6,397)

In December 2020, the sole member of FPAW Michigan 2, Inc. (“Ascend Michigan”) assigned his interests to AWH, thereby making AWH the majority member, retaining 99.9% of the membership interests in Ascend Michigan. The previous member is a founder of the Company and has a significant equity interest in the Company. Ascend Michigan was previously accounted for as a VIE because the Company possessed the power to direct the significant activities of the VIE and had the obligation to absorb losses or the right to receive benefits from the VIE. Subsequent to the assignment of the member interests, Ascend Michigan is considered a wholly owned subsidiary. The assignment had no significant impact on the Company’s results, as Ascend Michigan was previously consolidated as a VIE and will continue to be consolidated as a subsidiary. No impairment of assets or impact on results of operations occurred with the transfer of member interests. Based on the timing of the transfer in December 2020, the financial information as of and for the year ended December 31, 2020 related to Ascend Michigan is reflected in the table above.

The net change in the non-controlling interests during 2020 and 2019 follows in the table below. There were no non-controlling interests other than within Ascend Illinois.

<i>(in thousands)</i>	Ascend Illinois
Balance, December 31, 2018	\$ —
Changes in ownership ⁽¹⁾	2,393
Net loss	(1,347)
Balance, December 31, 2019	\$ 1,046
Changes in ownership ⁽²⁾	(2,644)
Net income	1,598
Balance, December 31, 2020	\$ —

⁽¹⁾ Fair value of non-controlling interest consideration related to the HCI Acquisition in 2019. Refer to Note 4, “Acquisitions,” for additional information related to this acquisition.

⁽²⁾ Effective July 30, 2020, the Company purchased the non-controlling interests of Ascend Illinois for \$11,000 of cash, to be paid quarterly through December 2023, and 3,635 of common units with a fair value of \$1,018. See Note 11, “Debt,” for additional information regarding the cash payment.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

9. INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

<i>(in thousands)</i>	As of December 31,	
	2020	2019
Finite-lived intangible assets		
Licenses and permits	\$ 39,888	\$ 1,666
In-place leases	19,963	19,963
Trade names	210	—
	60,061	21,629
Accumulated amortization:		
Licenses and permits	(1,080)	(153)
In-place leases	(8,362)	(1,916)
Trade names	(158)	—
	(9,600)	(2,069)
Total intangible assets, net⁽¹⁾	\$ 50,461	\$ 19,560

⁽¹⁾ These intangible assets are being amortized over the expected period of benefit, with a weighted average remaining life of approximately 9 years as of December 31, 2020.

Purchases of Intangible Assets

2020 Activity

In August 2020, the Company purchased the Massachusetts recreational license held by Southcoast Apothecary, LLC (“Southcoast”) for total consideration of approximately \$608, which was satisfied by the issuance of 1,718 common units with a fair value of \$481 and a cash payment of \$127. The Company also purchased a property that was being rented by Southcoast for \$749 of cash consideration.

2019 Activity

In April 2019, the Company acquired a lease for a property to be used as a medical cannabis provisioning center in Detroit, Michigan for \$4,200, which was allocated to an in-place lease intangible asset.

In July 2019, the Company acquired a lease for a property to be used as a medical cannabis provisioning center in Battle Creek, Michigan for \$2,900, which was allocated to an in-place lease intangible asset.

In September 2019, the Company acquired a lease for property to be used as a medical cannabis provisioning center in Ann Arbor, Michigan (the “Ann Arbor Lease”). Total consideration of \$7,763 consisted of a \$2,250 cash payment, a \$5,250 promissory note (see Note 11, “Debt”), and 313 common units with a total fair value of \$263, and was allocated to an in-place lease intangible asset.

In September 2019, the Company entered into a purchase agreement to obtain certain locations in Michigan. The Company paid \$5,100 to obtain one-year leases at these locations until the transaction closed, which was allocated to an in-place lease intangible asset. In December 2020, the counterparties of the purchase agreement filed a claim against the Company. Refer to Note 15, “Commitments and Contingencies,” for additional information.

Estimated Annual Amortization Expense for Each of the Next Five Years

<i>(in thousands)</i>	2021	2022	2023	2024	2025
Estimated amortization expense ⁽¹⁾	\$ 6,318	\$ 6,185	\$ 6,185	\$ 5,313	\$ 4,765

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

⁽¹⁾ These amounts could vary as acquisitions of additional intangible assets occur in the future.

Goodwill

(in thousands)

Balance, December 31, 2018	\$	—
Acquisitions		809
Balance, December 31, 2019	\$	809
Acquisitions		21,989
Balance, December 31, 2020	\$	22,798

10. LEASES

The Company leases land, buildings, equipment, and other capital assets which it plans to use for corporate purposes and the production and sale of cannabis products. We determine if an arrangement is a lease at inception and begin recording lease activity at the commencement date, which is generally the date in which we take possession of or control the physical use of the asset. ROU assets and lease liabilities are recognized based on the present value of lease payments over the lease term with lease expense recognized on a straight-line basis. We use our incremental borrowing rate to determine the present value of future lease payments unless the implicit rate is readily determinable. Our incremental borrowing rate is the rate of interest we would have to pay to borrow on a collateralized basis over a similar term at an amount equal to the lease payments in a similar economic environment. This incremental borrowing rate is applied to the minimum lease payments within each lease agreement to determine the amounts of our ROU assets and lease liabilities.

Our lease terms range from 1 to 20 years. Some leases include one or more options to renew, with renewal terms that can extend the lease terms. We typically exclude options to extend the lease in a lease term unless it is reasonably certain that we will exercise the option and when doing so is at our sole discretion. The depreciable lives of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise. Typically, if we decide to cancel or terminate a lease before the end of its term, we would owe the lessor the remaining lease payments under the term of such lease. Our lease agreements generally do not contain any material residual value guarantees or material restrictive covenants. We may rent or sublease to third parties certain real property assets that we no longer use.

Lease agreements may contain rent escalation clauses, rent holidays, or certain landlord incentives, including tenant improvement allowances. ROU assets include amounts for scheduled rent increases and are reduced by lease incentive amounts. Certain of our lease agreements include variable rent payments, consisting primarily of rental payments adjusted periodically for inflation and amounts paid to the lessor based on cost or consumption, such as maintenance and utilities. Variable rent lease components are not included in the lease liability.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

The components of lease assets and lease liabilities and their classification on our Consolidated Balance Sheets were as follows:

<i>(in thousands)</i>	Classification	As of December 31,	
		2020	2019
Lease assets			
Operating leases	Operating lease right-of-use assets	\$ 84,642	\$ 34,400
Lease liabilities			
Current liabilities			
Operating leases	Operating lease liabilities, current	\$ 2,128	\$ 660
Noncurrent liabilities			
Operating leases	Operating lease liabilities, noncurrent	156,400	63,642
Total lease liabilities		\$ 158,528	\$ 64,302

The components of lease costs and classification within the Consolidated Statements of Operations were as follows:

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Operating lease costs		
Capitalized to inventory	\$ 11,958	\$ 969
General and administrative expenses	4,645	4,859
Total operating lease costs	\$ 16,603	\$ 5,828

At December 31, 2020 and 2019, \$4,913 and \$969, respectively, of lease costs remained capitalized in inventory.

The following table presents information on short-term and variable lease costs:

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Total short-term and variable lease costs	\$ 2,615	\$ 735

Sublease income generated during 2020 and 2019 was immaterial.

The following table includes supplemental cash and non-cash information related to our leases:

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 12,895	\$ 5,172
Lease assets obtained in exchange for new operating lease liabilities	\$ 91,367	\$ 45,108

The weighted average remaining lease term for our operating leases is 17.3 years and 17.7 years at December 31, 2020 and 2019, respectively, and the weighted average discount rate is 13.1% and 13.0% at December 31, 2020 and 2019, respectively.

The amounts of future undiscounted cash flows related to the lease payments over the lease terms and the reconciliation to the present value of the lease liabilities as recorded on our Consolidated Balance Sheet as of December 31, 2020 are as follows:

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

<i>(in thousands)</i>	Operating Lease Liabilities
2021	\$ 20,345
2022	20,999
2023	21,600
2024	22,218
2025	22,866
Thereafter	319,943
Total lease payments	427,971
Less: imputed interest	269,443
Present value of lease liabilities	\$ 158,528

Sale Leaseback Transactions

2020 Activity

In March 2020, the Company sold and subsequently leased back one of its capital assets for total proceeds of \$3,750, excluding transaction costs. This transaction did not meet the criteria to qualify for sale-leaseback treatment. The “sold” assets remain within land, buildings, and leasehold improvements, as appropriate, for the duration of the lease and a financing liability equal to the amount of proceeds received is recorded within “Current portion of debt, net” and “Long-term debt, net” on the accompanying Consolidated Balance Sheets. Upon expiration or termination of the underlying lease, the sale will be recognized by removing the carrying value of the capital assets and financing liability, with any difference recorded as a gain.

In April 2020, the Company sold and subsequently leased back one of its capital assets for total proceeds of \$26,750, excluding transaction costs and recorded a loss on sale of \$286. The transaction met the criteria for sale-leaseback treatment. As such, the lease was recorded as an operating lease and resulted in a lease liability of \$55,287 and an ROU asset of \$33,037, which was recorded net of a \$22,250 tenant improvement allowance that is recorded in “Other current assets” on the accompanying Consolidated Balance Sheet at December 31, 2020.

2019 Activity

During 2019, the Company closed on a sale and leaseback transaction to sell one of its Michigan properties for \$4,750. The Company is expected to make certain improvements to the property for which the landlord has agreed to provide reimbursement up to \$15,000 (the “Tenant Improvement Allowance”), which is recorded in “Other current assets” on the accompanying Consolidated Balance Sheet at December 31, 2020 and 2019. The lease was recorded as an operating lease and resulted in a lease liability of \$22,435 and an ROU asset of \$7,435, which was recorded net of the Tenant Improvement Allowance.

Additionally, during 2019, the Company sold and subsequently leased back two of its capital assets for total proceeds of \$14,000, excluding transaction costs. These transactions did not meet the criteria to qualify for sale-leaseback treatment. The “sold” assets remain within land, buildings, and leasehold improvements, as appropriate, for the duration of the lease and a financing liability equal to the amount of proceeds received is recorded within “Current portion of debt, net” and “Long-term debt, net” on the accompanying Consolidated Balance Sheets. Upon expiration or termination of the underlying leases, the sales will be recognized by removing the carrying values of the capital assets and financing liabilities, with any differences recorded as a gain.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

11. DEBT

<i>(in thousands)</i>	As of December 31,	
	2020	2019
2018 Secured Term Notes ⁽¹⁾	\$ —	\$ 18,020
Capital Construction Loan ⁽²⁾	11,624	6,500
AWH Convertible Promissory Notes ⁽³⁾	75,484	28,222
July 2019 Notes ⁽⁴⁾	10,000	10,000
Ann Arbor Note ⁽⁵⁾	5,250	5,250
October 2020 Credit Facility ⁽⁶⁾	25,260	—
NJ Term Loan ⁽⁷⁾	20,000	—
NJ Real Estate Loan ⁽⁸⁾	4,500	—
Sellers' Notes ⁽⁹⁾	45,782	—
Finance liabilities ⁽¹⁰⁾	17,129	13,857
Total debt	\$ 215,029	\$ 81,849
Current portion of debt	\$ 60,357	\$ 410
Less: unamortized deferred financing costs	(1,027)	—
Current portion of debt, net	\$ 59,330	\$ 410
Long-term debt	\$ 154,672	\$ 81,439
Less: unamortized deferred financing costs	(2,395)	(36)
Long-term debt, net	\$ 152,277	\$ 81,403

- ⁽¹⁾ In December 2018, the Company entered into a secured note purchase agreement to issue up to \$25,000 of notes within one month of the initial closing (the "2018 Secured Term Notes"). The initial proceeds were used primarily for the purchase and development of a property in Athol, Massachusetts (the "Athol Property"). These notes had an interest rate of 20% per annum, due quarterly, a maturity date of January 31, 2025, and were secured by interests in the Athol Property. In April 2020, in conjunction with a sale-leaseback of the Athol Property (see Note 10, "Leases"), the Company repaid \$15,317 of the outstanding principal, plus accrued interest and a 5% pre-payment penalty. The remaining principal balance of \$2,703 was replaced and reissued under a new one year secured note purchase agreement with an interest rate of 25% (the "April 2020 Term Notes"). The Company pre-paid the April 2020 Term Notes, plus accrued interest, in August 2020, without prepayment penalty. Approximately \$33 of unamortized debt issuance costs related to these notes were expensed to interest expense when the debt was repaid.
- ⁽²⁾ In May 2019, the Company entered into a loan and security agreement that provides for up to a maximum loan amount of \$12,500 for the purchase of a building and related renovation (the "2019 Capital Construction Loan"). This loan matures on May 29, 2024 and is secured by the related property. Interest accrues at 14% per annum, compounded monthly. For the first year, interest accrues and is deferred as part of the principal balance payable at maturity and thereafter is due monthly, in arrears. Prepayment is permitted, subject to certain terms and fees. In conjunction with this loan, we are required to maintain certain funds in a construction reserve account that will be applied for future renovation costs. These funds are reflected as "Restricted cash" on the Consolidated Balance Sheet.
- ⁽³⁾ In June 2019, the Company entered into a convertible note purchase agreement whereby the Company can issue up to \$35,000 of convertible notes, which amount can be increased at the Company's sole discretion (the "AWH Convertible Promissory Notes," each an "AWH Note"). The AWH Convertible Promissory Notes are convertible into common units of the Company on occurrence of certain events, such as a change of control or an initial public offering ("IPO") (which events had not occurred through December 31, 2020). Upon the occurrence of an IPO, each AWH Note, including interest thereon less applicable withholding taxes, will automatically convert into equity securities issued in connection with the IPO, with the number of securities issued on the basis of a price equal to the lesser of: (a)(i) a 20% discount to the issue price if an IPO occurs on or before 12 months from each note issuance; (ii) a 25% discount to the issue price if an IPO occurs after 12 months of each note issuance, but before maturity; and (b) the conversion price then in effect based on a defined pre-money valuation of the Company. Any conversion will be treated as a share-settled redemption and the related principal plus accrued interest will be reclassified to equity with no gain or loss recorded.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

Each AWH Note matures two years from its issue date and can either be paid in full at maturity or converted into common units. Each AWH Note bears interest at 8% for the first twelve months, 10% for months thirteen through fifteen, and 13% thereafter through maturity. Interest is paid-in-kind and added to the outstanding balance of the note, to be paid at maturity or upon conversion. \$1,000 of these notes were issued to related party entities that are managed by one of the founders of the Company. In conjunction with these notes, during 2019 the Company issued warrants to purchase 762 common units at \$4.00 per unit that can be exercised for three years from issuance. The total fair value of these warrants at issuance was *de minimis*. In conjunction with the AWH Convertible Notes issued during 2020, the Company issued warrants to purchase 1,207 common units at \$4.00 per unit that can be exercised for three years from issuance. The total fair value of \$61 was recorded as a discount on the related notes and is being amortized to interest expense over the term of the related notes. Refer to Note 12, "Members' Equity," for additional details.

- (4) In July 2019, the Company entered into a note purchase agreement, under which it issued two notes (the "July 2019 Notes") totaling \$10,000 that mature on July 1, 2024 and are secured by the assets of Ascend Ohio, LLC. These notes bear interest at 15% per annum, to be paid quarterly until maturity. In conjunction with these notes, the Company issued warrants to purchase 1,094 common units at \$3.20 per unit. The fair value of the warrants at issuance was *de minimis*. Refer to Note 12, "Members' Equity," for additional details.
- (5) In connection with the Ann Arbor Lease (see Note 9, "Intangible Assets and Goodwill") in September 2019, the Company issued a secured promissory note due September 10, 2022 (the "Ann Arbor Note"). This note has an interest rate of 10% per annum to be paid monthly. Principal is due in full at maturity and prepayments are permitted without penalty.
- (6) In October 2020, the Company entered into a \$38,000 senior secured credit facility (the "October 2020 Credit Facility"), consisting of a \$25,000 initial term loan and \$13,000 aggregate principal of delayed draw term loans. The initial term loan was funded in October 2020 and the delayed draw term loans remain available for future funding. The October 2020 Credit Facility has an initial term of three years, but may be extended for up to two additional years upon satisfaction of certain conditions. Borrowings bear interest at 14.25% during the first three years, due quarterly in arrears and payable in arrears upon any prepayment and at maturity. Borrowings under the October 2020 Credit Facility are secured by a first priority senior secured lien on the assets of the Company and its subsidiaries with operations or assets located in Illinois and Massachusetts, other than certain defined excluded property. The October 2020 Credit Facility contains certain covenants, including a minimum cash balance requirement of \$5,000 at the end of each fiscal month and a minimum cash to consolidated fixed charge ratio of 2.00 to 1.00. The Company was in compliance with these covenants at December 31, 2020. The October 2020 Credit Facility also contains certain customary events of default. The Company issued warrants for an aggregate of 1,250 common units with an exercise price of \$4.00 per unit that can be exercised for five years from issuance. The fair value of \$75 at issuance was recorded as a discount to the loan and is being amortized to interest expense over the term of the loan. Additional warrants may be issued for any draws under the delayed draw term loans. We incurred \$1,810 of financing costs related to the loan that are being amortized to interest expense over the term of the loan. The lender is due an additional interest payment of \$3,750 at maturity, subject to adjustment if the loans are extended. This payment may be settled in cash or equity at the lender's option and is being accreted as additional debt over the term of the loan.
- (7) In October 2020, the Company entered into a financing agreement under which it can borrow up to \$20,000 in the aggregate through term loans (the "NJ Term Loan"). In November 2020, the Company borrowed the full \$20,000. Borrowings under the NJ Term Loan bears interest at a rate of 17.0% per annum and interest is due quarterly, in arrears. Borrowings under the NJ Term Loan are secured by (i) a first priority senior secured lien on substantially all of the assets and property of Ascend New Jersey, LLC and its subsidiaries, subject to certain customary exclusions, and (ii) a guarantee of AWH NJ Holdings, LLC. A prepayment of the outstanding balance under the NJ Term Loan is due in 2023 based on defined excess cash flow at that time and the remainder of the then-outstanding principal balance is due and payable at maturity on October 29, 2025. The NJ Term Loan contains certain covenants, including a maximum debt to assets ratio of 70% as defined in the agreement. The Company was in compliance with these covenants at December 31, 2020. The NJ Term Loan also includes customary events of default. We incurred \$1,454 of financing costs that are being amortized to interest expense over the term of the loan.
- (8) In December 2020, the Company entered into a loan and security agreement for a \$4,500 term loan due December 29, 2023 (the "NJ Real Estate Loan"). The NJ Real Estate Loan bears interest at 12.0% per annum and is due monthly, in arrears. Principal is due at maturity; prepayments are permitted with notice and subject to a prepayment fee. We incurred \$135 of financing costs that are being amortized to interest expense over the term of the loan. Proceeds under the NJ Real Estate Loan were used to fund a loan receivable to the owners of a property leased by the Company (see Note 6, "Notes Receivable"). The NJ Real Estate Loan is secured by the loan receivable on the property.
- (9) Sellers' Notes consist of amounts owed for acquisitions or other purchases. At December 31, 2020, \$11,174 is due under the purchase agreement to the former owners of MOCA. This amount is included in "Current portion of debt, net" on the Consolidated Balance Sheet at December 31, 2020 and was paid in January 2021.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

A total of \$25,200 is due to the former owners of Midway. Of this balance, \$17,200 is due at final closing in 2021 and is included in “Current portion of debt, net” on the Consolidated Balance Sheet at December 31, 2020. Interest of 13% per annum is due monthly on this payment. An additional \$8,000 holdback payment is due one year from final closing as is included in “Long-term debt, net” on the Consolidated Balance Sheet at December 31, 2020. This holdback accrues interest at 13% per year from the final closing date until payment.

Additionally, as part of the purchase of the non-controlling interest (see Note 8, Variable Interest Entities), the Company will pay \$11,000 to the former owners, payable in quarterly installments through December 2023. These payments do not bear interest and there therefore recorded at a discounted present value of \$10,973, which discount will be accreted as interest expense as payments are made. The Company made payments of \$1,571 during 2020. At December 31, 2020, \$3,140 and \$6,268 is included in “Current portion of debt, net” and “Long-term debt, net” respectively on the Consolidated Balance Sheet.

⁽¹⁰⁾ Finance liability related to failed sale leaseback transactions. See Note 10, “Leases,” for additional details.

Debt Maturities

During 2020 and 2019, we repaid \$19,591 and \$6,018 of principal under our notes. At December 31, 2020, the following cash payments are required under our debt arrangements:

<i>(in thousands)</i>	2021	2022	2023	2024	2025	Thereafter	Total
Term note maturities	\$ 28,222	\$ 52,512	\$ 33,250	\$ 21,624	\$ 20,000	\$ —	\$ 155,608
Sellers’ notes ⁽¹⁾	31,517	11,143	3,143	—	—	—	45,803
Cash payments due under financing liabilities ⁽¹⁾	2,022	2,082	2,143	2,206	2,271	9,149	19,873

⁽¹⁾ Certain cash payments include an interest accretion component.

Interest Expense

Interest expense related to the Company’s debt during 2020 and 2019 consisted of the following:

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Cash interest on notes	\$ 6,204	\$ 3,229
Accretion	5,398	2,832
Interest on financing liability ⁽¹⁾	1,391	416
Total	\$ 12,993	\$ 6,477

⁽¹⁾ Interest on financing liability related to failed sale leasebacks.

12. MEMBERS’ EQUITY

Share Capital

Pursuant to its operating agreement, the Company is authorized to issue Common Units, Preferred Units, and Restricted Common Units (see Note 13, “Equity-Based Compensation Expense”), all with no par value. Preferred Units collectively includes Series Seed Preferred Units, Series Seed+ Preferred Units, and Real Estate Preferred Units, unless otherwise specified. All unit issuances must be approved by the Board of Managers of the Company. All share classes are included within “Share capital” in the Consolidated Statements of Changes in Members’ Equity on an as-converted to common units basis. In June 2019, the Company authorized a 10-for-1 unit split and a 2-for-1 reverse split in April 2021, which is reflected throughout the Financial Statements.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

Subject to certain terms and conditions, the Company first, and each member holding Preferred Units and/or Common Units second, shall have a right of first refusal if any other member receives a bona fide offer that the Offering Member desires to accept to transfer all or any portion of the applicable units it owns.

Each holder of Preferred Units or Common Units has pre-emptive rights to purchase its applicable pro rata portion of any new securities the Company may propose to issue or sell to any party. Each Preferred Unit is convertible, at the option of the holder, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into fully paid and non-assessable Common Units on a one-for-one basis subject to adjustment for unit splits or combinations, certain dividends, and distributions if/as applicable.

Any distributions determined by the Board are first made to the members holding Preferred Units in proportion to and up to the amounts necessary for each member to have received cumulative distributions equal to such members' capital contribution attributable to such Preferred Units, second to the Members holding Real Estate Preferred Units covering such member's unpaid yield (equal to the excess of 50% of the initial cost of such unit), and third to Common Units, Real Estate Preferred Units, and Incentive Units pro rata in proportion to their aggregate holdings of Common Units and Incentive Units treated as one class of Units on an as-converted basis.

The Preferred Units are convertible at the option of the Holder into common units on a one-for-one basis. In addition, if a go-public transaction were to occur then each common unit, Series Seed Preferred Unit, and Series Seed+ Preferred Unit would convert on a one-for-one basis. Each Real Estate Preferred unit would convert at a rate of one plus 1.5x, divided by the price at which the securities are sold to the public. This conversion feature for the Real Estate Preferred Units is considered a contingent beneficial conversion feature that would only be recognized if the event occurs. Such conversion event has not occurred through of December 31, 2020.

The following table summarizes the member units outstanding:

<i>(in thousands)</i>	As of December 31,	
	2020	2019
Common Units	48,047	31,785
Real Estate Preferred Units	22,801	22,801
Series Seed Preferred Units	14,252	14,252
Series Seed+ Preferred Units	20,982	20,982
Total	106,082	89,821

2020 Financing Activity

During 2020, the Company issued a total of 8,282 of common units in business acquisitions (refer to Note 4, "Acquisitions") and 1,718 of common units in an asset purchase (refer to Note 9, "Intangible Assets and Goodwill"). Additionally, the Company issued a total of 3,635 of common units in the purchase of the non-controlling interests of Ascend Illinois (see Note 8, "Variable Interest Entities").

2019 Financing Activity

During 2019, the Company issued 20,982 of Series Seed+ Preferred Units for gross proceeds of \$37,768. Issuance costs were immaterial. Additionally, in August 2019, the Company issued 223 common units for total proceeds of \$713. As discussed in Note 9, "Intangible Assets and Goodwill," we issued 313 common units in conjunction with the acquisition of the Ann Arbor Lease.

Warrants

During 2019, upon the execution of the AWH Convertible Promissory Notes, certain note holders received warrants to purchase 762 of common units at an exercise price of \$4.00 that can be exercised for three years from issuance. In July 2019, in conjunction with the July 2019 Notes, we issued warrants to purchase 1,094 of common

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

units at an exercise price of \$3.20 that can be exercised for two years or upon the closing of a public offering. Additionally, during 2019 we issued other warrants to purchase 313 common units at an exercise price of \$4.00 that can be exercised for three years from issuance. The fair value of the warrants issued during 2019 was *de minimis*.

In conjunction with the AWH Convertible Notes issued during 2020, the Company issued warrants to purchase 1,207 common units at \$4.00 per unit with an estimated total fair value of \$61. These warrants can be exercised for three years from issuance. Additionally, in conjunction with the October 2020 Credit Facility, the Company issued warrants for an aggregate of 1,250 common units with an exercise price of \$4.00 per unit and an estimated total fair value of \$75. These warrants can be exercised for five years from issuance.

The warrants issued are equity-classified instruments, are subject to customary anti-dilution adjustments, are stand-alone instruments, and are not part of the terms of the notes to which they were issued. The fair value of such warrants is recorded as discount on the related notes and is amortized to interest expense over the term of the related notes. The fair value of the warrants is calculated using a Black-Scholes model. The fair values per warrant at issuance ranged from \$0.02 to \$0.10 and significant assumptions used in the calculation included volatility ranging from 69.2% to 108.4% and risk-free rates ranging from 0.17% to 2.17%. The weighted-average remaining contractual life of the warrants outstanding as of December 31, 2020 is 2.4 years and such warrants have no intrinsic value.

13. EQUITY-BASED COMPENSATION EXPENSE

In 2019, the Company's Board of Managers approved an Equity Incentive Plan (the "Incentive Plan") pursuant to which the Company can issue equity incentives. Company directors, officers, employees, and certain independent contractors (each, a "Grantee") are eligible to receive awards of Incentive Units under the Incentive Plan. The number of Incentive Units the Company may issue under the Incentive Plan is limited to 10% of the aggregate total of Preferred Units and Common Units outstanding on a fully diluted basis as of the date of the grant. Any Incentive Units that are forfeited or repurchased by the Company are eligible for re-distribution under the Incentive Plan. The Incentive Units are granted as "profits interests" that provide for the Grantees to share in the proceeds of a liquidity event above a valuation hurdle specified in each award agreement. Such distributions would be made on a pro-rata basis after priority is given to the members holding Preferred Units and Common Units.

The Incentive Plan is administered by a committee designated by the Board of Members of the Company that establishes exercise prices, expiry dates, and vesting requirements. Vesting may be based on the continued service of the Grantee or on the achievement of performance goals set out in the Award Agreement. Incentive Units may also be fully vested on the date of grant. The Committee may, at any time, waive or accelerate the vesting requirements. The Incentive Units generally vest over two or three years. The estimated fair value of the Incentive Units at issuance is recognized as compensation expense over the related vesting period. In the event of a change of control or an Initial Public Offering, all unvested Incentive Units outstanding at such time shall fully vest on the date of the event.

The Company adopted a new incentive plan in November 2020 (the "2020 Plan") which, among other changes, authorizes the issuance of incentive common unit options and restricted units (collectively, "Awards"). Approximately 9,944 restricted common units were issued under the plan during 2020. The maximum number of Awards to be issued under the 2020 Plan is 10,031 and any Awards that expire or are forfeited may be re-issued. Unless otherwise specified, the Awards may not be exercised for six months following a Go-Public transaction. The Awards generally vest over two or three years. The estimated fair value of the Awards at issuance is recognized as compensation expense over the related vesting period. Upon adoption of the 2020 Plan, the Incentive Units previously issued were cancelled and converted into restricted common units that are considered fully issued and outstanding.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

The following table summarizes the Incentive Units activity through conversion:

	Number of Units
Unvested, December 31, 2019	2,150
Granted	853
Vested	(1,384)
Cancelled	(1,619)
Unvested, December 31, 2020	—

The Company recognized \$367 and \$311 as compensation expense in connection with the Incentive Units during 2020 and 2019, respectively, which is included in “General and administrative” on the Consolidated Statements of Operations.

The following table summarizes the restricted common units activity:

	Number of Units
Unvested, December 31, 2019	—
Granted	9,944
Vested	(2,626)
Forfeited	(38)
Unvested, December 31, 2020	7,280

The Company recognized \$313 as compensation expense in connection with the restricted common units during 2020, which is included in “General and administrative” on the Consolidated Statements of Operations. As of December 31, 2020, total unrecognized compensation cost related to restricted common units was \$1,802, which is expected to be recognized over the weighted-average remaining vesting period of 1.4 years.

14. INCOME TAXES

Since the Company operates in the cannabis industry, it is subject to the limitations of IRC Section 280E, which prohibits businesses engaged in the trafficking of Schedule I or Schedule II controlled substances from deducting ordinary and necessary business expenses from gross profit. Cannabis businesses operating in states that align their tax codes with IRC Section 280E are also unable to deduct ordinary and necessary business expenses for state tax purposes. Ordinary and necessary business expenses deemed non-deductible under IRC Section 280E are treated as permanent book-to-tax differences. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss.

Effective January 1, 2020, AWH elected to be treated as a C-Corporation for Federal income tax purposes. AWH did not recognize any deferred taxes as a result of this change, as AWH did not have any temporary book-to-tax differences prior to this election, largely due to the limitations of IRC Section 280E.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

Components of Income Tax Expense

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Current taxes:		
Federal	\$ 13,879	\$ 1,230
State	6,109	551
Deferred taxes:		
Federal	(922)	(502)
State	(364)	(612)
Total income tax expense	\$ 18,702	\$ 667

Reconciliation of the U.S. Statutory Tax Rate to Annual Effective Tax Rate

<i>(\$ in thousands)</i>	Year Ended December 31,	
	2020	2019
Loss before income taxes	\$ (5,139)	\$ (32,575)
U.S. Statutory Rate	21 %	21 %
Recovery based on Statutory Rate	\$ (1,079)	\$ (6,841)
Expense (recovery) resulting from:		
State and local income taxes	5,745	(62)
Nondeductible permanent items	13,990	4,771
Pass-through entities & non-controlling interests	46	2,799
Income tax expense	\$ 18,702	\$ 667

Components of Deferred Tax Assets and Liabilities

<i>(in thousands)</i>	As of December 31,	
	2020	2019
Deferred tax assets attributable to:		
State net operating loss carryforwards	\$ 370	\$ 593
Federal net operating loss carryforwards	—	460
Operating lease liabilities	40,543	12,410
Property and equipment	193	37
Other	—	14
Gross deferred tax assets	41,106	13,514
Valuation allowance	—	—
Total deferred tax assets	\$ 41,106	\$ 13,514
Deferred tax liabilities attributable to:		
Operating lease right-of-use assets	\$ (19,129)	\$ (5,732)
Tenant improvement allowance	(7,197)	(6,673)
Property and equipment	(12,385)	—
Total deferred tax liabilities	\$ (38,711)	\$ (12,405)
Net deferred tax assets	\$ 2,395	\$ 1,109

Net Operating Loss Carryforwards

State net operating loss carryforwards totaling \$6,416 at December 31, 2020 are being carried forward where we are permitted to use net operating losses from prior periods to reduce future taxable income and begin to expire in 2029. As of December 31, 2020, all Federal net operating losses have been fully utilized. The statute of limitations with respect to our federal and state tax returns remain open for tax years 2018 and forward.

No valuation allowance has been provided on our net deferred tax assets, as we believe the remaining net deferred tax assets are more likely than not to be realizable in the applicable jurisdictions based on estimates of future taxable income. The Company has not recognized any uncertain tax positions.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was enacted in response to the COVID-19 pandemic. Among other provisions, the CARES Act allows net operating loss carryforwards incurred in 2018, 2019, and 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. The Company is currently evaluating the impact of the CARES Act, but at present does not expect it to have a material impact on its provision due to the limitations of IRC Section 280E.

Unrecognized Tax Benefits

As of December 31, 2020 and 2019, the Company had no unrecognized tax benefits. The Company does not anticipate the total amount of unrecognized tax benefits to significantly change within the next twelve months. The Company recognized no interest expense or penalties on income tax assessments during 2020 or 2019, and there was no interest related to income tax assessments accrued as of December 31, 2020 or 2019.

15. COMMITMENTS AND CONTINGENCIES

Commitments

The Company does not have significant future annual commitments, other than related to leases and debt, which are disclosed in Notes 10 and 11, respectively.

Indemnifications

We are party to a variety of agreements under which we may be obligated to indemnify the other party for certain matters. These agreements are primarily standard indemnification arrangements entered into in our ordinary course of business. Pursuant to these arrangements, we may agree to indemnify, hold harmless, and reimburse the indemnified parties for losses suffered or incurred by the indemnified party. 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 indemnifications, and such costs would only be recognized as incurred.

Legal and Other Matters

The Company’s operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management believes that the Company is in compliance with applicable local and state regulations as of December 31, 2020, cannabis regulations continue to evolve and are subject to differing interpretations, and accordingly, the Company may be subject to regulatory fines, penalties or restrictions in the future.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

State laws that permit and regulate the production, distribution, and use of cannabis for adult use or medical purposes are in direct conflict with the Controlled Substances Act (21 U.S.C. § 811) (the “CSA”), which makes cannabis use and possession federally illegal. Although certain states and territories of the U.S. authorize medical and/or adult use cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law under the CSA. Although the Company’s activities are believed to be 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 U.S. federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company.

The Company may be, from time to time, subject to various administrative, regulatory, and other legal proceedings arising in the ordinary course of business. Contingent liabilities associated with legal proceedings are recorded when a liability is probable and the contingent liability can be estimated. We do not accrue for contingent losses that, in our judgment, are considered to be reasonably possible but not probable. At December 31, 2020 and 2019, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on our consolidated results of operations, other than the matter discussed below.

In December 2020, the counterparties of the purchase agreement for the Company’s potential acquisition of certain locations in Michigan, for consideration consisting of 4,770 common units and \$16,532 of cash, filed a claim alleging breach of contract. The counterparties have asked the court to grant specific performance of the contracts between the Company and the counterparties. The Company intends to vigorously defend this action and assert all potential defenses and claims against the counterparties.

In December 2020, the Company submitted a state application to acquire BCCO, LLC, a medical dispensary license holder in Ohio for total cash consideration of approximately \$3,500, subject to certain adjustments at closing. As discussed in Note 6, “Notes Receivable,” the Company may settle the outstanding balances due under a note receivable and a working capital loan as part of the purchase price at closing. The Company has entered into a unit purchase option agreement with BCCO, LLC and expects to enter into a definitive purchase agreement following the state approval of the license transfer.

In December 2020, the Company submitted a state application to acquire Hemma LLC, the owner of a medical cultivation site in Ohio, for cash consideration of approximately \$9,570, subject to certain adjustments at closing. As discussed in Note 6, “Notes Receivable,” the Company may settle the outstanding balances due under a note receivable and a working capital loan as part of the purchase price at closing. The Company has entered into an amended merger agreement with Hemma Operations, LLC and expects to enter into a definitive purchase agreement following the state approval of the license transfer.

16. RELATED PARTY TRANSACTIONS

AWH has a management services agreement (“MSA”) with AGP Partners, LLC (“AGP”) under which AGP provides management services to AWH in connection with the monitoring and oversight of AWH’s financial and business functions. The founder of AGP is the Chief Executive Officer and one of the founders of AWH. Pursuant to the MSA, AWH pays AGP a quarterly fee of \$100. As of December 31, 2020 and 2019, \$100 and \$200, respectively, of these fees are included in “Accounts payable and other accrued expenses” on the Consolidated Balance Sheets. We recognized expenses of \$400 during each of 2020 and 2019, respectively, that are included in “General and administrative” on the Consolidated Statements of Operations. AGP is entitled to receive \$2,000 upon the termination of the MSA in the event of an initial public offering or a change of control. This payout is contingent upon the beneficial owners of AGP who serve as officers of the Company entering into lock-up agreements that extend for 180 days following such event. Pursuant to the MSA, each such lock-up agreement shall contain a provision whereby AWH’s Board of Managers may waive, in whole or in part, such extended lock-up thereto if AWH’s Board of Managers determines, in its sole discretion and in accordance with AWH’s governing documents and applicable law, that such waiver will not have an adverse effect on AWH and its equity holders, business, financial condition, and prospects.

Ascend Wellness Holdings, LLC
Notes to Consolidated Financial Statements
(in thousands, except per unit data)

As discussed in Note 11, “Debt,” certain of the AWH Convertible Notes are with related party entities that are managed by one of the founders of the Company.

As discussed in Note 8, “Variable Interest Entities,” in December 2020 one of the founders of AWH assigned his interest in Ascend Michigan to AWH, after which AWH is the majority member, retaining 99.9% of the membership interests in Ascend Michigan.

17. SUPPLEMENTAL INFORMATION

The following table presents supplemental information regarding our other current assets:

<i>(in thousands)</i>	As of December 31,	
	2020	2019
Tenant improvement allowance	\$ 24,349	\$ 15,816
Deposits and other receivables	4,021	361
Prepaid expenses	2,294	1,628
Construction deposits	712	1,515
Other	1,591	443
Total	\$ 32,967	\$ 19,763

The following table presents supplemental information regarding our accounts payable and accrued liabilities:

<i>(in thousands)</i>	As of December 31,	
	2020	2019
Accounts payable	\$ 17,763	\$ 9,149
Accrued interest	7,723	2,840
Accrued payroll and related expenses	2,762	602
Other	2,976	—
Total	\$ 31,224	\$ 12,591

The following table presents supplemental information regarding our general and administrative expenses:

<i>(in thousands)</i>	Year Ended December 31,	
	2020	2019
Compensation	\$ 15,986	\$ 8,831
Rent and utilities	14,631	6,758
Professional services	9,325	6,692
Depreciation and amortization	7,914	3,578
Marketing	1,758	1,213
Insurance	1,467	758
Loss on sale of asset	286	—
Other	1,700	1,579
Total	\$ 53,067	\$ 29,409

18. SUBSEQUENT EVENTS

Management has evaluated subsequent events to determine if events or transactions occurring through February 25, 2021, the date on which the financial statements were available to be issued, require adjustment to or disclosure in the Company's consolidated financial statements. There were no events that require adjustment to or disclosure in the consolidated financial statements, except as disclosed.

Investments

On February 25, 2021, we entered into a definitive investment agreement (the "Investment Agreement") with MedMen Enterprises Inc. ("MedMen"), under which we will, subject to regulatory approval, complete an investment (the "Investment") of approximately \$73,000 in MedMen NY, Inc. ("MMNY"), a licensed medical cannabis operator in New York. In connection with the investment, and subject to regulatory approval, MMNY will engage our services pursuant to a management agreement (the "Management Agreement") under which we will advise on MMNY's operations pending regulatory approval of the Investment transaction.

Under the terms of the Investment, at closing, MMNY will assume approximately \$73,000 of MedMen's existing secured debt, AWH will invest \$35,000 in cash in MMNY, and AWH New York, LLC will issue a senior secured promissory note in favor of MMNY's senior secured lender in the principal amount of \$28,000, guaranteed by AWH, which cash investment and note will be used to reduce the amounts owed to MMNY's senior secured lender. Following its investment, AWH will hold a controlling interest in MMNY equal to approximately 86.7% of the equity in MMNY, and be provided with an option to acquire MedMen's remaining interest in MMNY in the future. AWH must also make an additional investment of \$10,000 in exchange for additional equity in MMNY, which investment will also be used to repay MMNY's senior secured lender if adult-use cannabis sales commence in MMNY's dispensaries. The transactions contemplated by the Investment Agreement are subject to customary closing conditions, including approval from the New York State Department of Health and other applicable regulatory bodies.

Leases

Through the date on which the financial statements were available to be issued, new operating leases with ROU assets and related lease liabilities of approximately \$7,400 have commenced.

Notes Payable

In January 2021, the Company entered into a convertible note purchase agreement (the "2021 AWH Convertible Promissory Notes"). The Company issued \$49,500 of 2021 AWH Convertible Promissory Notes through the date these Financial Statements were available to be issued. Each note matures two years from its issue date and can either be paid in full at maturity or converted into common units. Each note bears interest at 8% for the first twelve months, 10% for months thirteen through fifteen, and 13% thereafter through maturity. Interest is paid-in-kind and added to the outstanding balance of the note, to be paid at maturity or upon conversion.

These notes are convertible into common units of the Company on occurrence of certain events, such as a change of control or an IPO (which events had not occurred as of the date of these Financial Statements). Upon the occurrence of an IPO, each note, including interest thereon less applicable withholding taxes, will automatically convert into equity securities issued in connection with the IPO, with the number of securities issued on the basis of a price equal to the lesser of: (a)(i) a 20% discount to the issue price if an IPO occurs on or before 12 months from each note issuance; (ii) a 25% discount to the issue price if an IPO occurs after 12 months of each note issuance, but before maturity; and (b) the conversion price then in effect based on a defined pre-money valuation of the Company. If not previously converted, at maturity the holder may elect the outstanding principal amount and accrued and unpaid interest to be paid in full in cash or convert into common units at a price of \$6.00 per unit, subject to adjustments for splits, dividends, or other similar recapitalization events.

18a. Additional Subsequent Events

Legal Matter

On April 14, 2021, FPAW Michigan, LLC (“FPAW”), a VIE of the Company through FPAW Michigan 2, Inc., and AWH entered into a settlement agreement with TVP, LLC, TVP Grand Rapids, LLC and TVP Alma, LLC (collectively, the “TVP Parties”)(the “Settlement Agreement”) related to the matter described in Note 15, “Commitments and Contingencies.” The Settlement Agreement provides for, among other items, the dismissal of all claims brought by the TVP Parties against FPAW and AWH upon performance of each parties’ obligations under the Settlement Agreement. Pursuant to the Settlement Agreement, FPAW and AWH were required to deliver a cash payment of \$9,000 to TVP, LLC on the date of the Settlement Agreement, with an additional cash payment of \$5,480 due on or before January 1, 2022, or approximately \$2,000 less than would have otherwise been payable under the agreements. In addition, on April 14, 2021, upon the execution of the Settlement Agreement, AWH issued 4,770 common units of AWH (reflecting the Reverse Split) to an escrow account, to be held in the name of the escrow agent (the “Escrow Units”). Also as part of the Settlement Agreement and in order to avoid further potential litigation, AWH issued 255 common units of AWH (reflecting the Reverse Split) to a party to one of the September 2019 agreements that was not a party to the litigation matter.

Upon the receipt of the initial cash payment of \$9,000 and the issuance of the Escrow Units, the TVP Parties filed a stipulated order dismissing all lawsuits, with prejudice and without costs, against FPAW and AWH. The Escrow Units are issued and outstanding and will remain in the escrow account until such time as the TVP Parties exercise an option to hold the Escrow Units directly (the “Put Option”). Upon their exercise of the Put Option, the Escrow Units shall be released to the TVP Parties and the TVP Parties shall transfer to FPAW the equity interests of the entities that hold the three real estate properties in Grand Rapids, which are the three remaining properties that remain suitable for the original business purposes. The Put Option is required to be exercised by the TVP Parties within three years of the date of the Settlement Agreement.

The cash payments and estimated fair value of the common units issued with the Settlement Agreement will be allocated between the three properties to be acquired in the settlement based on the fair value of such properties, with the remainder allocated to settlement expense in the Company’s 2021 financial statements. The settlement charge could have a significant impact on the Company’s operating results in 2021 and is not expected to be deductible for tax purposes.

12,500,000 Shares



ASCEND WELLNESS HOLDINGS, INC.

Class A Common Stock

PRELIMINARY PROSPECTUS

Canaccord Genuity

Beacon Securities Limited

Eight Capital

ATB Capital Markets Inc.

Cormark Securities Inc.

, 2021

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the costs and expenses payable by us in connection with the registration of the securities being registered hereby. All such expenses are estimated except for the SEC registration fee.

SEC registration fee	\$	15,684
Legal fees and expenses*	\$	1,250,000
Accounting fees and expenses*	\$	30,000
Printing expenses*	\$	200,000
Total*	\$	1,495,684

* Estimated

Item 14. Indemnification of Directors and Officers

Section 102 of the General Corporation Law of the State of Delaware permits a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his or her duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. We expect to adopt a certificate of incorporation, which will become effective upon the consummation of this offering, and which will provide that none of our directors shall be personally liable to us or to our stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability, except to the extent that the General Corporation Law of the State of Delaware prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty.

Section 145 of the General Corporation Law of the State of Delaware provides that a corporation has the power to indemnify a director, officer, employee or agent of the corporation, or a person serving at the request of the corporation for another corporation, partnership, joint venture, trust or other enterprise in related capacities, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with an action, suit or proceeding to which he or she was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of such position, if such person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, except that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Our certificate of incorporation and bylaws provides indemnification for our directors and officers to the fullest extent permitted by the General Corporation Law of the State of Delaware, subject to certain limited exceptions. We will indemnify each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of us) by reason of the fact that he or she is or was, or has agreed to become, a director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (all such persons being referred to as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees),

judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding and any appeal therefrom, if such Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, and, with respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. Our certificate of incorporation and bylaws will provide that we will indemnify any Indemnitee who was or is a party to an action or suit by or in the right of us to procure a judgment in our favor by reason of the fact that the Indemnitee is or was, or has agreed to become, a director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding, and any appeal therefrom, if the Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, except that no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to us, unless a court determines that, despite such adjudication but in view of all of the circumstances, he or she is entitled to indemnification of such expenses. Notwithstanding the foregoing, to the extent that any Indemnitee has been successful, on the merits or otherwise, he or she will be indemnified by us against all expenses (including attorneys' fees) actually and reasonably incurred in connection therewith. Expenses must be advanced to an Indemnitee under certain circumstances.

Prior to the closing of this offering, we will enter into indemnification agreements with each of our executive officers and directors. The indemnification agreements will provide the executive officers and directors with contractual rights to indemnification, and expense advancement and reimbursement, to the fullest extent permitted under the laws of the State of Delaware in effect from time to time, subject to certain exceptions contained in those agreements.

We maintain a general liability insurance policy that covers certain liabilities of directors and officers of our corporation arising out of claims based on acts or omissions in their capacities as directors or officers.

In any underwriting agreement we enter into in connection with the sale of common stock being registered hereby, the underwriters will agree to indemnify, under certain conditions, us, our directors, our officers and persons who control us within the meaning of the Securities Act against certain liabilities.

Item 15. Recent Sales of Unregistered Securities.

The following information represents securities sold by the Company within the past three years through _____, 2021 which were not registered under the Securities Act. Included are new issues, securities issued in exchange for property, services or other securities, securities issued upon conversion from other share classes and new securities resulting from the modification of outstanding securities. We sold all of the securities listed below pursuant to the exemption from registration provided by Section 4(a)(2) or 3(a)(9) of the Securities Act, or Regulation D or Regulation S promulgated thereunder.

Preferred Units

In August 2018, the Company initiated a private placement of Series Seed Preferred Units. The Company issued 14,252,380 units for gross proceeds of \$14.7 million.

In October 2018, following the initiation of the Series Seed Preferred Units placement, the Company's then-outstanding convertible notes (the "2018 Convertible Notes") automatically converted into Real Estate Preferred Units pursuant to the conversion provisions of the note agreement. The 2018 Convertible Notes were issued between June 2018 and August 2018 and had an aggregate principal amount of \$17.8 million. Prior to conversion, the notes had an interest rate of 8% per annum and a maturity date of July 1, 2021. Upon conversion, the then-outstanding principal and accrued interest on each note automatically converted into 22,800,945 Real Estate Preferred Units with an aggregate value of \$18.2 million.

During 2019, the Company issued 20,982,215 of Series Seed+ Preferred Units for gross proceeds of \$37.8 million.

Common Units

In connection with the formation of AWH in May 2018, AGP was issued 31,250,000 common units.

In August 2019, the Company issued 222,812 common units for total proceeds of \$0.7 million.

In February 2020, the Company acquired Southcoast Apothecary, LLC, an entity which held the license application for a third adult-use dispensary located in New Bedford, MA, for 1,718,750 common units. This dispensary was provisionally licensed in August 2020.

In July 2020, the Company issued 3,635,416 common units in connection with the buyout of the minority owners of Ascend Illinois LLC. These minority owners acquired their ownership of Ascend Illinois LLC with AWH's acquisition of HealthCentral LLC and its related entities in April 2019.

On September 29, 2020, the Company issued 4,218,750 common units in connection with the closing of the acquisition of the assets and liabilities of Greenleaf Compassion Center by Ascend New Jersey, LLC.

In November 2020, the Company cancelled 4,161,210 incentive units previously issued between January 2019 and October 2020 to managers, officers and employees in connection with our election to be taxed as a C-Corporation and issued 9,943,579 restricted common units to managers, officers and employees pursuant to the 2020 Incentive Plan.

On December 23, 2020, the Company issued 4,062,500 common units in connection with the closing of the acquisition of the equity interests of MOCA, LLC by Ascend Illinois Holdings, LLC.

On April 14, 2021, the Company issued 5,024,038 common units of AWH in connection with the settlement of a litigation matter.

Convertible Notes

Beginning in June 2019 through August 2020, the Company issued convertible notes (the "**2019 Convertible Notes**") with an aggregate principal amount of \$75.5 million. The 2019 Convertible Notes are unsecured and have a two-year term with staggered maturity dates according to the date of subscription. These notes accrue "pay-in-kind" interest at a rate of 8.0% per annum for the first twelve months, 10% for months thirteen through fifteen, and 13% per annum following the fifteen month anniversary of the subscription and thereafter. The 2019 Convertible Notes will convert into shares of Class A common stock of the Ascend Wellness Holdings, Inc. upon completion of the offering.

In January 2021, the Company issued convertible notes (the "**2021 Convertible Notes**") with an aggregate principal amount of \$49.5 million. The 2021 Convertible Notes are unsecured and have a two-year term with staggered maturity dates according to the date of subscription. These notes accrue "pay-in-kind" interest at a rate of 8.0% per annum for the first twelve months, 10% for months thirteen through fifteen, and 13% per annum following the fifteen month anniversary of the subscription and thereafter. The 2021 Convertible Notes will convert into shares of Class A common stock of the Ascend Wellness Holdings, Inc. upon completion of the offering.

Warrants

On July 1, 2019, the Company issued warrants (the "**2019 Warrants**") to purchase up to an aggregate of 1,093,750 common units with an exercise price of \$3.20 per common unit. The 2019 Warrants expire upon the earlier of (i) July 1, 2021 and (ii) the closing of a public offering. On April 14, 2021, the Company entered into a warrant cancellation agreement with respect to the 2019 Warrants. Upon the completion of the proposed offering,

the \$3.20 Warrants will be cancelled and cashed out in exchange for a payment of \$4,156,250 (or \$7.00 per share assuming cashless exercise) from cash on hand. Chris Leavy, a former member of the board of managers of the Company, is the partial owner of the general partner of One Tower Atlantic, LLC and also holds approximately 3% interest in One Tower Atlantic, LLC, and has approximately \$125,000 interest in the transaction. Mr. Leavy is not currently a member of the board of directors.

Beginning in May 2019 through October 2020, the Company issued warrants (the “**Warrants**”) to purchase up to an aggregate of 3,531,142 common units with an exercise price of \$4.00 per common unit. Each Warrant expires on the third anniversary of its respective issuance. In connection with offering, each holder of the Warrants will receive warrants to acquire an equal number of shares of Class A common stock.

Class B Common Stock

On April 22, 2021, subsequent to the Conversion, we entered into an exchange agreement with AGP whereby AGP exchanged 65,000 shares of Class A Common Stock for the same number of shares of Class B Common Stock.

Item 16. Exhibits and Financial Statement Schedules

(a) Exhibits

See the Exhibit Index attached to this registration statement, which is incorporated by reference herein.

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

Item 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

- (1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
1.1†	Form of Underwriting Agreement
2.1±#†	Plan of Merger among Ascend Wellness Holdings, LLC, Ascend Illinois, LLC, HealthCentral, LLC, HealthCentral Illinois Holdings, LLC and Springfield Partners II, LLC, dated November 6, 2018
2.2	Form of Exchange Agreement
3.1†	Certificate of Formation of Ascend Wellness Holdings, LLC
3.2†	Certificate of Amendment of Ascend Wellness Holdings, LLC
3.3+#†	Fifth Amended and Restated Limited Liability Company Agreement of Ascend Wellness Holdings, LLC
3.4	Certificate of Incorporation
3.5	Bylaws
4.1†	Specimen Stock Certificate evidencing the shares of common stock
4.2	Form of Registration Rights Agreement
5.1	Opinion of Dorsey & Whitney LLP regarding legality of shares issued
10.1†	Ascend Wellness Holdings, LLC Equity Incentive Plan
10.2†	Ascend Wellness Holdings, LLC 2020 Equity Incentive Plan
10.3†	Management Agreement with AGP Partners, LLC
10.4†	Form of Indemnification Agreement
10.5++†	Purchase and Sale Agreement and Joint Escrow Instructions between Ascend Athol RE LLC and IIP Operating Partnership, dated January 13, 2020
10.6†	First Amendment to Purchase and Sale Agreement and Joint Escrow Instructions between Ascend Athol RE LLC and IIP Operating Partnership, dated February 7, 2020
10.7†	Second Amendment to Purchase and Sale Agreement and Joint Escrow Instructions between Ascend Athol RE LLC and IIP Operating Partnership, dated February 28, 2020
10.8†	Third Amendment to Purchase and Sale Agreement and Joint Escrow Instructions between Ascend Athol RE LLC and IIP Operating Partnership, dated March 6, 2020
10.9†	Fourth Amendment to Purchase and Sale Agreement and Joint Escrow Instructions between Ascend Athol RE LLC and IIP Operating Partnership, dated March 13, 2020
10.10#†	Fifth Amendment to Purchase and Sale Agreement and Joint Escrow Instructions between Ascend Athol RE LLC and IIP-MA 4 LLC, dated March 20, 2020
10.11+++	Lease between IIP-IL 1, LLC and Ascend Illinois, LLC, dated December 21, 2018
10.12+++	First Amendment to Lease Agreement between IIP-IL 1 LLC and Revolution Cannabis - Barry, LLC, dated September 5, 2019
10.13+++	Second Amendment to Lease Agreement between IIP-IL 1 LLC and Revolution Cannabis - Barry, LLC, dated August 18, 2020
10.14+++	Lease between IIP-MI 3, LLC and FPAW Michigan, LLC, dated July 2, 2019
10.15+++	Lease between IIP-MA 4 LLC and MassGrow, LLC, dated April 2, 2020
10.16+++	Commercial Lease between LCR 1014 Eastport Plaza, LLC and HealthCentral Illinois Holdings, LLC, dated July 5, 2019
10.17+++	Commercial Lease between LCR 628 East Adams, LLC and HealthCentral, LLC, dated July 3, 2019
10.18+++	Indenture of Lease between 1089 Washington Street Limited Partnership and Ascend Mass, LLC, dated May 13, 2020
10.19+++	Lease Agreement between 174 Rochelle LLC and Greenleaf Compassion Center, dated December 19, 2020
10.20+++	Industrious Membership Agreement between Industrious NYC 1411 Broadway LLC and Ascend Wellness Holdings, LLC, dated February 9, 2020
10.21+++	Industrious Membership Agreement Amendment between Industrious NYC 1411 Broadway LLC and Ascend Wellness Holdings, LLC, dated July 23, 2020

10.22+++†	<u>Investment Agreement among MedMen NY, Inc., MM Enterprises USA, LLC, AWH New York, LLC and Ascend Wellness Holdings, LLC, dated February 25, 2021</u>
10.23+++†	<u>Credit and Guaranty Agreement between Ascend Wellness Holdings, LLC, Ascend Illinois Holdings, LLC, Ascend Illinois, LLC, each other entity signatory thereto as a Borrower or Guarantor, various lenders and Seventh Avenue Investments, LLC, dated October 15, 2020</u>
10.24+++	<u>Waiver and First Amendment to Credit and Guaranty Agreement and Pledge and Security Agreement, between Seventh Avenue Investments, LLC, the Lenders party thereto and the Loan Parties party thereto, dated December 31, 2020</u>
10.25+++†	<u>Financing Agreement between Ascend New Jersey, LLC, AWH NJ Holdco, LLC, each entity signatory thereto as a Guarantor, various lenders and the Collateral Agent, dated October 29, 2020</u>
10.26†	<u>Convertible Note Purchase Agreement, dated June 12, 2019</u>
10.27†	<u>Convertible Note Purchase Agreement, dated January 2021</u>
10.28#†	<u>Employment Agreement between Ascend Wellness Holdings, LLC and Abner Kurtin, dated as of March 22, 2021</u>
10.29#†	<u>Employment Agreement between Ascend Wellness Holdings, LLC and Francis Perullo, dated as of March 23, 2021</u>
10.30#†	<u>Employment Agreement between Ascend Wellness Holdings, LLC and Daniel Neville, dated as of March 23, 2021</u>
10.31#†	<u>Employment Agreement between Ascend Wellness Holdings, LLC and Christopher Melillo, dated as of March 29, 2021</u>
10.32	<u>Form of Plan of Conversion</u>
10.33	<u>Form of Amendment to June 19, 2019 Convertible Note Purchase Agreement</u>
21.1†	<u>List of Subsidiaries of Ascend Wellness Holdings, LLC</u>
23.1	<u>Consent of Marcum LLP</u>
23.2	<u>Consent of Dorsey & Whitney LLP (included in Exhibit 5.1)</u>
23.3	<u>Consent of Hill, Barth & King LLC</u>
23.4	<u>Consent of MNP LLP</u>
24.1	<u>Power of Attorney (included on signature page)</u>
99.1	<u>Audited Financial Statements of MOCA, LLC for the years ended December 31, 2020 and December 31, 2019</u>
99.2†	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations of MOCA, LLC for the years ended December 31, 2020 and December 31, 2019</u>
99.3†	<u>Audited Combined Financial Statements of Chicago Alternative Health Center Holdings, LLC and Affiliate for the years ended December 31, 2020 and December 31, 2019</u>
99.4†	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations Chicago Alternative Health Center Holdings, LLC and Affiliate for the years ended December 31, 2020 and December 31, 2019</u>
99.5†	<u>Audited Financial Statements of MedMen NY, Inc. for the years ended December 31, 2020 and December 31, 2019</u>
99.6†	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations of MedMen NY, Inc. for the years ended December 31, 2020 and December 31, 2019</u>
99.7	<u>Unaudited Pro Forma Consolidated Statement of Operations of Ascend Wellness Holdings, LLC giving effect to the acquisition of MOCA, LLC, the acquisition of Chicago Alternative Health Center Holdings, LLC and Affiliate and the investment in MedMen NY, Inc.</u>

† Previously filed.

± Portions of this exhibit have been redacted in compliance with Regulation S-K Item 601(b)(2). The omitted information is not material and would likely cause competitive harm to the Company if publicly disclosed. The Company agrees to furnish an unredacted copy to the SEC upon its request.

++ Portions of this exhibit have been redacted in compliance with Regulation S-K Item 601(b)(10). The omitted information is not material and would likely cause competitive harm to the Company if publicly disclosed. The Company agrees to furnish an unredacted copy to the SEC upon its request.

Certain schedules and exhibits have been omitted in compliance with Regulation S-K Item 601(a)(5). The Company agrees to furnish a copy of any omitted schedule or exhibit to the SEC upon its request.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing Amendment No. 2 to Form S-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York on April 22, 2021.

ASCEND WELLNESS HOLDINGS, INC.

By /s/ Abner Kurtin

Abner Kurtin

Chief Executive Officer and Director

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints each of Abner Kurtin and Daniel Neville, acting alone or together with another attorney-in-fact, as his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for such person and in his or her name, place and stead, in any and all capacities, to sign any or all further amendments (including post-effective amendments) to this registration statement (and any additional registration statement related hereto permitted by Rule 462(b) promulgated under the Securities Act of 1933 (and all further amendments, including post-effective amendments, thereto)), and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 2 to Form S-1 has been signed by the following persons in the capacities and on the dates indicated:

<u>Name and Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Abner Kurtin</u> Abner Kurtin	Chief Executive Officer and Director	April 22, 2021
<u>/s/ Daniel Neville</u> Daniel Neville	Chief Financial Officer (Principal Financial Officer)	April 22, 2021
<u>/s/ Roman Nemchenko</u> Roman Nemchenko	Senior Vice President, Chief Accounting Officer (Principal Accounting Officer)	April 22, 2021
<u>/s/ Francis Perullo</u> Francis Perullo	Director	April 22, 2021
<u>/s/ Scott Swid</u> Scott Swid	Director	April 22, 2021
<u>/s/ Emily Paxhia</u> Emily Paxhia	Director	April 22, 2021

STOCK EXCHANGE AGREEMENT

This Stock Exchange Agreement (this “**Agreement**”) is entered into as of April 22, 2021 (the “**Effective Date**”) by and between Ascend Wellness Holdings, Inc., a Delaware corporation (the “**Company**”) and AGP Partners LLC (the “**Stockholder**”).

WHEREAS, immediately prior to entering into this Agreement, the Company converted from a Delaware limited liability company under the name “Ascend Wellness Holdings, LLC” to a Delaware corporation by the filing of a Certificate of Conversion with the Secretary of State of the State of Delaware (the “**Conversion**”);

WHEREAS, in connection with the Conversion, all of the Stockholder’s units in Ascend Wellness Holdings, LLC were exchanged for shares of Class A Common Stock, par value \$0.001 per share (the “**Class A Common Stock**”);

WHEREAS, the Company wishes to exchange with the Stockholder, and the Stockholder wishes to exchange with Company, an aggregate of 65,000 shares of Class A Common Stock held by the Stockholder, in exchange for the same number of shares of Class B Common Stock, \$.001 par value per share, of the Company (the “**Class B Common Stock**”);

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereby agree as follows:

SECTION 1. Exchange of Stock. At 10:02 am Eastern time on the Effective Date (the “**Effective Time**”), (i) the Stockholder hereby tenders, conveys, transfers and delivers to the Company 65,000 shares of Class A Common Stock (the “**Exchange Shares**”) and (ii) in exchange therefor, the Company hereby issues to the Stockholder same number of shares of Class B Common Stock (the “**Class B Shares**”). As of the Effective Time, the Exchange Shares shall be cancelled and returned to treasury.

SECTION 2. Representations and Warranties of the Company. The Company represents and warrants to the Stockholder as follows as of the Effective Time:

2.1 Corporate Organization and Authority. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Company has the requisite corporate power to carry on its business as now conducted and as presently proposed to be conducted (subject to any U.S. federal laws, statutes, and/or regulations as applicable to the production, trafficking, distribution, processing, extraction, sale, etc. of cannabis and cannabis-related substances and products).

2.2 Corporate Power. The Company has all requisite corporate power to execute and deliver this Agreement, to issue the Class B Shares and to carry out and perform its obligations and exercise its rights under this Agreement.

2.3 Authorization. The execution and delivery of this Agreement and the issuance and sale of the Class B Shares by the Company have been duly authorized by all requisite

corporate action on the part of the Company. This Agreement, when executed and delivered by the Company, shall constitute the valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except to the extent that such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium, or other laws of general application relating to or affecting enforcement of creditors' rights and laws concerning equitable remedies.

2.4 Valid Issuance. The Class B Shares, when issued, sold and delivered in accordance with the terms and for the consideration set forth in this Agreement, will be validly issued, fully paid and nonassessable, subject to restrictions on transfer under this Agreement, the Company's Certificate of Incorporation, the registration rights agreement to be entered into between the Company and the stockholder, applicable state and federal securities laws and liens or encumbrances created by or imposed by the Stockholder. Assuming the accuracy of the representations of the Stockholder in Section 3 of this Agreement, the Class B Shares will be issued in compliance with all applicable federal and state securities laws. The Class A Shares issuable upon conversion of the Class B Shares have been duly reserved for issuance, and upon issuance in accordance with the terms of Company's certificate of incorporation, will be validly issued, fully paid and nonassessable, subject to restrictions on transfer under this Agreement, the Company's Certificate of Incorporation, the registration rights agreement to be entered into between the Company and the stockholder, applicable state and federal securities laws and liens or encumbrances created by or imposed by the Stockholder. Based in part upon the representations of the Stockholder in Section 3 of this Agreement, the Class A Shares issuable upon conversion of the Class B Shares will be issued in compliance with all applicable federal and state securities laws.

2.5 No Conflict. The execution, delivery and performance of this Agreement by the Company and the consummation of the transactions contemplated hereby will not result in any violation of or be in conflict with or constitute any default under, with or without the passage of time or giving of notice: (i) the Company's governing documents, (ii) any agreement or instrument to which the Company is a party or by which it is bound or (iii) any judgment, order, writ, decree, statute, rule or regulation applicable to the Company.

SECTION 3. Representations and Warranties of the Stockholder. The Stockholder represents and warrants to the Company as follows:

3.1 Ownership of Exchange Shares. The Stockholder owns the Exchange Shares free and clear of all liens, claims, security interests or other encumbrances of any kind. No person or entity other than the Stockholder has any rights with respect to the Exchange Shares.

3.2 Authorization. The execution and delivery of this Agreement by the Stockholder has been duly authorized by all requisite action on the part of the Stockholder. This Agreement, when executed and delivered by the Stockholder, shall constitute the valid and binding obligation of the Stockholder, enforceable against the Stockholder in accordance with its terms, except to the extent that such enforcement may be subject to applicable bankruptcy, insolvency,

reorganization, moratorium, or other laws of general application relating to or affecting enforcement of creditors' rights and laws concerning equitable remedies.

3.3 No Conflict. The execution, delivery and performance of this Agreement by the Stockholder and the consummation of the transactions contemplated hereby will not result in any violation of or be in conflict with or constitute any default under, with or without the passage of time or giving of notice: (i) the Stockholder's governing documents, (ii) any agreement or instrument to which the Stockholder is a party or by which it is bound or (iii) any judgment, order, writ, decree, statute, rule or regulation applicable to the Stockholder.

3.4 Investment. The Stockholder is acquiring the Class B Shares issued to it hereunder for its own account, for investment and not for, with a view to, or in connection with, any distribution or public offering thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

3.5 Unregistered Securities; Legend. The Stockholder understands that the Class B Shares have not been, and will not be, registered under the Securities Act or any state securities laws and that the Class B Shares will be "restricted securities", as such term is defined under Rule 144 of the Securities Act, and may not be offered, sold, pledged, or otherwise transferred, directly or indirectly, without prior registration under the Securities Act and applicable state securities laws, or pursuant to an exemption from the registration requirements of the Securities Act. The Stockholder further understands that the certificates for the Class B Shares shall bear a legend to such effect, and that appropriate transfer instructions may be issued.

3.6 Status of the Stockholder. The Stockholder has not been formed for the specific purpose of acquiring the Class B Shares pursuant to this Agreement. The Stockholder understands the term "accredited investor" as used in Rule 501(a) Regulation D promulgated under the Securities Act and the Stockholder represents and warrants to the Company that it is an "accredited investor" for purposes of acquiring the Class B Shares issuable hereunder and is receiving the Class B Shares in reliance upon an exemption from the registration requirements under the Securities Act.

3.7 Knowledge and Experience; Economic Risk. The Stockholder has sufficient knowledge and experience in business and financial matters and with respect to investment in securities of privately held companies so as to enable it to analyze and evaluate the merits and risks of the investment contemplated hereby and is capable of protecting its interest in connection with this transaction. The Stockholder is able to bear the economic risk of such investment, including a complete loss of the investment.

3.8 Access to Information. The Stockholder acknowledges that the Stockholder and its representatives have had the opportunity to ask questions and receive answers from officers and representatives of the Company concerning the transactions contemplated by this Agreement, and to obtain any additional information which the Company possess or can acquire that is necessary to verify the accuracy of the information regarding the Company herein set forth or otherwise desired in connection with the its acceptance of the Class B Shares to be issued to it hereunder.

3.9 Rule 144. The Stockholder understands that the exemption from registration afforded by Rule 144 (the provisions of which are known to the Stockholder) promulgated by the Securities and Exchange Commission under the Securities Act depends upon the satisfaction of various conditions, that such exemption is not currently available and that, if applicable, Rule 144 affords the basis for sales only in limited amounts.

3.10 Brokers/Finders. The Stockholder has not employed any broker or finder in connection with the transactions contemplated by this Agreement.

SECTION 4. Miscellaneous.

4.1 Entire Agreement; Effect on Prior Documents. This Agreement contains the entire agreement among the parties with respect to the subject matter contemplated hereby and supersedes all prior negotiations, term sheets, commitments, agreements and understandings among them with respect thereto.

4.2 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the substantive laws of the State of Delaware, without regard to its principles of conflicts of laws.

4.3 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

4.4 Amendments; Waivers. This Agreement may be amended or modified, and the obligations of the Company under the Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only upon the written consent of the Company and the Stockholder.

4.5 Certain Matters of Construction. A reference to a Section shall mean a Section of this Agreement unless otherwise expressly stated. The titles and headings herein are for reference purposes only and shall not in any manner limit the construction of this Agreement which shall be considered as a whole. The words “include,” “includes” and “including” when used herein shall be deemed in each case to be followed by the words “without limitation.” Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of names and pronouns shall include the plural and vice-versa.

4.6 Counterparts. This Agreement may be executed in any number of counterparts, each such counterpart shall be deemed to be an original instrument, and all such counterparts together shall constitute but one agreement. Any such counterpart may contain one or more signature pages.

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have executed this Stock Exchange Agreement as of the date first written above.

ASCEND WELLNESS HOLDINGS, INC.

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have executed this Stock Exchange Agreement as of the date first written above.

STOCKHOLDER

AGP Partners LLC

By: Brook Farm, LLC, its Managing Member

By: _____

Name: Abner Kurtin

Title: Authorized Signatory

**CERTIFICATE OF INCORPORATION
OF
ASCEND WELLNESS HOLDINGS, INC.**

**ARTICLE I
NAME OF THE CORPORATION**

The name of the corporation is Ascend Wellness Holdings, Inc. (the “*Corporation*”).

**ARTICLE II
BUSINESS PURPOSE**

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware (the “*Delaware General Corporation Law*”).

**ARTICLE III
REGISTERED AGENT**

The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street, Wilmington, New Castle County, DE 19801. The name of its registered agent at such address is The Corporation Trust Company.

**ARTICLE IV
AUTHORIZED SHARES**

The total number of shares of stock that the Corporation shall have authority to issue is 760,100,000, consisting of 750,100,000 shares of Common Stock (the “*Common Stock*”), \$0.001 par value per share, 750,000,000 of which shall be designated Class A Common Stock (the “*Class A Common Stock*”), and 100,000 of which shall be designated Class B Common Stock (the “*Class B Common Stock*”), and 10,000,000 shares of Preferred Stock (the “*Preferred Stock*”), \$0.001 par value per share.

**ARTICLE V
CAPITAL STOCK**

The rights, powers, preferences, privileges, restrictions and other matters relating to the Common Stock are as follows:

1.1 “**Acquisition**” means (A) any consolidation or merger of the Corporation with or into any other corporation or other entity or person, or any other corporate reorganization, other than any such consolidation, merger or reorganization in which the shares of capital stock of the Corporation immediately prior to such consolidation, merger or reorganization continue to represent a majority of the voting power of the surviving entity (or, if the surviving entity is a wholly owned subsidiary, its Parent) immediately after such consolidation, merger or reorganization (provided that, for the purpose of this Section V.1.1, all stock, options, warrants, purchase rights or other securities exercisable for or convertible into Common Stock outstanding immediately prior to such merger, consolidation or reorganization shall be deemed to be outstanding immediately prior to such merger, consolidation or reorganization and, if applicable, converted or exchanged in such merger, consolidation or reorganization on the same terms as the actual outstanding shares of capital stock are converted or exchanged); or (B) any transaction or series of related transactions to which the Corporation is a party in which shares of the Corporation are transferred such that in excess of fifty percent (50%) of the Corporation’s voting power is transferred; provided that an Acquisition shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the Corporation or any successor or indebtedness of the Corporation is cancelled or converted or a combination thereof.

1.2 “**Asset Transfer**” means a sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Corporation.

1.3 “**Board**” means the Board of Directors of the Corporation.

1.4 “**Certificate**” means this Certificate of Incorporation of the Corporation, as may be amended.

1.5 “**Change of Control Share Issuance**” means the issuance by the Corporation, in a transaction or series of related transactions, of voting securities representing more than two percent (2%) of the total voting power (assuming the Class A Common Stock and Class B Common Stock each have one (1) vote per share) of the Corporation before such issuance to any person or persons acting as a group as contemplated in Rule 13d-5(b) under the Exchange Act (or any successor provision) that immediately prior to such transaction or series of related transactions held fifty percent (50%) or less of the total voting power of the Corporation (assuming the Class A Common Stock and Class B Common Stock each have one (1) vote per share), such that, immediately following such transaction or series of related transactions, such person or group of persons would hold more than fifty percent (50%) of the total voting power of the Corporation (assuming the Class A Common Stock and Class B Common Stock each have one (1) vote per share).

1.6 “**Change of Control Transaction**” means (i) the sale, lease, exclusive license, exchange or other disposition (other than liens and encumbrances created in the ordinary course of business, including liens or encumbrances to secure indebtedness for borrowed money that are approved by the Corporation’s Board of Directors, so long as no foreclosure occurs in respect of any such lien or encumbrance) of all or substantially all of the Corporation’s property

and assets (which shall for such purpose include the property and assets of any direct or indirect subsidiary of the Corporation), provided that any sale, lease, exclusive license, exchange or other disposition of property or assets exclusively between or among the Corporation and any direct or indirect subsidiary or subsidiaries of the Corporation shall not be deemed a “Change of Control Transaction”; (ii) the merger, consolidation, business combination or other similar transaction of the Corporation with any other entity, other than a merger, consolidation, business combination or other similar transaction that would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) more than fifty percent (50%) of the total voting power represented by the voting securities of the Corporation and more than fifty percent (50%) of the total number of outstanding shares of the Corporation’s capital stock, in each case as outstanding immediately after such merger, consolidation, business combination, or other similar transaction, and the stockholders of the Corporation immediately prior to the merger, consolidation, business combination or other similar transaction own voting securities of the Corporation, the surviving entity or its parent immediately following the merger, consolidation, business combination or other similar transaction in substantially the same proportions (vis-à-vis each other) as such stockholders owned the voting securities of the Corporation immediately prior to the transaction; (iii) a recapitalization, liquidation, dissolution or other similar transaction involving the Corporation, other than a recapitalization, liquidation, dissolution or other similar transaction that would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or being converted into voting securities of the surviving entity or its parent) more than fifty percent (50%) of the total voting power represented by the voting securities of the Corporation and more than fifty percent (50%) of the total number of outstanding shares of the Corporation’s capital stock, in each case as outstanding immediately after such recapitalization, liquidation, dissolution or other similar transaction, and the stockholders of the Corporation immediately prior to the recapitalization, liquidation, dissolution or other similar transaction own voting securities of the Corporation, the surviving entity or its parent immediately following the recapitalization, liquidation, dissolution or other similar transaction in substantially the same proportions (vis-à-vis each other) as such stockholders owned the voting securities of the Corporation immediately prior to the transaction; and (iv) any Change of Control Share Issuance.

1.7 “**Class B Stockholder**” means (i) the registered holder of a share of Class B Common Stock at the Effective Time and (ii) the registered holder of any shares of Class B Common Stock that are originally issued by the Corporation after the Effective Time.

1.8 “**Effective Time**” means the acceptance of this Certificate of Incorporation for filing by the Secretary of State of the State of Delaware.

1.9 “**Final Conversion Date**” means:

(a) the date, or the occurrence of an event, specified by the holders of a majority of the then outstanding shares of Class B Common Stock by affirmative written election, acting as a separate class;

(b) the date, or the occurrence of an event, on which Abner Kurtin and/or Frank Perullo cease for any reason to own, in the aggregate, at least 51% of the Voting Control of the Founder or a Permitted Transferee (a “**Founder Change of Control**”);

(c) the date, or the occurrence of an event, on which Abner Kurtin and Frank Perullo cease for any reason to beneficially own, in the aggregate, shares of Class A Common Stock and Class B Common Stock representing the equivalent of at least 15,463,688 shares of Class A Common Stock (the “**Founder Threshold**”); or

(d) the close of business on the date that is the five (5) year anniversary of the first day of trading of shares of capital stock of the Corporation on any Securities Exchange pursuant to an effective registration statement under the Securities Act (or a registration statement under similar securities laws of any foreign jurisdiction, to the extent applicable); or

(e) the date that is six months following the date that neither Abner Kurtin nor Frank Perullo are providing services to the Corporation as an executive officer or director.

1.10 “**Founder**” means AGP Partners, LLC, a Delaware limited liability company.

1.11 “**Independent Directors**” means the members of the Board designated as independent directors in accordance with the Listing Standards.

1.12 “**IPO Date**” means the first date that shares of a class of the Corporation’s capital stock have been listed for trading on the New York Stock Exchange, NASDAQ Global Select Market, NASDAQ Global Market, NASDAQ Capital Market, the Canadian Securities Exchange, any tier of the OTC Markets or any successor markets, exchanges or trading platforms (each, a “**Securities Exchange**”).

1.13 “**Liquidation Event**” means any liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary, or any Acquisition or Asset Transfer.

1.14 “**Listing Standards**” means (i) the requirements of any national stock exchange under which the Corporation’s equity securities are listed for trading that are generally applicable to companies with common equity securities listed thereon or (ii) if the Corporation’s equity securities are not listed for trading on a national stock exchange, the requirements of the Canadian Securities Exchange generally applicable to companies with equity securities listed thereon.

1.15 “**Parent**” of an entity means any entity that directly or indirectly owns or controls a majority of the voting power of the voting securities of such entity.

1.16 **“Permitted Entity”** means, with respect to any Qualified Stockholder, any trust, account, plan, corporation, partnership, limited liability company or other individual or entity specified in Section V.1.14(b) with respect to such Qualified Stockholder, so long as such Permitted Entity meets the requirements of the exception set forth in Section V.1.14 applicable to such Permitted Entity.

1.17 **“Permitted Transfer”** means

(a) any Transfer from the Founder, from the Founder’s Permitted Entities, from the Founder’s Permitted Transferees, to the Founder’s Permitted Entities, to any other individual or entity specified in Section V.1.14(b) below; and

(b) any Transfer of a share of Class B Common Stock by a Qualified Stockholder to any of the Permitted Entities listed below and from any of the Permitted Entities listed below to such Qualified Stockholder or to such Qualified Stockholder’s other Permitted Entities:

(i) a trust for the benefit of such Qualified Stockholder or persons other than the Qualified Stockholder so long as a Qualified Stockholder has sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such trust; provided that in the event a Qualified Stockholder no longer has sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such trust, each such share of Class B Common Stock then held by such trust shall automatically convert into one (1) fully paid and nonassessable share of Class A Common Stock;

(ii) a trust under the terms of which a Qualified Stockholder has retained a “qualified interest” within the meaning of §2702(b)(1) of the Internal Revenue Code, as amended, or a reversionary interest, so long as a Qualified Stockholder has sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such trust; provided, however, that in the event a Qualified Stockholder no longer has sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such trust, each such share of Class B Common Stock then held by such trust shall automatically convert into one (1) fully paid and nonassessable share of Class A Common Stock;

(iii) an Individual Retirement Account, as defined in Section 408(a) of the Internal Revenue Code, as amended, or a pension, profit sharing, stock bonus or other type of plan or trust of which such Qualified Stockholder is a participant or beneficiary and which satisfies the requirements for qualification under Section 401 of the Internal Revenue Code, as amended; provided that in each case such Qualified Stockholder has sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held in such account, plan or trust, and provided, further, that in the event the Qualified Stockholder no longer has sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such account, plan or trust, each such share of Class B Common Stock then held by such account, plan or trust shall automatically convert into one (1) fully paid and nonassessable share of Class A Common Stock;

(iv) a corporation in which such Qualified Stockholder directly, or indirectly, owns shares with sufficient Voting Control in the corporation, or otherwise has legally enforceable rights, such that the Qualified Stockholder retains sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such corporation; provided that in the event the Qualified Stockholder no longer owns sufficient shares or no longer has sufficient legally enforceable rights to ensure the Qualified Stockholder retains sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such corporation, each such share of Class B Common Stock then held by such corporation shall automatically convert into one (1) fully paid and nonassessable share of Class A Common Stock;

(v) a partnership in which such Qualified Stockholder directly, or indirectly, owns partnership interests with sufficient Voting Control in the partnership, or otherwise has legally enforceable rights, such that the Qualified Stockholder retains sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such partnership; provided that in the event the Qualified Stockholder no longer owns sufficient partnership interests or no longer has sufficient legally enforceable rights to ensure the Qualified Stockholder retains sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such partnership, each such share of Class B Common Stock then held by such partnership shall automatically convert into one (1) fully paid and nonassessable share of Class A Common Stock;

(vi) a limited liability company in which such Qualified Stockholder directly, or indirectly, owns membership interests with sufficient Voting Control in the limited liability company, or otherwise has legally enforceable rights, such that the Qualified Stockholder retains sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such limited liability company; provided that in the event the Qualified Stockholder no longer owns sufficient membership interests or no longer has sufficient legally enforceable rights to ensure the Qualified Stockholder retains sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such limited liability company, each such share of Class B Common Stock then held by such limited liability company shall automatically convert into one (1) fully paid and nonassessable share of Class A Common Stock; or

(vii) any entity (including, without limitation, any charitable trust or other entity exempt from taxation under 501(c)(3) of the Internal Revenue Code, as amended) in which such Qualified Stockholder directly, or indirectly, owns equity interests with sufficient Voting Control in such entity, or otherwise has legally enforceable rights, such that the Qualified Stockholder retains sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such entity; provided that in the event the Qualified Stockholder no longer owns sufficient equity interests or no longer has sufficient legally enforceable rights to ensure the Qualified Stockholder retains sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such

entity, each such share of Class B Common Stock then held by such entity shall automatically convert into one (1) fully paid and nonassessable share of Class A Common Stock.

For the avoidance of doubt, to the extent any shares are deemed to be held by a trustee of a trust described in (i), (ii), (iii) or (vii) above, the Transfer shall be a Permitted Transfer and the trustee shall be deemed a Permitted Entity so long as the other requirements of (i), (ii), (iii) or (vii) above are otherwise satisfied.

1.18 “**Permitted Transferee**” means a transferee of shares of Class B Common Stock, or rights or interests therein, received in a Transfer that constitutes a Permitted Transfer.

1.19 “**Qualified Stockholder**” means (a) the Founder or (b) a Permitted Transferee.

1.20 “**Transfer**” of a share of Class B Common Stock means, directly or indirectly, any sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of such share or any legal or beneficial interest in such share, whether or not for value and whether voluntary or involuntary or by operation of law (including by merger, consolidation or otherwise), including, without limitation, a transfer of a share of Class B Common Stock to a broker or other nominee (regardless of whether there is a corresponding change in beneficial ownership), or the transfer of, or entering into a binding agreement with respect to, Voting Control (as defined below) over such share by proxy or otherwise. A “**Transfer**” will also be deemed to have occurred with respect to all shares of Class B Common Stock beneficially held by an entity that is a Qualified Stockholder, if after the IPO Date there is a Transfer of the voting power of the voting securities of such entity or any direct or indirect Parent of such entity, such that the previous holders of such voting power no longer retain sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such entity. Notwithstanding the foregoing, the following will not be considered a “**Transfer**”:

(a) granting a revocable proxy to officers or directors of the Corporation at the request of the Board in connection with actions to be taken at an annual or special meeting of stockholders or in connection with any action by written consent of the stockholders solicited by the Board;

(b) entering into a voting trust, agreement or arrangement (with or without granting a proxy), and taking any action contemplated thereunder, solely with stockholders who are holders of Class B Common Stock, which voting trust, agreement or arrangement (i) is disclosed either in a Schedule 13D filed with the Securities and Exchange Commission or in writing to the Secretary of the Corporation, (ii) either has a term not exceeding one year or is terminable by the holder of the shares subject thereto at any time and (iii) does not involve any payment of cash, securities, property or other consideration to the holder of the shares subject thereto other than the mutual promise to vote shares in a designated manner;

(c) pledging shares of Class B Common Stock by a stockholder that creates a mere security interest in such shares pursuant to a bona fide loan or indebtedness

transaction for so long as such stockholder continues to exercise Voting Control over such pledged shares; provided, however, that a foreclosure on such shares or other similar action by the pledgee will constitute a “Transfer” unless such foreclosure or similar action qualifies as a “Permitted Transfer” at such time;

(d) granting a proxy by the Founder, the Founder’s Permitted Entities or the Founder’s Permitted Transferees to a person or entity designated by the Founder and approved by a majority of the Independent Directors then in office;

(e) entering into a trading plan pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, with a broker or other nominee; provided, however, that a sale of such shares of Class B Common Stock pursuant to such plan shall constitute a “Transfer” at the time of such sale;

(f) the fact that the spouse of any Qualified Stockholder possesses or obtains an interest in such holder’s shares of Class B Common Stock arising solely by reason of the application of the community property laws of any jurisdiction, so long as no other event or circumstance shall exist or have occurred that constitutes a “Transfer”; and

(g) entering into a support, voting, tender or similar agreement, arrangement or understanding (with or without granting a proxy), and taking any action contemplated thereunder, in connection with a Liquidation Event, provided that such Liquidation Event was approved by a majority of the Independent Directors then in office.

1.21 “**Voting Control**” means, with respect to a share of capital stock or other security, the power (whether exclusive or shared) to vote or direct the voting of such security, including by proxy, voting agreement or otherwise.

1.22 “**Whole Board**” means the total number of authorized directors whether or not there exist any vacancies or unfilled seats in previously authorized directorships.

2. Identical Rights. Except as otherwise provided in this Certificate or required by applicable law, shares of Common Stock shall have the same rights and powers, rank equally (including as to dividends and distributions, and any liquidation, dissolution or winding up of the corporation but excluding voting and other matters as described in Section V.3 below), share ratably and be identical in all respects as to all matters, including:

2.1 Subject to the prior rights of holders of all classes and series of stock at the time outstanding having prior rights as to dividends, the holders of the Common Stock shall be entitled to receive, when, as and if declared by the Board, out of any assets of the Corporation legally available therefor, such dividends as may be declared from time to time by the Board. Any dividends paid to the holders of shares of Common Stock shall be paid pro rata, on an equal priority, pari passu basis, unless different treatment of the shares of any such class is approved by the affirmative vote of the holders of a majority of the outstanding shares of such applicable class of Common Stock treated adversely, voting separately as a class.

2.2 The Corporation shall not declare or pay any dividend or make any other distribution to the holders of Common Stock payable in securities of the Corporation unless the same dividend or distribution with the same record date and payment date shall be declared and paid on all shares of Common Stock; provided, however, that (i) dividends or other distributions payable in shares of Class B Common Stock or rights to acquire shares of Class B Common Stock may be declared and paid to the holders of Class B Common Stock without the same dividend or distribution being declared and paid to the holders of the Class A Common Stock if, and only if, a dividend payable in shares of Class A Common Stock or rights to acquire shares of Class A Common Stock are declared and paid to the holders of Class A Common Stock at the same rate and with the same record date and payment date and (ii) dividends or other distributions payable in shares of Class A Common Stock or rights to acquire shares of Class A Common Stock may be declared and paid to the holders of Class A Common Stock without the same dividend or distribution being declared and paid to the holders of the Class B Common Stock if, and only if, a dividend payable in shares of Class B Common Stock or rights to acquire shares of Class B Common Stock are declared and paid to the holders of Class B Common Stock at the same rate and with the same record date and payment date.

2.3 If the Corporation in any manner subdivides or combines the outstanding shares of Class B Common Stock or Class A Common Stock, then the outstanding shares of all Common Stock will be subdivided or combined in the same proportion and manner.

2.4 In connection with any Change of Control Transaction, shares of Class A Common Stock and Class B Common Stock shall be treated equally, ratably and identically, on a per share basis, with respect to any consideration into which such shares are converted or any consideration paid or otherwise distributed to stockholders of the Corporation, unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class. Any merger or consolidation of the Corporation with or into any other entity, which is not a Change of Control Transaction, shall require approval by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class, unless (i) the shares of Class A Common Stock and Class B Common Stock remain outstanding and no other consideration is received in respect thereof or (ii) such shares are converted on a pro rata basis into shares of the surviving entity or its parents in such transaction having identical rights to the shares of Class A Common Stock and Class B Common Stock, respectively.

3. Voting Rights.

3.1 Common Stock.

(a) Class A Common Stock. Each holder of shares of Class A Common Stock will be entitled to one vote for each share thereof held at the record date for the determination of the stockholders entitled to vote on such matters.

(b) Class B Common Stock. Each holder of shares of Class B Common Stock will be entitled to 1,000 votes for each share thereof held at the record date for the determination of the stockholders entitled to vote on such matters.

3.2 General. Except as otherwise expressly provided herein or as required by law, the holders of Class A Common Stock and Class B Common Stock will vote together and not as separate series or classes.

3.3 Authorized Shares. The number of authorized shares of Common Stock or any class or series thereof may be increased or decreased (but not below (i) the number of shares of Common Stock or, in the case of a class or series of Common Stock, such class or series, then outstanding plus (ii) with respect to Class A Common Stock, the number of shares reserved for issuance pursuant to Section V.8) by the affirmative vote of the holders of a majority of the voting power of the Class A Common Stock and Class B Common Stock, voting together as a single class, irrespective of the provisions of Section 242(b)(2) of the Delaware General Corporation Law; provided, that the number of authorized shares of Class B Common Stock shall not be increased without the affirmative vote of the holders of a majority of the outstanding shares of Class B Common Stock, voting as a separate class.

3.4 Election of Directors. Subject to any rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, the holders of Common Stock, voting together as a single class, shall be entitled to elect and remove all directors of the Company.

4. Liquidation Rights. In the event of a Liquidation Event, subject to the rights of any Preferred Stock that may then be outstanding, the assets of the Corporation legally available for distribution to stockholders shall be distributed on an equal priority, pro rata basis to the holders of Common Stock, unless different treatment of the shares of each such class is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class; provided, however, that for the avoidance of doubt, consideration to be paid or received by a holder of Common Stock in connection with any Liquidation Event pursuant to any employment, consulting, severance or similar services arrangement shall not be deemed to be "distribution to stockholders" for the purpose of this Section V.4; *provided, further, however*, that shares of such classes may receive, or have the right to elect to receive, different or disproportionate consideration in connection with such consolidation, merger or other transaction if the only difference in the per share consideration to the holders of the Class A Common Stock and Class B Common Stock is that any securities distributed to the holder of a share of Class B Common Stock have two times the voting power of any securities distributed to the holder of a share of Class A Common Stock.

5. Conversion of the Class B Common Stock. The Class B Common Stock will be convertible into Class A Common Stock as follows:

5.1 Each share of Class B Common Stock will automatically convert into one fully paid and nonassessable share of Class A Common Stock on the Final Conversion Date.

5.2 With respect to any holder of Class B Common Stock, each share of Class B Common Stock held by such holder will automatically be converted into one fully paid and nonassessable share of Class A Common Stock, as follows:

(a) on the affirmative written election of such holder or, if later, at the time or the happening of a future event specified in such written election (which election may be revoked by such holder prior to the date on which the automatic conversion would otherwise occur unless otherwise specified by such holder); or

(b) on the occurrence of a Transfer of such share of Class B Common Stock, other than a Permitted Transfer.

6. Procedures. The Corporation may, from time to time, establish such policies and procedures relating to the conversion of the Class B Common Stock to Class A Common Stock and the general administration of this dual class stock structure, including the issuance of stock certificates with respect thereto, as it may deem necessary or advisable, and may from time to time request that holders of shares of Class B Common Stock furnish certifications, affidavits or other proof to the Corporation as it deems necessary to verify the ownership of Class B Common Stock and to confirm that a conversion to Class A Common Stock has not occurred. A determination by the Corporation as to whether or not a Transfer has occurred and results in a conversion to Class A Common Stock shall be conclusive and binding.

7. Immediate Effect. In the event of and upon a conversion of shares of Class B Common Stock to shares of Class A Common Stock pursuant to Section V.5, such conversion(s) shall be deemed to have been made at the time that the Transfer of shares, the Founder Change of Control, or the beneficial ownership falling below the Founder Threshold, as applicable, occurred or immediately upon the Final Conversion Date subject in all cases to any transition periods specifically provided for in this Certificate. Upon any conversion of Class B Common Stock to Class A Common Stock in accordance with this Certificate, all rights of such holder of shares of Class B Common Stock shall cease and the person or persons in whose names or names the certificate or certificates representing the shares of Class A Common Stock are to be issued shall be treated for all purposes as having become the record holder or holders of such shares of Class A Common Stock.

8. Reservation of Stock Issuable Upon Conversion. The Corporation will at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of effecting the conversion of the shares of the Class B Common Stock, such number of its shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Class B Common Stock; and if at any time the number of authorized but unissued shares of Class A Common Stock will not be sufficient to effect the conversion of all then-outstanding shares of Class B Common Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Class A Common Stock to such number of shares as will be sufficient for such purpose.

9. No Reissuance of Class B Common Stock. No share or shares of Class B Common Stock acquired by the Corporation by reason of redemption, purchase, conversion or otherwise shall be reissued, and all such shares shall be cancelled, retired and eliminated from the shares that the Corporation shall be authorized to issue.

10. Preemptive Rights. No stockholder of the Corporation shall have a right to purchase shares of capital stock of the Corporation sold or issued by the Corporation except to the extent that such a right may from time to time be set forth in a written agreement between the Corporation and a stockholder.

ARTICLE VI RIGHTS OF PREFERRED STOCK

1. Rights of Preferred Stock. The Board is authorized, subject to any limitations prescribed by law, to provide for the issuance of shares of Preferred Stock in one or more series pursuant to a resolution or resolutions providing for such issue duly adopted by the Board (authority to do so being hereby expressly vested in the Board), and by filing a certificate pursuant to the applicable law of the State of Delaware (such certificate being hereinafter referred to as a “***Preferred Stock Designation***”), to establish from time to time the number of shares to be included in each such series, and to fix the designations, powers, preferences, and rights of the shares of each such series and any qualifications, limitations or restrictions thereof. The authority of the Board with respect to each series of Preferred Stock shall include, but not be limited to, determination of the following:

(a) the designation of the series;

(b) the number of shares of the series;

(c) the dividend rate or rates on the shares of that series, whether dividends will be cumulative, and if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of that series;

(d) whether the series will have voting rights in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

(e) whether the series will have conversion privileges, and, if so, the terms and conditions of such conversion, including provision for adjustment of the conversion rate in such events as the Board of Directors shall determine;

(f) whether or not the shares of that series shall be redeemable, in whole or in part, at the option of the Corporation or the holder thereof, and if made subject to such redemption, the terms and conditions of such redemption, including the date or dates upon or

after which they shall be redeemable, and the amount per share payable in case of redemptions, which amount may vary under different conditions and at different redemption rates;

(g) the terms and amount of any sinking fund provided for the purchase or redemption of the shares of such series;

(h) the rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution, or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of that series;

(i) the restrictions, if any, on the issue or reissue of any additional Preferred Stock; and

(j) any other relative rights, preferences, and limitations of that series.

The Board is further authorized to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of any such series then outstanding) the number of shares of any series, the number of which was fixed by it, subsequent to the issuance of shares of such series then outstanding, subject to the powers, preferences and rights, and the qualifications, limitations and restrictions thereof stated in the Certificate or the resolution of the Board originally fixing the number of shares of such series. If the number of shares of any series is so decreased, then the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

2. Vote to Increase or Decrease Authorized Shares. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of all of the outstanding shares of stock of the Corporation entitled to vote thereon, without a vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any Preferred Stock Designation, irrespective of the provisions of Section 242(b)(2) of the Delaware General Corporation Law.

ARTICLE VII BOARD OF DIRECTORS

1. Board Size. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the number of directors that constitutes the entire Board shall be fixed by, or in the manner provided in, the Bylaws of the Corporation. At each annual meeting of stockholders, directors of the Corporation shall be elected to hold office until the expiration of the term for which they are elected and until their successors have been duly elected and qualified or until their earlier resignation or removal; except that if any such election shall not be so held, such election shall take place at a stockholders' meeting called and held in accordance with the Delaware General Corporation Law.

2. Removal; Vacancies. Any director may be removed from office by the stockholders of the Corporation as provided in Section 141(k) of the Delaware General Corporation Law. Except as otherwise required by law and subject to any rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, vacancies occurring on the Board for any reason and newly created directorships resulting from an increase in the authorized number of directors may be filled only by vote of a majority of the remaining members of the Board, although less than a quorum, or by a sole remaining director, and may not be filled by stockholders. A person elected to fill a vacancy or newly created directorship shall hold office until the next election of the class for which such director shall have been chosen and until his or her successor shall be duly elected and qualified.

ARTICLE VIII BOARD POWERS; STOCKHOLDER ACTION

The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

1. Board Power. The business and affairs of the Corporation shall be managed by or under the direction of the Board. In addition to the powers and authority expressly conferred by statute or by this Certificate or the Bylaws of the Corporation, the Board is hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

2. Amendment of Bylaws. In furtherance and not in limitation of the powers conferred by the Delaware General Corporation Law, the Board is expressly authorized to adopt, amend or repeal the Bylaws of the Corporation without any action on the part of the stockholders.

3. Special Meetings. Special meetings of the stockholders may be called only by (i) the Board pursuant to a resolution adopted by a majority of the Whole Board; (ii) the chairman of the Board; (iii) the chief executive officer of the Corporation; or (iv) the president of the Corporation (in the absence of a chief executive officer).

4. No Stockholder Action by Written Consent. Subject to the rights of the holders of any series of Preferred Stock, and except for any written election to convert shares of Class B Common Stock to Class A Common Stock as contemplated in this Certificate, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

5. No Cumulative Voting. No stockholder will be permitted to cumulate votes at any election of directors.

**ARTICLE IX
LIMITATION OF LIABILITY; INDEMNIFICATION**

1. Limitation of Liability. To the fullest extent permitted by law, no director of the Corporation shall be personally liable for monetary damages for breach of fiduciary duty as a director. Without limiting the effect of the preceding sentence, if the Delaware General Corporation Law is hereafter amended to authorize the further elimination or limitation of the liability of a director, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended. Neither any amendment nor repeal of this Article IX, nor the adoption of any provision of this Amended and Restated Certificate inconsistent with this Article IX, shall eliminate, reduce or otherwise adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such amendment, repeal or adoption of such an inconsistent provision.

2. Indemnification. The Corporation shall indemnify to the fullest extent permitted by law as it presently exists or may hereafter be amended any person made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative, or investigative, by reason of the fact that he, his testator, or intestate is or was a director or officer of the Corporation or any predecessor of the Corporation, or serves or served at any other enterprise as a director or officer at the request of the Corporation or any predecessor to the Corporation. Any amendment, repeal, or modification of this Section IX.2 shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

**ARTICLE X
SEVERABILITY; AMENDMENT**

1. Severability. If any provision of this Certificate becomes or is declared on any ground by a court of competent jurisdiction to be illegal, unenforceable or void, portions of such provision, or such provision in its entirety, to the extent necessary, shall be severed from this Certificate, and the court will replace such illegal, void or unenforceable provision of this Certificate with a valid and enforceable provision that most accurately reflects the Corporation's intent, in order to achieve, to the maximum extent possible, the same economic, business and other purposes of the illegal, void or unenforceable provision. The balance of this Certificate shall be enforceable in accordance with its terms.

2. Amendment. Except as provided in Article IX.1 above, the Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

ARTICLE XI
INCORPORATOR

The name of the sole incorporator of the Corporation is Abner Kurtin. The sole incorporator's mailing address is c/o Ascend Wellness Holdings, Inc., 1411 Broadway, 16th Floor, New York NY 10018.

IN WITNESS WHEREOF, I have hereunto set my hand as of April 22, 2021.

/s/ Abner Kurtin

Abner Kurtin, Sole Incorporator

**BYLAWS OF
ASCEND WELLNESS HOLDINGS, INC.**

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I - CORPORATE OFFICES	1
1.1 REGISTERED OFFICE	1
1.2 OTHER OFFICES	1
ARTICLE II - MEETINGS OF STOCKHOLDERS	1
2.1 PLACE OF MEETINGS	1
2.2 ANNUAL MEETING	1
2.3 SPECIAL MEETING	1
2.4 ADVANCE NOTICE PROCEDURES	2
2.5 NOTICE OF STOCKHOLDERS' MEETINGS	6
2.6 QUORUM	7
2.7 ADJOURNED MEETING; NOTICE	7
2.8 CONDUCT OF BUSINESS	7
2.9 VOTING	7
2.10 STOCKHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING	8
2.11 RECORD DATES	8
2.12 PROXIES	9
2.13 LIST OF STOCKHOLDERS ENTITLED TO VOTE	9
2.14 INSPECTORS OF ELECTION	10
ARTICLE III - DIRECTORS	10
3.1 POWERS	10
3.2 NUMBER OF DIRECTORS	10
3.3 ELECTION, QUALIFICATION AND TERM OF OFFICE OF DIRECTORS	10
3.4 RESIGNATION AND VACANCIES	10
3.5 PLACE OF MEETINGS; MEETINGS BY TELEPHONE	11
3.6 REGULAR MEETINGS	11
3.7 SPECIAL MEETINGS; NOTICE	11
3.8 QUORUM; VOTING	11
3.9 BOARD ACTION BY WRITTEN CONSENT WITHOUT A MEETING	12
3.10 FEES AND COMPENSATION OF DIRECTORS	12
3.11 REMOVAL OF DIRECTORS	12
ARTICLE IV - COMMITTEES	13
4.1 COMMITTEES OF DIRECTORS	13
4.2 COMMITTEE MINUTES	13
4.3 MEETINGS AND ACTION OF COMMITTEES	13
4.4 SUBCOMMITTEES	14
ARTICLE V - OFFICERS	14
5.1 OFFICERS	14
5.2 APPOINTMENT OF OFFICERS	14
5.3 SUBORDINATE OFFICERS	14
5.4 REMOVAL AND RESIGNATION OF OFFICERS	14
5.5 VACANCIES IN OFFICES	15
5.6 REPRESENTATION OF SECURITIES OF OTHER ENTITIES	15
5.7 AUTHORITY AND DUTIES OF OFFICERS	15

ARTICLE VI - STOCK	15
6.1 STOCK CERTIFICATES	15
6.2 LOST CERTIFICATES	15
6.3 DIVIDENDS	16
6.4 TRANSFER OF STOCK	16
6.5 STOCK TRANSFER AGREEMENTS	16
6.6 REGISTERED STOCKHOLDERS	16
ARTICLE VII - MANNER OF GIVING NOTICE AND WAIVER	16
7.1 NOTICE OF STOCKHOLDERS' MEETINGS	16
7.2 NOTICE BY ELECTRONIC TRANSMISSION	17
7.3 NOTICE TO STOCKHOLDERS SHARING AN ADDRESS	17
7.4 NOTICE TO PERSON WITH WHOM COMMUNICATION IS UNLAWFUL	17
7.5 WAIVER OF NOTICE	18
ARTICLE VIII - INDEMNIFICATION	18
8.1 INDEMNIFICATION OF DIRECTORS AND OFFICERS IN THIRD PARTY PROCEEDINGS	18
8.2 INDEMNIFICATION OF DIRECTORS AND OFFICERS IN ACTIONS BY OR IN THE RIGHT OF THE CORPORATION	18
8.3 SUCCESSFUL DEFENSE	19
8.4 INDEMNIFICATION OF OTHERS	19
8.5 ADVANCE PAYMENT OF EXPENSES	19
8.6 LIMITATION ON INDEMNIFICATION	20
8.7 NON-EXCLUSIVITY OF RIGHTS	20
8.8 INSURANCE	20
8.9 SURVIVAL	21
8.10 EFFECT OF REPEAL OR MODIFICATION	21
8.11 CERTAIN DEFINITIONS	21
ARTICLE IX - GENERAL MATTERS	21
9.1 EXECUTION OF CORPORATE CONTRACTS AND INSTRUMENTS	21
9.2 FISCAL YEAR	22
9.3 SEAL	22
9.4 CONSTRUCTION; DEFINITIONS	22
9.5 CONFLICT WITH APPLICABLE LAW OR CERTIFICATE OF INCORPORATION	22
9.6 BOOKS AND RECORDS	22
ARTICLE X - AMENDMENTS	22
ARTICLE XI - EXCLUSIVE FORUM	23

BYLAWS OF ASCEND WELLNESS HOLDINGS, INC.

ARTICLE I - CORPORATE OFFICES

1.1 REGISTERED OFFICE

The registered office of Ascend Wellness Holdings, Inc., (the “*Corporation*”) shall be fixed in the Corporation’s certificate of incorporation (the “*Certificate of Incorporation*”), as the same may be amended from time to time.

1.2 OTHER OFFICES

The Corporation may have other offices, both within and without the State of Delaware, as the board of directors of the Corporation (the “*Board of Directors*”) from time to time shall determine or the business of the Corporation may require.

ARTICLE II - MEETINGS OF STOCKHOLDERS

2.1 PLACE OF MEETINGS

Meetings of stockholders shall be held at any place, within or outside the State of Delaware, designated by the Board of Directors. The Board of Directors may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the Delaware General Corporation Law (the “*DGCL*”).

2.2 ANNUAL MEETING

The annual meeting of stockholders shall be held each year. The Board of Directors shall designate the date and time of the annual meeting. At the annual meeting, directors shall be elected and any other proper business, brought in accordance with Section 2.4 of these bylaws, may be transacted. The Board of Directors, acting pursuant to a resolution adopted by a majority of the Whole Board, may cancel, postpone or reschedule any previously scheduled annual meeting at any time, before or after the notice for such meeting has been sent to the stockholders. For purposes of these bylaws, the term “*Whole Board*” shall mean the total number of authorized directors whether or not there exist any vacancies or unfilled seats in previously authorized directorships.

2.3 SPECIAL MEETING

(i) A special meeting of the stockholders, other than as required by statute, may be called at any time by (a) the Board of Directors, acting pursuant to a resolution adopted by a majority of the Whole Board, (b) the chairperson of the Board of Directors, or (c) the chief executive officer or the president (in the absence of a chief executive officer), but a special meeting may not be called by any other person or persons. The Board of Directors, acting pursuant to a resolution adopted by a majority of the Whole Board, may cancel, postpone or reschedule any previously scheduled special meeting at any time, before or after the notice for such meeting has been sent to the stockholders.

(ii) If any person(s) other than the Board of Directors calls a special meeting, the request shall:

(a) be in writing;

(b) specify the general nature of the business proposed to be transacted, subject to any additional applicable requirements as are set forth in Section 2.4(iii) and in Section 2.4(i)(b) (for the proposal of business other than nominations); and

(c) be delivered personally or sent by registered mail to the secretary of the Corporation.

Upon receipt of such a request, the Board of Directors shall determine the date, time and place of such special meeting, which must be scheduled to be held on a date that is not less than thirty (30) and not more than ninety (90) days after receipt by the secretary of the request therefor, and the secretary of the Corporation shall prepare a proper notice thereof. No business may be transacted at such special meeting other than the business specified in the notice to stockholders of such meeting. A request to call a special meeting by any person other than the Board of Directors will not be valid unless made in accordance with the requirements and procedures set forth in this Section 2.3(ii).

(iii) The notice of a special meeting shall include the purpose for which the meeting is called. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting by or at the direction of the Board of Directors, chairperson of the Board of Directors, chief executive officer or president (in the absence of a chief executive officer) or in the notice specified in Section 2.3(ii) above. Nothing contained in this Section 2.3(iii) shall be construed as limiting, fixing or affecting the time when a meeting of stockholders called by action of the Board of Directors may be held.

2.4 ADVANCE NOTICE PROCEDURES

(i) *Advance Notice of Stockholder Business.* At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be brought: (A) pursuant to the Corporation's proxy materials with respect to such meeting, (B) by or at the direction of the Board of Directors, or (C) by a stockholder of the Corporation who (1) is a stockholder of record at the time of the giving of the notice required by this Section 2.4(i), on the record date for the determination of stockholders entitled to notice of the annual meeting and on the record date for the determination of stockholders entitled to vote at the annual meeting and (2) has timely complied in proper written form with the notice procedures set forth in this Section 2.4(i). In addition, for business to be properly brought before an annual meeting by a stockholder, such business must be a proper matter for stockholder action pursuant to these bylaws and applicable law. For the avoidance of doubt, clause (C) above shall be the exclusive means for a stockholder to bring business (other than business included in the Corporation's proxy materials pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, or any successor thereto (the "**1934 Act**")) before an annual meeting of stockholders.

(a) To comply with clause (C) of Section 2.4(i) above, a stockholder's notice must set forth all information required under this Section 2.4(i) and must be timely received by the secretary of the Corporation. To be timely, a stockholder's notice must be received by the secretary at the

principal executive offices of the Corporation not later than the 45th day nor earlier than the 75th day before the one-year anniversary of the date on which the Corporation first mailed its proxy materials or a notice of availability of proxy materials (whichever is earlier) for the preceding year's annual meeting; *provided, however*, that in the event that no annual meeting was held in the previous year or if the date of the annual meeting is advanced by more than 30 days prior to or delayed by more than 60 days after the one-year anniversary of the date of the previous year's annual meeting, then, for notice by the stockholder to be timely, it must be so received by the secretary not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of (i) the 90th day prior to such annual meeting, or (ii) the tenth day following the day on which Public Announcement (as defined below) of the date of such annual meeting is first made. In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of a stockholder's notice as described in this Section 2.4(i)(a). "**Public Announcement**" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or a comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the 1934 Act.

(b) To be in proper written form, a stockholder's notice to the secretary must set forth as to each matter of business the stockholder intends to bring before the annual meeting: (1) a brief description of the business intended to be brought before the annual meeting, the text of the proposed business (including the text of any resolutions proposed for consideration) and the reasons for conducting such business at the annual meeting, (2) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business and any Stockholder Associated Person (as defined below), (3) the class and number of shares of the Corporation that are held of record or are beneficially owned by the stockholder or any Stockholder Associated Person and any derivative positions held or beneficially held by the stockholder or any Stockholder Associated Person, (4) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of such stockholder or any Stockholder Associated Person with respect to any securities of the Corporation, and a description of any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares), the effect or intent of which is to mitigate loss to, or to manage the risk or benefit from share price changes for, or to increase or decrease the voting power of, such stockholder or any Stockholder Associated Person with respect to any securities of the Corporation, (5) any material interest of the stockholder or a Stockholder Associated Person in such business, and (6) a statement whether either such stockholder or any Stockholder Associated Person will deliver a proxy statement and form of proxy to holders of at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal (such information provided and statements made as required by clauses (1) through (6), a "**Business Solicitation Statement**"). In addition, to be in proper written form, a stockholder's notice to the secretary must be supplemented not later than ten days following the record date for the determination of stockholders entitled to notice of the meeting to disclose the information contained in clauses (3) and (4) above as of such record date. For purposes of this Section 2.4, a "**Stockholder Associated Person**" of any stockholder shall mean (i) any person controlling, directly or indirectly, or acting in concert with, such stockholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder and on whose behalf the proposal or nomination, as the case may be, is being made, or (iii) any person controlling, controlled by or under common control with such person referred to in the preceding clauses (i) and (ii).

(c) Without exception, no business shall be conducted at any annual meeting except in accordance with the provisions set forth in this Section 2.4(i) and, if applicable, Section 2.4(ii). In addition, business proposed to be brought by a stockholder may not be brought before the annual meeting if such stockholder or a Stockholder Associated Person, as applicable, takes action contrary to

the representations made in the Business Solicitation Statement applicable to such business or if the Business Solicitation Statement applicable to such business contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein not misleading. The chairperson of the annual meeting shall, if the facts warrant, determine and declare at the annual meeting that business was not properly brought before the annual meeting and in accordance with the provisions of this Section 2.4(i), and, if the chairperson should so determine, he or she shall so declare at the annual meeting that any such business not properly brought before the annual meeting shall not be conducted.

(ii) *Advance Notice of Director Nominations at Annual Meetings.* Notwithstanding anything in these bylaws to the contrary, only persons who are nominated in accordance with the procedures set forth in this Section 2.4(ii) shall be eligible for election or re-election as directors at an annual meeting of stockholders. Nominations of persons for election to the Board of Directors of the Corporation shall be made at an annual meeting of stockholders only (A) by or at the direction of the Board of Directors or (B) by a stockholder of the Corporation who (1) was a stockholder of record at the time of the giving of the notice required by this Section 2.4(ii), on the record date for the determination of stockholders entitled to notice of the annual meeting and on the record date for the determination of stockholders entitled to vote at the annual meeting and (2) has complied with the notice procedures set forth in this Section 2.4(ii). In addition to any other applicable requirements, for a nomination to be made by a stockholder, the stockholder must have given timely notice thereof in proper written form to the secretary of the Corporation.

(a) To comply with clause (B) of Section 2.4(ii) above, a nomination to be made by a stockholder must set forth all information required under this Section 2.4(ii) and must be received by the secretary of the Corporation at the principal executive offices of the Corporation at the time set forth in, and in accordance with, the final three sentences of Section 2.4(i)(a) above; provided, however, that in the event that the number of directors to be elected to the Board of Directors is increased and there is no Public Announcement naming all of the nominees for director or specifying the size of the increased board made by the Corporation at least ten (10) days before the last day a stockholder may deliver a notice of nomination pursuant to the foregoing provisions, a stockholder's notice required by this Section 2.4(ii) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be received by the secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such Public Announcement is first made by the Corporation.

(b) To be in proper written form, such stockholder's notice to the secretary must set forth:

(1) as to each person (a "**nominee**") whom the stockholder proposes to nominate for election or re-election as a director: (A) the name, age, business address and residence address of the nominee, (B) the principal occupation or employment of the nominee, (C) the class and number of shares of the Corporation that are held of record or are beneficially owned by the nominee and any derivative positions held or beneficially held by the nominee, (D) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of the nominee with respect to any securities of the Corporation, and a description of any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares), the effect or intent of which is to mitigate loss to, or to manage the risk or benefit of share price changes for, or to increase or decrease the voting power of the nominee, (E) a description of all arrangements or understandings between or among the stockholder, any nominee or any other person or persons (naming

such person or persons) pursuant to which the nominations are to be made by the stockholder, including a description of any compensatory payment or other financial agreement, arrangement or understanding involving the nominee and of any compensation or other payment received by or on behalf of the nominee, in each case in connection with candidacy or service as a director of the Corporation, (F) a written statement executed by the nominee acknowledging and representing that the nominee intends to serve a full term on the Board of Directors if elected and that, as a director of the Corporation, the nominee will owe a fiduciary duty under Delaware law with respect to the Corporation and its stockholders, and (G) any other information relating to the nominee that would be required to be disclosed about such nominee if proxies were being solicited for the election of the nominee as a director, or that is otherwise required, in each case pursuant to Regulation 14A under the 1934 Act (including without limitation the nominee's written consent to being named in the proxy statement, if any, as a nominee and to serving as a director if elected); and

(2) as to such stockholder giving notice, (A) the information required to be provided pursuant to clauses (2) through (5) of Section 2.4(i)(b) above, and the supplement referenced in the second sentence of Section 2.4(i)(b) above (except that the references to "business" in such clauses shall instead refer to nominations of directors for purposes of this paragraph), and (B) a statement whether either such stockholder or Stockholder Associated Person will deliver a proxy statement and form of proxy to holders of a number of the Corporation's voting shares reasonably believed by such stockholder or Stockholder Associated Person to be necessary to elect such nominee(s) (such information provided and statements made as required by clauses (A) and (B) above, a "**Nominee Solicitation Statement**").

(c) At the request of the Board of Directors, any person nominated by a stockholder for election as a director must furnish to the secretary of the Corporation (1) that information required to be set forth in the stockholder's notice of nomination of such person as a director as of a date subsequent to the date on which the notice of such person's nomination was given and (2) such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee; in the absence of the furnishing of such information if requested, such stockholder's nomination shall not be considered in proper form pursuant to this Section 2.4(ii).

(d) Without exception, no person shall be eligible for election or re-election as a director of the Corporation at an annual meeting of stockholders unless nominated in accordance with the provisions set forth in this Section 2.4(ii). In addition, a nominee shall not be eligible for election or re-election if a stockholder or Stockholder Associated Person, as applicable, takes action contrary to the representations made in the Nominee Solicitation Statement applicable to such nominee or in any other notice to the Corporation or if the Nominee Solicitation Statement applicable to such nominee or any other relevant notice contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein not misleading. The chairperson of the annual meeting shall, if the facts warrant, determine and declare at the annual meeting that a nomination was not made in accordance with the provisions prescribed by these bylaws, and if the chairperson should so determine, he or she shall so declare at the annual meeting, and the defective nomination shall be disregarded.

(iii) *Advance Notice of Director Nominations for Special Meetings.*

(a) For a special meeting of stockholders at which directors are to be elected pursuant to Section 2.3, nominations of persons for election to the Board of Directors shall be made only

(1) by or at the direction of the Board of Directors or (2) by any stockholder of the Corporation who (A) is a stockholder of record at the time of the giving of the notice required by this Section 2.4(iii), on the record date for the determination of stockholders entitled to notice of the special meeting and on the record date for the determination of stockholders entitled to vote at the special meeting and (B) delivers a timely written notice of the nomination to the secretary of the Corporation that includes the information set forth in Sections 2.4(ii)(b) and (ii)(c) above. To be timely, such notice must be received by the secretary at the principal executive offices of the Corporation not later than the close of business on the later of the 90th day prior to such special meeting or the tenth day following the day on which Public Announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. A person shall not be eligible for election or re-election as a director at a special meeting unless the person is nominated (i) by or at the direction of the Board of Directors or (ii) by a stockholder in accordance with the notice procedures set forth in this Section 2.4(iii). In addition, a nominee shall not be eligible for election or re-election if a stockholder or Stockholder Associated Person, as applicable, takes action contrary to the representations made in the Nominee Solicitation Statement applicable to such nominee or in any other notice to the Corporation or if the Nominee Solicitation Statement applicable to such nominee or any other relevant notice contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein not misleading.

(b) The chairperson of the special meeting shall, if the facts warrant, determine and declare at the meeting that a nomination or business was not made in accordance with the procedures prescribed by these bylaws, and if the chairperson should so determine, he or she shall so declare at the meeting, and the defective nomination or business shall be disregarded.

(iv) *Other Requirements and Rights.* In addition to the foregoing provisions of this Section 2.4, a stockholder must also comply with all applicable requirements of state law and of the 1934 Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.4, including, with respect to business such stockholder intends to bring before the annual meeting that involves a proposal that such stockholder requests to be included in the Corporation's proxy statement, the requirements of Rule 14a-8 (or any successor provision) under the 1934 Act. Nothing in this Section 2.4 shall be deemed to affect any right of the Corporation to omit a proposal from the Corporation's proxy statement pursuant to Rule 14a-8 (or any successor provision) under the 1934 Act.

2.5 NOTICE OF STOCKHOLDERS' MEETINGS

Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Except as otherwise provided in the DGCL, the Certificate of Incorporation or these bylaws, the written notice of any meeting of stockholders shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting.

2.6 QUORUM

The holders of a majority of the voting power of the stock issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders. Where a separate vote by a class or series or classes or series is required, a majority of the voting power of the outstanding shares of such class or series or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter, except as otherwise provided by law, the Certificate of Incorporation or these bylaws. If, however, such quorum is not present or represented at any meeting of the stockholders, then either (i) the chairperson of the meeting, or (ii) the stockholders entitled to vote at the meeting, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the original meeting.

2.7 ADJOURNED MEETING; NOTICE

When a meeting is adjourned to another time or place, unless these bylaws otherwise require, notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors shall fix a new record date for notice of such adjourned meeting in accordance with Section 213(a) of the DGCL and Section 2.11 of these bylaws, and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting.

2.8 CONDUCT OF BUSINESS

The chairperson of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of business and discussion as seem to the chairperson in order. The chairperson of any meeting of stockholders shall have the power to adjourn the meeting to another place, if any, date or time. The chairperson of any meeting of stockholders shall be designated by the Board of Directors; in the absence of such designation, the chairperson of the board, if any, or the chief executive officer (in the absence of the chairperson of the board), or the president (in the absence of the chairperson of the board and the chief executive officer), or in their absence any other executive officer of the Corporation, shall serve as chairperson of the stockholder meeting.

2.9 VOTING

The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of Section 2.11 of these bylaws, subject to Section 217 (relating to voting rights of fiduciaries, pledgors and joint owners of stock) and Section 218 (relating to voting trusts and other voting agreements) of the DGCL.

Except as otherwise provided by law, the Certificate of Incorporation, these bylaws or the rules of any applicable stock exchange, in all matters other than the election of directors, the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders. Except as otherwise required by law, the Certificate of Incorporation or these bylaws, directors shall be elected by a plurality of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Where a separate vote by a class or series or classes or series is required, in all matters other than the election of directors, the affirmative vote of the majority of the voting power of the shares of such class or series or classes or series present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of such class or series or classes or series, except as otherwise provided by law, the Certificate of Incorporation, these bylaws or the rules of any applicable stock exchange.

Unless otherwise required by the Certificate of Incorporation, the election of directors shall be by written ballot. If authorized by the Board of Directors, such requirement of a written ballot shall be satisfied by a ballot submitted by electronic transmission, provided that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder or proxy holder.

2.10 STOCKHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Subject to the rights of the holders of the shares of any series of Preferred Stock, and except for any written election to convert shares of the Corporation's Class B Common Stock to Class A Common Stock as contemplated in the Certificate of Incorporation, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

2.11 RECORD DATES

In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If the Board of Directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination.

If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of and to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the Board of Directors may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such

adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance with the provisions of Section 213 of the DGCL and this Section 2.11 at the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

2.12 PROXIES

Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL.

A written proxy may be in the form of an electronic transmission which sets forth or is submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder or in any other form permitted by law.

2.13 LIST OF STOCKHOLDERS ENTITLED TO VOTE

The Corporation shall prepare, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting; *provided, however*, if the record date for determining the stockholders entitled to vote is less than 10 days before the meeting date, the list shall reflect the stockholders entitled to vote as of the tenth day before the meeting date, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The Corporation shall not be required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least 10 days prior to the meeting: (i) on a reasonably accessible electronic network, *provided* that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the Corporation's principal place of business. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then a list of stockholders entitled to vote at the meeting shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be examined by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then such list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

2.14 INSPECTORS OF ELECTION

Before any meeting of stockholders, the Board of Directors shall appoint an inspector or inspectors of election to act at the meeting or its adjournment. The Corporation may designate one (1) or more persons as alternate inspectors to replace any inspector who fails to act. Such inspectors shall take all actions as contemplated under Section 231 of the DGCL or any successor provision thereto.

The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are multiple inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is *prima facie* evidence of the facts stated therein.

ARTICLE III - DIRECTORS

3.1 POWERS

The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors, except as may be otherwise provided in the DGCL or the Certificate of Incorporation.

3.2 NUMBER OF DIRECTORS

The Board of Directors shall consist of one or more members, each of whom shall be a natural person. Unless the Certificate of Incorporation fixes the number of directors, the authorized number of directors shall be determined from time to time by resolution adopted by a majority of the Whole Board. No reduction of the authorized number of directors shall have the effect in itself of removing any director before that director's term of office expires.

3.3 ELECTION, QUALIFICATION AND TERM OF OFFICE OF DIRECTORS

Except as provided in Section 3.4 of these bylaws, each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until such director's successor is elected and qualified or until such director's earlier death, resignation or removal. Directors need not be stockholders unless so required by the Certificate of Incorporation or these bylaws. The Certificate of Incorporation or these bylaws may prescribe other qualifications for directors.

If so provided in the Certificate of Incorporation, the directors of the Corporation shall be divided into three classes. Until such time, the directors of the Corporation shall be elected at each annual meeting of stockholders to hold office until the next annual meeting.

3.4 RESIGNATION AND VACANCIES

Any director may resign at any time upon notice given in writing or by electronic transmission to the chairperson of the Board of Directors (or, if none, to the chief executive officer of the Corporation) or to the secretary of the Corporation. A resignation is effective when the resignation is delivered unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events. A resignation which is conditioned upon the director failing to receive a specified vote for reelection as a director may provide that it is irrevocable.

Unless otherwise provided in the Certificate of Incorporation or these bylaws, or applicable law or permitted in the specific case by resolution of the Board of Directors, and subject to the rights of holders of Preferred Stock, any vacancy in the Board of Directors resulting from the death, resignation, removal or disqualification of any director or for any other reason, and any newly created directorship resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and may not be filled by stockholders. Unless otherwise provided in the Certificate of Incorporation or these bylaws, when one or more directors resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective. If the directors are divided into classes as provided by the Certificate of Incorporation, a person so chosen to fill a vacancy or newly created directorship shall hold office until the next election of the class for which such director shall have been chosen and until his or her successor shall have been duly elected and qualified.

3.5 PLACE OF MEETINGS; MEETINGS BY TELEPHONE

The Board of Directors may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the Certificate of Incorporation or these bylaws, members of the Board of Directors may participate in a meeting of the Board of Directors by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

3.6 REGULAR MEETINGS

Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board of Directors.

3.7 SPECIAL MEETINGS; NOTICE

Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the chairperson of the Board of Directors, the chief executive officer, the president, the secretary or a majority of the authorized number of directors.

Notice of the time and place of special meetings shall be:

- (i) delivered personally by hand, by courier or by telephone;
- (ii) sent by United States first-class mail, postage prepaid;
- (iii) sent by facsimile;
- (iv) sent by electronic mail; or
- (v) otherwise given by electronic transmission (as defined in Section 7.2),

directed to each director at that director's address, telephone number, facsimile number, electronic mail address or other contact for notice by electronic transmission, as the case may be, as shown on the Corporation's records.

If the notice is (i) delivered personally by hand, by courier or by telephone, (ii) sent by facsimile, (iii) sent by electronic mail or (iv) otherwise given by electronic transmission, it shall be delivered, sent or otherwise directed to each director, as applicable, at least 24 hours before the time of the holding of the meeting. If the notice is sent by United States mail, it shall be deposited in the United States mail at least four days before the time of the holding of the meeting. Any oral notice may be communicated to the director. The notice need not specify the place of the meeting (if the meeting is to be held at the Corporation's principal executive office) nor the purpose of the meeting, unless required by statute.

3.8 QUORUM; VOTING

At all meetings of the Board of Directors, a majority of the Whole Board shall constitute a quorum for the transaction of business. If a quorum is not present at any meeting of the Board of Directors, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

The affirmative vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute, the Certificate of Incorporation or these bylaws.

3.9 BOARD ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Unless otherwise restricted by the Certificate of Incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. Any person (whether or not then a director) may provide, whether through instruction to an agent or otherwise, that a consent to action will be effective at a future time (including a time determined upon the happening of an event), no later than 60 days after such instruction is given or such provision is made and such consent shall be deemed to have been given for purposes of this Section 3.9 at such effective time so long as such person is then a director and did not revoke the consent prior to such time. Any such consent shall be revocable prior to its becoming effective.

3.10 FEES AND COMPENSATION OF DIRECTORS

Unless otherwise restricted by the Certificate of Incorporation or these bylaws, the Board of Directors, or a committee thereof, shall have the authority to fix the compensation of directors.

3.11 REMOVAL OF DIRECTORS

Except as prohibited by applicable law or the Certificate of Incorporation, any director may be removed from office at any time, with or without cause, by the affirmative vote of the holders of at least a majority of the voting power of the outstanding shares then entitled to vote for the election of directors.

No reduction of the authorized number of directors shall have the effect in itself of removing any director prior to the expiration of such director's term of office.

ARTICLE IV - COMMITTEES

4.1 COMMITTEES OF DIRECTORS

The Board of Directors may, by resolution passed by a majority of the Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors or in these bylaws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority to (i) approve or adopt, or recommend to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopt, amend or repeal any bylaw of the Corporation.

4.2 COMMITTEE MINUTES

Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

4.3 MEETINGS AND ACTION OF COMMITTEES

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of:

- (i) Section 3.5 (place of meetings and meetings by telephone);
- (ii) Section 3.6 (regular meetings);
- (iii) Section 3.7 (special meetings and notice);
- (iv) Section 3.8 (quorum; voting);
- (v) Section 3.9 (action without a meeting); and
- (vi) Section 7.5 (waiver of notice)

with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the Board of Directors and its members. *However:*

- (i) the time of regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee;
- (ii) special meetings of committees may also be called by resolution of the Board of Directors; and
- (iii) notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board of Directors may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

4.4 SUBCOMMITTEES

Unless otherwise provided in the Certificate of Incorporation, these bylaws or the resolutions of the Board of Directors designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee.

ARTICLE V - OFFICERS

5.1 OFFICERS

The officers of the Corporation shall be chosen by the Board of Directors and shall include a chief executive officer, a chief financial officer and any other officers as determined in the discretion of the Board of Directors. The Corporation may also have, at the discretion of the Board of Directors, a chairperson of the Board of Directors, a vice chairperson of the Board of Directors, a chief executive officer, a chief financial officer or treasurer, one or more vice presidents, one or more assistant vice presidents, one or more assistant treasurers, one or more assistant secretaries, and any such other officers as may be appointed in accordance with the provisions of these bylaws. Any number of offices may be held by the same person.

5.2 APPOINTMENT OF OFFICERS

The Board of Directors shall appoint the officers of the Corporation, except such officers as may be appointed in accordance with the provisions of Sections 5.3 of these bylaws, subject to the rights, if any, of an officer under any contract of employment.

5.3 SUBORDINATE OFFICERS

The Board of Directors may appoint, or empower the chief executive officer or, in the absence of a chief executive officer, the president, to appoint, such other officers as the business of the Corporation may require. Each of such officers shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws or as the Board of Directors may from time to time determine.

5.4 REMOVAL AND RESIGNATION OF OFFICERS

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the Board of Directors or, except in the case of an officer chosen by the Board of Directors unless as otherwise provided by resolution of the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors.

Any officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

5.5 VACANCIES IN OFFICES

Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors or as provided in Section 5.3.

5.6 REPRESENTATION OF SECURITIES OF OTHER ENTITIES

The chairperson of the Board of Directors, the chief executive officer, the president, any vice president, the treasurer, the secretary or assistant secretary of this corporation, or any other person authorized by the Board of Directors or the chief executive officer, the president or a vice president, is authorized to vote, represent, and exercise on behalf of this corporation all rights incident to any and all shares or other securities of any other entity or entities standing in the name of this corporation, including the right to act by written consent. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

5.7 AUTHORITY AND DUTIES OF OFFICERS

All officers of the Corporation shall respectively have such authority and perform such duties in the management of the business of the Corporation as may be designated from time to time by the Board of Directors and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board of Directors.

ARTICLE VI - STOCK

6.1 STOCK CERTIFICATES

The shares of the Corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Unless otherwise provided by resolution of the Board of Directors, every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of, the Corporation by any two officers of the Corporation representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. The Corporation shall not have power to issue a certificate in bearer form.

6.2 LOST CERTIFICATES

Except as provided in this Section 6.2, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the Corporation and cancelled at the same time. The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account

of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

6.3 DIVIDENDS

The Board of Directors, subject to any restrictions contained in the Certificate of Incorporation or applicable law, may declare and pay dividends upon the shares of the Corporation's capital stock. Dividends may be paid in cash, in property, or in shares of the Corporation's capital stock, subject to the provisions of the Certificate of Incorporation. The Board of Directors may set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve.

6.4 TRANSFER OF STOCK

Stock of the Corporation shall be transferable in the manner prescribed by law and in these bylaws. Transfers of record of shares of stock of the Corporation shall be made only upon its books by the holders thereof, in person or by an attorney duly authorized, and, if such stock is certificated, upon the surrender of a certificate or certificates for a like number of shares, properly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer.

6.5 STOCK TRANSFER AGREEMENTS

The Corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the Corporation to restrict the transfer of shares of stock of the Corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

6.6 REGISTERED STOCKHOLDERS

The Corporation:

- (i) shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner; and
- (ii) shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII - MANNER OF GIVING NOTICE AND WAIVER

7.1 NOTICE OF STOCKHOLDERS' MEETINGS

Notice of any meeting of stockholders, if mailed, is given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the Corporation's records. An affidavit of the secretary or an assistant secretary of the Corporation or of the transfer agent or other agent of the Corporation that the notice has been given shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

7.2 NOTICE BY ELECTRONIC TRANSMISSION

Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the DGCL, the Certificate of Incorporation or these bylaws, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation or these bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if:

- (i) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent; and
- (ii) such inability becomes known to the secretary or an assistant secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice.

However, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

Any notice given pursuant to the preceding paragraph shall be deemed given as provided under Section 232 of the DGCL. An affidavit of the secretary or an assistant secretary or of the transfer agent or other agent of the Corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

An “**electronic transmission**” means any form of communication, not directly involving the physical transmission of paper, including the use of, or participation in, one or more electronic networks or databases (including one or more distributed electronic networks or databases), that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Notice by a form of electronic transmission shall not apply to Sections 164, 296, 311, 312 or 324 of the DGCL.

7.3 NOTICE TO STOCKHOLDERS SHARING AN ADDRESS

Except as otherwise prohibited under the DGCL, without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under the provisions of the DGCL, the Certificate of Incorporation or these bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any stockholder who fails to object in writing to the Corporation, within 60 days of having been given written notice by the Corporation of its intention to send the single notice, shall be deemed to have consented to receiving such single written notice. This Section 7.3 shall not apply to Sections 164, 296, 311, 312 or 324 of the DGCL.

7.4 NOTICE TO PERSON WITH WHOM COMMUNICATION IS UNLAWFUL

Whenever notice is required to be given, under the DGCL, the Certificate of Incorporation or these bylaws, to any person with whom communication is unlawful, the giving of such notice to such

person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the Corporation is such as to require the filing of a certificate under the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

7.5 WAIVER OF NOTICE

Whenever notice is required to be given under any provision of the DGCL, the Certificate of Incorporation or these bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, or the Board of Directors or a committee thereof, as the case may be, need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the Certificate of Incorporation or these bylaws.

ARTICLE VIII - INDEMNIFICATION

8.1 INDEMNIFICATION OF DIRECTORS AND OFFICERS IN THIRD PARTY PROCEEDINGS

Subject to the other provisions of this Article VIII, the Corporation shall indemnify, to the fullest extent permitted by the DGCL, as now or hereinafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "**Proceeding**") (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

8.2 INDEMNIFICATION OF DIRECTORS AND OFFICERS IN ACTIONS BY OR IN THE RIGHT OF THE CORPORATION

Subject to the other provisions of this Article VIII, the Corporation shall indemnify, to the fullest extent permitted by the DGCL, as now or hereinafter in effect, any person who was or is a party or is

threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

8.3 SUCCESSFUL DEFENSE

To the extent that a present or former director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described in Section 8.1 or Section 8.2, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

8.4 INDEMNIFICATION OF OTHERS

Subject to the other provisions of this Article VIII, the Corporation shall have power to indemnify its employees and agents to the extent not prohibited by the DGCL or other applicable law. The Board of Directors shall have the power to delegate to any person or persons identified in subsections (1) through (4) of Section 145(d) of the DGCL the determination of whether employees or agents shall be indemnified.

8.5 ADVANCE PAYMENT OF EXPENSES

Expenses (including attorneys' fees) actually and reasonably incurred by an officer or director of the Corporation in defending any Proceeding shall be paid by the Corporation in advance of the final disposition of such Proceeding upon receipt of a written request therefor (together with documentation reasonably evidencing such expenses) and an undertaking by or on behalf of the person to repay such amounts if it shall ultimately be determined that the person is not entitled to be indemnified under this Article VIII or the DGCL. Such expenses (including attorneys' fees) actually and reasonably incurred by former directors and officers or other current or former employees and agents of the Corporation or by persons currently or formerly serving at the request of the Corporation as directors, officers, employees or agents of another corporation, partnership, joint venture, trust or other enterprise may be so paid upon such terms and conditions, if any, as the Corporation deems appropriate. The right to advancement of expenses shall not apply to any claim for which indemnity is excluded pursuant to these bylaws, but shall apply to any Proceeding referenced in Section 8.6(ii) or 8.6(iii) prior to a determination that the person is not entitled to be indemnified by the Corporation.

8.6 LIMITATION ON INDEMNIFICATION

Subject to the requirements in Section 8.3 and the DGCL, the Corporation shall not be obligated to indemnify any person pursuant to this Article VIII in connection with any Proceeding (or any part of any Proceeding):

- (i) for which payment has actually been made to or on behalf of such person under any statute, insurance policy, indemnity provision, vote or otherwise, except with respect to any excess beyond the amount paid;
- (ii) for an accounting or disgorgement of profits pursuant to Section 16(b) of the 1934 Act, or similar provisions of federal, state or local statutory law or common law, if such person is held liable therefor (including pursuant to any settlement arrangements);
- (iii) for any reimbursement of the Corporation by such person of any bonus or other incentive-based or equity-based compensation or of any profits realized by such person from the sale of securities of the Corporation, as required in each case under the 1934 Act (including any such reimbursements that arise from an accounting restatement of the Corporation pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the “**Sarbanes-Oxley Act**”), or the payment to the Corporation of profits arising from the purchase and sale by such person of securities in violation of Section 306 of the Sarbanes-Oxley Act), if such person is held liable therefor (including pursuant to any settlement arrangements);
- (iv) initiated by such person, including any Proceeding (or any part of any Proceeding) initiated by such person against the Corporation or its directors, officers, employees, agents or other indemnitees, unless (a) the Board of Directors authorized the Proceeding (or the relevant part of the Proceeding) prior to its initiation, (b) the Corporation provides the indemnification, in its sole discretion, pursuant to the powers vested in the Corporation under applicable law, (c) otherwise required to be made under Section 8.7 or (d) otherwise required by applicable law; or
- (v) if prohibited by applicable law.

8.7 NON-EXCLUSIVITY OF RIGHTS

The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation or any statute, bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person’s official capacity and as to action in another capacity while holding such office. The Corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advancement of expenses, to the fullest extent not prohibited by the DGCL or other applicable law.

8.8 INSURANCE

The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture,

trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of the DGCL.

8.9 SURVIVAL

The rights to indemnification and advancement of expenses conferred by this Article VIII shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

8.10 EFFECT OF REPEAL OR MODIFICATION

A right to indemnification or to advancement of expenses arising under a provision of the Certificate of Incorporation or a bylaw shall not be eliminated or impaired by an amendment to the Certificate of Incorporation or these bylaws after the occurrence of the act or omission that is the subject of the civil, criminal, administrative or investigative action, suit or proceeding for which indemnification or advancement of expenses is sought, unless the provision in effect at the time of such act or omission explicitly authorizes such elimination or impairment after such action or omission has occurred.

8.11 CERTAIN DEFINITIONS

For purposes of this Article VIII, references to the "**corporation**" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article VIII, references to "**other enterprises**" shall include employee benefit plans; references to "**finances**" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "**servicing at the request of the Corporation**" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "**not opposed to the best interests of the Corporation**" as referred to in this Article VIII.

ARTICLE IX - GENERAL MATTERS

9.1 EXECUTION OF CORPORATE CONTRACTS AND INSTRUMENTS

Except as otherwise provided by law, the Certificate of Incorporation or these bylaws, the Board of Directors may authorize any officer or officers, or agent or agents, to enter into any contract or execute any document or instrument in the name of and on behalf of the Corporation; such authority may be general or confined to specific instances. Unless so authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to

bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

9.2 FISCAL YEAR

The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors and may be changed by the Board of Directors.

9.3 SEAL

The Corporation may adopt a corporate seal, which shall be adopted and which may be altered by the Board of Directors. The Corporation may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

9.4 CONSTRUCTION; DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the DGCL shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term "*person*" includes both a corporation and a natural person.

9.5 CONFLICT WITH APPLICABLE LAW OR CERTIFICATE OF INCORPORATION

These bylaws are adopted subject to any applicable law and the Certificate of Incorporation. Whenever these bylaws may conflict with any applicable law or the Certificate of Incorporation, such conflict shall be resolved in favor of such law or the Certificate of Incorporation.

9.6 BOOKS AND RECORDS

Any records administered by or on behalf of the Corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be maintained on any information storage device, method, or one or more electronic networks or databases (including one or more distributed electronic networks or databases); provided that the records so kept can be converted into clearly legible paper form within a reasonable time, and, with respect to the stock ledger, the records so kept comply with Section 224 of the DGCL. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect such records pursuant to applicable law.

ARTICLE X - AMENDMENTS

These bylaws may be adopted, amended or repealed by the stockholders entitled to vote; *provided, however*, the Corporation may, in its Certificate of Incorporation, confer the power to adopt, amend or repeal bylaws upon the directors. The fact that such power has been so conferred upon the directors shall not divest the stockholders of the power, nor limit their power to adopt, amend or repeal bylaws.

A bylaw amendment adopted by stockholders which specifies the votes that shall be necessary for the election of directors shall not be further amended or repealed by the Board of Directors.

ARTICLE XI - EXCLUSIVE FORUM

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action arising pursuant to any provision of the DGCL or the Certificate of Incorporation or these bylaws (as either may be amended from time to time), or (iv) any action asserting a claim governed by the internal affairs doctrine, except for, as to each of (i) through (iv) above, any claim as to which such court determines that there is an indispensable party not subject to the jurisdiction of such court (and the indispensable party does not consent to the personal jurisdiction of such court within ten (10) days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than such court, or for which such court does not have subject matter jurisdiction.

Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended, or the Exchange Act of 1934, as amended.

Any person or entity purchasing or otherwise acquiring any interest in any security of the Corporation shall be deemed to have notice of and consented to the provisions of this Article XI.

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this “*Agreement*”) is made as of [●], 2021 among Ascend Wellness Holdings, Inc., a Delaware corporation (the “*Company*”) and AGP Partners, LLC (“*Founder*”) (together with any person or entity who hereafter becomes a party to this Agreement pursuant to Section 9 of this Agreement, a “*Holder*” and collectively the “*Holder*s”). Except as otherwise specified herein, all capitalized terms used in this Agreement are defined in Exhibit A attached hereto.

RECITALS

WHEREAS, the Company intends to consummate an initial public offering (the “*IPO*”) of the Company’s Class A Common Stock, par value \$0.001 per share (the “*Class A Common Stock*”).

WHEREAS, prior to the effectiveness of the registration statement relating to the IPO, the Company converted from a Delaware limited liability company into a Delaware corporation and changed its name to “Ascend Wellness Holdings, Inc.” (the “*Conversion*”).

WHEREAS, subsequent to the Conversion, the Founder owns an aggregate of [●] shares (the “*Founder Shares*”) of the Company’s Class B common stock, par value \$0.001 per share (the “*Class B Common Stock*”);

WHEREAS, the Founder Shares are convertible into shares of Class A Common Stock, on the terms and conditions provided in the Company’s certificate of incorporation;

WHEREAS, in connection with the IPO, the Company and Founder have entered into a lock-up agreement, pursuant to which the shares of Class A Common Stock issued to Founder upon conversion of the Founder Shares are subject to certain restrictions (the “*IPO Lock-Up Agreement*”) and

WHEREAS, the Company and Founder desire to enter into this Agreement, pursuant to which the Company shall grant the Holder certain registration rights with respect to certain securities of the Company, as set forth in this Agreement.

NOW, THEREFORE, in consideration of the representations, covenants and agreements contained herein, and certain other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1. Demand Registrations.

(a) Requests for Registration. At any time subsequent to the Lock-Up Period (as defined in the IPO Lock-Up Agreement) unless otherwise waived by the Company, and from time to time thereafter, and subject to any restrictions in the IPO Lock-Up Agreement, Founder may request registration under (i) the Securities Act of all or any portion of its Registrable

Securities on Form S-1 or any similar long-form registration statement and the filing of a Canadian Long-Form Prospectus in any or all of the provinces of Canada other than Quebec (“**Long-Form Registrations**”); or (b) on Form S-3 or any similar short-form registration statement and the filing of a Canadian Short-Form Prospectus in any or all of the provinces of Canada other than Quebec (“**Short-Form Registrations**”), if available (any such requested Long Form Registration or Short Form Registration, a “**Demand Registration**”). Founder may request that any Demand Registration be made pursuant to Rule 415 under the Securities Act and the filing of a Canadian Shelf Prospectus in any or all of the provinces of Canada other than Quebec (a “**Shelf Registration**”), if available, and (if the Company is a WKSI at the time any such request is submitted to the Company or will become one by the time of the filing of such Shelf Registration) that such Shelf Registration be an automatic shelf registration statement (as defined in Rule 405 under the Securities Act) (an “**Automatic Shelf Registration Statement**”). Each request for a Demand Registration must specify the approximate number or dollar value of Registrable Securities requested to be registered by the requesting Holders and (if known) the intended method of distribution. Founder will be entitled to request two Demand Registrations. The Company will pay all Registration Expenses, whether or not any such registration is consummated.

(b) Notice to Other Holders. Within four Business Days after receipt of any such request, the Company will give written notice of the Demand Registration to all other Holders and, subject to the terms of Section 1(e), will include in such Demand Registration (and in all related registrations and qualifications under state blue sky laws and in any related underwriting) all Registrable Securities with respect to which the Company has received written requests for inclusion therein within 10 days after the receipt of the Company’s notice; provided that, with the written consent of Founder, the Company may, or at the written request of Founder, the Company shall, instead provide notice of the Demand Registration to all other Holders within three Business Days following the non-confidential filing of the registration statement with respect to the Demand Registration so long as such registration statement is not an Automatic Shelf Registration Statement.

(c) Form of Registrations. All Long-Form Registrations will be underwritten registrations unless otherwise approved by Founder. Demand Registrations will be Short-Form Registrations whenever the Company is permitted to use any applicable short form unless otherwise requested by Founder.

(d) Shelf Registrations.

(i) For so long as a registration statement and Canadian Shelf Prospectus for a Shelf Registration (a “**Shelf Registration Statement**”) is and remains effective, Founder will have the right at any time or from time to time to elect to sell pursuant to an offering (including an underwritten offering) Registrable Securities available for sale pursuant to such registration statement and Canadian Shelf Prospectus (“**Shelf Registrable Securities**”). If Founder desires to sell Registrable Securities pursuant to an underwritten offering, then Founder may deliver to the Company a written notice (a “**Shelf Offering Notice**”) specifying the number of Shelf Registrable Securities that Founder desires to

sell pursuant to such underwritten offering (the “**Shelf Offering**”). As promptly as practicable, but in no event later than two Business Days after receipt of a Shelf Offering Notice, the Company will give written notice of such Shelf Offering Notice to all other Holders of Shelf Registrable Securities that have been identified as selling stockholders in such Shelf Registration Statement and are otherwise permitted to sell in such Shelf Offering, which such notice shall request that each such Holder specify, within seven days after the Company’s receipt of the Shelf Offering Notice, the maximum number of Shelf Registrable Securities such Holder desires to be disposed of in such Shelf Offering. The Company, subject to Section 1(e) and Section 7, will include in such Shelf Offering all Shelf Registrable Securities with respect to which the Company has received timely written requests for inclusion. The Company will, subject to Section 1(e), use commercially reasonable efforts to consummate such Shelf Offering within 14 days after the receipt of a Shelf Offering Notice.

(ii) If Founder desires to engage in an underwritten block trade or bought deal pursuant to a Shelf Registration Statement (either through filing an Automatic Shelf Registration Statement or through a take-down from an already existing Shelf Registration Statement and Canadian Shelf Prospectus) (each, an “**Underwritten Block Trade**”), then notwithstanding the time periods set forth in Section 1(d)(i), Founder may notify the Company of the Underwritten Block Trade not less than two Business Days prior to the day such offering is first anticipated to commence. If requested by Founder, the Company will promptly notify other Holders of such Underwritten Block Trade and such notified Holders (each, a “**Potential Participant**”) may elect whether or not to participate no later than the next Business Day (*i.e.* one Business Day prior to the day such offering is to commence) (unless a longer period is agreed to by Founder), and the Company will as expeditiously as possible use commercially reasonable efforts to facilitate such Underwritten Block Trade (which may close as early as two Business Days after the date it commences); provided further that, notwithstanding the provisions of Section 1(d)(i), no Holder (other than Holders of Founder Registrable Securities) will be permitted to participate in an Underwritten Block Trade without the written consent of Founder. Any Potential Participant’s request to participate in an Underwritten Block Trade shall be binding on the Potential Participant.

(iii) All determinations as to whether to complete any Shelf Offering and as to the timing, manner, price and other terms of any Shelf Offering contemplated by this Section 1(d) shall be determined by Founder, and the Company shall use commercially reasonable efforts to cause any Shelf Offering to occur in accordance with such determinations as promptly as practicable.

(iv) The Company will, at the request of Founder, file any prospectus supplement or any post-effective amendments and otherwise take any action necessary to include therein all disclosure and language deemed necessary or advisable by Founder to effect such Shelf Offering (and thereafter use its reasonable best efforts to obtain a final receipt for such Canadian Prospectus to be issued by the applicable Canadian securities regulatory authorities as soon as practicable thereafter).

(e) Priority on Demand Registrations and Shelf Offerings. The Company will not include in any Demand Registration any securities which are not Registrable Securities without the prior written consent of Founder. If a Demand Registration or a Shelf Offering is an underwritten offering and the managing underwriters advise the Company in writing that in their opinion the number of Registrable Securities and (if permitted hereunder) other securities requested to be included in such offering exceeds the number of Registrable Securities and other securities (if any), which can be sold therein without adversely affecting the marketability, proposed offering price, timing or method of distribution of the offering, then the Company will include in such offering (prior to the inclusion of any securities which are not Registrable Securities); (i) first, the number of Founder Registrable Securities requested to be included which, in the opinion of such underwriters, can be sold, without any such adverse effect; and (ii) second, the number of Registrable Securities requested to be included by any other Holders which, in the opinion of such underwriters, can be sold, without any such adverse effect, pro rata among such Holders on the basis of the number of Registrable Securities owned by each such Holder.

(f) Restrictions on Demand Registration and Shelf Offerings.

(i) The Company may postpone, for up to 60 days (or with the consent of Founder, a longer period) from the date of the request (the “**Suspension Period**”), the filing or the effectiveness of a registration statement or for a Demand Registration or suspend the use of a prospectus that is part of a Shelf Registration Statement or Canadian Shelf Prospectus (and therefore suspend sales of the Shelf Registrable Securities) by providing written notice to the Holders if the following conditions are met: (A) the Company determines that the offer or sale of Registrable Securities would reasonably be expected to have a material adverse effect on any proposal or plan by the Company or any Subsidiary to engage in any material acquisition of assets or stock (other than in the ordinary course of business) or any material merger, consolidation, tender offer, recapitalization, reorganization, financing or other transaction involving the Company and (B) upon advice of counsel, the sale of Registrable Securities pursuant to the registration statement would require disclosure of material non-public information not otherwise required to be disclosed under applicable law, and either (x) the Company has a bona fide business purpose for preserving the confidentiality of such transaction, (y) disclosure would have a material adverse effect on the Company or the Company’s ability to consummate such transaction, or (z) such transaction renders the Company unable to comply with SEC requirements, in each case under circumstances that would make it impractical or inadvisable to cause the registration statement (or such filings) to become effective or to promptly amend or supplement the registration statement on a post effective basis, as applicable. The Company may delay or suspend the effectiveness of a Demand Registration, Shelf Registration Statement or Canadian Shelf Prospectus pursuant to this Section 1(f)(i) only once in any 12-month period (for avoidance of doubt, in addition to the Company’s rights and obligations under Section 4(a)(vi)) unless additional delays or suspensions are approved by Founder.

(ii) In the case of an event that causes the Company to suspend the use of a Shelf Registration Statement and Canadian Shelf Prospectus as set forth in Section 1(f)(i) above or pursuant to Section 4(a)(vi) (a “**Suspension Event**”), the Company will give a notice to the Holders whose Registrable Securities are registered pursuant to such Shelf Registration Statement (a “**Suspension Notice**”) to suspend sales of the Registrable Securities and such notice must state generally the basis for the notice and that such suspension will continue only for so long as the Suspension Event or its effect is continuing. Each Holder agrees not to effect any sales of its Registrable Securities pursuant to such Shelf Registration Statement or Canadian Shelf Prospectus (or such filings) at any time after it has received a Suspension Notice from the Company and prior to receipt of an End of Suspension Notice. A Holder may recommence effecting sales of the Registrable Securities pursuant to the Shelf Registration Statement and, as applicable, Canadian Shelf Prospectus (or such filings) following further written notice to such effect (an “**End of Suspension Notice**”) from the Company, which End of Suspension Notice will be given by the Company to the Holders promptly following the conclusion of any Suspension Event (and in any event during the permitted Suspension Period).

(g) Selection of Underwriters. The investment banker(s) and manager(s) to administer any underwritten offering in connection with any Demand Registration or Shelf Offering shall be selected by Founder.

(h) Revocation of Demand Notice or Shelf Offering Notice. At any time prior to the effective date of the registration statement relating to a Demand Registration or the “pricing” of any offering relating to a Shelf Offering Notice, Founder may revoke or withdraw such notice of a Demand Registration or Shelf Offering Notice on behalf of all Holders participating in such Demand Registration or Shelf Offering without liability to such Holders, in each case by providing written notice to the Company.

(i) Confidentiality. Each Holder agrees to treat as confidential the receipt of any notice hereunder (including notice of a Demand Registration, a Shelf Offering Notice and a Suspension Notice) and the information contained therein, and not to disclose or use the information contained in any such notice (or the existence thereof) without the prior written consent of the Company until such time as the information contained therein is or becomes available to the public generally (other than as a result of disclosure by such Holder in breach of the terms of this Agreement).

Section 2. Piggyback Registrations.

(a) Right to Piggyback. After the expiration of the Lock-Up Period (as defined in the IPO Lock-Up Agreement), whenever the Company proposes to register any of its equity securities under the Securities Act (including primary and secondary registrations, and other than pursuant to an Excluded Registration) or file a Canadian Prospectus (a “**Piggyback Registration**”), the Company will give prompt written notice (and in any event within three Business Days after the public filing of the registration statement relating to the Piggyback Registration) to all Holders of its intention to effect such Piggyback Registration and, subject to the terms of Section 2(b) and Section 2(c), will include in such Piggyback Registration (and in all

related registrations or qualifications under blue sky laws and in any related underwriting) all Registrable Securities with respect to which the Company has received written requests for inclusion therein within 10 days after delivery of the Company's notice on the same terms and conditions as any similar securities being registered by the Company. Founder may withdraw its request for inclusion at any time prior to executing the underwriting agreement, or if none, prior to the applicable registration statement becoming effective.

(b) Priority on Primary Registrations. If a Piggyback Registration is an underwritten primary registration on behalf of the Company, and the managing underwriters advise the Company in writing that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without adversely affecting the marketability, proposed offering price, timing or method of distribution of the offering, the Company will include in such registration (i) first, the securities the Company proposes to sell, (ii) second, the Founder Registrable Securities requested to be included in such registration which, in the opinion of the underwriters, can be sold without any such adverse effect, (iii) third, any other Registrable Securities requested to be included in such registration by any other Holder which, in the opinion of the underwriters, can be sold without any such adverse effect, pro rata among such Holders on the basis of the number of Registrable Securities owned by each such Holder, and (iv) fourth, other securities requested to be included in such registration which, in the opinion of the underwriters, can be sold without any such adverse effect.

(c) Priority on Secondary Registrations. If a Piggyback Registration is an underwritten secondary registration on behalf of holders of the Company's equity securities (other than pursuant to Section 1 hereof), and the managing underwriters advise the Company in writing that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without adversely affecting the marketability, proposed offering price, timing or method of distribution of the offering, the Company will include in such registration (i) first, the securities requested to be included therein by the holders initially requesting such registration which, in the opinion of the underwriters, can be sold without any such adverse effect, (ii) second, the Founder Registrable Securities requested to be included in such registration which, in the opinion of the underwriters, can be sold without any such adverse effect, (iii) third, any other Registrable Securities requested to be included in such registration by any other Holder, pro rata among such Holders on the basis of the number of Registrable Securities owned by each such Holder which, in the opinion of the underwriters, can be sold without any such adverse effect, and (iv) fourth, other securities requested to be included in such registration which, in the opinion of the underwriters, can be sold without any such adverse effect.

(d) Right to Terminate Registration. The Company will have the right to terminate or withdraw any registration initiated by it under this Section 2, whether or not any holder of Registrable Securities has elected to include securities in such registration.

Section 3. Stockholder Lock-Up Agreements. In connection with any underwritten Public Offering, each Holder will enter into any lock-up, holdback or similar agreements requested by the underwriter(s) managing such offering, in each case with such modifications and exceptions

as may be approved by Founder. Without limiting the generality of the foregoing, each Holder hereby agrees that in connection with the initial Public Offering and in connection with any Demand Registration, Shelf Offering or Piggyback Registration that is an underwritten Public Offering, not to (i) offer, sell, contract to sell, pledge or otherwise dispose of (including sales pursuant to Rule 144), directly or indirectly, any equity securities of the Company (including equity securities of the Company that may be deemed to be beneficially owned by such Holder in accordance with the rules and regulations of the SEC) (collectively, “**Securities**”), or any securities, options or rights convertible into or exchangeable or exercisable for Securities (collectively, “**Other Securities**”), (ii) enter into a transaction which would have the same effect as described in clause (i) above, (iii) enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences or ownership of any Securities or Other Securities, whether such transaction is to be settled by delivery of such Securities or Other Securities, in cash or otherwise (each of (i), (ii) and (iii) above, a “Sale Transaction”), or (iv) publicly disclose the intention to enter into any Sale Transaction, commencing on the date on which the Company gives notice to the Holders that a preliminary prospectus has been circulated for such underwritten Public Offering or the “pricing” of such offering and continuing to the date that is (x) 180 days following the date of the final prospectus for such underwritten Public Offering in the case of the initial Public Offering or (y) 90 days following the date of the final prospectus in the case of any other such underwritten Public Offering (each such period, or such shorter period as agreed to by the managing underwriters, a “Holdback Period”), in each case with such modifications and exceptions as may be approved by Founder. The Company may impose stop-transfer instructions with respect to any Securities or Other Securities subject to the restrictions set forth in this Section 3(a) until the end of such Holdback Period.

Section 4. Registration Procedures.

(a) Company Obligations. Whenever the Holders have requested that any Registrable Securities be registered pursuant to this Agreement or have initiated a Shelf Offering, the Company will use commercially reasonable efforts to effect the registration and the sale of such Registrable Securities in accordance with the intended method of disposition thereof, and pursuant thereto the Company will as expeditiously as possible:

(i) prepare and file with (or submit confidentially to) the SEC a registration statement, and all amendments and supplements thereto and related prospectuses, with respect to such Registrable Securities and use commercially reasonable efforts to cause such registration statement to become effective, all in accordance with the Securities Act and all applicable rules and regulations promulgated thereunder (provided that before filing or confidentially submitting a registration statement or prospectus or any amendments or supplements thereto, the Company will furnish to the counsel selected by Founder covered by such registration statement copies of all such documents proposed to be filed or submitted, which documents will be subject to the review and comment of such counsel);

(ii) notify each Holder of (A) the issuance by the SEC of any stop order suspending the effectiveness of any registration statement or the initiation of any

proceedings for that purpose, (B) the receipt by the Company or its counsel of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, and (C) the effectiveness of each registration statement filed hereunder;

(iii) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for a period ending when all of the securities covered by such registration statement have been disposed of in accordance with the intended methods of distribution by the sellers thereof set forth in such registration statement (but not in any event before the expiration of any longer period required under the Securities Act or, if such registration statement relates to an underwritten Public Offering, such longer period as in the opinion of counsel for the underwriters a prospectus is required by law to be delivered in connection with sale of Registrable Securities by an underwriter or dealer) and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such registration statement;

(iv) furnish, without charge, to each seller of Registrable Securities thereunder and each underwriter, if any, such number of copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus) (in each case including all exhibits and documents incorporated by reference therein), each amendment and supplement thereto, each Free Writing Prospectus and such other documents as such seller or underwriter, if any, may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such seller (the Company hereby consenting to the use in accordance with all applicable laws of each such registration statement, each such amendment and supplement thereto, and each such prospectus (or preliminary prospectus or supplement thereto) or Free Writing Prospectus by each such seller of Registrable Securities and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such registration statement or prospectus);

(v) use commercially reasonable efforts to register or qualify such Registrable Securities under such other securities or blue sky laws of such jurisdictions as any seller reasonably requests and do any and all other acts and things which may be reasonably necessary or advisable to enable such seller to consummate the disposition in such jurisdictions of the Registrable Securities owned by such seller (provided that the Company will not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subparagraph or (B) consent to general service of process in any such jurisdiction or (C) subject itself to taxation in any such jurisdiction);

(vi) notify in writing each seller of such Registrable Securities (A) promptly after it receives notice thereof, of the date and time when such registration statement and

each post-effective amendment thereto has become effective or a prospectus or supplement to any prospectus relating to a registration statement has been filed and when any registration or qualification has become effective under a state securities or blue sky law or any exemption thereunder has been obtained, (B) promptly after receipt thereof, of any request by the SEC for the amendment or supplementing of such registration statement or prospectus or for additional information, and (C) at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the happening of any event or of any information or circumstances as a result of which the prospectus included in such registration statement contains an untrue statement of a material fact or omits any fact necessary to make the statements therein not misleading, and, subject to Section 1(f), if required by applicable law or to the extent requested by Founder, the Company will use commercially reasonable efforts to promptly prepare and file a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading, (D) if at any time the representations and warranties of the Company in any underwriting agreement, securities sale agreement, or other similar agreement, relating to the offering shall cease to be true and correct, and (E) promptly upon the issuance or threatened issuance by the SEC of any stop order (and the Company shall take all actions required to prevent the entry of such stop order or to remove it if entered as further set forth in subsection (xiv)(B) below);

(vii) (A) use commercially reasonable efforts to cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed and, if not so listed, to be listed on a securities exchange and, without limiting the generality of the foregoing, to arrange for at least two market makers to register as such with respect to such Registrable Securities with FINRA, and (B) comply (and continue to comply) with the requirements of any self-regulatory organization applicable to the Company, including without limitation all corporate governance requirements;

(viii) use commercially reasonable efforts to provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such registration statement;

(ix) enter into and perform such customary agreements (including, as applicable, underwriting agreements in customary form) and take all such other actions as Founder or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (including, without limitation, making available the executive officers of the Company and participating in “road shows,” investor presentations, marketing events and other selling efforts and effecting a stock or unit split or combination, recapitalization or reorganization);

(x) make available for inspection by any seller of Registrable Securities, any underwriter participating in any disposition or sale pursuant to such registration statement

and any attorney, accountant or other agent retained by any such seller or underwriter, all financial and other records, pertinent corporate and business documents and properties of the Company as will be necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors, employees, agents, representatives and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such registration statement and the disposition of such Registrable Securities pursuant thereto;

(xi) take all actions to ensure that any Free-Writing Prospectus utilized in connection with any Demand Registration or Piggyback Registration or Shelf Offering hereunder complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby and, when taken together with the related prospectus, prospectus supplement and related documents, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(xii) otherwise use commercially reasonable efforts to comply with all applicable rules and regulations of the SEC, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least 12 months beginning with the first day of the Company's first full calendar quarter after the effective date of the registration statement, which earnings statement will satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(xiii) permit any Holder which, in its sole and exclusive judgment, might be deemed to be an underwriter or a controlling person of the Company, to participate in the preparation of such registration or comparable statement and to allow such Holder to provide language for insertion therein, in form and substance satisfactory to the Company, which in the reasonable judgment of such Holder and its counsel should be included;

(xiv) use commercially reasonable efforts to (A) make Short-Form Registration available for the sale of Registrable Securities and (B) prevent the issuance of any stop order suspending the effectiveness of a registration statement, or the issuance of any order suspending or preventing the use of any related prospectus or suspending the qualification of any Common Equity included in such registration statement for sale in any jurisdiction use, and in the event any such order is issued, commercially reasonable efforts to obtain promptly the withdrawal of such order;

(xv) use commercially reasonable efforts to cause such Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the sellers thereof to consummate the disposition of such Registrable Securities;

(xvi) cooperate with the Holders covered by the registration statement and the managing underwriter or agent, if any, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends) representing securities to be sold under the registration statement, or the removal of any restrictive legends associated with any account at which such securities are held, and enable such securities to be in such denominations and registered in such names as the managing underwriter, or agent, if any, or such Holders may request;

(xvii) if requested by any managing underwriter, include in any prospectus or prospectus supplement updated financial or business information for the Company's most recent period or current quarterly period (including estimated results or ranges of results) if required for purposes of marketing the offering in the view of the managing underwriter;

(xviii) take no direct or indirect action prohibited by Regulation M under the Exchange Act; provided, however, that to the extent that any prohibition is applicable to the Company, the Company will take such action as is necessary to make any such prohibition inapplicable;

(xix) cooperate with each Holder covered by the registration statement and each underwriter or agent participating in the disposition of such Registrable Securities and their respective counsel in connection with the preparation and filing of applications, notices, registrations and responses to requests for additional information with FINRA, the New York Stock Exchange, Nasdaq or any other national securities exchange and Canadian stock exchange on which the shares of Common Equity are or are to be listed, and (B) to the extent required by the rules and regulations of FINRA, retain a Qualified Independent Underwriter acceptable to the managing underwriter;

(xx) in the case of a registration requiring the filing of a Canadian Prospectus, prepare and file with the applicable Canadian securities regulatory authorities a Canadian Prospectus with respect to such Registrable Securities and use its reasonable best efforts to cause a final receipt for such Canadian Prospectus to be issued by such Canadian securities regulatory authorities as soon as practicable thereafter and keep such Canadian Prospectus available for a period of up to 180 days (with respect to a Canadian Prospectus pursuant a Demand Registration other than a Shelf Registration) or, if earlier, until the distribution of all Registrable Securities contemplated in the Canadian Prospectus has been completed; provided that before filing a Canadian Prospectus or any amendments or supplements thereto (including documents that would be incorporated or deemed to be incorporated therein by reference), the Company shall furnish or otherwise make available to the Holders of the Registrable Securities covered by such Canadian Prospectus, their counsel and the managing underwriters, if any, copies of all such documents proposed to be filed, which documents will be subject to the reasonable review and comment of such counsel, and such other documents reasonably requested by such counsel, including any comment letter from the Canadian securities regulatory authorities, and, if requested by such counsel, provide such counsel reasonable

opportunity to participate in the preparation of such Canadian Prospectus and such other opportunities to conduct a due diligence investigation (it being recognized that selling securityholders shall not have the benefit of any “due diligence” defence under Canadian securities laws if selling securities pursuant to a Canadian Prospectus), including reasonable access to the Corporation’s books and records, officers, accountants and other advisors;

(xxi) in the case of a registration requiring the filing of a Canadian Prospectus, prepare and file with the Canadian securities regulatory authorities such amendments and supplements to such Canadian Prospectus and prospectus supplements used in connection with such Canadian Prospectus, as may be necessary to comply with the applicable requirements of Canadian securities laws in order to enable the disposition of all securities qualified by such Canadian Prospectus; provided that the Company shall furnish to and afford Holder’s counsel a reasonable opportunity to review and comment on all documents (including any documents to be incorporated by reference therein and all exhibits thereto) proposed to be filed (in each case, at least three days prior to such filing);

(xxii) furnish without charge to the selling Holders such numbers of copies of a Prospectus or Canadian Prospectus, including a preliminary prospectus or a supplemental prospectus, as required by the Securities Act or the requirements of Canadian securities laws, or as reasonably requested by the Holders, and such other documents as the Holders may reasonably request in order to facilitate their disposition of their Registrable Securities;

(xxiii) in the case of any underwritten offering, use commercially reasonable efforts to obtain, and deliver to the underwriter(s), in the manner and to the extent provided for in the applicable underwriting agreement, one or more cold comfort letters from the Company’s independent public accountants in customary form and covering such matters of the type customarily covered by cold comfort letters;

(xxiv) if the Company files an Automatic Shelf Registration Statement covering any Registrable Securities, use commercially reasonable efforts to remain a WKSI (and not become an ineligible issuer (as defined in Rule 405 under the Securities Act)) during the period during which such Automatic Shelf Registration Statement is required to remain effective;

(xxv) if the Company does not pay the filing fee covering the Registrable Securities at the time an Automatic Shelf Registration Statement is filed, pay such fee at such time or times as the Registrable Securities are to be sold;

(xxvi) if the Automatic Shelf Registration Statement has been outstanding for at least three years or a Canadian Shelf Prospectus has been outstanding for at least 2 year, at the end of the applicable period, refile a new Automatic Shelf Registration Statement and Canadian Shelf Prospectus, respectively, covering the Registrable Securities, and, if at any time when the Company is required to re-evaluate its WKSI status the Company

determines that it is not a WKSI, use commercially reasonable efforts to refile the Shelf Registration Statement on Form S-3 and, if such form is not available, Form S-1 and keep such registration statement effective during the period during which such registration statement is required to be kept effective; and

(xxvii) if requested by Founder, cooperate with Founder and with the managing underwriter or agent, if any, on reasonable notice to facilitate any Charitable Gifting Event and to prepare and file with the SEC such amendments and supplements to such Registration Statement and the Prospectus used in connection therewith as may be necessary to permit any such recipient Charitable Organization to sell in the underwritten offering if it so elects.

(b) Officer Obligations. Each Holder that is an officer of the Company agrees that if and for so long as he or she is employed by the Company or any Subsidiary thereof, he or she will participate fully in the sale process in a manner customary for persons in like positions and consistent with his or her other duties with the Company, including the preparation of the registration statement and the preparation and presentation of any road shows.

(c) Automatic Shelf Registration Statements. If the Company files any Automatic Shelf Registration Statement for the benefit of the holders of any of its securities other than the Holders, and Founder does not request that its Registrable Securities be included in such Shelf Registration Statement, the Company agrees that, at the request of Founder, it will include in such Automatic Shelf Registration Statement such disclosures as may be required by Rule 430B in order to ensure that Founder may be added to such Shelf Registration Statement at a later time through the filing of a prospectus supplement rather than a post-effective amendment. If the Company has filed any Automatic Shelf Registration Statement for the benefit of the holders of any of its securities other than the Holders, the Company shall, at the request of Founder, file any post-effective amendments necessary to include therein all disclosure and language necessary to ensure that the holders of Registrable Securities may be added to such Shelf Registration Statement.

(d) Additional Information. The Company may require each seller of Registrable Securities as to which any registration is being effected to furnish the Company such information regarding such seller and the distribution of such securities as the Company may from time to time reasonably request in writing, as a condition to such seller's participation in such registration.

(e) In-Kind Distributions. If Founder (and/or any of its Affiliates) seeks to effectuate an in-kind distribution of all or part of their Registrable Securities to their respective direct or indirect equityholders, the Company will, subject to any applicable lock-ups, work with the foregoing Persons to facilitate such in-kind distribution in the manner reasonably requested and consistent with the Company's obligations under the Securities Act.

(f) Suspended Distributions. Each Person participating in a registration hereunder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 4(a)(vi), such Person will immediately discontinue the disposition of

its Registrable Securities pursuant to the registration statement until such Person's receipt of the copies of a supplemented or amended prospectus as contemplated by Section 4(a)(vi), subject to the Company's compliance with its obligations under Section 4(a)(vi).

(g) Reporting Obligations. As long as any Holder shall own Registrable Securities, the Company, at all times while it shall be reporting under the Exchange Act, shall use commercially reasonable efforts to file timely (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by Parent after the date hereof and to promptly furnish the Holders with true and complete copies of all such filings. The Company will be deemed to have furnished the Investors with copies of such filings upon the appearance of such filings on EDGAR and the Company's website. Subject to the IPO Lock-up Agreement, the Company agrees to use commercially reasonable efforts to take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such holder to sell Registrable Securities held by such Holder without registration under the Securities Act within the limitation of the exemptions provided by Rule 144 promulgated under the Securities Act, including providing any legal opinions that are required to be delivered on the Company's behalf.

(h) Other. To the extent that Founder is or may be deemed to be an "underwriter" of Registrable Securities pursuant to any SEC comments or policies, the Company agrees that (i) the indemnification and contribution provisions contained in Section 6 shall be applicable to the benefit of Founder in its role as an underwriter or deemed underwriter in addition to their capacity as a holder and (ii) Founder shall be entitled to conduct the due diligence which they would normally conduct in connection with an offering of securities registered under the Securities Act, including without limitation receipt of customary opinions and comfort letters addressed to Founder.

Section 5. Registration Expenses. Except as expressly provided herein, all out-of-pocket expenses incurred by the Company or Founder in connection with the performance of or compliance with this Agreement and/or in connection with any Demand Registration, Piggyback Registration or Shelf Offering, whether or not the same shall become effective, shall be paid by the Company, including, without limitation: (i) all registration and filing fees, and any other fees and expenses associated with filings required to be made with the SEC, the Canadian securities administrators, FINRA and each stock exchange on which the Common Equity is listed or proposed to be listed, (ii) all fees and expenses in connection with compliance with any securities or "blue sky" laws, (iii) all printing, duplicating, word processing, messenger, telephone, facsimile and delivery expenses (including expenses of printing certificates for the Registrable Securities in a form eligible for deposit with The Depository Trust Company or other depository and of printing prospectuses and Company Free Writing Prospectuses), (iv) all fees and disbursements of counsel for the Company and of all independent certified public accountants of the Company (including the expenses of any special audit and cold comfort letters required by or incident to such performance), (v) Securities Act liability insurance or similar insurance if the Company so desires or the underwriters so require in accordance with then-customary underwriting practice, (vi) all fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange on which similar securities of the Company are

then listed (or on which exchange the Registrable Securities are proposed to be listed in the case of the initial Public Offering), (vii) all applicable rating agency fees with respect to the Registrable Securities, (viii) all fees and disbursements of legal counsel for the Company, (ix) all fees and disbursements of one legal counsel for selling Holders selected by Founder together with any necessary local counsel as may be required by Founder, (xi) any fees and disbursements of underwriters customarily paid by issuers or sellers of securities, (xii) all fees and expenses of any special experts or other Persons retained by the Company or Founder in connection with any Registration (xiii) all of the Company's internal expenses (including all salaries and expenses of its officers and employees performing legal or accounting duties) and (xiv) all expenses related to the "road-show" for any underwritten offering, including all travel, meals and lodging. All such expenses are referred to herein as "**Registration Expenses**". The Company shall not be required to pay, and each Person that sells securities pursuant to a Demand Registration, Shelf Offering or Piggyback Registration hereunder will bear and pay, all underwriting discounts and commissions applicable to the Registrable Securities sold for such Person's account and all transfer taxes (if any) attributable to the sale of Registrable Securities.

Section 6. Indemnification and Contribution.

(a) By the Company. The Company will indemnify and hold harmless, to the fullest extent permitted by law and without limitation as to time, each Holder, such Holder's officers, directors, employees, agents, fiduciaries, stockholders, managers, partners, members, affiliates, direct and indirect equityholders, consultants and representatives, and any successors and assigns thereof, and each Person who controls such holder (within the meaning of the Securities Act) (the "**Indemnified Parties**") against all losses, claims, actions, damages, liabilities and expenses (including with respect to actions or proceedings, whether commenced or threatened, and including reasonable attorney fees and expenses) (collectively, "**Losses**") caused by, resulting from, arising out of, based upon or related to any of the following (each, a "**Violation**") by the Company: (i) any untrue or alleged untrue statement of material fact contained in (A) any registration statement, prospectus, preliminary prospectus or Free-Writing Prospectus, Canadian Prospectus or any amendment thereof or supplement thereto or (B) any application or other document or communication (in this Section 6, collectively called an "**application**") executed by or on behalf of the Company or based upon written information furnished by or on behalf of the Company filed in any jurisdiction in order to qualify any securities covered by such registration under the "blue sky" or securities laws thereof, any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading or any violation or alleged violation by the Company of the Securities Act or any other similar federal or state securities laws or any rule or regulation promulgated thereunder applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, qualification or compliance. In addition, the Company will reimburse such Indemnified Party for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such Losses. Notwithstanding the foregoing, the Company will not be liable in any such case to the extent that any such Losses result from, arise out of, are based upon, or relate to an untrue statement, or omission, made in such registration statement, any such prospectus, preliminary prospectus or Free-Writing Prospectus or any amendment or supplement thereto, or in any application, in reliance upon, and in conformity with, written

information prepared and furnished in writing to the Company by such Indemnified Party expressly for use therein or by such Indemnified Party's failure to deliver a copy of the registration statement or prospectus or any amendments or supplements thereto after the Company has furnished such Indemnified Party with a sufficient number of copies of the same. In connection with an underwritten offering, the Company will indemnify such underwriters, their officers and directors, and each Person who controls such underwriters (within the meaning of the Securities Act) to the same extent as provided above with respect to the indemnification of the Indemnified Parties or as otherwise agreed to in the underwriting agreement executed in connection with such underwritten offering. Such indemnity and reimbursement of expenses shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnified Party and shall survive the transfer of such securities by such seller.

(b) By Holders. In connection with any registration statement in which a Holder is participating, each such Holder will furnish to the Company in writing such information and affidavits as the Company reasonably requests for use in connection with any such registration statement or prospectus and, to the extent permitted by law, will indemnify the Company, its officers, directors, employees, agents and representatives, and each Person who controls the Company (within the meaning of the Securities Act) against any Losses resulting from (as determined by a final and appealable judgment, order or decree of a court of competent jurisdiction) any untrue statement of material fact contained in a Canadian Prospectus, registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is contained in any information or affidavit so furnished in writing by such Holder expressly for use therein; provided that the obligation to indemnify will be individual, not joint and several, for each Holder and will be limited to the net amount of proceeds received by such Holder from the sale of Registrable Securities pursuant to such registration statement.

(c) Claim Procedure. Any Person entitled to indemnification hereunder will (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that the failure to give prompt notice will impair any Person's right to indemnification hereunder only to the extent such failure has prejudiced the indemnifying party) and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. . An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim. In such instance, the conflicted indemnified parties will have a right to retain one separate counsel, chosen by the majority of the conflicted indemnified parties involved in the indemnification and approved by Founder, at the expense of the indemnifying party.

(d) Contribution. If the indemnification provided for in this Section 6 is held by a court of competent jurisdiction to be unavailable to, or is insufficient to hold harmless, an indemnified party or is otherwise unenforceable with respect to any Loss referred to herein, then such indemnifying party will contribute to the amounts paid or payable by such indemnified party as a result of such Loss, (i) in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other hand in connection with the statements or omissions which resulted in such Loss as well as any other relevant equitable considerations or (ii) if the allocation provided by clause (i) of this Section 6(d) is not permitted by applicable law, then in such proportion as is appropriate to reflect not only such relative fault but also the relative benefit of the Company on the one hand and of the sellers of Registrable Securities and any other sellers participating in the registration statement on the other in connection with the statement or omissions which resulted in such Losses, as well as any other relevant equitable considerations; provided that the maximum amount of liability in respect of such contribution will be limited, in the case of each seller of Registrable Securities, to an amount equal to the net proceeds actually received by such seller from the sale of Registrable Securities effected pursuant to such registration. The relative fault of the indemnifying party and of the indemnified party will be determined by reference to, among other things, whether the untrue (or, as applicable alleged) untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just or equitable if the contribution pursuant to this Section 6(d) were to be determined by pro rata allocation or by any other method of allocation that does not take into account such equitable considerations. The amount paid or payable by an indemnified party as a result of the Losses referred to herein will be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending against any action or claim which is the subject hereof. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who is not guilty of such fraudulent misrepresentation.

(e) Release. No indemnifying party will, except with the consent of the indemnified party, consent to the entry of any judgment or enter into any settlement that does not include as an unconditional term thereof giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

(f) Non-exclusive Remedy; Survival. The indemnification and contribution provided for under this Agreement will be in addition to any other rights to indemnification or contribution that any indemnified party may have pursuant to law or contract (and the Company and its Subsidiaries shall be considered the indemnitors of first resort in all such circumstances to which this Section 6 applies) and will remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or controlling Person of such indemnified party and will survive the transfer of Registrable Securities and the termination or expiration of this Agreement.

Section 7. Cooperation with Underwritten Offerings. No Person may participate in any underwritten registration hereunder unless such Person (i) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Person or Persons entitled hereunder to approve such arrangements (including, without limitation, pursuant to the terms of any over-allotment or "green shoe" option requested by the underwriters; provided that no Holder will be required to sell more than the number of Registrable Securities such Holder has requested to include in such registration) and (ii) completes, executes and delivers all questionnaires, powers of attorney, stock powers, custody agreements, indemnities, underwriting agreements and other documents and agreements required under the terms of such underwriting arrangements or as may be reasonably requested by the Company and the lead managing underwriter(s). To the extent that any such agreement is entered into pursuant to, and consistent with, Section 3, Section 4 and/or this Section 7, the respective rights and obligations created under such agreement will supersede the respective rights and obligations of the Holders, the Company and the underwriters created thereby with respect to such registration.

Section 8. Subsidiary Public Offering.

(a) Subsidiary Public Offering. If, after an initial Public Offering of the common equity securities of one of its Subsidiaries, the Company distributes securities of such Subsidiary to its equityholders, then the rights and obligations of the Company pursuant to this Agreement will apply, *mutatis mutandis*, to such Subsidiary, and the Company will cause such Subsidiary to comply with such Subsidiary's obligations under this Agreement as if it were the Company hereunder.

Section 9. Joinder; Additional Parties; Transfer of Registrable Securities.

(a) Joinder. The Company may from time to time (with the prior written consent of Founder) permit any Person who acquires Common Equity (or rights to acquire Common Equity) to become a party to this Agreement and to be entitled to and be bound by all of the rights and obligations as a Holder by obtaining an executed joinder to this Agreement from such Person in the form of Exhibit B attached hereto (a "**Joinder**"). Upon the execution and delivery of a Joinder by such Person, the Common Equity held by such Person shall become the category of Registrable Securities (i.e. Founder or Other Holder Registrable Securities), and such Person shall be deemed the category of Holder (i.e. Founder or Other Holder), in each case as set forth on the signature page to such Joinder.

(b) Restrictions on Transfers. Prior to transferring any Registrable Securities to any Person (including, without limitation, by operation of law), the transferring Holder must cause the prospective transferee to execute and deliver to the Company a Joinder, except that such consent and Joinder shall not be required in the case of (i) a transfer to the Company, (ii) a transfer by Founder to its partners or members, (iii) a Public Offering, (iv) a sale pursuant to Rule 144 after the completion of the initial Public Offering and/or (v) a transfer in connection with a Sale of the Company. Any transfer or attempted transfer of Registrable Securities in violation of any provision of this Agreement will be void, and the Company will not record such transfer on its books or treat any purported transferee of such Registrable Securities as the owner

thereof for any purpose (but the Company will be entitled to enforce against such Person the obligations hereunder).

Section 10. General Provisions.

(a) Amendments and Waivers. Except as otherwise provided herein, the provisions of this Agreement may be amended, modified or waived only with the prior written consent of the Company and Founder. The failure or delay of any Person to enforce any of the provisions of this Agreement will in no way be construed as a waiver of such provisions and will not affect the right of such Person thereafter to enforce each and every provision of this Agreement in accordance with its terms. A waiver or consent to or of any breach or default by any Person in the performance by that Person of his, her or its obligations under this Agreement will not be deemed to be a consent or waiver to or of any other breach or default in the performance by that Person of the same or any other obligations of that Person under this Agreement.

(b) Remedies. The parties to this Agreement will be entitled to enforce their rights under this Agreement specifically (without posting a bond or other security), to recover damages caused by reason of any breach of any provision of this Agreement and to exercise all other rights existing in their favor. The parties hereto agree and acknowledge that a breach of this Agreement would cause irreparable harm and money damages would not be an adequate remedy for any such breach and that, in addition to any other rights and remedies existing hereunder, any party will be entitled to specific performance and/or other injunctive relief from any court of law or equity of competent jurisdiction (without posting any bond or other security) in order to enforce or prevent violation of the provisions of this Agreement.

(c) Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited, invalid, illegal or unenforceable in any respect under any applicable law or regulation in any jurisdiction, such prohibition, invalidity, illegality or unenforceability will not affect the validity, legality or enforceability of any other provision of this Agreement in such jurisdiction or in any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction as if such prohibited, invalid, illegal or unenforceable provision had never been contained herein.

(d) Entire Agreement. Except as otherwise provided herein, this Agreement contains the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties hereto, written or oral, which may have related to the subject matter hereof in any way.

(e) Successors and Assigns. Except as otherwise provided herein, this Agreement will bind and inure to the benefit and be enforceable by the Company and its successors and permitted assigns and the Holders and their respective successors and permitted assigns (whether so expressed or not). Unless the context otherwise requires, all references herein to the Company shall include the Company before giving effect to the Conversion.

(f) Notices. Any notice, demand or other communication to be given under or by reason of the provisions of this Agreement will be in writing and will be deemed to have been given (i) when delivered personally to the recipient, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; but if not, then on the next Business Day, (iii) one Business Day after it is sent to the recipient by reputable overnight courier service (charges prepaid) or (iv) three Business Days after it is mailed to the recipient by first class mail, return receipt requested. Such notices, demands and other communications will be sent to the Company at the address specified on the signature page hereto or any Joinder and to any holder, or at such address or to the attention of such other Person as the recipient party has specified by prior written notice to the sending party. Any party may change such party's address for receipt of notice by giving prior written notice of the change to the sending party as provided herein. The Company's address is:

Ascend Wellness Holdings, LLC
1411 Broadway, 16th Floor
New York, NY 10018
Attn: General Counsel
Email: legal@awholdings.com

or to such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party.

(g) Business Days. If any time period for giving notice or taking action hereunder expires on a day that is not a Business Day, the time period will automatically be extended to the Business Day immediately following such Saturday, Sunday or legal holiday.

(h) Governing Law. The corporate law of the State of Delaware will govern all issues and questions concerning the relative rights of the Company and its equityholders. All issues and questions concerning the construction, validity, interpretation and enforcement of this Agreement and the exhibits and schedules hereto will be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

(i) MUTUAL WAIVER OF JURY TRIAL. AS A SPECIFICALLY BARGAINED FOR INDUCEMENT FOR EACH OF THE PARTIES HERETO TO ENTER INTO THIS AGREEMENT (AFTER HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL), EACH PARTY HERETO EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATING TO OR ARISING IN ANY WAY FROM THIS AGREEMENT OR THE MATTERS CONTEMPLATED HEREBY.

(j) CONSENT TO JURISDICTION AND SERVICE OF PROCESS. EACH OF THE PARTIES IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE, FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF

THIS AGREEMENT, ANY RELATED AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY. EACH OF THE PARTIES HERETO FURTHER AGREES THAT SERVICE OF ANY PROCESS, SUMMONS, NOTICE OR DOCUMENT BY U.S. REGISTERED MAIL TO SUCH PARTY'S RESPECTIVE ADDRESS SET FORTH ABOVE WILL BE EFFECTIVE SERVICE OF PROCESS FOR ANY ACTION, SUIT OR PROCEEDING WITH RESPECT TO ANY MATTERS TO WHICH IT HAS SUBMITTED TO JURISDICTION IN THIS PARAGRAPH. EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY OBJECTION TO THE LAYING OF VENUE OF ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF THIS AGREEMENT, ANY RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE, AND HEREBY AND THEREBY FURTHER IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION, SUIT OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(k) No Recourse. Notwithstanding anything to the contrary in this Agreement, the Company and each Holder agrees and acknowledges that no recourse under this Agreement or any documents or instruments delivered in connection with this Agreement, will be had against any current or future director, officer, employee, general or limited partner or member of any Holder or any Affiliate or assignee thereof, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever will attach to, be imposed on or otherwise be incurred by any current or future officer, agent or employee of any Holder or any current or future member of any Holder or any current or future director, officer, employee, partner or member of any Holder or of any Affiliate or assignee thereof, as such for any obligation of any Holder under this Agreement or any documents or instruments delivered in connection with this Agreement for any claim based on, in respect of or by reason of such obligations or their creation.

(l) Descriptive Headings; Interpretation. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a part of this Agreement. The use of the word "including" in this Agreement will be by way of example rather than by limitation.

(m) No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction will be applied against any party.

(n) Counterparts. This Agreement may be executed in multiple counterparts, any one of which need not contain the signature of more than one party, but all such counterparts taken together will constitute one and the same agreement.

(o) Electronic Delivery. This Agreement, the agreements referred to herein, and each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent executed and delivered by

means of a photographic, photostatic, facsimile or similar reproduction of such signed writing using a facsimile machine or electronic mail will be treated in all manner and respects as an original agreement or instrument and will be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto will re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument will raise the use of a facsimile machine or electronic mail to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or electronic mail as a defense to the formation or enforceability of a contract and each such party forever waives any such defense.

(p) Further Assurances. In connection with this Agreement and the transactions contemplated hereby, each Holder agrees to execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and the transactions contemplated hereby.

(q) Dividends, Recapitalizations, Etc. If at any time or from time to time there is any change in the capital structure of the Company by way of a stock split, stock dividend, combination or reclassification, or through a merger, consolidation, reorganization or recapitalization, or by any other means, appropriate adjustment will be made in the provisions hereof so that the rights and privileges granted hereby will continue.

(r) No Third-Party Beneficiaries. No term or provision of this Agreement is intended to be, or shall be, for the benefit of any Person not a party hereto, and no such other Person shall have any right or cause of action hereunder, except as otherwise expressly provided herein.

(s) Current Public Information. At all times after the Company has filed a registration statement with the SEC pursuant to the requirements of either the Securities Act or the Exchange Act, the Company will file all reports required to be filed by it under the Securities Act and the Exchange Act and will take such further action as Founder may reasonably request, all to the extent required to enable such Holders to sell Registrable Securities pursuant to Rule 144.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first written above.

COMPANY:

Ascend Wellness Holdings, Inc.

By: _____
Name:
Title:

HOLDER:

AGP Partners, LLC

By: _____
Name:
Title:

[Signature Page to Registration Rights Agreement]

EXHIBIT A

DEFINITIONS

“**Affiliate**” of any Person means any other Person controlled by, controlling or under common control with such Person and, in the case of an individual, also includes any member of such individual’s Family Group; provided that the Company and its Subsidiaries will not be deemed to be Affiliates of any holder of Registrable Securities. As used in this definition, “control” (including, with its correlative meanings, “controlling,” “controlled by” and “under common control with”) will mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities, by contract or otherwise).

“**Agreement**” has the meaning set forth in the recitals.

“**Automatic Shelf Registration Statement**” has the meaning set forth in Section 1(a).

“**Business Day**” means a day that is not a Saturday or Sunday or a day on which banks in New York City are authorized or requested by law to close.

“**Canadian Long-Form Prospectus**” means a prospectus prepared in accordance with the requirements of Canadian securities laws for an initial public offering of securities in Canada, or for any other offering of securities that is not eligible to use a Canadian Short-Form Prospectus, pursuant to National Instrument 41-101 General Prospectus Requirements of the Canadian Securities Administrators, or any successor to that instrument.

“**Canadian Prospectus**” means a Canadian Long-Form Prospectus or a Canadian Short Form Prospectus.

“**Canadian Shelf Prospectus**” means a Canadian Short-Form Prospectus used to qualify a distribution of securities in Canada on a delayed or continuous basis, pursuant to National Instrument 44-102 - Shelf Distributions of the Canadian Securities Administrators, or any successor to that instrument.

“**Canadian Short-Form Prospectus**” means a prospectus prepared in accordance with the requirements of Canadian securities laws pursuant to rules and procedures that permit the incorporation by reference of previously filed Canadian continuous disclosure documents, pursuant to National Instrument 44-101- Short Form Prospectus Distributions of the Canadian Securities Administrators, or any successor to that instrument

“**Charitable Gifting Event**” means any transfer by Founder, or any subsequent transfer by such holder’s members, partners or other employees, in connection with a bona fide gift to any Charitable Organization on the date of, but prior to, the execution of the underwriting agreement entered into in connection with any underwritten offering.

“**Charitable Organization**” means a charitable organization as described by Section 501(c)(3) of the Internal Revenue Code of 1986, as in effect from time to time.

“Class A Common Stock” has the meaning set forth in the recitals.

“Class B Common Stock” has the meaning set forth in the recitals.

“Common Equity” means the Class A Common Stock.

“Company” has the meaning set forth in the preamble and shall include its successor(s).

“Conversion” has the meaning set forth in the recitals.

“Demand Registrations” has the meaning set forth in Section 1(a).

“End of Suspension Notice” has the meaning set forth in Section 1(f)(ii).

“Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, or any successor federal law then in force, together with all rules and regulations promulgated thereunder.

“Excluded Registration” means any registration (i) pursuant to a Demand Registration (which is addressed in Section 1(a)), or (ii) in connection with registrations on Form S-4 or S-8 promulgated by the SEC or any successor or similar forms).

“Family Group” means with respect to any individual, such individual’s current or former spouse, their respective parents, descendants of such parents (whether natural or adopted) and the spouses of such descendants, any trust, limited partnership, corporation or limited liability company established solely for the benefit of such individual or such individual’s current or former spouse, their respective parents, descendants of such parents (whether natural or adopted) or the spouses of such descendants.

“FINRA” means the Financial Industry Regulatory Authority.

“Founder” has the meaning set forth in the recitals.

“Founder Registrable Securities” means (i) any Common Equity held (directly or indirectly) by Founder or any of its Affiliates, or any Common Equity issued with respect to, or in exchange for, any shares of Class B Common Stock held (directly or indirectly) by Founder or any of its Affiliates, and (ii) any equity securities of the Company or any Subsidiary issued or issuable with respect to the securities referred to in clause (i) above by way of dividend, distribution, split or combination of securities, or any recapitalization, merger, consolidation or other reorganization.

“Founder Shares” has the meaning set forth in the recitals.

“Free Writing Prospectus” means a free-writing prospectus, as defined in Rule 405.

“Holdback Period” has the meaning set forth in Section 3(a).

“Holder” means a holder of Registrable Securities who is a party to this Agreement (including by way of Joinder).

“Indemnified Parties” has the meaning set forth in Section 6(a).

“IPO Lock-Up Agreement” has the meaning set forth in the recitals.

“Joinder” has the meaning set forth in Section 9(a).

“Long-Form Registrations” has the meaning set forth in Section 1(a).

“Losses” has the meaning set forth in Section 6(c).

“Other Holders” means a holder of Registrable Securities who is a party to this Agreement (including by way of Joinder), other than Founder.

“Other Registrable Securities” means (i) any Common Equity held (directly or indirectly) by any Other Holders or any of their Affiliates, and (ii) any equity securities of the Company or any Subsidiary issued or issuable with respect to the securities referred to in clause (i) above by way of dividend, distribution, split or combination of securities, or any recapitalization, merger, consolidation or other reorganization.

“Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

“Piggyback Registrations” has the meaning set forth in Section 2(a).

“Public Offering” means any sale or distribution by the Company, one of its Subsidiaries and/or Holders to the public of Common Equity or other securities convertible into or exchangeable for Common Equity pursuant to an offering registered under the Securities Act.

“Registrable Securities” means Founder Registrable Securities and Other Registrable Securities. As to any particular Registrable Securities, such securities will cease to be Registrable Securities when they have been (a) sold or distributed pursuant to a Public Offering, (b) sold in compliance with Rule 144 following the consummation of the initial Public Offering, (c) repurchased by the Company or a Subsidiary of the Company, (d) such securities shall have been otherwise transferred, new certificates for such securities not bearing a legend restricting further transfer shall have been delivered by the Company and subsequent public distribution of such securities shall not require registration under the Securities Act, (e) such securities shall have ceased to be outstanding, or (f) such securities have been sold to, or through, a broker, dealer or underwriter in a public distribution or other public securities transaction. For purposes of this Agreement, a Person will be deemed to be a holder of Registrable Securities, and the Registrable Securities will be deemed to be in existence, whenever such Person has the right to acquire, directly or indirectly, such Registrable Securities (upon conversion or exercise in connection with a transfer of securities or otherwise, but disregarding any restrictions or limitations upon the exercise of such right), whether or not such acquisition has actually been

effected, and such Person will be entitled to exercise the rights of a holder of Registrable Securities hereunder (it being understood that a holder of Registrable Securities may only request that Registrable Securities in the form of Common Equity be registered pursuant to this Agreement).

“Registration Expenses” has the meaning set forth in Section 5.

“Rule 144”, “Rule 158”, “Rule 405”, “Rule 415”, “Rule 403B” and “Rule 462” mean, in each case, such rule promulgated under the Securities Act (or any successor provision) by the SEC, as the same will be amended from time to time, or any successor rule then in force.

“Sale of the Company” means any transaction or series of transactions pursuant to which any Person(s) or a group of related Persons (other than Founder and/or its Affiliates) in the aggregate acquires: (i) Common Equity of the Company entitled to vote (other than voting rights accruing only in the event of a default, breach, event of noncompliance or other contingency) to elect directors with a majority of the voting power of the Company’s board of directors (whether by merger, consolidation, reorganization, combination, sale or transfer of the Company’s Common Equity) or (ii) all or substantially all of the Company’s and its Subsidiaries’ assets determined on a consolidated basis; provided that a Public Offering will not constitute a Sale of the Company.

“Sale Transaction” has the meaning set forth in Section 3(a).

“SEC” means the United States Securities and Exchange Commission.

“Securities” has the meaning set forth in Section 3(a).

“Securities Act” means the Securities Act of 1933, as amended from time to time, or any successor federal law then in force, together with all rules and regulations promulgated thereunder.

“Shelf Offering” has the meaning set forth in Section 1(d)(i).

“Shelf Offering Notice” has the meaning set forth in Section 1(d)(i).

“Shelf Registration” has the meaning set forth in Section 1(a).

“Shelf Registrable Securities” has the meaning set forth in Section 1(d)(i).

“Shelf Registration Statement” has the meaning set forth in Section 1(d).

“Short-Form Registrations” has the meaning set forth in Section 1(a).

“Subsidiary” means, with respect to the Company, any corporation, limited liability company, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time

owned or controlled, directly or indirectly, by the Company or one or more of the other Subsidiaries of the Company or a combination thereof, or (ii) if a limited liability company, partnership, association or other business entity, a majority of the limited liability company, partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by the Company or one or more Subsidiaries of the Company or a combination thereof. For purposes hereof, a Person or Persons will be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons will be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or will be or control the managing director or general partner of such limited liability company, partnership, association or other business entity.

“**Suspension Event**” has the meaning set forth in Section 1(f)(ii).

“**Suspension Notice**” has the meaning set forth in Section 1(f)(ii).

“**Suspension Period**” has the meaning set forth in Section 1(f)(i).

“**Violation**” has the meaning set forth in Section 6(a).

“**WKSI**” means a “well-known seasoned issuer” as defined under Rule 405.

EXHIBIT B

The undersigned is executing and delivering this Joinder pursuant to the Registration Rights Agreement dated as of _____, 20__ (as amended, modified and waived from time to time, the "**Registration Agreement**"), among _____, a **[Delaware][corporation//limited liability company//limited partnership]** (the "**Company**"), and the other persons named as parties therein (including pursuant to other Joinders). Capitalized terms used herein have the meaning set forth in the Registration Agreement.

By executing and delivering this Joinder to the Company, the undersigned hereby agrees to become a party to, to be bound by, and to comply with the provisions of, the Registration Agreement as a Holder in the same manner as if the undersigned were an original signatory to the Registration Agreement, and the undersigned will be deemed for all purposes to be a Holder, an Other Holder thereunder and the undersigned's _____ shares of Common Equity will be deemed for all purposes to be Other Registrable Securities under the Registration Agreement.

Accordingly, the undersigned has executed and delivered this Joinder as of the ___ day of _____, 20__.

Signature

Print Name

Address: _____

Agreed and Accepted as of
_____, 20__.

[COMPANY]

By: _____

Its: _____

April 22, 2021

Ascend Wellness Holdings, Inc.
1411 Broadway, 16th Floor,
New York, New York, 10018

Re: Registration Statement on Form S-1

Ladies and Gentlemen:

We have acted as counsel to Ascend Wellness Holdings, Inc., a Delaware corporation (the "Corporation"), in connection with a Registration Statement on Form S-1 (File No. 333-254800) (the "Registration Statement") filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), relating to the offer and sale by the Corporation (as defined below) of 14,375,000 shares Class A common stock, par value \$0.001 per share of the Corporation, including 1,875,000 shares to be subject to the underwriters' over-allotment option (the "Shares").

We have examined such documents and have reviewed such questions of law as we have considered necessary or appropriate for the purposes of our opinion set forth below. In rendering our opinion set forth below, we have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures and the conformity to authentic originals of all documents submitted to us as copies. We have also assumed the legal capacity for all purposes relevant hereto of all natural persons and, that the Shares will be priced by the Pricing Committee established by the authorizing resolutions adopted by the Corporation's Board of Directors in accordance with such resolutions. As to questions of fact material to our opinion, we have relied upon certificates or comparable documents of officers and other representatives of the Company and of public officials.

Based on the foregoing, we are of the opinion that the Shares, when issued, delivered and paid for as described in the Registration Statement, will be validly issued, fully paid and non-assessable.

Our opinions expressed above are limited to the Delaware General Corporation Law.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement, and to the reference to our firm under the heading "Legal Matters" in the prospectus constituting part of the Registration Statement. In giving this consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission thereunder.

Very truly yours,

/s/ Dorsey & Whitney LLP

JBG/RBR

**PLAN OF CONVERSION
OF
ASCEND WELLNESS HOLDINGS, LLC**

This Plan of Conversion (the “**Plan of Conversion**”) is adopted as of April 22, 2021, by Ascend Wellness Holdings, LLC, a Delaware limited liability company (the “**Company**”).

WITNESSETH:

WHEREAS, the Company is a limited liability company duly organized and existing under the laws of the State of Delaware, and the members of the Company (the “**Members**”) and the Managing Member of the Company (the “**Managing Member**”) desire that the Company convert (the “**Conversion**”) into a Delaware corporation initially named “Ascend Wellness Holdings, Inc.” (the “**Corporation**”) pursuant to this Plan of Conversion, Section 18-216 of the Delaware Limited Liability Company Act (“**Section 18-216**”) and Section 265 of the Delaware General Corporation Law (“**Section 265**”).

NOW, THEREFORE, the Conversion shall be effected as follows:

1. **Conversion.** Pursuant to (i) a certificate of conversion to corporation with respect to the Conversion (the “**Certificate of Conversion**”) and (ii) the certificate of incorporation of the Corporation in the form set forth in Exhibit A hereto, each as filed with the office of the Secretary of State of the State of Delaware, the Company shall be converted into the Corporation. The effective time of the Conversion shall be the date and time specified in the Certificate of Conversion (the “**Effective Time**”).

2. **Directors and Officers; By-Laws.** Following the Effective Time, (i) Abner Kurtin, as sole incorporator of the Corporation, shall elect Abner Kurtin, Francis Perullo, Scott Swid and Emily Paxhia as the members of the board of directors of the Corporation and adopt the By-laws of the Corporation in the form set forth in Exhibit B hereto (the “**By-Laws**”), and (ii) such board of directors shall elect Abner Kurtin as President and Chief Executive Officer, Dan Neville as Treasurer and Chief Financial Officer, Frank Perullo as Secretary and Chief Strategy Officer, Chris Melillo as Chief Revenue Officer, and Robin Debiase as Chief People Officer of the Corporation, in each case to serve in such office in the manner specified in such By-Laws.

3. **Effect of Conversion.** Upon the Effective Time, the Company shall convert into the Corporation in the manner and as more fully set forth in Section 18-216 and Section 265. Upon the Effective Time, all rights, privileges and powers of the Company, and all property, real, personal and mixed, and all debts due to the Company, as well as all other things and causes of action belonging to the Company, shall remain vested in the Corporation and shall be the property of the Corporation; provided, that all rights of creditors and all liens upon any property of the Company shall be preserved unimpaired, and all debts, liabilities and duties of the

Company shall remain attached to the Corporation. All acts, plans, policies, agreements, arrangements, approvals and authorizations of the Company, its members and agents that were valid and effective immediately prior to the Effective Time shall remain in effect after the Conversion and shall be taken for all purposes as the acts, plans, policies, agreements, arrangements, approvals and authorizations of the Corporation and shall be as effective and binding thereon as the same were with respect to the Company.

4. Further Assurances. From time to time, as and when required by the Corporation or by its successors and assigns, there shall be executed and delivered in the name of the Company such deeds and other instruments, and there shall be taken or caused to be taken by it such further and other action, as shall be appropriate or necessary in order to vest, perfect or confirm, of record or otherwise, in the Corporation the right and title in and to, and possession of, all the property, interest, assets, rights, privileges, immunities, powers, franchises and authority of the Corporation and otherwise to carry out the purposes of this Plan of Conversion. The officers of the Corporation are fully authorized in the name of the Company or otherwise to take any and all such action and to execute and deliver any and all such deeds and other instruments.

5. Conversion of Membership Interests. Upon the Effective Time, by virtue of the Conversion and without any further action on the part of the Members, the Managing Member, the Company or the Corporation, notwithstanding anything to the contrary contained in the Fifth Amended and Restated Limited Liability Company Agreement of the Company dated March 2, 2021 (the “**Operating Agreement**”), 100% of the ownership interest of the Company shall be changed and converted into shares of capital stock of the Corporation as follows: (i) each Common Unit (as defined in the Operating Agreement) shall be changed and converted into one half of one share of Class A Common Stock, \$0.001 par value per share, of the Corporation (the “**Class A Common Stock**”), (ii) each Series Seed Preferred Unit (as defined in the Operating Agreement) and Series Seed+ Preferred Unit (as defined in the Operating Agreement) shall be changed and converted into one half of one share of Class A Common Stock, and (iii) each Real Estate Preferred Unit (as defined in the Operating Agreement) shall be changed and converted into a number shares of Class A Common Stock equal to one half of (x) one (1) *plus* (y) (A) \$0.40 multiplied by 1.5 *divided* by (B) the price at which the shares of Class A Common Stock are sold to the public generally in the initial public offering. If a Member holds Common Units that are subject to vesting, then the shares of Class A Common Stock of the Corporation that such Member receives in the Conversion shall remain subject to vesting, on the same vesting schedule as such Common Units. No fractional shares of Class A Common Stock shall be issued in the Conversion. Notwithstanding anything to the contrary contained herein or in the Operating Agreement, the number of shares of Class A Common Stock to be issued at any time to a holder of units of the Company who would otherwise have been entitled to receive a fraction of a share of Class A Common Stock shall be rounded down to the nearest whole number, with no cash being payable for any fractional share eliminated by such rounding.

6. Amendment. Subject to applicable law, this Plan of Conversion may be amended, supplemented or modified at any time by the Company or the Corporation.

7. Abandonment. At any time before the Effective Time, this Plan of Conversion may be terminated and the Conversion may be abandoned pursuant to a writing signed by the Managing Member.

8. Facsimile Signatures. This Agreement may be executed by facsimile signatures, including by PDF.

[signature page follows]

IN WITNESS WHEREOF, this Plan of Conversion is hereby executed as of the date first written above on behalf of Ascend Wellness Holdings, LLC by its authorized signatory.

Ascend Wellness Holdings, LLC

By: _____
Name:
Title:

[Signature page to Plan of Conversion Ascend Wellness Holdings, LLC]

Exhibit A

Certificate of Incorporation of Ascend Wellness Holdings, Inc.

See attached.

Exhibit B

Form of By-laws of Ascend Wellness Holdings, Inc.

See attached.

AMENDMENT TO NOTE PURCHASE AGREEMENT

This Amendment to Note Purchase Agreement (this “**Amendment**”) is entered into as of April __, 2021, by and among Ascend Wellness Holdings, LLC, a Delaware limited liability company (the “**Company**”) and each of the undersigned holders (the “**Acting Noteholders**”) of convertible promissory notes issued by the Company (the “**Notes**”). The Company and the Acting Noteholders are sometimes collectively referred to herein as the “**Parties.**” Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Original Note Purchase Agreement (as defined below).

WHEREAS, the Company previously sold Notes pursuant to that certain Convertible Note Purchase Agreement, dated as of June 12, 2019, between the Company and the Investors party thereto (the “**Original Note Purchase Agreement**”);

WHEREAS, the Original Note Purchase Agreement provides for the conversion of the Notes in the event that the Company completes a Go-Public Transaction, and the Company and the Acting Noteholders desire to amend the Original Note Purchase Agreement to clarify the price per security at which the Notes shall convert in connection with a Go-Public Transaction as set forth herein;

WHEREAS, the Company is currently undertaking an initial public offering, which will qualify as a Go-Public Transaction as defined in the Original Note Purchase Agreement (the “**IPO**”), and in anticipation of the IPO, (i) the Company will convert into a corporation and (ii) as part of the conversion, the Company will effect a two-for-one reverse split of its outstanding equity interests (the “**Reverse Split**”);

WHEREAS, the Parties agree that the Notes will convert at a price of \$1.48 per share, or \$2.96 as adjusted for the Reverse Split, simultaneously with the closing of the IPO; and

WHEREAS, pursuant to Section 9.4 of the Original Note Purchase Agreement, the Original Note Purchase Agreement may be amended with the written consent of the Company and holders of a majority of the outstanding principal amount on all Notes.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Section 4.1 of the Original Note Purchase Agreement is hereby deleted in its entirety and replaced with the following new Section 4.1:

“4.1 Go-Public Transaction. From and after the date hereof, in the event that the Company completes a Go-Public Transaction (as defined below) prior to the Maturity Date (as defined in the Notes), each Note, including all accrued and unpaid interest thereon less applicable withholding taxes, shall automatically and simultaneously with the closing thereof be converted (which such conversion shall be mandatory as to all Notes outstanding at the time of such Go-Public Transaction) into a number of equity securities of the Company issued in connection with the Go-Public Transaction (the “Go-

Public Security”) equal to the quotient obtained by dividing (i) the outstanding principal amount of such Note plus all accrued and unpaid interest thereon less applicable withholding taxes by (ii) \$2.96, rounded down to the nearest whole share.”

2. For the avoidance of doubt, the Parties acknowledge and agree that the conversion price set forth in Section 4.1 above already accounts for the Reverse Split and shall not be further adjusted as a result of the Reverse Split.

3. Each Acting Noteholder, by signing below, represents and warrants to the Company that (i) it has all necessary power and authority to execute and deliver this Amendment, (ii) it has received all of the information that the such Acting Noteholder considers necessary or appropriate for deciding whether to execute and deliver this Amendment and (iii) it has sufficient knowledge of and experience in business and financial matters so as to enable it to evaluate the potential risks and benefits of this Amendment.

4. Except as expressly modified by this Amendment, all terms and conditions of the Original Note Purchase Agreement shall remain unchanged and in full force and effect.

5. This Amendment shall be governed by, and construed in accordance with, the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of law. This Amendment may be executed and delivered by facsimile or electronic signature and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have executed this Amendment to Note Purchase Agreement as of the date first written above.

COMPANY:

ASCEND WELLNESS HOLDINGS, LLC

By: _____

Name:

Title:

ACTING NOTEHOLDERS:

NAME OF NOTEHOLDER:

By: _____
(signature)

Name: _____

Title: _____

NAME OF NOTEHOLDER:

By: _____
(signature)

Name: _____

Title: _____

NAME OF NOTEHOLDER:

By: _____
(signature)

Name: _____

Title: _____

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the inclusion in this Amendment No. 2 to the Registration Statement of Ascend Wellness Holdings, Inc. on Form S-1 (File No. 333-254800) of our report dated February 25, 2021, except for Note 1a and Note 18a, as to which the date is April 22, 2021, with respect to our audits of the consolidated financial statements of Ascend Wellness Holdings, LLC as of December 31, 2020 and 2019 and for the years ended December 31, 2020 and 2019, which report appears in the Prospectus, which is part of this Registration Statement. We also consent to the reference to our Firm under the heading "Experts" in such Prospectus.

/s/ Marcum LLP

Marcum LLP
New York, NY
April 22, 2021



April 22, 2021

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Chicago Alternative Health Center, LLC and Affiliates:

We, Hill, Barth & King LLC, hereby consent to the use of our report dated March 24, 2021, on the financial statements of Chicago Alternative Health Center, LLC and Affiliates, which comprise balance sheets as of December 31, 2020 and 2019, the related statements of operations, changes in members' equity, and cash flows for each of the years ended December 31, 2020 and 2019, and the related notes, with Amendment No. 2 to the Registration Statement on Form S-1 of Ascend Wellness Holdings, Inc. being filed with the United States Securities and Exchange Commission. We also consent to the reference to our firm under the heading "Experts" in such registration statement.

Hill, Barth & King LLC

Certified Public Accountants

April 22, 2021

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
MOCA, LLC:

We, Hill, Barth & King LLC, hereby consent to the use of our report dated March 24, 2021, except for note 1(a) as to which the date is April 22, 2021, on the financial statements of MOCA, LLC, which comprise balance sheets as of December 31, 2020 and 2019, the related statements of operations, changes in members' equity, and cash flows for each of the years ended December 31, 2020 and 2019, and the related notes, with Amendment No. 2 to the Registration Statement on Form S-1 of Ascend Wellness Holdings, Inc. being filed with the United States Securities and Exchange Commission. We also consent to the reference to our firm under the heading "Experts" in such registration statement.

Hill, Barth & King LLC

Certified Public Accountants

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the filing of our auditor's report dated March 26, 2021, with respect to the financial statements of MedMen NY, Inc as at December 31, 2020 and December 31, 2019 and for each of the years then ended with Amendment No. 2 to the Registration Statement on Form S-1 of Ascend Wellness Holdings, Inc. being filed with the United States Securities and Exchange Commission. We also consent to the reference to us under the heading "Experts" in such registration statement.

/s/ MNP LLP

Chartered Professional Accountants

April 22, 2021

Calgary, Canada



**MOCA, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Balance Sheets	4
Statements of Income	5
Statements of Changes in Members' Equity	6
Statements of Cash Flows	7
Notes to the Financial Statements	8-15

March 24, 2021, except for note 1(a),
as to which the date is April 22, 2021

To the Board of Managers
MOCA, LLC
Chicago, Illinois

Independent Auditor's Report

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of MOCA, LLC (the Company) (an Illinois corporation), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United States of America, together with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, and we have fulfilled our other ethical responsibilities in accordance with those requirements, respectively.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for evaluating whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are available to be issued, and for disclosing, as applicable, matters related to this evaluation unless the liquidation basis of accounting is being used by the entity.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit 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 financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We design 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 because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation, structure, and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

As part of an audit, we exercise professional judgment and maintain professional skepticism throughout the audit. We also conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether substantial doubt exists related to the Company's ability to continue as a going concern. If we conclude that substantial doubt exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MOCA, LLC as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Cannabis Laws

As discussed in Note 8 to the financial statements, the Company operates in the cannabis industry which is legal in the state of Illinois but illegal under United States federal law. Our opinion is not modified with respect to this matter.

/s/ Hill, Barth & King LLC

Certified Public Accountants

MOCA, LLC
Balance Sheets
December 31, 2020 and 2019

Assets	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash	\$ 2,470,457	\$ 415,950
Accounts receivable	276,510	-
Inventories	1,254,904	153,327
Prepaid expenses and other current assets	35,213	333,138
	<hr/>	<hr/>
Total Current Assets	4,037,084	902,415
Property and equipment, net	725,411	373,845
Deposits and other assets	83,000	28,000
	<hr/>	<hr/>
TOTAL ASSETS	\$ 4,845,495	\$ 1,304,260
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND MEMBERS' EQUITY		
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 727,312	\$ 57,500
Income taxes payable	1,356,053	-
	<hr/>	<hr/>
Total Current Liabilities	2,083,365	57,500
Long-Term Liabilities:		
Deferred rent	502,680	76,843
	<hr/>	<hr/>
TOTAL LIABILITIES	2,586,045	134,343
MEMBERS EQUITY	2,259,450	1,169,917
	<hr/>	<hr/>
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 4,845,495	\$ 1,304,260
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements

MOCA, LLC
Statements of Income

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>		<u>2019</u>
Revenues, Net of Discounts	\$ 21,626,283	\$	7,863,660
Costs of Goods Sold	<u>11,288,403</u>		<u>4,119,717</u>
Gross Profit	<u>10,337,880</u>		<u>3,743,943</u>
Operating Expenses:			
Selling, General and Administrative Expenses	<u>6,095,294</u>		<u>1,460,926</u>
Income from Operations Before Income Taxes	4,242,586		2,283,017
Provision for Income Taxes	<u>3,153,053</u>		<u>1,052,227</u>
Net Income	<u>\$ 1,089,533</u>	\$	<u>1,230,790</u>

The accompanying notes are an integral part of these financial statements

MOCA, LLC
Statements of Changes in Members' Equity
For the Years Ended December 31, 2020 and 2019

Balance, January 1, 2019	\$	695,983
Net Income		1,230,790
Distributions To Members		<u>(756,856)</u>
Balance, December 31, 2019	\$	<u>1,169,917</u>
Net Income		1,089,533
Members Contributions		10,000,000
Distributions to Members		<u>(10,000,000)</u>
Balance, December 31, 2020	\$	<u>2,259,450</u>

The accompanying notes are an integral part of these financial statements

MOCA, LLC**Statements of Cash Flows****For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Cash Flows From Operation Activities		
Net income	\$ 1,089,533	\$ 1,230,790
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	175,787	56,435
Changes in assets and liabilities:		
Accounts receivable	(276,510)	–
Inventories	(1,101,577)	(16,657)
Prepaid expenses and other current assets	297,925	(305,870)
Deposits and other assets	(55,000)	50,000
Accounts payable and accrued expenses	669,812	(90,925)
Income taxes payable	1,356,053	–
Deferred rent	425,837	6,079
	<u>2,581,860</u>	<u>929,852</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
	<u>2,581,860</u>	<u>929,852</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(527,353)	(15,090)
	<u>(527,353)</u>	<u>(15,090)</u>
NET CASH USED IN INVESTING ACTIVITIES		
	<u>(527,353)</u>	<u>(15,090)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Members' contributions	10,000,000	–
Distributions to members	(10,000,000)	(756,856)
	<u>–</u>	<u>(756,856)</u>
NET CASH USED IN FINANCING ACTIVITIES		
	<u>–</u>	<u>(756,856)</u>
NET INCREASE IN CASH	2,054,407	157,906
CASH, BEGINNING OF YEAR	415,950	258,044
CASH, END OF YEAR	<u>\$ 2,470,457</u>	<u>\$ 415,950</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for taxes	\$ 1,797,000	\$ 1,114,302

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

(a) Business Description

MOCA, LLC (the “Company”) owns and operates two dispensaries in Chicago, Illinois. The Logan Square location opened in 2016 and sells both medical and recreational cannabis. The River North location, which opened in 2020, sells recreational cannabis.

On August 1, 2020, the Company entered into an agreement with Ascend Illinois, LLC to sell its membership units for total consideration of approximately \$22,311,000 consisting of \$21,173,806 in cash, including working capital adjustments, and 4,062,500 common units of Ascend Wellness Holdings, LLC (“AWH”), which reflects a 2-for-1 reverse split of AWH's common units that was effected on April 22, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and reflect the accounts and operations of the Company.

(b) Revenue

Revenue is recognized at the point of sale, at which time title and risk of loss pass to the customers. The Company has customer loyalty programs in which retail customers accumulate points for each dollar of spending. These points are recorded as a contract liability until customers redeem their points for discounts on cannabis and vape products as part of an in-store sales transaction.

(c) Cash

Cash include cash deposits in financial institutions and other deposits that are readily convertible to cash. The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. At times cash may be in excess of Federal Deposit Insurance Corporation (FDIC) limits.

(d) Accounts Receivables

Accounts receivable represents payments owed from third party payments processors. Account balances are charged off against the allowance when the Company believes it is probable the receivable will not be recovered. As of December 31, 2020 and 2019, the Company did not have an allowance for doubtful accounts.

(e) Inventories

Inventories consist of cannabis and non-cannabis products that are valued at cost and subsequently at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. The Company reviews its

inventories for obsolete, redundant and slow-moving goods and any such inventories are written down to net realizable value. There were no reserves for obsolete inventories as of December 31, 2020 and 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation and impairment losses, if any. Expenditures that materially increase the life of the assets are capitalized. Ordinary repairs and maintenance are expensed as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms and methods:

Furniture and Fixtures	7 Years
Equipment	5-7 Years
Leasehold Improvements	Remaining Life of Lease of Useful Life

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial statement year-end and adjusted prospectively, if appropriate. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in operations in the year the asset is derecognized.

(g) Impairment of Long-Lived Assets

The Company accounts for its long-lived assets such as property and equipment and intangible assets in accordance with FASB ASC Topic No. 360, "Accounting for the Impairment or Disposal of Long-lived Assets" ("ASC 360").

Management reviews long-lived assets for impairment whenever changes in events or circumstances indicate the assets may be impaired, but no less frequently than annually. Pursuant to ASC 360, an impairment loss is to be recorded when the net book value of an asset exceeds the undiscounted cash flows expected to be generated from the use of the asset. If an asset is determined to be impaired, the asset is written down to its realizable value, and the loss is recognized in the statement of income in the period when the determination is made. No impairment charges for long-lived assets have been recorded for the years ended December 31, 2020 and 2019.

(h) Leased Assets

A lease of property and equipment is classified as a capital lease if it transfers substantially all the risks and awards incidental to ownership to the Company. A lease of property and equipment is classified as an operating lease whenever the terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee. Lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Income Taxes

Income tax expense consisting of current and deferred tax expense is recognized in the Statements of Income based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery, if any, are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

The Company is subject to U.S. Internal Revenue Code Section 280E. The section disallows deductions and credits attributable to a trade or business of trafficking in controlled substances. Under U.S. law marijuana is a Schedule I controlled substance. The Company has taken the position that any costs included in the cost of goods sold should not be treated as amounts subject to the Section 280E expense disallowance.

There are no positions for which it is reasonably possible that the uncertain tax benefit will significantly increase or decrease within twelve months. The Company files income tax returns in the United States and Illinois. The federal statute of limitation remains open for the 2017 tax year to the present. The state income tax returns generally remain open for the 2017 tax year through the present.

(j) Fair Value of Financial Instruments

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as risks inherent in valuation techniques, transfer restrictions and credit risk. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs that are generally unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

There were no transfers between levels during the years ended December 31, 2020 and 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Significant Accounting Judgments, Estimates, and Assumptions

The preparation of the Company's 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 estimates inherent in the preparation of the Company's financial statements include the assumptions related to the estimated useful lives for property and equipment.

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 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 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 including intangibles and goodwill. The Company is closely monitoring the impact of the pandemic on all aspects of its business.

(l) Recent Accounting Pronouncements

- (i) The FASB issued ASU 2014-09, Revenue from Contracts with Customers, (Topic 606) (ASU 2014-09), in May 2014. ASU 2014-09 sets forth a new five-step revenue recognition model that will require the use of more estimates and judgment. ASU 2014-09 will replace current revenue recognition requirements in Topic 605, Revenue Recognition, in its entirety. The standard also requires more detailed disclosures and provides additional guidance for transactions that were not addressed completely in prior accounting guidance. ASU 2014-09 is effective for annual financial statements of private companies issued for fiscal years beginning after December 15, 2019, and should be applied retrospectively in the year the ASU is first applied using one of two allowable application methods. The Company has adopted this ASU as of January 1, 2019. The impact of the new standard on the financial statements was not significant.
- (ii) In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) ("ASC 842"), which will replace ASC 840, "Leases". This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. For private companies, the standard will be effective for annual periods beginning on or after December 15 2021, with earlier application permitted. The standard requires a modified retrospective approach for leases that exist or are entered into after

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Recent Accounting Pronouncements (Continued)

the beginning of the earliest comparative period in the financial statements. The Company is currently evaluating the effect of adopting this ASU on the Company's financial statements.

- (iii) In June 2016, the FASB issued ASC 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires entities to measure all expected credit losses for most financial assets held at the reporting date based on an expected loss model which includes historical experience, current conditions, and reasonable and supportable forecasts. Companies will now use forward-looking information to better form their credit loss estimates. ASU 2016-13 also requires enhanced disclosures to help financial statement users better understand significant estimates and judgements used in estimating credit losses, as well as the credit quality and underwriting standards of a company's portfolio. For private companies, ASU 2016-13 is effective for annual periods beginning after December 15, 2022. The Company does not believe that the impact of the new standard on its financial statements will be material.
- (iv) In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. For private companies, ASU 2019-12 is effective for annual periods beginning and after December 15, 2021. The Company is currently evaluating the effect of adopting this ASU on the Company's financial statements.
- (v) In October 2018, the FASB issued ASU 2018-17, Targeted improvements to related party guidance for variable interest entities which amended the Consolidation topic (Topic 810) of the Accounting Standards Codification. Under the amended guidance, a nonpublic entity has the option to exempt itself from applying the variable interest entity (VIE) consolidation model to qualifying common control arrangements. The amendments are effective for annual periods beginning after December 15, 2020, and interim periods within annual periods beginning after December 15, 2021, with early adoption permitted. The Company adopted the amended guidance and elected to exempt itself from applying the VIE consolidation model to qualifying common control arrangements in 2019.

3. INVENTORIES

The Company's inventories include the following at December 31, 2020 and 2019:

	2020		2019
	_____		_____
Canabis	\$ 1,225,083	\$	147,760
Non-Canabis	29,821		5,567
	_____		_____
Total Inventories	\$ 1,254,904	\$	153,327
	=====		=====

4. PROPERTY AND EQUIPMENT

At December 31, 2020 and 2019, property and equipment consisted of:

	<u>2020</u>	<u>2019</u>
Furniture and Fixtures	\$ 10,899	\$ 10,899
Equipment	380,787	108,406
Leasehold Improvements	730,032	475,060
Total Property and Equipment, Gross	1,121,718	594,365
Less: Accumulated Depreciation	(396,307)	(220,520)
Property and Equipment, Net	<u><u>\$ 725,411</u></u>	<u><u>\$ 373,845</u></u>

5. MEMBERS' EQUITY

Effective February 1, 2019, MOCA, LLC elected to be treated as a C Corporation for federal income tax purposes. Members' equity is comprised of one class of units, as described in the Company's applicable operating agreement.

6. INCOME TAXES

Provision for income taxes consists of the following for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Current Taxes		
Federal	\$ 2,170,954	\$ 743,794
State	982,099	308,433
Total income tax expense	<u><u>\$ 3,153,053</u></u>	<u><u>\$ 1,052,222</u></u>

Effective February 1, 2019, the Company elected to be treated as a C Corporation for Federal income tax purposes.

As the Company operates in the cannabis industry, it is subject to the limitations of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss. The Company has not identified any uncertain tax positions as of December 31, 2020.

7. LEASE COMMITMENTS

The Company leases certain business facilities from third parties under operating lease agreements that specify minimum rentals. The leases expire through 2029 and contain renewal provisions. Additionally, certain leases provide for rent abatement and escalating payments, and rent expense is calculated on straight-line basis over the terms of the leases with the incentives reported as deferred rent. The Company's net rent expense for the years ended December 31, 2020 and 2019 was \$1,043,722 and \$113,912, respectively.

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

<u>Year Ending December 31,</u>	<u>Total</u>
2021	\$ 817,995
2022	835,078
2023	852,522
2024	870,333
2025	767,914
2026 and Thereafter	3,063,456
	<u>\$ 7,207,298</u>

8. CONTINGENCIES

The Company is subject to lawsuits, investigations and other claims related to employment, commercial and other matters that arise out of operations in the normal course of business. Periodically, the Company reviews the status of each significant matter and assesses the potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable, and the amount can be reliably estimated, such amount is recognized in other liabilities.

Contingent liabilities are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. The Company performs evaluations to identify onerous contracts and, where applicable, records contingent liabilities for such contracts.

The Company engages in the marijuana business. Marijuana is currently illegal under U.S. federal law. It is a Schedule I controlled substance. The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation as of December 31, 2020, marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties or restrictions in the future.

As discussed above, the cultivation, sale, and use of marijuana is illegal under U.S. federal law. Therefore, there is a compelling argument that banks cannot accept deposit funds from the medical marijuana business and therefore would not be able to do business with the Company. As such, the Company may have trouble

8. CONTINGENCIES *(Continued)*

finding a bank willing to accept its business. There can be no assurance that banks in U.S. states currently or in the future will decide to do business with medical marijuana growers or retailers, or that in the absence of U.S. legislation, U.S. state and federal banking regulators will not strictly enforce current prohibitions on banks handling funds generated from an activity that is illegal under U.S. federal law. This may make it difficult for the Company to open accounts, use the service of banks, and otherwise transact business, which in turn may negatively affect the Company.

9. SUBSEQUENT EVENTS

Management has evaluated significant events or transactions that have occurred since the balance sheet date and through the date the financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the balance sheet date that require additional disclosure in the financial statements or notes.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

Ascend Wellness Holdings, LLC
Pro Forma Consolidated Statement of Operations
(unaudited)
For The Year Ended December 31, 2020

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

This Unaudited Pro Forma Consolidated Statement of Operations (“Unaudited Pro Forma Statement of Operations”) of Ascend Wellness Holdings, LLC (“AWH” or the “Company”) is prepared pursuant to Canadian National Policy Section 32.7 of Form 41-101F1—*Information Required in a Prospectus* and reflects the following transactions (collectively referred to as the “Transactions”):

- The acquisition of MOCA, LLC (“MOCA”) on August 1, 2020 (the “MOCA Transaction”);
- The acquisition of Chicago Alternative Health Center, LLC and Chicago Alternative Health Center Holdings, LLC (collectively, “Midway”) on December 15, 2020 (the “Midway Transaction”); and
- The investment in MedMen NY, Inc. (“MMNY”) pursuant to a definitive agreement entered into as of February 25, 2021 (“the “MMNY Investment”).

The Unaudited Pro Forma Statement of Operations for the year ended December 31, 2020 gives effect to the Transactions as if they had been consummated on January 1, 2020. An Unaudited Pro Forma Consolidated Balance Sheet as not been prepared as the MOCA Transaction and Midway Transaction are reflected in the audited Consolidated Balance Sheet of the Company as of December 31, 2020, which is included elsewhere in this Prospectus, and the impact of the MMNY acquired assets is not material to the Company’s Consolidated Balance Sheet.

All financial data in Unaudited Pro Forma Consolidated Statement of Operations is presented in thousands of United States Dollars (“USD”) and has been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). The Unaudited Pro Forma Financial Statements reflect pro forma adjustments to the historical audited consolidated statement of operations of the Company (as described below) after giving effect to the Transactions.

The Unaudited Pro Forma Consolidated Statement of Operations was derived from the following, as presented elsewhere in this Prospectus:

- the audited consolidated financial statements of Ascend Wellness Holdings, LLC as of and for the year ended December 31, 2020 and the related notes prepared in accordance with U.S. GAAP (the “2020 Audited Financial Statements”);
- the audited financial statements of MOCA, LLC as of and for the year ended December 31, 2020 and the related notes prepared in accordance with U.S. GAAP;
- the audited combined financial statements of Chicago Alternative Health Center Holdings, LLC and Affiliate as of and for the year ended December 31, 2020 and the related notes prepared in accordance with U.S. GAAP; and
- the audited financial statements of MedMen NY, Inc. as of and for the year ended December 31, 2020 and the related notes prepared in accordance with U.S. GAAP (collectively, the “Component Statements”).

The historical consolidated financial information has been adjusted to give effect to pro forma events that are directly attributable to the Transactions for which there are firm commitments and for which the complete financial effects are objectively determinable.

The Unaudited Pro Forma Consolidated Statement of Operations is based on preliminary estimates, accounting judgments, and currently available information and assumptions that management believes are reasonable. The notes to the Unaudited Pro Forma Consolidated Statement of Operations provide a detailed discussion of how such adjustments were derived and presented in the Unaudited Pro Forma Consolidated Statement of Operations. The Unaudited Pro Forma Consolidated Statement of Operations should be read in conjunction with “Capitalization,” “Summary Financial Information,” “Management’s Discussion and Analysis of Financial Conditions and Results of Operations,” and the Component Statements and the related notes thereto, included elsewhere in this Prospectus. The Unaudited Pro Forma Consolidated Statement of Operations has been prepared for illustrative purposes only and is not indicative of the Company’s results of operations had the Transactions actually occurred on the date indicated, nor is such pro forma financial information indicative of the results expected in any future period. A number of factors may affect these results.

Ascend Wellness Holdings, LLC
Pro Forma Consolidated Statement of Operations
For the Year Ended December 31, 2020
(Unaudited, Amounts Expressed in United States Dollar Unless Otherwise Stated)

<i>(in thousands)</i>	Ascend Wellness Holdings, LLC	MOCA	Midway	MMNY	Pro Forma Adjustments	Notes	Pro Forma Ascend Wellness Holdings, LLC
Revenue, net	\$ 143,732	\$ 21,626	\$ 11,164	\$ 9,149	\$ (13,758)	A	\$ 171,913
Cost of goods sold	(82,818)	(11,288)	(7,380)	(4,365)	7,174	B	(98,677)
Gross profit	60,914	10,338	3,784	4,784	(6,584)		73,236
Operating expenses							
General and administrative	53,067	6,095	962	13,345	1,278	C, D	74,747
Impairment	—	—	—	18,074	—		18,074
Total operating expenses	53,067	6,095	962	31,420	1,278		92,821
Operating profit (loss)	7,847	4,243	2,822	(26,636)	(7,862)		(19,585)
Other income (expense)							
Interest expense	(12,993)	—	—	(1)	(13,843)	E	(26,837)
Other income	7	—	—	—	—		7
Total other income (expense)	(12,986)	—	—	(1)	(13,843)		(26,830)
Loss before income taxes	(5,139)	4,243	2,822	(26,637)	(21,705)		(46,415)
Provision for income taxes	(18,702)	(3,153)	(81)	2,276	1,723	F	(17,937)
Net loss	(23,841)	1,090	2,741	(24,361)	(19,982)		(64,352)
Less: net loss attributable to non-controlling interests	1,599	—	—	—	(4,221)	G	(2,622)
Net loss attributable to Ascend Wellness Holdings, LLC	\$ (25,440)	\$ 1,090	\$ 2,741	\$ (24,361)	\$ (15,761)		\$ (61,730)
Net loss per unit attributable to Ascend Wellness Holdings, LLC — basic and diluted	\$ (0.27)						\$ (0.63)
Weighted-average units outstanding — basic and diluted	95,165				2,370	H	97,535

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

MOCA Acquisition

Effective August 1, 2020 (the “MOCA Agreement Date”), the Company acquired MOCA, a dispensary operator in the Chicago, Illinois area for total consideration of \$22,312. The transaction was treated as a business combination under Accounting Standards Codification (“ASC”) Topic 805, *Business Combinations*, and MOCA was consolidated as a Variable Interest Entity (“VIE”) between the MOCA Agreement Date and the closing date in December 2020. The business combination is accounted for by applying the acquisition method, whereby the assets acquired and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. A preliminary purchase price allocation has been completed for this acquisition, which is included in Note 4 to the Company’s 2020 Audited Financial Statements, included elsewhere in this Prospectus. The final fair value and purchase price allocation may differ from this preliminary determination.

Midway Acquisition

Effective December 15, 2020 (the “Midway Agreement Date”), the Company acquired Midway for total cash consideration of \$28,000, subject to certain adjustments including a customary working capital adjustment. The transaction was treated as a business combination under ASC Topic 805, *Business Combinations*, and is consolidated as a VIE from the Midway Agreement Date through the final closing date, which is pending the state’s approval of the license transfer. The business combination is accounted for by applying the acquisition method, whereby the assets acquired and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. A preliminary purchase price allocation has been completed for this acquisition, which is included in Note 4 to the Company’s 2020 Audited Financial Statements, included elsewhere in this Prospectus. The final fair value and purchase price allocation may differ from this preliminary determination.

Investment in MMNY

On February 25, 2021, the Company entered into a definitive investment agreement with MedMen Enterprises Inc. (“MedMen”), under which the Company will, subject to regulatory approval, complete an investment of approximately \$73,000 in MMNY, a licensed medical cannabis operator in New York. In connection with the investment, and subject to regulatory approval, MMNY will engage the Company’s services pursuant to a management agreement (the “Management Agreement”) under which we will advise on MMNY’s operations pending regulatory approval of the Investment transaction.

Under the terms of the investment, at closing, MMNY will assume approximately \$73,000 of MedMen’s existing secured debt, AWH will invest \$35,000 in cash in MMNY, and AWH New York, LLC will issue a senior secured promissory note in favor of MMNY’s senior secured lender in the principal amount of \$28,000, guaranteed by AWH, which cash investment and note will be used to reduce the amounts owed to MMNY’s senior secured lender. Following its investment, AWH will hold a controlling interest in MMNY equal to approximately 86.7% of the equity in MMNY, and be provided with an option to acquire MedMen’s remaining interest in MMNY in the future. AWH must also make an additional investment of \$10,000 in exchange for additional equity in MMNY, which investment will also be used to repay MMNY’s senior secured lender if adult-use cannabis sales commence in MMNY’s dispensaries.

The Company has included the results of MMNY in the Unaudited Pro Forma Consolidated Statement of Operations on the basis of the transaction being a probable acquisition during 2021.

Explanatory Notes

- A. The Unaudited Pro Forma Consolidated Statement of Operations was adjusted to exclude \$13,758 of revenue reflected in the consolidated results of AWH following the respective agreement dates for MOCA and Midway.
- B. The Unaudited Pro Forma Consolidated Statement of Operations was adjusted to exclude \$7,174 of cost of goods sold reflected in the consolidated results of AWH following the respective agreement dates for MOCA and Midway.
- C. The Unaudited Pro Forma Consolidated Statement of Operations was adjusted to exclude \$4,497 of general and administrative expenses reflected in the consolidated results of AWH following the respective agreement dates for MOCA and Midway. The Unaudited Pro Forma Consolidated Statement of Operations was also adjusted to exclude \$502 of transaction-related expenses incurred by the Company during the year ended December 31, 2020 that are included in "General and administrative expenses" on the consolidated statement of operations in the Company's 2020 Audited Financial Statements.
- D. The Unaudited Pro Forma Consolidated Statement of Operations was adjusted to include \$6,277 of additional incremental amortization of intangible assets as if the Transactions occurred on January 1, 2020.
- E. The Unaudited Pro Forma Consolidated Statement of Operations was adjusted to include \$13,843 of additional incremental interest expense on transaction-related financing, as if the Transactions occurred on January 1, 2020.
- F. The Unaudited Pro Forma Consolidated Statement of Operations was adjusted to exclude \$1,723 of income tax expense reflected in the consolidated results of AWH following the respective agreement dates for MOCA and Midway.
- G. The Unaudited Pro Forma Consolidated Statement of Operations was adjusted to reflect an estimate of \$4,221 of net loss attributable to the non-controlling interests of MMNY, as if that transaction occurred on January 1, 2020.
- H. The Unaudited Pro Forma weighted-average units outstanding was adjusted to reflect the incremental units issued to MOCA as if that transaction occurred on January 1, 2020.