



CHOOM HOLDINGS INC.

ANNUAL INFORMATION FORM

For the Financial Year Ended June 30, 2020

Dated April 7, 2021

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GLOSSARY OF TERMS

The following is a glossary of certain terms used in this AIF.

“**ABcann**” means ABcann Medicinals Inc.;

“**ABcann Term Sheet**” means the binding supplier agreement dated March 16, 2018 between the Company and ABcann pursuant to which ABcann will supply Choom with premium cannabis products subject to regulatory approval;

“**AGCO**” means the Alcohol and Gaming Commission of Ontario;

“**AGLC**” means the Alberta Gaming, Liquor & Cannabis Commission;

“**ACMPR**” means Health Canada’s Access to Cannabis for Medical Purposes Regulations;

“**Amalgamation**” means the amalgamation between Arbutus and ITI;

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

“**Authorizations**” means, collectively, all licenses, registrations, permits, authorizations, orders, approvals, clearances, waivers, certificates, and declarations issued, granted, given, or made available under the authority of any government entity or pursuant to any requirement under applicable Law;

“**BCBCA**” means the *Business Corporations Act* (British Columbia);

“**BCLDB**” means British Columbia Liquor Distribution Branch;

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

“**Clarity**” means Clarity Cannabis MD Holdings Inc.;

“**Clarity Option**” has the meaning ascribed to such term under *General Development of the Business – Acquisitions and Dispositions*;

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

“**Company**” or “**Choom**” means Choom Holdings Inc.;

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

“**Forward looking statements**” has the meaning ascribed to such term under *Introductory Notes – Forward- Looking Information*;

“**ITI**” means International Tungsten Inc.;

“**ITI Transaction**” means the three-cornered amalgamation among Choom, Arbutus and ITI;

“**Licensed Producer**” means the status of being a licensed producer of cannabis for medical purposes under the ACMPR;



“**Medi-Can**” means Medi-Can Health Solutions Ltd., a wholly-owned subsidiary of the Company;

“**Medi-Can Shareholders**” means John Doo-Jin Oh, Adrian Robinson, Josh Brazier, Robert Bayrack, the shareholders of Medi-Can;

“**Niagara Option**” has the meaning ascribed to such term under *General Development of the Business – Acquisitions and Dispositions*;

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

“**OCS**” means Ontario Cannabis Store;

“**Options**” means incentive stock options to purchase Common Shares issued pursuant to the Option Plan;

“**Option Plan**” means the incentive stock option plan of the Company;

“**SMP**” means Specialty Medijuana Products Inc. dba Sitka Weedworks;

“**Stock Options**” means stock options of the Company;

“**Term**” means term of any Stock Options granted under the Plan; and

“**Warrants**” means common share purchase warrants in the capital of the Company.

GENERAL MATTERS

This annual information form for the year ended June 30, 2020 (the “AIF”) is dated as of April 7, 2021. Throughout the AIF we refer to Choom Holdings Inc. as the “Company”, “we”, “us”, “our” or “its”. All these terms are used in respect of Choom Holdings Inc. Unless otherwise noted herein, information in this AIF applies to the business activities and operations of the Company for the financial year end June 30, 2020.

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

All references in this AIF to the Company also include reference to all subsidiaries of the Company as applicable unless the context requires otherwise.

FORWARD-LOOKING INFORMATION

This AIF contains certain statements, which may constitute “forward-looking information” within the meaning of Canadian securities law requirements (“**forward-looking statements**”). These forward-looking statements are made as of the date of this AIF and Choom Holdings Inc. does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect Company management’s expectations or beliefs regarding future events. In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including “may”, “future”, “expected”, “intends” and “estimates”. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Certain forward-looking statements in this AIF may include, but are not limited to the following:

- the Company’s retail strategies and objectives, both generally and in respect of its existing business and planned business operations;
- the competitive conditions of the cannabis industry;
- the expected growth of retail cannabis sales by the Company in the recreational market;
- conditions in the financial markets generally, and with respect to the prospects for Canadian retail cannabis companies specifically;
- the expected demand for the Company’s services and products;
- whether the Company will have sufficient working capital and its ability to raise additional funding required in order to develop its retail business strategy and continue operations;
- future legislative and regulatory developments involving recreational cannabis;
- capital costs for the acquisition and development of its current and proposed retail opportunities;
- and
- the grant and the impact of any license or supplemental license to conduct activities with cannabis or any amendments thereto.

The above and other aspects of the Company’s anticipated future operations are forward-looking in nature and, as a result, are subject to certain risks and uncertainties. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Such forward-looking statements are estimates reflecting the Company’s best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements. Such factors include but are not limited to the Company’s ability to become a retail cannabis licensee in the jurisdictions it has made applications in, the Company’s ability to obtain the necessary financing and the general impact of financial market conditions, the success of the Company’s current and future development efforts, competition, government regulations and other risks as set out under “Risk Factors” discussed in the section “Risk Factors” as well as those detailed from time to time in the Company’s interim and annual financial statements and management’s discussion and analysis of those statements which are filed and available for review under the Company’s profile on SEDAR at www.sedar.com.

CORPORATE STRUCTURE

The full name of Choom is “Choom Holdings Inc.” Choom’s head office and registered and records office is located at Suite 208 – 1525 West 8th Avenue, Vancouver, BC V6J 1T5.

Choom was incorporated on September 18, 2006 under the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) as “Orocan Resource Corp.” On January 27, 2012, Choom received shareholder approval to change its name to “Standard Graphite Corporation” and on November 17, 2017, Choom received approval to change its name to “Choom Holdings Inc.”

As at the date of this AIF, Choom has the following wholly-owned subsidiaries:

Name of Subsidiary	Jurisdiction
Medi-can Health Solutions Inc. (“Medi-Can”)	British Columbia
Arbutus Brands Inc. (“Arbutus”)	British Columbia
Island Green Cure (“IGC”)	British Columbia
102047851 Saskatchewan Ltd.	Saskatchewan
2660837 Ontario Ltd	Ontario
2668667 Ontario Ltd.	Ontario
2688412 Ontario Inc. (“2688412 Ontario”)	Ontario
2151414 Alberta Ltd.	Alberta
2150639 Alberta Ltd.	Alberta
2150647 Alberta Ltd.	Alberta
2168698 Alberta Ltd.	Alberta
Universal Cannabis Coaching Inc. (“UCC”)	British Columbia
Western Cannabis Coaching Centre Inc. (“WCC”)	British Columbia
1165962 BC Ltd. (“1165962 BC”)	British Columbia
Concord Medical Centre Inc. (“Concord Medical”)	British Columbia
Choom BC Retail Holdings Inc.	British Columbia
Choom Holdings USA Inc. (“Choom US”)	Delaware
835148 Yukon Inc.	Yukon
Phivida Holdings Inc. (“Phivida”)	British Columbia
Phivida Organics Inc.	Delaware



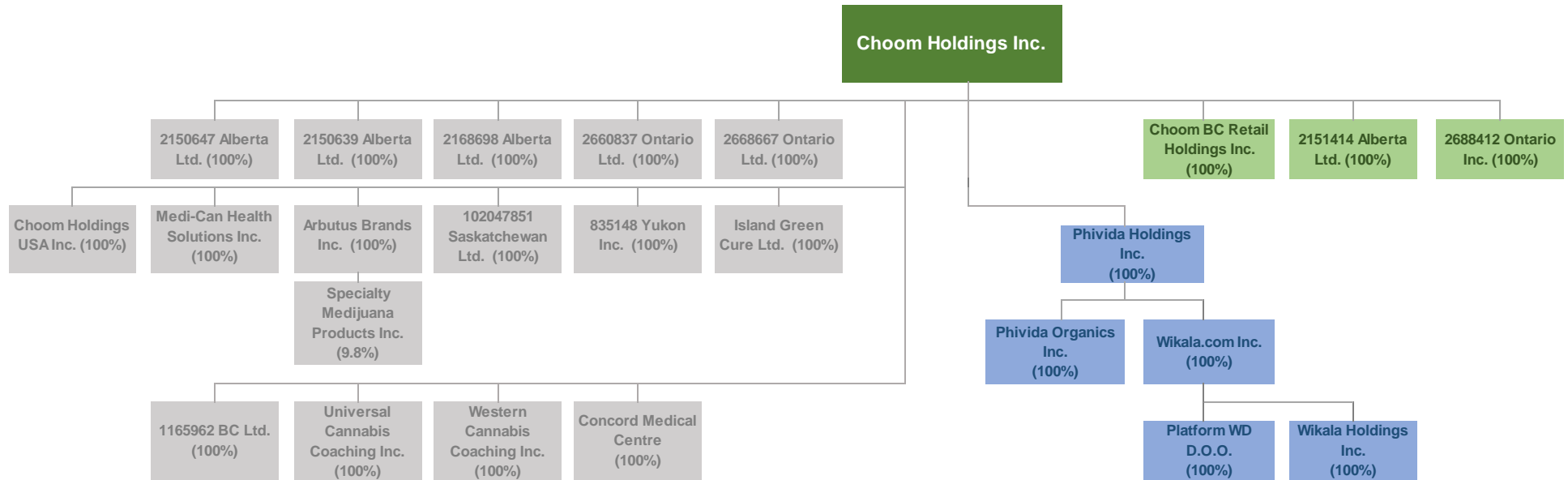
Wikala.com Inc.	Ontario
Wikala Holdings Inc.	San Diego
Platform WD DOO	Serbia

Additionally, subsequent to the SMP Divestiture, as defined and described herein, Choom holds a 9.8% interest in SMP through its holdings in Arbutus.

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The Company conducts its business through its various subsidiaries. The following organization chart of the Company sets out the primary subsidiaries of the Company.



Legend
 Operating Entities
 HoldCos, Investments, and Discontinued Operations
 Phivida Investment

GENERAL DEVELOPMENT OF THE BUSINESS

Choom is a Reporting Issuer in the Provinces of British Columbia, Alberta, Saskatchewan and Ontario and New Brunswick. On February 3, 2012, Choom began trading on the TSX Venture Exchange (“TSX-V”) under the stock symbol “SGH”. Choom was previously engaged in the acquisition and exploration of mineral properties located in Canada. During this time, Choom did not earn significant revenues and was considered to be in the exploration stage. As at June 30, 2017 Choom had written off all exploration and evaluation assets.

On November 17, 2017, Choom changed its name to Choom Holdings Inc. (as described under “*Corporate Structure – Name, Address, and Incorporation*”) and completed a change of business to the business of cultivating and selling cannabis for medical purposes and related products under the *Access to Cannabis for Medical Purposes Regulations* (the “ACMPR”). On November 22, 2017, Choom’s shares were delisted from the TSX-V, approved for listing on the Canadian Securities Exchange (the “CSE”), and commenced trading thereafter under the symbol “CHOO”. On December 29, 2017, Choom obtained final approval for trading on the OTCQB operated by the OTC Markets Group Inc. and commenced trading under the symbol “CHOOF”.

On December 10, 2018 management changed the Company’s strategic plan to focus on developing a network of retail cannabis stores resulting in the decision not to pursue the cultivation sector of the cannabis industry and discontinued operations in connection with the cultivating and selling cannabis for medical purposes.

Acquisition and Dispositions

Medi-Can

On August 30, 2017, the Company entered into a share purchase agreement (as amended on October 17, 2017, the “**Share Purchase Agreement**”) with Medi-Can and Medi-Can shareholders (collectively, the “**Medi-Can Shareholders**”), pursuant to which it acquired all of the issued and outstanding common shares of Medi-Can. The Medi-Can assets included an application to become a Licensed Producer under the ACMPR.

Pursuant to the Share Purchase Agreement, on November 16, 2017 the Company acquired all of the issued and outstanding common shares of Medi-Can in consideration for:

(a) an aggregate of 12,500,000 Common Shares (the “**Consideration Shares**”) (issued) to be held in escrow of which 10% (1,250,000) were released on November 16, 2017 with the remaining balance of 11,250,000 to be released over the subsequent 36 months;

(b) a \$2,500,000 convertible note (the “**Acquisition Note**”), which at the election of the Company, can be either:

- (i) redeemed by way of cash payment to the Medi-Can Shareholders on the date that is the fifth trading day after the public dissemination of a news release announcing the receipt by Medi-Can of a Cultivation/Production License under the ACMPR (the “**Trigger Date**”), or
- (ii) converted by issuance to the Medi-Can Shareholders of \$2,500,000 in Common Shares valued using the 20-day volume-weighted average trading price determined on the Trigger Date; and

- (c) agreement to re-pay \$300,000 of Medi-Can Shareholder loans (re-paid).

The Acquisition did not meet the definition of a business combination under IFRS 3 *Business Combinations* and accordingly has been accounted for as an asset acquisition. Consideration Shares issued have a fair value of \$0.17 per common share of Choom, totaling \$2,125,000. The transaction costs were included in the Acquisition costs which include advisory, legal, accounting and filing fees.

As part of the Share Purchase Agreement, the Company entered into the Acquisition Note with the Medi-Can Shareholders for an aggregate amount of \$2,500,000 (the “**Principal Balance**”). The Acquisition Note is unsecured and non-interest bearing. Of the \$2,500,000 Principal Balance, \$375,000 was due to a former director of the Company. The payment of the Principal Balance is contingent on the receipt by Medi-Can of a Cultivation/Production License under the ACMPR.

As at June 30, 2018, the probability of the receipt of the cultivation/production license could not be reasonably estimated, and as such, was not included as consideration in the purchase of Medi-Can. During the year ended June 30, 2018, the Company repaid \$50,000 of the outstanding shareholders loan acquired in Medi-Can. The remaining \$250,000 was settled with the disposition of assets as at June 30, 2018.

As at June 30, 2019, Medi-Can’s receipt of the license under ACMPR remained outstanding and with the divestiture of SMP (as described herein) and the re-focus of the Company’s business plan to retail cannabis during the year ended June 30, 2019, the Company impaired the value attributed to the receipt of the license of \$2,849,835 to discontinued operations.

Island Green Cure

The Company entered into a share purchase agreement dated April 17, 2018 with Island Green Cure Ltd. (“**IGC**”) and its shareholders to acquire all of the issued and outstanding shares in the capital of IGC for the following consideration:

- (a) at closing, an aggregate total of 8,000,000 Common Shares to be issued to the shareholders of IGC (the “**IGC Consideration Shares**”), such IGC Consideration Shares to be held in escrow of which 10% (800,000) were released on October 18, 2017 with the remaining balance of 11,250,000 to be released over the subsequent 36 months; and
- (b) after the receipt by IGC of a production license, Common Shares where the number of shares to be issued would be determined by dividing \$2,000,000 by the 10-day volume-weighted average trading price of the Common Shares on the tenth trading day after the public dissemination of a news release announcing IGC’s receipt of a license under the ACMPR (the “**IGC Share Commitment**”).

On May 2, 2018 the Company closed the acquisition of IGC and accordingly issued the IGC Consideration Shares to the shareholders of IGC and issued a further 500,000 Common Shares in finders’ fees to a related party to a consultant of the Company. Additionally, included in the IGC Consideration Shares issued to IGC shareholders, were 536,000 Common Shares to a related party of a consultant of the Company.

IGC’s assets include its application to become a Licensed Producer and all property, assets, contracts, plans and intellectual property used or intended to be used by IGC in connection with its proposed business as a Licensed Producer.

The IGC Acquisition did not meet the definition of a business combination under IFRS 3 and has been accounted for as an asset acquisition.

The IGC Share Commitments were contingent on the grant of a production license to IGC. The probability of the grant of a production license could not be reasonably estimated as at June 30, 2018, and therefore, was not included in the purchase price.

As at June 30, 2019, IGC's receipt of the license under ACMPR remained outstanding and with the divestiture of SMP and the re-focus of the Company's business plan to retail cannabis during the year ended June 30, 2019, Company impaired the value attributed to the receipt of the license of \$7,621,382 to discontinued operations.

ABcann Medicinals Inc.

Choom entered into a term sheet agreement with ABcann Medicinals Inc. ("**ABcann**") dated March 16, 2018, whereby ABcann, a Licensed Producer, agreed to supply Choom with premium cannabis products subject to regulatory approval (the "**ABcann Term Sheet**"). The obligations of the parties under the ABcann Term Sheet with respect to the purchase and sale of cannabis products only arose upon a mutually-agreed upon launch date that is dependent on receiving required regulatory approval. Subsequent to the date of the ABcann Term Sheet, the enactment and promulgation of applicable provincial regulatory regimes governing the distribution and sale of cannabis frustrated the implementation of the ABcann Term Sheet.

Arbutus Brands

*International Tungsten Inc. ("**ITI**")*

On March 16, 2018, the Company entered into an amalgamation agreement between the Company, Arbutus and ITI (as amended on June 13, 2018, the "**Amalgamation Agreement**"). On June 15, 2018, pursuant to the Amalgamation Agreement, the Company acquired all the issued and outstanding common shares of ITI and ITI amalgamated with Arbutus (the "**ITI Transaction**"), for the following consideration:

- (a) each ITI Shareholder received 0.99784 of a Common Share in exchange for each one common share of ITI issued and outstanding resulting in 52,031,110 Common Shares being issued to ITI shareholders;
- (b) 1,000,000 ITI stock options (the "**ITI Options**") to be issued by ITI to a third party (the "**ITI Option Holder**") concurrent with the closing of the SMP Acquisition (as described herein) were cancelled and the ITI Option Holder was granted 1,000,000 options to purchase Common Shares, with an exercise price of \$0.35 per share and a five-year term;
- (c) in connection with the closing of the ITI Transaction, Choom paid a finder's fees of 4,000,000 Common Shares to third parties; and
- (d) the original ITI special warrants were cancelled and the key shareholders of SMP, holding the ITI special warrants, received a pro-rata based percentage holdings of ITI common shares and were issued an aggregate of 39,958,890 Common Share commitments (the "**Choom Share Commitments**"). The issuance of Common Shares pursuant to the Choom Share Commitments are subject to the following conditions:
 - (i) if a cultivation license is granted to SMP on or before June 15, 2019 each Choom Share Commitment would entitle the holder to exchange each Choom Share Commitment on a one-to-one basis for a Common Share;

- (ii) if a cultivation license is granted to SMP after June 15, 2019 and Choom has not exercised its right to assign SMP's application, each Choom Share Commitment would entitle the holder to receive 0.75 of a Common Share.

As the issuance of Common Shares pursuant to the Choom Share Commitments were contingent on the grant of a cultivation license, the probability of the grant of a cultivation license could not be reasonably estimated at the time of purchase and as such, it was not included in the purchase price. Any Common Shares issued pursuant to the Choom Share Commitments will be subject to certain conditions and escrow requirements ranging from 6.25% - 25% released on the date of grant of a license and thereafter released 18.75% to 33.33% every 6 months thereafter.

Specialty Medijuana Products

Separate from the Amalgamation Agreement between the Company, Arbutus, and ITI, on March 9, 2018, prior to the Amalgamation Agreement, ITI entered into a share exchange agreement with SMP and SMP shareholders (collectively, the "**SMP Shareholders**") subsequently amended and restated on June 13, 2018 (the "**SMP Agreement**"). Pursuant to the SMP Agreement, ITI acquired all of the issued and outstanding common shares of SMP in consideration for 38,313,985 common shares of ITI (the "**SMP Acquisition**"). Following the completion of the SMP Acquisition:

- (a) ITI became the "Resulting Issuer":
- (b) SMP became a wholly-owned subsidiary of ITI and the business of the combined entity after giving effect to the SMP Acquisition, included the business of SMP;
- (c) The original shareholders of ITI held an aggregate of 13,829,915 shares of the Resulting Issuer ("**Resulting Issuer Common Shares**"), representing approximately 27% of the then issued and outstanding Resulting Issuer Common Shares;
- (d) SMP Shareholders held an aggregate of 38,313,985 Resulting Issuer Common Shares, representing approximately 73% of the then issued and outstanding Resulting Issuer Common Shares.

As such SMP is the continuing entity for accounting purposes. The SMP Acquisition did not meet the definition of a business combination, accordingly SMP accounted for the SMP Acquisition in accordance with IFRS 2 Share-based Payment.

On October 17, 2018, SMP received its cultivation license from Health Canada. In connection with the Company's strategic plan to focus on developing a network of retail cannabis stores accordingly, on December 10, 2018, the Company entered into a share purchase agreement with the original key shareholders of SMP whereby Arbutus (Choom's wholly owned subsidiary), divested 90.2% of its interest in SMP in exchange for the cancellation of 37,970,445 Share Commitments (the "**SMP Divesture**"). Choom completed the SMP Divesture resulting in Choom indirectly holding an indirect 9.8% interest in SMP through Arbutus. As at June 30, 2020, a balance of 749,416 (1,124,127 issued) Choom Share Commitments remained outstanding.

The Company recorded \$1,732,665 as long-term investments representing the 9.8% interest in SMP.

The SMP Divesture resulted in a loss from the sale of \$78,789,971 representing the elimination of assets and liabilities in SMP and impairment of intangible assets.

Clarity Cooperation and Option Agreement

Pursuant to the terms of a cooperation and option agreement (the “**Cooperation Agreement**”) effective February 26, 2019 and further amended on October 10, 2019, with Clarity Cannabis MD Holdings Inc. (“**Clarity**”) and the shareholders of Clarity (collectively the “**Optionors**”), the Company agreed to acquire all assets held by Clarity in connection with nine operating retail cannabis stores and further eighteen in-progress retail opportunities including leasehold improvements and deposits, equipment, and retail cannabis municipal development permits issued thereto (the “**Retail Opportunities**”). On October 1, 2019, the Company exercised its right to acquire the Retail Opportunities. Subsequent to the Company receiving approvals on its applications for the nine operating locations from the Alberta Gaming, Liquor and Cannabis (“**AGLC**”), the acquisition was completed on October 28, 2019. The Company submitted and received AGLC approval on a further four applications for retail locations forming part of the Retail Opportunities.

Consideration for option included:

- (a) a cash payment of \$2,000,000 (paid);
- (b) the issuance of 5,000,000 common shares (the “**Option Shares**”) to all of the Optionors, pro-rata (issued), subject to escrow release over two years;
- (c) the issuance of an additional 1,000,000 Common Shares to a certain shareholder (issued); and
- (d) the issuance of 200,000 Common Shares for Clarity’s legal services (the “**Counsel Shares**”). The Counsel Shares do not form part of the option price or the purchase price.

The Option Shares were valued at \$2,880,000 and the Counsel Shares were valued at \$96,000 as determined by the market price when issued being \$0.48 per share.

Consideration for acquisition of the Retail Opportunities included:

- (a) a cash payment, subject to a statement of adjustments of \$500,000¹ (\$250,000 paid) and \$100 (paid) to Clarity;
- (b) the issuance of an aggregate 6,103,608 Common Shares to the Optionors based on each of the Optionors’ pro-rata holdings of Clarity shares (issued) subject to escrow release over two years;
- (c) \$300,000 cash payment and \$107,600 in reimbursement of realtor commissions due the earlier of six-month from closing (April 28, 2020 – unpaid as of June 30, 2020) or in the event Choom completes one or more equity financings for gross proceeds greater than \$6,000,000; and
- (d) 10% of the first \$100,000 in net proceeds plus 50% of all net proceeds in excess of \$100,000 in the event Choom should sell certain retail locations included in the Cooperation Agreement.

In connection with acquisition of the Retail Opportunities, the Company had advanced \$5,894,836. These advances formed part of the consideration paid of the Retail Opportunities.

¹ Pursuant to the acquisition of the Retail Opportunities, certain advances made to Clarity in connection with leasehold improvements and inventory may be adjusted against remaining amounts due to Clarity. As at the date of this AIF, the final adjustment statement remained outstanding.

Under IFRS 3, the substance of the acquisition does not constitute a business combination as no processes were acquired and was accounted for as an asset acquisition recognized in property and equipment and the acquired development permits were recognized in intangible assets. The Option Shares were included in the purchase price of the Retail Opportunities and the Counsel Shares were included in the consolidated statements of loss and comprehensive loss during the year ended June 30, 2019.

As at June 30, 2020, the Company has elected not to pursue applications with the AGLC on thirteen locations included in the Retail Opportunities. Accordingly, the Company recorded an impairment of \$4,627,511 under intangible assets.

The Green Room

On August 6, 2019, the Company entered into an asset purchase agreement (the “**Purchase Agreement**”) with CFPM Management Services Ltd. (“**CFPM**”) and the shareholders of CFPM operating as The Green Room, a cannabis retail store chain. The agreement included the rights to purchase certain assets in connection with in-progress development of certain retail cannabis stores located in British Columbia and Alberta.

On November 18, 2019, the Company completed the acquisition of one leasehold premise and a municipal development permit located in Alberta (the “**Green Room Retail Acquisition**”) for consideration of 1,860,226 Common Shares (the “**Payment Shares**”) and finders fees of 5% of the Payment Shares were included in the consideration. The Payment Shares are subject to escrow provisions over two years.

The Payment Shares were valued at \$316,238 as determined by the market price when issued being \$0.17 per share.

Under IFRS 3, the substance of the Green Room Retail Acquisition does not constitute a business combination as there were no processes or outputs acquired and was accounted for as an asset acquisition recognized in property and equipment and the acquired store permits was recognized in intangible assets.

On November 21, 2019, pursuant to Purchase Agreement, Choom provided a notice of termination of the Purchase Agreement to CFPM and waived the acquisition of the remaining locations (other than the one location acquired on November 18, 2019).

Niagara Option

On February 13, 2019 the Company entered into an option and cooperation agreement, which was amended and restated on February 26, 2019 and July 19, 2019 (the “**Niagara Option**”) with a retail cannabis lottery winner under the Alcohol and Gaming Commission of Ontario (“**AGCO**”), pursuant to which the parties agreed to assist and cooperate with each other to, among other things, facilitate the realization of the acquisition of a retail store located in Niagara, Ontario (the “**Niagara Retail Store**”) and satisfy the conditions for the Company to be able to realize its option to purchase the assets relating to the Niagara Retail Store subject to all the necessary provincial and municipal governmental approvals.

Consideration for the Option included:

- (a) \$500,000 upon receipt of a Retailer Operator License issued by the AGCO received on April 29, 2019, (paid); and
- (b) \$500,000 upon receipt of a Retail Store Authorization issued by the AGCO received on April 29, 2019 (paid).

Additionally, consideration for the exercise of the Niagara Option consisted of \$2,000,000 cash payment and \$2,000,000 in Common Shares (the “**Choom Payment Shares**”). The number of Choom Payment Shares to be determined by dividing \$2,000,000 by the 10-day volume weighted average trading price (the “**VWAP**”) preceding date of closing of the purchase (the “**Current Market Price**”). The Choom Payment Shares issued will be held in escrow for a period of twelve months.

Effective November 25, 2019, the parties entered into a share purchase agreement (the “**Niagara Share Purchase Agreement**”) pursuant to which Choom agreed to acquire the issued and outstanding shares of 2688412 Ontario Inc., which was wholly owned by the vendor and the assets and business of the Niagara Retail Store. On April 1, 2020, the Company completed the acquisition of 2688412 Ontario Inc. (the “**Niagara Transaction**”). The acquisition of 2688412 Ontario Inc. provided the Company with access to an operating cannabis retail store in Niagara Falls, Ontario and furthered the Company’s continued nationwide rollout.

As described hereinabove, consideration for the Niagara Transaction, included cash of \$2,000,000, of which \$1,450,000 was paid from the cumulative operating cash flow from the Niagara Store and the remainder was settled by a promissory note for \$550,000 (the “**Niagara Note**”) to the vendor. Additionally, the Company issued 22,126,066 Choom Payment Shares. Also included in the purchase consideration is the amounts paid for the Niagara Option of \$1,000,000. The Company incurred transaction costs of \$94,485 relating to the Niagara Transaction, which are included in administrative and general in the consolidated statements of loss and comprehensive loss.

In accordance with IFRS 3 *Business Combinations* (“IFRS 3”), the substance of a transaction constitutes a business combination as the business of 2688412 Ontario meets the definition of a business under the standard. Accordingly, the assets acquired and the liabilities assumed have been recorded at their respective estimated fair values as of the acquisition date. The purchase price is based on management’s estimate of fair value of the common shares issued and cash consideration paid.

Management used a combination of income, market, work for replacement values and cost-based approaches to estimate the fair value of net assets acquired of the Niagara Store.

On May 28, 2020, the Niagara Note was extinguished by way of the proceeds from the sale of property.

Medical Centre

On November 19, 2018 the Company entered into two share purchase agreements with the shareholders of Concord Medical Centre Inc. (“**Concord Medical**”), Universal Cannabis Coaching Inc. (“**UCC**”), 1165962 BC Ltd. (“**1165962 BC**”) and Western Cannabis Coaching Inc. (“**WCC**”) (collectively the “**Medical Centre**”) to acquire the issued and outstanding shares of the Medical Centre. The transaction closed on December 10, 2018.

Consideration for the purchase was an aggregate cash payment of \$100,002 and an aggregate 1,915,973 Common Shares (the “**Medical Centre Consideration Shares**”) being the \$900,000 equivalent of Common Shares calculated by the 10 day, VWAP.

The 1,915,973 Medical Centre Consideration Shares were held in escrow of which 20% (383,193) were released December 10, 2018 with the remaining balance of 1,532,780 to be released over the subsequent 24 months.

In accordance with IFRS 3 *Business Combinations*, the substance of a transaction constitutes a business combination as the Medical Centre meets the definition of a business under the standard. Accordingly, the assets acquired and the liabilities assumed have been recorded at their respective estimated fair values as of the acquisition date. The purchase price is based on management's estimate of fair value of the common shares issued and cash paid.

Management used a combination of income, market, work for replacement values and cost-based approaches to estimate fair value of the four operating clinics.

On October 31, 2020 through a divestiture for a nominal amount, the Company disposed of the Medical Clinic assets to a former employee of the Company. The Company sold the patient lists and other assets of 1165962 B.C. Ltd., Concord Medical Centre Inc., Universal Cannabis Coaching Clinic Inc. and Western Cannabis Coaching Centre Ltd. for a nominal amount.

The Company determined that in order to focus on cannabis retail this was the most cost-effective way of disposing of the Medical Clinics, which had historically operated at a loss.

As at December 31, 2020, Goodwill of \$973,050 and intangible assets of \$51,925 were written off and impairment recognized in discontinued operations.

Phivida Transaction

On June 2, 2020, the Company and Phivida entered into a definitive arrangement agreement (the "**Arrangement Agreement**") pursuant to which Choom would acquire all of the issued and outstanding common shares of Phivida (the "**Phivida Shares**") in exchange for Common Shares in an arm's length all-share transaction.

On July 23, 2020, in connection with the Arrangement Agreement, Choom received \$500,000 in bridge financing (the "**Bridge Financing**") from Phivida. The Bridge Financing was evidenced by a convertible secured promissory note (the "**Promissory Note**") bearing interest at a rate of 15% per annum on the outstanding principal sum. The aggregate principal amount of the Bridge Financing and accrued and unpaid interest thereon is, in certain circumstances, convertible into Common Shares at a conversion price of \$0.115 per share. Certain of Choom's subsidiaries have also agreed to guarantee Choom's obligations under the Bridge Financing. Pursuant to the terms of the Promissory Note, Choom and the guarantor subsidiaries thereof have granted Phivida a third ranking security interest over all of their respective present and after-acquired property. The security interest is governed in accordance with the terms and conditions of a security agreement between Choom and the guarantors and Phivida, dated July 23, 2020. The Bridge Financing Loan remains an intercompany payable and is eliminated on consolidation.

In connection with the Bridge Financing, Choom also granted Phivida 4,347,826 non-transferable Common Share purchase warrants (the "**Warrants**"). Each Warrant entitles Phivida to acquire one Common Share at an exercise price of \$0.115 per share for a period of three years from the date of issuance (subject to automatic earlier expiry immediately prior to the consummation of the transactions contemplated by the Arrangement Agreement). The Warrants were only exercisable from and after the termination of the Arrangement Agreement for any reason other than as a result of a breach of the Arrangement Agreement by Phivida.

The parties also amended the Arrangement Agreement in order to provide that the closing condition in favour of Choom that Phivida have not less than \$2,000,000 in working capital surplus be reduced to \$1,500,000, on account of the funds advanced to Choom under the Bridge Financing.

On September 16, 2020, Choom received the necessary regulatory, court and stock exchange approval to complete the acquisition of Phivida resulting in a total of 64,608,187 Common Shares issued to the former holders of Phivida Shares, resulting in former Phivida shareholders holding approximately 28.6% of the total number of issued and outstanding Common Shares (based on 225,753,870 Common Shares issued and outstanding immediately after closing). In addition, the outstanding options to purchase Phivida Shares have been replaced with 7,881,837 options to purchase Common Shares on the same terms and conditions, other than necessary adjustments to take into account the Exchange Ratio, as set out in the Plan of Arrangement.

Under IFRS 3, the substance of the acquisition does not constitute a business combination and the transaction was accounted for as an asset acquisition. The purchase price is based on the fair value of the common shares issued at acquisition, capitalized transaction costs and replacement options issued. The value of the assets and liabilities was based on management's assessment of the fair value at the date of acquisition and applying the initial measurement requirements of each applicable standard to the identifiable assets and liabilities assumed.

Consideration for acquisition of the Phivida Transaction included:

- (a) the issuance of an aggregate 64,608,187 Common Shares to the former holders of Phivida valued at the market rate on the day of closing at \$0.10 per share;
- (b) the Company's professional fees to complete the transaction of \$285,499;
- (c) the adjusted fair value measurement of Phivida options that were replaced with Company options. The fair value measurement difference of \$134,384 was added to the purchase price and recognized in Contributed Surplus.

The Intangible assets acquired are attributed to the proprietary technology platforms which were re-purposed and integrated with the Company.

Financings

Private Placements

- On September 27, 2017, Choom completed a non-brokered private placement (the "**September 2017 Financing**") of 3,333,333 units (each a "**September 2017 Unit**") at a price of \$0.15 per September 2017 Unit for gross proceeds of \$500,000. Each September 2017 Unit consists of one Common Share and one-half of one Common Share purchase warrant (each whole warrant a "**September 2017 Warrant**"). Each September 2017 Warrant entitles the holder to acquire an additional Common Share at \$0.25 until March 27, 2019.
- On December 19, 2017 Choom completed a non-brokered private placement (the "**December 2017 Financing**") of 5,000,000 units (each a "**December 2017 Unit**") at a price of \$0.20 per December 2017 Unit for gross proceeds of \$1,000,000. Each December 2017 Unit consists of one Common Share and one non-transferable Common Share purchase warrant (each a "**December 2017 Warrant**"). Each December 2017 warrant is exercisable by the holder to acquire one additional Common Share at a price of \$0.25 until June 18, 2019.
- On February 6, 2018 Choom completed a non-brokered private placement (the "**February 2018 Financing**") of 5,400,000 units (each a "**February 2018 Unit**") at a price of \$0.50 per February 2018 Unit for gross proceeds of \$2,700,000. Each February 2018 Unit is comprised of one Common Share and one-half of one Common Share purchase warrant (each whole warrant a "**February 2018**

Warrant) with each February 2018 warrant entitling the holder thereof to acquire a Common Share at a price of \$0.75 per Common Share until August 6, 2019.

- On June 15, 2018, the Company completed a non-brokered private placement (the “**June 2018 Financing**”) and issued 14,225,353 shares at a price of \$0.71 per share for gross proceeds of \$10,100,001. The Company has paid aggregate cash finder’s fees in connection with the financing of \$252,192.
- On September 20, 2019, the Company completed a non-brokered private placement (the “**September 2019 Financing**”) of 2,500,000 units at a price of \$0.40 per unit (a “**Unit**”) for gross proceeds of \$1,000,000. Each Unit consists of one common share of the Company and one-half of a share purchase warrant. Each full warrant entitles the holder to acquire an additional common share of the Company at a price of \$0.60 for a period of 18 months.

Convertible Debentures

Aurora Debenture

On November 2, 2018, the Company completed a non-brokered private placement of a debenture (the “**Aurora Debenture**”) in the principal amount of \$20,000,000 in Choom with Aurora Cannabis Inc. (“**Aurora**”), convertible into Common Shares at a conversion price of \$1.25 per share and will mature on November 2, 2022.

The Aurora Debenture is non-transferrable and bears an annual interest rate of 6.5% calculated semi-annually, payable annually in arrears on the anniversary date. Aurora may elect to receive interest payments in Common Shares in lieu of cash at a price per Common Share equal to the VWAP of the common shares for the 20 trading days ending prior to the date on which such interest payment is due.

In connection with the Aurora Debenture, the Company also issued to Aurora, for no additional consideration, 95,760,367 Common Share purchase warrants at an exercise price of \$2.75, subject to adjustments in accordance with the terms thereof, to allow Aurora to increase its pro rata equity interest in Choom to approximately 40% which expired on November 2, 2020. Additionally, the Company issued 703,881 pro-rata warrants to Aurora at an exercise price of \$1.25 which expired on November 2, 2020.

The Company determined the conversion feature, warrants and pro-rata warrants components of the Aurora Debenture meet the definition of equity instruments as the Company is obligated to issue a fixed number of shares for a fixed price. The Company used the residual value method to allocate the principal amount of the Aurora Debenture between the liability and equity components. The Company valued the debt component of the Aurora Debenture by calculating the present value of principal and interest payments, discounted at a rate of 21.9% which represents managements best estimate of the rate that a non-convertible debenture with similar terms and risk would earn.

On June 24, 2020, the parties amended the terms of the Aurora Debenture (the “**Amended and Restated Aurora Debenture**”) wherein Choom, among other things granted to Aurora a second ranking security interest over all of its present and after-acquired property of Choom. The security interest is governed in accordance with the terms and conditions of a security agreement between Choom and Aurora dated June 24, 2020. Among other amendments, the Amended and Restated Aurora Debenture includes amendments reflecting (i) a 90-day exclusivity period during which the Aurora has agreed not to sell, transfer or assign its indebtedness to any third party, (ii) a right of first refusal in favour of Choom in respect of any future proposed sale, transfer or assignment of the indebtedness by Aurora, and (iii) a reduction of the conversion price of the debenture from \$1.25 to \$0.65 per share.

The Amended and Restated Aurora Debenture is, as at June 30, 2020, a secured convertible debenture maturing on November 2, 2022 (the “**Maturity Date**”), convertible into common shares: (i) at the option of Aurora, any time prior to the Maturity Date at a conversion price of \$0.65 per Common Share, subject to a minimum conversion amount of \$5,000,000, and (ii) at the option of Choom any time after the hold period has expired and the VWAP of the Common Shares is \$3.00 or more for a period of 10 consecutive trading days.

In accordance with IFRS 9, the Company determined that the changes within the Amended and Restated Aurora Debenture is not significant enough to be considered an extinguishment of the initial convertible debenture, and as such, has been accounted for as a modification of financial liability. The cash flows under the Amended and Restated Aurora Debenture were rediscounted at the original effective interest rate on the modification date, and as a result, a gain of modification of debt of \$83,747 was recorded on the consolidated statements of loss and comprehensive loss in the last quarter of the year ended June 30, 2020.

December 2019 Financing

On December 23, 2019, the Company completed a non-brokered private placement of debenture units at \$250,000 per unit for gross proceeds of \$4,100,000 (the “**December 2019 Debentures**”).

The December 2019 Debentures will mature on December 23, 2021, subject to the rights of a holder to extend the term up to a further 12 months and will accrue interest at the rate of 10% per annum, payable semi-annually. At a holder’s option, the December 2019 Debentures may be converted into common shares of Choom at a conversion price of \$0.15 per share. Under the Offering, the Company also issued 1,666,666 transferable common share purchase warrants per debenture unit for an aggregate 27,333,330, each such warrant to be exercisable to acquire one common share for a four-year period at an exercise price of \$0.20 per share.

The December 2019 Debentures are secured by certain property of the Company, and rank *pari passu* in right of payment of principal and interest and may be redeemed by the Company on certain conditions. The maximum amount of principal secured may be increased with the consent of the December 2019 Debenture holders representing the majority of the outstanding principal.

Two related parties of the Company participated in the December 2019 Debentures offering and acquired debenture units for \$2,100,000.

The Company determined the conversion feature and warrants components of the December 2019 Debentures meet the definition of equity instruments as the Company is obligated to issue a fixed number of shares for a fixed price. The Company used the residual value method to allocate the principal amount of the December 2019 Debenture between the liability and equity components. The Company valued the debt component of the December 2019 Debenture by calculating the present value of principal and interest payments, discounted at a rate of 18.5% which represents management’s best estimate of the rate that a non-convertible secured debenture with similar terms and risk would earn.

Promissory Note

In June 2020, the Company entered into a promissory note agreement (“**Promissory Note**”) with an arm’s length individual, for proceeds of \$900,000. The note payable was due June 4, 2021, unsecured and bore interest at 15% per annum.

The note was amended and increased to \$1,250,000 in December 2020 with a revised maturity date of December 31, 2022. The note remains unsecured and bears interest at 15% per annum with interest payable bi-annually.

Significant Acquisitions

Choom did not complete a significant acquisition during the financial year ended June 30, 2020 for which disclosure is required under National Instrument 51-102 – *Continuous Disclosure Obligations*.

Developments subsequent to the Financial Year ended June 30, 2020

- July 23, 2020: Choom receives \$500,000 Bridge Financing from Phivida (See “*Acquisitions and Dispositions*”).
- September 16, 2020: Choom completes the acquisition of Phivida by Choom, originally announced on June 3, 2020, pursuant to a court-approved plan of arrangement (See “*Acquisitions and Dispositions*”).
- February 4, 2021: Choom completes a non-brokered private placement for gross proceeds of C\$1.95 million through the issuance of an aggregate 27,857,143 units (the “**February 2021 Units**”) at a price of \$0.07 per unit. Each February 2021 Units consists of one Common Share and one-half of one non-transferrable Common Share purchase warrant (each whole warrant a “**February 2021 Warrant**”). Each February 2021 Warrant entitles the holder to purchase an additional Common Share at an exercise price of \$0.12 per share until February 3, 2023. In connection with the offering the Company has paid aggregate finders' fees of \$64,627 in cash and issued 1,173,140 finders warrants (the “**Finder Warrant**”). Each Finder Warrant entitles the holder to acquire one additional Common Share at a price of \$0.12 per share on the same terms as the February 2021 Warrants until February 3, 2023. All securities issued are subject to a hold period expiring June 4, 2021. The Company intends to use the net proceeds from the private placement for general working capital and corporate purposes.
- February 4, 2021: The Company granted 1,000,000 stock options to an officer. The options have an exercise price of \$0.10 per share, are exercisable until February 4, 2026 and will be governed in accordance with the terms of the Company’s stock option plan.

DESCRIPTION OF BUSINESS

Choom is a fast-expanding retail cannabis company with stores across Canada. The Choom brand is inspired by Hawaii's “Choom Gang” — a group of buddies in Honolulu during the 1970's who loved to smoke weed — or as the locals called it, “Choom”. Evoking the spirit of the original Choom Gang, our brand caters to the Canadian market with the ethos of ‘cultivating good times’. Choom is focused on delivering an elevated customer experience through our curated retail environments, offering a diversity of brands for Canadians across a national retail network.

Choom’s vision is to be the industry leader in cannabis retail, focusing on an elevated consumer experience. The Company’s business strategy is to build one of Canada’s premier retail cannabis chains, with locations across Canada in the provinces that allow for private retailers. The Company is operating and constructing retail locations to sell cannabis and cannabis related products under its recreational brand Choom™ with the following key strategies in mind:

- **Finance:** Maximizing profitable sales through responsible new store growth and optimization of the existing business
- **Brand:** Propelling the Choom story and unifying the in-store and online experience



- **Culture:** Enabling and rewarding a culture of high performance
- **Operations:** Investing and building best in class retail infrastructure

The Company has no current intention of becoming a Licensed Producer and/or applying for a license to produce cannabis under the Cannabis Act (See “*General Development of Business – SMP Divesture*”).

The Company does not engage in any U.S. cannabis-related activities as defined in Canadian Securities Administrators Staff Notice 51-352 (Revised) dated February 8, 2018. To the extent that the Company pursues international expansion, it will only conduct business in jurisdictions outside of Canada where such operations are legally permissible in accordance with the laws of the jurisdiction and applicable Canadian regulatory and stock exchange obligations.

Summary

Retail Cannabis

The Company is operating and constructing retail locations to sell cannabis and cannabis related products under its recreational brand Choom™ in select provinces. At the date of this report, Choom had the following open store locations across Canada:

Province	Licences	Stores in Operation	Licences Pending
Alberta	14	12	0
British Columbia	2	2	2
Ontario	1	1	3
Total	17	15	5

Choom, through its wholly owned subsidiaries 2151414 Alberta Ltd, Choom BC Retail Holdings Inc. and 2688412 Ontario Inc. is authorized to purchase, store and sell cannabis and cannabis accessories and other goods in accordance with the terms and conditions of its cannabis retail store licenses in Alberta, British Columbia and Ontario.

Medical Clinics and Coaching Centers

On October 31, 2020 through a divesture for a nominal amount, the Company disposed of the Medical Clinic assets to a former employee of the Company. The Company sold the patient lists and other assets of 1165962 B.C. Ltd., Concord Medical Centre Inc., Universal Cannabis Coaching Clinic Inc. and Western Cannabis Coaching Centre Ltd. for a nominal amount.

The Company determined that in order to focus on cannabis retail this was the most cost-effective way of disposing of the Medical Clinics, which had historically operated at a loss.

Revenues

The following table outlines revenue for the years ended June 30, 2020 and 2019.

	2020	2019
Retail Revenue	7,357,807	-
Clinic Services ¹	587,268	268,321
Total	7,945,075	268,321

1: Clinics divested in October 2020. See above.

Product and Services

The Company, as a retail cannabis operator, is authorized to sell cannabis products and accessories and other products permitted to be sold in compliance with the applicable provincial regulations in British Columbia, Alberta and Ontario. These products are purchased from an authorized provincial distributor as follows:

- Cannabis products in Alberta are purchased from the AGLC;
- Cannabis products in British Columbia are purchased from the BCLDB; and
- Cannabis products in Ontario are purchased from the OCS.

Accessories may include rolling papers, holders, pipes, water pipes, bongs, vaporizers, and other things used to consume cannabis. Accessories may be purchased from an authorized provincial distributor or a third party.

Specialized Skill and Knowledge

All aspects of the Company's business require specialized skills and knowledge. Choom believes its team has developed and sourced business systems to effectively and efficiently operate its retail operations. As part of its strategy, the Company intends to develop a chain of branded retail cannabis stores across Canada. The brand building, retail marketing and product development knowledge and skills of the Company's management team and employees will be essential to Choom becoming a well-respected household name within the retail cannabis industry.

Competitive Conditions

The Company faces intense competition from other cannabis retailers seeking multiple licenses in multiple jurisdictions, which may have greater financial resources, market access and marketing experience than the Company. The Company expects to face additional competition from Licensed Producers, competitors with existing retail operations, government owned retailers and the black market.

As at the date of the AIF the Company's primary competitors in the provinces it operates and/or has filed applications within Alberta, British Columbia and Ontario include but are not limited to: Fire & Flower; High Tide and Inner Spirit Holdings which are established and operate in the same provinces and in some case the same municipal locations.

To remain competitive, the Company will require a continued high level of investment in location expansion, IT systems and design, marketing and sales. The Company may not have sufficient resources to maintain location expansion, IT systems and design, marketing and sales efforts on a competitive basis which could materially and adversely affect the business, financial condition and operating results of the Company.

Real Property

The Company's operating retail cannabis stores are operated from leased premises. The typical lease term is between five and ten years with options to renew in some cases. Additionally, the Company has entered into binding offers to lease and/or lease agreements for future retail store sites, subject to the receipt of applicable municipal and provincial permits and licenses. Offers to lease and, in some cases, lease agreements are conditional upon obtaining all required municipal and provincial permits and licenses to operate a retail cannabis store which typically include an early termination right in the event that required municipal or provincial permits and/or licenses cannot be obtained within a reasonable time.

Intangible Properties

Brand Names and Trademarks

The Choom brand, inspired by Hawaii's "Choom Gang", was created exclusively for the recreational Canadian cannabis marketplace and was founded on the principal of good times and good friends.

The Company intends to develop a chain of branded retail cannabis across Canada and has worked with a design team to create a concept retail store design that is clean, modern, and stylish to bring the Choom vibe to life. Accordingly, retail identity and branding will become the Company's competitive edge in the recreational cannabis marketplace in Canada.

The Choom™ Logo and Leaf design, "Choom™" and "Cultivating Good Times™" are trademarked by Choom Holdings Inc.

Patient Lists

The Company acquired patient lists in connection with the Medical Center acquisition (*See General Development of the Business*). The patient lists were sold in October 2020.

Licenses and development permits

During the year ended June 30, 2020, pursuant to the Niagara Option and acquisition of the Niagara Store, the Company acquired a Retail Operator License and Retail Store Authorization License in connection with the business combination.

During the year ended June 30, 2020, pursuant to the Cooperation Agreement and acquisition of the Retail Opportunities, the Company acquired multiple municipal development permits.

Intellectual Property

During the period ended December 31, 2020, the Company acquired intellectual property as part of the Phivida Transaction. The intellectual property relates to the development of Phivida's proprietary e-commerce technology platforms which was re-purposed and integrated with the Company.

Employees

As at the Company's last financial year end it had approximately 40 full-time and 40 part-time employees.

Bankruptcy and Similar Procedures

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

Reorganizations

See “*General Description of the Business*” for details regarding acquisitions.

Risk Factors

The following are certain factors relating to Choom’s business which prospective investors should carefully consider before deciding whether to invest in Choom. For the purposes of this section, any reference to Choom’s business and operations includes that of Choom and its subsidiaries.

The following information is a summary only of certain risk factors and must be read in conjunction with the detailed information appearing elsewhere in this AIF. These risks and uncertainties are not the only ones Choom is facing. Additional risk and uncertainties not presently known to Choom, or that Choom currently deems immaterial, may also impair Choom’s operations. If any such risks actually occur, the business, financial condition, liquidity and results of Choom’s operations could be materially adversely affected.

Liquidity Risk

Choom’s ability to remain liquid over the long term depends on its ability to obtain additional financing. Choom has in place planning and budgeting processes to help determine the funds required to support normal operating requirements on an ongoing basis as well as its planned development and capital expenditures. Choom’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

Additional Financing

From time to time, Choom may require additional financing. Choom’s ability to obtain additional financing, if and when required, will depend on investor demand, operating performance, the condition of the capital markets and other factors. If Choom raises additional funds through the issuance of equity, equity-linked or debt securities, those securities may have rights, preferences, or privileges senior to the rights of holders of the Common Shares, and existing holders of such shares may experience dilution.

Licenses and Permits

The Company is required to be in good standing with Authorizations and adhere to all regulatory requirements related to the sale of cannabis. Failure to comply with the terms of the Authorizations could have a material effect on the Company. There can be no assurance that the applicable Authorizations will be extended or renewed or that they will be extended or renewed under the same or similar terms.

Changes in Laws

The Company is subject to a variety of applicable laws regarding the sale of cannabis and cannabis products. Changes to applicable Laws could have a material adverse effect on the Company.

Risks of Retail Store Operations

Growth of the Company's retail network depends, among other things, on the Company's ability to secure desirable locations on terms acceptable to the Company. The Company faces competition for retail locations from its competitors and from operators of other businesses. The success of many retail locations is significantly influenced by location. There can be no assurance that the Company's retail locations will continue to be attractive, or that additional retail storefronts can be located and secured as demographic and traffic patterns change. Also, there is no guarantee that the property leases in respect of prospective retail locations can be established on terms acceptable to the Company, or at all, and that property leases in respect of existing retail locations will be renewed or that suitable alternative locations can be obtained. It is possible that the locations or economic conditions where retail locations are located could decline in the future, resulting in reduced sales in those locations. There is no assurance that future sites will produce the same results as past sites.

Lease Risks

The retail store locations are located on property that is not owned by Choom or its subsidiaries. Such property is subject to a long-term lease and similar arrangements in which the underlying land is owned by a third party and leased to Choom's subsidiaries. Under the terms of a typical lease, the lessee must pay rent for the use of the land and is generally responsible for all costs and expenses associated with the building and improvements. Unless the lease term is extended, the land, together with all improvements made, will revert to the owner of the land upon the expiration of the lease term. In addition, an event of default by Choom's subsidiaries under the terms of the lease could also result in a loss of the property should the default not be rectified in a reasonable period of time. The reversion or loss of such properties could have a material adverse effect on Choom and its subsidiaries' operations and results.

Holding Company Status

Choom is largely a holding company and essentially all of its operating assets are the capital stock of its subsidiaries. As a result, investors in Choom are subject to the risks attributable to its subsidiaries. As a holding company, Choom conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, Choom's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiaries and the distribution of those earnings to Choom. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of Choom's subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to Choom.

Limited Operating History

Choom is subject to many of the risks common to early-stage enterprises, including limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that Choom will be successful in achieving a return on its shareholders' investments and the likelihood of success must be considered in light of its early stage of operations.

Management of Growth

Choom may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of Choom to manage growth effectively will require continued implementation and improvement of its operational and financial systems and to expand, train and manage

its employee base. The inability of Choom to deal with growth may have a material adverse effect on its business, financial condition, results of operations and prospects.

Reliance on Management

The success of Choom is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements and incentive programs are customarily used as primary methods of retaining the services of key employees, these agreements and incentive programs cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on Choom's business, operating results or financial condition.

Litigation

Choom may become party to litigation from time to time in the ordinary course of its business which could adversely affect its operations. Should any litigation in which Choom becomes involved be determined against it, such a decision may adversely affect Choom's ability to continue operating, adversely affect the market price of Common Shares and use significant resources. Even if Choom is involved in litigation and succeeds, litigation can redirect significant company resources. Litigation may also create a negative perception of Choom's brand.

Dividends

Choom's policy is to retain earnings to finance the development and enhancement of its products and to otherwise reinvest in Choom's businesses. Therefore, Choom does not anticipate paying cash dividends on Common Shares in the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of the Board of Choom and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Board of Choom may deem relevant. As a result, investors may not receive any return on investment in the Common Shares unless they sell them for a share price that is greater than that at which such investors purchased them.

Limited Market for Securities

There can be no assurance that an active and liquid market for the Common Shares will be maintained and an investor may find it difficult to resell any securities of Choom.

Conflicts of Interest

Choom may be subject to various potential conflicts of interest because some of their officers and directors may be engaged in a range of business activities. In addition, Choom's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to either company. In some cases, Choom's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to Choom's business and affairs and that could adversely affect Choom's operations. These business interests could require significant time and attention of Choom's executive officers and directors.

In addition, Choom may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time-to-time deal with persons, firms, institutions or Companies with which Choom may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of Choom. In addition, from time to time, these persons may be competing with Choom for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of

interest arises at a meeting of Choom's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of Choom are required to act honestly, in good faith and in the best interests their respective companies.

Regulatory Risks

The Company's business is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the operation of its business. The cannabis industry is a new industry and the Company cannot predict the impact of the changes to the compliance regime. Similarly, the Company cannot predict the time required to secure all appropriate regulatory approvals for its business, or the extent of documentation that may be required by governmental authorities. The impact of cannabis regulatory compliance regime, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products, and sales initiatives and could have a material adverse effect on the business, financial condition, and operating results of the Company.

The Company will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties, or in restrictions on the Company's operations. In addition, changes in regulations, more vigorous enforcement thereof, or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs, or give rise to material liabilities, which could have a material adverse effect on the business, financial condition, and operating results of the Company.

Changes in government levies, including taxes, could reduce Choom's earnings and could make future capital investments or Choom's operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Government Regulations

The Company's operations are subject to governmental laws or regulations promulgated by various legislatures or governmental agencies from time to time. A breach of such legislation may result in imposition of fines and penalties. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all governmental laws and regulations. There can be no assurance, however, that all Authorizations which the Company may require for its operations and activities will be obtainable on reasonable terms or on a timely basis or such laws and regulations would not have an adverse effect on the Company's business.

Competition

The impact of any developments in cannabis legislation and regulation may be negative for Choom and could result in increased levels of competition in the retail cannabis market in which Choom will operate.

There is potential that Choom will face intense competition from other companies, some of which can be expected to have more financial resources, industry, manufacturing and marketing experience than Choom. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of Choom.

Because of the early stage of the industry in which Choom operates, Choom expects to face additional competition from new entrants. To remain competitive, Choom will require a continued level of investment in research and development, marketing, sales and client support. Choom 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 the business, financial condition and results of operations of Choom.

Operating Risk and Insurance Coverage

Choom has insurance to protect its assets, operations and employees. While Choom believes its insurance coverage addresses all material risks to which they are exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which Choom is exposed. However, Choom 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. Losses from these events may cause Choom to incur significant costs that could have a material adverse effect upon Choom's financial performance and results of operations.

Choom could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses to claims against Choom. Choom is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to Choom that violates: (i) government regulations; or (ii) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for Choom to identify and deter misconduct by its employees and other third parties, and the precautions taken by Choom to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting Choom 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 Choom, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on Choom's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of Choom's operations, any of which could have a material adverse effect on Choom's business, financial condition and results of operations.

Choom will be reliant on information technology systems and may be subject to damaging cyber-attacks. Choom has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("IT") services in connection with its operations. Choom's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. Choom's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact Choom's reputation and results of operations.

Choom has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that Choom will not incur such losses in the future. Choom's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack,

damage or unauthorized access is a priority. As cyber threats continue to evolve, Choom may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Forecast Uncertainties

The Company will need to rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the retail cannabis industry in Canada. A failure in the demand for its business to materialize as a result of competition, technological change or other factors could have a material adverse effect on the proposed investments, business, results of operations, and financial condition of the Company.

Reputational Risk

Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish, and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regards to the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all shareholders and that it takes care in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations, and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows, and growth prospects.

Cannabis Prices

The price of Choom's shares and its financial results may be significantly and adversely affected by a decline in the price of cannabis. The price of cannabis is affected by several factors beyond Choom's control. The Company's profitability may be directly related to the price of cannabis. Choom's operating income may be sensitive to changes in the price of cannabis and the overall condition of the cannabis industry as its operating income will be derived from the sale of cannabis.

Managing COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

Choom continues to maintain business continuity during the COVID-19 pandemic and takes its cues from the government and public health officials to keep employees and customers safe and healthy. During the pandemic, enhanced store procedures including safety shields, more frequent cleaning, curbside pickup of product and delivery services, where permissible, were enacted.

The Company continues to closely monitor the latest developments regarding COVID-19 and will continue to follow the direction of federal, provincial, and municipal governments, and public health authorities.

DIVIDENDS AND DISTRIBUTIONS

Choom has not paid dividends since its inception.

There are no restrictions in Choom's articles and bylaws or elsewhere which could prevent Choom from paying dividends. It is not contemplated that any dividends will be paid on any shares of Choom in the immediate future; however, as it is anticipated that all available funds will be invested to finance the growth of Choom's business. The directors of Choom will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on Choom's financial position at the relevant time. All of Choom's Common Shares will be entitled to an equal share in any dividends declared and paid.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

Choom is authorized to issue: an unlimited number of Common Shares with no par value. As at the date of this AIF Choom has 325,129,566 Common Shares issued and outstanding. The Common Shares are currently trading on the CSE under the symbol CHOO. Choom is authorized to issue an unlimited number of preferred shares. Choom does not have any preferred shares outstanding.

The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of Choom and each Common Share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of Choom. The holders of the Common Shares, subject to the prior rights, if any, of any other class of shares of Choom, are entitled to receive such dividends in any financial year as the board of directors of Choom (the "**Board**") may determine by resolution. In the event of the liquidation, dissolution or winding-up of Choom, whether voluntary or involuntary, the holders of the Common Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of Choom, the remaining property and assets of Choom.

Choom has a rolling stock option plan (the "**Option Plan**"), which provides for a total of 10% of the issued and outstanding Common Shares of Choom available for issuance thereunder. The Plan was most recently approved by the Board on March 15, 2018 in accordance with Policy 6 - *Distributions* of the CSE.

Under the terms of the Option Plan, the Company is authorized to grant options to directors, officers, employees or consultants of Choom, as the Board, may from time to time designate. The maximum number of Common Shares reserved for issuance of Stock Options that may be granted under the Option Plan is 10% of the issued and outstanding Common Shares of the Company. The Stock Options granted can be exercised for a maximum of 10 years and vest as determined by the Board. The exercise price of each Option must not be lower than the greater of the closing market prices of the Common Shares of the trading day prior to the date of grant of the Stock Options and the date of grant of the Stock Options. As at the date of this AIF there were 21,278,479 Stock Options outstanding to purchase Common Shares.

In April 2020, The Company adopted a restricted share unit plan (the "**RSU Plan**") to grant RSU's to directors, senior officers, employees and consultants of the Company. The aggregate outstanding RSU's are limited to 20% of the outstanding common shares provided that at no time may the number of RSUs issuable

under the RSU Plan, together with the number of common shares issuable under options that are outstanding under the Plan, exceed 20% of the issued and outstanding common shares as at the date of a grant under the RSU Plan or the Plan, as the case may be. As of the date of this report, the Company had granted an aggregate of 4,000,000 RSU's in accordance with the RSU plan.

In addition, as of the date of this AIF, there are warrants outstanding to purchase up to an aggregate 43,835,041 Common Shares and \$24,100,000 in Convertible Debentures that are convertible into Common Shares. See "*General Description of Business – Aurora Debenture and December 2019 Debenture*".

Additionally, as at the date of this AIF Choom had 374,707 Choom Share Commitments outstanding. The Choom Share Commitments were issued in connection with the ITI Transaction and subsequent SMP Divesture. "*General Description of Business – ITT Transaction and SMP Divesture*".

The dilutive securities are summarized as follows:

Security Type	# of Common Shares Issuable	Exercise Price (Average) \$	Cash Proceeds or Debt Reduction if Exercised
Warrants	43,835,041	\$0.18	\$8,091,871
Stock Options	21,278,479	\$0.25	\$5,386,098
Convertible Debentures	58,102,564	\$0.56	\$24,100,000
RSUs	4,000,000	N/A	-
Share Commitments	374,707	\$1.03	-

MARKET FOR SECURITIES

Trading Price and Volume

Choom is currently listed on the CSE under the symbol "CHOO". The following table sets out the price ranges and volume traded or quoted on the CSE for the Common Shares from the listing date:

Period	High CDN\$	Low CDN\$	Volume
Jun-20	\$ 0.22	\$0.14	8,535,377
May-20	\$ 0.15	\$0.09	8,661,682
Apr-20	\$ 0.10	\$0.08	3,725,028
Mar-20	\$ 0.14	\$0.08	6,450,463
Feb-20	\$ 0.18	\$0.11	3,709,587
Jan-20	\$ 0.24	\$0.15	8,182,358
Dec-19	\$ 0.19	\$0.14	6,609,494
Nov-19	\$ 0.25	\$0.15	7,076,556
Oct-19	\$ 0.36	\$0.22	4,925,619
Sep-19	\$ 0.43	\$0.33	4,058,579
Aug-19	\$ 0.44	\$0.36	5,020,331
Jul-19	\$ 0.45	\$0.39	5,770,595

Prior Sales

The following table summarizes details of the following securities that are not listed or quoted on a marketplace issued by Choom during the most recent completed financial year end:

Date of Issuance	Security	Issuance/Exercise Price Per Security	Number of Securities
20-Sep-19	Warrants	\$ 0.60	1,250,000
4-Nov-19	Options	\$ 0.24	200,000
23-Dec-19	Convertible Debenture ¹	\$ 0.15	N/A
23-Dec-19	Warrants ¹	\$ 0.20	27,333,330
30-Dec-19	Options	\$ 0.17	8,455,000
18-Feb-20	Options	\$ 0.15	300,000

Note:

1. In connection with the December 2019 Financing, an aggregate principal amount of \$4,100,000 December 2019 Debentures were issued. The December 2019 Debentures may, at the holder's option, be converted into Common Shares at a conversion price of \$0.15 per share. Under December 2019 Financing, the Company also issued 1,666,666 transferable Common Share purchase warrants per debenture unit resulting in the issuance of an aggregate of 27,333,330, each such warrant exercisable to acquire one Common Share for a four-year period at an exercise price of \$0.20 per share.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

As at the end of the Company's most recently completed financial year, the following securities were subject to escrow or subject to a contractual restriction on transfer:

Designation of Class	Number of Securities held in escrow that are subject to a contractual restriction on transfer	Percentage of Class
Common Shares	28,870,072	12.79%

Notes:

1. 1,875,000 Common Shares held in escrow in connection with the Medi-Can Acquisition. Every six months, 1,875,000 Common Shares are released from escrow;
2. 172,500 Common Shares held in escrow in connection with the purchase of intangible assets. Every six months 86,250 Common Shares are released from escrow;
3. 3,000,000 Common Shares held in escrow in connection with the Clarity Option. Every six months 1,000,000 Common Shares are released from escrow;
4. 766,394 Common Shares held in escrow in connection the Medical Clinic acquisition. Every six months 383,193 Common Shares are released from escrow; and
5. 930,112 Common Shares held in escrow in connection with the Green Room Retail Acquisition. Every six month 465,057 Common Shares are released from escrow.
6. 22,126,066 Common Shares held in escrow in in Connection with the Niagara Acquisition. These Common Shares are held in escrow are released as follows: 10% four months after closing of the Niagara Acquisition, 10% on December 31, 2020, and the balance 12 months after closing of the Niagara Acquisition.

Directors and Officers

The Articles of Choom provide that the number of directors should not be fewer than three directors. Each director holds office until the close of the next annual general meeting of Choom, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated. The Board currently consists of five

directors. Corey Gillon, the Chief Executive Officer (“CEO”) of Choom, and Chris Bogart, the President, are non-independent.

Name, Occupation and Security Holdings

The following table sets out the names of the directors and officers of Choom, the municipality and province of residence, their position with Choom, their principal occupation during the past 5 years, and the number and percentage of Common Shares which will be beneficially owned, directly or indirectly, or over which control or direction is exercised, by each of Choom’s directors and officers.

Name and Municipality of Residence	Position and Period with Choom⁽¹⁾	Director/ Officer Since	Principal Occupation for the Past Five Years	Number and Percentage of Common Shares Owned or Controlled⁽⁴⁾
Corey Gillon British Columbia, Canada	CEO, Director	December 1, 2019	CEO of the Company since December 1, 2019, President of the Company August 26, 2019 to December 1, 2019, Sr VP of Retail Operations for Aritzia	Nil
Christopher Bogart⁽²⁾ British Columbia, Canada	President, Director	Sep 18, 2006	President December 1, 2019 to present, Chief Executive Officer, August 3, 2010 to December 1, 2019 and Director of the Company	4,318,750 (1.33%)
Dylan Murray British Columbia, Canada	Chief Financial Officer (“CFO”)	February 1, 2021	Chartered Accountant and VP Finance at Choom	Nil
Terese Gieselman British Columbia, Canada	Corporate Secretary	September 18, 2006	President of Minco Corporate Management Inc which provides financial and corporate compliance services	175,000 (0.05%)
Kevin Puil⁽²⁾ British Columbia, Canada	Director	May 17, 2017	Chartered Financial Analyst Managing Partner at RIVI Capital LLC	24,000 (0.01%)

Stephen Tong ⁽²⁾ British Columbia, Canada	Director	February 23, 2017	Lawyer at Stella Law Corporation	180,000 (0.06%)
Peter Simeon Ontario, Canada	Director	September 16, 2020	Partner at Gowling WLG (Canada) LLP	90,707 (0.03%)

Notes:

1. The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of Choom and has been furnished by the respective nominees.
2. Member of the Audit Committee.
3. Based on the Company's issued and outstanding as at the date of this AIF.

As at the date of this AIF, the directors and executive officers of Choom beneficially own, directly or indirectly, as a group 4,788,457 Common Shares representing approximately 1.47% of all outstanding voting securities of Choom on a non-dilutive basis.

The following are brief biographies of the above individuals:

Name	Principal occupation and related experience
Corey Gillon <i>CEO and Director</i>	A Senior Retail Executive and Harvard Business School graduate with 20+ years of experience in various leadership roles both domestic and internationally. Having worked with world-class brands including Walmart and Aritzia in roles consisting of business unit ownership of large-scale retail operations of more than \$7 billion, international M&A + integration throughout Sub-Saharan Africa, eCommerce + Omnichannel leadership, and overall retail division ownership. This led to his current role as CEO at Choom, a publicly traded national retail chain, in the cannabis sector in Canada. Mr. Gillon is a builder with depth across all business functions including public company governance and compliance.
Christopher Bogart <i>President and Director</i>	Mr. Bogart has 22 years of professional experience in senior management positions with public and private companies, providing expertise in capital markets, strategic planning, corporate finance, mergers and acquisitions and regulatory compliance. His broad industry experience includes: biotechnology, healthcare, technology, communications, agriculture, and he has been involved directly in M&A and equity financings with aggregate values in excess of \$150 million for both public and private companies including complex equity financing transactions in the United States, Canada and Europe. Mr. Bogart was a Co-Founder of TSX listed InMed Pharmaceuticals (TSX: IN), previously as their CEO and VP Corporate Strategy and a Co-Founder of Magnum Uranium which was acquired by TSX listed Energy Fuels Inc.
Dylan Murray <i>Chief Financial Officer</i>	Dylan is a designated CPA, CA with over 10 years of accounting and finance experience. Most recently, Mr. Murray was the Director of Finance at FirstService Residential BC where he led a team of accountants responsible for the financial reporting of residential and commercial properties, as well as led all accounting change management initiatives which included the automation and centralization of departmental functions. Prior to FirstService Residential BC, Mr. Murray worked for Ernst & Young LLP in Calgary

	where he gained experience in both Assurance and Transaction Advisory Services.
Terese Gieselman <i>Corporate Secretary</i>	Ms. Gieselman has 34 years of international experience with junior mining and exploration companies listed on the TSX, TSXV, OTCBB, NASDAQ and AMEX, in the roles of CFO, Treasurer, Corporate Secretary and director. During her tenure in the resource sector, Ms. Gieselman has accumulated an extensive background in corporate and financial reporting and compliance for Canada and the United States, including particularly relevant experience in financings, treasury, international corporate structure and financial reporting in Mexico, Peru, Chile, Argentina and Zimbabwe. Ms. Gieselman is currently the CFO, Corporate Secretary of Golden Ridge Resources Ltd (TSXV-listed) and the CFO and a director of South Atlantic Gold Inc.. (TSXV-listed), CFO/Secretary of Damara Gold Corp (TSXV-listed), President of Minco Corporate Management Inc.
Kevin Puil <i>Director</i>	Kevin Puil is a former fund manager and analyst with over 20 years of experience managing natural resource investments. Mr. Puil is currently the Managing Partner of a natural resource focused private equity fund. Previously, he was the CEO of a private mining finance company, and held senior positions at several firms including Bolder Investment Partners, where he was a Partner and Portfolio Manager; Gissen & Associates as Portfolio Manager and the Encompass Fund as Senior Analyst of natural resources. Mr. Puil currently serves as a Board Director of two Toronto Stock Exchange listed mining companies. Mr. Puil holds a degree in Economics from the University of Victoria in British Columbia and is a Chartered Financial Analyst (CFA) charter holder.
Steven Tong <i>Director</i>	Stephen Tong has been a securities lawyer for over 17 years with a particular emphasis on corporate finance, mergers and acquisitions and corporate governance matters in various sectors. Mr. Tong has served on several boards of public companies in the resources, biotechnology and pharmaceutical sectors.
Peter Simeon <i>Director</i>	Peter Simeon is a partner of Gowling WLG Law specializing in corporate, commercial and securities law. Mr. Simeon has extensive experience as an officer and director of public companies, including as a Chairman, and his legal practice is focused on corporate governance, mergers and acquisitions, and structure.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the best of Choom’s knowledge, no director or executive officer of Choom is, as at the date hereof, or within 10 years before the date hereof, a Director, Chief Executive Officer or Chief Financial Officer of any company (including Choom), that:

- (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of the above paragraph, “order” means a cease trade order, an order similar to a cease trade order; or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Bankruptcies

To Choom’s knowledge, no director, officer or promoter of Choom, or a securityholder, or a proposed director, officer, or promoter of Choom or security holder, anticipated to hold sufficient securities of Choom to affect materially the control of Choom, or a personal holding company of such persons has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or Promoter.

Penalties or Sanctions

To Choom’s knowledge, no proposed director, officer or promoter of Choom, or a securityholder anticipated to hold sufficient securities of Choom to affect materially the control of Choom, has:

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

Conflicts of Interest

Certain of the directors and officers of Choom are also directors and officers of other reporting and non-reporting issuers. The directors of Choom are bound by the provisions of the BCBCA to act honestly and in good faith with a view to the best interests of Choom and to disclose any interests, which they may have in any project or opportunity of Choom. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of Choom’s knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among Choom, its promoters, directors and officers or other members of management of Choom or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to Choom and their duties as a director or officer of such other companies.

PROMOTERS

A “Promoter” is defined in the *Securities Act* (British Columbia) as a “person who (a) alone or in concert with other persons directly or indirectly takes the initiative of founding, organizing or substantially reorganizing the business of the issuer; or (b) in connection with the founding, organization or substantial reorganization of the business of the Company, directly or indirectly receives, in consideration of services or property or both, 10% or more of a class of the Company’s own securities or 10% or more of the proceeds from the sale of a class of the Company’s own securities of a particular issue.

Within the two most recently completed financial years ended June 30, 2020 and June 30, 2019 and to the date of this AIF, no person has been a Promoter of the Company.

LEGAL PROCEEDINGS

On January 21, 2020, the Company received a Statement of Claim from a non-related party for damages of \$4,654,390 due to a wrongful termination of an asset purchase agreement.

On August 31, 2020 and on September 18, 2020, the Company received two Statement of Claims from non-related parties, for damages of \$1,093,098 and \$562,973, respectively, due to a breach of lease agreements.

The Company and the Company’s legal counsel is currently in process of defending these claims. An estimate of the contingent liabilities and likelihood of loss is unable to be determined at this time and no loss provision has been made to date. The Company intends to vigorously defend these claims. Should an adverse outcome result in the future, any amounts incurred may affect future results of operations and cash flows.

REGULATORY ACTIONS

There are no regulatory actions outstanding, threatened or pending, as of the date hereof, by or against Choom or to which Choom is a party or to which its properties are subject, nor to Choom’s knowledge are any such legal proceedings contemplated which could become material to a purchaser of securities of Choom.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

- (a) In connection with the SMP Acquisition and Divesture, the Medical Centre Acquisition and the Cooperation Agreement, Mr. Forbes a director of the Company at the time of acquisitions (Mr. Forbes resigned effective October 28, 2019) had an interest in each transaction considered to be related party transactions wherein:
 - a. In connection with the SMP Divesture, Mr. Forbes a former director and officer, was issued Share Commitments (See “*General Description of Business – ITT Transaction and SMP Divesture*”);
 - b. In connection with the Cooperation Agreement, included in the consideration is 8,866,500 (4,443,250 issued) Choom Shares and \$2,500,000 (\$2,250,000 paid) to Mr. Forbes pursuant to the terms of the Cooperation Agreement (See “*General Description of Business – Clarity Cooperation and Option Agreement*”);
 - c. In connection with the Cooperation Agreement, the Company advanced an aggregate of \$5,894,836 to Clarity, of which Mr. Forbes had a controlling interest, which formed

- consideration paid of the Retail Opportunities (See “*General Description of Business – Clarity Cooperation and Option Agreement*”);
- d. In connection with the acquisition of the Medical Centre, Mr. Forbes was issued 638,658 Choom Shares and cash of \$66,667 as part of the consideration (See “*General Description of Business – Medical Centre*”).
- (b) In connection with the December 2019 Financing, two related parties of the Company participated for an aggregate amount of \$2,100,000 as follows:
- a. Karrie Bogart, a related party to Chris Bogart, President and Director, participated in the December 2019 Debentures for \$2,000,000;
- b. Stephen Tong, Director, participated in the December 2019 financing for \$100,000.

TRANSFER AGENT AND REGISTRARS

Choom’s registrar and transfer agent for its Common Shares is Computershare Investor Services Inc. of Vancouver, B.C.

MATERIAL CONTRACTS

The following are the only material contracts, other than those contracts entered into in the ordinary course of business, which Choom has entered into since the beginning of the last financial year before the date of this disclosure, entered into prior to such date but which contract is still in effect, or to which Choom is or will become a party to (see “*General Development of Business*”):

- Arrangement Agreement – See “*General Development of the Business – Acquisitions and Dispositions – Phivida Transaction.*”
- The Niagara Option– See “*General Development of the Business – Acquisitions and Dispositions – Niagara Option.*”
- The Niagara Share Purchase Agreement – See “*General Development of the Business – Acquisitions and Dispositions – Niagara Option.*”
- The Cooperation Agreement – See “*General Development of the Business – Acquisitions and Dispositions – Clarity Cooperation and Option Agreement.*”
- The Amended and Restated Aurora Debenture – See “*General Development of the Business – Financings – Convertible Debentures – Aurora Debenture.*”
- December 2019 Debenture – See “*General Development of the Business – Financings – Convertible Debentures – December 2019 Financing.*”;

INTEREST OF EXPERTS

Names of Experts

The following are the persons or companies who were named as having prepared or certified a statement, report or valuation in this AIF either directly or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the person or company:

Smythe LLP, the Company's independent auditors, has prepared an independent audit report dated October 28, 2020 in respect of the Company's audited consolidated financial statements for the years ended June 30, 2020 and 2019.

Interests of Experts

Smythe LLP, auditors of the Company, have confirmed that they are independent of the Company within the meaning of the 'Rules of Professional Conduct' of the Institute of Chartered Accountants of British Columbia.

AUDIT COMMITTEE

The Company's audit committee (the "**Audit Committee**") has various responsibilities as set forth in National Instrument 52-110 *Audit Committees* ("**NI 52-110**") made under securities legislation, concerning constitution of its audit committee and its relationship with its independent auditor and among such responsibilities being a requirement that the audit committee establish a written charter that sets out its responsibilities.

Audit Committee Charter

A copy of the charter of the audit committee is available as Schedule "A" to this AIF.

Composition of the Audit Committee

A member of the audit committee is independent if the member has no direct or indirect material relationship with Choom. A material relationship means a relationship which could, in the view of an issuer's board of directors, reasonably interfere with the exercise of a member's independent judgment or is one of the relationships that is deemed material, which are described above under "*Board of Directors*".

A member of the audit committee is considered 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 Choom's financial statements.

The current members of the audit committee are Christopher Bogart, Stephen Tong and Kevin Puil. All members of the audit committee are financially literate. Mr. Puil and Mr. Tong are the independent members of the audit committee. Christopher Bogart is considered "not independent" as he is the current President and is an "insider" or management director.

Relevant Education and Experience

Christopher Bogart has several years of experience in financing, corporate development, and business management and has been involved in the junior resource sector and biotechnology sectors for over 15 years in the capacity of Vice President of Corporate Development and President and Chief Executive Officer roles.

Kevin Puil is a Chartered Financial Analyst with over 15 years' experience in investment management and is currently a Managing Partner at RIVI Capital LLC. From 1996 to 2005, he was a financial advisor with Goepel McDermid (Raymond James), and a partner at Bolder Investment Partners in Vancouver, B.C. from 2008 to 2013, he was engaged as a portfolio manager at Malcolm Gissen & Associates and Senior Analyst

at the Encompass Fund in San Francisco, focusing on natural resources. Mr. Puil holds a degree in economics from the University of Victoria and obtained a CFA designation in 2003.

Stephen Tong has been a securities lawyer in Vancouver since 1999 and has served on the boards of numerous public and private companies in various industries.

Reliance on Certain Exemptions

At no time since the commencement of Choom’s most recently completed financial year has Choom relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

Audit Committee Oversight

At no time since the commencement of Choom’s most recent completed financial year was a recommendation of the audit committee to nominate or compensate an external auditor not adopted by the Board.

Pre-Approval Policies and Procedures

As at the date of this AIF, the audit committee has not adopted any specific policies or procedures for the engagement for non-audit services.

External Auditor Service Fees (By Category)

The aggregate fees billed by Choom’s external auditors Smythe LLP in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees¹	Audit Related Fees²	Tax Fees³	All Other Fees⁴
2020	\$161,952	\$6,075	\$25,200	Nil
2019	\$95,000	\$38,750	\$15,000	Nil

Notes:

- (1) The Audit Fees are fees billed by Choom’s external auditor for services provided in auditing the annual financial statements.
- (2) Audit Related Fees are fees billed for assurance and related services by Choom’s external auditor that are reasonably related to the performance of the audit or review of Choom’s financial statements.
- (3) Tax Fees are fees billed by the external auditor for tax compliance, tax advice and planning.
- (4) All Other Fees are fees billed by the external auditor for products and services not included in the categories described above.

ADDITIONAL INFORMATION

Additional information relating to Choom, including the Company’s financial statements and MD&A for its recently completed financial year, is available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at www.sedar.com.

SCHEDULE “A” AUDIT COMMITTEE CHARTER

Mandate

The primary function of the audit committee (the “**Committee**”) is to assist the board of directors (the “**Board of Directors**”) in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting and the Company’s auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements.
- Review and appraise the performance of the Company’s external auditors.
- Provide an open avenue of communication among the Company’s auditors, financial and senior management and the Board of Directors.

Composition

The Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company’s Charter, the definition of “financially literate” is 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 presumably be expected to be raised by the Company’s financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet at least once annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

- (a) Review and update this Charter annually.
- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

- (c) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (d) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.
- (e) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (f) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (g) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (h) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (i) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (j) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (k) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
 - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
 - (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the

Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Process

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external;
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management;
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments;
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements;
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented;
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters;
- (i) Review certification process;
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other

Review, with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements and to review any related-party transactions.