

**CAUSE NO. D-1-GN-24-**

JUDICIAL DISTRICT

pursuant to orders entered in the following cases:

- (A) Cause No. D-1-GN-21-002267, *Leap of Ruleset, LLC & Race the Cresting Curl, LLC v. Nano Global Corp.*, in the 419th Judicial District of Travis County, Texas;
- (B) Cause No. D-1-GN-21-007154, *Paul NG Investors, LLC v. Nano Global Corp., et al.*, in the 250th Judicial District of Travis County, Texas; and
- (C) Cause No. D-1-GN-23-000892, *Chikina v. Nano Global Corp.*, in the 419th Judicial District of Travis County, Texas.

Receiver is also the Court appointed receiver for Defendant Steven G. Papermaster, individually in Cause No. D-1-GN-20-000440, *Leap of Ruleset, LLC & Race the Cresting Curl, LLC v. Papermaster*, in the 53rd Judicial District of Travis County, Texas. These cases have been assigned to Judge Laurie Eiserloh pursuant to Local Rule 2.6. Collectively, these orders appointing the Receiver are referred to herein as the “**Receivership Orders**.” The Receivership Orders created receivership estates consisting of all of the non-exempt property of Nano Global and Steven G. Papermaster (the “**Receivership Estate**”). Nano Global has no exempt assets and all of its assets are property of the Receivership Estate. Papermaster, an individual, has exempt assets and non-exempt assets. The Receivership Estate includes only Papermaster’s non-exempt assets. Nano Global and Steven G. Papermaster have known unpaid debts in excess of Fifty-Eight Million Dollars (\$58,000,000).

4. Defendant, Steven G. Papermaster (“**Papermaster**”), is an individual residing in Travis County, Texas. Defendant Papermaster may be served with citation at his place of residence at 96 Pascal Lane, Austin, Texas 78746, or wherever he may be found.

5. Defendant, Nano Cures International, Inc. (“**Nano Cures Int’l**”), is a Delaware

corporation, authorized to conduct business in the state of Texas, with its principal place of business located at 7000 Mopac Expy, Ste 200, Austin, Texas 78731. Defendant Nano Cures Int'l may be served with citation via its registered agent for service of process, National Registered Agents, Inc., 1999 Bryan Street, Suite 900, Dallas, Texas 75201-3136, or by serving Stephen Douty, its sole officially identified director, at 7000 Mopac Expy, Ste 200, Austin, Texas 78731, or wherever he may be found.

6. Defendant, Craft 1861 Global Holdings, Inc. ("**Craft**"), is a Canadian corporation, purportedly now a wholly owned subsidiary of Defendant Nano Cures Int'l. The Chief Executive Officer of Defendant Craft is Defendant Robert Aranda, 100 Sun Ave NE, Ste. 650, Albuquerque, New Mexico 87109. Defendant Craft maintains its principal place of business and home office at 100 Sun Ave NE, Ste. 650, Albuquerque, New Mexico, 87109. Defendant Craft has contracted with Defendant Nano Cures Int'l (a Texas resident), and the contract is performable in whole or in part within Texas. Additionally, as alleged in detail herein below, Defendant Craft has committed torts in whole or in part within Texas, including meeting with Defendant Papermaster in 2023 in Austin, Texas and Dallas, Texas. Defendant Craft may be served with citation by serving the Texas Secretary of State pursuant to TEX. CIV. PRAC. & REM. CODE §§ 17.042 and 17.044(b) because it has engaged in business in Texas but does not maintain a designated agent for service of process, and this suit arose out of its acts, conduct, and business within Texas. Upon receipt of the citation and petition, the Texas Secretary of State shall immediately mail a copy of such process to Defendant Craft at its home office by certified mail, return receipt requested, directed to "Craft 1861 Global Holdings, Inc., c/o Robert Aranda, Chief Executive Officer, 100 Sun Ave NE, Ste. 650, Albuquerque, New Mexico 87109.

7. Defendant, Robert Aranda ("**Aranda**"), is a New Mexico resident. Aranda

maintains his principal place of business or home office at 100 Sun Ave NE, Ste. 650, Albuquerque, New Mexico 87109. Defendant Aranda has contracted with Defendant Nano Cures Int'l (a Texas resident), and the contract is performable in whole or in part within Texas. Additionally, as alleged in detail herein below, Defendant Aranda has committed torts in whole or in part within Texas, including meeting with Defendant Papermaster in 2023 in Austin, Texas and Dallas, Texas. Defendant Aranda may be served with citation by serving the Texas Secretary of State pursuant to TEX. CIV. PRAC. & REM. CODE §§ 17.042 and 17.044(b) because he has engaged in business in Texas but does not maintain a designated agent for service of process, and this suit arose out of its acts, conduct, and business within Texas. Upon receipt of the citation and petition, the Texas Secretary of State shall immediately mail a copy of such process to Defendant Aranda at his home office by certified mail, return receipt requested, directed to "Robert Aranda, 100 Sun Ave NE, Ste. 650, Albuquerque, New Mexico 87109."

8. Defendant, Christopher Fitzgerald ("***Fitzgerald***"), is a New Mexico resident. Fitzgerald maintains his principal place of business or home office at 100 Sun Ave NE, Ste. 650, Albuquerque, New Mexico 87109. Defendant Fitzgerald has contracted with Defendant Nano Cures Int'l (a Texas resident), and the contract is performable in whole or in part within Texas. Additionally, as alleged in detail herein below, Defendant Fitzgerald has committed torts in whole or in part within Texas. Defendant Fitzgerald may be served with citation by serving the Texas Secretary of State pursuant to TEX. CIV. PRAC. & REM. CODE §§ 17.042 and 17.044(b) because he has engaged in business in Texas but does not maintain a designated agent for service of process, and this suit arose out of its acts, conduct, and business within Texas. Upon receipt of the citation and petition, the Texas Secretary of State shall immediately mail a copy of such process to Defendant Aranda at his home office by certified mail, return receipt requested, directed to

“Christopher Fitzgerald, 100 Sun Ave NE, Ste. 650, Albuquerque, New Mexico 87109.”

9. Defendant, Crystal Buckner (“**Buckner**”), is an individual residing in Travis County, Texas. Buckner may be served with citation at her principal place of business at 7000 Mopac Expy, Ste 200, Austin, Texas 78731, or wherever she may be found.

10. This Court has jurisdiction over this matter in that the amount in controversy exceeds the jurisdictional minimum of this court, exclusive of costs and interest.

11. Venue is proper in Travis County, Texas, pursuant to Civil Practice and Remedies Code § 15.002(a)(1), the county in which all or a substantial part of the events or omissions giving rise to the claim occurred.

### **BACKGROUND FACTS**

12. Paragraphs 1-11 are incorporated by reference herein.

13. Defendant Papermaster holds himself out to investors as having more than 40 years of experience as an entrepreneur, investor, public policy expert, global speaker, and noted author. At this time Defendant Papermaster faces millions of dollars in unpaid judgments and pending commercial litigation claims. Nano Global, a company founded by Defendant Papermaster, also faces millions of dollars in unpaid judgments and pending commercial litigation claims. As noted above, Receiver has been appointed to administer all of Defendant Papermaster’s non-exempt property and the property of Nano Global. Defendant Papermaster, however, has not turned over all such non-exempt property to the Receiver and, instead, has engaged—with the aid and support of the other conspiring co-Defendants—in a scheme to convert, divert, and fraudulently transfer his own non-exempt opportunities and property as well as the property and opportunities of Nano Global, all of which constitute assets and property of the Receivership Estate, for his own benefit and the benefit of his conspiring co-Defendants. Meanwhile, Defendant Papermaster has lied to

and deceived the Receiver (including under oath), and has hidden and concealed assets and opportunities that should be available to pay the claims of his creditors and the creditors of Nano Global.

14. Nano Global is a Delaware corporation formed by Defendant Papermaster in 2014. For many years, until sometime in 2021, Defendant Papermaster utilized Nano Global as the subject of his promotional efforts, successfully seeking investments through convertible promissory notes in excess of \$58,000,000. Papermaster touted “nano” as holding valuable foreign and domestic patents, trademarks, and other intellectual property that could disrupt and improve the global healthcare industry. In promotional materials to lure investors and lenders to Nano Global, Defendant Papermaster touted his relationships and experience and an existing ‘partner pipeline’ that would lead to Nano Global entering the US and international healthcare markets in 2020, addressing ailments such as reproduction challenges, asthma, diabetes, cardiac disease, kidney disease. At the heart of this were Papermaster’s alleged relationships and business opportunities coupled with nano’s IP portfolio in foundational areas such as detection, analytics, intervention, and curative delivery systems.

15. Unfortunately, while Papermaster was still touting, promoting, and accepting advances from convertible noteholders, Nano Global was insolvent and had been unable to access the markets as promoted by Papermaster. Papermaster concealed the truth of Nano Global Corp’s immediate prospects and insolvency from its investors and lenders. In May of 2020, facing mounting debt obligations, Defendant Papermaster notified the investors and noteholders that Nano Global was going to attempt to restructure. That restructuring never occurred, and investors and creditors began filing suit and taking judgments against Papermaster and Nano Global. In January of 2022, the Receiver was appointed and took over legal control of the non-exempt assets

of Nano Global and Defendant Papermaster.

16. Since being appointed, the Receiver has investigated and sought to administer the non-exempt assets of Papermaster and Nano Global. For mostly the entire time the Receiver has been appointed and in place, Papermaster has been living outside of the United States. Papermaster appeared to provide the Receiver with superficial cooperation and support. However, in reality, Papermaster was scheming behind the scenes to develop in a new venture utilizing the opportunities of the Receivership Estate.

17. Specifically, unbeknownst to, and without the permission or authority of the Receiver, in June of 2023, Papermaster caused Defendant Nano Cures Int'l to be formed in Delaware. Papermaster then registered Nano Cures Int'l in Texas. Papermaster was originally listed as the sole director of Nano Cures Int'l. A "correction" was thereafter filed in Texas, removing Papermaster as director and identifying Stephen Douty as the sole director. Papermaster has repeatedly informed the Receiver he had no connection with Nano Cures Int'l. In fact, according to documents since obtained by the Receiver, Nano Cures Int'l is wholly dependent on the so-called "specialized skill, knowledge, abilities, experience, and efforts" of Papermaster.

18. Unbeknownst to, and without the permission or authority of the Receiver, since Nano Cures Int'l was formed in 2023, Papermaster, while living in Abu Dhabi and away from the scrutiny and control of the Receiver and his creditors, has devoted substantially all of his time, resources, know-how, "partner pipeline," and available opportunities, including his individual opportunities and the opportunities of Nano Global into the development of Nano Cures Int'l. Literally everything Papermaster has contributed to Nano Cures Int'l represents the property and opportunities of the Receivership Estate. Meanwhile, Papermaster consistently informed the Receiver that the work he was doing in Abu Dhabi was in furtherance of a proposed transaction

involving assets of Nano Global, a transaction that, despite the efforts of the Receiver, and despite two sale orders being entered, did not close because the proposed purchaser repeatedly failed and refused to perform.

19. On or about July 29, 2024, the Receiver became aware of an “arrangement” between Defendant Craft and Defendant Nano Cures Int’l. The details of the arrangement are contained in the attached **Exhibit A**. Exhibit A is signed by Defendant Papermaster as “Promoter” and “Chief Executive Officer and Director” of Nano Cures Int’l. Despite Defendant Papermaster repeatedly denying to the Receiver that he had any official involvement in Nano Cures Int’l, according to the details of the arrangement, Papermaster is a board member (the Chairperson), the Chief Executive Officer, an indirect shareholder of 1,065 shares through “an entity controlled” by Papermaster, and a direct shareholder of 105,765,016 shares. Papermaster is to receive a 2024 base salary of \$500,000, a bonus in the amount of \$500,000 for total compensation in 2024 of \$1,000,000. Papermaster is to own and control 59.2% of the shares of Nano Cures Int’l and will “exert substantial control over the company.” Papermaster is also identified and defined as a “promoter” of Nano Cures Int’l.

20. Defendant Aranda is (or is to be) the President of Nano Cures Int’l and a director. For 2024, Defendant Aranda is to receive a salary and bonus equal to Defendant Papermaster. At all relevant times Defendant Aranda has acted in concert with Defendant Papermaster to convert and fraudulently transfer the assets of the Receivership Estate.

21. Defendant Fitzgerald is (or is to be) the Chief Financial Officers of Nano Cures Int’l. For 2024, Defendant Fitzgerald is to receive a salary in the amount of \$350,000 and a bonus in the amount of \$350,000. At all relevant times Defendant Fitzgerald has acted in concert with Defendant Papermaster to convert and fraudulently transfer the assets of the Receivership Estate.



22. Defendant Buckner is (or is to be) the Chief Administrative Officer and Corporate Secretary of Nano Cures Int'l. For 2024, Defendant Buckner is to receive a salary in the amount of \$200,000 and a bonus in the amount of \$200,000. At all relevant times Defendant Buckner has acted in concert with Defendant Papermaster to convert and fraudulently transfer the assets of the Receivership Estate.

23. According to documents received by the Receiver, Nano Cures Int'l's future growth and profitability is dependent upon its ability to successfully implement its business plan, including the development of its so-called "CurePlatform, Data/AI Platform, Developer Platform, Approval Platform and the OTC Product." Also included in Nano Cures Int'l's business plan are the so-called "CureVeillance, CureStore, OpenCures, and NanoCare platforms." These are all property and opportunities of the Receivership Estate that have been diverted and converted by Papermaster in concert with the conspiring co-Defendants.

24. On Friday, August 16, 2024, Defendant Papermaster was deposed by the Receiver. At that deposition, Defendant Papermaster testified (apparently, falsely) as follows:

- (A) He is not an employee or officer of Nano Cures Int'l;
- (B) He is not a stockholder of Nano Cures Int'l; and
- (C) He is not a consultant to Nano Cures Int'l.

It appears each of these statements made under oath were materially false and were made and intended to conceal Defendant Papermaster's activities and the activities of his conspiring co-Defendants in converting and fraudulently transferring the assets of the Receivership Estate without authority. At the same deposition, Defendant Papermaster was asked to identify Defendant Fitzgerald. Defendant Papermaster testified that "I believe Chris Fitzgerald is—is an individual

that works in some capacity with Mr. Aranda.” With respect to Defendant Buckner, Defendant Papermaster testified that “I believe she works in a capacity with Mr. Aranda – and I don’t know where she resides.” These answers were an obvious attempt to distance himself from and conceal the truth, that Defendant Papermaster, Defendant Fitzgerald, and Defendant Buckner –together with Defendant Aranda– are, in fact, the current management team of Nano Cures Int’l.

25. According to Defendant Papermaster’s deposition testimony, he met with Defendant Aranda in Austin, Texas in September of 2023, and in Dallas, Texas, earlier in 2023, to discuss business ventures involving health technology. It is apparent, now, that Defendant Papermaster, Defendant Aranda, Defendant Fitzgerald, Defendant Buckner, and Defendant Craft, and Defendant Nano Cures Int’l worked in concert and in a conspiracy to convert and fraudulently transfer assets and opportunities of Papermaster and Nano Global for their own enrichment and to the detriment of creditors of Defendant Papermaster and Nano Global.

## **CAUSES OF ACTION**

### **A. Conversion (Claim Against All Defendants)**

26. Paragraphs 1 through 25 are incorporated herein for all purposes.

27. The so-called CurePlatform, Data/AI Platform, Developer Platform, Approval Platform, the OTC Product, CureVeillance, CureStore, OpenCures, and NanoCare platforms, and any confidential and proprietary information and data related thereto, are all property and opportunities of the Receivership Estate that have been diverted and converted by Papermaster in concert with the conspiring co-Defendants. All of the assets held by Nano Cures Int’l represent the property, products, proceeds, derivatives, by-products, results, and offspring of the resources, know-how, “partner pipeline,” and opportunities owned and controlled by the Receivership Estate. Literally everything contributed by Papermaster to Nano Cures Int’l represents the property and

the opportunities, and the proceeds of the Receivership Estate.

28. Collectively, the personal property identified and described in paragraph 27 is referred to as the “***Property***.”

29. Any bonus received by or due to Defendant Papermaster from Nano Cures Int’l represents the property of the Receivership Estate.

30. Any stock held directly or indirectly by Defendant Papermaster in Nano Cures Int’l represents the property of the Receivership Estate.

31. The Receiver on behalf of the Receivership Estate owns or has the right of possession of all the Property and the bonus and stock described in paragraphs 29 and 30. Defendants have wrongfully exercised dominion and control over the Property to the exclusion of the Receivership Estate. Defendant Papermaster has wrongfully exercised dominion and control over any bonus and stock described in paragraphs 29 and 30. As a direct and proximate result of the Defendants’ conversion of the Property, and Defendant Papermaster’s conversion of the bonus and the stock described in paragraphs 29 and 30, Nano Global, the Receivership Estate, and their creditors have been severely damaged in an amount to be proven at trial, but which amount is estimated to exceed \$58,000,000.00.

WHEREFORE, the Plaintiff respectfully requests that the Court enter judgment against Defendants, jointly and severally, for all damages resulting from their conversion of the assets of the Receivership Estate, plus pre- judgment and post-judgment interest and costs associated with this suit, and grant such other and further relief as may be just.

**B. Fraudulent Transfers (Claim Against Defendant Papermaster and Defendant Nano Cures Int’l)**

32. Paragraphs 1 through 31 are incorporated herein for all purposes.

33. Defendant Papermaster transferred the Property to Nano Cures Int’l. Defendant

Papermaster is an “insider” of Nano Cures Int’l and Nano Cures Int’l is an “insider” of Defendant Papermaster as such terms are defined in Chapter 24 of the Texas Business and Commerce Code.

34. Defendant Papermaster and Nano Global were insolvent at the time of such transfers of the Property.

35. Defendant Papermaster made these transfers with the intent to hinder, delay, and/or defraud the Nano Global, the Receivership Estate, and their creditors in violation of Section 24.005 of Chapter 24 of the Texas Business and Commerce Code.

36. Defendant Papermaster’s fraudulent intent is demonstrated by his efforts to conceal his interest and role in Nano Cures Int’l from the Receiver and from other creditors and parties in interest, including Defendant Papermaster’s false statements made under oath regarding these specific matters.

37. Plaintiff is entitled to avoid all of the transfers to the extent necessary to pay all claims of the Receivership Estate. Plaintiff is entitled to attachment against all of the assets of Nano Cures Int’l. Plaintiff is entitled to an injunction against further disposition by Defendant Papermaster and Defendant Nano Cures Int’l by any assets that are the property, products, proceeds, derivatives, by-products, results, and offspring of the resources, know-how, “partner pipeline,” and opportunities owned and controlled by the Receivership Estate.

WHEREFORE, Plaintiff respectfully requests that the Court enter a judgment against Defendants and in favor of Plaintiff: (i) avoiding the transfers; (ii) awarding the value of the property transferred to Defendant Nano Cures Int’l or the amount necessary to satisfy the claims of the creditors of the Receivership Estate, Papermaster, and Nano Global; (iii) attaching all of the assets of Nano Cures Int’l until the Receivership Estate and its creditors are paid in full;

(iv) Awarding Plaintiff his attorneys' fees and expenses in this action; and (v) Awarding Plaintiff all costs of court in this action, and granting such other relief as may be just.

**C. Conspiracy to Commit Fraudulent Transfers and Convert Property of the Receivership Estate**

38. Paragraphs 1 through 37 are incorporated herein for all purposes.

39. All of the Defendants willfully joined, planned, and conspired to embark upon a scheme, artifice and conspiracy to convert and divert value from the Receivership Estate to Nano Cures Int'l and themselves, individually, to the detriment of Nano Global, the Receivership Estate, and their creditors.

40. The Defendants' wrongful actions included overt acts by each in furtherance of the conspiracy by facilitating the conversion and fraudulent transfer of the property and opportunities of the Receivership Estate and shielding the true facts of the conspiracy from the Receiver, the Receivership Estate, and their creditors.

41. The Defendants' wrongful actions are without privilege or justification.

42. As a direct and proximate result of the Defendants' conspiracy, Nano Global, the Receivership Estate, and their creditors have been severely damaged in an amount to be proven at trial, but which amount is estimated to exceed \$58,000,000.00.

43. The injuries to Nano Global, the Receivership Estate, and their creditors resulting from Defendants' malice, including conscious-indifference malice, which entitles the Receiver to an award of exemplary damages under applicable law.

WHEREFORE, the Plaintiff respectfully requests that the Court enter judgment against Defendants, jointly and severally, for all damages resulting from their conspiracy to convert and fraudulent transfer assets of the Receivership Estate, award exemplary damages, plus pre-

judgment and post-judgment interest and costs associated with this suit, and grant such other and further relief as may be just.

**C. Constructive Trust (Claim Against Nano Cures Int'l)**

44. Paragraphs 1 through 43 are incorporated herein for all purposes.

45. Valuable assets of Defendant Papermaster and Nano Global, the assets of the Receivership Estate, were transferred to Nano Cures Int'l as part of the conversion and fraudulent transfers outlined above. Nano Cures Int'l currently possess the wrongfully transferred property of the Receivership Estate or their traceable products, proceeds, derivatives, by-products, results, and offspring of the resources, know-how, "partner pipeline," and opportunities owned and controlled by the Receivership Estate.

46. Based upon the forgoing, Plaintiff seeks to impose a constructive trust upon all assigned assets of the Receivership Estate in the hand of Nano Cures Int'l.

**ATTORNEY'S FEES**

47. Plaintiff seeks recovery of attorneys' fees and expenses to the extent permitted under applicable law.

**PRAYER**

WHEREFORE, Plaintiff requests that Defendants be cited to appear and answer. Following an appropriate hearing on the merits of this matter, Plaintiff requests that the Court enter judgment in favor of Plaintiff as requested herein above: (a) awarding damages, pre-judgment and post-judgment interest, fees, and costs against Defendants, jointly and severally, (b) avoiding all transfers of converted and fraudulently transferred assets; (c) attaching all assets in the possession, custody, and control of Nano Cures Int'l owned by the Receivership Estate, including all traceable products, proceeds, derivatives, by products, results, and offspring of such property and

opportunities owned by the Receivership Estate; (d) awarding the Plaintiffs reasonable attorneys' fees incurred in connection with this lawsuit; and (e) granting such other and further relief to which the Plaintiff may be justly entitled.

Date: September 10, 2024

Respectfully submitted,

KELL C. MERCER, P.C.  
901 S Mopac Expy Bldg 1 Suite 300  
Austin, TX 78746  
(512) 767-3214 (Phone)

By: /s/ Kell C. Mercer  
Kell C. Mercer  
State Bar No. 24007668  
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**ATTORNEY FOR RECEIVERSHIP  
ESTATE OF STEVEN G. PAPERMASTER  
AND NANO GLOBAL CORP.**



**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**RELATING TO**

**THE ANNUAL GENERAL MEETING OF SHAREHOLDERS AND  
SPECIAL MEETING OF SECURITYHOLDERS**

**TO BE HELD ON DECEMBER 7, 2023**

These materials are important and require your immediate attention. The securityholders of CRAFT 1861 Global Holdings Inc. are required to make important decisions. If you have questions as to how to deal with these documents or the matters to which they refer, please contact your financial, legal or other professional advisor. If you have any questions or require more information with respect to voting your CRAFT Shares at the Meeting, please contact: [investor.relations@craft1861global.com](mailto:investor.relations@craft1861global.com).

THE ARRANGEMENT AND OTHER GENERAL MEETING MATTERS AND THE RELATED SECURITIES DESCRIBED HEREIN HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY SECURITIES REGULATORY AUTHORITY, INCLUDING WITHOUT LIMITATION ANY SECURITIES REGULATORY AUTHORITY OF ANY CANADIAN PROVINCE OR TERRITORY, THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, OR THE SECURITIES REGULATORY AUTHORITY OF ANY U.S. STATE, NOR HAS ANY OF THEM PASSED UPON THE ACCURACY OR ADEQUACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

November 10, 2023





November 10, 2023

Dear Securityholder:

You are invited to attend the annual general meeting of shareholders and special meeting of securityholders (the **"Meeting"**) of CRAFT 1861 Global Holdings Inc. (**"CRAFT"**) to be held at the offices of McMillan LLP located at Royal Centre, 1055 West Georgia St #1500, Vancouver, BC V6E 4N7 and securityholders will also be able to join virtually via Zoom at the following link, <https://zoom.us/j/92603410942> (Meeting ID: 926 0341 0942) or by dial-in as provided below, on December 7, 2023 commencing at 10:00 a.m. (Vancouver time):

- Holders (the **"CRAFT Subordinate Voting Shareholders"**) of subordinate voting shares of CRAFT (the **"CRAFT Subordinate Voting Shares"**);
- Holders (the **"CRAFT Proportionate Voting Shareholders"** and, together with the CRAFT Subordinate Voting Shareholders, the **"CRAFT Shareholders"**) of proportionate voting shares of CRAFT (the **"CRAFT Proportionate Voting Shares"** and, together with the CRAFT Subordinate Voting Shares, the **"CRAFT Shares"**); and
- Holders (the **"CRAFT Warrantholders"** and, together with the CRAFT Shareholders, the **"CRAFT Securityholders"**) of warrants (the **"CRAFT Warrants"** and, together with the CRAFT Shares, the **"CRAFT Securities"**) to purchase CRAFT Shares.

CRAFT Securityholders who join via Zoom will only be able to observe and listen at the Meeting, and will not be able to vote their CRAFT Securities (regardless if a registered CRAFT Securityholder) nor ask any questions at the Meeting.

*Dial-in Phone Numbers for Meeting Zoom Link*

One tap mobile

+13052241968, 92603410942# US  
+16468769923, 92603410942# US (New York)

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Dial by your location

- +1 305 224 1968 US
- +1 646 876 9923 US (New York)
- +1 646 931 3860 US
- +1 301 715 8592 US (Washington DC)
- +1 309 205 3325 US
- +1 312 626 6799 US (Chicago)
- +1 346 248 7799 US (Houston)
- +1 360 209 5623 US
- +1 386 347 5053 US

- +1 408 638 0968 US (San Jose)
- +1 507 473 4847 US
- +1 564 217 2000 US
- +1 669 444 9171 US
- +1 669 900 6833 US (San Jose)
- +1 689 278 1000 US
- +1 719 359 4580 US
- +1 253 205 0468 US
- +1 253 215 8782 US (Tacoma)

Find your local number: <https://zoom.us/j/adasBON8ak>.

## The Arrangement

At the Meeting, you will be asked to consider and vote upon, among other things, the plan of arrangement (the “**Arrangement**”) contemplated by the arrangement agreement entered into among CRAFT, Nano Cures International, Inc. (“**Nano**”), 1441586 B.C. Unlimited Liability Company (“**AcquisitionCo**”) on September 27, 2023 (the “**Arrangement Agreement**”), and pursuant to which Nano will acquire all of the issued and outstanding CRAFT Shares, in exchange for aggregate cash and equity securities of Nano, equaling a total consideration of USD\$1,849,040,480, comprised of:

- (i) aggregate cash consideration of USD\$474,040,780; and
- (ii) aggregate issuance of 56,498,406 common stock of Nano (the “**Consideration Shares**”), representing approximately 25% of issued and outstanding shares of Nano upon completion of the Arrangement, with an aggregate deemed value of approximately USD\$1,375,000,000

(collectively, the “**Consideration**”),

Upon closing of the Arrangement, the total enterprise value of Nano is required, as a closing condition of the Arrangement Agreement, to not be less than USD\$5,500,000,000. Following closing of the Arrangement, Nano’s business will be to operate a system of platforms that provide unique core capabilities, together which embody a complete solution for developing and bringing data-driven cures to market, and enlisting thousands of cure developers in that pursuit in the healthcare industry; in addition, Nano will continue to operate the business of CRAFT - and intends to retain the name “Nano Cures International, Inc.”. It is anticipated that following completion of the Arrangement, Nano will be a reporting issuer under Canadian securities laws and will apply to have its common stock (the “**Nano Shares**”) and warrants (to be issued as replacement warrants for the CRAFT Warrants, on a one-for-one basis) listed for trading on the Cboe Canada under the ticker symbols “HUMN” and “HUMN.WT”, respectively.

A more detailed description of Nano is set forth in Appendix F in the attached Management Information Circular.

## Voting Requirements

In order to become effective, the Arrangement must be approved by a resolution passed by: (i) at least 66⅔% of the votes cast by CRAFT Shareholders present in person or by proxy at the Meeting and (ii) at least 66⅔% of the votes cast by CRAFT Securityholders present in person or by proxy at the Meeting, voting together as a single class, and (iii) a simple majority of the votes cast excluding the votes of CRAFT Shares held or controlled by “interested parties” as defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. In addition to that approval, completion of the Arrangement is subject to certain customary conditions, including the approval of the Supreme Court of British Columbia, which are described in the attached Management Information Circular.

## Board Recommendation

**The Board of Directors of CRAFT (the “CRAFT Board”) is unanimously recommending that the CRAFT Securityholders vote FOR the Arrangement.** After taking into consideration, among other things, the unanimous recommendation of the Special Committee of the CRAFT Board and the fairness opinion of Echelon Wealth Partners Inc., the CRAFT Board has unanimously determined that the Arrangement is in the best interests of CRAFT and is fair to the CRAFT Shareholders and has approved the Arrangement and authorized its submission to the CRAFT Shareholders. The attached Management Information Circular contains a detailed description of the reasons for the determinations and recommendations of the CRAFT Board.

## Support Agreements

All executive officers of CRAFT (the “**Supporting Shareholders**”) have entered into voting and support agreements pursuant to which the Supporting Shareholders have agreed, subject to the terms of those agreements, to vote in favour of the Arrangement. As of the date hereof, these directors and officers hold, in aggregate, 33,752,500 CRAFT Shares (on a non-diluted basis) which represents 72.59% of the issued and outstanding CRAFT Shares and Nil CRAFT Warrants.

## General Matters

At the Meeting, CRAFT Shareholders will also be asked to consider and vote upon general matters as they pertain to CRAFT, including fixing the number of seats of the CRAFT Board, electing the directors of the CRAFT Board, appointing the auditor for the ensuing year, and approving CRAFT’s long term incentive plan (collectively, the “**CRAFT General Matters**”). Such matters are customary for a general meeting and if the Arrangement does not proceed, CRAFT would move forward and be constituted in accordance with these CRAFT General Matters. The details and the respective resolutions for each of the CRAFT General Matters are provided in the attached Management Information Circular. **The CRAFT Board is unanimously recommending that CRAFT Shareholders vote FOR the CRAFT General Matters.**

The attached Management Information Circular contains a detailed description of the Arrangement and the CRAFT General Matters and includes certain other information to assist you in considering the matters to be voted upon. You are urged to carefully consider all of the information in the accompanying Management Information Circular. If you require assistance, you should consult your financial, legal or other professional advisors.

## Voting

**Your vote is important regardless of the number of CRAFT Securities you own.** If you are not registered as the holder of your CRAFT Securities but hold your securities through a broker or other intermediary, you should follow the instructions provided by your broker or other intermediary to vote your CRAFT Securities. See the section in the accompanying Management Information Circular entitled “*General Proxy Information — Voting Options — Voting for Non-Registered Holders*” for further information on how to vote your CRAFT Shares.

If you are a registered holder of CRAFT Securities, we encourage you to vote by completing the enclosed form of proxy. You should specify your choice by marking the box on the enclosed form of proxy and by dating, signing and returning your proxy in the enclosed return envelope addressed to Odyssey Trust Company at its offices at 702, 67 Yonge Street, Toronto, ON M5E 1J8 at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any adjournment or postponement thereof. Please do this as soon as possible.

## Letters of Transmittal for CRAFT Securities

If you hold your CRAFT Securities through a broker or other person, please contact that broker or other person for instructions and assistance in receiving the Consideration in respect of such CRAFT Securities. If you are a registered CRAFT Securityholder, we also encourage you to complete and return the enclosed Letter of Transmittal together with the certificate(s) or DRS statement(s) representing your CRAFT Securities and any other required documents and instruments, to the depositary, Odyssey Trust Company, in the enclosed return envelope in accordance with the instructions set out in the Letter of Transmittal so that if the Arrangement is approved, the

respective Consideration for your CRAFT Securities can be sent to you as soon as possible following the Arrangement becoming effective. The Letter of Transmittal contains other procedural information related to the Arrangement and should be reviewed carefully.

If you have any questions, please contact Investor Relations by email at [investor.relations@craft1861global.com](mailto:investor.relations@craft1861global.com) or by telephone at (505) 228-8446.

Sincerely,

(signed) "Robert Aranda"

Robert Aranda  
Chairman and CEO  
CRAFT 1861 Global Holdings Inc.

## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that an annual meeting of the holders (the “**CRAFT Subordinate Voting Shareholders**”) of subordinate voting shares (the “**CRAFT Subordinate Voting Shares**”) and the holders (the “**CRAFT Proportionate Voting Shareholders**”) and, together with the CRAFT Subordinate Voting Shareholders, the “**CRAFT Shareholders**”) of proportionate voting shares (the “**CRAFT Proportionate Voting Shares**”) and, together with the CRAFT Subordinate Voting Shares, the “**CRAFT Shares**”) and special meeting of the CRAFT Shareholders and the holders (the “**CRAFT Warrantholders**”) and, together with the CRAFT Shareholders, the “**CRAFT Securityholders**”) of warrants (the “**CRAFT Warrants**”) and, together with the CRAFT Shares, the “**CRAFT Securities**”) to acquire CRAFT Shares (the “**Meeting**”) of CRAFT 1861 Global Holdings Inc. (“**CRAFT**”) will be held at the offices of McMillan LLP located at Royal Centre, 1055 West Georgia St #1500, Vancouver, BC V6E 4N7 and securityholders will also be able to join virtually via Zoom at the following link, <https://zoom.us/j/92603410942> (Meeting ID: 926 0341 0942) or by dial-in as provided below, on December 7, 2023 commencing at 10:00 a.m. (Vancouver time) for the following purposes:

1. to receive and consider the audited consolidated annual financial statements of CRAFT, as at and for the year ended December 31, 2022, together with the report of the auditor thereon;
2. to set the number of directors of CRAFT at four (4);
3. to elect the directors of CRAFT for the ensuing year;
4. to appoint GreenGrowth CPAs Inc. as the auditors of CRAFT, to hold office until the next annual general meeting of shareholders and to authorize the directors of CRAFT to fix the remuneration to be paid to the auditors;
5. to consider pursuant to an interim order of the Supreme Court of British Columbia dated November 7, 2023 (the “**Interim Order**”) and, if thought advisable, to pass, with or without variation, a special resolution (the “**Arrangement Resolution**”), the full text of which is set forth in Appendix B to the accompanying Management Information Circular (the “**Circular**”), to approve a plan of arrangement (the “**Arrangement**”) under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) (“**BCBCA**”) whereby, CRAFT Shareholders will receive, in respect of each CRAFT Share that they hold: aggregate cash and equity securities consideration of Nano Cures International, Inc. (“**Nano**”), equaling a total of USD\$1,849,040,480, comprised of: (i) cash consideration of USD\$474,040,780; and (ii) approximately 56,498,406 common stock of Nano (or such other amount as shall represent approximately 25% of issued and outstanding common stock of Nano upon closing of the Arrangement) (the “**Nano Shares**”), calculated after taking into account certain issuances as further provided for in the Arrangement Agreement (the “**Consideration Shares**”), with an aggregate deemed value of approximately USD\$1,375,000,000;
6. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution, the full text of which is set out in the Circular, to approve a long term incentive plan for CRAFT (the “**LTIP**”); and
7. to transact such further or other business as may properly come before the Meeting or any adjournments or postponements thereof.

The Circular provides additional information relating to the matters to be addressed at the Meeting, including the Arrangement and annual matters, and is deemed to form part of this Notice of Meeting. CRAFT expects to issue a supplement to this Circular containing the pro forma financial statements of Nano, as at September 30, 2023, assuming completion of the Arrangement. CRAFT expects to disclose the supplement via news release and post the supplement under CRAFT’s SEDAR+ profile at [www.sedarplus.com](http://www.sedarplus.com).

CRAFT Securityholders who join via Zoom will only be able to observe and listen at the Meeting, and will not be able to vote their CRAFT Securities (regardless if a registered CRAFT Securityholder) nor ask any questions at the Meeting.

*Dial-in Phone Numbers for Meeting Zoom Link*

One tap mobile

+13052241968, 92603410942# US  
+16468769923, 92603410942# US (New York)

---

Dial by your location

- +1 305 224 1968 US
- +1 646 876 9923 US (New York)
- +1 646 931 3860 US
- +1 301 715 8592 US (Washington DC)
- +1 309 205 3325 US
- +1 312 626 6799 US (Chicago)
- +1 346 248 7799 US (Houston)
- +1 360 209 5623 US
- +1 386 347 5053 US
- +1 408 638 0968 US (San Jose)
- +1 507 473 4847 US
- +1 564 217 2000 US
- +1 669 444 9171 US
- +1 669 900 6833 US (San Jose)
- +1 689 278 1000 US
- +1 719 359 4580 US
- +1 253 205 0468 US
- +1 253 215 8782 US (Tacoma)

Find your local number: <https://zoom.us/j/adasBON8ak>.

The record date for the determination of CRAFT Securityholders entitled to receive notice of and have their votes counted at the Meeting is October 31, 2023 (the “**Record Date**”). Only CRAFT Securityholders whose names have been entered in the register of CRAFT Securityholders as of the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

CRAFT Shareholders are entitled to vote at the Meeting either in person or by proxy (Registered CRAFT Shareholders who attend the Meeting via Zoom, will not be entitled to vote at the Meeting). Registered CRAFT Shareholders who are unable to attend the Meeting in person are encouraged to read, complete, sign, date and return the enclosed form of proxy in accordance with the instructions set out in the proxy and in the Circular. In order to be valid for use at the Meeting, proxies must be received by Odyssey Trust Company, at its offices at 702, 67 Yonge Street, Toronto, ON M5E 1J8 at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting. The time limit for the deposit of proxies may be waived or extended by the chair of the Meeting at his or her discretion without notice.

If you are a non-registered CRAFT Securityholder, please refer to the section in the Circular entitled “*General Proxy Information – Voting Options – Voting for Non-Registered Holders*” for information on how to vote your CRAFT Securities. **If you are a non-registered CRAFT Securityholder and you do not complete and return the materials in accordance with such instructions, you may lose the right to vote at the Meeting.**

Registered CRAFT Shareholders have the right to dissent with respect to the Arrangement Resolution in accordance with the provisions of Division 2 of Part 8 of the BCBCA and the Interim Order. A CRAFT Shareholder’s right to dissent is more particularly described in the Circular and the text of Division 2 of Part 8 of the BCBCA is set forth

in Appendix H to the Circular. Please refer to the Circular under the heading “*Dissent Rights of CRAFT Shareholders*” for a description of the rights to dissent in respect of the Arrangement.

Failure to strictly comply with the requirements set forth in Division 2 of Part 8 of the BCBCA and the Interim Order with respect to the Arrangement, may result in the loss of any right to dissent. Persons who are beneficial owners of CRAFT Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only the registered holders of CRAFT Shares are entitled to dissent. Accordingly, a beneficial owner of CRAFT Shares desiring to exercise the right to dissent must make arrangements for the CRAFT Shares beneficially owned by such holder to be registered in such holder’s name prior to the time the written objection to the Arrangement Resolution is required to be received by CRAFT or, alternatively, make arrangements for the registered holder of such CRAFT Shares to dissent on behalf of the holder.

**DATED** at Albuquerque, New Mexico this 10<sup>th</sup> day of November, 2023.

BY ORDER OF THE BOARD OF DIRECTORS  
OF CRAFT 1861 GLOBAL HOLDINGS INC.

(signed) “Robert Aranda”  
**Robert Aranda**  
**Chairman and CEO**



## TABLE OF CONTENTS

<b>STATEMENT ON GLOSSARY OF TERMS.....</b>	<b>1</b>
<b>INFORMATION CONTAINED IN THIS CIRCULAR.....</b>	<b>1</b>
Information Contained in this Circular regarding Nano.....	1
Currency and Exchange Rates .....	1
<b>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS.....</b>	<b>2</b>
<b>NOTE TO UNITED STATES SECURITYHOLDERS .....</b>	<b>3</b>
<b>SUMMARY OF THE PROPOSED ARRANGEMENT .....</b>	<b>5</b>
The Meeting .....	5
Record Date .....	5
Purpose of the Meeting .....	6
The Arrangement .....	6
Benefits of the Arrangement .....	7
Recommendation of the CRAFT Board.....	7
Fairness Opinion .....	7
Support Agreements.....	8
CRAFT and Nano .....	8
Conditions to the Arrangement .....	9
Non-Solicitation and Right to Match .....	10
Termination of Arrangement Agreement.....	10
Procedure for Exchange of CRAFT Shares and Payment of Consideration .....	10
Dissent Rights .....	11
Income Tax Considerations.....	11
Court Approval .....	12
Regulatory Law Matters and Securities Law Matters .....	13
Risk Factors .....	15
<b>GENERAL PROXY INFORMATION.....</b>	<b>16</b>
Solicitation of Proxies.....	16
Voting Options.....	16
How a Vote is Passed.....	17
Quorum .....	18
Who can Vote?.....	18
Appointment of Proxies .....	18
What is a Proxy? .....	18
Appointing a Proxyholder.....	18
Instructing your Proxy and Exercise of Discretion by your Proxy.....	18
Changing your mind.....	19
Voting Securities and Principal Holders .....	19
<b>THE ARRANGEMENT.....</b>	<b>20</b>
Principal Steps of the Arrangement .....	20
Background to the Arrangement .....	21
Recommendation of the CRAFT Board.....	22
Reasons for the Arrangement.....	22
Fairness Opinion .....	24
Treatment of CRAFT Warrants .....	25
Approval of Arrangement Resolution.....	25
Support Agreements.....	25
Completion of the Arrangement.....	26
Procedure for Exchange of CRAFT Shares .....	26
No Fractional Shares to be Issued.....	27
Treatment of Dividends .....	28
Cancellation of Rights after Six Years.....	28

Unclaimed or Abandoned Property Law .....	28
Court Approval of the Arrangement .....	28
Regulatory Approvals .....	29
Regulatory Law Matters and Securities Law Matters .....	30
Fees and Expenses .....	33
Interests of Certain Persons in the Arrangement .....	33
Executive Officers .....	35
The Arrangement Agreement .....	36
<b>DISSENT RIGHTS OF CRAFT SHAREHOLDERS .....</b>	<b>47</b>
Dissenting to the Arrangement .....	47
<b>CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS .....</b>	<b>49</b>
Shareholders Resident in Canada .....	50
Non-Residents of Canada .....	52
<b>CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS .....</b>	<b>54</b>
Tax Classification of Nano .....	55
U.S. Federal Tax Consequences to U.S. Holders .....	56
Ownership and Disposition of Nano Shares .....	57
Tax Considerations for Non U.S. Holders Regarding Holding and Disposing of Nano Shares .....	57
<b>INFORMATION CONCERNING NANO .....</b>	<b>59</b>
Trading Price and Volume Data .....	60
Prior Purchases and Sales .....	60
Dividend Policy .....	60
<b>INFORMATION CONCERNING CRAFT .....</b>	<b>60</b>
CRAFT Documents Incorporated by Reference .....	60
Description of Share Capital .....	61
Price Range and Trading Volumes of the CRAFT Shares .....	61
Prior Sales .....	62
<b>INFORMATION CONCERNING NANO FOLLOWING THE ARRANGEMENT .....</b>	<b>62</b>
General .....	62
Directors and Executive Officers of Nano .....	62
Description of Share Capital .....	63
Auditors, Transfer Agent and Registrar .....	63
<b>RISK FACTORS .....</b>	<b>63</b>
Risk Factors Related to the Arrangement .....	63
<b>OTHER MATTERS TO BE CONSIDERED AT THE MEETING .....</b>	<b>65</b>
Financial Statements .....	65
Appointment and Remuneration of Auditors .....	65
Number of Directors .....	65
Election of Directors .....	65
Advance Notice Requirement .....	66
Biographies of Directors .....	67
Majority Voting Policy .....	68
Corporate Cease Trade Orders, Bankruptcies, Penalties and Sanctions .....	68
Approval of the CRAFT Long Term Incentive Plan .....	69
Other Business .....	72
<b>EXECUTIVE COMPENSATION .....</b>	<b>72</b>
Compensation Discussion and Analysis .....	72
Overview .....	73
NEO Compensation .....	75
NEO Agreements .....	76
Pension Plan Benefits .....	76
Termination and Change of Control Benefits .....	77

Director Compensation .....	77
Incentive Plan Awards .....	78
Securities Authorized for Issuance Under Equity Compensation Plans.....	78
Equity Compensation Plan Information .....	78
<b>INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS .....</b>	<b>78</b>
<b>INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS .....</b>	<b>78</b>
<b>CORPORATE GOVERNANCE.....</b>	<b>79</b>
Statement of Corporate Governance Practices .....	79
The CRAFT Board.....	79
Board Mandate .....	80
Position Descriptions .....	81
Director Orientation and Continuing Education .....	81
Ethical Business Conduct.....	81
Nomination of Directors .....	82
Compensation .....	82
Other Board Committees .....	82
Assessments .....	82
Director Term Limits .....	82
Gender Diversity on the Board and Senior Management.....	83
<b>AUDIT COMMITTEE.....</b>	<b>83</b>
The Audit Committee’s Charter .....	83
Composition of the Audit Committee .....	83
Relevant Education and Experience.....	84
Reliance on Certain Exemptions .....	84
Pre-Approval Policies and Procedures .....	84
External Auditor Service Fee .....	84
<b>ADDITIONAL INFORMATION.....</b>	<b>84</b>
<b>LEGAL MATTERS .....</b>	<b>85</b>
<b>APPROVAL OF DIRECTORS.....</b>	<b>86</b>

## ADDENDA

APPENDIX A GLOSSARY OF TERMS

APPENDIX B ARRANGEMENT RESOLUTION

APPENDIX C PLAN OF ARRANGEMENT

APPENDIX D FAIRNESS OPINION OF ECHELON WEALTH PARTNERS INC.

APPENDIX E NOTICE OF APPLICATION AND INTERIM ORDER

APPENDIX F INFORMATION CONCERNING NANO

APPENDIX G CRAFT LONG TERM INCENTIVE PLAN

APPENDIX H DIVISION 2 OF PART 8 OF THE BCBCA

## **STATEMENT ON GLOSSARY OF TERMS**

Unless the context otherwise requires, any capitalized terms used herein and not otherwise defined have the meanings given to them in the Glossary of Terms attached as Appendix A to this Circular. Unless otherwise indicated, the defined terms in the Glossary of Terms are not used in the other appendices attached to this Circular.

## **INFORMATION CONTAINED IN THIS CIRCULAR**

The information contained in this Circular, unless otherwise indicated, is given as of November 10, 2023.

No person has been authorized to give any information or to make any representation in connection with the matters being considered herein other than those contained in this Circular and, if given or made, such information or representation should be considered or relied upon as not having been authorized by CRAFT or Nano. This Circular does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer of proxy solicitation. Neither the delivery of this Circular nor any distribution of securities referred to herein shall, under any circumstances, create any implication that there has been no change in the information set forth herein since the date of this Circular.

Information contained in this Circular should not be construed as legal, tax or financial advice and CRAFT Securityholders are urged to consult their own professional advisors in connection with the matters considered in this Circular.

The Arrangement has not been approved or disapproved by any securities regulatory authority (including, without limitation, any securities regulatory authority of any Canadian province or territory, the SEC, or any securities regulatory authority of any state of the U.S.), nor has any securities regulatory authority passed upon the fairness or merits of the Arrangement or upon the accuracy or adequacy of the information contained in this Circular and any representation to the contrary is unlawful.

Descriptions in this Circular of the terms of the Arrangement Agreement, the Plan of Arrangement, and the LTIP are summaries of the terms of those documents and are qualified in their entirety by such terms. CRAFT Securityholders should refer to the full text of the Arrangement Agreement, the Plan of Arrangement and the LTIP for complete details of those documents. The Arrangement Agreement and the Plan of Arrangement have been filed by CRAFT under its profile on SEDAR+ and are available at [www.sedarplus.com](http://www.sedarplus.com). In addition, the Plan of Arrangement and the LTIP are attached respectively as Appendix C and Appendix G to this Circular.

### **Information Contained in this Circular regarding Nano**

The information concerning Nano and its affiliates contained in this Circular has been provided by Nano, a private company incorporated under the laws of Delaware, for inclusion in this Circular and should be read together with, and qualified by, the documents of Nano incorporated by reference herein. Although CRAFT has no knowledge that would indicate any statements contained herein relating to Nano and its affiliates taken from or based upon such information provided by Nano are untrue or incomplete, neither CRAFT nor any of its officers or directors assumes any responsibility for the accuracy or completeness of the information relating to Nano and its affiliates, or for any failure by Nano to disclose facts or events that may have occurred or may affect the significance or accuracy of any such information but which are unknown to CRAFT.

### **Currency and Exchange Rates**

Unless otherwise indicated herein, references to “Cdn\$” or “Canadian dollars” are to Canadian dollars, and references to “\$” or “USD\$” or “U.S. dollars” are to United States dollars.

The following table sets forth the high and low exchange rates for one U.S. dollar expressed in Canadian

dollars for each period indicated, the average of the exchange rates for each period indicated and the exchange rate at the end of each such period, based upon the indicative rate or the noon buying rate provided by the Bank of Canada, as applicable:

	Years ended December 31		
	2022 (Cdn\$)	2021 (Cdn\$)	2020 (Cdn\$)
High .....	1.3856	1.2942	1.4496
Low .....	1.2451	1.2040	1.2718
Rate at end of period .....	1.3544	1.2678	1.2732
Average rate for period .....	1.3011	1.2535	1.3415

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Circular and the documents incorporated into this Circular by reference, contain “forward-looking information” within the meaning of the applicable Canadian securities legislation and “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 (forward-looking information and forward-looking statements being collectively herein after referred to as “forward-looking statements”) that are based on expectations, estimates and projections as at the date of this Circular or the dates of the documents incorporated herein by reference, as applicable. These forward-looking statements include but are not limited to statements and information concerning: the Arrangement; intentions, plans and future actions of Nano; the timing for the implementation of the Arrangement and the potential benefits of the Arrangement; the likelihood of the Arrangement being completed; principal steps of the Arrangement; statements made in, and based upon, the Fairness Opinion; statements relating to the business and future activities of and developments related to Nano and CRAFT after the date of this Circular and prior to the Effective Time and to Nano after the Effective Time; CRAFT Securityholder Approval and Court approval of the Arrangement; listing of the Nano Shares on the Cboe; market position, ability to compete and future financial or operating performance of Nano; liquidity of Nano Shares following the Effective Time; anticipated developments in operations; and other events or conditions that may occur in the future.

Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “should”, “would”, “might”, or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements.

These forward-looking statements are based on the beliefs of CRAFT’s and Nano’s management, as the case may be, as well as on assumptions, which such management believes to be reasonable based on information currently available at the time such statements were made. However, there can be no assurance that the forward-looking statements will prove to be accurate. Such assumptions and factors include, among other things, the satisfaction of the terms and conditions of the Arrangement, including the approval of the Arrangement and its fairness by the Court.

By their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of CRAFT or Nano to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation: failure to satisfy the conditions to completion of the Arrangement, the Arrangement Agreement may be terminated in certain circumstances; the possibility that the Arrangement Resolution may not be approved at the Meeting; retention of employees, suppliers and other personnel being adversely affected by uncertainty surrounding the Arrangement; general business, economic, competitive, political, regulatory and social uncertainties; risks related to factors beyond the control of Nano or CRAFT; limited business

history of Nano; risks related to the Nano Shares, including price volatility due to events that may or may not be within such parties' control; disruptions or changes in the credit or security markets; the ability to renew existing licenses or permits or obtain required licenses and permits; litigation risks; risks related to directors and officers of CRAFT possibly having interests in the Arrangement that are different from other CRAFT Shareholders; risks relating to the possibility that more than 10% of CRAFT Shareholders may exercise their dissent rights with respect to the Arrangement; risks that other conditions to the consummation of the Arrangement are not satisfied; global economic climate; dilution; community and non-governmental actions and regulatory risks; risks related to reliance on a limited number of properties; and risks related to the possibility that Nano and CRAFT may not integrate successfully.

This list is not exhaustive of the factors that may affect any forward-looking statements of CRAFT or Nano. Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out or incorporated by reference in this Circular generally and certain economic and business factors, some of which may be beyond the control of CRAFT and Nano. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the heading "*Risk Factors — Risks Associated with the Arrangement*", in Appendix F to this Circular under the heading "*Information Concerning Nano — Risk Factors*" and in the CRAFT AIF which is incorporated herein by reference, under the heading "*Risk Factors*". CRAFT and Nano do not intend, and do not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, CRAFT Securityholders should not place undue reliance on forward-looking statements.

#### **NOTE TO UNITED STATES SECURITYHOLDERS**

The Consideration Shares and Nano Replacement Warrants to be issued under the Arrangement have not been and will not be registered under the U.S. Securities Act in reliance on the exemption from the registration requirements of the U.S. Securities Act set forth in Section 3(a)(10) thereof on the basis of the approval of the Court, which will be informed of the intention to rely on the exemption provided by Section 3(a)(10) of the U.S. Securities Act and will consider, among other things, the substantive and procedural fairness of the Arrangement to CRAFT Shareholders as further described in this Circular under the heading "*The Arrangement — Regulatory Law Matters and Securities Law Matters*". Such Consideration Shares and Nano Replacement Warrants have not been and will not be registered or qualified under any U.S. state securities or "blue sky" laws, and will be issued only pursuant to exemptions from the registration or qualification requirements of applicable U.S. state securities or "blue sky" laws.

The solicitation of proxies under this Circular is not subject to the requirements of Section 14(a) of the U.S. Exchange Act and the rules promulgated pursuant thereto. Accordingly, this Circular has been prepared in accordance with applicable Canadian disclosure requirements. Residents of the United States should be aware that such requirements differ from those of the United States applicable to proxy statements under the U.S. Exchange Act.

The financial statements and information included or incorporated by reference in this Circular have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and thus may not be comparable to financial statements prepared in accordance with United States standards. CRAFT's annual consolidated financial statements that are incorporated by reference in this Circular have been subjected to Canadian auditing standards. CRAFT's auditors are independent with respect to the CRAFT within the meaning of the Chartered Professional Accountants of Ontario Rules of Professional Conduct; they are not required to determine whether they meet SEC auditor independence rules.

CRAFT Shareholders who are resident in, or citizens of, the United States are advised to review the summary contained in this Circular under the heading "*Certain United States Federal Income Tax Considerations*" and to consult their own tax advisors to determine the particular United States tax consequences to them of the Arrangement in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant non-U.S., state, local or other taxing jurisdiction.

CRAFT U.S. Securityholders should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities

laws of the United States or “blue sky” laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States.

## SUMMARY OF THE PROPOSED ARRANGEMENT

*This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Circular, including the Appendices which are incorporated into and form part of this Circular. Terms with initial capital letters in this summary are defined in the Glossary of Terms attached to this Circular as Appendix A.*

### **The Meeting**

The Meeting will be held at 10:00 a.m. (Vancouver time) on December 7, 2023. The Meeting will be held at the offices of McMillan LLP located at Royal Centre, 1055 West Georgia St #1500, Vancouver, BC V6E 4N7 and securityholders will also be able to join virtually via Zoom at the following link, <https://zoom.us/j/92603410942> (Meeting ID: 926 0341 0942) or by dial-in as provided below. CRAFT Securityholders, regardless of geographic location and ownership, will have an opportunity to observe the Meeting by following the registration process outlined in the accompanying Circular. CRAFT Securityholders who join via Zoom will only be able to observe and listen at the Meeting, and will not be able to vote their CRAFT Securities (regardless if a registered CRAFT Securityholder) nor ask any questions at the Meeting.

CRAFT expects to issue a supplement to this Circular containing the pro forma financial statements of Nano, as at September 30, 2023, assuming completion of the Arrangement. CRAFT expects to disclose the supplement via news release and post the supplement under CRAFT's SEDAR+ profile at [www.sedarplus.com](http://www.sedarplus.com).

*Dial-in Phone Numbers for Meeting Zoom Link*

#### One tap mobile

+13052241968, 92603410942# US  
+16468769923, 92603410942# US (New York)

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#### Dial by your location

- +1 305 224 1968 US
- +1 646 876 9923 US (New York)
- +1 646 931 3860 US
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- +1 312 626 6799 US (Chicago)
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- +1 360 209 5623 US
- +1 386 347 5053 US
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- +1 564 217 2000 US
- +1 669 444 9171 US
- +1 669 900 6833 US (San Jose)
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### **Record Date**

Only CRAFT Securityholders of record at the close of business on October 31, 2023 will be entitled to



receive notice of and vote at the Meeting or any adjournment or postponement thereof.

### **Purpose of the Meeting**

The Meeting is an annual meeting of CRAFT Shareholders and special meeting of CRAFT Securityholders. At the Meeting, CRAFT Securityholders will be asked to consider and, if deemed advisable, to pass, the Arrangement Resolution approving the Arrangement involving Nano, AcquisitionCo, and CRAFT. The full text of the Arrangement Resolution is set out in Appendix B to this Circular. In order to implement the Arrangement, the Arrangement Resolution must be approved, with or without variation, by: (i) at least 66⅔% of the votes cast by CRAFT Shareholders present in person or by proxy at the Meeting and (ii) at least 66⅔% of the votes cast by CRAFT Securityholders present in person or by proxy at the Meeting, voting together as a single class, and (iii) a simple majority of the votes cast excluding the votes of CRAFT Shares held or controlled by “interested parties” as defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. See “*The Arrangement — Approval of Arrangement Resolution*”.

In addition, the CRAFT Shareholders will also be asked to consider and, if deemed advisable, to pass respective ordinary resolutions regarding general matters as they pertain to CRAFT, including fixing the number of seats of the CRAFT Board, electing the directors of the CRAFT Board, appointing the auditor for the ensuing year, and approving a long term incentive plan. See “*Other Matters to be Considered at the Meeting*”.

### **The Arrangement**

Under the Plan of Arrangement, the following shall occur and shall be deemed to occur, except to the extent otherwise indicated, in the following order without any further act or formality:

- (a) each CRAFT Share held by a Dissenting CRAFT Shareholder shall, without any further action by or on behalf of such Dissenting CRAFT Shareholder, be deemed to have been transferred and assigned to Nano in consideration for a debt claim against Nano determined and payable in accordance with Section 3.1 of the Arrangement Agreement, and the name of each such holder shall be removed from the register of the CRAFT Shares maintained by or on behalf of CRAFT and Nano shall be deemed to be the transferee of such CRAFT Shares and shall be entered in the register of the CRAFT Shares maintained by or on behalf of CRAFT;
- (b) AcquisitionCo and CRAFT will amalgamate pursuant to the BCBCA (the “**Amalgamation**”), to continue as one unlimited liability company, Amalco, and upon the Amalgamation,
  - (i) the by-laws of Amalco shall be the same as the by-laws of CRAFT;
  - (ii) the articles of Amalco shall be the same as the articles of CRAFT;
- (c) each issued and outstanding CRAFT Share other than those held by Nano will be exchanged for one (1) Consideration Share;
- (d) each CRAFT Warrant shall be exchanged for a Nano Replacement Warrant to purchase from Nano one (1) Nano Share. Such Nano Replacement Warrant shall provide for an exercise price per Nano Replacement Warrant (rounded up to the nearest whole cent) equal to the exercise price per CRAFT Share that would otherwise be payable pursuant to the CRAFT Warrant it replaces. All terms and conditions of a Nano Replacement Warrant, including the term to expiry, conditions to and manner of exercising, will be the same as the CRAFT Warrant for which it was exchanged, and shall be governed by the terms of the CRAFT Warrant Agreement and any document evidencing a CRAFT Warrant shall thereafter evidence and be deemed to evidence such Nano Replacement Warrant. It is intended that subsection 7(1.4) of Tax Act apply to such exchange of options;
- (e) the property of CRAFT and AcquisitionCo shall continue to be the property of Amalco;

- (f) all rights, contracts, permits and interests of CRAFT and AcquisitionCo shall continue as rights, contracts, permits and interests of Amalco and, for greater certainty, the Amalgamation shall not constitute a transfer or assignment of the rights or obligations of CRAFT or AcquisitionCo under any such rights, contracts, permits, and interests;
- (g) Amalco shall continue to be liable for the obligations of CRAFT and AcquisitionCo shall be unaffected;
- (h) all existing causes of action, claims or liabilities to prosecution with respect to CRAFT and AcquisitionCo may continue to be prosecuted by or against Amalco;
- (i) all civil, criminal or administrative actions or proceedings pending by or against CRAFT or AcquisitionCo shall be unaffected; and
- (j) all convictions against, or rulings, orders or judgments in favour of or against CRAFT or AcquisitionCo may be enforced by or against Amalco.

### **Benefits of the Arrangement**

Nano believes that the Arrangement will provide Nano with access to a seasoned existing executive management team and infrastructure as it seeks to deploy its multiple cure platforms. The Arrangement will allow CRAFT to combine its existing infrastructure with Nano healthcare innovations, such as its Insulin Signaling Platform. Both CRAFT and Nano are all-natural healthcare providers. Nano believes the transaction, and the public status of the combined company will both be accretive to stockholders and allow the combined company to have greater ability to scale its capital investments.

### **Recommendation of the CRAFT Board**

With respect to the Arrangement, the CRAFT Board, having taken into account the Fairness Opinion and such other matters as it considered relevant, including the factors set out below under the heading “*The Arrangement — Reasons for the Arrangement*”, and after consultation with its financial and legal advisors and upon the unanimous recommendation of the Special Committee, has unanimously determined that the Arrangement is in the best interests of CRAFT and the CRAFT Shareholders. **Accordingly, the CRAFT Board unanimously recommends that CRAFT Shareholders vote FOR the Arrangement Resolution.**

### **Fairness Opinion**

On October 30, 2023, Echelon delivered to the Special Committee and the CRAFT Board its oral opinion, later confirmed in writing, that, as of such date, and based upon and subject to the scope of the review, analysis undertaken and various assumptions, limitations, qualifications and factors set out in the Fairness Opinion, the Consideration to be received under the Arrangement is fair, from a financial point of view, to the CRAFT Shareholders. The full text of the Fairness Opinion, which sets out, among other things, the assumptions made, information received and matters considered by Echelon in rendering the Fairness Opinion, as well as the limitations and qualifications the opinion is subject to, is attached as Appendix D to this Circular. CRAFT Shareholders are urged to read the Fairness Opinion in its entirety. The summary of the Fairness Opinion described in this Circular is qualified in its entirety by reference to the full text of the Fairness Opinion.

Echelon has consented to the inclusion in this Circular of the Fairness Opinion in its entirety, together with the summary herein and other information relating to Echelon and the Fairness Opinion. The Fairness Opinion addresses only the fairness of the Consideration to be received by the CRAFT Shareholders under the Arrangement from a financial point of view and does not and should not be construed as a valuation of CRAFT or Nano or their respective assets or securities and does not constitute a recommendation to any CRAFT Shareholder as to whether to vote in favour of the Arrangement Resolution. The Fairness Opinion may not be used by any other person or relied upon by any other person other than the Special Committee and the CRAFT Board.

See “*The Arrangement — Fairness Opinion*”.

## Support Agreements

On September 27, 2023, each of the executive officers of CRAFT entered into the Support Agreements. The Support Agreements set forth, among other things, the agreement of such executive officers to vote their CRAFT Shares (including any CRAFT Shares issued upon the exercise of any CRAFT Warrants) in favour of the Arrangement, and any other matter necessary for the consummation of the Arrangement.

See “*The Arrangement — Support Agreements*”.

## CRAFT and Nano

### CRAFT

CRAFT 1861 Global Holdings Inc. (formerly, BGP Acquisition Corp. (“**BGP**”)) is a company incorporated in British Columbia, Canada. CRAFT is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. CRAFT’s head office is located at 100 Sun Ave NE, Ste. 650 Albuquerque, New Mexico 87109, and its registered office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

On July 26, 2023, CRAFT announced that its wholly owned subsidiary, Craft 1861 Global Inc. (“**CRAFT Global**”) and RKA LLC (“**RKA**”) and have entered into a binding letter of intent, which sets out the principal terms which it is proposed that CRAFT Global will divest and transfer its “plant-touching” operations in New Mexico to RKA (the “**RKA Divestiture**”). The RKA Divestiture took effect as of August 4, 2023. RKA is an arm’s length party to CRAFT.

Prior to August 4, 2023, CRAFT Global had previously exercised capital and management control of Healthy Education Society (“**HES**”), a State of New Mexico incorporated not-for-profit that holds the State of New Mexico Cannabis Control & Regulatory License Division Vertically Integrated Licensure, pursuant to an exclusive management agreement with HES – such management agreement was terminated as of August 4, 2023. Pursuant to the RKA Divestiture, RKA assumed capital management control of HES in exchange for the assumption of approximately USD\$2,700,000 in liabilities and CRAFT and RKA will enter into a licensing agreement with respect to certain trademarks used in HES’s operations. CRAFT also has the right, but not the obligation, to reacquire HES in the occurrence of a triggering event at a 25% premium price to price of the RKA Divestiture.

As of the completion of the RKA Divestiture, CRAFT no longer has any operations related to the growing or cultivating of cannabis or cannabis strains in the United States. As such, the principal business activities of CRAFT will be solely focused on its all-natural Health & Wellness products and services businesses, encompassing genetics, scientific research & development, technology, cultivation, product development, advanced manufacturing, formulation, distribution, wholesale, brand development, and business development as a health & wellness company focused on natural-based performance and recovery products and services as regulated by the regulatory bodies and authorities of the markets in which CRAFT has activities.

See “*Information Concerning CRAFT*”.

### Nano

Nano is a Delaware corporation that was formed on June 22, 2023. Nano is a US-based company focused on the development and delivery of cures to major health conditions and diseases. Nano is developing multiple technology platforms including one initially focused on insulin signaling, in conjunction with pharma and biotech partners, that targets insulin resistance. Insulin resistance is the root cause of diabetes Type 2, obesity, and many other related diseases.<sup>1</sup> Another platform component being developed by Nano aims to democratize cure development by providing resources, data and tools for partnering institutions and individual drug and cure

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<sup>1</sup> <https://my.clevelandclinic.org/health/diseases/22206-insulin-resistance>.

developers to lower the barriers to entry and spur new cure innovation.

See “*Information Concerning Nano*” and “*Information Concerning Nano Following the Arrangement*”.

### **Conditions to the Arrangement**

In order for the Arrangement to become effective, certain conditions must have been satisfied or waived, at or before the Completion Deadline including but not limited to:

- (a) the Interim Order having been granted on terms consistent with the Arrangement Agreement and in form and substance satisfactory to CRAFT and Nano, each acting reasonably, and not having been set aside or modified in a manner unacceptable to either CRAFT or Nano, each acting reasonably on appeal or otherwise;
- (b) the Arrangement Resolution having been approved by the CRAFT Securityholders in accordance with the Interim Order;
- (c) the Final Order having been granted in form and substance satisfactory to CRAFT and Nano, and not having been set aside or modified in a manner unacceptable to either CRAFT or Nano, each acting reasonably on appeal or otherwise;
- (d) the Regulatory Approvals having been received;
- (e) the Nano Financing shall have closed;
- (f) the Nano Housey Transaction shall have closed and no remaining portion of the purchase price for the shares of capital stock and other equity interests purchased thereunder shall be owing by Nano to the investment entities comprising the Nano Housey Transaction;
- (g) no Law, ruling, order or decree being in force, nor any action having been taken under any Laws or by any Governmental Entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Arrangement in accordance with the terms of the Arrangement Agreement;
- (h) the Consideration Shares and the Nano Replacement Warrants to be issued or exchanged pursuant to the Arrangement being exempt from the registration requirements of the U.S. Securities Act in reliance on an exemption from registration set forth in Section 3(a)(10) of the U.S. Securities Act; and
- (i) the Cboe having conditionally approved the listing of the Nano Shares (including any Consideration Shares and Nano Shares issuable upon the exercise of the Nano Replacement Warrants), subject in each case only to compliance with the usual requirements of the Cboe, including customary post-closing deliveries; notwithstanding the foregoing if the Cboe has not conditionally approved the listing of the Nano Shares by December 31, 2023 then this mutual condition precedent as it relates to the Nano Shares only is deemed to be automatically removed from the Arrangement Agreement and accordingly, of no force and effect.

The Arrangement Agreement also provides that the respective obligations of CRAFT, Nano and AcquisitionCo to complete the Arrangement are subject to the satisfaction or waiver of certain additional conditions precedent, including, but not limited to, there having not occurred any Material Adverse Effect in respect of either Nano or CRAFT.

See “*The Arrangement — The Arrangement Agreement — Conditions to the Arrangement Becoming Effective*”.

## **Non-Solicitation and Right to Match**

Pursuant to the Arrangement Agreement, CRAFT has agreed, among other things, not to solicit, initiate, knowingly facilitate or knowingly encourage any inquiries, proposals, expressions of interest or offers that may reasonably be expected to constitute or lead to a CRAFT Acquisition Proposal. However, the CRAFT Board does have the right to consider and accept a CRAFT Superior Proposal under certain conditions and Nano has the right to match any CRAFT Superior Proposal in accordance with the Arrangement Agreement. If Nano declines to match any CRAFT Superior Proposal and CRAFT terminates the Arrangement Agreement in order to accept the CRAFT Superior Proposal, as well as in certain other circumstances described in further detail herein and in the Arrangement Agreement, CRAFT must pay Nano the CRAFT Break Fee of USD\$17,240,408. CRAFT's right to make a CRAFT Change in Recommendation based off a CRAFT Superior Proposal(s) continues only until CRAFT Shareholder Approval has been obtained.

See "*The Arrangement — The Arrangement Agreement — Non-Solicitation Covenant*", "*— Right to Match*" and "*The Arrangement — The Arrangement Agreement — Termination — Termination Fee*".

## **Termination of Arrangement Agreement**

The Arrangement Agreement may be terminated prior to the Effective Date in certain circumstances. Many of such termination events lead to consequences such as payment by CRAFT or Nano of the respective CRAFT Break Fee or Nano Break Fee.

See "*The Arrangement — The Arrangement Agreement — Termination*".

## **Procedure for Exchange of CRAFT Shares and Payment of Consideration**

Odyssey Trust Company is acting as depositary under the Arrangement. The Depositary will receive deposits of certificates or DRS statements representing CRAFT Shares and an accompanying Letter of Transmittal, at the office specified in the Letter of Transmittal and will be responsible for delivering the Consideration to which CRAFT Shareholders are entitled to under the Arrangement.

At least three (3) Business Days prior to the Effective Date, Nano shall provide to the Depositary:

1. sufficient funds in escrow to satisfy the aggregate Nano Cash Consideration portion of the Consideration, payable pursuant to the Plan of Arrangement; and
2. the Consideration Shares in escrow to satisfy the aggregate Consideration Share portion of the Consideration, issuable pursuant to the Plan of Arrangement.

Upon receipt by the Depositary of the respective certificates or DRS representing their CRAFT Shares and a duly completed Letter of Transmittal, payment of the Consideration shall be effected by the Depositary and issued as at the Effective Date, as required in accordance with Section 3.2 of the Plan of Arrangement.

At the time of sending this Circular to each CRAFT Shareholder, CRAFT is also sending to each Registered CRAFT Shareholder the Letter of Transmittal. The Letter of Transmittal is for use by Registered CRAFT Shareholders only and is not to be used by Non-Registered Holders. Non-Registered Holders should contact their broker or other intermediary for instructions and assistance in receiving the Consideration in respect of their CRAFT Shares.

Registered CRAFT Shareholders are requested to tender to the Depositary any certificates or DRS statements representing their CRAFT Shares along with the duly completed Letter of Transmittal. As soon as practicable after the Effective Date, the Depositary will forward to each Registered CRAFT Shareholder that submitted an effective Letter of Transmittal to the Depositary, together with the certificate(s) or DRS Statement(s) representing the CRAFT Shares held by such CRAFT Shareholder immediately prior to the Effective Date, certificates or DRS Advices representing the appropriate number of Consideration Shares to which the Former CRAFT Shareholder is entitled under the Arrangement, to be delivered to or at the direction of such CRAFT

Shareholder. Certificates or DRS Advices representing the Consideration Shares will be registered in such name or names as directed in the Letter of Transmittal and will be either (i) delivered to the address or addresses (or email address in the case of the electronic delivery of the DRS Advice) as such CRAFT Shareholder directed in their Letter of Transmittal or (ii) made available for pick up at the offices of the Depositary in accordance with the instructions of the CRAFT Shareholder in the Letter of Transmittal.

See “*The Arrangement — Procedure for Exchange of CRAFT Shares*”.

## **Dissent Rights**

Registered CRAFT Shareholders have dissent rights as to the Arrangement Resolution.

Pursuant to the Interim Order, each Registered CRAFT Shareholder may exercise Arrangement Dissent Rights under Section 237 to 247 of the BCBCA as modified by the Plan of Arrangement and the Interim Order. Each Arrangement Dissenting CRAFT Shareholder is entitled to be paid the fair value (determined as of the close of business on the last Business Day before the Arrangement Resolution was adopted at the Meeting) of all, but not less than all, of the holder’s CRAFT Shares, provided that the holder duly dissents to the Arrangement Resolution and the Arrangement becomes effective. A Non-Registered Holder who wishes to dissent with respect to its CRAFT Shares should be aware that only Registered CRAFT Shareholders are entitled to exercise Arrangement Dissent Rights. A Registered CRAFT Shareholder such as an intermediary who holds CRAFT Shares as nominee for Non-Registered Holders, some of whom wish to dissent, shall exercise Arrangement Dissent Rights on behalf of such Non-Registered Holders with respect to the CRAFT Shares held for such Non-Registered Holders.

See “*Dissent Rights of CRAFT Shareholders*”.

## **Income Tax Considerations**

### ***Canadian Federal Income Tax Consequences of the Arrangement***

The exchange of CRAFT Shares for Nano Shares on the amalgamation of CRAFT and AcquisitionCo under the Arrangement will generally be taxable for CRAFT Shareholders for Canadian income tax purposes.

For a summary of certain of the material Canadian federal income tax consequences of the Arrangement generally applicable to CRAFT Shareholders, see the discussion under the heading “*Certain Canadian Federal Income Tax Considerations*” in this Circular. Such discussion is not intended to be legal or tax advice to any particular CRAFT Shareholder. Accordingly, CRAFT Shareholders should consult their own tax advisors with respect to their particular circumstances.

### ***Summary of Certain U.S. Federal Income Tax Considerations***

### ***Exchange of CRAFT Shares for Consideration Shares and Cash***

The Amalgamation will be a taxable exchange for U.S. federal income tax purposes. U.S. Holders of CRAFT Shares will recognize gain or loss equal to the difference between their tax basis for the CRAFT Shares and the total exchange consideration that they receive pursuant to the Amalgamation. Non U.S. Holders generally should not be subject to U.S. income tax on gains from the Amalgamation, unless such gains are related to a trade or business that such persons conduct in the United States. U.S. Holders will be subject to tax on any gains or entitled to deduct as a capital loss any loss, from the Amalgamation.

### ***Ownership and Disposition of Consideration Shares***

Distributions of cash or property on Consideration Shares will constitute dividends for U.S. federal income tax purposes to the extent paid from Nano’s current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Upon the sale or other taxable disposition of Consideration Shares, a U.S. Holder will generally recognize capital gain or loss equal to the difference between (i) the amount realized by such U.S. Holder in connection with such sale or other taxable disposition, and (ii) such U.S. Holder’s adjusted tax basis in such stock.

### ***Tax Considerations for Non U.S. Holders Regarding Holding and Disposing of Consideration Shares***

Distributions of cash or property on Consideration Shares will constitute dividends for U.S. federal income tax purposes to the extent paid from Nano's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Subject to the discussions under "*Certain United States Federal Income Tax Considerations – Information Reporting and Backup Withholding*" and under "*FATCA*", any gain realized on the sale or other disposition of Consideration Shares by a Non U.S. Holder generally will not be subject to U.S. federal income tax unless:

- the gain is effectively connected with the Non U.S. Holder's conduct of a trade or business in the U.S. (or, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment, or fixed base, of the Non U.S. Holder); or
- the rules of the Foreign Investment in Real Property Tax Act of 1980 apply to treat the gain as effectively connected with a U.S. trade or business.

A summary of the principal United States federal income tax considerations in respect of the proposed Arrangement is included under "*Certain United States Federal Income Tax Considerations*" and the foregoing is qualified in full by the information in such section. Investors are advised to consult their own tax advisors as to the U.S. federal income and other tax considerations relating to the amalgamation, the receipt, ownership and disposition of Consideration Shares in light of their particular circumstances, as well as the effect of any state, local or non-U.S. tax Laws.

### **Court Approval**

The Arrangement requires Court approval under the BCBCA. Prior to the mailing of this Circular, CRAFT obtained the Interim Order providing for the calling and holding of the Meeting, the Dissent Rights and certain other procedural matters. Subject to the terms of the Arrangement Agreement, and if the Arrangement Resolution is approved by CRAFT Shareholders at the Meeting in the manner required by the Interim Order, CRAFT intends to make an application to the Court for the Final Order. The application for the Final Order approving the Arrangement is currently scheduled for around December 12, 2023 at 10:00 a.m. (Vancouver time), or as soon thereafter as counsel may be heard, at the Court, or at any other date and time as the Court may direct.

Any CRAFT Shareholder or any other interested party who wishes to appear or be represented and to present evidence or arguments at that hearing of the application for the Final Order must file and serve a response no later than 4:00 p.m. (Vancouver time) on December 8, 2023, in the form prescribed by the *Supreme Court Civil Rules*, with the Court, and deliver a copy of the filed response together with a copy of all materials on which such CRAFT Shareholder or interest party intends to rely at the hearing of the petition, including an outline of such person's proposed submission, to CRAFT c/o McMillan LLP, PO Box 11117, Suite 1500 – 1055 West Georgia Street, Vancouver, BC V6E 4N7, Attn: Melanie Harmer, subject to the direction of the Court. Such persons should consult with their legal advisors as to the necessary requirements.

CRAFT has been advised by its counsel, McMillan LLP, that the Court has broad discretion under the BCBCA when making orders with respect to the Arrangement and that the Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, on the terms presented or substantially on those terms.

The Court will be advised, at the hearing, that the Court's approval of the Arrangement and determination of the fairness of the exchange of securities contemplated thereby to the CRAFT Shareholders will, pursuant to Section 3(a)(10) of the U.S. Securities Act, form the basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the distribution of the Consideration Shares by Nano to CRAFT Shareholders in exchange for their respective CRAFT Shares in connection with the Arrangement, the exchange of Nano Replacement Warrants for CRAFT Warrants.

See "*The Arrangement — Court Approval of the Arrangement*".

## **Regulatory Law Matters and Securities Law Matters**

### ***Canadian Securities Law Matters***

CRAFT is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador. The CRAFT Shares and CRAFT Warrants are currently listed on the Cboe. Pursuant to the Arrangement, CRAFT will amalgamate with AcquisitionCo to form Amalco and the amalgamated entity will be a wholly-owned subsidiary of Nano. Following the Effective Date, the CRAFT Shares and CRAFT Warrants will be delisted from the Cboe (anticipated to be effective one to two Business Days following the Effective Date) and Nano expects to apply to the applicable Canadian securities regulators to have CRAFT cease to be a reporting issuer.

Upon completion of the Arrangement, Nano expects that it will be a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador. It is intended that an application to list the Nano Shares on the Cboe will be made. There can be no assurance as to if, or when, the Nano Shares will be listed or traded. It is a mutual condition of the Arrangement that the Cboe shall have conditionally approved the listing of the Nano Shares (including the Consideration Shares to be issued pursuant to the Arrangement and any Nano Shares issuable upon the exercise or conversion of the Nano Replacement Warrants), subject in each case only to compliance with the usual requirements of the Cboe, including customary post-closing deliveries. Notwithstanding the foregoing, if the Cboe has not conditionally approved the listing of the Nano Shares by December 31, 2023 then this mutual condition precedent shall be deemed to be automatically removed from the Arrangement Agreement and accordingly, of no force or effect in respect of the Nano Shares. As the Nano Shares are not currently listed on a stock exchange, unless and until such a listing is obtained, holders of Nano Shares may not have a market for their shares.

The distribution of the Consideration Shares pursuant to the Arrangement will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian securities legislation and is exempt from or otherwise is not subject to the registration requirements under applicable securities legislation. The Consideration Shares received pursuant to the Arrangement will not be legended and may be resold through registered dealers in each of the provinces of Canada provided that (i) Nano becomes a reporting issuer after the issuance date, (ii) the trade is not a “control distribution” as defined in National Instrument 45-102 — *Resale of Securities*, (iii) no unusual effort is made to prepare the market or to create a demand for Nano Shares, (iv) no extraordinary commission or consideration is paid to a person in respect of such sale, and (v) if the selling security holder is an insider or officer of Nano, the selling security holder has no reasonable grounds to believe that Nano, as the case may be, is in default of applicable Securities Laws.

Each CRAFT Shareholder is urged to consult such CRAFT Shareholder’s professional advisors to determine the Canadian conditions and restrictions applicable to trades in Consideration Shares.

See “*The Arrangement — Regulatory Law Matters and Securities Law Matters*”.

### ***Regulatory Approvals***

Completion of the Arrangement is subject to the condition precedent contained in the Arrangement Agreement relating to Regulatory Approvals having been fulfilled.

The Parties have identified HSR Clearance as a required Regulatory Approval. Under the HSR Act, certain transactions exceeding prescribed thresholds may not be completed until each party has filed a Notification and Report Form with the DOJ and with the FTC and applicable waiting period requirements have been satisfied. The Arrangement exceeds the prescribed thresholds and therefore is subject to the applicable waiting period requirements of the HSR Act.

The waiting period under the HSR Act will expire 30 days after all required Notification and Report Forms have been filed and applicable fees paid, unless earlier terminated by the FTC or the DOJ or unless the FTC or the DOJ issues a Second Request prior to that time. The agencies may request and the parties may agree to an additional initial 30-day waiting period under a voluntary “pull and refile” process prior to the issuance of a Second Request. If a waiting period would expire on a weekend or holiday, it is extended to the next Business Day. If within the 30-



day waiting period, the FTC or the DOJ were to issue a Second Request, the waiting period with respect to the Arrangement would be extended until 30 days following substantial compliance with the Second Request unless the FTC or the DOJ terminates the waiting period prior to its expiration. Once all applicable HSR waiting periods have expired or been terminated, the HSR Act would no longer prohibit completion of the Arrangement, provided that the FTC or the DOJ has not taken action that results in a court order enjoining the Arrangement. The expiration or termination of the waiting period does not bar the FTC or the DOJ from subsequently challenging the Arrangement. It is a condition to closing of the Arrangement that HSR Clearance be obtained (as it is a Regulatory Approval).

### *United States Securities Law Matters*

The Consideration Shares and Nano Replacement Warrants to be issued pursuant to the Arrangement will not be registered under the provisions of the U.S. Securities Act in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof. However, Section 3(a)(10) of the U.S. Securities Act does not exempt securities issued in connection with the exercise of convertible or derivative securities that were originally exempt from the registration requirements the U.S. Securities Act pursuant to Section 3(a)(10) of the U.S. Securities Act or under applicable securities laws of any state of the United States. Accordingly, Section 3(a)(10) of the U.S. Securities Act does not exempt Nano Shares that may be issued upon the exercise of the Nano Replacement Warrants to be issued pursuant to the Arrangement, and Nano Replacement Warrants will not be exercisable by, or for the account or benefit of any U.S. person or any person within the United States absent an exemption from the registration requirements of the U.S. Securities Act and any applicable U.S. federal and state securities laws.

The Consideration Shares and Nano Replacement Warrants have not been and will not be registered or qualified under any U.S. state securities or “blue sky” laws, and will be issued only pursuant to exemptions from the registration or qualification requirements of applicable U.S. state securities or “blue sky” laws.

The Nano Shares to be held by CRAFT Shareholders following completion of the Arrangement, and full satisfaction of the conditions set forth by the SEC with respect to an exemption under Section 3(a)(10), will be freely tradable in the U.S. under U.S. federal securities laws, except by persons who are deemed “affiliates” of Nano (with respect to the Nano Shares) (a) at the time of their proposed transfer, or (b) within three months prior to their proposed transfer, or (c) within 90 days of the Effective Date of the Arrangement. Persons who may be deemed to be “affiliates” of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, and include executive officers and directors of the issuer. In addition, beneficial ownership of 10% or more of the issuer’s voting securities is generally considered by staff at the SEC to give rise to a rebuttable presumption of the ability to exert control over the issuer, and therefore of affiliate status. Any resale of such Nano Shares by such an affiliate may be subject to the registration requirements of the U.S. Securities Act and any applicable U.S. state securities or “blue sky” laws, absent an exemption therefrom (including the exemption provided by Rule 144, if available).

### *Exercise of the Nano Replacement Warrants*

The Nano Replacement Warrants may not be exercised in the United States or by or on behalf of a U.S. person, except by a person that qualifies as an “accredited investor” (as defined in Rule 501(a) of Regulation D under the U.S. Securities Act) and unless the securities are exercised pursuant to an available exemption from registration under the U.S. Securities Act and any applicable U.S. state securities or “blue sky” laws. Prior to the issuance of any shares pursuant to any such exercise, Nano may require the delivery of an opinion of counsel or other evidence or certifications reasonably satisfactory to Nano to the effect that the issuance of such shares does not require registration under the U.S. Securities Act and applicable U.S. state securities or “blue sky” laws.

Any Nano Shares issued upon exercise of Nano Replacement Warrants in reliance upon exemptions or an exclusion from such registration requirements (including those issued in an “offshore transaction” in reliance on Rule 903 of Regulation S) will be “restricted securities” as defined in Rule 144 under the U.S. Securities Act and will be represented by physical certificates or other instruments imprinted with a U.S. Securities Act restrictive legend in customary form.

The foregoing discussion is only a general overview of certain requirements of United States Securities Laws applicable to the securities received upon completion of the Arrangement. All holders of such securities are

urged to consult with counsel to ensure that the resale of their securities complies with applicable United States Securities Laws.

**THE CONSIDERATION SHARES, THE REPLACEMENT WARRANTS AND THE SECURITIES UNDERLYING THE REPLACEMENT WARRANTS AND ANY OTHER SECURITIES, IF ANY, TO WHICH CRAFT SHAREHOLDERS WILL BE ENTITLED PURSUANT TO THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITIES IN ANY U.S. STATE, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.**

See “*The Arrangement — Regulatory Law Matters and Securities Law Matters*”.

### **Risk Factors**

CRAFT Securityholders should carefully consider the risk factors relating to the Arrangement. Some of these risks include, but are not limited to: (i) there can be no certainty that all conditions precedent to the Arrangement will be satisfied; (ii) the Arrangement Agreement may be terminated in certain circumstances, including in the event of a change having a Material Adverse Effect on CRAFT; (iii) the CRAFT Break Fee provided under the Arrangement Agreement if the Arrangement Agreement is terminated in certain circumstances may discourage other parties from attempting to acquire CRAFT; (iv) CRAFT will incur costs even if the Arrangement is not completed and may have to pay the CRAFT Break Fee; (v) CRAFT directors and executive officers may have interests in the Arrangement that are different from those of the CRAFT Securityholders; (vi) the Nano Shares may not be listed on any stock exchange; (vii) CRAFT Shareholders will receive a fixed number of Nano Shares; (viii) Nano and CRAFT may not integrate successfully; (ix) tax risks if the Nano Shares are not listed on a designated stock exchange; and (x) CRAFT/Nano may incur significant tax liabilities under Section 280E of the Code.

Additional risks and uncertainties, including those currently unknown or considered immaterial by CRAFT, may also adversely affect Nano Shares, and/or the business of Nano following the Arrangement. In addition to the risk factors relating to the Arrangement set out in this Circular, CRAFT Securityholders should also carefully consider the risk factors associated with the business of Nano included in this Circular, including the documents incorporated by reference therein. For more information, see “*Risk Factors*”.

## GENERAL PROXY INFORMATION

### Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by the management of CRAFT for use at the Meeting, to be held on December 7, 2023, at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors, officers and employees of CRAFT for no additional compensation.

### Voting Options

#### *Voting by Registered CRAFT Securityholders*

You are a Registered CRAFT Securityholder if your CRAFT Securities are held in your name or if you have a certificate or DRS statement for CRAFT Securities. As a Registered CRAFT Securityholder, you can vote by attending the Meeting in-person or by submitting your form of proxy or VIF (as defined herein) in accordance with the instructions set out therein. Only persons who attend the Meeting in-person or by proxy may vote at the Meeting; as such, if a Registered CRAFT Securityholder will not be attending the Meeting in-person or by proxy, or joining the Meeting via the Zoom link provided, it is recommended that the Registered CRAFT Securityholder complete and submit the form of proxy. Completing, signing and returning a form of proxy will not prevent you from attending the Meeting.

Beneficial owners of CRAFT Securities who have not completed a proxy form or who do not attend the Meeting in person, will have not their vote counted at the Meeting, but will be able to observe the Meeting via Zoom as a guest. The following are methods in which a Registered CRAFT Securityholder can return a completed proxy form to Odyssey Trust Company:

Mail	Enter voting instructions, sign the form of proxy and send your completed form to:  Odyssey Trust Company at 702,67 Yonge Street, Toronto, ON M5E 1J8.
Fax	1-800-517-4553 - Please scan and fax both pages of your completed, signed form of proxy
Internet	If you are a Registered CRAFT Securityholder as of the close of business on the Record Date, you may vote by proxy prior to the Meeting by voting online at: <a href="https://vote.odysseytrust.com">https://vote.odysseytrust.com</a> .
Questions?	Contact Odyssey Trust Company at 1-587-885-0960 or by email at: <a href="mailto:shareholders@odysseytrust.com">shareholders@odysseytrust.com</a> .

#### *Voting for Non-Registered Holders*

If your CRAFT Securities are not registered in your own name, they will be held in the name of a “nominee”, usually a bank, trust company, securities dealer or other financial institution (“**Intermediary**”) and, as such, your nominee will be the entity legally entitled to vote your CRAFT Securities and must seek your instructions as to how to vote your CRAFT Securities.

Accordingly, Non-Registered who have not waived the right to receive the Notice of Meeting, Circular, and form of proxy will either:

- (a) be given a voting instruction form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or

its service company, will constitute voting instructions (often called a “VIF”) which the Intermediary must follow. Typically, the VIF will consist of a one-page pre-printed form. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in Canada and in the United States. Broadridge typically prepares a machine-readable VIF, mails those forms to Non-Registered Holders and asks Non-Registered Holders to return the forms to Broadridge or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Additionally, CRAFT may utilize Broadridge's QuickVote™ service to assist eligible CRAFT Securityholders with voting their shares directly over the phone. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the CRAFT Securities. Sometimes, instead of the one-page pre-printed form, the VIF will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for this form of proxy to validly constitute a voting instruction form, the Non-Registered Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or

- (b) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of CRAFT Securities beneficially owned by the Non-Registered Holder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the form of proxy and deposit it with Odyssey Trust Company.

In either case, the purpose of these procedures is to permit Non-Registered Holder to direct the voting of their CRAFT Securities. Only persons who attend the Meeting in-person or by proxy may vote at the Meeting; as such, if a Registered CRAFT Securityholder will not be attending the Meeting in-person or by proxy or joining the Meeting via the Zoom link provided, it is recommended that the Registered CRAFT Securityholder complete and submit the form of proxy. **In either case, Non-Registered Holder should carefully follow the instructions of their intermediaries and their service companies, including those regarding when and where the voting instruction form or the proxy is to be delivered.**

The Notice of Meeting and this Circular are being sent to both registered and non-registered owners of CRAFT Securities. Management of CRAFT does not intend to pay for Intermediaries for forward proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* to objecting Non-Registered Holders. Please carefully review and return your voting instructions as specified in the request for voting instructions form or form of proxy.

### **How a Vote is Passed**

At the Meeting, CRAFT Shareholders will be asked, among other things, to consider and to vote to approve the Arrangement Resolution approving the Arrangement. To be effective, the Arrangement must be approved by: (i) at least 66⅔% of the votes cast by CRAFT Shareholders present in person or by proxy at the Meeting and (ii) at least 66⅔% of the votes cast by CRAFT Securityholders present in person or by proxy at the Meeting, voting together as a single class, and (iii) a simple majority of the votes cast excluding the votes of CRAFT Shares held or controlled by “interested parties” as defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. See “*The Arrangement — Regulatory Law Matters and Securities Law Matters — Canadian Securities Law Matters*”.

In addition, at the Meeting, CRAFT Shareholders will be asked to consider and to vote to approve the following matters via ordinary resolution by a simple majority of the votes cast at the Meeting in person or by proxy by CRAFT Shareholders: the approval to set the number of directors of CRAFT at four (4) for the ensuing year, to elect the directors of CRAFT for ensuing year, to appoint GreenGrowth CPAs Inc. as the auditors of CRAFT to hold office until the next annual general meeting of shareholders and to authorize the directors to fix the remuneration paid to the auditors, and to approve the LTIP. If the Arrangement does not proceed as contemplated, CRAFT

anticipates continuing pursuant to resolution of these general matters.

## **Quorum**

The quorum for the transaction of business at the Meeting is two persons who are, or who represent by proxy, shareholders who, in aggregate hold at least 25% of the issued CRAFT Shares entitled to vote at the Meeting.

## **Who can Vote?**

If you were a Registered CRAFT Securityholder as of the close of business on October 31, 2023, you are entitled to cast one vote for each CRAFT Security by attending the Meeting in-person or voting via proxy registered in your name on all resolutions put before the Meeting. If your CRAFT Securities are registered in the name of a “nominee” (usually a bank, trust company, securities dealer or other financial institution) you should refer to the section entitled “*Voting for Non-Registered Holders*” set out above.

It is important that your CRAFT Securities be represented at the Meeting regardless of the number of CRAFT Securities you hold. Only persons who attend the Meeting in-person or by proxy may vote at the Meeting; as such, if a Registered CRAFT Securityholder will not be attending the Meeting in-person or by proxy, or will be joining the Meeting via the Zoom link provided, it is recommended that the Registered CRAFT Securityholder complete and submit the form of proxy. We urge you to complete, date, sign and return your form of proxy as soon as possible so that your CRAFT Securities will be represented.

## **Appointment of Proxies**

**You can appoint the persons named in the enclosed forms of proxy, who are executive officers of CRAFT. Alternatively, you can appoint any other person or entity (who need not be a CRAFT Securityholder) other than the persons designated on the enclosed form of proxy to vote on your behalf. In order to be valid, you must return the completed form of proxy 48 hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting to the transfer agent, Odyssey Trust Company at Trader’s Bank Building, 702, 67 Yonge Street, Toronto, ON M5E 1J8, or by fax number 1-800-517-4553.**

## **What is a Proxy?**

A form of proxy is a document that authorizes someone to cast your votes for you. We have enclosed a form of proxy with this Circular. You should use it to appoint a proxyholder, although you can also use any other legal form of proxy.

## **Appointing a Proxyholder**

The persons named in the enclosed forms of proxy are directors and officers of CRAFT. **A CRAFT Securityholder who wishes to appoint some other person to represent such CRAFT Securityholder may do so by crossing out the name on the form of proxy and inserting the name of the person proposed in the blank space provided in the enclosed form of proxy. Such other person need not be a CRAFT Securityholder.** To vote your CRAFT Securities via proxy, you must return the completed form of proxy 48 hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting to the transfer agent, Odyssey Trust Company at 702,67 Yonge Street, Toronto, ON M5E 1J8, or by fax number 1-800-517-4553. If you do not fill a name in the blank space in the enclosed form of proxy, the persons named in the form of proxy are appointed to act as your proxyholder.

## **Instructing your Proxy and Exercise of Discretion by your Proxy**

You may indicate on your form of proxy how you wish your proxyholder to vote your CRAFT Securities. To do this, simply mark the appropriate boxes on the form of proxy. If you do this, your proxyholder must vote your CRAFT Securities in accordance with the instructions you have given.

If you do not give any instructions as to how to vote on a particular issue to be decided at the Meeting, your proxyholder can vote your CRAFT Securities as he or she thinks fit. If you have appointed the persons designated in

the form of proxy as your proxyholder they will, unless you give contrary instructions, vote your CRAFT Securities at the Meeting as follows:

- ✓ **FOR the Arrangement Resolution**
- ✓ **FOR the resolution to set the number of directors at four (4)**
- ✓ **FOR the resolution to elect the directors nominated per this Circular**
- ✓ **FOR the resolution to appoint GreenGrowth CPAs Inc. as auditor**
- ✓ **FOR the resolution to approve the LTIP**

Further details about these matters are set out in this Circular. The enclosed forms of proxy give the persons named on the form the authority to use their discretion in voting on amendments or variations to matters identified on the Notice of Meeting. At the time of printing this Circular, the management of CRAFT is not aware of any other matter to be presented for action at the Meeting. If, however, other matters do properly come before the Meeting, the persons named on the enclosed forms of proxy will vote on them in accordance with their best judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

### Changing your mind

If you want to revoke your proxy after you have delivered it, you can do so at any time before it is used. You may do this by: (a) signing a proxy bearing a later date and depositing it in the manner and within the time described above under the heading “*Appointment of Proxies*”; (b) signing a written statement which indicates, clearly, that you want to revoke your proxy and delivering this signed written statement to the registered office of CRAFT at Suite 1500 1055 West Georgia St., Vancouver, British Columbia V6E 4N7; or (c) in any other manner permitted by law. Your proxy will only be revoked if a revocation is received by 5:00 p.m. (Vancouver time) on the last Business Day before the day of the Meeting.

### Voting Securities and Principal Holders

The authorized capital of CRAFT consists of an: (i) unlimited number of CRAFT Shares; (ii) unlimited number of proportionate voting shares (the “**CRAFT Proportionate Voting Shares**”); (iii) unlimited class A restricted voting shares (“**CRAFT Class A Voting Shares**”), and (iv) unlimited class B shares (the “**CRAFT Class B Shares**”). At the close of business on October 31, 2023, there were: (i) 93,406 CRAFT Shares issued and outstanding; (ii) 464,050 CRAFT Proportionate Voting Shares issued and outstanding; (iii) nil CRAFT Class A Voting Shares issued and outstanding; (iv) nil CRAFT Class B Shares issued and outstanding. As of the Record Date, there are 5,940,000 CRAFT Warrants issued and outstanding.

To the knowledge of the directors and executive officers of CRAFT, as of October 31, 2023, except as listed below, there are no persons or corporations that beneficially own, directly or indirectly, or exercise control or direction over securities carrying in excess of 10% of the voting rights attached to any class of outstanding voting securities of CRAFT. Each CRAFT Shareholder is entitled to one vote for each CRAFT Share registered in his or her name at the close of business on October 31, 2023, the date fixed by the directors as the Record Date for determining who is entitled to receive notice of and to vote at the Meeting with respect to the matters contemplated herein.

Person	Number of CRAFT Shares <sup>(1)</sup>	Type of Ownership	Percentage of Class <sup>(2)</sup>
Robert Aranda	28,052,500 CRAFT Shares	Direct	60.33%
Brott LLC	6,001,800 CRAFT Shares	Direct	12.91%

Notes

1. Converted to CRAFT Shares on a basis of on the basis of one (1) CRAFT Proportionate Share for one hundred (100) CRAFT Shares.
2. Based on 46,498,406 issued and outstanding CRAFT Shares.

## THE ARRANGEMENT

At the Meeting, CRAFT Securityholders will be asked to consider and, if thought advisable, to pass, the Arrangement Resolution to approve the Arrangement under the BCBCA pursuant to the terms of the Arrangement Agreement and the Plan of Arrangement. The Arrangement, the Plan of Arrangement and the terms of the Arrangement Agreement are summarized below. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement, which has been filed by CRAFT under its profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com), and the Plan of Arrangement, which is attached to this Circular as Appendix C.

In order to implement the Arrangement, the Arrangement Resolution must be approved by: (i) at least 66⅔% of the votes cast by CRAFT Shareholders present in person or by proxy at the Meeting and (ii) at least 66⅔% of the votes cast by CRAFT Securityholders present in person or by proxy at the Meeting, voting together as a single class, and (iii) a simple majority of the votes cast excluding the votes of CRAFT Shares held or controlled by “interested parties” as defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. A copy of the Arrangement Resolution is set out in Appendix B of this Circular.

Unless otherwise directed, it is management’s intention to vote **FOR** the Arrangement Resolution. If you do not specify how you want your CRAFT Securities voted, the persons named as proxyholders will cast the votes represented by your proxy at the Meeting **FOR** the Arrangement Resolution.

If the Arrangement is approved at the Meeting and the Final Order approving the Arrangement is issued by the Court and the applicable conditions to the completion of the Arrangement are satisfied or waived, the Arrangement will take effect at the Effective Time (anticipated to be 12:01 a.m. (Vancouver time) on the Effective Date). The Effective Date is expected to occur on or before December 31, 2023, or such later date as is agreed to by the parties.

If you hold your CRAFT Shares through a broker or other person, please contact that broker or other person for instructions and assistance in receiving the Consideration under the Arrangement. In order to receive the Consideration to be distributed under the Arrangement, a Registered CRAFT Shareholder must complete, sign, date and return the enclosed Letter of Transmittal and all documents required thereby in accordance with the instructions set out therein.

### Principal Steps of the Arrangement

Under the Plan of Arrangement, commencing at the Effective Time, the following shall occur and shall be deemed to occur, except to the extent otherwise indicated, in the following order without any further act or formality:

- (a) each CRAFT Share held by a Dissenting CRAFT Shareholder shall, without any further action by or on behalf of such Dissenting CRAFT Shareholder, be deemed to have been transferred and assigned to Nano in consideration for a debt claim against Nano determined and payable in accordance with Section 3.1 of the Arrangement Agreement, and the name of each such holder shall be removed from the register of the CRAFT Shares maintained by or on behalf of CRAFT and Nano shall be deemed to be the transferee of such CRAFT Shares and shall be entered in the register of the CRAFT Shares maintained by or on behalf of CRAFT;
- (b) AcquisitionCo and CRAFT will amalgamate pursuant to the BCBCA, to continue as one unlimited liability company, Amalco, and upon the Amalgamation,
  - (i) the by-laws of Amalco shall be the same as the by-laws of CRAFT;
  - (ii) the articles of Amalco shall be the same as the articles of CRAFT;

- (c) each issued and outstanding CRAFT Share other than those held by Nano will be exchanged for one (1) Consideration Share;
- (d) each CRAFT Warrant shall be exchanged for a Nano Replacement Warrant to purchase from Nano one (1) Nano Share. Such Nano Replacement Warrant shall provide for an exercise price per Nano Replacement Warrant (rounded up to the nearest whole cent) equal to the exercise price per CRAFT Share that would otherwise be payable pursuant to the CRAFT Warrant it replaces. All terms and conditions of a Nano Replacement Warrant, including the term to expiry, conditions to and manner of exercising, will be the same as the CRAFT Warrant for which it was exchanged, and shall be governed by the terms of the CRAFT Warrant Agreement and any document evidencing a CRAFT Warrant shall thereafter evidence and be deemed to evidence such Nano Replacement Warrant. It is intended that subsection 7(1.4) of Tax Act apply to such exchange of options;
- (e) the property of CRAFT and AcquisitionCo shall continue to be the property of Amalco;
- (f) all rights, contracts, permits and interests of CRAFT and AcquisitionCo shall continue as rights, contracts, permits and interests of Amalco and, for greater certainty, the Amalgamation shall not constitute a transfer or assignment of the rights or obligations of CRAFT or AcquisitionCo under any such rights, contracts, permits, and interests;
- (g) Amalco shall continue to be liable for the obligations of CRAFT and AcquisitionCo shall be unaffected;
- (h) all existing causes of action, claims or liabilities to prosecution with respect to CRAFT and AcquisitionCo may continue to be prosecuted by or against Amalco;
- (i) all civil, criminal or administrative actions or proceedings pending by or against CRAFT or AcquisitionCo shall be unaffected; and
- (j) all convictions against, or rulings, orders or judgments in favour of or against CRAFT or AcquisitionCo may be enforced by or against Amalco.

## **Background to the Arrangement**

The Arrangement Agreement is the result of arm's length negotiations among representatives of Nano and CRAFT and their respective financial and legal advisors. The following is a summary of the background leading up to the announcement of the Arrangement.

Management of CRAFT and the CRAFT Board periodically review CRAFT's long-term strategic plans and prospects with the goal of maximizing shareholder value while also taking CRAFT's other stakeholders into account. As part of this process, management and the CRAFT Board evaluate growth opportunities that may be available to CRAFT.

Both Nano and CRAFT were seeking strategic partnerships to leverage their global healthcare and wellness products and services.

On June 15, 2023, CRAFT and Nano entered into a non-binding letter of intent outlining a general framework of a potential business combination transaction between the two parties.

On July 15, 2023, CRAFT and Nano entered into a binding letter of intent (the "**LOI**") outlining a more solidified structure for a business combination, in particular: that Nano would acquire CRAFT for the Consideration and that the Nano Shares would be listed on the Cboe upon completion of the proposed business combination. CRAFT publicly announced the entering into of the LOI on July 20, 2023.

On August 30, 2023, the CRAFT Board appointed three members to form a special committee to evaluate



the proposed acquisition of the CRAFT Shares by Nano and to engage Echelon as a financial advisory to CRAFT's Special Committee and to provide a fairness opinion on the transaction.

Between July 15, 2023 and September, 27, 2023, CRAFT and Nano, together with their legal and financial advisors, negotiated an arrangement agreement that set out the terms of the proposed transaction, including representations, warranties, conditions and transaction protection measures as well as the cash and share consideration to be paid for the CRAFT Shares and treatment of the CRAFT Warrants. Also, during this period, they negotiated a form of voting and support agreement that set out the terms upon which CRAFT's executive officers would vote their CRAFT Shares in favour of the Arrangement. During this period, the Special Committee met with management and its financial and legal advisors to receive progress reports and to provide direction on matters that required negotiation.

On September 22, 2023, the Special Committee met to consider the draft Arrangement Agreement. After a discussion on the merits of the proposed business combination and both Consideration Shares and the Nano Cash Consideration being made to the CRAFT Shareholders, the Special Committee concluded that the Consideration being offered to CRAFT Shareholders under the Arrangement was fair and that the Arrangement is in the best interests of CRAFT and the CRAFT Shareholders and resolved to unanimously recommend to the CRAFT Board that it supports the Arrangement and recommend to CRAFT Shareholders that they vote in favour of the Arrangement.

On September 27, 2023, the CRAFT Board met to consider the draft Arrangement Agreement and other documents, and to receive the report and the recommendations of the Special Committee and to consider other factors relevant to the proposed transaction. After discussion and taking into consideration the unanimous recommendation of the Special Committee as well as numerous other factors, including those set forth below under the heading "*Reasons for the Arrangement*", the CRAFT Board resolved and determined that the Arrangement was in the best interests of CRAFT, and is fair to CRAFT Shareholders, and that it would unanimously recommend that CRAFT Shareholders vote in favour of the Arrangement Resolution.

Throughout the night on September 27, 2023, the parties finalized the Arrangement Agreement. The Arrangement Agreement was executed late on September 27, 2023 and the Arrangement was publicly announced prior to the opening of markets on September 28, 2023.

### **Recommendation of the CRAFT Board**

The CRAFT Board, having taken into account such matters as it considered relevant, including the factors set out below under the heading "*The Arrangement — Reasons for the Arrangement*", and after consultation with its financial and legal advisors and upon the unanimous recommendation of the Special Committee, has unanimously determined that the Arrangement is in the best interests of CRAFT and is fair to the CRAFT Securityholders. **Accordingly, the CRAFT Board unanimously recommends that CRAFT Securityholders vote FOR the Arrangement Resolution.**

Each executive officer of CRAFT is required by the Support Agreements, among other things, to vote all of his or her CRAFT Shares (including any CRAFT Shares issued upon the exercise of any CRAFT Warrants) in favour of the Arrangement Resolution, subject to the terms of the Arrangement Agreement and the Support Agreements.

### **Reasons for the Arrangement**

The CRAFT Board and the Special Committee, in unanimously determining that the Arrangement is in the best interests of CRAFT and is fair to CRAFT Shareholders, and recommending that CRAFT Shareholders vote in favour of the Arrangement Resolution, and in unanimously making its recommendation to the CRAFT Board, respectively, considered and relied upon several factors, including, among others, the following:

- (a) the immediate global scalability by combining Nano and CRAFT;

- (b) the fact that Nano has offered CRAFT Shareholders consideration comprised both of a cash and equity component that represents a significant premium to the CRAFT Share price and the anticipated enterprise value of Nano of USD\$5,500,000,000 per the Arrangement Agreement;
- (c) that the Consideration Shares to be received by CRAFT Shareholders in the Arrangement offer CRAFT Shareholders an opportunity to own shares in a company anticipated to have exclusive distribution operations of a pharmaceutical Diabetes worldwide, providing CRAFT Shareholders with exposure to strong growth opportunities in the biotech industry internationally.
- (d) CRAFT Shareholders, through their ownership of Consideration Shares, will have exposure and access to the current international growth strategy as designed by Nano;
- (e) Echelon provided its opinion to the Special Committee and the CRAFT Board to the effect that, as of October 30, 2023 and based upon and subject to the scope of the review, analysis undertaken and various assumptions, limitations and qualifications set out in the Fairness Opinion, the Consideration to be received under the Arrangement is fair, from a financial point of view, to CRAFT Shareholders;
- (f) the treatment of holder(s) of CRAFT Warrants under the Arrangement;
- (g) the fact that the evaluation process was led by the Special Committee, the majority of such individuals being independent of management of CRAFT, and the members of the Special Committee met regularly with CRAFT's advisors and management;
- (h) the fact that CRAFT's and Nano's respective representations, warranties and covenants and the conditions to their respective obligations set forth in the Arrangement Agreement, including the completion of the Nano Housey Transactions and the Nano Financing, are reasonable in the judgment of the CRAFT Board following consultations with its advisors, and are the product of extensive arm's length negotiations between CRAFT and its advisors and Nano and its advisors;
- (i) that prior to entering into the Arrangement Agreement, CRAFT regularly evaluated business and strategic opportunities with the objective of maximizing shareholder value in a manner consistent with the best interests of the company. The Special Committee and the CRAFT Board, with the assistance of legal and financial advisors, assessed the alternatives reasonably available to CRAFT and determined that the Arrangement represents the best current prospect for maximizing shareholder value;
- (j) the terms of the Arrangement Agreement allow the CRAFT Board to respond, in accordance with its fiduciary duties, to an unsolicited CRAFT Acquisition Proposal that would be reasonably likely, if consummated in accordance with its terms, to be a CRAFT Superior Proposal. The CRAFT Break Fee payable to Nano in connection with a termination of the Arrangement Agreement represents 1% of the total proposed value of the Arrangement and is reasonable in the circumstance and is not preclusive of other proposals;
- (k) the fact that the Arrangement Resolution must be approved by at least 66⅔% of the votes cast on the Arrangement Resolution by CRAFT Securityholders present in person or by proxy and entitled to have their votes counted, via proxy, at the Meeting. The CRAFT Board also considered the fact that the Arrangement must also be approved by the Court, which will consider the substantive and procedural fairness of the Arrangement to all CRAFT Securityholders; and
- (l) that any Registered CRAFT Shareholder who opposes the Arrangement may, on strict compliance with certain conditions, exercise its Arrangement Dissent Rights and receive the fair value of the Dissent Shares in accordance with the Arrangement.

In the course of its deliberations, the CRAFT Board also identified and considered a variety of risks, including, but not limited to:

- (a) as CRAFT Shareholders will receive Consideration Shares based on a fixed valuation of Nano; Consideration Shares received by CRAFT Shareholders under the Arrangement may have a market value lower than expected; and
- (b) the risks to CRAFT if the Arrangement is not completed, including the costs to CRAFT in pursuing the Arrangement and the diversion of management attention away from the conduct of CRAFT's business in the ordinary course.

The foregoing summary of the information and factors considered by the CRAFT Board is not, and is not intended to be, exhaustive. In view of the wide variety of factors and information considered in connection with their evaluation of the Arrangement, the CRAFT Board did not find it practicable to, and therefore did not, quantify or otherwise attempt to assign any relative weight to each specific factor or item of information considered in reaching its conclusion and recommendation. In addition, individual members of the CRAFT Board may have given different weight to different factors or items of information.

### **Fairness Opinion**

On August 30, 2023, the Special Committee retained Echelon as its financial advisor, to provide a fairness opinion to the Special Committee with respect to the Arrangement. Under the terms of Echelon's engagement, CRAFT has agreed to pay Echelon a fixed fee for rendering the Fairness Opinion, whether or not the Arrangement is completed. Echelon has confirmed that the fees payable to Echelon pursuant to the engagement, are not, in the aggregate, financially material to Echelon. CRAFT has also agreed to reimburse the Financial Advisor for reasonable out-of-pocket expenses and to indemnify, among others, Echelon in respect of certain liabilities that might arise out of the engagement.

Echelon has delivered the written Fairness Opinion to the effect that, as of October 30, 2023, and based upon and subject to the scope of the review, analysis undertaken and various assumptions, limitations and qualifications set forth in its opinion, the Consideration is fair, from a financial point of view to the CRAFT Shareholders.

The Fairness Opinion addresses the fairness, from a financial point of view, of the Consideration to the CRAFT Shareholders and does not address any other aspect of the Arrangement or any related transaction, including any tax consequences of the Arrangement to CRAFT or the CRAFT Shareholders. The Fairness Opinion was provided for the exclusive use of the Special Committee and may not be relied upon by any other person. The Fairness Opinion does not address the relative merits of the Arrangement or any related transaction as compared to other business strategies or transactions that might be available to CRAFT or the underlying business decision of CRAFT to effect the Arrangement or any related transaction. The Fairness Opinion does not constitute a recommendation to any CRAFT Shareholder as to how such CRAFT Shareholder should vote on the Arrangement Resolution, or how to act with respect to any matters relating to the Arrangement.

The Fairness Opinion was rendered on the basis of the securities markets, economic, financial and general business conditions prevailing as at October 30, 2023 and on information relating to the subject matter thereof as represented to Echelon. As set forth in the Fairness Opinion, Echelon has relied upon, and assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions, and representations obtained by Echelon from public sources or provided by or on behalf of CRAFT and Nano.

The Fairness Opinion, is only one of many factors considered by the Special Committee and Board in their unanimous recommendation that CRAFT Shareholders vote for the Arrangement Resolution, and should not be viewed as determinative of the views of the Special Committee or Board with respect to the Arrangement or the consideration provided for in the Arrangement.

The full text of the Fairness Opinion which sets out, among other things, the assumptions made, information reviewed and matters considered by Echelon in rendering the Fairness Opinion, as well as the limitations and qualifications the opinion is subject to, is attached as Appendix D to this Circular. CRAFT Shareholders are urged to read the Fairness Opinion in its entirety. The summary of the Fairness Opinion described in this Circular is qualified in its entirety by reference to the full text of such opinion.

## Treatment of CRAFT Warrants

Subject to the terms and conditions of the Arrangement Agreement, pursuant to the Plan of Arrangement and notwithstanding the terms of the CRAFT Warrants, each CRAFT Warrant shall be exchanged for a Nano Replacement Warrant to purchase from Nano, one (1) Nano Share. Such Nano Replacement Warrant shall provide for an exercise price per Nano Replacement Warrant (rounded up to the nearest whole cent) equal to the exercise price per CRAFT Share that would otherwise be payable pursuant to the CRAFT Warrant it replaces. All terms and conditions of a Nano Replacement Warrant, including the term to expiry, conditions to and manner of exercising, will be the same as the CRAFT Warrant for which it was exchanged, and shall be governed by the terms of the CRAFT Warrant Agreement and any document evidencing a CRAFT Warrant shall thereafter evidence and be deemed to evidence such Nano Replacement Warrant.

## Approval of Arrangement Resolution

At the Meeting, the CRAFT Securityholders will be asked to approve the Arrangement Resolution, the full text of which is set out in Appendix B to this Circular. In order for the Arrangement to become effective, as provided in the Interim Order and by the BCBCA, the Arrangement Resolution must be approved by: (i) at least 66⅔% of the votes cast by CRAFT Shareholders present in person or by proxy at the Meeting and (ii) at least 66⅔% of the votes cast by CRAFT Securityholders present in person or by proxy at the Meeting, voting together as a single class, and (iii) a simple majority of the votes cast excluding the votes of CRAFT Shares held or controlled by “interested parties” as defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. Should CRAFT Shareholders or CRAFT Securityholders fail to approve the Arrangement Resolution by the requisite votes, the Arrangement will not be completed.

**The CRAFT Board has approved the terms of the Arrangement Agreement and the Plan of Arrangement and recommends that the CRAFT Securityholders vote FOR the Arrangement Resolution. See “The Arrangement — Recommendation of the CRAFT Board” above.**

## Support Agreements

On September 27, 2023, each of the executive officers of CRAFT entered into the Support Agreements. The Support Agreements set forth, among other things, the agreement of executive officers to vote their CRAFT Shares (including any CRAFT Shares issued upon the exercise of any CRAFT Warrants) in favour of the Arrangement, and any other matter necessary for the consummation of the Arrangement.

The Support Agreements require voting support and prevent Supporting Shareholders from exercising Arrangement Dissent Rights. Each Supporting Shareholder has agreed to vote any CRAFT Shares owned legally or beneficially by the Supporting Shareholder (directly or indirectly) or over which he or she exercises control or direction (directly or indirectly) in favour of the Arrangement and against any CRAFT Acquisition Proposal and/or any matter that could reasonably be expected to delay, prevent, impede or frustrate the completion of the Arrangement and each of the transactions contemplated by the Arrangement Agreement. Under the terms of the Support Agreements, Nano has acknowledged that any Supporting Shareholder who is also a director or officer of CRAFT is bound under the Support Agreement only in such person’s capacity as a CRAFT Shareholder, and not in his or her capacity as a director or officer.

The Support Agreements terminate automatically at the closing of the Arrangement, or upon: (i) mutual agreement; (ii) the Completion Deadline; (iii) a Supporting Shareholder’s election following certain breaches of Nano’s covenants, representations or warranties; (iv) a Supporting Shareholder’s election on the amendment of the Arrangement Agreement in any manner adverse to his or her interests; or (v) either party’s election following the termination of the Arrangement Agreement in accordance with the terms thereof.

Nano has advised CRAFT that, as of September 28, 2023 (the date on which the Arrangement was announced), other than as has been previously disclosed to CRAFT in writing, none of Nano and the Subsidiaries of Nano, any of their affiliates, any such Person’s Representatives or any other Person acting jointly or in concert with any of them, beneficially owns or controls (directly or indirectly, economically, or through derivatives or otherwise) any securities of CRAFT or any of its affiliates.

## **Completion of the Arrangement**

Subject to the provisions of the Arrangement Agreement, the Arrangement will become effective at the Effective Time (anticipated to be 12:01 a.m. (Vancouver time) on the Effective Date, being the date following the date upon which all of the conditions to completion of the Arrangement as set out in Sections 5.1, 5.2 and 5.3 of the Arrangement Agreement have been satisfied or waived in accordance with the Arrangement Agreement, all documents agreed to be delivered thereunder have been delivered to the satisfaction of the recipient, acting reasonably, and the filings required under Section 288 of the BCBCA have been filed). Completion of the Arrangement is expected to occur on or before December 31, 2023; however, it is possible that completion may be delayed beyond this period if the conditions to completion of the Arrangement cannot be met on a timely basis, but in no event shall completion of the Arrangement occur later than the Completion Deadline, unless agreed in writing by the Parties.

## **Procedure for Exchange of CRAFT Shares**

Odyssey Trust Company is acting as depositary under the Arrangement pursuant to the terms of the Depositary Agreement. The Depositary will receive deposits of certificates or DRS statements representing CRAFT Shares and an accompanying Letter of Transmittal, at the office specified in the Letter of Transmittal and will be responsible for delivering the Consideration to which CRAFT Shareholders are entitled to under the Arrangement.

At the time of sending this Circular to each CRAFT Shareholder, CRAFT is also sending to each Registered CRAFT Shareholder the Letter of Transmittal. The Letter of Transmittal is for use by Registered CRAFT Shareholders only and is not to be used by Non-Registered Holders. Non-Registered Holders should contact their broker or other intermediary for instructions and assistance in receiving the Consideration in respect of their CRAFT Shares.

Registered CRAFT Shareholders are requested to tender to the Depositary any certificates or DRS Statements representing their CRAFT Shares along with the duly completed Letter of Transmittal. As soon as practicable after the Effective Date, the Depositary will forward to each Registered CRAFT Shareholder that submitted a properly completed Letter of Transmittal to the Depositary, together with the certificate(s) or DRS Statement(s) representing the CRAFT Shares held by such CRAFT Shareholder immediately prior to the Effective Date, certificates or DRS Advice(s) representing the appropriate number of Consideration Shares and the pro rata portion of the Nano Cash Consideration to which the Former CRAFT Shareholder is entitled under the Arrangement, to be delivered to or at the direction of such CRAFT Shareholder. Certificates or DRS advices representing the Consideration Shares will be registered in such name or names as directed in the Letter of Transmittal and will be either (i) delivered to the address or addresses (or email address in the case of the electronic delivery of the DRS Advice) as such CRAFT Shareholder directed in their Letter of Transmittal or (ii) made available for pick up at the offices of the Depositary in accordance with the instructions of the CRAFT Shareholder in the Letter of Transmittal. Instructions will be provided upon receipt of the DRS Advice representing the Consideration Shares for registered Former CRAFT Shareholders that would like to request a Nano Share certificate. Only registered Former CRAFT Shareholders will receive a DRS Advice representing the Consideration Shares and the pro rata portion of the Nano Cash Consideration. DRS is a system that will allow Former CRAFT Shareholders to hold their Consideration Shares in “book-entry” form without having a physical share certificate issued as evidence of ownership. Consideration Shares will be held in the name of Former CRAFT Shareholders and registered electronically in Nano’s records, which will be maintained by its transfer agent and registrar, Odyssey Trust Company. The first time Consideration Shares are recorded under DRS (upon completion of the Arrangement), Former CRAFT Shareholders will receive an initial DRS Advice acknowledging the number of Consideration Shares held in their DRS account. Anytime that there is movement of Nano Shares into or out of a Former CRAFT Shareholder’s DRS account, an updated DRS Advice will be mailed. There is no fee to participate in DRS and dividends, if any, will not be affected by DRS.

Only registered Former CRAFT Shareholders will receive DRS Advices representing the Consideration Shares and a pro rata portion of the Nano Cash Consideration. A Registered CRAFT Shareholder that did not submit a properly completed Letter of Transmittal prior to the Effective Date may take delivery of the DRS Advices representing the appropriate number of Consideration Shares and receive their pro rata portion of the Nano Cash Consideration to which the Former CRAFT Shareholder is entitled under the Arrangement, by delivering the certificate(s) or DRS Statement(s) representing CRAFT Shares formerly held by them to the Depositary at the office

indicated in the Letter of Transmittal at any time prior to the sixth anniversary of the Effective Date. Such certificates or DRS Statements must be accompanied by a duly completed Letter of Transmittal, together with such other documents as the Depositary may require. DRS Advices representing the Consideration Shares will be registered in such name or names as directed in the Letter of Transmittal to which the Former CRAFT Shareholder is entitled under the Arrangement, will be either (i) delivered to the address or addresses (or email address in the case of the electronic delivery of the DRS Advice) as such CRAFT Shareholder directed in its Letter of Transmittal or (ii) made available for pick up at the office of the Depositary in accordance with the instructions of the Registered CRAFT Shareholder in the Letter of Transmittal.

In the event any certificate, which immediately before the Effective Time represented one or more outstanding CRAFT Shares in respect of which the holder was entitled to receive the Consideration pursuant to the Arrangement, and that was exchanged for the Consideration, is lost, stolen or destroyed, upon the making of an affidavit or statutory declaration of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary will deliver in exchange for such lost, stolen or destroyed certificate representing the appropriate number of Consideration Shares and the pro rata portion of the Nano Cash Consideration to which the Former CRAFT Shareholder is entitled under the Arrangement. When authorizing delivery of DRS Advices representing the Consideration Shares and the pro rata portion of the Nano Cash Consideration to which the Former CRAFT Shareholder is entitled under the Arrangement in exchange for any lost, stolen or destroyed certificate, such former holders to whom certificates and DRS Advices are to be delivered will be required, as a condition precedent to the delivery thereof, to give a bond satisfactory to Nano, CRAFT, and the Depositary in such amount as Nano, CRAFT, and the Depositary may direct or otherwise indemnify Nano, CRAFT, and the Depositary in a manner satisfactory to them, against any claim that may be made against one or both of them with respect to the certificate alleged to have been lost, stolen or destroyed.

A Registered CRAFT Shareholder must deliver to the Depositary at the office listed in the Letter of Transmittal:

- (a) the share certificates or DRS Statements representing their CRAFT Shares;
- (b) a Letter of Transmittal in the form accompanying this Circular, or a manually executed photocopy thereof, properly completed and duly executed as required by the instructions set out in the Letter of Transmittal; and
- (c) any other relevant documents required by the instructions set out in the Letter of Transmittal.

Except as otherwise provided in the instructions to the Letter of Transmittal, the signature on the Letter of Transmittal must be guaranteed by an Eligible Institution. If a Letter of Transmittal is executed by a person other than the Registered CRAFT Shareholder of the share certificate(s) or DRS Statement(s) deposited therewith, the share certificate(s) or DRS Statement(s) must be endorsed or be accompanied by an appropriate securities transfer power of attorney, duly and properly completed by the registered holder, with the signature on the endorsement panel, or securities transfer power of attorney guaranteed by an Eligible Institution.

#### **No Fractional Shares to be Issued**

In no event shall any CRAFT Shareholder be entitled to a fractional Consideration Share. Where the aggregate number of Consideration Shares to be issued to a person as a portion of the Consideration under or as a result of the Arrangement would result in a fraction of a Consideration Share being issuable, the number of Consideration Shares to be received by such securityholder shall be rounded down to the nearest whole Consideration Share and no person will be entitled to any compensation in respect of a fractional Consideration Share. In addition, where the aggregate number of Consideration Shares to be issued to a person as a portion of the Consideration under or as a result of the Arrangement would result in a fraction of a Consideration Share being issuable, the number of Consideration Shares to be received by such securityholder shall be rounded down to the nearest whole Consideration Share and no person will be entitled to any compensation in respect of a fractional Consideration Share.

## **Treatment of Dividends**

No dividends or other distributions declared or made after the Effective Date with respect to the CRAFT Shares with a record date after the Effective Date will be payable or paid to the holder of any un-surrendered certificates or DRS Statements representing CRAFT Shares and no such dividends or other distributions will be payable until the surrender of such certificates or DRS Statements representing CRAFT Shares in accordance with the terms of the Plan of Arrangement.

## **Cancellation of Rights after Six Years**

Any Former CRAFT Shareholder who fails to deliver any certificates or DRS Statements representing their CRAFT Shares, a duly completed Letter of Transmittal and such other documents or instruments required to be delivered, to the Depositary on or before the sixth anniversary of the Effective Date, (i) will be deemed to have donated and forfeited to Nano or their respective successors, any Consideration held by the Depositary in trust for such Former CRAFT Shareholder and (ii) any certificate or DRS Statements representing their CRAFT Shares will cease to represent a claim of any nature whatsoever and will be deemed to have been surrendered to Nano, as applicable, and will be cancelled. None of CRAFT or Nano, or any of their respective successors, will be liable to any person in respect of any Consideration (including any consideration previously held by the Depositary in trust for any such former holder) which is forfeited to CRAFT or Nano or delivered to any public official pursuant to any applicable abandoned property, escheat or similar law. Accordingly, Former CRAFT Shareholders who do not deposit with the Depositary a duly completed Letter of Transmittal and certificates or DRS Statements representing their CRAFT Shares on or before the date that is six years after the Effective Date will not receive any Consideration in exchange therefor, will not own any interest in CRAFT or Nano, and will not be paid any other compensation.

## **Unclaimed or Abandoned Property Law**

Notwithstanding anything to the contrary herein, any Consideration, including any forfeited Consideration, shall be subject to all applicable abandoned property, escheat or similar laws in the United States to the extent such law applies to such Consideration.

## **Court Approval of the Arrangement**

A plan of arrangement under the BCBCA such as the Plan of Arrangement requires Court approval.

### ***Interim Order***

On November 7, 2023, CRAFT obtained the Interim Order providing for the calling and holding of the Meeting, the Arrangement Dissent Rights and certain other procedural matters. The text of the Interim Order is set out in Appendix E to this Circular.

### ***Final Order***

Subject to the terms of the Arrangement Agreement, and if the Arrangement Resolution is approved by CRAFT Securityholders at the Meeting in the manner required by the Interim Order, CRAFT intends to make an application to the Court for the Final Order.

The application for the Final Order approving the Arrangement is currently scheduled for December 12, 2023 at 9:45 a.m. (Vancouver time), or as soon thereafter as counsel may be heard, at the Court, or at any other date and time as the Court may direct. Any CRAFT Shareholder or any other interested party who wishes to appear or be represented and to present evidence or arguments at that hearing of the application for the Final Order must file and serve a notice of appearance no later than 4:00 p.m. (Vancouver time) on December 8, 2023, in the form prescribed by the *Supreme Court Civil Rules*, with the Court, and deliver a copy of the filed response together with a copy of all materials on which such CRAFT Shareholder or interest party intends to rely at the hearing of the petition, including an outline of such person's proposed submission, to CRAFT c/o McMillan LLP, PO Box 11117, Suite 1500 – 1055 West Georgia Street, Vancouver, BC V6E 4N7, Attn: Melanie Harmer. Such persons should consult with their legal

advisors as to the necessary requirements. In the event that the hearing is adjourned then, subject to further order of the Court, only those persons having previously filed and served a notice of appearance will be given notice of the adjournment.

CRAFT has been advised by its counsel, McMillan LLP, that the Court has broad discretion under the BCBCA when making orders with respect to the Arrangement and that the Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, on the terms presented or substantially on those terms. Depending upon the nature of any required amendments, CRAFT and/or Nano may determine not to proceed with the Arrangement.

The Consideration Shares and Nano Replacement Warrants to be issued under the Arrangement have not been and will not be registered under the U.S. Securities Act in reliance upon the exemption from registration under the U.S. Securities Act provided by Section 3(a)(10) thereof. However, Section 3(a)(10) of the U.S. Securities Act does not exempt securities issued in connection with the exercise of convertible or derivative securities that were originally exempt from the registration requirements the U.S. Securities Act pursuant to Section 3(a)(10) of the U.S. Securities Act. The Court will be advised at the hearing of the application for the Final Order that if the terms and conditions of the Arrangement, and the fairness thereof, are approved by the Court, pursuant to Section 3(a)(10) of the U.S. Securities Act, Consideration Shares and Nano Replacement Warrants to be issued under the Arrangement will not require registration under the U.S. Securities Act. Accordingly, we expect that the Final Order of the Court will, if granted, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the distribution of Consideration Shares by Nano to the CRAFT Shareholders in exchange for CRAFT Shares in connection with the Arrangement and the exchange of CRAFT Warrants for Nano Replacement Warrants. Additionally, the Consideration Shares and Nano Replacement Warrants have not been and will not be registered or qualified under any U.S. state securities or “blue sky” laws, and will be issued only pursuant to exemptions from the registration or qualification requirements of applicable U.S. state securities or “blue sky” laws. See *“The Arrangement — Regulatory Law Matters and Securities Law Matters — United States Securities Law Matters”* below.

For further information regarding the Court hearing and your rights in connection with the Court hearing, see the form of Notice of Application attached at Appendix E to this Circular. The Notice of Application constitutes notice of the Court hearing of the application for the Final Order and is your only notice of the Court hearing.

## **Regulatory Approvals**

Completion of the Arrangement is subject to the condition precedent contained in the Arrangement Agreement relating to Regulatory Approvals having been fulfilled.

The Parties have identified HSR Clearance as a required Regulatory Approval. Under the HSR Act, certain transactions exceeding prescribed thresholds may not be completed until each party has filed a Notification and Report Form with the DOJ and with the FTC and applicable waiting period requirements have been satisfied. The Arrangement exceeds the prescribed thresholds and therefore is subject to the applicable waiting period requirements of the HSR Act.

The waiting period under the HSR Act will expire 30 days after all required Notification and Report Forms have been filed and applicable fees paid, unless earlier terminated by the FTC or the DOJ or unless the FTC or the DOJ issues a Second Request prior to that time. The agencies may request and the parties may agree to an additional initial 30-day waiting period under a voluntary “pull and refile” process prior to the issuance of a Second Request. If a waiting period would expire on a weekend or holiday, it is extended to the next Business Day. If within the 30-day waiting period, the FTC or the DOJ were to issue a Second Request, the waiting period with respect to the Arrangement would be extended until 30 days following substantial compliance with the Second Request unless the FTC or the DOJ terminates the waiting period prior to its expiration. Once all applicable HSR waiting periods have expired or been terminated, the HSR Act would no longer prohibit completion of the Arrangement, provided that the FTC or the DOJ has not taken action that results in a court order enjoining the Arrangement. The expiration or termination of the waiting period does not bar the FTC or the DOJ from subsequently challenging the Arrangement. It is a condition to closing of the Arrangement that HSR Clearance be obtained (as it is a Regulatory Approval).



## **Regulatory Law Matters and Securities Law Matters**

Other than the Final Order, the Regulatory Approvals, and the necessary conditional approvals or equivalent approvals, as the case may be, of the Cboe having been obtained (including approval of the listing and posting for trading on the Cboe of the Nano Shares and Nano Replacement Warrants to be issued pursuant to the Arrangement (that if the Cboe has not conditionally approved the listing of the Nano Shares by the Completion Deadline, then the mutual condition precedent to list the Nano Shares on the Cboe shall cease)), CRAFT is not aware of any material approval, consent or other action by any federal, provincial, state or foreign government or any administrative or regulatory agency that would be required to be obtained in order to complete the Arrangement. In the event that any such approvals or consents are determined to be required, such approvals or consents will be sought, although any such additional requirements could delay the Effective Date or prevent the completion of the Arrangement. While there can be no assurance that any regulatory consents or approvals that are determined to be required will be obtained, CRAFT currently anticipates that any such consents and approvals that are determined to be required will have been obtained or otherwise resolved by the Effective Date, which, subject to receipt of the CRAFT Shareholder Approval at the Meeting, receipt of the Final Order and the satisfaction or waiver of all other conditions specified in the Arrangement Agreement, is expected to occur on or before December 31, 2023.

### ***Canadian Securities Law Matters***

Each CRAFT Shareholder is urged to consult such CRAFT Shareholder's professional advisors to determine the Canadian conditions and restrictions applicable to trades in Nano Shares.

### ***Status under Canadian Securities Laws***

CRAFT is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador. The CRAFT Shares currently trade on the Cboe. Pursuant to the Arrangement, CRAFT will amalgamate with AcquisitionCo to form Amalco and the amalgamated entity will be a wholly-owned subsidiary of Nano. Following the Effective Date, the CRAFT Shares will be delisted from the Cboe (anticipated to be effective one to two Business Days following the Effective Date) and Nano expects to apply to the applicable Canadian securities regulators to have CRAFT cease to be a reporting issuer.

Upon completion of the Arrangement, Nano expects that it will be a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador. It is intended that an application to list the Nano Shares on the Cboe will be made. There can be no assurance as to if, or when, the Nano Shares will be listed or traded. It is a mutual condition of the Arrangement that the Cboe shall have conditionally approved the listing of the Nano Shares to be issued pursuant to the Arrangement (including any Nano Shares issuable upon the exercise of the Nano Replacement Warrants, subject in each case only to compliance with the usual requirements of the Cboe, including customary post-closing deliveries). Notwithstanding the foregoing, if the Cboe has not conditionally approved the listing of the Nano Shares by December 31, 2023, then this mutual condition precedent shall be deemed to be automatically removed from the Arrangement Agreement and accordingly, of no force or effect in respect of the Nano Shares. As the Nano Shares are not currently listed on a stock exchange, unless and until such a listing is obtained, holders of Nano Shares may not have a market for their shares.

### *Distribution and Resale of Consideration Shares under Canadian Securities Laws*

The distribution of the Consideration Shares pursuant to the Arrangement will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian securities legislation and is exempt from or otherwise is not subject to the registration requirements under applicable securities legislation. The Consideration Shares received pursuant to the Arrangement will not be legended and may be resold through registered dealers in each of the provinces of Canada provided that (i) Nano becomes a reporting issuer; (ii) the trade is not a “control distribution” as defined in National Instrument 45-102 — *Resale of Securities*, (iii) no unusual effort is made to prepare the market or to create a demand for Nano Shares, (iv) no extraordinary commission or consideration is paid to a person in respect of such sale, and (v) if the selling security holder is an insider or officer of Nano, the selling security holder has no reasonable grounds to believe that Nano, as the case may be, is in default of applicable Securities Laws.

Each CRAFT Shareholder is urged to consult his or her professional advisors to determine the Canadian conditions and restrictions applicable to trades in Consideration Shares.

### *Other Considerations*

Securities legislation in the provinces and territories of Canada provides security holders of CRAFT with, in addition to any other rights they may have at Law, rights to one or more of rescission, price revision or damages, if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within prescribed time limits. CRAFT Securityholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

### *United States Securities Law Matters*

The following discussion is a general overview of certain requirements of U.S. federal securities laws that may be applicable to CRAFT U.S. Securityholders. The discussion is based in part on non-binding interpretations and no-action letters provided by the staff of the SEC, which do not have the force of law. All CRAFT U.S. Securityholders are urged to consult with their own legal counsel to ensure that any subsequent resale of securities issued or distributed to them under the Arrangement complies with applicable securities legislation.

Further information applicable to CRAFT U.S. Shareholders is disclosed under the heading “*Note to United States Securityholders*”.

The following discussion does not address the Canadian securities laws that will apply to the issue or resale of securities by CRAFT U.S. Securityholders within Canada. CRAFT U.S. Securityholders reselling their securities in Canada must comply with Canadian securities laws, as outlined elsewhere in this Circular, as well as certain restrictions that will apply to any Nano Shares issued as “restricted securities” (as defined in Rule 144 under the U.S. Securities Act) by operation of Rule 905 of Regulation S.

The Consideration Shares and Nano Replacement Warrants to be issued pursuant to the Arrangement will not be registered under the provisions of the U.S. Securities Act in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof. Section 3(a)(10) of the U.S. Securities Act exempts securities issued in exchange for one or more outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court or authorized governmental entity, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear and receive timely notice thereof.

Securities issued in reliance on Section 3(a)(10) of the U.S. Securities Act are not “covered securities” that are pre-empted by Section 18 of the U.S. Securities Act from registration or qualification requirements of applicable U.S. state securities or “blue sky” laws. Accordingly, The Consideration Shares and Nano Replacement Warrants will be issued only pursuant to exemptions from such U.S. state registration or qualification requirements.

Section 3(a)(10) of the U.S. Securities Act does not exempt securities issued in connection with the

exercise of convertible or derivative securities that were originally exempt from the registration requirements the U.S. Securities Act pursuant to Section 3(a)(10) of the U.S. Securities Act or under applicable securities laws of any state of the United States. Accordingly, Section 3(a)(10) of the U.S. Securities Act does not exempt Nano Shares that may be issued upon the exercise of the Nano Replacement Warrants to be issued pursuant to the Arrangement.

#### *Resales of Consideration Shares after the Effective Date*

The Consideration Shares to be held by CRAFT Shareholders following completion of the Arrangement will be freely tradable in the U.S. under U.S. federal securities laws, except by persons who are “affiliates” of Nano (with respect to the Nano Shares) (a) at the time of their proposed transfer, or (b) within three months prior to their proposed transfer, or (c) within 90 days of the Effective Date of the Arrangement. Persons who may be deemed to be “affiliates” of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, and includes executive officers and directors of the issuer. In addition, beneficial ownership of 10% or more of the issuer’s voting securities is generally considered by staff at the SEC to give rise to a rebuttable presumption of the ability to exert control over the issuer, and therefore of affiliate status. Any resale of such Nano Shares by such an affiliate may be subject to the registration requirements of the U.S. Securities Act and applicable U.S. state securities or “blue sky” laws, absent an exemption therefrom (including the exemption provided by Rule 144, discussed below).

#### *Restrictions on Resale of Consideration Shares by Affiliates of Nano*

Consideration Shares held by persons who are “affiliates” of Nano

- at the time of their proposed transfer, or
- within three months prior to their proposed transfer, or
- within 90 days of the Effective Date of the Arrangement,

will be subject to restrictions on resale under the U.S. Securities Act as “control securities”, even though they will not be represented by certificates or other instruments imprinted with a U.S. Securities Act restrictive legend.

#### *Resales by Affiliates of Nano outside the U.S. under Regulation S*

Rule 904 of Regulation S will permit those persons who are deemed “affiliates” of Nano following the Effective Date solely by virtue of their status as an officer or director of Nano to resell their Consideration Shares outside the United States in an “offshore transaction” (which would include a sale through the physical trading floor of an established non-U.S. stock exchange or through the facilities of certain specified non-U.S. stock exchanges (including the Cboe), provided that: (a) neither the seller nor any person acting on behalf of the seller knows that the transaction has been prearranged with a buyer in the United States); (b) none of the seller, an affiliate nor any person acting on behalf of the seller engages in any “directed selling efforts” in the United States, including any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the securities being offered; and (c) no selling commission, fee or other remuneration is paid in connection with such sale other than the usual and customary broker’s commission that would be received by a person executing such transaction as agent.

#### *Resales by Affiliates of Nano in the U.S. under Rule 144*

As described above, persons who are not deemed “affiliates” of Nano after the Arrangement and who have not been affiliates either within the prior three months or within 90 days of the Effective Date may freely resell their Consideration Shares in the U.S. without the need to comply with any resale safe harbor, such as the exemption provided by Rule 144 under the U.S. Securities Act.

Persons who are “affiliates” of Nano after the Arrangement or who have been “affiliates” of Nano either within the prior three months or within 90 days of the Effective Date, and who wish to resell their Consideration Shares in the U.S., will need to avail themselves of an exemption from registration under the U.S. Securities Act

(absent an effective resale registration statement filed under the U.S. Securities Act). Rule 144 provides such an exemption, enabling affiliates of Nano to sell the Consideration Shares that they receive in connection with the Arrangement, provided that the number of such securities sold during any three-month period does not exceed 1% of the then outstanding class of such securities, subject to specified restrictions on the manner of sale, SEC Form 144 notice requirements, aggregation rules and the availability of current public information about Nano; and further provided that Nano has not been a so-called “shell company” at any time prior to the date of the resale transaction.

#### *Exercise of the Nano Replacement Warrants*

The Nano Replacement Warrants may not be exercised in the United States or by or for the account or benefit of a U.S. person or a person in the United States (collectively, a “**U.S. Warrantholder**”), except by a person who qualifies as an “accredited investor” as defined in Rule 501(a) of Regulation D under the U.S. Securities Act (in which case Nano intends to rely on the registration exemption provided by Rule 506(b) of Regulation D to issue the underlying Nano Shares, if then available), unless another exemption from registration under the U.S. Securities Act is available. Prior to the issuance of any shares pursuant to any such exercise, Nano may require the delivery of an opinion of counsel or other evidence or certifications reasonably satisfactory to Nano to the effect that the issuance of such shares does not require registration under the U.S. Securities Act. Any such exercise must also comply with applicable state securities laws.

Nano Replacement Warrants may also be exercised outside the United States in an “offshore transaction” pursuant to Rule 903 of Regulation S, provided that they are not exercised for the account or benefit of any U.S. person or any person in the United States.

In either case (that is, regardless of whether Nano Replacement Warrants are exercised by a U.S. Warrantholder, or whether they are exercised in an “offshore transaction”), the resulting Nano Shares will be issued as “restricted securities,” as defined in Rule 144 under the U.S. Securities Act, and will be represented by physical certificates or other instruments imprinted with a U.S. Securities Act restrictive legend in customary form. Such Nano Shares will continue to be deemed to be restricted securities by operation of Rule 905 of Regulation S if they are resold in an “offshore transaction” in reliance on Regulation S. The presence of the U.S. Securities Act restrictive legend will impair the ability of the selling shareholder to make “good delivery” of such Nano Shares on any Canadian stock exchange, including Cboe.

#### *Holders are Cautioned to Seek Appropriate Legal Advice*

The foregoing discussion is only a general overview of certain requirements of United States Securities Laws applicable to the securities received upon completion of the Arrangement. All holders of such securities are urged to consult with counsel to ensure that the resale of their securities complies with applicable United States Securities Laws.

#### **Fees and Expenses**

The aggregate expenses of CRAFT incurred or to be incurred relating to the Arrangement, including, without limitation, contractual severance obligations, legal, accounting, audit, financial advisory, printing, and other administrative and professional fees, the preparation and printing of this Circular, and other out-of-pocket costs associated with the Meeting are estimated to be approximately \$1,740,000 in the aggregate.

All expenses incurred in connection with the Arrangement and the transactions contemplated thereby shall be paid by the party incurring such expense.

#### **Interests of Certain Persons in the Arrangement**

In considering the recommendation of the CRAFT Board with respect to the Arrangement, CRAFT Securityholders should be aware that certain members of CRAFT’s senior management and the CRAFT Board have certain interests in connection with the Arrangement that may present them with actual or potential conflicts of interest in connection with the Arrangement.

The table below sets forth the number and percentage of CRAFT Shares and CRAFT Warrants that the directors and officers of CRAFT and any of their respective affiliates and associates beneficially own or exercise control or direction over, directly or indirectly, as of the date hereof.

Other than the interests and benefits described below, none of the directors or the executive officers of CRAFT, or to the knowledge of the directors and executive officers of CRAFT, any of their respective associates or affiliates, has any material interest, direct or indirect by way of beneficial ownership of securities or otherwise in any matter to be acted upon in connection with the Arrangement or that would materially affect the Arrangement.

For further details about the anticipated directors and officers of Nano upon completion of the Arrangement, see “*Directors and Executive Officers*” of Nano’s Listing Document, attached hereto as Appendix F.

<u>Name and Position</u>	<u>Number of CRAFT Shares Beneficially Owned<sup>(1)</sup></u>	<u>Percentage of CRAFT Shares<sup>(2)</sup></u>	<u>Number of CRAFT Warrants Beneficially Owned</u>	<u>Percentage of CRAFT Warrants</u>
Robert Aranda, <i>Chairman, Chief Executive Officer</i>	28,052,500 <sup>(4)</sup>	60.33%	Nil	N/A
Chris Fitzgerald, <i>Chief Financial Officer</i>	1,500,000 <sup>(5)</sup>	3.23%	Nil	N/A
Eric Lujan, <i>Chief Business Revenue/Development Officer</i>	3,000,000 <sup>(6)</sup>	6.45%	Nil	N/A
Jeffrey Frye, <i>Chief Marketing Officer</i>	300,000 <sup>(7)</sup>	0.65%	Nil	N/A
Ethan Weinstein, <i>Chief Legal Officer</i>	300,000 <sup>(7)</sup>	0.65%	Nil	N/A
Alex Robertson, <i>Associate General Counsel</i>	300,000 <sup>(7)</sup>	0.65%	Nil	N/A
Beverly Henson, <i>Chief Information Officer</i>	300,000 <sup>(7)</sup>	0.65%	Nil	N/A
Crystal Buckner, <i>Chief Administrative Officer/Corporate Secretary</i>	300,000 <sup>(7)</sup>	0.65%	Nil	N/A
Ruth Epstein, <i>Director</i>	Nil	N/A	Nil	N/A
Harvey Schiller, <i>Director</i>	Nil	N/A	Nil	N/A
Shelly Lombard, <i>Director</i>	Nil	N/A	Nil	N/A

Notes:

- (1) The number of CRAFT Shares beneficially owned by each CRAFT Shareholder excludes the CRAFT Warrants held by each CRAFT Shareholder, which have been separately listed in the column titled “Number of CRAFT Warrants Beneficially Owned”.
- (2) The percentage of CRAFT Shares figures are based on 46,498,406 CRAFT Shares outstanding on the Record Date.
- (3) Totals converted to CRAFT Shares on a basis of on the basis of one (1) CRAFT Proportionate Share for one hundred (100) CRAFT Shares.
- (4) May be issued up to an additional 6,033,000 pursuant to the CRAFT Earn-out Shares.
- (5) May be issued up to an additional 323,000 pursuant to the CRAFT Earn-out Shares.
- (6) May be issued up to an additional 645,000 pursuant to the CRAFT Earn-out Shares.
- (7) May be issued up to an additional 65,000 pursuant to the CRAFT Earn-out Shares.

**Directors**

The CRAFT directors (other than directors who are also executive officers) hold, in the aggregate, Nil CRAFT Shares. The CRAFT directors (other than directors who are also executive officers) hold, in the aggregate, Nil CRAFT Warrants. All of the CRAFT Shares and CRAFT Warrants held by the CRAFT directors will be treated in the same fashion under the Arrangement as CRAFT Shares and CRAFT Warrants held by every other CRAFT Shareholder and CRAFT Warrantholder, respectively.

Consistent with standard practice in similar transactions, in order to ensure that the CRAFT directors do not lose or forfeit their protection under liability insurance policies maintained by CRAFT, the Arrangement Agreement provides for the maintenance of such protection for six years. See “*The Arrangement — Interests of Certain Persons in the Arrangement – Change of Control Benefits*” below.

## **Executive Officers**

The current responsibility for the general management of CRAFT is held and discharged by a group of eight executive officers, led by Robert Aranda, the Chairman and Chief Executive Officer of CRAFT. The executive officers of CRAFT, in the aggregate, hold 33,752,500 CRAFT Shares representing approximately 72.59% of the CRAFT Shares outstanding on the Record Date. The executive officers of CRAFT, in the aggregate, hold Nil CRAFT Warrants. All of the CRAFT Shares and CRAFT Warrants held by the executive officers of CRAFT will be treated in the same fashion under the Arrangement as CRAFT Shares and CRAFT Warrants held by every other CRAFT Shareholder and CRAFT Warrantholder, respectively.

## ***Change in Control Benefits***

The following executive officers of CRAFT 1861 Global Inc. have each entered into Change in Control & Severance Agreement with CRAFT, dated July 1, 2022 (collectively, “**Change of Control Agreements**”): Robert Aranda, Chris Fitzgerald, Alexander Robertson, Ethan Weinstein, Jeff Frye, Beverly Henson, Crystal Buckner, and Eric Lujan (collectively, the “**Employees**”).

Pursuant to the Change of Control Agreements, upon an Employee’s termination from CRAFT following a change in control event as defined in the Change of Control Agreement, such Employee shall be entitled to, among other items: (A) the Employee’s accrued and unpaid salary as of his date of termination plus (B) reimbursement for all expenses reasonably and necessarily incurred by the Employee (in accordance with company policy) prior to termination in connection with the business of CRAFT plus (C) any accrued vacation pay, to the extent not theretofore paid plus (D) any amounts vested, but unpaid, prior to termination for annual cash performance awards (or equivalent award for annual performance) plus (E) the Employee’s annual cash incentive award or (or equivalent award for annual performance) pro-rated of the number of days the Employee was employed by CRAFT or its affiliates during the calendar year in which the Employee’s termination of employment occurs plus (F) payments for any other benefits which have vested or accrued prior to Employee’s termination of employment.

In addition, upon the Employee providing the Company with a release in accordance with the terms of the Change of Control Agreement, such Employee shall be entitled to additional lump sum cash amount equal to two (2) times the sum of: (A) Employee’s base salary plus (B) Employee’s bonus.

The term of the Change of Control Agreements is effective until among other items, the Employee’s termination of employment by CRAFT for cause or the stipulated protection period after a change of control event occurs ends.

In this regard, CRAFT’s independent directors considered whether any of the payments under the Change of Control Agreements would constitute a “collateral benefit” for purposes of MI 61-101 and whether the Transaction would therefore constitute a “business combination” within the meaning of MI 61-101. Under MI 61-101, in certain circumstances where a related party of an issuer is entitled to receive a collateral benefit in connection with an arrangement transaction (such as the Transaction), then the transaction may be considered a “business combination” and subject to minority approval requirements. MI 61-101 does not apply to related parties who have beneficial ownership of or control or direction over less than one per cent of the issuer’s outstanding equity securities or where an independent committee of directors determines, acting in good faith, that the value of the benefit, net of any offsetting costs to the related party, is less than five per cent of the value the related party expects to receive pursuant to the transaction. Accordingly, pursuant to MI 61-101, CRAFT’s independent directors considered the payments under the Change of Control Agreements, the numbers of CRAFT Shares held by the Employees receiving payments under the Change of Control Agreements and the consideration expected to be received therefor pursuant to the Transaction. As a result of this consideration, CRAFT’s independent directors determined that the value of the benefit, net of any offsetting costs to any relevant related party holding one per cent or more of the outstanding CRAFT Shares is less than five per cent of the value of the consideration to be received by such related party pursuant to the Arrangement in exchange for equity securities beneficially owned by such related party. Accordingly, no related party of CRAFT is entitled to receive a “collateral benefit” within the meaning of MI 61-

101 and the Arrangement does not constitute a “business combination” pursuant thereto.

### ***Indemnification***

The parties to the Arrangement Agreement have agreed that all rights to indemnification or exculpation existing in favour of current and former directors or officers of Nano and its subsidiaries and of CRAFT and its subsidiaries as provided in the articles, notice of articles and by-laws thereof, or in any agreement, will survive the completion of the Arrangement and will continue in full force and effect for a period of not less than six years from the Effective Date.

### **The Arrangement Agreement**

The description of the Arrangement Agreement, both below and elsewhere in this Circular, is a summary only, is not exhaustive and is qualified in its entirety by reference to the terms of the Arrangement Agreement, which is incorporated by reference herein and may be found under CRAFT’s profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

### ***Effective Date and Conditions of Arrangement***

If the Arrangement Resolution is passed, the Final Order of the Court is obtained approving the Arrangement and all other conditions to the Arrangement becoming effective are satisfied or waived, the Arrangement will become effective at the Effective Time (anticipated to be 12:01 a.m. (Vancouver time) on the Effective Date). It is currently expected that the Effective Date will be on or before December 31, 2023.

### ***Representations and Warranties***

The Arrangement Agreement contains customary representations and warranties made by CRAFT to Nano and AcquisitionCo and representations and warranties made by Nano and AcquisitionCo to CRAFT. Those representations and warranties were made solely for purposes of the Arrangement Agreement and may be subject to important qualifications, limitations and exceptions agreed to by the parties in connection with negotiating its terms. In particular, some of the representations and warranties are subject to a contractual standard of materiality or Material Adverse Effect different from that generally applicable to public disclosure to CRAFT Shareholders, or are used for the purpose of allocating risk between the parties to the Arrangement Agreement. For the foregoing reasons, you should not rely on the representations and warranties contained in the Arrangement Agreement as statements of factual information at the time they were made or otherwise.

The representations and warranties provided by CRAFT in favour of Nano and AcquisitionCo relate to organization and qualification, corporate power and authority, directors’ approvals, no conflict, binding obligation, residence, third party consents, governmental approvals, capitalization, shareholders’ and similar agreements, subsidiaries, securities laws matters, auditors, controls over financial reporting, financial statements, absence of certain changes or events, no undisclosed liabilities, stock exchange compliance, books and records, compliance with laws and licenses, privacy and data protection, litigation, taxes, title to assets, material contracts, environmental matters, restrictions on business activities, divestiture, intellectual property, employees and labour matters, accounts receivable, insurance, brokers, United States securities laws, non-arm’s length agreements, anti-corruption laws, money laundering laws, OFAC, and no “collateral benefit” (within the meaning of MI 61-101).

The representations and warranties provided by Nano in favour of CRAFT relate to organization and corporate capacity, corporate power and authority, no conflict, execution and binding obligation, sufficient funds, third party consents, governmental approvals, capitalization, shareholders’ and similar agreements, subsidiaries, security ownership, issuance of Nano Shares, absence of certain changes or events, no undisclosed liabilities, stock exchange compliance, books and records, privacy and security, litigation, taxes, material contracts, environmental matters, restrictions on business activities, intellectual property, employees, labour matters, brokers, non-arm’s length agreements, anti-corruption laws, money laundering laws, OFAC, no “collateral benefit” (within the meaning of MI 61-101), and United States securities laws.

### ***Conditions to the Arrangement Becoming Effective***

In order for the Arrangement to become effective, certain conditions must have been satisfied or waived which conditions are summarized below.

#### ***Mutual Conditions***

The respective obligations of CRAFT, Nano, and AcquisitionCo to complete the Arrangement are subject to the fulfillment of the following conditions at or before the Completion Deadline or such other time as is specified in the Arrangement Agreement:

- (a) the Interim Order having been granted on terms consistent with the Arrangement Agreement and in form and substance satisfactory to CRAFT and Nano, each acting reasonably, and not having been set aside or modified in a manner unacceptable to either CRAFT or Nano, each acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution having been approved by the CRAFT Securityholders in accordance with the Interim Order;
- (c) the Final Order having been granted in form and substance satisfactory to CRAFT and Nano, and not having been set aside or modified in a manner unacceptable to either CRAFT or Nano, each acting reasonably, on appeal or otherwise;
- (d) the Regulatory Approvals having been received;
- (e) the Nano Financing shall have closed;
- (f) the Nano Housey Transaction shall have closed and no remaining portion of the purchase price for the shares of capital stock and other equity interests purchased thereunder shall be owing by Nano to the investment entities comprising the Nano Housey Transaction;
- (g) no Law, ruling, order or decree being in force, nor any action having been taken under any Laws or by any Governmental Entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Arrangement in accordance with the terms of the Arrangement Agreement;
- (h) the Consideration Shares, the Nano Replacement Warrants and other securities to be issued or exchanged pursuant to the Arrangement being exempt from the registration requirements of the U.S. Securities Act in reliance on an exemption from registration set forth in Section 3(a)(10) of the U.S. Securities Act; and
- (i) the Cboe having conditionally approved the listing of the Nano Shares (including any Consideration Shares and Nano Shares issuable upon the exercise of the Nano Replacement Warrants), subject in each case only to compliance with the usual requirements of the Cboe, including customary post-closing deliveries; notwithstanding the foregoing if the Cboe has not conditionally approved the listing of the Nano Shares by December 31, 2023 then this mutual condition precedent as it relates to the Nano Shares only is deemed to be automatically removed from the Arrangement Agreement and accordingly, of no force and effect.

The foregoing conditions are for the mutual benefit of CRAFT, Nano, and AcquisitionCo and may be waived by mutual consent of CRAFT and Nano in writing at any time.

#### ***Nano Conditions***

The obligation of Nano to complete the Arrangement is subject to the fulfillment of the following additional conditions at or before the Completion Deadline or such other time as is specified in the Arrangement Agreement:



- (a) the representations and warranties made by CRAFT in Sections (a), (b), (e), (i), (g) and (gg) in Schedule C of the Arrangement Agreement shall be true and correct in all respects as of the Effective Date as if made on and as of the Effective Date (except for those representations and warranties made as of a specific date, which shall be true and correct in all respects on and as of such date), and (ii) all other representations and warranties made by CRAFT in the Arrangement Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of the Effective Date (except for those representations and warranties made as of a specific date, which shall be true and correct in all material respects on and as of such date and except for those representations and warranties already qualified by materiality, in which case such representations and warranties shall be true and correct in all respects); and (iii) CRAFT shall have provided to Nano a certificate of two officers thereof, certifying the foregoing;
- (b) from the date of the Arrangement Agreement, there shall not have occurred, in the sole discretion of the Nano, a Material Adverse Effect with respect to CRAFT;
- (c) CRAFT shall have complied in all material respects with each of the covenants of CRAFT contained herein to be complied with by it on or prior to the Effective Date, and CRAFT shall have provided to Nano a certificate of two officers of CRAFT certifying the foregoing;
- (d) Dissent Rights have not been validly exercised with respect to greater than 10.0% of the issued and outstanding CRAFT Shares;
- (e) CRAFT shall have satisfied and paid in full all obligations under the CRAFT Convertible Notes; and
- (f) CRAFT shall have satisfied and paid in full all outstanding indebtedness set forth on Schedule 5.2 of the Arrangement Agreement.

The foregoing conditions are for the benefit of Nano and AcquisitionCo and may be waived, in whole or in part, by Nano in writing at any time.

#### *CRAFT Conditions*

The obligation of CRAFT to complete the Arrangement is subject to the fulfillment of the following additional conditions at or before the Completion Deadline or such other time as is specified in the Arrangement Agreement:

- (a) the representations and warranties made by Nano and AcquisitionCo in Sections (a), (b), (d) and (f) of Schedule D of *the Arrangement Agreement* shall be true and correct in all respects as of the Effective Date as if made on and as of the Effective Date (except for those representations and warranties made as of a specific date, which shall be true and correct in all material respects on and as of such date), and (ii) all other representations and warranties made by Nano and AcquisitionCo in the Arrangement Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of the Effective Date (except for those representations and warranties made as of a specific date, which shall be true and correct in all respects on and as of such date and except for those representations and warranties already qualified by materiality, in which case such representations and warranties shall be true and correct in all respects), and (iii) Nano shall have provided to CRAFT a certificate of two officers thereof, certifying the foregoing;
- (b) Nano shall have deposited or caused to be deposited in escrow with the Depositary the aggregate Consideration payable to the CRAFT Shareholders and CRAFT shall have received written confirmation of the receipt of such Consideration by the Depositary;
- (c) from the date of the Arrangement Agreement, there shall not have occurred a Material Adverse Effect with respect to Nano;

- (d) Each of Nano and AcquisitionCo shall have complied in all material respects with each of the covenants of Nano and AcquisitionCo contained herein to be complied with by them on or prior to the Effective Date, and Nano shall have provided to CRAFT a certificate of two officers thereof, certifying the foregoing; and
- (e) the aggregate enterprise value of Nano as of the completion of the Arrangement shall be no less than \$5,500,000,000, calculated by aggregating the market value of all of the shares of Nano, adding total debt and subtracting cash and cash equivalents.

The foregoing conditions are for the benefit of CRAFT and may be waived, in whole or in part, by CRAFT in writing at any time.

### ***Non-Solicitation Covenant***

Under the Arrangement Agreement, CRAFT has covenanted and agreed that CRAFT shall not, directly or indirectly, through any officer, director, employee, representative, advisor or agent of CRAFT or any of the CRAFT Subsidiaries (collectively, the “**Representatives**”, which, for further clarity, does not include the CRAFT Shareholders), or otherwise and shall not permit or authorize any such person to do so on its behalf:

- (a) solicit, initiate, knowingly facilitate or knowingly encourage (including by way of furnishing information, knowingly permitting any visit to facilities or properties of CRAFT or any of the CRAFT Subsidiaries) any inquiries, proposals, expressions of interest or offers that may reasonably be expected to constitute or lead to a CRAFT Acquisition Proposal;
- (b) participate in any discussions or negotiations regarding any inquiries, proposals, expressions of interest or offers that may reasonably be expected to constitute or lead to a CRAFT Acquisition Proposal;
- (c) make a CRAFT Change in Recommendation other than following the occurrence of any Material Adverse Effect with respect to Nano; or
- (d) enter into, or propose publicly to enter into, any agreement, understanding or arrangement related to any CRAFT Acquisition Proposal (other than a confidentiality agreement permitted by and in accordance with Section 6.1(e)(ii) of the Arrangement Agreement).

CRAFT shall, and shall cause the CRAFT Subsidiaries and the Representatives to, immediately terminate and cease any discussions or negotiations with any parties (other than Nano and its Representatives) with respect to any proposal that constitutes, or may reasonably be expected to constitute, or lead to a CRAFT Acquisition Proposal and, in connection therewith, CRAFT shall and shall cause the CRAFT Subsidiaries and the Representatives to:

- (a) discontinue or not allow access to any of CRAFT’s or the CRAFT Subsidiaries’ confidential information to any third party; and
- (b) within five Business Days of the date of the Arrangement Agreement, promptly request the return or destruction of all information provided to any third party that has entered into a confidentiality agreement with CRAFT or any CRAFT Subsidiary relating to a CRAFT Acquisition Proposal to the extent that such information has not previously been returned or destroyed, and shall use all commercially reasonable efforts to ensure that such requests are honoured.

CRAFT has represented and warranted that CRAFT has not, in the two years prior to the date of the Arrangement Agreement, waived any confidentiality, standstill, non-disclosure, non-solicitation, use, business purpose or similar agreement, restriction or covenant to which CRAFT or any CRAFT Subsidiary is a party. CRAFT has covenanted and agreed that CRAFT shall take all necessary action to enforce each such confidentiality, standstill, non-disclosure, non-solicitation, use, business purpose or similar agreement, restriction or covenant. CRAFT has further covenanted and agreed not to and shall cause the CRAFT Subsidiaries and the Representatives not to release any Person from, or waive, amend, suspend or otherwise modify any Person’s obligations under any

confidentiality, standstill, non-disclosure, non-solicitation, use, business purpose or similar agreement, restriction or covenant to which CRAFT or any CRAFT Subsidiary is a party without the prior written consent of Nano (which may be withheld or delayed in Nano's sole and absolute discretion); provided, however, that the parties have acknowledged and agreed that the automatic termination or release of any such agreement, restriction or covenant in accordance with its terms shall not be a violation of the representation.

If CRAFT or any of the CRAFT Subsidiaries or any of its Representatives, receives or otherwise becomes aware of any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to a CRAFT Acquisition Proposal, or any request for copies of, access to, or disclosure of, confidential information relating to CRAFT or any of the CRAFT Subsidiaries in connection with a CRAFT Acquisition Proposal, including but not limited to information, access, or disclosure relating to the properties, facilities, books or records of CRAFT or any of the CRAFT Subsidiaries, CRAFT shall:

- (a) promptly notify Nano, at first orally, and then as soon as practicable and in any event within 24 hours in writing, of such CRAFT Acquisition Proposal, inquiry, proposal, offer or request, including a description of its material terms and conditions, and the identity of all Persons making the CRAFT Acquisition Proposal, inquiry, proposal, offer or request;
- (b) provide Nano with copies of all written documents, material or substantive correspondence or other material received in respect of, from or on behalf of any such Persons;
- (c) keep Nano fully informed on a current basis of the status of developments and, to the extent permitted by Section 6.1(e) of the Arrangement Agreement, negotiations with respect to such CRAFT Acquisition Proposal, including any material or substantive changes, modifications or other amendments to any such CRAFT Acquisition Proposal; and
- (d) provide to Nano copies of all material or substantive correspondence if in writing or electronic form, and if not in writing or electronic form, a description of the material terms of such correspondence communicated to CRAFT by or on behalf of any Person making any such CRAFT Acquisition Proposal.

Notwithstanding the above, in the event that CRAFT receives a *bona fide* CRAFT Acquisition Proposal at any time prior to obtaining the approval by the CRAFT Shareholders of the CRAFT Arrangement Resolution, CRAFT may:

- (a) contact the Person making such CRAFT Acquisition Proposal and its representatives solely for the purpose of clarifying the terms and conditions of such CRAFT Acquisition Proposal; and
- (b) engage in or participate in discussions or negotiations with such Person regarding such CRAFT Acquisition Proposal, and subject to entering into a confidentiality and standstill agreement with such Person (unless such Person is already a party to a confidentiality and standstill agreement with CRAFT) that contains terms that are no less favourable to CRAFT than those found in the Confidentiality Agreement, and any such copies, access or disclosure provided to such Person already having been (or simultaneously being) provided to Nano, may provide copies of, access to or disclosure of information, properties, facilities, books or records of CRAFT or the CRAFT Subsidiaries for a maximum of ten Business Days after the day on which access or disclosure is first afforded to the Person making the CRAFT Acquisition Proposal, if and only if:
  - (i) the CRAFT Board first determines in good faith, after consultation with its financial advisors and its outside legal counsel, that such CRAFT Acquisition Proposal constitutes or could reasonably be expected to constitute or lead to a CRAFT Superior Proposal;
  - (ii) such Person was not restricted from making such CRAFT Acquisition Proposal pursuant to an existing confidentiality, standstill, non-disclosure, use, business purpose or similar agreement, restriction or covenant with CRAFT or any of the CRAFT Subsidiaries;

- (iii) CRAFT has been, and continues to be, in compliance with its non-solicitation obligations as described above; and
- (iv) CRAFT promptly provides Nano with:
  - (A) written notice stating CRAFT's intention to participate in such discussions or negotiations and to provide such copies, access or disclosure; and
  - (B) prior to providing any such copies, access or disclosure to such Person, CRAFT provides Nano with a true, complete and final executed copy of the confidentiality and standstill agreement referred to in (b) above.

CRAFT has agreed to ensure that the CRAFT Subsidiaries and the Representatives are aware of these non-solicitation covenants, and CRAFT shall be responsible for any breach by the CRAFT Subsidiaries or the Representatives.

Notwithstanding any of the above:

- (a) the CRAFT Board has the right to respond, within the time and in the manner required by applicable Securities Laws, to any take-over bid made for the CRAFT Shares, that it determines is not a CRAFT Superior Proposal, provided that Nano and its outside legal counsel have been provided with a reasonable opportunity to review and comment on any such response and the CRAFT Board shall give reasonable consideration to such comments;
- (b) prior to the Meeting, CRAFT and the CRAFT Board shall not be prohibited from making any disclosure to CRAFT Shareholders, if:
  - (i) a Material Adverse Effect with respect to Nano has occurred and is continuing; and
  - (ii) the CRAFT Board has reasonably determined in good faith after consultation with its outside legal counsel that the failure to do so would be inconsistent with the duties of the members of the CRAFT Board, under applicable Law; and
- (c) prior to the Meeting, CRAFT and the CRAFT Board shall not be prohibited from making a CRAFT Change in Recommendation if:
  - (i) a Material Adverse Effect with respect to Nano has occurred and is continuing; and
  - (ii) the CRAFT Board has reasonably determined in good faith after consultation with its outside legal counsel that the failure to do so would be inconsistent with its fiduciary duties.

#### *Right to Match*

In the event that CRAFT receives a CRAFT Acquisition Proposal and the CRAFT Board makes a determination that such CRAFT Acquisition Proposal constitutes a CRAFT Superior Proposal prior to the approval by the CRAFT Shareholders of the CRAFT Arrangement Resolution, CRAFT may make a CRAFT Change in Recommendation and enter into a definitive agreement with respect to such CRAFT Acquisition Proposal (other than a confidentiality and standstill agreement contemplated by Section 6.1(e)(ii) of the Arrangement Agreement), if and only if:

- (a) the Person making the CRAFT Superior Proposal was not restricted from making such CRAFT Superior Proposal pursuant to any existing confidentiality, non-disclosure, standstill, business purpose or other similar agreement, restriction or covenant with CRAFT or any of the CRAFT Subsidiaries;

- (b) CRAFT has complied with its obligations under Section 6.1 of the Arrangement Agreement;
- (c) CRAFT has provided Nano with written notice that:
  - (i) the CRAFT Acquisition Proposal constitutes a CRAFT Superior Proposal; and
  - (ii) CRAFT intends to enter into an agreement with respect to such CRAFT Superior Proposal;
- (d) CRAFT has delivered to Nano a copy of the proposed definitive agreement for the CRAFT Superior Proposal and all supporting materials, including any financing documents supplied to CRAFT in connection therewith;
- (e) a period of five Business Days (the “**Nano Match Period**”) has elapsed from the date that is the later of the date on which Nano received the CRAFT Superior Proposal Notice and the date on which Nano received the materials set forth in (d) above;
- (f) during the Nano Match Period, Nano has had the opportunity, but not the obligation, to offer to amend the Arrangement Agreement and the Arrangement in order for such CRAFT Acquisition Proposal to cease to be a CRAFT Superior Proposal;
- (g) after the Nano Match Period, the CRAFT Board:
  - (i) has determined in good faith, after consultation with its outside legal counsel and financial advisors, that such CRAFT Acquisition Proposal continues to constitute a CRAFT Superior Proposal, which determination shall consider the terms of the Arrangement as proposed to be amended by Nano if Nano proposes any amendment; and
  - (ii) has determined in good faith, after consultation with its outside legal counsel and financial advisors, that the failure of the CRAFT Board to recommend that CRAFT enter into a definitive agreement with respect to such CRAFT Superior Proposal would be inconsistent with its fiduciary duties; and
- (h) prior to or concurrently with entering into such definitive agreement the Arrangement Agreement is terminated by CRAFT and CRAFT pays the CRAFT Break Fee to Nano.

During the Nano Match Period, Nano shall have the right, but not the obligation, to propose in writing to amend the terms of the Arrangement Agreement and the Arrangement. During the Nano Match Period, CRAFT shall (i) review any proposal by Nano to amend the terms of the Arrangement Agreement and the Arrangement in order to determine, in good faith and in a manner consistent with the fiduciary duties of the CRAFT Board, whether the proposed amendment by Nano upon acceptance by CRAFT would result in the CRAFT Acquisition Proposal not being a CRAFT Superior Proposal; and (ii) negotiate with Nano in good faith, and in a manner consistent with the fiduciary duties of the CRAFT Board, to make such amendments to the terms of the Arrangement Agreement and the Arrangement as would enable Nano to proceed with the Transaction on such amended terms. If the CRAFT Board determines that the proposed amendment by Nano upon acceptance by CRAFT would result in the CRAFT Acquisition Proposal not being a CRAFT Superior Proposal, CRAFT shall enter into an amendment to the Arrangement Agreement with Nano reflecting the amended proposal of Nano and shall promptly reaffirm its recommendation of the Arrangement as amended.

CRAFT acknowledges and agrees that each successive modification of any CRAFT Acquisition Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the CRAFT Shareholders or other material terms or conditions thereof shall constitute a Nano Acquisition Proposal and Nano shall be afforded a new Nano Match Period and the rights afforded hereto shall apply in respect of each such CRAFT Acquisition Proposal.

The CRAFT Board shall promptly reaffirm its unanimous recommendation of the Arrangement by press

release after: (i) the CRAFT Board determines any CRAFT Acquisition Proposal that has been publicly announced or publicly disclosed is not a CRAFT Superior Proposal; or (ii) the CRAFT Board determines that a proposed amendment to the terms of the Arrangement would result in any CRAFT Acquisition Proposal which has been publicly announced or made not being a CRAFT Superior Proposal, and Nano has so amended the terms of the Arrangement. Nano and its counsel shall be given a reasonable opportunity to review and comment on the form and content of any such press release. CRAFT shall make all reasonable amendments to such press release as requested by Nano and its counsel.

Nothing contained in the applicable provisions of the Arrangement Agreement related to the above limits in any way the obligation of CRAFT to convene and hold the Meeting in accordance with Section 4.2(a)(v) of the Arrangement Agreement while the Arrangement Agreement remains in force.

Where CRAFT has provided Nano with a notice pursuant to Section 6.2(a)(iii) of the Arrangement Agreement and the Meeting is scheduled to be held during or within two Business Days following the expiration of the Nano Match Period, then, subject to applicable Laws, CRAFT shall be entitled to, and shall if so requested by Nano, postpone or adjourn the Meeting to a date that shall not be less than three Business Days and not more than 10 Business Days after the scheduled date of the Meeting, provided that in no event shall such adjourned or postponed meeting be held on a date that is less than five Business Days prior to the Completion Deadline, and shall, in the event that Nano and CRAFT amend the terms of the Arrangement Agreement pursuant to Section 6.2(b) of the Arrangement Agreement, ensure that the details of such amended Agreement are communicated to the CRAFT Shareholders prior to the resumption of the adjourned or postponed Meeting.

#### *Indemnification*

Nano and CRAFT have agreed that all rights to indemnification or exculpation now existing in favour of current and former directors or officers of Nano and the Nano Subsidiaries and of CRAFT and the CRAFT Subsidiaries as provided in the articles, notice of articles and by-laws thereof, or in any agreement, shall survive the completion of the Arrangement and shall continue in full force and effect for a period of not less than six years from the Effective Date.

Nano shall, from and after the Effective Time, honour all rights to indemnification or exculpation now existing in favour of present and former employees, officers and directors of CRAFT and its Subsidiaries to the extent that they are contained in CRAFT's or the applicable CRAFT Subsidiary's current articles and/or by-laws, which provisions shall not, except to the extent required by applicable Laws, be amended, repealed or otherwise modified for a period of six years from the Effective Date in any manner that would adversely affect any rights of indemnification of individuals who, immediately prior to the Effective Date, were employees, directors or officers of CRAFT or any of the CRAFT Subsidiaries.

If CRAFT or any of its Subsidiaries or any of their respective successors or assigns (i) consolidates with or merges into any other Person and is not a continuing or surviving corporation or entity of such consolidation or merger, or (ii) transfers all or substantially all of its properties and assets to any Person, Nano shall ensure that any such successor or assign (including, as applicable, any acquirer of substantially all of the properties and assets of CRAFT or the CRAFT Subsidiaries) assumes all of the obligations set forth and as specified in the Arrangement Agreement.

Nano and CRAFT shall act as agent and trustee of the benefits of the foregoing for such directors and officers for the purpose of insurance and indemnification and shall survive the execution and delivery of the Arrangement Agreement and the completion of the Arrangement and shall be enforceable against Nano and CRAFT by the Persons described in Section 4.4(a) and Section 4.4(b) of the Arrangement Agreement.

#### *Termination*

The Arrangement Agreement may be terminated at any time prior to the Effective Date:

- (a) by the mutual written consent of CRAFT and Nano, duly authorized by the board of directors of each;

- (b) by Nano if:
  - (i) prior to the approval by the CRAFT Shareholders of the Arrangement Resolution, (A) the CRAFT Board shall make a CRAFT Change in Recommendation or (B) CRAFT enters into an agreement (other than a confidentiality and standstill agreement that complies with Section 6.1(e)(ii) of the Arrangement Agreement) with respect to any CRAFT Acquisition Proposal;
  - (ii) CRAFT breaches its obligations pursuant to Section 6.1 or Section 6.2 of the Arrangement Agreement in any material respect; or
  - (iii) Nano pays the Nano Break Fee in accordance with Section 7.3 of the Arrangement Agreement.
- (c) by either Nano or CRAFT if the Meeting shall have been held and completed and the CRAFT Arrangement Resolution shall not have been approved by the CRAFT Shareholders in accordance with the Interim Order, provided that CRAFT shall not be entitled to terminate the Arrangement Agreement pursuant to this provision if the failure to obtain the approval of the CRAFT Shareholders to the CRAFT Arrangement Resolution has been caused by, or is the result of, a breach by CRAFT of any of its representations or warranties or the failure of CRAFT to perform any of its covenants or agreements under the Arrangement Agreement;
- (d) by either Nano or CRAFT if the Effective Date shall not have occurred by the Completion Deadline, provided however:
  - (i) if the failure of the Effective Date to occur by such date has been caused by, or is the result of, a breach by CRAFT of any of its representations or warranties or the failure of CRAFT to perform any of its covenants or agreements under the Arrangement Agreement, then CRAFT shall not be entitled to terminate the Arrangement Agreement pursuant to Section 7.2(d) of the Arrangement Agreement; or
  - (ii) if the failure of the Effective Date to occur by such date has been caused by, or is the result of, a breach by Nano of any of its representations or warranties, the failure of Nano to perform any of its covenants or agreements under the Arrangement Agreement then Nano shall not be entitled to terminate the Arrangement Agreement pursuant to Section 7.2(d) of the Arrangement Agreement;
- (e) by Nano or CRAFT if after the date of the Arrangement Agreement, any applicable Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins CRAFT or Nano from consummating the Arrangement, and such applicable Law has, if applicable, become final and non-appealable, provided that the party seeking to terminate the Arrangement Agreement pursuant to this provision has used its commercially reasonable efforts to, as applicable, appeal or overturn such Law or otherwise have it lifted or rendered non-applicable in respect of the Arrangement;
- (f) by CRAFT, if CRAFT proposes to enter into any agreement, arrangement or understanding in respect of a CRAFT Superior Proposal in compliance with Section 6.1 and Section 6.2 of the Arrangement Agreement;
- (g) by Nano, if CRAFT breaches any representation or warranty of CRAFT set forth in this Agreement which breach would cause the condition in Section 5.2(a) of the Arrangement Agreement not to be satisfied or CRAFT fails to comply with any of its covenants set forth in this Agreement (other than the covenants in Section 6.1 and Section 6.2 of the Arrangement Agreement) that would cause the condition in Section 5.2(c) of the Arrangement Agreement not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 5.4 of the Arrangement Agreement; provided that any wilful breach shall be deemed incapable of being cured and Nano is not then in breach of this Agreement so as to

cause any condition in Section 5.3(a) or Section 5.3(d) of the Arrangement Agreement not to be satisfied;

- (h) by CRAFT, if Nano breaches any representation or warranty of Nano set forth in the Arrangement Agreement which breach would cause the condition in Section 5.3(a) of the Arrangement Agreement not to be satisfied or Nano fails to comply with any of its covenants set forth in of the Arrangement Agreement that would cause the condition in Section 5.3(d) of the Arrangement Agreement not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of Section 5.4 of the Arrangement Agreement; provided that any wilful breach shall be deemed incapable of being cured and CRAFT is not then in breach of the Arrangement Agreement so as to cause any condition in Section 5.2(a) or Section 5.2(c) of the Arrangement Agreement not to be satisfied;
- (i) by CRAFT, if CRAFT pays the CRAFT Break Fee in accordance with Section 7.4 of the Arrangement Agreement.
- (j) by Nano, if there has occurred a Material Adverse Effect with respect to CRAFT after the date of the Arrangement Agreement; or
- (k) by CRAFT, if there has occurred a Material Adverse Effect with respect to Nano after the date of the Arrangement Agreement;

provided that any termination by a party thereto in accordance with paragraphs (b) to (k) above shall be made by such party delivering written notice thereof to the other party thereto prior to the Effective Date and specifying therein in reasonable detail the matter or matters giving rise to such termination right.

#### *Nano Termination Fee*

If a Nano Break Fee Event occurs, Nano shall pay in cash as directed by CRAFT in writing (by wire transfer of immediately available funds) the Nano Break Fee in accordance with Section 7.3(c) of the Arrangement Agreement;

“**Nano Break Fee**” means an amount equal to \$17,240,408 and “**Nano Break Fee Event**” means the termination of the Arrangement Agreement:

- (a) by Nano pursuant to Section 7.2(b)(iii) of the Arrangement Agreement;
- (b) by CRAFT pursuant to Section 7.2(h) of the Arrangement Agreement; or
- (c) by CRAFT pursuant to Section 7.2(k) of the Arrangement Agreement.

If a Nano Break Fee Event in the circumstances set out in a) or b) above occurs, the Nano Break Fee shall be paid by Nano within ten (10) Business Days of the occurrence of such Nano Break Fee Event.

If Nano fails to pay the Nano Break Fee when due hereunder, and, in order to obtain such payment, CRAFT commences a suit that results in a judgment against Nano for such amount, Nano shall pay the costs and expenses (including reasonable fees and expenses of legal counsel) incurred by CRAFT in connection with such suit.

If Nano pays to Craft the Nano Break Fee as a result of the occurrence of the Nano Break Fee Event then CRAFT shall have no other remedy with respect to the occurrence of such event (subject to Section 7.3(d) of the Arrangement Agreement and other than in the case of a material breach of Section 8.1 of the Arrangement Agreement by Nano or AcquisitionCo) in respect of the Arrangement Agreement, or any matters related thereto. For greater certainty, Nano shall not be required to pay the Nano Break Fee more than once.

Nano acknowledges that the agreements contained in Section 7.3 of the Arrangement Agreement are an



integral part of the transactions contemplated in the Arrangement Agreement and that, without those agreements, CRAFT would not enter into the Arrangement Agreement. Nano acknowledges that the Nano Break Fee is a payment of liquidated damages which are a genuine pre-estimate of the damages that CRAFT will suffer or incur as a result of the event giving rise to such payment and the resultant termination of the Arrangement Agreement and is not a penalty. Nano irrevocably waives any right that it may have to raise as a defence that any such liquidated damages are excessive or punitive.

#### *CRAFT Termination Fee*

If a CRAFT Break Fee Event occurs, CRAFT shall pay in cash as directed by Nano in writing (by wire transfer of immediately available funds) the CRAFT Break Fee in accordance with Section 7.4(c) of the Arrangement Agreement;

The “**CRAFT Break Fee**” means an amount equal to \$17,240,408 and “**CRAFT Break Fee Event**” means the termination of this Agreement:

- (a) by Nano pursuant to Section 7.2(b)(i) or Section 7.2(b)(ii) of the Arrangement Agreement (but not including a termination by Nano pursuant to Section 7.2(b)(i) of the Arrangement Agreement in circumstances where the CRAFT Change in Recommendation resulted from the occurrence of a Material Adverse Effect with respect to Nano);
- (b) by Nano or CRAFT pursuant to Section 7.2(c) of the Arrangement Agreement;
- (c) by CRAFT pursuant to Section 7.2(f) of the Arrangement Agreement;
- (d) by Nano pursuant to Section 7.2(g) of the Arrangement Agreement;
- (e) by CRAFT pursuant to Section 7.2(i) of the Arrangement Agreement; or
- (f) by CRAFT pursuant to Section 7.2(j) of the Arrangement Agreement.

If a CRAFT Break Fee Event in the circumstances set out in (i) or (ii) above occurs, the CRAFT Break Fee shall be paid by CRAFT within five (5) Business Days of the occurrence of such CRAFT Break Fee Event.

If CRAFT fails to pay the CRAFT Break Fee when due hereunder, and, in order to obtain such payment, Nano commences a suit that results in a judgment against CRAFT for such amount, CRAFT shall pay the costs and expenses (including reasonable fees and expenses of legal counsel) incurred by Nano in connection with such suit.

If CRAFT pays to Nano the CRAFT Break Fee as a result of the occurrence of the CRAFT Break Fee Event then Nano shall have no other remedy with respect to the occurrence of such event (subject to Section 7.4(d) of the Arrangement Agreement and other than in the case of a material breach of Section 8.1 of the Arrangement Agreement by CRAFT) in respect of the Arrangement Agreement, or any matters related thereto. For greater certainty, CRAFT shall not be required to pay the CRAFT Break Fee more than once.

CRAFT acknowledges that the agreements contained in Section 7.4 of the Arrangement Agreement are an integral part of the transactions contemplated in the Arrangement Agreement and that, without those agreements, Nano would not enter into the Arrangement Agreement. CRAFT acknowledges that the CRAFT Break Fee is a payment of liquidated damages which are a genuine pre-estimate of the damages that Nano will suffer or incur as a result of the event giving rise to such payment and the resultant termination of the Arrangement Agreement and is not a penalty. CRAFT irrevocably waives any right that it may have to raise as a defence that any such liquidated damages are excessive or punitive.

## DISSENT RIGHTS OF CRAFT SHAREHOLDERS

Registered CRAFT Shareholders have dissent rights as to the Arrangement Resolution, as described below.

### Dissenting to the Arrangement

*The following description of the Arrangement Dissent Rights is not a comprehensive statement of the procedures to be followed by an Arrangement Dissenting CRAFT Shareholder who seeks payment of the fair value of its CRAFT Shares and is qualified in its entirety by the reference to the full text of Sections 237 to 247 of the BCBCA, which is attached to this Circular as Appendix H, as modified by the Plan of Arrangement and the Interim Order, which is attached to this Circular as Appendix E. An Arrangement Dissenting CRAFT Shareholder who intends to exercise Arrangement Dissent Rights should carefully consider and comply with the provisions of Sections 237 to 247 of the BCBCA, as modified by the Plan of Arrangement and the Interim Order.*

**The statutory provisions dealing with the right of dissent are technical and complex. Any Arrangement Dissenting CRAFT Shareholder should seek independent legal advice, as failure to comply strictly with the provisions of Sections 237 to 247 of the BCBCA, as modified by the Plan of Arrangement and the Interim Order, may result in the loss of all Arrangement Dissent Rights.**

The Court hearing the application for the Final Order has the discretion to alter the Arrangement Dissent Rights described herein based on the evidence presented at such hearing.

Pursuant to the Interim Order, each Registered CRAFT Shareholder may exercise Arrangement Dissent Rights under Section 237 to 247 of the BCBCA as modified by the Plan of Arrangement and the Interim Order. Each Arrangement Dissenting CRAFT Shareholder is entitled to be paid the fair value (determined as of the close of business on the last Business Day before the Arrangement Resolution was adopted at the Meeting) of all, but not less than all, of the holder's CRAFT Shares, provided that the holder duly dissents to the Arrangement Resolution and the Arrangement becomes effective.

A Non-Registered Holder who wishes to dissent with respect to its CRAFT Shares should be aware that only Registered CRAFT Shareholders are entitled to exercise Arrangement Dissent Rights. A Registered CRAFT Shareholder such as an intermediary who holds CRAFT Shares as nominee for Non-Registered Holders, some of whom wish to dissent, shall exercise Arrangement Dissent Rights on behalf of such Non-Registered Holders with respect to the CRAFT Shares held for such Non-Registered Holders.

With respect to CRAFT Shares in connection to the Arrangement, pursuant to the Interim Order, a Registered CRAFT Shareholder may exercise rights of dissent under Section 237 to Section 247 of the BCBCA, as modified by the Plan of Arrangement, the Interim Order, an Final Order provided that, notwithstanding Section 242(1)(a) of the BCBCA, the written objection to the Arrangement Resolution must be received from CRAFT Shareholders who wish to dissent by CRAFT at c/o McMillan LLP, Attn: James Munro, at Suite 1500, 1066 West Georgia Street, Vancouver, British Columbia, Canada V6E 4N7, not later than 5:00 p.m. (Vancouver time) two Business Days immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time).

To exercise Arrangement Dissent Rights, a CRAFT Shareholder must dissent with respect to all CRAFT Shares of which it is the registered and beneficial owner. A Registered CRAFT Shareholder who wishes to dissent must deliver the Arrangement Notice of Dissent to CRAFT as set forth above and such notice of dissent must strictly comply with the requirements of Section 242 of the BCBCA. Any failure by a CRAFT Shareholder to fully comply with the provisions of the BCBCA, as modified by the Plan of Arrangement and the Interim Order, may result in the loss of that holder's Arrangement Dissent Rights. Beneficial CRAFT Shareholders who wish to exercise Arrangement Dissent Rights must cause the Registered CRAFT Shareholder holding their CRAFT Shares to deliver the Arrangement Notice of Dissent.

To exercise Arrangement Dissent Rights, a Registered CRAFT Shareholder must prepare a separate Arrangement Notice of Dissent for him, her or itself, if dissenting on his, her or its own behalf, and for each other beneficial CRAFT Shareholder who beneficially owns CRAFT Shares registered in the CRAFT Shareholder's name and on whose behalf the CRAFT Shareholder is dissenting; and, if dissenting on its own behalf, must dissent with

respect to all of the CRAFT Shares registered in his, her or its name or if dissenting on behalf of a beneficial CRAFT Shareholder, with respect to all of the CRAFT Shares registered in his, her or its name and beneficially owned by the beneficial CRAFT Shareholder on whose behalf the CRAFT Shareholder is dissenting. The Arrangement Notice of Dissent must set out the number of CRAFT Shares in respect of which the Arrangement Dissent Rights are being exercised (the “**Notice Shares**”) and: (a) if such CRAFT Shares constitute all of the CRAFT Shares of which the CRAFT Shareholder is the registered and beneficial owner and the CRAFT Shareholder owns no other CRAFT Shares beneficially, a statement to that effect; (b) if such CRAFT Shares constitute all of the CRAFT Shares of which the CRAFT Shareholder is both the registered and beneficial owner, but the CRAFT Shareholder owns additional CRAFT Shares beneficially, a statement to that effect and the names of the registered CRAFT Shareholders of those other CRAFT Shares, the number of CRAFT Shares held by each such registered CRAFT Shareholder and a statement that written notices of dissent are being or have been sent with respect to such other CRAFT Shares; or (c) if the Arrangement Dissent Rights are being exercised by a Registered CRAFT Shareholder who is not the beneficial owner of such CRAFT Shares, a statement to that effect and the name and address of the beneficial CRAFT Shareholder and a statement that the Registered CRAFT Shareholder is dissenting with respect to all CRAFT Shares of the beneficial CRAFT Shareholder registered in such registered holder’s name.

If the Arrangement Resolution is approved, and CRAFT notifies a registered holder of Notice Shares of CRAFT’s intention to act upon the Arrangement Resolution pursuant to Section 243 of the BCBCA, in order to exercise Arrangement Dissent Rights, such CRAFT Shareholder must, within one month after CRAFT gives such notice, send to CRAFT a written notice that such holder requires the purchase of all of the Notice Shares in respect of which such holder has given notice of dissent. Such written notice must be accompanied by the certificate(s) or DRS statement(s) representing those Notice Shares (including a written statement prepared in accordance with Section 244(1)(c) of the BCBCA if the dissent is being exercised by the CRAFT Shareholder on behalf of a beneficial CRAFT Shareholder), whereupon, subject to the provisions of the BCBCA relating to the termination of Arrangement Dissent Rights, the CRAFT Shareholder becomes an Arrangement Dissenting CRAFT Shareholder, and is bound to sell and Nano is bound to purchase and cancel those CRAFT Shares. Such Arrangement Dissenting CRAFT Shareholder may not vote, or exercise or assert any rights of a CRAFT Shareholder in respect of such Notice Shares, other than the rights set forth in Division 2 of Part 8 of the BCBCA, as modified by the Plan of Arrangement and the Interim Order.

Arrangement Dissenting CRAFT Shareholders who are:

- (a) ultimately entitled to be paid fair value for their CRAFT Shares will be paid an amount equal to such fair value by Nano, and will be deemed to have transferred such CRAFT Shares as of the Effective Time to Nano, without any further act or formality, and free and clear of all liens, claims and encumbrances; or
- (b) ultimately not entitled, for any reason, to be paid fair value for their CRAFT Shares, will be deemed to have participated in the Arrangement on the same basis as a CRAFT Shareholder that has not exercised Arrangement Dissent Rights.

If an Arrangement Dissenting CRAFT Shareholder is ultimately entitled to be paid by Nano for their Notice Shares, such Arrangement Dissenting CRAFT Shareholder may enter an agreement with Nano for the fair value of such Notice Shares. If such Arrangement Dissenting CRAFT Shareholder does not reach an agreement with Nano, such Arrangement Dissenting CRAFT Shareholder, or Nano, may apply to the Court, and the Court may:

- (a) determine the payout value of the Notice Shares, or order that the payout value of the Notice Shares be established by arbitration or by reference to a registrar, or a referee, of the Court;
- (b) join in the application of each Arrangement Dissenting CRAFT Shareholder who has not agreed with Nano on the amount of the payout value of the Notice Shares; and
- (c) make consequential orders and give directions as the Court considers appropriate.

There is no obligation on Nano to make application to the Court. The Arrangement Dissenting CRAFT Shareholder will be entitled to receive the fair value that the Notice Shares had as of the close of business on the day

before the Arrangement Resolution was adopted at the Meeting, excluding any appreciation or depreciation in anticipation of the vote (unless such exclusion would be inequitable). After a determination of the fair value of the Notice Shares, Nano must then promptly pay that amount to the Arrangement Dissenting CRAFT Shareholder.

In no case shall CRAFT or Nano or any other person be required to recognize Arrangement Dissenting CRAFT Shareholders as CRAFT Shareholders after the completion of the steps set forth in Section 2.4 of the Plan of Arrangement, and each Arrangement Dissenting CRAFT Shareholder will cease to be entitled to the rights of a CRAFT Shareholder in respect of the CRAFT Shares in relation to which such Arrangement Dissenting CRAFT Shareholder has exercised Arrangement Dissent Rights and the central securities register of CRAFT will be amended to reflect that such former holder is no longer the holder of such CRAFT Shares as and from the completion of the steps in Section 2.4 of the Plan of Arrangement.

For greater certainty, in addition to any other restrictions in the Interim Order, no person shall be entitled to exercise Arrangement Dissent Rights with respect to CRAFT Shares in respect of which a person has voted or has instructed a proxy holder to vote in favor of the Arrangement Resolution.

Arrangement Dissent Rights with respect to Notice Shares will terminate and cease to apply to the Arrangement Dissenting CRAFT Shareholder if, before full payment is made for the Notice Shares, the Arrangement in respect of which the Arrangement Notice of Dissent was sent is abandoned or by its terms will not proceed, a court permanently enjoins or sets aside the corporate action approved by the Arrangement Resolution, or the Arrangement Dissenting CRAFT Shareholder withdraws the Arrangement Notice of Dissent with CRAFT's written consent. If any of these events occur, CRAFT must return the share certificates or DRS Advices representing the CRAFT Shares to the Arrangement Dissenting CRAFT Shareholder and the Arrangement Dissenting CRAFT Shareholder regains the ability to vote and exercise its rights as a CRAFT Shareholder.

The discussion above is only a summary of the Arrangement Dissent Rights, which are technical and complex. A CRAFT Shareholder who intends to exercise Arrangement Dissent Rights must strictly adhere to the procedures established in Sections 237 to 247 of the BCBCA, as modified by the Plan of Arrangement and the Interim Order, and failure to do so may result in the loss of all Arrangement Dissent Rights. Persons who are beneficial CRAFT Shareholders registered in the name of an intermediary, or in some other name, who wish to exercise Arrangement Dissent Rights, should be aware that only the registered owner of such CRAFT Shares is entitled to dissent.

It is suggested that any CRAFT Shareholder wishing to avail himself or herself of Arrangement Dissent Rights seek his or her own legal advice as failure to comply strictly with the applicable provisions of the BCBCA and the Interim Order may prejudice the availability of Arrangement Dissent Rights. Arrangement Dissenting CRAFT Shareholders should note that the exercise of Arrangement Dissent Rights can be a complex, time-consuming and expensive process.

## **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The following is a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a CRAFT Shareholder who, for purposes of the Tax Act, holds CRAFT Shares, and will hold Consideration Shares pursuant to the Arrangement, as capital property, deals at arm's length with each of CRAFT and Nano is not affiliated with CRAFT or Nano and who disposes of CRAFT Shares pursuant to the Arrangement. CRAFT Shares and Nano Shares generally will be considered capital property to a CRAFT Shareholder for purposes of the Tax Act unless the CRAFT Shareholder holds such shares in the course of carrying on a business of buying and selling securities or the CRAFT Shareholder has acquired or holds them in a transaction or transactions considered to be an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Tax Act in force on the date hereof, and counsel's understanding of the current published administrative policies and assessing practices of the CRA. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals"), and assumes that all Tax Proposals will be enacted in the form proposed. However, there is no certainty that the Tax Proposals will be enacted in the form currently proposed, if at all. The summary does not otherwise take into account or anticipate any changes in law, whether by

judicial, governmental or legislative decision or action, or other changes in administrative policies or assessing practices of the CRA, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may materially differ from Canadian federal income tax legislation or considerations.

This summary assumes that Nano has not been, and will not be, resident or deemed to be resident in Canada for purposes of the Tax Act at any relevant time.

This summary does not apply to a CRAFT Shareholder (i) that is a “financial institution” for the purposes of the market-to-market rules in the Tax Act, (ii) that is a “specified financial institution” (as defined in the Tax Act), (iii) an interest in which would be, or whose CRAFT Shares are, a “tax shelter” or a “tax shelter investment”, each as defined in the Tax Act, or (iv) that has elected to report its “Canadian tax results” (as defined in the Tax Act) in a currency other than Canadian currency. This summary also does not apply to a CRAFT Shareholder who has entered into or will enter into a “derivative forward agreement” or “synthetic disposition arrangement” (as defined in the Tax Act) with respect to CRAFT Shares or Nano Shares.

In addition, this summary does not address the tax considerations relevant to CRAFT Shareholders who acquired their shares on the exercise of an employee stock option. Such CRAFT Shareholders should consult their own tax advisors. This summary also does not apply to a CRAFT Warrantholder.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal, business or tax advice to any particular CRAFT Shareholder. Accordingly, CRAFT Shareholders should consult their own tax advisors with respect to their particular circumstances, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

### **Shareholders Resident in Canada**

The following portion of this summary is applicable to Resident Shareholders. In circumstances where CRAFT Shares may not otherwise constitute capital property to a particular Resident Shareholder, such holder may be entitled to elect that such shares be deemed to be capital property by making an irrevocable election under subsection 39(4) of the Tax Act to deem every “Canadian security” (as defined in the Tax Act) owned by such holder in the taxation year of the election and in each subsequent taxation year to be capital property. This election does not apply to Nano Shares. Resident Shareholders contemplating such an election should first consult their own tax advisors.

### ***Exchange of CRAFT Shares for Consideration Shares on the Amalgamation of CRAFT and AcquisitionCo***

A Resident Shareholder who receives Consideration Shares in exchange for CRAFT Shares on the amalgamation of CRAFT and AcquisitionCo will be considered to have disposed of the CRAFT Shares for proceeds of disposition equal to the value of the consideration received, being the fair market value of the Consideration Shares at the time of the exchange. As a result, such Resident Shareholder will realize a capital gain (or a capital loss) equal to the amount by which such proceeds of disposition exceed (or are less than) the aggregate of the Resident Shareholder’s adjusted cost base of the Common Shares immediately before the exchange and any reasonable costs of disposition. The general tax consequences to a Resident Shareholder of realizing such a capital gain or capital loss are described below under “*Shareholders Resident in Canada - Taxation of Capital Gains and Capital Losses*”.

The cost to a Resident Shareholder of the Consideration Shares acquired on the exchange of CRAFT Shares pursuant to the Arrangement will be equal to the fair market value of the Consideration Shares at the time of the exchange. The adjusted cost base of the Consideration Shares to a Resident Shareholder at any particular time will be determined by averaging the cost of such shares with the adjusted cost base to the Resident Shareholder of all other Nano Shares, if any, owned by the Resident Shareholder as capital property at such time.

### ***Dividends on Nano Shares***

A Resident Shareholder will be required to include in computing income for a taxation year the amount of

dividends, if any, received or deemed to be received in respect of Nano Shares, including amounts withheld for foreign withholding tax, if any. For individuals (including trusts), such dividends will not be subject to the gross-up and dividend tax credit rules under the Tax Act normally applicable to taxable dividends received by an individual from a taxable Canadian corporation. A Resident Shareholder that is a corporation will generally not be entitled to deduct the amount of such dividends in computing its taxable income.

Subject to the detailed rules in the Tax Act, a Resident Shareholder may be entitled to a foreign tax credit or deduction for any foreign withholding tax paid with respect to dividends received by the Resident Shareholder on the Nano Shares. **Resident Shareholders should consult their own tax advisors with respect to the availability of a foreign tax credit or deduction having regard to their own particular circumstances.**

### ***Disposition of Nano Shares***

A Resident Shareholder that disposes or is deemed to dispose of a Nano Share in a taxation year generally will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of the Nano Share, exceed (or are less than) the aggregate of the Resident Shareholder's adjusted cost base of such Nano Share (determined immediately before the disposition) and any reasonable costs of disposition. See "*Taxation of Capital Gains and Losses*" below.

### ***Taxation of Capital Gains and Losses***

Generally, a Resident Shareholder will be required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized by it in that year. A Resident Shareholder must deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Shareholder in that year. Allowable capital losses in excess of taxable capital gains for a taxation year may be carried back to any of the three preceding taxation years or carried forward to any subsequent taxation year and deducted against net taxable capital gains realized in such years to the extent and under the circumstances specified in the Tax Act.

Where a Resident Shareholder is a corporation, the amount of any capital loss arising on a disposition or deemed disposition of any CRAFT Share or Nano Share, as the case may be, may be reduced by the amount of dividends received or deemed to have been received by it on such share to the extent and under the circumstances described in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns CRAFT Shares or Nano Shares, as the case may be, or where a trust or partnership of which a corporation is a beneficiary or a member is a member of a partnership or a beneficiary of a trust that owns any such shares.

### ***Additional Refundable Tax on Canadian-Controlled Private Corporations***

A Resident Shareholder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional tax (refundable in certain circumstances) on certain investment income, including any dividends or deemed dividends that are not deductible in computing the Resident Shareholder's taxable income and amounts in respect of net taxable capital gains. Proposed Amendments announced by the Minister of Finance (Canada) on April 7, 2022 are intended to extend this additional tax and refund mechanism in respect of "aggregate investment income" to "substantive CCPCs" as defined in such Proposed Amendments and draft legislation implementing such Proposed Amendments that was released on August 9, 2022. **Resident Shareholders are advised to consult their own tax advisors regarding the possible implications of these Proposed Amendments in their particular circumstances.**

### ***Minimum Tax***

Capital gains realized or dividends received or deemed to be received by individuals and certain trusts may give rise to the alternative minimum tax under the Tax Act. **Resident Shareholders should consult their own tax advisors in this regard.**

### ***Foreign Property Information Reporting***

A Resident Shareholder that is a “specified Canadian entity” (as defined in the Tax Act) for a taxation year or fiscal period whose total cost amount of “specified foreign property” (as defined in the Tax Act), including Nano Shares, at any time in the year or fiscal period exceeds CDN\$100,000, is required to file an information return for the year or period disclosing prescribed information in respect of such property. Such Resident Shareholders should consult their own tax advisors regarding compliance with these rules.

### ***Offshore Investment Fund Property Rules***

The Tax Act contains provisions (the “**OIF Rules**”) which, in certain circumstances, may require a Resident Shareholder to include an amount in income in each taxation year in respect of the acquisition and holding of Nano Shares if (a) the value of the Nano Shares may reasonably be considered to be derived, directly or indirectly, primarily from portfolio investments in: (i) shares of the capital stock of one or more corporations, (ii) indebtedness or annuities, (iii) interests in one or more corporations, trusts, partnerships, organizations, funds or entities, (iv) commodities, (v) real estate, (vi) Canadian or foreign resource properties, (vii) currency of a country other than Canada, (viii) rights or options to acquire or dispose of any of the foregoing, or (ix) any combination of the foregoing (collectively “**Investment Assets**”), and (b) it may reasonably be concluded, having regard to all the circumstances, that one of the main reasons for the Resident Shareholder acquiring or holding the Nano Shares was to derive a benefit from Investment Assets in such a manner that the taxes, if any, on the income, profits, and gains from such Investment Assets for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act if the income, profits, and gains had been earned directly by the Resident Shareholder.

If applicable, the OIF Rules can result in a Resident Shareholder being required to include in their income for each taxation year in which the Resident Shareholder owns Nano Shares the amount, if any, by which (a) the total of all amounts each of which is the product obtained when the Resident Shareholder’s “designated cost” (as defined in the Tax Act) of their Nano Shares at the end of a month in the year is multiplied by 1/12 of the aggregate of the prescribed rate of interest for the period that includes that month plus 2%, exceeds (b) the Resident Shareholder’s income for the year (other than a capital gain) in respect of the Nano Shares determined without reference to the OIF Rules. Any amount required to be included in computing a Resident Shareholder’s income under these provisions will be added to the adjusted cost base of the Resident Shareholder’s Nano Shares.

The OIF Rules are complex and their application and consequences depend, to a large extent, on the reasons for a Resident *Shareholder* acquiring or holding *Nano* Shares. Resident *Shareholders* are urged to consult their own tax advisors regarding the application and consequences of the OIF Rules in their own particular circumstances.

### ***Dissenting CRAFT Shareholders***

A Resident Shareholder who is a Dissenting CRAFT Shareholder (a “**Dissenting Resident Shareholder**”) who, consequent upon the exercise of or Arrangement Dissent Rights, disposes of CRAFT Shares in consideration for a cash payment from Nano will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Dissenting Resident Shareholder’s CRAFT Shares. See “*Taxation of Capital Gains and Losses*” above.

Interest awarded by a court to a Dissenting Resident Shareholder will be included in the holder's income for purposes of the Tax Act.

### ***Non-Residents of Canada***

This part of the summary is applicable to a CRAFT Shareholder, who, for purposes of the Tax Act and any applicable income tax treaty, has not been and will not be resident or deemed to be resident in Canada at any time while it has held or will hold CRAFT Shares or Nano Shares and who does not use or hold, will not use or hold and is not and will not be, deemed to use or hold such CRAFT Shares or Nano Shares in carrying on a business in Canada (a “**Non-Resident Shareholder**”). Special rules, which are not discussed in this summary, may apply to a non-resident that is an insurer carrying on business in Canada and elsewhere.

### ***Exchange of CRAFT Shares for Consideration Shares on the Amalgamation of CRAFT and AcquisitionCo and Subsequent Disposition of Nano Shares***

A Non-Resident Shareholder will not be subject to tax under the Tax Act on any capital gain realized on the disposition of CRAFT Shares under the Arrangement, or on a subsequent disposition of Nano Shares, unless the CRAFT Shares or Nano Shares, as applicable are “taxable Canadian property” and are not “treaty-protected property” to the Non-Resident Shareholder.

Generally, CRAFT Shares and Nano Shares will not be taxable Canadian property of a Non-Resident Shareholder at a particular time unless more than 50% of the fair market value of the CRAFT Shares or Nano Shares, as applicable, was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, “Canadian resource properties” or “timber resource properties”, (both as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such properties (whether or not such property exists).

Notwithstanding the foregoing, in certain other circumstances a CRAFT Share or a Nano Share, as applicable, could be deemed to be taxable Canadian property for the purposes of the Tax Act. Non-Resident Shareholders should consult their own tax advisors in this regard.

Even if the CRAFT Shares and Nano Shares are taxable Canadian property to a Non-Resident Shareholder, a taxable capital gain resulting from the disposition of the CRAFT Shares or Nano Shares, as applicable, will not be included in computing the Non-Resident Shareholder’s taxable income earned in Canada for the purposes of the Tax Act if, at the time of the disposition, the CRAFT Shares or Nano Shares, as applicable, constitute “treaty protected property” of the Non-Resident Shareholder for purposes of the Tax Act. CRAFT Shares and Consideration Shares will generally be considered “treaty-protected property” of a Non-Resident Shareholder for purposes of the Tax Act at the time of the disposition if the gain from the disposition of CRAFT Shares or Nano Shares, as applicable, would, because of an applicable income tax treaty or convention between Canada and the country in which the Non-Resident Shareholder is resident for purposes of such treaty or convention and in respect of which the Non-Resident Shareholder is entitled to receive benefits thereunder, be exempt from tax under the Tax Act.

In the event that the CRAFT Shares or Nano Shares constitute taxable Canadian property and are not treaty-protected property to a particular Non-Resident Shareholder, the Non-Resident Shareholder will realize a capital gain (or capital loss) generally in the circumstances as described under “*Certain Canadian Federal Income Tax Considerations – Shareholders Resident in Canada – Exchange of CRAFT Shares for Consideration Shares on the Amalgamation of CRAFT and AcquisitionCo*” and “*Certain Canadian Federal Income Tax Considerations – Shareholders Resident in Canada – Taxation of Capital Gains and Capital Losses*” above. A Non-Resident Shareholder who disposes of taxable Canadian property that is not treaty-protected property may have to file a Canadian income tax return for the year in which the disposition occurs, regardless of whether the Non-Resident Shareholder is liable for Canadian tax on any gain realized as a result.

**Non-Resident Shareholders whose CRAFT Shares or Nano Shares are taxable Canadian property should consult their own tax advisors for advice having regard to their particular circumstances, including whether their CRAFT Shares or Nano Shares constitute treaty-protected property.**

### ***Dividends on Nano Shares***

Dividends paid or credited, or deemed to be paid or credited, on a Non-Resident Shareholder’s Nano Shares will be subject to withholding tax under the Tax Act at a rate of 25% unless the rate is reduced under the provisions of an applicable income tax treaty or convention. In the case of a beneficial owner of dividends who is a resident of the United States for purposes of the *Canada-US Tax Convention (1980)* and who is entitled to the benefits of that treaty, the rate of withholding will generally be reduced to 15%.

### ***Dissenting Non-Resident Shareholders***

A Non-Resident Shareholder who exercises their Arrangement Dissent Rights will not be subject to tax under the Tax Act on any capital gain realized on the disposition of CRAFT Shares to Nano pursuant to the Arrangement, provided that the CRAFT Shares are not “taxable Canadian property” (as defined in the Tax Act), as



discussed above under “*Exchange of CRAFT Shares for Consideration Shares on the Amalgamation of CRAFT and AcquisitionCo and Subsequent Disposition of Nano Shares*”, to the Non-Resident Shareholder at the time of the disposition or an applicable income tax treaty or convention exempts the capital gain from tax under the Tax Act.

Interest (if any) awarded by a court to a dissenting Non-Resident Shareholder generally should not be subject to withholding tax under the Tax Act.

## **CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

The following is a general discussion of certain U.S. federal income tax considerations relating to the Amalgamation and to the receipt of Consideration Shares by U.S. Holders (as defined below) pursuant to the Arrangement and to the ownership and disposition of such Nano Shares by such U.S. Holders following the Arrangement, and the ownership and disposition of such Nano Shares by Non U.S. Holders (as defined below). This discussion applies only to holders that hold CRAFT Shares or Nano Shares, as applicable, as capital assets for U.S. federal income tax purposes (generally, property held for investment). This discussion does not address any tax considerations applicable to a holder of options, warrants, or any other right to acquire CRAFT Shares (or, post-transaction, Nano Shares), including without limitation, the CRAFT Warrants. The discussion is based on and subject to the Code, the U.S. Treasury Regulations promulgated thereunder, administrative rulings and court decisions in effect on the date hereof, all of which are subject to change, possibly with retroactive effect, and to differing interpretations. No legal opinion from U.S. legal counsel or ruling from the IRS has been requested, or is expected to be obtained, regarding the U.S. federal income tax consequences described herein. This discussion is not binding on the IRS or any court, and there can be no assurance that the IRS will not take a contrary position or that any contrary position taken by the IRS will not be sustained by a court. This discussion also assumes that the Arrangement is carried out as described in this Circular and that the Arrangement is not integrated with any other transaction for U.S. federal income tax purposes.

The discussion does not constitute tax advice and does not address all of the U.S. federal income tax considerations that may be relevant to specific holders in light of their particular circumstances or to holders subject to special treatment under U.S. federal income tax law including:

- banks, thrifts, mutual funds and other financial institutions;
- regulated investment companies and real estate investment trusts;
- traders in securities who elect to apply a mark-to-market method of accounting;
- broker-dealers;
- tax-exempt organizations and pension funds;
- insurance companies;
- dealers or brokers in securities or foreign currency;
- individual retirement and other deferred accounts;
- U.S. Holders whose functional currency is not the U.S. dollar;
- U.S. expatriates;
- Holders that are required to accelerate the recognition of any item of gross income with respect to CRAFT Shares, or Nano Shares as a result of such income being recognized on an applicable financial statement;

- “passive foreign investment companies” or “controlled foreign corporations”;
- persons liable for the alternative minimum tax;
- holders who hold their shares as part of a straddle, hedging, conversion, constructive sale or other risk reduction transaction;
- partnerships or other pass-through entities; and
- holders who received their shares through the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan.

This discussion does not address any non-income tax considerations or any non-U.S., state or local tax consequences. Except as discussed below, this discussion does not address tax filing and reporting requirements.

For purposes of this discussion, a “U.S. Holder” means a beneficial owner of CRAFT Shares at the time of the Arrangement or, as the context may require, a beneficial owner of Consideration Shares received as a result of the Arrangement, that is:

- an individual who is a citizen or resident of the United States, as determined under U.S. tax law;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States or any state thereof or the District of Columbia;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (2) the trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person for U.S. federal income tax purposes.

The tax treatment of a partner in a partnership, including for this purpose any entity or arrangement that is treated as a partnership or other “pass-through” entity for U.S. federal income tax purposes, that holds CRAFT Shares at the time of the Arrangement or Nano Shares after the Arrangement, generally will depend upon the status of the partner and the activities of the partnership. A shareholder that is a partnership and the partners (or other owners) in such partnership should consult their own tax advisors about the U.S. federal income tax consequences of the Arrangement and the ownership and disposition of Nano Shares after the Arrangement.

**INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE U.S. FEDERAL INCOME AND OTHER TAX CONSIDERATIONS RELATING TO THE AMALGAMATION, THE RECEIPT, OWNERSHIP AND DISPOSITION OF NEW NANO SHARES AND NANO SHARES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, AS WELL AS THE EFFECT OF ANY STATE, LOCAL OR NON-U.S. TAX LAWS.**

#### **Tax Classification of Nano**

Because Nano is a U.S. domestic corporation, Nano will be subject to U.S. federal income tax on its worldwide taxable income (regardless of whether such income is “U.S. source” or “foreign source”) and will be required to file a U.S. federal income tax return annually with the IRS.

## **U.S. Federal Tax Consequences to U.S. Holders**

### ***PFIC Status of the Company***

A non-U.S. corporation is classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying relevant look-through rules with respect to the income and assets of its subsidiaries, either: (i) 50% or more of the value of the corporation's assets either produce passive income or are held for the production of passive income, based on the quarterly average of the fair market value of such assets; or (ii) at least 75% of the corporation's gross income is passive income. "Passive income" includes dividends, interest, certain rents and royalties and certain gains from the sale of commodities and securities.

The determination of whether or not a Corporation is a PFIC for a taxable year is made after the end of the applicable taxable year, and will depend upon the composition of the Corporation's income and assets for that taxable year. Since the PFIC status of the Corporation for each year depends upon the composition of the Corporation's income and assets and upon the market value of the Corporation's assets from time to time, there can be no assurance that the Corporation will not be considered a PFIC for any taxable year.

The Company has not made and has no plans to make a formal determination as to whether it was a PFIC during prior taxable years or the taxable year of the Amalgamation. Each U.S. Holder should consult its own tax advisors regarding the PFIC status of the Company.

### ***If the Company is a PFIC***

If the Company were considered a PFIC for any taxable year during which a U.S. Holder held CRAFT Shares, certain adverse tax consequences could apply to such U.S. Holder when such U.S. Holder surrenders its CRAFT Shares and receives Nano Shares in the Amalgamation, including the imposition of interest charges and tax at higher rates than would otherwise apply. Certain elections may be available that may mitigate the tax adverse consequences resulting from PFIC status.

Given the adverse tax consequences if the PFIC rules apply, U.S. Holders are urged to consult their own tax advisors regarding the PFIC status of the Company and the consequences if the Company is classified as a PFIC, including the manner in which the PFIC rules may affect the U.S. federal income tax consequences of surrendering CRAFT Shares, and whether the U.S. Holder can or should make any of the special elections under the PFIC rules with respect to the Company.

### ***If the Company is not a PFIC***

If the Company is not considered a PFIC in any taxable year during which a U.S. Holder held CRAFT Shares, the tax consequences noted in "Receipt of Nano Shares and Cash Pursuant to the Amalgamation" apply to the U.S. Holder.

### ***Receipt of Nano Shares and Cash Pursuant to the Amalgamation***

A U.S. Holder of CRAFT Shares generally would be treated as if it had sold such shares in a taxable transaction when such U.S. Holder surrenders its CRAFT Shares and receives Nano Shares in the Amalgamation. In such event, a U.S. Holder would recognize gain or loss equal to the difference between the U.S. Holder's adjusted basis in its CRAFT Shares and the sum of the fair market value of the Nano Shares and cash received in exchange therefor. Such gain or loss generally will be capital gain or loss and generally will be long-term capital gain if the holder held the CRAFT Shares for longer than one year at the completion of the Amalgamation. A U.S. Holder's aggregate basis in the Nano Shares received would equal the fair market value of such shares at such time, and such U.S. Holder's holding period in such shares would begin the day after the Amalgamation. U.S. Holders should consult their own U.S. tax advisors regarding the proper tax reporting of the Amalgamation.

### ***Dissenting U.S. Holders***

A U.S. Holder who exercises the right to dissent from the Amalgamation generally will recognize gain or

loss upon the exchange of CRAFT Shares for cash in an amount equal to the difference between (i) the cash received, other than amounts, if any, which are or are deemed to be interest for U.S. federal income tax purposes, which amounts will be taxed as ordinary income, and (ii) such holder's adjusted tax basis in CRAFT Shares. Such gain or loss generally will be capital gain or loss and generally will be long-term capital gain if the holder held the CRAFT Shares for longer than one year at the completion of the Amalgamation. The taxation of dissenting holders is complex, and U.S. Holders contemplating the exercise of dissenters' rights should consult their own tax advisors as to the application of the foregoing rules with regard to their particular circumstances.

## **Ownership and Disposition of Nano Shares**

### ***Distributions***

Distributions of cash or property on Nano Shares will constitute dividends for U.S. federal income tax purposes to the extent paid from Nano's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Dividends will generally be taxable to a non-corporate U.S. Holder at the preferential rates applicable to long-term capital gains, provided that such holder meets certain holding period and other requirements. Distributions in excess thereof will first constitute a return of capital and be applied against and reduce a U.S. Holder's adjusted tax basis in its Nano Shares, but not below zero, and thereafter be treated as capital gain and will be treated as described under "*Sale or Other Taxable Disposition*" below.

Dividends received by corporate U.S. Holders may be eligible for a dividends received deduction, subject to certain restrictions relating to, among others, the corporate U.S. Holder's taxable income, holding period and debt financing.

### ***Sale or Other Taxable Disposition***

Upon the sale or other taxable disposition of Nano Shares, a U.S. Holder will generally recognize capital gain or loss equal to the difference between (i) the amount realized by such U.S. Holder in connection with such sale or other taxable disposition, and (ii) such U.S. Holder's adjusted tax basis in such stock. Such capital gain or loss will generally be long-term capital gain or loss if the U.S. Holder's holding period of such Nano Shares is more than twelve months. U.S. Holders who are individuals are eligible for preferential rates of taxation respecting their long-term capital gains. Deductions for capital losses are subject to limitations.

## **Tax Considerations for Non U.S. Holders Regarding Holding and Disposing of Nano Shares**

### ***Definition of a Non U.S. Holder***

For purposes of this discussion, a "Non U.S. Holder" is any beneficial owner of Nano Shares after giving effect to the Amalgamation that is neither a U.S. Holder nor an entity treated as a partnership for U.S. federal income tax purposes.

### ***Receipt of Nano Shares and Cash in Exchange for CRAFT Shares***

Non U.S. Holders generally should not be subject to U.S. income tax on gains from the Amalgamation, unless such gains are related to a trade or business that such persons conduct in the United States.

### ***Distributions***

Distributions of cash or property on Nano Shares will constitute dividends for U.S. federal income tax purposes to the extent paid from Nano's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess thereof will first constitute a return of capital and be applied against and reduce a Non U.S. Holder's adjusted tax basis in its Nano Shares, but not below zero, and thereafter be treated as capital gain and will be treated as described under "*Sale or Other Taxable Disposition*" below.

Subject to the discussions under "Information Reporting and Backup Withholding" and under "FATCA" below, any dividend paid to a Non U.S. Holder of Nano Shares that is not effectively connected with the Non U.S.

Holder's conduct of a trade or business within the U.S. will be subject to U.S. federal withholding tax at a rate of 30%, or such lower rate as may be specified under an applicable income tax treaty. In order to receive a reduced treaty rate, a Non U.S. Holder must provide its financial intermediary with an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable (or an appropriate successor form), properly certifying such holder's eligibility for the reduced rate. If a Non U.S. Holder holds Nano Shares through a financial institution or other agent acting on the Non U.S. Holder's behalf, the Non U.S. Holder will be required to provide appropriate documentation to such agent, and the Non U.S. Holder's agent will then be required to provide such (or a similar) certification either directly or through other intermediaries. A Non U.S. Holder that does not timely furnish the required certification, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non U.S. Holders should consult their own tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

Dividends paid to a Non U.S. Holder that are effectively connected with the Non U.S. Holder's conduct of a trade or business in the U.S. (or, if required by an applicable income tax treaty, are attributable to a U.S. permanent establishment, or fixed base, of the Non U.S. Holder) generally will be exempt from the withholding tax described above and instead will be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates in the same manner as if the Non U.S. Holder were a U.S. person. In such case, Nano will not have to withhold U.S. federal tax so long as the Non U.S. Holder timely complies with the applicable certification and disclosure requirements. In order to obtain this exemption from withholding tax, a Non U.S. Holder must provide its financial intermediary with an IRS Form W-8 ECI properly certifying its eligibility for such exemption. Any such effectively connected dividends received by a corporate Non U.S. Holder may be subject to an additional "branch profits tax" at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty), as adjusted for certain items. Non U.S. Holders should consult their own tax advisors regarding any applicable tax treaties that may provide for different rules.

#### ***Sale or Other Taxable Disposition***

Subject to the discussions under "*Information Reporting and Backup Withholding*" and under "*FATCA*" below, any gain realized on the sale or other disposition of Nano Shares by a Non U.S. Holder generally will not be subject to U.S. federal income tax unless the gain is effectively connected with the Non U.S. Holder's conduct of a trade or business in the U.S. (or, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment, or fixed base, of the Non U.S. Holder). Such gain effectively connected with conduct of a trade or business in the U.S., attributable to a U.S. permanent establishment or fixed base will be subject to U.S. federal income tax on the gain derived from the sale or other disposition pursuant to regular graduated U.S. federal income tax rates in the same manner as if it were a U.S. person. In addition, a corporate Non U.S. Holder with such gain may be subject to branch profits tax equal to 30% of its effectively connected earnings and profits (or at such lower rate as may be specified by an applicable income tax treaty), as adjusted for certain items.

Nano does not believe the rules of the Foreign Investment in Real Property Tax Act of 1980 ("**FIRPTA**") apply to the disposition of Nano Shares, although the facts may change in the future.

#### ***Information Reporting and Backup Withholding***

With respect to distributions and dividends on Nano Shares, Nano must report annually to the IRS and to each Non U.S. Holder the amount of distributions and dividends paid to such Non U.S. Holder and any tax withheld with respect to such distributions and dividends, regardless of whether withholding was required with respect thereto. Copies of the information returns reporting such dividends and distributions and withholding also may be made available to the tax authorities in the country in which the Non U.S. Holder resides or is established under the provisions of an applicable income tax treaty, tax information exchange agreement or other arrangement. A Non U.S. Holder will be subject to backup withholding for dividends and distributions paid to such Non U.S. Holder unless either (i) such Non U.S. Holder certifies under penalty of perjury that it is not a U.S. person (as defined in the Code), which certification is generally satisfied by providing a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E, or IRS Form W-8 ECI (or appropriate successor form), and the payor does not have actual knowledge or reason to know that such holder is a U.S. person, or (ii) such Non U.S. Holder otherwise establishes an exemption.

With respect to sales or other dispositions of Nano Shares, information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale or other disposition of Nano Shares within

the U.S. or conducted through certain U.S. related financial intermediaries, unless either (i) such Non U.S. Holder certifies under penalty of perjury that it is not a U.S. person (as defined in the Code), which certification is generally satisfied by providing a properly executed IRS Form W-8BEN, IRS Form W-8BEN-E, or IRS Form W-8 ECI (or appropriate successor form), and the payor does not have actual knowledge or reason to know that such holder is a U.S. person, or (ii) such Non U.S. Holder otherwise establishes an exemption.

Whether with respect to distributions and dividends, or the sale or other disposition of Nano Shares, backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non U.S. Holder's U.S. federal income tax liability, if any, provided the required information is timely furnished to the IRS.

## **FATCA**

Withholding taxes may be imposed pursuant to the Foreign Account Tax Compliance Act ("**FATCA**") (Sections 1471 through 1474 of the Code) on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, except as discussed below, a 30% withholding tax may be imposed on dividends on, or gross proceeds from the sale or other disposition (including certain distributions treated as a sale or other disposition) of, Nano Shares paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code).

Such 30% FATCA withholding will not apply to a foreign financial institution if such institution undertakes certain diligence and reporting obligations, or otherwise qualifies for an exemption from these rules. The diligence and reporting obligations include, among others, entering into an agreement with the U.S. Department of Treasury pursuant to which the foreign financial institution must (i) undertake to identify accounts held by certain "specified United States persons" or "United States owned foreign entities" (each as defined in the Code), (ii) annually report certain information about such accounts, and (iii) withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the U.S. governing FATCA may be subject to different rules.

The 30% FATCA withholding will not apply to a non-financial foreign entity which either certifies that it does not have any "substantial United States owners" (as defined in the Code), furnishes identifying information regarding each substantial United States owner, or otherwise qualifies for an exemption from these rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA (i) generally applies currently to payments of dividends on Nano Shares, and (ii) will apply to payments of gross proceeds from the sale or other disposition of such stock (including certain distributions treated as a sale or other disposition).

## **INFORMATION CONCERNING NANO**

Nano is a Delaware corporation that was formed on June 22, 2023. Nano is a US-based company focused on the development and delivery of cures to major health conditions and diseases. Nano is developing multiple technology platforms including one initially focused on insulin signaling, in conjunction with pharma and biotech partners, that targets insulin resistance. Insulin resistance is the root cause of diabetes Type 2, obesity, and many other related diseases.<sup>2</sup> Another platform component being developed by Nano aims to democratize cure development by providing resources, data and tools for partnering institutions and individual drug and cure developers to lower the barriers to entry and spur new cure innovation.

Nano is not an issuer under the securities laws of any province or territory of Canada, and it is not subject to any reporting obligations under Section 13(a) or Section 15(d) of the U.S. Exchange Act. Nano's head and

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<sup>2</sup> <https://my.clevelandclinic.org/health/diseases/22206-insulin-resistance>.

registered offices are each located at 7000 N Mopac Expy, Suite 200, Austin Texas 78731.

### **Trading Price and Volume Data**

The Nano Shares are not available for trading on any stock exchange.

### **Prior Purchases and Sales**

Except as set forth below, Nano has not purchased or sold Nano Shares during the 12 months prior to September 27, 2023, the date of entry into the Arrangement Agreement.

### **Dividend Policy**

Nano has not paid any dividends on the Nano Shares since its incorporation. Under the terms of the Arrangement Agreement, Nano is not permitted to declare, set aside or pay dividends on the Nano Shares except as permitted in certain circumstances.

## **INFORMATION CONCERNING CRAFT**

CRAFT 1861 Global Holdings Inc. (formerly, BGP Acquisition Corp. (“**BGP**”)) is a company incorporated in British Columbia, Canada. CRAFT is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. CRAFT’s head office is located at 100 Sun Ave NE, Ste. 650 Albuquerque, New Mexico 87109, and its registered office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

On July 26, 2023, CRAFT announced that its wholly owned subsidiary, CRAFT Global and RKA and have entered into a binding letter of intent, to effect the RKA Divestiture. The RKA Divestiture took effect as of August 4, 2023. RKA is an arm’s length party to CRAFT.

Prior to August 4, 2023, CRAFT Global had previously exercised capital and management control of HES, a State of New Mexico incorporated not-for-profit that holds the State of New Mexico Cannabis Control & Regulatory License Division Vertically Integrated Licensure, pursuant to an exclusive management agreement with HES – such management agreement was terminated as of August 4, 2023. Pursuant to the RKA Divestiture, RKA assumed capital management control of HES in exchange for the assumption of approximately USD\$2,700,000 in liabilities and CRAFT and RKA will enter into a licensing agreement with respect to certain trademarks used in HES’s operations. CRAFT also has the right, but not the obligation, to reacquire HES in the occurrence of a triggering event at a 25% premium price to price of the RKA Divestiture.

As of the completion of the RKA Divestiture, CRAFT no longer has any operations related to the growing or cultivating of cannabis or cannabis strains in the United States. As such, the principal business activities of CRAFT will be solely focused on its all-natural Health & Wellness products and services businesses, encompassing genetics, scientific research & development, technology, cultivation, product development, advanced manufacturing, formulation, distribution, wholesale, brand development, and business development as a health & wellness company focused on natural-based performance and recovery products and services as regulated by the regulatory bodies and authorities of the markets in which CRAFT has activities.

### **CRAFT Documents Incorporated by Reference**

Information has been incorporated by reference in this Circular from documents filed with the various securities commissions or similar regulatory authorities in the provinces of Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from CRAFT at investor.relations@craft1861global.com, telephone number (1) 505-228-8446, and are also available electronically under CRAFT’s profile on SEDAR+ at www.sedarplus.com.

The following documents of CRAFT are specifically incorporated by reference in, and form an integral part

of, this Circular:

- (a) the CRAFT AIF;
- (b) CRAFT's notice of meeting dated October 23, 2023 and associated management information circular dated November 10, 2023;
- (c) the audited consolidated financial statements of CRAFT, and the notes thereto, for the years ended December 31, 2022, together with the auditors' report thereon;
- (d) management's discussion and analysis of financial condition and result of operations of CRAFT for the years ended December 31, 2022;
- (e) the unaudited condensed interim consolidated financial statements of CRAFT, and the notes thereto, for the three and nine months ended September 30, 2023;
- (f) management's discussion and analysis of financial condition and results of operations of CRAFT for the three and nine months ended 2023; and
- (g) the material change report of CRAFT dated November 6, 2023 relating to the Arrangement Agreement.

Any document of the type referred to in the preceding paragraph (excluding confidential material change reports), the content of any news release publicly disclosing financial information for a period more recent than the period for which financial statements are required to be incorporated herein, and certain other documents as set forth in Item 11.1 of Form 44-101F1 of NI 44-101 filed by CRAFT with securities commission or similar regulatory authorities in Canada after the date of this Circular shall be deemed to be incorporated by reference in this Circular. These documents are available under CRAFT profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained in this Circular or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not constitute a part of this Circular, except as so modified or superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. Making such a modifying or superseding statement shall not be deemed to be an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, untrue statement of a material fact, nor an omission to state a material fact that is required to be stated or necessary to make a statement not misleading in light of the circumstances in which it is made.**

### **Description of Share Capital**

The authorized capital of CRAFT consists of an: (i) unlimited number of CRAFT Shares; (ii) unlimited number of CRAFT Proportionate Voting Shares; (iii) unlimited CRAFT Class A Voting Shares, and (iv) unlimited CRAFT Class B Shares. At the close of business on October 31, 2023, there were: (i) 93,406 CRAFT Shares issued and outstanding; (ii) 464,050 CRAFT Proportionate Voting Shares issued and outstanding; (iii) nil CRAFT Class A Voting Shares issued and outstanding; (iv) nil CRAFT Class B Shares issued and outstanding. As of the Record Date, there are 5,940,000 CRAFT Warrants issued and outstanding.

### **Price Range and Trading Volumes of the CRAFT Shares**

The CRAFT Shares are listed and posted for trading on the Cboe under the symbol "HUMN". The following table sets forth information relating to the trading of the CRAFT Shares on the Cboe for the months indicated.



<b>Month</b>	<b>High</b>	<b>Low</b>	<b>Volume</b>
March 2023 <sup>(1)</sup>	CDN\$13.61	CDN\$13.00	407
April 2023 <sup>(2)</sup>	CDN\$13.00	CDN\$13.00	7
May 2023	N/A	N/A	N/A
June 2023	N/A	N/A	N/A
July 2023	N/A	N/A	N/A
August 2023	N/A	N/A	N/A
September 2023	N/A	N/A	N/A
October 2023	N/A	N/A	N/A

Notes:

- (1) The CRAFT Shares began trading upon closing of the Business Combination on February 28, 2023.
- (2) On April 10, 2023, the CRAFT Shares were subject to the CTO and trading of CRAFT Shares were halted. Trading of the CRAFT Shares has not resumed since such halt.

### **Prior Sales**

There have been no issuances of shares, including any securities convertible or exchangeable into shares, during the 12-month period before the date of this Circular.

## **INFORMATION CONCERNING NANO FOLLOWING THE ARRANGEMENT**

### **General**

Upon completion of the Arrangement, Nano will directly own all of the outstanding shares of Amalco, the entity resulting from the amalgamation of AcquisitionCo and CRAFT pursuant to the Arrangement.

After completion of the Arrangement, the business and operations of Amalco will be managed and operated as a subsidiary of Nano. Nano expects that the business and operations of Nano and Amalco will be consolidated and the principal registered office of Amalco will be located at Nano's current head office, being 7000 N Mopac Expy, Suite 200, Austin Texas 78731.

For further details on the anticipated business of Nano upon completion of the Arrangement, see Nano's Listing Document attached hereto as Appendix F. The information contained in the Listing Document may not be complete and remains subject to amendment and change. The Listing Document and the documents incorporated therein contain information regarding certain contemplated transactions and events which are subject to change and modification. As a result, actual results, events and transactions may differ materially. The entire Listing Document should be considered as "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws. By their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation those risks outlined in the draft or final Listing Document.

### **Directors and Executive Officers of Nano**

Following completion of the Arrangement, the Nano Board will (i) increase in size to five (5) directors; and (ii) be comprised of the Nano Nominees and the CRAFT Nominees. In all cases, each such nominee shall satisfy the director qualification requirements of the Delaware General Corporation Law, shall be subject to applicable

regulatory approvals and shall otherwise possess the skills and aptitude necessary to serve as a director of a publicly-traded reporting issuer in Canada. Notwithstanding the foregoing, except with respect to the Nano Nominees, Nano and CRAFT may mutually decide to change the composition of the Nano Board or appoint any other individual as a member of the Nano Board at the Effective Time.

For further details on the anticipated directors and officers of Nano upon completion of the Arrangement, see Nano's Listing Document attached hereto as Appendix F.

### **Description of Share Capital**

The authorized share capital of Nano following completion of the Arrangement will continue to be as described in Appendix F of this Circular and the rights and restrictions of the Nano Shares will remain unchanged. The issued share capital of Nano will change as a result of the consummation of the Arrangement, to reflect the issuance of the Nano Shares contemplated in the Arrangement.

For further details on the anticipated share capital of Nano upon completion of the Arrangement, see Nano's Listing Document attached hereto as Appendix F.

### **Auditors, Transfer Agent and Registrar**

The auditors of Nano following completion of the Arrangement are anticipated to be GreenGrowth CPAs, Accountants and Advisors and the transfer agent and registrar for the Nano Shares in Canada will be Odyssey Trust Company at its principal offices at 1230 300 5th Ave SW, Calgary, Alberta, T2P 3C4.

## **RISK FACTORS**

In evaluating the Arrangement, CRAFT Shareholders should carefully consider the following risk factors relating to the Arrangement. The following risk factors are not a definitive list of all risk factors associated with the Arrangement. Additional risks and uncertainties, including those currently unknown or considered immaterial by CRAFT, may also adversely affect the CRAFT Shares, the Nano Shares, and/or the business of Nano following the Arrangement. In addition to the risk factors relating to the Arrangement set out below, CRAFT Shareholders should also carefully consider the risk factors associated with the business of CRAFT (described in the CRAFT AIF, which is incorporated by reference in this Circular) included in this Circular and in the documents incorporated by reference herein. If any of the risk factors materialize, the expectations, and the predictions based on them, may need to be re-evaluated.

### **Risk Factors Related to the Arrangement**

***There can be no certainty that all conditions precedent to the Arrangement will be satisfied. Failure to complete the Arrangement could negatively impact the share price of the CRAFT Shares or otherwise adversely affect the business of CRAFT.***

The completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of CRAFT, including receipt of the Final Order. There can be no certainty, nor can CRAFT provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If the Arrangement is not completed, the market price of the CRAFT Shares may decline to the extent that the current market price reflects a market assumption that the Arrangement will be completed. If the Arrangement is not completed and the CRAFT Board decides to seek another merger or arrangement, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the total consideration to be paid pursuant to the Arrangement.

***The Arrangement Agreement may be terminated in certain circumstances, including in the event of a change having a Material Adverse Effect on CRAFT.***

Each of CRAFT and Nano has the right to terminate the Arrangement Agreement and Arrangement in

certain circumstances. Accordingly, there is no certainty, nor can CRAFT provide any assurance, that the Arrangement Agreement will not be terminated by either CRAFT or Nano before the completion of the Arrangement. For example, Nano has the right, in certain circumstances, to terminate the Arrangement Agreement if changes occur that have a Material Adverse Effect on CRAFT. Although a Material Adverse Effect excludes certain events that are beyond the control of CRAFT (such as general changes in global economic conditions), there is no assurance that a change having a Material Adverse Effect on CRAFT will not occur before the Effective Date, in which case Nano could elect to terminate the Arrangement Agreement and the Arrangement would not proceed.

***The CRAFT Break Fee provided under the Arrangement Agreement if the Arrangement Agreement is terminated in certain circumstances may discourage other parties from attempting to acquire CRAFT.***

Under the Arrangement Agreement, CRAFT is required to pay the CRAFT Break Fee of USD\$17,240,408 in the event the Arrangement Agreement is terminated following the occurrence of a CRAFT Break Fee Event. The CRAFT Break Fee may discourage other parties from attempting to acquire the CRAFT Shares, even if those parties would otherwise be willing to offer greater value than that offered under the Arrangement. See “*The Arrangement – The Arrangement Agreement – Termination – Termination Fee*”.

***CRAFT will incur costs even if the Arrangement is not completed and may have to pay the CRAFT Break Fee.***

Certain costs related to the Arrangement, such as legal, accounting and certain financial advisor fees, must be paid by CRAFT even if the Arrangement is not completed. If the Arrangement Agreement is terminated, CRAFT may be required in certain circumstances to pay Nano the CRAFT Break Fee. See “*The Arrangement – The Arrangement Agreement – Termination – Termination Fee*”.

***The Nano Shares may not be listed.***

The Nano Shares are not currently listed on any stock exchange. Although an application will be made for listing of the Nano Shares on the Cboe, there is no assurance when, or if, the Nano Shares will be listed on the Cboe or on any other stock exchange. Listing will be subject to Nano meeting the listing requirements and other conditions of the Cboe. Listing of the Nano Shares on the Cboe or on any other exchange is not a condition to the completion of the Arrangement. Until the Nano Shares are listed on a stock exchange, shareholders of Nano may not be able to sell their Nano Shares. Even if a listing is obtained, ownership of Nano Shares will entail a high degree of risk.

***Nano and CRAFT may not integrate successfully.***

If approved, the Arrangement will involve the integration of companies that previously operated independently. As a result, the Arrangement will present challenges to Nano’s management, including the integration of the operations, systems and personnel of the two companies, and special risks, including possible unanticipated liabilities, unanticipated costs, diversion of management’s attention and the loss of key employees. The difficulties management encounters in the transition and integration process could have an adverse effect on the revenues, level of expenses and operating results of Nano following completion of the Arrangement. As a result of these factors, it is possible that any benefits expected from the combination will not be realized.

***Tax risks if the Nano Shares are not listed on a designated stock exchange.***

If the Nano Shares are not listed on a designated stock exchange in Canada before the due date for Nano’s first income tax return or if Nano does not otherwise satisfy the conditions in the Tax Act to be a “public corporation”, the Nano Shares will not be considered to be a qualified investment for a Registered Plan from their date of issue. Where a Registered Plan acquires a Nano Share in circumstances where the Nano Share is not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the controlling individual (within the meaning of the Tax Act) under the Registered Plan, including that the Registered Plan may become subject to penalty taxes and the controlling individual of such Registered Plan may be deemed to have received income therefrom or be subject to a penalty tax. See “*Certain Canadian Federal Income Tax Considerations.*”

In addition, if the Nano Shares are not listed on a designated stock exchange, such shares would be “taxable Canadian property” to a Non-Resident Shareholder at the time of disposition if during the 60 month period immediately preceding the disposition such shares derived more than 50% of their fair market value from one or any combination of real or immovable property in Canada, “Canadian resource properties”, “timber resource properties” (each as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such properties. Further, if such shares constitute “taxable Canadian property” but not treaty protected property to a Non-Resident Shareholder, the withholding, reporting, and compliance procedures under section 116 of the Tax Act will apply. See “*Certain Canadian Federal Income Tax Considerations — Non-Residents of Canada.*”

## **OTHER MATTERS TO BE CONSIDERED AT THE MEETING**

To the knowledge of the CRAFT Board, the only other matters to be brought before the Meeting, in addition to the Arrangement Resolution, are those matters set forth in the Notice of Meeting, as set forth below in more detail. If the Arrangement Resolution is not adopted, CRAFT will continue as resolved pursuant to the general matters below.

### **Financial Statements**

CRAFT’s audited consolidated financial statements as at and for the years ended December 31, 2022, and the report of the auditors on such financial statements, will be placed before the Meeting, and will be open to inspection. Such financial statements are also available on SEDAR+ under CRAFT’s profile at [www.sedarplus.com](http://www.sedarplus.com). No formal action will, or is required to, be taken in respect of CRAFT’s audited consolidated financial statements at the Meeting.

### **Appointment and Remuneration of Auditors**

Management proposes to nominate GreenGrowth CPAs Inc., as auditor of CRAFT, to hold office until the close of the next annual meeting of CRAFT Shareholders.

**Recommendation: Management of CRAFT recommends that CRAFT Shareholders VOTE FOR the appointment of GreenGrowth CPAs Inc. as CRAFT’s auditors and authorizing the directors to fix their remuneration.**

**Proxies: Unless otherwise instructed, proxies in favour of the management designees will be VOTED FOR the appointment of GreenGrowth CPAs Inc. as CRAFT’s auditors and authorizing the directors to fix their remuneration.**

### **Number of Directors**

The CRAFT Board presently consists of four (4) directors and it is intended to elect four (4) directors for the ensuing year. At the Meeting, the CRAFT Shareholders will be asked to pass an ordinary resolution to fix the number of directors of CRAFT to be elected at the Meeting for the ensuing year at four (4). The number of directors of CRAFT will be approved if the affirmative vote of the majority of CRAFT Shares present or represented by proxy at the Meeting and entitled to vote are voted in favour of fixing the number of directors to be elected at the Meeting at four (4).

**Recommendation: Management of CRAFT recommends that CRAFT Shareholders VOTE FOR of setting the number of directors of the CRAFT Board at four (4).**

**Proxies: Unless otherwise instructed, proxies in favour of the management designees will be VOTED FOR, the ordinary resolution to fix the number of directors of CRAFT at four (4).**

### **Election of Directors**

The CRAFT Board presently consists of four directors. At the Meeting, the CRAFT Shareholders will be

asked to elect the four nominees set forth below, namely, Robert Aranda, Ruth Epstein, Harvey Schiller, and Shelly Lombard. (collectively, the “**Board Nominees**” and each a “**Board Nominee**”) as directors of CRAFT. Each Board Nominee elected will hold office until the next annual meeting of shareholders or until his or her successor is duly elected or appointed pursuant to the by-laws of CRAFT. The enclosed form of proxy permits CRAFT Shareholders to vote for all the Board Nominees together or for each Board Nominee on an individual basis.

**CRAFT Shares represented by proxies in favour of management will be VOTED FOR each of the Board Nominees, unless the CRAFT Shareholder who has given such proxy has directed that the CRAFT Shares are to be withheld from voting in respect of any particular Board Nominee or Board Nominees.**

Voting for the election of the Board Nominees will be conducted on an individual, and not slate basis. CRAFT Shareholders can vote for all of the proposed directors set forth herein, vote for some of them and withhold for others, or withhold for all of them. Unless the proxy specifically instructs the proxyholder to withhold such vote, CRAFT Shares represented by the proxies hereby solicited shall be voted for the election of each of the nominees whose names are set forth below. CRAFT does not contemplate that any of such nominees will be unable to serve as directors. However, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies in favour of management designees will be voted for another nominee in their discretion unless the CRAFT Shareholder has specified in his proxy that his CRAFT Shares are to be withheld from voting in the election of directors. Each director elected will hold office until the next annual meeting of the CRAFT Shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the Articles of CRAFT.

The Cboe requires at least one third (1/3) of directors of CRAFT to be independent. The independent directors of CRAFT are Ruth Epstein, Harvey Schiller, and Shelly Lombard.

The following is a brief description of the Board Nominees, including their principal occupation for the past five (5) years, all positions and offices with CRAFT held by them and the number of CRAFT Shares that they have advised are beneficially owned, directly or indirectly, by them or over which control or direction is exercised by them, as at the Record Date.

#### **Advance Notice Requirement**

CRAFT’s Articles, contains a requirement providing for advance notice of nominations of directors in certain circumstances where nominations for election to the CRAFT Board are made by CRAFT Shareholders. For an annual meeting of CRAFT Shareholders, notice to CRAFT must be provided not later than 5:00 p.m. (Vancouver time) on the 30th day before the date of the meeting; provided, however, if the first public announcement made by CRAFT of the date of the meeting (each such date being the “**Notice Date**”) is less than 50 days before the meeting date, notice by the nominating CRAFT Shareholder may be given not later than the close of business on the 15th day following the Notice Date. In the case of a special meeting (which is not also an annual meeting) of CRAFT Shareholders called for any purpose which includes the election of directors to the board, not later than the close of business on the 15th day following the Notice Date. CRAFT’s Articles are available under CRAFT’s profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

<b>Name, municipality, of residence and Position/Offices Held</b>	<b>Director since<sup>(1)</sup></b>	<b>Principal occupation during the past five years</b>	<b>Number of Common Shares beneficially owned, controlled or directed, directly and indirectly, and percentage of class held<sup>(2)</sup></b>
<b>Robert Aranda</b> <i>New Mexico, United States Chairman, CEO and Director</i>	February 28, 2023	Chief Executive Officer of CRAFT	28,052,500 (60.33)%
<b>Ruth Epstein<sup>(1)(3)</sup></b> <i>California, United States Director</i>	February 28, 2023	President and Chief Financial Officer of Tuscan Holdings Corp. (2017 to 2021)  Chief Operating Officer and Chief Financial Officer of Treez, Inc. (2021 onwards)	Nil

<b>Harvey Schiller</b> <sup>(1)(2)(3)</sup> <i>New York, United States</i> <i>Director</i>	February 28, 2023	Chief Executive Officer of Schiller Management Group LLC	Nil
<b>Shelly Lombard</b> <sup>(1)(3)</sup> <i>New Jersey, United States</i> <i>Director</i>	February 28, 2023	Corporate Director	Nil

**Notes:**

(1) Member of Audit Committee

(2) Chairman of the Audit Committee

(3) Member of Nominating, Governance and Compensation Committee

## Biographies of Directors

The following are brief profiles of the Management Nominees:

### *Robert Aranda*

Mr. Robert Aranda serves as CRAFT’s Chief Executive Officer. For over 25 years, Mr. Aranda has been an accomplished entrepreneur, business builder, team leader, strategist and visionary. Specializing in emerging markets, Mr. Aranda has achieved exceptional operational results by accessing business dynamics, seeing opportunities, creating a vision for change and growth, and building and leading a team to collaborate to achieve exceptional financial results. Prior to joining CRAFT, Mr. Aranda served as president and on the board of directors of Sonitrol Integrated Security and as founder, chairman and chief executive officer of Loss Prevention Management Inc. Mr. Aranda led the sale of Loss Prevention Management Inc. and was its largest shareholder. Mr. Aranda has co-led dozens of successful company acquisitions.

### *Ruth Epstein*

Ms. Ruth Epstein is a founding partner at BGP Advisors, which was founded in 2017, with over 20 years’ experience providing financial and strategic advisory services to companies across a wide range of mature and emerging growth industries. Ms. Epstein spent approximately ten years at Goldman, Sachs & Co. in New York and San Francisco in the Investment Banking Division working on corporate finance and M&A transactions for high tech and general industry clients. In 2017, Ms. Epstein turned her focus to advising and investing in companies in the emerging legal cannabis market, and founded BGP Advisors to provide strategic and financial consulting and capital raising services to the legal cannabis industry. From 2018 to 2021, Ms. Epstein was the President and Chief Financial Officer of Tuscan Holdings Corp., a NASDAQ listed USD\$276 million special purpose acquisition company which was initially focused on the legal cannabis industry, and which successfully completed its de-SPAC transaction with Microvast Holdings, Inc. in July 2021. Ms. Epstein also served as interim COO/CFO of Treez, Inc. in 2017, which provides point-of-sale software to dispensaries. Ms. Epstein currently serves on the board of WLDKAT, a clean beauty startup. Ms. Epstein holds a master’s degree with First Year Honors from Harvard Business School and a bachelor’s degree with High Honors in Economics from Wesleyan University.

### *Harvey Schiller*

Dr. Harvey Schiller is an American sports executive, who has served as Chairman and CEO of Schiller Management Group LLC since 2010. Dr. Schiller is also Vice Chairman of the Digital Media, Entertainment and Sports practice at Diversified Search Group; Chairman of Collegiate Sports Management Group, lead director of Mesa Air Group Inc. (Nasdaq: MESA); and a director of the National Baseball Hall of Fame and Museum. His previous leadership positions include Chairman and CEO of GlobalOptions Group Inc.; Chairman of the financial services firm Assante Corp. (2002-2004); Chairman and CEO of YankeeNets LLC, where Dr. Schiller had direct responsibility for managing the company’s financial affairs; Vice President of Sports Programming for Turner Broadcasting System, Inc.; President of Turner Sports, Inc., a division of Time Warner Cable Inc.; President and Governor of the NHL expansion franchise the Atlanta Thrashers; President of the International Baseball Federation; and Executive Director and Secretary General of the United States Olympic Committee, a role that involved the direct management of the organization’s substantial budget. He was awarded the prestigious Olympic Order by the

International Olympic Committee and was previously honoured as one of the “Pioneers and Innovators in Sports Business” by Sports Business Journal. Dr. Schiller proudly served for more than 25 years in the United States Air Force, achieving the rank of Brigadier General. He graduated from The Citadel with a bachelor’s degree in chemistry and earned his master’s degree and doctorate in chemistry from the University of Michigan. Dr. Schiller also holds honorary doctorates from The Citadel, Northern Michigan University, and the United States Sports Academy.

#### *Shelly Lombard*

Ms. Lombard has over 30 years of experience on Wall Street, specializing in valuing and investing in both private and public companies. Since 2020, she has served as a director of several public companies. She is currently on the board of Bed Bath and Beyond, where she is a member of the audit committee. Ms. Lombard also served as the chair of the audit committees of the boards of INNOVATE Corp and Spartacus Acquisition Corp. and was a member of the audit committee of Alaska Communications’ board of directors. She was selected as a 2021 Directorship Honoree by the National Association of Corporate Directors. Ms. Lombard has experience as both a sell side analyst and an investor. From 2011 to 2014, she was the Director of Research for a boutique investment bank that specialized in trading the debt and equity of and providing financing for high yield companies. From 2003 to 2010, she was a high yield and distressed bond analyst for a subscription research firm whose clients included hedge funds, mutual funds, and other institutional investors. During that time, she was one of the most frequently quoted automotive analysts on Wall Street, appearing in the New York Times, the Wall Street Journal, and on CNBC. From 1992 to 2002, Ms. Lombard analyzed, invested in, and managed proprietary investments for ING Bank, Barclays Bank, Credit Lyonnais, and Chase Manhattan Bank, where she helped launch the par and distressed bank debt trading desk. She began her career in the leveraged finance group at Citibank and in the high yield commercial paper group at Drexel Burnham Lambert. Ms. Lombard has an MBA in Finance from Columbia University’s Graduate School of Business and a Bachelor of Arts in Communications and Government from Simmons University.

#### **Majority Voting Policy**

Under British Columbia corporate law, to which CRAFT is subject, director elections are based on the plurality system, where shareholders vote “for” or “withhold” their votes for a director. Votes withheld are not counted, with the result that, technically, a director could be elected to the CRAFT Board with just one vote in favour. The CRAFT Board believes that each of its members should have the confidence and support of the CRAFT Shareholders. Accordingly, CRAFT has adopted a majority voting policy (the “**Majority Voting Policy**”). Each of the Management Nominees for election to the CRAFT Board at the Meeting has agreed to abide by the Majority Voting Policy, and all future nominees will be required to agree to abide by it. The Majority Voting Policy states that if, in an uncontested election, a director receives a greater number of votes “withheld” than votes “for”, the nominee will be considered by the CRAFT Board not to have received the support of the CRAFT Shareholders, even though duly elected as a matter of corporate law. Such a nominee will be required forthwith to submit his or her resignation to the CRAFT Board, effective upon acceptance by the CRAFT Board. The CRAFT Board will promptly accept the resignation unless the CRAFT Board determines that there are exceptional circumstances that should delay the acceptance of the resignation or justifying rejecting it. A director who tenders a resignation pursuant to the Majority Voting Policy will not participate in any meeting of the CRAFT Board or any committee of the CRAFT Board at which the resignation is considered. Within ninety (90) days after the meeting, the CRAFT Board will make its decision and announce it by news release (a copy of which shall also be provided to the Cboe). If the CRAFT Board does not accept the resignation of the director, the news release will state the reasons for that decision.

#### **Corporate Cease Trade Orders, Bankruptcies, Penalties and Sanctions**

Except as set out in the paragraph immediately following the list below:

1. no proposed director of the CRAFT is, as at the date hereof, or has been, within ten (10) years before the date hereof, a director, chief executive officer or chief financial officer of any company (including CRAFT) that was the subject of 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 thirty (30) consecutive days, that was issued while the proposed director was acting in the

capacity as director, chief executive officer or chief financial officer;

2. no proposed director of CRAFT is, as at the date hereof, or has been, within ten (10) years before the date hereof, a director, chief executive officer or chief financial officer of any company (including CRAFT) that was subject to 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 thirty (30) consecutive days, that was issued after the proposed director 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;
3. no proposed director of CRAFT is, as at the date hereof, or has been within ten (10) years before the date hereof, a director or executive officer of any company (including CRAFT) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
4. no proposed director of CRAFT or any personal holding company of such person has, within the ten (10) years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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 proposed director; or
5. no proposed director of CRAFT or any personal holding company of such person has been subject to: (a) 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) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

On April 10, 2023, CRAFT was issued a cease trade order by the Ontario Securities Commission for failure to file: (i) its audited financial statements for the year ended December 31, 2022, (ii) management's discussion and analysis relating to the audited financial statements for the year ended December 31, 2022; (iii) annual information form for the year ended December 31, 2022; and (iv) certification of the foregoing filings (the "**CTO**"), Robert Aranda, Ruth Epstein, Harvey Schiller, and Shelly Lombard were the directors of CRAFT as of the CTO. The CTO was revoked by the Ontario Securities Commission on July 7, 2023.

### **Approval of the CRAFT Long Term Incentive Plan**

At the Meeting, CRAFT Shareholders will be asked to consider and, if deemed advisable, approve a long-term incentive plan ("**LTIP**") to allow for a variety of equity-based awards that provide different types of incentives to be granted to certain of Craft's executive officers, directors employees, consultants independent contractors and advisors providing services to Craft, and any such person to whom an offer of employment or engagement with Craft is extended (collectively, the "**Participants**"). The LTIP permits the grant of (i) nonqualified stock options and incentive stock options (collectively, "**Options**"), (ii) restricted stock units ("**RSUs**"), (iii) dividend equivalents, and (iv) unrestricted stock bonuses (collectively, "**Awards**"). Each Award will represent the right to receive CRAFT Shares and in the case of RSUs and dividend equivalents, CRAFT Shares or cash, in each case in accordance with the terms of the LTIP. Awards under the LTIP may be designated by the Nominating, Governance and Compensation Committee as incentive stock options or nonqualified options for US tax purposes.

Under the terms of the LTIP, Craft's Nominating, Governance and Compensation Committee on behalf of the CRAFT Board, will have the authority to, among other things: designate Participants; determine the type(s) of Awards to be granted to each Participant under the LTIP; determine the amount of each Award; determine the terms and conditions of any Award or award agreement; and amend the terms and conditions of any Award or award agreement. Participation in the LTIP will be voluntary and, if an eligible Participant agrees to participate, the grant of Awards will be evidenced by an award agreement with each such Participant. The interest of any Participant in any Award is not assignable or transferable, whether voluntary, involuntary, by operation of law or otherwise, other than by will or the laws of descent and distribution.



The LTIP provides that appropriate adjustments, if any, will be made by Craft's Nominating, Governance and Compensation Committee on behalf of the CRAFT Board in connection with a reclassification, reorganization or other change of Craft's shares, share split or consolidation, distribution, merger, amalgamation, or other similar corporate transaction or event which affects the CRAFT Shares, in the CRAFT Shares issuable or amounts payable to preclude a dilution or enlargement of the benefits or potential benefits under the LTIP.

The maximum number of CRAFT Shares reserved for issuance, in the aggregate, under the LTIP is 10% of the aggregate number of CRAFT Shares (assuming the conversion of all CRAFT Proportionate Voting Shares to CRAFT Shares) issued and outstanding from time to time. If any CRAFT Shares covered by an Award or to which an Award relates are not purchased or are forfeited or are reacquired by Craft (including any CRAFT Voting Shares withheld by Craft or CRAFT Shares tendered to satisfy any tax withholding obligation on Awards or CRAFT Shares covered by an Award that are settled in cash), or if an Award otherwise terminates or is cancelled without delivery of any CRAFT Shares, then the number of CRAFT Shares counted against the aggregate number of CRAFT Shares available under the LTIP with respect to such Award, to the extent of any such forfeiture, reacquisition by Craft, termination or cancellation, shall again be available for granting Awards under the LTIP. Additionally, cash-only Awards that do not entitle the holder thereof to receive or purchase CRAFT Shares will not be counted against the aggregate number of CRAFT Shares available for Awards under the LTIP. CRAFT Shares issued under Awards granted in substitution for awards previously granted by an entity that is acquired by or merged with Craft will not be counted against the aggregate number of CRAFT Shares available for Awards under the LTIP.

The maximum number of CRAFT Shares that may be issued to any one insider, or the number of securities that may be issuable on exercise of the Options granted to any one insider, as compensation within any one year period, excluding performance-based Awards (with the performance target being set as the market capitalization of the CRAFT Shares outstanding), shall not exceed 5.0% of the outstanding CRAFT Shares, at the time of grant, subject to adjustment as provided in the LTIP and assuming the conversion of all CRAFT Proportionate Voting Shares to CRAFT Shares. The maximum number of CRAFT Shares that may be issued to Craft's non-executive directors, as a whole, or the number of securities that may be issuable on exercise of the Awards granted to Craft's non-executive directors, as a whole, as compensation within any one-year period, shall not exceed 1.0% of the outstanding CRAFT Shares (excluding grants made under the LTIP, at the time of grant, subject to adjustment in the LTIP). The CRAFT Board will not grant Options to any one non-executive director in which the aggregate fair market value (determined as of the time the Options are granted) of such Options during any calendar year shall exceed CDN\$100,000, or will not grant Awards in which the aggregate fair market value (determined as of the time the Awards are granted) of the CRAFT Shares in respect to which the Awards are exercisable by such non-executive director during any calendar year shall exceed CDN\$150,000.

The terms and conditions of grants of Awards, including the quantity, type of Award, grant date, vesting conditions, vesting periods, settlement date and other terms and conditions with respect to these Awards, will be set out in the Participant's award agreement. The impact of certain events upon the rights of holders of these types of Awards, including termination for cause, resignation, retirement, termination other than for cause and death or long-term disability, will be set out in the Participant's award agreement.

An Award shall be exercisable during a period established by Craft's Nominating, Governance and Compensation Committee on behalf of the Board which shall commence on the date of the grant and shall terminate no later than ten years after the date of the granting of the Awards or such shorter period as the Nominating, Governance and Compensation Committee may determine. In the case of Options, if the CRAFT Shares are listed on a stock exchange, the minimum exercise price will not be less than 100% of the volume weighted average price of the CRAFT Shares on the Cboe (or such other exchange where the majority of the trading volume and the value of the CRAFT Shares occurs) for the five trading days immediately preceding the date such Option is granted. The LTIP will provide that the exercise period shall automatically be extended if the date on which it is scheduled to terminate shall fall during a black-out period. In such cases, the extended exercise period shall terminate 10 Business Days after the last day of the black-out period. Financial assistance or support agreements may be provided by Craft or any related entity to Participants in connection with the grants under the LTIP, including full, partial or non-recourse loans if approved by the CRAFT Board (with interested persons abstaining, if applicable).

In order to facilitate the payment of the exercise price of the options, the LTIP has a cashless exercise feature pursuant to which the Nominating, Governance and Compensation Committee may, in its discretion, permit a Participant to undertake a "net exercise", whereby an Option may be exercised by delivering to the Participant a

number of CRAFT Shares having an aggregate fair market value equal to the excess, if positive, of the fair market value of the CRAFT Shares underlying the Option being exercised on the date of exercise, over the exercise price of the Option for such CRAFT Shares, subject to the procedures set out in the LTIP, including the consent of Craft's Nominating, Governance and Compensation Committee on behalf of the CRAFT Board, where required.

Upon a change of control, the Nominating, Governance and Compensation Committee on behalf of the CRAFT Board will take such steps as are reasonably necessary or desirable to cause the conversion or exchange or replacement of outstanding Awards into, or for, rights or other securities of substantially equivalent value in the continuing entity. If a participant is terminated without cause following a change of control, the vesting of such participant's awards will be subject to the participant's employment agreement or award agreement.

Craft's Nominating, Governance and Compensation Committee on behalf of the CRAFT Board will have the ability to, in its sole discretion, suspend, discount or terminate the LTIP at any time, or from time to time, amend, revise or discontinue the terms and conditions of the LTIP or of any securities granted under the LTIP and any grant agreement relating thereto, subject to any required regulatory and stock exchange approval, provided that such alteration, discontinuation, suspension, termination, amendment, or revision will not materially and adversely alter or impair the terms or conditions of any Award previously granted (without the written consent of the Participant thereof) except as permitted by the terms of the LTIP or as required by applicable laws.

Craft's Nominating, Governance and Compensation Committee on behalf of the CRAFT Board will have the ability to amend the LTIP or any securities granted under the LTIP at any time without the consent of a Participant provided that such amendment shall: (i) not materially and adversely alter or impair the terms or conditions of any Award previously granted (without the written consent of the Participant thereof) except as permitted by the terms of the LTIP; (ii) be in compliance with applicable law and subject to any regulatory approvals including, where required, the approval of the stock exchange; and (iii) be subject to shareholder approval, where required by law, the requirements of the stock exchange on which the CRAFT Shares are trading or the LTIP, provided however that shareholder approval shall not be required for the following amendments and Craft's Nominating, Governance and Compensation Committee on behalf of the CRAFT Board may make any changes which may include but are not limited to:

- any amendment to the eligibility for, and limitations or conditions imposed upon, participation in the LTIP;
- any amendment to the terms relating to the granting or exercise of Awards, including but not limited to terms relating to the amount and payment of the exercise price, or the vesting, expiry, assignment or adjustment of Awards, or otherwise waive any conditions of or rights of Craft under any outstanding Award, prospectively or retroactively;
- any amendments that are necessary or desirable to comply with applicable laws, rules, regulations and policies of any applicable governmental entity of the Cboe, including policies of the Cboe (including amendments to Awards necessary or desirable to avoid any adverse tax results); or
- any amendment to terms relating to the administration of the LTIP, including the terms of any administrative guidelines or other rules related to the LTIP,

provided that the alteration, amendment or variance does not:

- require shareholder approval under the rules or regulations of the Cboe that are applicable to Craft;
- increase the maximum number of CRAFT Shares issuable under the LTIP, other than an adjustment pursuant to a change in capitalization;
- permit the repricing of Options, which is currently prohibited by the LTIP;
- permit the award of Options at a price that is less than 100% of the volume-weighted average price of the CRAFT Shares on the Cboe (or such other exchange where the majority of the trading

volume and value of the CRAFT Shares occurs) for the five trading days immediately preceding the date such Option is granted;

- permit Options to be transferable (other than as provided for in the LTIP);
- amend the amendment provisions of the LTIP; or
- increase the maximum term permitted for Options, as specified in the LTIP, other than extension due to black-out period, or extend the terms of any Options beyond their original expiry date.

The LTIP is attached as Appendix G of this Information Circular.

At the Meeting, CRAFT Shareholders will be asked to approve the following ordinary resolution adopting the LTIP (the “**LTIP Resolution**”):

**“BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

1. The long-term incentive plan of CRAFT 1861 Global Holdings Inc. (“**CRAFT**”), a copy of which is attached to the management information circular of CRAFT dated November 10, 2023 as Appendix G (the “**LTIP**”), be and is hereby authorized, ratified, approved and confirmed.
2. The board of directors of CRAFT be and is authorized and directed to make any amendments to the LTIP as are required by Cboe Canada or applicable securities regulatory authorities.
3. Any one or more of the directors or officers of CRAFT is authorized and directed, upon the board of directors of CRAFT resolving to give effect to this resolution, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and to do all such other acts and things that may be necessary or desirable to give effect to the foregoing resolutions.”

**Recommendation:** Management of CRAFT recommends that Shareholders vote in favour of the LTIP Resolution.

**Proxies:** Unless otherwise instructed, proxies in favour of the management designees will be VOTED FOR the LTIP Resolution. To be adopted, the LTIP Resolution is required to be passed by the affirmative vote of majority of the votes cast at the Meeting.

**Other Business**

While there is no other business other than that mentioned in the Notice of Meeting to be presented for action by the CRAFT Shareholders at the Meeting, it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or postponement thereof, in accordance with the discretion of the persons authorized to act thereunder.

**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

For the purposes of this section, “NEOs” or “**Named Executive Officers**” means each of the following individuals:

- (a) each individual who, in respect of CRAFT, during any part of the financial year ended December 31, 2022, served as chief executive officer, including an individual performing functions similar to a chief executive officer (“CEO”) of CRAFT;
- (b) each individual who, in respect of CRAFT, during any part of the financial year ended December 31, 2022, served as chief financial officer, including an individual performing functions similar to a chief financial officer (“CFO”) of CRAFT;
- (c) in respect of CRAFT and its subsidiaries, each of the three most highly compensated executive officers other than the individuals identified in paragraphs (a) and (b) at the end of the financial year ended December 31, 2022, whose total compensation was more than CDN\$150,000; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of CRAFT, nor acting in a similar capacity, as at December 31, 2022.

The purpose of this section is to provide information about CRAFT’s executive compensation philosophy, objectives, and processes regarding compensation paid, made payable, awarded, granted or otherwise provided to each NEO and director for the year ended December 31, 2022.

## **Overview**

Prior to the completion of the Business Combination, Ruth Epstein (former CEO and director) and Don Jennings (former CFO) were NEOs of CRAFT and Ruth Epstein, Don Jennings, Brian Kabot, Lisa Sergi, Erik Ott, and Scott Riley were each directors of CRAFT, all of whom resigned as officers and other than Ruth Epstein, resigned as directors of CRAFT at closing of the Business Combination on February 28, 2023.

Upon completion of the Business Combination on February 28, 2023, Robert Aranda, Harvey Schiller, and Shelly Lombard became the directors of CRAFT. In addition, CRAFT made the following appointments: Robert Aranda as CEO, Chris Fitzgerald as CFO, Eric Lujan as Chief Business Development Officer, Jeffrey Frye as Chief Marketing Officer, Ethan Weinstein as Chief Legal Officer, Alex Robertson as Associate General Counsel, Beverly Henson as Chief Information Officer, and Crystal Buckner as Chief Administrative Officer/Corporate Secretary.

During the financial year ended December 31, 2022, CRAFT had five NEOs: Robert Aranda, Chris Fitzgerald, Ethan Weinstein, Eric Lujan and Crystal Buckner.

## ***Compensation Discussion and Analysis***

In assessing the compensation of CRAFT’s NEOs for the fiscal year ended December 31, 2022, CRAFT did not have in place any formal objectives, criteria or analysis; instead, it relied mainly on discussions at the CRAFT Board level.

For the year ended December 31, 2022, CRAFT executive compensation program had three principal components: base salary, incentive bonus plan, and incentive stock options. The determination and administration of base salaries or incentive bonuses, or both, are discussed in greater detail below. When appropriate to do so, incentive bonuses in the form of cash payments, were designed to add a variable component of compensation, in addition to stock options, based on corporate and individual performances for NEOs. CRAFT had no other forms of compensation for its NEOs, although payments were made from time to time to individuals who are NEOs or companies they control, for the provision of consulting services. Such consulting services were paid for by CRAFT at competitive industry rates for work of a similar nature by reputable arm’s length services providers.

As at December 31, 2022, CRAFT was still in its growth phase with respect to its operations, had to operate with limited financial resources, and had to control costs to ensure that funds were available to complete scheduled programs and otherwise fund its operations. The CRAFT Board had to consider the current and anticipated financial position of CRAFT at the time of any compensation determination. The CRAFT Board kept the cash compensation paid to CRAFT’s NEOs relatively modest.

CRAFT's executive compensation program was designed to provide incentives for the enhancement of shareholder value. The overall objectives were to attract and retain qualified executives critical to the success of CRAFT, to provide fair and competitive compensation, to align the interest of management with those of the CRAFT Shareholders and to reward corporate and individual performance. CRAFT's compensation package was structured in order to link CRAFT Shareholder return, measured by the change in the share price, with executive compensation through the use of incentive stock options as the primary element of variable compensation for its Named Executive Officers. CRAFT does not currently offer long-term incentive plans or pension plans to its Named Executive Officers.

For the year ended December 31, 2022, CRAFT based the compensation for a NEO on the years of service with CRAFT, their responsibilities and duties in that position. CRAFT also based compensation on the performance of each officer. CRAFT believed that stock options can create a strong incentive to the performance of each officer and is intended to recognize extra contributions and achievements towards the goals of CRAFT.

The CRAFT Board, when determining cash compensation payable to a NEO, took into consideration their experience in the mining industry, as well as their responsibilities and duties and contributions to CRAFT's success. Named Executive Officers received a base cash compensation that CRAFT feels were in line with that paid by similar companies in North America, subject to CRAFT's financial resources; however, no formal survey was completed by the CRAFT Board.

In performing its duties, the CRAFT Board has considered the implications of risks associated with CRAFT's compensation policies and practices. At its stage of development and considering its current compensation policies, CRAFT had no compensation policies or practices that would encourage an executive officer or other individual to take inappropriate or excessive risks. A NEO or director was permitted for his or her own benefit and at his or her own financial risk, to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars or units or exchange funds, that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

### ***Recent Compensation Changes***

CRAFT has the following compensation process following the completion of the Business Combination.

CRAFT has a Nominating, Governance and Compensation Committee and a formal compensation policy. CRAFT relies on the Nominating, Governance and Compensation Committee to determine the compensation of the NEOs. In determining compensation, the Nominating, Governance and Compensation Committee considers industry standards and CRAFT's financial situation. The performance of each executive officer is monitored by the Nominating, Governance and Compensation Committee, having in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer.

Following the Business Combination, the elements of compensation for NEOs continues to be centered on three principal components: base salary, incentive bonus plan, and incentive stock options:

1. *Base Salary:* It is the CRAFT Board's (and Nominating, Governance and Compensation Committee's) view that paying base salaries which are reasonable in relation to the level of service expected while remaining competitive in the markets in which CRAFT operates, is a first step to attracting and retaining qualified and effective executives. Competitive salary information on comparable companies within the CRAFT's industries is compiled from a variety of sources, including national and international publications.
2. *Bonus Incentive Compensation:* The Nominating, Governance and Compensation Committee will consider executive bonus compensation dependent upon CRAFT meeting its strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses.
3. *Equity Participation:* The Nominating, Governance and Compensation Committee believes that encouraging its executives and employees to become Shareholders is the best way of aligning their interests with those of its Shareholders. Equity participation is accomplished through the LTIP. Options may be granted to executives and employees taking into account a number of factors, including the amount and

term of options previously granted, base salary and bonuses and competitive factors. The amounts and terms of options granted will be determined by the Nominating, Governance and Compensation Committee.

In establishing compensation for executive officers, the Nominating, Governance and Compensation Committee as a whole seeks to accomplish the following goals: (i) to recruit and subsequently retain highly qualified executive officers by competitive offering overall compensation; (ii) to motivate executives to achieve important corporate and personal performance objectives and reward them when such objectives are met; and (iii) to align the interests of executive officers with the long-term interests of CRAFT Shareholders.

When considering the appropriate executive compensation to be paid to the officers, the Nominating, Governance and Compensation Committee has regard to a number of factors including: (i) recruiting and retaining executives critical to the success of CRAFT and the enhancement of CRAFT Shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and CRAFT Shareholders; (iv) rewarding performance, both on an individual basis and with respect to operations generally; and (v) available financial resources.

The CRAFT Board and the Nominating, Governance and Compensation Committee is keenly aware of the fact that compensation practices can have unintended risk consequences. The CRAFT Board and the Nominating, Governance and Compensation Committee will continually review CRAFT's compensation policies to identify any practice that might encourage an employee to expose CRAFT to unacceptable risk. As of the date of the Information Circular, the CRAFT Board is satisfied that the executive compensation program does not encourage the executives to expose the business to inappropriate risk. The CRAFT Board takes a conservative approach to executive compensation rewarding individuals for the success of CRAFT once that success has been demonstrated and incenting them to continue that success through the grant of long-term incentive awards.

#### *Share-Based Awards*

For the year ended December 31, 2022, no stock options from the LTIP were granted.

Following the completion of the Business Combination, CRAFT adopted the existing LTIP. The administration of the LTIP remains with the Nominating, Governance and Compensation Committee. In determining the number of incentive stock options to be granted to the NEOs, the Nominating, Governance and Compensation Committee has regard to several considerations including previous grants of options and the overall number of outstanding options relative to the number of outstanding CRAFT Shares, as well as the degree of effort, time, responsibility, ability, experience and level of commitment of the executive officer.

#### *Annual Incentives through Stock Options and Other Compensation Securities*

As at December 31, 2022, there were no stock options outstanding. As of the date of this Information Circular, there are currently no stock options issued and outstanding.

#### **NEO Compensation**

##### *Summary Compensation*

The following table provides a summary of the compensation earned by the NEOs for services rendered in all capacities during the fiscal years ended December 31, 2022:

Name and principal position	Year	Salary (Cdn\$)	Share-based award (Cdn\$)	Option-based awards (Cdn\$)	Non-equity incentive plan compensation (Cdn\$)		Pension value (Cdn\$)	All other compensation (Cdn\$)	Total compensation (Cdn\$)
					Annual incentive plans	Long-term incentive plans			
<i>Robert Aranda, Chief Executive Officer</i>	2022	0	0	0	0	0	0	0	0
<i>Chris Fitzgerald, Chief Financial Officer</i>	2022	460,180	0	0	0	0	0	0	460,180
<i>Ethan Weinstein, Chief Legal Officer</i>	2022	384,798	0	0	0	0	0	0	384,798
<i>Eric Lujan, Chief Business Revenue/Development Officer</i>	2022	326,100	0	0	0	0	0	0	326,100
<i>Crystal Buckner, Chief Administrative Officer/Corporate Secretary</i>	2022	260,880	0	0	0	0	0	0	260,880
<i>Ruth Epstein, Former CEO<sup>(1)</sup></i>	2022	0	0	0	0	0	0	0	0
<i>Don Jennings, Former CFO<sup>(1)</sup></i>	2022	0	0	0	0	0	0	0	0

**Notes:**

(1) Resigned as an officer of CRAFT as of February 28, 2023.

## NEO Agreements

Each of the NEOs has entered into an employment agreement with CRAFT as of September 27, 2023 (collectively, the “**Employment Agreements**”) provide that each respective NEO’s term of employment with CRAFT shall commence for a period of thirty-six months starting from July 1, 2022. Upon completion of the term, the Employment Agreements shall automatically renew for successive twelve-month terms, unless thirty days written notice is provided by either party to terminate the Employment Agreement.

Each Employment Agreement provides for among other items a base salary, benefits, and management bonus to be paid to each NEO equal to no less than one (1) and up to two (2) times the NEO’s respective base salary. Such bonus is determined in the discretion of the Company contingent on the NEO meeting certain key performance indicators.

Each Employment Agreement contains a non-solicitation provision effective for twelve (12) months after the termination of a NEO’s respective employment with CRAFT, and a non-compete clause effective during the term of the Employment Agreement.

## Pension Plan Benefits

CRAFT does not have any pension plan that provide for payments or benefits at, following or in connection with retirement.

## Termination and Change of Control Benefits

The NEOs serve at the pleasure of the CRAFT Board.

Except as disclosed above, CRAFT has not entered into any consulting agreements with its directors and NEOs which include termination rights or change of control provisions.

## Director Compensation

The rationale for the level of the director compensation under the compensation program is generally the same as the rationale for the compensation policies of the NEOs. The compensation policies are in place to assist CRAFT in attracting and retaining a team of experienced directors with the aim of enhancing shareholder value.

During the fiscal year ended December 31, 2022, there was no remuneration for directors. No additional fees were paid to the directors of CRAFT for attending meetings or serving on the Board committees.

## Director Summary Compensation

The following compensation table sets out the compensation paid to each of CRAFT's directors (excluding CRAFT's NEOs) in the year ended December 31, 2022:

Name	Salary (Cdn\$)	Committee or meeting fees (Cdn\$)	Bonus (Cdn\$)	Value of perquisites (Cdn\$)	Non-equity incentive plan compensation (Cdn\$)	Pension value (Cdn\$)	All other compensation (Cdn\$)	Total (Cdn\$)
<i>Robert Aranda, Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<i>Ruth Epstein, Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<i>Harvey Schiller, Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<i>Shelly Lombard, Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<i>Don Jennings, Former Director<sup>(1)</sup></i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<i>Brian Kabot, Former Director<sup>(1)</sup></i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<i>Lisa Sergi, Former Director<sup>(1)</sup></i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<i>Erik Ott, Former Director<sup>(1)</sup></i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<i>Scott Riley,</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil



Former Director <sup>(1)</sup>								
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**Notes:**

(1) Resigned as a director as of February 28, 2023.

### Incentive Plan Awards

As of the date of this Information Circular, there are currently no stock options issued and outstanding. As at December 31, 2022, there were no stock options outstanding.

### Securities Authorized for Issuance Under Equity Compensation Plans

#### Equity Compensation Plan Information

The following table sets forth information as at December 31, 2022, with respect to CRAFT's compensation plans under which equity securities of CRAFT are authorized for issuance:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights (Cdn\$)	Number of securities, remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)
Equity compensation plans approved by Shareholders (the LTIP)	Nil	N/A	Nil
Equity compensation plans not approved by CRAFT Shareholders	N/A	N/A	N/A

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date hereof, none of the current or former directors, executive officers or employees of CRAFT or any of its subsidiaries is indebted to CRAFT, and as at the date hereof, the indebtedness, if any, of such persons to other entities is not the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by CRAFT or any of its subsidiaries.

### INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Circular, no insider of CRAFT, no Management Nominee, and no associate or affiliate of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the commencement of CRAFT's most recently completed financial year or in any proposed transaction which has, in either case, materially affected or would materially affect the CRAFT or any of its subsidiaries.

## CORPORATE GOVERNANCE

### Statement of Corporate Governance Practices

Corporate governance relates to the activities of the CRAFT Board, the members of which are elected by and are accountable to the CRAFT Shareholders, and takes into account the role of the individual members of management who are appointed by the CRAFT Board and will be charged with the day-to-day management of CRAFT. The CRAFT Board is committed to sound corporate governance practices, which are both in the interest of its CRAFT Shareholders and contribute to effective and efficient decision-making.

The CRAFT Board and management believe that sound and effective corporate governance is an integral aspect of CRAFT's performance. The CRAFT Board has adopted certain practices and procedures to ensure that effective corporate governance practices are followed, and CRAFT Board reviews CRAFT's corporate governance practices and procedures on a regular basis to ensure that they address significant issues of corporate governance.

The Canadian Securities Administrators have published National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 – *Corporate Governance Guidelines*, setting forth guidelines for effective corporate governance and corresponding disclosure requirements. The following sets out a description of CRAFT's approach to corporate governance as required pursuant to NI 58-101.

### The CRAFT Board

The CRAFT Board is responsible for supervising the management of the business and affairs of CRAFT. The CRAFT Board has determined that of the four (4) proposed directors, three (3) will be considered independent within the meaning of NI 58-101. If elected, the independent directors will be: Ruth Epstein, Harvey Schiller, and Shelly Lombard. Robert Aranda will not be considered an independent director as a result of his position as Chief Executive Officer of CRAFT and/or the CRAFT Subsidiaries. As such, a majority of the Board will be independent. To facilitate the exercise of CRAFT Board's independent judgment in carrying out its responsibilities, the CRAFT Board will provide the opportunity to the independent directors to hold in-camera sessions exclusive of non-independent directors and members of management, which will allow for open and candid discussion among the independent directors.

The CRAFT Board and the Audit Committee engaged in a number of informal meetings but there were no formal meetings of the CRAFT Board or the Audit Committee held during the most recently completed financial year of CRAFT.

Following the completion of the Business Combination and CRAFT's listing on the Cboe and resumption of trading, the CRAFT Board and Audit Committee of the CRAFT Board have commenced holding regularly scheduled meetings of the CRAFT Board and Audit Committee.

### Chairman and Lead Director

Robert Aranda, the CEO, Chairman of the CRAFT Board and director, is not an independent director as a result of being a member of management of CRAFT. The Chairman presides at each meeting of the CRAFT Board and of the CRAFT Shareholders, and is responsible for coordinating with management and the corporate secretary to ensure that documents are delivered to directors in sufficient time in advance of CRAFT Board meetings for a thorough review, that matters are properly presented for consideration at meetings, and that the CRAFT Board has an appropriate opportunity to discuss issues at each meeting. The Chairman is responsible for ensuring ethical and effective decision making by the CRAFT Board.

As Robert Aranda, the Chairman of the CRAFT Board, is not considered as an independent director, Ruth Epstein acts as Lead Director of the CRAFT Board. The Lead Director provides a source of leadership for the CRAFT Board complementary to that of the Chairman. The Lead Director is entitled to request materials and receive notice of and attend all meetings of committees of CRAFT. To enhance and protect the independence of the CRAFT Board, the responsibilities of the Chairman are shared with the Lead Director, or is the entire responsibility of the Lead Director if such responsibility has been delegated by the Chairman to the Lead Director. Such

responsibilities include chairing all meetings of the CRAFT Board in a manner that promotes meaningful discussion, providing leadership to the CRAFT Board to enhance the CRAFT Board's effectiveness and providing opportunities for independent directors to meet in camera at each CRAFT Board meeting in the absence of non-independent directors, with such in camera sessions being presided upon by the Lead Director.

### ***Directorships***

The following table sets out the directors of CRAFT that are directors of other reporting issuers:

<b>Name of Director</b>	<b>Name of other Reporting Issuer</b>	<b>Exchange</b>	<b>Position</b>	<b>Term</b>
Shelly Lombard	Bed Bath and Beyond Inc.	N/A	Director	Current
Harvey Schiller	Mosa Air Group Inc.	NASDAQ	Director	Current

### **Board Mandate**

The CRAFT Board is responsible for overseeing the overall management and the general conduct of CRAFT's affairs. The CRAFT Board actively participates in the strategic planning process and is responsible for overseeing management's day-to-day operation of CRAFT. The CRAFT Board is responsible for identifying the principal risk of the business and ensuring the implementation of appropriate systems to manage these risks. The CRAFT Board looks to senior management to keep it apprised of all significant developments affecting CRAFT and its operations. All major acquisitions, dispositions and investments, as well as financings and other significant matters outside the ordinary course of CRAFT's business are subject to approval by the CRAFT Board. The CRAFT Board is also responsible for succession planning of management, although this is not currently considered to be of singular importance given the relative age of CRAFT's current principal operating officers and directors. Finally, the CRAFT Board is responsible for the integrity of CRAFT's internal control and management information and public disclosure systems. The CRAFT Board has not, to date, adopted a formal mandate for the CRAFT Board since its responsibilities are well understood by its members.

### ***Committees of the Board***

The CRAFT Board established the Audit Committee and its current members are: Ruth Epstein, Harvey Schiller, and Shelly Lombard. All of the members are independent within the meaning of NI 52-110. In addition, the CRAFT Board has established Nominating, Governance and Compensation Committee is comprised of the following members: and its current members are: Ruth Epstein, Harvey Schiller, and Shelly Lombard.

A detailed description of the Audit Committee and external audit services retained can be found under the heading "*Audit Committee*".

### ***Nominating, Governance and Compensation Committee***

The Nominating, Governance and Compensation Committee will identify, interview and make recommendations to the CRAFT Board with respect to new CRAFT Board members. It is anticipated that any new nominees to the CRAFT Board will be as a result of the recruitment efforts by members of the Nominating, Governance and Compensation Committee and the CRAFT Board, including both formal and information among the Nominating, Governance and Compensation Committee members, members of the CRAFT Board, and management.

In addition, the Nominating, Governance and Compensation Committee will assist the CRAFT Board in settling compensation of directors and senior executives and developing and submitting to the CRAFT Board recommendations with regard to other employee benefits. The Nominating, Governance and Compensation Committee will review on an annual basis the adequacy and form of compensation and senior executives and directors to ensure that such compensation reflects the responsibilities, time commitment, and risk involved in being

an effective executive officer or director as applicable.

The Nominating, Governance and Compensation Committee will have a written charter that will govern the committee.

For additional details regarding the relevant education and experience of each member of the Nominating, Governance and Compensation Committee, see the relevant biographical experiences for each member of the Nominating, Governance and Compensation Committee under “*Biographies of Directors*”.

### **Position Descriptions**

The primary role of the CEO is to manage CRAFT in an effective, efficient and forward-looking way and to fulfil the priorities, goals and objectives determined by the CRAFT Board in the context of CRAFT’s strategic plans, budgets and responsibilities, with a view to increasing shareholder value.

The Chairman of the Board is a director who is designated by the CRAFT Board to act, together with the independent Lead Director, as the leader of the CRAFT Board and to enhance and protect, with the Audit Committee as may be appointed from time to time, the independence of the CRAFT Board.

The CRAFT Board is responsible for monitoring the Chairman and CEO’s, performances to ensure that they are consistent with defined strategic, operational, and financial initiatives and goals, as well as the policies, guidelines and governance goals approved by the CRAFT Board. As part of this process, the CRAFT Board reviews and approves the corporate goals and objectives relevant to the Chairman and CEO’s compensation and evaluates the Chairman and CEO’s performances in light of these corporate goals and objectives.

### **Director Orientation and Continuing Education**

The CEO and/or the CFO are responsible for providing an orientation for new directors. Director orientation and ongoing training includes presentations by senior management to familiarize directors with CRAFT’s strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its principal officers and its internal and independent auditors. On occasions where it is considered advisable, the CRAFT Board provides individual directors with information regarding topics of general interest, such as fiduciary duties and continuous disclosure obligations. The CRAFT Board ensures that each director is up to date with current information regarding the business of CRAFT, the role the director is expected to fulfill and basic procedures and operations of the CRAFT Board. The CRAFT Board members are given access to management and other employees and advisors, who can answer any questions that may arise. Regular technical presentations are made to the directors to keep them informed of CRAFT’s operations.

### **Ethical Business Conduct**

The CRAFT Board has adopted a formal written code of ethics (the “**Code**”) for the directors, officers, employees and consultants of CRAFT. All new employees will read the Code when hired and acknowledge that they will abide by the Code. A copy of the Code is available electronically under CRAFT’s issuer profile on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com) and a summary of certain of its provisions is provided below.

The CRAFT Board is responsible for monitoring compliance with the Code. The Code requires directors, officers, employees and consultants of CRAFT to raise questions regarding the application of any requirement under the Code, and report a possible violation of a law or the Code, promptly to their superior or manager. If reporting a concern or complaint to a superior or manager will not be possible or advisable, or if reporting it to such person will not resolve the matter, the matter should be addressed with the CFO of CRAFT.

The CRAFT Board monitors compliance with the Code by, among other things, obtaining reports from the CEO regarding breaches of the Code. The CRAFT Board also reviews investigations and any resolutions of complaints received under the Code. In addition, the CRAFT Board will approve changes to the Code it considers appropriate, at least annually.

The CRAFT Board takes steps to ensure that directors, officers and other employees exercise independent judgment in considering transactions and agreements in respect of which a director, officer or other employee of CRAFT may have a material interest, which includes ensuring that directors, officers and other employees are thoroughly familiar with the Code and, in particular, the rules concerning reporting conflicts of interest and obtaining direction from their superior or manager or the CFO regarding any potential conflicts of interest.

The CRAFT Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to directors, officers and other employees to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

### **Nomination of Directors**

The Nominating, Governance and Compensation Committee considers the size of the CRAFT Board each year when it passes a resolution determining the number of directors to be appointed at each annual general meeting of CRAFT Shareholders. The CRAFT Board determined that the configuration of four (4) directors is the appropriate number of directors, taking into account the number required to carry out duties effectively while maintaining a diversity of views and experience. The Nominating, Governance and Compensation Committee will evaluate new nominees to the CRAFT Board, although a formal process has not been adopted. The nominees will generally be the result of recruitment efforts by the Nominating, Governance and Compensation Committee or the CRAFT Board, including both formal and informal discussions among Board members, the Chairman and CEO. The Nominating, Governance and Compensation Committee monitors but will not formally assess the performance of individual CRAFT Board members or committee members or their contributions.

### **Compensation**

Information with respect to the process for determining NEO and director compensation is provided under the heading “*Executive Compensation – Compensation Discussion and Analysis*”.

### **Other Board Committees**

Other than the Audit Committee, the Company has formed a Nominating, Governance and Compensation Committee.

### **Assessments**

The CRAFT Board does not conduct any formal evaluation of the performance and effectiveness of the members of the CRAFT Board. The CRAFT Board as a whole or any committee of the CRAFT Board, however, will consider the effectiveness and contribution of the CRAFT Board, its members and the Audit Committee on an ongoing basis. The proposed directors and the independent directors of CRAFT are free to discuss specific situations from time to time among themselves and/or with the CEO and, if need be, steps are taken to remedy the situation, which steps may include a request for resignation. Furthermore, the management and directors of CRAFT will continue to communicate with CRAFT Shareholders on an ongoing basis, and CRAFT Shareholders will continue to be regularly consulted on the effectiveness of CRAFT Board members and the CRAFT Board as a whole.

### **Director Term Limits**

CRAFT has not set director term limits, nor provided any formal mechanism of CRAFT Board renewal. However, on a technical level, each director’s term ends no later than the next annual meeting of CRAFT Shareholders. CRAFT considers that a fixed term of office or a formal mechanism for CRAFT Board renewal is not an efficient or appropriate manner to guarantee CRAFT Board performance. In selecting candidates for composition of the CRAFT Board, CRAFT favours the intrinsic qualities sought after in a director (whether male or female), such as management experience, leadership, career success, understanding of financial questions, knowledge of CRAFT, its business and industry, reputation, and complementarities with the other members of the CRAFT Board and the management.

In addition, CRAFT is of the opinion that limiting the duration of director terms could deprive CRAFT of the benefit of continuity, and the knowledge and experience of CRAFT and its business, which long-time directors would have.

### **Gender Diversity on the Board and Senior Management**

CRAFT believes that a board made up of highly qualified individuals from diverse backgrounds promotes better corporate governance, performance and effective decision-making. While CRAFT has not adopted a specific policy regarding the CRAFT Board or executive diversity, including the level of representation of women on the CRAFT Board and in management, in selecting candidates for such positions, CRAFT gives appropriate consideration to women along with a variety of other factors including the skills, qualities, experience and expertise to find the best candidate to be an effective member of the CRAFT Board and/or in executive officer positions.

The CRAFT Board has not, at this time, adopted any fixed targets or quotas relating to the representation of women on the CRAFT Board or in executive officer positions as it does not believe that quotas or a formulaic approach, or a specific policy, necessarily result in the identification or selection of the best candidates.

Currently, CRAFT has two (2) directors that are woman on its board. CRAFT is dedicated to increasing diversity throughout the organization and continues to evaluate eligible candidates in accordance with the CRAFT's diversity policy.

### **AUDIT COMMITTEE**

The Audit Committee meets with the CEO and CFO of CRAFT and the independent auditors to review and inquire into matters affecting financial reporting matters, the system of internal accounting and financial controls and procedures, and the audit procedures and audit plans. The Audit Committee recommends to the Board the independent registered public accounting firm to be appointed. In addition, the Audit Committee reviews and recommends to the Board for approval the annual financial statements, the annual report and certain other documents required by regulatory authorities.

The Board has not developed a written position description for the Chairman of the Audit Committee but considers the Chairman to be responsible for setting the tone for the committee work, ensuring that members have the information needed to do their jobs, overseeing the logistics of the Audit Committee's operations, reporting to the Board on the Audit Committee's decisions and recommendations, setting the agenda and running and maintaining minutes of the meetings of the Audit Committee.

### **The Audit Committee's Charter**

A copy of the charter of the Audit Committee of CRAFT (the "**Audit Committee Charter**") is attached as Appendix F of the Prospectus of BGP dated December 1, 2022 located on SEDAR+.

### **Composition of the Audit Committee**

The Audit Committee is composed of the following members:

<b>Name</b>	<b>Independent</b>	<b>Financially Literate</b>
Ruth Epstein	Yes	Yes
Harvey Schiller	Yes	Yes
Shelly Lombard	Yes	Yes

Note:

(1) Independent within the meaning of NI 52-110.

## Relevant Education and Experience

All members of the Audit Committee have the ability to read, analyze and understand the complexities surrounding the issuance 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 CRAFT's financial statements, and have an understanding of internal controls. All members of the Audit Committee intend to maintain their currency by periodically taking continuing education courses.

## Reliance on Certain Exemptions

At no time since the commencement of CRAFT's most recently completed financial year has CRAFT relied on the exemptions provided for in subsections 2.4, 6.1.1(4), 6.1.1(5), or 6.1.1(6) of NI 52-110 or an exemption from NI 52-110, in whole or in part, granted pursuant to Part 8 of NI 52-110.

## Pre-Approval Policies and Procedures

The Audit Committee Charter sets out responsibilities regarding the provision of non-audit services by CRAFT's external auditors. The Audit Committee is responsible for the pre-approval of all audit services and permissible non-audit services to be provided to CRAFT by the external auditors, subject to any exceptions provided in NI 52-110.

## External Auditor Service Fee

For the year ended December 31, 2022 ("Fiscal 2022"), CRAFT incurred the following fees by its external auditor, GreenGrowth CPAs Inc.

	<b>Fiscal 2022</b>
	<b>(USD\$)</b>
Audit fees <sup>(1)</sup>	542,369
Audit related fees <sup>(2)</sup>	Nil
Tax fees <sup>(3)</sup>	Nil
All other fees <sup>(4)</sup>	Nil
<b>Total fees paid</b>	<b>542,369</b>

Notes:

- (1) Fees for audit service on an accrued basis.
- (2) Fees for assurance and related services not included in audit service above.
- (3) Fees for tax compliance, tax advice and tax planning.
- (4) All other fees not included above.

## ADDITIONAL INFORMATION

Additional information regarding CRAFT can be found on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com). Financial information regarding CRAFT is provided in CRAFT's audited financial statements and management's discussion and analysis as at December 31, 2022, as well as in CRAFT's unaudited condensed consolidated financial statements for the six months ended June 30, 2023, both of which can be found on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com), together with CRAFT's other public disclosure. CRAFT Shareholders may contact CRAFT's Corporate Secretary at [crystal.buckner@craft1861global.com](mailto:crystal.buckner@craft1861global.com) to request copies of these documents.

## **LEGAL MATTERS**

Certain Canadian legal matters in connection with the Arrangement will be passed upon by McMillan LLP on behalf of CRAFT. As of the date hereof, the partners and associates of McMillan LLP as a group beneficially owned, directly or indirectly, less than one percent of the CRAFT Shares and less than one percent of the Nano Shares.



### **APPROVAL OF DIRECTORS**

The contents and sending of this Circular, including the Notice of Meeting, have been approved and authorized by the CRAFT Board.

November 10, 2023

### **BY ORDER OF THE BOARD OF DIRECTORS**

(signed) “Robert Aranda”  
Chairman and CEO

## APPENDIX A GLOSSARY OF TERMS

In this Circular and accompanying Notice of Meeting, unless there is something in the subject matter inconsistent therewith, the following terms shall have the respective meanings set out below, words importing the singular number shall include the plural and vice versa and words importing any gender shall include all genders:

<b>“10% Shareholder”</b>	has the meaning given to such term under “ <i>Certain United States Federal Income Tax Considerations – U.S. Federal Tax Consequences to U.S. Holders – Effects of Code Section 367</i> ”.
<b>“AcquisitionCo”</b>	means 1441586 B.C. Unlimited Liability Company, a company incorporated under the laws of the Province of British Columbia.
<b>“affiliate”</b>	has the meaning ascribed to that term in the <i>Securities Act</i> (Ontario), except as otherwise described in this Circular with reference to U.S. federal securities laws.
<b>“Amalco”</b>	means the entity to be formed upon the amalgamation of CRAFT and AcquisitionCo in connection with the Arrangement.
<b>“Amalgamation”</b>	means the amalgamation of AcquisitionCo and CRAFT pursuant to the BCBCA.
<b>“Arrangement”</b>	means an arrangement pursuant to the provisions of Division 5 of Part 9 of the BCBCA on the terms and conditions set forth in the Plan of Arrangement, subject to any amendment or supplement thereto made in accordance therewith or made at the direction of the Court either in the Interim Order or the Final Order with the consent of Nano and CRAFT, each acting reasonably.
<b>“Arrangement Agreement”</b>	means the arrangement agreement dated as of September 27, 2023 among Nano, AcquisitionCo, and CRAFT, as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with its terms.
<b>“Arrangement Dissent Procedures”</b>	means the dissent procedures and requirements set forth in sections 237 to 247 of the BCBCA and the Interim Order and described in this Circular under the heading “ <i>Dissent Rights of CRAFT Shareholders – Dissenting to the Arrangement</i> ”.
<b>“Arrangement Dissent Rights”</b>	means the rights of dissent in respect of the Arrangement granted pursuant to the Interim Order.
<b>“Arrangement Dissenting CRAFT Shareholder”</b>	means a Registered CRAFT Shareholder who duly and validly exercised Arrangement Dissent Rights in strict compliance with the Arrangement Dissent Procedures and who has not withdrawn or been deemed to have withdrawn such Arrangement Dissent Rights.
<b>“Arrangement Notice of Dissent”</b>	means a written objection to the Arrangement by a Registered CRAFT Shareholder in accordance with the Arrangement Dissent Procedures.
<b>“Arrangement Resolution”</b>	means the special resolution to be considered and, if thought fit, passed by the CRAFT Securityholders at the Meeting, substantially on the terms and in the form of Appendix B hereto.
<b>“BCBCA”</b>	means the <i>Business Corporations Act</i> (British Columbia), as amended.
<b>“BGP”</b>	means BGP Acquisition Corp.
<b>“Broadridge”</b>	has the meaning given to such term under “ <i>General Proxy Information – Voting Options</i> ”.
<b>“Business Combination”</b>	means the acquisition of all the outstanding of shares of CRAFT by BGP constituting BGP's qualifying transaction.
<b>“Business Day”</b>	means any day, other than a Saturday, a Sunday or a statutory holiday in Vancouver, British Columbia; Albuquerque, New Mexico; or New York, New York.
<b>“Cboe”</b>	means Neo Exchange Inc., operating as Cboe Canada.
<b>“Circular” or “Information Circular”</b>	means, collectively, the Notice of Meeting and this Management Information Circular of CRAFT, including all appendices hereto, sent to CRAFT Securityholders in connection with the Meeting, including any amendments or

	supplements thereto.
<b>“Claims”</b>	means any and all debts, costs, expenses, liabilities, obligations, losses and damages, penalties, proceedings, actions, suits, assessments, reassessments or claims of whatsoever nature or kind including regulatory or administrative (whether or not under common law, on the basis of contract, negligence, strict or absolute liability or liability in tort, or arising out of requirements of applicable Laws), imposed on, incurred by, suffered by, or asserted against any Person or any property, absolute or contingent, and, except as otherwise expressly provided herein, includes all reasonable out-of-pocket costs, disbursements and expenses paid or incurred by such Person in defending any action.
<b>“Code”</b>	means the Internal Revenue Code of 1986, as amended and the applicable U.S. Treasury Regulations.
<b>“Completion Deadline”</b>	means December 31, 2023, or such later date as may be agreed to in writing by the Parties.
<b>“Consideration”</b>	means collectively, the Nano Cash Consideration and the Consideration Shares.
<b>“Consideration Shares”</b>	means the 56,498,406 Nano Shares to be issued in exchange for CRAFT Shares (or such other number of Nano Shares, such that immediately following completion of the Transaction, CRAFT Shareholders hold in the aggregate 25% of the Nano Shares assuming conversion of all securities convertible for Nano Shares issued pursuant to a Nano Permitted Equity Financing) to be issued to the CRAFT Shareholders pursuant to the Agreement and the Arrangement.
<b>“Court”</b>	means the Supreme Court of British Columbia.
<b>“CRA”</b>	means the Canada Revenue Agency.
<b>“CRAFT”</b>	means CRAFT 1861 Global Holdings Inc., a corporation existing under the laws of the Province of British Columbia.
<b>“CRAFT Acquisition Proposal”</b>	means, other than the Transaction, and other than any transaction involving only CRAFT and/or one or more of the wholly-owned CRAFT Subsidiaries, any offer, proposal, expression of interest, or inquiry (written or oral) from any Person or group of Persons acting “jointly or in concert” other than Nano (and its affiliates or joint actors) after the date of this Agreement relating to: (i) any sale, disposition or joint venture (or any lease, long-term supply agreement or other arrangement having the same economic effect as a sale) or other disposition, direct or indirect, in a single transaction or a series of related transactions, of assets representing 20% or more of the consolidated assets, or contributing 20% or more of the consolidated revenue of CRAFT and the CRAFT Subsidiaries, in each case taken as a whole, or of 20% or more of any class of voting or equity securities of CRAFT and the CRAFT Subsidiaries (or rights or interests therein or thereto) taken as a whole; (ii) any direct or indirect take-over bid, tender offer, exchange offer, treasury issuance or other transaction that, if consummated, would result in a Person or group of Persons beneficially owning 20% or more of any class of voting or equity securities (including securities convertible into or exercisable or exchangeable for voting or equity securities) of CRAFT or the CRAFT Subsidiaries; (iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or exclusive license or other similar transaction involving CRAFT or the CRAFT Subsidiaries pursuant to which any Person or group of Persons would acquire, directly or indirectly, 20% or more of the voting or equity securities of CRAFT or the surviving entity or the resulting direct or indirect parent of CRAFT or the surviving entity; or (iv) any other similar transaction or series of related transactions involving CRAFT or the CRAFT Subsidiaries;
<b>“CRAFT AIF”</b>	means CRAFT’s annual information form dated June 30, 2023 for the year ended December 31, 2023.
<b>“CRAFT Board”</b>	means the board of directors of CRAFT as the same is constituted from time to time.

<b>“CRAFT Board Recommendation”</b>	means the unanimous determination of the CRAFT Board, after consultation with its legal and financial advisors, and following the receipt of a unanimous recommendation by the Special Committee that the Arrangement is in the best interests of CRAFT and is fair to CRAFT Shareholders and the unanimous recommendation of the CRAFT Board to CRAFT Shareholders that they vote in favour of the Arrangement Resolution.
<b>“CRAFT Break Fee”</b>	has the meaning given to such term under <i>“The Arrangement – The Arrangement Agreement – Termination – Termination Fee”</i> .
<b>“CRAFT Break Fee Event”</b>	has the meaning given to such term in Section 6.3 of the Arrangement Agreement.
<b>“CRAFT Change in Recommendation”</b>	means the CRAFT Board fails to recommend or withdraws, amends, modifies or qualifies (or proposes publicly to withdraw, amend, modify or qualify), in a manner adverse to Nano, the CRAFT Board Recommendation, or the CRAFT Board accepts, approves, endorses or recommends or publicly proposes to accept, approve, endorse or recommend a CRAFT Acquisition Proposal, or takes no position or remains neutral with respect to, any publicly announced CRAFT Acquisition Proposal (it being understood that publicly taking no position or a neutral position with respect to a publicly announced, or otherwise publicly disclosed, CRAFT Acquisition Proposal for a period of no more than five Business Days following such public announcement or public disclosure shall not be considered to be a CRAFT Change in Recommendation provided the CRAFT Board has rejected such CRAFT Acquisition Proposal and affirmed the CRAFT Board Recommendation before the end of such five Business Day period (or in the event that the Meeting is scheduled to occur within such five Business Day period, no later than the later of one Business Day following the public announcement or public disclosure of such CRAFT Acquisition Proposal or the third Business Day prior to the date of the Meeting)).
<b>“CRAFT Convertible Note”</b>	means: (i) the unsecured promissory note dated August 23, 2022 in the principal amount of \$125,000 in favour of Drake Private Investments LLC; (ii) the unsecured promissory note dated December 22, 2021 in the principal amount of \$100,000 in favour of BGP Acquisition Sponsor L.P.; and (iii) the unsecured promissory note dated September 29, 2021 in the principal amount of \$175,000 in favour of BGP Acquisition Sponsor L.P.
<b>“CRAFT Disclosure Letter”</b>	means the letter dated as of the date of the Arrangement Agreement, delivered by CRAFT to Nano pursuant to Section 3.1 of the Arrangement Agreement.
<b>“CRAFT Earn-out Shares”</b>	means the CRAFT Proportionate Voting Shares issuable pursuant to Section 2.5(b) of the Business Combination Agreement dated October 19, 2022 among CRAFT, BGP Merger Sub Inc., BGP Acquisition Sponsor LP and CRAFT 1861 Global, Inc., which issuance shall be satisfied by the issuance of CRAFT Shares as set forth on Schedule E of the Arrangement Agreement.
<b>“CRAFT Independent Director Nominee”</b>	means the individual nominated by CRAFT at or prior to the Effective Time, in its sole discretion, to act as a director of the Nano Board from the Effective Time.
<b>“CRAFT Nominees”</b>	means Robert Aranda and the CRAFT Independent Director Nominee.
<b>“CRAFT Permitted Encumbrance”</b>	means: (i) minor title defects or irregularities or servitudes, easements, restrictions, encroachments, covenants, rights of way and other similar rights or restrictions in real property, or any interest therein, whether registered or unregistered, provided the same are not of such nature as to materially impair the operation or enjoyment of the CRAFT Properties; (ii) undetermined or inchoate liens, charges and privileges (including mechanics’, construction, carriers’, workers’, repairers’, storers’ or similar liens) which individually or in the aggregate are not material, arising or incurred in the ordinary course of business of CRAFT; statutory liens, adverse Claims or Encumbrances of any nature whatsoever claimed or held by any Governmental Entity that have not at the time been filed or registered against the title to the CRAFT Properties (as defined in the Arrangement Agreement) or served upon CRAFT pursuant to Law or that

	<p>relate to obligations not due or delinquent, save and except for statutory liens, adverse Claims or Encumbrances related to Taxes which are due and payable; (iii) the reservations, limitations and exceptions in any original grants from any Governmental Entity of any real property or interest therein and statutory exceptions to title that do not materially detract from the value of the CRAFT Properties or materially impair the operation or enjoyment of the CRAFT Properties; and (iv) the Encumbrances listed in the CRAFT Disclosure Letter.</p> <p>means proportionate voting shares in the capital of CRAFT.</p>
<b>“CRAFT Proportionate Voting Shares”</b>	
<b>“CRAFT Securityholder Approval”</b>	<p>means collectively, the approval of (i) at least 66⅔% of the votes cast by CRAFT Shareholders present in person or by proxy at the Meeting and (ii) at least 66⅔% of the votes cast by CRAFT Securityholders present in person or by proxy at the Meeting, voting together as a single class, and (iii) a simple majority of the votes cast excluding the votes of CRAFT Shares held or controlled by “interested parties” as defined under MI 61-101.</p>
<b>“CRAFT Shares”</b>	<p>means the CRAFT Proportionate Voting Shares and the CRAFT Subordinate Voting Shares.</p>
<b>“CRAFT Shareholder Approval”</b>	<p>means the requisite approval of the Arrangement Resolution by at least 66⅔% of the votes cast on the Arrangement Resolution by the CRAFT Shareholders present in person or by proxy at the Meeting</p>
<b>“CRAFT Shareholders”</b>	<p>means the holders of the CRAFT Shares.</p>
<b>“CRAFT Subordinate Voting Shares”</b>	<p>means subordinate voting shares in the capital of CRAFT.</p>
<b>“CRAFT Subsidiaries”</b>	<p>means, collectively, the Subsidiaries of CRAFT.</p>
<b>“CRAFT Superior Proposal”</b>	<p>means any bona fide unsolicited written CRAFT Acquisition Proposal that is made after the date of the Arrangement Agreement, that relates to the acquisition of all or substantially all of the assets of CRAFT (on a consolidated basis) or 100% of the issued and outstanding CRAFT Shares not beneficially owned by the party making such CRAFT Acquisition Proposal and any joint actor or any of their respective affiliates, whether by way of a single or multistep transaction or a series of related transactions, that: (i) complies with Securities Laws in all material respects; (ii) did not result from or involve a breach of Section 6.1 of the Arrangement Agreement or the exclusivity agreement, dated October 11, 2023, entered into between CRAFT and Nano; (iii) is reasonably capable of being completed in accordance with its terms without undue delay, taking into account all legal, financial, regulatory and other aspects of such proposal and the Person making such proposal; (iv) is not subject to any financing condition or contingency and in respect of which adequate arrangements have been made to ensure that the required funds or other consideration shall be available to effect such CRAFT Acquisition Proposal; (v) is not subject to a due diligence or access to information condition; and (vi) the CRAFT Board determines, in good faith, after consultation with its financial advisors and outside legal counsel, that such CRAFT Acquisition Proposal would, if consummated in accordance with its terms, but not assuming away any risk of non-completion, result in a transaction which is more favourable to CRAFT Shareholders from a financial point of view than the Arrangement (taking into account any amendments to the terms proposed by Nano as contemplated by Section 6.2(b) of the Arrangement Agreement).</p>
<b>“CRAFT U.S. Securityholders”</b>	<p>means CRAFT Securityholders who are resident in, or citizens of, the United States.</p>
<b>“CRAFT U.S. Shareholders”</b>	<p>means CRAFT Shareholders who are resident in, or citizens of, the United States.</p>
<b>“CRAFT Warrant Agreement”</b>	<p>means the warrant agency agreement entered into between BGP Acquisition Corp. and Odyssey Trust Company on February 4, 2021.</p>

<b>“CRAFT Warrantholder”</b>	means a holder of one or more CRAFT Warrants.
<b>“CRAFT Warrants”</b>	means the outstanding warrants to purchase CRAFT Shares but does not include any CRAFT Warrants issuable pursuant to the CRAFT Warrant Agreement.
<b>“CSA”</b>	has the meaning given to such term under “ <i>Risk Factors – Risk Factors Related to the Arrangement</i> ”.
<b>“Deemed Dividend Election”</b>	has the meaning given to such term under “ <i>Certain United States Federal Income Tax Considerations – U.S. Federal Tax Consequences to U.S. Holders – Effects of Code Section 367</i> ”.
<b>“Depository”</b>	means Odyssey Trust Company.
<b>“Depository Agreement”</b>	means the depository agreement entered into between Nano, CRAFT, and the Depository for the purpose of, amongst other things, receiving Letters of Transmittal and distributing the Consideration to CRAFT Shareholders under the Arrangement.
<b>“Distribution”</b>	has the meaning given to such term under “ <i>Certain Canadian Federal Income Tax Considerations – Shareholders Resident in Canada - Distribution of Consideration Shares</i> ”.
<b>“Dissent Rights”</b>	means the Arrangement Dissent Rights of a Registered CRAFT Shareholder.
<b>“Dissent Rights Procedures”</b>	means the Arrangement Dissent Procedures and
<b>“Dissent Shares”</b>	means CRAFT Shares held by a Dissenting CRAFT Shareholder and in respect of which the Dissenting CRAFT Shareholder has given an Arrangement Notice of Dissent
<b>“Dissenting CRAFT Shareholder”</b>	means a Registered CRAFT Shareholder who duly and validly exercised Dissent Rights in strict compliance with the Dissent Rights Procedures and who has not withdrawn or been deemed to have withdrawn such Dissent Rights.
<b>“Dissenting Resident Shareholder”</b>	has the meaning given to such term under “ <i>Certain Canadian Federal Income Tax Considerations – Shareholders Resident in Canada - Dissenting Shareholders</i> ”.
<b>“DOJ”</b>	means the Antitrust Division of the U.S. Department of Justice.
<b>“DRS”</b>	means Direct Registration System.
<b>“DRS Advice”</b>	means a DRS advice.
<b>“DRS Statement”</b>	means a statement evidencing CRAFT Shares issued under the name of the applicable shareholder and registered electronically in CRAFT’s records;
<b>“EBITDA”</b>	means earnings before interest, tax, depreciation, and amortization.
<b>“Echelon”</b>	means Echelon Wealth Partners Inc.
<b>“Effective Date”</b>	means the date upon which the Arrangement becomes effective pursuant to the Plan of Arrangement.
<b>“Effective Time”</b>	means 12:01 a.m. (Vancouver time) on the Effective Date.
<b>“Eligible Institution”</b>	means a Canadian Schedule I Chartered Bank, a member of the Securities Transfer Agents Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP).
<b>“Eligible Shareholder”</b>	means a beneficial owner of CRAFT Shares who is (a) a resident in Canada for the purposes of the Tax Act and any applicable income tax treaty or convention, (b) not, and is not deemed to be, a resident of Canada for the purposes of the Tax Act and any applicable income tax treaty or convention and whose CRAFT Shares constitute “taxable Canadian property” (as defined in the Tax Act) and who is not exempt from Canadian tax in respect of any gain realized on the disposition of the CRAFT Shares by reason of an exemption contained in an applicable income tax treaty, or (c) a partnership, if one or more of the members of the partnership are described in (a) or (b).

<b>“Encumbrance”</b>	means any mortgage, pledge, assignment, charge, lien, claim, security interest, adverse interest, other third Person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing but does not include any CRAFT Permitted Encumbrance.
<b>“Fairness Opinion”</b>	means the opinion of Echelon to the effect that, as of the date of such opinion and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be received by the CRAFT Shareholders under the Arrangement is fair, from a financial point of view, to the CRAFT Shareholders, a copy of which is attached as Appendix D to this Circular.
<b>“FATCA”</b>	has the meaning given to such term under “ <i>Certain United States Federal Income Tax Considerations – Tax Considerations for Non U.S. Holders Regarding Holding and Disposing of Nano Shares – FATCA</i> ”.
<b>“Final Order”</b>	means the order made after application to the Court approving the Arrangement, as such order may be amended by the Court (with the consent of the parties, each acting reasonably) at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended on appeal.
<b>“FIRPTA”</b>	has the meaning given to such term under “ <i>Certain United States Federal Income Tax Considerations – Tax Considerations for Non U.S. Holders Regarding Holding and Disposing of Nano Shares – Sale or Other Taxable Disposition</i> ”.
<b>“Former CRAFT Shareholders”</b>	means the holders of CRAFT Shares immediately prior to the Effective Time.
<b>“FTC”</b>	means the U.S. Federal Trade Commission.
<b>“Governmental Entity”</b>	means any: (i) supranational, international, multinational, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, stock exchange or agency, whether domestic or foreign; (ii) any subdivision, agency, commission, board or authority of any of the foregoing; or (iii) any quasi-governmental or private body exercising any regulatory, expropriation, land use or occupation, or taxing authority under or for the account of any of the foregoing.
<b>“HSR Act”</b>	means the Hart-Scott-Rodino Antitrust Improvements Act of 1976.
<b>“HSR Clearance”</b>	means the expiration or termination of the applicable waiting period under the HSR Act.
<b>“IFRS”</b>	means International Financial Reporting Standards as issued by the International Accounting Standards Board that are applicable to public issuers in Canada.
<b>“Intellectual Property”</b>	means domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) software; and (viii) any other intellectual property and industrial property.
<b>“Interim Order”</b>	means the order made after application to the Court, containing declarations and directions in respect of the notice to be given and the conduct of the Meeting and the Arrangement, as such order may be amended, supplemented or varied by the Court (with the consent of the Parties, each acting reasonably).

<b>“Intermediary”</b>	has the meaning given to such term under “ <i>General Proxy Information – Voting Options</i> ”.
<b>“In-The-Money Amount”</b>	means, in respect of a stock option means the amount, if any, by which the aggregate fair market value at that time of the securities subject to the option exceeds the aggregate exercise price of the option.
<b>“IRS”</b>	means the U.S. Internal Revenue Service.
<b>“Law” or “Laws”</b>	means all laws, by-laws, statutes, rules, regulations, orders, ordinances, protocols, codes, guidelines, instruments, policies, notices, directions and judgments or other requirements of any Governmental Entity, including Securities Laws, and the applicable U.S. Federal and state securities laws as amended and the term “applicable” with respect to such Laws and in a context that refers to one or more Persons, means such Laws as are applicable to such Person or its business, undertaking, assets, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, assets, property or securities;
<b>“Letter of Transmittal”</b>	means the letter of transmittal to be delivered by CRAFT to the CRAFT Shareholders together with this Circular, providing for the delivery of CRAFT Shares to the Depositary.
<b>“Material Adverse Effect”</b>	means, in respect of any Party, as applicable, any one or more changes, events, occurrences or states of fact, which, either individually or in the aggregate, are, or would reasonably be expected to be, material and adverse to the business, operations, results of operations, properties, assets, liabilities, or condition (financial or otherwise) of that Party and its Subsidiaries, on a consolidated basis, other than any change, effect, event, occurrence or state of facts: (i) relating to any change in global, national or regional political conditions (including the outbreak or escalation of war, acts of terrorism, strikes, lockouts, riots or outbreaks of illness) or the global economy or securities markets in general; (ii) relating to any natural disaster; (iii) relating to any adoption, proposal, implementation or change in Law or any interpretation of Law by any Governmental Entity; (iv) relating to any generally applicable change in applicable accounting principles, including IFRS or U.S. GAAP; (v) relating to a change in the market trading price of publicly traded securities of CRAFT, it being understood that the causes underlying such change may be taken into account in determining whether a Material Adverse Effect has occurred; (vi) relating to the failure in and of itself to meet any internal, third party or public projections, forecasts or guidance or estimates of revenues, earnings or cash flows, it being understood that the causes underlying such failure may be taken into account in determining whether a Material Adverse Effect has occurred; (vii) relating to any action taken (or omitted to be taken) by CRAFT that is consented to, or requested, in writing by Nano; (viii) relating to any action taken (or omitted to be taken) by Nano that is consented to, or requested, in writing by CRAFT; or (ix) resulting from the announcement of this Agreement, the pendency of the transactions contemplated herein or compliance with the covenants herein or the satisfaction of the conditions herein; provided, however, that if a change, effect, event, occurrence or state of facts referred to in clauses (i) through to and including (iv) has a materially disproportionate effect on that Party and its Subsidiaries, on a consolidated basis, relative to other comparable companies and entities operating in the same industry, such effect may be taken into account in determining whether a Material Adverse Effect has occurred; and provided that references in this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, interpretive of the amount used for the purpose of determining whether a Material Adverse Effect has occurred or whether a state of facts exists that has or could have a Material Adverse Effect.
<b>“Meeting”</b>	means the general and special meeting of CRAFT Securityholders, including any adjournment or postponement thereof, to be held for the purpose of, among other things, obtaining the CRAFT Securityholder Approval.



<b>“MI 61-101”</b>	means Multilateral Instrument 61-101 - <i>Protection of Minority Security Holders in Special Transactions</i>
<b>“Nano”</b>	means Nano Cures International, Inc., a company incorporated under the laws of the State of Delaware.
<b>“Nano Board”</b>	means the board of directors of Nano as the same is constituted from time to time.
<b>“Nano Cash Consideration”</b>	means the aggregate cash payment in the amount of USD\$474,040,780 to the CRAFT Shareholders from Nano.
<b>“Nano Financing”</b>	means a financing conducted by Nano in which Nano receives a commitment for financing of up to \$2,500,000,000 in the aggregate pursuant to the Two S Holding Financing Commitment Letter dated as August 23, 2023, and Nano has closed on an aggregate of at least \$550,000,000 from such commitment financing.
<b>“Nano Housey Transaction”</b>	means the collective purchase of equity interests by Nano in: (i) Housey Pharmaceutical Research Laboratories, LLC pursuant to a unit purchase agreement, (ii) Housey Healthcare, Inc. pursuant to a series A preferred stock purchase agreement, and (iii) Housey Regenerative Medicine Inc. pursuant to a series A preferred stock purchase agreement.
<b>“Nano Independent Director Nominees”</b>	means the two individuals nominated by Nano at or prior to the Effective Time, in its sole discretion, to act as a director of the Nano Board from the Effective Time.
<b>“Nano Match Period”</b>	has the meaning given to such term under “ <i>The Arrangement – The Arrangement Agreement – Non-Solicitation Covenant – Right to Match</i> ”.
<b>“Nano Nominees”</b>	means Steve Papermaster and the Nano Independent Director Nominees.
<b>“Nano Replacement Warrant”</b>	has the meaning given to such term under “ <i>The Arrangement – Principal Steps of the Arrangement</i> ”.
<b>“Nano Shares”</b>	means the common stock in the capital of Nano.
<b>“Nano Subsidiaries”</b>	means, collectively, the Subsidiaries of Nano.
<b>“Nano”</b>	means Nano Cures International, Inc., a company incorporated under the laws of the State of Delaware.
<b>“NI 13-101”</b>	means National Instrument 13-101 — <i>System for Electronic Document Analysis and Retrieval</i> .
<b>“NI 44-101”</b>	means National Instrument 44-101 — <i>Short Form Prospectus Distributions</i> .
<b>“Non-Registered Holder”</b>	means a CRAFT Shareholder who is not a Registered CRAFT Shareholder.
<b>“Non-Resident Shareholder”</b>	has the meaning given to such term under “ <i>Certain Canadian Federal Income Tax Considerations – Non-Residents of Canada</i> ”.
<b>“Non U.S. Holder”</b>	has the meaning given to such term under “ <i>Certain United States Federal Income Tax Considerations – Tax Considerations for Non U.S. Holders Regarding Holding and Disposing of Nano Shares – Definition of a Non U.S. Holder</i> ”.
<b>“Notice of Application”</b>	means the notice of application attached at Appendix F to this Circular.
<b>“Notice of Meeting”</b>	means the notice to the CRAFT Shareholders which accompanies this Circular.
<b>“Notice Shares”</b>	has the meaning given to such term under “ <i>Dissent Rights of CRAFT Shareholders – Dissenting to the Arrangement</i> ”.
<b>“Notification and Report Form”</b>	means a notification and report form required to be filed pursuant to the HSR Act.
<b>“OFAC”</b>	means the Office of Foreign Assets Control of the United States Treasury Department.
<b>“Offer to Pay”</b>	has the meaning given to such term under “ <i>Dissent Rights of CRAFT Shareholders – Dissenting to the CRAFT Continuance</i> ”.
<b>“Parties”</b>	means, collectively, Nano, AcquisitionCo, and CRAFT.
<b>“Party”</b>	means any of Nano, AcquisitionCo, and CRAFT.
<b>“Person”</b>	means an individual, partnership, association, body corporate, a partnership or limited partnership, a trust, a trustee, executor, administrator or other legal personal representative, a syndicate, a joint venture, government (including any Governmental Entity) or any other entity, whether or not having legal status.

<b>“PFIC”</b>	means “passive foreign investment company” under the meaning of Section 1297 of the Code.
<b>“PFIC asset test”</b>	has the meaning given to such term under “ <i>Certain United States Federal Income Tax Considerations – Passive Foreign Investment Company Rules – PFIC Status of Nano</i> ”.
<b>“PFIC income test”</b>	has the meaning given to such term under “ <i>Certain United States Federal Income Tax Considerations – Passive Foreign Investment Company Rules – PFIC Status of Nano</i> ”.
<b>“Plan of Arrangement”</b>	means the plan of arrangement of CRAFT under the BCBCA substantially in the form and content of Appendix C attached to this Circular and any amendment or variation thereto made in accordance with Section 6.1 of the Plan of Arrangement or Section 7.1 of the Arrangement Agreement or made at the direction of the Court in the Final Order with the prior written consent of the Parties, each acting reasonably.
<b>“QEF Election”</b>	has the meaning given to such term under “ <i>Certain United States Federal Income Tax Considerations – Passive Foreign Investment Company Rules – Default PFIC Rules Under Section 1291 of the Code</i> ”.
<b>“RDSP”</b>	means a registered disability savings plan.
<b>“Record Date”</b>	means October 31, 2023.
<b>“Registered CRAFT Shareholder”</b>	means a registered holder of CRAFT Shares.
<b>“Registered Plans”</b>	means trusts governed by RRSPs, RRIFs, registered disability savings plans, deferred profit sharing plans, registered education savings plans and TFSA.
<b>“Registrar”</b>	means the Registrar appointed pursuant to Section 400 of the BCBCA.
<b>“Regulation S”</b>	means Regulation S under the U.S. Securities Act.
<b>“Regulatory Approval”</b>	means the HSR Clearance and any other regulatory approval required from Governmental Entities mutually agreed to by the parties.
<b>“Reorganization”</b>	has the meaning given to such term under “ <i>Certain United States Federal Income Tax Considerations – U.S. Federal Tax Consequences to U.S. Holders – Receipt of Nano Shares Pursuant to the Amalgamation</i> ”.
<b>“Representatives”</b>	has the meaning given to such term under “ <i>The Arrangement – The Arrangement Agreement – Non-Solicitation Covenant</i> ”.
<b>“Resident Shareholder”</b>	means a CRAFT Shareholder who, for the purposes of the Tax Act and any applicable income tax treaty, is or is deemed to be resident in Canada at all relevant times.
<b>“RESP”</b>	means a registered education savings plan.
<b>“RRIF”</b>	means a registered retirement income fund.
<b>“RRSP”</b>	means a registered retirement savings plan.
<b>“SEC”</b>	means the United States Securities and Exchange Commission.
<b>“Second Request”</b>	means a request for additional information and documentary material from the FTC or the DOJ.
<b>“Securities Laws”</b>	means the <i>Securities Act</i> (British Columbia), the <i>Securities Act</i> (Ontario) and any other applicable securities Laws of a province or territory of Canada.
<b>“SEDAR”</b>	means the System for Electronic Document Analysis and Retrieval as outlined in NI 13-101, which can be accessed online at <a href="http://www.sedarplus.com">www.sedarplus.com</a> .
<b>“Special Committee”</b>	means the special committee established by the CRAFT Board in connection with the transactions contemplated by the Arrangement Agreement consisting of Robert Aranda, Ruth Epstein, and Shelly Lombard.
<b>“Subsidiary”</b>	means, with respect to a Person, any entity, whether incorporated or unincorporated: (i) of which such Person or any other subsidiary of such Person is a general partner; or (ii) at least a majority of the securities or other interests of which having by their terms ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person and/or by any one or more of its subsidiaries; and shall include any body corporate, partnership, joint venture or other entity over which

	it exercises direction or control. For purposes of this definition, “control” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.
“Subsidiary PFIC”	has the meaning given to such term under “ <i>Certain United States Federal Income Tax Considerations – Passive Foreign Investment Company Rules – PFIC Status of Nano</i> ”.
“Support Agreements”	means the voting and support agreements among the executive officers of CRAFT pursuant to which each such shareholder has, among other things, agreed to vote all of its securities of CRAFT in favour of the Arrangement Resolution, on the terms and subject to the conditions set forth in such Support Agreements.
“Supporting Shareholders”	means the persons who are party to the Support Agreements, other than Nano and AcquisitionCo.
“Tax” or “Taxes”	means all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Entity, including all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, <i>ad valorem</i> taxes, value added taxes, transfer taxes (including, without limitation, taxes relating to the transfer of interests in real property or entities holding interests therein), franchise taxes, licence taxes, withholding taxes, payroll taxes, employment taxes, Canada Pension Plan or Quebec Pension Plan premiums, excise, severance, social security, workers’ compensation, employment insurance or compensation taxes or premiums, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, harmonized sales tax, customs duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, together with any interest, fines, penalties or additional amounts imposed with respect thereto, or in respect of any failure to comply with any requirement regarding any tax returns, by any Governmental Entity, and any interest, penalties, additional taxes and additions to tax imposed with respect to the foregoing.
“Tax Act”	means the <i>Income Tax Act</i> (Canada) and the regulations promulgated thereunder, as amended.
“Tax Election”	means an election under subsection 85(1) of the Tax Act or, in the case of a Canadian partnership, under subsection 85(2) of the Tax Act, (and the corresponding provisions of any applicable provincial tax legislation).
“Tax Proposals”	has the meaning given to such term under “ <i>Certain Canadian Federal Income Tax Considerations</i> ”.
“TFSA”	means a tax-free savings account.
“Transaction”	means the transaction resulting from the completion of the Arrangement, including the amalgamation between CRAFT and AcquisitionCo, the acquisition of all of the CRAFT Shares by Nano, and the completion of the other transactions contemplated by the Plan of Arrangement.
“United States” or “U.S.” or “USA”	means, as the context requires, the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.
“United States Securities Laws”	means the 1933 Act, the 1934 Act and any applicable U.S. state securities Laws.
“U.S. Exchange Act”	means the United States <i>Securities Exchange Act of 1934</i> , as amended, and the rule and regulations promulgated thereunder.
“U.S. Holder”	has the meaning given to such term under “ <i>Certain United States Federal Income Tax Considerations</i> ”.
“U.S. person”	has the meaning given to such term in Rule 902(k) of Regulation S.
“U.S. Securities Act”	means the United States <i>Securities Act of 1933</i> , as amended and the rules and regulations promulgated thereunder.
“U.S. Treaty”	means the Canada-United States Income Tax Convention with respect to taxes on

<b>“U.S. Treasury Regulations”</b>	income and capital (1980), as amended. means the regulations promulgated by the United States Treasury Department under the Code.
<b>“USRPHC”</b>	has the meaning given to such term under “ <i>Certain United States Federal Income Tax Considerations – Tax Considerations for Non U.S. Holders Regarding Holding and Disposing of Nano Shares – Sale or Other Taxable Disposition</i> ”.
<b>“USRPI”</b>	has the meaning given to such term under “ <i>Certain United States Federal Income Tax Considerations – Tax Considerations for Non U.S. Holders Regarding Holding and Disposing of Nano Shares – Sale or Other Taxable Disposition</i> ”.
<b>“VIF”</b>	has the meaning given to such term under “ <i>General Proxy Information – Voting Options</i> ”.

**APPENDIX B  
ARRANGEMENT RESOLUTION**

**RESOLUTION OF THE SECURITYHOLDERS  
OF CRAFT 1861 GLOBAL HOLDINGS INC. (the “Company”)**

**BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. The arrangement (the “**Arrangement**”) under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) involving CRAFT 1861 Global Holdings Inc. (the “**Company**”), as more particularly described and set forth in the management information circular dated November 10, 2023 (the “**Circular**”) of the Company accompanying the notice of this meeting, as the Arrangement may be modified, supplemented or amended in accordance with its terms, is hereby authorized, approved and adopted.
2. The plan of arrangement (the “**Plan of Arrangement**”) involving the Company and implementing the Arrangement, the full text of which is set out as Appendix C to the Circular, as the Plan of Arrangement may be modified, supplemented or amended in accordance with its terms, is hereby authorized, approved and adopted.
3. The Arrangement Agreement made as of September 27, 2023 among Nano Cures International, Inc., 1441586 B.C. Unlimited Liability Company, and the Company (the “**Arrangement Agreement**”) and related transactions, the actions of the directors of the Company in approving the Arrangement and the Arrangement Agreement and the actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement and any amendments thereto in accordance with its terms are hereby ratified and approved.
4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the securityholders of the Company or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of the Company are hereby authorized and empowered without further notice to or approval of the securityholders of the Company (i) to amend the Arrangement Agreement or the Plan of Arrangement, to the extent permitted by the Arrangement Agreement or the Plan of Arrangement, and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions.
5. Any one director or officer of the Company be and is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed, under the corporate seal of the Company or otherwise, and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person’s opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

**APPENDIX C**  
**PLAN OF ARRANGEMENT**  
**UNDER THE BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)**

*(See attached.)*

## PLAN OF ARRANGEMENT

respecting

**NANO CURES INTERNATIONAL, INC., 1441586 B.C. UNLIMITED LIABILITY COMPANY, AND CRAFT 1861 GLOBAL HOLDINGS INC.**

made pursuant to

**Section 288 of the Business Corporations Act (British Columbia)**

### **ARTICLE 1 INTERPRETATION**

#### **1.1 Definitions**

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the respective meanings set out below and grammatical variations of those terms shall have corresponding meanings:

“**Amalco**” means the amalgamated unlimited liability company resulting from the amalgamation of CRAFT and AcquisitionCo pursuant to Section 2.4;

“**Amalgamation**” has the meaning set forth in Section 2.4;

“**AcquisitionCo**” means 1441586 B.C. Unlimited Liability Company, an unlimited liability company incorporated under the BCBCA, which is directly owned by Nano;

“**Arrangement**” means an arrangement pursuant to the provisions of Division 5 of Part 9 of the BCBCA on the terms and conditions set forth in this Plan of Arrangement, subject to any amendment or supplement thereto made in accordance therewith, herewith or made at the direction of the Court either in the Interim Order or the Final Order with the consent of Nano and CRAFT, each acting reasonably;

“**Arrangement Agreement**” means the arrangement agreement dated as of September 27, 2023 among Nano, AcquisitionCo, and CRAFT, together with the schedules attached thereto, as amended, supplemented or restated in accordance therewith prior to the Effective Date, providing for, among other things, the Arrangement;

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

“**Business Day**” means any day, other than a Saturday, a Sunday or a statutory holiday in Vancouver, British Columbia; Albuquerque, New Mexico; or New York, New York;

“**Consideration**” means the consideration to be paid by Nano, pursuant to the Plan of Arrangement, for all of the CRAFT Shares issued and outstanding immediately prior to the Effective Time, consisting of:

- (A) the Consideration Shares; and
- (B) the Consideration Cash Payment;

**“Consideration Cash Payment”** means the aggregate cash payment in the amount of \$474,040,780 to the CRAFT Shareholders from Nano;

**“Consideration Shares”** means an aggregate of 56,498,406 Nano Shares (or such other number of Nano Shares, such that immediately following completion of the Transaction, CRAFT Shareholders hold in the aggregate 25% of the Nano Shares assuming conversion of all securities convertible for Nano Shares issued pursuant to a Nano Permitted Equity Financing) to be issued to the CRAFT Shareholders pursuant to the Agreement and the Arrangement;

**“Court”** means the Supreme Court of British Columbia;

**“Cboe”** means Cboe Canada (formerly, the NEO Exchange Inc.);

**“CRAFT”** means CRAFT 1861 Global Holdings Inc., a company existing under the BCBCA;

**“CRAFT Arrangement Resolution”** means the special resolution of the CRAFT Shareholders approving the Plan of Arrangement substantially in the form attached as Schedule B to the Arrangement Agreement;

**“CRAFT Circular”** means the notice of the CRAFT Meeting to be sent to CRAFT Securityholders and the accompanying management information circular, to be prepared in connection with the CRAFT Meeting and the schedules, appendices and exhibits thereto, together with any amendments or modifications thereto or supplements thereof;

**“CRAFT Meeting”** means the special meeting, including any adjournments or postponements thereof in accordance with the terms of this Agreement, of the CRAFT Shareholders to be held to consider and, if deemed advisable, to approve the CRAFT Arrangement Resolution and for any other purpose as may be set out in the CRAFT Circular and agreed to in writing by the Parties;

**“CRAFT Securityholders”** means at any time, any holder of CRAFT Shares and CRAFT Warrants;

**“CRAFT Shareholders”** means at any time, the holders of CRAFT Shares;

**“CRAFT Shares”** means the subordinate voting shares in the capital of CRAFT, which includes, for greater certainty, CRAFT Earn-out Shares, CRAFT Holdback Shares and the subordinate voting shares in the capital of CRAFT issued upon conversion of the CRAFT Proportionate Shares pursuant to the Arrangement Agreement;

**“CRAFT Warrant holders”** means the holders of CRAFT Warrants;

**“CRAFT Warrant Agreement”** means the warrant agency agreement entered into between BGP Acquisition Corp. and Odyssey Trust Company on February 4, 2021;

**“CRAFT Warrants”** means the outstanding warrants to purchase: CRAFT Shares at an exercise price of \$11.50 per CRAFT Share pursuant to the terms of the CRAFT Warrant Agreement;



**“Depository”** means Odyssey;

**“Dissenting CRAFT Shareholder”** means a registered holder of CRAFT Shares who has validly exercised its dissent rights in respect of the Arrangement pursuant to Section 3.1.

**“Effective Date”** means the date upon which the Arrangement becomes effective pursuant to this Plan of Arrangement;

**“Effective Time”** means 12:01 a.m. (Vancouver time) on the Effective Date;

**“Final Order”** means the order made after application to the Court approving the Arrangement, as such order may be amended by the Court (with the consent of the Parties, each acting reasonably) at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

**“Governmental Entity”** means any: (i) supranational, international, multinational, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, stock exchange or agency, whether domestic or foreign; (ii) any subdivision, agency, commission, board or authority of any of the foregoing; or (iii) any quasi-governmental or private body exercising any regulatory, expropriation, land use or occupation, or taxing authority under or for the account of any of the foregoing;

**“Interim Order”** means the order made after application to the Court, containing declarations and directions in respect of the notice to be given and the conduct of the CRAFT Meeting and the Arrangement, as such order may be amended, supplemented or varied by the Court (with the consent of the Parties, each acting reasonably);

**“Letter of Transmittal”** means the letter of transmittal for use by the CRAFT Shareholders, in the form accompanying the CRAFT Circular;

**“Liens”** means mortgage, hypothec, prior claim, lien, pledge, assignment for security, security interest, option, right of first offer or first refusal or other charge or encumbrance of any kind and adverse claim;

**“Nano”** means Nano Cures International, Inc. a corporation existing under the General Corporation Law of the State of Delaware;

**“Nano Shares”** means the common stock in the capital of Nano;

**“Parties”** has the meaning ascribed thereto on the first page of the Arrangement Agreement;

**“Person”** means an individual, partnership, association, body corporate, a partnership or limited partnership, a trust, a trustee, executor, administrator or other legal personal representative, a syndicate, a joint venture, government (including any Governmental Entity) or any other entity, whether or not having legal status;

**“Plan of Arrangement”** means this plan of arrangement and any amendments or variations hereto made in accordance herewith with the Arrangement Agreement and Article 4 hereof or made at the direction of the Court in either the Interim Order or Final Order with the consent of Nano and CRAFT, each acting reasonably;

**“Registrar”** means the Registrar appointed pursuant to Section 400 of the BCBCA;

**“Replacement Warrant”** means the common stock purchase warrants of Nano issued in consideration for the CRAFT Warrants in accordance with the Warrant Exchange Ratio and pursuant to the terms of the Plan of Arrangement;

**“Tax Act”** means the *Income Tax Act* (Canada); and

**“Warrant Exchange Ratio”** means the exchange ratio of one Replacement Warrant for each CRAFT Warrant.

Any capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Arrangement Agreement.

## **1.2 Sections and Headings**

The division of this Plan of Arrangement into Articles, Sections, paragraphs and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an “Article”, “Section” or “paragraph” followed by a number and/or letter refer to the specified Article, Section or paragraph of this Plan of Arrangement.

## **1.3 Number and Gender**

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular only shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter.

## **1.4 Date for any Action**

If the date on which any action is required to be taken hereunder by any party hereto is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

## **1.5 Time**

Time shall be of the essence in every matter or action contemplated hereunder. All times expressed herein or in any letter of transmittal contemplated herein are local time (Vancouver, British Columbia) unless otherwise stipulated herein or therein.

## **1.6 Statutory Reference**

Any reference in this Plan of Arrangement to a statute includes all regulations and rules made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

## **1.7 Certain Phrases, etc.**

The words (i) “including”, “includes” and “include” mean “including (or includes or include) without limitation,” (ii) “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of,” and (iii) unless stated

otherwise, “Article”, “Section”, and “Schedule” followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Plan of Arrangement.

## **1.8 Currency**

Unless otherwise stated, all references in this Plan of Arrangement to amounts of money are expressed in lawful money of the United States.

# **ARTICLE 2 EFFECT OF THE ARRANGEMENT**

## **2.1 Arrangement Agreement**

This Plan of Arrangement is made pursuant to, is subject to the provisions of, and forms a part of the Arrangement Agreement, except in respect of the sequence of the steps comprising the Arrangement, which shall occur in the order set forth herein.

## **2.2 Binding Effect**

This Plan of Arrangement is made pursuant to the provisions of the Arrangement Agreement and constitutes an arrangement as referred to in Section 288 of the BCBCA.

## **2.3 Effect of the Arrangement**

The Arrangement will become effective at, and be binding at and after, the Effective Time on: (i) CRAFT; (ii) Nano; (iii) AcquisitionCo; (iv) Amalco; (v) CRAFT Shareholders; (vi) CRAFT Warrantholders; and (vii) the Depositary.

## **2.4 Arrangement**

Commencing at the Effective Time, the following shall occur and shall be deemed to occur, except to the extent otherwise indicated, in the following order without any further act or formality:

- (a) each CRAFT Share held by a Dissenting CRAFT Shareholder shall, without any further action by or on behalf of such Dissenting CRAFT Shareholder, be deemed to have been transferred and assigned to Nano in consideration for a debt claim against Nano determined and payable in accordance with Section 3.1, and the name of each such holder shall be removed from the register of the CRAFT Shares maintained by or on behalf of CRAFT and Nano shall be deemed to be the transferee of such CRAFT Shares and shall be entered in the register of the CRAFT Shares maintained by or on behalf of CRAFT;
- (b) AcquisitionCo and CRAFT will amalgamate pursuant to the BCBCA (the “**Amalgamation**”), to continue as one unlimited liability company, Amalco, and upon the Amalgamation,
  - (i) the by-laws of Amalco shall be the same as the by-laws of CRAFT;
  - (ii) the articles of Amalco shall be the same as the articles of CRAFT;
  - (iii) each issued and outstanding CRAFT Share other than those held by Nano will be exchanged for one (1) Nano Share;

- (iv) each CRAFT Warrant shall be exchanged for a Replacement Warrant to purchase from Nano one (1) Nano Share. Such Replacement Warrant shall provide for an exercise price per Replacement Warrant (rounded up to the nearest whole cent) equal to the exercise price per CRAFT Share that would otherwise be payable pursuant to the CRAFT Warrant it replaces. All terms and conditions of a Replacement Warrant, including the term to expiry, conditions to and manner of exercising, will be the same as the CRAFT Warrant for which it was exchanged, and shall be governed by the terms of the Warrant Agreement and any document evidencing a CRAFT Warrant shall thereafter evidence and be deemed to evidence such Replacement Warrant. It is intended that subsection 7(1.4) of Tax Act apply to such exchange of options;
- (v) the property of CRAFT and AcquisitionCo shall continue to be the property of Amalco;
- (vi) all rights, contracts, permits and interests of CRAFT and AcquisitionCo shall continue as rights, contracts, permits and interests of Amalco and, for greater certainty, the Amalgamation shall not constitute a transfer or assignment of the rights or obligations of CRAFT or AcquisitionCo under any such rights, contracts, permits, and interests;
- (vii) Amalco shall continue to be liable for the obligations of CRAFT and AcquisitionCo shall be unaffected;
- (viii) all existing causes of action, claims or liabilities to prosecution with respect to CRAFT and AcquisitionCo may continue to be prosecuted by or against Amalco;
- (ix) all civil, criminal or administrative actions or proceedings pending by or against CRAFT or AcquisitionCo shall be unaffected; and
- (x) all convictions against, or rulings, orders or judgments in favour of or against CRAFT or AcquisitionCo may be enforced by or against Amalco.

## **2.5 Transfers Free and Clear**

Any transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind other than as a result of U.S. Federal or state securities laws.

## **2.6 Fully Paid Shares**

All Consideration Shares issued pursuant to this Plan of Arrangement shall be fully paid and non-assessable, and Nano shall be deemed to have received the full consideration therefor and such non-cash consideration shall have a value that is not less in value than the fair equivalent of the money that Nano would have received had the applicable Nano Shares been issued for money.

## **2.7 Adjustment to Consideration**

Notwithstanding anything to the contrary contained in this Plan of Arrangement, if between the date of the Arrangement Agreement and the Effective Time, the issued and outstanding CRAFT Shares or the issued and outstanding Nano Shares shall have been changed into a different number

of shares or a different class by reason of any stock split, reverse stock split, dividend of Nano or CRAFT Shares, reclassification, redenomination or the like, then the Consideration and any other dependent items, including the Warrant Exchange Ratio, shall be appropriately adjusted to provide to CRAFT and Nano and their respective shareholders the same economic effect as contemplated by the Arrangement Agreement and this Plan of Arrangement prior to such action and as so adjusted shall, from and after the date of such event, be the Consideration to be paid per CRAFT Share, the Warrant Exchange Ratio or other dependent item, subject to further adjustment in accordance with this sentence.

## **2.8 United States Tax Matters**

The Amalgamation is intended to be treated as a “reorganization” within the meaning of Section 368(a)(1)(A) of the Code, and this Plan of Arrangement and Arrangement Agreement will constitute a “plan of reorganization” for purposes of Sections 354 and 361 of the Code for United States federal income Tax purposes. Prior to and at the Effective Time of the Amalgamation, Acquisition Co will be treated as a “disregarded entity” of Nano under United States Treasury Regulation Section 301.7701-3(b)(ii) for U.S. federal income tax purposes. Nano will make any election that may be necessary to treat Acquisition Co as a disregarded entity. Immediately following the Amalgamation, Nano will own all of the outstanding equity of Amalco and Amalco will be treated as a “disregarded entity” under United States Treasury Regulation Section 301.7701-3(b)(ii) for U.S. federal income tax purposes. Nano will make any election that may be necessary to treat Amalco as a disregarded entity. Nano represents that it has no current plan or intention to make or cause to be made, an election to change Amalco’s classification as a disregarded entity and has no current plan or intention to cause or permit Amalco to issue additional shares of its equity that would result in Nano owning less than 100 percent of the outstanding equity of the Amalco.

## **ARTICLE 3 RIGHTS OF DISSENT**

### **3.1 Rights of Dissent for CRAFT Shareholders**

Registered holders of CRAFT Shares may exercise rights of dissent with respect to such shares pursuant to and in the manner set forth in Division 2 of Part 8 of the BCBCA and this Section 3.1 in connection with the Arrangement, as modified by the Interim Order and this Section 3.1; provided that, notwithstanding Division 2 of Part 8 of the BCBCA, the written objection to the CRAFT Arrangement Resolution must be received by CRAFT not later than 5:00 p.m. (Eastern time) two Business Days immediately preceding the date of the CRAFT Meeting (as it may be adjourned or postponed from time to time). Registered holders of CRAFT Shares who duly exercise such rights of dissent and who:

- (a) are ultimately entitled to be paid fair value for their CRAFT Shares shall be entitled to be paid by Nano such fair value, notwithstanding anything to the contrary contained in Section 245 of the BCBA, and will not be entitled to any other payment or consideration, including any Nano Shares to which such holder would have been entitled under the Plan of Arrangement had such holder not exercised dissent rights in respect of CRAFT Shares; or
- (b) are ultimately not entitled, for any reason, to be paid fair value for their CRAFT Shares shall be deemed to have participated in the Plan of Arrangement on the same basis as a non-dissenting holder of CRAFT Shares,

but in no case shall CRAFT, Nano, or any other Person be required to recognize such holders as holders of CRAFT Shares after the Effective Time, and the names of such holders of CRAFT Shares shall be deleted from the registers of holders of CRAFT Shares at the Effective Time.

In addition to any other restriction under Division 2 of Part 9 of the BCBCA, in no circumstances shall holders of the CRAFT Warrants be entitled to any dissent rights.

### **3.2 Delivery of Consideration**

- (a) Following receipt of the Final Order and prior to the Effective Date and at least three (3) Business Days prior to the Effective Date, in accordance with the terms of the Arrangement Agreement, Nano shall deposit with the Depositary, for the benefit of CRAFT Shareholders: (i) the Consideration Cash Payment, and (ii) the amount of Consideration Shares being such number of Nano Shares, as is necessary to be delivered to the CRAFT Shareholders in order to effect the exchange or settlement under Section 2.4 of this Plan of Arrangement.
- (b) Subject to surrender to the Depositary of a certificate which immediately prior to the Effective Time represented outstanding CRAFT Shares, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, following the Effective Time the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder, their respective pro rata share of the Consideration Shares and Consideration Cash Payment which such holder has the right to receive under Section 2.4 of this Plan of Arrangement, less any Nano Shares withheld pursuant to Section 3.6 and any certificate so surrendered shall forthwith be cancelled.
- (c) Each issued and outstanding CRAFT Share (other than those held by Nano), shall be transferred to Nano (free and clear of any liens) in exchange for the Consideration:
  - i) the holders of such CRAFT Shares immediately prior to such transfer shall cease to be the holders thereof and to have any rights as holders of such CRAFT Shares other than the right to be paid the Consideration on a per CRAFT Share basis in accordance with this Plan of Arrangement;
  - ii) the name of each such registered holders shall be removed from the central securities register of CRAFT with respect to such CRAFT Shares;
  - iii) Nano shall, and shall be deemed to be, the transferee of such shares (free and clear of any liens) and shall be entered in the central securities register of CRAFT as the holder thereof;
- (d) Until surrendered as contemplated by this Section 3.2, each certificate that immediately prior to the Effective Time represented CRAFT Shares shall be deemed after the Effective Time to represent only the right to receive, upon such surrender, a pro rata portion of the Consideration to which the holder thereof is entitled in lieu of such certificate as contemplated by Section 2.4 and this Section 3.2, less any Nano Shares withheld pursuant to Section 3.6. Any such certificate formerly representing CRAFT Shares not duly surrendered on or before the sixth anniversary of the Effective Date shall:
  - (i) cease to represent a claim by, or interest of, any former holder of CRAFT Shares of any kind or nature against or in CRAFT or Nano, (or any successor to any of the foregoing); and



- (ii) be deemed to have been surrendered to Nano and shall be cancelled.
- (e) No CRAFT Shareholder or holder of CRAFT Warrants shall be entitled to receive any consideration with respect to such CRAFT Shares other than their pro rata share of the Consideration and with respect to the CRAFT Warrants, the Replacement Warrants, to which such holder is entitled in accordance with Section 2.4 and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.

### **3.3 Distributions with Respect to Unsurrendered Certificates**

No dividend or other distribution declared or paid after the Effective Time with respect to Consideration Shares shall be delivered to the holder of any certificate formerly representing CRAFT Shares unless and until the holder of such certificate shall have complied with the provisions of Section 3.2. Subject to applicable law and to Section 3.6 at the time of such compliance, there shall, in addition to the delivery of the Consideration Shares, be delivered to such holder, without interest, the amount of any dividend or other distribution declared or made after the Effective Time with respect to the Consideration Shares to which such holder is entitled in respect of such holder's Nano Shares.

### **3.4 No Fractional Shares**

No fractional Nano Shares shall be issued to any person pursuant to this Plan of Arrangement. The number of Nano Shares to be issued to any person pursuant to this Plan of Arrangement shall be rounded down to the nearest whole Nano Share, as applicable.

### **3.5 Lost Certificates**

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding CRAFT Shares that are ultimately entitled to Nano Shares, shall have been lost, stolen or destroyed, upon the making of an affidavit or statutory declaration of that fact by the person claiming such certificate to be lost, stolen or destroyed and who was listed immediately prior to the Effective Time as the registered holder thereof on the securities registers maintained by or on behalf of CRAFT, the Depositary will deliver in exchange for such lost, stolen or destroyed certificate a certificate representing the Nano Shares that such holder is entitled to receive in exchange for such lost, stolen or destroyed certificate, provided the holder to whom the Nano Shares be delivered shall, as a condition precedent to the delivery, give a bond satisfactory to Nano as applicable, and the Depositary (each acting reasonably) in such sum as Nano as applicable and the Depositary may direct, or otherwise indemnify Nano and the Depositary in a manner satisfactory to Nano as applicable and the Depositary, each acting reasonably, against any claim that may be made against Nano or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed.

### **3.6 Withholding Rights**

Nano, CRAFT, Amalco, or the Depositary, as applicable, shall be entitled to deduct and withhold from any amount payable, Replacement Warrants, or any Nano Shares payable or consideration otherwise deliverable to any former CRAFT Securityholder such amounts as they may be required to deduct and withhold therefrom under any provision of applicable Laws in respect of taxes. To the extent that any amounts are so deducted and withheld, such amounts shall be treated for all purposes hereof as having been paid to the person to whom such amounts would otherwise have been paid, provided that such withheld amounts are actually remitted to the appropriate

Governmental Entity. To satisfy the amount required to be deducted or withheld from any payment to any such CRAFT Securityholder, Nano, CRAFT, Amalco, or the Depositary, as applicable, may sell or otherwise dispose of any portion of the Nano Shares deliverable to such holder as is necessary to provide sufficient funds to enable Nano, CRAFT, Amalco, or the Depositary, as applicable, to comply with such deduction and/or withholding requirements.

### **3.7 Calculations**

All calculations and determinations made by Nano, CRAFT, or the Depositary, as applicable, for the purposes of this Plan of Arrangement shall be conclusive, final, and binding.

## **ARTICLE 4 AMENDMENTS**

### **4.1 Amendments to Plan of Arrangement**

- (a) Nano and CRAFT may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must (i) be set out in writing; (ii) be approved by Nano and CRAFT in writing; (iii) filed with the Court and, if made following the CRAFT Meeting, approved by the Court; and (iv) communicated to CRAFT Shareholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Nano or CRAFT at any time prior to the CRAFT Meeting (provided that the other Party shall have consented thereto in writing) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the CRAFT Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the CRAFT Meeting shall be effective only if (i) it is consented to in writing by each of Nano and CRAFT (in each case, acting reasonably), and (ii) if required by the Court, it is consented to by CRAFT Shareholders voting in the manner directed by the Court.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by Nano, provided that it concerns a matter which, in the reasonable opinion of Nano, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any holder or former holder of CRAFT Warrants.
- (e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.



## **ARTICLE 5 MISCELLANEOUS**

### **5.1 Further Assurances**

Notwithstanding that the transactions and events set out herein shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of Nano and CRAFT as parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order further to document or evidence any of the transactions or events set out herein.

### **5.2 Paramountcy**

From and after the Effective Time:

- (a) this Plan of Arrangement shall take precedence and priority over any and all rights related to CRAFT Shares and CRAFT Warrants issued and outstanding prior to the Effective Time;
- (b) the rights and obligations of the holders of CRAFT Shares, and CRAFT Warrants and the Depositary and any trustee and transfer agent therefor, shall be solely as provided for in this Plan of Arrangement; and
- (c) all actions, causes of action, claims or proceedings (actual or contingent, and whether or not previously asserted) based on or in any way relating to CRAFT Shares and the CRAFT Warrants shall be deemed to have been settled, compromised, released and determined without any liability except as set forth herein.

**APPENDIX D**  
**FAIRNESS OPINION OF ECHELON WEALTH PARTNERS INC.**

**Echelon Wealth Partners Inc.**  
181 Bay Street, Suite 2500  
Toronto, Ontario, M5J 2T3

October 30, 2023

The Special Committee of  
**CRAFT 1861 Global Holdings Inc.**  
1055 West Georgia St., Suite 1500  
Vancouver, BC, V6E 4N7

To the Special Committee:

Echelon Wealth Partners Inc. ("**Echelon Capital Markets**" or "**we**" or "**us**") understands that CRAFT 1861 Global Holdings Inc. ("**CRAFT**" or the "**Company**") and Nano Cures International, Inc. ("**Nano**" or the "**Acquiror**") entered into an arrangement agreement dated September 27, 2023 (the "**Arrangement Agreement**") that contemplates, among other things, the acquisition by the Acquiror of all of the issued and outstanding subordinate voting shares, including subordinate voting shares issued upon conversion of proportionate voting shares pursuant to the Arrangement Agreement (the "**CRAFT Shares**"), to be completed pursuant to an arrangement under the *Business Corporations Act* (British Columbia) (the "**Arrangement**"). Also pursuant to the Arrangement, holders of the CRAFT Shares (the "**Shareholders**") will be paid, at the effective time of the Arrangement: a) an aggregate of 56,498,406 common shares of Nano (the "**Nano Shares**") (or such other number of Nano Shares, such that immediately following completion of the Arrangement, the Shareholders hold in the aggregate 25% of the Nano Shares assuming conversion of all securities convertible for Nano Shares issued pursuant to certain actions allowed for in the Arrangement Agreement); plus b) a cash payment of US\$474,040,780 (altogether, the "**Consideration**").

The terms and conditions of the Arrangement will be summarized in the Company's management information circular (the "**Circular**") to be mailed to holders of securities in the Company, in connection with a special meeting of the securityholders of the Company to be held to consider and, if deemed advisable, approve the Arrangement.

We have been retained to provide financial advice to the Special Committee (the "**Special Committee**") of the Board of Directors (the "**Board**") of the Company, including our opinion (the "**Opinion**") to the Special Committee as to the fairness, from a financial point of view, of the Consideration to be received by the Shareholders pursuant to the Arrangement.

#### **ENGAGEMENT OF ECHELON CAPITAL MARKETS**

The Company and Special Committee initially contacted Echelon Capital Markets regarding a potential advisory assignment in August of 2023. Echelon Capital Markets was formally engaged by the Company



pursuant to an agreement dated August 30, 2023 (the “**Engagement Agreement**”). The Engagement Agreement provides the terms upon which Echelon Capital Markets has agreed to provide the Special Committee with various advisory services in connection with the Arrangement including, among other things, the Opinion.

Echelon Capital Markets will receive a fixed fee for rendering the Opinion, whether or not the Arrangement is completed. The Company has also agreed to reimburse us for reasonable out-of-pocket expenses and to indemnify, among others, Echelon Capital Markets in respect of certain liabilities that might arise out of our engagement. Echelon Capital Markets consents to the inclusion of the Opinion in its entirety and a summary thereof in the Circular, and to the filing thereof, as necessary, by the Company with the securities commissions or similar regulatory authorities in certain of the provinces and territories of Canada.

The Opinion has been prepared in accordance with the disclosure standards for formal valuations and fairness opinions of the Canadian Investment Regulatory Organization (“**CIRO**”) but CIRO has not been involved in the preparation or review of this Opinion.

#### **CREDENTIALS OF ECHELON CAPITAL MARKETS**

Echelon Capital Markets is an independent Canadian financial services firm that offers an integrated platform of corporate finance, mergers and acquisitions, equity research, institutional sales and trading, and private client services. Echelon Capital Markets has been a financial advisor in a significant number of transactions and is regularly engaged in providing financial advice to public and private companies across a variety of sectors and has extensive experience preparing fairness opinions.

This Opinion represents the opinion of Echelon Capital Markets and its form and content have been approved for release by a committee of our senior officers, each of whom is experienced in merger and acquisition, divestiture, valuation, fairness opinion and capital markets matters.

#### **RELATIONSHIP WITH INTERESTED PARTIES**

Neither Echelon Capital Markets nor any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario) (the “**Securities Act**”) or the rules made thereunder) of the Company or Acquiror or any of their respective associates or affiliates (collectively, the “**Interested Parties**”).

Neither Echelon Capital Markets nor any of its affiliates has been engaged to provide financial advisory services, nor has it participated in any financings involving the Interested Parties within the past three years, other than:



- i) acting as financial advisor to the Special Committee pursuant to the Engagement Agreement;
- ii) acting as capital markets advisor to BGP Acquisition Corp. (“BGP”), the preceding company to CRAFT, in connection with its qualifying transaction with Craft 1861 Global, Inc., that closed on February 28, 2023; and
- iii) acting as sole underwriter in connection with BGP’s US\$115 million initial public offering that closed on February 4, 2021.

As of the date of this letter, certain fees and expenses payable to Echelon Capital Markets remain outstanding with respect to BGP’s initial public offering and subsequent qualifying transaction.

Echelon Capital Markets acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of any Interested Party, and, from time to time, may have executed or may execute transactions on behalf of any Interested Party or other clients for which it may have received or may receive compensation. As of the date of this letter, Echelon Capital Markets holds, on behalf of its own account, 105,100 CRAFT Shares and 17,500 Company warrants. As an investment dealer, Echelon Capital Markets conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to one or more Interested Parties or the Arrangement. Other than as set forth above, there are no understandings, agreements or commitments between Echelon Capital Markets and the Interested Parties with respect to future business dealings. The fees payable to Echelon Capital Markets pursuant to the Engagement Agreement or with respect to any previous engagements with the Company or BGP, or any securities of an Interested Party held by Echelon Capital Markets as of the date hereof, are not, individually or in the aggregate, financially material to Echelon Capital Markets and do not give Echelon Capital Markets any material financial incentive in respect of either the conclusions reached in the Opinion or the outcome of the Arrangement. Echelon Capital Markets may, in the future, in the ordinary course of its business, perform financial advisory, investment banking or other financial services to one or more of the Interested Parties from time to time.

#### **OVERVIEW OF CRAFT**

CRAFT is a U.S.-based health and wellness company operating the non-psychoactive, hemp-derived CBD space with consumer-packaged goods containing zero THC. CRAFT has signed several long term and multi-year strategic licensing rights partnerships with a number of the world's largest and most respected sporting, entertainment and lifestyle brands, athletes, entertainers, celebrities, and corporations, including WBC, Moto GP, Formula E, Pramac Ducati, World Surf League, a global motorsport league, a Premier League football club, a premier international sprint-sailing league, a premier global sailing race and a leading collegiate IP agency.



## **OVERVIEW OF NANO**

Nano is a US-based company focused on developing multiple technology platforms including one initially focused on Insulin Signaling, in conjunction with pharma and biotech partners, that targets insulin resistance. Insulin resistance is the root cause of diabetes Type 2, obesity and many other related diseases. Another platform component aims to democratize cure development by providing resources, data and tools for partnering institutions and individual drug and cure developers to lower the barriers to entry and spur new cure innovation.

## **SCOPE OF REVIEW**

In connection with the Opinion, Echelon Capital Markets reviewed, analysed, considered and relied upon (without attempting to independently verify the completeness or accuracy thereof) or carried out, among other things, the following:

1. the Arrangement Agreement dated September 27, 2023;
2. the Plan of Arrangement dated September 27, 2023;
3. the Disclosure Letters dated September 27, 2023;
4. the Voting and Support agreements dated September 27, 2023;
5. certain publicly available information related to the business, operations, financial conditions and trading history of the Company and the Acquiror, and other selected publicly available information Echelon Capital Markets considered relevant;
6. internal forecasts, projections, estimates and budgets prepared or provided by or on behalf of the management of the Company and the Acquiror;
7. other internal financial, operating, corporate, and other information concerning the Company and the Acquiror, and their subsidiaries, that was prepared and provided by management of the Company and the Acquiror;
8. discussions with management of the Company and the Acquiror regarding the Company, and the Acquiror's past and current business plans, operations, financial conditions and prospects;
9. select publicly available financial information and statistics regarding precedent transactions we considered relevant;
10. various reports published by equity research analysts and industry sources we considered relevant;



11. a letter of representation as to certain factual matter and the completeness and accuracy of certain information upon which the Opinion is based, addressed to us and dated as of the date hereof, provided by the Chief Executive Officer and Chief Financial Officer of the Company;
12. a letter of representation as to certain factual matter and the completeness and accuracy of certain information upon which the Opinion is based, addressed to us and dated as of the date hereof, provided by the Chief Executive Officer and Treasurer of the Acquiror; and
13. such other information, investigations, analysis and discussion as we considered necessary or appropriate in the circumstances.

In addition, we have participated in discussions with members of the senior management team of the Company regarding business operations, the financial condition and future prospects of the Company. We have also participated in discussions with McMillan LLP, external legal counsel to the Company, concerning the Arrangement, the Arrangement Agreement and related matters. Echelon Capital Markets has not, to the best of its knowledge, been denied access by the Company to any information under the Company's control requested by Echelon Capital Markets.

#### **PRIOR VALUATIONS**

The Company has represented to Echelon Capital Markets that there were no valuations or appraisals of the Company, its material assets or the assets or securities that are relevant to the Arrangement prepared by or for or available to the Company or its management team within two years preceding the date hereof.

#### **ASSUMPTIONS AND LIMITATIONS**

Our Opinion is subject to the assumptions, qualifications and limitations set forth herein.

With your permission, we have relied upon the accuracy, completeness and fair presentation of all information, data, representations, opinions, financial statements, management discussion and analysis, internal financial information, and other material obtained by us or on behalf of the Company and the Acquiror or otherwise obtained by us in connection with our engagement (collectively, the "**Information**"). The Opinion is conditional upon such accuracy, completeness, and fair presentation. We have not been requested to or attempted to verify independently the accuracy, completeness or fairness of presentation of any such information, data, advice, opinions and representations. We have not met separately with the independent auditors of the Company or the Acquiror in connection with preparing this Opinion. We have assumed that forecasts, projections, estimates and budgets provided to us and used in our analysis were reasonably prepared on bases reflecting the best currently available assumptions, estimates and judgments of management of the Company, having regard to the Company and the Acquiror's business, plans, financial condition and prospects.



Senior officers of the Company and senior officers of the Acquiror have represented to Echelon Capital Markets, each in a certificate dated the date hereof, among other things, that: (i) the Information provided to Echelon Capital Markets orally or in writing by or on behalf of the Company and the Acquiror relevant to the subject matter of the Arrangement or the Opinion was true, accurate, complete and correct in all material respects at the date the Information was provided to Echelon Capital Markets and is as of the date hereof and, with respect to the financial statements, were prepared in accordance with International Financial Reporting Standards (except as to the absence of full note disclosure in non-audited financial statements); (ii) the Information did not and as of the date hereof does not contain any untrue statement of a material fact (as such term is defined in the Securities Act) in respect of or involving the Company, the Company's assets, the Acquiror, the Acquiror's assets or the Arrangement; (iii) the Information did not and as of the date hereof does not omit to state a material fact in respect of the Company, the Company's assets, the Acquiror, the Acquiror's assets or the Arrangement necessary to make the Information (or any statement therein) not misleading in light of the circumstances under which the Information was made or provided; and (iv) since the date(s) that the Information was provided to Echelon Capital Markets and as of the date thereof, there has been no material change (as such term is defined in the Securities Act) financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of the Company or the Acquiror, that has not been disclosed in writing to Echelon Capital Markets and there has been no change in any material fact or new material fact which is of a nature so as to render the Information untrue or misleading in any material respect, or which would reasonably be expected to have a material effect on the Opinion, that has not been disclosed in writing to Echelon Capital Markets.

In preparing the Opinion, Echelon Capital Markets has made several assumptions, including that all conditions precedent to be satisfied to complete the Arrangement can and will be satisfied or waived, that all approvals, authorizations, consents, permissions, exemptions or orders of relevant regulatory authorities required in respect of or in connection with the Arrangement will be obtained, without adverse condition or qualification, that all steps or procedures being followed to implement the Arrangement are valid and effective.

The Opinion has been provided for the exclusive use of the Special Committee in considering the Arrangement and is not intended to be, and does not constitute, a recommendation to the Special Committee as to whether they should continue to recommend the Arrangement Agreement nor as to how any Shareholder should vote its CRAFT Shares or act on any matter relating to the Arrangement, and we express no opinion as whether holders of convertible securities should exercise any conversion or other rights. The Opinion must not be used by any other person (including, without limitation, securityholders, creditors or other constituencies of the Company) or relied upon by any person, other than the Special Committee without the express prior written consent of Echelon Capital Markets. The Opinion does not address the relative merits of the Arrangement as compared to other strategic





alternatives that might be available to the Company. Except for the inclusion of the Opinion in the Circular, the Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without our prior written consent.

The Opinion is rendered on the basis of securities markets, economic and general business and financial conditions prevailing on that date hereof and the condition and prospects, financial and otherwise, of the Company and its subsidiaries as they were reflected in the Information provided to Echelon Capital Markets. In our analysis and in preparing the Opinion, Echelon Capital Markets made numerous judgments and assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond our control or that of any party involved in the Arrangement.

We have not been asked to prepare and have not prepared a formal valuation or appraisal of the Company or of any of its affiliates or any of their respective securities or assets, and the Opinion should not be construed as such. Echelon Capital Markets has not undertaken an independent evaluation, appraisal or physical inspection of any assets or liabilities of the Company or its subsidiaries, is not an expert on, and did not render advice to the Company regarding, and assumes no and disclaims all liability and obligation in respect of, legal, accounting, regulatory or tax matters.

The Opinion is given as of the date hereof and, although Echelon Capital Markets reserves the right to change or withdraw the Opinion if we learn that any of the information that we relied upon in preparing the Opinion was inaccurate, incomplete or misleading in any material respect, we disclaim any obligation to change or withdraw the Opinion, to advise any person of any change that may come to our attention or to update the Opinion after the date hereof.

Echelon Capital Markets believes that its analyses must be considered as a whole and that selecting portions of the analyses, or the factors considered by it, without considering all factors and analyses together, could create an incomplete view of the process underlying the Opinion. Accordingly, the Opinion should be read in its entirety.

#### **APPROACH TO FINANCIAL FAIRNESS**

In considering the fairness of the Consideration under the Arrangement Agreement from a financial point of view to the Shareholders, Echelon Capital Markets performed certain value analyses on the Company, and the company that will result from the completion of the Arrangement (the “**Pro Forma Company**”), based on the methodologies and assumptions that Echelon Capital Markets considered appropriate in the circumstances for the purposes of its Opinion including, but not limited to, the following principal methodologies:

- (i) Selected Comparable Trading Approach;



- (ii) Precedent Transaction Approach; and
- (iii) Discounted Cash Flow Approach.

#### *Selected Comparable Trading Approach*

Echelon Capital Markets calculated a range of implied values of the CRAFT Shares, and the Nano Shares that Shareholders will receive pursuant to the Arrangement based on an analysis of comparable companies that Echelon Capital Markets believed to be generally comparable to the Company and the Pro Forma Company, respectively. For this approach, Echelon Capital Markets considered a number of valuation metrics, which included the multiples of enterprise value to future revenue estimates.

#### *Precedent Transaction Approach*

Echelon Capital Markets also compared the financial terms of the Arrangement to certain financial terms of other completed transactions in various industries including, but not limited to, hemp-derived CBD products, supplements, consumer & healthcare products, and food & nutrition products, that Echelon Capital Markets considered relevant, and for which certain financial metrics were publicly available, or could be derived based on publicly available information. Based on Echelon Capital Market's professional judgment, it was determined that there were not any relevant or observable transactions that could be utilized to calculate either the implied value of CRAFT Shares or Nano Shares.

#### *Discount Cash Flow Approach*

The discounted cash flow approach (the “**DCF**”) utilized by Echelon Capital Markets, is a present value calculation of unlevered free cash flow (“**UFCF**”) expectations of the Company, and the Pro Forma Company, to be generated between the calendar years of 2023 and 2026, as well as present value calculations for a terminal value. Echelon Capital Markets projected financial information and analyses provided by management of the Company to determine the UFCF projections for the applicable calendar years of the Company and the Pro Forma Company. The DCF approach required that certain assumptions were made, including an estimated weighted average cost of capital, which was estimated, based on Echelon Capital Market's professional judgment, to be in the range of 20%-25%. To calculate a range of implied values for the CRAFT Shares and Nano Shares, Echelon Capital Markets added the Company and the Pro Forma Company's net cash balances to their respective enterprise values calculated for the Company and the Pro Forma Company, which was the sum of the discounted UFCF projections and discounted terminal value. Also, as part of the DCF approach, Echelon Capital Markets performed a range of sensitivity analysis on a variety of factors including, but not limited to, earnings before interest, taxes, depreciation and amortization margins, discount rates and terminal growth rates.

#### *Other Factors Considered*

Echelon Capital Markets also considered a number of other factors in connection with the Opinion, including, but not limited to, the following:



- (i) the US\$474,040,780 of aggregate cash consideration to be received by the Shareholders pursuant to the Arrangement;
- (ii) a comparison of the implied value ranges of the Craft Shares, relative to the implied value ranges of the shares of the issuer resulting from the Arrangement, based on the methodologies described above; and
- (iii) other factors or analyses that were relevant based on Echelon Capital Markets' professional judgement.

**CONCLUSION**

Based upon and subject to the foregoing and such other matters that Echelon Capital Markets considered relevant, Echelon Capital Markets is of the opinion that, as of the date hereof, the Consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders.

Yours truly,

Echelon Wealth Partners Inc.

**ECHELON WEALTH PARTNERS INC.**

**APPENDIX E**  
**NOTICE OF APPLICATION AND INTERIM ORDER**

No.  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

IN THE MATTER OF PART 9, DIVISION 5, SECTION 291 OF THE *BUSINESS  
CORPORATIONS ACT*, S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT AMONG  
CRAFT 1861 GLOBAL HOLDINGS INC., ITS SECURITYHOLDERS,  
NANO CURES INTERNATIONAL, INC., AND 1441586 B.C. UNLIMITED LIABILITY  
COMPANY

**CRAFT 1861 GLOBAL HOLDINGS INC.**

PETITIONER

**NOTICE OF APPLICATION  
(Interim Order)**

**Name of Applicant:** The Petitioner, CRAFT 1861 Global Holdings Inc.

**To:** IT IS NOT INTENDED TO GIVE NOTICE OF THIS APPLICATION TO ANY  
PERSON, EXCEPT AS MAY BE DIRECTED BY THE COURT.

TAKE NOTICE that an application will be made by the applicant to the presiding judge or  
master at the courthouse at 800 Smithe Street, in the City of Vancouver, in the Province  
of British Columbia, on Tuesday, November 7, 2023 at 9:45 a.m. for the orders set out in  
Part 1 below.

**Part 1: ORDERS SOUGHT**

The Petitioner applies to this Court for an Interim Order pursuant to Sections 288 and 291  
of the British Columbia *Business Corporations Act*, S.B.C. 2002, c. 57, as amended (the  
“**BCBCA**”) and Rules 8-1 and 16-1 of the *Supreme Court Civil Rules* that:

## THE MEETING

1. The Petitioner, CRAFT 1861 Global Holdings Inc. (“**Craft**”), is authorized and directed to call, hold, and conduct an annual general and special meeting (the “**Meeting**”) of the holders of record of subordinate voting shares and proportionate voting shares (the “**Craft Shares**”) in the capital of Craft (the “**Shareholders**”) and the holders of record of warrants (the “**Warrantholders**”, and together with the Shareholders, the “**Securityholders**”) to purchase Craft Shares (the “**Craft Warrants**”), on Tuesday, December 7, 2023 at 10:00 a.m. (Vancouver Time) at Suite 1500 – 1055 West Georgia Street, Vancouver, BC V6E 4N7, or such other date as may result from postponement or adjournment in accordance with paragraph 20 of this Interim Order.
2. At the Meeting, the Securityholders will, *inter alia*, consider, and if deemed advisable, approve a special resolution (the “**Arrangement Resolution**”), in the form attached as Appendix “B” to the Management Information Circular (the “**Information Circular**”), a substantially complete draft of which is attached as part of Exhibit “A” to Affidavit #1 of Robert Aranda, made November 3, 2023 and filed herein, adopting, with or without amendment, the statutory plan of arrangement (the “**Arrangement**”) involving Craft, the Securityholders, Nano Cures International, Inc. (“**Nano**”), and 1441586 B.C. Unlimited Liability Company (“**AcquisitionCo**”), all as set forth in the plan of arrangement (the “**Plan of Arrangement**”), a copy of which is attached as Appendix “C” to the Information Circular.
3. At the Meeting, Craft will also seek to transact such other business as is contemplated by the Information Circular or as otherwise may be properly brought before the Meeting.
4. The Meeting will be called, held, and conducted in accordance with the Notice of Meeting (the “**Notice**”) to be delivered in substantially the form attached to and forming part of the Information Circular, and in accordance with the applicable provisions of the BCBCA, the terms of this Interim Order (the “**Interim Order**”), any

further Order of this Court, the rulings and directions of the Chairperson of the Meeting, and in accordance with the terms, restrictions and conditions of the articles of Craft, including quorum requirements and all other matters. To the extent of any inconsistency or discrepancy between this Interim Order and the terms of any of the foregoing, this Interim Order will govern.

## **RECORD DATE FOR NOTICE**

5. The record date for determination of Securityholders entitled to receive the Notice, Information Circular, letter of transmittal, and the form of voting proxy (together, the “**Meeting Materials**”) is the close of business on October 31, 2023 (the “**Record Date**”), or such other date as the directors of Craft may determine in accordance with the articles of Craft, the BCBCA, or as disclosed in the Meeting Materials.

## **NOTICE OF MEETING**

6. The Meeting Materials, with such amendments or additional documents as counsel for Craft may advise are necessary or desirable, and that are not inconsistent with the terms of this Interim Order, will be sent at least 21 days before the date of the Meeting, excluding the date of mailing or personal delivery, to the Securityholders as of the Record Date.
7. The Meeting Materials will be sent by prepaid ordinary mail addressed to each registered Shareholder and Warrantholder at his, her, or its address as appearing in the applicable records of Craft, or by delivery of same by personal delivery courier service, or by electronic transmission to any such Securityholder who identifies himself, herself, or itself to the satisfaction of Craft and who requests or accepts such electronic transmission.
8. In the case of unregistered beneficial Shareholders, the Meeting Materials will be distributed to intermediaries and registered nominees for sending to both non-objecting and objecting beneficial owners in accordance with the procedures

prescribed by National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

9. The Meeting Materials will be sent by electronic transmission to each Craft director and the auditor of Craft at his, her, or its email address as appearing in the records of Craft.
10. Substantial compliance with paragraphs 6 to 9 above will constitute good and sufficient notice of the Meeting and delivery of the Meeting Materials.
11. The accidental failure or omission by Craft to give notice of the Meeting or non-receipt of such notice will not constitute a breach of the Interim Order or a defect in the calling of the Meeting and will not invalidate any resolution passed or taken at the Meeting provided that the Meeting meets Craft's quorum requirements.
12. The Meeting Materials are hereby deemed to represent sufficient and adequate disclosure and Craft will not be required to send to the Securityholders any other or additional information unless this Court orders otherwise.

#### **DEEMED RECEIPT OF MEETING MATERIALS**

13. The Meeting Materials will be deemed, for the purposes of this Interim Order, to have been received by the Securityholders:
  - (a) in the case of mailing or personal courier delivery, on the day (Saturdays, Sundays and holidays excepted) following the date of mailing or acceptance by the courier service, respectively; and
  - (b) in the case of delivery by electronic transmission, on the day that it was transmitted.
14. Notice of any amendments, modifications, updates or supplements to any of the information provided in the Meeting Materials may be communicated, at any time prior to the Meeting, to the Securityholders by press release, news release, or newspaper advertisement, in which case such notice will be deemed to have been



received at the time of publication, or by notice sent by any of the means set forth in paragraph 13, as determined to be the most appropriate method of communication by Craft.

## **PERMITTED ATTENDEES**

15. The persons entitled to attend the Meeting will be the Securityholders or their respective proxyholders, the officers, the directors, the secretary, the assistant secretary, any lawyer for Craft, Craft's auditor, and such other persons who receive the consent of the Chairperson of the Meeting.

## **QUORUM & VOTING AT THE MEETING**

16. The quorum required for the Meeting will be at least two persons who are, or who represent by proxy, Shareholders who, in the aggregate, hold at least 25% of the issued Craft Shares entitled to be voted at the Meeting.
17. The only persons permitted to vote on the Arrangement Resolution at the Meeting will be Securityholders appearing on the records of Craft as of the close of business on the Record Date and their valid proxyholders as described in the Information Circular and as determined by the Chairperson of the Meeting upon consultation with the Scrutineer (as hereinafter defined) and legal counsel to Craft.
18. The required level of approval on the Arrangement Resolution taken at the Meeting shall be:
  - a. at least two-thirds of the votes cast by Shareholders present in person or represented by proxy at the Meeting;
  - b. at least two-thirds of the votes cast by Securityholders present in person or represented by proxy at the Meeting, voting together as a single class; and
  - c. a simple majority of the votes cast by Shareholders present in person or represented by proxy, excluding the votes attached to Craft Shares held or

controlled by “interested parties” as defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

19. The terms, restrictions and conditions of the articles of Craft, including quorum requirements and other matters, will apply in respect of the Meeting.

#### **ADJOURNMENT OF MEETING**

20. Subject to the terms of the Arrangement Agreement (as defined herein), if Craft deems advisable and notwithstanding the provisions of the BCBCA or the articles of Craft, Craft is specifically authorized to adjourn or postpone the Meeting on one or more occasions without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting the adjournment or postponement and without the need for approval of the Court. Notice of any such adjournments or postponements shall be provided to Securityholders by press release, news release, or newspaper advertisement, in which case such notice will be deemed to have been received at the time of publication, or by notice sent by any of the means set forth in paragraph 13, as determined to be the most appropriate method of communication by Craft.
21. The Record Date for Securityholders entitled to notice of and to vote at the Meeting will not change in respect of adjournments or postponements of the Meeting without a further order of this Court.

#### **AMENDMENTS**

22. Craft is authorized to make such amendments, revisions, or supplements to the Plan of Arrangement to the extent permitted by the Arrangement Agreement (as defined herein), and the Plan of Arrangement as so amended, revised, or supplemented will be the Plan of Arrangement which is submitted to the Meeting, and which will thereby become the subject of the Arrangement Resolution.

## SCRUTINEER

23. Representatives of Craft's registrar and transfer agent (or any agent thereof), Odyssey Trust Company, are authorized to act as scrutineers for the Meeting (the "**Scrutineer**").

## PROXY SOLICITATION

24. Craft is authorized to permit the Securityholders to vote by proxy using a form or forms of proxy that comply with the articles of Craft, the provisions of the BCBCA, and the *Securities Act* (British Columbia) relating to the form and content of proxies, and Craft may in its discretion waive generally the time limits for deposit of proxies by Securityholders if Craft deems it fair and reasonable to do so.
25. The procedures for the form and use of proxies at the Meeting will be as set out in the Meeting Materials.

## DISSENT RIGHTS

26. Registered Shareholders will, as set out in the Plan of Arrangement, be permitted to dissent from the Arrangement Resolution in accordance with the dissent procedures set forth in Sections 237 to 247 of the BCBCA, as modified by this Interim Order, the Final Order, and the Plan of Arrangement provided that the written notice (the "**Dissent Notice**") must be received from Shareholders who wish to dissent by Craft c/o McMillan LLP, Attn: James Munro, at Suite 1500, 1066 West Georgia Street, Vancouver, British Columbia, Canada V6E 4N7, not later than 5:00 p.m. (Vancouver time) two Business Days immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time).
27. Notice to registered Shareholders of their right of dissent with respect to the Arrangement Resolution and to receive, subject to the provisions of the BCBCA and the Plan of Arrangement, the fair value of their shares of Craft, will be given by including information with respect to this right in the Information Circular to be sent to Securityholders in accordance with this Order.

## **DELIVERY OF COURT MATERIALS**

28. Craft will include in the Meeting Materials a copy of this Interim Order and the Notice of Hearing of Petition for Final Order (the “**Court Materials**”) and will make available to any Securityholders requesting same, a copy of each of the Petition herein and the accompanying Affidavit #1 of Robert Aranda, made November 3, 2023.
29. Delivery of the Court Materials with the Meeting Materials in accordance with this Interim Order will constitute good and sufficient service or delivery of such Court Materials upon all persons who are entitled to receive the Court Materials pursuant to this Interim Order and no other form of service or delivery need be made and no other materials need to be served on or delivered to such persons in respect of these proceedings.

## **FINAL APPROVAL HEARING**

30. Upon the approval, with or without variation, by the Securityholders of the Arrangement in the manner set forth in this Interim Order, Craft may set the Petition down for hearing and apply for an order of this Court: (i) approving the Plan of Arrangement pursuant to section 291(4)(a) of the BCBCA; and (ii) determining that the Arrangement is procedurally and substantively fair and reasonable pursuant to section 291(4)(c) of the BCBCA (collectively, the “**Final Order**”), at 9:45 a.m. on December 12, 2023, or such later date as counsel may be heard or the Court may direct.
31. Any Securityholder or other interested party has the right to appear (either in person or by counsel) and make submissions at the hearing of the Petition provided that such Securityholder or interested party shall file a Response by no later than 4:00 p.m. (Vancouver Time) on December 8, 2023, in the form prescribed by the *Supreme Court Civil Rules*, with this Court and deliver a copy of the filed Response together with a copy of all materials on which such Securityholder or interested party intends to rely at the hearing of the Petition,

including an outline of such Securityholder's or interested party's proposed submissions to Craft c/o McMillan LLP, PO Box 11117, Suite 1500 – 1055 West Georgia Street, Vancouver, BC V6E 4N7, Att: Melanie Harmer, subject to the direction of the Court.

32. If the application for the Final Order is adjourned, only those persons who have filed and delivered a Response, in accordance with the preceding paragraph of this Interim Order, need to be served with notice of the adjourned date.
33. The Final Order, if granted, will provide the basis for reliance on the exemption from registration provided in Section 3(a)(10) of the *United States Securities Act of 1933*, as amended, with respect to the issuance of shares and warrants of Nano pursuant to the Plan of Arrangement.
34. Craft will not be required to comply with Rules 8-1 and 16-1 of the *Supreme Court Civil Rules* in relation to the hearing of the Petition for the Final Order approving the Plan of Arrangement, and any materials to be filed by Craft in support of the application for the Final Order may be filed prior to the hearing of the application for the Final Order without further order of this Court.

## **VARIANCE**

35. Craft is at liberty to apply to this Honourable Court to vary the Interim Order or for advice and direction with respect to the Plan of Arrangement or any of the matters related to the Interim Order and Craft need not comply with Rule 8-1 of the *Supreme Court Civil Rules* in any application to do so.

## **Part 2: FACTUAL BASIS**

### **The Parties**

1. The Petitioner, Craft, is incorporated under the BCBCA with a registered and records office located at Suite 1500 – 1055 West Georgia Street, Vancouver, BC V6E 4N7. Craft is a health and wellness company in the cannabinoid space focused on scientific research and development, technology, cultivation, product

development, advanced manufacturing, distribution, wholesale, and brand development. Craft is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador. The Craft Shares have been listed and posted for trading on the Cboe Canada stock exchange (the “**Exchange**”) under the symbol “HUMN”.

2. Nano is a corporation existing under the General Corporation Law of the State of Delaware. The address of Nano is 1705 Guadalupe Street, Suite 300, Austin, Texas, 78701. Upon completion of the Arrangement, Nano expects that it will be a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador. Nano intends to apply to the Exchange for the listing of its shares on the Exchange following the completion of the Arrangement.

### **Overview of the Arrangement**

3. On September 27, 2023, Craft, Nano and AcquisitionCo entered into an arrangement agreement (the “**Arrangement Agreement**”). The Arrangement Agreement provides for a business combination transaction whereby Nano will acquire all of the issued and outstanding Craft Shares, in exchange for aggregate cash and equity securities (the “**Consideration Shares**”) of Nano. The Arrangement Agreement contemplates the Arrangement being completed by way of a court-approved Plan of Arrangement pursuant to the BCBCA.
4. Under the terms of the Plan of Arrangement:
  - a. Each Craft Share held by a dissenting Shareholder shall be deemed to have been transferred and assigned to Nano in consideration for a debt claim against Nano as set out in the Plan of Arrangement, and the name of each dissenting Shareholder shall be removed from the register of Craft Shares and Nano shall be entered into the register of Craft Shares.
  - b. AcquisitionCo and Craft will amalgamate pursuant to the BCBCA (the

**“Amalgamation”**), to continue as one unlimited liability company (**“Amalco”**) and upon the Amalgamation:

- i. the by-laws of Amalco shall be the same as the by-laws of Craft; and
  - ii. the articles of Amalco shall be the same as the articles of Craft.
- c. each issued and outstanding Craft Share other than those held by Nano will be exchanged for one (1) Consideration Share.
- d. each Craft Warrant held by a Warrantholder shall be exchanged for a warrant (a **“Nano Replacement Warrant”**) to purchase from Nano one (1) share in the capital of Nano (a **“Nano Share”**). Such Nano Replacement Warrant shall provide for an exercise price per Nano Replacement Warrant (rounded up to the nearest whole cent) equal to the exercise price per Craft Share that would otherwise be payable pursuant to the Craft Warrant it replaces. All terms and conditions of a Nano Replacement Warrant, including the term to expiry, conditions to and manner of exercising, will be the same as the Craft Warrant for which it was exchanged, and shall be governed by the terms of the Warrant Agreement, as defined in the Plan of Arrangement, and any document evidencing a Craft Warrant shall thereafter evidence and be deemed to evidence such Nano Replacement Warrant.
5. The details of the proposed Arrangement, including the rights of dissenting Shareholders, are more particularly set out in the Plan of Arrangement, which is included in the materials being sent to Securityholders.

### **Recommendation of the Board of Directors**

6. The board of directors of Craft (the **“Board of Directors”**) reviewed and considered a significant amount of information and considered a number of factors relating to the Arrangement with the benefit of advice from Craft’s senior management and

its financial, legal and technical advisors. The Board of Directors unanimously determined that the Arrangement is fair to Securityholders and is in the best interests of Craft.

7. Factors considered by the Board of Directors included, among other things:
- a. the fact that Nano has offered Shareholders consideration comprised both of a cash and equity component that represents a significant premium to the Craft Share price. A closing condition of the Arrangement Agreement is that the total enterprise value of Nano following closing of the Arrangement shall not be less than USD\$5,500,000,000;
  - b. The Board of Directors appointed three members to form a special committee (the “**Special Committee**”) to evaluate the proposed acquisition of the Craft Shares by Nano and the Special Committee have unanimously determined that the Arrangement is in the best interests of Craft and the Shareholders;
  - c. Shareholders, through their ownership of Consideration Shares, will have exposure and access to the current international growth strategy as designed by Nano;
  - d. Craft’s financial advisor, Echelon Wealth Partners (“**Echelon**”), provided its opinion to the Special Committee and the Board of Directors (the “**Fairness Opinion**”) to the effect that, as of October 30, 2023 and subject to the assumptions, limitations and qualifications set out in the Fairness Opinion, the consideration to be received under the Arrangement is fair, from a financial point of view, to the Shareholders;
  - e. Echelon was independent of Nano and Craft for purposes of the Arrangement;
  - f. the treatment of Warrantholders under the Arrangement;



- g. the fact that the evaluation process was led by the Special Committee, the majority of such individuals being independent of management of Craft, and the members of the Special Committee met regularly with Craft's advisors and management;
- h. the fact that Craft's and Nano' respective representations, warranties and covenants and the conditions to their respective obligations set forth in the Arrangement Agreement, are reasonable in the judgment of the Board of Directors following consultations with its advisors, and are the product of extensive arm's length negotiations between Craft and its advisors and Nano and its advisors;
- i. that prior to entering into the Arrangement Agreement, Craft regularly evaluated business and strategic opportunities with the objective of maximizing shareholder value in a manner consistent with the best interests of the company. The Special Committee and the Board of Directors, with the assistance of legal and financial advisors, assessed the alternatives reasonably available to Craft and determined that the Arrangement represents the best current prospect for maximizing shareholder value;
- j. the terms of the Arrangement Agreement allow the Board of Directors to respond to unsolicited external acquisition offers. If a favourable offer arises and the Board of Directors chooses to terminate the Arrangement pursuant to another offer, then the fee payable by Craft to Nano in connection with a termination of the Arrangement Agreement represents 1% of the total proposed value of the Arrangement, and is reasonable in the circumstance and is not preclusive of other proposals;
- k. the fact that the Arrangement Resolution must be approved by at least 66 $\frac{2}{3}$ % of the votes cast on the Arrangement Resolution by Securityholders present in person or represented by proxy and entitled to vote at the Meeting. The Board of Directors also considered the fact that the Arrangement must also be approved by the Supreme Court of British

Columbia, which will consider the substantive and procedural fairness of the Arrangement to all Securityholders; and

- I. that any registered Shareholder who opposes the Arrangement may, on strict compliance with certain conditions, exercise dissent rights and receive the fair value of their Craft Shares in accordance with the Arrangement.
8. Craft is not insolvent and the Arrangement does not in any way represent a compromise, arrangement or settlement between Craft and its creditors.

### **The Meeting and Approval of the Arrangement**

9. Craft intends to convene an annual general and special meeting of Shareholders (the “**Meeting**”) on Thursday, December 7, 2023 at 10:00 a.m. (Vancouver Time) at Suite 1500 – 1055 West Georgia Street, Vancouver, BC V6E 4N7 to consider, among other things, the proposed Plan of Arrangement and the Arrangement Resolution.
10. Only Securityholders as of the Record Date will be entitled to receive notice of, and to attend, and to vote at, the Meeting or any adjournment(s) or postponement(s) of the Meeting.
11. The quorum required for the Meeting will be at least two persons who are, or who represent by proxy, Shareholders who, in the aggregate, hold at least 25% of the issued Craft Shares entitled to be voted at the Meeting.
12. The required level of approval on the Arrangement Resolution taken at the Meeting shall be:
  - a. at least two-thirds of the votes cast by Shareholders present in person or represented by proxy at the Meeting;
  - b. at least two-thirds of the votes cast by Securityholders present in person or represented by proxy at the Meeting, voting together as a single class; and

- c. a simple majority of the votes cast by Shareholders present in person or represented by proxy, excluding the votes attached to Craft Shares held or controlled by “interested parties” as defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.
13. Each Securityholder will be entitled to one vote for each Craft security held by the holder.
14. If the Securityholders pass the Arrangement Resolution at the Meeting, it is the intention of Craft to set the hearing of this Petition for a final order determining that the Arrangement is procedurally and substantively fair and reasonable on or about December 12, 2023.
15. Section 3(a)(10) of the *United States Securities Act of 1933*, as amended, provides an exemption from the registration requirements of that statute for the issue of securities in exchange for other outstanding securities where the terms and conditions of the issue and exchange are approved by a court of competent jurisdiction after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue such securities shall have the right to appear.

**Part 3:       LEGAL BASIS**

1. Sections 174, 186, 288 and 291 of the British Columbia *Business Corporations Act*, S.B.C. 2002, c. 57 (the “**BCBCA**”).
2. Rules 16-1, 8-1, 4-4, and 4-5 of the *Supreme Court Civil Rules*.
3. Pursuant to section 291(2) of the BCBCA, the court may, in respect of a proposed arrangement, make any order it considers appropriate.
4. This Court has recognized that section 291 of the BCBCA contemplates three steps in the process of approving an arrangement:

- a. an application for an interim order for directions calling a shareholders' (and possibly other securityholders') meeting to consider and vote on the arrangement;
- b. a meeting of shareholders (and possibly other securityholders) where the arrangement must be voted on and approved by special resolution; and
- c. an application for final court approval of the arrangement.

*Re. Plutonic Power Corporation*, 2011 BCSC 804 at para. 16.

5. The purpose of asking for an interim order is to set the wheels in motion for the application process relating to the arrangement and to establish the parameters for the holding of a meeting to consider approval of the arrangement in accordance with the statute. At the interim order stage, the court need only satisfy itself that reasonable grounds exist to regard the proposed transaction as an arrangement.

*Re. Telus Corporation*, 2012 BCSC 1582 at paras. 30-31.

**Part 4: MATERIAL TO BE RELIED ON**

1. Affidavit #1 of Robert Aranda, made November 3, 2023;
2. the pleadings filed herein; and
3. such further and other material as counsel may advise and this Honourable Court may allow.

The Applicant estimates that the application will take 10 minutes.

This matter is within the jurisdiction of a master.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to the application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application,

- (a) file an application response in Form 33,

- (b) file the original of every affidavit, and of every other document, that
  - i. you intend to refer to at the hearing of this application, and
  - ii. has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following:
  - i. a copy of the filed application response;
  - ii. a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
  - iii. if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: November 3, 2023

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Melanie J. Harmer  
Counsel for Craft 1861 Global Holdings  
Inc.

***To be completed by the court only:***

Order made

[ ] in the terms requested in paragraphs ..... of Part 1 of this petition

[ ] with the following variations and additional terms:

.....  
.....  
.....  
.....

Date: .....

Signature of [ ] Judge [ ] Master

---

**APPENDIX**

*[The following information is provided for data collection purposes only and is of no legal effect.]*

**THIS APPLICATION INVOLVES THE FOLLOWING:**

- ☐ discovery: comply with demand for documents
- ☐ discovery: production of additional documents
- ☐ other matters concerning document discovery
- ☐ extend oral discovery
- ☐ other matter concerning oral discovery
- ☐ amend pleadings
- ☐ add/change parties
- ☐ summary judgment
- ☐ summary trial
- ☐ service
- ☐ mediation
- ☐ adjournments
- ☐ proceedings at trial
- ☐ case plan orders: amend
- ☐ case plan orders: other
- ☐ experts.

**APPENDIX F**  
**INFORMATION CONCERNING NANO**

*NO SECURITIES REGULATORY AUTHORITY (INCLUDING, WITHOUT LIMITATION, ANY SECURITIES  
REGULATORY AUTHORITY OF ANY CANADIAN PROVINCE OR TERRITORY, THE UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION, OR ANY SECURITIES REGULATORY AUTHORITY OF ANY  
U.S. STATE) HAS EXPRESSED AN OPINION ABOUT THE SECURITIES DESCRIBED HEREIN AND IT IS AN  
OFFENCE TO CLAIM OTHERWISE*

*This listing document is not related to a public offering. No securities regulatory authority has expressed an opinion about our securities and it is an offence to claim otherwise.*

## LISTING DOCUMENT

November 10, 2023

### NANO CURES INTERNATIONAL, INC.

#### **No securities are being offered pursuant to this Listing Document.**

This listing document (the “**Listing Document**”) will be filed with the Cboe Canada (the “**Cboe**”) for the purpose of allowing Nano Cures International, Inc. (the “**Company**” or “**Nano**”) to meet one of the eligibility requirements for the listing of the common stock in the capital of Nano (the “**Nano Shares**”) on the Cboe. As no securities are being sold pursuant to this Listing Document, no proceeds will be raised and all expenses incurred in connection with the preparation and filing of this Listing Document will be paid by the Company from its general funds.

**No underwriter has been involved in the preparation of this Listing Document or performed any review or independent due diligence investigations in respect of the contents of this Listing Document.** No person is authorized by the Company to provide any information or make any representations other than those contained in this Listing Document.

This Listing Document does not constitute an offer to sell or the solicitation of an offer to buy any securities. This Listing Document is being filed in connection with the proposed Arrangement (as defined herein) between the Company and CRAFT 1861 Global Holdings Inc. (“**CRAFT**”) whereby the Company will acquire all of the issued and outstanding shares of CRAFT pursuant to a definitive arrangement agreement entered into between CRAFT, Nano, and 1441586 B.C. Unlimited Liability Company (“**AcquisitionCo**”), dated September 27, 2023 (the “**Arrangement Agreement**”). Upon completion of the Arrangement, CRAFT will become a wholly-owned subsidiary of Nano and CRAFT will de-list from the Cboe and cease to be a reporting issuer. In consideration for the Arrangement, the Company will: (i) effect an aggregate cash payment in the amount of USD\$474,040,780 (the “**Consideration Cash Payment**”) to the holders of the subordinate voting shares of CRAFT (the “**CRAFT Shareholders**”) and (ii) issue an aggregate of 56,498,406 Nano Shares (or such other number of Nano Shares, such that immediately following completion of the Arrangement, CRAFT Shareholders hold in the aggregate 25% of the Nano Shares (assuming conversion of all securities convertible for Nano Shares issued pursuant to a Nano Permitted Equity Financing (as defined herein)) upon completion of the Arrangement (the “**Consideration Shares**”).

Upon closing of the Arrangement, the business of Nano will be, a US-based company focused on the development and delivery of cures to major health conditions and diseases. Nano is developing multiple technology platforms including one initially focused on insulin signaling, in conjunction with pharma and biotech partners, that targets insulin resistance. Insulin resistance is the root cause of diabetes Type 2, obesity, and many other related diseases.<sup>1</sup> Another platform component being developed by Nano aims to democratize cure development by providing resources, data and tools for partnering institutions and individual drug and cure developers to lower the barriers to entry and spur new cure innovation.

The Company intends to apply to the Cboe for the listing of the Nano Shares on the Cboe (the “**Listing**”). Listing on the Cboe will be subject to the Company fulfilling all of the listing requirements of the Cboe. Closing of the Arrangement is subject to the satisfaction or waiver of numerous conditions, including the closing on the Nano Financing (as defined below) and consummation of the Nano Housey Transaction (as defined below). **There can be no assurance that such conditions will be satisfied or waived (if applicable) or that the Arrangement will be consummated.**

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<sup>1</sup> <https://my.clevelandclinic.org/health/diseases/22206-insulin-resistance>.



**An investment in the securities of the Company is subject to a number of risks. As of the date of this Listing Document, the Company does not have an active business. The closing of the Arrangement is subject to a number of conditions, including the Company receiving final approval for the Listing. Investors should carefully consider the risk factors described under “*Risk Factors*” before purchasing any securities of the Company.**

Unless otherwise noted all currency amounts in this Listing Document are stated in United States dollars.

Certain of the Company’s and Nano’s operations and assets and certain of the proposed directors and officers of Nano upon completion of the Arrangement are incorporated, continued, or organized under the laws of a foreign jurisdiction or reside outside of Canada. The person or company named below has appointed the following agent for service of process in Canada.

<b>Name of Person or Company</b>	<b>Name and Address of Agent</b>
Steven G. Papermaster Robert Aranda Christopher Fitzgerald Crystal Buckner Dr. Wai Pong Ng Robert Pitre	James Munro, McMillan LLP, Royal Centre, 1055 W Georgia St #1500, Vancouver, BC V6E 4N7

Investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

## TABLE OF CONTENTS

GLOSSARY .....	i
GENERAL MATTERS .....	1
Financial Statement Presentation in this Listing Document .....	1
Forward-Looking Information .....	1
Market and Industry Data .....	3
Currency Presentation .....	3
LISTING DOCUMENT SUMMARY .....	4
Description of the Business .....	4
The Arrangement .....	5
Support Agreements .....	6
Anticipated Directors and Officers of the Company .....	6
Arm's Length Arrangement .....	7
Interests of Insiders .....	7
Nano Financing .....	7
Available Funds and Principal Purposes .....	8
Risk Factors .....	9
Summary of Financial Information .....	10
CORPORATE STRUCTURE .....	11
Name, Address and Incorporation .....	11
Intercompany Relationships .....	11
Support Agreements .....	17
GENERAL DEVELOPMENT OF THE BUSINESS .....	18
Description of the Business .....	18
USE OF AVAILABLE FUNDS .....	24
Available Funds and Principal Purposes .....	24
Business Objectives and Milestones .....	25
DIVIDEND POLICY .....	25
FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS .....	26
SUMMARY OF FINANCIAL INFORMATION .....	26
DESCRIPTION OF SHARE CAPITAL .....	26
Nano Shares .....	27
CONSOLIDATED CAPITALIZATION .....	27
OPTIONS TO PURCHASE SECURITIES .....	28
PRIOR SALES .....	30
ESCROWED SECURITIES AND SECURITIES SUBJECT TO RESTRICTIONS ON TRANSFER .....	31
PRINCIPAL SECURITYHOLDERS .....	31
DIRECTORS AND EXECUTIVE OFFICERS .....	32
Biographies of Directors and Executive Officers .....	33

Cease Trade Orders and Bankruptcies .....	35
Penalties or Sanctions.....	35
Conflicts of Interest.....	36
CORPORATE GOVERNANCE .....	36
Board of Directors .....	36
Directorships .....	36
Orientation and Continuing Education.....	36
Ethical Business Conduct.....	37
Nomination of Directors.....	37
Compensation.....	37
Other Board Committees.....	38
Assessments .....	38
AUDIT COMMITTEE.....	38
The Audit Committee’s Charter .....	39
Composition of the Audit Committee .....	39
Relevant Education and Experience.....	39
Reliance on Certain Exemptions .....	39
Pre-Approval Policies and Procedures .....	39
External Auditor Service Fee .....	39
EXECUTIVE COMPENSATION.....	40
Compensation Objectives and Principles .....	40
Elements of Compensation.....	40
Compensation Process.....	41
Option-Based Awards .....	41
Compensation of Directors.....	42
Summary Compensation Table .....	42
Pension Plan Benefits.....	42
Corporate Bankruptcies.....	42
Directors’ Compensation.....	43
Oversight and Description of Director and Cboe Compensation .....	43
INDEBTEDNESS OF DIRECTORS AND OFFICERS .....	43
RISK FACTORS .....	43
Description of Risk Factors.....	43
General Business Risks .....	43
RISKS RELATED TO FINANCIAL REPORTING.....	49
RISKS RELATING TO INDUSTRY AND BUSINESS .....	50
PROMOTERS .....	51
LEGAL PROCEEDINGS AND REGULATORY ACTIONS .....	52
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS .....	52

AUDITOR, TRANSFER AGENT AND REGISTRAR.....	52
MATERIAL CONTRACTS .....	52
INTEREST OF EXPERTS .....	53
ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS .....	53
OTHER MATERIAL FACTS .....	53
CERTIFICATE OF NANO CURES INTERNATIONAL, INC. ....	54
CERTIFICATE OF THE PROMOTER .....	55

Schedule A Audited Financial Statements of the Company for the period ended September 2023. ....	1
Schedule B Management’s Discussion & Analysis for the Company for the period ended September 2022. ....	1
Schedule C Audited Financial Statements of CRAFT for the years ended December 31, 2022 and 2021.....	1
Schedule D Management’s discussion and analysis of CRAFT for the year ended December 31, 2022.....	1
Schedule E Interim Financial Statements and MD&A of CRAFT for the six-month period ended June 30, 2023.....	1
Schedule F Housey Financial Statements .....	1
Schedule G Audit Committee Charter .....	1

## GLOSSARY

“**1933 Act**” means the United States Securities Act of 1933, as amended.

“**1934 Act**” means the United States *Securities Exchange Act of 1934*, as amended.

“**AcquisitionCo**” means 1441586 B.C. Unlimited Liability Company, a company incorporated under the BCBCA.

“**Affiliate**” has the meaning ascribed to it under the *Securities Act* (British Columbia).

“**Articles**” means the notice of articles and articles of the Company.

“**Associate**” has the meaning ascribed to it under the *Securities Act* (British Columbia).

“**Arrangement**” means an arrangement pursuant to the provisions of Division 5 of Part 9 of the BCBCA on the terms and conditions set forth in the Plan of Arrangement, subject to any amendment or supplement thereto made in accordance therewith, herewith or made at the direction of the Court either in the Interim Order or the Final Order with the consent of Nano and CRAFT, each acting reasonably.

“**Audit Committee**” means the anticipated audit committee of the Company constituted in accordance with NI 52-110.

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

“**BCSC**” means the British Columbia Securities Commission.

“**Board of Directors**” or “**Board**” means the board of directors of the Company.

“**Business Combination**” means the acquisition of all the outstanding of shares of CRAFT by BGP constituting BGP’s qualifying transaction.

“**Business Day**” means any day, other than a Saturday, a Sunday or a statutory holiday in Vancouver, British Columbia; Albuquerque, New Mexico; or New York, New York.

“**Cboe**” means NEO Exchange Inc., operating as Cboe Canada.

“**Cboe Escrow Agreement**” means the escrow agreement to be entered into prior to the Listing, among the Company, the Escrow Agent and certain security holders of the Company pursuant to NP 46-201.

“**Cboe Escrow Securities**” means the Nano Shares that are held in escrow pursuant to the Cboe Escrow Agreement.

“**CEO**” means Chief Executive Officer.

“**CFO**” means Chief Financial Officer.

“**Closing**” means the completion of the transactions contemplated by the Arrangement in accordance with the Arrangement Agreement.

“**Consideration**” means the consideration to be paid by Nano, pursuant to the Plan of Arrangement, for all of the CRAFT Shares issued and outstanding immediately prior to the Effective Time, consisting of: (i) the Consideration Shares; and (ii) the Consideration Cash Payment.

**“Consideration Cash Payment”** means the aggregate cash payment in the amount of USD\$474,040,780 to the CRAFT Shareholders from Nano.

**“Consideration Shares”** means an aggregate of 56,498,406 Nano Shares (or such other number of Nano Shares, such that immediately following completion of the Transaction, CRAFT Shareholders hold in the aggregate 25% of the Nano Shares assuming conversion of all securities convertible for Nano Shares issued pursuant to a Nano Permitted Equity Financing) to be issued to the CRAFT Shareholders pursuant to the Arrangement Agreement.

**“Completion Deadline”** means December 31, 2023 or such later date as may be agreed to in writing by the Parties.

**“Court”** means the Supreme Court of British Columbia.

**“CRAFT”** means CRAFT 1861 Global Holdings Inc., a company existing under the BCBCA.

**“CRAFT Acquisition Proposal”** means, other than the Transaction, and other than any transaction involving only CRAFT and/or one or more of the wholly-owned CRAFT Subsidiaries, any offer, proposal, expression of interest, or inquiry (written or oral) from any Person or group of Persons acting “jointly or in concert” other than Nano (and its affiliates or joint actors) after the date of this Agreement relating to:

1. any sale, disposition or joint venture (or any lease, long-term supply agreement or other arrangement having the same economic effect as a sale) or other disposition, direct or indirect, in a single transaction or a series of related transactions, of assets representing 20% or more of the consolidated assets, or contributing 20% or more of the consolidated revenue of CRAFT and the CRAFT Subsidiaries, in each case taken as a whole, or of 20% or more of any class of voting or equity securities of CRAFT and the CRAFT Subsidiaries (or rights or interests therein or thereto) taken as a whole;
2. any direct or indirect take-over bid, tender offer, exchange offer, treasury issuance or other transaction that, if consummated, would result in a Person or group of Persons beneficially owning 20% or more of any class of voting or equity securities (including securities convertible into or exercisable or exchangeable for voting or equity securities) of CRAFT or the CRAFT Subsidiaries;
3. any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or exclusive license or other similar transaction involving CRAFT or the CRAFT Subsidiaries pursuant to which any Person or group of Persons would acquire, directly or indirectly, 20% or more of the voting or equity securities of CRAFT or the surviving entity or the resulting direct or indirect parent of CRAFT or the surviving entity; or
4. any other similar transaction or series of related transactions involving CRAFT or the CRAFT Subsidiaries;

**“CRAFT Arrangement Resolution”** means the special resolution of the CRAFT Shareholders approving the Plan of Arrangement.

**“CRAFT Board”** means the board of directors of CRAFT.

**“CRAFT Circular”** means the notice of the CRAFT Meeting to be sent to CRAFT Securityholders and the accompanying management information circular, to be prepared in connection with the CRAFT Meeting and the schedules, appendices and exhibits thereto, together with any amendments or modifications thereto or supplements thereof.

**“CRAFT Independent Director Nominee”** means the individual nominated by CRAFT at or prior to the Effective Time, in its sole discretion, to act as a director of the Company Board from the Effective Time.

**“CRAFT Meeting”** means the special meeting, including any adjournments or postponements thereof in accordance with the terms of this Agreement, of the CRAFT Securityholders to be held to consider and, if deemed advisable, to

approve, the CRAFT Arrangement Resolution and for any other purpose as may be set out in the CRAFT Circular and agreed to in writing by the Parties.

“**CRAFT Nominees**” means Robert Aranda and the CRAFT Independent Director Nominee.

“**CRAFT Subsidiaries**” means, collectively, the Subsidiaries of CRAFT.

“**CRAFT Warrant Agreement**” means the warrant agency agreement entered into between BGP Acquisition Corp. and Odyssey Trust Company on February 4, 2021.

“**CRAFT Warrants**” means the outstanding warrants to purchase CRAFT Shares at an exercise price of \$11.50 per CRAFT Share pursuant to the terms of the CRAFT Warrant Agreement.

“**Depository**” means Odyssey Trust Company.

“**Dissenting CRAFT Shareholder**” means a registered holder of CRAFT Shares who has validly exercised its dissent rights in respect of the Arrangement pursuant to Section 3.1 of the Arrangement Agreement.

“**Dissent Rights**” means the rights of dissent in respect of the Arrangement granted pursuant to the Interim Order.

“**Effective Date**” means the date upon which the Arrangement becomes effective pursuant to the Plan of Arrangement;

“**Effective Time**” means 12:01 a.m. (Vancouver time) on the Effective Date;

“**Escrow Agent**” means Odyssey Trust Company.

“**FDA**” means U.S. Food and Drug Administration.

“**Final Order**” means the order made after application to the Court approving the Arrangement, as such order may be amended by the Court (with the consent of the Parties, each acting reasonably) at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended on appeal.

“**Financial Statements**” has the meaning set out under the heading “*Financial Statement Presentation in this Listing Document*”.

“**Governmental Entity**” means any: (i) supranational, international, multinational, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, stock exchange or agency, whether domestic or foreign; (ii) any subdivision, agency, commission, board or authority of any of the foregoing; or (iii) any quasi-governmental or private body exercising any regulatory, expropriation, land use or occupation, or taxing authority under or for the account of any of the foregoing.

“**Housey Financial Statements**” has the meaning set out under the heading “*Financial Statement Presentation in this Listing Document*”.

“**Housey Group**” means collectively, Housey Pharmaceutical Research Laboratories, Housey Healthcare Inc., and Housey Regenerative Medicine Inc.

“**HSR Act**” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

“**HSR Clearance**” means the expiration or termination of the applicable waiting period under the HSR Act.

“**IFRS**” means International Financial Reporting Standards.

**“Insider”** has the meaning ascribed to it under the securities laws and regulatory policies applicable to the Province of British Columbia.

**“Interim Order”** means the order made after application to the Court, containing declarations and directions in respect of the notice to be given and the conduct of the CRAFT Meeting and the Arrangement, as such order may be amended, supplemented or varied by the Court (with the consent of the Parties, each acting reasonably).

**“Laws”** means all laws, by-laws, statutes, rules, regulations, orders, ordinances, protocols, codes, guidelines, instruments, policies, notices, directions and judgments or other requirements of any Governmental Entity, including Securities Laws, and the applicable U.S. Federal and state securities laws as amended and the term **“applicable”** with respect to such Laws and in a context that refers to one or more Persons, means such Laws as are applicable to such Person or its business, undertaking, assets, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, assets, property or securities.

**“Letter of Intent”** mean the binding letter of intent dated July 15, 2023, entered into between CRAFT and the Company.

**“Listing”** means the proposed listing of the Nano Shares on the Cboe.

**“Listing Document”** means this listing document of the Company.

**“MD&A”** means Management’s Discussion and Analysis included in this Listing Document.

**“Named Executive Officers”** or **“NEOs”** means the CEO and CFO and the next three next most highly compensated executive officers who are currently serving as executive officers.

**“Nano”** or **“Company”** means Nano Cures International, Inc., a company existing under the laws of the State of Delaware.

**“Nano Board”** or **“Board”** means the board of directors of Nano.

**“Nano Financing”** means a financing conducted by Nano in which Nano receives a commitment for financing of up to at least USD\$2,500,000,000 in the aggregate pursuant to the Two S Holding Financing Commitment Letter dated as August 23, 2023, and closed on an aggregate of at least USD\$550,000,000 from such commitment.

**“Nano Housey Transaction”** means (a) the collective purchase of minority equity interests by Nano in each of: (i) Housey Pharmaceutical Research Laboratories, LLC pursuant to a unit purchase agreement, (ii) Housey Healthcare, Inc. pursuant to a series A preferred stock purchase agreement, and (iii) Housey Regenerative Medicine Inc. pursuant to a series A preferred stock purchase agreement and (b) the execution and delivery by Nano and the applicable members of the Housey Group of certain commercial agreements related thereto.

**“Nano Independent Director Nominees”** means the two individuals nominated by Nano at or prior to the Effective Time, in its sole discretion, to act as directors of the Company Board from the Effective Time.

**“Nano Nominees”** means Steven G. Papermaster and the Nano Independent Director Nominees;

**“Nano Permitted Equity Financing”** means the issuance of Nano Shares (or other security securities convertible into Nano Shares) for aggregate gross proceeds not exceeding USD\$250,000,000, which shall have received the requisite approvals of the Cboe.

**“Nano Shares”** means the common stock in the capital of the Company.

**“Nano Shareholder”** means a holder or allottee of Nano Shares.

**“Nano Subsidiary”** means collectively, the Subsidiaries of Nano.



**“Nano Replacement Warrants”** means the common stock purchase warrants of Nano issued in exchange for the CRAFT Warrants in accordance with the Warrant Exchange Ratio and pursuant to the terms of the Plan of Arrangement.

**“NI 41-101”** means National Instrument 41-101 – *General Listing Document Requirements*.

**“NI 45-102”** means National Instrument 45-102 – *Resale of Securities*.

**“NI 52-107”** means National Instrument 52-107 - *Acceptable Accounting Principles and Auditing Standards*.

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

**“NI 58-101”** means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

**“NP 46-201”** means National Policy 46-201 – *Escrow for Initial Public Offerings*.

**“Parties”** collectively Nano, CRAFT, and AcquisitionCo.

**“Person”** means an individual, partnership, association, body corporate, a partnership or limited partnership, a trust, a trustee, executor, administrator or other legal personal representative, a syndicate, a joint venture, government (including any Governmental Entity) or any other entity, whether or not having legal status.

**“Plan of Arrangement”** means the plan of arrangement of CRAFT under the BCBCA substantially in the form and content of Schedule A of the Arrangement Agreement and any amendment or variation thereto made in accordance with Section 6.1 of the Plan of Arrangement or Section 7.1 of the Arrangement Agreement or made at the direction of the Court in the Final Order with the prior written consent of the Parties, each acting reasonably.

**“Regulatory Approvals”** means the HSR Clearance, Cboe Approval and any other regulatory approvals required from Governmental Entities mutually agreed to by the parties.

**“Securities Authorities”** means collectively, the British Columbia Securities Commission and the other applicable securities regulatory authorities in the provinces and territories of Canada.

**“Securities Laws”** means the *Securities Act* (British Columbia) and any other applicable securities Laws of a province or territory of Canada.

**“Subsidiary”** means, with respect to a Person, any entity, whether incorporated or unincorporated: (i) of which such Person or any other subsidiary of such Person is a general partner; or (ii) at least a majority of the securities or other interests of which having by their terms ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person and/or by any one or more of its subsidiaries; and shall include any body corporate, partnership, joint venture or other entity over which it exercises direction or control. For purposes of this definition, “control” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

**“Tax Act”** means *Income Tax Act* (Canada).

**“Transaction”** means the transaction resulting from the completion of the Arrangement, including the amalgamation between CRAFT and AcquisitionCo, the acquisition of all of the CRAFT Shares by Nano, and the completion of the other transactions contemplated by the Plan of Arrangement.

**“U.S. GAAP”** means accounting principles generally accepted in the United States of America.

**“U.S. Securities Laws”** means the *1933 Act*, the *1934 Act* and any other applicable U.S. state or Federal securities Laws.

**“Warrant Exchange Ratio”** means the exchange ratio of one Nano Replacement Warrant for each CRAFT Warrant.

## GENERAL MATTERS

The Company is not offering to sell securities under this Listing Document. An investor should rely only on the information in its entirety contained in this Listing Document or incorporate by reference and should not rely on parts of the information contained in this Listing Document to the exclusion of others. The Company has not authorized anyone to provide investors with additional or different information. If anyone provides a prospective investor with additional, different or inconsistent information, including statements in the media about the Company, such information should not be relied on. The information contained in this Listing Document is accurate only as of the date of this Listing Document or the date indicated, regardless of the time of delivery of this Listing Document.

Unless otherwise noted or the context indicates otherwise each of the terms “we”, “us”, or “our”, refers to the Company.

Certain capitalized and other terms and phrases used in this Listing Document are defined in the “*Glossary*”.

This Listing Document includes a summary description of certain material agreements of the Company. See “*Material Contracts*”. The summary description discloses attributes material to an investor but is not complete and is qualified by reference to the terms of the material agreements, which will be filed with the Canadian securities regulatory authorities and available on the Canadian Securities Administrators’ System for Electronic Document Analysis and Retrieval Plus (SEDAR+) at [www.sedarplus.com](http://www.sedarplus.com). Investors are encouraged to read the full text of such material agreements.

### Financial Statement Presentation in this Listing Document

This Listing Document contains: (i) the audited financial statements of the Company from its inception on June 22, 2023 through September 30, 2023; (ii) the audited financial statements of CRAFT for the years ended December 31, 2022 and 2021; and (iii) the unaudited interim reviewed financial statements of CRAFT for the nine-month period ended September 30, 2023. CRAFT expects to issue a supplement to the CRAFT Circular of which this Listing Document is attached as an Appendix containing the pro forma financial statements of Nano, as at September 30, 2023, assuming completion of the Arrangement. CRAFT expects to disclose the supplement via news release and post the supplement under CRAFT’s SEDAR+ profile at [www.sedarplus.com](http://www.sedarplus.com)

(collectively, the “**Financial Statements**”).

In addition, the Listing Document includes: (i) the audited financial statements of Housey Healthcare, Inc. (“**HHI**”) for the periods ended December 31, 2022 and 2021; (ii) the interim unaudited financial statements of HHI for the three and nine months ended September 30, 2023 and 2022; and (iii) the audited financial statements of Housey Regenerative Medicine Inc. (“**HRM**”) for the period from April 26, 2023 (incorporation) to September 30, 2023 (collectively, the “**Housey Financial Statements**”).

If the Nano Housey Transaction closes, Nano will own a minority interest in each of the three entities comprising of the Housey Group. As a result of the Company’s anticipated future status as a minority owner in each such entity, the Housey Financial Statements are not consolidated with the financial statements of Nano.

The Housey Financial Statements are prepared under U.S. GAAP in accordance with NI 52-107. The Financial Statements are all prepared in accordance with IFRS.

### Forward-Looking Information

This Listing Document contains forward looking statements that relate to the Company’s current expectations and views of future events. The forward-looking statements are contained principally in the sections entitled “*Listing Document Summary*”, “*Our Business*”, “*Use of Available Funds*”, “*Financial Information and Management’s Discussion and Analysis*”, and “*Risk Factors*”.

In some cases, these forward-looking statements can be identified by words or phrases such as “may”, “might”, “will”, “expect”, “anticipate”, “estimate”, “intend”, “plan”, “indicate”, “seek”, “believe”, “predict”, or “likely”, or the negative of these terms, or other similar expressions intended to identify forward looking statements. Statements containing forward looking information are not historical facts. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that they believe might affect the Company’s financial condition, results of operations, business strategy, and financial needs.

This forward looking information includes, among other things, statements relating to: the completion, expenses and timing of the Closing of the Arrangement; the Listing of the Company on the Cboe and matters related thereto; the intentions, business, plans and future activities of the Company and the Housey Group; statements related to the completion and the terms of the Nano Financing and the Nano Housey Transactions; the anticipated appointment of certain directors to the officers to the Company; anticipated developments in the operations of the Company; market position, ability to compete and future financial or operating performance of the Company; the timing and amount of funding required to execute the Company’s business plans; capital expenditures; the effect on the Company of any changes to existing or new legislation or policy or government regulation; the stability of business conditions in foreign jurisdictions; the availability of labour; estimated budgets; currency fluctuations; requirements for additional capital; limitations on insurance coverage; the timing and possible outcome of regulatory and permitting matters; goals; strategies; future growth; the adequacy of financial resources; proposed use of available funds; and expectations regarding revenues, expenses and anticipated cash needs.

In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward looking information. Forward looking statements are based on certain assumptions and analyses made by the Company in light of the experience and perception of historical trends, current conditions, and expected future developments and other factors they believe are appropriate, and are subject to risks and uncertainties. Although we believe that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and we cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties, and assumptions, prospective investors should not place undue reliance on these forward-looking statements. Whether actual results, performance, or achievements will conform to the Company’s expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions, and other factors, including those listed under “*Risk Factors*”, which include:

- Resale of the Nano Shares;
- Listing;
- Market for securities;
- Dividends;
- Management of growth;
- Key Personnel;
- Risk associated with foreign operations in other countries;
- Risks associated with acquisitions;
- Tax risk;
- Uncertainty and adverse changes in the global economy;
- Increased expenses due to being a public company;
- Limited experience of senior management in managing a public company;
- Dilution and future sales of the Nano Shares;
- Implementation of the Company’s business plan;
- Fluctuations in revenue and operating results;
- Additional funds;
- Substantial majority of voting stock held by management;
- Dependence on consumer’s perception of safety of products;
- Failure to attract, acquire, or retain customers;
- Lack of have an operating history;
- Inability to responds effectively to technological industry;
- Rapid technological change;
- Ability to successfully develop and commercialize its CureVeillance, CureStore, OpenCures and NanoCare platforms
- Unsuccessful clinical trial by Housey Group;

- Risk associate with the realization of benefits of Nano's minority investment in the Housey Group and its businesses;
- Adverse impacts due to adoption of new accounting standards;
- Failure to adhere to financial reporting obligations;
- Changes in accounting standards;
- Competition risks; and
- Regulatory risks, including FDA risks.

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in the forward-looking statements.

Information contained in forward looking statements in this Listing Document is provided as of the date of this Listing Document, and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information or future events or results, except to the extent required by applicable securities laws. Accordingly, potential investors should not place undue reliance on forward-looking statements, or the information contained in those statements.

**All of the forward-looking information contained in this Listing Document is expressly qualified by the foregoing cautionary statements. Investors should read this entire Listing Document and consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their investment.**

#### **Market and Industry Data**

Market and industry data presented throughout this Listing Document was obtained from third party sources, industry reports and publications, websites and other publicly available information as well as industry and other data prepared by us or on our behalf on the basis of our knowledge of the markets in which we operate, including information provided by suppliers, customers and other industry participants. We believe that the market and economic data presented throughout this Listing Document is accurate and, with respect to data prepared by us or on our behalf, that our estimates and assumptions are currently appropriate and reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market and economic data presented throughout this Listing Document are not guaranteed and we make no representation as to the accuracy of such data. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Although we believe it to be reliable, we have not independently verified any of the data from third party sources referred to in this Listing Document, analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying market, economic and other assumptions relied upon by such sources. Market and economic data are subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey.

#### **Currency Presentation**

In this Listing Document, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in United States dollars.

## LISTING DOCUMENT SUMMARY

The following is a summary of the principal features of this Listing Document and should be read together with the more detailed information and financial data and financial statements contained elsewhere in this Listing Document. Certain capitalized terms and phrases used in this Listing Document are defined in the “Glossary”.

### Description of the Business

#### *Nano Cures International Inc.*

Nano Cures International, Inc. (“**Nano**”) is a newly formed Delaware corporation focused on the development and delivery of cures for targeted major health conditions and diseases. Nano is developing multiple technology platforms including one initially focused on Insulin Signaling, in conjunction with pharma and biotech partners, that targets insulin resistance. Insulin resistance is the root cause of diabetes Type 2, obesity and many other related diseases. Another platform component aims to democratize cure development by providing resources, data and tools for partnering institutions and individual drug and cure developers to lower the barriers to entry and spur new cure innovation.

Nano’s headquarters and registered offices are located at 7000 N Mopac Expy, Suite 200, Austin, TX 78731.

For further details, see “*Our Business – Business of the Company*”.

#### *CRAFT 1861 Global Holdings Inc.*

CRAFT 1861 Global Holdings Inc. (formerly, BGP Acquisition Corp. (“**BGP**”)) is a company incorporated in British Columbia, Canada. CRAFT is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. CRAFT’s head office is located at 100 Sun Ave NE, Ste. 650 Albuquerque, New Mexico 87109, and its registered office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

On July 26, 2023, CRAFT announced that its wholly owned subsidiary, Craft 1861 Global Inc. (“**CRAFT Global**”) and RKA LLC (“**RKA**”) and entered into a binding letter of intent, which sets out the principal terms for CRAFT Global’s divestiture and transfer its “plant-touching” operations in New Mexico to RKA (the “**RKA Divestiture**”). The RKA Divestiture took effect as of August 4, 2023. RKA is an arm’s length party to CRAFT.

Prior to August 4, 2023, CRAFT Global had previously exercised capital and management control of Healthy Education Society (“**HES**”), a State of New Mexico incorporated not-for-profit that holds the State of New Mexico Cannabis Control & Regulatory License Division Vertically Integrated Licensure, pursuant to an exclusive management agreement with HES – such management agreement was terminated as of August 4, 2023. Pursuant to the RKA Divestiture, RKA assumed capital management control of HES in exchange for the assumption of approximately USD\$2,700,000 in liabilities and CRAFT and RKA will enter into a licensing agreement with respect to certain trademarks used in HES’s operations. CRAFT also has the right, but not the obligation, to reacquire HES in the occurrence of a triggering event at a 25% premium price to price of the RKA Divestiture.

As of the completion of the RKA Divestiture, CRAFT no longer has any operations related to the growing or cultivating of cannabis or cannabis strains in the United States. As such, the principal business activities of CRAFT will be solely focused on its all-natural Health & Wellness products and services businesses, encompassing genetics, scientific research & development, technology, cultivation, product development, advanced manufacturing, formulation, distribution, wholesale, brand development, and business development as a health & wellness company focused on natural-based performance and recovery products and services as regulated by the regulatory bodies and authorities of the markets in which CRAFT has activities.

For further details, see “*Our Business – Business of the Company Prior to the Closing of the Arrangement*”.

## The Arrangement

### *Principal Steps of the Arrangement*

Under the Plan of Arrangement, commencing at the Effective Time, the following shall occur and shall be deemed to occur, except to the extent otherwise indicated, in the following order without any further act or formality:

1. each CRAFT Share held by a Dissenting CRAFT Shareholder shall, without any further action by or on behalf of such Dissenting CRAFT Shareholder, be deemed to have been transferred and assigned to Nano in consideration for a debt claim against Nano determined and payable in accordance with Section 3.1 of the Arrangement Agreement, and the name of each such holder shall be removed from the register of the CRAFT Shares maintained by or on behalf of CRAFT and Nano shall be deemed to be the transferee of such CRAFT Shares and shall be entered in the register of the CRAFT Shares maintained by or on behalf of CRAFT;
2. AcquisitionCo and CRAFT will amalgamate pursuant to the BCBCA (the “**Amalgamation**”), to continue as one unlimited liability company, Amalco, and upon the Amalgamation,
  - (a) the by-laws of Amalco shall be the same as the by-laws of CRAFT;
  - (b) the articles of Amalco shall be the same as the articles of CRAFT;
3. each issued and outstanding CRAFT Share other than those held by Nano will be exchanged for one (1) Nano Share;
4. each CRAFT Warrant shall be exchanged for a Nano Replacement Warrant to purchase from Nano one (1) Nano Share. Such Nano Replacement Warrant shall provide for an exercise price per Nano Replacement Warrant (rounded up to the nearest whole cent) equal to the exercise price per CRAFT Share that would otherwise be payable pursuant to the CRAFT Warrant it replaces. All terms and conditions of a Nano Replacement Warrant, including the term to expiry, conditions to and manner of exercising, will be the same as the CRAFT Warrant for which it was exchanged, and shall be governed by the terms of the CRAFT Warrant Agreement and any document evidencing a CRAFT Warrant shall thereafter evidence and be deemed to evidence such Nano Replacement Warrant. It is intended that subsection 7(1.4) of Tax Act apply to such exchange of options;
5. the property of CRAFT and AcquisitionCo shall continue to be the property of Amalco;
6. all rights, contracts, permits and interests of CRAFT and AcquisitionCo shall continue as rights, contracts, permits and interests of Amalco and, for greater certainty, the Amalgamation shall not constitute a transfer or assignment of the rights or obligations of CRAFT or AcquisitionCo under any such rights, contracts, permits, and interests;
7. Amalco shall continue to be liable for the obligations of CRAFT and AcquisitionCo shall be unaffected;
8. all existing causes of action, claims or liabilities to prosecution with respect to CRAFT and AcquisitionCo may continue to be prosecuted by or against Amalco;
9. all civil, criminal or administrative actions or proceedings pending by or against CRAFT or AcquisitionCo shall be unaffected; and
10. all convictions against, or rulings, orders or judgments in favour of or against CRAFT or AcquisitionCo may be enforced by or against Amalco.

See – “*Conditions to the Arrangement Becoming Effective*” for a description of the conditions to closing of the Arrangement.

### *Treatment of CRAFT Warrants*

Subject to the terms and conditions of the Arrangement Agreement, pursuant to the Plan of Arrangement and notwithstanding the terms of the CRAFT Warrants, each CRAFT Warrant shall be exchanged for a Nano Replacement Warrant to purchase from Nano, one (1) Nano Share. Such Nano Replacement Warrant shall provide for an exercise price per Nano Replacement Warrant (rounded up to the nearest whole cent) equal to the exercise price per CRAFT Share that would otherwise be payable pursuant to the CRAFT Warrant it replaces. All terms and conditions of a Nano Replacement Warrant, including the term to expiry, conditions to and manner of exercising, will be the same as the CRAFT Warrant for which it was exchanged, and shall be governed by the terms of the CRAFT Warrant Agreement and any document evidencing a CRAFT Warrant shall thereafter evidence and be deemed to evidence such Nano Replacement Warrant.

### **Support Agreements**

On September 27, 2023, each of the executive officers of CRAFT entered into voting and support agreements (the “**Support Agreements**”). The Support Agreements set forth, among other things, the agreement of such executive officers (each a “**Supporting Shareholder**”) to vote their CRAFT Shares (including any CRAFT Shares issued upon the exercise of any CRAFT Warrants) in favour of the Arrangement, and any other matter necessary for the consummation of the Arrangement. These Supporting Shareholders hold, in aggregate, 33,752,500 CRAFT Shares (on a non-diluted basis) which represents 72.59% of the issued and outstanding CRAFT Shares and Nil CRAFT Warrants.

The Support Agreements require voting support and prevent Supporting Shareholders from exercising Arrangement Dissent Rights. Each Supporting Shareholder has agreed to vote any CRAFT Shares owned legally or beneficially by the Supporting Shareholder (directly or indirectly) or over which he or she exercises control or direction (directly or indirectly) in favour of the Arrangement and against any CRAFT Acquisition Proposal and/or any matter that could reasonably be expected to delay, prevent, impede or frustrate the completion of the Arrangement and each of the transactions contemplated by the Arrangement Agreement. Under the terms of the Support Agreements, Nano has acknowledged that any Supporting Shareholder who is also a director or officer of CRAFT is bound under the Support Agreement only in such person’s capacity as a CRAFT Shareholder, and not in his or her capacity as a director or officer.

The Support Agreements terminate automatically at the closing of the Arrangement, or upon: (i) mutual agreement; (ii) the Completion Deadline; (iii) a Supporting Shareholder’s election following certain breaches of Nano’s covenants, representations or warranties; (iv) a Supporting Shareholder’s election on the amendment of the Arrangement Agreement in any manner adverse to his or her interests; or (v) either party’s election following the termination of the Arrangement Agreement in accordance with the terms thereof.

Nano has advised CRAFT that, as of September 28, 2023 (the date on which the Arrangement was announced), other than as has been previously disclosed to CRAFT in writing, none of Nano and the Subsidiaries of Nano, any of their affiliates, any such Person’s Representatives or any other Person acting jointly or in concert with any of them, beneficially owns or controls (directly or indirectly, economically, or through derivatives or otherwise) any securities of CRAFT or any of its affiliates.

For further details, see “*Our Business – The Arrangement*”.

### **Anticipated Directors and Officers of the Company**

The board of directors of the Company is anticipated to be comprised of the following individuals: Steven G. Papermaster, Robert Aranda, Shelly Lombard, Dr. Wai Pong Ng, and Mr. Robert Pitre.

The proposed management of the Company will consist of Steven G. Papermaster as Chief Executive Officer, Robert Aranda as President, Christopher Fitzgerald as Chief Financial Officer, and Crystal Buckner as Chief Administrative Officer/Corporate Secretary.

For further details, see “*Directors and Executive Officers*”.



### **Arm's Length Arrangement**

The Arrangement was negotiated by the parties dealing at arm's length with each other, and, therefore, is an arm's length transaction.

### **Interests of Insiders**

Except as disclosed herein, no Insider, promoter, or control person of the Company, and no Associate or Affiliate of the same, has any interest in the Arrangement other than that which arises from the holding of the Nano Shares.

### **Nano Financing**

As a condition to the closing of the Arrangement, Nano is required to complete the Nano Financing.

In addition, it is a condition to the closing of the Arrangement that the aggregate enterprise value of Nano as of the completion of the Arrangement shall be no less than USD\$5,500,000,000, calculated by aggregating the market value of all of the Nano Shares, adding total debt and subtracting cash and cash equivalents.

### **Nano Housey Transactions**

Nano plans to enter into a unit purchase agreement and two share purchase agreements with the respective members of the Housey Group. If the Nano Housey Transaction closes, Nano will own equity interests in each member of the Housey Group (collectively, the "**Housey Transactions**"): (i) Housey Pharmaceutical Research Laboratories, LLC, a corporation existing under the laws of Michigan ("**HPRL**") and together with HRM and HHI, "**Housey**"; (ii) HHI, a corporation existing under the laws of Delaware; and (iii) HRM, a corporation existing under the laws of Delaware.

The Housey Transactions would be effectuated by the following agreements: (i) a Series A Preferred Unit Purchase Agreement, by and between Nano and HPRL, pursuant to which Nano would purchase and acquire 10,865 Series A Preferred Units of HPRL for an aggregate purchase price of USD\$4,999,649.27, (ii) a Series A Preferred Stock Purchase Agreement, by and between Nano and HHI, pursuant to which Nano would purchase and acquire 1,886,661 shares of Series A Preferred Stock of HHI for an aggregate purchase price of USD\$29,999,985.23, and (iii) a Series A Preferred Stock Purchase Agreement, by and between Nano and HRM, pursuant to which Nano would purchase and acquire 1,666,666 shares of Series A Preferred Stock of HRM for an aggregate purchase price of USD\$4,999,998.00.

If the Nano Housey Transaction closes, Nano plans to enter into a Collaboration Agreement (the "**Collaboration Agreement**"), by and among Nano, HPRL, HHI, and HRM.

Pursuant to the Collaboration Agreement, HHI and HRM would each agree to use the proceeds received from Nano at the closing of the Nano Housey Transaction to pursue, among other things, clinical trials of certain pharmaceutical products of HHI and HRM, as applicable. Pursuant to the terms of the Collaboration Agreement, in the event that a clinical trial is deemed to be successful with respect to the indicators of such trial as determined by the board of directors of HHI and/or HRM, as applicable (in consultation with Nano), Nano would commit to provide additional funding to HHI and/or HRM, as applicable, in the amount determined in good faith by the applicable board of directors (in consultation with Nano) to be reasonably necessary for a subsequent clinical trial of the applicable pharmaceutical product, *provided* that (i) with respect to HHI, such amount would not exceed USD\$50,000,000 in the aggregate, and (ii) with respect to HRM, such amount would not exceed USD\$30,000,000 in the aggregate. In the event that the clinical trials funded by the proceeds from the Housey Transaction are not determined to be successful with respect to the indicators of such trial, then Nano would have no further obligation or liability of any nature with respect to any additional funding commitment or any subsequent trials of such pharmaceutical product, except as the Housey Group and Nano may otherwise mutually agree in writing. If the Nano Housey Transaction closes, Nano makes no representation or warranty with respect to the likelihood of success of any clinical trials, and there can be no assurances that, even if successful, the applicable pharmaceutical products will achieve any benefit or that the parties will be able to obtain all requisite authorizations and approvals for the marketing, distribution and commercialization thereof.

If the Nano Housey Transaction closes, Nano and HHI plan to enter into a Distribution and Manufacturing Agreement (the “**Distribution Agreement**”). Pursuant to the Distribution Agreement, during the term of the Distribution Agreement HHI would appoint and designate Nano as its exclusive distributor and marketer of an over-the-counter therapeutic drug (the “**OTC Product**”), a non-prescription health product which has been assigned the Natural Product Number by Health Canada. The active ingredient in the OTC Product is a botanical extract (the “**Extract**”). HHI would grant Nano the exclusive right to market, promote, sell and deliver the OTC Product worldwide for non-prescription, over-the-counter use by individuals for general health purposes, subject to HHI’s right to distribute the OTC Product directly to its existing customers in amounts and volumes consistent with historical practice. HHI would also grant Nano an exclusive, worldwide license to use certain intellectual property of the Housey Group in connection with the worldwide advertisement, marketing, distribution and sale of the OTC Product. The license that would be granted to Nano and its designation as exclusive worldwide marketer and distributor of the OTC Product would not apply to the potential future use of the OTC Product or of the Extract or any derivative or variant of the Extract as a drug approved by a relevant governmental authority for use in the diagnosis, cure, mitigation, treatment or prevention of disease. In connection with the Distribution Agreement the parties plan to enter into a supply agreement governing the supply of products by the Housey Group to Nano and a scale-up plan.

The Distribution Agreement would have an initial term of five years and would automatically renew for successive one-year terms unless otherwise terminated in accordance with its terms.

### Supplemental Information Use Agreement

Nano, CRAFT, and the Housey Group plan on entering into a Supplemental Information Use Agreement (the “**Use Agreement**”) prior to the mailing of the CRAFT Circular. Pursuant to the Use Agreement, Nano and CRAFT will not make any disclosure of certain confidential information of the Housey Group (the “**Housey Information**”) without the prior written consent of the Housey Group. Furthermore, the Use Agreement provides that Nano and CRAFT will indemnify the Housey Group and its affiliates from any and all liabilities incurred by the Housey Group and its affiliates in connection with disclosure of certain Housey Information in the CRAFT Circular. In consideration of these covenants, the Housey Group will agree, pursuant to the terms of the Use Agreement, to permit Nano and CRAFT to disclose the Housey Information in the CRAFT Circular. Additionally, pursuant to and in accordance with the terms of the Use Agreement, Nano shall pay a fee of USD\$4,000,000 (the “**Consent Fee**”) to the Housey Group on or prior to (i) the day prior to the CRAFT Circular being distributed to CRAFT shareholders or (ii) November 17, 2023 (the “**Consent Fee Deadline**”). The Consent Fee will not be paid if the Nano Housey Transactions have been consummated prior to the Consent Fee Deadline.

### Available Funds and Principal Purposes

Upon the closing of the Arrangement, the Company will have aggregate working capital of approximately USD\$2,350,815,283, based on the pro forma working capital of CRAFT and Nano, comprised as follows:

Sources of Available Funds	Available Funds (USD\$)
CRAFT Working Capital <sup>(1)</sup>	(107,437,886)
Nano Working Capital <sup>(2)</sup>	(1,746,831)
Net Proceeds from the Nano Financing <sup>(3)</sup>	2,460,000,000
<b>Total pro forma working capital (unaudited) <sup>(4)(5)</sup></b>	<b>1,876,774,503<sup>(6)</sup></b>
<b>Total pro forma working capital available as of Listing (unaudited) <sup>(5)</sup></b>	<b>550,000,000<sup>(6)</sup></b>

Notes:

- (1) As of June 30, 2023.
- (2) As of October 31, 2023.
- (3) Anticipated to be received by Nano at closing of the Nano Financing, net of USD\$40,000,000 investment in Housey Group, that is scheduled to be completed prior to the closing of the Transaction.
- (4) Unallocated equity balance from the Nano Financing in the amount of USD\$1,876,774,503 immediately available for additional working capital, net of USD\$474,040,780 CRAFT closing cash distribution.
- (5) USD\$550,000,000 net of the USD\$2,350,815,283 will be drawn down at closing, leaving a balance of unallocated \$1,800,815,283.
- (6) Nano has not received any funds from the Nano Financing. This table assumes that Nano is successful in drawing down such funds from Two S.

Upon the closing of the Arrangement, the principal purposes for the foregoing available funds are anticipated to be as follows:

<b>Principal Purposes</b>	<b>Funds (USD\$)</b>
<b>Total working capital available as of Listing</b>	<b>550,000,000</b>
Estimated cost of goods sold	178,359,000
Estimated cost of researching and developing new products	95,000,000
Estimated cost of expanded production capacity for the OTC Product	30,000,000
Estimated listing fees (auditor, exchange fees)	650,000
Estimated salaries and wages (all employees, including anticipated bonus (where applicable) plus benefits equal to 30% of base salary)	11,789,000
Estimated marketing (distribution licensing fees)	44,900,000
Estimated sales costs	7,076,000
Estimated travel & entertainment	1,050,000
Estimated legal fees	2,584,000
Estimated facilities expenses	1,010,000
Estimated other general & administrative	12,325,000
<b>Total use of proceeds</b>	<b>384,743,000</b>
<b>Unallocated fund (unaudited)</b>	<b>165,257,000</b>

It is anticipated that the available funds will be sufficient to achieve Nano's objectives over the next 12 months. Nano intends to spend the funds available to it as stated in this Listing Document. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary. Use of funds will be subject to the discretion of management. Until Nano uses the unallocated funds, it will hold them in cash and/or invest them in short-term, interest-bearing, investment-grade securities.

For further details, see "Use of Available Funds - Available Funds and Principal Purposes".

### **Risk Factors**

The Company will be subject to a number of known and unknown risks, uncertainties, assumptions, and other risk factors, including:

- Resale of the Nano Shares;
- Listing;
- Market for securities;
- Dividends;
- Management of growth;
- Key Personnel;
- Risk associated with foreign operations in other countries;
- Risks associated with acquisitions;
- Tax risk;
- Uncertainty and adverse changes in the global economy;
- Increased expenses due to being a public company;
- Limited experience of senior management in managing a public company;
- Dilution and future sales of the Nano Shares;
- Implementation of the Company's business plan;
- Fluctuations in revenue and operating results;
- Additional funds;
- Substantial majority of voting stock held by management;
- Dependence on consumer's perception of safety of products;

- Failure to attract, acquire, or retain customers;
- Lack of have an operating history;
- Inability to responds effectively to technological industry;
- Rapid technological change;
- Ability to successfully develop and commercialize its CureVeillance, CureStore, OpenCures and NanoCare platforms
- Unsuccessful clinical trial by Housey Group;
- Risk associate with the realization of benefits of Nano’s minority investment in the Housey Group and its businesses;
- Adverse impacts due to adoption of new accounting standards;
- Failure to adhere to financial reporting obligations;
- Changes in accounting standards;
- Competition risks; and
- Regulatory risks, including FDA risks.

For further details, see “*Risk Factors*”.

### Summary of Financial Information

The following table sets forth selected financial information for the Company and CRAFT and should be read in conjunction with the audited financial statements of the Company for the period ended September 30, 2023, the audited financial statements of CRAFT for the years ended December 31, 2022, and the interim reviewed financial statements of CRAFT as of and for the six-month period ended June 30, 2023.

Balance Sheet	Company as of September 30, 2023 (USD\$)	CRAFT as at December 31, 2022 (USD\$)	CRAFT as at June 30, 2023 (USD\$)
Current Assets	43,169	67,737	2,168,571
Total Assets	618,169	831,184	158,624,037
Current Liabilities	1,215,000	7,819,702	109,906,457
Total Liabilities	1,215,000	7,819,702	239,347,116
Shareholders’ Equity	(596,831)	(6,988,518)	(80,723,079)

CRAFT expects to issue a supplement to the CRAFT Circular of which this Listing Document is attached as an Appendix, containing the pro forma financial statements of Nano, as at September 30, 2023, assuming completion of the Transaction. Craft expects to disclose the supplement via news release and post the supplement under Craft’s SEDAR+ profile at [www.sedarplus.com](http://www.sedarplus.com).

## CORPORATE STRUCTURE

### **Name, Address and Incorporation**

#### *Nano Cures International Inc.*

Nano is a newly formed Delaware corporation focused on the development and delivery of cures to targeted major health conditions and diseases. Nano is developing multiple technology platforms including one initially focused on Insulin Signaling, in conjunction with pharma and biotech partners, that targets insulin resistance. Insulin resistance is the root cause of diabetes Type 2, obesity and many other related diseases. Another platform component aims to democratize cure development by providing resources, data and tools for partnering institutions and individual drug and cure developers to lower the barriers to entry and spur new cure innovation.

Nano's headquarters and registered offices are located at 7000 N Mopac Expy, Suite 200, Austin, TX 78731.

For further details, see "*Our Business – Business of the Company*".

#### *CRAFT 1861 Global Holdings Inc.*

CRAFT 1861 Global Holdings Inc. (formerly, BGP) is a company incorporated in British Columbia, Canada. CRAFT is a reporting issuer in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland. CRAFT's head office is located at 100 Sun Ave NE, Ste. 650 Albuquerque, New Mexico 87109, and its registered office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

#### *CRAFT 1861, LLC*

CRAFT 1861, LLC ("**CRAFT 1861**") is a State of New Mexico limited liability company that was formed on February 4, 2019 and is wholly-owned by CRAFT. CRAFT 1861 is the operating entity through which CRAFT manages the CBD Operations. CRAFT 1861 does not conduct any marijuana-related activities.

#### *Closing of the Arrangement*

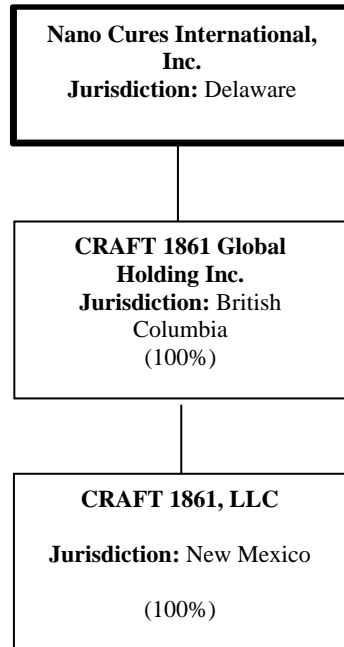
Upon the closing of the Arrangement, CRAFT will become a wholly-owned subsidiary of Nano. Nano's headquarters and registered offices are located at 7000 N Mopac Expy, Suite 200, Austin, TX 78731. CRAFT will delist the CRAFT Shares from the Cboe and cease to be a reporting issuer upon completion of the Arrangement.

Upon Listing, it is anticipated that the ticker symbol of the Nano Shares and the Nano Replacement Warrants will be "HUMN" and "HUMN.WT", respectively.

### **Intercorporate Relationships**

The Company currently has no subsidiaries.

The following chart identifies the anticipated corporate structure of Nano, including its material wholly-owned subsidiaries immediately after the closing of the Arrangement, their applicable governing jurisdictions and the percentage of their voting securities that will be beneficially owned, or controlled or directed, directly or indirectly, by Nano:



#### *Nano*

Nano is a Delaware corporation that was formed on June 22, 2023. Nano was formed for the purpose of effecting an acquisition with one or more businesses or assets by way of a merger, amalgamation, arrangement, share purchase, asset acquisition or any other similar business combination.

#### *CRAFT*

CRAFT is a Wyoming corporation that was formed on September 20, 2022 to facilitate a reorganization of the various CRAFT entities in connection with the Business Combination. On closing of the Business Combination, BGP indirectly acquired all of the outstanding shares of CRAFT. CRAFT is the primary operating entity through which CRAFT's THC Operations and CBD Operations are controlled. CRAFT conducts U.S. marijuana-related activities within the meaning of Staff Notice 51-352 as its wholly-owned subsidiary, CRAFT 1861 Gold, is directly involved in the cultivation and distribution of THC products in the State of New Mexico.

#### *RKA Divestiture*

On July 26, 2023, CRAFT announced that its wholly owned subsidiary, CRAFT Global and RKA and have entered into a binding letter of intent, to effect the RKA Divestiture. The RKA Divestiture took effect as of August 4, 2023. RKA is an arm's length party to CRAFT.

Prior to August 4, 2023, CRAFT Global had previously exercised capital and management control of Healthy Education Society ("HES"), a State of New Mexico incorporated not-for-profit that holds the State of New Mexico Cannabis Control & Regulatory License Division Vertically Integrated Licensure, pursuant to an exclusive management agreement with HES – such management agreement was terminated as of August 4, 2023. Pursuant to the RKA Divestiture, RKA assumed capital management control of HES in exchange for the assumption of approximately USD\$2,700,000,000 in liabilities and CRAFT and RKA will enter into a licensing agreement with

respect to certain trademarks used in HES's operations. CRAFT also has the right, but not the obligation, to reacquire HES in the occurrence of a triggering event at a 25% premium price to price of the RKA Divestiture.

As of the completion of the RKA Divestiture, CRAFT no longer has any operations related to the growing or cultivating of cannabis or cannabis strains in the United States. As such, the principal business activities of CRAFT will be solely focused on its all-natural Health & Wellness products and services businesses, encompassing genetics, scientific research & development, technology, cultivation, product development, advanced manufacturing, formulation, distribution, wholesale, brand development, and business development as a health & wellness company focused on natural-based performance and recovery products and services as regulated by the regulatory bodies and authorities of the markets in which CRAFT has activities.

## **THE ARRANGEMENT**

### ***The Arrangement***

#### ***Principal Steps of the Arrangement***

Under the Plan of Arrangement, commencing at the Effective Time, the following shall occur and shall be deemed to occur, except to the extent otherwise indicated, in the following order without any further act or formality:

1. each CRAFT Share held by a Dissenting CRAFT Shareholder shall, without any further action by or on behalf of such Dissenting CRAFT Shareholder, be deemed to have been transferred and assigned to Nano in consideration for a debt claim against Nano determined and payable in accordance with Section 3.1 of the Arrangement Agreement, and the name of each such holder shall be removed from the register of the CRAFT Shares maintained by or on behalf of CRAFT and Nano shall be deemed to be the transferee of such CRAFT Shares and shall be entered in the register of the CRAFT Shares maintained by or on behalf of CRAFT;
2. AcquisitionCo and CRAFT will amalgamate pursuant to the BCBCA, to continue as one unlimited liability company, Amalco, and upon the Amalgamation,
  - (a) the by-laws of Amalco shall be the same as the by-laws of CRAFT;
  - (b) the articles of Amalco shall be the same as the articles of CRAFT;
3. each issued and outstanding CRAFT Share other than those held by Nano will be exchanged for one (1) Nano Share;
4. each CRAFT Warrant shall be exchanged for a Nano Replacement Warrant to purchase from Nano one (1) Nano Share. Such Nano Replacement Warrant shall provide for an exercise price per Nano Replacement Warrant (rounded up to the nearest whole cent) equal to the exercise price per CRAFT Share that would otherwise be payable pursuant to the CRAFT Warrant it replaces. All terms and conditions of a Nano Replacement Warrant, including the term to expiry, conditions to and manner of exercising, will be the same as the CRAFT Warrant for which it was exchanged, and shall be governed by the terms of the CRAFT Warrant Agreement and any document evidencing a CRAFT Warrant shall thereafter evidence and be deemed to evidence such Nano Replacement Warrant. It is intended that subsection 7(1.4) of Tax Act apply to such exchange of options;
5. the property of CRAFT and AcquisitionCo shall continue to be the property of Amalco;
6. all rights, contracts, permits and interests of CRAFT and AcquisitionCo shall continue as rights, contracts, permits and interests of Amalco and, for greater certainty, the Amalgamation shall not constitute a transfer or assignment of the rights or obligations of CRAFT or AcquisitionCo under any such rights, contracts, permits, and interests;

7. Amalco shall continue to be liable for the obligations of CRAFT and AcquisitionCo shall be unaffected;
8. all existing causes of action, claims or liabilities to prosecution with respect to CRAFT and AcquisitionCo may continue to be prosecuted by or against Amalco;
9. all civil, criminal or administrative actions or proceedings pending by or against CRAFT or AcquisitionCo shall be unaffected; and
10. all convictions against, or rulings, orders or judgments in favour of or against CRAFT or AcquisitionCo may be enforced by or against Amalco.

#### *Treatment of CRAFT Warrants*

Subject to the terms and conditions of the Arrangement Agreement, pursuant to the Plan of Arrangement and notwithstanding the terms of the CRAFT Warrants, each CRAFT Warrant shall be exchanged for a Nano Replacement Warrant to purchase from Nano, one (1) Nano Share. Such Nano Replacement Warrant shall provide for an exercise price per Nano Replacement Warrant (rounded up to the nearest whole cent) equal to the exercise price per CRAFT Share that would otherwise be payable pursuant to the CRAFT Warrant it replaces. All terms and conditions of a Nano Replacement Warrant, including the term to expiry, conditions to and manner of exercising, will be the same as the CRAFT Warrant for which it was exchanged, and shall be governed by the terms of the CRAFT Warrant Agreement and any document evidencing a CRAFT Warrant shall thereafter evidence and be deemed to evidence such Nano Replacement Warrant.

#### *Representations and Warranties*

The Arrangement Agreement contains customary representations and warranties made by CRAFT to Nano and AcquisitionCo and representations and warranties made by Nano and AcquisitionCo to CRAFT. Those representations and warranties were made solely for purposes of the Arrangement Agreement and may be subject to important qualifications, limitations and exceptions agreed to by the parties in connection with negotiating its terms. In particular, some of the representations and warranties are subject to a contractual standard of materiality or Material Adverse Effect different from that generally applicable to public disclosure to CRAFT Shareholders, or are used for the purpose of allocating risk between the parties to the Arrangement Agreement. For the foregoing reasons, you should not rely on the representations and warranties contained in the Arrangement Agreement as statements of factual information at the time they were made or otherwise.

The representations and warranties provided by CRAFT in favour of Nano and AcquisitionCo relate to organization and qualification, corporate power and authority, directors' approvals, no conflict, binding obligation, residence, third party consents, governmental approvals, capitalization, shareholders' and similar agreements, subsidiaries, securities laws matters, auditors, controls over financial reporting, financial statements, absence of certain changes or events, no undisclosed liabilities, stock exchange compliance, books and records, compliance with laws and licenses, privacy and data protection, litigation, taxes, title to assets, material contracts, environmental matters, restrictions on business activities, divestiture, intellectual property, employees and labour matters, accounts receivable, insurance, brokers, United States securities laws, non-arm's length agreements, anti-corruption laws, money laundering laws, OFAC, and no "collateral benefit" (within the meaning of MI 61-101).

The representations and warranties provided by Nano in favour of CRAFT relate to organization and corporate capacity, corporate power and authority, no conflict, execution and binding obligation, sufficient funds, third party consents, governmental approvals, capitalization, shareholders' and similar agreements, subsidiaries, security ownership, issuance of Nano Shares, absence of certain changes or events, no undisclosed liabilities, stock exchange compliance, books and records, privacy and security, litigation, taxes, material contracts, environmental matters, restrictions on business activities, intellectual property, employees, labour matters, brokers, non-arm's length agreements, anti-corruption laws, money laundering laws, OFAC, no "collateral benefit" (within the meaning of MI 61-101), and United States securities laws.



### *Effective Date and Conditions of Arrangement*

If the CRAFT Arrangement Resolution is passed, the Final Order of the Court is obtained approving the Arrangement and all other conditions to the Arrangement becoming effective are satisfied or waived, and the Arrangement will become effective at the Effective Time (anticipated to be 12:01 a.m. (Vancouver time) on the Effective Date). It is currently expected that the Effective Date will be on or before December 31, 2023.

### *Conditions to the Arrangement Becoming Effective*

In order for the Arrangement to become effective, certain conditions must have been satisfied or waived which conditions are summarized below.

#### *Mutual Conditions*

The respective obligations of CRAFT, Nano, and AcquisitionCo to complete the Arrangement are subject to the fulfillment of the following conditions at or before the Completion Deadline or such other time as is specified in the Arrangement Agreement:

- (a) the Interim Order having been granted on terms consistent with the Arrangement Agreement and in form and substance satisfactory to CRAFT and Nano, each acting reasonably, and not having been set aside or modified in a manner unacceptable to either CRAFT or Nano, each acting reasonably, on appeal or otherwise;
- (b) the CRAFT Arrangement Resolution having been approved by the CRAFT Shareholders in accordance with the Interim Order;
- (c) the Final Order having been granted in form and substance satisfactory to CRAFT and Nano, and not having been set aside or modified in a manner unacceptable to either CRAFT or Nano, each acting reasonably, on appeal or otherwise;
- (d) the Regulatory Approvals having been received;
- (e) the Nano Financing shall have closed;
- (f) the Nano Housey Transaction shall have closed and no remaining portion of the purchase price for the shares of capital stock and other equity interests purchased thereunder shall be owing by Nano to the investment entities comprising the Nano Housey Transaction;
- (g) no Law, ruling, order or decree being in force, nor any action having been taken under any Laws or by any Governmental Entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Arrangement in accordance with the terms of the Arrangement Agreement;
- (h) the Consideration Shares, the Nano Replacement Warrants and other securities to be issued or exchanged pursuant to the Arrangement being exempt from the registration requirements of the U.S. Securities Act in reliance on an exemption from registration set forth in Section 3(a)(10) of the U.S. Securities Act; and
- (i) the Cboe having conditionally approved the listing of the Nano Shares (including any Consideration Shares and Nano Shares issuable upon the exercise or conversion of the Nano Replacement Warrants), subject in each case only to compliance with the usual requirements of the Cboe, including customary post-closing deliveries; notwithstanding the foregoing if the Cboe has not conditionally approved the listing of the Nano Shares by December 31, 2023 then this mutual condition precedent as it relates to the Nano Shares only is deemed to be automatically removed from the Arrangement Agreement and accordingly, of no force and effect.

The foregoing conditions are for the mutual benefit of CRAFT, Nano, and AcquisitionCo and may be waived by mutual consent of CRAFT and Nano in writing at any time.

*Nano Conditions*

The obligation of Nano to complete the Arrangement is subject to the fulfillment of the following additional conditions at or before the Completion Deadline or such other time as is specified in the Arrangement Agreement:

- (a) (i) the representations and warranties made by CRAFT in Sections (a), (b), (e), (i), (g) and (gg) in Schedule C of the Arrangement Agreement shall be true and correct in all respects as of the Effective Date as if made on and as of the Effective Date (except for those representations and warranties made as of a specific date, which shall be true and correct in all respects on and as of such date), (ii) all other representations and warranties made by CRAFT in the Arrangement Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of the Effective Date (except for those representations and warranties made as of a specific date, which shall be true and correct in all material respects on and as of such date and except for those representations and warranties already qualified by materiality, in which case such representations and warranties shall be true and correct in all respects); and (iii) CRAFT shall have provided to Nano a certificate of two officers thereof, certifying the foregoing;
- (b) from the date of the Arrangement Agreement, there shall not have occurred, in the sole discretion of the Company, a Material Adverse Effect with respect to CRAFT;
- (c) CRAFT shall have complied in all material respects with each of the covenants of CRAFT contained herein to be complied with by it on or prior to the Effective Date, and CRAFT shall have provided to Nano a certificate of two officers of CRAFT certifying the foregoing;
- (d) Dissent Rights have not been validly exercised with respect to greater than 10.0% of the issued and outstanding CRAFT Shares;
- (e) CRAFT shall have satisfied and paid in full all obligations under the CRAFT Convertible Notes; and
- (f) CRAFT shall have satisfied and paid in full all outstanding indebtedness set forth on Schedule 5.2 of the Arrangement Agreement.

The foregoing conditions are for the benefit of Nano and AcquisitionCo and may be waived, in whole or in part, by Nano in writing at any time.

*CRAFT Conditions*

The obligation of CRAFT to complete the Arrangement is subject to the fulfillment of the following additional conditions at or before the Completion Deadline or such other time as is specified in the Arrangement Agreement:

- (a) (i) the representations and warranties made by Nano and AcquisitionCo in Sections (a), (b), (d) and (f) of Schedule D of the Arrangement Agreement shall be true and correct in all respects as of the Effective Date as if made on and as of the Effective Date (except for those representations and warranties made as of a specific date, which shall be true and correct in all material respects on and as of such date), (ii) all other representations and warranties made by Nano and AcquisitionCo in the Arrangement Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of the Effective Date (except for those representations and warranties made as of a specific date, which shall be true and correct in all respects on and as of such date and except for those representations and warranties already qualified by materiality, in which case such representations and warranties shall be true and correct in all respects), and (iii) Nano shall have provided to CRAFT a certificate of two officers thereof, certifying the foregoing;

- (b) Nano shall have deposited or caused to be deposited in escrow with the Depositary the aggregate Consideration payable to the CRAFT Shareholders and CRAFT shall have received written confirmation of the receipt of such Consideration by the Depositary;
- (c) from the date of the Arrangement Agreement, there shall not have occurred a Material Adverse Effect with respect to Nano;
- (d) each of Nano and AcquisitionCo shall have complied in all material respects with each of the covenants of Nano and AcquisitionCo contained herein to be complied with by them on or prior to the Effective Date, and Nano shall have provided to CRAFT a certificate of two officers thereof, certifying the foregoing; and
- (e) the aggregate enterprise value of Nano as of the completion of the Arrangement shall be no less than USD\$5,500,000,000, calculated by aggregating the market value of all of the shares of Nano, adding total debt and subtracting cash and cash equivalents.

The foregoing conditions are for the benefit of CRAFT and may be waived, in whole or in part, by CRAFT in writing at any time.

### **Support Agreements**

On September 27, 2023, each of the executive officers of CRAFT entered into the Support Agreements. The Support Agreements set forth, among other things, the agreement of such directors and executive officers to vote their CRAFT Shares (including any CRAFT Shares issued upon the exercise of any CRAFT Warrants) in favour of the Arrangement, and any other matter necessary for the consummation of the Arrangement. These Supporting Shareholders hold, in aggregate, 33,752,500 CRAFT Shares (on a non-diluted basis) which represents 72.59% of the issued and outstanding CRAFT Shares and Nil CRAFT Warrants.

The Support Agreements require voting support and prevent Supporting Shareholders from exercising Arrangement Dissent Rights. Each Supporting Shareholder has agreed to vote all CRAFT Shares owned legally or beneficially by the Supporting Shareholder (directly or indirectly) or over which he or she exercises control or direction (directly or indirectly) in favour of the Arrangement and against any CRAFT Acquisition Proposal and/or any matter that could reasonably be expected to delay, prevent, impede or frustrate the completion of the Arrangement and each of the transactions contemplated by the Arrangement Agreement. Under the terms of the Support Agreements, Nano has acknowledged that any Supporting Shareholder who is also a director or officer of CRAFT is bound under the Support Agreement only in such person's capacity as a CRAFT Shareholder, and not in his or her capacity as a director or officer.

The Support Agreements terminate automatically at the closing of the Arrangement, or upon: (i) mutual agreement; (ii) the Completion Deadline; (iii) a Supporting Shareholder's election following certain breaches of Nano's covenants, representations or warranties; (iv) a Supporting Shareholder's election on the amendment of the Arrangement Agreement in any manner adverse to his or her interests; or (v) either party's election following the termination of the Arrangement Agreement in accordance with the terms thereof.

Nano has advised CRAFT that, as of September 28, 2023 (the date on which the Arrangement was announced), other than as has been previously disclosed to CRAFT in writing, none of Nano and the Subsidiaries of Nano, any of their affiliates, any such Person's Representatives or any other Person acting jointly or in concert with any of them, beneficially owns or controls (directly or indirectly, economically, or through derivatives or otherwise) any securities of CRAFT or any of its affiliates.

## GENERAL DEVELOPMENT OF THE BUSINESS

### Description of the Business

#### ***Business of CRAFT Prior to Closing of the Arrangement***

##### *General*

As of the completion of the RKA Divestiture, CRAFT no longer holds, directly or indirectly, any licenses or facilities that relate to the growing or cultivating of cannabis or cannabis strains in the United States. As such, the principal business activities of CRAFT will be solely focused on its all-natural Health & Wellness products and services.

#### ***Business of Nano Prior to Closing of the Arrangement***

Nano is a Delaware corporation that was formed on June 22, 2023. Nano was formed for the purpose of effecting an acquisition with one or more businesses or assets by way of a merger, amalgamation, arrangement, share purchase, asset acquisition or any other similar business combination.

#### ***Business of the Company Upon Closing of the Arrangement***

Following the closing of the Arrangement, Nano intends to operate a system of integrated platforms that are designed to provide a solution for developing and bringing data-driven cures to market more quickly.

See “*Business of Nano*”.

#### ***Nano Financing***

As a condition to the closing of the Arrangement, Nano is required to complete the Nano Financing. As of the date of this Listing Statement, the Nano Financing has not yet closed.

#### ***Business of Nano***

##### *Overview of Nano’s Business*

Nano is a Delaware corporation that was formed on June 22, 2023. Nano was formed for the purpose of effecting an acquisition with one or more businesses or assets by way of a merger, amalgamation, arrangement, share purchase, asset acquisition or any other similar business combination. Upon consummation of the Arrangement including the closing on the Nano Housey Transactions and the Nano Financing, the Company intends to build on (1) its investment in the Housey Group and the contractual relationships between the Company and the Housey Group to manufacture and market the OTC Product and other products and (2) Craft’s existing management team, infrastructure, expertise, products and strategic relationships. Following the closing of the Arrangement, Nano intends to operate a system of integrated platforms that are designed to provide a solution for developing and bringing data-driven cures to market more quickly.



The four planned platforms are as follows:

- **Cure Platform:** The Company envisions developing multiple cure “families,” each of which will target a specific genomic and molecular pathway that is known to be the cause of one or more diseases and will yield multiple therapeutics that operate on that pathway. Each cure family will target a specific genomic and molecular pathway that is known to be the cause of one or more diseases and develop multiple therapeutics that operate on that pathway.

Nano’s first product is the OTC Product, an over-the-counter (“**OTC**”) health product that targets and reduces insulin resistance. Insulin resistance contributes to the development of many chronic diseases including, type 2 diabetes, cardiovascular disease and multiple cancers.

Nano plans to manufacture and sell the OTC Product through direct-to-consumer (e.g., online), major distributors and small-to-medium health-oriented businesses. The Company plans to market the OTC Product extensively through Craft’s partners through advertising and content marketing on their websites and at their events.

- **Data/AI Platform:** The platform plans to collect biometric, genomic, molecular and environmental data, applying AI/ML to uncover threat scenarios that detect diseases far earlier in their progression and to guide the development of new cures. This approach would use algorithmic AI (an extension of machine learning) to discover subtle patterns in data that are correlated with certain conditions or diseases. For example, known biometric scenarios could be used to detect the presence of a disease far in advance of the presentation of its symptoms.

Nano is studying the opportunity to market biometric and environmental monitoring devices beginning in 2025 and beyond.

- **Developer Platform:** The platform will seek to democratize cure development by providing resources, access to its Data/AI platform, and tools to institutions and individual developers to lower the barriers to entry and compete for new cure innovation.

Nano could drive revenue from a share of the proceeds of cures developed on its Developer Platform beginning in 2025 and beyond.

- **Approval Platform:** This platform will be designed to leverage the always-on and highly instrumented Data/AI platform to provide real-time biometric data from clinical trial participants – and introduce a new regulatory model that speeds time-to-market by up to 10X faster than current processes.

Overall, other than its sales of the OTC Product, Nano anticipates building out its digital platforms beginning in 2025; therefore, the revenue generated from the OTC Product will comprise most of Nano's business for at least the first twelve months from the date of this Listing Document.

### ***Partnerships Originating from CRAFT***

Following the closing of the Arrangement, Nano will have the benefit of CRAFT's multiple strategic partnerships with leading global groups in targeted categories. Pursuant to its current & future agreements with the strategic partnerships, CRAFT is recognized as the "Official Global Wellness Partner" in the "Wellness" category for each strategic partnership.

Craft will become a part of Nano's Global Healthcare & Wellness products and services; Nano plans to leverage CRAFT's all-natural Health & Wellness products and services. See "*Business of Nano*".

### ***Housey Group***

The Housey Group is a commercial stage, privately held biopharmaceutical company engaged in the discovery, research, development and sale of non-prescription and prescription medicines that address important, unserved medical and health needs. The Housey Group's products are created through the application of patented and proprietary drug discovery technologies invented in-house by the Housey Group. Nano believes Housey Group's patented technologies comprise a core-enabling technology platform that provides it with a competitive advantage for new drug discovery and creation. Upon closing of the Arrangement, Nano would be a minority investor in the Housey Group and would have exclusive worldwide rights to produce, distribute, and market the OTC Product pursuant to the Distribution Agreement.

Pursuant to a unit purchase agreement and two share purchase agreements anticipated to be entered into between Nano and the respective members of the Housey Group, Nano would own equity interests in each member of the Housey Group: (i) Housey Pharmaceutical Research Laboratories, LLC, a corporation existing under the laws of Michigan; (ii) HHI, a corporation existing under the laws of Delaware; and (iii) HRM, a corporation existing under the laws of Delaware. The Nano Housey Transactions would be effectuated by the following agreements with respect to the acquisition by Nano of preferred equity interests in the Housey Group: (i) a Series A Preferred Unit Purchase Agreement, by and between Nano and HPRL, pursuant to which Nano would purchase and acquire 10,865 Series A Preferred Units of HPRL for an aggregate purchase price of USD\$4,999,649.27, (ii) a Series A Preferred Stock Purchase Agreement, by and between Nano and HHI, pursuant to which Nano would purchase and acquire 1,886,661 shares of Series A Preferred Stock of HHI for an aggregate purchase price of USD \$29,999,985.23, and (iii) a Series A Preferred Stock Purchase Agreement, by and between Nano and HRM, pursuant to which Nano would purchase and acquire 1,666,666 shares of Series A Preferred Stock of HRM for an aggregate purchase price of USD \$4,999,998.00.

If the Nano Housey Transaction closes, Nano plans to enter into the Collaboration Agreement.

Pursuant to the Collaboration Agreement, HHI and HRM would each agree to use the proceeds received from Nano at the closing of the Nano Housey Transaction to pursue, among other things, clinical trials of certain pharmaceutical products of HHI and HRM, as applicable. Pursuant to the terms of the Collaboration Agreement, in the event that a clinical trial is deemed to be successful with respect to the indicators of such trial as determined by the board of directors of HHI and/or HRM, as applicable (in consultation with Nano), Nano would commit to provide additional funding to HHI and/or HRM, as applicable, in the amount determined in good faith by the applicable board of directors (in consultation with Nano) to be reasonably necessary for a subsequent clinical trial of the applicable pharmaceutical

product, *provided* that (i) with respect to HHI, such amount would not exceed USD \$50,000,000 in the aggregate, and (ii) with respect to HRM, such amount would not exceed USD \$30,000,000 in the aggregate. In the event that the clinical trials funded by the proceeds from the Nano Housey Transaction are not determined to be successful with respect to the indicators of such trial, then Nano would have no further obligation or liability of any nature with respect to any additional funding commitment or any subsequent trials of such pharmaceutical product, except as the Housey Group and Nano may otherwise mutually agree in writing. If the Nano Housey Transaction closes, Nano makes no representation or warranty with respect to the likelihood of success of any clinical trials, and there can be no assurances that, even if successful, the applicable pharmaceutical products will achieve any benefit or that the parties will be able to obtain all requisite authorizations and approvals for the marketing, distribution and commercialization thereof.

If the Nano Housey Transaction closes, Nano and HHI also plan to enter into the Distribution Agreement. Pursuant to the Distribution Agreement, during the term of the Distribution Agreement HHI would appoint and designate Nano as its exclusive distributor and marketer of the OTC Product, a non-prescription health product which has been assigned the Natural Product Number by Health Canada. The active ingredient in the OTC Product is a botanical extract designated the Extract. HHI would grant Nano the exclusive right to market, promote, sell and deliver the OTC Product worldwide for non-prescription, over-the-counter use by individuals for general health purposes, subject to HHI's right to distribute the OTC Product directly to its existing customers in amounts and volumes consistent with historical practice. HHI would also grant Nano an exclusive, worldwide license to use certain intellectual property of the Housey Group in connection with the worldwide advertisement, marketing, distribution and sale of the OTC Product. The license that would be granted to Nano and its designation as exclusive worldwide marketer and distributor of the OTC Product would not apply to the potential future use of the OTC Product or of the Extract or any derivative or variant of the Extract as a drug approved by a relevant governmental authority for use in the diagnosis, cure, mitigation, treatment or prevention of disease. In connection with the Distribution Agreement the parties plan to enter into a supply agreement governing the supply of products by the Housey Group to Nano and a scale-up plan.

The Distribution Agreement would have an initial term of five years and would automatically renew for successive one-year terms unless otherwise terminated in accordance with its terms.

### **Supplemental Information Use Agreement**

Nano, CRAFT, and the Housey Group plan on entering into a Supplemental Information Use Agreement (the "**Use Agreement**") prior to the mailing of the CRAFT Circular. Pursuant to the Use Agreement, Nano and CRAFT will not make any disclosure of certain confidential information of the Housey Group (the "**Housey Information**") without the prior written consent of the Housey Group. Furthermore, the Use Agreement provides that Nano and CRAFT will indemnify the Housey Group and its affiliates from any and all liabilities incurred by the Housey Group and its affiliates in connection with disclosure of certain Housey Information in the CRAFT Circular. In consideration of these covenants, the Housey Group will agree, pursuant to the terms of the Use Agreement, to permit Nano and CRAFT to disclose the Housey Information in the CRAFT Circular. Additionally, pursuant to and in accordance with the terms of the Use Agreement, Nano shall pay a fee of USD\$4,000,000 (the "**Consent Fee**") to the Housey Group on or prior to (i) the day prior to the CRAFT Circular being distributed to CRAFT shareholders or (ii) November 17, 2023 (the "**Consent Fee Deadline**"). The Consent Fee will not be paid if the Nano Housey Transactions have been consummated prior to the Consent Fee Deadline.

### ***Equity Commitment and Line of Credit***

Pursuant to the Nano Financing, on August 23, 2023, Nano entered into that certain Equity Commitment Letter with Two S Holding Sole Proprietorship LLC, a limited liability company founded under the laws of Abu Dhabi, UAE, on behalf of itself and its sovereign wealth affiliates, Pure Health UAE, ADQ and ADIA ("**Two S**") pursuant to which Two S committed to provide Nano with financing of up to at least USD \$2,500,000,000 in the aggregate (the "**Commitment Letter**"). Nano has not closed on such commitment and has not been provided with any of the USD \$2,500,000,000 in funds.

### ***Revenue Streams***

If the Nano Housey Transaction closes, Nano would have the exclusive worldwide rights to market, distribute and sell the OTC Product. Nano plans to distribute and sell the OTC Product through its distribution channels in North

America. Additionally, after the consummation of the Arrangement Nano will have access to the distribution channels of CRAFT to further market and sell the OTC Product.

As a non-prescription compound, the OTC Product has been approved for sale in Canada by Health Canada and meets the FDA's over-the-counter standards for quality and safety for sale in the U.S.

Pursuant to the Nano Financing, Nano anticipates having access to its USD \$2,500,000,000 line of credit with Two S. After the completion of the Arrangement, Nano will use the approximately USD\$2,000,000,000 remaining under the line of credit to develop its healthcare technology platform and invest further in the production and manufacturing of the OTC Product. Pursuant to the Collaboration Agreement Nano and the Housey Group have agreed to cooperate in good faith to pursue certain strategic initiatives relating to the pharmaceutical business of the Housey Group.

## ***Market***

### *Target industries*

Nano intends to distribute and sell the OTC Product in North America. Diabetes-related medications are a multi billion-dollar market. Diabetes management can vary greatly from person-to-person. The OTC Product may provide a useful alternative for individuals that wish to provide support for their blood glucose or circulating insulin levels. The diabetes industry is competitive, subject to rapid change and highly sensitive to the introduction of new products, treatment techniques or technologies.

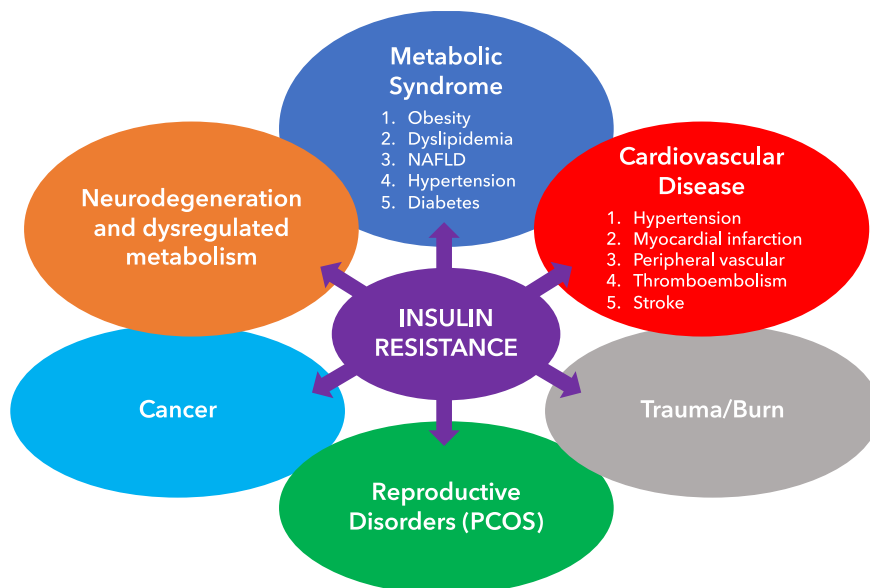
Nano believes that the OTC Product is one the first compounds that directly targets and significantly reduces insulin resistance. Cells in the body operate by converting glucose to energy – and the amount of glucose consumed is regulated by insulin. When cells are insulin resistant, they pull less glucose from the bloodstream and cause it to build up. As glucose accumulates, the body goes through a sequence of diseases: metabolic syndrome, prediabetes and ultimately type 2 diabetes. It is estimated that more than 70%-90% of all adults on Western-style diets are insulin resistant.<sup>2</sup>

Insulin resistance is central to the development and progression from prediabetes and metabolic syndrome to obesity, diabetes and its co-morbidities, including heart disease, cancer, stroke, liver disease, and dementia, resulting in increased all-cause mortality.

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<sup>2</sup> For example, according to the International Diabetes Federation and the World Health Organization, 73% or about 200 million US adults are either overweight, obese or diabetic. This population sets the lower bound for the prevalence of insulin resistance, as many more adults are believed to have it that don't fall into those categories.





The past three years have seen a blurring of the lines between the diabetes, obesity and weight loss markets – for example, when diabetics taking Ozempic (from Novo Nordisk) noticed they also lost significant weight. This started market interest on so-called *GLP-1 agonist* drugs, as non-diabetics obtained prescriptions for them purely for weight loss (Eli Lilly markets a similar drug called Mounjaro). The increased market demand has prompted Novo Nordisk to introduce Wegovy, the same GLP-1 drug as Ozempic, but formulated to treat obesity.<sup>3</sup> Eli Lilly recently followed suit with Zepbound,<sup>4</sup> their obesity version of Mounjaro. What’s more, the combined market capitalizations of Novo Nordisk and Eli Lilly has nearly doubled since the beginning of 2023, reaching nearly USD \$1 trillion.<sup>5</sup>

The combined market for diabetes and weight loss drugs is expected to grow from USD \$70 billion in 2023 to nearly USD \$300 billion in 2030.<sup>6,7,8</sup> These drugs have been reported to have side effects including nausea, vomiting<sup>10</sup> and stomach paralysis<sup>11</sup> – and while they are effective at reducing blood glucose, they tend to increase insulin levels and have no effect on insulin resistance - the root cause of obesity and diabetes.

Because the Company believes that the OTC Product directly targets the metabolic mechanisms that cause insulin resistance, it is consistent with Nano’s thesis of “curing” in that it attacks the root cause of disease instead of merely treating its symptoms. It is also well-positioned in this effervescent market because after nearly 200,000 doses, no side effects have been detected.<sup>12</sup>

### Employees

Nano’s current executive officers consist of Steven G. Papermaster as Chief Executive Officer and Stephen Douty as Treasurer. After the closing of the Arrangement, the officers of Nano will be as follows: Steven G. Papermaster, Chief Executive Officer, Robert Aranda, President, Christopher Fitzgerald, Chief Financial Officer and Crystal Buckner, Chief Administrative Officer and Corporate Secretary. Employees of CRAFT will be retained, and employees will

<sup>3</sup> Information about medications from Novo Nordisk and Eli Lilly obtained from their respective websites.

<sup>4</sup> *FDA Approves New Medication for Chronic Weight Management* - <https://www.fda.gov/news-events/press-announcements/fda-approves-new-medication-chronic-weight-management>.

<sup>5</sup> Yahoo Finance and other stock quote providers.

<sup>6</sup> 2030 market forecast is the sum of USD\$200 billion in diabetes drugs plus USD\$100 billion in obesity and weight loss drugs – multiple sources including Guggenheim, Goldman Sachs

<sup>7</sup> <https://www.cnbc.com/2022/09/09/eli-lillys-weight-treatment-looks-poised-to-become-100-billion-drug.html>

<sup>8</sup> <https://www.cnbc.com/2023/10/23/wall-street-hikes-forecasts-for-anti-obesity-drug-sales-to-100-billion.html>

<sup>9</sup> The ‘Ozempic Effect’ on Wall Street Has Gone Overboard - The Wall Street Journal

<https://apple.news/APDxK4VhjSo-147xFngkr6Q>

<sup>10</sup> Nausea and vomiting are side effects claimed by the manufacturers. For example, Ozempic is typically co-prescribed with anti-nausea medication.

<sup>11</sup> <https://www.foxnews.com/health/ozempic-wegovy-may-be-linked-stomach-paralysis-other-digestive-issues-large-scale-study>

<sup>12</sup> Houssei Pharmaceuticals – results from phase I clinical trials ([www.clinicaltrials.gov](http://www.clinicaltrials.gov)) and monitoring customers of the OTC product.

continue to work from the locations they are currently working from with CRAFT prior to the completion of the Arrangement.

In addition to Nano's management team's experience with managing and growing public companies, the CRAFT team is particularly well-suited for taking plant-based (botanical) products to market. Prior to the Arrangement, CRAFT was in the business of producing cannabis-based personal care products. This involved identifying raw plant material species and creating the extraction process that will produce a desired molecular outcome – at scale. The OTC Product is a botanical and manufacturing it involves a very similar process. That is, applying an extraction process to its raw plant materials to produce a desired molecular outcome.

### ***Jurisdiction of Operations***

Nano anticipates that the OTC Product will be solely produced, manufactured, and distributed in the Canadian and United States markets for the immediate future.

### **Three-Year Timeline of Nano**

June 22, 2023: Incorporation of Nano under the State of Delaware.

July 15, 2023: Nano entered into a binding letter of intent with CRAFT with respect to the Arrangement (the "LOI") and publicly announced the LOI on July 20, 2023.

August 23, 2023: Nano entered into a commitment letter with respect to the Nano Financing.

September 27, 2023: Nano and CRAFT entered into the Arrangement Agreement. For further details please see "The Arrangement."

## **USE OF AVAILABLE FUNDS**

### **Available Funds and Principal Purposes**

The Company is not raising any funds in conjunction with this Listing Document and, accordingly, there are no proceeds to be raised by the Company pursuant to this Listing Document. With the completion of the Nano Financing, upon the closing of the Arrangement, the Company will have aggregate working capital of approximately USD\$2,350,815,283, based on the pro forma working capital of CRAFT and Nano, comprised as follows:

<b>Sources of Available Funds</b>	<b>Available Funds (USD\$)</b>
CRAFT Working Capital <sup>(1)</sup>	(107,437,886)
Nano Working Capital <sup>(2)</sup>	(1,746,831)
Net Proceeds from the Nano Financing <sup>(3)</sup>	2,460,000,000
<b>Total pro forma working capital (unaudited) <sup>(4)(5)</sup></b>	<b>1,876,774,503 <sup>(6)</sup></b>
<b>Total pro forma working capital available as of Listing (unaudited) <sup>(5)</sup></b>	<b>550,000,000 <sup>(6)</sup></b>

**Notes:**

- (1) As of June 30, 2023.
- (2) As of October 31, 2023.
- (3) Anticipated to be received by Nano at closing of the Nano Financing, net of USD\$40,000,000 investment in Housey Group, that is scheduled to be completed prior to the closing of the Transaction.
- (4) Unallocated equity balance from the Nano Financing in the amount of USD\$1,876,774,503 immediately available for additional working capital, net of USD\$474,040,780 CRAFT closing cash distribution.
- (5) USD\$550,000,000 net of the USD\$2,350,815,283 will be drawn down at closing, leaving a balance of unallocated USD\$1,800,815,283.
- (6) Nano has not received any funds from the Nano Financing. This table assumes that Nano is successful in drawing down such funds from Two S.

Upon the closing of the Arrangement, the principal purposes for the foregoing available funds are anticipated to be as follows:

<b>Principal Purposes</b>	<b>Funds (USD\$)</b>
Estimated cost of goods sold	178,359,000
Estimated cost of researching and developing new products	95,000,000
Estimated cost of expanded production capacity for the OTC Product	30,000,000
Estimated listing fees (auditor, exchange fees)	650,000
Estimated salaries and wages (all employees, including anticipated bonus (where applicable) plus benefits equal to 30% of base salary)	11,789,000
Estimated marketing (distribution licensing fees)	44,900,000
Estimated sales costs	7,076,000
Estimated travel & entertainment	1,050,000
Estimated legal fees	2,584,000
Estimated facilities expenses	1,010,000
Estimated other general & administrative	12,325,000
<b>Total use of proceeds</b>	<b>384,743,000</b>
<b>Unallocated fund (unaudited)</b>	<b>165,257,000</b>

It is anticipated that the available funds will be sufficient to achieve Nano’s objectives over the next 12 months. Nano intends to spend the funds available to it as stated in this Listing Document. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary. Use of funds will be subject to the discretion of management. Until Nano uses the unallocated funds, it will hold them in cash and/or invest them in short-term, interest-bearing, investment-grade securities.

### **Business Objectives and Milestones**

The Company believes that completing the Listing will open up further opportunities for Nano to access capital as well as allow it to use its Nano Shares as a currency for potential acquisitions and product development. Operationally, having access to more capital will help the Company to build out its operations and invest in scaling the production of the OTC Product.

<b>Key Milestones/Objectives</b>	<b>Expected Timing (Anticipated Cost USD\$)</b>
Closing of the Arrangement with CRAFT	December 2023
Funding for researching and developing new cures	Late 2024/early 2025 (95,000,000)
Expand production capacity for the OTC Product	H1-2024 (30,000,000)
Expand into a data collection and management business	2025 (20,000,000)
Expand into advanced biometric measurement techniques	2025 (35,000,000)
Expanding the platform into other disease categories	2025 and ongoing (300,000,000)

### **DIVIDEND POLICY**

Nano currently intends to retain any future earnings to fund the development and growth of its business and does not currently anticipate paying dividends on the Nano Shares. Any determination to pay dividends in the future will be at the discretion of the Board and will depend on many factors, including, among others, the Company’s financial condition, current and anticipated cash requirements, contractual restrictions and financing agreement covenants, solvency tests imposed by applicable corporate law and other factors that the Board of Directors may deem relevant.

## FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Financial Statements and MD&A are included as schedules to this Listing Document:

- Schedule A:** Audited Annual Financial Statements of the Company as of and for the period from June 22, 2023, (incorporation) to September 20, 2023;
- Schedule B:** MD&A of the Company for the period from June 22, 2023, (incorporation) to September 20, 2023;
- Schedule C:** Audited Financial Statements of CRAFT for the years ended December 31, 2022 and 2021;
- Schedule D:** MD&A of CRAFT for the year ended December 31, 2022;
- Schedule E:** Interim Financial Statements and MD&A of CRAFT for the six-month period ended June 30, 2023;
- Schedule F:** Housey Financial Statements; and
- Schedule G:** Audit Committee Charter.

The Financial Statements and the financial data derived therefrom and included in this Listing Document have been prepared in accordance with IFRS. The Housey Financial Statements are prepared in accordance with U.S. GAAP.

The Company's MD&A included herein should be read in conjunction with the Financial Statements and the disclosure contained in this Listing Document. The discussions of results are as of the dates stated in the applicable MD&A.

## SUMMARY OF FINANCIAL INFORMATION

The following table sets forth selected financial information for Nano and CRAFT and should be read in conjunction with the Financial Statements attached hereto. CRAFT expects to issue a supplement to the CRAFT Circular of which this Listing Document is attached as an Appendix containing the pro forma financial statements of Nano, as at September 30, 2023, assuming completion of the Arrangement. CRAFT expects to disclose the supplement via news release and post the supplement under CRAFT's SEDAR+ profile at [www.sedarplus.com](http://www.sedarplus.com).

Balance Sheet	Company as of September 30, 2023 (USD\$)	CRAFT as at December 31, 2022 (USD\$)	CRAFT as at June 30, 2023 (USD\$)
Current Assets	43,169	67,737	2,168,571
Total Assets	618,169	831,184	158,624,037
Current Liabilities	1,215,000	7,819,702	109,906,457
Total Liabilities	1,215,000	7,819,702	239,347,116
Shareholders' Equity	(596,831)	(6,988,518)	(80,723,079)

## DESCRIPTION OF SHARE CAPITAL

The following describes material terms of the anticipated share capital of the Company. The following description may not be complete and is subject to, and qualified in its entirety by reference to, the terms and provisions of Nano's certificate of incorporation and bylaws.

## **Nano Shares**

The Company's authorized share structure consists of 15,000 shares of common stock, \$0.01 par value per share of which 1,500 shares of common stock are issued and outstanding as of October 27, 2023.

Prior to the consummation of the Arrangement, the Company's certificate of incorporation will be amended and restated to provide for authorized capitalization comprising 450,000,000 authorized shares of common stock of \$0.01 par value per share of which 225,993,624 shall be issued and outstanding and 1,000,000 authorized shares of preferred stock of \$0.01 par value of which none shall be issued and outstanding.

The holders of Nano Shares are entitled to one vote for each share held on all matters submitted to a vote of the stockholders. The holders of Nano Shares do not have any cumulative voting rights. Holders of Nano Shares are entitled to receive rateably any dividends declared by our board of directors out of funds legally available for that purpose, subject to any preferential dividend rights of any outstanding preferred stock. The Nano Shares has no pre-emptive rights, conversion rights or other subscription rights or redemption or sinking fund provisions.

In the event of a liquidation, dissolution or winding up, holders of Nano Shares will be entitled to share rateably in all assets remaining after payment of all debts and other liabilities and any liquidation preference of any outstanding preferred stock. All outstanding shares are fully paid and non-assessable.

## **Nano Replacement Warrants**

Upon Listing, 5,940,000 Nano Replacement Warrants will be outstanding. The Nano Replacement Warrants were issued in exchange for all the issued and outstanding CRAFT Warrants pursuant to the Warrant Exchange Ratio. The Nano Replacement Warrants are governed by the terms of the CRAFT Warrant Agreement. Each Nano Replacement Warrant entitles the holder thereof to purchase one Nano Share at an exercise price of USD\$11.50, subject to adjustments as described herein.

The exercise price and number of Nano Shares issuable on exercise of the Nano Replacement Warrants may be adjusted in certain circumstances, including in the event of a stock dividend, extraordinary dividend, or Nano's recapitalization, reorganization, merger or consolidation. The Nano Replacement Warrants will not, however, be adjusted for issuances of Nano Shares at a price below their exercise price.

Once the Nano Replacement Warrants become exercisable, Nano may: (i) accelerate the expiry date of the outstanding Nano Replacement Warrants by providing 30 days' notice, if and only if, the closing price of the Nano Shares equals or exceeds USD\$18.00 per Nano Share (as adjusted for stock splits or combinations, stock dividends, Extraordinary Dividends, reorganizations and recapitalizations and the like) for any 20 trading days within a 30-trading day period, in which case the expiry date shall be the date which is 30 days following the date on which such notice is provided; or (ii) redeem the outstanding Nano Replacement Warrants: (A) in whole and not in part; (B) at a price equal to a number of Nano Shares to be determined by reference to the table set forth below; (C) upon a minimum of 30 days' prior written notice of redemption; and (D) if, and only if, the last reported sale price of the Nano Shares equals or exceeds USD\$10.00 per Nano Share (as adjusted for stock splits or combinations, stock dividends, extraordinary dividends, reorganizations, recapitalizations and the like) on the trading day prior to the date on which Nano sends the notice of redemption to the holders of the Nano Replacement Warrants.

## **CONSOLIDATED CAPITALIZATION**

The following table sets forth the Company's anticipated consolidated capitalization on a pro forma as adjusted basis effective upon the closing of the Arrangement. This table is presented and should be read in conjunction with the Financial Statements included elsewhere in this Listing Document and with the information set forth under "*Summary of Financial Information*", "*Financial Statements and Management's Discussion and Analysis*", and "*Description of Share Capital*".

The following table sets out the anticipated fully-diluted share capital of the Company upon Listing:

<b>Designation of Security</b>	<b>Authorized</b>	<b>Amount Outstanding upon Listing</b>
Nano Shares (Common Stock)	450,000,000	225,993,624
Nano Preferred Shares	1,000,000	Nil
Warrants	N/A	5,940,000
Options	N/A	Nil
<b>Total</b>		<b>231,933,624</b>

### **OPTIONS TO PURCHASE SECURITIES**

Nano anticipates adopting a long-term incentive plan (“**LTIP**”) to allow for a variety of equity-based awards that provide different types of incentives to be granted to certain of Nano’s executive officers, directors employees, consultants independent contractors and advisors providing services to Nano, and any such person to whom an offer of employment or engagement with Nano is extended (collectively, the “**Participants**”). The LTIP permits the grant of (i) nonqualified stock options and incentive stock options (collectively, “**Options**”), (ii) restricted stock units (“**RSUs**”), (iii) dividend equivalents, and (iv) unrestricted stock bonuses (collectively, “**Awards**”). Each Award will represent the right to receive Nano Shares and in the case of RSUs and dividend equivalents, Nano Shares or cash, in each case in accordance with the terms of the LTIP. Awards under the LTIP may be designated by the Nominating, Governance and Compensation Committee as incentive stock options or nonqualified options for US tax purposes.

Under the terms of the LTIP, Nano’s Nominating, Governance and Compensation Committee on behalf of the Nano Board, will have the authority to, among other things: designate Participants; determine the type(s) of Awards to be granted to each Participant under the LTIP; determine the amount of each Award; determine the terms and conditions of any Award or award agreement; and amend the terms and conditions of any Award or award agreement. Participation in the LTIP will be voluntary and, if an eligible Participant agrees to participate, the grant of Awards will be evidenced by an award agreement with each such Participant. The interest of any Participant in any Award is not assignable or transferable, whether voluntary, involuntary, by operation of law or otherwise, other than by will or the laws of descent and distribution.

The LTIP provides that appropriate adjustments, if any, will be made by Nano’s Nominating, Governance and Compensation Committee on behalf of the Nano Board in connection with a reclassification, reorganization or other change of Nano’s shares, share split or consolidation, distribution, merger, amalgamation, or other similar corporate transaction or event which affects the Nano Shares, in the Nano Shares issuable or amounts payable to preclude a dilution or enlargement of the benefits or potential benefits under the LTIP.

The maximum number of Nano Shares reserved for issuance, in the aggregate, under the LTIP is 10% of the aggregate number of Nano Shares issued and outstanding from time to time. If any Nano Shares covered by an Award or to which an Award relates are not purchased or are forfeited or are reacquired by Nano, or if an Award otherwise terminates or is cancelled without delivery of any Nano Shares, then the number of Nano Shares counted against the aggregate number of Nano Shares available under the LTIP with respect to such Award, to the extent of any such forfeiture, reacquisition by Nano, termination or cancellation, shall again be available for granting Awards under the LTIP. Additionally, cash-only Awards that do not entitle the holder thereof to receive or purchase Nano Shares will not be counted against the aggregate number of Nano Shares available for Awards under the LTIP. Nano Shares issued under Awards granted in substitution for awards previously granted by an entity that is acquired by or merged with Nano will not be counted against the aggregate number of Nano Shares available for Awards under the LTIP.

The maximum number of Nano Shares that may be issued to any one insider, or the number of securities that may be issuable on exercise of the Options granted to any one insider, as compensation within any one year period, excluding performance-based Awards (with the performance target being set as the market capitalization of the Nano Shares

outstanding), shall not exceed 5.0% of the outstanding Nano Shares, at the time of grant, subject to adjustment as provided in the LTIP. The maximum number of Nano Shares that may be issued to Nano's non-executive directors, as a whole, or the number of securities that may be issuable on exercise of the Awards granted to Nano's non-executive directors, as a whole, as compensation within any one-year period, shall not exceed 1.0% of the outstanding Nano Shares (excluding grants made under the LTIP, at the time of grant, subject to adjustment in the LTIP). The Nano Board will not grant Options to any one non-executive director in which the aggregate fair market value (determined as of the time the Options are granted) of such Options during any calendar year shall exceed \$100,000, or will not grant Awards in which the aggregate fair market value (determined as of the time the Awards are granted) of the Nano Shares in respect to which the Awards are exercisable by such non-executive director during any calendar year shall exceed \$150,000.

The terms and conditions of grants of Awards, including the quantity, type of Award, grant date, vesting conditions, vesting periods, settlement date and other terms and conditions with respect to these Awards, will be set out in the Participant's award agreement. The impact of certain events upon the rights of holders of these types of Awards, including termination for cause, resignation, retirement, termination other than for cause and death or long-term disability, will be set out in the Participant's award agreement.

An Award shall be exercisable during a period established by Nano's Nominating, Governance and Compensation Committee on behalf of the Board which shall commence on the date of the grant and shall terminate no later than ten years after the date of the granting of the Awards or such shorter period as the Nominating, Governance and Compensation Committee may determine. In the case of Options, if the Nano Shares are listed on a stock exchange, the minimum exercise price will not be less than 100% of the volume weighted average price of the Nano Shares on the Cboe (or such other exchange where the majority of the trading volume and the value of the Nano Shares occurs) for the five trading days immediately preceding the date such Option is granted. The LTIP will provide that the exercise period shall automatically be extended if the date on which it is scheduled to terminate shall fall during a black-out period. In such cases, the extended exercise period shall terminate 10 Business Days after the last day of the black-out period. Financial assistance or support agreements may be provided by Nano or any related entity to Participants in connection with the grants under the LTIP, including full, partial or non-recourse loans if approved by the Nano Board (with interested persons abstaining, if applicable).

In order to facilitate the payment of the exercise price of the options, the LTIP has a cashless exercise feature pursuant to which the Nominating, Governance and Compensation Committee may, in its discretion, permit a Participant to undertake a "net exercise", whereby an Option may be exercised by delivering to the Participant a number of Nano Shares having an aggregate fair market value equal to the excess, if positive, of the fair market value of the Nano Shares underlying the Option being exercised on the date of exercise, over the exercise price of the Option for such Nano Shares, subject to the procedures set out in the LTIP, including the consent of Nano's Nominating, Governance and Compensation Committee on behalf of the Nano Board, where required.

Upon a change of control, the Nominating, Governance and Compensation Committee on behalf of the Nano Board will take such steps as are reasonably necessary or desirable to cause the conversion or exchange or replacement of outstanding Awards into, or for, rights or other securities of substantially equivalent value in the continuing entity. If a participant is terminated without cause following a change of control, the vesting of such participant's awards will be subject to the participant's employment agreement or award agreement.

Nano's Nominating, Governance and Compensation Committee on behalf of the Nano Board will have the ability to, in its sole discretion, suspend, discount or terminate the LTIP at any time, or from time to time, amend, revise or discontinue the terms and conditions of the LTIP or of any securities granted under the LTIP and any grant agreement relating thereto, subject to any required regulatory and stock exchange approval, provided that such alteration, discontinuation, suspension, termination, amendment, or revision will not materially and adversely alter or impair the terms or conditions of any Award previously granted (without the written consent of the Participant thereof) except as permitted by the terms of the LTIP or as required by applicable laws.

Nano's Nominating, Governance and Compensation Committee on behalf of the Nano Board will have the ability to amend the LTIP or any securities granted under the LTIP at any time without the consent of a Participant provided that such amendment shall: (i) not materially and adversely alter or impair the terms or conditions of any Award previously granted (without the written consent of the Participant thereof) except as permitted by the terms of the LTIP; (ii) be in compliance with applicable law and subject to any regulatory approvals including, where required, the

approval of the stock exchange; and (iii) be subject to shareholder approval, where required by law, the requirements of the stock exchange on which the Nano Shares are trading or the LTIP, provided however that shareholder approval shall not be required for the following amendments and Nano's Nominating, Governance and Compensation Committee on behalf of the Nano Board may make any changes which may include but are not limited to:

- any amendment to the eligibility for, and limitations or conditions imposed upon, participation in the LTIP;
- any amendment to the terms relating to the granting or exercise of Awards, including but not limited to terms relating to the amount and payment of the exercise price, or the vesting, expiry, assignment or adjustment of Awards, or otherwise waive any conditions of or rights of Nano under any outstanding Award, prospectively or retroactively;
- any amendments that are necessary or desirable to comply with applicable laws, rules, regulations and policies of any applicable governmental entity of the Cboe, including policies of the Cboe (including amendments to Awards necessary or desirable to avoid any adverse tax results); or
- any amendment to terms relating to the administration of the LTIP, including the terms of any administrative guidelines or other rules related to the LTIP,

provided that the alteration, amendment or variance does not:

- require shareholder approval under the rules or regulations of the Cboe that are applicable to Nano;
- increase the maximum number of Nano Shares issuable under the LTIP, other than an adjustment pursuant to a change in capitalization;
- permit the repricing of Options, which is currently prohibited by the LTIP;
- permit the award of Options at a price that is less than 100% of the volume-weighted average price of the Nano Shares on the Cboe (or such other exchange where the majority of the trading volume and value of the Nano Shares occurs) for the five trading days immediately preceding the date such Option is granted;
- permit Options to be transferable (other than as provided for in the LTIP);
- amend the amendment provisions of the LTIP; or
- increase the maximum term permitted for Options, as specified in the LTIP, other than extension due to black-out period, or extend the terms of any Options beyond their original expiry date.

## PRIOR SALES

The following table summarizes issuances of Nano Shares or securities convertible into Nano Shares, during the 12-month period preceding the date of this Listing Document.

Effective Date of Issuance	Type of Security	Number of Securities Issued	Issue Price per Security (USD\$)
July 26, 2023	Common Stock	225	2.25
July 26, 2023	Common Stock	180	1.80
July 26, 2023	Common Stock	1,065 <sup>(1)</sup>	10.70
July 26, 2023	Common Stock	25	0.25



**Notes:**

- (1) 1,065 shares were issued to an entity that is controlled by Steven G. Papermaster, the chief executive officer of Nano.

**ESCROWED SECURITIES AND SECURITIES SUBJECT TO RESTRICTIONS ON TRANSFER**

**Escrow**

Upon Listing, certain of the Nano Shares held by the new directors and officers of the Company will be subject to escrow (the “**Escrow**”) that prohibits transfer for up to a three-year period following the Listing pursuant to the policies of the Cboe and Form 46-201 Escrow Agreement. In the event that the Nano Shares become listed on the Cboe, the Company anticipates that it will be classified as an “emerging issuer”, as defined under NP 46-201 upon such listing. Each of the persons named below (collectively, the “**Escrow Holders**”) would fall within the definition of “principal” of an emerging issuer under NP 46-201. In accordance with applicable securities rules, the Escrow Holders will execute an escrow agreement with the Company and the Escrow Agent substantially in the form attached as an Appendix to NP 46-201 (Form 46-201F1) (the “**Cboe Escrow Agreement**”) in respect of an aggregate of 142,038,516 Nano Shares prior to the filing of a final listing document and the Listing.

10% of such securities held in escrow will be released from escrow on the date the Nano Shares are listed on the Cboe, and 15% every six months thereafter, subject to acceleration provisions provided for in NP 46-201.

Nano Shares on a basis held, directly and/or beneficially, by the following persons will be subject to escrow pursuant to the Cboe Escrow Agreement:

<b>Name of the Securityholder/beneficial owner</b>	<b>Designation of Securities</b>	<b>Number of Securities to be held in escrow</b>	<b>% of class at the date of Listing Document<sup>(1)(2)</sup></b>
Starchild Enterprises LLC	Common	105,765,016 <sup>(1)</sup>	46.8%
Robert Aranda	Common	34,085,500 <sup>(1)</sup>	15.08%
Chris Fitzgerald	Common	1,823,000 <sup>(1)</sup>	0.81%
Crystal Buckner	Common	365,000 <sup>(1)</sup>	0.16%

**Notes:**

- (1) Anticipated to be issued upon completion of the Arrangement.  
(2) Percentage calculated based of an anticipated total of 225,993,624 Nano Shares issued and outstanding on a non-fully diluted basis upon completion of the Arrangement.

The Cboe Escrow Agreement provides that the Cboe Escrow Securities are held in escrow pursuant to its terms and the beneficial ownership thereof may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with other than in accordance with the terms of the Cboe Escrow Agreement. In the event of the bankruptcy of an escrow shareholder, in accordance with the Cboe Escrow Agreement, the Cboe Escrow Securities held by such escrow shareholder may be transferred to the trustees in the bankruptcy or such person legally entitled to the Cboe Escrow Securities, which shares will remain in escrow subject to the Cboe Escrow Agreement. In the event of the death of an escrow shareholder, in accordance with the Cboe Escrow Agreement, the Cboe Escrow Securities held by the escrow shareholder will be released from escrow.

**PRINCIPAL SECURITYHOLDERS**

To the knowledge of the proposed Company’s directors and executive officers upon completion of the Arrangement, the following persons beneficially will own or exercise, directly or indirectly, control or have discretion over 10% or more Nano Shares upon Listing:

Name	Type of Ownership	Number of Nano Shares currently owned	Number of Nano Shares owned upon completion of the Arrangement	Percentage of Nano Shares owned upon completion of the Arrangement <sup>(1)(2)</sup>
Starchild Enterprises LLC	Common	1,065	105,765,016	46.8% (45.60% on a fully-diluted basis) <sup>(3)</sup>
Robert Aranda	Common	0	34,085,500	15.08% (14.70% on a fully-diluted basis) <sup>(3)</sup>

Notes:

- (1) Anticipated to be issued upon completion of the Arrangement.
- (2) Percentage calculated based of an anticipated total of 225,993,624 Nano Shares issued and outstanding on a non-fully diluted basis upon completion of the Arrangement.
- (3) Percentage calculated based of an anticipated total of 231,933,624 Nano Shares issued and outstanding on a fully-diluted basis upon completion of the Arrangement.

## DIRECTORS AND EXECUTIVE OFFICERS

The Board of Directors will be reconstituted in conjunction with the closing of the Arrangement whereas upon Listing it is anticipated that the Board will consist of five (5) directors: Steven G. Papermaster, Robert Aranda, Shelly Lombard, Dr. Wai Pong Ng, and Mr. Robert Pitre. In addition, the constitution of the Company's senior management is anticipated to include: Steven G. Papermaster as Chief Executive Officer, Robert Aranda as President, Christopher Fitzgerald as Chief Financial Officer, and Crystal Buckner as Chief Administrative Officer/Corporate Secretary.

The following table sets out, for each of the Company's anticipated directors and executive officers upon completion of the Arrangement, the person's name, Province or State and country of residence, position with the Company upon completion of the Arrangement, principal occupation, age and, if a director, the date on which the person became a director. Directors are expected to hold office until the next annual general meeting of shareholders and are elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders. As a group, the directors and executive officers will beneficially own, or control or direct, directly or indirectly, a total of 142,038,516 Nano Shares, representing approximately 62.85% of the Nano Shares on a non-fully diluted basis outstanding upon Listing:

Name and Province or State and Country of Residence	Age	Proposed Position with the Company	Director of Nano Since	Principal Occupations for the Last Five Years	Number and Percentage of Nano Shares <sup>(4)</sup>
<b>Steven G. Papermaster</b> Texas, United States	65	Chief Executive Officer and Chairman	June 22, 2023	Healthcare entrepreneur	105,765,016 (46.8%)
<b>Robert Aranda</b> , New Mexico, United States	50	President and Director	To be effective upon closing of the Arrangement	CEO of CRAFT	34,085,500 (15.08%)

<b>Chris Fitzgerald,</b> New Mexico, United States	54	Chief Financial Officer	To be effective upon closing of the Arrangement	CFO of CRAFT	1,823,000 (0.81%)
<b>Crystal Buckner,</b> New Mexico, United States	46	Chief Administrative Officer/Corporate Secretary	To be effective upon closing of the Arrangement	Chief Administrative Officer/Corporate Secretary of CRAFT	365,000 (0.16%)
<b>Shelly Lombard</b> <sup>(1)(2)(3)</sup> New Jersey, United States	55	Director	To be effective upon closing of the Arrangement	Corporate Director	Nil
<b>Dr. Wai Pong Ng</b> <sup>(1)(2)(3)</sup> New Mexico, United States	56	Director	To be effective upon closing of the Arrangement	Southwest Oral and Maxillofacial Surgery	Nil
<b>Robert Pitre</b> <sup>(1)(2)(3)</sup> New Mexico, United States	65	Director	To be effective upon closing of the Arrangement	Commissioner of New Mexico Racing Commission  President of Albuquerque Auto Dealers Association	Nil

**Notes:**

- (1) Proposed member of Audit Committee.
- (2) Proposed member of Nominating, Governance and Compensation Committee.
- (3) Independent director.
- (4) Percentage calculated based of an anticipated total of 225,993,624 Nano Shares issued and outstanding upon completion of the Arrangement.

**Biographies of Directors and Executive Officers**

The following are brief profiles of the anticipated Nano's executive officers and directors, including a description of each individual's principal occupation within the past five years:

*Steven G. Papermaster, Chairman and CEO*

Mr. Papermaster has more than 40 years of experience as an entrepreneur, investor, public policy expert, global speaker and noted author. He is highly experienced in founding, growing, funding, acquiring and investing in innovative technology companies around the world. He has led five of his companies from start-up through initial public offering and billion-dollar-plus revenues and market caps.

Mr. Papermaster served as a direct advisor to President George W. Bush for two terms and co-chaired the President's Council of Advisors on Science and Technology. Mr. Papermaster also served as a judge for the White House Fellows, one of America's most prestigious programs for leadership and public service. He actively speaks on the topics of entrepreneurship, technology, science, public policy and China.

Mr. Papermaster will be an employee of the Company and is expected to devote 100% of his working time to the Company's matters.

*Robert Aranda, President and Director*

Mr. Robert Aranda serves as CRAFT's Chief Executive Officer. For over 25 years, Mr. Aranda has been an accomplished entrepreneur, business builder, team leader, strategist and visionary. Specializing in emerging markets, Prior to joining CRAFT, Mr. Aranda served as president and on the board of directors of Sonitrol Integrated Security and as founder, chairman and chief executive officer of Loss Prevention Management Inc. Mr. Aranda led the sale of

Loss Prevention Management Inc. and was its largest shareholder. Mr. Aranda has co-led dozens of successful company acquisitions.

Mr. Aranda will be an employee of the Company and is expected to devote 100% of his working time to the Company's matters.

*Christopher Fitzgerald, CFO*

Mr. Chris Fitzgerald served as CRAFT's Chief Financial Officer prior to the completion of the Arrangement. Mr. Fitzgerald has over 29 years of experience in the finance industry, including as president and chief executive officer of Rio Grande Credit Union. Mr. Fitzgerald also served on the advisory board for the Albuquerque Economic Development Center and on the board of directors of LeveragePoint Innovations Inc. Mr. Fitzgerald was named to New Mexico Business Weekly's "40 under 40" list based on his professional achievements, leadership and community involvement.

Mr. Fitzgerald will be an employee of the Company and is expected to devote 100% of his working time to the Company's matters.

*Crystal Buckner, Chief Administrative Officer and Corporate Secretary*

Ms. Crystal Buckner served as CRAFT's Chief Administrative Officer and Corporate Secretary prior to the completion of the Arrangement. She is responsible for the day-to-day administrative activities of CRAFT. In addition, Ms. Buckner is responsible for all the human resource initiatives including organizational performance, compensation and benefits, staffing and employee relations. Before joining CRAFT, Ms. Buckner led a range of roles to include human resource manager and then earning a general manager position for Sonitrol – Integrated Security Solutions in 2005. For the last 15 years, she has provided administrative management simultaneously for 13 individual companies to include financial, organizational and human resource support. In addition to Ms. Buckner's broad business, operational and leadership experience, she also brings to her role a vast understanding of CRAFT's business and culture working alongside Mr. Aranda for the past 20 years. Ms. Buckner's education background is in business administration and continuous quality improvement. She has received numerous professional awards.

Ms. Buckner will be an employee of the Company and is expected to devote 100% of her working time to the Company's matters.

*Shelly Lombard, Director*

Ms. Lombard has over 30 years of experience on Wall Street, specializing in valuing and investing in both private and public companies. Since 2020, she has served as a director of several public companies. She is currently on the board of Bed Bath and Beyond, where she is a member of the audit committee. Ms. Lombard also served as the chair of the audit committees of the boards of INNOVATE Corp and Spartacus Acquisition Corp. and was a member of the audit committee of Alaska Communications' board of directors. She was selected as a 2021 Directorship Honoree by the National Association of Corporate Directors. Ms. Lombard has experience as both a sell side analyst and an investor. From 2011 to 2014, she was the Director of Research for a boutique investment bank that specialized in trading the debt and equity of and providing financing for high yield companies. From 2003 to 2010, she was a high yield and distressed bond analyst for a subscription research firm whose clients included hedge funds, mutual funds, and other institutional investors. During that time, she was one of the most frequently quoted automotive analysts on Wall Street, appearing in the New York Times, the Wall Street Journal, and on CNBC. From 1992 to 2002, Ms. Lombard analyzed, invested in, and managed proprietary investments for ING Bank, Barclays Bank, Credit Lyonnais, and Chase Manhattan Bank, where she helped launch the par and distressed bank debt trading desk. She began her career in the leveraged finance group at Citibank and in the high yield commercial paper group at Drexel Burnham Lambert. Ms. Lombard has an MBA in Finance from Columbia University's Graduate School of Business and a Bachelor of Arts in Communications and Government from Simmons University.

Ms. Lombard will not be an employee of the Company and is expected to devote 30% of her working time to the Company's matters.

*Dr. Wai Pong Ng, Director*

Dr. Ng is originally from Toronto, Canada. He attended his bachelor's in science at University of Toronto followed by dental school at Tufts University in Boston. He received his certificate in oral maxillofacial surgery at Denver Health Medical Center, followed by specialty training in pediatric craniofacial surgery at the Posnick Center in Chevy Chase, Maryland. Since graduating, his final studies in Washington DC, he relocated to New Mexico. Dr. Ng takes special interest in all fields of oral surgery, but especially in Orthognathic Surgery/Jaw Surgery where a very high volume is maintained. He has been practicing in New Mexico for close to 25 years now and has worked with nearly every orthodontist to change patients' faces and lives by performing their Jaw Surgery.

Dr. Ng will not be an employee of the Company and is expected to devote 30% of his working time to the Company's matters.

*Robert Pitre, Director*

Over the past 30 years Mr. Pitre has been Chief Executive Officer and Chairman of the Board for multiple National and International Automotive dealerships (GMC, Chrysler, Buick, Hummer, Kia, Dodge, RAM, Jeep) in multiple States. Mr. Pitre has recently been appointed by the State of New Mexico Governor, as a Commissioner for the New Mexico Racing Commission. Mr. Pitre has previously served as the President of the Albuquerque Auto Dealers Association. In addition Mr. Pitre is a recent past Director for the ALS of New Mexico Chapter. Mr. Pitre has also recently serviced on the Albuquerque Country Club as Director. Mr. Pitre called New Mexico home for the past three plus decades and always ensure that his automotive dealerships promotes, supports, and sponsors local schools, sports, charities, other businesses, and communities. In Mr. Pitre's spare time he enjoys spending time with my family, golfing, and cheering on the Detroit Lions and Tigers.

Mr. Pitre will not be an employee of the Company and is expected to devote 30% of his working time to the Company's matters.

**Cease Trade Orders and Bankruptcies**

Except as disclosed below, none of the proposed Nano's directors or executive officers have, within the ten years prior to the date of this Listing Document, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold its assets, been a director or executive officer of any company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold its assets.

On May 7, 2021, Nano Global Corp. ("**Nano Global**") was placed into receivership in Texas. Steven G. Papermaster is the principal of Nano Global. Both Nano Global and Steven G. Papermaster are debtors in the case.

On April 10, 2023, CRAFT was issued a cease trade order by the Ontario Securities Commission for failure to file: (i) its audited financial statements for the year ended December 31, 2022, (ii) management's discussion and analysis relating to the audited financial statements for the year ended December 31, 2022; (iii) annual information form for the year ended December 31, 2022; and (iv) certification of the foregoing filings (the "**CTO**"), Robert Aranda was a director and the Chief Executive Officer of CRAFT as of the CTO. The CTO was revoked by the Ontario Securities Commission on July 7, 2023.

**Penalties or Sanctions**

None of the proposed Nano's directors or executive officers or shareholders holding sufficient securities of the Company to affect materially the control of the Company has 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
- subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

### **Conflicts of Interest**

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

## **CORPORATE GOVERNANCE**

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and will be charged with the day-to-day management of the Company upon completion of the Arrangement. The Board will be committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision-making.

The Company's anticipated corporate governance practices are summarized below:

### **Board of Directors**

Under NI 58-101, a director is considered to be independent if he or she is independent within the meaning of National Instrument 52-110 – *Audit Committees* ("NI 52-110"). Pursuant to NI 52-110, an independent director is a director who is free from any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with a director's independent judgment. Based on information provided by each director concerning his or her background, employment and affiliations, the Board has determined that of the five (5) directors on the Board upon Listing, three (3) will not be considered independent as a result of their respective relationships with Nano. The Board has not adopted a director interlock policy, but is keeping itself informed of other public directorships held by its members, if applicable.

### **Directorships**

None of the proposed directors and officers of the Company are directors, officers or promoters of other reporting issuers.

### **Orientation and Continuing Education**

The CEO and/or the CFO are responsible for providing an orientation for new directors. Director orientation and ongoing training includes presentations by senior management to familiarize directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its principal officers and its internal and independent auditors. On occasions where it is considered advisable, the Board provides individual directors with information regarding topics of general interest, such as fiduciary duties and continuous disclosure obligations. The Board ensures that each director is up to date with current information regarding the business of the Company, the role the director is expected to fulfill and basic procedures and operations of the Board. The Board members are given access to management and other employees and advisors, who can answer any questions that may arise. Regular technical presentations are made to the directors to keep them informed of the Company's operations.

## **Ethical Business Conduct**

The Board will be adopting a formal written code of ethics (the “**Code**”) for the proposed directors, officers, employees and consultants of the Company. All new employees will read the Code when hired and acknowledge that they will abide by the Code.

The Board will be responsible for monitoring compliance with the Code. The Code will require directors, officers, employees and consultants of the Company to raise questions regarding the application of any requirement under the Code, and report a possible violation of a law or the Code, promptly to their superior or manager. If reporting a concern or complaint to a superior or manager will not be possible or advisable, or if reporting it to such person will not resolve the matter, the matter should be addressed with the CFO of the Company.

The Board will monitor compliance with the Code by, among other things, obtaining reports from the CEO regarding breaches of the Code. The Board will also review investigations and any resolutions of complaints received under the Code. In addition, the Board will approve changes to the Code it considers appropriate, at least annually.

The Board will take steps to ensure that directors, officers and other employees exercise independent judgment in considering transactions and agreements in respect of which a director, officer or other employee of the Company may have a material interest, which include ensuring that directors, officers and other employees will be thoroughly familiar with the Code and, in particular, the rules concerning reporting conflicts of interest and obtaining direction from their superior or manager or the CFO regarding any potential conflicts of interest.

The Board will encourage and promote an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to directors, officers and other employees to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

## **Nomination of Directors**

Upon Listing, the Board will have a Nominating, Governance and Compensation Committee. The Nominating, Governance and Compensation Committee will consider the size of the Board each year when it passes a resolution determining the number of directors to be appointed at each annual general meeting of shareholders. Currently, the Board determined that the configuration of five (5) directors is the appropriate number of directors, taking into account the number required to carry out duties effectively while maintaining a diversity of views and experience. The Nominating, Governance and Compensation Committee will evaluate new nominees to the Board. The nominees will generally be the result of recruitment efforts by the Nominating, Governance and Compensation Committee, including both formal and informal discussions among its members, the Chairman of Board and CEO. The Nominating, Governance and Compensation Committee will monitor but not formally assess the performance of individual Board members or committee members or their contributions.

## **Compensation**

There are no current plans for the Company to pay any cash compensation to the proposed directors for services rendered in their capacity as directors. This matter will be reconsidered by the Nominating, Governance and Compensation Committee upon completion of the Listing.

It is also expected that the Company will grant options to the proposed directors in recognition of the time and effort that such directors devote to the Company. The timing, amounts, exercise price of these future option based and share based awards are not yet determined.

## **Other Board Committees**

Other than the Audit Committee, the Board has established Nominating, Governance and Compensation Committee is comprised of the following members: and its current members are: Shelly Lombard, Dr. Wai Pong Ng, and Robert Pitre.

### ***Nominating, Governance and Compensation Committee***

The Nominating, Governance and Compensation Committee will identify, interview and make recommendations to the Board with respect to new Board members. It is anticipated that any new nominees to the Board will be as a result of the recruitment efforts by members of the Nominating, Governance and Compensation Committee and the Board, including both formal and information among the Nominating, Governance and Compensation Committee members, members of the Board, and management.

In addition, the Nominating, Governance and Compensation Committee will assist the Board in settling compensation of directors and senior executives and developing and submitting to the Board recommendations with regard to other employee benefits. The Nominating, Governance and Compensation Committee will review on an annual basis the adequacy and form of compensation and senior executives and directors to ensure that such compensation reflects the responsibilities, time commitment, and risk involved in being an effective executive officer or director as applicable.

The Nominating, Governance and Compensation Committee will have a written charter that will govern the committee.

For additional details regarding the relevant education and experience of each member of the Nominating, Governance and Compensation Committee, see the relevant biographical experiences for each member of the Nominating, Governance and Compensation Committee under “*Directors and Executive Officers*”.

## **Assessments**

The Nominating, Governance and Compensation Committee anticipates that it will not conduct any formal evaluation of the performance and effectiveness of the members of the Board. The Board as a whole and the Nominating, Governance and Compensation Committee, however, will consider the effectiveness and contribution of the Board, its members, the Nominating, Governance and Compensation Committee, and the Audit Committee on an ongoing basis. The proposed directors and the independent directors of the Company will be free to discuss specific situations from time to time among themselves and/or with the CEO and, if need be, steps are taken to remedy the situation, which steps may include a request for resignation. Furthermore, the anticipated management and directors of the Company will communicate with shareholders on an ongoing basis, and shareholders will be regularly consulted on the effectiveness of Board members and the Board as a whole.

## **AUDIT COMMITTEE**

The Audit Committee will meet with the proposed CEO and CFO of the Company and the independent auditors to review and inquire into matters affecting financial reporting matters, the system of internal accounting and financial controls and procedures, and the audit procedures and audit plans. The Audit Committee will recommend to the Board the independent registered public accounting firm to be appointed. In addition, the Audit Committee will review and recommend to the Board for approval the annual financial statements, the annual report and certain other documents required by regulatory authorities.

The Board has not developed a written position description for the Chairman of the Audit Committee but considers the Chairman to be responsible for setting the tone for the committee work, ensuring that members have the information needed to do their jobs, overseeing the logistics of the Audit Committee’s operations, reporting to the Board on the Audit Committee’s decisions and recommendations, setting the agenda and running and maintaining minutes of the meetings of the Audit Committee.



## The Audit Committee's Charter

A copy of the Company's anticipated Audit Committee Charter is attached as Schedule I hereto.

## Composition of the Audit Committee

The Audit Committee will be composed of the following members: Shelly Lombard, Dr.Wai Pong Ng, and Robert Pitre.

Name	Independent	Financially Literate
Shelly Lombard	Yes	Yes
Dr.Wai Pong Ng	Yes	Yes
Robert Pitre	Yes	Yes

Note:

(1) Independent within the meaning of NI 52-110.

## Relevant Education and Experience

All proposed members of the Audit Committee have the ability to read, analyze and understand the complexities surrounding the issuance of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements, and have an understanding of internal controls. All proposed members of the Audit Committee intend to maintain their currency by periodically taking continuing education courses.

## Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemptions provided for in subsections 2.4, 6.1.1(4), 6.1.1(5), or 6.1.1(6) of NI 52-110 or an exemption from NI 52-110, in whole or in part, granted pursuant to Part 8 of NI 52-110.

## Pre-Approval Policies and Procedures

The Audit Committee Charter sets out responsibilities regarding the provision of non-audit services by the Company's external auditors. The Audit Committee will be responsible for the pre-approval of all audit services and permissible non-audit services to be provided to the Company by the external auditors, subject to any exceptions provided in NI 52-110.

Details of the composition and function of the remaining standing committees to be formed following the Listing will be discussed at the first meeting of the directors following the Listing.

## External Auditor Service Fee

For the period ended September 2023 ("Fiscal 2023") and for the year ended December 2022 ("Fiscal 2022"), the Company and CRAFT, respectively, incurred the following fees by its external auditor, GreenGrowth CPAs Inc.

	Fiscal 2023 Incurred by Nano (USD\$)	Fiscal 2022 Incurred by CRAFT (USD\$)
Audit fees <sup>(1)</sup>	69,500	542,369
Audit related fees <sup>(2)</sup>	Nil	Nil
Tax fees <sup>(3)</sup>	Nil	Nil
All other fees <sup>(4)</sup>	Nil	Nil
<b>Total fees paid</b>	<b>69,500</b>	<b>542,369</b>

Notes:

- (1) Fees for audit service on an accrued basis.
- (2) Fees for assurance and related services not included in audit service above.
- (3) Fees for tax compliance, tax advice and tax planning.
- (4) All other fees not included above.

## EXECUTIVE COMPENSATION

The following discussion describes the significant elements of the compensation of the proposed Named Executive officers of the Company (collectively, the “**named executive officers**” or “**NEOs**”).

“Named executive officers” or “NEOs” means each of the following individuals: (i) each CEO; (ii) each CFO; (iii) the most highly compensated executive officer other than CEO and CFO at the end of the most recently completed financial year whose total compensation was more than CDN\$150,000; and (iv) each individual who would be a named executive officer under (iii) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year.

The following will be the NEOs of the Company: Steven G. Papermaster, Chief Executive Officer, Robert Aranda, President, Christopher Fitzgerald, Chief Financial Officer and Crystal Buckner, Chief Administrative Officer and Corporate Secretary.

As of the date of the Listing Document, and other than as disclosed below, the anticipated compensation for each of the NEOs, for the 12-month period following the Listing is not known.

### Compensation Objectives and Principles

The anticipated compensation program for the proposed senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including:

- (a) attracting and retaining qualified executives;
- (b) motivating the short and long-term performance of these executives; and
- (c) better aligning their interests with those of the Company’s shareholders.

In compensating its senior management, the Company will employ a combination of base salary, bonus compensation and equity participation through its stock option plan. The Company will not provide any retirement benefits for its directors or officers.

### Elements of Compensation

#### *Base Salary*

It will be the Board’s view, that paying base salaries which are reasonable in relation to the level of service expected while remaining competitive in the markets in which the Company operates is a first step to attracting and retaining qualified and effective executives. Competitive salary information on comparable companies within the Company’s industries is compiled from a variety of sources, including national and international publications.

#### *Bonus Incentive Compensation*

The Board will consider executive bonus compensation dependent upon the Company meeting its strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses.

#### *Equity Participation*

The proposed Board believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Stock Option

Plan. Options may be granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. The amounts and terms of options granted will be determined by the Board.

#### *Compensation Risks*

The proposed Board will be keenly aware of the fact that compensation practices can have unintended risk consequences. The Board will continually review the Company's compensation policies to identify any practice that might encourage an employee to expose the Company to unacceptable risk. At the present time the proposed Board of the Company is satisfied that the anticipated executive compensation program will not encourage the executives to expose the business to inappropriate risk. The Board intends to take a conservative approach to executive compensation rewarding individuals for the success of the Company once that success has been demonstrated and incenting them to continue that success through the grant of long-term incentive awards.

#### *Hedging Policy*

The Company will have no policy on whether an Cboe or director is permitted to purchase certain financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds which are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the Cboe or director.

#### **Compensation Process**

The Company will not have a compensation committee or a formal compensation policy. The Company will rely solely on the proposed directors to determine the compensation of the NEOs. In determining compensation, the proposed directors will consider industry standards and the Company's financial situation, but the Company does not have any formal objectives or criteria. The performance of each executive officer will informally be monitored by the directors, having in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer.

In establishing compensation for executive officers, the Board as a whole will seek to accomplish the following goals:

- To recruit and subsequently retain highly qualified executive officers by competitive offering overall compensation;
- To motivate executives to achieve important corporate and personal performance objectives and reward them when such objectives are met; and
- To align the interests of executive officers with the long-term interests of shareholders through participation in the Stock Option Plan.

When considering the appropriate executive compensation to be paid to the proposed officers, the Board will have regard to a number of factors including: (i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and the Company's shareholders; (iv) rewarding performance, both on an individual basis and with respect to operations generally; and (v) available financial resources.

#### **Option-Based Awards**

Long-term incentives in the form of Options are intended to align the interests of the proposed directors and executive officers with those of the shareholders and to provide a long-term incentive to reward those individuals for their contribution to the generation of shareholder value, while reducing the burden of cash compensation that would otherwise be payable by the Company.

The Stock Option Plan will be administered by the Board. In determining the number of incentive Options to be granted to the NEOs, the Board will have regard to several considerations including previous grants of Options and the overall number of outstanding Options relative to the number of outstanding Nano Shares, as well as the degree of effort, time, responsibility, ability, experience and level of commitment of the executive officer. For details of the Stock Option Plan, see “*Options to Purchase Securities*”.

### Compensation of Directors

Other than as disclosed, the only arrangements the Company, is expected to have upon Listing, standard or otherwise, pursuant to which the proposed directors will be compensated for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as a consultant or expert during the most recently completed financial year or subsequently, are by: (i) the issuance of incentive stock options; and (ii) reimbursement for out-of-pocket expenses incurred on behalf of the Company.

### Summary Compensation Table

Nano was not a reporting issuer at any time during its most recently completed financial year. Accordingly, the following table sets forth information with respect to the anticipated compensation of each Cboe and directors of the Company once Nano becomes a reporting issuer:

**Table of Compensation Excluding Compensation Securities**

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission (USD\$)</b>	<b>Bonus (USD\$)</b>	<b>Committee or meeting fees (USD\$)</b>	<b>Value of perquisites (USD\$)</b>	<b>Long-term incentive plans (USD\$)</b>	<b>Value of all other compensation (USD\$)</b>	<b>Total compensation (USD\$)</b>
Steven G. Papermaster, <i>CEO</i>	2024	\$500,000	\$500,000	\$0	\$0	None	None	\$1,000,000
Robert Aranda, President	2024	\$500,000	\$500,000	\$0	\$0	None	None	\$1,000,000
Crystal Buckner, CAO and Corporate Secretary	2024	\$200,000	\$200,000	\$0	\$0	None	None	\$400,000
Chris Fitzgerald, <i>CFO</i>	2024	\$350,000	\$350,000	\$0	\$0	None	None	\$700,000

### Pension Plan Benefits

The Company does not anticipate having any pension plan that provide for payments or benefits at, following or in connection with retirement.

### Corporate Bankruptcies

Other than as provided below, none of the proposed directors or executive officers of the Company has, within the ten years prior to the date of this Listing Document, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold its assets, been a director or executive officer of any

company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold its assets.

On May 7, 2021, Nano Global was placed into receivership in Texas. Steven G. Papermaster is the principal of Nano Global. Both Nano Global and Steven G. Papermaster are debtors in the case.

### **Directors' Compensation**

There are no current plans for the Company to pay any cash compensation to the proposed directors for services rendered in their capacity as directors. This matter however, will be reconsidered by the Board upon completion of the Listing.

It is also expected that the Company will grant stock options to the proposed directors in recognition of the time and effort that such directors devote to the Company. The timing, amounts, exercise price of these future option based and share based awards are not yet determined.

### **Oversight and Description of Director and Choe Compensation**

The formal policies or practices of the Company to determine the compensation for the proposed directors and executive officers are not known. It is anticipated that following the Listing, the Company will establish such formal policies or practices.

## **INDEBTEDNESS OF DIRECTORS AND OFFICERS**

None of the proposed Nano's directors, executive officers, employees, former directors, former executive officers or former employees or any of its subsidiaries, and none of their respective associates, is or has within 30 days before the date of this Listing Document or at any time since the beginning of the most recently completed financial year been indebted to the Company or any of its subsidiaries or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided us or any of our subsidiaries.

## **RISK FACTORS**

### **Description of Risk Factors**

The following are certain risk factors relating to the business carried on by the Company which prospective investors should carefully consider before deciding whether to purchase Nano Shares. The Company will face a number of challenges in the development of its technology and in building its client base. Due to the nature of the Company, the Company's business and present stage of the business, the Company may be subject to significant risks. Readers should carefully consider all such risks, including those set out in the discussion below.

### **General Business Risks**

#### ***Resale of Shares***

There can be no assurance that the publicly-traded market price of the Nano Shares will be high enough to create a positive return for the existing investors. Further, there can be no assurance that the Nano Shares will be sufficiently liquid so as to permit investors to sell their position in the Company without adversely affecting the stock price. In such event, the probability of resale of the Nano Shares would be diminished.

As well, the continued operation of the Company will be dependent upon its ability to procure additional financing in the short-term and to generate operating revenues in the longer term. There can be no assurance that any such financing can be obtained or that revenues can be generated. If the Company is unable to obtain such additional financing or

generate such revenues, investors may be unable to sell their Nano Shares and any investment in the Company may be lost.

### ***Listing***

There is no guarantee that the Listing will be completed even following the proposed Arrangement. If the Listing is not completed, or if an active public market does not develop or is not maintained, investors might have difficulty selling their Nano Shares.

### ***Market for Securities***

There can be no assurance that an active trading market for the Nano Shares will develop or be sustained if developed, or that Cboe will approve the Nano Shares for Listing. If the Nano Shares are not approved for Listing by Cboe, investors may not be able to sell their Nano Shares and a liquid market for the Nano Shares may never materialize. In addition, Nano cannot predict the prices at which the Nano Shares will trade. Fluctuations in the market price of the Nano Shares could cause an investor to lose all or part of its investment in the Nano Shares. Factors that could cause fluctuations in the trading price of the Nano Shares include: (a) announcements of products, services or technologies, commercial relationships, acquisitions or other events by Nano; (b) price and volume fluctuations in the overall stock market from time to time; (c) significant volatility in the market price and trading volume of pharmaceutical companies; (d) fluctuations in the trading volume of the Nano Shares or the size of Nano's public float, if Nano is Listed; (e) actual or anticipated changes or fluctuations in Nano's results of operations; (f) whether Nano's results of operations meet the expectations of securities analysts or investors; (vii) actual or anticipated changes in the expectations of investors or securities analysts; (g) litigation involving Nano, its industry, or both; (h) regulatory developments in the Canada or the United States; (i) general economic conditions and trends; (j) escrow releases, sales of large blocks of the Nano Shares; (k) departures of key employees or members of management; or (l) an adverse impact on Nano from any of the other risks cited herein.

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the Nano Shares, if such market develops, will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Nano Shares will be affected by such volatility. An active public market for the Nano Shares might not develop or be sustained after the completion, if obtained, of the Listing. If an active public market for the Nano Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline. Additionally, only 25% of the outstanding Nano Shares will be held by the existing CRAFT shareholders while 75% will be held by affiliates of the Company which could result in limited liquidity in the public market of the Nano Shares.

### ***Dividends***

Nano does not have a dividend policy, and any decision to pay dividends on the Nano Shares will be made by the Board of the Company on the basis of its earnings, financial requirements and other conditions. There is no guarantee that the Company will pay out any dividends upon the closing of the Arrangement or in the future.

### ***Management of Growth***

The Company may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

### ***Key Personnel***

The Company's business lines are highly dependent on the specialized skill, knowledge, abilities, experience and efforts of a number of key personnel, including the current management team. Should these persons or other key employees be unable or unwilling to continue with the Company, it could have a material adverse effect on the Company's business, results of operations and financial condition.

### ***Risk Associated with Foreign Operations in Other Countries***

Nano plans to operate internationally. Operating internationally includes customary risks related to foreign markets. Nano is currently planning to expand our operations internationally. This may require considerable management time as well as start-up expenses for market development before any significant revenues and earnings are generated. Operations in new foreign markets may achieve low margins or may be unprofitable. Expansion in international markets may be affected by foreign regulatory requirements and market conditions. Therefore, as Nano expands internationally, our results of operations may be negatively impacted and our common stock price may decline.

### ***Risks Associated with Acquisitions***

As part of the Company's overall business strategy, after the completion of the Listing, the Company may pursue select strategic acquisitions that would provide additional product or service offerings, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Company's existing business; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships with both employees and existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

### ***Tax Risk***

The Company may be considered to have been carrying on business in Canada for purposes of the *Income Tax Act* (the "**Tax Act**"). While the Company does not foresee any adverse tax affects, there is no guarantee that governments will not impose such additional adverse taxes in the future.

### ***Uncertainty and adverse changes in the global economy***

Adverse changes in the global economy could negatively impact the Company's business. Future economic distress may result in a decrease in demand for the Company's products, which could have a material adverse impact on the Company's operating results and financial condition. Uncertainty and adverse changes in the economy could also increase costs associated with developing and publishing products, increase the cost and decrease the availability of sources of financing, and increase the Company's exposure to material losses from bad debts, any of which could have a material adverse impact on the financial condition and operating results of the Company.

### ***Increased expenses as a result of being a public company and current resources may not be sufficient to fulfill public company obligations.***

The Company expects to incur significant legal, accounting, insurance and other expenses as a result of being a public company, which may negatively impact performance and could cause results of operations and financial condition to suffer. Compliance with applicable securities laws in Canada and the rules of the Cboe may substantially increase expenses, including legal and accounting costs, and make some activities more time consuming and costly. Reporting obligations as a public company and anticipated growth may place a strain on financial and management systems, processes and controls, as well as on personnel.

The Company also expects securities laws, rules and regulations to make it more expensive to obtain director and officer liability insurance, and it may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult to attract and retain qualified

persons to serve on the Board or as officers. As a result of the foregoing, the Company expects a substantial increase in legal, accounting, insurance and certain other expenses in the future, which will negatively impact financial performance and could cause results of operations and financial condition to suffer.

The Company is responsible for establishing and maintaining adequate internal control over financial reporting, which is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Because of inherent limitations and the fact that the Company is a new public company and is implementing new financial control and management systems, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. A failure to prevent or detect errors or misstatements may result in a decline in the market price of the Nano Shares and harm the Company's ability to raise capital in the future.

If the proposed management of the Company is unable to certify the effectiveness of its internal controls or if material weaknesses in the internal controls are identified, the Company could be subject to regulatory scrutiny and a loss of public confidence, which could harm the business and cause a decline in the price of the Nano Shares. In addition, if the Company does not maintain adequate financial and management personnel, processes and controls, it may not be able to accurately report its financial performance on a timely basis, which could cause a decline in the market price of the Nano Shares and harm the Company's ability to raise capital. Failure to accurately report financial performance on a timely basis could also jeopardize its listing on the Cboe or any other stock exchange on which Nano Shares may be listed. Delisting of the Nano Shares on any exchange would reduce the liquidity of the market for the Nano Shares, which would reduce the price of and increase the volatility of the market price of the Nano Shares.

The Company does not expect that its disclosure controls and procedures and internal controls over financial reporting will prevent all error or fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially adversely affected, which could also cause investors to lose confidence in its reported financial information, which in turn could result in a reduction in the trading price of the Nano Shares.

***Senior management team has limited experience managing a public company, and regulatory compliance may divert its attention from the day to day management of the Company's business.***

Certain of the individuals who will constitute the Company's senior management team have relatively limited experience managing a publicly traded company and limited experience complying with the increasingly complex laws pertaining to public companies compared to senior management of other publicly traded companies. The Company's senior management team may therefore not successfully or efficiently manage the transition to being a public company subject to significant regulatory oversight and reporting obligations under Canadian securities laws. In particular, these new obligations will require substantial attention from senior management and could divert their attention away from the day to day management of the Company business.

#### ***Dilution and future sale of Nano Shares***

The Company may issue additional Nano Shares in the future, which may dilute a shareholder's holding in the Company and shareholders will have no pre-emptive rights in connection with such further issuances. The Board of Directors has the discretion to determine if an issuance of Nano Shares is warranted, the price at which such issuance is effected and the other terms of issue of Nano Shares. Also, the Company may issue additional Nano Shares upon the exercise of options to acquire Nano Shares under the Stock Option Plan, which will result in further dilution to the



shareholders. Potential future acquisitions may also divert management's attention and result in further dilution to the shareholders.

### ***Implementation of the Company's Business Plan***

The Company's future growth, profitability and cash flows depend upon its ability to successfully implement its business plan, including the development of its CurePlatform, Data/AI Platform, Developer Platform, Approval Platform and the OTC Product, which in turn is dependent upon a number of factors including the Company's ability to derive value based on its current and planned product lines. There can be no assurance that the Company will successfully develop these aspects of its planned future business.

There can be no assurance that the Company can successfully derive value on any or all of these product lines in the manner or time period that it expects. Further, achieving these objectives will require investments which may result in short-term costs exceeding short-term revenues and therefore may be dilutive to the Company's earnings. The Company cannot provide any assurance that it will realize, in full or in part, the anticipated benefits that the Company expects its strategies will achieve. The failure to realize those benefits could have a material adverse effect on the Company's business, results of operations and financial condition.

Moreover, the Company's future success will also depend on its ability to effectively control and/or reduce costs. There is no guarantee that the Company will be able to successfully implement effective cost control systems or otherwise reduce its operating costs, as necessary. If the Company is unable to successfully control its operating costs, it may be forced to discontinue operations.

### ***Fluctuations in Revenue and Operating Results***

As a relatively new entrant into a new and fast-evolving industry, the Company's future revenue, if any, is difficult to forecast, likely to fluctuate significantly and may not follow past trends or be indicative of the Company's future performance from quarter to quarter. The Company's future revenue, if any, and results will be influenced by a variety of factors, many of which are outside of the Company's control, including: the competitive conditions within the industry including changes to technologies, medical product, research and development as it relates to diabetes drugs, new products or services, and pricing by competitors; the Company's ability to keep its products and services from becoming obsolete; market acceptance of the Company's services and products; the Company's ability to maintain existing relationships and to create new relationships with partners; strategic decisions by the Company or its competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy; and the timing of service and product development and new service and product initiatives. Any of such factors could have a material adverse effect on the Company's business, results of operations and financial condition.

### ***Additional Funds***

The Company's ability to continue as a going concern is dependent upon its ability in the future to grow its revenue and achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

### ***Use of Available Funds***

The Company cannot specify with certainty the particular uses of available funds. Management has broad discretion in the application of its proceeds. The Company's management may spend a portion or all of the available funds in ways that the Company's shareholders might not desire, that might not yield a favourable return and that might not increase the value of a shareholder's investment. The failure by management to apply these funds effectively could

harm the Company's business. Pending use of such funds, the Company might invest the available funds in a manner that does not produce income or that loses value.

***A substantial majority of the voting stock will be held by management whose interests may conflict with the interests of minority stockholders.***

Nano's chief executive officer and president will hold 59.2% of the Nano Shares of the Company after the completion of the transaction contemplated by the Arrangement and therefore such persons will be able to exert substantial control over the Company. It is not guaranteed that the interests of the majority stockholders will be in alignment with the interests of the Company's other stakeholders.

***Nano is highly dependent upon consumers' perception of the safety and quality of its products and if we fail to maintain adequate quality standards for our products and services, or if our products become subject to regulatory investigations, our business may be adversely affected and our reputation harmed.***

The OTC Product may not perform as intended. This could result in a product recall, market withdrawal, negative publicity or other events that would result in harm to our reputation, loss of customers or revenue, health and safety issues for our customers, product liability claims, refunds, order cancellations, or lack of market acceptance of our products and services. Any such defects, errors, or vulnerabilities would require us to take remedial action, which could require us to allocate significant research and development and customer support resources to address any such problems. Further, as we make acquisitions, we may encounter difficulties in integrating acquired technologies into our services and in augmenting those technologies to meet the quality standards that are consistent with our brand and reputation.

We are highly dependent upon consumers' perception of the safety and quality of the OTC Product as well as similar products distributed by other companies. Thus, the mere publication of reports asserting that the OTC Product may be harmful or adverse public reports or other media attention regarding the safety, efficacy and quality of healthcare supplements in general, or the OTC Product specifically, could have a material adverse effect on us, regardless of whether these reports are scientifically supported.

***Nano may fail to attract, acquire or retain customers at our current or anticipated future growth rate, or may fail to do so in a cost-effective manner, which would adversely affect our business, financial condition and results of operations.***

Our continued growth depends, in part, on our ability to attract, acquire and retain customers in a cost-effective manner. Numerous factors, however, may impede our ability to attract, acquire or retain customers, including our failure to attract, effectively train, retain, and motivate sales and marketing personnel, our failure to educate customers and health professionals about the benefits of the OTC Product, our failure to develop or expand relationships with our suppliers, our inability to convert initial adoption into ongoing recurring revenue and our failure to provide customer support once products are delivered.

***Nano does not have an operating history and has not collected any revenues and therefore its success will be completely dependent on the success of the OTC Product, CRAFT and its ability to successfully acquire and integrate other companies and strategic partnerships.***

Nano does not have an operating history or revenues from which to evaluate our business. Failure to reach our short-term development milestones with regards to the distribution and sale of the OTC Product and the integration of CRAFT's business may have a material adverse effect on our ability to create revenues. Additionally, the failure to successfully acquire or integrate future strategic partnerships could have a material adverse effect on our business.

***Nano may be unable to respond effectively to technological changes in its industry, which could reduce the demand for its products and services.***

Nano's future business success will depend upon its ability to maintain and enhance its product portfolio with respect to advances in technological improvements for certain products that meet customer needs and market conditions in a

cost-effective and timely manner. Nano may not be successful in gaining access to new products that successfully compete or are able to anticipate customer needs and preferences, and customers may not accept one or more of its products. If Nano fails to keep pace with evolving technological innovations or fails to modify its products and services in response to customers' needs or preferences, then Nano and our business, financial condition and results of operations could be adversely affected.

***Rapid technological change could cause products to become obsolete, and if Nano does not enhance its product offerings through research and development efforts, it may be unable to effectively compete.***

The technologies underlying Nano's proposed products are subject to rapid and profound technological change. Competition intensifies as technical advances in each field are made and become more widely known. We can give no assurance that others will not develop services, products, or processes with significant advantages over the products, services, and processes that Nano plans offer or is seeking to develop. Any such occurrence could have a material and adverse effect on Nano's and our business, results of operations and financial condition.

If Nano does not develop and, when necessary, obtain regulatory clearance or approval for its new products in time to meet market demand, or if there is insufficient demand for these products or enhancements, its results of operations will suffer. Nano's research and development efforts may require a substantial investment of time and resources before it is adequately able to determine the commercial viability of its products and platforms, technology, material or other innovation. In addition, even if Nano is able to successfully develop enhancements or new generations of its products, these enhancements or new generations of products may not produce sales in excess of the costs of development, and they may be quickly rendered obsolete by changing customer preferences or the introduction by competitors of products embodying new technologies or features.

***Our ongoing viability as a company depends on Nano's ability to successfully develop and commercialize its CureVeillance, CureStore, OpenCures and NanoCare platforms.***

Nano is focused on developing its CureVeillance, CureStore, OpenCures and NanoCare platforms. These platforms currently do not exist and are strictly in the research and development phase. The development and commercialization process of these platforms is both time-consuming and costly and involves a high degree of business risk. It is possible that these platforms are not developed or do not attain commercial success. The business results of these platforms are uncertain, and additionally there can be no assurance that Nano will be able to obtain regulatory approvals necessary to operate these platforms. If obtained, regulatory approval may take longer or be more expensive than anticipated. Furthermore, even if regulatory approvals are obtained, Nano's products and platforms may not perform as we expect and Nano may not be able to successfully and profitably produce and market any products or platforms.

***If the clinical trials conducted by the Housey Group are not successful, the Company may not realize a return on its USD\$40 million investment in the Housey Group.***

Nano plans to invest an aggregate of USD\$40 million in the Housey Group in exchange for a 25% equity interest in each of Housey Pharmaceutical Research Laboratories, LLC, a Michigan limited liability company, Housey Healthcare, Inc., a Delaware corporation and Housey Regenerative Medicines, Inc., a Delaware corporation. The Housey Group plans to use the USD\$40 million investment from Nano in part to pursue and conduct clinical trials of certain other pharmaceutical products. It is possible that the clinical trials for such products funded by Nano will not be successful, and in such case, Nano may not receive any return on the USD\$40 million investment in the Housey Group.

## **RISKS RELATED TO FINANCIAL REPORTING**

***The Company may experience adverse impacts on reported results of operations as a result of adopting new accounting standards or interpretations.***

The implementation of and compliance with changes in accounting rules, including new accounting rules and interpretations, could adversely affect the Company's reported financial position or operating results or cause unanticipated fluctuations in the reported operating results in future periods.

***Failure to adhere to financial reporting obligations and other public company requirements could adversely impact the market price of the Nano Shares.***

Upon receiving a final receipt for this Listing Document, the Company will become subject to reporting and other obligations under applicable Canadian securities laws and rules of any stock exchange on which the Nano Shares are then-listed, including National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*. These reporting and other obligations will place significant demands on the Company's management, administrative, operational and accounting resources. If the Company is unable to accomplish any such necessary objectives in a timely and effective manner, its ability to comply with financial reporting obligations and other rules applicable to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause the Company to fail to satisfy its reporting obligations or result in material misstatements in the financial statements. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially adversely affected which could also cause investors to lose confidence in its reported financial information, which could result in a reduction in the trading price of the Nano Shares.

The Company does not expect that its disclosure controls and procedures and internal controls over financial reporting will prevent all error or fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

***Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect reported financial results or financial condition.***

Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including but not limited to revenue recognition, impairment of goodwill and intangible assets, inventory, income taxes and litigation, are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change the Company's reported financial performance or financial condition in accordance with generally accepted accounting principles.

## **RISKS RELATING TO INDUSTRY AND BUSINESS**

### ***Competition Risks***

The Company operates in a competitive and emerging industry. Some of the Company's product and service offerings have competitors, or may in the future have competitors, which are already established with a wider variety of services and products, longer operating histories, greater name and brand recognition, larger customer bases, better products, and/or greater financial, technical, sales, marketing and other resources than the Company. This competition may result in reduced prices and reduced margins for the Company's services and products, or the Company's products and services becoming obsolete. The Company's competitors may be able to undertake more effective marketing campaigns, adopt more aggressive pricing policies, make more attractive offers to potential employees, customers and advertisers, or may be able to respond more quickly to new or emerging pharmaceutical products. If the Company is unable to retain customers or obtain new customers, its revenues could decline. If any of the Company's larger competitors were to commit greater technical, sales, marketing and other resources to the Company's markets, the Company's ability to compete would be adversely affected. If the Company is unable to successfully compete with its competitors, the Company's revenues will suffer and as a result the Company's business, results of operations and financial condition may be materially adversely affected.

### ***Regulatory Risks***

Compliance with laws, regulations and requirements may be onerous and expensive, and they may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance. A failure of the Company's products or services or a failure to appropriately update its products or services to reflect and comply with changes to existing laws or regulations or with new laws or regulations may contribute to violations by the Company's customers of such laws and regulations. If the Company's products and services fail to address relevant laws and regulations, it could be subject to claims by customers as well as potential claims by government agencies. Such claims could result in substantial cost and the Company could incur judgments to enter into settlements of claims that could have a material adverse effect on the Company's business, results of operations and financial condition. This increases the costs of doing business, and any such costs which may arise in the future as a result of changes in these laws and regulations or in their interpretation could individually or in the aggregate make the Company's services less attractive to its customers, limit the manner in which business is conducted, delay the introduction of new services in one or more regions, or cause the Company to change or limit its business practices. There can be no assurance that the Company will be able to increase fees or reduce its costs to fully offset any increase in costs or reduction in revenues that may result from such amendments, changes in practices or new laws which could have a material adverse effect on the Company's business, results of operations and financial condition. Furthermore, failure of the Company's services to address relevant laws and regulations could result in negative publicity, damage its reputation and brand, hinder its ability to attract new customers and cause the loss of current customers, all of which could have a material adverse effect on the Company's business, results of operations and financial condition.

### **PROMOTERS**

Steven G. Papermaster, of the Company is considered to be a promoter of Nano. Please see "*Directors and Executive Officers*" as being directly, involved in the founding, organizing or substantially reorganizing the business of Nano and in connection with such founding, has received more than 10% of the anticipated issued and outstanding Nano Shares in which are beneficially owned, or controlled or directed, directly or indirectly by Steven G. Papermaster.

No promoter of the Company is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company) that: (a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief financial officer of such issuer; or (b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that promoter was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as disclosed below, no promoter of the Company: (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that promoter was acting in that capacity, or within a year of that promoter ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such promoter.

No promoter of the Company has been subject to: (a) 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) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

On May 7, 2021, Nano Global was placed into receivership in Texas. Steven G. Papermaster is the principal of Nano Global. Both Nano Global and Steven G. Papermaster are debtors in the case.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

There are no outstanding legal proceedings material to the Company to which the Company is a party or in respect of which any of its properties are subject, nor are there any such proceedings known to the Company to be contemplated.

No penalties or sanctions have been imposed against the Company by a court relating to provincial and territorial securities legislation or otherwise or by a securities regulatory body or any other regulatory body within the three years immediately preceding the date of this Listing Document. Management of the Company are not aware of any such penalties or sanctions imposed against the Company.

The Company has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Listing Document. Management of Nano are not aware of any such settlement agreements entered into by the Company.

## **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as described elsewhere in this Listing Document, there are no material interests, direct or indirect, of any of Nano's proposed directors or executive officers, any shareholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of any class or series of the outstanding voting securities, or any associate or affiliate of any of the foregoing persons, in any transaction within the three years before the date hereof that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

## **AUDITOR, TRANSFER AGENT AND REGISTRAR**

Prior to the completion of the Arrangement, GreenGrowth CPAs Inc., located at 10250 Constellation Blvd. Los Angeles, California 90067, is Nano's auditor and has confirmed that it is independent of Nano within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants.

Prior to the completion of the Arrangement, GreenGrowth CPAs Inc., located at 10250 Constellation Blvd. Los Angeles, California 90067, is CRAFT's auditor and confirmed that it is independent of CRAFT within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants.

Upon completion of the Arrangement, GreenGrowth CPAs Inc., located at 10250 Constellation Blvd. Los Angeles, California 90067 will be the auditor of the Company and the transfer agent and registrar for the Nano Shares will be Odyssey Trust Company at its principal office located at 1230 300 5th Ave SW Calgary, Alberta T2P 3C4.

## **MATERIAL CONTRACTS**

This Listing Document includes a summary description of certain of Nano's material agreements upon completion of the Arrangement. The summary description discloses all attributes material to an investor in the Nano Shares but is not complete and is qualified by reference to the terms of the material agreements, which will be filed with the Canadian securities regulatory authorities and available on the system for electronic document analysis and retrieval ("SEDAR+"), at [www.sedarplus.com](http://www.sedarplus.com), under the Company's profile. Investors are encouraged to read the full text of such material agreements.

The following are the only material contracts that will be in effect upon Listing (other than certain agreements entered into in the ordinary course of business):

- the Cboe Escrow Agreement to be entered into between the Company and the Escrow Agent.
- the Arrangement Agreement.
- the Commitment Letter.
- Series A Preferred Stock Purchase Agreement by and among Housey Regenerative Medicines, Inc. and each of the investors listed on Exhibit A attached thereto. For further details, see "*Nano Housey Transactions*".

- Series A Preferred Unit Purchase Agreement by and among Housey Pharmaceutical Research Laboratories, LLC and each of the investors listed on Exhibit A attached thereto. For further details, see “*Nano Housey Transactions*”.
- Series A Preferred Stock Purchase Agreement by and among Housey Healthcare, Inc. and each of the investors listed on Exhibit A attached thereto. For further details, see “*Nano Housey Transactions*”.
- Collaboration Agreement by and among Nano, Housey Pharmaceutical Research Laboratories, LLC, Housey Healthcare, Inc. and Housey Regenerative Medicines, Inc. For further details, see “*Nano Housey Transactions*”.
- Distribution and Manufacturing Agreement by and between Nano and Housey Healthcare, Inc. For further details, see “*Nano Housey Transactions*”.

Copies of the foregoing documents will be available following the Listing on SEDAR at [www.sedar.com](http://www.sedar.com);

### **INTEREST OF EXPERTS**

The following are persons or companies whose profession or business gives authority to a statement made in this Listing Document as having prepared or certified a part of that document or report described in the Listing Document:

- McMillan LLP is the Company’s counsel with respect to Canadian legal matters herein;
- GreenGrowth CPAs Inc. is the external auditor of the Company and reported on the Company’s audited financial statements for the period ended September 2023, attached as Schedule A;
- GreenGrowth CPAs Inc., is the external auditor of CRAFT and reported on CRAFT’s audited financial statements for the year ended December 2022, attached as Schedule C;
- GreenGrowth CPAs Inc., is the external auditor of the Housey Group and reported on Housey Financial Statements for the year ended December 2023, attached as Schedule G;

To the knowledge of management of Nano, as of the date hereof, no expert, nor any associate or affiliate of such person has any beneficial interest, direct or indirect, in the property of Nano, or the anticipated property of the Company or of an associate or affiliate of any of them, and, as of the date hereof, each expert, or any associate or affiliate of such person, as a group, beneficially owns, directly or indirectly, less than 1% of the outstanding securities of Nano and no such person is or is expected to be elected, appointed or employed as a director, officer or employee of the Company or of an associate or affiliate thereof.

### **ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS**

Certain of the Company’s operations and assets will be located outside of Canada, and certain of the Company’s proposed directors, including, Steven G. Papermaster, Robert Aranda, Christopher Fitzgerald, Crystal Buckner, Shelly Lombard, Dr. Wai Pong Ng, and Robert Pitre reside outside of Canada. Although the current directors and officers who reside outside of Canada either have an office in Canada or have appointed Attn: James Munro, McMillan LLP, Royal Centre, 1055 W Georgia St #1500, Vancouver, BC V6E 4N7, as their agent for service of process in Canada, it may not be possible for investors to enforce against such persons judgments obtained in Canadian courts predicated on the civil liability provisions of applicable securities laws in Canada. Investors are advised that it may not be possible for them to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

### **OTHER MATERIAL FACTS**

To management’s knowledge, there are no other material facts relating to the securities of the Company upon completion of the Arrangement that are not otherwise disclosed in this Listing Document or are necessary for the Listing Document to contain full, true and plain disclosure of all material facts relating to the Company.

**CERTIFICATE OF NANO CURES INTERNATIONAL, INC.**

Dated: November 10, 2023

This Listing Document constitutes full, true, and plain disclosure of all material facts relating to the securities previously issued by Nano Cures International Inc. as required by the securities legislation of British Columbia.

On behalf of Nano Cures International, Inc. and the sole director of the Board of Directors

*“Steven G. Papermaster”*  
Chief Executive Officer and Director



**CERTIFICATE OF THE PROMOTER**

Dated: November 10, 2023

This Listing Document constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Listing Document as required by the securities legislation of British Columbia.

*“Steven G. Papermaster”*  
**Steven G. Papermaster**, Promoter

**Schedule A**  
**Audited Financial Statements of the Company for the period ended September 2023**

See attached.

# **NANO CURES INTERNATIONAL, INC.**

## **Financial Statements**

**For the period from June 22, 2023 (incorporation) to September 30, 2023**

(Expressed in US dollars)



## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Shareholders of  
Nano Cures International, Inc.

### **Opinion**

We have audited the financial statements of Nano Cures International, Inc. (the Company), which comprise the statement of financial position as of September 30, 2023, and the related statements of operations, changes in shareholders' deficit and cash flows for the period from June 22, 2023 (incorporation) to September 30, 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2023, and the results of its operations and its cash flows for the period from June 22, 2023 (incorporation) to September 30, 2023, in accordance with International Financial Reporting Standards (IFRS).

### **Basis for Opinion**

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

### **Emphasis of Matter - Material Uncertainty Related to Going Concern**

We draw attention to Note 1 of the financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Other than the matter described in the Material Uncertainty Related to Going Concern section, we have determined there are no key audit matters to be communicated in our report.

### **Responsibilities of Management and Those Charged with Governance for the Combined Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## Auditor's Responsibilities for the Audit of the Combined Financial Statements

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

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

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Furthermore, our responsibilities in a group audit are to: (i) obtain sufficient appropriate audit evidence regarding the combined financial information of the entities or business activities within the Group to express an opinion on the combined financial statements, (ii) being responsible for the direction, supervision and performance of the group audit and (iii) remain solely responsible for our audit opinion.

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

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

GreenGrowth CPAs

November 8, 2023

Marko Glisic  
GreenGrowth CPAs  
10250 Constellation Blvd.  
Los Angeles, CA 90067

**NANO CURES INTERNATIONAL, INC.**  
**Statement of Financial Position**  
(Expressed in US dollars)

	Note	September 30, 2023
		\$
<b>ASSETS</b>		
<b>Current</b>		
Cash		43,154
Advance to shareholder	6, 7	15
		43,169
Intangible asset	4	575,000
<b>Total assets</b>		<b>618,169</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities		434,616
Loans payable	5	1,185,000
<b>Total liabilities</b>		<b>1,619,616</b>
<b>SHAREHOLDERS' DEFICIT</b>		
Share capital	6	15
Deficit		(1,001,462)
<b>Total shareholders' deficit</b>		<b>(1,001,447)</b>
<b>Total liabilities and shareholders' deficit</b>		<b>618,169</b>

Nature of operations and going concern (Note 1)

Approved and authorized for issue on behalf of the Board of Directors:

\_\_\_\_\_  
/s/ "Steven Papermaster"  
Director

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

**NANO CURES INTERNATIONAL, INC.****Statement of Operations**

(Expressed in US dollars, except for per share amounts and number of shares)

	Note	Period from June 22, 2023 (incorporation) to September 30, 2023
		\$
<b>Operating expenses:</b>		
Administrative and office expenses		1,115
Amortization	4	25,000
Filing fees		731
Management fees	7	45,000
Marketing		55,000
Professional fees		874,616
<b>Net loss</b>		<b>(1,001,462)</b>
<b>Net loss per share:</b>		
Basic and diluted		(667.64)
<b>Weighted average number of common shares:</b>		
Basic and diluted		1,500

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

**NANO CURES INTERNATIONAL, INC.**  
**Statement of Cash Flows**  
(Expressed in US dollars)

	Period from June 22, 2023 (incorporation) to September 30, 2023
	\$
<b>Operating activities:</b>	
Net loss	(1,001,462)
Adjustments to non-cash items:	
Amortization	25,000
Changes in non-cash working capital:	
Accounts payable and accrued liabilities	434,616
<b>Cash used in operating activities</b>	<b>(541,846)</b>
<b>Investing activity</b>	
Payments made to acquire a license	(600,000)
<b>Cash used in investing activity</b>	<b>(600,000)</b>
<b>Financing activity</b>	
Proceeds received from loans payable	1,185,000
<b>Cash provided by financing activity</b>	<b>1,185,000</b>
Change in cash	43,154
Cash, beginning of year	-
<b>Cash, end of year</b>	<b>43,154</b>

**Supplemental disclosures pertaining to cash flows:**

During the period from June 22, 2023 (incorporation) to September 30, 2023, the Company did not make any cash interest payments and did not pay any cash for income taxes.

During the period from June 22, 2023 (incorporation) to September 30, 2023, the Company had a non-cash financing activity in the form of an advance to its shareholder for the issuance of incorporation shares of \$15.



**NANO CURES INTERNATIONAL, INC.****Statement of Changes in Shareholders' Deficit**

(Expressed in US dollars, except number of shares)

	<b>Number of common shares</b>	<b>Common stock</b>	<b>Deficit</b>	<b>Total shareholders' deficit</b>
	<b>#</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, June 22, 2023 (date of incorporation)	-	-	-	-
Issuance of incorporation shares	1,500	15	-	15
Net loss	-	-	(1,001,462)	(1,001,462)
<b>Balance, September 30, 2023</b>	<b>1,500</b>	<b>15</b>	<b>(1,001,462)</b>	<b>(1,001,447)</b>

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

**NANO CURES INTERNATIONAL, INC.**

**Notes to the Financial Statements**

**For the period from June 22, 2023 (incorporation) to September 30, 2023**

(Expressed in US dollars, except where noted)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Nano Cures International, Inc. (the "Company") was incorporated pursuant to the General Corporation Law of the State of Delaware on June 22, 2023. The Company's registered office is located at 1209 Orange Street, Wilmington, New Castle, Delaware, United States of America (the "USA").

The Company is a private entity that focuses on transforming the development and delivery of cures to major health conditions and diseases.

These financial statements for the period from June 22, 2023 (incorporation) to September 30, 2023 (the "financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. As at September 30, 2023, the Company has a working capital deficiency of \$1,576,447 and an accumulated deficit of \$1,001,462. For the period from June 22, 2023 (incorporation) to September 30, 2023, the Company incurred a loss of \$1,001,462 and used cash in operating activities of \$541,846. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

On August 23, 2023, the Company entered into a financing commitment letter (the "Two S Financing") with Two S Holding Sole Proprietorship LLC ("Two S") to receive gross proceeds of no less than \$2,500,000,000. Proceeds from the Two S Financing will be used to complete the Housey Transactions. As at September 30, 2023, the Company has not received any proceeds from the Two S Financing.

**2. BASIS OF PREPARATION**

**a) Statement of compliance**

These financial statements were approved by the Board of Directors and authorized for issue on November 8, 2023.

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

**b) Basis of presentation**

These financial statements have been prepared on a historical cost basis. These financial statements have been prepared using the accrual basis of accounting except for cash flow information.

**c) Functional and presentation currency**

These financial statements are presented in United States dollars ("US dollar" or "USD") which is also the Company's functional currency. The functional currency is the currency of the primary economic environment in which an entity operates.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**a) Cash**

The Company's cash includes deposits held on call with banks in the USA.

**NANO CURES INTERNATIONAL, INC.****Notes to the Financial Statements****For the period from June 22, 2023 (incorporation) to September 30, 2023**

(Expressed in US dollars, except where noted)

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****b) Financial instruments**Classification

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of its financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, the Company can make an irrevocable election (on an instrument-by-instrument basis) on the day of acquisition to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

A summary of the Company's classification of financial instruments under IFRS 9 *Financial Instruments* is as follows:

<b>Financial instrument</b>	<b>Classification</b>
Financial assets	
Cash	Amortized cost
Financial liabilities	
Accounts payable	Amortized cost
Loans payable	Amortized cost

Measurement

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are recorded in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recognized in net income (loss) in the period in which they arise. Where management has opted to recognize financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

*Financial assets at FVTOCI*

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTOCI are recognized in other comprehensive income (loss). The Company does not have any FVTOCI financial assets.

*Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses.

The Company recognizes the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required as an impairment gain or loss through profit or loss.

**NANO CURES INTERNATIONAL, INC.****Notes to the Financial Statements****For the period from June 22, 2023 (incorporation) to September 30, 2023**

(Expressed in US dollars, except where noted)

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**Derecognition*Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

*Financial liabilities*

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

**c) Intangible asset**

The intangible asset is comprised of amounts paid for intellectual property such as the distribution and manufacturing license.

At the end of each reporting period, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication of impairment. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognized immediately in profit or loss.

When an impairment subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been previously recognized. A reversal of an impairment loss is recognized immediately in profit or loss. An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized.

Amortization is calculated on a straight-line basis over the estimated useful lives of the asset.

A summary of the terms used by the Company to calculate amortization is as follows:

<b>Class of intangible asset</b>	<b>Amortization method</b>	<b>Amortization period</b>
Intellectual property	Straight-line	6 years

**d) Share capital**

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, and warrants are classified as equity instruments.

The Company records proceeds from share issuances net of issue costs and any tax effects in equity. Common shares issued for consideration other than cash are valued based on their fair value on the date of issuance.

**e) Loss per share**

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. Diluted loss per share is the same as basic loss per share because the effects of potentially dilutive common shares would be anti-dilutive.

**NANO CURES INTERNATIONAL, INC.****Notes to the Financial Statements****For the period from June 22, 2023 (incorporation) to September 30, 2023**

(Expressed in US dollars, except where noted)

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****f) Significant accounting policy judgements and key sources of estimation uncertainty**

The preparation of these financial statements requires management to exercise significant judgments in applying the Company's accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual future outcomes could differ from present estimates and assumptions, which may require material adjustments to the Company's financial statements. Revisions to accounting estimates are accounted for prospectively.

Significant judgments exercised by management in applying the Company's accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Going concern presentation

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Management assesses the Company's ability to continue as a going concern at each reporting date using all quantitative and qualitative information available. This assessment, by its nature, relies on estimates and assumptions of future cash flows and other events (Note 1), whose subsequent changes could materially impact the validity of the assessment.

Determination of functional currency

The functional currency for the Company is the currency of the primary economic environment in which the entity operates. Determination of functional currency involves certain judgements to determine the primary economic environment of an entity. The Company re-evaluates the functional currency of its entities when there is a change in events and conditions which previously determined the primary economic environment of an entity.

**g) New accounting standards and interpretations not yet adopted**

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards as they are not applicable to the financial statements.

**4. INTANGIBLE ASSET**

A summary of the Company's intangible asset is as follows:

	<b>License</b>
	<b>\$</b>
<b>Cost</b>	
Balance, June 22, 2023 (date of incorporation)	-
Addition	<b>600,000</b>
<b>Balance, September 30, 2023</b>	<b>600,000</b>
<b>Accumulated amortization</b>	
Balance, June 22, 2023 (date of incorporation)	-
Amortization	<b>25,000</b>
<b>Balance, September 30, 2023</b>	<b>25,000</b>
<b>Carrying value</b>	
Balance, June 22, 2023 (date of incorporation)	-
<b>Balance, September 30, 2023</b>	<b>575,000</b>

**NANO CURES INTERNATIONAL, INC.****Notes to the Financial Statements****For the period from June 22, 2023 (incorporation) to September 30, 2023**

(Expressed in US dollars, except where noted)

**4. INTANGIBLE ASSET (continued)**

During June 2023, the Company entered into a distribution and manufacturing agreement (the "Licensing Agreement") with HHI to acquire an exclusive license to manufacture and distribute certain over-the-counter pharmaceutical products (the "Products") worldwide, in exchange for a consideration of \$600,000. The term of the agreement is 5 years, which shall thereafter automatically be renewed for 1 year at no additional cost, unless otherwise terminated in accordance with the Licensing Agreement. Amortization expense has been calculated using the expected useful life of 6 years, which assumes the term of the agreement will automatically renew.

In addition to the consideration, the Company is required to pay HHI 33% of all net profits generated from the sale of the Products during the term of the agreement. During the period from June 22, 2023 (incorporation) to September 30, 2023, the Company did not generate sales of the Products.

**5. LOANS PAYABLE**

A summary of the Company's loans payable is as follows:

	<b>Loans payable</b>
	<b>\$</b>
Balance, June 22, 2023 (date of incorporation)	-
Additions	<b>1,185,000</b>
<b>Balance, September 30, 2023</b>	<b>1,185,000</b>

During the period from June 22, 2023 (incorporation) to September 30, 2023 the Company received cash in the form of loans payable to third parties. The loans are unsecured and non-interest bearing with no fixed terms of repayment.

**6. SHARE CAPITAL****Authorized and issued share capital**

The Company is authorized to issue 1,500 shares at par value of \$0.01 per share. During the period from June 22, 2023 (incorporation) to September 30, 2023, the Company issued 1,500 shares in exchange for an advance to the shareholder of \$15 pursuant to the incorporation of the Company.

**7. RELATED PARTY TRANSACTIONS**

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

A summary of the Company's transactions with key management personnel is as follows:

	<b>September 30, 2023</b>
	<b>\$</b>
Management fees	<b>45,000</b>
	<b>45,000</b>

As at September 30, 2023, the Company did not owe any amounts to directors and officers of the Company or companies controlled by directors and officers of the Company.

As at September 30, 2023, the Company has an advance due from the shareholder of \$15 in connection with the issuance of incorporation shares (Note 6).

**NANO CURES INTERNATIONAL, INC.**

**Notes to the Financial Statements**

**For the period from June 22, 2023 (incorporation) to September 30, 2023**

(Expressed in US dollars, except where noted)

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**8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's financial instruments are comprised of cash, accounts payable, and loans payable which are measured at amortized cost. The carrying values of cash, accounts payable, and loans payable approximate their fair values due to their short-term nature.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

**a) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. The Company's credit risk relates primarily to cash. The Company minimizes its credit risk related to cash by placing cash with major financial institutions.

**b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. As the Company's operations do not generate cash, financial liabilities are discharged using funding through the issuance of common share or debt as required.

As at September 30, 2023, the Company had cash of \$43,154, accounts payable and accrued liabilities of \$434,616 and loans payable of \$1,185,000. As discussed in Note 1, the Company will require additional funding to meet its ongoing obligations.

**9. CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern. The Company defines capital to be shareholders' equity. As at September 30, 2023, the Company had shareholders' deficiency of \$1,001,447. The Company manages its capital structure and makes adjustments to it for changes in economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances. The Company is not subject to externally imposed capital requirements.

There have not been changes to the Company's capital management policy during the year.

**Schedule B**  
**Management's Discussion & Analysis for the Company for the period ended September 2022**

See attached.



# **NANO CURES INTERNATIONAL, INC.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **INTRODUCTION**

The following Management's Discussion and Analysis ("MD&A") of Nano Cures International, Inc. (the "Company") is prepared as of November 7, 2023 and should be read in conjunction with the Company's audited financial statements and the notes thereto for the period from incorporation on June 22, 2023 to September 30, 2023, which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

### **DESCRIPTION OF BUSINESS**

Nano Cures International, Inc. was incorporated on June 20, 2023.

On September 27, 2023, the Company entered into a definitive arrangement agreement (the "Arrangement Agreement") pursuant to which the Company and CRAFT 1861 Global Holdings Inc. ("Craft") agreed to combine their respective businesses (the "Transaction"). The Company will acquire all of the issued and outstanding shares of Craft in exchange for aggregate cash and equity securities of the Company combined equaling a total of \$1,849,040,480 consisting of: (i) aggregate cash consideration of \$474,040,780 and (ii) shares of Company common stock representing 25% of the issued and outstanding shares of the Company upon closing of the Transaction. The Transaction is subject to the receipt of all necessary regulatory, court and other approvals and the satisfaction of certain other closing conditions customary for a transaction of this nature.

During the period from June 22, 2023 (incorporation) to September 30, 2023, the Company entered into a unit purchase agreement and two share purchase agreements (collectively, the "Housey Transactions") with Housey Pharmaceutical Research Laboratories, LLC ("Housey LLC") and its subsidiaries namely Housey Healthcare, Inc. ("HHI") and Housey Regenerative Medicine Inc. ("HRMI" and together with Housey LLC and HHI, the "Housey Group"). Pursuant to the Housey Transactions, the Company acquired a 25% equity interest in each of Housey LLC, HHI and HRMI and the exclusive worldwide rights to produce, distribute, and market the OTC Product.

On August 23, 2023 the Company entered into that certain Equity Commitment Letter with Two S Holding Sole Proprietorship LLC, a limited liability company founded under the laws of Abu Dhabi, UAE, on behalf of itself and its sovereign wealth affiliates, Pure Health UAE, ADQ and ADIA ("Two S") pursuant to which Two S committed to provide the Company with financing of up to at least \$2,500,000,000 in the aggregate. The Company has drawn down on an aggregate of \$550,000,000 from such commitment.

**Schedule C**  
**Audited Financial Statements of CRAFT for the years ended December 31, 2022 and 2021**

See attached.

**CRAFT 1861 Global Holdings Inc.**  
**(FORMERLY BGP ACQUISITION CORP.)**

**FINANCIAL STATEMENTS**

**For the year ended December 31, 2022 and 2021**

(In U.S. Dollars)

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**

**Table of  
Contents**

Independent Auditor's Report..... 2

Statements of Financial Position ..... 5

Statements of Loss and Comprehensive Loss ..... 6

Statements of Changes in Shareholders’ Deficiency ..... 7

Statements of Cash Flows ..... 8

Notes to Financial Statements ..... 8

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Shareholders of CRAFT 1861 Global Holdings Inc. (Formerly BGP Acquisition Corp.)

### **Opinion**

We have audited the financial statements of CRAFT 1861 Global Holdings Inc. (the Company), which comprise the statement of financial position as at December 31, 2022 and the related statements of loss and comprehensive loss, statement of changes in shareholder's deficiency, and statement of changes in cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### **Basis for Opinion**

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

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other Matter**

The financial statements of BGP Acquisition Corp. for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on April 4, 2022.

### **Other Information**

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Furthermore, our responsibilities in a group audit are to: (i) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements., (ii) being responsible for the direction, supervision and performance of the group audit and (iii) remain solely responsible for our audit opinion.

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

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

*"GreenGrowth CPAs"*

June 30, 2023

Marko Glisic  
GreenGrowth CPAs  
10250 Constellation Blvd.  
Los Angeles, CA 90067

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**Statements of Financial Position**  
(In U.S. Dollars)

As at December 31,	2022 (\$)	2021 (\$)
<b>ASSETS</b>		
<b>Current</b>		
Cash	25,428	233,301
Prepays	42,309	253,608
<b>Total current assets</b>	<b>67,737</b>	<b>486,909</b>
Restricted cash and short-term investments held in escrow (Note 6)	763,447	115,052,144
<b>Total assets</b>	<b>831,184</b>	<b>115,539,053</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	2,292,545	602,083
Promissory note payable to related party (Note 11)	35,000	-
Convertible promissory notes payable to related parties (Note 11)	399,779	244,953
Class A restricted voting shares subject to redemption (Note 7)	241,063	109,903,672
Withholding tax payable to Canada Revenue Agency (Note 6)	351,115	-
Deferred underwriter's commission (Note 10)	4,025,000	4,025,000
Warrant liability (Note 8)	475,200	3,682,800
<b>Total current liabilities</b>	<b>7,819,702</b>	<b>118,458,508</b>
<b>Shareholders' deficiency</b>		
Share capital (Note 9)	3,146,848	3,424,315
Contributed Surplus (Note 11)	41,928	37,588
Deficit	(10,177,294)	(6,381,358)
<b>Total shareholders' deficiency</b>	<b>(6,988,518)</b>	<b>(2,919,455)</b>
<b>Total liabilities and shareholders' deficiency</b>	<b>831,184</b>	<b>115,539,053</b>

Organization and nature of operations (Note 1)

Approved on behalf of the Board

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

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**Statements of Loss and Comprehensive Loss**  
(In U.S. Dollars)

	Year Ended December 31, 2022 (\$)	Year Ended December 31, 2021 (\$)
<b>Income</b>		
Interest income (Note 6)	<u>594,646</u>	<u>52,144</u>
<b>Expenses</b>		
Administration fee (Note 11)	121,313	110,000
Accretion of listing costs (Note 7)	5,096,151	7,353,156
Bank service charge	2,371	1,502
Advertisement expenses	7,229	-
Interest expense (Note 11)	34,166	7,541
Business taxes	-	800
Insurance	212,500	194,791
Printing	19,679	5,731
Professional fees	1,435,043	838,551
Net interest expense paid upon redemption (Note 6)	475,698	-
Listing expenses (Note 10)	182,830	347,247
Travel expenses	11,202	8,582
Total expenses	<u>7,598,182</u>	<u>8,867,901</u>
Loss before undernoted	(7,003,536)	(8,815,757)
Other income		
Fair value adjustment (Note 8)	3,207,600	2,435,400
<b>Net loss and comprehensive loss for the period</b>	<u>(3,795,936)</u>	<u>(6,380,357)</u>
Weighted average Class B Shares to Founders shares outstanding, basic and diluted	3,475,001	3,132,261
<b>Loss per share (basic and fully diluted)</b>	(1.09)	(2.04)

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



**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**Statements of Changes in Shareholders' Deficiency**  
**For the Year Ended December 31, 2022 and 2021**  
(In U.S. Dollars)

<b>Share capital</b>	<b>Number of Shares</b>	<b>Share Capital (\$)</b>	<b>Contributed Surplus (\$)</b>	<b>(Deficit) (\$)</b>	<b>Total Shareholders' Deficiency (\$)</b>
<b>Outstanding, December 31, 2020</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>(1,001)</b>	<b>(1,000)</b>
Issuance of Founder Class B Shares	2,995,000	25,000	-	-	25,000
Issuance of Underwriter Class B Shares	100,000	1,000	-	-	1,000
Issuance of Sponsor Class B Units	380,000	3,800,000	-	-	3,800,000
Class B transaction costs (Note 10)	-	(205,986)	-	-	(205,986)
Reclassified to Warrant liability (Notes 8 & 9)	-	(195,700)	-	-	(195,700)
Issuance of promissory notes (Note 11)	-	-	37,588	-	37,588
Net loss	-	-	-	(6,380,357)	(6,380,357)
<b>Outstanding, December 31, 2021</b>	<b>3,475,001</b>	<b>3,424,315</b>	<b>37,588</b>	<b>(6,381,358)</b>	<b>(2,919,455)</b>
Issuance of promissory notes (Note 11)	-	-	4,340	-	4,340
Share issue costs for Qualifying Transaction (Note 9)	-	(277,467)	-	-	(277,467)
Net loss	-	-	-	(3,795,936)	(3,795,936)
<b>Outstanding, December 31, 2022</b>	<b>3,475,001</b>	<b>3,146,848</b>	<b>41,928</b>	<b>(10,177,294)</b>	<b>(6,988,518)</b>

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

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**Statements of Changes in Cash Flows**  
**For the Year Ended December 31, 2022 and 2021**  
(In U.S. Dollars)

	Year ended December 31 2022 (\$)	Year ended December 31 2021 (\$)
<b>Operating Activities:</b>		
Net loss	(3,795,936)	(6,380,357)
Non-cash items included in net income (loss):		
Interest income	(594,646)	(52,144)
Accretion of listing costs	5,096,151	7,353,156
Net unrealized gain on changes in the fair value of financial liabilities	(3,207,600)	(2,435,400)
Net interest expense paid upon redemption	475,698	-
Interest expense on promissory notes	34,166	7,541
Changes in non-cash operating working capital		
Prepays	211,299	(22,168)
Accounts payable and accrued liabilities	1,412,995	390,762
<b>Net cash used in operating activities</b>	<u>(367,873)</u>	<u>(1,138,610)</u>
<b>Investing Activities:</b>		
Restricted cash and short-term investments held in escrow	-	(115,000,000)
<b>Net cash used in investing activities</b>	<u>-</u>	<u>(115,000,000)</u>
<b>Financing Activities:</b>		
Advances from related parties	160,000	253,881
Proceeds from issuance of Class B Shares to Founders	-	25,000
Proceeds from sale of Class B Shares to Sponsor	-	3,800,000
Proceeds from sale of Class B Shares to Underwriter	-	1,000
Proceeds from sale of Class A Restricted Voting Units	-	115,000,000
Transaction costs allocated to Class A Restricted Voting Shares	-	(2,501,984)
Transaction costs allocated to Class B Shares	-	(205,986)
<b>Net cash provided by financing activities</b>	<u>160,000</u>	<u>116,371,911</u>
<b>Net Change in Cash</b>	<u>(207,873)</u>	<u>233,301</u>
Cash – Beginning of period	233,301	-
<b>Cash – End of period</b>	<u>25,428</u>	<u>233,301</u>
<b>Non-cash investing and financing transactions not included in cash flows</b>		
Accrued share issue costs	277,467	-
Redemption of Class A Restricted Voting Shares	114,883,383	-

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

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**Statements of Changes in Cash Flows**  
**For the Year Ended December 31, 2022 and 2021**  
(In U.S. Dollars)

**1. INCORPORATION AND NATURE OF OPERATIONS**

CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.) (the “Corporation”) was a special purpose acquisition corporation which was incorporated for the purpose of effecting an acquisition of one or more businesses or assets, by way of a merger, amalgamation, arrangement, share exchange, asset acquisition, share purchase, reorganization, or any other similar business combination involving the Corporation (a “Qualifying Transaction”). The Corporation’s business activities are carried out in a single business segment. The Corporation’s Qualifying Transaction closed on February 28, 2023, at which time the Corporation changed its name to CRAFT 1861 Global Holdings Inc. The Corporation’s subordinate voting shares (the “Subordinate Voting Shares”) and warrants (the “Warrants”) are listed and posted for trading on the Neo Exchange Inc. (the “Exchange”) under the symbols “HUMN” and “HUMN.WT.A”, respectively.

The Corporation was incorporated on May 22, 2020 under the *Business Corporation Act* (British Columbia), and is domiciled in Canada. The registered office of the Corporation is located at 1550 Royal Centre, 1055 West Georgia Street, P.O. Box 11117, Vancouver BC V6E 4N7, Canada. The head office of BGP Acquisition Sponsor LP (the “Sponsor”) is located at 251 Little Falls Drive, Wilmington, DE, 19808.

**Continuance of operations**

The Corporation’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of a participation in or an interest in one or more businesses. Such an acquisition was completed subsequent to year end (Note 15).

**Risks and uncertainties**

Management continues to evaluate the impact of the COVID-19 pandemic as well as possible negative economic and other consequences from Russia’s military action against Ukraine and the sanctions imposed in response to that action. Management has concluded that while it is reasonably possible that the virus and/or the Russian military action could have a negative effect on the Corporation’s financial position, results of its operations, and/or search for a target company, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**2. BASIS OF PRESENTATION**

**Statement of Compliance**

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of financial statements, including interpretations of the IFRS Interpretations Committee (“IFRIC”).

**Basis of Presentation**

The financial statements are presented in US dollars (“USD”), which is the Corporation’s functional and presentation currency. The financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these financial statements.

The policies applied in these Financial Statements are based on IFRSs issued and outstanding as of March 30, 2022, the date the Board of Directors approved the Financial Statements. Any subsequent changes to IFRS that are given effect in the Corporation’s annual financial statements for the year ending December 31, 2022 could result in restatement of these Financial Statements. The Corporation does not believe that any accounting standards that have been recently issued but which are not yet effective would have a material effect on the Condensed Interim Financial Statements if such accounting standards were currently adopted.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**Statements of Changes in Cash Flows**  
**For the Year Ended December 31, 2022 and 2021**  
(In U.S. Dollars)

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Financial Instruments**

##### *Recognition*

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes a party to the contractual provisions of the instruments.

The Corporation classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

##### *Measurement*

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). The Class A Restricted Voting Shares subject to redemption have been classified as liabilities for accounting purposes and are recorded at amortized cost. Accounts payable and accrued liabilities are also recognized at amortized cost.

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

#### **Estimates**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates used in the financial statements.

#### **Cash**

Cash consists of cash held at financial institutions.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**Statements of Changes in Cash Flows**  
**For the Year Ended December 31, 2022 and 2021**  
(In U.S. Dollars)

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Foreign Currencies**

The Corporation's financial statements are presented in USD. Transactions in currencies other than the Corporation's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Exchange differences are recognized in profit or loss in the period in which they arise.

**Taxation**

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

**Earnings (loss) per Share**

Basic earnings (loss) per share is calculated by dividing the net income or loss attributable to equity holders of the Corporation by the weighted average number of common shares outstanding during the period.

Diluted earnings (loss) per share is calculated by dividing the net income or loss attributable to equity holders of the Corporation by the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares. The weighted average number of common shares outstanding is increased by the total number of additional common shares that would have been issued by the Corporation assuming exercise of all share options and warrants with exercise prices below the average market price for the period.

Basic income or loss per common share is calculated by dividing the net income or loss by the weighted average number of Class B shares outstanding during the period. The calculation excludes the effect of Class A Restricted Voting Shares, as the Class A Restricted Voting Shares have been classified in these financial statements as financial liabilities.

**Share issue costs**

Incremental costs directly attributable to the issue of new common shares are recognized in equity, net of tax, as a deduction from the share proceeds (share issue costs). Share issue costs incurred in advance of share subscriptions are recorded as a deduction from equity. Share issuance costs related to uncompleted share subscriptions are charged to operations.

**Recently Adopted Accounting Standards**

Certain pronouncements were issued by the IASB or IFRIC. Many are not applicable or do not have a significant impact to the Corporation and have therefore been excluded:

- Amendments to References to Conceptual Framework in IFRS;
- IAS 16 Property, Plant and Equipment (Amendment – Proceeds before Intended Use)
- Conceptual Framework for Financial Reporting (Amendments to IFRS 3)

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**Statements of Changes in Cash Flows**  
**For the Year Ended December 31, 2022 and 2021**  
(In U.S. Dollars)

**3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Future Accounting Pronouncements**

Certain pronouncements were issued by the IASB or IFRIC. Many are not applicable or do not have a significant impact to the Corporation and have been excluded. The following amended standards and interpretations have not yet been adopted and are not expected to have a significant impact on the Corporation's financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards;
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41);
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Deferred Tax related to Assets and Liabilities from a Single Transaction; and
- IFRS 17 Insurance Contracts.

**4. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of these financial statements requires the Corporation to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates and assumptions affect the Corporation's reported amounts of assets, liabilities, and items in net income or loss, and the related disclosure of contingent assets and liabilities, if any. The Corporation evaluates its estimates on an ongoing basis. Such estimates are based on various assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amounts of items in net income or loss that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The following discusses the most significant accounting judgments, estimates and assumptions that the Corporation has made in the preparation of these financial statements.

**Fair Value of Financial Instruments**

Certain financial instruments are recorded in the Corporation's statement of financial position at values that are representative of or approximate their fair value. The fair value of a financial instrument that is traded in active markets at each reporting date is determined by reference to its quoted market price. If the financial instrument does not trade on an active market, the Corporation will use a binomial model to measure the fair value of the financial instrument. Application of the binomial model requires estimates in expected volatility in the underlying assets and the expected life of the financial instrument. Changes in the underlying trading value or estimates may significantly affect the amount of net income or loss for a particular period. Furthermore, the quoted market price or option price of a financial liability may not be equal to the amount that the Corporation may have to pay in settlement of the underlying obligation, should such obligation become immediately payable. The Corporation reviews assumptions relating to financial instruments on an ongoing basis to ensure that the basis for determination of fair value is appropriate.

**Warrant Valuations**

Pursuant to the Corporation's Offering (as defined herein) of Class A restricted voting units, the Corporation issued Warrants. The Corporation also issued Warrants as part of the Class B units issued to Founders. Estimating the fair value of warrants requires determining the most appropriate valuation model that is dependent on the terms and conditions of the Warrant. To the extent a quoted market value is not available, the Corporation applies a binomial model to measure the fair value of the Warrants issued. Application of the binomial model requires estimates in expected volatility in the underlying assets and the expected life of the Warrant. These estimates may ultimately be different from amounts subsequently realized, resulting in an overstatement or understatement of net income or loss.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**Statements of Changes in Cash Flows**  
**For the Year Ended December 31, 2022 and 2021**  
(In U.S. Dollars)

**4. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)**

**Income Taxes**

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that in the future, an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

**5. INITIAL PUBLIC OFFERING**

On February 4, 2021 (the “Offering Date”), the Corporation closed its Canadian initial public offering (the “Offering”) of 11,500,000 Class A restricted voting units (“Class A Restricted Voting Units”), including the exercise of the over-allotment option in the amount of 1,150,000 Class A Restricted Voting Units, at \$10.00 per Class A Restricted Voting Unit. Each Class A Restricted Voting Unit consists of one Class A Restricted Voting share (“Class A Restricted Voting Share”) and one-half of a share purchase warrant (each, a “Warrant”). Holders of Class A Restricted Voting Shares are entitled to redeem their shares under certain requirements. However, all Class A Restricted Voting Shares will be subject to redemption in the event that a Qualifying Transaction is not completed within the permitted timeline. Upon the closing of a Qualifying Transaction, each Class A Restricted Voting Share, unless previously redeemed, will be automatically converted into one Subordinate Voting Share and each Class B share will be automatically converted on a 100-for-1 basis into new Proportionate Voting Shares of the Corporation, as set forth in the notice of articles and articles of the Corporation (the “Proportionate Voting Shares”). The Warrants will become exercisable, at an exercise price of \$11.50, commencing 65 days after the completion of the Qualifying Transaction and will expire on the day that is five years after the completion of the Qualifying Transaction or earlier. As the outstanding Class A Restricted Voting Shares are to be automatically converted into Subordinate Voting Shares on completion of a Qualifying Transaction, each whole Warrant outstanding will be exercisable for one Subordinate Voting Share, and at no time are the Warrants expected to be exercisable for Class A Restricted Voting Shares.

On February 3, 2021, the Sponsor, Ruth Epstein, Don Jennings, Brian Kabot, Lisa Sergi Trager, Scott Riley and Erik Ott collectively (the “Founders”) purchased an aggregate of 2,995,000 Class B shares, also referred to as the “Founders’ Shares”, for an aggregate price of \$25,000, or approximately \$0.0083 per Founders’ Share. Prior to the Offering Date, the Corporation also issued to the underwriter and its designees 100,000 Class B shares (the “Underwriter’s Shares”) for an aggregate price of \$1,000, or approximately \$0.01 per Underwriter’s Share. The terms of the Underwriter’s Shares and Founders’ Shares are identical in all respects. In addition, concurrent with closing of the Offering, the Sponsor purchased 380,000 Class B units of the Corporation (each consisting of one Class B share and one-half of a Warrant) for a purchase price of \$10.00 per Class B unit (for an aggregate purchase price of \$3,800,000), resulting in aggregate proceeds of approximately \$3,800,000 to the Corporation.

The Offering was undertaken by the Corporation pursuant to the terms of an underwriting agreement (the “Underwriting Agreement”) dated January 28, 2021 among the Corporation, the Sponsor and the Underwriter. Pursuant to the Underwriting Agreement, the Corporation paid \$2,300,000 to the underwriter on the closing of the Offering, being part of the underwriter’s fee. The balance of the underwriter’s fee, being \$4,025,000, is deferred and will be paid to the underwriter upon the closing of the Qualifying Transaction from the funds held in the escrow account. The deferred amount will be paid according to the Qualifying Transaction Marketing Agreement dated January 28, 2021 between the Corporation and the underwriter (the “QTMA”). Pursuant to the QTMA, the Corporation engaged the underwriter in connection with its Qualifying Transaction to assist the Corporation in holding meetings with its shareholders to discuss the potential Qualifying Transaction and the target business’ attributes, introduce the Corporation to potential investors that are interested in purchasing the Corporation’s securities in connection with the Qualifying Transaction, assist the Corporation in obtaining shareholder approval for the Qualifying Transaction, if applicable, and assist the Corporation with its press releases and public filings in connection with the Qualifying Transaction. The Corporation will pay the underwriter a cash fee for such services upon the consummation of a Qualifying Transaction in an amount equal to \$4,025,000, being the deferred amount, provided that up to 30% of the deferred amount may be allocated at the Corporation’s sole discretion to other regulated entities that assist the Corporation in identifying and consummating a Qualifying Transaction.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**Statements of Changes in Cash Flows**  
**For the Year Ended December 31, 2022 and 2021**  
(In U.S. Dollars)

**5. INITIAL PUBLIC OFFERING (Continued)**

Upon the closing of the Offering, the Corporation placed \$10.00 per Class A Restricted Voting Unit (an aggregate of \$115,000,000) in an escrow account. None of the funds held in the escrow account will be released from the escrow account until the earliest of:

- i. the closing of a Qualifying Transaction within the Permitted Timeline (as defined below);
- ii. a redemption (on the closing of a Qualifying Transaction or on an extension of the Permitted Timeline) of, or an automatic redemption of, Class A Restricted Voting Shares; and
- iii. a winding-up.

Proceeds held in the escrow account may also be used to satisfy the requirement of the Corporation to pay taxes on the interest or certain other amounts earned on the escrowed funds and for payment of certain expenses.

The escrowed funds will also be used to pay the deferred underwriting commission in the amount of US\$4,025,000, which (subject to availability, failing which any shortfall shall be made up from other sources) will be payable by the Corporation to the underwriter upon the closing of a Qualifying Transaction. The deferred amount will be paid according to the QTMA. The per share amount will be distributed to holders of Class A Restricted Voting Shares who properly redeem their shares, which will not be reduced by the deferred underwriting commission to be paid to the underwriter. The holders of Class B shares (including holders of Class B units), being the Sponsor, Founders and the underwriter (and its designees) do not have access to, and cannot benefit from, any proceeds held in the escrow account, and as such, do not have any redemption rights with respect to their Class B shares and/or Class B units. The Qualifying Transaction must occur within a permitted timeline, being no later than November 4, 2022, subject to an extension. The Permitted Timeline could be extended to up to 36 months with shareholder approval of only the holders of Class A Restricted Voting Shares, by ordinary resolution, with approval of the Corporation's Board of Directors (the "Permitted Timeline"). If the Corporation is unable to complete a Qualifying Transaction within the Permitted Timeline, the Corporation will redeem the Class A Restricted Voting Units using the cash held in the escrow account. *(See the Subsequent Events section below for more information on the extension of the Permitted Timeline.)*

The Class A Restricted Voting Units commenced trading on the Exchange on February 4, 2021 and traded until March 15, 2021. Effective March 16, 2021, the Class A Restricted Voting Units separated. Upon separation, the Class A Restricted Voting Shares and Warrants underlying the Class A Restricted Voting Units commenced trading separately on the Exchange.

At a special meeting held on October 28, 2022, the holders of Class A Restricted Voting Shares passed a resolution to approve an extension of the Corporation's Permitted Timeline from November 4, 2022 to December 31, 2022.

At a second special meeting held on November 24, 2022, the holders of Class A Restricted Voting Shares passed a resolution to approve a second extension of the Corporation's Permitted Timeline from December 31, 2022 to February 28, 2023. The Corporation closed its Qualifying Transaction on February 28, 2023 (Note 15).



**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**Statements of Changes in Cash Flows**  
**For the Year Ended December 31, 2022 and 2021**  
(In U.S. Dollars)

**6. RESTRICTED CASH AND SHORT-TERM INVESTMENTS HELD IN ESCROW**

	<b>As at December 2022</b>
<b>Balance, December 31, 2021</b>	\$ 115,052,144
Interest income	594,646
Redemptions of Class A Restricted Shares (Note 7)	(114,883,343)
<b>Balance, December 31, 2022</b>	<u>\$ 763,447</u>

On November 7, 2022 and on December 23, 2022, an aggregate of 11,475,876 Class A Restricted Shares were deposited for redemption. The Corporation redeemed these shares with an aggregate payment of \$115,359,042 that included interest accrued on the funds held in escrow net of eligible expenses. The amount paid in excess of the redemption liability recorded has been included in the statement of loss and comprehensive loss as an expense of \$475,698.

Pursuant to applicable tax legislation, the Corporation has withheld from the redemption payment made an amount of \$351,115. This amount was paid out of the restricted cash held at December 31, 2022 in February, 2023.

**7. CLASS A RESTRICTED VOTING SHARES SUBJECT TO REDEMPTION**

**Authorized**

Prior to the closing of a Qualifying Transaction, the Corporation is authorized to issue an unlimited number of Class A Restricted Voting Shares without nominal or par value. Following the close of a Qualifying Transaction, the Corporation will not issue any Class A Restricted Voting Shares. The holders of Class A Restricted Voting Shares have no pre-emptive rights or other subscription rights and there are no sinking fund provisions applicable to these shares.

**Voting Rights**

The holders of the Class A Restricted Voting Shares are entitled to vote on and receive notice of meetings on all matters requiring shareholder approval other than the election and/or removal of directors and auditors prior to closing of a qualified transaction. Prior to a qualifying transaction, holders of the Class A Restricted Voting Shares are not entitled to vote at meetings held only to consider the election and/or removal of directors and auditors.

**Redemption Rights**

The holders of Class A Restricted Voting Shares are entitled to redeem their shares, subject to certain conditions, and are entitled to receive the escrow proceeds, net of applicable taxes and other permitted deductions, from the escrow account:

- a. in the event that the Corporation does not complete a Qualifying Transaction within the Permitted Timeline;
- b. in the event of a Qualifying Transaction; and
- c. in the event of an extension to the Permitted Timeline.

After a redemption in the event of a Qualifying Transaction, the remaining unredeemed Class A Restricted Voting Shares would then be automatically converted on or following the closing of the Qualifying Transaction into one Subordinate Voting Share each, and the residual escrow account balance would be available to the Corporation and the underwriter, as applicable. Upon a redemption due to an expiration of the Permitted Timeline, the rights of the holders of Class A Restricted Voting Shares as shareholders will be completely extinguished, subject to applicable law and there will be no redemption rights or distributions with respect to the Warrants, which will expire worthless.

**Fair value of Class A Restricted Voting Shares Subject to Redemption**

The redemption rights embedded in the terms of the Corporation's Class A Restricted Voting Shares are considered by the Corporation to be outside of the Corporation's control and subject to uncertain future events. Accordingly, the Corporation has classified its "Class A Restricted Voting Shares subject to redemption" as financial liabilities at fair value through profit or loss ("FVTPL").

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**Statements of Changes in Cash Flows**  
**For the Year Ended December 31, 2022 and 2021**  
(In U.S. Dollars)

**7. CLASS A RESTRICTED VOTING SHARES SUBJECT TO REDEMPTION (Continued)**

**Fair Value of Class A Restricted Voting Shares subject to redemption -- issued and outstanding:**

	Number	Amount (\$)
<b>Balance, December 31, 2021</b>	11,500,000	109,903,672
Adjusted for:		
Accretion of listing fees	-	5,096,151
Redemptions of Class A Restricted Shares (Note 6)	(11,475,876)	(114,758,760)
<b>Balance, December 31, 2022</b>	<u>24,124</u>	<u>241,063</u>

On February 4, 2021 the Corporation closed its initial public offering of 11,500,000 Class A Restricted Voting Units, including the exercise of the over-allotment option, at a price of \$10.00 per Class A Restricted Voting Unit for gross proceeds of \$115,000,000. Each Class A Restricted Voting Unit consisted of one Class A Restricted Voting Share and one-half of a Warrant.

The Corporation recorded a discount to the \$115,000,000 of gross proceeds from the Offering in the amount of \$5,922,500, representing the fair value of the Warrants (Note 8) and \$6,526,984, representing transaction costs associated with the Class A Restricted Voting Shares (Note 10). The aggregate discount of \$12,449,484 was being amortized over the Permitted Timeline (initially 18 months) using the effective interest rate method. In October and November of 2022, the Corporation approved two extensions to the Permitted Timeline from November 4, 2022 to December 31, 2022 and then to February 28, 2022. As a result of these extensions, amortization of the initial discount has been adjusted accordingly. For the year ended December 31, 2022, the Corporation recorded \$5,096,151 (2021 - \$7,353,156) of accretion in connection with the foregoing discount.

**8. WARRANT LIABILITY**

As at December 31, 2022, the Corporation had 5,940,000 (December 31, 2021 – 5,940,000) Warrants issued and outstanding, comprised of 5,750,000 (December 31, 2021 – 5,750,000) Warrants forming part of the Class A Restricted Voting Units and 190,000 (December 31, 2021 – 190,000) Warrants forming part of the Class B units issued to the Sponsor.

All Warrants will become exercisable only commencing 65 days after the completion of a Qualifying Transaction. Each Warrant is exercisable to purchase one Class A Restricted Voting Share (which, following the closing of the Qualifying Transaction, will become one Subordinate Voting Share) at a price of \$11.50 per share. The Warrant Agreement provides that the exercise price and number of Subordinate Voting Shares issuable on exercise of the Warrants may be adjusted in certain circumstances, including in the event of a stock dividend, extraordinary dividend or a recapitalization, reorganization, merger or consolidation. The Warrants will not, however, be adjusted for issuances of Subordinate Voting Shares at a price below their exercise price. Once the Warrants become exercisable, the Corporation may accelerate the expiry date of the outstanding Warrants.

The Warrants will not be entitled to the proceeds from the escrow account. The Warrant holders do not have the rights or privileges of holders of shares and any voting rights until they exercise their Warrants and receive corresponding Subordinate Voting Shares of the Corporation. After the issuance of corresponding Subordinate Voting Shares upon exercise of the Warrants, each holder is expected to be entitled to one vote for each Subordinate Voting Share held of record on all matters to be voted on by shareholders.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**Statements of Changes in Cash Flows**  
**For the Year Ended December 31, 2022 and 2021**  
(In U.S. Dollars)

**8. WARRANT LIABILITY (Continued)**

**Fair Value of Warrants**

As the number of subordinated voting shares to be issued by the Corporation upon exercise of the Warrants is not fixed and fail the "fixed-for-fixed" criteria for equity classification under IAS 32 because these Warrants include a cashless exercise option. Consequently, these Warrants have been classified as derivative liabilities to be measured at FVTPL.

The Corporation applied a binomial model to measure the fair value of the Warrants when issued as a part of the Class A Restricted Voting Units (Note 7). Application of the binomial model requires estimates in expected volatility in the underlying assets and the expected life of the Warrants. Inputs to the binomial model included the following: fair value of the underlying shares - \$9.49, the expected life of the option – 6.00 years, volatility – 17.79% (estimated by benchmarking with companies having businesses similar to the Corporation), expected dividend yield - \$nil and the risk-free interest rate – 0.46%. These estimates may ultimately be different from amounts subsequently realized, resulting in an overstatement or understatement of net income or loss.

Since the warrants separated from the Class A Restricted Voting Units on March 15, 2021 and commenced trading separately on the Exchange, after March 15, 2021 the warrants were valued based on their market price.

**Warrants - Issued and Outstanding**

	<b>Number</b>	<b>Amount (\$)</b>
<b>Balance, December 31, 2020</b>	-	-
Adjusted for:		
Issuance of warrants on February 3, 2021 – Class B Units (Note 9)	190,000	195,700
Issuance of warrants on February 4, 2021 – Class A Units (Note 7)	5,750,000	5,922,500
Fair value adjustment	-	(2,435,400)
<b>Balance, December 31, 2021</b>	5,940,000	3,682,800
Adjusted for:		
Fair value adjustment	-	(3,207,600)
<b>Balance, December 31, 2022</b>	5,940,000	475,200

**9. SHAREHOLDERS' DEFICIENCY**

**Class B Shares Authorized**

The Corporation is authorized to issue an unlimited number of Class B shares without nominal or par value prior to closing of the Qualifying Transaction. Following closing of the Qualifying Transaction, the Corporation will not issue any Class A Restricted Voting Shares. The holders of Class B shares have no pre-emptive rights or other subscription rights and there are no sinking fund provisions applicable to these shares.

**Voting rights**

Holders of Class B shares are entitled to vote at all meetings of shareholders and on all matters requiring a shareholder vote, with the exception of a vote to elect and/or remove directors and auditors prior to the closing of a qualifying acquisition or approve an extension of the Permitted Timeline within which the Corporation is required to complete its Qualifying Transaction, which will only be voted upon by holders of Class A Restricted Voting Shares. The voting rights of holders of Class B shares are otherwise identical to those applicable to the publicly held Class A Restricted Voting Shares.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**Statements of Changes in Cash Flows**  
**For the Year Ended December 31, 2022 and 2021**  
(In U.S. Dollars)

**9. SHAREHOLDERS' DEFICIENCY (Continued)**

**Redemption Rights**

Holders of Class B shares do not have any redemption rights with respect to its Class B shares, or rights to distributions from the escrow account if the Corporation fails to complete a Qualifying Transaction within the Permitted Timeline.

**Restrictions on Transfer, Assignment or Sale of Founders' Shares**

The holders of the Founders' Shares have agreed not to transfer, assign or sell any of their Founders' Shares prior to completion of the Corporation's Qualifying Transaction, and following completion of a Qualifying Transaction, they have agreed not to sell or transfer any of their Founders' Shares unless transferred, assigned or sold to permitted transferees with the Exchange's consent, prior to completion of the Corporation's Qualifying Transaction.

**Class B Shares - Issued and Outstanding**

	<b>Number</b>	<b>Amount (\$)</b>
Balance, December 31, 2021	3,475,001	3,424,315
Share issue costs	-	(277,467)
<b>Balance, December 31, 2022</b>	<b>3,475,001</b>	<b>3,146,848</b>

Professional fees incurred during the period from October 1, 2022 to December 31, 2022 that were related to the Qualifying Transaction that closed in February, 2023 have been offset against share capital.

**Subordinated Voting Shares**

The Corporation is authorized to issue an unlimited number of subordinated voting shares without nominal or par value. No subordinated voting shares may be issued prior to the closing of a Qualifying Transaction, except in connection with such closing.

**10. TRANSACTION COSTS**

In consideration for its services in connection with the Offering, the Corporation has agreed to pay the underwriter a commission equal to 5.5% of the gross proceeds of the Class A Restricted Voting Units issued under the Offering. The Corporation paid \$2,300,000, representing \$0.20 per Class A Restricted Voting Unit to the underwriter upon closing of the Offering. Upon completion of a Qualifying Transaction, the remaining \$4,025,000 (representing \$0.35 per Class A Restricted Voting Unit), 70% of which will be payable by the Corporation to the underwriter only upon the closing of a Qualifying Transaction (subject to availability, failing which any short fall would be required to be made up from other sources) and the remaining 30% of which (or, if a lesser amount, the balance of the non-redeemed shares' portion of the escrow account, less tax liabilities on amounts earned on the escrowed funds and certain expenses directly related to redemptions) will be payable by the Corporation as it sees fit, including for payment to other agents or advisors who have assisted with or participated in the sourcing, diligence and completion of its Qualifying Transaction.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**Statements of Changes in Cash Flows**  
**For the Year Ended December 31, 2022 and 2021**  
(In U.S. Dollars)

**11. RELATED PARTY TRANSACTIONS AND BALANCES**

From time-to-time, the Sponsor pays for certain expenses on behalf of the Corporation. These advances are non-interest bearing and are due on demand. At December 31, 2022, these advances totaled \$138,394 (2021 - Nil) and are included in accounts payable and accrued liabilities.

Under an agreement with the Sponsor entered into in February 2021, the Corporation provides a payment of \$10,000 per month to the Sponsor for the utilization of office space, utilities and administrative support. During the year ended December 31, 2022, the Corporation was charged \$120,000 (2021 - \$110,000) for these services by the Sponsor. This amount has been expensed with \$160,000 (2021 - \$40,000) of these fees included in accounts payable and accrued liabilities at December 31, 2022 as an amount owing to the Sponsor.

**Promissory note**

On March 30, 2021, the Don Jennings agreed to loan the Corporation an aggregate of up to \$250,000 to fund working capital requirements pursuant to a promissory note (the "Promissory Note"). The Promissory Note is non-interest bearing and is payable on the consummation of a Qualifying Transaction. If the Qualifying Transaction is not consummated, the Promissory Note will be forgiven, except to the extent of any funds held outside of the escrow account. On November 20, 2022, the Corporation withdrew \$35,000 on this Promissory Note and this amount is outstanding at December 31, 2022.

**Convertible promissory notes**

On September 29, 2021, the Sponsor agreed to loan the Corporation \$175,000 to fund working capital requirements pursuant to a promissory note (the "Second Promissory Note"). The Second Promissory Note is non-interest bearing and is payable on the consummation of a qualifying transaction. If a qualifying transaction is not consummated, all outstanding loans will be forgiven, except to the extent of any funds held outside of the escrow account. The Second Promissory Note is convertible concurrent with the closing of a Qualifying Transaction into Class B units at the option of the Sponsor at a conversion price of \$10.00 per Class B unit. As of December 31, 2022, the Corporation had a balance of \$175,000 outstanding under the Second Promissory Note (December 31, 2021 - \$175,000).

On December 22, 2021, the Sponsor agreed to loan the Corporation \$100,000 to fund working capital requirements pursuant to a promissory note (the "Third Promissory Note"). The Third Promissory Note is non-interest bearing and is payable on the consummation of a qualifying transaction. If a qualifying transaction is not consummated, all outstanding loans will be forgiven, except to the extent of any funds held outside of the escrow account. The Third Promissory Note is convertible concurrent with the closing of a Qualifying Transaction into Class B units at the option of the Sponsor at a conversion price of \$10.00 per Class B unit. As of December 31, 2022, the Corporation had a balance of \$100,000 outstanding under the Third Promissory Note (December 31, 2021 - \$100,000).

Due to the conversion feature of the Second and Third Promissory Notes, the liability component of these Promissory Notes was recorded at its fair value on initial recognition, with the residual allocated to contributed surplus as the equity conversion feature. The fair value of the liability was calculated by discounting the future cash repayment of these Promissory Notes on management's estimated date of the expected Qualifying Transaction using an effective interest rate of 20% per annum. The fair value adjustment, and residual total, of \$37,588 has been allocated to contributed surplus. The liability for these Promissory Notes has been accreted systematically over their term by recording of additional interest expense.

On August 10, 2022, an investment company that has representation on the Board of Directors, agreed to loan the Corporation \$125,000 to fund working capital requirements pursuant to a promissory note (the "Fourth Promissory Note"). The Fourth Promissory Note is non-interest bearing and is payable in cash or stock, at the note holder's option, upon closing of a Qualifying Transaction. If there is no Qualifying Transaction consummated during the Permitted Timeline the Note will not be repaid and the lender will forgive all amounts owed thereunder. The Fourth Promissory Note is convertible concurrent with the closing of a Qualifying Transaction into Class B units at the option of the Sponsor at a conversion price of \$10.00 per Class B unit. As of December 31, 2022, the Corporation had a balance of \$125,000 outstanding under the Fourth Promissory Note.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**Statements of Changes in Cash Flows**  
**For the Year Ended December 31, 2022 and 2021**  
(In U.S. Dollars)

**11. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

Due to the conversion feature of the Fourth Promissory Notes, the liability component of these Promissory Notes was recorded at its fair value on initial recognition, with the residual allocated to contributed surplus as the equity conversion feature. The fair value of the liability was calculated by discounting the future cash repayment of these Promissory Notes on management's estimated date of the expected Qualifying Transaction using an effective interest rate of 20% per annum. The fair value adjustment, and residual total, of \$4,340 has been allocated to contributed surplus. The liability for these Promissory Notes is being accreted systematically over their term by recording of additional interest expense.

	<b>Second Promissory Note</b>	<b>Third Promissory Note</b>	<b>Fourth Promissory Note</b>	<b>Total</b>
<b>Opening balance</b>	\$ -	\$ -	\$ -	\$ -
Advances during in September, 2021	175,000	-	-	175,000
Advances during December, 2021		100,000	-	100,000
Fair value adjustment	(26,662)	(10,926)	-	(37,588)
Interest expense – accretion	7,541	-	-	7,541
<b>Balance, December 31, 2021</b>	\$ 155,879	\$ 89,074	\$ -	\$ 244,953
Advances during the year	-	-	125,000	125,000
Fair value adjustment	-	-	(4,340)	(4,340)
Interest expense – accretion	19,109	10,921	4,136	34,166
<b>Balance, December 31, 2022</b>	\$ 174,988	\$ 99,995	\$ 124,796	\$ 399,779

**12. CAPITAL AND RISK MANAGEMENT OBJECTIVE AND POLICIES**

The Corporation defines the capital that it manages as its cash and restricted cash held in escrow.

The Corporation's objective and policies for managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Corporation manages its capital structure and makes changes based on economic conditions, risks that impact the operations and future significant capital investment opportunities. In order to maintain or adjust its capital structure, the Corporation may issue new equity instruments or raise additional debt financing. There are no external restrictions on the use of the Company's capital, and there have been no changes in the approach to managing its capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The Corporation is exposed to a variety of financial risks by virtue of its activities: market risk, interest rate risk, liquidity risk and foreign currency risk. The Board of Directors has overall responsibility for the determination of the Corporation's capital and risk management objectives and policies while retaining ultimate responsibility for them. The Corporation's overall capital and risk management program has not changed throughout the year. It focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by the finance department under policies approved by the Board of Directors.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**Statements of Changes in Cash Flows**  
**For the Year Ended December 31, 2022 and 2021**  
(In U.S. Dollars)

### 13. FINANCIAL INSTRUMENTS

#### Fair Values

When measuring the fair value of an asset or a liability, the Corporation uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs in the valuation techniques as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The carrying values of cash, accounts payable and accrued liabilities and advances from related party approximate their fair values due to the immediate or short-term nature of these instruments. The fair values of loans and borrowings approximate their carrying values. There has been no significant change in credit and market interest rates since the date of their issuance.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Change in assumptions could significantly affect the estimates.

The following table summarizes the classification of the Corporation's financial instruments under IFRS 9:

#### Financial Assets

Cash	Amortized cost
Restricted cash and short-term investments held in escrow	Amortized cost

#### Financial Liabilities

Deferred underwriter's commission	Amortized cost
Promissory note payable to related party	Amortized cost
Convertible promissory notes payable to related parties	Amortized cost
Class A Restricted Voting Shares subject to redemption	Amortized cost
Warrant liability	Fair value through profit and loss

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the advances from related party is non-interest bearing, the Corporation's exposure to interest rate risk is nominal.

#### Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risks consist principally of cash. To minimize the credit risk the Corporation places these instruments with a high credit quality financial institution.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**Statements of Changes in Cash Flows**  
**For the Year Ended December 31, 2022 and 2021**  
(In U.S. Dollars)

**13. FINANCIAL INSTRUMENTS (Continued)**

**Liquidity Risk**

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation currently settles its financial obligations out of cash. The ability to do this relies on the Corporation raising financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs and to meet the Corporation's liabilities. The accounts payable and accrued liabilities of \$2,292,545 (2021 - \$602,083) and advances from related party (Note 11) of \$435,000 (2021 - \$275,000) are due within one year.

Taking into consideration the Corporation's current cash position, volatile equity markets, global uncertainty in the capital markets and increasing cost pressures, the Corporation is continuing to review its needs to seek financing opportunities in accordance with its capital risk management strategy.

**Foreign Currency Risk**

Foreign currency risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation enters into transactions denominated in foreign currencies, including in CAD which exposes the Corporation to fluctuating balances and cash flows due to changes in foreign exchange rates. The current exposure to foreign currency risk is very limited as there are minimal transactions denominated in CAD.

**14. INCOME TAX**

The reported income tax recovery (expense) differs from amounts computed by applying the statutory income tax rates to the reported loss before income taxes due to the following:

	Year ended December 31, 2022 (\$)	Year ended December 31, 2021 (\$)
Loss before income taxes	(3,795,936)	(6,380,357)
Statutory rate	27%	27%
Expected income tax recovery at combined basic federal and provincial tax rates	(1,025,000)	(1,723,000)
<b>Effect on income taxes of:</b>		
Accretion of listing costs	655,000	944,000
Unrealized changes in fair value of financial liabilities	(866,000)	(658,000)
Share issue cost deduction	(75,000)	(56,000)
Change in unrecognized temporary differences	1,311,000	1,493,000
	-	-



**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**Statements of Changes in Cash Flows**  
**For the Year Ended December 31, 2022 and 2021**  
(In U.S. Dollars)

**14. INCOME TAX (Continued)**

Deferred income taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying values of assets and liabilities. The temporary differences and unused tax losses that give rise to deferred income tax assets and (liabilities) are presented below:

As at	December 31, 2022 (\$)	December 31, 2021 (\$)
Share issuance costs	277,000	807,000
Non-capital losses available for future periods	1,450,000	684,000
Deferred tax assets	1,727,000	1,491,000
Less: deferred tax assets not recognized	(1,727,000)	(1,491,000)
Net deferred tax assets	-	-

As at December 31, 2022, the Corporation had non-capital tax losses of \$5,300,000 (2021 - \$2,500,000), available to use against future taxable income for income tax purposes. The non-capital losses expire from 2041 to 2042.

The Corporation has not recorded deferred tax assets related to these unused carry-forward losses as it is not probable that future taxable profits will be available against which these can be deducted.

**15. SUBSEQUENT EVENTS**

The Corporation evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the financial statements were issued. The Corporation did not identify any subsequent events that would have required adjustment or disclosure in the financial statements except as noted below:

On February 28, 2023, the Corporation announced that it has completed its qualifying transaction (the “Qualifying Transaction”) with Craft 1861 Global, Inc. (“Craft Global”). Concurrent with the closing of the Qualifying Transaction (the “Closing”), the Corporation changed its name to CRAFT 1861 Global Holdings Inc. The management of Corporation was assumed by the management of Craft Global thereby replacing the prior officers and directors of the Corporation. Ruth Epstein remained on the board of directors for the Corporation representing the interests of the shareholders of the Corporation.

Following the Closing, the Subordinate Voting Shares and Warrants were listed and posted for trading on the Exchange under the symbols “HUMN” and “HUMN.WT.A”, respectively, and are commenced trading on March 1, 2023, at market open.

Upon Closing, (i) The Corporation’s outstanding Class A restricted voting shares (less 718 shares redeemed at closing for approximately \$10.28 each) were converted into Subordinate Voting Shares on a one for one basis, and (ii) the Corporation’s Class B shares were converted into Proportionate Voting Shares on a one for 100 basis. Following the Closing, the Corporation has approximately 23,406 Subordinate Voting Shares and 5,940,000 Warrants outstanding.

Pursuant to the Qualifying Transaction, Robert Aranda received 280,525 Proportionate Voting Shares of the Corporation in exchange for his shares of Craft Global. Prior to the completion of the Qualifying Transaction, Mr. Aranda did not own, directly or indirectly, any securities of the Corporation. Following completion of the Qualifying Transaction Mr. Aranda owns (i) 60.36% of the issued and outstanding Proportionate Voting Shares, and (ii) 60.33% of the issued and outstanding Subordinate Voting Shares, treating, for this purpose, the Proportionate Voting Shares on an as-converted basis. Mr. Aranda acquired his Proportionate Voting Shares pursuant to the Qualifying Transaction for investment purposes.

In accordance with the QTMA, upon the closing of our Qualifying Transaction, the funds remaining the Escrow Account, net of redemptions, taxes and other permitted expenses, were paid to the Underwriter as partial payment of the Deferred Amount of the Underwriter commission. The per share amount distributed to holders of Class A Restricted Voting Shares who properly redeemed their shares, was not reduced by the deferred underwriting commission paid to the Underwriter.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**Statements of Changes in Cash Flows**  
**For the Year Ended December 31, 2022 and 2021**  
(In U.S. Dollars)

**15. SUBSEQUENT EVENTS (Continued)**

Upon closing of the Qualifying Transaction on February 28, 2023, the balance of funds in the Escrow Account, \$767,153, was used as follows:

Redemption of Class A Restricted Shares (718 at ~\$10.28 ea.)	\$	7,386
Payment of Part VI tax to Canada Revenue Agency in connection with redemptions of Class A Restricted Shares		351,115
Used by the Corporation for various expenses as permitted in accordance with the IPO prospectus		164,000
Paid to Echelon Wealth Partners Inc. as partial payment for underwriting fees due		244,652
<b>Remaining funds in escrow disbursed</b>	<b>\$</b>	<b>767,153</b>

On March 8, 2023, the Corporation's auditors, Marcum LLP, resigned as the Corporation's auditor. The Corporation was, on very short notice, able to retain GreenGrowth CPAs to replace Marcum LLP.

**Schedule D**  
**Management's discussion and analysis of CRAFT for the year ended December 31, 2022**

See attached.

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS FOR THE YEARS ENDED , DECEMBER 31, 2022 AND  
DECEMBER 31, 2021 AND THE THREE MONTHS (UNAUDITED) ENDED DECEMBER 31,  
2022 AND DECEMBER 31, 2021**

*This management’s discussion and analysis (“MD&A”) contains information about the financial condition and results of operations of Natively Group d.b.a. Craft 1861 Global Inc. (“Craft”), comprising of the four cannabis companies (Healthy Education Society d.b.a. 1861 Market, LLC; Craft 1861 Global Inc.; Craft 1861, LLC/Natively, LLC; and Craft 1861 Gold, LLC) for the years ended December 31, 2022 and December 31, 2021., and for the three months ended December 31, 2022 and December 31, 2021. It is supplemental to, and should be read in conjunction with, the Craft audited combined financial statements and the accompanying notes for the years ended December 31, 2022 and December 31, 2021, and the Craft condensed interim unaudited combined financial statements and the accompanying notes for the three months ended December 31, 2022 and December 31, 2021 (unaudited).*

*This MD&A is dated as of June 30, 2023 and was prepared with information available at this date. Craft financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). Financial information presented in this MD&A is presented in United States dollars (“\$” or “US\$”), unless otherwise indicated. In this MD&A, the words “we”, “our” and “us” refer to Craft and its subsidiaries.*

*This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators.*

*Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).*

## **Forward-Looking Statements**

Some of the information contained in this MD&A contains forward-looking information. This information is based on management’s reasonable assumptions and beliefs in light of the information currently available and are made as of the date of this MD&A. However, Craft does not undertake to update any such forward looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada. Actual results and the timing of events may differ materially from those anticipated in the forward-looking information as a result of various factors, including those described in “Risk Factors” and elsewhere in this prospectus.

Craft cautions that the list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect our results. Readers are urged to consider the risks, uncertainties, and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. See “Caution Regarding Forward-looking Statements” and “Risk Factors” elsewhere in this prospectus for a discussion of the uncertainties, risks and assumptions associated with these statements.

## **Overview of Craft 1861 Global Inc.**

Craft was incorporated on September 20, 2022, as a Wyoming corporation, as the holding company of four (4) cannabis companies (Healthy Education Society d.b.a. 1861 Market, LLC; Craft 1861 Global Inc (formerly Zia Plus, LLC).; Craft 1861, LLC (formerly Natively, LLC); and Craft 1861 Gold, LLC), which started in May 2012 and were incorporated from 2015 to 2022. Our principal activities are Cannabis-as-a-Service (CaaS®) encompassing genetics, scientific research & development, technology, cultivation, product development, advanced manufacturing, formulation, distribution, wholesale, brand development, and business development as a health & wellness cannabis company focused on cannabis-based performance and recovery products and services as regulated by the regulatory bodies and authorities of the markets in which we have activities. See “The Business of Craft” for an overview of Craft’s business and “United States Regulatory Environment” for details regarding the regulatory framework under which it operates. Craft’s corporate office is located in Albuquerque, New Mexico.

## **How We Assess Our Business**

Craft utilizes several metrics to measure and track the performance and progress of its business. This MD&A refers to certain key performance indicators used by management and typically used by Craft's competitors in the global cannabis industry.

### *Revenue*

In accordance with IFRS 15, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue reflects the consideration to which Craft expects to be entitled to receive in exchange for these goods or services. Craft applies the following five-step analysis to determine whether, how much and when revenue is recognized: (1) identify the contract with the customer; (2) identify the performance obligation in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligation in the contract; and (5) recognize revenue when or as Craft satisfies a performance obligation.

Under IFRS 15, revenue from the sale of cannabis and derivative products is generally recognized at a point in time when control over the goods has been transferred to the customer. Payment is generally due prior to transfer of the goods and is recognized as revenue upon the satisfaction of the performance obligation. Craft satisfies its performance obligation and transfers control upon delivery and acceptance by the customer.

### *Gross Profit before Fair Value Adjustments to Biological Assets and Inventory*

Gross Profit before Fair Value Adjustments to Biological Assets and Inventory reflects revenue less production costs, primarily consisting of labor, materials, consumables, supplies, overhead, amortization on production equipment, shipping, packaging, and other expenses required to produce cannabis products.

### *Gross Profit after Fair Value Adjustments to Biological Assets and Inventory*

Production costs related to the transformation of biological assets to the point of harvest are capitalized and included in the fair value measurement of the biological assets. Once goods are sold, the associated capitalized costs are recognized as production costs in the statement of operations for the period.

Gross Profit after Fair Value Adjustments to Biological Assets and Inventory is based on Gross Profit before Fair Value Adjustments to Biological Assets and Inventory and includes fair value adjustments to our biological assets, consisting of cannabis plants measured at fair value less cost to sell up to the point of harvest and is inclusive of capitalized production costs. Harvested cannabis is transferred from biological assets at their fair value less cost to sell at harvest, which becomes the deemed cost for inventory which, upon sale, the fair value cost adjustment portion is expensed to finished harvest inventory sold. Gross income before gain on biological assets represents profit earned before the net impact of fair value gains and finished harvest inventory sold cost of sales that result from the transformation of biological assets.

### *Operating Expenses*

Operating expenses primarily include salaries and benefits, professional fees, rent and facilities expenses, travel-related expenses, advertising and promotion expenses, licenses, fees and taxes, office supplies and pursuit expenses related to outside services, unit-based compensation, and other general and administrative expenses.

## **Factors Affecting Our Performance**

Craft's performance and future success depends on a number of factors. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below. See "*Risk Factors*" in this prospectus for more information.

## *Branding*

Craft has built its brand on providing trusted, pharmaceutical-quality cannabis to change the trajectory of its patients' wellness journey. Craft is a trusted mark for cannabis by constantly innovating. As Craft expands into new jurisdictions, it intends to be a leader in developing a national and international cannabis brand, which in turn is expected to support its expansion into international jurisdictions. Our ability to expand is dependent on our branding.

## *Regulation*

Craft is subject to the local and federal laws in the jurisdictions in which it operates. Outside of the United States, Craft products may be subject to tariffs, treaties, and various trade agreements as well as laws affecting the importation of consumer goods. Craft holds all required licenses for the production and distribution of its products in the jurisdictions in which it operates and continuously monitors changes in laws, regulations, treaties, and agreements.

## *Product Innovation and Consumer Trends*

Craft's business is subject to changing consumer trends and preferences, which is dependent, in part, on continued consumer interest in new products. The success of new product offerings depends upon a number of factors, including Craft's ability to (i) accurately anticipate customer needs; (ii) develop new products that meet these needs; (iii) successfully commercialize new products; (iv) price products competitively; (v) produce and deliver products in sufficient volumes and on a timely basis; and (vi) differentiate product offerings from those of competitors.

## **Growth Strategies**

There are five key components to Craft's growth strategy:

1. **Expansion and Development Within and Outside of its Existing Operational Footprint** – Craft's existing footprint provides significant opportunities to rapidly grow its customer base within its current markets. In addition, opportunities exist for Craft to continue to expand into new markets as the legalization of cannabis throughout the U.S. and internationally continues to grow for both adult and medical use.
2. **Pharmaceutical Quality** – As a leader in the adult and medical cannabis industry, Craft continues to expand the development of proprietary pharmaceutical-quality products whether the intended use is for defined medical applications among patients or generalized health and wellness applications in a consumer setting. Craft's commitment to producing the highest-quality products available presents opportunities to continually strengthen its portfolio of proprietary products, deliver medical and wellness solutions to providers and their patients, and ensure the appeal and innovative nature of its products to fill the significant unmet demands of quality-focused consumers in medical, wellness and adult-use markets across all categories.
3. **Intellectual Property** – Craft has created and continually adds to its portfolio of industry-leading products, a number of which are based upon advanced proprietary formulations and optimized administration. Proprietary assets and products are derived from internal research and development efforts, in-licensing, or collaboration with academic medical research institutions and through R&D partnerships with global corporate entities. Craft intends to continue to build its intellectual property base in every functional area including, but not limited to, product development, operational analytics, information technology, cultivation, and manufacturing.
4. **Global Branding** – Following its success in assembling global strategic licensing rights partnerships with sports governing bodies, sports teams, and entertainment venues, Craft continues to leverage its platform and expects to launch a deep pipeline of branded products into an aggregate addressable market that represents what Craft believes to be approximately one billion global customers. This scale will enable Craft to build global brands known for quality and consistency, while offering the support of the dedicated Craft teams. Craft continues to pursue global brand recognition in every product category where it believes it has a sustainable competitive advantage in development, formulation, distribution, and customer support.

5. **Distribution Diversification** – As Craft scales its existing and future markets, it plans to leverage multiple distribution channels, including brick and mortar, home delivery, e-commerce distribution, wholesale relationships and third-party licensing. Craft will sell products through both wholesale and direct-to-consumer channels and plans to expand its network of retail and home-delivery services significantly in 2023. Craft plans to include e-commerce sales for our portfolio of non-THC products, which it expects will be sold across a growing number of legal jurisdictions.

## Recent Developments

As Craft has expanded its marketing strategy, it has entered into strategic licensing rights agreements with a number of entertainment and sporting companies (“**Strategic Partners**”). Utilizing the expertise of Craft and its brand, Craft’s Strategic Partners are and will be responsible for commercializing Craft products, as per contractual terms and conditions. In exchange for undertaking these responsibilities and as part of the strategic licensing rights agreements, Craft pays consideration to the Strategic Partners. In addition, Craft has entered into contracts with CBD manufacturers to produce and fulfill both national and international orders.

The contracts that Craft has and will enter into and the events that Craft has and will participate in could materially affect Craft’s future financial condition and financial performance. If the strategic partnerships do not create the benefits Craft expects, combined with the consideration that Craft pays to the Strategic Partners, this could have a material impact on profit. The financial condition of Craft reflects the building of infrastructure that will allow it to start the execution of our growth strategies.

Below is a summary of Craft’s recent developments:

- Formula E/ROKiT Venturi Racing Team – strategic licensing rights partnership signed in January 2022.
- Pramac Racing Limited/MotoGP Ducati Lenovo Team – strategic licensing rights partnership signed in January 2022.
- MotoGP Dorna Sports, S.L. Team/MotoGP – strategic licensing rights partnership signed in February 2022.
- International Sailing Organization – strategic licensing rights partnership signed in June 2022.
- International Racing Governing Body and Team – strategic licensing rights partnership signed in July 2022.
- United States Pickle Ball Association – strategic licensing rights partnership signed in August 2022.
- Global Sailing Grand Prix League – strategic licensing rights partnership signed in August 2022.
- World Surf League – strategic licensing rights partnership signed in September 2022.
- Premier League Football Club – strategic licensing rights partnership signed in September 2022.
- Champions League Football Club – strategic licensing rights partnership signed in October 2022.
- National Collegiate Sports Marketing and Venue Management Organization – strategic licensing rights partnership binding terms signed in August 2022.
- World Boxing Council Inc. (WBC) – strategic licensing rights partnership launching in Q3 2023.

- Signed contract with Max Vera Wellness for CBD manufacturing and order fulfillment in June 2022.
- Signed contract with Dynamic Blending for CBD manufacturing and order fulfillment in July 2022.
- The first concept store, 1861 Market, opened in Q1 of 2022.
- State of New Mexico issued license and approval for the first 1861 Market Express concept in Q2 of 2022.
- State of New Mexico provided approval for recreational THC cannabis use in April 2022.

### Subsequent Event

On April 10, 2023, Craft announced in a public press release the issuance of a failure to file a cease trade order by the Ontario Securities Commission pursuant to national policy 11-207-failure to file cease trade orders, effective April 6, 2023, as a result of the company not having filed its audited annual financial statements and accompanying managements discussion and analysis, annual information form and related certifications for the fiscal year ended December 31, 2022 (collectively, the annual filings), all as required under national instrument 51-102-continuous disclosure obligations and national instrument 52-109-certification of disclosures in issuers annual and interim filings.

### Selected Financial Information

Craft reports results of operations of its subsidiaries from the date control commences, either through the purchase of the business or control through a management agreement.

The following table sets forth selected combined financial information derived from Craft's audited combined financial statements, the condensed interim unaudited combined financial statement review and the respective accompanying notes prepared in accordance with IFRS.

The selected combined financial information below may not be indicative of Craft's future performance:

### Combined Balance Sheets As of December 31, 2022 and December 31, 2021

<b>(USD \$ in Dollars)</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 87,610	\$ 885,990
Accounts receivable—net	-	76,187
Biological assets	773,351	384,251
Inventories	3,543,384	1,702,987
Prepaid expenses and other current assets	82,968	70,588
Operating lease asset, net	103,521	113,558
<b>Total current assets</b>	<b>\$4,590,834</b>	<b>3,233,561</b>



<b>(USD \$ in Dollars)</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Operating lease asset, net of current portion	548,588	258,364
Deferred tax assets	6,531,405	-
Property and equipment, net	34,892	40,705
Intangible assets, net	160,538,163	-
<b>Total assets</b>	<b>\$ 172,243,882</b>	<b>\$ 3,532,630</b>

#### **LIABILITIES AND EQUITY**

##### **Current Liabilities:**

Accounts payable	\$ 1,973,810	\$ 1,324,124
Related parties payable	43,013,170	30,406,004
Taxes payable	96,712	75,141
Loans payable - short-term portion	4,736	23,901
Other current liabilities	45,045,217	1,392
Lease liability, net	62,975	80,084
<b>Total current liabilities</b>	<b>90,196,620</b>	<b>31,910,646</b>

Loan payable - long-term portion	10,038	79,624
Deferred tax liability - long-term	-	362,336
Operating lease liability, net of current portion	634,827	309,345
Other long-term liabilities	128,822,049	-
<b>Total liabilities</b>	<b>219,663,534</b>	<b>32,661,951</b>

#### **EQUITY**

Members Equity	12,955,380	9,321,334
Retained earnings	(60,375,032)	(38,450,655)
<b>Total equity</b>	<b>(47,419,652)</b>	<b>(29,129,321)</b>

<b>Total liabilities and equity</b>	<b>\$ 172,243,882</b>	<b>\$ 3,532,630</b>
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#### **Analysis of Balance Sheet Change between December 31, 2022 and December 31, 2021**

- (a) Total Assets – Total assets as of December 31, 2022 were \$172,243,882, an increase of \$168,711,252, or 4,776%, compared to total assets of \$3,532,630 as of December 31, 2021. The increase in total assets was primarily driven by the classification of Intangibles Assets, net, which

represents the value of the strategic licensing rights agreements signed as of December 31, 2022, and the increase of inventory and biological assets.

- (b) Total Liabilities - Total liabilities as of December 31, 2022 were \$219,663,534, an increase of \$187,001,583, or 573%, compared to total liabilities of \$32,661,951 as of December 31, 2021. The increase in total liabilities was primarily driven by an increase in accounts payable, related parties' payables for capital infusion, other current liabilities, and other long-term liabilities, which represent the expense for the strategic licensing agreements due after December 31, 2023.
- (c) Total Equity – Total equity as of December 31, 2022 was (\$47,419,652) a decrease of \$18,290,331, or decrease of 63%, compared to (\$29,129,321) as of December 31, 2021. The decrease in total equity was primarily driven by the negative net income incurred through the year.

During the periods discussed herein, Craft has not made business acquisitions or discontinued operations, and its accounting policies have remained consistent. Zia Plus, LLC. was reorganized into Craft 1861 Global Inc. in September 2022.

## Results of Operations

### Combined Statements of Operation

For the Years Ended December 31, 2022 and December 31, 2021

(USD \$ in Dollars)	December 31, 2022	December 31, 2021	\$ Change	% Change
Net revenue	\$ 2,011,885	\$ 1,701,813	\$ 310,072	18%
Cost of goods sold	767,600	733,983	33,617	5%
Gross Profit Before Fair Value Adjustment	1,244,285	967,830	276,455	29%
Unrealized Gain on Changes in Fair Value of Biological Assets	2,003,317	1,481,417	521,900	35%
Realized Fair Value on Inventory Sold	-	(22,306)	(22,306)	-
Gross Profit (Loss)	3,247,602	2,426,941	820,661	34%
Operating expenses				
Selling, general and administrative	29,919,866	10,589,544	19,330,322	183%
Payroll	695,550	715,026	(19,476)	(3%)
Marketing	434,551	137,949	296,602	215%
Total operating expenses	31,049,967	11,442,519	19,607,448	1,714%
Operating income (loss)	(27,802,365)	(9,015,578)	(18,786,787)	(2,084)%
Other Income (expense)				

<b>(USD \$ in Dollars)</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>\$ Change</b>	<b>% Change</b>
Interest expense	(922,034)	(713,232)	(208,882)	(29)%
Interest Income	-	855,276	(855,276)	-
Net other income (expense)	(922,034)	142,044	(1,064,078)	(749)%
Income before provision for income taxes	(28,724,399)	(8,873,534)	(19,850,865)	(224)%
Provision for income taxes	(6,880,022)	539,233	(7,419,255)	(1,376)%
Net Loss	<b><u>\$(21,924,377)</u></b>	<b><u>\$(9,412,767)</u></b>	<b><u>\$(12,511,610)</u></b>	<b><u>(1,329)%</u></b>

## Results of Operations:

### *a. Net Revenue*

Revenue for the year ended December 31, 2022 was \$2,011,885, an increase of \$310,072, or 18%, compared to revenue of \$1,701,813 as of the year ended December 31, 2021. The increase in revenue was primarily the result of an increase sales within 1861 Market. 1861 Market is the State of New Mexico legal retail cannabis operating entity and revenue is categorized into (4) categories: (i) retail flower sales; (ii) wholesale flower sales; (iii) Retail edible and concentrates sales; (iv) wholesale edible and concentrate sales.

1861 Market, Craft 1861 Global and Craft 1861 Gold revenue for the year ended December 31, 2022 was \$1,921,794, an increase of \$258,481, or 16%, compared to revenue of \$1,663,313 for the year ended December 31, 2021. The increase in revenue is primarily the result of the increase in retail sales for 1861 Market.

Craft 1861 (CBD) revenue for the year ended December 31, 2022 was \$90,091, an increase of \$51,591, or 134%, compared to revenue of \$38,500 for the year ended December 31, 2021. There were no international sales during this period.

### *b. Cost of Goods Sold & Changes in Fair Value of Biological Assets and Inventory Sold*

Cost of goods sold, excluding adjustments to the fair value of biological assets and inventory sold for the year ended December 31, 2022 was \$767,600, an increase of \$33,617 or 5%, compared to cost of goods sold, excluding adjustments to the fair value of biological assets and inventory sold of \$733,983 for the year ended December, 2021. The increase was primarily due to 1861 Market's increase in sales.

Unrealized Gain on Changes in Fair value adjustments of biological assets totaled a net gain of \$2,003,317 for the year ended December 31, 2022, an increase of \$521,900 or 35%, compared to Unrealized gain on changes in fair value of biological assets of \$1,481,417 for the year ended December 31, 2021. The increase is due to an increase of biological assets on-hand.

### *c. Gross Profit (Loss)*

Gross profit for the year ended December 31, 2022 was \$3,247,602, an increase of \$820,661, or 34%, compared to gross profit of \$2,426,941 for the year ended December 31, 2021. The increase

in gross profit is directly attributable to an increase in revenue, and an increase in unrealized gain on changes in the fair value of biological assets on the Statement of Operations.

***d. Operating Expenses***

Operating expenses for the year ended December 31, 2022 were \$31,049,967, an increase of \$19,607,448 or 1,714%, compared to \$11,442,519 for the year ended December 31, 2021, representing 1,543% and 672% of total revenue for the year ended December 31, 2022 and for the year ended December 31, 2021, respectively. The increase in total operating expenses was primarily attributable to an increase in the amortization of intangibles, subcontractor expenses and management fees. Craft 1981 Global's increase in operating expenses is directly attributable to SG&A investment preparing for the next phase of company growth. The investment was incurred in subcontractor expense and management fees booked as of December 31, 2022 was \$11,245,757.

***e. Operating Loss.***

Operating loss for the year ended December 31, 2022 was \$27,802,365, an increase in loss of \$18,786,787, or 2,084%, compared to the operating loss of \$9,015,578 for the year ended December 31, 2021. The increase in loss was primarily due to the subcontractor expense and management fees booked for the year ended December 31, 2022 in the amount of \$11,245,757.

***f. Other Income (Expense)***

Interest expense for the year ended December 31, 2022 was \$922,034, an increase of \$208,882, or 29%, compared to interest expense of \$713,232 for the year ended December, 2021. The increase of interest expense is related to a conversion of equity by Maverick Management, LLC ("Maverick"), an entity owned by Robert Aranda, Craft's Chief Executive Officer.

Interest income for the year ended December 31, 2022 was \$0. Interest income realized for the year ended December 31, 2021 was \$855,276. The income was recognized by Craft 1861 Global Inc from intercompany lending.

***g. Loss Before Provision of Income Taxes***

Loss before provision of income taxes for the year ended December 31, 2022 was \$28,724,399, an increase in loss of \$19,850,865, or 224%, compared to a \$8,873,534 loss for the year ended December 31, 2021. The increase in loss was primarily due to the subcontractor expense and management fees booked for the year ended December 31, 2022 in the amount of \$11,245,757.

***h. Provision for Income Taxes***

Provision for income taxes for the year ended December 31, 2022 was \$6,800,022, an increase of \$7,339,255, or 1,361%, compared to a \$539,233 benefit for the year ended December 31, 2021. The increase was primarily due to the increase in overall business loss.

***i. Net Loss***

Net Loss for the year ended December 31, 2022 was \$21,924,377, an increase in loss of \$12,511,610, or 1,329%, compared to a \$9,412,767 loss for the year ended December 31, 2021. The increase in net loss was primarily driven by increases in operating expenses. 1861 Market's increase in operating expenses is directly attributable to SG&A investment preparing for the next phase of company growth. The investment was incurred in senior management positions and management fees in the amount of \$11,245,757.

Craft's future financial results are subject to significant variations caused by, among other things, fair value adjustments to biological assets and inventory sold, growth of sales volume in new and existing markets, and its ability to control operating expenses. In addition, Craft's financial results may be impacted significantly by changes to the regulatory environment in which it operates on a local, state, federal, and international level.

**Interim Combined Quarterly Statements of Operation (Unaudited)**  
**For the Three Months Ended December 31, 2022 and December 31, 2021**

(USD \$ in Dollars)	Three Months Ended		\$ Change	% Change
	December 31 2022	December 2021		
Net revenue	\$ 422,624	\$ 192,590	\$ 230,034	119%
Cost of goods sold	347,306	(170,663)	517,969	304%
Gross Profit Before Fair Value Adjustment	75,318	363,253	(287,935)	(79)%
Unrealized Gain on Changes in Fair Value of Biological Assets	(3,061,297)	1,481,417	(4,542,714)	(307)%
Realized Fair Value on Inventory Sold	-	(22,306)	22,306	-
Gross (Loss) Profit	(2,985,979)	1,822,364	(4,808,343)	(264)%
Operating expenses				
Selling, general and administrative	9,909,269	9,893,141	16,128	0%
Payroll	10,921	375,660	(364,739)	(97)%
Marketing	98,808	75,581	23,227	31%
Total operating expenses	10,018,998	10,340,382	(321,384)	(3)%
Operating loss	(13,004,977)	(8,518,018)	(4,486,959)	(53)%
Other income (expense)				
Interest expense	309,136	1,284,040	(974,904)	(76)%
Interest income	(930,270)	855,276	(1,785,546)	(208)%
Net other income (expense)	(621,134)	2,139,316	(2,760,450)	(129)%
Loss before provision for income taxes	(13,626,111)	(6,378,702)	(7,247,409)	(114)%
Provision for income taxes	(9,246,750)	426,305	(9,673,055)	(2,269)%
Net loss	<u><u>\$ (4,379,361)</u></u>	<u><u>\$ (6,805,007)</u></u>	<u><u>\$ 2,425,646</u></u>	<u><u>36%</u></u>

## **Results of Operations:**

### ***a. Net Revenue***

Revenue for the three months ended December 31, 2022 was \$422,624, an increase of \$230,034, or 119%, compared to revenue of \$192,590 for the three months ended December 31, 2021. The increase in revenue is primarily the result of an increase in sales from 1861 Market due to the approval of recreational sales in the State of New Mexico on April 1, 2022.

1861 Market, Craft 1861 Global and Craft 1861 Gold revenue for the three months ended December 31, 2022 was \$421,171, an increase of \$236,267, or 128%, compared to revenue of \$184,904 for the three months ended December 31, 2021. This change is primarily driven by an increase in sales from 1861 Market due to the approval of recreational sales in the State of New Mexico on April 1, 2022.

Craft 1861 (CBD) revenue for the three months ended December 31, 2022 was \$1,453, a decrease of \$6,233 or, (81)%, compared to revenue of \$7,686 for the three months ended December 31, 2021. There were no international sales during this period.

### ***b. Cost of Goods Sold & Changes in Fair Value of Biological Assets and Inventory Sold***

Cost of goods sold, excluding adjustments to the fair value of biological assets and inventory sold for the three months ended December 31, 2022 was \$347,306, an increase of \$517,969, or 304%, compared to cost of goods sold, excluding adjustments to the fair value of biological assets and inventory sold of \$(170,663) for the three months ended December 31, 2021. The increase was primarily due to an increase in sales in the three months ended 2022 as well as an offset of cost of goods sold for the three months ended 2021 due to a journal adjustment between cost of goods sold and inventory.

Unrealized Gain on Changes in Fair value adjustments to biological assets totaled a net loss of \$3,061,297 for the three months ended December 31, 2022, an decrease of \$(4,542,714) or (307)%, compared to a \$1,481,417 gain as of the three months ended December 31, 2021. The decrease is due to a decrease in the biological assets on-hand between the time periods.

### ***c. Gross Profit (Loss)***

Gross loss for the three months ended December 31, 2022 was \$2,985,979, a decrease of \$4,808,343, or (264)%, compared to a gross profit of \$1,822,364 for the three months ended December 31, 2021. This decrease was primarily driven by the decrease in Unrealized Gain on Changes in Fair Value of biological assets on-hand.

### ***d. Operating Expenses***

Operating expenses for the three months ended December 31, 2022 were \$10,018,998, a decrease of \$321,384, or (3)%, compared to \$10,340,382 for the three months ended December 31, 2021, representing 2,370% and 5,369% of total revenue for the three months ended December 31, 2022 and for the three months ended December 31, 2021, respectively. The decrease in total operating expenses was primarily attributable to a decrease in payroll expense of \$364,749. Craft 1861 Global's operating expenses is directly attributable to SG&A investment preparing for the next phase of company growth.

***e. Operating Income (Loss)***

Operating income (loss) for the three months ended December 31, 2022 was (\$13,004,977), an increase in loss of \$4,486,959, or 53%, compared to the operating income (loss) of (\$8,518,018) for the three months ended December 31, 2021. The decrease in operating income was primarily due to the decrease in Unrealized Gains on Changes in Fair Value of Biological Assets.

***f. Other Income (Expense)***

Interest expense for the three months ended December 31, 2022 was \$309,136, a decrease of \$974,904, or (76)%, compared to interest expense of \$1,284,040 for the three months ended December 31, 2021. The decrease of interest expense is related to a decrease in intercompany lending.

Interest income for the three months ended December 31, 2022 was \$(930,270), a decrease of \$1,785,546, or (208)%, compared to interest income of \$855,276 for the three months ended December 31, 2021. The decrease in interest income is related to the decrease in intercompany lending.

***g. Loss Before Provision of Income Taxes***

Loss before provision of income taxes for the three months ended December 31, 2022 was \$13,626,111, a decrease of \$7,247,409, or (114)% compared to a \$6,378,702 loss for the three months ended December 31, 2021. The decrease was primarily due to the decrease in Unrealized Gains on Changes in Fair Value of Biological Assets.

***h. Provision for Income Taxes***

Provision for income taxes for the three months ended December 31, 2022 was \$(9,246,750), an increase of \$9,673,055, or 2,269%, compared to \$426,305 for the three months ended December 31, 2021. The increase in provision for income taxes is a direct correlation to the increase in overall business loss.

***i. Net Loss***

Net loss for the three months ended December 31, 2022 was (\$4,379,361), an increase of \$2,425,646, or 36%, compared to (\$6,805,007) for the three months ended December 31, 2021. The increase in net income was primarily driven by the provision for income taxes.

Craft's future financial results are subject to significant variations caused by, among other things, fair value adjustments to biological assets and inventory sold, growth of sales volume in new and existing markets, and its ability to control operating expenses. In addition, our financial results may be impacted significantly by changes to the regulatory environment in which we operate on a local, state, federal, and international level.

*Selected Quarterly Information*

	<b>Revenues</b>		<b>Net Loss</b>	
December 31, 2022	\$	422,624	\$	(4,379,361)
September 30, 2022	\$	562,701	\$	(5,310,931)
June 30, 2022	\$	836,167	\$	(2,780,890)
December 31, 2021	\$	192,590	\$	(7,660,282)
September 30, 2021	\$	423,521	\$	(1,034,795)
June 30, 2021	\$	508,383	\$	(760,361)

Revenues for the quarter ended December 31, 2022 were \$422,624, which represents a decrease of \$140,077, or (25)% from \$562,701 for the quarter ended September 30, 2022. The decrease in revenue was primarily due to a significant increase in the number of new competitive dispensaries in the New Mexico market. This trend holds true since June 30, 2022. Revenues for the quarter ended June 30, 2022 was \$836,167, which represents an increase of \$643,577, or 334% from \$192,590 since December 31, 2021. This is indicative of the State of New Mexico approving recreational cannabis on April 1, 2022. During all reportable periods, 1861 Market has operated two dispensaries in New Mexico. Revenue of \$423,521 and \$508,383 for the quarters ending September 30, 2021 and June 30, 2021 were the result of both retail sales as well as wholesale sales in the New Mexico market.

Net loss for the quarter ended December 31, 2022 was \$4,379,361, which represents a decrease of loss of \$931,570, or 18% from the loss of \$5,310,931 for the quarter ended September 30, 2021. The difference in net loss was primarily due to an decrease in provision for income taxes of \$9,673,055. The net loss experienced during the previous quarters was projected as we built out the companies, management team and infrastructure to support the anticipated growth of Craft 1861 Global.

### *Reporting Segments*

Craft operates in two segments: within the non-psychoactive, hemp-derived cannabidiol ("CBD") market with consumer-packaged goods containing zero THC (the "CBD Operations"); and as a vertically integrated cannabis company with cultivation, production and dispensary operations in the state of New Mexico, and plans to expand its THC operations into other legal jurisdictions through the sale of its proprietary branded THC products (the "THC Operations"). The Belen, New Mexico cultivation and manufacturing plant, along with two adult-use cannabis retail outlets, make up Craft's present THC Operations. The two functioning Craft stores are located in Albuquerque, New Mexico's Nob Hill (1,100 square feet) and Carlsbad (1,400 square feet).

(USD \$ in Dollars)	THC	CBD	Total
<b>For the year ended December 31, 2022:</b>			
Revenues	1,921,794	90,091	2,011,885
Gross profit (loss)	3,159,554	88,048	3,247,602
Income (loss) from operations	515	(27,802,880)	(27,802,365)
<b>Net income (loss)</b>	<b>\$1,041,066</b>	<b>\$(22,965,443)</b>	<b>\$(21,924,377)</b>
(USD \$ in Dollars)	THC	CBD	Total
<b>For the year ended December 31, 2021:</b>			
Revenues	1,663,313	38,500	1,701,813
Gross profit (loss)	2,449,871	(22,930)	2,426,941
Income (loss) from operations	1,249,263	(10,264,841)	(9,015,578)
<b>Net income (loss)</b>	<b>\$1,430,285</b>	<b>(10,843,052)</b>	<b>(9,412,767)</b>



(USD \$ in Dollars)	THC	CBD	Total
<b>For the period ended December 31, 2022:</b>			
Total assets	5,149,542	167,094,340	172,243,882
Total liabilities	(2,198,451)	221,861,985	219,663,535

(USD \$ in Dollars)	THC	CBD	Total
<b>As of December 31, 2021:</b>			
Total assets	3,423,670	108,960	3,532,630
Total liabilities	(1,064,466)	33,726,417	32,661,951

### Results of Operations:

#### a. Net Revenue

1861 Market, Craft 1861 Global and Craft 1861 Gold revenue for the year ended December 31, 2022 was \$1,921,794, an increase of \$258,481, or 16%, compared to revenue of \$1,663,313 for the year ended December 31, 2021. The increase in revenue is primarily the result of the increase in sales for 1861 Market.

Craft 1861 (CBD) revenue for the year ended December 31, 2022 was \$90,091, an increase of \$51,591, or 134%, compared to revenue of \$38,500 for the year ended December 31, 2021. There were no international sales during this period.

#### b. Gross Profit

1861 Market, Craft 1861 Global and Craft 1861 Gold gross profit for the year ended December 31, 2022 was \$3,159,554, an increase of \$709,683, or 29%, compared to gross profit of \$2,449,871 for the year ended December 31, 2021. The increase in gross profit was primarily the result of an increase in revenue and the increase in unrealized gain on changes in fair value of biological assets in our Statement of Operations.

Craft 1861 (CBD) gross profit for the year ended December 31, 2022 was \$88,048, an increase of \$110,978, or 484%, compared to gross loss of \$(22,930) for the year ended December 31, 2021. The increase in gross profit was primarily the result of an increase of sales.

#### c. Income (loss) from Operations

1861 Market, Craft 1861 Global and Craft 1861 Gold income (loss) from operations for the year ended December 31, 2022 was \$515, a decrease of \$1,248,748, or 100%, compared to income (loss) from operations of \$1,249,263 for the year ended December 31, 2021. The decrease in income was primarily the result of deferred tax expenses.

Craft 1861 (CBD) income (loss) from operations for the year ended December 31, 2022 was (\$27,802,880), an increase in loss of \$16,289,290, or 1,587%, compared to income (loss) from operations of (\$10,264,841) for the year ended December 31, 2021. The increase in loss from operations was primarily the result of the increase in the amortization of intangibles, subcontractor expense and management fees.

#### d. Net Income (loss)

1861 Market, Craft 1861 Global and Craft 1861 Gold net income (loss) for the year ended December 31, 2022 was \$1,041,066, a crease of \$389,219, or 27%, compared to net income (loss) of \$1,430,285 for the year ended

December 31, 2021. The decrease in net income was primarily the result of an increase in the provision for income taxes.

Craft 1861 (CBD) net income (loss) for the year ended December 31, 2022 was (\$22,965,443) an increase in loss of \$12,122,391, or 112%, compared to net income (loss) of (\$10,843,052) for the year ended December 31, 2021. The increase in loss from net income was primarily the result of the increase in the amortization of intangibles, subcontractor expense and management fees.

e. Total Assets

1861 Market, Craft 1861 Global and Craft 1861 Gold total assets for the year ended December 31, 2022 were \$5,149,542, an increase of \$1,725,872, or 50%, compared to total assets of \$3,423,670 for the year ended December 31, 2021. The increase in total assets was primarily the result of an increase in biological assets and inventory on-hand.

Craft 1861 (CBD) total assets for the year ended, 2022 were \$167,094,340, an increase of \$166,985,380, or 153,254%, compared to total assets of \$108,960 for the year ended December 31, 2021. The increase in total assets was primarily the result in the increase of intangible assets, which is the recognition of the strategic licensing agreements, as well as the tax provision.

f. Total Liabilities

1861 Market, Craft 1861 Global and Craft 1861 Gold total liabilities for the year ended December 31, 2022 were \$(2,198,451), an increase of \$1,133,985, or 107%, compared to total liabilities of (\$1,064,466) for the year ended December 31, 2021. The increase to total liabilities was primarily the result of an increase in related parties payable and the deferred tax liability.

Craft 1861 (CBD) total liabilities for the year ended December 31, 2022 were \$221,861,985, an increase of \$188,135,568, or 558%, compared to total liabilities of \$33,726,417 for the year ended December 31, 2021. The increase in total liabilities was primarily the result of an increase in related parties payable and both long-term and other current liabilities (strategic partnership agreements).

(USD \$ in Dollars)	THC	CBD	Total
<b>For the three months period ended December 31, 2022:</b>			
Revenues	421,171	1,453	422,624
Gross profit (loss)	(2,992,408)	6,429	(2,985,979)
Income (loss) from operations	(5,109,874)	(7,895,103)	(13,004,977)
<b>Net income (loss)</b>	<b>\$(2,431,073)</b>	<b>\$(1,948,288)</b>	<b>\$(4,379,361)</b>
<hr/>			
(USD \$ in Dollars)	THC	CBD	Total
<b>For the three months period ended December 31, 2021:</b>			
Revenues	184,904	7,686	192,590
Gross profit (loss)	1,871,525	(49,161)	1,822,364
Income (loss) from operations	1,187,097	(9,705,115)	(8,518,018)
<b>Net income (loss)</b>	<b>\$1,698,253</b>	<b>\$(8,503,258)</b>	<b>\$(6,805,006)</b>

## Results of Operations:

### a. Net Revenue

1861 Market, Craft 1861 Global and Craft 1861 Gold revenue for the three months ended December 31, 2022 was \$421,171, an increase of \$236,267, or 128%, compared to revenue of \$184,904 for the three months ended December 31, 2021. The increase in revenue is primarily the result of increased sales for 1861 Market.

Craft 1861 (CBD) revenue for the three months ended December, 2022 was \$1,453, a decrease of \$6,233, or 81%, compared to revenue of \$7,686 for the three months ended December 31, 2021. There were no international sales during this period.

### b. Gross Profit

1861 Market, Craft 1861 Global and Craft 1861 Gold gross profit for the three months ended December 31, 2022 was \$(2,992,408), a decrease of \$4,863,933, or 260%, compared to gross profit of \$1,871,525 for the three months ended December 31, 2021. The decrease in gross profit was primarily the result of a change in unrealized gain on changes in fair value of biological assets in our Statement of Operations.

Craft 1861 (CBD) gross profit for the three months ended December 31, 2022 was \$6,429, a decrease of \$55,590, or 113%, compared to gross profit of \$(49,161) for the three months ended December 31, 2021. The increase in gross profit was primarily the result of the scrapping of inventory at a loss during the three months ended 2021.

### c. Income (loss) from Operations

1861 Market, Craft 1861 Global and Craft 1861 Gold income (loss) from operations for the three months ended December 31, 2022 was \$(5,109,874), a decrease of \$6,296,971, or 530%, compared to income (loss) from operations of \$1,187,097 for the three months ended December 31, 2021. The decrease in income was primarily the result of the change of the fair value of biological assets.

Craft 1861 (CBD) income (loss) from operations for the three months ended December 31, 2022 was \$(7,895,103), a decrease in loss of \$1,810,012, or 19%, compared to income (loss) from operations of \$(9,705,115) for the three months ended December 31, 2021. The decrease in loss from operations was primarily the result of the increase in the provision for income taxes due to operating business loss.

### d. Net Income (loss)

1861 Market, Craft 1861 Global and Craft 1861 Gold net income (loss) for the three months ended December 31, 2022 was \$(2,431,073), an increase in loss of \$4,129,326, or 243%, compared to net income (loss) of \$1,698,253 for the three months ended December 31, 2021. The increase in net income was primarily the result of the change in fair value of biological assets.

Craft 1861 (CBD) net income (loss) for the three months ended December 31, 2022 was \$(1,948,288) a decrease in loss of \$6,554,970, or 77%, compared to net income (loss) of \$(8,503,258) for the three months ended December 31, 2021. The decrease in loss from net income was primarily the result of the increase in the recognition of the provision for income taxes.

## *Liquidity and Capital Resources*

Craft's primary need for liquidity is to fund working capital requirements of its business, capital expenditures, debt service and for general corporate purposes. Craft's primary source of liquidity is funds generated by equity and financing activities. Craft's ability to fund its operations, to make planned capital expenditures, to make scheduled debt payments and to repay or refinance indebtedness depends on its future operating performance and cash flows,

which are subject to prevailing economic conditions and financial, business, and other factors, some of which are beyond its control.

As of December 31, 2022, Craft had \$87,610 of cash and (\$85,605,786) of working capital (current assets minus current liabilities), compared to \$885,990 of cash and (\$28,677,085) of working capital as of December 31, 2021. The decrease of \$56,928,701 in Craft's working capital was primarily due to an \$12,607,166 increase in the current portion of related parties' payable, an increase of \$45,043,825 in other current liabilities, and a decrease in cash of \$798,380, offset by an increase in inventory of \$1,840,397.

Craft's management expects that its cash on hand and cash provided by financing/equity and operations will allow it to meet its capital requirements and operational needs for the next twelve months. As of December 31, 2022, there were no regulatory capital requirements applicable to Craft's industry.

*Recent Financing Transactions, Working Capital Loans and Private Lender Loans*

- (a) In August 2022, Zia Plus, LLC completed an equity raise and entered into subscription agreements with several investors. Zia Plus, LLC received aggregate consideration of \$450,000 in exchange for two membership units. The subscription agreements include a clause which grants the subscriber a first right of access in connection with any future Series A "CRAFT 1861 Holdings, Inc." offering, whenever such offering is proposed. As of December 31, 2022, this option had not been exercised by any of the subscribers.
- (b) In July 2022, Zia Plus, LLC completed an equity raise and entered into subscription agreements with several investors. Zia Plus, LLC received aggregate consideration of \$950,000 in exchange for three membership units. The subscription agreements include a clause which grants the subscriber a first right of access in connection with any future Series A "CRAFT 1861 Holdings, Inc." offering, whenever such offering is proposed. As of December 31, 2022, this option had not been exercised by any of the subscribers.
- (c) In May 2022, Zia Plus, LLC completed an equity raise and entered into subscription agreements with several investors. Zia Plus, LLC received aggregate consideration of \$625,000 in exchange for four membership units. The subscription agreements include a clause which grants the subscriber a first right of access in connection with any future Series A "CRAFT 1861 Holdings, Inc." offering, whenever such offering is proposed. As of December 31, 2022, this option had not been exercised by any of the subscribers.
- (d) In February 2022, Zia Plus, LLC completed an equity raise and entered into subscription agreements with several investors. Zia Plus, LLC received aggregate consideration of \$1,420,000 in exchange for six membership units. The subscription agreements include a clause which grants the subscriber a first right of access in connection with any future Series A "CRAFT 1861 Holdings Inc." offering, whenever such offering is proposed. As of December 31, 2022, this option had not been exercised by any of the subscribers.
- (e) In 2021, Zia Plus, LLC completed an equity raise and entered into subscription agreements with several investors. Zia Plus, LLC received aggregate consideration of \$2,425,000 in exchange for sixteen membership units. The subscription agreements include a clause which grants the subscriber a first right of access in connection with any future Series A "CRAFT 1861 Holdings, Inc." offering, whenever such offering is proposed. As of December 31, 2022, this option had not been exercised by any of the subscribers.

- (f) Amounts due to related parties were comprised of balances due to shareholders of Craft and entities owned by shareholders of Craft, as detailed below:

**As of Year Ended  
December 31,**

<b>(USD \$ in Dollars)</b>	<b>Principal</b>	<b>Interest</b>	<b>2022</b>
Related Party Payable – Maverick	41,342,922	1,670,248	<b>\$ 43,013,170</b>

**For the Year Ended December 31,**

<b>(USD \$ in Dollars)</b>	<b>Principal</b>	<b>Interest</b>	<b>2021</b>
Related Party Payable	30,300,040	105,964	<b>\$ 30,406,004</b>

These amounts are due on demand and do not have formal contractual agreements governing payment terms. This payable bears a yearly interest of 10% of the borrowed amount. The above-noted amounts are owing to Maverick, an entity that is wholly-owned by Robert Aranda, Craft's Chief Executive Officer, who has provided the majority of Craft's financing since the company's inception. The amounts advanced to Craft by Mr. Aranda through Maverick were used for Craft's general capital expenditure requirements and operating expenses. As of December 31, 2022, the amount owing to Maverick was \$43,013,170, with interest accruing at 10% per annum. The loan will remain outstanding and continue to accrue interest until it is repaid.

- (g) No cash dividends have been issued as of December 31, 2022.

*Term Debt*

***Real Estate Lease Commitments***

A reconciliation of the beginning and ending balance of lease liabilities as at December 31, 2022 and December 31, 2021 is as follows:

	<b>2022</b>
<b>Balance at December 31, 2021</b>	<b>\$ 389,429</b>
Lease Additions	394,096
Interest	68,264
Payments	(153,987)
<b>Balance at December 31, 2022</b>	<b>\$ 697,802</b>

As of December 31, 2022, Craft leased four business facilities from third parties that specify minimum rentals. The leases expire in April 2025, July 2025, September 2026, and October 2031 and contain renewal provisions. Additionally, certain leases provide for rent abatement and escalating payments, and rent expense is calculated on a straight-line basis over the terms of the leases with the incentives reported as deferred rent. Craft's interest expense for the year ended December 31, 2022 was \$68,264. Craft's Right-of-Use asset amortization expense for the year ended December 31, 2022 was \$128,457, and for the year ended December 31, 2021 was \$110,453, respectfully.

Future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as follows:

<u>Year ending December 31</u>	<u>Minimum Lease Payments</u>
2023	\$ 62,975
2024	225,176
2025	165,178
2026	145,506
2027 and Thereafter	98,967
<b>Total</b>	<b>\$ 697,802</b>

Weighted average leases term and discount rate are as follows:

	<b>2022</b>
Weighted Average Lease Term – Operating Leases	7.48%
Weighted Average Discount Rate – Operating Leases	10.00%

On January 28, 2022, Craft signed a sub-lease agreement between Healthy Education Society LNPP (as lessee) and Zia Plus LLC (as lessor) for the rent of a portion of the premises located in 3300 and 3306 Central Ave. SE, Albuquerque, New Mexico. The term for this agreement is 53 months, expiring on June 15, 2026. This dispensary opened on February 1, 2022.

On May 1, 2022, Craft signed a new lease agreement with 3700 Ellison Land, LLC, for the rent of premises of 11,700 square feet located at 3700 Ellison, Albuquerque, New Mexico. The term for this agreement is 120 months, expiring on April 30, 2032. As of the date of this MD&A, this location is waiting for approval from the City of Albuquerque and the Cannabis Control Division. Additionally, on January 19, 2022, an amendment was signed with the objective to increase the lease area to 12,500 square feet and to deliver an approved administrative amendment by the City of Albuquerque, where a portion of the site will be used to build a dispensary.

On January 4, 2022, Craft terminated the lease agreement with NAC Enterprises, LLC over the premises located in 5401 Lomas Suite A - Albuquerque, New Mexico. This agreement was signed on May 1, 2019, with a term that ended on July 31, 2021.

All lease commitments/payments are made through cashflow.

#### *Other Debt*

As of December 31, 2022, Craft had one outstanding loan, detailed below:

<b>As of December , 2022</b>	
<b>Loans from</b>	<b>ICAR Auto Sales LLC</b>
Opening Balance	23,969
Borrowings	-
Interest Rate	7%
Accrued Interest	1,788
Repayments	(10,983)(

Ending balance	14,774
<b>Current portion</b>	<b>4,736</b>
<b>Non-current portion</b>	<b>10,038</b>

On September 13, 2021, Craft entered into a loan agreement with Icar Auto Sales LLC for a principal amount of \$28,096.00 wherein the total will mature in thirty-six-months and bear interest at a rate of 7.44%.

On May 26, 2022, Craft received a letter from Century Bank notifying Craft that the Paycheck Protection Program loan debt had been forgiven.

As of the year ended December 31, 2021, Craft had two outstanding loans, detailed below:

<b>As at December 31, 2021</b>			
<b>Loans from</b>	<b>PPP Century Bank</b>	<b>ICAR Auto Sales LLC</b>	<b>Total</b>
Opening Balance	79,490	28,096	107,586
Borrowings	-	-	-
Interest Rate	1%	7%	8%
Accrued Interest	66	174	240
Repayments	-	(4,301)	(4,301)
Ending balance	79,556	23,969	103,525
<b>Current portion</b>	<b>15,911</b>	<b>7,990</b>	<b>23,901</b>
<b>Non-current portion</b>	<b>63,645</b>	<b>15,979</b>	<b>79,624</b>

On March 10, 2021, Craft entered into a loan agreement with Century Bank for a principal amount of \$79,490 with a term of 60 months and interest at a rate of 1.0%.

On September 13, 2021, Craft entered into a loan agreement with Icar Auto Sales LLC for a principal amount of \$28,096 with a term of 36 months and interest at a rate of 7.44%.

#### *Strategic Licensing Rights/Partnerships Liability*

As of December 31, 2022, Craft was engaged in the following strategic licensing rights agreements, detailed below:

Agreements from	Dorna Sports SL	Venturi Grand Prix S.A.M.	Pramac Racing Ltd	Premier Global Sailing Race Company	Leading Collegiate IP Agency	British F1 Motor Racing Team
Consideration	12,694,813	6,124,690	3,786,172	7,173,691	30,305,854	72,800,000
Payments	(683,968)	(624,333)	(233,462)	-	-	-
Ending balance	12,010,845	5,500,357	3,552,710	7,173,691	30,305,854	72,800,000
<b>Current portion</b>	<b>5,122,976</b>	<b>1,468,075</b>	<b>880,118</b>	<b>1,823,819</b>	<b>5,500,000</b>	<b>16,800,000</b>
<b>Non-current portion</b>	<b>6,887,869</b>	<b>4,032,282</b>	<b>2,672,592</b>	<b>5,349,872</b>	<b>24,805,854</b>	<b>56,000,000</b>

Agreements from	Premier League Football Club	World Surf League	Global Sail Grand Prix League	United States Professional Pickle Ball Association	Champions League Football Club	Total
Consideration	11,373,000	10,293,537	6,500,000	1,050,000	13,307,272	175,409,029
Payments	-	-	-	-	-	(1,541,763)
Ending balance	11,373,000	10,293,537	6,500,000	1,050,000	13,307,272	173,867,266
<b>Current portion</b>	<b>4,335,000</b>	<b>2,664,550</b>	<b>2,150,000</b>	<b>300,000</b>	<b>4,000,680</b>	<b>45,045,217</b>
<b>Non-current portion</b>	<b>7,038,000</b>	<b>7,628,987</b>	<b>4,350,000</b>	<b>750,000</b>	<b>9,306,593</b>	<b>128,822,049</b>

All strategic licensing rights agreements have a duration of 5 years and are established under formal contractual agreements with fixed payment terms.

#### *Member Loans*

Craft does not have member loans during the periods in this MD&A.

#### **Combined Statements of Cash Flows For the Years Ended December 31, 2022 and December 31, 2021**

(USD \$ in Dollars)	2022	2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income	\$ (21,924,377)	\$ (9,412,767)
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation and amortization	382,125	258,353
Amortization of Intangible Assets	14,526,123	-
Provision for deferred income taxes	2,135,633	484,436
Related parties management fees	6,922,236	-
Changes in operating assets and liabilities:		
Accounts receivable	76,187	(74,112)
Inventories	(1,840,397)	(1,547,774)
Bio Assets	(389,100)	(384,251)
Prepaid expenses and other current assets	(2,343)	(3,396)
Other Assets	(6,476,886)	(86,375)
Accounts payable and accrued expenses	(1,481,485)	1,138,541



(USD \$ in Dollars)	2022	2021
Other current liabilities	(1,391)	-
Other long-term liabilities	(36,855)	101,966
<b>Net cash used in operating activities</b>	<b>(8,110,530)</b>	<b>(9,525,379)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(376,312)	(245,495)
Acquisition of intangible assets	(1,541,763)	-
<b>Net cash used in investing activities</b>	<b>(1,918,075)</b>	<b>(245,495)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings on notes – related party	5,596,179	8,202,780
Contributions	3,634,046	2,425,000
<b>Net cash provided by financing activities</b>	<b>9,230,225</b>	<b>10,627,780</b>
Change in cash	(798,380)	856,906
Cash—beginning of year	885,990	29,084
<b>Cash—end of year</b>	<b>\$ 87,610</b>	<b>\$ 885,990</b>

#### *Operating Activities*

During the year ended December 31, 2022, operating activities used \$8,110,530 of cash, primarily resulting from changes in net income of (\$21,924,377), other assets of (\$6,476,886), accounts payable and other accrued expenses of (\$1,481,485), inventories of (\$1,840,397), offset by the amortization of intangible assets of \$14,526,123, related parties management fees of \$6,922,236 and provision for deferred income taxes of \$2,135,633.

During the year ended December 31, 2021, operating activities used \$9,525,379 of cash, primarily resulting from changes in the fair value of biological assets of (\$384,251), net income of (\$9,412,767), depreciation and amortization of \$258,353, inventories of (\$1,547,774), offset by provision for deferred income taxes of \$484,436 and accounts payable and accrued expenses of \$1,138,541.

#### *Investing Activities*

During the year ended December 31, 2022, investing activities used \$1,918,075 of cash, consisting of purchased of property and equipment and the acquisition of intangible assets.

During the year ended December 31, 2021, investing activities used \$245,495 of cash, consisting of purchases of property and equipment and the acquisition of intangible assets.

#### *Financing Activities*

During the year ended December 31, 2022, financing activities provided \$9,230,225 of cash, consisting of \$5,596,179 in proceeds received from the issuance of debt and \$3,634,046 in proceeds for the issuance of 14 member units.

During the year ended December 31, 2021, financing activities provided \$10,627,780 of cash, consisting of \$8,202,780 in proceeds received from the issuance of debt and \$2,425,000 in proceeds from the issuance of 16 member units.

### Contractual Obligations and Commitments (Non-Real Estate)

The following table summarizes Craft's contractual obligations as at December 31, 2022, and the effects that such obligations are expected to have on Craft's liquidity and cash flows in future periods:

	Payments Due by Period				
	Total	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
Term Debt <sup>(1)</sup>	\$ 14,7744	\$ 4,736	\$ 10,038	\$ -	-
Strategic Licensing Agreements	\$ 173,867,266,	\$ 45,045,217	\$ 105,440,660	\$23,381,389	-
Private Lender Loans <sup>(2)</sup>	\$ 43,013,170	\$ 43,013,170	-	-	-
Total	\$ 216,895,210	\$ 88,063,123	\$ 105,450,698	\$23,381,389	-

- (1) Amounts in the table reflect minimum payments due for ICAR Auto Sales, LLC.
- (2) Strategic Licensing Agreements have been executed with the following entities: Formula E/ROKiT Venturi Racing Team; Pramac Racing Limited/MotoGP Ducati Lenovo Team; MotoGP Dorna Sports, S.L. Team/MotoGP; Premier Global Sailing Race; Leading Collegiate IP Agency; British F1 Motor Racing Team; Premier League Football Club; World Surf League; Global Sail Grand Prix League; United States Professional Pickle Ball Association; Champions League Football Club.
- (3) Private lender loans are due on demand and do not have formal contract agreements governing payment terms. These loans bear a yearly interest of 10% of the borrowed amount. Thus, there is no minimum payment due by period since the debt continues to accrue.

The following table summarizes Craft's contractual obligations as of December 31, 2021, and the effects that such obligations are expected to have on Craft's liquidity and cash flows in future periods:

	Payments Due by Period				
	Total	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
Term Debt <sup>(1)</sup>	\$ 103,525	\$ 23,901	\$ 79,624	-	-
Private Lender Loans <sup>(2)</sup>	\$ 30,406,004	30,406,004	-	-	-
Total	\$ 30,509,529	\$ 30,429,905	\$ 79,624	-	-

- (1) Amounts in the table reflect minimum payments due for ICAR Auto Sales, LLC, and PPP Century Bank. Century Bank forgave the PPP loan in February 2022.
- (2) Private lender loans are due on demand and do not have formal contract agreements governing payment terms. These loans bear a yearly interest of 10% of the borrowed amount. Thus, there is no minimum payment due by period since the debt continues to accrue.

### Outstanding Share Information

As of December 31, 2022, Craft has issued 4,000,000 common shares.

## **Off-Balance Sheet Arrangements**

As of December 31, 2022, Craft does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of our operations or financial condition, including, and without limitation, such considerations as liquidity and capital resources.

## **Related Party Transactions**

Craft finances the construction of facilities and working capital for operations of its not-for-profit subsidiary, Healthy Education Society d.b.a. 1861 Market. The not-for-profit subsidiary executed a note in favor of Craft (or its affiliates) which bears the principal loan amount of \$1,895,678.07. This loan carries a 0% interest rate and does not have a maturity date. This loan will be repaid through cash flow from 1861 Market. The not-for-profit entity has a separate board of directors, which includes certain members of Craft.

In accordance with IFRS reporting standards, Craft must report compensation, fees, and other benefits and compensation arrangements made to individuals within the organization that fit the definition of key management personnel. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of Craft as a whole and consist of executive and nonexecutive members of Craft's board of directors and corporate officers and/or companies controlled by those individuals.

Total compensation paid and earned to key management personnel was \$502,498 and \$1,559,008 for the years ended December 31, 2022 and 2021, respectively.

## **Changes in or Adoption of Accounting Practices**

The following IFRS standards have been recently issued by the International Accounting Standards Board (the "IASB"). Craft is in the process of assessing the impact of these new standards on future combined financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to Craft have been excluded herein.

### *IFRS 7, Financial Instruments: Disclosure*

IFRS 7, *Financial instruments: Disclosure*, was amended to require additional disclosure on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018.

### *IFRS 9, Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*, which reflects all phases of the financial instruments project and replaces IAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Craft does not expect significant impact on its combined financial statements from the adoption of this standard.

### *IFRS 15, Revenue from Contracts with Customers*

The IASB replaced IAS 18, Revenue, in its entirety with IFRS 15, *Revenue from Contracts with Customers*. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Craft adopted IFRS 15 as of January 1, 2019. Other than enhanced disclosure requirements, the adoption of the standard did not have a material impact on the companies' combined financial statements.

## *IFRS 16, Leases*

In January 2016, the IASB issued IFRS 16, *Leases*, which will replace IAS 17, *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15, *Revenue from Contracts with Customers*, at or before the date of initial adoption of IFRS 16. Craft does not expect a significant impact to the Combined Financial Statements on adoption of this IFRS.

### **Critical Accounting Estimates**

Craft makes judgements, estimates and assumptions about the future that affect the reported amounts of assets and liabilities, and revenues and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Critical accounting estimates are not reasonably likely to change from period to period and have a material impact on the financial presentation. There have been no changes to the critical accounting estimates during the past two financial years and Craft does not have multiple reporting segments.

The preparation of Craft's condensed unaudited interim combined financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the condensed unaudited interim combined financial statements are described below.

#### *Estimated Useful Lives and Depreciation of Property and Equipment*

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets.

#### *Estimated Useful Lives and Amortization of Intangible Assets*

Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

#### *Biological Assets*

Biological assets are dependent upon estimates of future economic benefits as a result of past events to determine the fair value through an exercise of significant judgment by us. In estimating the fair value of an asset or a liability, Craft uses market observable data to the extent it is available. When market observable data is not available, Craft engages third party qualified valuers to perform the valuation. With respect to certain biological assets, where there is no active market for the unharvested produce, the valuation committee arrives at the fair value by way of a reverse working from the value of the inventory.

Craft's biological assets are unharvested cannabis plants and are presented at their fair values less costs to sell up to the point of harvest. Craft determines the fair value of biological assets using a specific valuation technique that

incorporates interdependent estimates and assumptions including the stage of growth of the cannabis plant, selling and other fulfillment costs, average selling prices, and expected yields for the cannabis plants to determine the weighted average fair value deemed cost per gram.

The valuation of biological assets is based on a market approach where fair value at the point of harvest is estimated based on future selling prices less the costs to sell at harvest. For in process biological assets, the estimated fair value at point of harvest is adjusted based on the plants' stage of growth. Stage of growth is determined by reference to days remaining to harvest over the average growth cycle.

Craft's estimates are subject to changes that could result from volatility of market prices, unanticipated regulatory changes, harvest yields, loss of crops, changes in estimates and other uncontrollable factors that could significantly affect the future fair value of biological assets.

These estimates include the following assumptions and are based on historical information:

- i. Selling prices per gram were determined by estimating Craft's average selling price of each 12-month period (average selling price as of December 31, 2022). Craft's average selling price during the twelve months ended December 31, 2022, was \$7.93 per gram and equivalent gram of cannabis sold, compared to \$9 per gram for the twelve months ended December 31, 2021, respectively;
- ii. The stage of plant growth at which point of harvest is determined. As of December 31, 2022, the biological assets were on average 34.6% completed, compared to 36.6% as of December 31, 2021, respectively;
- iii. Selling, cultivation and other fulfillment costs were determined by estimating our average cost per gram, which was \$1.29 per gram and equivalent gram of cannabis sold as of December 31, 2022, compared to \$3.2 per gram as of December 31, 2021, respectively;
- iv. Expected yield per plant varies by strain and is estimated through historical growing results or grower estimate if historical results are not available. Craft's average yield per plant as of December 31, 2022, was 190 grams per plant, compared to 106.2 grams per plant as of December 31, 2021, respectively.

#### *Non-controlling Interests*

Non-controlling interests are classified as a separate component of equity in Craft's combined statement of financial positions and statements of members' equity. Net income (loss) attributable to non-controlling interests are reflected separately from the combined statement of profits and losses net income (loss) in the combined statements of comprehensive loss and members' equity. Any change in ownership of a subsidiary while the controlling financial interest is retained is accounted for as an equity transaction between the controlling and non-controlling interests. In addition, when a subsidiary is deconsolidated, any retained non-controlling equity investment in the former subsidiary will be initially measured at fair value and the difference between the carrying value and fair value of the retained interest will be recorded as a gain or loss.

#### *Unit-based Payment Arrangements*

Craft uses the Black-Scholes option pricing model to determine the fair value of unit-based payment arrangements granted to employee and non-employees. In estimating fair value, management is required to make certain assumptions and estimates such as the expected life of units, volatility of Craft's future unit price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

### *Deferred Tax Asset and Valuation Allowance*

Deferred tax assets, including those arising from tax loss carry-forwards, requires management to assess the likelihood that Craft will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of Craft to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of Craft to realize the net deferred tax assets recorded at the reporting date could be impacted.

### **Financial Instruments and Financial Risk Management**

Craft's financial instruments consist of cash and cash equivalents, accounts payable, accrued expenses and long-term debt. The fair values of cash, accounts payable and accrued expenses approximate their carrying values due to the relatively short-term to maturity. Craft classifies its cash as fair value through profit and loss (FVTPL) and accounts payable, accrued expenses and long-term debt as other financial liabilities. The fair value of cash and cash equivalents is based on level 1 inputs of the fair value hierarchy.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

Craft's assets measured at fair value on a nonrecurring basis include investments, long-lived assets and indefinite-lived intangible assets. Craft reviews the carrying amounts of such assets whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable or at least annually as of December 31, 2022 for indefinite-lived intangible assets. Any resulting asset impairment would require that the asset be recorded at its fair value. The resulting fair value measurements of the assets are considered to be Level 3 measurements.

### *Financial Risk Management*

Craft is exposed in varying degrees to a variety of financial instrument related risks. Craft's risk exposures and the impact on its financial instruments are summarized below:

#### ***Credit Risk***

Credit risk is the risk of a potential loss to us if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure as at December 31, 2022, and December 31, 2021, is the carrying amount of cash and cash equivalents, accounts receivable and notes receivable. Craft does not have significant credit risk with respect to its customers. All cash and cash equivalents are placed with regulated U.S. financial institutions.

Craft provides credit to its customers in the normal course of business and have established credit evaluation and monitoring processes to mitigate credit risk but has limited risk as the majority of our sales are transacted with cash.

#### ***Liquidity Risk***

Liquidity risk is the risk that Craft will not be able to meet its financial obligations associated with financial liabilities. Craft manages liquidity risk through the management of its capital structure. Craft's approach to managing liquidity is to ensure that it has sufficient liquidity to fund its ongoing operations and to settle obligations and liabilities when due.

Craft expects to incur increased expenditures related to customer acquisition related costs, marketing and selling expenses and capital expenditures as it expands its presence in current markets and expand into new markets.

To date, Craft has incurred significant cumulative net losses and it has not generated positive cash flows from its operations. Craft has therefore depended on financing from sale of its equity and from debt financing to fund its operations. In the near term, Craft expects its operating cash flows to be impacted negatively by the establishment of operations in new markets, and it expects significant investments in property and equipment as it enters new markets and expands its operations in existing markets. Overall, Craft does not expect the net cash contribution from its operations and investments to be positive in the near term, and thus Craft will therefore rely on financing from equity or debt.

### ***Market Risk***

In addition to business opportunities and challenges applicable to any business operating in a fast-growing environment, Craft's business operates in a highly regulated and multi-jurisdictional industry, which is subject to potentially significant changes outside of its control as individual states as well as the US federal government may impose restrictions on our ability to grow its business profitably or enact new laws and regulations that open up new markets.

### ***Currency Risk***

Craft's operating results and financial position are reported in U.S. dollars. Financial transactions entered into could be denominated in currencies other than the U.S. dollar which would result in Craft's operations being subject to currency transaction and translation risks.

As of December, 2022, Craft has entered into financial transactions that were denominated in currencies outside its functional currency, the U.S. dollar, to fund its strategic licensing agreements. In addition, Craft had no hedging agreements in place with respect to foreign exchange rates. Craft has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

### ***Interest Rate Risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. Craft's loan agreements have fixed rates of interest and therefore expose it to a limited non-cash interest rate fair value risk.

### ***Price Risk***

Price risk is the risk of variability in fair value due to movements in equity or market prices. Craft is subject to risk of prices of its products due to competitive or regulatory pressures.

### ***Disclosure Controls and Internal Control over Financial Reporting***

#### ***Internal control over financial reporting***

In accordance with National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, management is responsible for establishing and maintaining adequate Disclosure Controls and Procedures ("DCP") and Internal Control Over Financial Reporting ("ICFR"). If Craft become a reporting issuer in Canada, its CEO and CFO will be required to file certifications relating to DCP and ICFR for Craft in connection with its interim and annual filings, commencing with the first reporting period after becoming a reporting issuer.

#### ***Limitations of controls and procedures***

Craft's management, including the CEO and CFO, believes that any DCP or ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within Craft have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.



**Schedule E**  
**Interim Financial Statements and MD&A of CRAFT for the six-month period ended June 30, 2023**

See attached.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**

**COMBINED INTERIM FINANCIAL STATEMENTS AS OF AND FOR  
THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**

*(Unaudited - Expressed in United States Dollars)*

## **INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

GreenGrowth CPAs. ....	1
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### **COMBINED FINANCIAL STATEMENTS:**

Combined Interim Balance Sheets .....	4
Combined Interim Statements of Operations .....	5
Combined Interim Statements of Changes in Shareholders' Equity .....	6
Combined Interim Statements of Cash Flows .....	7
Notes to Combined Interim Financial Statements .....	8 - 28



## **INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

To the Board of Directors and Shareholders of  
CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)

We have reviewed the accompanying interim combined financial statements of CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.) that comprise the combined balance sheets as at June 30, 2023 and December 31, 2022, the combined statements of operations for the three and six-months period ended June 30, 2023 and 2022, and changes in shareholders' equity and cash flows for the six-months period ended June 30, 2023 and 2022, and the related notes to the interim combined financial statements.

### **Management's Responsibility for the Interim Combined Financial Statements**

Management is responsible for the preparation and fair presentation of these interim combined financial statements in accordance with International Financial Reporting Standards (hereinafter "IFRS") and for such internal control as management determines is necessary to enable the preparation of the interim combined financial statements that are free from material misstatement, whether due to fraud or error.

### **Practitioner's Responsibility**

Our responsibility is to express a conclusion on the accompanying interim combined financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these interim combined financial statements as of and for the six-months period ended June 2023 and 2022.

### **Emphasis of Matter**

Without qualifying our conclusion, we draw attention to Note 2 in the interim combined financial statements which indicates that the Company incurred a net loss of \$71,327,247 for the six months period ended June 30, 2023 and, as of that date, had an accumulated deficit of \$131,702,279. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim combined financial statements do not present fairly, in all material respects, the financial position of CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.) as at June 30, 2023 and December 31, 2022, and the results of its operations, changes in net equity and cash flows for the three and six-months period ended June 30, 2023 and 2022 in accordance with IFRS.

GreenGrowthCPAs

August 14, 2023

Marko Glisic  
GreenGrowth CPAs  
10250 Constellation Blvd.  
Los Angeles, CA 90067

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**COMBINED INTERIM BALANCE SHEETS**  
**AS OF JUNE 30, 2023 AND DECEMBER 31, 2022**  
*(Unaudited - Expressed in United States Dollars)*

<b>(USD \$)</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 45,333	\$ 87,610
Accounts receivable—net	-	-
Biological assets	254,232	773,351
Inventories	1,661,753	3,543,384
Prepaid expenses and other current assets	103,701	82,968
Operating lease asset, net	103,552	104,117
<b>Total current assets</b>	<b>2,168,571</b>	<b>4,591,430</b>
Operating lease asset, net of current portion	513,957	547,992
Deferred tax assets	11,301,305	6,531,405
Property and equipment, net	43,481	34,892
Intangible assets, net	144,596,723	160,538,163
<b>Total assets</b>	<b>\$ 158,624,037</b>	<b>\$ 172,243,882</b>
<b>LIABILITIES AND EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 6,200,414	\$ 1,973,810
Related parties payable	46,136,363	43,013,170
Taxes payable	177,093	96,712
Loans payable - short-term portion	1,165,386	4,736
Other current liabilities	56,164,047	45,045,217
Operating lease liability, net	63,154	62,975
<b>Total current liabilities</b>	<b>109,906,457</b>	<b>90,196,620</b>
Loans payable - long-term portion	-	10,038
Deferred tax liability	-	-
Operating lease liability, net of current portion	618,610	634,827
Other long-term liabilities	128,822,049	128,822,049
<b>Total liabilities</b>	<b>239,347,116</b>	<b>219,663,534</b>
<b>EQUITY</b>		
Share capital	50,979,200	-
Members Equity	-	12,955,380
Retained earnings	(131,702,279)	(60,375,032)
<b>Total equity</b>	<b>(80,723,079)</b>	<b>(47,419,652)</b>
<b>Total liabilities and equity</b>	<b>\$ 158,624,037</b>	<b>\$ 172,243,882</b>

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

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**COMBINED INTERIM STATEMENTS OF OPERATIONS**  
**FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars)*

(USD \$)	Six Months ended		Three Months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net revenue	\$ 750,752	\$ 1,612,271	\$ 268,433	\$ 1,421,878
Cost of goods sold	2,948,199	2,342,890	2,764,178	2,317,214
Gross Profit Before Fair Value Adjustment	(2,197,447)	(730,619)	(2,495,745)	(895,336)
Unrealized Gain on Changes in Fair Value of Biological Assets	320,710	3,190,006	(246,408)	3,262,703
Realized Fair Value on Inventory Sold	-	5,161,607	-	5,161,607
Gross Profit	(1,876,737)	7,620,994	(2,742,153)	7,528,974
Operating expenses				
Selling, general and administrative	20,721,691	11,131,184	10,322,739	2,548,751
Unrealized foreign exchange loss on revaluation of sponsorship liability	11,149,486	-	2,276,330	-
Payroll	256,756	520,033	239,389	209,528
Marketing	29,903	250,528	(111,950)	89,213
Total operating expenses	32,157,836	11,901,745	12,726,508	2,847,492
Operating Loss	(34,034,573)	(4,280,751)	(15,468,661)	4,681,482
Other income (expense)				
Interest expense	(456,769)	(756,641)	(234,622)	850,700
Interest income	-	-	-	(1,127,447)
Listing expense	(41,519,616)	-	-	-
Net other income (expense)	(41,976,385)	(756,641)	(234,622)	850,700
Loss before provision for income taxes	(76,010,958)	(5,037,392)	(15,703,283)	5,532,182
Provision for income taxes	(4,683,711)	2,204,782	(4,769,900)	2,193,714
<b>Net Income (Loss)</b>	<b>\$ (71,327,247)</b>	<b>\$ (7,242,174)</b>	<b>\$ (10,933,383)</b>	<b>\$ 3,338,468</b>
<b>Net Loss per share</b>				
Basic and Diluted	(97.07)	N/A	(19.90)	N/A
<b>Weighted average number of shares:</b>				
Basic and Diluted	549,362	N/A	549,362	N/A

(1) The basic and diluted weighted average number of common shares is calculated from the Transaction date (see Note 1). \$42,391,762 of the \$71,327,247 net loss for the six months ended June 30, 2023 relates to the period post Transaction. The weighted average number of shares is on a compressed basis (without adjusting for the 1:100 proportionate share to subordinate share).

(2) The period ending June 30, 2022 relates only to Old Craft (see Note 1), which comprised four entities with various members, and did not have a common pool of member equity owners to derive a net loss per member unit, therefore the net loss per share information for the periods prior to the reverse takeover transaction on February 28, 2023 (see Note 1) is not applicable.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**COMBINED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars)*

<b>For the six months ended June 30, 2022</b>					
<b>(USD \$ in Dollars)</b>	<b>Members' Equity</b>	<b>Proportionate shares</b>	<b>Subordinate shares</b>	<b>Accumulated Deficit</b>	<b>Members' Equity</b>
<b>Balance—December 31, 2021</b>	<b>\$ 9,321,334</b>	<b>-</b>	<b>-</b>	<b>\$ (38,450,655)</b>	<b>\$ (29,129,321)</b>
Contributions	2,045,000			-	2,045,000
Net loss	-			(7,242,174)	(7,242,174)
<b>Balance—June 30, 2022</b>	<b>\$ 11,366,334</b>	<b>-</b>	<b>-</b>	<b>\$ (45,692,829)</b>	<b>\$ (34,326,495)</b>
<b>For the six months ended June 30, 2023</b>					
<b>(USD \$ in Dollars)</b>	<b>Members' Equity</b>	<b>Proportionate shares</b>	<b>Subordinate shares</b>	<b>Accumulated Deficit</b>	<b>Members' Equity</b>
<b>Balance—December 31, 2022</b>	<b>\$ 12,955,380</b>	<b>-</b>	<b>-</b>	<b>\$ (60,375,032)</b>	<b>\$ (47,419,652)</b>
Conversion of member units on Transaction	(12,955,380)	12,955,380		-	-
Shares issued pursuant to the Transaction		37,008,599	1,015,221		38,023,820
Net loss	-			(71,327,247)	(71,327,247)
<b>Balance—June 30, 2023</b>	<b>\$ -</b>	<b>\$ 49,963,979</b>	<b>\$ 1,015,221</b>	<b>\$ (131,702,279)</b>	<b>\$ (80,723,079)</b>

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



**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**COMBINED INTERIM STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars)*

(USD \$ in Dollars)	Six Months ended	
	June 30, 2023	June 30, 2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (71,327,247)	\$ (7,242,174)
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation of property and equipment	101,938	374,879
Amortization of Intangible Assets	15,941,441	-
Unrealized foreign exchange loss on revaluation of sponsorship liability	11,149,486	
Provision for deferred income taxes	(4,683,711)	2,135,633
Changes in operating assets and liabilities:		
Accounts receivable	-	13,766
Inventories	1,881,631	(5,001,875)
Bio Assets	519,119	(3,414,194)
Prepaid expenses and other current assets	13,867	19,000
Other Assets	(4,769,900)	(316,854)
Accounts payable and accrued expenses	13,240,118	1,727,268
Other current liabilities	(30,657)	-
Other long-term liabilities	(26,255)	-
<b>Net cash used in operating activities</b>	<b>(37,990,170)</b>	<b>(11,704,551)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment, net	(75,927)	(379,172)
Acquisition of intangible assets	-	(419,497)
<b>Net cash used in investing activities</b>	<b>(75,927)</b>	<b>(798,669)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings on notes	-	9,806,172
Shares issuance	38,023,820	-
Contributions	-	2,045,000
<b>Net cash provided by financing activities</b>	<b>38,023,820</b>	<b>11,851,172</b>
Change in cash	(42,277)	(652,048)
Cash—beginning of year	87,610	885,990
<b>Cash—end of year</b>	<b>\$ 45,333</b>	<b>\$ 233,942</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the period for interest	\$ 456,769	\$ 713,232
Cash paid during the period for income taxes	\$ -	\$ -
<b>OTHER NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Purchase of property and equipment not yet paid for		\$ -
Purchase of intangible assets not yet paid for	\$ -	\$ -

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

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars, except where noted)*

**1. NATURE OF OPERATIONS AND LIQUIDITY**

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**(a) Business Description**

CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.) (the “Company”, or “Craft”, and for the period before the Transaction date (see below) is “Old BGP”) was incorporated under the laws of the Province of British Columbia on May 22, 2020. Craft is a U.S. based health and wellness company within the cannabinoid space focusing on scientific research and development, technology, cultivation, product development, advanced manufacturing, distribution, wholesale, and brand development. The registered office of the Company is 1550 Royal Centre, 1055 West Georgia Street, P.O. Box 11117, Vancouver, BC V6E 4N7, Canada. The Company’s subordinated shares and subordinated share warrants are listed on the Neo Exchange (the “Exchange”) under the symbols “HUMN” and “HUMN.WT.A”, respectively.

**(b) Reverse takeover transaction**

On February 28, 2023 (the “Transaction date”), the Company and the combined Natively Group (“Old Craft”), which comprised four cannabis companies including Healthy Education Society d.b.a. 1861 Market; CRAFT 1861 Global Inc, Natively, LLC; and CRAFT 1861 Gold, LLC (which were incorporated over 2015 to 2022 and began as a combined group in May 2012), finalized a reverse takeover transaction whereby the former members of Old Craft received 430,000 proportionate shares of the Company (the “Transaction”), noting that proportionate shares are exchangeable into subordinate shares on a 1:100 basis. On the Transaction date, the shareholders of Old BGP were exchanged 34,050 proportionate shares for 3,405,001 Class B shares, and 93,405 subordinate shares for 23,405 Class A shares and 70,000 Class B shares. The 43,000,000 uncompressed shares received by the former members of Old Craft comprised approximately 92.5% of the uncompressed shares of the Company on the Transaction date, and the management of Old Craft continued as management of the Company. The Company also changed its name to CRAFT 1861 Global Holdings Inc. on the Transaction date. Pursuant to the Transaction, the Company became the owner of Old Craft, but the change in control of the Company by the former members of Old Craft (and related reverse takeover accounting guidance under IFRS (see Note 3) resulted in Old Craft being deemed the acquirer and Old BGP being the acquiree for accounting purposes. These condensed interim consolidated financial statements are presented as the continuation of Old Craft’s financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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**(a) Basis of Accounting**

The combined interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”) in effect for the three- and six-months period ended June 30, 2023 and 2022.

**(b) Basis of Measurement**

These combined financial statements have been prepared assuming the Company will continue as a going concern. The Company has incurred a net loss of \$71,327,247 for the six-months period ended June 30, 2023 and a net loss of \$7,242,174 for the six-months period ended June 30, 2022. As of June 30, 2023, the Company had an accumulated deficit of \$131,702,279 and an accumulated deficit of \$60,375,032 as of December 31, 2022. Because of recurring operating losses, net operating cash flow deficits, and an accumulated deficit, there is substantial doubt about the Company’s ability to continue as a going concern for one year from the issuance of these combined financial statements.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars, except where noted)*

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

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The Company has not made adjustments to the accompanying combined interim financial statements to reflect the potential effects on the recoverability and classification of assets or liabilities should the Company be unable to continue as a going concern.

The Company continues to incur ongoing operating expenses in excess of revenues. While the Company continues to implement its business strategy, it intends to finance its activities by:

- Managing current cash and cash equivalents on hand from the Company's past debt and equity offerings by controlling costs.
- Anticipated revenue growth of 145% from 2023 to 2024, driven by the execution of existing partnership contracts that commence throughout 2023 and are expected to ramp-up to full contribution over a 12-month period. More strategic partnership agreements will be added in the next couple of years.

**(c) Functional Currency**

The Company and its subsidiaries functional currency, as determined by management, is the United States ("U.S.") dollar. These combined financial statements are presented in U.S. dollars.

**(d) Basis of Combination**

The combined interim financial statements presented herein include assets, liabilities, revenues, and expenses directly attributable to the operations of the Company in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). All significant intracompany transactions and accounts have been eliminated.

**(e) Revenue**

Revenue consists of distribution sales of cannabis and cannabis-infused products. The Company recognizes revenue in accordance with IFRS 15, "*Revenue from Contracts with Customers*" and it is measured based on the consideration the Company expects to be entitled to in exchange for selling products to its customers. The five steps to the new revenue recognition approach are the following:

- 1) Identify the contract with the customer;
- 2) Identify the performance obligations;
- 3) Determine the transaction price;
- 4) Allocate the transaction price based on the performance obligations; and
- 5) Recognize revenue based on the performance obligations.

Revenue comprises the fair value of consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of any discounts and applicable excise taxes.

Revenue is recognized upon the satisfaction of the performance obligation. The Company satisfies its performance obligation and transfers control upon delivery of the final product to the customers at the point of sale, or when the product is shipped from the Company's cultivation facilities to third-party customer locations. Payment is typically due upon transferring the goods to the customer or within a specified time period permitted. As such, all revenues are recognized as of a point-in-time.

The Company expenses shipping and handling costs as they are incurred. Shipping and handling expenses incurred on products sold are included in Cost of Goods Sold.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars, except where noted)*

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

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**(f) Cash and Cash Equivalents**

Cash and cash equivalents include cash deposits in financial institutions and other deposits that are readily convertible to cash. The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. At times cash and cash equivalents may be in excess of Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) limits.

**(g) Accounts Receivables and Expected Credit Loss**

Accounts receivable are recorded at the invoiced amount and do not bear interest. Expected credit loss reflects the Company's estimate of amounts in its existing accounts receivable that may not be collected due to customer claims or customer inability or unwillingness to pay. Collectability of trade receivables is reviewed on an ongoing basis. The expected credit loss is determined based on a combination of factors, including the Company's risk assessment regarding the credit worthiness of its customers, historical collection experience, and length of time the receivables are past due. Account balances are charged off against the allowance when the Company believes it is probable the receivable will not be recovered. As of June 30, 2023 and December 31, 2022, the Company determined that no reserve was necessary.

**(h) Biological Assets**

The Company capitalizes the direct and indirect costs incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest. The Company then measures the biological assets at fair value less cost to sell in accordance with International Accounting Standard ("IAS") 41, "Agriculture" up to the point of harvest, which becomes the initial basis for the cost of finished goods inventories after harvest. Any subsequent post-harvest costs are capitalized to inventory to the extent that cost is less than net realizable value. The net unrealized gains or losses arising from changes in fair value less cost to sell during the year are included in the statement of operations of the related year.

**(i) Inventories**

Inventories consist of raw materials, work-in-process, and finished goods, and are initially valued at cost and subsequently at the lower of cost or net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis and is a significant estimate. The Company reviews its inventories for obsolete, redundant, and slow-moving goods and any such inventories are written down to net realizable value. There were no reserves for obsolete inventories as of June 30, 2023 and December 31, 2022.

**(j) Property and Equipment**

Property and equipment is stated at cost, net of accumulated depreciation and impairment losses, if any. Expenditures that materially increase the life of the assets are capitalized. Ordinary repairs and maintenance are expensed as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms and methods:

Furniture and Fixtures	7 Years
Machinery and Equipment	5-7 Years
Leasehold Improvements	Remaining Life of Lease or Useful Life
Vehicles	5 Years

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars, except where noted)*

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

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The assets' residual values, useful lives, and methods of depreciation are reviewed at each financial statement year-end and adjusted prospectively, if appropriate. An item of equipment is de-recognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in operations in the year the asset is de-recognized.

**(k) Impairment of Long-Lived Assets**

The Company evaluates the carrying value of long-lived assets at the end of each reporting period whether there is any indication that a long-lived asset is impaired. Such indicators include evidence of physical damage, indicators that the economic performance of the asset is worse than expected, decline in asset value that is more than the passage of time or normal use, or significant changes occur with an adverse effect on the Company's business. If any such indication exists, the Company estimates the recoverable amount of the asset, which is determined as the higher of the asset's fair value less costs of disposal and its value-in-use. Fair value is determined in accordance with IFRS 13, "Fair Value Measurement". Costs of disposal are the direct added costs only. Value-in-use is assessed based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects applicable market and economic conditions, the time value of money and the risks specific to the asset.

An asset is impaired when its carrying amount exceeds its recoverable amount. The Company measures impairment based on the amount by which the carrying value exceeds the estimated recoverable amount of the long-lived asset.

If an asset is determined to be impaired, the asset is written down to its realizable value, and the loss is recognized in the combined statement of operations and changes in shareholders' deficit in the period when the determination is made. No impairment charges for long-lived assets have been recorded as of June 30, 2023 and December 31, 2022.

**(l) Leased Assets**

A lease is recognized as a right-of-use asset and corresponding liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and interest expense. The interest expense is recognized over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability. Lease liabilities represent the net present value of fixed lease payments; variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the lessee under residual value guarantees; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

IFRS 16 was adopted in prior years under the early adoption provision of IFRS 16. In accordance with IFRS 16, the satisfaction of a performance obligation under IFRS 15 is applied to sale and leaseback transactions. As the seller-lessee, the Company measures the right-of-use asset arising from the transaction at the proportion of the previous carrying amount of the asset that relates to the right of use retained. The Company only recognizes the gain or loss that relates to the rights transferred to the buyer-lessor. Adjustments are made to measure the sale proceeds at fair value in which any below-market terms are accounted for as a prepayment of lease payments and any above-market terms are accounted for as an additional financing cost. Adjustments for any off-market terms are on the more readily determinable basis of the difference between the fair value of the consideration for the sale and the fair value of the asset, and the difference between the present value of the contractual payments for the lease and the present value of lease payments at market rates.

The Company's lease liability is recognized net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars, except where noted)*

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

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Payments associated with short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis in general and administrative expenses in the combined statement of operations and comprehensive loss. Short-term leases are defined as leases with a lease term of twelve months or less. Variable lease payments that do not depend on an index, rate, or subject to a fair market value renewal condition are expensed as incurred and recognized in costs of goods sold and general and administrative expenses.

Right-of-use assets are measured at cost, which is calculated as the amount of the initial measurement of lease liability plus any lease payments made at or before the commencement date, any initial direct costs and related restoration costs. The right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or economic life, which ranged between 3.5 to 10 years. Depreciation is recognized from the commencement date of the lease.

**(m) Income Taxes**

As the Company operates in the cannabis industry, it is subject to the limitations of Internal Revenue Code (“IRC”) Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss.

Deferred taxes are provided using an asset and liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The valuation allowance is a significant estimate.

Deferred tax assets and liabilities are measured using the enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax law or tax rates is recognized in income in the period that enactment occurs.

There are no positions for which it is reasonably possible that the uncertain tax benefit will significantly increase or decrease within twelve months. The Company files income tax returns in the United States and New Mexico.

**(n) Shipping and Handling Costs**

Shipping and handling costs are included in costs of goods sold.

**(o) Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

**(p) Financial Instruments**

The Company adopted IFRS 9, “Financial Instruments” in prior years. IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars, except where noted)*

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

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*Classification*

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at fair value through profit or loss (“FVTPL”); (ii) those to be measured subsequently at fair value through other comprehensive income (“FVOCI”); and (iii) those to be measured subsequently at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (“SPPI”). Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains or losses are either recorded in profit or loss or other comprehensive income.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

*Measurement*

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered separately when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

*Impairment*

The Company assesses all information available, including on a forward-looking basis the expected credit loss associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset at the reporting date with the risk of default at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. For accounts receivable only, the Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward-looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars, except where noted)*

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Summary of the Company's Classification and Measurements of Financial Assets and Liabilities:

	<u>Classification</u>	<u>Measurement</u>
Cash	FVTPL	Fair Value
Accounts Receivable, Net	Amortized Cost	Amortized Cost
Accounts Payable	Amortized Cost	Amortized Cost
Accrued Expenses	Amortized Cost	Amortized Cost
Due to Related Parties	Amortized Cost	Amortized Cost
Lease Liabilities	Amortized Cost	Amortized Cost

**(q) Acquisition Accounting**

Acquisitions of businesses are accounted for using the acquisition method. The consideration of each business combination is measured, at the date of the exchange, as the aggregate of the fair value of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Under the guidance of IFRS 10 Consolidated Financial Statements, control is established by having power over the acquiree, exposure or rights to variable returns from the investor's involvement with the acquiree, and the ability to use its power over the acquiree to affect the amount of the acquirer's returns. The acquiree's identifiable assets, liabilities, and contingent liabilities are recognized at their fair value at the acquisition date.

In a transaction where an operating entity is arranged to be acquired by a shell listed company, the pre-combination shareholders of the operating company obtain, as a group, a majority interest in the controlled entity. The resulting shareholding indicates that the operating company is the accounting acquirer and the listed shell company the accounting acquiree. This constitutes a reserve takeover.

During the six months ended June 30, 2023, the Company entered into a reverse takeover arrangement with Craft where Craft is identified to be accounting acquirer and the Company accounting acquiree. As the Company was a shell listed entity and is not qualified as business, this transaction falls outside of IFRS 3 Business Combinations. As the two entities had exchange of shares, this transaction was accounted for as a share-based transaction under IFRS 2 Share-based Payment. The fair value of consideration paid was determined to be fair value of outstanding equity instruments of the Company as at acquisition date. The difference between consideration paid and net assets acquired is treated as listing expense.

**(r) Significant Accounting Judgments, Estimates, and Assumptions**

The preparation of the Company's combined financial statements requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates inherent in the preparation of the Company's combined financial statements include the assumptions related to the estimated useful lives for property and equipment, valuation of biological assets, valuation of inventory, valuation allowances related to deferred tax assets, and the allowance for doubtful accounts.

Cannabis is a Schedule I substance and there is inherent risk related to the federal government's position on cannabis.



**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars, except where noted)*

**3. REVERSE TAKEOVER TRANSACTION**

Pursuant to the Transaction (Note 1), Old Craft obtained control of the Company and is considered to have acquired Old BGP. Old BGP did not meet the definition of a business under IFRS 3 Business Combinations, as Old BGP did not have inputs and substantive processes that could collectively contribute to the creation of outputs. As a result, the Transaction was considered to be within the scope of IFRS 2 Share-Based Payments and for accounting purposes (considering the change of control - Note 1), and the Transaction was accounted for as a reverse takeover transaction, with Old Craft identified as the accounting acquirer, and Old BGP identified as the accounting acquiree whereby Old Craft is deemed to have acquired all the common shares as well as identifiable net assets of Old BGP in exchange for shares in the Company.

The transaction was measured at the fair value of the equity instruments deemed to have been issued by Craft in order for the ownership interest in the combined entity to be the same as if the transaction had taken the legal form of Old Craft acquiring 100% of Old BGP. Any difference between the transaction price and fair value of the net assets of Old BGP constitutes the listing expense and is recorded in the condensed interim consolidated statement of loss and comprehensive loss.

A summary of the Company's share consideration paid as well as assets acquired and liabilities assumed of Old BGP as of February 28, 2023, the Transaction date, is as follows:

**(USD \$)**

**Consideration paid:**

Fair value of the Company proportionate shares (34,050 shares at \$1,086.89 per share)	37,008,599
Fair value of the Company subordinate shares (93,406 common shares at \$10.87 per share)	1,015,221
	<b>38,023,820</b>

**Fair value of net assets (liabilities) acquired:**

Cash	3,181
Prepaid expenses and other current assets	35,692
Accounts payable	(2,379,484)
Loans payable	(435,000)
Warrant liabilities	(720,185)
<b>Net liabilities acquired</b>	<b>(3,495,796)</b>

<b>Listing Expense</b>	<b>(41,519,616)</b>
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During the six months period ended June 30, 2023, the Company recognized a listing expense of \$41,519,616 in the statements of loss and comprehensive loss, being the consideration paid in excess of the fair value of net assets acquired.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars, except where noted)*

**4. BIOLOGICAL ASSETS**

Biological assets consist of cannabis plants. As of June 30, 2023 and December 31, 2022, changes in the carrying value of biological assets are shown below:

<b>(USD \$ in Dollars)</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Balance, Beginning of Year	\$ 773,351	\$ 384,251
Increase in Biological Assets Due To Capitalized Costs	174,933	1,125,104
Unrealized Gain on Changes in Fair Value of Biological Assets	320,710	2,003,317
Transferred to Inventory Upon Harvest	(1,014,762)	(2,739,321)
<b>Balance, End of Year</b>	<b>\$ 254,232</b>	<b>\$ 773,351</b>

The Company values its biological assets at the end of each reporting period at fair value less costs to sell. This is determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. This model also considers the progress in the plant life cycle.

Management has made the following estimates in this valuation model:

- The average number of weeks in the growing cycle is sixteen weeks from propagation to harvest;
- The average harvest yield of dried flower is 109.73 grams per plant.
- The average selling price of dried flower is \$6.96 per gram;
- Selling costs include shipping, order fulfillment, and labelling, estimated to be \$1.91 per gram.

The estimates of growing cycle, harvest yield, and costs per gram are based on the Company's historical results. The estimate of the selling price per gram is based on the Company's historical sales in addition to the Company's expected sales price going forward.

Management has quantified the sensitivity of the inputs, and determined the following:

- Selling price per gram – an increase or decrease in the selling price per gram by 5% would result in an increase or decrease the fair value of biological assets by approximately \$14,577.
- Harvest yield per plant – an increase or decrease in the harvest yield per plant of 5% would result in an increase or decrease the fair value of biological assets by approximately \$12,712.
- Cost of production per gram – an increase or decrease in the cost of production per gram by 5% would result in an increase or decrease the fair value of biological assets by approximately \$1,630.

According to IAS41 Biological Assets, these inputs are level 3 on the fair value hierarchy, and are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

As of June 30, 2023, the biological assets were on average, 34.6% complete, and the estimated fair value less costs to sell of dried flower was \$4.95 per gram.

As of June 30, 2023, it is expected that the Company's biological assets will ultimately yield approximately 100 kilograms of dry cannabis.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars, except where noted)*

**5. DETAILS OF CERTAIN ASSETS AND LIABILITIES**

Account receivables consist primarily of trade receivables, and accounts payable consist primarily of trade payables. Prepaids and other current assets consist of the following items:

<b>(USD \$)</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
<b>Other Current Assets:</b>		
Prepaid Expenses	68,447	47,714
ROU Asset - short term portion	103,552	104,117
Income Taxes Receivable	35,254	35,254
<b>Total Prepaids Expenses and other Current Assets</b>	<b>\$ 207,253</b>	<b>\$ 187,085</b>
<b>Other Long-Term Assets:</b>		
ROU Asset - long term portion	513,957	547,992
<b>Total Prepaids Expenses and other Current Assets</b>	<b>\$ 513,957</b>	<b>\$ 547,992</b>

This prepaid expense corresponds mainly to State of New Mexico – Dept. of Health License fees.

Other current and long-term liabilities consist of the following items:

<b>(USD \$)</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
<b>Other Current Liabilities:</b>		
Accrued Expenses		-
Accrued Payroll		-
ROU liability - short term portion	63,154	62,975
Sponsorship Liability - short-term portion	56,164,047	45,045,217
<b>Total Other Current Liabilities</b>	<b>\$ 56,227,201</b>	<b>\$ 45,108,192</b>
<b>Other Long-Term Liabilities:</b>		
ROU liability - long term portion	618,610	634,827
Sponsorship Liability - long-term portion	128,822,049	128,822,049
<b>Total Other Long-Term Liabilities</b>	<b>\$ 129,440,659</b>	<b>\$ 129,456,876</b>

**6. INVENTORIES**

The Company's inventories include the following:

<b>(USD \$)</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Raw Materials and Packaging	\$ 121,518	\$ 713,626
Work In Process	1,533,836	2,572,990
Finished Goods	6,399	256,768
<b>Total Inventories</b>	<b>\$ 1,661,753</b>	<b>\$ 3,543,384</b>

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars, except where noted)*

**7. PROPERTY AND EQUIPMENT, NET**

As of June 30, 2023 and December 31, 2022, property and equipment consist of:

<b>(USD \$)</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Buildings	\$ 22,000	\$ 22,000
Equipment	475,623	475,623
Permit	30,000	30,000
Vehicles	48,096	28,096
Right-Of-Use Asset	1,005,871	949,944
Property and Equipment, at Cost	1,581,590	1,505,663
Accumulated depreciation	(920,600)	(818,662)
<b>Property and Equipment, Net</b>	<b>\$ 660,990</b>	<b>\$ 687,001</b>

A reconciliation of the beginning and ending balances of property and equipment for the six-months period ended June 30, 2023, is as follows:

<b>(USD \$)</b>	<b>Property and Equipment, at Cost</b>	<b>Accumulated Depreciation</b>	<b>Property and Equipment, Net</b>
<b>Balance— December, 2022</b>	<b>\$ 1,505,663</b>	<b>\$ (818,662)</b>	<b>\$ 687,001</b>
Asset Contribution	-	-	-
Additions	75,927	-	75,927
Disposals	-	-	-
Depreciation		(101,938)	(101,938)
<b>Balance— June, 2023</b>	<b>\$ 1,581,590</b>	<b>\$ (920,600)</b>	<b>\$ 660,990</b>

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars, except where noted)*

**8. INTANGIBLE ASSETS**

As of June 30, 2023 and December 31, 2022, the detail of intangible assets other than goodwill is as follows:

<b>(USD \$)</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
<b>Intangible assets - net</b>		
Licensed rights	144,596,723	160,538,163
<b>Total intangible assets - net</b>	<b>144,596,723</b>	<b>160,538,163</b>
<b>Intangible assets - gross</b>		
Licensed rights	175,032,412	175,032,412
<b>Total intangible assets - gross</b>	<b>175,032,412</b>	<b>175,032,412</b>
<b>Accumulated amortization of intangible assets</b>		
Licensed Rights	(30,435,689)	(14,494,249)
<b>Total accumulated amortization of intangible assets</b>	<b>(30,435,689)</b>	<b>(14,494,249)</b>

**9. DEBT**

As of the six months period ended June 30, 2023, the Company entered into two loans, detailed below:

<b>Loans from</b>	<b>Loans pursuant to the Transaction (Note 3)</b>	<b>Warrant liability (Note 3)</b>	<b>ICAR Auto Sales LLC</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Opening Balance	-	-	14,774	14,774	103,525
Additions	435,000.00	720,185.00	-	1,155,185.00	-
Interest Rate	0%	0%	7%		
Accrued Interest	-	-	894	894	1,788
Repayments	-	-	(5,467)	(5,467)	(90,539)
Ending balance	435,000.00	720,185.00	10,201	1,165,386	14,774
<b>Current portion</b>	<b>435,000.00</b>	<b>720,185.00</b>	<b>10,201</b>	<b>1,165,386</b>	<b>4,736</b>
<b>Non-current portion</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,038</b>

On March 19, 2021, the Company entered into a loan agreement with Century Bank in principal amount of \$79,490 wherein the total will mature in sixty-months and bear interest at a rate of 1.0%.

As of February 10, 2022, the loan agreement with Century Bank has been condoned on its whole, considering its principal amount of \$79,490 wherein the total was set to mature in sixty-months and bear interest at a rate of 1.0%.

On March 19, 2021, the Company entered into a loan agreement with Icar Auto Sales LLC in principal amount of \$28,096 wherein the total will mature in thirty-six-months and bear interest at a rate of 7.44%.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars, except where noted)*

**10. SPONSORSHIP LIABILITY**

As of June 30, 2023, the Company continues to be engaged in the following sponsorship contract agreements, detailed below:

Agreements from	Dorna Sports SL	Venturi Grand Prix S.A.M.	Pramac Racing Ltd	Premier Global Sailing Race Company	Leading Collegiate IP Agency	British F1 Motor Racing Team
Consideration	12,694,813	6,124,690	3,786,172	7,173,691	30,305,854	72,800,000
Unrealized Foreign exchange				165,356		9,726,177
Payments	(683,968)	(1,358,041)	(233,462)	-	-	-
Ending balance	12,010,845	4,766,649	3,552,710	7,339,047	30,305,854	82,526,177
<b>Current portion</b>	<b>5,122,976</b>	<b>734,367</b>	<b>880,118</b>	<b>1,989,175</b>	<b>5,500,000</b>	<b>26,526,177</b>
<b>Non-current portion</b>	<b>6,887,869</b>	<b>4,032,282</b>	<b>2,672,592</b>	<b>5,349,872</b>	<b>24,805,854</b>	<b>56,000,000</b>

Agreements from	Premier League Football Club	World Surf League	Global Sail Grand Prix League	United States Professional Pickle Ball Association	Champions League Football Club	Total
Consideration	11,373,000	10,293,537	6,500,000	1,050,000	13,307,272	175,409,029
Unrealized Foreign exchange	1,087,218				873,787	11,852,538
Payments	-	-	-	-	-	(2,275,471)
Ending balance	12,460,218	10,293,537	6,500,000	1,050,000	14,181,059	184,986,096
<b>Current portion</b>	<b>5,422,218</b>	<b>2,664,550</b>	<b>2,150,000</b>	<b>300,000</b>	<b>4,874,467</b>	<b>56,164,047</b>
<b>Non-current portion</b>	<b>7,038,000</b>	<b>7,628,987</b>	<b>4,350,000</b>	<b>750,000</b>	<b>9,306,593</b>	<b>128,822,049</b>

All sponsorship contracts have a duration of approximately 5 years and are established under formal contractual agreements with fixed governing payment terms.

In July 2022, the Company signed an agreement with the leading collegiate IP agency, a large collegiate sports marketing company, representing more than 200 of the US top collegiate properties, in order for the Company to be designated as each property's exclusive category partner and as the only category entity having the right to use property marks during the 2022 to 2027 athletic years. The agreement expires on June 2027 and contains an auto-renewal clause of 5 years. The consideration payments total approximately \$30,305,854.

In July 2022, the Company signed an agreement with the largest global motorsport league, a British Formula One motor racing team and constructor, in order for the Company to promote its products and business through a program of partnership and commercial association during the 2022 to 2027 seasons. This establishes a commencement date on September 5, 2022 and expires on December 2027 and contains an auto-renewal clause of 5 years. The consideration payments total approximately GBP 65,000,000 (\$78,630,500 USD).

In August 2022, the Company signed an agreement with the United States Professional Pickle Ball Association, in order for the Company to promote its products and business through a Strategic Licensing Rights program of partnership and commercial association during the 2022 to 2027 seasons. The establishes a commencement date on August 2022 and expires on December 2027 and contains an auto-renewal clause of 5 years. The consideration payments total approximately \$3,087,500.

In August 2022, the Company signed an agreement with the Global Sail Grand Prix League, in order for the Company to promote its products and business through a Strategic Licensing Rights program of partnership and commercial association during the 2022 to 2027 seasons. The establishes a commencement date on August 2022 and expires on December 2027 and contains an auto-renewal clause of 5 years. The consideration payments total approximately \$6,500,000.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars, except where noted)*

**10. SPONSORSHIP LIABILITY (Continued)**

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In September 2022, the Company signed an agreement with the World Surf League, in order for the Company to promote its products and business through a Strategic Licensing Rights program of partnership and commercial association during the 2022 to 2027 seasons. The establishes a commencement date on September 2022 and expires on December 2026 and contains an auto-renewal clause of 5 years. The consideration payments total approximately \$10,293,537.

In September 2022, the Company signed an agreement with a Premier League Football Club, in order for the Company to promote its products and business through a Strategic Licensing Rights program of partnership and commercial association during the 2022 to 2027 seasons. The establishes a commencement date on September 2022 and expires on June 2027 and contains an auto-renewal clause of 5 years. The consideration payments total approximately GBP 11,150,000 (\$13,488,155 USD).

In October 2022, the Company signed an agreement with a Champions League Football Club, in order for the Company to promote its products and business through a Strategic Licensing Rights program of partnership and commercial association during the 2022 to 2027 seasons. The establishes a commencement date on October 30, 2022 and expires on June 30, 2027 and contains an auto-renewal clause of 5 years. The consideration payments total approximately EUR 11,150,000 (\$11,932,730 USD).

**11. INCOME TAXES**

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The Company accounts for income taxes using the asset and liability method. Accordingly, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing tax assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income for the years in which those temporary differences are expected to be recovered or settled.

The Company recognizes the tax benefits from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. Management believes the Company has appropriate support for the income tax positions taken and to be taken on its tax returns for all open years based on an assessment of many factors including past experience and interpretations of tax law applied to the facts of each matter. The Company files federal and state income tax returns and is generally no longer subject to income tax examinations by tax authorities for years prior to 2018.

Healthy Education Society operates as a New Mexico Non-Profit taxed as a C Corporation. Healthy Education Society has adjustments for Internal Revenue Code Section 280E relating to the deductibility of expenses applicable a Type 1 Narcotic. The Company has other timing differences related to the rent expense and inventory.

Healthy Education Society was subject to audit by the New Mexico Taxation and Revenue Department for the 2014 - 2018 tax years. The total liability from this audit was approximately \$15,000 and was paid in accordance with the agreement of the State of New Mexico. Amended Federal Income Tax Returns were filed as a result of this audit.

Natively, LLC and its subsidiaries, are organized as a limited liability companies under the laws of the State of New Mexico. In lieu of corporate federal and state income taxes, the Memebrrs of the limited liability companies are taxed on their proportionate share of taxable income. Therefore, no provision or liability for federal or state income taxes has been included in the accompanying financial statements for Natively, LLC.

Management evaluated Natively's tax positions and concluded that Natively had taken no uncertain tax positions that require adjustment to the consolidated financial statements.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars, except where noted)*

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**11. INCOME TAXES (Continued)**

The provision (recovery) for income tax expense for the six months period ended June 30, 2023, was (\$4,683,711) representing an effective tax rate of 18.56%, compared to an income tax expense of \$2,204,782 for the six months period ended June 30, 2022, representing an effective tax rate of 26.02%.

The income tax provision differs from the amount of income tax determined by applying a blended U.S. federal income tax rate (in accordance with recently passed tax legislation) to pretax income primarily due to the income of all other partnerships and single member LLCs (since it is taxed as a partnership and not part of Healthy Education Society) along with reconciling items for state taxes and permanent differences.

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**12. SHARE CAPITAL**

**(a) Authorized Share Capital**

The Company is authorized to issue an unlimited number of proportionate and subordinate shares without par value. Pursuant to the Transaction (Note 3), the Company's member units were converted into proportionate shares of the Company at an exchange ratio of 5,972 proportionate shares to one member unit. Number of proportionate shares issued in exchange for all member units of Craft is 430,000. Prior share capital transactions are recast for the change from members unit to common share.

**(b) Issued share capital/ member units**

During the six months period ended June 30, 2023, the Company had the following share capital transactions:

On February 28, 2023, pursuant to the Transaction, the Company issued 34,050 proportionate shares, with a fair value of \$37,008,599, and 93,406 subordinate shares, with a fair value of \$1,051,221, to shareholders of Old BGP in exchange for its public listing (Note 3). Also, pursuant to the Transaction, the Company exchanged 430,000 member units for 430,000 proportionate shares.

During the year ended December 31, 2022, the Company (Old Craft) had the following member unit transactions:

- In February 2022 Old Craft issued 35,883 member units adjusted for the Transaction exchange ratio of 5,972 proportionate shares for each member unit of the Company ("Adjusted Member Units") at \$39.63 per Adjusted Member Unit for gross proceeds of \$1,420,000.
- In May 2022, the Company issued 23,889 Adjusted Member Units at \$26.16 per Adjusted Member Unit for gross proceeds of \$625,000.
- In August 2022, the Company issued 29,861 Adjusted Member Units at \$46.88 per Adjusted Member Unit for gross proceeds of \$1,400,000.
- In December 2022, the Company issued 29,861 Adjusted Member Units at \$6.33 per Adjusted Member Unit for gross proceeds of \$189,046.



**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars, except where noted)*

**13. RELATED PARTY TRANSACTIONS**

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**(a) Due to Related Parties**

Amounts due to related parties were comprised of balances due to shareholders of the Company and entities owned by shareholders of the Company, as per detail below:

<b>(USD \$)</b>	<b>Principal</b>	<b>Interest</b>	<b>June 30, 2023</b>
Related Party Payable - Maverick	41,342,922	4,793,441	<b><u>\$46,136,363</u></b>

<b>(USD \$)</b>	<b>Principal</b>	<b>Interest</b>	<b>December 31, 2022</b>
Related Party Payable - Maverick	41,342,922	1,670,248	<b><u>\$43,013,170</u></b>

These amounts are due on demand and did not have formal contractual agreements governing payment terms. As for interest, those bear an annual interest rate of 10% of the borrowed amount.

**(b) Facilities and working capital financing**

CRAFT 1861 Gold, LLC finances the construction of facilities and working capital for operations of its not-for-profit subsidiary, Healthy Education Society d.b.a. 1861 Market. The not-for-profit subsidiary executed a note in favor of Craft (or its affiliates) which bears the principal loan amount of \$1,925,678.07. This loan carries a 0% interest rate and does not have a maturity date. This loan will be repaid through cash flow from 1861 Market. The not-for-profit entity has a separate board of directors, which includes certain members of Craft.

**(c) Compensation to key personnel**

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of Craft as a whole and consist of executive and nonexecutive members of Craft's board of directors and corporate officers and/or companies controlled by those individuals.

Total compensation paid and earned to key management personnel was \$689,052 and \$164,964 for the six months period ended June 30, 2023 and 2022, respectively.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars, except where noted)*

**14. LEASE COMMITMENTS**

A reconciliation of the beginning and ending balance of lease liabilities for the six months period ended June 30, 2023 and the year ended December 31, 2022, is as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
<b>Balance at the beginning</b>	\$ 652,109	\$ 389,429
Lease Additions	-	394,096
Interest	34,132	68,264
Payments	(68,732)	(199,680)
<b>Balance at the end</b>	<b>\$ 617,509</b>	<b>\$ 652,109</b>

As of June 30, 2023, the Company leases three business facilities from third parties that specify minimum rentals. The leases expire in March 2025, September 2026 and April 2032 and contain renewal provisions. Additionally, certain leases provide for rent abatement and escalating payments, and rent expense is calculated on straight-line basis over the terms of the leases with the incentives reported as deferred rent. The Company's interest expense for the six months period ended June 30, 2023 and 2022 was \$34,132 and \$23,975, respectively. The Company's Right-of-Use asset amortization expense for the six months period ended June 30, 2023 and 2022 was \$34,600 and \$65,352, respectively.

Future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as follows:

<b>As of June 30, 2023</b>	<b>Third Party</b>
2023	\$ 31,488
2024	225,176
2025	165,178
2026	145,506
2027 and Thereafter	50,161
<b>Total</b>	<b>\$ 617,509</b>

Weighted average leases terms and discount rate are as follows:

	<b>June 30, 2023</b>
Weighted Average Lease Term - Operating Leases	6.90
Weighted Average Discount Rate - Operating Leases	10%

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars, except where noted)*

**15. CONTINGENCIES**

The Company is subject to lawsuits, investigations and other claims related to employment, commercial and other matters that arise out of operations in the normal course of business. Periodically, the Company reviews the status of each significant matter and assesses the potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable, and the amount can be reliably estimated, such amount is recognized in other liabilities.

Contingent liabilities are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. The Company performs evaluations to identify onerous contracts and, where applicable, records contingent liabilities for such contracts.

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulation as of June 30, 2023, marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

**16. SEGMENT REPORTING**

The Company operates in two segments: within the non-psychoactive, hemp-derived cannabidiol ("CBD") market with consumer-packaged goods containing zero THC (the "CBD Operations"); and as a vertically integrated cannabis company with cultivation, production and dispensary operations in the state of New Mexico, and plans to expand its THC operations into other legal jurisdictions through the sale of its proprietary branded THC products (the "THC Operations"). The Belen, New Mexico cultivation and manufacturing plant, along with two adult-use cannabis retail outlets, make up Craft's present THC Operations. The two functioning Craft stores are located in Albuquerque, New Mexico's Nob Hill (1,100 square feet) and Carlsbad (1,400 square feet).

<b>(USD \$ in Dollars)</b>	<b>THC</b>	<b>CBD</b>	<b>Total</b>
<b>For the six months period ended June 30, 2023:</b>			
Revenues	748,207	2,545	750,752
Gross profit (loss)	(1,877,088)	351	(1,876,737)
Income (loss) from operations	(5,958,225)	(28,076,348)	(34,034,573)
<b>Net income (loss)</b>	<b>\$ (47,621,607)</b>	<b>\$ (23,705,640)</b>	<b>\$ (71,327,247)</b>

<b>(USD \$ in Dollars)</b>	<b>THC</b>	<b>CBD</b>	<b>Total</b>
<b>For the six months period ended June 30, 2022:</b>			
Revenues	1,524,785	87,486	1,612,271
Gross profit (loss)	9,510,287	(1,889,293)	7,620,994
Income (loss) from operations	8,799,091	(13,079,842)	(4,280,751)
<b>Net income (loss)</b>	<b>\$ 6,521,166</b>	<b>\$ (13,763,340)</b>	<b>\$ (7,242,174)</b>

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars, except where noted)*

**16. SEGMENT REPORTING (Continued)**

<b>(USD \$ in Dollars)</b>	<b>THC</b>	<b>CBD</b>	<b>Total</b>
<b>For the year ended June 30, 2023:</b>			
Total assets	14,021,291	144,602,746	158,624,037
Total liabilities	7,388,278	231,958,838	239,347,116
<b>(USD \$ in Dollars)</b>			
<b>For the year ended December 31, 2022:</b>			
Total assets	5,149,542	167,094,340	172,243,882
Total liabilities	(2,198,451)	221,861,985	219,663,534

**17. SUBSEQUENT EVENTS**

Management has evaluated significant events or transactions that have occurred since the combined interim balance sheet date and through August 14, 2023, the date the combined financial statements were available to be issued.

**Revocation Order.**

On July 7, 2023, the Ontario Securities Commission, under the securities legislation of Ontario, issued a REVOCATION ORDER related to the April 6, 2023, failure-to-file cease trade order under defined terms in National Instrument 14-101 Definitions and National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations Multiple Jurisdictions. As per the Ontario Securities Commission Revocation Order, The Principal Regulator is satisfied that the order to revoke the Failure-to-File Cease Trade Order meets the test set out in the legislation for the principal regulator to make the decision. The decision of the principal regulator under the legislation is that the Failure-to-File Cease Trade Order is revoked as of July 7, 2023.

**Binding Letter of intent with RKA, LLC.**

On July 26, 2023, CRAFT 1861 Global Holdings Inc. have entered into a binding letter of intent (the "Letter of Intent") with RKA, LLC ("RKA") which sets out the principal terms upon which it is proposed that Craft Global will divest and transfer its "plant touching" operations in New Mexico to RKA (the "Transaction"). RKA is at arm's length to Craft.

The Company currently exercises capital and management control of Healthy Education Society ("HES"), a State of New Mexico incorporated not-for-profit that holds the State of New Mexico Cannabis Control & Regulatory License Division Vertically Integrated Licensure, pursuant to an exclusive management agreement with HES.

Pursuant to the Transaction:

- RKA will assume capital and management control of HES in exchange for the assumption of approximately \$2.7 million of liabilities.
- The Company will enter into a licensing agreement with RKA relating to certain trademarks used in HES's operations on terms to be negotiated.
- The Company will be granted a right of first refusal to reacquire capital and management control of HES.
- Upon the occurrence of an unconditional triggering event, the Company shall have the right, but not the obligation, to reacquire capital and management control of HES from RKA at a 25% premium to the Transaction price.

**CRAFT 1861 Global Holdings Inc. (formerly BGP Acquisition Corp.)**  
**NOTES TO THE COMBINED INTERIM FINANCIAL STATEMENTS**  
**AS OF AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**  
*(Unaudited - Expressed in United States Dollars, except where noted)*

**17. SUBSEQUENT EVENTS** *(Continued)*

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**Binding Agreement with Nanocures International, Inc.,**

On July 30, 2023, Craft announced in a public press release that it entered into a binding letter of intent with Nanocures International, Inc., which sets out the principal terms upon which it is proposed that Craft and Nano will combine. It is anticipated that the Transaction will constitute a reverse takeover transaction under the policies of the NEO Exchange Inc., operating as Cboe Canada.

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**MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND  
RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023, AND  
JUNE 30, 2022 (UNAUDITED)**

*This management’s discussion and analysis (“MD&A”) contains information about the financial condition and results of operations of Craft 1861 Global Holdings Inc. (“Craft”), comprising of the four companies (Craft 1861 Global Inc.; Healthy Education Society d.b.a. 1861 Market, LLC; Craft 1861, LLC; and Craft 1861 Gold, LLC) for three and six months ended June 30, 2023, and June 30, 2022 (unaudited). It is supplemental to, and should be read in conjunction with, the Craft interim unaudited combined financial statements and the accompanying notes for the three and six months ended June 30, 2023, and June 30, 2022.*

*This MD&A is dated as of August 14, 2023 and was prepared with information available at this date. Craft financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). Financial information presented in this MD&A is presented in United States dollars (“\$” or “US\$”), unless otherwise indicated. In this MD&A, the words “we”, “our” and “us” refer to Craft and its subsidiaries.*

*This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators.*

*Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).*

**Forward-Looking Statements**

Some of the information contained in this MD&A contains forward-looking information. This information is based on management’s reasonable assumptions and beliefs in light of the information currently available and are made as of the date of this MD&A. However, Craft does not undertake to update any such forward looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada. Actual results and the timing of events may differ materially from those anticipated in the forward-looking information as a result of various factors, including those described in “Risk Factors” and elsewhere in this prospectus.

Craft cautions that the list of risk factors and uncertainties is not exhaustive and other factors could also adversely affect our results. Readers are urged to consider the risks, uncertainties, and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such information. See “Caution Regarding Forward-looking Statements” and “Risk Factors” elsewhere in this prospectus for a discussion of the uncertainties, risks and assumptions associated with these statements.

**Overview of Craft 1861 Global Holdings Inc.**

On February 28, 2023, BGP Acquisition Corp. announced that it has completed its qualifying transaction with Craft 1861 Global Inc. concurrent with the closing of the qualifying transaction, the corporation changed its name to Craft 1861 Global Holdings Inc.

Craft 1861 Global Inc. was incorporated on September 20, 2022, as a Wyoming corporation, as the holding company of four (4) cannabis companies (Healthy Education Society d.b.a. 1861 Market, LLC; Craft 1861 Global Inc (formerly Zia Plus, LLC); Craft 1861, LLC (formerly Natively, LLC); and Craft 1861 Gold, LLC), which started in May 2012 and were incorporated from 2015 to 2022. Our principal activities are Cannabis-as-a-Service (CaaS®) encompassing genetics, scientific research & development, technology, cultivation, product development, advanced manufacturing, formulation, distribution, wholesale, brand development, and business development as a health & wellness cannabis company focused on cannabis-based performance and recovery products and services as regulated by the regulatory bodies and authorities of the markets in which we have activities. See “The Business of Craft” for an overview of Craft’s business and “United States Regulatory Environment” for details regarding the regulatory framework under which it operates. Craft’s corporate office is located in Albuquerque, New Mexico.

## **How We Assess Our Business**

Craft utilizes several metrics to measure and track the performance and progress of its business. This MD&A refers to certain key performance indicators used by management and typically used by Craft's competitors in the global cannabis industry.

### *Revenue*

In accordance with IFRS 15, revenue is recognized when a customer obtains control of promised goods or services. The amount of revenue reflects the consideration to which Craft expects to be entitled to receive in exchange for these goods or services. Craft applies the following five-step analysis to determine whether, how much and when revenue is recognized: (1) identify the contract with the customer; (2) identify the performance obligation in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligation in the contract; and (5) recognize revenue when or as Craft satisfies a performance obligation.

Under IFRS 15, revenue from the sale of cannabis and derivative products is generally recognized at a point in time when control over the goods has been transferred to the customer. Payment is generally due prior to transfer of the goods and is recognized as revenue upon the satisfaction of the performance obligation. Craft satisfies its performance obligation and transfers control upon delivery and acceptance by the customer.

### *Gross Profit before Fair Value Adjustments to Biological Assets and Inventory*

Gross Profit before Fair Value Adjustments to Biological Assets and Inventory reflects revenue less production costs, primarily consisting of labor, materials, consumables, supplies, overhead, amortization on production equipment, shipping, packaging, and other expenses required to produce cannabis products.

### *Gross Profit after Fair Value Adjustments to Biological Assets and Inventory*

Production costs related to the transformation of biological assets to the point of harvest are capitalized and included in the fair value measurement of the biological assets. Once goods are sold, the associated capitalized costs are recognized as production costs in the statement of operations for the period.

Gross Profit after Fair Value Adjustments to Biological Assets and Inventory is based on Gross Profit before Fair Value Adjustments to Biological Assets and Inventory and includes fair value adjustments to our biological assets, consisting of cannabis plants measured at fair value less cost to sell up to the point of harvest and is inclusive of capitalized production costs. Harvested cannabis is transferred from biological assets at their fair value less cost to sell at harvest, which becomes the deemed cost for inventory which, upon sale, the fair value cost adjustment portion is expensed to finished harvest inventory sold. Gross income before gain on biological assets represents profit earned before the net impact of fair value gains and finished harvest inventory sold cost of sales that result from the transformation of biological assets.

### *Operating Expenses*

Operating expenses primarily include salaries and benefits, professional fees, rent and facilities expenses, travel-related expenses, advertising and promotion expenses, licenses, fees and taxes, office supplies and pursuit expenses related to outside services, unit-based compensation, and other general and administrative expenses.

## **Factors Affecting Our Performance**

Craft's performance and future success depends on a number of factors. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below. See "*Risk Factors*" in this prospectus for more information.

## *Branding*

Craft has built its brand on providing trusted, pharmaceutical-quality cannabis to change the trajectory of its patients' wellness journey. Craft is a trusted mark for cannabis by constantly innovating. As Craft expands into new jurisdictions, it intends to be a leader in developing a national and international cannabis brand, which in turn is expected to support its expansion into international jurisdictions. Our ability to expand is dependent on our branding.

## *Regulation*

Craft is subject to the local and federal laws in the jurisdictions in which it operates. Outside of the United States, Craft products may be subject to tariffs, treaties, and various trade agreements as well as laws affecting the importation of consumer goods. Craft holds all required licenses for the production and distribution of its products in the jurisdictions in which it operates and continuously monitors changes in laws, regulations, treaties, and agreements.

## *Product Innovation and Consumer Trends*

Craft's business is subject to changing consumer trends and preferences, which is dependent, in part, on continued consumer interest in new products. The success of new product offerings depends upon a number of factors, including Craft's ability to (i) accurately anticipate customer needs; (ii) develop new products that meet these needs; (iii) successfully commercialize new products; (iv) price products competitively; (v) produce and deliver products in sufficient volumes and on a timely basis; and (vi) differentiate product offerings from those of competitors.

## **Growth Strategies**

There are five key components to Craft's growth strategy:

1. **Expansion and Development Within and Outside of its Existing Operational Footprint** – Craft's existing footprint provides significant opportunities to rapidly grow its customer base within its current markets. In addition, opportunities exist for Craft to continue to expand into new markets as the legalization of cannabis throughout the U.S. and internationally continues to grow for both adult and medical use.
2. **Pharmaceutical Quality** – As a leader in the adult and medical cannabis industry, Craft continues to expand the development of proprietary pharmaceutical-quality products whether the intended use is for defined medical applications among patients or generalized health and wellness applications in a consumer setting. Craft's commitment to producing the highest-quality products available presents opportunities to continually strengthen its portfolio of proprietary products, deliver medical and wellness solutions to providers and their patients, and ensure the appeal and innovative nature of its products to fill the significant unmet demands of quality-focused consumers in medical, wellness and adult-use markets across all categories.
3. **Intellectual Property** – Craft has created and continually adds to its portfolio of industry-leading products, a number of which are based upon advanced proprietary formulations and optimized administration. Proprietary assets and products are derived from internal research and development efforts, in-licensing, or collaboration with academic medical research institutions and through R&D partnerships with global corporate entities. Craft intends to continue to build its intellectual property base in every functional area including, but not limited to, product development, operational analytics, information technology, cultivation, and manufacturing.
4. **Global Branding** – Following its success in assembling global strategic licensing rights partnerships with sport's governing bodies, sports teams, and entertainment venues, Craft continues to leverage its platform and expects to launch a deep pipeline of branded products into an aggregate addressable market that represents what Craft believes to be approximately one billion global customers. This scale will enable Craft to build global brands known for quality and consistency, while offering the support of the dedicated Craft teams. Craft continues to pursue global brand recognition in every product category where it believes it has a sustainable competitive advantage in development, formulation, distribution, and customer support.



5. **Distribution Diversification** – As Craft scales its existing and future markets, it plans to leverage multiple distribution channels, including brick and mortar, home delivery, e-commerce distribution, wholesale relationships and third-party licensing. Craft will sell products through both wholesale and direct-to-consumer channels and plans to expand its network of retail and home-delivery services significantly in 2023. Craft plans to include e-commerce sales for our portfolio of non-THC products, which it expects will be sold across a growing number of legal jurisdictions.

### **Recent Developments and Subsequent Events**

On July 26, 2023, Craft announced in a public press release that its wholly owned subsidiary, Craft 1861 Global Inc. and RKA LLC and have entered into a binding letter of intent, which sets out the principal terms which it is proposed that Craft Global will divest and transfer its “plant-touching” operations in New Mexico to RKA. RKA is at arm’s length to Craft. Craft currently exercises capital and management control of Healthy Education Society, a State of New Mexico incorporated not-for-profit that holds the State of New Mexico Cannabis Control & Regulatory License Division Vertically Integrated Licensure, pursuant to an exclusive management agreement with Healthy Education Society.

On July 30, 2023, Craft announced in a public press release that it entered into a binding letter of intent with Nanocures International, Inc., which sets out the principal terms upon which it is proposed that Craft and Nano will combine. It is anticipated that the Transaction will constitute a reverse takeover transaction under the policies of the NEO Exchange Inc., operating as Cboe Canada.

On July 7, 2023, the Ontario Securities Commission, under the securities legislation of Ontario, issued a REVOCATION ORDER related to the April 6, 2023, failure-to-file cease trade order under defined terms in National Instrument 14-101 Definitions and National Policy 11-207 Failure-to-File Cease Trade Orders and Revocations Multiple Jurisdictions. As per the Ontario Securities Commission Revocation Order, The Principal Regulator is satisfied that the order to revoke the Failure-to-File Cease Trade Order meets the test set out in the legislation for the principal regulator to make the decision. The decision of the principal regulator under the legislation is that the Failure-to-File Cease Trade Order is revoked as of July 7, 2023. The combined Brott Investment (equity/debt)- Craft’s ability to access and receive the cash related to both Brott investments has not taken place and has been extremely challenged due to United States Federal and International Banking regulations related to Cannabis and THC “plant-touching” status. To date, the funds have not been delivered, which has burdened the operations.

### **Selected Financial Information**

Craft reports results of operations of its subsidiaries from the date control commences, either through the purchase of the business or control through a management agreement.

The following table sets forth selected combined financial information derived from Craft’s audited combined financial statements, the condensed interim unaudited combined financial statement review and the respective accompanying notes prepared in accordance with IFRS.

The selected combined financial information below may not be indicative of Craft’s future performance:

**Combined Balance Sheets (Unaudited)**  
**As of June 30, 2023 and December 31, 2022**

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	45,333	87,610
Amounts receivable	-	-
Prepaid expenses and other current assets	103,701	82,968
Biological assets	254,232	773,351
Inventories	1,661,753	3,543,384
Operating lease asset, net	103,554	104,117
<b>Total current assets</b>	<b><u>2,168,571</u></b>	<b><u>4,591,430</u></b>
Operating lease asset, net of current portion	513,957	547,992
Deferred tax assets	11,301,305	6,531,405
Property and equipment	43,481	34,892
Intangible assets	144,596,723	160,538,163
<b>Total assets</b>	<b><u>158,624,037</u></b>	<b><u>172,243,882</u></b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable	6,200,414	1,973,810
Related parties payable	46,136,363	43,013,170
Taxes payable	177,093	96,712
Loans payable – short term portion	1,165,386	4,736
Other current liabilities	56,164,047	45,045,217
Operating lease liability, net	63,154	62,975
<b>Total current liabilities</b>	<b><u>109,906,457</u></b>	<b><u>90,196,620</u></b>

Loans payable, long term portion	-	10,038
Deferred tax liability	-	-
Operating lease liability, net of current portion	63,154	62,975
<b>Total liabilities</b>	<b><u>239,347,116</u></b>	<b><u>219,663,534</u></b>
<b>EQUITY</b>		
Share capital	50,979,200	-
Member equity	-	12,955,380
Retained earnings	(131,702,279)	(60,375,032)
<b>Total equity</b>	<b>(80,723,079)</b>	<b>(47,419,652)</b>
<b>Total liabilities and equity</b>	<b><u>158,624,037</u></b>	<b><u>172,243,882</u></b>

#### **Analysis of Balance Sheet Change between June 30, 2023 and December 31, 2022**

- (a) Total Assets – Total assets as of June 30, 2023, were \$158,624,037, a decrease of \$13,619,845, or 8%, compared to total assets of \$172,243,882 as of December 31, 2022. The decrease in total assets was primarily driven by the decrease in Intangibles Assets.
- (b) Total Liabilities – Total liabilities as of June 30, 2023, were \$239,347,116, an increase of \$19,683,582, or 9%, compared to total liabilities of \$219,663,534 as of December 31, 2022. The increase in total liabilities was primarily driven by an increase in accounts payable, related parties payable, loans payable, and sponsorship liability.
- (c) Total Equity – Total equity as of June 30, 2023, was \$(80,723,079) a decrease of \$33,303,427, or decrease of 700%, compared to \$(47,419,652) as of December 31, 2022. The decrease in total equity was primarily driven by the negative net income incurred through the quarter and the issuance of common shares.

## Results of Operations

### Interim Combined Quarterly Statements of Operation (Unaudited) For the Three Months Ended June 30, 2023 and June 30, 2022

(USD \$ in Dollars)	Three Months Ended		\$ Change	% Change
	June 30, 2023	June 30, 2022		
Net Revenue	\$ 268,433	\$ 1,142,878	\$(1,153,445)	(81)%
Cost of Goods Sold	2,764,178	2,317,214	446,964	19%
Gross Profit Before Fair Value Adjustment	(2,495,745)	(895,336)	(1,600,409)	(179)%
Unrealized Gain on Changes in Fair Value of Biological Assets	(246,408)	3,262,703	(3,509,111)	(108)%
Realized Fair Value on Inventory Sold	-	5,161,607	(5,161,607)	
Gross (Loss) Profit	(2,742,153)	7,528,974	(10,271,127)	(136)%
Operating expenses				
Selling, general and administrative	10,322,739	2,548,751	7,773,988	305%
Unrealized foreign exchange loss on revaluation of sponsorship liability	2,276,330	-	2,276,330	
Payroll	239,389	209,528	29,861	14%
Marketing	(111,950)	89,213	(201,163)	(225)%
Total operating expenses	12,726,508	2,847,492	9,879,016	347%
Operating loss	(15,468,661)	4,681,482	(10,787,179)	(230)%
Other income (expense)				
Listing Expense	-	-	-	
Interest expense	(234,622)	850,700	(1,085,322)	(128)%
Interest income	-	1,127,447	(1,127,477)	
Net other income (expense)	(234,622)	850,700	(1,085,322)	(128)%
Loss before provision for income taxes	(15,703,283)	5,532,182	(21,235,465)	(384)%
Provision for income taxes	(4,769,900)	2,193,714	(6,963,614)	(317)%
Net loss	<b><u>\$(10,933,383)</u></b>	<b><u>\$3,383,468</u></b>	<b><u>\$(114,316,851)</u></b>	<b><u>(423)%</u></b>

**Net loss per share:**

Basic and diluted

**(19.90)<sup>(1)</sup>**N/A <sup>(2)</sup>**Weighted average number of shares:**

Basic and diluted

**549,362 <sup>(1)</sup>**N/A <sup>(2)</sup>

- (1) The basic and diluted weighted average number of common shares is calculated from the Transaction date, \$42,391,762 of the \$71,327,247 net loss for the six months ended June 30, 2023, relates to the period post Transaction. The weighted average number of shares is on a compressed basis (without adjusting for the 1:100 proportionate share to subordinate share).
- (2) The period ending June 30, 2022, relates only to Old Craft, which comprised four entities with various members, and did not have a common pool of member equity owners to derive a net loss per member unit, therefore the net loss per share information for the periods prior to the reverse takeover transaction on February 28, 2023 is not applicable.

**Results of Operations:****a. Net Revenue**

Revenue for the three months ended June 30, 2023, was \$268,433, a decrease of \$1,153,445, or 81%, compared to revenue of \$1,421,878 for the three months ended June 30, 2022. The decrease in revenue is primarily the result of a decrease in sales from 1861 Market due to the over saturation of cannabis dispensaries in in the State of New Mexico.

**b. Cost of Goods Sold & Changes in Fair Value of Biological Assets and Inventory Sold**

Cost of goods sold, excluding adjustments to the fair value of biological assets and inventory sold for the three months ended June 30, 2023, was \$2,764,178, an increase of \$446,964, or 19%, compared to cost of goods sold, excluding adjustments to the fair value of biological assets and inventory sold of \$2,317,214 for the three months ended June 30, 2022.

Unrealized Gain on Changes in Fair value adjustments to biological assets totaled a net loss of \$246,408 for the three months ended June 30, 2023, a decrease of \$3,509,111 or 108%, compared to a \$3,262,703 gain as of the three months ended June 30, 2022. The decrease is due to a decrease in the biological assets on-hand between the time periods.

**c. Gross Profit (Loss)**

Gross Profit for the three months ended June 30, 2023, was \$(2,495,745), a decrease of \$1,600,409, or 179%, compared to a gross profit of \$(895,336) for the three months ended June 30, 2022. This decrease was primarily driven by the decrease in Unrealized Gain on Changes in Fair Value of biological assets on-hand.

**d. Operating Expenses**

Operating expenses for the three months ended June 30, 2023, were \$12,726,508, an increase of \$9,879,016, or 347%, compared to \$2,847,492 for the three months ended June 30, 2022, representing 4,741% and 2,492% of total revenue for the three months ended June 30, 2023, and for the three months ended June 30, 2022, respectively. The increase in total operating expenses was primarily attributable to an increase in the selling, general and administrative expenses.

***e. Operating Income (Loss)***

Operating income (loss) for the three months ended June 30, 2023, was \$(15,468,661), an increase in loss of \$(10,787,179), or 230%, compared to the operating income (loss) of \$4,681,482 for the three months ended June 30, 2022. The increase in total operating loss was primarily attributable to an increase in the selling, general and administrative expenses.

***f. Other Income (Expense)***

Interest expense for the three months ended June 30, 2023, was \$(234,622), a decrease of \$1,085,322, or (128)%, compared to interest expense of \$850,700 for the three months ended June 30, 2022. The decrease in interest expense is related to a decrease in intercompany lending.

Interest income for the three months ended June 30, 2023, was \$0, a decrease of \$1,127,447, compared to interest income of \$1,127,447 for the three months ended June 30, 2022. The decrease in interest income is related to the decrease in intercompany lending.

***g. Loss Before Provision of Income Taxes***

Loss before provision of income taxes for the three months ended June 30, 2023, was \$15,703,283, an increase of \$21,235,465, or 384% compared to a \$5,532,182 income for the three months ended June 30, 2022. The increase was primarily due to the increase in selling, general and administrative expenses.

***h. Provision for Income Taxes***

Provision for income taxes for the three months ended June 30, 2023, was \$(4,769,900), a decrease of \$6,963,614, or 317%, compared to \$ for the three months ended June 30, 2022. The decrease in provision for income taxes is a direct correlation to the increase in overall business loss.

***i. Net Loss***

Net loss for the three months ended June 30, 2023, was \$10,933,383 an increase of \$14,316,851, or 423%, compared to net income of \$3,383,468 for the three months ended June 30, 2022. The increase in net loss was primarily driven by the increase in selling, general and administrative expenses.

Craft's future financial results are subject to significant variations caused by, among other things, fair value adjustments to biological assets and inventory sold, growth of sales volume in new and existing markets, and its ability to control operating expenses. In addition, our financial results may be impacted significantly by changes to the regulatory environment in which we operate on a local, state, federal, and international level.

**Interim Combined Quarterly Statements of Operation**  
**For the Six Months Ended June 30, 2023 and June 30, 2022 (Unaudited)**

(USD \$ in Dollars)	Six Months Ended		\$ Change	% Change
	June 30, 2023	June 30, 2022		
Net Revenue	\$750,752	\$1,612,271	\$(861,519)	(53)%
Cost of Goods Sold	\$2,948,199	\$2,342,890	\$605,309	26%
Gross Profit Before Fair Value Adjustment	\$(2,197,447)	\$(730,619)	\$(1,446,828)	(201)%
Unrealized Gain on Changes in Fair Value of Biological Assets	\$320,710	\$3,190,006	\$(2,869,296)	(90)%
Realized Fair Value on Inventory Sold	-	\$5,161,607	\$(5,161,607)	
Gross (Loss) Profit	\$(1,876,737)	\$7,620,994	\$(9,497,731)	125%
Operating expenses				
Unrealized foreign exchange loss on revaluation of sponsorship liability	\$11,149,486	-	\$11,149,486	
Selling, general and administrative	\$20,721,691	\$11,131,184	\$8,819,946	79%
Payroll	\$256,756	\$520,033	\$(263,277)	(51)%
Marketing	\$29,903	\$250,528	\$(220,625)	(88)%
Total operating expenses	\$32,157,836	\$11,901,745	\$20,256,091	170%
Operating loss	\$(34,034,573)	\$(4,280,751)	\$(29,753,822)	(695)%
Other income (expense)				
Listing Expense	\$(41,519,616)	-	\$(41,519,616)	
Interest expense	\$(456,769)	\$(756,641)	\$299,872	(40)%
Interest income	-	-	-	
Net other income (expense)	\$(41,976,385)	\$(756,641)	\$(41,219,744)	(5,448)%
Loss before provision for income taxes	\$(76,010,958)	\$(5,037,392)	\$(70,973,566)	(1,409)%
Provision for income taxes	\$(4,683,711)	\$2,204,782	\$(6,888,493)	(312)%
Net loss	<u><b>\$(71,327,247)</b></u>	<u><b>\$(7,242,174)</b></u>	<u><b>\$(64,085,073)</b></u>	<u><b>(885)%</b></u>

**Net loss per share:**

Basic and diluted

**(97.07)**<sup>(1)</sup>N/A<sup>(2)</sup>**Weighted average number of shares:**

Basic and diluted

**549,362**<sup>(1)</sup>N/A<sup>(2)</sup>

- (1) The basic and diluted weighted average number of common shares is calculated from the Transaction date \$42,391,762 of the \$71,327,247 net loss for the six months ended June 30, 2023, relates to the period post Transaction. The weighted average number of shares is on a compressed basis (without adjusting for the 1:100 proportionate share to subordinate share).
- (2) The period ending June 30, 2022, relates only to Old Craft, which comprised four entities with various members, and did not have a common pool of member equity owners to derive a net loss per member unit, therefore the net loss per share information for the periods prior to the reverse takeover transaction on February 28, 2023 is not applicable.

**Results of Operations:****a. Net Revenue**

Revenue for the six months ended June 30, 2023, was \$750,752, a decrease of \$861,519, or 53%, compared to revenue of \$1,612,271 for the six months ended June 30, 2022. The decrease in revenue is primarily the result of a decrease in sales from 1861 Market due to the over saturation of cannabis dispensaries in the State of New Mexico.

**b. Cost of Goods Sold & Changes in Fair Value of Biological Assets and Inventory Sold**

Cost of goods sold, excluding adjustments to the fair value of biological assets and inventory sold for the six months ended June 30, 2023, was \$2,948,199, an increase of \$605,309, or 26%, compared to cost of goods sold, excluding adjustments to the fair value of biological assets and inventory sold of \$2,342,890 for the six months ended June 30, 2022.

Unrealized Gain on Changes in Fair value adjustments to biological assets totaled a net loss of \$320,710 for the six months ended June 30, 2023, a decrease of \$2,869,296 or 90%, compared to a \$3,190,006 gain as of the six months ended June 30, 2022. The decrease is due to a decrease in the biological assets on-hand between the time periods.

**c. Gross Profit (Loss)**

Gross Profit for the six months ended June 30, 2023, was \$(1,876,737), a decrease of \$9,497,731, or 425%, compared to a gross profit of \$7,620,994 for the six months ended June 30, 2022. This decrease was primarily driven by the decrease in Unrealized Gain on Changes in Fair Value of biological assets on-hand and realized fair value on inventory sold.

**d. Operating Expenses**

Operating expenses for the six months ended June 30, 2023, were \$32,157,836, an increase of \$20,256,091, or 170%, compared to \$11,901,745 for the six months ended June 30, 2022, representing 4,283% and 7,382% of total revenue for the six months ended June 30, 2023, and for the six months ended June 30, 2022, respectively. The increase in total operating expenses was



primarily attributable to an increase in selling, general and administrative expenses, and unrealized foreign exchange loss on revaluation of sponsorship liability.

***e. Operating Income (Loss)***

Operating income (loss) for the six months ended June 30, 2023, was \$(34,034,573), an increase in loss of \$29,753,822, or 695%, compared to the operating income (loss) of \$(4,280,751) for the six months ended June 30, 2022. The increase in total operating expenses was primarily attributable to an increase in selling, general and administrative expenses, and unrealized foreign exchange loss on revaluation of sponsorship liability.

***f. Other Income (Expense)***

Listing expenses for the six months ended June 30, 2023, was \$41,519,616. There was no listing expense in June 30, 2022. The listing expense is the result of the RTO, the difference between the consideration paid (share-for-share exchange in this case) and the net liabilities of BGP the company acquired.

Interest expense for the six months ended June 30, 2023, was \$456,769, a decrease of \$299,872, or 40%, compared to interest expense of \$756,641 for the six months ended June 30, 2022. The decrease in interest expense is related to a decrease in intercompany lending.

There was no interest income for the six months ended June 30, 2023.

***g. Loss Before Provision of Income Taxes***

Loss before provision of income taxes for the six months ended June 30, 2023, was \$76,010,958, an increase of \$70,973,566, or 1,409% compared to a \$5,037,392 loss for the six months ended June 30, 2022. The increase was primarily due to the increase in the listing expense, selling, general and administration liability and unrealized foreign exchange loss on reevaluation of sponsorship liability.

***h. Provision for Income Taxes***

Provision for income taxes for the six months ended June 30, 2023, was \$(4,683,711), a decrease of \$6,880,493, or 312%, compared to \$2,204,782 for the six months ended June 30, 2022. The decrease in provision for income taxes is a direct correlation to the increase in overall business loss.

***i. Net Loss***

Net loss for the six months ended June 30, 2023, was \$71,327,247, an increase of \$64,085,073, or 885%, compared to \$7,242,174 in loss for the six months ended June 30, 2022. The increase in net loss was primarily driven by the listing expense, selling, general and administrative liability, the depreciation and amortization of intangible assets, and unrealized foreign exchange loss on revaluation of sponsorship liability.

Craft's future financial results are subject to significant variations caused by, among other things, fair value adjustments to biological assets and inventory sold, growth of sales volume in new and existing markets, and its ability to control operating expenses. In addition, our financial results may be impacted significantly by changes to the regulatory environment in which we operate on a local, state, federal, and international level.

## NON-GAAP MEASURES

### Adjusted uncompressed weighted average shares outstanding and loss per share

The Company has additionally determined the adjusted uncompressed weighted average shares outstanding and loss per share. The Company believes these measures to be more representative of loss on a per share basis by adding compressed shares on an equivalent basis with compressed shares; however, these performance measures have no standardized meaning. As such, there are likely to be differences in the method of computation when compared to similar measures presented by other issuers. Management believes that, in addition to conventional measures prepared in accordance with GAAP, some investors use this information to evaluate the Company's performance. Accordingly, they are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

	Six ended June 30,	
	2023	2022
Net loss	\$(71,327,247)	\$(7,242,174)
Weighted Average Uncompressed Outstanding Shares	43,611,360	N/A
Loss per Uncompressed Share	\$(0.97)	N/A
Weighted Average Compressed Outstanding Shares	549,362	N/A
Loss per Compressed share	\$(90.07)	N/A

### *Selected Quarterly Information*

	Revenues		Net Loss	
June 30, 2023	\$	750,752	\$	(71,327,247)
March 31, 2023	\$	482,319	\$	(60,319,864)
December 31, 2022	\$	422,624	\$	(4,379,361)
September 30, 2022	\$	562,701	\$	(5,310,931)
June 30, 2022	\$	836,167	\$	(2,780,890)
March 31, 2022	\$	190,393	\$	(9,453,195)
December 31, 2021	\$	192,590	\$	(7,660,282)
September 30, 2021	\$	423,531	\$	(1,034,795)

Revenues for the quarter ended June 30, 2023, were \$750,752, which represents an increase of \$268,433, or 55% from \$482,319 for the quarter ended March 31, 2023. The increase in revenue was primarily driven by an increase in sales with 1861 Market.

Net loss for the quarter ended June 30, 2023, was \$(71,327,247), which represents an increase of loss of \$11,007,383, or 18% from the loss of \$(60,319,864) for the quarter ended March 31, 2023. The difference in net loss was primarily due to the increase in selling, general and administrative expenses.

### *Reporting Segments*

Craft operates in two segments: within the non-psychoactive, hemp-derived cannabidiol (“CBD”) market with consumer-packaged goods containing zero THC (the “CBD Operations”); and as a vertically integrated cannabis company with cultivation, production and dispensary operations in the state of New Mexico, and plans to expand its THC operations into other legal jurisdictions through the sale of its proprietary branded THC products (the “THC Operations”). The Belen, New Mexico cultivation and manufacturing plant, along with two adult-use cannabis retail outlets, make up Craft's present THC Operations. The two functioning Craft stores are located in Albuquerque, New Mexico's Nob Hill (1,100 square feet) and Carlsbad (1,400 square feet).

(USD \$ in Dollars)	THC	CBD	Total
<b>For the period ended June 30, 2023:</b>			
Total assets	14,021,291	144,602,746	158,624,037
Total liabilities	7,388,278	231,958,838	239,347,116
<hr/>			
(USD \$ in Dollars)	THC	CBD	Total
<b>As of December 31, 2022:</b>			
Total assets	5,149,542	167,094,340	172,243,882
Total liabilities	(2,198,451)	221,861,985	291,663,535

### **Results of Operations:**

#### a. Total Assets

1861 Market, Craft 1861 Global and Craft 1861 Gold total assets for the six months ended June 30, 2023, were \$14,021,291, an increase of \$8,871,749, or 172%, compared to total assets of \$5,394,542 for the year ended December 31, 2022. The increase in total assets was primarily the result of an increase in biological assets and inventory on-hand.

Craft 1861 (CBD) total assets for the six months ended June 30, 2023, were \$144,602,746, a decrease of \$22,491,594, or 13%, compared to total assets of \$167,094,340 for the year ended December 31, 2022. The decrease in total assets was primarily the result in the decrease of intangible assets, which is the recognition of the strategic licensing agreements.

#### b. Total Liabilities

1861 Market, Craft 1861 Global and Craft 1861 Gold total liabilities for the six months ended June 30, 2023, were \$7,388,278, an increase of \$9,586,729, or 436%, compared to total liabilities of (\$2,198,451) for the year ended December 31, 2022. The increase in total liabilities was primarily the result of an increase in accounts payable, loans payable, and warrant liability due to the merger of BGP Acquisition Corp and Craft 1861 Global Holdings, Inc.

Craft 1861 (CBD) total liabilities for the six months ended June 30, 2023, were \$231,958,838, an increase of \$10,096,853, or 5%, compared to total liabilities of \$221,861,985 for the year ended December 31, 2022. The increase in total liabilities was primarily the result of an increase in related parties payable and both long-term and other current liabilities (strategic partnership agreements).

(USD \$ in Dollars)	THC	CBD	Total
<b>For the three months period ended June 30, 2023:</b>			
Revenues	748,207	2,545	750,752
Gross profit (loss)	(1,877,088)	351	(1,876,737)
Income (loss) from operations	(5,958,225)	(28,076,348)	(34,034,573)
<b>Net income (loss)</b>	<b>\$(47,261,607)</b>	<b>\$(23,705,640)</b>	<b>\$(71,327,247)</b>

(USD \$ in Dollars)	THC	CBD	Total
<b>For the three months period ended June 30, 2022:</b>			
Revenues	1,524,785	87,046	1,612,271
Gross profit (loss)	9,510,287	(1,889,293)	7,620,994
Income (loss) from operations	8,789,091	(13,079,842)	(4,280,751)
<b>Net income (loss)</b>	<b>\$6,521,166</b>	<b>\$(13,763,340)</b>	<b>\$(7,242,174)</b>

## Results of Operations:

### a. Net Revenue

1861 Market, Craft 1861 Global and Craft 1861 Gold revenue for the six months ended June 30, 2023, was \$748,207, a decrease of \$776,578, or 51%, compared to revenue of \$1,524,785 for the three months ended June 30, 2022. The decrease in revenue is primarily the result of decreased sales for 1861 Market.

Craft 1861 (CBD) revenue for the six months ended June 30, 2023, was \$2,545, a decrease of \$84,941, or 97%, compared to revenue of \$87,486 for the three months ended June 30, 2022. There were no international sales during this period.

### b. Gross Profit

1861 Market, Craft 1861 Global and Craft 1861 Gold gross profit for the six months ended June 30, 2023, was \$(1,877,088), a decrease of \$11,387,375, or 120%, compared to gross profit of \$9,510,287 for the three months ended June 30, 2022. The decrease in gross profit was primarily the result of a decreased sales for 1861 Market and a change in unrealized gain on changes in fair value of biological assets and inventory on hand in our Statement of Operations.

Craft 1861 (CBD) gross profit for the six months ended March 31, 2023, was \$351, an increase of \$1,889,644, compared to gross profit of \$(1,889,293) for the three months ended June 30, 2022. Income (loss) from Operations.

1861 Market, Craft 1861 Global and Craft 1861 Gold income (loss) from operations for the six months ended June 30, 2023, was \$(5,958,225), a decrease of \$14,757,316, or 168%, compared to income (loss) from operations of \$8,799,091 for the three months ended June 30, 2022. The decrease in income was primarily the result of a decrease in revenue, the change of the fair value of biological assets and inventory on hand.

Craft 1861 (CBD) income (loss) from operations for the six months ended June 30, 2023, was \$(28,076,348), an increase in loss of \$14,996,506, or 115%, compared to income (loss) from operations of \$(13,079,842) for the three months ended June 30, 2022. The increase in loss from operations was primarily the result of the conversion of our strategic licensing agreements from EURO currency and GBP currency to USD.

c. Net Income (loss)

1861 Market, Craft 1861 Global and Craft 1861 Gold net income (loss) for the six months ended June 30, 2023, was \$(47,621,607), an increase in loss of \$54,142,773, or 830%, compared to net income (loss) of \$6,521,166 for the three months ended June 30, 2022. The decrease in net income was primarily the result of the decrease in revenue and listing expense and consolidation of expenses between BGP Acquisition Corp and Craft 1861 Global Holdings, Inc.

Craft 1861 (CBD) net income (loss) for the six months ended June 30, 2023 was \$(23,705,640) a decrease in loss of \$9,942,300, or 72%, compared to net income (loss) of \$(13,763,340) for the three months ended June 30, 2022. The increase in loss from operations was primarily the result of the conversion of our strategic licensing agreements from EURO currency and GBP currency to USD.

*Liquidity and Capital Resources*

Craft's primary need for liquidity is to fund working capital requirements of its business, capital expenditures, debt service and for general corporate purposes. Craft's primary source of liquidity is funds generated by equity and financing activities. Craft's ability to fund its operations, to make planned capital expenditures, to make scheduled debt payments and to repay or refinance indebtedness depends on its future operating performance and cash flows, which are subject to prevailing economic conditions and financial, business, and other factors, some of which are beyond its control.

As of June 30, 2023, Craft had \$45,333 of cash and \$(107,437,886) of working capital (current assets minus current liabilities), compared to \$87,610 of cash and \$(85,605,786) of working capital as of December 31, 2022. The decrease of \$21,832,100 in Craft's working capital was primarily due to an increase in sponsorship liability, and accounts payable.

Craft's management expects that its cash on hand and cash provided by financing/equity and operations will allow it to meet its capital requirements and operational needs for the next twelve months. As of June 30, 2023, there were no regulatory capital requirements applicable to Craft's industry.

*Recent Financing Transactions, Working Capital Loans and Private Lender Loans*

- (a) Amounts due to related parties were comprised of balances due to shareholders of Craft and entities owned by shareholders of Craft, as detailed below:

**As of Six Months Ended  
June 30,**

<b>(USD \$ in Dollars)</b>	<b>Principal</b>	<b>Interest</b>	<b>2023</b>
Related Party Payable – Maverick	41,342,922	4,793,441	<b>\$ 46,136,361</b>

**As of Year Ended December 31,**

<b>(USD \$ in Dollars)</b>	<b>Principal</b>	<b>Interest</b>	<b>2022</b>
Related Party Payable - Maverick	41,342,922	1,670,248	<b>\$ 43,013,170</b>

These amounts are due on demand and do not have formal contractual agreements governing payment terms. This payable bears a yearly interest of 10% of the borrowed amount. The above-noted amounts are owing to Maverick, an entity that is wholly-owned by Robert Aranda, Craft's Chief Executive Officer, who has provided the majority of Craft's financing since the company's inception. The amounts advanced to Craft by Mr. Aranda through Maverick were used for Craft's general capital expenditure requirements and operating expenses. As of June 30, 2023, the amount owing to Maverick was \$46,136,361, with interest accruing at 10% per annum. The loan will remain outstanding and continue to accrue interest until it is repaid.

- a. No cash dividends have been issued as of June 30, 2023.

*Term Debt*

***Real Estate Lease Commitments***

A reconciliation of the beginning and ending balance of lease liabilities as at June 30, 2023 is as follows:

	<b>2023</b>
<b>Balance at June 30, 2023</b>	<b>\$ 652,109</b>
Lease Additions	0
Interest	34,132
Payments	(68,732)
<b>Balance at the End</b>	<b>\$ 617,509</b>

As of June 30, 2023, Craft leases four business facilities from third parties that specify minimum rentals. The leases expire in April 2025, July 2025, September 2026, and October 2031 and contain renewal provisions. Additionally, certain leases provide for rent abatement and escalating payments, and rent expense is calculated on a straight-line basis over the terms of the leases with the incentives reported as deferred rent.

Future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as follows:

<u>Year ending December 31</u>	<u>Third Party</u>
2023	\$ 31,488
2024	225,176
2025	165,178
2026	145,506
2027 and Thereafter	50,161
<b>Total</b>	<b>\$ 617,509</b>

Weighted average leases term and discount rate are as follows:

	<b>2023</b>
Weighted Average Lease Term – Operating Leases	6.90%
Weighted Average Discount Rate – Operating Leases	10.00%

All lease commitments/payments are made through cashflow.

#### *Other Debt*

As of June 30, 2023, Craft had one outstanding loan, detailed below:

<b>Loans from</b>	<b>Loans pursuant to the Transaction (Note 3)</b>	<b>Warrant liability (Note 3)</b>	<b>ICAR Auto Sales LLC</b>	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Opening Balance	-	-	14,774	14,774	103,525
Additions	435,000.00	720,185.00	-	1,155,185.00	-
Interest Rate	0%	0%	7%		
Accrued Interest	-	-	894	894	1,788
Repayments	-	-	(5,467)	(5,467)	(90,539)
Ending balance	435,000.00	720,185.00	10,201	1,165,386	14,774
<b>Current portion</b>	<b>435,000.00</b>	<b>720,185.00</b>	<b>10,201</b>	<b>1,165,386</b>	<b>4,736</b>
<b>Non-current portion</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,038</b>

Pursuant to the Transaction, Old Craft obtained control of the Company and is considered to have acquired Old BGP. Old BGP did not meet the definition of a business under IFRS 3 Business Combinations, as Old BGP did not have inputs and substantive processes that could collectively contribute to the creation of outputs. As a result, the Transaction was considered to be within the scope of IFRS 2 Share-Based Payments and for accounting purposes (considering the change of control), and the Transaction was accounted for as a reverse takeover transaction, with Old Craft identified as the accounting acquirer, and Old BGP identified as the accounting acquiree whereby Old Craft is

deemed to have acquired all the common shares as well as identifiable net assets of Old BGP in exchange for shares in the Company.

The transaction was measured at the fair value of the equity instruments deemed to have been issued by Craft in order for the ownership interest in the combined entity to be the same as if the transaction had taken the legal form of Old Craft acquiring 100% of Old BGP. Any difference between the transaction price and fair value of the net assets of Old BGP constitutes the listing expense and is recorded in the condensed interim consolidated statement of loss and comprehensive loss.

A summary of the Company's share consideration paid as well as assets acquired and liabilities assumed of Old BGP as of February 28, 2023, the Transaction date, is as follows:

<b>(USD \$)</b>	
<b>Consideration paid:</b>	
Fair value of the Company proportionate shares (34,050 shares at \$1,086.89 per share)	37,008,599
Fair value of the Company subordinate shares (93,406 common shares at \$10.87 per share)	1,015,221
	<b>38,023,820</b>
<b>Fair value of net assets (liabilities) acquired:</b>	
Cash	3,181
Prepaid expenses and other current assets	35,692
Accounts payable	(2,379,484)
Loans payable	(435,000)
Warrant liabilities	(720,185)
<b>Net liabilities acquired</b>	<b>(3,495,796)</b>
<b>Listing Expense</b>	<b>(41,519,616)</b>

During the six months period ended June 30, 2023, the Company recognized a listing expense of \$41,519,616 in the statements of loss and comprehensive loss, being the consideration paid in excess of the fair value of net assets acquired.

On September 13, 2021, Craft entered into a loan agreement with Icar Auto Sales LLC for a principal amount of \$28,096.00 wherein the total will mature in thirty-six-months and bear interest at a rate of 7.44%.



### Strategic Licensing Rights/Partnerships Liability

As of June 30, 2023, Craft was engaged in the following strategic licensing rights agreements, detailed below:

Agreements from	Dorna Sports SL	Venturi Grand Prix S.A.M.	Pramac Racing Ltd	Premier Global Sailing Race Company	Leading Collegiate IP Agency	British F1 Motor Racing Team
Consideration	12,694,813	6,124,690	3,786,172	7,173,691	30,305,854	72,800,000
Unrealized Foreign exchange				165,356		9,726,177
Payments	(683,968)	(1,358,041)	(233,462)	-	-	-
Ending balance	12,010,845	4,766,649	3,552,710	7,339,047	30,305,854	82,526,177
<b>Current portion</b>	<b>5,122,976</b>	<b>734,367</b>	<b>880,118</b>	<b>1,989,175</b>	<b>5,500,000</b>	<b>26,526,177</b>
<b>Non-current portion</b>	<b>6,887,869</b>	<b>4,032,282</b>	<b>2,672,592</b>	<b>5,349,872</b>	<b>24,805,854</b>	<b>56,000,000</b>

Agreements from	Premier League Football Club	World Surf League	Global Sail Grand Prix League	United States Professional Pickle Ball Association	Champions League Football Club	Total
Consideration	11,373,000	10,293,537	6,500,000	1,050,000	13,307,272	175,409,029
Unrealized Foreign exchange	1,087,218				873,787	11,852,538
Payments	-	-	-	-	-	(2,275,471)
Ending balance	12,460,218	10,293,537	6,500,000	1,050,000	14,181,059	184,986,096
<b>Current portion</b>	<b>5,422,218</b>	<b>2,664,550</b>	<b>2,150,000</b>	<b>300,000</b>	<b>4,874,467</b>	<b>56,164,047</b>
<b>Non-current portion</b>	<b>7,038,000</b>	<b>7,628,987</b>	<b>4,350,000</b>	<b>750,000</b>	<b>9,306,593</b>	<b>128,822,049</b>

All strategic licensing rights agreements have a duration of 5 years and are established under formal contractual agreements with fixed payment terms.

### Member Loans

Craft does not have member loans during the periods in this MD&A.

### Combined Statements of Cash Flows

For the 6 Months Ended June 30, 2023 and June 30, 2022 (Unaudited)

(USD \$ in Dollars)	June 30, 2023	June 30, 2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net income	\$ (71,327,247)	\$ (7,242,174)
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation of property and equipment	101,938	374,879
Amortization of intangible assets	15,941,441	-
Unrealized Foreign Exchange Loss on revaluation of sponsorship liability	11,149,486	-
Provision for deferred income taxes	(4,683,711)	2,135,633
Changes in operating assets and liabilities:		
Accounts receivable	-	13,766

<b>(USD \$ in Dollars)</b>	<b>June 30, 2023</b>	<b>June 30, 2022</b>
Inventories	1,881,631	(5,001,875)
Bio Assets	519,119	(3,414,194)
Prepaid expenses and other current assets	13,867	19,000
Other assets	(4,769,900)	(316,854)
Accounts payable and accrued expenses	13,240,118	1,727,268
Other current liabilities	(30,657)	-
Other long term liabilities	(26,255)	-
<b>Net cash used in operating activities</b>	<b>(37,990,170)</b>	<b>(11,704,551)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment, net	(75,927)	(379,172)
Acquisition of intangible assets		(419,497)
<b>Net cash used in investing activities</b>	<b>(75,927)</b>	<b>(798,669)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings on notes	-	9,806,172
Share issuance	38,023,820	-
Contributions	-	2,045,000
<b>Net cash provided by financing activities</b>	<b>38,023,820</b>	<b>11,851,872</b>
Change in cash	(42,277)	(652,048)
Cash—beginning of year	87,610	885,990
<b>Cash—end of year</b>	<b>\$ 45,333</b>	<b>\$ 233,942</b>

### ***Operating Activities***

During the six months ended June 30, 2023, operating activities used \$37,990,170 of cash, primarily resulting from changes in net income, amortization of intangible assets, unrealized foreign exchange on reevaluation of sponsorship liability, and accounts payable and accrued expenses.

During the six month ended June 30, 2022, operating activities used \$11,704,551 of cash, primarily resulting in income loss, inventories and bio assets.

### ***Investing Activities***

During the six months ended June 30, 2023, investing activities used \$75,927 of cash, consisting of purchased of property and equipment.

During the six months ended June 30, 2022, investing activities used \$789,669 of cash, consisting of purchases of property and equipment and the acquisition of intangible assets.

### ***Financing Activities***

During the six months ended June 30, 2023, financing activities provided \$38,023,820 of cash, consisting of the issuance of shares.

During the six months ended June 30, 2022, financing activities provided \$11,851,172 of cash, consisting of borrowing on notes and contributions.

### ***Contractual Obligations and Commitments (Non-Real Estate)***

The following table summarizes Craft's contractual obligations as at June 30, 2023, and the effects that such obligations are expected to have on Craft's liquidity and cash flows in future periods:

	<u>Total</u>	<u>Less than 1 Year</u>	<u>2 to 5 Years</u>	<u>&gt; than 5 years</u>
Accounts Payable	\$ 52,513,870	\$ 52,513,870	\$ -	\$ -
Strategic Licensing Agreements	\$ 184,986,096	\$56,164,047	\$128,822,049	-
Private Lender Loans	-	-	-	-
Loans Payable	\$1,165,386	1,165,386	-	-
Total	<u>\$ 238,666,216</u>	<u>\$109,843,303</u>	<u>\$128,822,049</u>	<u>-</u>

### **Outstanding Share Information**

As of June 30, 2023, Craft has issued 464,050 (PVS) common shares.

### **Off-Balance Sheet Arrangements**

As of June 30, 2023, Craft does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of our operations or financial condition, including, and without limitation, such considerations as liquidity and capital resources.

### **Related Party Transactions**

Craft finances the construction of facilities and working capital for operations of its not-for-profit subsidiary, Healthy Education Society d.b.a. 1861 Market. The not-for-profit subsidiary executed a note in favor of Craft (or its affiliates) which bears the principal loan amount of \$1,895,678.07. This loan carries a 0% interest rate and does not have a maturity date. This loan will be repaid through cash flow from 1861 Market. The not-for-profit entity has a separate board of directors, which includes certain members of Craft.

In accordance with IFRS reporting standards, Craft must report compensation, fees, and other benefits and compensation arrangements made to individuals within the organization that fit the definition of key management personnel. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of Craft as a whole and consist of executive and nonexecutive members of Craft's board of directors and corporate officers and/or companies controlled by those individuals.

Total compensation paid and earned to key management personnel was \$689,052 and \$164,964 for the quarter's ended June 30, 2023, and 2022, respectively.

### **Changes in or Adoption of Accounting Practices**

The following IFRS standards have been recently issued by the International Accounting Standards Board (the "IASB"). Craft is in the process of assessing the impact of these new standards on future combined financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to Craft have been excluded herein.

#### *IFRS 7, Financial Instruments: Disclosure*

IFRS 7, *Financial instruments: Disclosure*, was amended to require additional disclosure on transition from IAS 39 to IFRS 9. IFRS 7 is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018.

#### *IFRS 9, Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*, which reflects all phases of the financial instruments project and replaces IAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Craft does not expect significant impact on its combined financial statements from the adoption of this standard.

#### *IFRS 15, Revenue from Contracts with Customers*

The IASB replaced IAS 18, Revenue, in its entirety with IFRS 15, *Revenue from Contracts with Customers*. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Craft adopted IFRS 15 as of January 1, 2019. Other than enhanced disclosure requirements, the adoption of the standard did not have a material impact on the companies' combined financial statements.

#### *IFRS 16, Leases*

In January 2016, the IASB issued IFRS 16, *Leases*, which will replace IAS 17, *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15, *Revenue from Contracts with Customers*, at or before the date of initial adoption of IFRS 16. Craft does not expect a significant impact to the Combined Financial Statements on adoption of this IFRS.

### **Critical Accounting Estimates**

Craft makes judgements, estimates and assumptions about the future that affect the reported amounts of assets and liabilities, and revenues and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Critical accounting estimates are not reasonably likely to change from period to period and have a material impact on the financial presentation. There have been no changes to the critical accounting estimates during the past two financial years and Craft does not have multiple reporting segments.

The preparation of Craft's condensed unaudited interim combined financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the condensed unaudited interim combined financial statements are described below.

#### *Estimated Useful Lives and Depreciation of Property and Equipment*

Depreciation of property and equipment is dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets.

#### *Estimated Useful Lives and Amortization of Intangible Assets*

Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

#### *Biological Assets*

Biological assets are dependent upon estimates of future economic benefits as a result of past events to determine the fair value through an exercise of significant judgment by us. In estimating the fair value of an asset or a liability, Craft uses market observable data to the extent it is available. When market observable data is not available, Craft engages third party qualified valuers to perform the valuation. With respect to certain biological assets, where there is no active market for the unharvested produce, the valuation committee arrives at the fair value by way of a reverse working from the value of the inventory.

Craft's biological assets are unharvested cannabis plants and are presented at their fair values less costs to sell up to the point of harvest. Craft determines the fair value of biological assets using a specific valuation technique that incorporates interdependent estimates and assumptions including the stage of growth of the cannabis plant, selling and other fulfillment costs, average selling prices, and expected yields for the cannabis plants to determine the weighted average fair value deemed cost per gram.

The valuation of biological assets is based on a market approach where fair value at the point of harvest is estimated based on future selling prices less the costs to sell at harvest. For in process biological assets, the estimated fair value at point of harvest is adjusted based on the plants' stage of growth. Stage of growth is determined by reference to days remaining to harvest over the average growth cycle.

Craft's estimates are subject to changes that could result from volatility of market prices, unanticipated regulatory changes, harvest yields, loss of crops, changes in estimates and other uncontrollable factors that could significantly affect the future fair value of biological assets.

These estimates include the following assumptions and are based on historical information:

- i. Selling prices per gram were determined by estimating Craft's average selling price for a 3-month period (average selling price as of June 30, 2023). Craft's average selling price during the three months ended June 30, 2023, was \$6.96 per gram and equivalent gram of cannabis sold, compared to \$9.87 per gram for the three months ended June 30, 2022, respectively;

- ii. The stage of plant growth at which point of harvest is determined. As of June 30, 2023, the biological assets were on average 34.6% completed, compared to % as of June 30, 2022, respectively;
- iii. Selling, cultivation and other fulfillment costs were determined by estimating our average cost per gram, which was \$5.05 per gram and equivalent gram of cannabis sold as of June 30, 2023, compared to \$6.67 per gram as of June 30, 2022, respectively;
- iv. Expected yield per plant varies by strain and is estimated through historical growing results or grower estimate if historical results are not available. Craft's average yield per plant as of June 30, 2023, was 109.7 grams per plant, compared to 113.5 grams per plant as of June 30, 2022, respectively.

#### *Non-controlling Interests*

Non-controlling interests are classified as a separate component of equity in Craft's combined statement of financial positions and statements of members' equity. Net income (loss) attributable to non-controlling interests are reflected separately from the combined statement of profits and losses net income (loss) in the combined statements of comprehensive loss and members' equity. Any change in ownership of a subsidiary while the controlling financial interest is retained is accounted for as an equity transaction between the controlling and non-controlling interests. In addition, when a subsidiary is deconsolidated, any retained non-controlling equity investment in the former subsidiary will be initially measured at fair value and the difference between the carrying value and fair value of the retained interest will be recorded as a gain or loss.

#### *Unit-based Payment Arrangements*

Craft uses the Black-Scholes option pricing model to determine the fair value of unit-based payment arrangements granted to employee and non-employees. In estimating fair value, management is required to make certain assumptions and estimates such as the expected life of units, volatility of Craft's future unit price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

#### *Deferred Tax Asset and Valuation Allowance*

Deferred tax assets, including those arising from tax loss carry-forwards, requires management to assess the likelihood that Craft will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of Craft to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of Craft to realize the net deferred tax assets recorded at the reporting date could be impacted.

### **Financial Instruments and Financial Risk Management**

Craft's financial instruments consist of cash and cash equivalents, accounts payable, accrued expenses and long-term debt. The fair values of cash, accounts payable and accrued expenses approximate their carrying values due to the relatively short-term to maturity. Craft classifies its cash as fair value through profit and loss (FVTPL) and accounts payable, accrued expenses and long-term debt as other financial liabilities. The fair value of cash and cash equivalents is based on level 1 inputs of the fair value hierarchy.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

Craft's assets measured at fair value on a nonrecurring basis include investments, long-lived assets and indefinite-lived intangible assets. Craft reviews the carrying amounts of such assets whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable or at least annually as of December 31, 2022, for indefinite-lived intangible assets. Any resulting asset impairment would require that the asset be recorded at its fair value. The resulting fair value measurements of the assets are considered to be Level 3 measurements.

### *Financial Risk Management*

Craft is exposed in varying degrees to a variety of financial instrument related risks. Craft's risk exposures and the impact on its financial instruments are summarized below:

#### ***Credit Risk***

Credit risk is the risk of a potential loss to us if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure as at March 31, 2023, and March 31, 2022, is the carrying amount of cash and cash equivalents, accounts receivable and notes receivable. Craft does not have significant credit risk with respect to its customers. All cash and cash equivalents are placed with regulated U.S. financial institutions.

Craft provides credit to its customers in the normal course of business and have established credit evaluation and monitoring processes to mitigate credit risk but has limited risk as the majority of our sales are transacted with cash.

#### ***Liquidity Risk***

Liquidity risk is the risk that Craft will not be able to meet its financial obligations associated with financial liabilities. Craft manages liquidity risk through the management of its capital structure. Craft's approach to managing liquidity is to ensure that it has sufficient liquidity to fund its ongoing operations and to settle obligations and liabilities when due.

Craft expects to incur increased expenditures related to customer acquisition related costs, marketing and selling expenses and capital expenditures as it expands its presence in current markets and expand into new markets.

To date, Craft has incurred significant cumulative net losses and it has not generated positive cash flows from its operations. Craft has therefore depended on financing from sale of its equity and from debt financing to fund its operations. In the near term, Craft expects its operating cash flows to be impacted negatively by the establishment of operations in new markets, and it expects significant investments in property and equipment as it enters new markets and expands its operations in existing markets. Overall, Craft does not expect the net cash contribution from its operations and investments to be positive in the near term, and thus Craft will therefore rely on financing from equity or debt.

#### ***Market Risk***

In addition to business opportunities and challenges applicable to any business operating in a fast-growing environment, Craft's business operates in a highly regulated and multi-jurisdictional industry, which is subject to potentially significant changes outside of its control as individual states as well as the US federal government may impose restrictions on our ability to grow its business profitably or enact new laws and regulations that open up new markets.

#### ***Currency Risk***

Craft's operating results and financial position are reported in U.S. dollars. Financial transactions entered into could be denominated in currencies other than the U.S. dollar which would result in Craft's operations being subject to currency transaction and translation risks.

As of March 31, 2023, Craft has entered into financial transactions that were denominated in currencies outside its functional currency, the U.S. dollar, to fund its strategic licensing agreements. In addition, Craft had no hedging agreements in place with respect to foreign exchange rates. Craft has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

### ***Interest Rate Risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. Craft's loan agreements have fixed rates of interest and therefore expose it to a limited non-cash interest rate fair value risk.

### ***Price Risk***

Price risk is the risk of variability in fair value due to movements in equity or market prices. Craft is subject to risk of prices of its products due to competitive or regulatory pressures.

### ***Disclosure Controls and Internal Control over Financial Reporting***

#### ***Internal control over financial reporting***

In accordance with National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, management is responsible for establishing and maintaining adequate Disclosure Controls and Procedures (“**DCP**”) and Internal Control Over Financial Reporting (“**ICFR**”). If Craft become a reporting issuer in Canada, its CEO and CFO will be required to file certifications relating to DCP and ICFR for Craft in connection with its interim and annual filings, commencing with the first reporting period after becoming a reporting issuer.

#### ***Limitations of controls and procedures***

Craft's management, including the CEO and CFO, believes that any DCP or ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within Craft have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any control system also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.



**Schedule F**  
**Housey Financial Statements**

See attached.

# **HOUSEY HEALTHCARE, INC.**

## **Financial Statements**

**For the years ended December 31, 2022 and 2021**

(Expressed in US dollars)

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Housey Healthcare, Inc.  
New Castle County, Delaware

### **Opinion**

We have audited the financial statements of Housey Healthcare, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of operations, changes in shareholders' deficit, and cash flows for the years then ended, and the related notes to the financial statements. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Housey Healthcare, Inc., as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Going concern**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations and has a working capital deficiency that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Housey Healthcare, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Housey Healthcare, Inc.'s ability to continue as a going concern for period of twelve months from our Audit Report Date.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Housey Healthcare, Inc's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Housey Healthcare, Inc's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

*GreenGrowthCPAs*

November 8, 2023  
Los Angeles, California

**HOUSEY HEALTHCARE, INC.**  
**Statements of Financial Position**  
(Expressed in US dollars)

	December 31, 2022	December 31, 2021
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	4,200	4,500
<b>Total assets</b>	<b>4,200</b>	<b>4,500</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Due to shareholder	13,254	12,804
<b>Total liabilities</b>	<b>13,254</b>	<b>12,804</b>
<b>SHAREHOLDERS' DEFICIENCY</b>		
Common stock, \$0.001 par value; 10,000,000 shares authorized; 5,100,000 shares issued and outstanding as at December 31, 2022 and 2021	5,100	5,100
Accumulated deficit	(14,154)	(13,404)
<b>Total shareholders' deficiency</b>	<b>(9,054)</b>	<b>(8,304)</b>
<b>Total liabilities and shareholders' deficiency</b>	<b>4,200</b>	<b>4,500</b>

Nature of operations and going concern (Note 1)

Approved and authorized for issue on behalf of the Board of Directors:

/s/ Gerald Housey  
Director

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

**HOUSEY HEALTHCARE, INC.****Statements of Operations**

(Expressed in US dollars, except for number of shares)

	Years ended December 31,	
	<b>2022</b>	<b>2021</b>
	\$	\$
<b>Operating expenses:</b>		
Office expenses	<b>750</b>	25
Professional expenses	-	1,050
<b>Operating loss</b>	<b>750</b>	1,075
Income tax expense	-	-
<b>Net loss</b>	<b>(750)</b>	(1,075)
<b>Net loss per share:</b>		
Basic	<b>(0.00)</b>	(0.00)
<b>Weighted average number of common shares:</b>		
Basic	<b>5,100,000</b>	5,100,000

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

**HOUSEY HEALTHCARE, INC.**  
**Statements of Cash Flows**  
(Expressed in US dollars)

	Years ended December 31,	
	<b>2022</b>	2021
	\$	\$
<b>Operating activities:</b>		
Net loss	(750)	(1,075)
Changes in non-cash working capital:		
Due to shareholder	450	475
<b>Cash used in operating activities</b>	<b>(300)</b>	<b>(600)</b>
Change in cash	(300)	(600)
Cash, beginning of year	4,500	5,100
<b>Cash, end of year</b>	<b>4,200</b>	<b>4,500</b>
<b>Cash paid during the year for:</b>		
Interest expense	-	-
Income taxes	-	-

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

**HOUSEY HEALTHCARE, INC.****Statements of Changes in Shareholders' Deficit**

(Expressed in US dollars, except for number of shares)

	Number of common shares	Common stock	Accumulated deficit	Total shareholders' deficit
	#	\$	\$	\$
Balance, December 31, 2020	5,100,000	5,100	(12,329)	(7,229)
Net loss	-	-	(1,075)	(1,075)
Balance, December 31, 2021	5,100,000	5,100	(13,404)	(8,304)
Net loss	-	-	(750)	(750)
<b>Balance, December 31, 2022</b>	<b>5,100,000</b>	<b>5,100</b>	<b>(14,154)</b>	<b>(9,054)</b>

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



## **1. NATURE OF OPERATIONS AND GOING CONCERN**

Housey Healthcare, Inc. (the “Company”) was incorporated pursuant to the General Corporation Law of the State of Delaware on December 19, 2019. The Company’s registered office is located at 12 Timber Creek Lane, Newark City, New Castle County, Delaware, United States.

The Company is a private entity that was formed in anticipation of raising capital and conducting clinical trials for the Company’s ultimate parent, Housey Pharmaceutical Research Laboratories, LLC. The Company has been inactive until a prospective investment is anticipated.

These financial statements for the years ended December 31, 2022 and 2021 (the “financial statements”) have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. As at December 31, 2022, the Company has a working capital deficiency of \$9,054 (December 31, 2021 - \$8,304) and an accumulated deficit of \$14,154 (December 31, 2021 - \$13,404). For the year ended December 31, 2022, the Company incurred a loss of \$750 (2021 - \$1,075) and used cash in operating activities of \$300 (2021 - \$600). These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to raise adequate funding through equity or debt financing to discharge its liabilities as they come due. There is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the going concern assumption was inappropriate. Such adjustments could be material.

## **2. BASIS OF PREPARATION**

### **a) Statement of compliance**

These financial statements were approved by the Board of Directors and authorized for issue on November 8, 2023.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

### **b) Basis of presentation**

These financial statements have been prepared on an accrual basis and are based on historical costs.

### **c) Functional and presentation currency**

These financial statements are presented in United States dollars (“US dollar” or “USD”) which is also the Company’s functional currency.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

### **a) Cash**

The Company’s cash includes deposits held on call with banks.

### **b) Financial instruments**

Financial instruments are contracts that give rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial instruments are recorded initially at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Subsequent measurement depends on how the financial instrument has been classified and may be at fair value or amortized cost.

### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - Inputs that are not based on observable market data.

The Company's financial instruments are comprised of cash and due to shareholder which are measured at amortized cost. The carrying values of cash and due to shareholder approximate their fair values because of their short-term nature.

#### **c) Common stock**

The Company records proceeds from share issuances net of issue costs and any tax effects in equity. Common shares issued for consideration other than cash are valued based on their fair value on the date of issuance.

#### **d) Earnings (loss) per share**

The Company presents basic loss per share data for its common shares. Basic loss per share is calculated using the weighted average number of shares outstanding during the respective years. The Company does not present diluted loss per share as it does not have any dilutive instruments.

#### **e) Income taxes**

The Company uses the asset and liability method to account for income taxes. Deferred income tax assets and liabilities are determined based on enacted tax rates and laws for the years in which the differences are expected to reverse.

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company recognizes uncertain income tax positions at the largest amount that is more-likely-than-not to be sustained upon examination by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Recognition or measurement is reflected in the period in which the likelihood changes. Any interest and penalties related to unrecognized tax liabilities are presented within income tax expense in the statements of loss.

#### **f) Recently issued accounting pronouncements**

Recent accounting pronouncements issued by the Financial Accounting Standards Board, the American Institute of Certified Public Accountants and the U.S. Securities and Exchange Commission did not or are not believed by management to have a material effect on the Company's present or future financial statements.

### **4. DUE TO SHAREHOLDER**

As at December 31, 2022 and 2021, the Company had \$13,254 and \$12,804, respectively, due to the Company's ultimate parent to reimburse for operating expenses.

### **5. COMMON STOCK**

The Company is authorized to issue 10,000,000 shares at par value of \$0.001 per share.

During the years ended December 31, 2022 and 2021, there were no common stock issuances. As at December 31, 2022 and 2021, the Company had 5,100,000 common shares outstanding which were issued during the year ended December 31, 2019 in exchange for proceeds of \$5,100.

**HOUSEY HEALTHCARE, INC.**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2022 and 2021**  
(Expressed in US dollars, except where noted)

**6. INCOME TAX EXPENSE**

A summary of the Company's reconciliation of income taxes at statutory rates for the years ended December 31, 2022 and 2021 is as follows:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Loss before income taxes	<b>(750)</b>	(1,075)
Combined federal and provincial statutory income tax rates	<b>21%</b>	21%
Income tax recovery at statutory rates	<b>(160)</b>	(230)
Change in statutory, foreign tax, foreign exchange rates and others	<b>(50)</b>	(70)
Deferred tax assets not recognized	<b>210</b>	300
Income tax expense	<b>-</b>	-

A summary of the Company's significant components of unrecognized deferred tax assets is as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
	<b>\$</b>	<b>\$</b>
Deferred income tax assets:		
Non-capital losses available for future period	<b>3,950</b>	3,740
Unrecognized deferred tax assets	<b>3,950</b>	3,740

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. A summary of the Company's unrecognized deductible temporary differences is as follows:

	<b>December 31, 2022</b>	<b>Expiry date range</b>	<b>December 31, 2021</b>	<b>Expiry date range</b>
	<b>\$</b>		<b>\$</b>	
Non-capital losses available for future period	<b>14,154</b>	<b>No expiry date</b>	13,404	No expiry date

# **HOUSEY HEALTHCARE, INC.**

## **Condensed Interim Financial Statements**

**For the three and nine months ended September 30, 2023 and 2022**

(Unaudited - Expressed in US dollars)

**HOUSEY HEALTHCARE, INC.**  
**Statements of Financial Position**  
(Unaudited - Expressed in US dollars)

	<b>September 30, 2023</b>	December 31, 2022
	<i>(Unaudited)</i>	
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash	<b>3,900</b>	4,200
<b>Total assets</b>	<b>3,900</b>	4,200
<b>LIABILITIES</b>		
<b>Current</b>		
Due to shareholder	<b>13,729</b>	13,254
<b>Total liabilities</b>	<b>13,729</b>	13,254
<b>SHAREHOLDERS' DEFICIENCY</b>		
Common stock, \$0.001 par value; 10,000,000 shares authorized; 5,100,000 shares issued and outstanding as at September 30, 2023 and December 31, 2022	<b>5,100</b>	5,100
Accumulated Deficit	<b>(14,929)</b>	(14,154)
<b>Total shareholders' deficit</b>	<b>(9,829)</b>	(9,054)
<b>Total liabilities and shareholders' deficit</b>	<b>3,900</b>	4,200

Nature of operations and going concern (Note 1)  
Subsequent event (Note 6)

Approved and authorized for issue on behalf of the Board of Directors:

/s/ Gerald Housey  
Director

*The accompanying notes are an integral part of these condensed interim financial statements.*

**HOUSEY HEALTHCARE, INC.****Statements of Operations**

(Unaudited - Expressed in US dollars, except for number of shares)

	Three months ended September 30, 2023		Nine months ended September 30, 2023	
	2023	2022	2023	2022
			\$	\$
<b>Operating expenses:</b>				
Office expenses	-	-	775	750
<b>Operating loss</b>	-	-	775	750
Income tax expense	-	-	-	-
<b>Net loss</b>	-	-	(775)	(750)
<b>Net loss per share:</b>				
Basic	(0.00)	(0.00)	(0.00)	(0.00)
<b>Weighted average number of common shares:</b>				
Basic	5,100,000	5,100,000	5,100,000	5,100,000

*The accompanying notes are an integral part of these condensed interim financial statements.*

**HOUSEY HEALTHCARE, INC.**  
**Statements of Cash Flows**  
(Unaudited - Expressed in US dollars)

	Nine months ended September 30,	
	2023	2022
	\$	\$
<b>Operating activities:</b>		
Net loss	(775)	(750)
Changes in non-cash working capital:		
Due to shareholder	475	450
<b>Cash used in operating activities</b>	<b>(300)</b>	<b>(300)</b>
Change in cash	(300)	(300)
Cash, beginning of period	4,200	4,500
<b>Cash, end of period</b>	<b>3,900</b>	<b>4,200</b>
<b>Cash paid during the year for:</b>		
Interest expense	-	-
Income taxes	-	-

*The accompanying notes are an integral part of these condensed interim financial statements.*

**HOUSEY HEALTHCARE, INC.****Statements of Changes in Shareholders' Deficit**

(Unaudited - Expressed in US dollars, except for number of shares)

	Number of common shares	Common stock	Deficit	Total shareholders' deficiency
	#	\$	\$	\$
Balance, December 31, 2021	5,100,000	5,100	(13,404)	(8,304)
Net loss	-	-	(750)	(750)
<b>Balance, September 30, 2022 (Unaudited)</b>	<b>5,100,000</b>	<b>5,100</b>	<b>(14,154)</b>	<b>(9,054)</b>
Balance, December 31, 2022	5,100,000	5,100	(14,154)	(9,054)
Net loss	-	-	(775)	(775)
<b>Balance, September 30, 2023 (Unaudited)</b>	<b>5,100,000</b>	<b>5,100</b>	<b>(14,929)</b>	<b>(9,829)</b>

*The accompanying notes are an integral part of these condensed interim financial statements.*



**HOUSEY HEALTHCARE, INC.**  
**Notes to the Condensed Interim Financial Statements**  
**For the three and nine months ended September 30, 2023 and 2022**  
(Unaudited - Expressed in US dollars, except where noted)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Housey Healthcare, Inc. (the "Company") was incorporated pursuant to the General Corporation Law of the State of Delaware on December 19, 2019. The Company's registered office is located at 12 Timber Creek Lane, Newark City, New Castle County, Delaware, United States.

The Company is a private entity that was formed in anticipation of raising capital and conducting clinical trials for the Company's ultimate parent, Housey Pharmaceutical Research Laboratories, LLC. The Company has been inactive until a prospective investment is anticipated.

These condensed interim financial statements for the three and nine months ended September 30, 2023 and 2022 ("financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. As at September 30, 2023, the Company has a working capital deficiency of \$9,829 (December 31, 2022 - \$9,054) and an accumulated deficit of \$14,929 (December 31, 2022 - \$14,154). For the three and nine months ended September 30, 2023, the Company incurred a loss of \$nil and \$775, respectively (2022 - \$nil and \$750, respectively). For the nine months ended September 30, 2023, the Company used cash in operating activities of \$300 (2022 - \$300). These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

**2. BASIS OF PREPARATION**

**a) Statement of compliance**

These financial statements were approved by the Board of Directors and authorized for issue on November 8, 2023.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

**b) Basis of presentation**

These financial statements have been prepared on an accrual basis and are based on historical costs.

**c) Functional and presentation currency**

These financial statements are presented in United States dollars ("US dollar" or "USD") which is also the Company's functional currency.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The Company's significant accounting policies are more fully described in Note 3 to the financial statements for the years ended December 31, 2022 and 2021. There have been no material changes to the Company's significant accounting policies.

**Recently issued accounting pronouncements**

Recent accounting pronouncements issued by the Financial Accounting Standards Board, the American Institute of Certified Public Accountants and the U.S. Securities and Exchange Commission did not or are not believed by management to have a material effect on the Company's present or future financial statements.

**4. DUE TO SHAREHOLDER**

As at September 30, 2023 and December 31, 2022, the Company had \$13,729 and \$13,254, respectively, due to the Company's ultimate parent to reimburse for operating expenses.

**5. COMMON STOCK**

The Company is authorized to issue 10,000,000 shares at par value of \$0.001 per share.

During the three and nine months ended September 30, 2023, the Company did not have any common stock transactions.

**HOUSEY HEALTHCARE, INC.**  
**Notes to the Condensed Interim Financial Statements**  
**For the three and nine months ended September 30, 2023 and 2022**  
(Unaudited - Expressed in US dollars, except where noted)

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As at September 30, 2023 and December 31, 2022, the Company had 5,100,000 common shares outstanding which were issued during the year ended December 31, 2019 in exchange for proceeds of \$5,100.

# **HOUSEY REGENERATIVE MEDICINES, INC.**

## **Financial Statements**

**For the period from April 26, 2023 (incorporation) to September 30, 2023**

(Expressed in US dollars)

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Housey Regenerative Medicines, Inc.  
Kent County, Delaware

### Opinion

We have audited the financial statements of Housey Regenerative Medicines, Inc., which comprise the statement of financial position as of September 30, 2023, and the related statements of operations, changes in shareholders' equity, and cash flows for the period from April 26, 2023 (incorporation) to September 30, 2023, and the related notes to the financial statements. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Housey Regenerative Medicines, Inc., as of September 30, 2023, and its cash flows for the period from April 26, 2023 (incorporation) to September 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Housey Regenerative Medicines, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Housey Regenerative Medicines, Inc.'s ability to continue as a going concern for period of twelve months from our Audit Report Date.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Housey Healthcare, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.



- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Housey Regenerative Medicines, Inc's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

*GreenGrowthCPAs*

November 8, 2023  
Los Angeles, California

**HOUSEY REGENERATIVE MEDICINES, INC.**  
**Statement of Financial Position**  
(Expressed in US dollars)

	September 30, 2023
	\$
<b>ASSETS</b>	
<b>Current</b>	
Advance to shareholder	1
<b>Total assets</b>	<b>1</b>
<b>SHAREHOLDER'S EQUITY</b>	
Common stock, \$0.0001 par value; 10,000,000 shares authorized; 100 shares issued and outstanding as of September 30, 2023	-
Additional paid in capital	1
<b>Total shareholder's equity</b>	<b>1</b>

Nature of operations and going concern (Note 1)

Approved and authorized for issue on behalf of the Board of Directors:

\_\_\_\_\_  
/s/ Gerald Housey  
Director

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

**HOUSEY REGENERATIVE MEDICINES, INC.****Statement of Loss**

(Expressed in US dollars)

	Period from April 26, 2023 (incorporation) to September 30, 2023
	\$
<b>Net loss</b>	-
<b>Net loss per share:</b>	
Basic and diluted	-
<b>Weighted average number of common shares:</b>	
Basic and diluted	100

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

**HOUSEY REGENERATIVE MEDICINES, INC.**  
**Statement of Cash Flows**  
(Expressed in US dollars)

	Period from April 26, 2023 (incorporation) to September 30, 2023
<b>Operating activities:</b>	
Net loss	-
Changes in non-cash working capital	-
<b>Cash used in operating activities</b>	-
Change in cash	-
Cash, beginning of period	-
<b>Cash, end of period</b>	-
<b>Cash paid during the year for:</b>	
Interest expense	-
Income taxes	-

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



**HOUSEY REGENERATIVE MEDICINES, INC.**  
**Statements of Changes in Shareholder's Equity**  
(Expressed in US dollars, except number of shares)

	Number of common shares	Common stock	Additional paid in capital	Total shareholder's equity
	#	\$	\$	\$
Balance, April 26, 2023 (date of incorporation)	-	-	-	-
Issuance of incorporation shares	100	-	1	1
<b>Balance, September 30, 2023</b>	<b>100</b>	<b>-</b>	<b>1</b>	<b>1</b>

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

# **HOUSEY REGENERATIVE MEDICINES, INC.**

## **Notes to the Financial Statements**

**For the period from April 26, 2023 (incorporation) to September 30, 2023**

(Expressed in US dollars, except where noted)

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### **1. NATURE OF OPERATIONS AND GOING CONCERN**

Housey Regenerative Medicines, Inc. (the "Company") was incorporated pursuant to the General Corporation Law of the State of Delaware on April 26, 2023. The Company's registered office is 874 Walker Road, Suite C, Dover City, Kent County, Delaware, United States. The Company has fiscal year of December 31.

The Company is a private entity that was formed in anticipation of raising capital and conducting clinical trials for the Company's ultimate parent, Housey Pharmaceutical Research Laboratories. The Company has been inactive until a prospective investment is anticipated.

These financial statements for the period from April 26, 2023 (incorporation) to September 30, 2023 (the "financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. The Company has not conducted any transactions during the period.

### **2. BASIS OF PREPARATION**

#### **a) Statement of compliance**

These financial statements were approved by the Board of Directors and authorized for issue on November 8, 2023.

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

#### **b) Basis of presentation**

These financial statements have been prepared on an accrual basis and are based on historical costs.

#### **c) Functional and presentation currency**

These financial statements are presented in United States dollars ("US dollar" or "USD") which is also the Company's functional currency.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **a) Common stock**

The Company records proceeds from share issuances net of issue costs and any tax effects in equity. Common shares issued for consideration other than cash are valued based on their fair value on the date of issuance.

#### **b) Recently issued accounting pronouncements**

Recent accounting pronouncements, other than those below, issued by the Financial Accounting Standards Board, the American Institute of Certified Public Accountants and the U.S. Securities and Exchange Commission did not or are not believed by management to have a material effect on the Company's present or future financial statements.

**HOUSEY REGENERATIVE MEDICINES, INC.**

**Notes to the Financial Statements**

**For the period from April 26, 2023 (incorporation) to September 30, 2023**

(Expressed in US dollars, except where noted)

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**4. COMMON STOCK**

**a) Authorized share capital**

The Company is authorized to issue 10,000,000 of common shares with a par value of \$0.0001.

As at September 30, 2023, the Company had 100 common shares outstanding.

**b) Issued share capital**

During the period from April 26, 2023 (incorporation) to September 30, 2023, the Company issued 100 common shares at a price of \$0.01 per share for a total proceed of \$1 pursuant to the incorporation of the Company.

**Schedule G**  
**Audit Committee Charter**

See attached.

## CHARTER OF THE AUDIT COMMITTEE

### Section 1 PURPOSE

The audit committee (the “**Audit Committee**”) is a committee of the board of directors (the “**Board**”) of Nano Cures International, Inc. (the “**Corporation**”). The primary function of the Audit Committee is to assist the directors of the Corporation in fulfilling their applicable roles by:

- (a) recommending to the Board the appointment and compensation of the Corporation’s external auditor;
- (b) overseeing the work of the external auditor, including the resolution of disagreements between the external auditor and management;
- (c) pre-approving all non-audit services (or delegating such pre-approval if and to the extent permitted by law) to be provided to the Corporation by the Corporation’s external auditor;
- (d) satisfying themselves that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information, other than those described in (g) below, extracted or derived from its financial statements, including periodically assessing the adequacy of such procedures;
- (e) establishing procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters, and for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- (f) reviewing and approving any proposed hiring of current or former partner or employee of the current and former auditor of the Corporation; and
- (g) reviewing and approving the annual and interim financial statements, related Management Discussion and Analysis (“**MD&A**”) and other financial information provided by the Corporation to any governmental body or the public.

The Audit Committee should primarily fulfill these roles by carrying out the activities enumerated in this Charter. However, it is not the duty of the Audit Committee to prepare financial statements, to plan or conduct internal or external audits, to determine that the financial statements are complete and accurate and are in accordance with International Financial Reporting Standards, to conduct investigations, or to assure compliance with laws and regulations or the Corporation’s internal policies, procedures and controls, as these are the responsibility of management, and in certain cases, the external auditor.

### Section 2 LIMITATIONS ON AUDIT COMMITTEE’S DUTIES

In contributing to the Audit Committee’s discharge of its duties under this Charter, each member of the Audit Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended to be, or may be construed as, imposing on any members of the Audit Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which the directors are subject.

Members of the Audit Committee are entitled to rely, absent actual knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, (iii) representations made by management as to the non-audit services provided to the Corporation by the external auditor, (iv) financial statements of the Corporation represented to them by a member of management or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with generally accepted accounting principles, and (v) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

### **Section 3                      COMPOSITION AND MEETINGS**

The Audit Committee should be comprised of not less than three directors as determined by the Board, all of whom shall be independent within the meaning of National Instrument 52-110 – Audit Committees (“**52-110**”) of the Canadian Securities Administrators (or exempt therefrom), and free of any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee. All members of the Audit Committee should have (or should gain within a reasonable period of time after appointment) a working familiarity with basic finance and accounting practices. At least one member of the Audit Committee should have accounting or related financial management expertise and be considered a financial expert. Each member should be “financially literate” within the meaning of 52-110. The Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant.

The members of the Audit Committee shall be elected by the Board on an annual basis or until their successors shall be duly appointed. Unless a Chair of the Audit Committee (the “**Chair**”) is elected by the full Board, the members of the Audit Committee may designate a Chair by majority vote of the full Audit Committee membership.

In addition, the Audit Committee members should meet all of the requirements for members of audit committees as defined from time to time under applicable legislation and the rules of any stock exchange on which the Corporation’s securities are listed or traded.

The Audit Committee should meet at least four times annually, or more frequently as circumstances require. The Audit Committee should meet within 45 days following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related MD&A, and should meet within 90 days following the end of the fiscal year end to review and discuss the audited financial results for the preceding quarter and year and the related MD&A.

The Audit Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Audit Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Corporation with senior employees, officers and the external auditor of the Corporation, and others as they consider appropriate.

For greater certainty, management is indirectly accountable to the Audit Committee and is responsible for the timeliness and integrity of the financial reporting and information presented to the Board.

In order to foster open communication, the Audit Committee or its Chair should meet at least annually with management and the external auditor in separate sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately. In addition, the Audit Committee or its Chair should meet with management quarterly in connection with the Corporation’s interim financial statements.

A quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Audit Committee or such greater number as the Audit Committee shall by resolution determine.

Meetings of the Audit Committee shall be held from time to time and at such place as any member of the Audit Committee shall determine upon 48 hours' notice to each of its members. The notice period may be waived by all members of the Audit Committee. Each of the Chair of the Board, the external auditor, the Chief Executive Officer, the Chief Financial Officer or the Secretary shall be entitled to request that any member of the Audit Committee call a meeting.

This Charter is subject in all respects to the Corporation's notice of articles and articles from time to time.

#### **Section 4           ROLE**

As part of its function in assisting the Board in fulfilling its oversight role (and without limiting the generality of the Audit Committee's role), the Audit Committee should:

- (1) Determine any desired agenda items.
- (2) Review and recommend to the Board changes to this Charter, as considered appropriate from time to time.
- (3) Review the public disclosure regarding the Audit Committee required by 52-110.
- (4) Review and seek to ensure that disclosure controls and procedures and internal control over financial reporting frameworks are operational and functional.
- (5) Summarize in the Corporation's annual update the Audit Committee's composition and activities, as required.
- (6) Submit the minutes of all meetings of the Audit Committee to the Board upon request. Documents / Reports Review.
- (7) Review and recommend to the Board for approval the Corporation's annual and interim financial statements, including any certification, report, opinion, undertaking or review rendered by the external auditor and the related MD&A, as well as such other financial information of the Corporation provided to the public or any governmental body as the Audit Committee or the Board require.
- (8) Review other financial information provided to any governmental body or the public as they see fit.
- (9) Review, recommend and approve any of the Corporation's press releases that contain financial information.
- (10) Seek to satisfy itself and ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and related MD&A and periodically assess the adequacy of those procedures.

#### **External Auditor**

- (11) Recommend to the Board the selection of the external auditor, considering independence and effectiveness, and review the fees and other compensation to be paid to the external auditor.
- (12) Review and seek to ensure that all financial information provided to the public or any governmental body, as required, provides for the fair presentation of the Corporation's financial condition, financial performance and cash flow.
- (13) Instruct the external auditor that its ultimate client is not management and that it is required to report directly to the Audit Committee, and not management.

- (14) Monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion between management and the external auditor.
- (15) Review and discuss, on an annual basis, with the external auditor all significant relationships it has with the Corporation to determine the external auditor's independence.
- (16) Pre-approve all non-audit services (or delegate such pre-approval as the Audit Committee may determine and as permitted by applicable Canadian securities laws) to be provided by the external auditor.
- (17) Review the performance of the external auditor and any proposed discharge of the external auditor when circumstances warrant.
- (18) Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the financial statements, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.
- (19) Communicate directly with the external auditor and arrange for the external auditor to be available to the Audit Committee and the full Board as needed.
- (20) Review and approve any proposed hiring by the Corporation of current or former partners or employees of the current (and any former) external auditor of the Corporation.

#### **Audit Process**

- (21) Review the scope, plan and results of the external auditor's audit and reviews, including the auditor's engagement letter, the post-audit management letter, if any, and the form of the audit report. The Audit Committee may authorize the external auditor to perform supplemental reviews, audits or other work as deemed desirable.
- (22) Following completion of the annual audit and quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.
- (23) Review any significant disagreements among management and the external auditor in connection with the preparation of the financial statements.
- (24) Where there are significant unsettled issues between management and the external auditor that do not affect the audited financial statements, the Audit Committee shall seek to ensure that there is an agreed course of action leading to the resolution of such matters.

#### **Financial Reporting Processes**

- (25) Review the integrity of the financial reporting processes, both internal and external, in consultation with the external auditor as they see fit.
- (26) Consider the external auditor's judgments about the quality, transparency and appropriateness, not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, including the degree of aggressiveness or conservatism of its accounting principles and underlying estimates, and whether those principles are common practices or are minority practices.



- (27) Review all material balance sheet issues, material contingent obligations (including those associated with material acquisitions or dispositions) and material related party transactions.
- (28) Review with management and the external auditor the Corporation's accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with management, the ramification of their use and the external auditor's preferred treatment and any other material communications with management with respect thereto.
- (29) Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.
- (30) If considered appropriate, establish separate systems of reporting to the Audit Committee by each of management and the external auditor.
- (31) Periodically consider the need for an internal audit function, if not present.

#### **Risk Management**

- (32) Review program of risk assessment and steps taken to address significant risks or exposures of all types, including insurance coverage and tax compliance.

#### **General**

- (33) With prior Board approval, the Audit Committee may at its discretion retain independent counsel, accountants and other professionals to assist it in the conduct of its activities and to set and pay (as an expense of the Corporation) the compensation for any such advisors.
- (34) Respond to requests by the Board with respect to the functions and activities that the Board requests the Audit Committee to perform.
- (35) Periodically review this Charter and, if the Audit Committee deems appropriate, recommend to the Board changes to this Charter.
- (36) Review the public disclosure regarding the Audit Committee required from time to time by applicable Canadian securities laws, including:
  - (i) the Charter of the Audit Committee;
  - (ii) the composition of the Audit Committee;
  - (iii) the relevant education and experience of each member of the Audit Committee;
  - (iv) the external auditor services and fees; and
  - (v) such other matters as the Corporation is required to disclose concerning the Audit Committee.
- (37) Review in advance, and approve, the hiring and appointment of the Corporation's senior financial executives by the Corporation, if any.
- (38) Perform any other activities as the Audit Committee deems necessary or appropriate including ensuring all regulatory documents are compiled to meet Committee reporting obligations under 52-110.

## **Section 5            AUDIT COMMITTEE COMPLAINT PROCEDURES**

### **Submitting a Complaint**

- (1)        Anyone may submit a complaint regarding conduct by the Corporation or its employees or agents (including its independent auditors) reasonably believed to involve questionable accounting, internal accounting controls or auditing matters. The Chair should oversee treatment of such complaints.

### **Procedures**

- (2)        The Chair will be responsible for the receipt and administration of employee complaints.
- (3)        In order to preserve anonymity when submitting a complaint regarding questionable accounting or auditing matters, the employee may submit a complaint confidentially.

### **Investigation**

- (4)        The Chair should review and investigate the complaint. Corrective action will be taken when and as warranted in the Chair's discretion.

### **Confidentiality**

- (5)        The identity of the complainant and the details of the investigation should be kept confidential throughout the investigatory process.

### **Records and Report**

- (6)        The Chair should maintain a log of complaints, tracking their receipt, investigation, findings and resolution, and should prepare a summary report for the Audit Committee.

The Audit Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Corporation's securityholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to securityholders of the Corporation or other liability whatsoever.

**APPENDIX G**  
**CRAFT LONG TERM INCENTIVE PLAN**

**CRAFT 1861 GLOBAL HOLDINGS INC.  
EQUITY INCENTIVE PLAN**

ADOPTED BY THE BOARD OF DIRECTORS: FEBRUARY 1, 2021  
APPROVED BY THE CORPORATION'S SHAREHOLDERS: FEBRUARY 1, 2021  
EFFECTIVE DATE: FEBRUARY 1, 2021

**Section 1. Purpose**

The purpose of the Plan is to promote the interests of the Corporation and its shareholders by enabling the Corporation and its affiliated companies to: (i) attract and retain employees, officers, consultants, advisors and Non-Employee Directors capable of assuring the future success of the Corporation; (ii) offer such persons incentives to put forth maximum efforts for the success of the Corporation's business; and (iii) compensate such persons through various stock-based arrangements and provide them with opportunities for stock ownership, thereby aligning the interests of such persons and shareholders.

**Section 2. Definitions**

As used in the Plan, the following terms shall have the meanings set forth below:

- (a) "Affiliate" shall have the meaning ascribed to such term in National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators.
- (b) "Award" shall mean any Option, Restricted Stock Unit or Unrestricted Stock Bonus granted under the Plan.
- (c) "Award Agreement" shall mean any written agreement, contract or other instrument or document evidencing an Award granted under the Plan (including a document in an electronic medium) executed in accordance with the requirements of Section 10(b).
- (d) "Blackout Period" shall have the meaning ascribed to such term in Section 6(a)(ii).
- (e) "Board" shall mean the board of directors of the Corporation, in effect from time to time.
- (f) "Code" shall mean the U.S. Internal Revenue Code of 1986, as amended from time to time, and any regulations promulgated thereunder.
- (g) "Committee" shall mean the Compensation, Nominating and Corporate Governance Committee of the Board or such other committee designated by the Board to administer the Plan, failing which shall mean the Board.
- (h) "Corporation" shall mean CRAFT 1861 Global Holdings Inc., a corporation existing under the *Business Corporations Act* (British Columbia), and any successor corporation.
- (i) "Director" shall mean a member of the Board.

- (j) “*Dividend Equivalent*” shall mean any right granted under Section 6(c) of the Plan.
- (k) “*Effective Date*” shall mean the date the Plan is adopted by the Board, as set forth in Section 12.
- (l) “*Eligible Person*” shall mean any Non-Employee Director of the Corporation or any employee, officer, director, consultant, independent contractor or advisor providing services to the Corporation or any Affiliate, or any such person to whom an offer of employment or engagement with the Corporation or any Affiliate is extended.
- (m) “*Exchange*” means the principal securities exchange on which the Corporation’s Shares are trading, being the Cboe Canada as at the date hereof.
- (n) “*Exchange Act*” shall mean the U.S. Securities Exchange Act of 1934, as amended.
- (o) “*Exchange Policies*” shall mean the rules and policies of the Exchange in effect from time to time.
- (p) “*Fair Market Value*” with respect to one Share as of any date shall mean: (i) if the Shares are listed on a stock exchange, the VWAP of such Share on the Exchange (or such other stock exchange where the majority of the trading volume and value of the Shares occurs) for the five trading days immediately preceding the relevant date; and (ii) if the Shares are not so listed on a stock exchange, the per share value of one Share, as determined by the Board, or any duly authorized Committee of the Board, in its sole discretion, by applying principles of valuation with respect thereto.
- (q) “*Incentive Stock Option*” shall mean an option granted under Section 6(a) of the Plan that is intended to meet the requirements of Section 422 of the Code or any successor provision.
- (r) “*Listed Security*” shall mean any security of the Corporation that is listed or approved for listing on a U.S. national securities exchange or designated or approved for designation as a national market system security on an interdealer quotation system by the U.S. Financial Industry Regulatory Authority (or any successor thereto).
- (s) “*Non-Employee Director*” shall mean a Director who is not also an employee of the Corporation or any Affiliate.
- (t) “*Non-Qualified Stock Option*” shall mean an option granted under Section 6(a) of the Plan that is not intended to be an Incentive Stock Option.
- (u) “*Option*” shall mean an Incentive Stock Option or a Non-Qualified Stock Option, as applicable, to purchase shares of the Corporation.
- (v) “*Participant*” shall mean an Eligible Person designated to be granted an Award under the Plan.

(w) “*Person*” shall mean any individual or entity, including a corporation, partnership, limited or unlimited liability company, association, joint venture or trust.

(x) “*Plan*” shall mean this CRAFT 1861 Global Holdings Inc. Equity Incentive Plan, as amended from time to time.

(y) “*Related Person*” shall have the meaning ascribed to such term (or equivalent term) in the Exchange Policies.

(z) “*Restricted Stock Unit*” shall mean any unit granted under Section 6(b) of the Plan evidencing the right to receive a Share (or a cash payment equal to the Fair Market Value of a Share) at some future date, provided that in the case of Participants who are liable to taxation under the Tax Act in respect of amounts payable under the Plan, that such date shall not be later than December 31 of the third calendar year following the year services were performed in respect of the corresponding Restricted Stock Unit awarded.

(aa) “*Section 409A*” shall mean Section 409A of the Code, or any successor provision, and applicable Treasury Regulations and other applicable guidance thereunder.

(bb) “*SEC*” means the United States Securities and Exchange Commission.

(cc) “*Securities Act*” shall mean the U.S. Securities Act of 1933, as amended.

(dd) “*Share*” or “*Shares*” shall mean the Subordinate Voting shares of the Corporation (or such other securities or property as may become subject to Awards pursuant to an adjustment made under Section 4(c) of the Plan).

(ee) “*Specified Employee*” shall mean a specified employee as defined in Section 409A(a)(2)(B) of the Code or applicable proposed or final regulations under Section 409A, determined in accordance with procedures established by the Corporation and applied uniformly with respect to all plans maintained by the Corporation that are subject to Section 409A.

(ff) “*Tax Act*” shall mean the *Income Tax Act* (Canada), as amended from time to time, including regulations thereunder.

(gg) “*U.S. Award Holder*” shall mean any holder of an Award who is a “U.S. person” (as defined in Rule 902(k) of Regulation S under the Securities Act) or who is holding or exercising Awards in the United States.

(hh) “*Unrestricted Stock Bonus*” shall mean an issue of Shares in consideration of past services, or an issue of Shares in exchange for cash consideration at the Fair Market Value thereof (with the cash consideration representing up to the after-withholding tax value of a cash bonus paid).

(ii) “*VWAP*” shall mean the volume weighted average trading price of the Shares, calculated by dividing the total value by the total volume of securities traded for the relevant period.

(jj) “*Warrants*” shall mean the share purchase warrants of the Corporation, each of which entitle the holder thereof to purchase one Subordinate Voting share of the Corporation at a price of U.S.\$11.50, subject to adjustments pursuant to Section 4(c).

Unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to “\$” or “US\$” are to United States dollars. References to “C\$” are to Canadian dollars.

### **Section 3. Administration**

(a) Power and Authority of the Board. The Plan shall be administered by the Board, and the Board shall have the power to manage the Plan and may delegate such power at its discretion to any committee of the Corporation, including the Committee. All references hereinafter to the “Committee” shall mean the Committee, as delegated to by the Board, if applicable, failing which shall mean the Board. Subject to the express provisions of the Plan and to applicable law, the Committee shall have full power and authority to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to each Participant under the Plan; (iii) determine the number of Shares to be covered by (or the method by which payments or other rights are to be calculated in connection with) each Award; (iv) determine the terms and conditions of any Award or Award Agreement, including any terms relating to the forfeiture of any Award and the forfeiture, recapture or disgorgement of any cash, Shares or other amounts payable with respect to any Award; (v) amend the terms and conditions of any Award or Award Agreement, subject to the limitations under Section 7; (vi) accelerate the exercisability of any Award or the lapse of any restrictions relating to any Award, subject to the limitations in Section 7; (vii) determine whether, to what extent and under what circumstances Awards may be exercised in cash, Shares, other securities or other property (excluding promissory notes), or canceled, forfeited or suspended, subject to the limitations in Section 7; (viii) determine whether, to what extent and under what circumstances amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or the Committee, subject to the requirements of Section 409A; (ix) interpret and administer the Plan and any instrument or agreement, including an Award Agreement, relating to the Plan; (x) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xi) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan; and (xii) adopt such modifications, rules, procedures and subplans as may be necessary or desirable to comply with provisions of the laws of the jurisdictions in which the Corporation or an Affiliate may operate, including, without limitation, establishing any special rules for Affiliates, Eligible Persons or Participants located in any particular country, in order to meet the objectives of the Plan and to ensure the viability of the intended benefits of Awards granted to Participants located in non-United States jurisdictions. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award or Award Agreement shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon any Participant, any holder or beneficiary of any Award or Award Agreement, and any employee of the Corporation or any Affiliate.

(b) Delegation. The Committee may delegate to one or more officers or Directors of the Corporation, subject to such terms, conditions and limitations as the Committee may establish in its sole discretion, the authority to grant Awards; *provided, however*, that the Committee shall not delegate such authority in such a manner as would cause the Plan not to comply with applicable Exchange Policies or applicable law.

(c) Power and Authority of the Committee. Notwithstanding anything to the contrary contained herein, (i) the Committee may, at any time and from time to time, without any further action of the Board, exercise the powers and duties of the Board under the Plan, unless the exercise of such powers and duties by the Committee would cause the Plan not to comply with the requirements of all applicable securities rules and Exchange Policies and (ii) only the Board (or a committee of the Board comprised of directors who qualify as independent directors within the meaning of the independence rules of any applicable stock exchange on which the Shares are then listed) may grant Awards to Directors who are not also employees of the Corporation or an Affiliate. Directors who are not also employees of the Corporation or an Affiliate shall not receive or hold Awards representing more than 1% of the Corporation's Shares as at the date of the grant, as applicable, subject to adjustments pursuant to Section 4(c).

(d) Indemnification. To the full extent permitted by law, (i) no member of the Board, the Committee or any person to whom the Committee delegates authority under the Plan shall be liable for any action or determination taken or made in good faith with respect to the Plan or any Award made under the Plan, and (ii) the members of the Board, the Committee and each person to whom the Committee delegates authority under the Plan shall be entitled to indemnification by the Corporation with regard to such actions and determinations. The provisions of this paragraph shall be in addition to such other rights of indemnification as a member of the Board, the Committee or any other person may have by virtue of such person's position with the Corporation.

#### **Section 4. Shares Available for Awards**

(a) Shares Available. Subject to adjustment as provided in Section 4(c) of the Plan, the aggregate number of Shares that may be issued under all Awards under the Plan shall be 10% of the Shares from time to time, subject to adjustment in the Equity Incentive Plan.

(b) Counting Shares. For purposes of this Section 4, if an Award entitles the holder thereof to receive or purchase Shares, the number of Shares covered by such Award or to which such Award relates shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan.

(i) Shares Added Back to Reserve. If any Shares covered by an Award or to which an Award relates are not purchased or are forfeited or are reacquired by the Corporation (including any Shares withheld by the Corporation or Shares tendered to satisfy any tax withholding obligation on Awards or Shares covered by an Award that are settled in cash), or if an Award otherwise terminates or is cancelled without delivery of any Shares, then the number of Shares counted against the aggregate number of Shares available under the Plan with respect to such Award, to the extent of any



such forfeiture, reacquisition by the Corporation, termination or cancellation, shall again be available for granting Awards under the Plan.

- (ii) Cash-Only Awards. Awards that do not entitle the holder thereof to receive or purchase Shares shall not be counted against the aggregate number of Shares available for Awards under the Plan.
- (iii) Substitute Awards Relating to Acquired Entities. Shares issued under Awards granted in substitution for awards previously granted by an entity that is acquired by or merged with the Corporation or an Affiliate shall not be counted against the aggregate number of Shares available for Awards under the Plan.

(c) Adjustments. In the event that any dividend (other than a regular cash dividend) or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, forward stock split, reverse stock split, reorganization, plan of arrangement, merger, amalgamation, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Corporation, issuance of Warrants or other rights to purchase Shares or other securities of the Corporation or other similar corporate transaction or event which affects the Shares, or unusual or nonrecurring events affecting the Corporation or the financial statements of the Corporation, or changes in applicable rules, rulings, regulations or other requirements of any governmental body or stock exchange or inter-dealer quotation, accounting principles or law, such that an adjustment is considered by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, then the Committee may, in such manner as it may deem equitable, subject to any required regulatory or Exchange approvals, adjust any or all of (i) the number and kind of Shares (or other securities or other property) that thereafter may be made the subject of Awards, (ii) the number and kind of Shares (or other securities or other property) subject to outstanding Awards, (iii) the purchase price or exercise price with respect to any Award or, if deemed appropriate, make provision for a cash payment with respect to any outstanding Award, and/or (iv) any share limit set forth in the Plan; provided, however, that the number of Shares covered by any Award or to which such Award relates shall always be a whole number. Such adjustment shall be made by the Committee or the Board, whose determination in that respect shall be final, binding and conclusive.

(d) Additional Award Limitations. The aggregate number of Shares issued under Awards or issuable on exercise of the Options, in each case, granted to Related Persons as compensation within any one-year period, excluding performance-based Awards (with the performance targets being set in accordance with Section 4(a) as the market capitalization of the Shares) shall not exceed 5% of the total number of Shares, in aggregate, at the time of grant, subject to adjustment pursuant to Section 4(c). The maximum number of Shares that may be issued under the Plan to the Corporation's Non-Employee Directors, as a whole, or the number of securities that may be issuable on exercise of the Awards granted to the Corporation's Non-Employee Directors, as a whole, as compensation within any one-year period, shall not exceed 1% of the total number of Shares, in aggregate, at the time of grant, subject to adjustment pursuant to Section 4(c). The Board shall not (i) grant Options to any one Non-Employee Director in which the aggregate Fair Market Value of the Shares underlying such Options during any calendar year (under this Plan and

all other plans of the Corporation and its Affiliates) shall exceed \$100,000, or (ii) grant Awards in which the aggregate Fair Market Value of the Shares in respect to which the Awards are exercisable by such Non-Employee Director during any calendar year (under this Plan and all other plans of the Corporation and its Affiliates) shall exceed \$150,000, and in each case of (i) and (ii), measured as at the date of grant.

(e) Financial Assistance. The Corporation or any Affiliate or related entity may provide financial assistance to, or enter into support agreements with, Participants in connection with grants under the Plan, including without limitation, full, partial or non-recourse loans, provided approval of the disinterested members of the Board is obtained.

## **Section 5. Eligibility**

Any Eligible Person shall be eligible to be designated as a Participant. In determining which Eligible Persons shall receive an Award and the terms of any Award, the Committee may take into account the nature of the services rendered by the respective Eligible Persons, their present and potential contributions to the success of the Corporation and/or such other factors as the Committee, in its discretion, shall deem relevant. Notwithstanding the foregoing,

- (i) in the case of an Eligible Person who is subject to United States income tax, a Non-Qualified Stock Option may only be awarded to such Eligible Person to the extent the Eligible Person performs direct services to the Corporation or any corporation (other than the Corporation), in an unbroken chain of corporations beginning with the Corporation, in which each of the corporations other than the last corporation in the unbroken chain owns, directly or indirectly, stock representing at least 50% of the voting power of all classes of stock entitled to vote or at least 50% of the value of all classes of stock in one of the other corporations in such chain.

Receipt of Awards by a Participant is subject to the grant being voluntary within the meaning of section 2.23(2) of National Instrument 45-106 – *Prospectus Exemptions*, to the extent applicable.

## **Section 6. Awards**

(a) Options. The Committee is hereby authorized to grant Options to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan, as the Committee shall determine:

- (i) Exercise Price. The purchase price per Share purchasable under an Option shall be determined by the Committee and shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option; provided, however, that, to the extent permitted under Section 409A and Section 424 of the Code, as applicable, the Committee may designate a purchase price below Fair Market Value on the date of grant if the Option is granted in substitution for a stock option previously granted by an entity that is acquired by or merged with the Corporation or an Affiliate.

- (ii) Option Term. The term of each Option shall be fixed by the Committee at the date of grant but shall not be longer than 10 years from the date of grant. Notwithstanding the foregoing, in the event that the expiry date of an Option held by a Participant who is not subject to United States income tax falls within a trading blackout period imposed by the Corporation (a “**Blackout Period**”), and neither the Corporation nor the individual in possession of the Options is subject to a cease trade order in respect of the Corporation’s securities, then the expiry date of such Option shall be automatically extended to the 10<sup>th</sup> business day following the end of the Blackout Period.
- (iii) Time and Method of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part and the method or methods by which, and the form or forms, including, subject to applicable law, but not limited to, cash, check, or surrender of other securities or other property, or any combination thereof, having a Fair Market Value on the exercise date equal to the applicable exercise price, in which payment of the exercise price with respect thereto may be made or deemed to have been made.
  - (A) Promissory Notes. Notwithstanding the foregoing, the Committee may not permit payment of the exercise price, either in whole or in part, with a promissory note.
  - (B) Net Exercises. The Committee may, in its discretion, permit an Option to be exercised by delivering to the Participant a number of Shares having an aggregate Fair Market Value (determined as of the date of exercise) equal to the excess, if positive, of the Fair Market Value of the Shares underlying the Option being exercised on the date of exercise, over the exercise price of the Option for such Shares.
- (iv) Options Subject to Targets. Options may be made subject to the achievement by the Corporation of specified performance targets, such that such Options will only be exercisable if such targets are met.
- (v) Incentive Stock Options. Unless an Award Agreement specifies that an Option is intended to be an Incentive Stock Option, the Option will be a Non-Qualified Stock Option. If an Award Agreement specifies that an Option is intended to be an Incentive Stock Option, the following additional provisions shall apply:
  - (A) The Committee will not grant Incentive Stock Options to any Participant in respect of which the aggregate Fair Market Value (determined as of the time the Option is granted) of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Participant during any calendar year (under the Plan and all other plans of the Corporation and any “Parent Corporation” or

“Subsidiary Corporation” of the Corporation (in each case, within the meaning of Section 424 of the Code)) shall exceed \$100,000.

- (B) The Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns (within the meaning of Sections 422 and 424 of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Corporation or any “Parent Corporation” or “Subsidiary Corporation” of the Corporation (in each case, within the meaning of Section 424 of the Code), shall not be exercisable after the expiration of 5 years from the date such Incentive Stock Option is granted.
- (C) The purchase price per Share for an Incentive Stock Option shall be not less than 100% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option; provided, however, that, in the case of the grant of an Incentive Stock Option to a Participant who, at the time such Option is granted, owns (within the meaning of Section 422 and 424 of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Corporation or any “Parent Corporation” or “Subsidiary Corporation” of the Corporation (in each case, within the meaning of Section 424 of the Code), the purchase price per Share purchasable under an Incentive Stock Option shall be not less than 110% of the Fair Market Value of a Share on the date of grant of the Incentive Stock Option.
- (D) An Incentive Stock Option will not be transferable by a Participant other than by will or the laws of descent and distribution and, during the Participant’s lifetime, may only be exercised by the Participant.
- (E) Any Incentive Stock Option authorized under the Plan shall contain such other provisions as the Committee shall deem advisable, but shall in all events be consistent with and contain all provisions required in order to qualify the Option as an Incentive Stock Option.

(b) Restricted Stock Units. The Committee is hereby authorized to grant an Award of Restricted Stock Units to Eligible Persons with the following terms and conditions and with such additional terms and conditions not inconsistent with the provisions of the Plan as the Committee shall determine:

- (i) Restrictions. Restricted Stock Units shall be subject to such restrictions as the Committee may impose (including, without limitation, any limitation on the right to receive any dividend, Dividend Equivalents, or other right or property with respect thereto), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise as the Committee may deem appropriate. Notwithstanding the foregoing, rights to

dividend or Dividend Equivalent payments shall be subject to the limitations described in Section 6(c).

- (ii) Issuance and Delivery of Shares. In the case of Restricted Stock Units, no Shares shall be issued at the time such Awards are granted. Upon the lapse or waiver of restrictions and the restricted period relating to Restricted Stock Units evidencing the right to receive Shares, one Share for each such Share covered by the Restricted Stock Unit shall be issued and delivered to the holder of the Restricted Stock Units; provided, that the Committee may elect to pay cash, or part cash and part Shares in lieu of delivering only Shares.
- (iii) Acceleration of Vesting. The Committee may, in its discretion, accelerate the vesting, all or in part, of the Restricted Stock Units.
- (iv) Forfeiture. Except as otherwise determined by the Committee or as provided in an Award Agreement, upon a Participant's termination of employment or service or resignation or removal as a Director (in either case, as determined under criteria established by the Committee) during the applicable restriction period, all Restricted Stock Units held by such Participant that, at such time, remain subject to restrictions, shall be forfeited and re-acquired by the Corporation for cancellation at no cost to the Corporation; provided, however, that the Committee may waive in whole or in part any or all remaining restrictions with respect to Restricted Stock Units.
- (v) Performance Targets. Restricted Stock Units may be made subject to the achievement by the Corporation of specified performance targets established by the Board or after a period of continued service with the Corporation or its Affiliates or any combination of the above, as set forth in the applicable Award Agreement, such that such Restricted Stock Units will only become vested if such targets or periods are met.

(c) Dividend Equivalents. The Committee is hereby authorized to grant Dividend Equivalents to Eligible Persons under which the Participant shall be entitled to receive payments (in cash, Shares, other securities or other property, as determined in the discretion of the Committee) equivalent to the amount of cash dividends paid by the Corporation to holders of Shares with respect to a number of Shares determined by the Committee. Subject to the terms of the Plan and any applicable Award Agreement, such Dividend Equivalents may have such terms and conditions as the Committee shall determine. Notwithstanding the foregoing, (i) the Committee may not grant Dividend Equivalents to Eligible Persons in connection with grants of Options or other Awards the value of which is based solely on an increase in the value of the Shares after the date of grant of such Award, and (ii) dividend and Dividend Equivalent amounts may be accrued but shall not be paid unless and until the date on which all conditions or restrictions relating to such Award have been satisfied, waived or lapsed.

(d) Unrestricted Stock Bonuses. The Committee is hereby authorized to grant an Award of Unrestricted Stock Bonuses to Eligible Persons under which the Participant shall be entitled to receive fully paid and non-assessable Shares as consideration for services rendered to the Corporation or an Affiliate in the prior calendar year, or may purchase fully paid and non-assessable Shares for cash consideration at the Fair Market Value thereof (with the cash consideration representing up to the after- withholding tax value of a cash bonus paid). Subject to the terms of the Plan and any applicable Award Agreement, such Unrestricted Stock Bonuses may have such terms and conditions as the Committee shall determine.

(e) General Consideration for Awards. Awards may be granted for no cash consideration or for any cash or other consideration as may be determined by the Committee or required by applicable law or the Exchange Policies.

(i) Limits on Transfer of Awards. Except as otherwise provided by the Committee in its discretion and subject to such additional terms and conditions as it determines, no Award (other than fully vested and unrestricted Shares issued pursuant to any Award) and no right under any such Award shall be transferable by a Participant other than by will or by the laws of descent and distribution, and no Award (other than fully vested and unrestricted Shares issued pursuant to any Award) or right under any such Award may be pledged, alienated, attached or otherwise encumbered, and any purported pledge, alienation, attachment or encumbrance thereof shall be void and unenforceable against the Corporation or any Affiliate. Where the Committee does permit the transfer of an Award other than a fully vested and unrestricted Share, such permitted transfer shall be for no value and in accordance with all applicable law and Exchange Policies. The Committee may also establish procedures as it deems appropriate for a Participant to designate a person or persons, as beneficiary or beneficiaries, to exercise the rights of the Participant and receive any property distributable with respect to any Award in the event of the Participant's death.

(ii) Restrictions; Exchange Listing. All Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such restrictions as the Committee may deem advisable under the Plan, applicable laws and Exchange Policies, and the Committee may cause appropriate entries to be made with respect to, or legends to be placed on the certificates or direct registration statements or electronic positions, as applicable, for, such Shares or other securities to reflect such restrictions. The Corporation shall not be required to deliver any Shares or other securities covered by an Award unless and until the requirements of any securities or other laws, rules or regulations (including the Exchange Policies) as may be determined by the Corporation to be applicable are satisfied.

(iii) Prohibition on Option Repricing. Except as provided in Section 4(c) hereof, the Committee may not, without prior approval of the Corporation's

shareholders and applicable stock exchange approval, seek to effect any repricing of any previously granted, “out-of-the money” Option by: (i) amending or modifying the terms of the Option to lower the exercise price; (ii) canceling the out-of-the money Option and granting either (A) replacement Options having a lower exercise price; or (B) Restricted Stock Units in exchange; or (iii) cancelling or repurchasing the out-of-the money Option for cash or other securities. An Option will be deemed to be “out-of-the money” at any time when the Fair Market Value of the Shares covered by such Award is less than the exercise price of the Award.

- (iv) Section 409A Provisions. Notwithstanding anything in the Plan or any Award Agreement to the contrary, to the extent that any amount or benefit that constitutes “deferred compensation” to a Participant under Section 409A and applicable guidance thereunder is otherwise payable or distributable to a Participant under the Plan or any Award Agreement solely by reason of the occurrence of a change in control or due to the Participant’s disability or “separation from service” (as such term is defined under Section 409A), such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless the Committee determines in good faith that (i) the circumstances giving rise to such change in control event, disability or separation from service meet the definition of a change in control event, disability, or separation from service, as the case may be, in Section 409A(a)(2)(A) of the Code and applicable proposed or final regulations, or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise. Any payment or distribution that otherwise would be made to a Participant who is a Specified Employee (as determined by the Committee in good faith) on account of separation from service may not be made before the date which is six months after the date of the Specified Employee’s separation from service (or if earlier, upon the Specified Employee’s death) unless the payment or distribution is exempt from the application of Section 409A by reason of the short-term deferral exemption or otherwise.
- (v) Acceleration of Vesting. Upon a change of control event (as described in Section 7(b)), all securities (namely the Shares or Options) granted pursuant to the Plan shall immediately vest.

## **Section 7. Amendment and Termination; Corrections**

(a) Amendments to the Plan and Awards. The Board may from time to time amend, suspend, discontinue or terminate the Plan, and the Committee may amend the terms of any previously granted Award at any time, provided that, except as contemplated herein (i) no amendment, alteration, suspension, discontinuation or termination may (except as expressly provided in the Plan) materially and adversely alter or impair the terms or conditions of the Award previously granted to a Participant under the Plan without the written consent of the Participant or holder thereof; and (ii) any amendment, alteration, suspension, discontinuation or termination is

subject to compliance with all applicable laws, rules, regulations and policies of any applicable governmental entity or stock exchange, including receipt of any required approval from the governmental entity or stock exchange, and any such amendment, alteration, suspension, discontinuation or termination of an Award shall be in compliance with the Exchange Policies. For greater certainty and notwithstanding the foregoing, the Board may amend, suspend, terminate or discontinue the Plan, and the Committee may amend or alter any previously granted Award, as applicable, without obtaining the approval of shareholders of the Corporation, in order to:

- (i) amend the eligibility for, and limitations or conditions imposed upon, participation in the Plan, except that any amendment to the Plan to change the class or classes of Persons eligible to be awarded Incentive Stock Options will be submitted for shareholder approval to the extent required by Code Section 422;
- (ii) amend any terms relating to the granting or exercise of Awards, including but not limited to terms relating to the amount and payment of the exercise price, or the vesting, expiry, assignment or adjustment of Awards, or otherwise waive any conditions of or rights of the Corporation under any outstanding Award, prospectively or retroactively;
- (iii) make changes that are necessary or desirable to comply with applicable laws, rules, regulations and policies of any applicable governmental entity or the Exchange, including the Exchange Policies (including amendments to Awards necessary or desirable to avoid any adverse tax results under Section 409A), and no action taken to comply shall be deemed to impair or otherwise adversely alter or impair the rights of any holder of an Award or beneficiary thereof; or
- (iv) amend any terms relating to the administration of the Plan, including the terms of any administrative guidelines or other rules related to the Plan.

Notwithstanding the foregoing and for greater certainty, prior approval of the shareholders of the Corporation shall be required for any amendment to the Plan or an Award that would:

- (v) require shareholder approval under the rules or regulations of the Exchange that is applicable to the Corporation;
- (vi) increase the shares authorized under the Plan as specified in Section 4 of the Plan;
- (vii) permit repricing of Options, which is currently prohibited by Section 6(e)(iii) of the Plan;
- (viii) permit the award of Options at a price less than 100% of the Fair Market Value of a Share on the date of grant of such Option, contrary to the provisions of Section 6(a)(i) of the Plan;



- (ix) permit Options to be transferable other than as provided in Section 6(e)(i) of the Plan;
- (x) amend this Section 7(a); or
- (xi) increase the maximum term permitted for Options, as specified in Section 6(a), other than under Section 6(a)(ii), or extend the terms of any Options beyond their original expiry date.

(b) Corporate Transactions. In the event of any reorganization, merger, amalgamation, consolidation, split-up, spin-off, combination, plan of arrangement, take-over bid or tender offer, repurchase or exchange of Shares or other securities of the Corporation or any other similar corporate transaction or event involving the change of control of the Corporation (or if the Corporation shall enter into a written agreement to undergo such a transaction or event), the Committee or the Board may, in its sole discretion, provide for any of the following to be effective upon the consummation of the event (or effective immediately prior to the consummation of the event, *provided that* the consummation of the event subsequently occurs), and no action taken under this Section 7(b) shall be deemed to impair or otherwise adversely alter the rights of any holder of an Award or beneficiary thereof:

- (i) either (A) termination of the Award, whether or not vested, in exchange for an amount of cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of the vested portion of the Award or realization of the Participant's vested rights (and, for the avoidance of doubt, if, as of the date of the occurrence of the transaction or event described in this Section 7(b)(i)(A), the Committee or the Board determines in good faith that no amount would have been attained upon the exercise of the Award or realization of the Participant's rights, then the Award may be terminated by the Corporation without any payment) or (B) the replacement of the Award with other rights or property selected by the Committee or the Board, in its sole discretion;
- (ii) that the Award be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares or property and prices;
- (iii) that, subject to Section 6(e)(v), the Award shall be exercisable or payable or fully vested with respect to all Shares covered thereby, notwithstanding anything to the contrary in the applicable Award Agreement; or
- (iv) that the Award cannot vest, be exercised or become payable after a date certain in the future, which may be the effective date of the event.

(c) Correction of Defects, Omissions and Inconsistencies. The Committee may, without prior approval of the shareholders of the Corporation, correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award or Award Agreement in the

manner and to the extent it shall deem desirable to implement or maintain the effectiveness of the Plan.

## **Section 8. Income Tax Withholding**

In order to comply with all applicable federal, state, provincial, local and/or foreign income tax laws or regulations, the Corporation may take such action as it deems appropriate to ensure that all applicable federal, state, provincial, local or foreign payroll, withholding, income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant. Without limiting the foregoing, in order to assist a Participant in paying all or a portion of the applicable taxes to be withheld or collected upon exercise or receipt of (or the lapse of restrictions relating to) an Award, the Committee, in its discretion and subject to such additional terms and conditions as it may adopt, may permit the Participant to satisfy such tax obligation by (a) electing to have the Corporation withhold a portion of the Shares otherwise to be delivered upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes (subject to any applicable limitations to avoid adverse accounting treatment) or (b) delivering to the Corporation Shares other than Shares issuable upon exercise or receipt of (or the lapse of restrictions relating to) such Award with a Fair Market Value equal to the amount of such taxes. The election, if any, must be made on or before the date that the amount of tax to be withheld is determined.

## **Section 9. Securities Laws**

(a) Neither the Awards nor the securities which may be acquired pursuant to the exercise of the Awards have been registered under the Securities Act or under any securities law of any state of the United States of America and are considered “restricted securities” (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act). Any Shares issued pursuant to any Award shall be certificated and affixed with an applicable restrictive legend as set forth in the Award Agreement. The Awards may not be offered or sold, directly or indirectly, in the United States except pursuant to registration under the U.S. Securities Act and the securities laws of all applicable states or available exemptions therefrom, and the Corporation has no obligation or present intention of filing a registration statement under the U.S. Securities Act in respect of any of the Awards or the securities underlying the Awards, which could result in such U.S. Award Holder not being able to dispose of any Shares issued on exercise of Awards for a considerable length of time. Each U.S. Award Holder or anyone who becomes a U.S. Award Holder, who is granted an Award in the United States, who is a resident of the United States or who is otherwise subject to the Securities Act or the securities laws of any state of the United States will be required to complete an Award Agreement which sets out the applicable United States restrictions.

(b) Any Awards granted to a U.S. Award Holder resident in the State of California shall be subject to the additional terms and conditions contained in Addendum A hereof.

## **Section 10. General Provisions**

(a) No Rights to Awards. No Eligible Person, Participant or other Person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of

treatment of Eligible Persons, Participants or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to any Participant or with respect to different Participants.

(b) Award Agreements. No Participant shall have rights under an Award granted to such Participant unless and until an Award Agreement shall have been signed by the Participant (if requested by the Corporation), or until such Award Agreement is delivered and accepted through an electronic medium in accordance with procedures established and accepted by the Corporation. An Award Agreement need not be signed by a representative of the Corporation unless required by the Committee. Each Award Agreement shall be subject to the applicable terms and conditions of the Plan and any other terms and conditions (not inconsistent with the Plan) determined by the Committee.

(c) Availability of Information. At least annually, copies of the Corporation's balance sheet and income statement for the just completed fiscal year shall be made available (including by way of filing on SEDAR), to each Participant and purchaser of shares upon the exercise of an Award upon written request; provided, however, that this requirement shall not apply if all offers and sales of securities pursuant to the Plan comply with all applicable conditions of Rule 701 under the Securities Act; provided that for purposes of determining such compliance, any registered domestic partner shall be considered a "family member" as that term is defined in Rule 701 of the Securities Act. The Corporation shall not be required to make such information available to key persons whose duties in connection with the Corporation assure them access to equivalent information.

(d) Plan Provisions Control. In the event that any provision of an Award Agreement conflicts with or is inconsistent in any respect with the terms of the Plan as set forth herein or subsequently amended, the terms of the Plan shall control.

(e) No Rights of Shareholders. Except with respect to Shares issued under Awards (and subject to such conditions as the Committee may impose on such Awards pursuant to Section 6(b)(i) or Section 6(c)), neither a Participant nor the Participant's legal representative shall be, or have any of the rights and privileges of, a shareholder of the Corporation with respect to any Shares issuable upon the exercise or payment of any Award, in whole or in part, unless and until such Shares have been issued.

(f) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Corporation or any Affiliate from adopting or continuing in effect other or additional compensation plans or arrangements, and such plans or arrangements may be either generally applicable or applicable only in specific cases.

(g) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained as an employee of the Corporation or any Affiliate, nor will it affect in any way the right of the Corporation or an Affiliate to terminate a Participant's employment at any time, with or without cause, in accordance with applicable law. In addition, the Corporation or an Affiliate may at any time dismiss a Participant from employment free from any liability or any claim under the Plan or any Award, unless otherwise expressly provided in the Plan or in any Award Agreement. Nothing in the Plan shall confer on any person any legal or

equitable right against the Corporation or any Affiliate, directly or indirectly, or give rise to any cause of action at law or in equity against the Corporation or an Affiliate. Under no circumstances shall any person ceasing to be an employee of the Corporation or any Affiliate be entitled to any compensation for any loss of any right or benefit under the Plan which such employee might otherwise have enjoyed but for termination of employment, whether such compensation is claimed by way of damages for wrongful or unfair dismissal, breach of contract or otherwise. By participating in the Plan, each Participant shall be deemed to have accepted all the conditions of the Plan and the terms and conditions of any rules and regulations adopted by the Committee and shall be fully bound thereby.

(h) Governing Law. The Plan, including the validity, construction and effect of the Plan or any Award, and any rules and regulations relating to the Plan or any Award, shall be governed by and construed in accordance with the Laws of the Province of British Columbia and the federal Laws of Canada applicable therein, but references to such laws shall not, by conflict of laws, rules or otherwise require application of the law of any jurisdiction other than the Province of British Columbia and the parties hereby further irrevocably attorn to the jurisdiction of the courts of the Province of British Columbia in respect of any matter arising hereunder.

(i) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or would disqualify the Plan or any Award under any law or the Exchange Rules deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws or the Exchange Rules, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the purpose or intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction or Award, and the remainder of the Plan or any such Award shall remain in full force and effect.

(j) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Corporation or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Corporation or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Corporation or any Affiliate.

(k) Other Benefits. No compensation or benefit awarded to or realized by any Participant under the Plan shall be included for the purpose of computing such Participant's compensation or benefits under any pension, retirement, savings, profit sharing, group insurance, disability, severance, termination pay, welfare or other benefit plan of the Corporation, unless required by law or otherwise provided by such other plan.

(l) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash shall be paid in lieu of any fractional Share or whether such fractional Share or any rights thereto shall be canceled, terminated or otherwise eliminated.

(m) Headings. Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

### **Section 11. Clawback or Recoupment**

All Awards under the Plan shall be subject to recovery or other penalties pursuant to (i) any Corporation clawback policy, as may be adopted or amended from time to time, or (ii) any applicable law, rule or regulation or applicable Exchange Policies.

### **Section 12. Effective Date of the Plan**

The Plan was adopted by the Board on February 1, 2021, and approved by the shareholders of the Corporation on February 1, 2021. The Effective Date of the Plan is February 1, 2021.

### **Section 13. Term of the Plan**

No Award shall be granted under the Plan, and the Plan shall terminate, on the tenth anniversary of the date the Plan is approved by the shareholders of the Corporation, or any earlier date of discontinuation or termination established pursuant to Section 7(a) of the Plan. Notwithstanding the foregoing, an Award may only be awarded within ten years from the date the Plan is adopted by the Board or, if earlier, the date the Plan is approved by the shareholders of the Corporation. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such dates, and the authority of the Committee provided for hereunder with respect to the Plan and any Awards, and the authority of the Board to amend the Plan, shall extend beyond the termination of the Plan. Regardless of whether the Plan is approved by the shareholders of the Corporation every three (3) years or when otherwise required under the Exchange Rules, after the initial approval of the Plan by the shareholders of the Corporation, all previously granted Awards shall remain valid.

**APPENDIX H**  
**DIVISION 2 OF PART 8 OF THE BCBCA**

**Definitions and application**

237 (1) In this Division:

“dissenter” means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

“notice shares” means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

“payout value” means,

in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,

in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,

in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, or

in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

- (a) the court orders otherwise, or
- (b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

**Right to dissent**

238 (1) A shareholder of a company, whether or not the shareholder’s shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles

to alter restrictions on the powers of the company or on the business the company is permitted to carry on, or

without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company’s community purposes within the meaning of section 51.91;

- (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
- (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of

all or substantially all of the company's undertaking;

- (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
- (g) in respect of any other resolution, if dissent is authorized by the resolution;
- (h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

- (a) prepare a separate notice of dissent under section 242 for
  - (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
  - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
- (b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and
- (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

- (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
- (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

### **Waiver of right to dissent**

239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

- (a) provide to the company a separate waiver for
  - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
  - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and
- (b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

- (a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

- (b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

#### **Notice of resolution**

240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
- (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
- (b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favor of the resolution, whether or not their shares carry the right to vote,

- (a) a copy of the resolution,
- (b) a statement advising of the right to send a notice of dissent, and
- (c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

#### **Notice of court orders**

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.



## Notice of dissent

242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

- (a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,
- (b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
- (c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
  - (i) the date on which the shareholder learns that the resolution was passed, and
  - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

- (a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3)
  - (b) as the last date by which notice of dissent must be sent, or
- (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

- (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
- (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

- (a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;
- (b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and
  - (i) the names of the registered owners of those other shares,
  - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
  - (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;
- (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and

- (i) the name and address of the beneficial owner, and
- (ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

### **Notice of intention to proceed**

243 (1) A company that receives a notice of dissent under section 242 from a dissenter must,

- (a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of
  - (i) the date on which the company forms the intention to proceed, and
  - (ii) the date on which the notice of dissent was received, or
- (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1) (a) or (b) of this section must

- (a) be dated not earlier than the date on which the notice is sent,
- (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
- (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

### **Completion of dissent**

244 (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

- (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
- (b) the certificates, if any, representing the notice shares, and
- (c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1) (c) must

- (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
- (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
  - (i) the names of the registered owners of those other shares,
  - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
  - (iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

- (a) the dissenter is deemed to have sold to the company the notice shares, and
- (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

#### **Payment for notice shares**

245 (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

- (a) promptly pay that amount to the dissenter, or
- (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

- (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,
- (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and
- (c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must

- (a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or
- (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),

- (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the

company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or

- (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

- (a) the company is insolvent, or
- (b) the payment would render the company insolvent.

### **Loss of right to dissent**

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favor of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

### **Shareholders entitled to return of shares and rights**

247 If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a

shareholder, in respect of the notice shares, and

the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.