UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended February 29, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-38594

TILRAY BRANDS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**82-4310622**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
265 Talbot Street West, Leamington, ON	**N8H 5L4**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (844) 845-7291

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.0001 par value per share	TLRY	The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

As of April 05, 2024, the registrant had 774,028,558 shares of Common Stock, $0.0001 par value per share issued and outstanding.

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q for the quarter ended February 29, 2024 (the "Form 10-Q") contains forward-looking statements under Canadian securities laws and within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are intended to be subject to the "safe harbor" created by those sections and other applicable laws. Such statements involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, our results may differ materially from those expressed or implied by such forward-looking statements under the Canadian securities laws and within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are intended to be subject to the "safe harbor" created by those sections and other applicable laws. The words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "project," "will," "would," "seek," or "should," or the negative or plural of these words or similar expressions or variations are intended to identify such forward-looking statements. Forward-looking statements include, among other things, our beliefs or expectations relating to our future performance, results of operations and financial condition; our intentions or expectations regarding our cost savings initiatives; our strategic initiatives, business strategy, supply chain, brand portfolio, product performance and expansion efforts; current or future macroeconomic trends; our expectations regarding regulatory developments; our expectations regarding any future tax developments; future corporate acquisitions and strategic transactions; and our synergies, cash savings and efficiencies anticipated from the integration of our completed acquisitions and strategic transactions.

Risks and uncertainties that may cause actual results to differ materially from forward-looking statements include, but are not limited to, those identified in this Form 10-Q and other risks and matters described in our most recent Annual Report on Form 10-K for the fiscal year ended May 31, 2023 as well as our other filings made from time to time with the U.S. Securities and Exchange Commission and in our Canadian securities filings.

Forward looking statements are based on information available to us as of the date of this Form 10-Q and, while we believe that information provides a reasonable basis for these statements, these statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements. You should not rely upon forward-looking statements or forward-looking information as predictions of future events.

We undertake no obligation to update forward-looking statements to reflect actual results or changes in assumptions or circumstances, except as required by applicable law.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited).

TILRAY BRANDS, INC.
Consolidated Statements of Financial Position
(in thousands of United States dollars, unaudited)

	February 29, 2024	May 31, 2023
Assets		
Current assets		
Cash and cash equivalents	$ 146,253	$ 206,632
Marketable securities	79,605	241,897
Accounts receivable, net	89,542	86,227
Inventory	244,139	200,551
Prepaids and other current assets	43,034	37,722
Assets held for sale	28,638	—
Total current assets	631,211	773,029
Capital assets	578,783	429,667
Operating lease, right-of-use assets	17,453	5,941
Intangible assets	930,105	973,785
Goodwill	2,009,632	2,008,843
Interest in equity investees	—	4,576
Long-term investments	8,058	7,795
Convertible notes receivable	32,000	103,401
Other assets	5,614	222
Total assets	$ 4,212,856	$ 4,307,259
Liabilities		
Current liabilities		
Bank indebtedness	$ 15,029	$ 23,381
Accounts payable and accrued liabilities	209,763	190,682
Contingent consideration	—	16,218
Warrant liability	3,182	1,817
Current portion of lease liabilities	5,424	2,423
Current portion of long-term debt	12,351	24,080
Current portion of convertible debentures payable	83,351	174,378
Total current liabilities	329,100	432,979
Long - term liabilities		
Contingent consideration	14,000	10,889
Lease liabilities	73,228	7,936
Long-term debt	165,648	136,889
Convertible debentures payable	126,587	221,044
Deferred tax liabilities, net	161,042	167,364
Other liabilities	210	215
Total liabilities	869,815	977,316
Commitments and contingencies (refer to Note 19)		
Stockholders' equity		
Common stock ($0.0001 par value; 1,198,000,000 common shares authorized; 774,028,053 and 656,655,455 common shares issued and outstanding, respectively)	77	66
Preferred shares ($0.0001 par value; 10,000,000 preferred shares authorized; nil and nil preferred shares issued and outstanding, respectively)	—	—
Additional paid-in capital	6,030,709	5,777,743
Accumulated other comprehensive loss	(43,187)	(46,610)
Accumulated Deficit	(2,628,741)	(2,415,507)
Total Tilray Brands, Inc. stockholders' equity	3,358,858	3,315,692
Non-controlling interests	(15,817)	14,251
Total stockholders' equity	3,343,041	3,329,943
Total liabilities and stockholders' equity	$ 4,212,856	$ 4,307,259

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

TILRAY BRANDS, INC.
Consolidated Statements of Loss and Comprehensive Loss
(in thousands of United States dollars, except for share and per share data, unaudited)

	Three months ended		Nine months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Net revenue	$ 188,340	$ 145,589	$ 559,060	$ 442,936
Cost of goods sold	138,944	157,288	418,059	363,139
Gross profit (loss)	49,396	(11,699)	141,001	79,797
Operating expenses:				
General and administrative	39,940	38,999	123,769	117,385
Selling	9,995	6,452	24,437	25,792
Amortization	21,558	23,518	65,700	71,872
Marketing and promotion	11,191	7,354	28,934	23,137
Research and development	106	171	241	502
Change in fair value of contingent consideration	(5,983)	352	(16,790)	563
Impairments	—	934,000	—	934,000
Other than temporary change in fair value of convertible notes receivable	42,681	181,376	42,681	181,376
Litigation costs, net of recoveries	3,363	(5,230)	8,439	(1,970)
Restructuring costs	5,178	2,663	8,748	10,727
Transaction costs (income)	3,465	5,382	13,061	(3,882)
Total operating expenses	131,494	1,195,037	299,220	1,359,502
Operating loss	(82,098)	(1,206,736)	(158,219)	(1,279,705)
Interest expense, net	(8,517)	(1,040)	(26,977)	(8,560)
Non-operating income (expense), net	(17,239)	1,213	(20,820)	(50,229)
Loss before income taxes	(107,854)	(1,206,563)	(206,016)	(1,338,494)
Income tax (recovery) expense	(2,871)	(10,811)	1,013	(15,313)
Net loss	$ (104,983)	$ (1,195,752)	$ (207,029)	$ (1,323,181)
Total net income (loss) attributable to:				
Stockholders of Tilray Brands, Inc.	(92,701)	(1,170,998)	(213,234)	(1,313,943)
Non-controlling interests	(12,282)	(24,754)	6,205	(9,238)
Other comprehensive gain (loss), net of tax				
Foreign currency translation gain (loss)	(4,696)	6,390	3,716	(78,499)
Unrealized gain (loss) on convertible notes receivable	—	95,345	—	75,177
Total other comprehensive gain (loss), net of tax	(4,696)	101,735	3,716	(3,322)
Comprehensive loss	$ (109,679)	$ (1,094,017)	$ (203,313)	$ (1,326,503)
Total comprehensive income (loss) attributable to:				
Stockholders of Tilray Brands, Inc.	(97,521)	(1,092,491)	(209,811)	(1,336,127)
Non-controlling interests	(12,158)	(1,526)	6,498	9,624
Weighted average number of common shares - basic	754,439,331	615,534,670	725,346,952	597,829,714
Weighted average number of common shares - diluted	754,439,331	615,534,670	725,346,952	597,829,714
Net loss per share - basic	$ (0.12)	$ (1.90)	$ (0.29)	$ (2.20)
Net loss per share - diluted	$ (0.12)	$ (1.90)	$ (0.29)	$ (2.20)

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

TILRAY BRANDS, INC.
Consolidated Statements of Stockholders' Equity
(in thousands of United States dollars, except for share data, unaudited)

	Number of common shares	Common stock	Additional paid-in capital	Accumulated other comprehensive loss	Accumulated Deficit	Non-controlling interests	Total
Balance at May 31, 2022	532,674,887	$ 53	$ 5,382,367	$ (20,764)	$ (962,851)	$ 42,561	$ 4,441,366
Share issuance - equity financing	32,481,149	3	129,590	—	—	—	129,593
Shares issued to purchase HEXO convertible note receivable	33,314,412	3	107,269	—	—	—	107,272
HTI Convertible Note - conversion feature	—	—	9,055	—	—	—	9,055
Share issuance - Double Diamond Holdings dividend settlement	1,529,821	1	5,063	—	—	—	5,064
Share issuance - options exercised	3,777	—	—	—	—	—	—
Share issuance - RSUs exercised	950,893	—	—	—	—	—	—
Shares effectively repurchased for employee withholding tax	—	—	(1,189)	—	—	—	(1,189)
Stock-based compensation	—	—	9,193	—	—	—	9,193
Dividends declared to non-controlling interests	—	—	—	—	—	(8,561)	(8,561)
Comprehensive income (loss) for the period	—	—	—	(58,968)	(73,482)	3,839	(128,611)
Balance at August 31, 2022	600,954,939	60	5,641,348	(79,732)	(1,036,333)	37,839	4,563,182
Shares issued to purchase Montauk	1,708,521	—	6,422	—	—	—	6,422
Share issuance - options exercised	4,183	—	—	—	—	—	—
Share issuance - RSUs exercised	237,611	—	—	—	—	—	—
Stock-based compensation		—	10,943	—	—	—	10,943
Share issuance - Double Diamond Holdings dividend settlement	10,276,305	1	38,753	—	—	(32,280)	6,474
Comprehensive income (loss) for the period		—	—	(41,723)	(69,463)	7,311	(103,875)
Balance at November 30, 2022	613,181,559	61	5,697,466	(121,455)	(1,105,796)	12,870	4,483,146
Share issuance - RSUs exercised	487,192	—	—	—	—	—	—
Stock-based compensation	—	—	9,630	—	—	—	9,630
Share issuance - Double Diamond Holdings dividend settlement	4,188,280	1	15,912	—	—	(8,235)	7,678
Preferred share issuance	120,000	—	334	—	—	—	334
Comprehensive income (loss) for the period	—	—	—	78,507	(1,170,998)	(1,526)	(1,094,017)
Balance at February 28, 2023	617,977,031	$ 62	$ 5,723,342	$ (42,948)	$ (2,276,794)	$ 3,109	$ 3,406,771
Balance at May 31, 2023	656,655,455	$ 66	$ 5,777,743	$ (46,610)	$ (2,415,507)	$ 14,251	$ 3,329,943
Share issuance - HEXO acquisition	39,705,962	4	65,158	—	—	—	65,162
Share issuance - settlement of contractual change of control severance incurred from HEXO acquisition	865,426	—	1,500	—	—	—	1,500
Share issuance - Double Diamond Holdings dividend settlement	5,004,735	—	8,146	—	—	—	8,146
Share issuance - HTI convertible note	17,148,541	2	49,998				50,000
Share issuance - RSUs exercised	3,912,481	—	—	—	—	—	—
Shares effectively repurchased for employee withholding tax	—	—	(4,860)	—	—	—	(4,860)
Equity component related to issuance of convertible debt, net of issuance costs	—	—	3,953	—	—	—	3,953
Stock-based compensation	—	—	8,257	—	—	—	8,257
Dividends declared to non-controlling interests	—	—	—	—	—	(7,891)	(7,891)
Comprehensive income (loss) for the period	—	—	—	3,049	(71,525)	15,822	(52,654)
Balance at August 31, 2023	723,292,600	72	5,909,895	(43,561)	(2,487,032)	22,182	3,401,556
Share issuance - HTI convertible note	1,032,616	—	2,313	—	—	—	2,313
Share issuance - Settlement of litigation claims from MediPharm Labs Inc	1,573,152	—	3,477	—	—	—	3,477
Share issuance - Repurchase of TLRY 23 convertible note	7,000,000	1	20,457	—	—	—	20,458
Share issuance - Settlement of equity component of TLRY 23 convertible note	—	—	(1,672)	—	—	—	(1,672)
Share issuance - RSUs exercised	9,184	—	—	—	—	—	—
Stock-based compensation	—	—	8,201	—	—	—	8,201
Comprehensive income (loss) for the period	—	—	—	5,194	(49,008)	2,834	(40,980)
Balance at November 30, 2023	732,907,552	73	5,942,671	(38,367)	(2,536,040)	25,016	3,393,353
Share issuance - Repurchase of APHA 24 convertible note	27,228,252	3	51,380	—	—	—	51,383
Share issuance - Double Diamond Holdings dividend settlement	13,627,391	1	28,599	—	—	(26,217)	2,383
Share issuance - RSUs exercised	260,567	—	—	—	—	—	—
Share issuance - options exercised	4,291	—	—	—	—	—	—
Stock-based compensation	—	—	8,059	—	—	—	8,059
Dividends declared to non-controlling interests	—	—	—	—	—	(2,458)	(2,458)
Comprehensive income (loss) for the period	—	—	—	(4,820)	(92,701)	(12,158)	(109,679)

Balance at February 29, 2024	774,028,053	$ 77	$ 6,030,709	$ (43,187)	$ (2,628,741)	$ (15,817)	$ 3,343,041

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

TILRAY BRANDS, INC.
Consolidated Statements of Cash Flows
(in thousands of United States dollars, unaudited)

	For the nine months ended	
	February 29, 2024	**February 28, 2023**
Cash used in operating activities:		
Net loss	$ (207,029)	$ (1,323,181)
Adjustments for:		
Deferred income tax recovery	(7,399)	(29,537)
Unrealized foreign exchange (gain) loss	(6,622)	13,711
Amortization	95,183	101,156
Accretion of convertible debt discount	11,463	7,941
Inventory valuation write down	—	55,000
Impairments	—	934,000
Other than temporary change in fair value of convertible notes receivable	42,681	181,376
Other non-cash items	13,297	4,990
Stock-based compensation	24,517	29,766
(Gain) loss on long-term investments & equity investments	4,255	2,843
Loss on derivative instruments	13,717	13,534
Change in fair value of contingent consideration	(16,790)	563
Change in non-cash working capital:		
Accounts receivable	5,578	18,053
Prepaids and other current assets	1,148	(32,680)
Inventory	(4,629)	(11,808)
Accounts payable and accrued liabilities	(30,982)	(1,419)
Net cash used in operating activities	(61,612)	(35,692)
Cash provided by (used in) investing activities:		
Investment in capital and intangible assets	(19,539)	(8,394)
Proceeds from disposal of capital and intangible assets	1,166	2,175
Disposal (purchase) of marketable securities, net	162,292	(243,186)
Business acquisitions, net of cash acquired	(60,626)	(28,122)
Net cash provided by (used in) investing activities	83,293	(277,527)
Cash provided by (used in) financing activities:		
Share capital issued, net of cash issuance costs	—	129,593
Shares effectively repurchased for employee withholding tax	—	(1,189)
Proceeds from long-term debt	32,621	1,288
Repayment of long-term debt	(17,978)	(64,658)
Proceeds from convertible debt	21,553	—
Repayment of convertible debt	(107,330)	—
Repayment of lease liabilities	(2,771)	(1,114)
Net increase (decrease) in bank indebtedness	(8,352)	2
Net cash provided by (used in) financing activities	(82,257)	63,922
Effect of foreign exchange on cash and cash equivalents	197	(1,615)
Net decrease in cash and cash equivalents	(60,379)	(250,912)
Cash and cash equivalents, beginning of period	206,632	415,909
Cash and cash equivalents, end of period	$ 146,253	$ 164,997

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

Note 1. Basis of presentation and summary of significant accounting policies

The accompanying unaudited condensed interim consolidated financial statements (the "financial statements") reflect the accounts of the Company for the quarterly period ended February 29, 2024. The financial statements were prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") for interim financial information and pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, they do not include all of the information and notes required by U.S. GAAP and should be read in conjunction with the audited consolidated financial statements (the "Annual Financial Statements") included in the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2023 (the "Annual Report"). These unaudited condensed interim consolidated financial statements reflect all adjustments, which, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. Interim results are not necessarily indicative of results for a full year.

These condensed interim consolidated financial statements have been prepared on the going concern basis which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due, under the historical cost convention except for certain financial instruments that are measured at fair value, as detailed in the Company's accounting policies.

All amounts in the unaudited condensed interim consolidated financial statements, notes and tables have been rounded to the nearest thousand, except par values and per share amounts, and unless otherwise indicated.

Certain items of the comparative figures have been changed to conform to the presentation adopted in the current period.

Basis of consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company either has a controlling voting interest or is the primary beneficiary of a variable interest entity. The financial statements of all subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All intercompany balances and transactions have been eliminated on consolidation. A complete list of our subsidiaries that existed as of our most recent fiscal year end is included in the Annual Report, except for the entities acquired within Note 7 (Business acquisitions) during the nine months ended February 29, 2024.

Marketable securities

We classify term deposits and other investments that have maturities of greater than three months but less than one year as marketable securities. The fair value of marketable securities is based on quoted market prices for publicly traded securities. Marketable securities are carried at fair value with changes in fair value recorded in the statement of net loss and comprehensive loss within the line "Non-operating income (expense), net".

Restricted cash

We classify cash that is legally or contractually restricted as to withdrawal or usage as restricted cash. As of February 29, 2024, and May 31, 2023, the Company reported $nil restricted cash. During the six months ended November 31, 2023, the Company acquired $1,656 of restricted cash related to letters of credit and collateral from the acquisition of HEXO Corp. as described in Note 7 (Business acquisitions). During the three months ended February 29, 2024, all of the restricted cash was released and transferred to cash and cash equivalents.

Assets held for sale

We classify capital assets that are available for immediate sale in their present condition, which the Company has approved the action or plan to sell, and the sales is probable within one year, as assets held for sale. As of February 29, 2024, the Company reported $28,638 assets held for sale related to the Kirkland lake property, the Quebec cultivation facility and the Fort Collins facility, see Note 3 (Capital assets). Assets held for sale are to be measured at the lower of carrying amount and the fair value less costs to sell. Disposition of assets held for sale are recorded in the statement of net loss and comprehensive loss, within the line, "Non-operating income (expense)".

When there are changes in circumstances that were previously considered unlikely to occur, and it is decided not to proceed with a sale, an asset that was previously classified as assets held for sale is reclassified as held and used. The asset is then remeasured at the lower of its carrying amount before being classified as held for sale less the amortization that would have occurred and the fair value on the date the decision not to proceed with a sale was made. Changes in the carrying amount are recorded in the statement of net loss and comprehensive loss.

Long-term investments

Investments in equity securities of entities over which the Company does not have a controlling financial interest or significant influence are classified as an equity investment and accounted for at fair value. Equity investments without readily determinable fair values are measured at cost with adjustments for observable changes in price or impairments (referred to as the "measurement alternative"). In applying the measurement alternative, the Company performs a qualitative assessment on a quarterly basis and recognizes an impairment if there are sufficient indicators that the fair value of an individual equity investment is less than its carrying value. Changes in value are recorded in the statement of net loss and comprehensive loss, within the line, "Non-operating income (expense), net".

Investments in entities over which the Company does not have a controlling financial interest but has significant influence, are accounted for using the equity method, with the Company's share of earnings or losses reported in earnings or losses from equity method investments on the consolidated statements of loss and comprehensive loss. Equity method investments are recorded at cost, adjusted for the Company's share of undistributed earnings or losses, and impairment, if any, within "Interest in equity investees" on the balance sheets. The Company assesses investments in equity method investments when events or circumstances indicate that the carrying amount of the investment may be impaired. If it is determined that the current fair value of an equity method investment is less than the carrying value of the investment, the Company will assess if the shortfall is other than temporary (OTTI). Evidence of a loss in value might include, but would not necessarily be limited to, the absence of an ability to recover the carrying amount of the investment or inability of the equity investee to sustain an earnings capacity that would justify the carrying amount of the investment. Once a determination is made that an OTTI exists, the investment is written down to its fair value in accordance with ASC 820 *Fair Value Measurement* at the reporting date, which establishes a new cost basis.

Convertible notes receivable

Convertible notes receivable includes various investments in which the Company has the right, or potential right to convert the indenture into common stock of the investee and are classified as available-for-sale and are recorded at fair value. Unrealized gains and losses during the year, net of the related tax effect, are excluded from income and reflected in other comprehensive income (loss), and the cumulative effect is reported as a separate component of shareholders' equity until realized. We use judgement to assess convertible notes receivables for impairment at each measurement date. Convertible notes receivables are impaired when a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded in the consolidated statements of loss and comprehensive loss and a new cost basis for the investment is established. We also evaluate whether there is a plan to sell the security, or it is more likely than not that we will be required to sell the security before recovery. If neither of the conditions exist, then only the portion of the impairment loss attributable to credit loss is recorded in the statements of loss and the remaining amount is recorded in other comprehensive income (loss).

Revenue

Revenue is recognized when the control of the promised goods or services, through performance obligation, is transferred or provided to the customer in an amount that reflects the consideration we expect to be entitled to in exchange for the performance obligations.

Excise taxes remitted to tax authorities are government-imposed excise taxes on cannabis and beer. Excise taxes are recorded as a reduction of sales in net revenue in the consolidated statements of loss and comprehensive loss and recognized as a current liability within accounts payable and accrued liabilities on the consolidated balance sheets, with the liability subsequently reduced when the taxes are remitted to the tax authority.

In addition, amounts disclosed as net revenue are net of excise taxes, sales tax, duty tax, allowances, discounts and rebates.

In determining the transaction price for the sale of goods or services, the Company considers the effects of variable consideration and the existence of significant financing components, if any.

We may enter into certain contracts for the sale of goods or services, which provide customers with rights of return, volume discounts, bonuses for volume/quality achievement, and/or sales allowances. In addition, the Company may provide in certain circumstances, a retrospective price reduction to a customer based primarily on inventory movement. The inclusion of these items may give rise to variable consideration. The Company uses the expected value method to estimate the variable consideration because this method provides the most accurate estimation of the amount of variable consideration to which the Company will be entitled. The Company uses historical evidence, current information and forecasts to estimate the variable consideration. The Company reduces revenue and recognizes a contract liability, recorded in accounts receivable, net, equal to the amount expected to be refunded to the customer in the form of a future rebate or credit for a retrospective price reduction, representing its obligation to return the customer's consideration. The estimate is updated at each reporting period date.

On July 12, 2022, the Company and HEXO Corp. ("HEXO") entered into various commercial transaction agreements, as described in Note 26 (Segment reporting), which included an advisory services arrangement. The fees associated with the advisory services arrangement were recognized as revenue when such services were provided to HEXO. Any payments that were received for such services in advance of performance were recognized as a contract liability. On June 22, 2023, the Company completed the acquisition of HEXO, as described in Note 7 (Business acquisitions), simultaneously terminating the advisory services arrangement and other commercial transactions.

Transaction (income) costs

The Company expenses costs net of any gains directly attributable to business acquisitions and classifies these items as transaction (income) costs. These items include among other things, legal fees to complete the acquisition, financial advisor and due diligence costs, and transaction related compensation. These items are recognized as incurred.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing reported net income (loss) attributable to stockholders of Tilray Brands, Inc. by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is computed by dividing reported net income (loss) attributable to stockholders of Tilray Brands, Inc. by the sum of the weighted average number of common shares and the number of dilutive potential common share equivalents outstanding during the period. Potential dilutive common share equivalents consist of the incremental common shares issuable upon the exercise of vested share options, warrants, and RSUs and the incremental shares issuable upon conversion of the convertible debentures and similar instruments. Shares of common stock outstanding under the share lending arrangement entered into in conjunction with the TLRY 27 Notes, see Note 13 (Convertible debentures payable) are excluded from the calculation of basic and diluted earnings per share because the borrower of the shares is required under the share lending arrangement to refund any dividends paid on the shares lent.

In computing diluted earnings (loss) per share, common share equivalents are not considered in periods in which a net loss is reported, as the inclusion of the common share equivalents would be anti-dilutive. For the three and nine months ended February 29, 2024 and February 28, 2023, the dilutive potential common share equivalents outstanding consisted of the following: 20,652,315 and 16,431,876 common shares from RSUs, 5,744,302 and 4,660,046 common shares from share options, 6,209,000 and 6,209,000 common shares for warrants and 72,653,364 and 36,388,651 common shares for convertible debentures, respectively.

New accounting pronouncements not yet adopted

In August 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-05, *Business Combination - Joint Venture Formations* (Subtopic 805-60) Recognition and Initial Measurement ("ASU 2023-05"), which is intended to address the accounting for contributions made to a joint venture. ASU 2023-05 is effective for the Company beginning June 1, 2026. This update will be applied prospectively on or after the effective date of the amendments. The Company is currently evaluating the effect of adopting this ASU.

In October 2023, the FASB issued ASU 2023-06, *Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative,* which amends the disclosure or presentation requirements related to various subtopics in the FASB Accounting Standards Codification (the "Codification"). The effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. If by June 30, 2027, the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from the Codification and will not become effective for any entity. The Company is currently evaluating the effect of adopting this ASU.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures,* which requires public entities to disclose information about their reportable segments' significant expenses on an interim and annual basis. ASU 2023-07 is effective for the Company beginning the year ended May 31, 2025. The Company is currently evaluating the effect of adopting this ASU.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740) Improvements to Income Tax Disclosures,* which requires public entities to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold on an annual basis. ASU 2023-09 is effective for the Company beginning the year ended June 01, 2024. The Company is currently evaluating the effect of adopting this ASU.

New accounting pronouncements recently adopted

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Subtopic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* ("ASU 2021-08"), which is intended to improve the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in practice and inconsistency. The Company adopted the ASU 2021-08 beginning June 1, 2023, however, it did not have any impact on our condensed interim consolidated financial statements.

Note 2. Inventory

Inventory consisted of the following:

	February 29, 2024	May 31, 2023
Beverage alcohol inventory	$ 47,606	$ 27,837
Plants	18,623	10,884
Dried cannabis	102,043	89,801
Cannabis trim	—	322
Cannabis derivatives	4,385	9,229
Cannabis vapes	5,250	1,173
Packaging and other inventory items	21,782	19,997
Distribution inventory	33,466	30,144
Wellness inventory	10,984	11,164
Total	$ 244,139	$ 200,551

Note 3. Capital assets

Capital assets consisted of the following:

	February 29, 2024	May 31, 2023
Land	$ 45,681	$ 30,635
Production facility	388,234	344,627
Equipment	253,422	185,422
Leasehold improvement	9,379	7,753
Finance lease, right-of-use assets	56,225	—
Construction in progress	10,907	8,048
	$ 763,848	$ 576,485
Less: accumulated amortization	(185,065)	(146,818)
Total	$ 578,783	$ 429,667

Assets held for sale consisted of the following:

	February 29, 2024	May 31, 2023
Land	$ 1,380	$ —
Production facility	20,821	—
Equipment	6,437	—
	$ 28,638	$ —

On June 22, 2023, the Company acquired HEXO and recognized the Kirkland lake property as held for sale on the acquisition date, see Note 7 (Business combinations). It is expected that the sale of the property will close during the fiscal year ended May 31, 2024.

During the three months ended February 29, 2024, the Company classified its Quebec cultivation facility and the Fort Collins extraction facility as held for sale. Through the assessment of facility capacity utilization, it was determined that these facilities would be exited and held for sale. It is expected that the sale of these assets will be completed within twelve months from the period ended February 29, 2024.

Note 4. Leases

The table below presents the lease-related assets and liabilities recorded on the balance sheet.

	Classification on Balance Sheet	February 29, 2024	May 31, 2023
Assets			
Finance lease, right-of-use assets	Capital assets	$ 56,225	$ —
Operating lease, right-of-use assets	Operating lease, right-of-use assets	17,453	5,941
Total right-of-use asset		$ 73,678	$ 5,941
Liabilities			
Current:			
Current portion of finance lease liabilities	Current portion of lease liabilities	$ 1,370	$ —
Current portion of operating lease liabilities	Current portion of lease liabilities	4,054	2,423
Non-current:			
Finance lease liabilities	Lease liabilities	55,674	—
Operating lease liabilities	Lease liabilities	17,554	7,936
Total lease liabilities		$ 78,652	$ 10,359

The following table presents the future undiscounted payment associated with lease liabilities as of February 29, 2024:

	Operating leases	Finance leases
2024	$ 1,635	$ 1,261
2025	5,715	5,043
2026	5,361	5,043
2027	4,768	5,043
Thereafter	10,161	85,336
Total minimum lease payments	$ 27,640	$ 101,726
Imputed interest	(6,032)	(44,682)
Obligations recognized	$ 21,608	$ 57,044

Note 5. Intangible Assets

Intangible assets consisted of the following items:

	February 29, 2024	May 31, 2023
Customer relationships & distribution channel	$ 617,143	$ 614,062
Licenses, permits & applications	368,649	366,793
Non-compete agreements	12,422	12,394
Intellectual property, trademarks, knowhow & brands	594,441	583,468
	1,592,655	$ 1,576,717
Less: accumulated amortization	(246,706)	(187,088)
Less: impairments	(415,844)	(415,844)
Total	$ 930,105	$ 973,785

Included in licenses, permits & applications was $182,851 of indefinite-lived intangible assets as of February 29, 2024, compared to $181,093 as of May 31, 2023.

Expected future amortization expense for intangible assets as of February 29, 2024 are as follows:

	Amortization
2024 (remaining three months)	$ 18,359
2025	73,439
2026	73,439
2027	73,439
2028	73,439
Thereafter	435,139
Total	$ 747,254

Note 6. Goodwill

The following table shows the carrying amount of goodwill by reporting units:

Reporting Unit	February 29, 2024	May 31, 2023
Cannabis	$ 2,640,669	$ 2,640,669
Distribution	4,458	4,458
Beverage alcohol	120,802	120,802
Wellness	77,470	77,470
Effect of foreign exchange	8,664	7,875
Impairments	(842,431)	(842,431)
Total	$ 2,009,632	$ 2,008,843

Note 7. Business acquisitions

Acquisition of Montauk Brewing Company, Inc.

On November 7, 2022, Tilray acquired Montauk Brewing Company, Inc. ("Montauk"), a leading craft brewer based in Montauk, New York, which expanded our distribution network with a strong brand in the tri-state region of the U.S. In consideration for the acquisition of Montauk, and after giving effect to post-closing adjustments, the Company paid an aggregate purchase price equal to $35,123, which was comprised of $ 28,701 in cash and the remainder through the issuance of 1,708,521 shares of Tilray's common stock (having a value of $6,422 at closing). In the event that Montauk achieves certain volume and/or EBITDA targets on or before December 31, 2025, the stockholders of Montauk shall be eligible to receive additional contingent cash consideration of up to $18,000. The Company determined that the closing date fair value of this contingent consideration was $10,245 based on the inputs disclosed in Note 25 (Fair value measurements).

The table below summarizes the fair value of the assets acquired and liabilities assumed at the acquisition date.

	Amount
Consideration	
Cash	$ 28,701
Shares	6,422
Contingent consideration	10,245
Net assets acquired	
Current assets	
Cash and cash equivalents	1,983
Accounts receivable	1,116
Prepaids and other current assets	467
Inventory	1,570
Long-term assets	
Capital assets	420
Customer relationships (15 years)	18,540
Intellectual property, trademarks & brands (15 years)	13,650
Goodwill	17,803
Total assets	55,549
Current liabilities	
Accounts payable and accrued liabilities	1,580
Long-term liabilities	
Deferred tax liability	4,851
Other liabilities	3,750
Total liabilities	10,181
Total net assets acquired	$ 45,368

In the event that the Montauk acquisition had occurred on June 1, 2022, the Company would have had additional net revenue of approximately $3,100 and $12,100 for the three and nine months ended February 28, 2023, respectively, and its consolidated net loss and comprehensive net loss would have increased by approximately $600 and $1,100 for the three and nine months ended February 28, 2023, respectively, primarily as a result of amortization of the intangible assets acquired. This unaudited pro forma financial information does not reflect the realization of any expected ongoing synergies relating to the integration of Montauk.

Acquisition of HEXO Corp.

On June 22, 2023, Tilray acquired HEXO, a cannabis company in Canada (the "HEXO Acquisition") for the purpose of expanding the Company's revenue base, production capabilities around certain form factors and growth opportunities with the Redecan brand. In consideration for the HEXO Acquisition, the Company paid a total purchase price equivalent of $93,882, which consisted of stock consideration of $63,927, settlement of convertible notes receivable of $28,720, the fair value of HEXO stock-based compensation of $1,188 and the assumption of warrants of $47. In connection with the HEXO Acquisition, each outstanding HEXO common share was exchanged for 0.4352 of a share of Tilray common stock and each outstanding HEXO preferred share was exchanged for 0.7805 of a share of Tilray common stock. In the aggregate, the Company issued 39,705,962 shares of Tilray common stock, at a share price of $1.61 per share, in connection with the HEXO Acquisition. The Company intends to sell HEXO's Kirkland lake property and the Quebec cultivation facility, and has recorded the value of the associated capital assets as assets held for sale, see Note 3 (Capital assets).

The Company is in the process of assessing the fair value of the net assets acquired and, as a result, the fair value may be subject to adjustments pending completion of final valuations and post-closing adjustments. The table below summarizes the preliminary estimated fair value of the assets acquired and the liabilities assumed for the HEXO Acquisition at the acquisition date as follows:

	Amount
Consideration	
Shares	$ 63,927
Settlement of convertible notes receivable	28,720
Warrants assumed	47
Estimated fair value of HEXO stock-based compensation	1,188
Net assets acquired	
Current assets	
Cash and cash equivalents	14,634
Restricted cash	1,656
Accounts receivable	7,855
Asset held for sale	755
Prepaids and other current assets	2,709
Inventory	25,947
Long-term assets	
Prepaid expenses	8,384
Capital assets	70,634
Intellectual property, trademarks & brands (15 years)	2,680
Interest in equity investee	3,145
Total assets	138,399
Current liabilities	
Accounts payable and accrued liabilities	44,517
Total liabilities	44,517
Total net assets acquired	$ 93,882

Included in accounts payable and accrued liabilities was $12,253 of litigation settlement accruals as of June 22, 2023.

In the event the HEXO Acquisition had occurred on June 1, 2022, the Company would have had, on an unaudited proforma basis, additional net revenue of approximately $nil and $7,000 for the three and nine months ended February 29, 2024, respectively, and $15,000 and $55,000 for the three and nine months ended February 28, 2023, respectively, and its net loss and comprehensive net loss would have increased by approximately $nil and $1,800 for the three and nine months period ended February 29, 2024, respectively, and $25,000 and $85,000 for the three and nine months period ended February 28, 2023, respectively. This unaudited pro forma financial information does not reflect the realization of any expected ongoing synergies relating to the integration of HEXO.

Acquisition of Truss Beverage Co.

On August 3, 2023, Tilray acquired the remaining 57.5% equity interest in Truss Beverage Co. ("Truss"), a cannabis beverage company, from Molson Coors Canada ("Molson"). This purchase represents the equity portion of Truss that had not been previously acquired as part of the HEXO Acquisition. The consideration paid by Tilray consisted of $74 (CAD$100) in cash and contingent consideration fair valued at $4,181. During the three months ended February 29, 2024, the contingent consideration liability was settled in exchange for a final payment equal to $760 with the resultant gain of $3,683 recorded in change in fair value of contingent consideration, offset by $262 of foreign exchange. Tilray initially planned to divest Truss' assets and recorded the value of the associated capital assets and lease obligations as an asset held for sale. During the quarter ended November 30, 2023, due to a change in circumstance in the Company's ability to sell these assets, they were subsequently reclassified as capital assets as the Company has made alternative plans for their utilization. The asset was then remeasured at the lower of its carrying amount before being classified as held for sale less the amortization that would have occurred and the fair value on the date the decision not to proceed with a sale was made. Changes in the carrying amount were recorded in the consolidated statement of net loss and comprehensive loss as amortization in cost of goods sold.

The Company is in the process of assessing the fair value of the net assets acquired and, as a result, the fair value of the net assets acquired may be subject to adjustments pending completion of final valuations and post-closing adjustments. The table below summarizes preliminary estimated fair value of the assets acquired and the liabilities assumed at the acquisition date as follows:

	Amount
Consideration	
Cash consideration	$ 74
Investment in equity investees	3,145
Contingent consideration	4,181
Net assets acquired	
Current assets	
Cash and cash equivalents	6,739

Accounts receivable	1,038
Prepaids and other current assets	78
Inventory	2,573
Asset held for sale	2,960
Long-term assets	
Intangible assets	296
Total assets	13,684
Current liabilities	
Accounts payable and accrued liabilities	5,408
Other liabilities	876
Total liabilities	6,284
Total net assets acquired	7,400

In the event that the Truss acquisition had occurred on June 1, 2022 the Company would have had, on an unaudited proforma basis, additional net revenue of approximately $nil and $3,000 for the three and nine months ended February 29, 2024, respectively, and $4,600 and $10,900 for the three and nine months period ended February 28, 2023, respectively, and its consolidated net loss and comprehensive net loss would have increased by approximately $nil and $700 for the three and nine months ended February 29, 2024, respectively, and $600 and $1,800 for the three and nine months period ended February 28, 2023, respectively. This unaudited pro forma financial information does not reflect the realization of any expected ongoing synergies relating to the integration of Truss.

Acquisition of Craft Beverage Business Portfolio

On September 29, 2023, Tilray acquired a portfolio of craft brands, assets and businesses comprising eight beer and beverage brands from Anheuser-Busch Companies, LLC, ("AB") including breweries and brewpubs associated with them (the "Craft Acquisition"). The acquired businesses/brands include Shock Top, Breckenridge Brewery, Blue Point Brewing Company, 10 Barrel Brewing Company, Redhook Brewery, Widmer Brothers Brewing, Square Mile Cider Company, and HiBall Energy. The Company paid a total purchase price equivalent of $83,658 in cash, net of a preliminary working capital adjustment at closing of $1,342, which is subject to a final working capital adjustment. As described in Note 12 (Long-term debt)**,** $20,000 was borrowed under the ABC Group Delayed Draw Term Loan Agreement to fund part of the purchase price paid for the Craft Acquisition.

The Company is in the process of assessing the fair value of the net assets acquired and, as a result, the fair value may be subject to adjustments pending completion of final valuations and post-closing adjustments. The table below summarizes the preliminary estimated fair value of the assets acquired and the liabilities assumed for the Craft Acquisition at the effective acquisition date as follows:

	Amount
Consideration	
Cash consideration	$ 83,658
Net assets acquired	
Current assets	
Cash and cash equivalents	77
Inventory	22,493
Prepaids and other current assets	573
Long-term assets	
Capital assets	62,614
Finance lease, right-of-use assets	45,496
Operating lease, right-of-use assets	7,677
Other assets	108
Total assets	139,038
Current liabilities	
Accounts payable and accrued liabilities	2,206
Current portion of finance lease liabilities	1,031
Current portion of operating lease liabilities	1,408
Long - term liabilities	
Finance lease liabilities	44,465
Operating lease liabilities	6,270
Total liabilities	55,380
Total net assets acquired	83,658

In the event that the Craft Acquisition had occurred on June 1, 2022, the Company would have had, on an unaudited proforma basis, additional revenue of approximately $nil and $55,000 for the three and nine months ended February 29, 2024, respectively, and $33,000 and $118,000 for the three and nine months period ended February 28, 2023, respectively, and its net loss and comprehensive net loss would have increased by approximately $nil and $5,000 for the three and nine months ended February 29, 2024, respectively, and $3,500 and $4,400 for the three and nine months period ended February 28, 2023, respectively. This unaudited pro forma financial information does not reflect the realization of any expected ongoing synergies relating to the integration of the Craft Acquisition.

Note 8. Convertible notes receivable

Convertible notes receivable is comprised of the following:

	February 29, 2024	May 31, 2023
HEXO Convertible Note	$ —	$ 28,720
MedMen Convertible Note	32,000	74,681
Total convertible notes receivable	32,000	103,401
Deduct - current portion	—	—
Total convertible notes receivable, non current portion	$ 32,000	$ 103,401

HEXO Convertible Note

On June 22, 2023, the Company completed the HEXO Acquisition as described in Note 7 (Business acquisitions). Concurrently with the closing of the HEXO Acquisition, the HEXO convertible note was converted into shares of HEXO.

MedMen Convertible Note

On August 31, 2021, the Company issued 9,817,061 shares valued at $117,804 to acquire 68% interest in Superhero Acquisition L.P. (“SH Acquisition”), which purchased a senior secured convertible note issued by MedMen (the "MedMen Convertible Note"), together with certain associated warrants to acquire Class B subordinate voting shares of MedMen, in the principal amount of $165,799. The MedMen Convertible Note bears interest at the Secured Overnight Financing Rate ("SOFR") plus 6%, with a SOFR floor of 2.5% with any accrued interest being added to the outstanding principal amount. The outstanding principal amount, together with accrued interest is to be paid on August 17, 2028, the maturity date of the MedMen Convertible Note. SH Acquisition was also granted “top-up” rights enabling it (and its limited partners) to maintain its percentage ownership (on an “as-converted” basis) in the event that MedMen issues equity securities. SH Acquisition’s ability to convert the MedMen Convertible Note and exercise the Warrants is dependent upon U.S. federal legalization of cannabis or Tilray’s waiver of such requirement as well as any additional regulatory approvals.

During the three months ended February 29, 2024, the Company recognized an other-than-temporary change in fair value, which resulted in a non-cash expense of $42,681. The MedMen Convertible Note was valued based upon the fair value of the collateral assets net of disposal costs and has been reduced to reflect recent events, including the appointment of a chief restructuring officer on January 23, 2024 and pending asset sales. In the prior year, the Company used the Black-Scholes model using the following assumptions: the risk-free rate of 3.50%; expected life of the convertible note; volatility of 70% based on comparable companies; forfeiture rate of nil; dividend yield of nil; probability of legalization between 0% and 60%; and, the exercise price of the respective conversion feature.

The Company did not derive any revenue or cash from MedMen's operations, and fully complies with all limitations imposed by applicable U.S. law and regulations in connection with its ownership of the MedMen Convertible Note. In addition, the Company did not recognize any interest income on the MedMen Convertible Note for the three and nine months ended February 29, 2024, which would have increased its value.

Note 9. Long term investments

Long term investments consisted of the following:

	February 29, 2024	May 31, 2023
Equity investments measured at fair value	$ 2,558	$ 2,144
Equity investments under measurement alternative	5,500	5,651
Total	$ 8,058	$ 7,795

Note 10. Bank indebtedness

Aphria Inc., a subsidiary of the Company, has an operating line of credit in the amount of C$1,000, which bears interest at the lender's prime rate plus 75 basis points. As of February 29, 2024, the Company has not drawn on the line of credit. The operating line of credit is secured by a security interest on certain real property located at 265 Talbot St. West, Leamington, Ontario.

CC Pharma GmbH, a subsidiary of the Company, has two operating lines of credit for €7,000 and €500 each, which bear interest at Euro Short-Term Rate ("ESTR") plus 2.50% and Euro Interbank Offered Rate ("EURIBOR") plus 4.00%, respectively. As of February 29, 2024, a total of €7,434 ($8,029) was drawn down from the available credit of €7,500. The operating line of credit for €7,000 is secured by an interest in the inventory of CC Pharma GmbH as well as the Densborn facility and underlying real property. The operating line of credit for €500 is unsecured.

American Beverage Crafts Group Inc. ("ABC Group"), formerly known as Four Twenty Corporation, a subsidiary of the Company, has a revolving credit facility of $30,000, which bears interest at SOFR plus an applicable margin. As of February 29, 2024, the Company has drawn $7,000 on the revolving line of credit. The revolving credit facility is secured by ABC Group's assets and includes a corporate guarantee by a subsidiary of the Company.

Note 11. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are comprised of:

	February 29, 2024	May 31, 2023
Trade payables	$ 90,163	$ 70,819
Accrued liabilities	70,744	48,394
Litigation accrual	25,153	25,000
Accrued payroll and employment related taxes	14,993	18,772
Income taxes payable	1,438	14,934
Accrued interest	3,202	8,102
Sales taxes payable	4,070	4,661
Total	$ 209,763	$ 190,682

Note 12. Long-term debt

The following table sets forth the net carrying amount of long-term debt instruments:

	February 29, 2024	May 31, 2023
Credit facility - C$66,000 - Canadian prime interest rate plus an applicable margin, 3-year term, with a 10-year amortization, repayable in blended monthly payments, due in November 2025	$ 41,440	$ 45,260
Term loan - C$25,000 - Canadian prime plus 1.00%, compounded monthly, 5-year term, with a 15-year amortization, repayable in equal monthly installments of C$181 including interest, due in July 2033	10,541	10,959
Term loan - C$25,000 - Canadian prime plus 1.00%, compounded monthly, 5-year term, with a 15-year amortization, repayable in equal monthly installments of C$196 including interest, due in July 2033	12,765	13,092
Term loan - C$1,250 - Canadian prime plus 1.50%, 5-year term, with a 10-year amortization, repayable in equal monthly installments of C$12 including interest, due in August 2026	288	346
Mortgage payable - C$3,750 - Canadian prime plus 1.50%, 5-year term, with a 20-year amortization, repayable in equal monthly installments of C$23 including interest, due in August 2026	2,122	2,104
Term loan - €5,000 - EURIBOR plus 2.15%, 5-year term, repayable in quarterly installments of €250 plus interest, due in December 2023	—	803
Term loan - €1,200 - at 4.26%, 1-year term, repayable in monthly installments of €100 plus interest, due in December 2023	—	755
Term loan - €1,500 - at 2.00%, 5-year term, repayable in quarterly installments of €94 plus interest, due in April 2025	520	819
Term loan - €3,500 - at 4.59%, 5-year term, repayable in monthly installments of €52 plus interest, due in August 2028	3,326	1,706
Mortgage payable - $22,635 - EURIBOR rate plus 1.5%, 10-year term, repayable in monthly installments of $57 including interest, due in October 2030	20,225	20,863
Term loan - $90,000 - SOFR plus an applicable margin, 5-year term, repayable in quarterly installments of $875 to $1,750 due in June 2028	87,750	65,000
Carrying amount of long-term debt	178,977	161,707
Unamortized financing fees	(978)	(738)
Net carrying amount	177,999	160,969
Less principal portion included in current liabilities	(12,351)	(24,080)
Total noncurrent portion of long-term debt	$ 165,648	$ 136,889

During the quarter ended August 31, 2023, ABC Group, repaid its $100,000 term loan and entered into a new secured credit agreement, which is comprised of: (i) a $70,000 term loan facility, bearing interest at SOFR plus an applicable margin and having a maturity date of June 30, 2028 (the "ABC Group Term Loan"), and (ii) a $20,000 delayed draw term loan facility, issued on the same terms as the $70,000 term loan facility (the "ABC Group Delayed Draw Term Loan" and, together with the ABC Group Term Loan the "ABC Group Secured Credit Agreement"). The ABC Group Term Loan was fully drawn on June 30, 2023. The ABC Group Delayed Draw Term Loan was fully drawn on September 29, 2023 to fund part of the purchase price for the Craft Acquisition as described in Note 7 (Business acquisitions). Under the terms of the ABC Group Secured Credit Agreement, the Company pledged all of ABC Group and its subsidiaries' assets and the related equity interests, and Tilray Brands, Inc. provided a limited guarantee, as well as requiring the lenders approval to transfer assets to Tilray Brands, Inc.

Note 13. Convertible debentures payable

The following table sets forth the net carrying amount of the convertible debentures payable:

	February 29, 2024	May 31, 2023
5.20% Convertible Notes ("TLRY 27")	$ 126,587	$ 100,476
HTI Convertible Note	—	47,834
5.25% Convertible Notes ("APHA 24")	83,351	120,568
5.00% Convertible Notes ("TLRY 23")	—	126,544
Total	209,938	395,422
Deduct - current portion	83,351	174,378
Total convertible debentures payable, non current portion	$ 126,587	$ 221,044

TLRY 27 Notes

	February 29, 2024	May 31, 2023
5.20% Contractual debenture	$ 172,500	$ 150,000
Unamortized discount	(45,913)	(49,524)
Net carrying amount	$ 126,587	$ 100,476

The TLRY 27 convertible debentures were issued on May 30, 2023 and on June 9, 2023 by way of overallotment, in the principal amount of $172,500 (the “TLRY 27 Notes”). The TLRY 27 Notes bear interest at a rate of 5.20% per annum, payable semi-annually in arrears on June 15 and December 15 of each year, and mature on June 15, 2027, unless earlier converted. The TLRY 27 Notes are Tilray’s general unsecured obligations and rank senior in right of payment to all of Tilray’s indebtedness that is expressly subordinated in right of payment to the notes; equal in right of payment with any of Tilray’s unsecured indebtedness that is not so subordinated, including TLRY 23 and APHA 24, effectively junior in right of payment to any of Tilray’s secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables but excluding intercompany obligations) of Tilray’s current or future subsidiaries. Noteholders will have the right to convert their TLRY 27 Notes into shares of Tilray’s common stock at their option, at any time, until the close of business on the second scheduled trading day immediately before June 15, 2027. The initial conversion rate is 376.6478 shares per $1,000 principal amount of TLRY 27 Notes, which represents a conversion price of approximately $2.66 per share. The conversion rate and conversion price will be subject to adjustment upon the occurrence of certain events.

The TLRY 27 Notes will be redeemable, in whole and not in part, at Tilray’s option at any time on or after June 20, 2025 at a cash redemption price equal to the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, but only if the last reported sale price of Tilray’s common stock exceeds 130% of the conversion price for a specified period of time. If certain corporate events that constitute a fundamental change occur, then, subject to a limited exception, noteholders may require Tilray to repurchase their TLRY 27 Notes for cash. The repurchase price will be equal to the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the applicable repurchase date. In connection with the Company’s offering of the TLRY 27 Notes, the Company entered into a share lending agreement with an affiliate of Jefferies LLC (the “Share Borrower”), pursuant to which it lent to the Share Borrower 38,500,000 shares of the Company’s common stock (the "Borrowed Shares"). The Borrowed Shares were newly-issued shares, will be held as treasury shares until the expiration or early termination of the share lending agreement and may be used by purchasers of the TLRY 27 Notes to sell up to 38,500,000 shares of the Company’s common stock. The fair value of the share lending agreement has been recorded as part of the unamortized discount on the debenture. The Company expects that the selling stockholders will use their position created by such sales to establish their initial hedge with respect to their investments in the TLRY 27 Notes. The Company did not receive any proceeds from the sale of the Borrowed Shares.

During the three and nine months ended February 29, 2024, the Company recognized interest expense of $2,243 and $6,728 and accretion of amortized discount interest of $2,896 and $8,520. For the same periods in the prior year there was no interest or accretion of amortized discount.

HTI Convertible Note

	February 29, 2024	May 31, 2023
4.00% Contractual debenture	$ —	$ 50,000
Unamortized discount	—	(2,166)
Net carrying amount	$ —	$ 47,834

On July 12, 2022, the Company issued a $50,000 convertible promissory note to HTI ("HTI Convertible Note"), bearing a 4% interest rate payable on a quarterly basis and having a maturity date of September 1, 2023. On August 31, 2023, the Company settled in full the HTI Convertible Note through the issuance of shares as described in Note 15 (Stockholders' equity).

APHA 24 Notes

	February 29, 2024	May 31, 2023
5.25% Contractual debenture	$ 350,000	$ 350,000
Debt settlement	(263,970)	(213,260)
Fair value adjustment	(2,679)	(16,172)
Net carrying amount	$ 83,351	$ 120,568

The APHA 24 convertible debentures, were entered into in April 2019, in the principal amount of $350,000, bear interest at a rate of 5.25% per annum, payable semi-annually in arrears on June 1 and December 1 of each year, and mature on June 1, 2024, unless earlier converted (the APHA 24 Notes"). The APHA 24 Notes are Tilray's general unsecured obligations and rank senior in right of payment to all of Tilray's indebtedness that is expressly subordinated in right of payment to the notes; equal in right of payment with any of Tilray's unsecured indebtedness that is not so subordinated, including TLRY 27 effectively junior in right of payment to any of Tilray's secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables but excluding intercompany obligations) of Tilray's current or future subsidiaries.

Holders of the APHA 24 Notes may convert all or any portion of such note, in multiples of $1 principal amount, at their option at any time between December 1, 2023 to the maturity date of June 1, 2024. The initial conversion which the Company may settle in cash, or common shares of Tilray, or a combination thereof, at Tilray's election, is equivalent to an initial conversion price of approximately $11.20 per common share, subject to adjustments in certain events.

The Company may redeem for cash all or part of the APHA 24, at its option, if the last reported sale price of the Company's common shares has been at least 130% of the conversion price then in effect for at least 20 trading days during any 30 consecutive trading day period ending on and including trading day immediately preceding the date on which the Company provides notice of redemption. The redemption of the APHA 24 will be equal to 100% of the principal amount plus accrued and unpaid interest to, but excluding, the redemption date.

The Company elected the fair value option under ASC 825 *Financial Instruments* for the APHA 24. The APHA 24 was initially recognized at fair value on the balance sheet. All subsequent changes in fair value, excluding the impact of the change in fair value related to instrument-specific credit risk are recorded in non-operating income. The changes in fair value related to instrument-specific credit risk is recorded through other comprehensive income (loss).

During the three months ended February 29, 2024, the Company exchanged the aggregate principal of $50,710 of APHA 24 Notes for cancellation by issuing 27,228,252 shares.

The overall change in fair value of APHA 24 during the nine months ended February 29, 2024 decreased by $13,493, this was comprised of $12,352 of fair value changes and a foreign exchange loss of $1,141.

There was $86,030 principal outstanding as at February 29, 2024 compared to $136,740 as at May 31, 2023. See Note 27 (Subsequent events) for additional details.

During the three and nine months ended February 29, 2024,the Company recognized interest expense of $1,483 and $5,072, respectively and interest expense of $3,319 and $10,105, respectively for the same period in the prior year.

TLRY 23 Notes

	February 29, 2024	May 31, 2023
5.00% Contractual debenture	$ —	$ 277,856
Principal amount paid	—	(150,526)
Unamortized discount	—	(786)
Net carrying amount	$ —	$ 126,544

The TLRY 23 Notes bore interest at a rate of 5.00% per annum, payable semi-annually in arrears on April 1 and October 1 of each year. On September 12, 2023, the Company repurchased $20,000 of its TLRY 23 Notes for cancellation by issuing 7,000,000 shares and paying $610 of cash to settle both principal and accrued interest. Upon repurchase of the TLRY 23 Notes, a portion of the settlement consideration was allocated to the equity component of the instrument and was recognized as a $1,672 reduction of additional paid-in capital in the Consolidated Statements of Changes in Equity. Additionally, this repurchase resulted in a loss of $1,062 which was recorded in other non-operating (losses) gains, net as shown in Note 24 (Non-operating income (expense)).

After cancellation, the outstanding principal balance of the TLRY 23 Notes was $107,330. On October 2, 2023, the Company repaid the remaining principal of the TLRY 23 Notes in cash upon maturity.

During the three and nine months ended February 29, 2024, the Company recognized interest expense of $nil and $2,122, respectively and interest expense of $1,748 and $6,077, respectively for the same period in the prior year.

Note 14. Warrant liability

As of February 29, 2024 and May 31, 2023, there were 6,209,000 warrants outstanding, with an original exercise price of $5.95 per warrant, expiring September 17, 2025. Each warrant is exercisable for one common share of the Company.

The warrants contain anti-dilution price protection features, which adjust the exercise price of the warrants if the Company subsequently issues common stock at a price lower than the exercise price of the warrants. In the event additional warrants or convertible debt are issued with a lower and/or variable exercise price, the exercise price of the warrants will be adjusted accordingly. During the nine months ended February 29, 2024, the Company issued shares which triggered the anti-dilution price protection feature lowering the exercise price to $1.61. These warrants are classified as liabilities as they are to be settled in registered shares, and the registration statement is required to be active, unless such shares may be subject to an applicable exemption from registration requirements. The holders, at their sole discretion, may elect to affect a cashless exercise, and be issued exempt securities in accordance with Section 3(a)(9) of the 1933 Act. In the event the Company does not maintain an effective registration statement, the Company may be required to pay a daily cash penalty equal to 1% of the number of shares of common stock due to be issued multiplied by any trading price of the common stock between the exercise date and the share delivery date, as selected by the holder. Alternatively, the Company may deliver registered common stock purchased by the Company in the open market. The Company may also be required to pay cash if it does not have sufficient authorized shares to deliver to the holders upon exercise.

The Company estimated the fair value of warrants outstanding at February 29, 2024 at $0.512 per warrant using the Black Scholes pricing model (Level 3) with the following assumptions: Risk-free interest rate of 3.9%, expected volatility of 50%, expected term of 1.55 years, strike price of $1.61 and fair value of common stock of $1.73.

Expected volatility is based on both historical and implied volatility of the Company’s common stock.

Note 15. Stockholders' equity

Issued and outstanding

As of February 29, 2024, the Company had 1,198,000,000 common shares and 10,000,000 preferred shares authorized to be issued, with 774,028,053 common shares and nil preferred shares issued and outstanding. Historically, the Company has issued shares of its common stock as consideration for business acquisitions, settlement of convertible notes, settlement of litigation claims, in connection with public offerings and as payment of dividends to non-controlling interests for profit distributions.

During the nine months ended February 29, 2024, the Company issued the following common shares:

a) 39,705,962 shares in connection with the HEXO Acquisition, see Note *7* (Business acquisitions).
b) 865,426 shares to settle a contractual change of control severance obligations in the aggregate amount of $1,500 incurred in connection with the HEXO Acquisition.
c) 18,632,126 shares to settle dividends payable to the non-controlling shareholders of 1974568 Ontario Limited (“Aphria Diamond”).
d) 1,032,616 shares for the settlement of the HTI Convertible Note payable see Note 13 (Convertible debentures payable).
e) 17,148,541 shares to HTI Investments MA LLC pursuant to the terms of a $50.0 million convertible promissory note originally issued by Tilray to HTI on July 12, 2022 and which was settled at maturity as previously disclosed.
f) 1,573,152 shares to settle HEXO-based litigation judgement obtained by MediPharm Labs Inc. in 2022.
g) 7,000,000 shares to repurchase $20,000 of its TLRY 23 Notes for cancellation.
h) 27,228,252 shares to repurchase $50,710 of its APHA 24 Notes for cancellation.
i) 4,186,523 shares in connection with the exercise of previously awarded stock-based compensation awards.

The Company maintains stock-based compensation plans as disclosed in our Annual Financial Statements. For the three and nine months ended February 29, 2024, the total stock-based compensation was $ 8,059 and $ 24,517. For the three and nine months ended February 28, 2023, total stock based compensation was $ 9,630 and $ 29,766 respectively.

During the nine months ended February 29, 2024 the Company granted 11,559,549 time-based RSUs, and 7,566,146 performance-based RSUs (February 28, 2023 - 6,004,995 time-based RSUs and 2,634,744 performance based RSUs). The 7,566,146 performance based RSUs issued during the quarter contains certain performance conditions that will only be set a future date, and therefore for accounting purposes the grant date has not been met. The Company's total stock-based compensation expense recognized is as follows:

	For the three months ended		For the nine months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Stock options	$ —	$ 20	$ —	$ 644
RSUs	8,059	9,610	24,517	29,122
Total	$ 8,059	$ 9,630	$ 24,517	$ 29,766

Note 16. Accumulated other comprehensive income (loss)

Accumulated other comprehensive loss includes the following components:

	Foreign currency translation gain (loss)	Unrealized loss on convertible notes receivables	Total
Balance May 31, 2022	$ 54,413	$ (75,177)	$ (20,764)
Other comprehensive loss	(56,443)	(2,525)	(58,968)
Balance August 31, 2022	$ (2,030)	$ (77,702)	$ (79,732)
Other comprehensive loss	(24,080)	(17,643)	(41,723)
Balance November 30, 2022	$ (26,110)	$ (95,345)	$ (121,455)
Other comprehensive (loss) reversal	(16,838)	95,345	78,507
Balance February 28, 2023	$ (42,948)	$ —	$ (42,948)
Balance May 31, 2023	$ (46,610)	$ —	$ (46,610)
Other comprehensive loss	3,049	—	3,049
Balance August 31, 2023	$ (43,561)	$ —	$ (43,561)
Other comprehensive loss	5,194	—	5,194
Balance November 30, 2023	$ (38,367)	$ —	$ (38,367)
Other comprehensive loss	(4,820)	—	(4,820)
Balance February 29, 2024	$ (43,187)	$ —	$ (43,187)

Note 17. Non-controlling interests

The following tables summarize the information relating to the Company's subsidiaries, SH Acquisition (68%), CC Pharma Nordic ApS (75%), Aphria Diamond (51%), and ColCanna S.A.S. (90%) before intercompany eliminations.

Summary of balance sheet information of the entities in which there is a non-controlling interest as of February 29, 2024:

	SH Acquisition	CC Pharma Nordic ApS	Aphria Diamond	ColCanna S.A.S.	February 29, 2024
Current assets	$ —	$ 31	$ 81,541	$ 191	$ 81,763
Non-current assets	32,000	—	129,067	3,719	164,786
Current liabilities	—	(14)	(129,422)	(6,786)	(136,222)
Non-current liabilities	—	—	(48,218)	(1,458)	(49,676)
Net assets	$ 32,000	$ 17	$ 32,968	$ (4,334)	$ 60,651

Summary of balance sheet information of the entities there is a non-controlling interest as of May 31, 2023:

	SH Acquisition	CC Pharma Nordic ApS	Aphria Diamond	ColCanna S.A.S.	May 31, 2023
Current assets	$ —	$ 114	$ 127,689	$ 224	$ 128,027
Non-current assets	74,681	—	135,085	3,307	213,073
Current liabilities	—	(1,166)	(142,554)	(6,697)	(150,417)
Non-current liabilities	—	—	(53,197)	(1,428)	(54,625)
Net assets	$ 74,681	$ (1,052)	$ 67,023	$ (4,594)	$ 136,058

Summary of income statement information of the entities in which there is a non-controlling interest for the nine months ended February 29, 2024:

	SH Acquisition	CC Pharma Nordic ApS	Aphria Diamond	ColCanna S.A.S.	February 29, 2024
Revenue	$ —	$ —	$ 76,541	$ —	$ 76,541
Total expenses	42,681	(1,078)	47,541	(594)	88,550
Net (loss) income	(42,681)	1,078	29,000	594	(12,009)
Other comprehensive (loss) income	—	(9)	646	(334)	303
Net comprehensive (loss) income	$ (42,681)	$ 1,069	$ 29,646	$ 260	$ (11,706)
Non-controlling interest %	32%	25%	49%	10%	NA
Comprehensive (loss) income attributable to NCI	(13,658)	267	14,527	26	1,162
Additional income attributable to NCI	—	—	5,336	—	5,336
Net comprehensive (loss) income attributable to NCI	$ (13,658)	$ 267	$ 19,863	$ 26	$ 6,498

Summary of income statement information of the entities in which there is a non-controlling interest for the nine months ended February 28, 2023:

	SH Acquisition	CC Pharma Nordic ApS	Aphria Diamond	ColCanna S.A.S.	February 28, 2023
Revenue	$ —	$ 126	$ 98,960	$ —	$ 99,086
Total expenses	107,297	659	54,285	91,026	253,267
Net (loss) income	(107,297)	(533)	44,675	(91,026)	(154,181)
Other comprehensive (loss) income	70,778	(13)	(707)	373	70,431
Net comprehensive (loss) income	$ (36,519)	$ (546)	$ 43,968	$ (90,653)	$ (83,750)
Non-controlling interest %	32%	25%	49%	10%	NA
Comprehensive (loss) income attributable to NCI	(11,686)	(137)	21,544	(9,065)	656
Additional income attributable to NCI	—	—	8,968	—	8,968
Net comprehensive (loss) income attributable to NCI	$ (11,686)	$ (137)	$ 30,512	$ (9,065)	$ 9,624

On January 5, 2024, Aphria Inc. (“Aphria”), a wholly-owned subsidiary of the Company, entered into an Amended and Restated Wholesale Cannabis Supply Agreement (the “Supply Agreement”) with 1974568 Ontario Limited (“Aphria Diamond”), Aphria’s joint venture with Double Diamond Holdings Ltd. The Supply Agreement amended and restated the existing supply agreement, effective as of September 1, 2023, and amended certain terms relating to pricing and product classes. Due to the terms stipulated in the Supply Agreement, the reduced transfer price will lead to a decrease in income attributable to non-controlling interest over the duration of the agreement. If this agreement had been effective June 1, 2023, the Company would have recognized approximately $15,000 in additional net income attributed to the Stockholders of Tilray Brands, Inc.

Note 18. Income taxes

The determination of the Company’s overall effective tax rate requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. The effective tax rate reflects the income earned and taxed in various United States federal, state, and foreign jurisdictions. Tax law changes, increases, and decreases in temporary and permanent differences between book and tax items, valuation allowances against the deferred tax assets, stock compensation, and the Company’s change in income in each jurisdiction all affect the overall effective tax rate. It is the Company’s practice to recognize interest and penalties related to uncertain tax positions in income tax expense.

The Company reported income tax (recovery) expense of $(2,871) and $1,013 for the three and nine months ended February 29, 2024, and income tax recovery of $(10,811) and $ (15,313) for the three and nine months ended February 28, 2023 The income tax benefit in the current period varies from the US statutory income tax rate and prior period primarily due to the geographical mix of earnings and losses with no tax benefit resulting from valuation allowances in certain jurisdictions.

Note 19. Commitments and contingencies

Purchase and other commitments

The Company has payments on long-term debt, refer to Note 12 (Long-term debt), convertible notes, refer to Note 13 (Convertible debentures payable), material purchase commitments and construction commitments as follows:

	Total	2024	2025	2026	2027	Thereafter
Long-term debt repayment	$ 178,977	$ 12,535	$ 44,319	$ 8,973	$ 10,335	$ 102,815
Convertible debentures payable	258,530	86,030	—	—	172,500	—
Material purchase obligations	49,159	21,587	27,572	—	—	—
Construction commitments	822	822	—	—	—	—
Total	$ 487,488	$ 120,974	$ 71,891	$ 8,973	$ 182,835	$ 102,815

Legal proceedings

In the ordinary course of business, we are at times subject to various legal proceedings and disputes, including the proceedings specifically discussed below. We assess our liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. Where it is probable that we will incur a loss and the amount of the loss can be reasonably estimated, we record a liability in our consolidated financial statements. These legal reserves may be increased or decreased to reflect any relevant developments on a quarterly basis. Where a loss is not probable or the amount of loss is not estimable, we do not accrue legal reserves. While the outcome of legal proceedings is inherently uncertain, based on information currently available and available insurance coverage, our management believes that it has established appropriate legal reserves. Any incremental liabilities arising from pending legal proceedings are not expected to have a material adverse effect on our consolidated financial position, consolidated results of operations, or consolidated cash flows. However, it is possible that the ultimate resolution of these matters, if unfavorable, may be material to our consolidated financial position, consolidated results of operations, or consolidated cash flows.

There have been no material changes from the legal proceedings since our Annual Report on Form 10-K for the fiscal year ended May 31, 2023, except with respect to certain aspects of the legal proceedings disclosed below:

420 Investments Ltd. Litigation

On February 21, 2020, 420 Investments Ltd., as Plaintiff ("420 Investments"), filed a lawsuit against Tilray Brands, Inc. and High Park Shops Inc. as Defendants, in Calgary, Alberta in the Court of Queen's Bench of Alberta. In August 2019, Tilray and High Park entered into an Arrangement Agreement with 420 Investments and others (the "420 Arrangement Agreement"). Pursuant to the 420 Arrangement Agreement, High Park was to acquire the securities of 420 Investments. In February 2020, Tilray and High Park gave notice of termination of the 420 Agreement due to 420 Investment's breach and failure to satisfy certain conditions precedent. 420 Investments alleges that the termination was unlawful and without merit and further alleges that the Defendants had no legal basis to terminate. 420 Investment seeks damages in the stated amount of C$110,000, plus C$20,000 in aggravated damages. Discoveries are continuing in this litigation proceeding. Tilray and High Park deny the Plaintiff's allegations and intend to continue to vigorously defend this litigation matter, although there can be no assurance as to its outcome.

In February 2023, Tilray and High Park filed an Application for Summary Judgment to collect an unpaid C$7,000 bridge loan made to 420 Investments on August 28, 2019. That debt was repayable in March 2020, but was never repaid by 420 Investments. On February 8, 2024, the Court granted Tilray and High Park's summary judgment application, holding that Tilray and High Park were entitled to be paid the full amount of the C$7,000 bridge loan, see Note 22 (General and administrative expenses), plus on-going interest C$2,800 and costs. Tilray intends to pursue full collection of this judgment as it continues to defend the main proceedings regarding termination of the 420 Arrangement Agreement.

Cannfections Group Inc. / High Park Farms Ltd. (Canada, Commercial Arbitration).

On December 2, 2022 Cannfections Group Inc. ("Cannfections"), a joint venture that is 50% owned by High Park Farms, Ltd., delivered a Request to Arbitrate along with a Statement of Claim to Tilray's subsidiaries High Park Farms Ltd. ("HP Farms") and High Park Holdings Ltd. ("HP Holdings") for an arbitration to be held in Toronto, Ontario. Cannfections claimed breach of contract against HP Farms and HP Holdings arising from a 2019 supply agreement pursuant to which Cannfections manufactured cannabis-infused chocolates and gummies. Cannfections primarily alleged that HP Farms failed to meet certain minimum order volumes of products from Cannfections resulting in claimed damages of C$27,500. HP Farms filed a Statement of Defense denying the allegations as part of an Arbitration proceeding held in November 2023. HP Farms believed these claims were without merit and vigorously defended the claims during arbitration proceeding. However, on March 5, 2024, the Arbitrator issued a Decision awarding Cannfections damages in the amount of C$19,950 plus interest. The Arbitrator also determined that HP Holdings was not a proper party to the Arbitration and dismissed all claims against HP Holdings.

On April 5, 2024, HP Farms commenced a voluntary assignment in bankruptcy, naming B. Riley Farber as its licensed insolvency trustee. HP Farms' bankruptcy filing is limited solely to HP Farms, and neither Tilray nor any of its affiliates are petitioners or parties to the HP Farms bankruptcy filing. As a result of this bankruptcy filing, the Company recognized $4,638 for a decrease in value of the equity investee during the three months ended February 29, 2024. The Company does not expect that there will be any further impact to the Company's financial statements. HP Farms determined to commence bankruptcy proceedings given it ceased all active operations following closure of the Enniskillen facility and the termination of its supply agreement with Cannfections. The purpose of the bankruptcy filing is to ensure the orderly liquidation and wind-up of HP Farms' remaining assets and liabilities. See Note 24 (Non-operating income (expense)).

Summary of litigation accruals

As described in Note 11 (Accounts payable and accrued liabilities), the total litigation expense accrual included in accrued liabilities as of February 29, 2024 was $25,153 to cover various ongoing litigation matters that are probable and estimable (May 31, 2023 - $25,000). During the nine months ended February 29, 2024, the Company assumed $12,253 of litigation accruals from the acquisition of HEXO, several of which were settled during the nine months ended February 29, 2024. The Company did not assume any litigation accruals from the Craft Acquisition.

Note 20. Net revenue

The Company reports its net revenue in four reporting segments: beverage alcohol, cannabis, distribution, and wellness.

Net revenue is comprised of:

	For the three months ended		For the nine months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Beverage alcohol revenue	$ 58,247	$ 21,941	$ 133,237	$ 67,209
Beverage alcohol excise taxes	(3,559)	(1,301)	(7,882)	(4,520)
Net beverage alcohol revenue	54,688	20,640	125,355	62,689
Cannabis revenue	85,236	61,118	276,676	203,503
Cannabis excise taxes	(21,804)	(13,569)	(75,797)	(47,486)
Net cannabis revenue	63,432	47,549	200,879	156,017
Distribution revenue	56,794	65,385	193,174	186,158
Wellness revenue	13,426	12,015	39,652	38,072
Total	$ 188,340	$ 145,589	$ 559,060	$ 442,936

Note 21. Cost of goods sold

Cost of goods sold is comprised of:

	For the three months ended		For the nine months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Beverage alcohol costs	$ 35,836	$ 10,663	$ 77,615	$ 32,932
Cannabis costs	42,518	80,362	139,507	137,800
Distribution costs	51,231	57,964	172,846	165,443
Wellness costs	9,359	8,299	28,091	26,964
Total	$ 138,944	$ 157,288	$ 418,059	$ 363,139

Note 22. General and administrative expenses

General and administrative expenses are comprised of:

	For the three months ended		For the nine months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Executive compensation	$ 1,585	$ 2,754	$ 4,757	$ 9,359
Office and general	4,190	6,799	20,423	20,011
Salaries and wages	19,588	13,621	52,310	38,407
Stock-based compensation	8,059	9,630	24,517	29,766
Insurance	3,569	3,159	9,917	8,588
Professional fees	656	1,165	4,658	5,385
(Gain) loss on sale of capital assets	23	(15)	3	(2)
Travel and accommodation	1,246	1,104	3,727	3,484
Rent	1,024	782	3,457	2,387
Total	$ 39,940	$ 38,999	$ 123,769	$ 117,385

Included in office and general is $4,440 (C$6,000) of bad debt recoveries on a previously recognized credit loss provision, see Note 19 (Commitments and contingencies), 420 Investments Ltd. Litigation.

Note 23. Restructuring charges

In connection with the execution of our acquisition strategy and strategic transactions, the Company has incurred restructuring and exit costs associated with the integration efforts of these non-recurring transactions. The Company recognized $5,178 and $8,748 of restructuring charges for the three and nine months ended February 29, 2024, respectively, compared to $2,663 and $10,727 for prior year comparative periods. The Company approves detailed restructuring initiative plans at the executive level and recognizes these expenses in the period in which the plan has been committed to. All amounts incurred as of February 29, 2024, have been paid.

Within the Cannabis reporting unit, three restructuring plans have been initiated as follows; HEXO acquisition related charges which is expected to take place within 24 months from the acquisition date, Truss acquisition related charges which is expected to take place within 18 months from the acquisition date and the Canadian business cost reduction plan, which concluded during the last quarter. In the nine months ended February 29, 2024, the following expenses were recognized, $3,987 of employee termination benefits and other restructuring charges for the HEXO acquisition plan, $3,454 of restructuring charges related to the costs of exiting the Truss facility until the new business has resumed for the Truss acquisition plan and $475 of employee termination benefits for the Canadian business cost reduction plan.

Within the distribution reporting unit, the Company continued to execute on a cost optimization plan during the three months ended February 29, 2024. It is expected that this plan will be completed within the current fiscal year. During the nine months ended February 29, 2024, the Company recognized $832 related to employee termination benefits in connection with the execution of this plan.

For the three and nine months ended February 28, 2023, the Company recognized $2,663 and $10,727 which was comprised of $2,663 of severance costs required to right size the Company's production, $1,599 of exit costs, and $2,758 for inventory adjustments from the termination of our producer partnership in Uruguay due to a breach of the underlying contract in our International cannabis business. Additionally, amounts related to the Tilray-Aphria Arrangement Agreement for the closure of our Canadian cannabis facility in Enniskillen of $1,512 million were incurred. The Company also incurred $2,195 million of write-offs from the exit of our medical device reprocessing business in our distribution reporting segment. These exit costs were completed in the prior year quarter ended February 28, 2023, and did not have any impacts in the nine months ended February 29, 2024.

Note 24. Non-operating income (expense)

Non-operating income (expense) is comprised of:

	For the three months ended		For the nine months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Change in fair value of convertible debenture payable	$ (6,311)	$ 207	$ (12,352)	$ (20,375)
Change in fair value of warrant liability	586	5,256	(1,365)	6,841
Foreign exchange loss (gain)	(3,302)	(1,955)	1,941	(26,621)
Loss on long-term investments	33	(925)	383	(2,529)
Other non-operating (losses) gains, net	(8,245)	(1,370)	(9,427)	(7,545)
Total	$ (17,239)	$ 1,213	$ (20,820)	$ (50,229)

Included in other non-operating (losses) gains, net for the three and nine months ended February 29, 2024, are losses of $(8,245) and $(9,427) which is comprised of $2,313 from the downside protection share issuance relating to the HTI note, as described in Note 15 (Stockholders' equity), $2,458 of amounts to settle outstanding notes with non-controlling interest shareholders, and $4,638 for a decrease in value of equity investee, as described in Note 19 (Commitments and contingencies), Cannfections.

Note 25. Fair value measurements

Financial instruments

The Company has classified its financial instruments as described in Note 3 Significant accounting policies in our Annual Financial Statements.

The carrying values of marketable securities, accounts receivable, bank indebtedness and accounts payable and accrued liabilities approximate their fair values due to their short periods to maturity.

At February 29, 2024 and May 31, 2023 the Company had long-term debt of $3,846 and $3,280, respectively, and the principal portion of convertible debentures payable of $258,530 and $464,070, respectively, subject to fixed interest rates. The Company’s long-term debt is valued based on discounting the future cash outflows associated with the long-term debt. The discount rate is based on the incremental premium above market rates for the U.S. Department of the Treasury securities of similar duration. In each period thereafter, the incremental premium is held constant while the U.S. Department of the Treasury security is based on the then current market value to derive the discount rate.

The following tables present information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of February 29, 2024 and May 31, 2023 and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value:

	Level 1	Level 2	Level 3	February 29, 2024
Financial assets				
Cash and cash equivalents	$ 146,253	$ —	$ —	$ 146,253
Marketable securities	79,605	—	—	79,605
Convertible notes receivable	—	—	32,000	32,000
Equity investments measured at fair value	1,104	1,454	5,500	8,058
Financial liabilities				
Warrant liability	—	—	(3,182)	(3,182)
Contingent consideration	—	—	(14,000)	(14,000)
APHA 24 Convertible debenture	—	—	(83,351)	(83,351)
Total recurring fair value measurements	$ 226,962	$ 1,454	$ (63,033)	$ 165,383

	Level 1	Level 2	Level 3	May 31, 2023
Financial assets				
Cash and cash equivalents	$ 206,632	$ —	$ —	$ 206,632
Marketable Securities	241,897	—	—	241,897
Convertible notes receivable	—	—	103,401	103,401
Equity investments measured at fair value	1,056	1,088	5,651	7,795
Financial liabilities				
Warrant liability	—	—	(1,817)	(1,817)
Contingent consideration	—	—	(27,107)	(27,107)
APHA 24 Convertible debenture	—	—	(120,568)	(120,568)
Total recurring fair value measurements	$ 449,585	$ 1,088	$ (40,440)	$ 410,233

The Company's financial assets and liabilities required to be measured on a recurring basis are its convertible notes receivable, equity investments measured at fair value, convertible debentures measured at fair value, acquisition-related contingent consideration, and warrant liability.

Convertible notes receivable and long-term investments are recorded at fair value. The estimated fair value is determined using the Black Scholes option pricing model, probability of legalization and is classified as Level 3.

Convertible debentures payable are recorded at fair value when elected or required under US GAAP. Specifically, the APHA 24 instrument's estimated fair value is determined using the Black-Scholes option pricing model and is classified as Level 3.

Certain equity investments recorded at fair value have quoted prices in active markets for identical assets and are classified as Level 1. The Company classified securities with observable inputs as Level 2 and without a quoted market price as Level 3.

The warrants associated with the warrant liability are classified as Level 3 derivatives. Consequently, the estimated fair value of the warrant liability is determined using the Black-Scholes pricing model. Until the warrants are exercised, expire, or other facts and circumstances lead the warrant liability to be reclassified to stockholders' equity, the warrant liability (which relates to warrants to purchase shares of common stock) is marked-to-market each reporting period with the change in fair value recorded in change in fair value of warrant liability. Any significant adjustments to the unobservable inputs disclosed in the table below would have a direct impact on the fair value of the warrant liability.

The contingent consideration from the acquisition of Montauk due in December 2025, and upon the triggering event if met, and are payable in cash, was determined by discounting future expected cash outflows at a discount rate of 11%, and probability of achievement of 95%. The unobservable inputs into the future expected cash outflows result in a fair value measurement classified as Level 3. During the nine months ended February 29, 2024, a decrease in fair value of $13,493, inclusive of changes in foreign exchange, was recognized and was comprised of a decrease of fair value of $16,218 for the contingent consideration from the Sweetwater acquisition as a result of not achieving the incentive targets which was offset by an increase in fair value of $3,111 for the contingent consideration from the Montauk acquisition as a result of a higher probability of achieving the incentive targets. During the quarter end, $4,181 of contingent consideration liability from the Truss acquisition has been settled in cash for $760 (CAD $1,041)

The balances of assets and liabilities categorized within Level 3 of the fair value hierarchy measured at fair value on a recurring basis are reconciled, as follows:

	Convertible notes receivable	Equity Investments	Warrant Liability	Contingent Consideration	APHA 24 Convertible Debt
Balance, May 31, 2023	$ 103,401	$ 5,651	$ (1,817)	$ (27,107)	$ (120,568)
Additions/(Repayments)	—	—	—	(4,181)	50,710
Redemption	(28,720)	—	—	760	—
Unrealized gain (loss) on fair value	—	(151)	(1,365)	16,528	(13,493)
Impairments	(42,681)	—	—	—	—
Balance, February 29, 2024	$ 32,000	$ 5,500	$ (3,182)	$ (14,000)	$ (83,351)

The unrealized gain (loss) on fair value for the convertible debenture, the warrant liability, contingent consideration, and debt securities classified under available-for-sale method is recognized in the consolidated statements of loss and comprehensive loss using the following inputs:

Financial asset / financial liability	Valuation technique	Significant unobservable input	Inputs
APHA Convertible debentures	Black-Scholes	Volatility,	50%
		expected life (in years)	0.3
Warrant liability	Black-Scholes	Volatility,	50%
		expected life (in years)	1.6
Contingent consideration	Discounted cash flows	Discount rate,	11 %
		achievement	95%

Items measured at fair value on a non-recurring basis

The Company's prepaids and other current assets, long lived assets, including property and equipment, goodwill and intangible assets are measured at fair value when there is an indicator of impairment and are recorded at fair value only when an impairment charge is recognized.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company’s capital management approach in the period. The Company considers its cash and cash equivalents and marketable securities as capital.

Note 26. Segment reporting

Information reported to the Chief Operating Decision Maker (“CODM”) for the purpose of resource allocation and assessment of segment performance focuses on the nature of the operations. The Company operates in four reportable segments: (1) beverage alcohol operations, which encompasses the production, marketing and sale of beverage and beverage alcohol products, (2) cannabis operations, which encompasses the production, distribution, sale, co-manufacturing and advisory services of both medical and adult-use cannabis, (3) distribution operations, which encompasses the purchase and resale of pharmaceuticals products to wholesale and pharmacy customers, and (4) wellness products, which encompasses hemp foods and hemp-based cannabidiol (“CBD”) consumer products. This structure is in line with how our Chief Operating Decision Maker (“CODM”) assesses our performance and allocates resources.

Operating segments have not been aggregated and no asset information is provided for the segments because the Company’s CODM does not receive asset information by segment on a regular basis.

Segment gross profit from external customers:

	For the three months ended		For the nine months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Beverage alcohol				
Net beverage alcohol revenue	$ 54,688	$ 20,640	$ 125,355	$ 62,689
Beverage alcohol costs	35,836	10,663	77,615	32,932
Beverage alcohol gross profit	18,852	9,977	47,740	29,757
Cannabis				
Net cannabis revenue	63,432	47,549	200,879	156,017
Cannabis costs	42,518	80,362	139,507	137,800
Cannabis gross profit (loss)	20,914	(32,813)	61,372	18,217
Distribution				
Distribution revenue	56,794	65,385	193,174	186,158
Distribution costs	51,231	57,964	172,846	165,443
Distribution gross profit	5,563	7,421	20,328	20,715
Wellness				
Wellness revenue	13,426	12,015	39,652	38,072
Wellness costs	9,359	8,299	28,091	26,964
Wellness gross profit	$ 4,067	$ 3,716	$ 11,561	$ 11,108

Channels of Cannabis revenue were as follows:

	For the three months ended		For the nine months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Revenue from Canadian medical cannabis	$ 6,363	$ 6,035	$ 18,793	$ 18,920
Revenue from Canadian adult-use cannabis	62,107	45,318	205,350	156,063
Revenue from wholesale cannabis	2,764	58	12,348	686
Revenue from international cannabis	14,002	9,707	40,185	27,834
Less excise taxes	(21,804)	(13,569)	(75,797)	(47,486)
Total	$ 63,432	$ 47,549	$ 200,879	$ 156,017

On July 12, 2022, Tilray acquired the HEXO Convertible Note from HTI and also entered into a strategic alliance with HEXO Corp. (“HEXO”) as discussed in Note 8 (Convertible notes receivable) and Note 13 (Convertible debentures payable). In addition, the Company and HEXO entered into various commercial transaction agreements. On June 22, 2023, the Company completed the HEXO Acquisition as described in Note 7 (Business acquisitions), and thus these commercial arrangements were terminated and HEXO's financial results were consolidated in the current period results.

Included in revenue from Canadian adult-use cannabis is $nil and $1,500 of advisory services revenue for the three and nine months ended February 29, 2024, from the aforementioned HEXO commercial transaction agreements, compared to $8,667 and $24,302 of advisory services revenue in the prior comparative period.

Geographic net revenue:

	For the three months ended		For the nine months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
North America	$ 117,524	$ 70,463	$ 325,664	$ 228,866
EMEA	67,143	71,111	222,139	199,867
Rest of World	3,673	4,015	11,257	14,203
Total	$ 188,340	$ 145,589	$ 559,060	$ 442,936

Geographic capital assets:

	February 29, 2024	May 31, 2023
North America	$ 473,779	$ 319,173
EMEA	101,271	107,131
Rest of World	3,733	3,363
Total	$ 578,783	$ 429,667

Major customers are defined as customers that are materially significant to the Company's annual revenues. For the three and nine months ended February 29, 2024 and 2023, there were no major customers representing a material contribution to our quarterly revenues.

Note 27. Subsequent Events

On April 9, 2024, the Company entered into an agreement to exchange $41,900 principal amount of its APHA 24 Notes for cancellation by issuing up to 25,000,000 shares.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Condensed Interim Consolidated Financial Statements and the related Notes thereto for the period ended February 29, 2024 contained in this Quarterly Report on Form 10-Q and the Audited Consolidated Financial Statements and the related Notes thereto contained in our Annual Report on Form 10-K for the fiscal year ended May 31, 2023, as well as in conjunction with the sections entitled "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended May 31, 2023 and in the section entitled "Item 1A. Risk Factors" in this Quarterly Report on Form 10-Q. Forward looking statements in this Form 10-Q are qualified by the cautionary statement included in this Form 10-Q under the sub-heading "Cautionary Note Regarding Forward-Looking Statements" in the introduction of this Form 10-Q.

Company Overview

We are a leading global cannabis-lifestyle and consumer products company headquartered in Leamington and New York, with operations in Canada, the United States, Europe, Australia, and Latin America that is changing people's lives for the better – one person at a time – by inspiring and empowering a worldwide community to live their very best life, enhanced by moments of connection and wellbeing. Tilray's mission is to be the most responsible, trusted and market leading cannabis and consumer products company in the world with a portfolio of innovative, high-quality and beloved brands that address the needs of the consumers, customers and patients we serve.

Our overall strategy is to leverage our brands, infrastructure, expertise and capabilities to drive market share in the industries in which we compete, achieve industry-leading, profitable growth and build sustainable, long-term shareholder value. In order to ensure the long-term sustainable growth of our Company, we continue to focus on developing strong capabilities in consumer insights, drive category management leadership and assess growth opportunities with the introduction of new products and entries into new geographies. In addition, we are relentlessly focused on managing our cost of goods and expenses in order to maintain our strong financial position.

Trends and Other Factors Affecting Our Business

Beverage alcohol market trends:

The U.S. beverage alcohol category is approximately a $180 billion category per AKI Technologies encompassing beer, wine, and spirits and continues to maintain annual growth of 2% amidst shifting consumer trends, especially within the craft industry. Several key trends we expect to shape the near-term outlook for our results in this segment are in two main categories; beer and spirts:

- *Beverage Alcohol Distribution*. In alignment with our strategic vision, we have reevaluated and initiated a refined craft beer strategy focused on enhancing our relevance within home markets. Through targeted efforts, we've bolstered our distribution footprint, adding approximately 1,000 points of distribution during the third quarter ended February 29, 2024. This expansion has notably increased product availability, enabling us to effectively engage with a broader yet more targeted consumer base and drive sales growth.

- *Market share*. Despite a challenging environment marked by a 1.9% decline in the US Craft beer industry according to Circana, the Company's beer category has showcased resilience in our home markets. While our overall performance trended softer due to stronger than anticipated impacts from "Dry January", our emphasis on regional market penetration yielded promising results. Notably, our legacy and acquired brands demonstrated robust performance in their respective regional strongholds, showcasing significant market share gains.

- *Innovation*. Recognizing the evolving consumer landscape and the burgeoning demand for alternative beverage options, we have prioritized innovation and portfolio diversification. Our recent endeavors include expanding 10 Barrel's Pub Line to introduce Pub Ice FMB and Pub Cerveza, alongside the launch of Shock Top Mango and Blueberry variants. These strategic innovations underscore our commitment to offering high-quality options across diverse beverage categories, positioning us for sustained growth and differentiation in the competitive beverage alcohol segment.

In the spirits category, Breckenridge Distillery stands out as a beacon within the bourbon industry, making notable strides in vodka and gin markets while offering a comprehensive hospitality experience through its world-class restaurant and retail location. Our primary growth objective centers on expanding market share across the United States. To fuel future expansion, we prioritize showcasing our exceptional product quality and introducing innovative new offerings. Recent accolades, including Double Gold awards at prestigious competitions and strategic product placements, we believe underscore our brand's growing recognition and appeal. Despite prevailing challenges within the overall spirits market, our focus on whiskey—a resilient segment— we believe positions us for continued growth fueled by innovative product introductions and expanded market presence.

Canadian cannabis market trends:

The cannabis industry in Canada continues to evolve at a rapid pace given how nascent the industry is with federal legalization of adult-use cannabis occurring just over five years ago. Through analysis of the current market conditions, the following key trends have emerged and are anticipated to influence the near-term future in the Canadian cannabis industry:

- *Market share*. Tilray continues to maintain its market leadership position in Canada. However, during the quarter, we experienced a marginal dip in market share in Canada from 12.5% to 11.6% from the immediately preceding quarter, as reported by Hifyre data for all provinces excluding Quebec where Weedcrawler was deemed more accurate. While our market share has increased from the prior year comparison as a result of the strategic acquisitions of HEXO and Truss, the current period decrease reflects the seasonal change in consumer's form factor preferences out of areas we specialize in.

- *Price compression.* Historical price compression persists in the market, intensified by fierce competition among the approximately 1,200 Licensed Producers in Canada. Despite increased sales volume, year-over-year price compression has adversely impacted revenue by approximately $3.1 million and $9.8 million for the three and nine months ended February 29, 2024, influencing both cannabis gross margin and the bottom line. The fixed impact of excise per gram, notwithstanding the decline in average selling prices, further compounds these challenges, prompting ongoing industry lobbying efforts. The Expert Panel, appointed to review the Cannabis Act legislation, recently recommended a review of the excise tax framework and we expect the government to carefully consider changes to reduce the tax burden on licensed producers.

- *Timing difference in recognizing synergized operating results*. We have sought out and will continue to seek out potential acquisitions that are accretive to revenue and earnings. During the course of our evaluation and due diligence, we assess and validate profitability as well as potential synergies to drive additional profitability. Given that the vast majority of synergies are realized during the integration phase of the transaction, these saving are not realized immediately after the closing of a transaction. We are in the process of integrating our recently acquired HEXO and Truss and have identified $27 million of synergies. Once we have achieved the identified synergies, we expect our the profitability of our operating results to increase. In addition, we have evaluated our facilities and have identified cost reductions associated with selling our Quebec cultivation facility and reducing our outdoor grow.

Current developments related to the Excise Tax Act:

It has recently been reported that Canada Revenue Agency (CRA) has taken steps to garnish payments due to Canadian Licensed Producers (LPs), who have failed to pay their Excise Tax in full in a timely manner. The reported garnishments by CRA were quickly followed by at least 2 LPs filing for insolvency protection. We view CRA's proactiveness on account collection as a positive step towards the consolidation of the Canadian cannabis industry. As at the date of this filing we are current with CRA on Excise Taxes owed by all of our Canadian entities that are required to pay Excise Taxes.

It has been reported that the Standing Committee of the Finance Committee has recommended to Canada's Finance Minister that the current excise tax regime be replaced with a 10% ad valorem tax regime. If the Canadian government takes this step and we encourage the various Provincial governments to resist replacing this 10% ad valorem tax regime with their own, to claim any portion of this savings as additional profit by their respective Cannabis boards, or to require the savings be passed directly to consumers, as a means to strengthening the Canadian cannabis industry.

International cannabis market updates:

The cannabis industry in Europe is in its early stages of development whereby countries within Europe are at different stages of legalization of medical and adult-use cannabis as some countries have expressed a clear political ambition to legalize adult-use cannabis (Germany, Portugal, Luxembourg and Czech Republic), some are engaging in an experiment for adult-use (Germany, Netherlands and Switzerland) and some are debating regulations for cannabinoid-based medicine (France and Spain). In Europe, we believe that, despite continuing recessionary economic conditions and the Russian conflict with Ukraine, cannabis legalization (both medicinal and adult-use) will continue to gain traction albeit more slowly than originally expected. This is evidenced by the recently adopted cannabis regulations in Germany, which we believe will serve as a catalyst for continued changes in drug policy throughout Europe. We also continue to believe that Tilray remains uniquely positioned to maintain and gain significant market share in these markets with our vertically-integrated infrastructure and well-placed investments, which is comprised of two EU-GMP cultivation facilities within Europe located in Portugal and Germany, our distribution network and our demonstrated commitment to the availability, quality and safety of our cannabinoid-based medical products.

The following is a summary of the state of cannabis legalization within Europe:

Germany. Today, Germany remains the largest medical cannabis market in Europe.

Subsequent to the end of our third quarter, the Cannabis Act, consisting of two parts, the CanG and MedCanG, passed both chambers of the German parliament, was signed into law by the Office of the Federal President and decriminalization and MedCanG portions of the Cannabis Act became effective on April 1, 2024. It is expected that the licensing process for the cannabis social clubs will become effective on July 1, 2024.

The MedCanG provides for several important medical cannabis reforms including the abolishment of the tender for domestic production, which will be replaced with a regular licensing scheme under the authority of the Federal Institute for Drugs and Medical Devices (the “BfArM”) as well as for the reclassification of medical cannabis from a narcotic to non-narcotic. These reforms will provide medical cannabis patients with enhanced accessibility to medical cannabis as it will allow for it to be prescribed via a normal prescription instead of a narcotic prescription, and will ease the reporting and storing requirements for pharmacies and distributors.

We expect to see the cornerstone framework for the Pillar Two Regulations governing the model projects after the implementation of the Cannabis Act.

We continue to believe that Tilray is well-positioned in Germany, especially in light of the enactment of MedCanG and given that we are one of only three manufacturers of medical cannabis in Germany as our wholly owned subsidiary, Aphria RX, was awarded the tender for the cultivation of medical cannabis in Germany by the BfArM. With the abolishment of the tender, we will seek to obtain a license for our state-of-the-art facility in Neumünster, which will improve our ability to more adequately meets the needs of patients. We further believe that the reclassification of medical cannabis as a non-narcotic provides Tilray with a larger market opportunity.

Switzerland. In October 2021, Switzerland announced its intention to legalize cannabis by allowing production, cultivation, trade, and consumption, and in the meantime, it is commencing pilot projects in various cities, which permits selected participants to purchase cannabis for adult-use in various pharmacies in order to conduct studies on the cannabis market and its impact on Swiss society. It is the first trial for the legal distribution of adult-use cannabis containing THC in Europe. Switzerland is currently running trials in the cities of Lausanne, Zürich, Liestal, Allschwil, Bern, Bienne, and Lucerne, along with the cantons of Basel-Stadt and Geneva. On March 18, 2024, Switzerland announced a new pilot study in the district of canton Zürich, which is expected to be the largest.

Spain. In February 2024, Spain’s Ministry of Health announced that it had started the process to develop a Royal Decree with which it plans to approve the regulation of medical cannabis. In addition, it launched a public consultation on its proposals for a medical cannabis framework in the country and provided organizations and individual with the opportunity to submit their comments.

France. France launched a two-year pilot experiment to supply approximately 3,000 patients with medical cannabis. To date, over 2,500 patients are enrolled in the experiment, which has been extended for another year and was targeted to end March 2024. Patients who have taken part in the pilot before March 27, 2024, can continue their treatment as previously, but no new patients will be allowed to join the pilot. In October 2023, the government proposed an amendment to the Social Security Financing Bill (PLFSS) adding medical cannabis law to France's general medical framework. Under the new proposals, medical cannabis products will be granted a "temporary authorization" for five years, with a possibility of indefinite renewals. In addition, the French National Medicines Safety Agency (ANSM) recently confirmed that cannabis flower will not be included in its generalized medical marijuana program.

Czech Republic. The Czech Republic has discussed plans to launch a fully regulated adult-use cannabis market. It is understood that there are two separate versions of a bill to legalize adult-use cannabis, one with a fully regulated commercial market and one without. These are expected to be submitted to the Czech government to determine which model it will pursue.

Malta. In 2021, became the first country in the European Union to legalize personal possession of the drug and permit private “cannabis clubs,” where members can grow and share the drug.

Netherlands. The Netherlands launched a pilot program involving the cultivation of cannabis for adult-use. The purpose of the experiment is to determine whether and how controlled cannabis can be legally supplied to coffeeshops and what the effects of this would be. During the experiment, legally produced cannabis will be sold in coffeeshops in 10 municipalities. Coffeeshops in these municipalities may only sell legally produced cannabis. The term of the experiment is set for four years. On March 5, 2024, the Tweede Kamer, the lower house of Parliament, rejected the bill that aimed to include Amsterdam in the pilot project.

Ukraine. In February 2024, President Zelensky signed the legislation permitting the prescription of cannabis-based medicines for conditions including pain, cancer and PTSD. It is expected that, over the next six months, Ukraine’s ministries will outline legislation allowing for the importation of cannabis-based medicines into Ukraine, as well as the domestic cultivation of medical cannabis.

Wellness market trends:

Manitoba Harvest's branded hemp business continued to expand its U.S. and Canadian leading market share position during the three and nine months ended February 29, 2024, with consumption up in both the Natural and Conventional Channels, with the brands top five customers all seeing growth. The Company continues to focus on value-added innovation within the wellness and food beverage space, with the launch of Bio-Active Fiber and protein rich Oatmeal coming to market during the three months ended February 29, 2024. In addition, during the later half of the quarter we relaunched HiBall energy drinks within the wellness beverages space to complement our recent Happy Flower CBD beverage launch.

Acquisitions, Strategic Transactions and Synergies

We strive to continue to expand our business on a consolidated basis, through a combination of organic growth and acquisition. While we continue to execute against our strategic initiatives that we believe will result in the long-term, sustainable growth and value to our stockholders, we continue to evaluate potential acquisitions and other strategic transactions of businesses that we believe complement our existing portfolio, infrastructure and capabilities or provide us with the opportunity to enter attractive new geographic markets and product categories as well as expand our existing capabilities. In addition, we have exited certain businesses and continue to evaluate certain businesses within our portfolio that are dilutive to profitability and cash flow. As a result, we incur transaction costs in connection with identifying and completing acquisitions and strategic transactions, as well as ongoing integration costs as we combine acquired companies and continue to achieve synergies, which is offset by income generated in connection with the execution of these transactions. For the three and nine months ended February 29, 2024, we incurred $3.5 million and $13.1 million of transaction expenses, discussed further below.

Our acquisition strategy has had a material impact on the Company's results in the current quarter and we expect will continue into future periods, generating accretive impacts for our stockholders. A summary of their impacts are as follows:

- ***HEXO acquisition:***

On June 22, 2023, Tilray acquired HEXO Corp. ("HEXO") as discussed in Note 7 (Business acquisitions). With the HEXO Acquisition, Tilray initially expected to achieve additional cost savings of $27 million on an annualized pre-tax basis and has subsequently increased this target to between $30 to $35 million. These synergies will be realized across production, sales, marketing, distribution, and corporate savings, with incremental upside resulting from consolidating packaging, procurement, freight, logistics in addition to our facility rationalization in Quebec. This builds on Tilray's substantial progress optimizing its Canadian cannabis operations discussed below. During the three and nine months ended February 29, 2024, we have achieved $27.5 million of our synergy plan on an annualized run-rate basis, of which $15.6 million represented actual cost savings during the period. As discussed in our trends section, these cost savings initiatives take time to implement, resulting in related benefits being realized over time.

- ***Craft beverage acquisition:***

On September 29, 2023, Tilray acquired a portfolio of craft beer brands, assets and businesses comprising eight beer and beverage brands from Anheuser-Busch Companies, LLC, including breweries and brewpubs associated with them (the "Craft Acquisition"). The acquired businesses include Shock Top, Breckenridge Brewery, Blue Point Brewing Company, 10 Barrel Brewing Company, Redhook Brewery, Widmer Brothers Brewing, Square Mile Cider Company, and HiBall Energy. The details of the acquisition are as described in Note 7 (Business acquisitions). The Craft Acquisition, is expected to be transformational to our beverage alcohol strategy elevating the Company to the 5th largest U.S. Craft Beer market share position from our previous 9th place market share position.

The Company further believes the Craft transaction will be accretive to our adjusted EBITDA, driven by a range of strategic benefits, including:

- An established brand portfolio with a devoted consumer base, coupled with growth potential through integration and expanded capabilities in both alcoholic and non-alcoholic beverages.
- The acquisition encompasses four production facilities and eight brewpub locations, further solidifying our operational presence.
- A reinforced nationwide distribution footprint, propelling Tilray's beer sales volume from four million cases to twelve million, thereby tripling its market reach on a pro forma basis.

In addition to acquisitions completed above, the Company has also completed the following cost saving strategies during the second quarter which impact results for the nine months ended February 29, 2024:

- ***Cannabis business cost reduction plan:***

During the fourth quarter of our fiscal year ended May 31, 2022, the Company launched a $30 million cost optimization plan of our existing cannabis business to solidify our position as an industry leading low-cost producer. As of the date of the conclusion of the plan, we achieved $22.3 million against the plan. The Company now considers this plan fulfilled, owing to a strategic shift in our Cannabis beverage strategy. The Company's original targets involved repurposing our beverage facility; however, this initiative was altered following the Truss acquisition, which required additional capacity from our existing infrastructure.

- ***International Cannabis business cost reduction plan:***

During our fiscal year ended May 31, 2023, the Company launched an $8.0 million cost optimization plan for our international cannabis business to adapt to changing market dynamics and slower than anticipated legalization in Europe. As of the date of the conclusion of the plan, we achieved an annualized run-rate basis of $7.6 million of cost savings. The Company concluded this savings plan as of November 30, 2023. Approximately $1.3 million of cost savings identified in connection with the $8.0 million cost optimization plan were associated with a temporary furlough of certain cultivation employees, which did not occur due to an increase in the demand for our medical cannabis products thereby rendering such action not necessary. Additional cost savings were identified in order to offset the unrealized savings associated with the planned furlough.

Political and Economic Environment

Our results of operations can also be affected by economic, political, legislative, regulatory, legal actions, the global volatility and general market disruption resulting from geopolitical tensions, such as Russia's incursion into Ukraine. Economic conditions, such as recessionary trends, inflation, supply chain disruptions, interest and monetary exchange rates, and government fiscal policies, and the recent banking credit crises, can have a significant effect on operations. Accordingly, we could be affected by civil, criminal, environmental, regulatory or administrative actions, claims or proceedings.

Results of Operations

Our consolidated results, in thousands except for per share data, are as follows:

	For the three months ended				For the nine months ended			
(in thousands of U.S. dollars)	February 29, 2024	February 28, 2023	Change 2024 vs. 2023	% Change 2024 vs. 2023	February 29, 2024	February 28, 2023	Change 2024 vs. 2023	% Change 2024 vs. 2023
Net revenue	$ 188,340	$ 145,589	$ 42,751	29%	$ 559,060	$ 442,936	$ 116,124	26%
Cost of goods sold	138,944	157,288	(18,344)	(12)%	418,059	363,139	54,920	15%
Gross profit (loss)	49,396	(11,699)	61,095	(522)%	141,001	79,797	61,204	77%
Operating expenses:								
General and administrative	39,940	38,999	941	2%	123,769	117,385	6,384	5%
Selling	9,995	6,452	3,543	55%	24,437	25,792	(1,355)	(5)%
Amortization	21,558	23,518	(1,960)	(8)%	65,700	71,872	(6,172)	(9)%
Marketing and promotion	11,191	7,354	3,837	52%	28,934	23,137	5,797	25%
Research and development	106	171	(65)	(38)%	241	502	(261)	(52)%
Change in fair value of contingent consideration	(5,983)	352	(6,335)	(1,800)%	(16,790)	563	(17,353)	(3,082)%
Impairments	—	934,000	(934,000)	(100)%	—	934,000	(934,000)	(100)%
Other than temporary change in fair value of convertible notes receivable	42,681	181,376	(138,695)	(76)%	42,681	181,376	(138,695)	(76)%
Litigation costs, net of recoveries	3,363	(5,230)	8,593	(164)%	8,439	(1,970)	10,409	(528)%
Restructuring costs	5,178	2,663	2,515	94%	8,748	10,727	(1,979)	(18)%
Transaction costs (income)	3,465	5,382	(1,917)	(36)%	13,061	(3,882)	16,943	(436)%
Total operating expenses	131,494	1,195,037	(1,063,543)	(89)%	299,220	1,359,502	(1,060,282)	(78)%
Operating loss	(82,098)	(1,206,736)	1,124,638	(93)%	(158,219)	(1,279,705)	1,121,486	(88)%
Interest expense, net	(8,517)	(1,040)	(7,477)	719%	(26,977)	(8,560)	(18,417)	215%
Non-operating (expense) income, net	(17,239)	1,213	(18,452)	(1,521)%	(20,820)	(50,229)	29,409	(59)%
Loss before income taxes	(107,854)	(1,206,563)	1,098,709	(91)%	(206,016)	(1,338,494)	1,132,478	(85)%
Income tax expense	(2,871)	(10,811)	7,940	(73)%	1,013	(15,313)	16,326	(107)%
Net loss	$ (104,983)	$ (1,195,752)	$ 1,090,769	(91)%	$ (207,029)	$ (1,323,181)	$ 1,116,152	(84)%

Use of Non-GAAP Measures

Throughout this Management's Discussion and Analysis of Financial Condition and Results of Operations in this Quarterly Report on Form 10-Q, we discuss non-GAAP financial measures, including reference to:

- adjusted gross profit (excluding purchase price allocation (“PPA”) fair value step up) and inventory valuation adjustments for each reporting segment (Cannabis, Beverage alcohol, distribution and Wellness) as applicable,
- adjusted gross margin (excluding purchase price allocation (“PPA”) fair value step up) and inventory valuation adjustments for each reporting segment (Cannabis, Beverage alcohol, distribution and Wellness) as applicable,
- adjusted EBITDA,
- cash and marketable securities, and
- constant currency presentation of net revenue.

All these non-GAAP financial measures should be considered in addition to, and not in lieu of, the financial measures calculated and presented in accordance with accounting principles generally accepted in the United States of America, ("GAAP"). These measures, which may be different than similarly titled measures used by other companies, are presented to help investors' overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. Please see "Reconciliation of Non-GAAP Financial Measures to GAAP Measures" below for reconciliation of such non-GAAP Measures to the most directly comparable GAAP financial measures, as well as a discussion of our adjusted gross margin, adjusted gross profit and adjusted EBITDA measures and the calculation of such measures.

Constant Currency Presentation

We believe that this measure provides useful information to investors because it provides transparency to underlying performance in our consolidated net sales by excluding the effect that foreign currency exchange rate fluctuations have on period-to-period comparability given the volatility in foreign currency exchange markets. To present this information for historical periods, current period net sales for entities reporting in currencies other than the U.S. Dollar are translated into U.S. Dollars at the average monthly exchange rates in effect during the corresponding period of the prior fiscal year rather than at the actual average monthly exchange rate in effect during the current period of the current fiscal year. As a result, the foreign currency impact is equal to the current year results in local currencies multiplied by the change in average foreign currency exchange rate between the current fiscal period and the corresponding period of the prior fiscal year.

Cash and Marketable Securities

The Company combines the Cash and cash equivalent financial statement line item and the Marketable securities financial statement line item as an aggregate total as reconciled in the liquidity and capital resource section below. The Company’s management believes that this presentation provides useful information to management, analysts and investors regarding certain additional financial and business trends relating to its short-term liquidity position by combining these three GAAP metrics.

Operating Metrics and Non-GAAP Measures

We use the operating metrics and non-GAAP measures set forth in the table below to evaluate our business and operations, measure our performance, identify trends affecting our business, project our future performance, and make strategic decisions. Other companies, including companies in our industry, may calculate operating metrics and non-GAAP measures with similar names differently which may reduce their usefulness as comparative measures. Certain variances are labeled as not meaningful ("NM") throughout management's discussion and analysis.

	For the three months ended		For the nine months ended	
(in thousands of U.S. dollars)	**February 29, 2024**	**February 28, 2023**	**February 29, 2024**	**February 28, 2023**
Net beverage alcohol revenue	$ 54,688	$ 20,640	$ 125,355	$ 62,689
Net cannabis revenue	63,432	47,549	200,879	156,017
Distribution revenue	56,794	65,385	193,174	186,158
Wellness revenue	13,426	12,015	39,652	38,072
Beverage alcohol costs	35,836	10,663	77,615	32,932
Cannabis costs	42,518	80,362	139,507	137,800
Distribution costs	51,231	57,964	172,846	165,443
Wellness costs	9,359	8,299	28,091	26,964
Adjusted gross profit (excluding PPA step-up) (1)	51,643	44,310	153,055	138,020
Beverage alcohol adjusted gross margin (excluding PPA step-up) (1)	38%	53%	42%	53%
Cannabis adjusted gross margin (excluding PPA step-up) (1)	33%	47%	34%	47%
Distribution gross margin	10%	11%	11%	11%
Wellness gross margin	30%	31%	29%	29%
Adjusted EBITDA (1)	$ 10,154	$ 13,315	30,974	$ 37,154
Cash and marketable securities (1) as at the period ended:	225,858	408,283	225,858	408,283
Working capital as at the period ended:	$ 302,111	$ 288,830	$ 302,111	$ 288,830

(1) Adjusted EBITDA, adjusted gross profit (excluding PPA step-up) and adjusted gross margin (excluding PPA step-up) and inventory valuation adjustments for each of our segments, and cash and marketable securities are non-GAAP financial measures. See "Use of Non-GAAP Measures" above for a discussion of these Non-GAAP measures and "Reconciliation of Non-GAAP Financial Measures to GAAP Measures" below for a reconciliation of these Non-GAAP Measures to our most comparable GAAP measure.

Segment Reporting

Our reporting segments revenue is comprised of revenues from our beverage alcohol, cannabis, distribution, and wellness operations, as follows:

	For the three months ended				For the nine months ended			
(in thousands of U.S. dollars)	**February 29, 2024**	**February 28, 2023**	**Change**	**% Change**	**February 29, 2024**	**February 28, 2023**	**Change**	**% Change**
			2024 vs. 2023				**2024 vs. 2023**	
Beverage alcohol business	$ 54,688	$ 20,640	$ 34,048	165%	$ 125,355	$ 62,689	$ 62,666	100%
Cannabis business	63,432	47,549	15,883	33%	200,879	156,017	44,862	29%
Distribution business	56,794	65,385	(8,591)	(13)%	193,174	186,158	7,016	4%
Wellness business	13,426	12,015	1,411	12%	39,652	38,072	1,580	4%
Total net revenue	$ 188,340	$ 145,589	$ 42,751	29%	$ 559,060	$ 442,936	$ 116,124	26%

Our reporting segments revenue using a constant currency[1] are as follows:

(in thousands of U.S. dollars)	For the three months ended February 29, 2024	For the three months ended February 28, 2023 as reported in constant currency	Change 2024 vs. 2023	% Change 2024 vs. 2023	For the nine months ended February 29, 2024	For the nine months ended February 28, 2023 as reported in constant currency	Change 2024 vs. 2023	% Change 2024 vs. 2023
Beverage alcohol business	$ 54,688	$ 20,640	$ 34,048	165%	$ 125,355	$ 62,689	$ 62,666	100%
Cannabis business	63,436	47,549	15,887	33%	202,186	156,017	46,169	30%
Distribution business	59,008	65,385	(6,377)	(10)%	190,462	186,158	4,304	2%
Wellness business	13,381	12,015	1,366	11%	39,844	38,072	1,772	5%
Total net revenue	$ 190,513	$ 145,589	$ 44,924	31%	$ 557,847	$ 442,936	$ 114,911	26%

Our geographic revenue is as follows:

(in thousands of U.S. dollars)	For the three months ended February 29, 2024	For the three months ended February 28, 2023	Change 2024 vs. 2023	% Change 2024 vs. 2023	For the nine months ended February 29, 2024	For the nine months ended February 28, 2023	Change 2024 vs. 2023	% Change 2024 vs. 2023
North America	$ 117,524	$ 70,463	$ 47,061	67%	$ 325,664	$ 228,866	$ 96,798	42%
EMEA	67,143	71,111	(3,968)	(6)%	222,139	199,867	22,272	11%
Rest of World	3,673	4,015	(342)	(9)%	11,257	14,203	(2,946)	(21)%
Total net revenue	$ 188,340	$ 145,589	$ 42,751	29%	$ 559,060	$ 442,936	$ 116,124	26%

Our geographic revenue using a constant currency[1] is as follows:

(in thousands of U.S. dollars)	For the three months ended February 29, 2024	For the three months ended February 28, 2023 as reported in constant currency	Change 2024 vs. 2023	% Change 2024 vs. 2023	For the nine months ended February 29, 2024	For the nine months ended February 28, 2023 as reported in constant currency	Change 2024 vs. 2023	% Change 2024 vs. 2023
North America	$ 117,091	$ 70,463	$ 46,628	66%	$ 327,734	$ 228,866	$ 98,868	43%
EMEA	66,139	71,111	(4,972)	(7)%	211,384	199,867	11,517	6%
Rest of World	7,283	4,015	3,268	81%	18,729	14,203	4,526	32%
Total net revenue	$ 190,513	$ 145,589	$ 44,924	31%	$ 557,847	$ 442,936	$ 114,911	26%

Our geographic capital assets are as follows:

(in thousands of U.S. dollars)	February 29, 2024	May 31, 2023	Change 2024 vs. 2023	% Change 2024 vs. 2023
North America	$ 473,779	$ 319,173	$ 154,606	48%
EMEA	101,271	107,131	(5,860)	(5)%
Rest of World	3,733	3,363	370	11%
Total capital assets	$ 578,783	$ 429,667	$ 149,116	35%

Beverage alcohol revenue

Revenue from our Beverage alcohol operations increased to $54.7 million and $125.4 million for the three and nine months ended February 29, 2024, compared to revenue of $20.6 million and $62.7 million for the prior year period. The increase observed during both the three and nine-month periods can be predominantly attributed to our recent acquisitions, particularly the newly integrated Craft Acquisition brands finalized on September 29, 2023. Specifically, the three-month increase is solely driven by the performance of these newly acquired brands, while our legacy brands have maintained consistent performance throughout the period. Furthermore, the nine-month period increase was also influenced by the newly acquired brands and by the organic growth of 9% in our legacy brand portfolio. The Company anticipates that revenue will increase for both acquired and legacy brands through our continued focus on expanding distribution points. Lastly during the three month period, the Company received a volume commitment reimbursement of $2.5 million in our spirits business which positively impacted gross margin.

Cannabis revenue

Cannabis revenue based on market channel is as follows:

	For the three months ended				For the nine months ended			
(in thousands of US dollars)	February 29, 2024	February 28, 2023	Change 2024 vs. 2023	% Change 2024 vs. 2023	February 29, 2024	February 28, 2023	Change 2024 vs. 2023	% Change 2024 vs. 2023
Revenue from Canadian medical cannabis	$ 6,363	$ 6,035	$ 328	5%	$ 18,793	$ 18,920	$ (127)	(1)%
Revenue from Canadian adult-use cannabis	62,107	45,318	16,789	37%	205,350	156,063	49,287	32%
Revenue from wholesale cannabis	2,764	58	2,706	4,666%	12,348	686	11,662	1,700%
Revenue from international cannabis	14,002	9,707	4,295	44%	40,185	27,834	12,351	44%
Total cannabis revenue	85,236	61,118	24,118	39%	276,676	203,503	73,173	36%
Excise taxes	(21,804)	(13,569)	(8,235)	61%	(75,797)	(47,486)	(28,311)	60%
Total cannabis net revenue	$ 63,432	$ 47,549	$ 15,883	33%	$ 200,879	$ 156,017	$ 44,862	29%

Cannabis revenue based on market channel using a constant currency(1) is as follows:

	For the three months ended				For the nine months ended			
(in thousands of US dollars)	February 29, as reported in constant currency 2024	February 28, as reported in constant currency 2023	Change 2024 vs. 2023	% Change 2024 vs. 2023	February 29, as reported in constant currency 2024	February 28, as reported in constant currency 2023	Change 2024 vs. 2023	% Change 2024 vs. 2023
Revenue from Canadian medical cannabis	$ 6,307	$ 6,035	$ 272	5%	$ 18,994	$ 18,920	$ 74	0%
Revenue from Canadian adult-use cannabis	61,576	45,318	16,258	36%	207,708	156,063	51,645	33%
Revenue from wholesale cannabis	2,763	58	2,705	4,664%	12,559	686	11,873	1,731%
Revenue from international cannabis	14,390	9,707	4,683	48%	39,609	27,834	11,775	42%
Total cannabis revenue	85,036	61,118	23,918	39%	278,870	203,503	75,367	37%
Excise taxes	(21,600)	(13,569)	(8,031)	59%	(76,684)	(47,486)	(29,198)	61%
Total cannabis net revenue	$ 63,436	$ 47,549	$ 15,887	33%	$ 202,186	$ 156,017	$ 46,169	30%

(1) The constant currency presentation of our Cannabis revenue based on market channel is a non-GAAP financial measure. See "Use of Non-GAAP Measures –Constant Currency Presentation" above for a discussion of these Non-GAAP Measures.

Revenue from Canadian medical cannabis: Revenue from Canadian medical cannabis increased to $6.4 million and $18.8 million for the three and nine months ended February 29, 2024, compared to revenue of $6.0 million and $18.9 million for the prior year same period. On a constant currency basis revenue from Canadian medical cannabis was $6.3 million and $19.0 million for the three and nine months ended February 29, 2024, compared to revenue of $6.0 million and $18.9 million for the prior year same periods. On an industry basis, the medical channel continues to experience migration of non-insured patients moving to the adult-use market. Despite this industry trend, we have grown our assortment in Tilray medical and maintained our sales despite the loss in patient base.

Revenue from Canadian adult-use cannabis: During the three and nine months ended February 29, 2024, our revenue from Canadian adult-use cannabis increased to $62.1 million and $205.4 million, compared to revenue of $45.3 million and $156.1 million for the prior year period. Further, the prior year revenue includes advisory fees in the amount of $8.7 million and $24.3 million for the three and nine months ended February 28, 2023, compared to $nil and $1.5 million for the three and nine months ended February 29, 2024. Excluding these advisory service fees, revenue increased by $25.5 million and $72.1 million for the three and nine months ended February 29, 2024. The increase in adult-use revenue is due to the acquisitions of HEXO on June 22, 2023 and Truss on August 3, 2023, and our robust innovation pipeline from existing brands. On a constant currency basis, our revenue from Canadian adult-use cannabis increased to $61.6 million and $207.7 million for the three and nine months ended February 29, 2024.

Wholesale cannabis revenue: Revenue from wholesale cannabis increased to $2.8 million and $12.3 million for the three and nine months ended February 29, 2024, compared to revenue of $0.1 million and $0.7 million for the prior year period. On a constant currency basis, revenue from wholesale cannabis increased to $2.8 million and $12.6 million for the three and nine months ended February 29, 2024 compared to revenue of $0.1 million and $0.7 million. The Company continues to believe that wholesale cannabis revenue will remain subject to quarter-to-quarter variability and is based on opportunistic sales. The wholesale transactions that occurred in the current year periods aided with our liquidity initiatives to increase our cash flow from operations despite having unfavorable impacts on our gross margin and EBITDA.

International cannabis revenue: Revenue from international cannabis increased to $14.0 million and $40.2 million for the three and nine months ended February 29, 2024, compared to revenue of $9.7 million and $27.8 million for the prior year period. On a constant currency basis, given the changes in the Euro against the U.S. Dollar when compared to the prior year quarter, revenue from international cannabis was $14.4 million and $39.6 million compared to $9.7 million and $27.8 million in the prior year period (during the nine months ended February 28, 2023, the Company recognized a one-time return adjustment of $3.1 million related to a former customer in Israel that commenced bankruptcy proceedings). The increase in the period is largely driven by revenue growth in existing markets and expansion into new international medical markets.

Distribution revenue

Revenue from distribution decreased to $56.8 million and increased to $193.2 million for the three and nine months ended February 29, 2024, compared to revenue of $65.4 million and $186.2 million for the prior year period. On a constant currency basis, given the change in the Euro and Argentine Peso against the U.S. Dollar in the quarter, revenue from Distribution was $59.0 million and $190.5 million for the three and nine months ended February 29, 2024. In the quarter, revenue was negatively impacted by IT infrastructure outages and weather, both of which impacted revenue by approximately $3.0 million. Additionally, the Company faced short-term challenges related to new regulatory rebates, which caused us to lower our sales activities.

Wellness revenue

Our Wellness revenue showed strong growth delivering $13.4 million and $39.7 million for the three and nine months ended February 29, 2024 compared to $12.0 million and $38.1 million from the prior year period. On a constant currency basis for the three and nine months ended February 29, 2024, Wellness revenue increased to $13.4 million and $39.8 million from $12.0 and $38.1 million. The increase in revenue can be attributed to our strategic focus on targeted advertising campaigns aligned with emerging trends in healthier lifestyles, particularly around the new year, coupled with our continuous innovation efforts.

Gross profit, gross margin and adjusted gross margin[(1)] for our reporting segments

Our gross profit and gross margin for the three and nine months ended February 29, 2024 and February 28, 2023, is as follows:

(in thousands of U.S. dollars)	For the three months ended February 29, 2024	February 28, 2023	Change 2024 vs. 2023	% Change 2024 vs. 2023	For the nine months ended February 29, 2024	February 28, 2023	Change 2024 vs. 2023	% Change 2024 vs. 2023
Beverage alcohol								
Net revenue	$ 54,688	$ 20,640	$ 34,048	165%	$ 125,355	$ 62,689	$ 62,666	100%
Cost of goods sold	35,836	10,663	25,173	236%	77,615	32,932	44,683	136%
Gross profit	18,852	9,977	8,875	89%	47,740	29,757	17,983	60%
Gross margin	34%	48%	(14)%	(29)%	38%	47%	(9)%	(19)%
Purchase price accounting step-up	2,073	1,009	1,064	105%	4,426	3,223	1,203	37%
Adjusted gross profit (1)	20,925	10,986	9,939	90%	52,166	32,980	19,186	58%
Adjusted gross margin (1)	38%	53%	(15%)	(28%)	42%	53%	(11%)	(21%)
Cannabis								
Net revenue	63,432	47,549	15,883	33%	200,879	156,017	44,862	29%
Cost of goods sold	42,518	80,362	(37,844)	(47)%	139,507	137,800	1,707	1%
Gross profit (loss)	20,914	(32,813)	53,727	(164)%	61,372	18,217	43,155	237%
Gross margin	33%	(69)%	102%	(148)%	31%	12%	19%	158%
Purchase price accounting step-up	174	—	174	NM	7,628	—	7,628	NM
Inventory valuation adjustments	—	55,000	(55,000)	(100)%	—	55,000	(55,000)	(100)%
Adjusted gross profit (1)	21,088	22,187	(1,099)	(5)%	69,000	73,217	(4,217)	(6)%
Adjusted gross margin (1)	33%	47%	(14)%	(30)%	34%	47%	(13)%	(28)%
Distribution								
Net revenue	56,794	65,385	(8,591)	(13)%	193,174	186,158	7,016	4%
Cost of goods sold	51,231	57,964	(6,733)	(12)%	172,846	165,443	7,403	4%
Gross profit	5,563	7,421	(1,858)	(25)%	20,328	20,715	(387)	(2)%
Gross margin	10%	11%	(1)%	(9)%	11%	11%	0%	0%
Wellness								
Net revenue	13,426	12,015	1,411	12%	39,652	38,072	1,580	4%
Cost of goods sold	9,359	8,299	1,060	13%	28,091	26,964	1,127	4%
Gross profit	4,067	3,716	351	9%	11,561	11,108	453	4%
Gross margin	30%	31%	(1)%	(3)%	29%	29%	0%	0%
Total								
Net revenue	188,340	145,589	42,751	29%	559,060	442,936	116,124	26%
Cost of goods sold	138,944	157,288	(18,344)	(12)%	418,059	363,139	54,920	15%
Gross profit	49,396	(11,699)	61,095	(522)%	141,001	79,797	61,204	77%
Gross margin	26%	(8)%	34%	(425)%	25%	18%	7%	39%
Inventory valuation adjustments	—	55,000	(55,000)	(100)%	—	55,000	(55,000)	(100)%
Purchase price accounting step-up	2,247	1,009	1,238	123%	12,054	3,223	8,831	274%
Adjusted gross profit (1)	51,643	44,310	7,333	17%	153,055	138,020	15,035	11%
Adjusted gross margin (1)	27%	30%	(3)%	(10)%	27%	31%	(4)%	(13)%

(1) Adjusted gross profit is our Gross profit (adjusted to exclude purchase price accounting valuation step-up and inventory valuation adjustments) and adjusted gross margin is our Gross margin (adjusted to exclude purchase price accounting valuation step-up and inventory valuation adjustments) and are non-GAAP financial measures. See "Use of Non-GAAP Measures" above for additional discussion regarding these non-GAAP measures. The Company's management believes that adjusted gross profit and adjusted gross margin are useful to our management to evaluate our business and operations, measure our performance, identify trends affecting our business, project our future performance, and make strategic decisions. We do not consider adjusted gross profit and adjusted gross margin in isolation or as an alternative to financial measures determined in accordance with GAAP.

Beverage alcohol gross margin: Gross margin of 34% and 38% for the three and nine months ended February 29, 2024 decreased from 48% and 47% from the same period in the prior year. Adjusted gross margin of 38% and 42% for the three and nine months ended February 29, 2024 decreased from 53% and 53% from the periods in the prior year. The decrease in the adjusted beverage alcohol gross margin was a result of the newly acquired Craft Acquisition brands, which have lower margins than our historical business, primarily driven by the temporary excess capacity within the acquired breweries, which we are actively evaluating for future optimization and enhanced utilization. Additionally, during the three month period this decrease was offset by a $2.5 million volume commitment reimbursement in our spirits business, which did not have any costs associated with it.

Cannabis gross margin: Gross margin increased during the three and nine months ended February 29, 2024 to 33% and 31% from (69)% and 12% for the prior year same period. Excluding the impact of the non-cash fair value purchase price accounting step-up and inventory valuation adjustments, adjusted gross margin during the three and nine months ended February 29, 2024 decreased to 33% and 34% from 47% and 47% when comparing the same prior year period. A portion of the decrease is a result of the termination of the HEXO advisory services agreement which contributed $nil and $1.5 million of gross profit in the current year compared to $8.7 and $24.3 million in the prior year, which if excluded would decrease adjusted gross margin to 35% and 37% for the three and nine months ended February 28, 2023. The remaining decline in gross margin for the three and nine month periods was a result of a change in sales mix with a higher percentage of sales coming from wholesale.

Distribution gross margin: Gross margin of 10% and 11% for the three and nine months ended February 29, 2024 decreased from 11% and 11% for the prior year period. While consistent for the nine month period comparison, the decrease in the gross margin for the three month period is attributed to product mix.

Wellness gross margin: Gross margin of 30% and 29% for the three and nine months ended February 29, 2024 decreased from 31% and 29% from the same period in the prior year. The decrease in the three month period was a result of a change in sales mix towards more bulk retail sales which have a lower margin. Wellness gross margin stayed consistent during the nine month period.

Operating expenses

(in thousands of US dollars)	For the three months ended February 29, 2024	February 28, 2023	Change 2024 vs. 2023	% Change 2024 vs. 2023	For the nine months ended February 29, 2024	February 28, 2023	Change 2024 vs. 2023	% Change 2024 vs. 2023
General and administrative	$ 39,940	$ 38,999	$ 941	2%	$ 123,769	$ 117,385	$ 6,384	5%
Selling	9,995	6,452	3,543	55%	24,437	25,792	(1,355)	(5)%
Amortization	21,558	23,518	(1,960)	(8)%	65,700	71,872	(6,172)	(9)%
Marketing and promotion	11,191	7,354	3,837	52%	28,934	23,137	5,797	25%
Research and development	106	171	(65)	(38)%	241	502	(261)	(52)%
Change in fair value of contingent consideration	(5,983)	352	(6,335)	(1,800)%	(16,790)	563	(17,353)	(3,082)%
Impairments	—	934,000	(934,000)	(100)%	—	934,000	(934,000)	(100)%
Other than temporary change in fair value of convertible notes receivable	42,681	181,376	(138,695)	(76)%	42,681	181,376	(138,695)	(76)%
Litigation costs, net of recoveries	3,363	(5,230)	8,593	(164)%	8,439	(1,970)	10,409	(528)%
Restructuring costs	5,178	2,663	2,515	94%	8,748	10,727	(1,979)	(18)%
Transaction costs (income)	3,465	5,382	(1,917)	(36)%	13,061	(3,882)	16,943	(436)%
Total operating expenses	$ 131,494	$ 1,195,037	$ (1,063,543)	(89)%	$ 299,220	$ 1,359,502	$ (1,060,282)	(78)%

Operating expenses are comprised of general and administrative, selling, amortization, marketing and promotion, research and development, change in fair value of contingent consideration, impairments, other than temporary change in fair value of convertible notes receivable, litigation costs, net of recoveries, restructuring costs and transaction (income) costs. These costs decreased by ($1,063.5) and ($1,060.3) million to $131.5 and $299.2 million for the three and nine months ended February 29, 2024 as compared to $1,195.0 and $1,359.5 million for the same period of the prior year. These changes period over period are described below.

General and administrative costs

During the three and nine months ended February 29, 2024, the changes in general and administrative costs when compared to the prior year periods are described as follows:

(in thousands of US dollars)	For the three months ended February 29, 2024	February 28, 2023	Change 2024 vs. 2023	% Change 2024 vs. 2023	For the nine months ended February 29, 2024	February 28, 2023	Change 2024 vs. 2023	% Change 2024 vs. 2023
Executive compensation	$ 1,585	$ 2,754	$ (1,169)	(42)%	$ 4,757	$ 9,359	$ (4,602)	(49)%
Office and general	4,190	6,799	(2,609)	(38)%	20,423	20,011	412	2%
Salaries and wages	19,588	13,621	5,967	44%	52,310	38,407	13,903	36%
Stock-based compensation	8,059	9,630	(1,571)	(16)%	24,517	29,766	(5,249)	(18)%
Insurance	3,569	3,159	410	13%	9,917	8,588	1,329	15%
Professional fees	656	1,165	(509)	(44)%	4,658	5,385	(727)	(14)%
(Gain) loss on sale of capital assets	23	(15)	38	(253)%	3	(2)	5	(250)%
Travel and accommodation	1,246	1,104	142	13%	3,727	3,484	243	7%
Rent	1,024	782	242	31%	3,457	2,387	1,070	45%
Total general and administrative costs	$ 39,940	$ 38,999	$ 941	2%	$ 123,769	$ 117,385	$ 6,384	5%

Executive compensation decreased by 42% and 49% in the three and nine months ended February 29, 2024, primarily as a result of changes in estimates related to timing of compensation accruals.

Office and general decreased by 38% and 2% during the three and nine months ended February 29, 2024. The decrease for the three month period is a result of $4.4 million of bad debt recoveries on a previously recognized credit loss provision, see Note 19 (Commitments and contingencies). The decrease is offset by the acquisition of the newly acquired beverage alcohol business portfolio and HEXO, which did not occur in the prior period.

Salaries and wages increased by 44% and 36% during the three and nine months ended February 29, 2024. The increase is primarily due to the inclusion of newly acquired beverage alcohol business portfolio and HEXO employees, which were not in the prior period.

The Company recognized stock-based compensation expense of $8.1 and $24.5 million for the three and nine months ended February 29, 2024 compared to $9.6 and $29.8 million for the same period in the prior year. Stock based compensation expense is based on the time-based vesting schedules and varies according to the assumptions used in the vesting model. During the three and nine months ended February 29, 2024, as a result of a change in the probability of achievement of stock price targets for certain grants issued in 2021, as well as an increased forfeiture rate, stock-based compensation decreased period over period.

Insurance expense increased by 13% and increased by 15% for the three and nine months ended February 29, 2024 to $3.6 and $9.9 million from $3.2 and $8.6 million for the same period in the prior year. The increase for the three and nine months ended February 29, 2024, was driven by the expanded polices required for our newly acquired beverage alcohol business portfolio, and HEXO entities, partially offset by the Company's decision to self-insure certain of its property risks.

Rent expense increased by 31% and 45% for the three and nine months ended February 29, 2024 to $1.0 and $3.5 million from $0.8 and $2.4 million for the same period in the prior year. This increase was driven by the newly acquired beverage alcohol business portfolio and HEXO.

Selling costs

For the three and nine months ended February 29, 2024, the Company incurred selling costs of $10.0 and $24.4 million or 5.3% and 4.4% of net revenue as compared to $6.5 and $25.8 million and 4.4% and 5.8% of net revenue in the prior year period. These costs relate to third-party shipping costs for all segments, with the majority of the selling costs relating to the cannabis segment from distributor commissions, Health Canada cannabis fees, and patient acquisition and maintenance costs. Patient acquisition and ongoing patient maintenance costs include funding to individual clinics to assist with additional costs incurred by clinics resulting from the education of patients using the Company’s products. The increase for the three month period is a result of the increase in sales from the prior year period. The decrease in the nine month period was related to the renegotiation of terms in one of our distributor relationships resulting in reduced variable fees.

Amortization

The Company incurred non-production related amortization charges of $21.6 and $65.7 million for the three and nine months ended February 29, 2024 compared to $23.5 and $71.9 million in the prior year period. The decreased amortization in the period is a result of the reduced intangible asset levels, as a result of prior year impairments.

Marketing and promotion costs

For the three and nine months ended February 29, 2024, the Company incurred marketing and promotion costs of $11.2 and $28.9 million as compared to $7.4 and $23.1 million for the prior year period. The increase is due to the acquisition of the newly acquired beverage alcohol business portfolio, and HEXO.

Research and development

Research and development costs were $0.1 and $0.2 million during the three and nine months ended February 29, 2024 compared to $0.2 and $0.5 million in the prior year period. These relate to external costs associated with the development of new products.

Change in fair value of contingent consideration

The Company measures contingent consideration at fair value classified as Level 3, as discussed in Note 25 (Fair value measurements). During the three months ended February 29, 2024, the contingent consideration liability that arose from the Truss acquisition of $4.2 million was settled for $0.7 million. The contingent consideration liability from the Montauk acquisition, increased to $14.0 million as of February 29, 2024 from $10.9 million as of May 31, 2023. The contingent consideration liability from the Sweetwater acquisition elapsed and there are no further obligations. The decrease in fair value of $16.8 million was driven by the conclusion of the Sweetwater obligation, the favorable cash settlement for the Truss contingent consideration, and was offset by an increase related to the increased probability of achieving the contingent consideration from the Montauk acquisition.

Litigation

For the three and nine months ended February 29, 2024, the Company recorded $3.4 and $8.4 million of litigation settlements costs, net of favorable recoveries, and the third party fees associated with defending these claims, compared to a net benefit of ($5.2) and ($2.0) million for the prior period comparative. The increase is related to period to period variability as litigation is non-recurring in nature. Included in the three and nine months ended February 28, 2023, is proceeds of $39.9 million related to the SLC litigation settlement, offset by judgments, probable and estimable losses as well as ongoing litigation costs and fees.

Restructuring costs

In connection with the execution of our acquisition strategy and strategic transactions, the Company has incurred non-recurring restructuring and exit costs associated with the integration efforts of these transactions. For the three and nine months ended February 29, 2024, the Company incurred $5.2 and $8.7 million of restructuring costs compared to $2.7 and $10.7 million for the prior period comparative.

The Company approves detailed restructuring initiative plans at the executive level and recognizes these expenses in the period in which the plan has been committed to. The detailed breakdown of the restructuring plans in place, inclusive of their expected timeline for completion, for the three and nine months ended February 29, 2024, is as follows:

HEXO Acquisition: Pursuant to our announced synergy program of $27 million in relation to the HEXO acquisition, we expect our HEXO restructuring plan to span the first 24 months following the acquisition. In the current nine-month period, we recognized $4.0 million related to employee termination benefits costs in relation to the conversion of our Masson facility from cannabis to produce, the optimization of our Redecan facilities and expenses associated with our Masson facility, which is currently operational although available for sale.

Truss Acquisition: In relation to the acquisition of Truss, the Company has decided to repurpose the facility for the production of non-cannabis beverages. The Company expects the timeline of completion of this program to be 18 months from date of acquisition. In the current nine-month period, we recognized $3.5 million of restructuring charges related to the costs of exiting the facility until the new business has resumed.

Canadian Business Cost Reduction Plan: As referenced in our Canadian cannabis cost optimization plan for $30 million, the Company has committed to reducing costs, which was completed during the three months ended November 30, 2023. In the current nine-month period ended February 29, 2024, we recognized $0.5 million of restructuring charges related to the relocation of our Broken Coast facility from Duncan to Nanaimo, BC, and the employee termination benefits associated with the transition of packaging finished goods to the Aphria One location.

Distribution Cost Optimization: The Company executed a cost optimization plan during the quarter to reduce costs within the distribution segment by $1.5 million annually. It is expected that this plan will be completed within the fiscal year, however the Company continues to evaluate this segment for further cost optimizations and production efficiencies. In the current nine-month period, we recognized $0.8 million related to employee termination benefits in association with executing this plan.

For the prior period three and nine months ended February 28, 2023, the Company recognized $2.7 and $10.7 million of restructuring charges. This was comprised of amounts related to the Tilray-Aphria Arrangement Agreement for the closure of our Canadian cannabis facility in Enniskillen of $2.7 million and $4.2 million for the three and nine months ended February 28, 2023, respectively. Additionally, $1.6 million of exit cost and $2.8 million for inventory adjustments from the termination of our producer partnership in Uruguay due to a breach of the underlying contract in our International cannabis business. The Company also incurred $2.2 million of write-offs from the exit of our medical device reprocessing business in our distribution reporting segment. These exit costs were non-recurring in nature and did not have on going impacts in the current year.

Transaction (income) costs

Transaction (income) costs, which includes acquisition related income and expenses, related legal, financial advisor and due diligence cost and expenses and transaction related compensation. The three and nine months ended February 29, 2024 decrease of 36% and 436% from the prior year period is related to the following items:

- the nine months ended February, 29, 2024, included costs associated with completing the HEXO Acquisition on June 22, 2023, including, but not limited to, due diligence fees of $2.4 million, discretionary incentive compensation payments of $5.8 million, transaction income from the loan amendment agreement of $(6.0) million, and HEXO director and office runoff insurance of $5.1 million;
- costs related to the acquisition of the beverage alcohol business portfolio;
- refunds from outstanding government rebates of $(1.1) million claims not previously recognized as assets associated with the Aphria and Tilray Arrangement Agreement;
- in the prior year period comparative, we recognized transaction income for a change in fair value of $(18.3) million on the HTI Share Consideration's purchase price derivative as a result of an increase in our share price on the shares paid for the HEXO convertible note receivable in the previous year. This did not recur in the nine months ended February 29, 2024 results.

Non-operating (expense) income, net

Non-operating (expense) income is comprised of:

	For the three months ended				For the nine months ended			
(in thousands of US dollars)	February 29, 2024	February 28, 2023	Change 2024 vs. 2023	% Change 2024 vs. 2023	February 29, 2024	February 28, 2023	Change 2024 vs. 2023	% Change 2024 vs. 2023
Change in fair value of convertible debenture	$ (6,311)	$ 207	$ (6,518)	(3,149)%	$ (12,352)	$ (20,375)	$ 8,023	(39)%

payable								
Change in fair value of warrant liability	586	5,256	(4,670)	(89)%	(1,365)	6,841	(8,206)	(120)%
Foreign exchange (loss) gain	(3,302)	(1,955)	(1,347)	69%	1,941	(26,621)	28,562	(107)%
Loss on long-term investments	33	(925)	958	(104)%	383	(2,529)	2,912	(115)%
Other non-operating (losses) gains, net	(8,245)	(1,370)	(6,875)	502%	(9,427)	(7,545)	(1,882)	25%
Total non-operating income (expense)	$ (17,239)	$ 1,213	$ (18,452)	(1,521)%	$ (20,820)	$ (50,229)	$ 29,409	(59)%

For the three and nine months ended February 29, 2024, the Company recognized a change in fair value of its convertible debentures payable of ($6.3) million and ($12.4) million compared to $0.2 million and ($20.4) million in the prior year periods. The change is driven primarily by the changes in the Company's share price, the change in the trading price of the convertible debentures payable. Additionally, for the three and nine months ended February 29, 2024, the Company recognized a change in fair value of its warrants, resulting in a gain of $0.6 million and a loss ($1.4) million compared to gains of $5.3 million and $6.8 million also as a result of the change in our share price and the exercise price of the instrument. For the three and nine months ended February 29, 2024, the Company recognized a loss of ($3.3) million and a gain of $1.9 million, resulting from the changes in foreign exchange rates during the period, compared to a gain of ($2.0) million and a loss of ($26.6) million for the prior year periods, largely associated with the recovery of the Euro. Lastly, included in other non-operating (losses) gains, net for the three and nine months ended February 29, 2024 was $2.3 million of the downside protection share issuance relating to the HTI note, as described in Note 15 (Stockholders' equity), $2.5 million amounts to settle outstanding notes with non-controlling interest shareholders and the decrease in value of an equity investee for $4.6 million as described in Note 19 (Commitments and contingencies).

Reconciliation of Non-GAAP Financial Measures to GAAP Measures

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that does not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other companies. The Company calculates adjusted EBITDA as net loss/net income before income taxes, net interest expense, depreciation and amortization, equity in net loss of equity-method investees, purchase price accounting step-up on inventory, stock-based compensation, inventory valuation adjustments, impairments, other than temporary change in fair value of convertible notes receivable, restructuring costs, transaction (income) costs, litigation costs net of recoveries, change in fair value of contingent consideration, unrealized currency gains and losses and other adjustments.

We believe that this presentation provides useful information to management, analysts and investors regarding certain additional financial and business trends relating to its results of operations and financial condition. In addition, management uses this measure for reviewing the financial results of the Company and as a component of performance-based executive compensation.

Historically, we have included lease expenses for leases that were treated differently under IFRS 16 and ASC 842 Leases, in the calculation of adjusted EBITDA, aiming to align our definition with industry peers reporting under IFRS. The decision to include these lease expenses in the Company's definition of adjusted EBITDA was based on our efforts to maintain comparability with peers. However, as the Company has continued to diversify, particularly with strategic acquisitions such as the newly acquired beverage alcohol business portfolio, this comparison is no longer relevant, accordingly, we are no longer including this adjustment.

Had the Company continued to include lease expenses that were treated differently under IFRS 16 and ASC 842 Leases, the impact to adjusted EBITDA would have been $1.4 million and $3.2 million for the three and nine months ended February 29, 2024,. In comparison, under the previous reconciliation, the impact to adjusted EBITDA would have been $0.7 million and $2.1 million for the three and nine months ended February 28, 2023.

We do not consider adjusted EBITDA in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of adjusted EBITDA is that it excludes certain expenses and income that are required by U.S. GAAP to be recorded in our consolidated financial statements. In addition, adjusted EBITDA is subject to inherent limitations as this metric reflects the exercise of judgment by management about which expenses and income are excluded or included in determining adjusted EBITDA. In order to compensate for these limitations, management presents adjusted EBITDA in connection with GAAP results.

For three and nine months ended February 29, 2024, adjusted EBITDA decreased to $10.2 million and $31.0 million compared to $13.3 and $37.2 million from the prior year period. The decrease was primarily driven by the aforementioned negative impacts to our cannabis gross margin.

Adjusted EBITDA reconciliation:	For the three months ended February 29, 2024	February 28, 2023	Change 2024 vs. 2023	% Change	For the nine months ended February 29, 2024	February 28, 2023	Change 2024 vs. 2023	% Change
Net loss	$ (104,983)	$ (1,195,752)	$ 1,090,769	(91)%	$ (207,029)	$ (1,323,181)	$ 1,116,152	(84)%
Income tax expense	(2,871)	(10,811)	7,940	(73)%	1,013	(15,313)	16,326	(107)%
Interest expense, net	8,517	1,040	7,477	719%	26,977	8,560	18,417	215%
Non-operating income (expense), net	17,239	(1,213)	18,452	(1,521)%	20,820	50,229	(29,409)	(59)%
Amortization	32,842	33,769	(927)	(3)%	95,183	101,156	(5,973)	(6)%
Stock-based compensation	8,059	9,630	(1,571)	(16)%	24,517	29,766	(5,249)	(18)%
Change in fair value of contingent consideration	(5,983)	352	(6,335)	(1,800)%	(16,790)	563	(17,353)	(3,082)%
Impairments	—	934,000	(934,000)	(100)%	—	934,000	(934,000)	(100)%
Other than temporary change in fair value of convertible notes receivable	42,681	181,376	(138,695)	(76)%	42,681	181,376	(138,695)	(76)%
Inventory valuation adjustments	—	55,000	(55,000)	(100)%	—	55,000	(55,000)	(100)%
Purchase price accounting step-up	2,247	1,009	1,238	123%	12,054	3,223	8,831	274%
Facility start-up and closure costs	400	2,100	(1,700)	(81)%	1,300	6,900	(5,600)	(81)%
Litigation costs, net of recoveries	3,363	(5,230)	8,593	(164)%	8,439	(1,970)	10,409	(528)%
Restructuring costs	5,178	2,663	2,515	94%	8,748	10,727	(1,979)	(18)%
Transaction costs (income)	3,465	5,382	(1,917)	(36)%	13,061	(3,882)	16,943	(436)%
Adjusted EBITDA	$ 10,154	$ 13,315	$ (3,161)	(24)%	$ 30,974	$ 37,154	$ (6,180)	(17)%

Adjusted EBITDA should not be considered in isolation from, or as a substitute for, net loss. There are a number of limitations related to the use of Adjusted EBITDA as compared to net loss, the closest comparable GAAP measure. Adjusted EBITDA adjusts for the following:

- Non-cash amortization expenses and, although these are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future;
- Stock-based compensation expenses, a non-cash expense and are an important part of our compensation strategy;
- Non-cash impairment charges, as the charges are not expected to be a recurring business activity;
- Non-cash inventory valuation adjustments;
- Non-cash other than temporary write-down of convertible notes receivable, as the charges are not expected to be a recurring business activity;
- Non-cash foreign exchange gains or losses, which accounts for the effect of both realized and unrealized foreign exchange transactions. Unrealized gains or losses represent foreign exchange revaluation of foreign denominated monetary assets and liabilities;
- Non-cash change in fair value of warrant liability;
- Interest expense, net;
- Costs incurred to start up new facilities, and to fund emerging market operations;
- Transaction (income) costs, which includes acquisition related income and expenses, related legal, financial advisor and due diligence cost and expenses and transaction related compensation, which vary significantly by transaction and are excluded to evaluate ongoing operating results;
- Restructuring charges;
- Litigation costs, net of favorable recoveries and the third party fees associated with defending these claims, includes costs related to legacy and non-operational litigation matters, legal settlements and recoveries;
- Amortization of purchase accounting fair value step-up in inventory value included in costs of goods sold; and
- Current and deferred income tax expenses and recoveries, which could be a significant recurring expense or recovery in our business in the future and reduce or increase cash available to us.

Adjusted Gross Profit and Adjusted Gross Margin

Adjusted gross profit and adjusted gross margin are non-GAAP financial measures and may not be comparable to similar measures presented by other companies. Adjusted gross profit is our Gross profit (adjusted to exclude purchase price accounting valuation step-up) and adjusted gross margin is our Gross margin (adjusted to exclude purchase price accounting valuation step-up) and are non-GAAP financial measures. The Company's management believes that adjusted gross profit and adjusted gross margin are useful to our management to evaluate our business and operations, measure our performance, identify trends affecting our business, project our future performance, and make strategic decisions. We do not consider adjusted gross profit and adjusted gross margin percentage in isolation or as an alternative to financial measures determined in accordance with GAAP.

Liquidity and Capital Resources

We actively manage our cash and investments in order to internally fund operating needs, make scheduled interest and principal payments on our borrowings, and complete acquisitions. We believe that existing cash, cash equivalents, marketable securities and cash generated by operations, together with access to external sources of funds, will be sufficient to meet our domestic and foreign capital needs for a short and long term outlook.

For the Company's short-term liquidity requirements, we are focused on generating positive cash flows from operations and being free cash flow positive. As a result of delays in legalization across multiple markets, management continues to optimize our operating structure, headcount, as well as the elimination of other discretionary operational costs. Some of these actions may be less accretive to our adjusted EBITDA in the short term, however we believe that they will be required for our liquidity aspirations in the near term future. Additionally, the Company continues to invest our excess cash in the short-term in marketable securities which are comprised of U.S. treasury bills and term deposits with major Canadian banks.

During the three months ended February 29, 2024, the Company exchanged $50.7 million principal of APHA 24 Notes prior to their maturity, demonstrating our commitment to optimizing our capital structure and enhancing financial flexibility. We intend to continue to opportunistically purchase or exchange additional APHA 24 Notes prior to their underlying maturity date in June 2024. We believe this demonstrates and reinforces our commitment to optimizing our capital structure and enhancing financial flexibility. See Note 27 (Subsequent events) for additional details.

For the Company's long-term liquidity requirements, we will be focused on funding operations through profitable organic and inorganic growth through acquisitions. We may need to take on additional debt or equity financing arrangements in order to achieve these ambitions on a long-term basis.

The following table sets forth the major components of our statements of cash flows for the periods presented:

	For the three months ended				For the nine months ended			
	February 29, 2024	February 28, 2023	Change	% Change	February 29, 2024	February 28, 2023	Change	% Change
			2024 vs. 2023				2024 vs. 2023	
Net cash provided by (used in) operating activities	$ (15,361)	$ (18,632)	$ 3,271	(18)%	$ (61,612)	$ (35,692)	$ (25,920)	73%
Net cash provided by (used in) investing activities	28,086	(4,592)	32,678	(712)%	83,293	(277,527)	360,820	(130)%
Net cash (used in) provided by financing activities	(10,909)	(2,442)	(8,467)	347%	(82,257)	63,922	(146,179)	(229)%
Effect on cash of foreign currency translation	(512)	445	(957)	(215)%	197	(1,615)	1,812	(112)%
Cash and cash equivalents, beginning of period	144,949	190,218	(45,269)	(24)%	206,632	415,909	(209,277)	(50)%
Cash and cash equivalents, end of period	$ 146,253	$ 164,997	$ (18,744)	(11)%	$ 146,253	$ 164,997	$ (18,744)	(11)%
Marketable securities	79,605	243,286	(163,681)	(67)%	79,605	243,286	(163,681)	(67)%
Cash and marketable securities(1)	$ 225,858	$ 408,283	$ (182,425)	(45)%	$ 225,858	$ 408,283	$ (182,425)	(45)%

(1) Cash and marketable securities are non-GAAP financial measures. See "Use of Non-GAAP Measures" above for additional discussion regarding these non-GAAP measures. The Company combines the Cash and cash equivalent financial statement line item, and the Marketable securities financial statement line item as an aggregate total as reconciled in the liquidity and capital resource section below. The Company's management believes that this presentation provides useful information to management, analysts and investors regarding certain additional financial and business trends relating to its short-term liquidity position by combing these three GAAP metrics.

Cash flows from operating activities

The change in net cash provided by (used in) operating activities was ($15.4) million and ($61.6) million for three and nine months ended February 29, 2024 compared to ($18.6) million and ($35.7) million for the prior year period. The decrease in cash used in the three month period was primarily related to the achievement of the previously described synergies. The increase in cash used in the nine month period was primarily related to the settlement of pre-acquisition liabilities assumed from the HEXO acquisition. Additionally, the prior period included the cash collection of the $18.3 million purchase price derivative from HTI as noted in the transaction cost section above, which did not recur in the current year.

Cash flows from investing activities

The change in net cash provided by (used in) investing activities was $28.1 million and $83.3 million for three and nine months ended February 29, 2024 compared to ($4.6) million and ($277.5) million for the prior year period, and is a result of the sale of marketable securities in the current periods compared to investing in marketable securities in the prior periods as well as the cash used in the acquisition of various businesses, Note 7 (Business acquisitions).

Cash flows from financing activities

The change in cash (used in) provided by financing activities was ($10.9) million and ($82.3) million for three and nine months ended February 29, 2024 compared to ($2.4) million and $63.9 million for the prior year period. In the current period, cash was provided by funds from the overallotment of TLRY 27 Notes and other long term debt offset by the repurchase of convertible notes and long-term debt, while in the comparative period a larger amount of cash was provided by the ATM capital raise and smaller amounts of repurchased debt.

ABC Group Credit Agreement

As previously disclosed, on January 5, 2024, the Company's wholly-owned subsidiary, American Beverage Crafts Group, Inc. (f/k/a Four Twenty Corporation, the "Borrower"), entered into a waiver (the "Waiver") to that certain Credit Agreement dated as of June 30, 2023 (the "ABC Group Credit Agreement") by and among the Borrower, Bank of America, N.A., in its capacity as Administrative Agent, and certain other guarantors and lenders thereto. The Waiver effectively eliminated a potential event of default relating to the "Consolidated Leverage Ratio" financial covenant contained in the ABC Group Credit Agreement. On March 29, 2024, and in satisfaction of the Waiver requirements, the Borrower entered into a further amendment (the "Amendment") to the ABC Group Credit Agreement to reflect certain internal subsidiary contributions and lease transfers. The foregoing description of the Waiver and Amendment does not purport to be complete and is qualified in its entirety by the full text of each of the Waiver and Amendment, which are being filed as Exhibits 10.2 and 10.5, respectively, to this quarterly report on Form 10-Q for the quarter ended February 29, 2024.

Subsequent Events

Refer to Part I, Financial Information, Note 27 *Subsequent Events.*

Contingencies

In addition to the litigation described in the Part II, Item 1 - Legal Proceedings, the Company is and may be a defendant in lawsuits from time to time in the normal course of business. While the results of litigation and claims cannot be predicted with certainty, the Company believes the reasonably possible losses of such matters, individually and in the aggregate, are not material. Additionally, the Company believes the probable final outcome of such matters will not have a material adverse effect on the Company's consolidated results of operations, financial position, cash flows or liquidity.

Critical Accounting Estimates

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States. The accounting principles we use require us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and amounts of income and expenses during the reporting periods presented. We believe in the quality and reasonableness of our critical accounting policies; however, materially different amounts may be reported under different conditions or using assumptions different from those that we have applied. The accounting estimates that have been identified as critical to our business operations and to understanding the results of our operations pertain to revenue recognition, valuation of inventory, valuation of long-lived assets, goodwill and intangible assets, stock-based compensation and valuation allowances for deferred tax assets. The application of each of these critical accounting policies and estimates is discussed in Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, of our Annual Report on Form 10-K for the fiscal year ended May 31, 2023.

Recently Issued Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in "Part I, Item 1. Note 1 – Basis of presentation and summary of significant accounting policies" to our financial statements appearing elsewhere in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes in market risk from those addressed in the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2023 during the nine months ended February 29, 2024. See the information set forth in Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk, of the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2023.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act is recorded, processed, and summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report was made under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer.

Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of February 29, 2024, our disclosure controls and procedures (a) are effective to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is timely recorded, processed, summarized and reported and (b) include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Consistent with guidance issued by the SEC, the scope of management's assessment of the effectiveness of our disclosure controls and procedures did not include the internal controls over financial reporting of our recently acquired businesses including: (i) HEXO Corp., acquired June 22, 2023;, (ii) Truss Beverage Co. acquired August 3, 2023; and (iii) the portfolio of craft beer brands, assets and businesses comprising eight beer and beverage brands, acquired on September 29, 2023. These acquired businesses represented 2.3%, 0.4% and 3.8% of our consolidated assets and 4.3%, 0.9%, and 3.2% of our consolidated net revenues respectively as of and for the nine months ended February 29, 2024.

Changes in Internal Control over Financial Reporting

There have been no changes in our "internal control over financial reporting" (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this Quarterly Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. As mentioned above, the Company acquired HEXO Corp. on June 22, 2023, Truss Beverage Co., on August 3, 2023 and the eight beer and beverage brands on September 29, 2023. The Company is in the process of reviewing the internal control structure of HEXO Corp., Truss Beverage Co., and the eight beer and beverage brands and if necessary, will make appropriate changes as it integrates them into the Company's overall internal control over financial reporting process.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

In the ordinary course of business, we are at times subject to various legal proceedings and disputes, including the proceedings specifically discussed below. We assess our liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. Where it is probable that we will incur a loss and the amount of the loss can be reasonably estimated, we record a liability in our consolidated financial statements. These legal reserves may be increased or decreased to reflect any relevant developments on a quarterly basis. Where a loss is not probable or the amount of loss is not estimable, we do not accrue legal reserves. While the outcome of legal proceedings is inherently uncertain, based on information currently available, our management believes that it has established appropriate legal reserves. Any liabilities arising from pending legal proceedings are not expected to have a material adverse effect on our consolidated financial position, consolidated results of operations, or consolidated cash flows. However, it is possible that the ultimate resolution of these matters, if unfavorable, may be material to our consolidated financial position, consolidated results of operations, or consolidated cash flows.

"Item 3. Legal Proceedings" of our Annual Report on Form 10-K for the fiscal year ended May 31, 2023 includes a discussion of our legal proceedings. There have been no material changes from the legal proceedings described in our Form 10-K, except with respect to the matters disclosed and incorporated herein by reference to Note 19 (Commitments and contingencies), in the Notes to the Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

Item 1A. Risk Factors.

"Item 1A. Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended May 31, 2023 includes a discussion of our known material risk factors, other than risks that could apply to any issuer or offering. A summary of our risk factors is included below. Except for the below risk factors, there have been no material changes from the risk factors described in our Form 10-K.

- We may not achieve the expected revenue or other benefits from the craft beer operations acquired.
- We may experience difficulties integrating HEXO's operations and realizing the expected benefits of the HEXO arrangement.
- Additional impairments of our goodwill, impairments of our intangible and other long-lived assets, and changes in the estimated useful lives of intangible assets could have a material adverse impact on our financial results.
- Our business is dependent upon regulatory approvals and licenses, ongoing compliance and reporting obligations, and timely renewals.
- Government regulation is evolving, and unfavorable changes or lack of commercial legalization could impact our ability to carry on our business as currently conducted and the potential expansion of our business.
- Our production and processing facilities are integral to our business and adverse changes or developments affecting our facilities may have an adverse impact on our business.
- We face intense competition, and anticipate competition will increase, which could hurt our business.
- Regulations constrain our ability to market and distribute our products in Canada.
- United States regulations relating to hemp-derived CBD products are new and rapidly evolving, and changes may not develop in the timeframe or manner most favorable to our business objectives.
- Changes in consumer preferences or public attitudes about alcohol could decrease demand for our beverage alcohol products.
- SweetWater, Breckenridge, Montauk and our recently-acquired craft beer brands each face substantial competition in the beer industry or the broader market for alcoholic beverage products which could impact our business and financial results.
- We have a limited operating history and a history of net losses, and we may not achieve or maintain profitability in the future.
- We are subject to litigation, arbitration and demands, which could result in significant liability and costs, and impact our resources and reputation.
- Our strategic alliances and other third-party business relationships may not achieve the intended beneficial impact and expose us to risks.
- We may not be able to successfully identify and execute future acquisitions, dispositions or other equity transactions or to successfully manage the impacts of such transactions on our operations.
- We are subject to risks inherent in an agricultural business, including the risk of crop failure.
- We depend on significant customers for a substantial portion of our revenue. If we fail to retain or expand our customer relationships or significant customers reduce their purchases, our revenue could decline significantly.
- Our products may be subject to recalls for a variety of reasons, which could require us to expend significant management and capital resources.
- Significant interruptions in our access to certain supply chains for key inputs such as raw materials, supplies, electricity, water and other utilities may impair our operations.
- Management may not be able to successfully establish and maintain effective internal controls over financial reporting.
- The price of our common stock in public markets has experienced and may continue to experience severe volatility and fluctuations.
- The volatility of our stock and the stockholder base may hinder or prevent us from engaging in beneficial corporate initiatives.
- The terms of our outstanding warrants may limit our ability to raise additional equity capital or pursue acquisitions, which may impact funding of our ongoing operations and cause significant dilution to existing stockholders.
- We may not have the ability to raise the funds necessary to settle conversions of the convertible securities in cash or to repurchase the convertible securities upon a fundamental change.
- We are subject to other risks generally applicable to our industry and the conduct of our business.

We may have to recognize significant impairments in the carrying value of our investment in the MedMen secured convertible notes as a result of MedMen's potential restructuring or liquidation undertakings.

On August 31, 2021, we acquired an indirect interest in certain senior secured convertible notes issued by MedMen. The notes are only exercisable upon U.S. federal legalization of cannabis or in certain other limited circumstances. The notes are secured by a collateral portfolio consisting of assets

and/or equity interests of numerous MedMen U.S. operating subsidiaries and intermediate holding entities. We currently record this investment in our financial statements as a convertible note receivable with a value of as February 29, 2024 of $32,000.

On January 24, 2024, MedMen disclosed that its chief executive officer had stepped down and its board had appointed a chief restructuring officer. In light of such developments, if MedMen experiences any restructuring activities, such as asset sales, liquidations, debt restructuring, foreclosures or assignments, it may lead to significant changes in MedMen's operations and asset base, impacting the recoverability of our investment carrying values. If MedMen is unable to continue as a going concern, then the value of our investments may be significantly impacted. Restructuring and liquidation proceedings may impact the recoverability of our investments, particularly if there are competing claims on assets or if the process is subject to state and local laws rather than U.S. bankruptcy laws. While our investment in MedMen benefits from security interests in certain of its assets, the realization of these interests could be challenging, especially in jurisdictions where U.S. bankruptcy laws do not apply. In such cases, we may be reliant on state and local restructuring processes or other negotiated arrangements to recover value from our collateral.

The occurrence of any restructurings or liquidations with respect to MedMen or any of its assets or businesses could lead to significant impairments in the carrying value of our investment in the MedMen convertible notes, which could materially and adversely affect our financial results and the value of our investment portfolio.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Recent Sales of Unregistered Equity Securities

From December 15, 2023 to December 21, 2023, the Company exchanged $18,500 aggregate principal of its APHA 24 Notes for cancellation by issuing 9,601,538 shares.

On January 9, 2024, Tilray Brands, Inc., a Delaware corporation ("Tilray"), entered into an assignment and assumption agreement with Double Diamond Holdings Ltd. ("DDH") pursuant to which, among other things, Tilray acquired from DDH a promissory note in the amount of $26,135 payable by 1974568 Ontario Limited ("Aphria Diamond"). As consideration for such note, Tilray issued 13,627,391 shares of its common stock to DDH, including any shares issued for downside protection provisions.

From January 10, 2024 to January 31, 2024, the Company exchanged $12,540 aggregate principal of its APHA 24 Notes for cancellation by issuing 6,873,001 shares.

Each of the foregoing issuances of Tilray's common stock was made in reliance on the exemption provided by Section 4(a)(2) of the Securities Act of 1933, as amended, for the offer and sale of securities not involving a public offering. No underwriter participated in the offer and sale of the shares issued pursuant to the foregoing issuances, and no commission or other remuneration was paid or given directly or indirectly in connection therewith. Additionally, each of the foregoing issuance of Tilray's common stock was reported on a Form 8-K filed by the Company with the U.S. Securities and Exchange Commission.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

2024 EBITDA Performance Awards

On April 4, 2024, the Company's Compensation Committee (the "Committee") approved certain terms and conditions of previously authorized performance-based grants to certain of the Company's named executive officers and other key employees under the Tilray, Inc. Amended and Restated 2018 Equity Incentive Plan (the "2018 Plan"). These performance-based grants represent a contingent right to receive a cash payment or its equivalent in shares of Common Stock (the "2024 Performance Award"), as determined by the Committee. The 2024 Performance Award is subject to all of the terms and conditions as set forth in the 2018 Plan and the 2024 Performance Award Agreement (the "Award Agreement").

The percentage of the 2024 Performance Awards earned will be based on the Company's financial performance as measured against target goals for annual and cumulative Adjusted EBITDA (the "Performance Goals"), as determined by the Committee for the period beginning on June 1, 2023 and ending on May 31, 2026 (the "Performance Period"). The 2024 Performance Awards will vest as of the end of the Performance Period (May 31, 2026) subject to the executive officer's Continuous Service (as defined in the 2018 Plan), but will not settle and payout until the percentage of the 2024 Performance Awards earned is determined by the Committee. The executive officer may earn between 0% and 100% of the target award value based on the Company's achievement of the Performance Goals.

If the executive officer's Continuous Service terminates for any reason other than: (i) without Cause (as defined in the 2018 Plan) within 3 months of the end of the Performance Period; (ii) death; (iii) Disability (as defined in the 2018 Plan); or (iv) in connection with a Change in Control (as defined in the 2018 Plan), unless the Committee determines otherwise, the 2024 Performance Award shall be forfeited and canceled immediately without consideration. If the executive officer's Continuous Service terminates without Cause within 3 months before the end of the Performance Period, a pro rata portion of the 2024 Performance Awards (calculated based on the days elapsed in a Performance Period prior to the termination of Continuous Service divided by the total days in the Performance Period) shall vest and become payable. If the executive officer's Continuous Service terminates due to death or Disability prior to the end of the Performance Period, the 2024 Performance Awards will vest at 100% of the target award value. If the executive officer's Continuous Service is terminated without Cause following a Change in Control, the 2024 Performance Awards will vest at 100% of the target award value.

The foregoing description is only a summary of the terms of the 2024 Performance Awards and is qualified in its entirety by reference to the full text of the 2024 Performance Awards, which has been filed as an exhibit to this Quarterly Report on Form 10-Q for the quarterly period ending February 29, 2024.

Aphria Diamond Amalgamation and Amendment to Bank of Montreal Credit Facility

On March 14, 2024, 1974568 Ontario Limited (an Ontario Corporation doing business as "Aphria Diamond") completed an amalgamation with Tilray Canada Ltd., with the successor corporation continuing as Aphria Diamond Inc. ("Aphria Diamond"). Following this amalgamation, Tilray continues to own 51% of the equity interests in Aphria Diamond. In connection with the amalgamation transaction, Aphria Diamond also entered into the Second Amending Agreement, Consent and Waiver (the "BMO Amendment"). The BMO Amendment amended the existing Amended and Restated Credit Agreement, dated as of November 28, 2022, by and among Aphria Diamond, Aphria Inc., Tilray Brands, Inc., and Bank of Montreal, among others. The BMO Amendment provides, among other things, for lender consent to the amalgamation and customary benchmark replacement mechanics incorporating the Canadian Overnight Repo Rate Average.

APHA 24 Convertible Debt Exchange

On April 9, 2024, the Company entered into an agreement to exchange $41.9 million principal amount of its APHA 24 Notes for cancellation by issuing up to 25,000,000 shares. The foregoing issuance of Tilray's common stock was made in reliance on the exemption provided by Section 4(a)(2) of

the Securities Act of 1933, as amended, for the offer and sale of securities not involving a public offering. No underwriter participated in the offer and sale of the shares issued, and no commission or other remuneration was paid or given directly or indirectly in connection therewith.

Item 6. Exhibits.

Exhibit Number	Description
10.1	Fourth Amended and Restated Wholesale Cannabis Supply Agreement, dated as of January 5, 2024, by and between 1974568 Ontario Limited and Aphria Inc. (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on January 9, 2024).
10.2	Waiver to Credit Agreement, dated as of January 5, 2024, by and between Four Twenty Corporation, Bank of America, N.A., and the Guarantors and Lenders party thereto (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on January 9, 2024).
10.3*	Promissory note in the amount of $26,134,500 payable by 1945689 Ontario Limited.
10.4*	Form of 2024 EBITDA Performance Award.
10.5†	Third Amendment and Consent to Credit Agreement, dated as of March 29, 2024, by and among American Beverage Crafts Group, Inc. (formerly known as Four Twenty Corporation), Bank of America, N.A. and the Guarantors and Lenders party thereto.
10.6†	Amended and Restated Credit Agreement, dated as of March 14, 2024, by and among Aphria Diamond Inc., Aphria Inc., the Company, Bank of Montreal and the Guarantors and Lenders party thereto.
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit Number	Description
32.2**	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended February 29, 2024, formatted in Inline XBRL: (i) Consolidated Statements of Financial Position, (ii) Consolidated Statements of Loss and Comprehensive Loss , (iii) Consolidated Statements of Stockholders' Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to Condensed Interim Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.
** Furnished herewith.
† Schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Tilray Brands, Inc.

Date: April 9, 2024

By: /s/ Irwin D. Simon
Irwin D. Simon
Chairman and Chief Executive Officer

Date: April 9, 2024

By: /s/ Carl Merton
Carl Merton
Chief Financial Officer

FOURTH AMENDED AND RESTATED WHOLESALE CANNABIS SUPPLY AGREEMENT

This Third Amended and Restated Wholesale Cannabis Supply Agreement is entered into and effective as of September 1, 2023;

BETWEEN

1974568 ONTARIO LIMITED of the Municipality of Leamington in the Province of Ontario ("**Aphria Diamond**"),

- and -

APHRIA INC. of the Municipality of Leamington in the Province of Ontario (the "**Aphria**"),

Each of Aphria Diamond and Aphria may be referred to herein as a "**Party**," and collectively referred to as "**Parties**."

RECITALS:

WHEREAS Aphria Diamond wishes to supply Products (as defined below) to Aphria and Aphria has agreed to purchase such Products from Aphria Diamond on the terms set forth in this Agreement.

AND WHEREAS Aphria Diamond and Aphria have previously entered into that certain Wholesale Cannabis Supply Agreement on February 16, 2018, an Amended and Restated Wholesale Cannabis Supply Agreement dated November 1, 2019, a Second Amended and Restated Wholesale Cannabis Supply Agreement dated April 6, 2021, and a Third Amended and Restated Wholesale Cannabis Supply Agreement dated March 1, 2022 (collectively, the "**Original Supply Agreement**") and the Parties now wish to amend, modify, restate and supplement the Original Supply Agreement as set out below.

NOW THEREFORE in consideration of the foregoing recitals (which are incorporated into and form part of this Agreement) and the mutual covenants hereinafter expressed, the Parties hereby agree as follows:

1. **DEFINITIONS**

Capitalized terms appearing in this Agreement without definition shall have the meaning given them in this Section 1.

1. **"ADRIC**" has the meaning set forth in Section 15.1.

2. **"Affected Obligations**" has the meaning set forth in Section 5.8(a).

3. **"Affiliate**" shall mean (a) any corporation directly or indirectly controlling, controlled by, or under common control of Aphria Diamond or (b) any partnership, joint venture or other entity directly or indirectly controlled by, controlling, or under common control of Aphria Diamond, but in each case only for so long as such ownership or control shall continue.

4. **"Agreement**" means this third amended and restated wholesale cannabis supply agreement, including all Schedules and Exhibits hereto and all Purchase Orders issued by Aphria and accepted by Aphria Diamond pursuant hereto, as the same may be amended, supplemented, restated and/or otherwise modified from time to time in accordance with the terms hereof.

5. **"Amendment Effective Date**" means September 1, 2023.

6. **"Aphria**" has the meaning set forth in the recitals to this Agreement.

7. **"Aphria Diamond**" has the meaning set forth in the recitals to this Agreement.

8. **"Aphria Diamond Facility**" means, collectively, those buildings located at 620 county Rd, 14, Leamington, Ontario, N8H 3V8 as long as such buildings remain subject to License Number LIC-KX10UDSC08-2023 issued by Health Canada, as such license may be amended from time to time or any other facility of Aphria Diamond or its Affiliates (excluding Aphria) in respect of which a Cannabis Licence has been issued.

9. **"Aphria Facility**" means Aphria's facility in Leamington in respect of which a Cannabis Licence has been issued or any other facility of Aphria (excluding Aphria Diamond) in respect of which a Cannabis Licence has been issued.

10. **"Applicable Laws**" means any applicable (i) domestic statute, law (including the common and civil law and equity), constitution, code, ordinance, rule, regulation, restriction, regulatory policy or guideline having the force of law, by-law (zoning or otherwise) or order, (ii) consent, exemption, approval or licence of any Governmental Authority, and (iii) policy, practice, guidance document or guideline of, or contract with, any Governmental Authority.

11. **"Arbitration**" has the meaning set forth in Section 15.2.

12. **"Business Day**" means any day of the week, other than a Saturday or Sunday or day on which Canadian chartered banks in Toronto, Ontario are authorized or obligated by law to close or are generally closed.

13. **"Canadian Regulatory Approval**" means any and all approvals (including price and reimbursement approvals, if required), licenses, registrations, or authorizations that are necessary to possess, produce, cultivate, process, package/label, test, import, export, store, sell, deliver, transport, distribute or destroy a Product in Canada, including such approvals as may be required under the Cannabis Act pursuant to any other Applicable Laws or by any other applicable Canadian Regulatory Authority.

14. **"Canadian Regulatory Authority**" means any supra-national, national, provincial or local regulatory agency, department, bureau, commission, council or other Governmental Authority involved in or responsible for regulation of the possession, production, cultivation, processing, packaging/labeling, testing, importing, exporting, storing, selling, delivering, transporting, distributing and destroying of the Products intended for human use in Canada, including Health Canada.

15. **"Canadian Regulatory Filing**" means an application required to be filed with a Canadian Regulatory Authority seeking any Canadian Regulatory Approval required by Aphria to possess, produce, cultivate, process, package/label, test, import, export, store, sell, deliver, transport, distribute or destroy the Products in Canada, and all updates, amendments and reports filed therewith.

16. **"Cannabis Act**" means the *Cannabis Act* (Canada) and all regulations made thereunder, including the Cannabis Regulations, as amended or superseded from time to time.

17. **"Cannabis Regulations**" means Regulation SOR/2018-144, and any other regulations made under the Cannabis Act, as amended or

superseded from time to time.

18. **"Cannabis Licence**" means a licence to conduct and engage in licensable activities, including possession, production, cultivation, processing, packaging/labeling, testing, storing, selling, delivering, transporting, distributing and destroying the Products as required by one or more Canadian Regulatory Approvals.

19. **"Change in Control**", in respect of any Party, shall be deemed to have occurred upon: (i) the sale, transfer, conveyance or other disposition by such Party of all or substantially all of its assets; or (ii) a take-over bid, tender offer or exchange offer by any person (or two or more Persons who are acting jointly or in concert in respect of the foregoing) pursuant to which such person or persons would come to own a majority of all of the issued and outstanding voting shares or equity securities upon the completion thereof, or (iii) a merger, amalgamation, arrangement, reorganization, or other business combination or similar transaction involving a Party in which holders of all of the issued and outstanding voting securities or equity securities before the completion of the transaction would hold less than 50% of all of the issued and outstanding voting securities, or equity securities of such Party's successor or of the continuing or surviving entity (the "**Resulting Issuer**"), upon the completion of such transaction, provided that in either case no Change of Control shall be deemed to have occurred if upon completion of any such transaction individuals who were members of the Board of Directors of such Party immediately prior to the effective date of such transaction constitute a majority of the Board of Directors of the Resulting Issuer following such effective date.

20. **"Change of Law**" has the meaning set forth in Section 5.8(a).

21. **"Change of Law Amendment**" has the meaning set forth in Section 5.8(b).

22. **"Change of Law Notice**" has the meaning set forth in Section 5.8(a).

23. **"Change Period**" has the meaning set forth in Section 5.8(b).

24. **"Control**" (including the terms "control", "controlled by", "controlling" and "under common control with") means the possession, directly or indirectly, or as trustee, executor or other legal representative, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee, executor or other legal representative, by contract or credit arrangement or otherwise.

25. **"Damages**" has the meaning set forth in Section 13.2.

26. **"Diamond Payment**" has the meaning set forth in Section 8.3.

27. **"Default**" has the meaning set forth in Section 14.1.

28. **"Defaulting Party**" has the meaning set forth in Section 14.2.

29. **"Designated Representatives**" has the meaning set forth in Section 5.8(b).

30. **"Early Termination Notice**" has the meaning set forth in Section 14.2.

31. **"Effective Date**" means November 1, 2019.

32. **"Encumbrance**" means any encumbrance of any kind whatever (registered or unregistered) and includes any security interest, mortgage, conditional sale, lien, hypothec, pledge, hypothecation, assignment, charge, security under section 426 or section 427 of the *Bank Act* (Canada), trust or deemed trust (whether contractual, statutory or otherwise arising), any adverse claim, or joint ownership interest, any grant of any exclusive licence or sole licence, or any other right, option or claim of others of any kind whatever affecting the Products or the use of any thereof, any covenant or other agreement, restriction or limitation on the transfer of the Products or the use thereof, or a deposit by way of security or an easement, restrictive covenant, limitation, agreement or right of way, restriction, preferential arrangement, encroachment, burden or title reservation of any kind, or any rights or privileges capable of becoming any of the foregoing.

33. **"Exceptional Circumstances**" means a situation involving an inspection by a Governmental Authority and/or an emergency situation, including as a result of compliance with Applicable Laws and/or a Force Majeure event.

34. **"Expenses of the Recall**" has the meaning set forth in Section 10.1.

35. **"Excess Capacity**" has the meaning set forth in Section 2.3(i).

36. **"Excess Products**" has the meaning set forth in Section 2.3(i).

37. **"Flower**" means Products that are dried cannabis flower (includes all commercial grades but does not include Gradeout, Trim and Shake).

38. **"FOB**" means freight on board, where upon shipment, the cosignor (or the shipper's agent) is liable for loss or damage to the Products until the Product is received at its destination.

39. **"Force Majeure**" has the meaning set forth in Section 11.1.

40. **"Fresh Bud**" means Products that are harvested and are still measured as wet. For the purposes of this agreement, Fresh Bud is only to be sold as part of a Trial Lot or as fresh frozen material designated for extraction purposes.

41. **"Good Production Practices**" means those good production practices and quality system rules set forth in Applicable Laws.

42. **“Governmental Authority**” means (i) any court, judicial body, tribunal or arbitral body, (ii) any domestic government whether national, federal, provincial, territorial, state, municipal or local and any governmental agency, governmental authority, governmental tribunal or governmental commission of any kind whatever, (iii) any subdivision or authority of any of the foregoing, (iv) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above, (v)deleted, and (vi) any stock exchange, and for clarity, includes any Canadian Regulatory Authority.

43. **“Gradeout**” means Products that are Grade Out (as set out in the Quality Agreement).

44. **“including**” means “including without limitation” and the term “including” shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it.

45. **“Indemnified Party**” has the meaning set forth in Section 13.4.

46. **“Indemnifying Party**” has the meaning set forth in Section 13.4.

47. **“Independent Laboratory**” has the meaning set forth in Section 6.3.

48. **“Litigious Dispute**” has the meaning set forth in Section 15.1.

49. **“Non-Defaulting Party**” has the meaning set forth in Section 14.2.

50. **“Notice of Dispute**” has the meaning set forth in Section 15.1.

51. **“Optional Change**” has the meaning set forth in Section 6.6.

52. **“Original Supply Agreement**” has the meaning set forth in the recitals to this Agreement.

53. **“Party**” and “**Parties**” each has the respective meanings given to such term in the recitals to this Agreement.

54. **“Person**” means any individual, sole proprietorship, general partnership, limited partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his or her capacity as trustee, executor, administrator or other legal representative.

55. **“Price Per Gram**” has the meaning set forth in Section 8.1.

56. **“Product**” or “**Products**” means cannabis products derived from Rooted Cuttings supplied to Aphria by Aphria Diamond under this Agreement and which are delivered either as (i) cannabis plants; or (ii) harvested, irradiated and tested dried cannabis, and for certainty, Product does not include Rooted Cuttings, and for further certainty, Product will be further specified as being either (A) Flower, (B) Shake, (C) Gradeout, (D) Trim, or (E) Fresh Bud.

57. **“Purchase Orders**” has the meaning set forth in Section 7.1.

58. **“Quality Agreement**” has the meaning set forth in Section 9.2.

59. **“Rejected Product(s)**” has the meaning set forth in Section 6.2.

60. **“Required Change**” has the meaning set forth in Section 6.6.

61. **“Rooted Cuttings**” means cannabis rooted cuttings, clippings and other starting genetic materials.

62. **“Rules**” has the meaning set forth in Section 15.2.

63. **“Safety Data**” means information required to be reported to a Governmental Authority relating to the safety of a Product, including any noxious and unintended response to a Product experienced by a customer, any response that requires in-patient hospitalization or prolongation of existing hospitalization, causes congenital malformation, is persistent or causes significant disability or incapacity, is life-threatening or results in death.

64. **“Set Off Invoice**” has the meaning set forth in Section 8.3.

65. **“Specifications**” includes for each Product: (i) material and component specifications (including approved Aphria Diamond and distributors; physical, chemical and microbiological specifications, as appropriate); (ii) labeling specifications (including physical attributes); (iii) sampling requirements (including quantities required for physical, chemical, microbiological testing); (iv) production and cultivation requirements, including processing and equipment requirements; (v) in-process control specifications (as appropriate); (vi) packaging requirements, including processing and equipment requirements; (vii) finished product release requirements (including identity, purity, quantity, potency, testing, testing methodology, equipment requirements, and release specifications); (viii) stability specifications (including storage conditions, testing methodology and equipment requirements); (ix) record-keeping standards (including master production documents, list of ingredients or processes undergone by the Products, materials used in the cultivation, testing performing, lot and batch tracking, sanitation program); and (x) such other analysis as may be reasonably requested in writing by Aphria, including phenotype analysis. Specifications for the Products are set forth in Schedule A, as may be amended from time to time in accordance with this Agreement. The Specifications include that all Products must comply with all Canadian Regulatory Approvals, Good Production Practices and also be consistent with Applicable Laws, as appropriate.

66. **“Shake**” means Products as commonly understood in the cannabis industry to be shake, but “**Shake**” specifically excludes Trim.

67. **“Term**” has the meaning set forth in Section 3.

68. **“Third Party Claim**” has the meaning set forth in Section 13.4.

69. **“Trial Lot**” means fresh plant cuttings derived from Rooted Cuttings that are to be sold to Aphria at cost with the understanding that the Trial Lot is not to be sold to a third party but to be used by Aphria to perform research and development at its own cost.

70. **“Trim**” means Products generated from the cannabis trimming process and includes stems, dried leaves and sugar buds. Harvested Trim from all Products is to be considered Excess Product.

71. **“Trim Premium**” has the meaning set forth in Section 8.1.

2. **SUPPLY OF PRODUCTSAND ROOTED CUTTINGS**

1. Supply of Products by Aphria Diamond:

i. Upon and subject to the terms and conditions hereof, Aphria Diamond agrees that it shall supply Products set out in Purchase Orders accepted by Aphria Diamond, to Aphria, on an exclusive basis, and Aphria agrees that it shall purchase Products from Aphria Diamond on a non-exclusive basis, as of and with effect from the Effective Date.

ii. Aphria agrees that it will purchase: (a) 100% of the Flower, Shake and Gradeout produced by Aphria Diamond and (b) all of the other Products, if any, produced by Aphria Diamond; in each case, to the extent set out in a Purchase Order provided by Aphria and accepted by Aphria Diamond from time to time.

iii. Aphria acknowledges that the Product being received is in a bulk state and has not undergone a final grading process.

iv. Aphria Diamond is liable for waste product identified as part of the final grading process conducted in accordance with this Agreement and final billing for the Products will be on a net basis of waste product identified as part of the final grading.

v. Aphria agrees that it will not resell any Products supplied by Aphria Diamond as Trial Lots, including any Fresh Bud, and that such Products will be used by Aphria solely for purposes of research and development.

2. Supply of Rooted Cuttings by Aphria:

i. Aphria will supply Aphria Diamond with the Rooted Cuttings required by Aphria to be used for the cultivation of Products at the Aphria Diamond Facility and production of various strains, in each case, to the extent set out in a Purchase Order, as well as historical records on harvest yields by strain to be used by both Aphria Diamond and Aphria when performing applicable tests described in the Specifications and for the inspection of each lot of Products. Aphria Diamond will follow the grow plan established by Aphria for the cultivation and production of Products at the Aphria Diamond Facility and, for certainty, Aphria will have the final decision with respect to the timing of planting.

ii. All Rooted Cuttings will be provided by Aphria on an “**AS-IS**” “**WHERE-IS**” basis and will be shipped at Aphria Diamond’s expense and be delivered FOB at Aphria’s Facility in Leamington.

iii. Aphria Diamond will have 5 days from the date of delivery of the Rooted Cuttings to accept or reject the Rooted Cuttings delivered by Aphria. Aphria Diamond may reject Rooted Cuttings for one of the following reasons: (a) visual inspection reveals the presence of mold or other physical defect that, if accepted and grown in the Aphria Diamond Facility, could contaminate other live plants; (b) the Rooted Cuttings do not conform to the specification provided with the Rooted Cuttings.

iv. In the event that Aphria Diamond rejects the Rooted Cuttings on the basis of any of the foregoing reasons, Aphria Diamond shall deliver a notice setting forth the reason for the rejection. Aphria shall promptly replace the Rooted Cuttings and deliver new Rooted Cuttings to Aphria Diamond. This shall be Aphria Diamond’s sole remedy with respect to the Rooted Cuttings. Rooted Cuttings will be deemed to be accepted by Aphria Diamond if there is no notice delivered to Aphria explicitly rejecting the Rooted Cuttings within 5 days of the date of delivery of the Rooted Cuttings to the Aphria Diamond Facility. Any dispute between the parties arising with respect to the quality or suitability of the Rooted Cuttings shall be resolved in accordance with the Section 6.3.

3. Excess Capacity

i. In the event that Aphria Diamond, in its reasonable opinion, believes there will be un-utilized cultivation capacity at the Aphria Diamond Facility (“**Excess Capacity**”), then Aphria Diamond, acting reasonably, may elect to allocate Excess Capacity to cultivate and produce additional cannabis products at the Aphria Diamond Facility (“**Excess Products**”). Aphria covenants and agrees that it will allocate capacity for the cultivation of Products at the Aphria Diamond Facility in priority over capacity at any other Aphria cultivation facility, except if any of the following apply: (a) Aphria Diamond does not possess a Cannabis Licence or Canadian Regulatory Approval required for the cultivation, propagation, processing, possession, sale or distribution of such Product at the Aphria Diamond Facility or by Aphria Diamond or any certification; or (b) the Product is derived from a specific strain being grown, as of the Amendment Effective Date, for production at Redecan’s indoor growing facility located at 182 Foss Road, Fenwick, Ontario, L0S 1C0.

ii. Aphria Diamond may source Rooted Cuttings to support cultivation to fill any Excess Capacity from one or more third parties so long as doing so does not adversely impact the quality of or contaminate any cultivation or production allocated to the Products to be sold to Aphria hereunder.

iii. Aphria will not be obligated to purchase any Excess Products from Aphria Diamond. Any Excess Products supplied to Aphria by Aphria Diamond will be deemed to be "**Products**" for purposes of the representations, warranties and covenants set forth in Sections 4, 5, 6, 7, 8.3, 9, 10, 13 and 16.7 of this Agreement.

iv. Notwithstanding Section 2.1(i), Aphria Diamond may from time to time sell Excess Products to third parties on the open market so long as doing so does not impede, interfere with or otherwise derogate from the performance of its obligations hereunder, including, without limitation, its obligation to supply Aphria with Products conforming to the Specifications.

3. **TERM**

Unless earlier terminated in accordance with the terms hereof, this Agreement shall be for a term commencing on the Effective Date and expiring on the date that is one hundred and twenty (120) months from the Amendment Effective Date (the "**Term**").

4. **REGULATORY MATTERS**

1. Regulatory Approval.

2. Each Party will use commercially reasonable efforts to prepare, submit, obtain and maintain, any of its own required Canadian Regulatory Approval and any other approvals necessary for such Party to use, possess, process, package/label, test, import, export, sell, deliver, transport, distribute and destroy the Products at the applicable Aphria or Aphria Diamond Facility, as the case may be, in accordance with this Agreement and Applicable Laws.

4.2 Safety Data.

3. To the extent Safety Data exists in respect of any Product, Aphria shall be entitled to, and shall be provided with reasonable access to, all such Safety Data for such Product. Aphria may use any Safety Data in respect of such Product in connection with any Canadian Regulatory Filing, whether or not such filing is mandatory.

4.3 Responsibility for Labeling and Packaging.
All Products supplied by Aphria Diamond to Aphria pursuant to this Agreement will be sold and distributed by Aphria under its private label brands. Aphria is solely responsible, at its own expense, for designing, developing, maintaining and updating all Product labeling, packaging, directions and inserts. Aphria will be solely responsible for ensuring that all Product labeling, packaging, directions and inserts it uses complies with Applicable Laws, including as set forth in any Canadian Regulatory Approval. To the extent that any information on a Product label, package, direction or insert is deficient and/or not in compliance with Applicable Laws, including as set forth in any Canadian Regulatory Approval, Aphria Diamond shall cooperate with and provide the necessary information to Aphria and shall provide assistance, as reasonably requested, at Aphria's expense, to Aphria in order to permit Aphria to modify Product labeling, packaging, directions or inserts so that it conforms with Applicable Laws.

4. Regulatory Fees.

Aphria Diamond will be solely responsible for all fees payable with respect to the submission (filing), prosecution and maintenance of the Canadian Regulatory Filings in respect of the licensing of the applicable Aphria Diamond Facility.

5. **REPRESENTATIONS, WARRANTIES AND COVENANTS**

1. Product Criteria.

Aphria Diamond represents, warrants and covenants, as applicable, that all Products will, at the time of delivery: (i) be free from defects and will conform with the Specifications; (ii) be of a good and merchantable quality and fit for the intended purpose; not be adulterated, except as it relates to the irradiation of the Product or as otherwise agreed by the Parties; (iii) comply with Applicable Laws; (iv) be labeled and handled in accordance with Good Production Practices and all Applicable Laws; (v) be produced, packaged and stored under sanitary conditions and in compliance with Good Production Practices and all Applicable Laws; (vi) be shipped in packaging in compliance with Applicable Laws and consistent with Aphria Diamond's then current practices; and (vii) be free from any Encumbrances. As Aphria's sole remedy for a breach of any of the foregoing, if Aphria Diamond is notified in writing of the breach within thirty (30) days of Aphria selling the applicable Product but no later than ninety (90) days after the date of delivery, Aphria Diamond shall at Aphria Diamond's option, replace such defective Products or refund the amounts paid by Aphria in respect of such defective Products. Any dispute arising between the parties from a notice received by Aphria Diamond pursuant to this Section 5.1 shall be resolved in accordance with the procedure set forth in Section 6.3.

2. Intellectual Property Rights.

Aphria Diamond represents, warrants and covenants, as applicable, that to its knowledge: (i) the Products do not and will not infringe or violate any intellectual property rights of any third party; and (ii) in the event that the use, sale and/or distribution of any Products constitutes or is alleged to constitute an infringement of intellectual property rights, Aphria Diamond shall, at Aphria Diamond's expense and at Aphria's option, procure for Aphria the right to continue the use, sale and distribution, or replace such Products with non-infringing Products.
Aphria represents, warrants and covenants, that: (a) the Rooted Cuttings (and Aphria Diamond's use of the Rooted Cuttings and resulting materials), and Aphria's conversion or manipulation of the Products (if applicable) will not infringe or violate any intellectual property rights of any third party; and (b) in the event that the Rooted Cuttings (and Aphria Diamond's use of the Rooted Cuttings and resulting materials) or the use, sale and/or distribution of any such converted or manipulated Products constitutes or is alleged to constitute an infringement of intellectual property rights, Aphria shall, at Aphria's expense and at Aphria Diamond's option, procure for Aphria the right to continue the use, sale and distribution, or replace such converted or manipulated Products with non-infringing Products.

3. Licenses and Permits.

Aphria Diamond represents and warrants to Aphria that it shall maintain throughout the Term all applicable licenses, permits and authorizations necessary to perform its obligations under this Agreement with respect to the Products.

Aphria represents, warrants and covenants to Aphria Diamond that it shall at all times comply with Applicable Law and shall obtain and shall subsequently maintain throughout the Term all applicable licenses, permits and authorizations necessary to perform its obligations under this Agreement with respect to the Products.

4. Suitability.

Aphria Diamond represents, warrants and covenants, as applicable, to Aphria that it has: (i) the requisite experience, knowledge and expertise; (ii) qualified personnel; and (iii) the legal right, to perform its obligations under this Agreement and Aphria Diamond covenants to Aphria that Aphria Diamond will perform such obligations in a sound, safe, lawful and workmanlike manner.
Aphria represents, warrants and covenants, as applicable, to Aphria Diamond that it has: (a) the requisite experience, knowledge and expertise; (b) qualified personnel; and (c) the legal right, to perform its obligations under this Agreement and Aphria covenants to Aphria Diamond that Aphria will perform such obligations in a sound, safe, lawful and workmanlike manner.

5. Facilities.

Aphria Diamond represents and warrants that: (i) all Products will be produced at the Aphria Diamond Facility; and (ii) the Aphria Diamond Facility is registered, licensed and in good standing under Applicable Laws.

6. Aphria Diamond Facility.

Aphria will have the right, but not the obligation, to have one or more employee agent(s) or representative(s) attend the Aphria Diamond Facility upon 48 hours' prior written notice or at times mutually agreeable to both Parties to assess Aphria Diamond's compliance with the Specifications, Good Production Practices and Applicable Laws and any other requirements contemplated by this Agreement; provided, however, that: (i) such assessments will be conducted by an employee agent(s) or representative(s) during customary business hours and shall not unreasonably interfere with the operations of the Aphria Diamond Facility; (ii) all such employee agent(s) or representative(s) will report solely to Aphria on a confidential basis confirming compliance or non-compliance, as applicable, with the Specifications, Good Production Practices and Applicable Laws and any other requirements contemplated by this Agreement; and (iii) in Exceptional Circumstances, Aphria's employee agent(s) and/or representative(s) shall have the right to attend the Aphria Diamond Facility on such shorter notice as is reasonable in such circumstance.

7. Obligations of Aphria.

In addition to any other obligations Aphria may have under this Agreement, Aphria covenants and agrees with Aphria Diamond that:

i. Aphria will comply with all Applicable Laws including in its use, possession, processing, packaging/labelling, testing, importing, exporting, storage, sale, delivery, transportation, distribution and destruction of the Products; and

ii. Aphria shall bear all responsibility with regard to the nature, content and use of all Aphria promotional and marketing materials used by Aphria in respect of the Products.

8. Change of Law.

a. The Parties acknowledge and confirm that the business of Aphria Diamond, Aphria and the Products are and will be subject to extensive regulation and Applicable Laws. The Parties have attempted to structure their relationship pursuant to this Agreement in compliance with all Applicable Laws. However, if, at any time during the Term, there is any change in Applicable Laws with which a Party is required to comply (including any change to the *Cannabis Act* or any other Applicable Laws governing the legalization of the production, cultivation, processing, sale and distribution of cannabis in Canada), or any other change in the application or administration of Applicable Laws whether affecting a Party specifically or affecting all businesses of a similar nature to those of the Party, and, as a result of such compliance, such Party is no longer able to comply with one or more provisions of this Agreement (each such change, a "**Change of Law**") the affected Party shall promptly notify the other Party in writing (a "**Change of Law Notice**") of the Change of Law and any such notice shall contain a description of the Change of Law and the exact obligations under this Agreement which the affected Party is delayed or prevented from performing and/or the manner in which such Party's obligations are performed as a result of such Change of Law (the "**Affected Obligations**").

b. Upon delivery of a Change of Law Notice, the respective Chief Executive Officers of the Parties, or their designates ("**Designated Representatives**") will meet within three (3) calendar days and, in good faith, use their commercially reasonable efforts to agree on amendments to this Agreement necessary and appropriate to take account of the Change of Law, so that this Agreement may continue in force (a "**Change of Law Amendment**"). All Change of Law Amendments shall be agreed to by the Designated Representatives of the Parties no later than five (5) calendar days from the date of the Change of Law Notice, or such later date as the Designated Representatives may mutually agree in writing (the "**Change Period**"). Without limiting the generality of the foregoing, where a Change of Law Amendment would result in additional costs being incurred disproportionately by one Party, the Parties shall negotiate in good faith to ensure that the contractual arrangements remain beneficial to both Parties.

c. During the Change Period the obligation of the affected Party to perform the Affected Obligations shall be suspended and the affected Party shall not suffer or incur any liability to the non-affected Party or other Person in connection with its delayed, modified and/or non-performance of the Affected Obligations, as the case may be; provided, however, that the affected Party has used and continues to use its good faith, commercially reasonable efforts to minimize the impact of its delay, modified and/or non-performance of the Affected Obligations, including cooperating and collaborating with the non-affected Party to impose interim procedures and/or workarounds to minimize the impact of its delay, modification and/or non-performance of the Affected Obligations.

6. **PRODUCTS; REJECTED PRODUCTS**

1. Compliance with Specifications.

Prior to delivering any Products to Aphria, Aphria Diamond shall conduct such tests described in the Specifications and inspect each lot of Products for compliance with the applicable Specifications, consistent with Applicable Law and will ensure that all such Products have been approved by Aphria Diamond's quality assurance person prior to delivery.

2. Rejection of Products.

Other than notice provided pursuant to Section 5.1, if following delivery any Product fails to conform to the Specifications, Aphria may reject such Product (a "**Rejected Product**") within five (5) days after receipt thereof. Aphria will provide written notice to Aphria Diamond of any Rejected Product within such five (5) day period setting out in reasonable detail how such Rejected Product fails to conform to the Specifications. Aphria Diamond shall not charge Aphria for any Rejected Product or shall reimburse or credit the cost to Aphria of any Rejected Product that may already have paid by Aphria. If Aphria fails to deliver a notice regarding Rejected Product within five (5) days of receipt thereof, the Product shall be deemed to be accepted by Aphria. All Products accepted by Aphria, whether accepted following the replacement by Aphria Diamond or the resolution pursuant to Section 6.3, will be invoiced by Aphria Diamond to Aphria at the Price Per Gram. Other than the remedy set forth in Section 5.1, the provisions of this Section shall be Aphria's sole remedy with respect to the Rejected Product.

3. Dispute Resolution.

In the event of a dispute regarding whether any Rejected Product complies with the Specifications, Aphria and Aphria Diamond shall utilize an independent laboratory as may be acceptable to both Aphria Diamond and Aphria, acting reasonably (the "**Independent Laboratory**"), to evaluate whether such Rejected Product conforms with the applicable Specifications. If such issue is submitted to the Independent Laboratory for resolution, (i) Aphria Diamond and Aphria will furnish or cause to be furnished to the Independent Laboratory such documents and information relating to the disputed issue as the Independent Laboratory may request and are available to that Party or its agents and will be afforded the opportunity to make written submissions to the Independent Laboratory; and (ii) the determination by the Independent Laboratory, as set forth in a notice to be delivered to both Aphria Diamond and Aphria within five (5) days of the submission to the Independent Laboratory of the issues remaining in dispute, will be final, binding and conclusive on the Parties, absent clerical manifest error. If such Independent Laboratory determines that a Rejected Product complies with the Specifications, Aphria will bear full responsibility for any fees charged by the Independent Laboratory in respect of testing such Rejected Product and will be obligated to purchase such Product and accept shipment of such Product, subject to the terms and conditions set forth in this Agreement. If such Independent Laboratory determines that a Rejected Product does not comply with the Specifications, Aphria Diamond will bear full responsibility for any fees charged by the Independent Laboratory in respect of testing such Rejected Product. The terms and existence of any dispute regarding a Rejected Product shall be kept in the strictest and utmost confidence by the Parties, consistent with the confidentiality obligations of the Parties for Arbitration proceedings under Section 15.2.

4. Obligations Regarding a Rejected Product.

Aphria Diamond will, at its own expense: (i) replace any Rejected Product as soon as practicable, and in any event, (a) within five (5) days of Aphria's notice of rejection or, (b) in the event of a dispute regarding such Rejected Product that is resolved by an Independent Laboratory, within fourteen (14) days of the determination by such Independent Laboratory that such Rejected Product does not conform to the Specifications; and (ii) promptly arrange for and pay all costs associated with the disposal and, if deemed necessary by Aphria Diamond, the destruction of such Rejected Product. Any disposal or destruction of Rejected Product shall be in accordance with all Applicable Laws.

5. Return of Products.

Aphria acknowledges that it shall be responsible for maintaining and managing its inventory of accepted Products and that, except as otherwise set forth in this Agreement, no accepted Products delivered by Aphria Diamond in accordance with this Agreement shall be returnable to Aphria Diamond without Aphria Diamond's prior written consent, which consent may not be unreasonably withheld. Except as otherwise set forth in this Agreement, all accepted Products that expire while in the possession of Aphria shall be destroyed at Aphria's own expense and in accordance with Applicable Laws.

6. Changes to Product.

Following Aphria Diamond's Acceptance of a Purchase Order, Aphria Diamond will not make any change to any Products which are included in such Purchase Order or the production process in respect of any Products which are included in such Purchase Order unless: (i) such change is required by the Canadian Regulatory Authority or Applicable Laws and Aphria Diamond has provided reasonable detail to Aphria in respect of such change, including whether any such change would result in an increase or decrease in the purchase price of such Product (a "**Required Change**"); or (ii)(a) such change is proposed by Aphria Diamond in order to maintain or improve the quality of any Product; (b) Aphria Diamond has provided reasonable detail to Aphria in respect of such change, including whether any such change would result in an increase or decrease in the purchase price of such Product; and (c) Aphria Diamond has obtained the prior written consent of Aphria for such change, which consent may be withheld in Aphria's sole discretion (an "**Optional Change**"). Upon adoption of any Required Change or any Optional Change, such Required Change or Optional Change, as the case may be, shall become part of the Specifications for such Product. Aphria shall solely bear the costs associated with any Required Change or any Optional Change.

7. Storage.

Aphria Diamond shall store the Products at the Aphria Diamond Facility in accordance with the Specifications, Good Production Practices and Applicable Laws, consistent with the same practices and procedures used by Aphria Diamond in its own operations and in respect of its other Aphria Diamond relationships. Aphria will have the right to inspect, from time to time, the Aphria Diamond Facility subject to the conditions provided under Section 5.6.

8. Bulk Transfer Transaction Form.

As applicable and prior to each shipment of Products, the Parties agree to complete a bulk transfer transaction form and such other documents as otherwise may be required by Applicable Laws. The quantities listed on the bulk transfer transaction form must be in line with approved amounts for possession, storage, sale and distribution of the Products under the cultivation licence for the Aphria Facility and the Aphria Diamond Facility. If applicable, the bulk transfer transaction form must be signed by both Aphria Diamond and Aphria and be submitted to the Canadian Regulatory Authority (Health Canada) a minimum of ten (10) Business Days in advance of each shipment or such other time period as may be specified by any

Canadian Regulatory Authority. The Parties acknowledge and agree that Aphria Diamond may not ship any Products if it has been directed by the Canadian Regulatory Authority (Health Canada) not to do so.

9. Shelf Life.

Unless otherwise agreed upon by the Parties, Aphria Diamond shall ensure that all Products supplied to Aphria will be quality assurance released and delivered to Aphria no later than two (2) months after the Product has left the grow room. Where both Parties agree to storage at the Aphria Diamond Facility at Aphria's request, any quality issues that are found as a result of such storage are the responsibility of Aphria. Aphria Diamond is only responsible for ensuring the Product meets the Specification at the time of release.

10. Shipping.

Aphria Diamond will ship the Products in accordance with Applicable Laws at Aphria's sole expense. Such shipments will occur weekly, so long as there is Product released and available to ship. In respect of Products shipped to the Aphria Facility in Leamington, all such Products will be delivered FOB Aphria's Facility.

11. Mandatory Product Handling Instructions for Shipment and Storage.

Aphria Diamond will prepare each Product for transportation with due care in accordance with the Specifications, consistent with the Applicable Law, the Specifications and the Quality Agreement.

7. **PURCHASE ORDERS**

1. Purchase Orders.

i. The Products will be ordered by Aphria by the issuance of pre-numbered purchase orders ("**Purchase Orders**"). All Purchase Orders are subject to acceptance by Aphria Diamond before they become binding on Aphria Diamond.

ii. Each Purchase Order will designate the desired delivery dates for the Products and packaging configurations for the Products and will specify the Aphria Facility ordering the Products. Aphria shall not be required to deliver, and Aphria Diamond shall not accept, Purchase Orders for any Product to be delivered after the date of termination or expiration of this Agreement.

iii. All sales of accepted Products by Aphria Diamond to Aphria will be subject to the provisions of this Agreement and will not be subject to the terms and conditions contained in any Purchase Order of Aphria or confirmation of Aphria Diamond, except insofar as any such Purchase Order or confirmation establishes: (a) the type of Product to be sold; (b) the quantity of Products to be sold; (c) the delivery dates for those Products; (d) the packaging configuration for those Products; and I the location to which those Products are to be delivered.

iv. For greater certainty, Aphria shall have no obligation to purchase any quantities of Products that are not specifically set out in a Purchase Order provided by Aphria and accepted by Aphria Diamond.

2. Delivery.

Aphria Diamond shall use commercially reasonable efforts to deliver Products to Aphria within seven (7) days of the delivery date specified in the applicable Purchase Order, unless otherwise mutually agreed in writing by the Parties. Aphria Diamond shall not be liable for any delay in delivery if Aphria Diamond used commercially reasonable efforts to deliver Products within the time periods specified herein.

3. Supply Levels.

If Aphria Diamond anticipates that it will be unable to supply at least ninety percent (90%) (in grams) of the quantity of a Product ordered pursuant to a Purchase Order, Aphria Diamond shall notify Aphria as soon as reasonably practicable prior to the date on which Product is to be delivered to Aphria as contemplated in Section 7.2.

8. **PURCHASE PRICE AND PAYMENT**

1. Purchase Price of Aphria Diamond Product.

The purchase price of the Product (the "**Price Per Gram**") shall be as set forth in Schedule B.

2. Records and Inspections.

Aphria Diamond will maintain accurate records containing sufficient data from which the purchase price payable pursuant to this Agreement may be calculated. Aphria Diamond will maintain those records for two (2) years after the end of the applicable contract year to which those records relate. Promptly following any request by Aphria, Aphria Diamond will permit examination of those records by Aphria during Aphria Diamond's customary business hours.

3. Payment Terms.

4. The price of all Products will be paid within thirty (30) days following the receipt of the invoice by Aphria from Aphria Diamond for Products delivered to Aphria during the preceding month, and/or consistent with past practices established between the parties.

4. Withholding Taxes. All prices under this Agreement shall be exclusive of applicable sales tax, for which Aphria will be responsible. Any payments under this Agreement shall be paid in full without any deduction or withholding of taxes, except to the extent required

by law. If any taxes are required to be deducted or withheld by Aphria pursuant to legal requirements, Aphria will (i) pay the taxes to the taxing authority, and (ii) send proof of such payment to Aphria Diamond. Each Party agrees to use commercially reasonable efforts to assist the other Party in claiming any legal exemptions from the respective obligation to deduct or withhold tax.

9. **PRODUCT QUALITY; PHARMACOVIGILANCE**

1. Quality Complaints.

Within ten (10) days after receiving a complaint regarding the quality of any Product, the Party that received such complaint will provide a copy of such complaint to the other Party. Aphria Diamond, in cooperation with Aphria, will promptly investigate any such complaint and will, as soon as reasonably practicable but in any event within thirty (30) days after receiving such complaint, provide a report to Aphria setting out the findings of such investigation in reasonable detail. Aphria shall be responsible for filing with the Canadian Regulatory Authority any report that may be required in respect of a quality complaint regarding any Product.

2. Quality Agreement. Each Party is responsible for fulfilling its technical, quality and Good Production Practices. The Parties agree to comply with the terms of the quality agreement ("**Quality Agreement**"), which Quality Agreement shall be in the form attached hereto as Exhibit I to Schedule A. In the event of any conflict between the terms of the Quality Agreement and any other term of this Agreement, the terms of this Agreement shall be paramount.

10. **PRODUCT RECALLS**

1. In the event (i) any Governmental Authority issues a request, directive or order that a Product be recalled, or (ii) a court of competent jurisdiction orders such a recall, or (iii) Aphria, after consultation with Aphria Diamond, reasonably determines that a Product should be recalled because the Product does not conform to Specifications, or (iv) Aphria Diamond, after consultation with Aphria, reasonably determines that a Product should be recalled for any reason, the Parties shall take all appropriate corrective actions reasonably requested by the other Party hereto or by any Governmental Authority. In the event that such recall results from the breach of Aphria Diamond's representations, warranties and/or covenants under this Agreement, or Aphria Diamond is otherwise responsible for the recall, Aphria Diamond shall be responsible for 100% of the Expenses of the Recall. In the event the recall results from the breach of Aphria's representations, warranties and/or covenants under this Agreement, or Aphria is otherwise responsible for the recall, Aphria shall be responsible for one hundred percent (100%) of Expenses of the Recall. In the event of a recall that is neither Party's fault, the Parties shall evenly split the Expenses of the Recall. In the event of a recall that is the fault of both Parties, the Parties shall allocate the Expenses of the Recall between each of the Parties based on each Party's respective culpability for such recall, with the Parties acting reasonably. For the purposes of this Agreement, "**Expenses of the Recall**" shall mean the reasonable and direct costs and expenses of notification of customers and destruction or return of the recalled Product, as well as any reasonable and direct out-of-pocket costs, solely in connection with any corrective action taken by Aphria Diamond. For greater certainty, Expenses of the Recall shall not include any indirect or consequential costs, loss of profits, business revenues, business interruption and the like, of either Party. Aphria shall lead and conduct a recall in accordance with its standard operating procedures and the Quality Agreement and Aphria Diamond shall fully cooperate with Aphria to assist with the recall process as necessary.

2. **Allocation of Fault.** If the Parties disagree as to the allocation of fault described above, Aphria Diamond shall deliver the samples of the recalled Product to an Independent Laboratory for analytical testing to confirm the Product's conformance to the Specifications and whether the Product does not conform with the Specifications as a result of a deficiency in the Rooted Cuttings provided by Aphria to Aphria Diamond. All costs and expenses associated with such third party testing shall be for the account of the Aphria if it is determined by the Independent Laboratory that the recalled Product did not meet the Specifications as a result of a deficiency in the Rooted Cuttings provided by Aphria Diamond, otherwise all costs and expenses for such third party testing shall be for the account of Aphria Diamond.

11. **FORCE MAJEURE**

1. A Party shall be excused for any failure or delay in performing any of its obligations under this Agreement (other than payment obligations), if such failure or delay is caused by, or contributed to by, Force Majeure, or if performance of this Agreement becomes commercially impractical as a result of Force Majeure, provided that such Party shall (i) promptly notify the other Party in writing of the occurrence or circumstance upon which it intends to rely to excuse its performance, and (ii) promptly resume performance after the cause of such delay is removed. For purposes of this Agreement, "**Force Majeure**" shall mean any act of God, accident, explosion, fire, storm, earthquake, flood, drought, riot, embargo, civil commotion, war, act of war, terrorism, act or order of any Governmental Authority or inability to obtain or delay in the delivery of raw materials, parts or completed merchandise by Aphria Diamond thereof, but shall specifically exclude labour disputes of either Party.

12. **INTELLECTUAL PROPERTY RIGHTS**

1. Intellectual Property.

i. Each Party hereby acknowledges that it does not have, and shall not acquire any interest in any of the other Party's intellectual property unless otherwise expressly agreed in writing.

ii. Each Party agrees not to use any trade names or trademarks of the other Party, except as specifically authorized by the other Party in writing or under this Agreement both as to the names or marks which may be used and as to the manner and prominence of use, except as required under Applicable Law.

iii. Aphria hereby grants to Aphria Diamond, the exclusive, limited, royalty free, revocable licence to use the word mark "Aphria" in Canada, solely as part of the composite name "Aphria Diamond" to connote the operating entity of 1974568 ONTARIO LIMITED. This limited licence will be automatically revoked and terminated by Aphria upon the termination

of this Agreement or the winding up, liquidation, reorganisation, dissolution, bankruptcy or sale of all or substantially all of the assets of 1974568 ONTARIO LIMITED.

13. **INSURANCE; INDEMNIFICATION AND LIMITATION OF LIABILITY**

1. Insurance.

Each Party will (i) at all times during the Term and continuing for a period of two (2) years after the date of any expiration or termination of this Agreement, maintain in full force and effect, for the benefit of itself and the other Party, commercial general liability insurance which is sufficient to adequately protect against the risks associated with its ongoing business, including the risks which might possibly arise in connection with the transactions contemplated by this Agreement and in any event, will maintain product liability insurance in an amount not less than five million dollars ($5,000,000) for each occurrence and in the aggregate (it being understood that either Party may self-insure a portion of such coverage as may be commercially reasonable and furnishes adequate protection as described above), and (ii) use its commercially reasonable efforts to cause its insurer of such policy to provide that policy cannot be terminated or canceled without giving the other Party thirty (30) days prior written notice. During the Term, each Party's insurance policy will name the other Party as an additional insured. Upon request by the other Party from time to time but not more often than once annually, each Party shall furnish the other with a certificate of insurance evidencing that such insurance coverage is in force.

2. Indemnification by Aphria Diamond.

Aphria Diamond shall indemnify, defend and hold Aphria, and its respective officers, directors, employees, and representatives harmless from and against any and all losses, liabilities, damages, costs and expenses, including reasonable legal fees and disbursements (collectively, "**Damages**"), claimed by a third party pursuant to any and all suits, investigations, claims or demands by third parties to the extent resulting from or arising out of: (i) any breach by Aphria Diamond, its Affiliates or their respective officers, directors, employees, or representatives of any representation, warranty and/or covenant of Aphria Diamond under this Agreement; (ii) any negligence or willful misconduct by Aphria Diamond, its Affiliates or their respective officers, directors, employees, or representatives; (iii) a Product defect caused by the failure of Aphria Diamond, its Affiliates or their respective officers, directors, employees, or representatives to comply with Good Production Practices and Applicable Laws; (iv) any product liability action arising from or in connection with the sale of the Products (including, design defect claims, product defect claims, or claims under strict liability in tort, except to the extent such product liability action arises from an indemnified event pursuant to Section 13.3); and/or (v) any failure to properly dispose of or destroy any Rejected Product in accordance with Applicable Laws.

3. Indemnification by Aphria.

Aphria shall indemnify, defend and hold Aphria Diamond and its respective officers, directors, employees, and representatives harmless from and against any and all Damages claimed by a third party pursuant to any and all suits, investigations, claims or demands by third parties to the extent resulting from or arising out of: (i) any breach by Aphria or its respective officers, directors, employees or representatives of any representation, warranty and/or covenant of Aphria under this Agreement; (ii) any negligence or willful misconduct by Aphria or its respective officers, directors, employees or representatives; (iii) a Product defect caused by Aphria or its respective officers, directors, employees, or representatives; (iv) any product liability action arising from or in connection with the sale of Products (including design defect claims, product defect claims, or claims under strict liability in tort, except to the extent such product liability action arises from an indemnified event pursuant to Section 13.2).

4. Procedures.

The obligations and rights of the each of the Parties as an Indemnifying Party (as defined below) or as an Indemnified Party (as defined below) under Section 13.2 or 13.3, as the case may be, with respect to claims of any third party that are subject to indemnification as provided for in Sections 13.2 or 13.3 (a "**Third Party Claim**") shall be governed by and be contingent upon the following additional terms and conditions set forth in this Section 13.4. As soon as a Party becomes aware of a Third Party Claim (actual or threatened) for which it intends to seek indemnification under Section 13.2 (in the case of Aphria) or Section 13.3 (in the case of Aphria Diamond) (the Party seeking indemnification being referred to as the "**Indemnified Party**" and the Party obligated for indemnification being referred to as the "**Indemnifying Party**"), the Indemnified Party shall give the Indemnifying Party prompt written notice and shall permit the Indemnifying Party to have control over the defense of such Third Party Claim. The Indemnified Party agrees to provide all reasonable information and assistance to the Indemnifying Party in such defense. The Indemnifying Party is authorized to direct all aspects of the defense for which it has an obligation of indemnification and defense hereunder, including selection of counsel, discovery, motions and settlement, provided that the Indemnifying Party may not settle or dispose of any such matter in any manner which would confess wrongdoing or otherwise adversely impact the rights or interest of the Indemnified Party without the prior written consent of the Indemnified Party, which consent may not be unreasonably withheld, conditioned or delayed.

5. IN NO EVENT SHALL APHRIA DIAMOND OR ANY OF ITS CONTRACTORS BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES, LOSS OF REVENUE OR LOSS OF PROFITS, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT OR IN TORT INCLUDING NEGLIGENCE OR INDEMNITY, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. OTHER THAN IN THE EVENT OF A RECALL, NEGLIGENCE OR WILLFUL MISCONDUCT. THE LIABILITY OF APHRIA DIAMOND OR ANY OF ITS CONTRACTORS SHALL NOT EXCEED THE AMOUNTS PAID OR PAYABLE TO APHRIA DIAMOND BY APHRIA PURSUANT TO THIS AGREEMENT IN THE PRECEDING THREE MONTHS FROM THE DATE OF THE CLAIM, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT OR IN TORT (INCLUDING AS SET OUT IN SECTION 13.2), EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. APHRIA DIAMOND DISCLAIMS ALL IMPLIED WARRANTIES AND IMPLIED CONDITIONS.

14. **TERMINATION**

1. Events of Default.

Any of the following events or circumstances shall constitute a default ("**Default**") under this Agreement:

i. if the other Party: (a) admits its inability or is unable to pay its debts generally as they become due; (b) ceases to carry on business in the ordinary course; (c) is adjudged (or is sought by a creditor to be adjudged) a bankrupt or insolvent; (d) makes an assignment or arrangement with or for the benefit of creditors; (e) has a custodian or receiver or receiver manager or any other official with similar powers appointed for it or a substantial portion of its properties or assets and

such appointment is not dismissed or discharged within thirty (30) days thereof; or (f) seeks protection from its creditors under legislation affecting the rights of creditors generally or similar legislation;

2. Upon the occurrence of a Default by a Party hereto (the "**Defaulting Party**"), the other Party (the "**Non-Defaulting Party**") may by notice to the Defaulting Party declare the Defaulting Party to be in default and the Non-Defaulting Party, in its sole and absolute discretion, may terminate its rights and obligations under this Agreement by giving notice (an "**Early Termination Notice**") to the Defaulting Party, without prejudice to its rights under this Agreement accrued to the date of termination and its rights to seek damages as a result of such Default and termination.

3. Canadian Regulatory Authority.

i. If a Canadian Regulatory Authority or any third party challenges a Product and such challenge is reasonably likely, in the mutual determination of both Parties, to impact the commercial viability of such Product, Aphria may, upon thirty (30) days prior written notice to Aphria Diamond, (a) terminate its rights and obligations under this Agreement with respect to the Products that are subject to such challenge; and (b) cancel those portions of its existing Purchase Orders, without penalty or recourse by Aphria Diamond, relating to the Products that are subject to such challenge.

ii. If a Canadian Regulatory Authority provides notice to a Party that it intends to seek the withdrawal from the market of any of the Products, either Party shall have the right, but not the obligation, to challenge the Canadian Regulatory Authority's proposed action and exhaust all avenues of redress available to such Party. If, following such challenge, the Canadian Regulatory Authority prevails in its effort to withdraw from the market any of the Products, as evidenced by a final, non-appealable administrative or legal order, then either Party may immediately upon written notice to the other Party: (a) terminate its rights and obligations under this Agreement with respect to the Products that are subject to such withdrawal; and (b) cancel those portions of any existing Purchase Orders, without penalty or recourse, relating to the Products that are subject to such withdrawal. In the event that a Party determines not to challenge the proposed regulatory action, the other Party may immediately upon written notice to such Party terminate its rights and obligations under this Agreement with respect to such Products (including under any Purchase Order).

15. **DISPUTE RESOLUTION**

1. Litigious Disputes.

Except for disputes requiring resolution pursuant to Section 6.3 of this Agreement, any dispute, controversy or claim arising out of or in connection with this Agreement, including any question regarding its existence, validity, interpretation, breach or termination (a "**Litigious Dispute**"), shall be referred, upon written notice (a "**Notice of Dispute**") given by one Party to the other, to a senior executive from each Party. The senior executives shall seek to resolve the Litigious Dispute on an amicable basis within thirty (30) days of the Notice of Dispute being received. If both Parties agree, the Litigious Dispute may be referred to mediation before a mediator mutually agreed upon by the Parties or, failing such agreement, to be appointed by the ADR Institute of Canada, Inc. (the "**ADRIC**"). The Parties shall equally share the costs of the mediator, the mediation venue and the ADRIC.

2. Arbitration.

If the Litigious Dispute is not resolved within thirty (30) days of receipt of the Dispute Notice, the Litigious Dispute shall be referred to and finally resolved by arbitration in accordance with the Arbitration Rules of the ADR Institute of Canada, Inc. (the "**Rules**") but, subject to the agreement of both Parties, the ADRIC is not required to administer the arbitration (the "**Arbitration**"). Unless otherwise agreed to in writing by the Parties:

i. the Arbitration shall be conducted before one (1) arbitrator mutually agreed upon by the Parties. If the Parties are unable to agree upon an arbitrator within ten (10) Business Days of the commencement of the Arbitration, the arbitrator shall be appointed in accordance with the Rules and the Arbitration shall proceed thereafter as an administered arbitration under the auspices of the ADRIC;

ii. the seat of the Arbitration shall be Toronto, Ontario, Canada;

iii. the language of the Arbitration shall be English;

iv. any award or determination of the arbitrator shall be final and binding on the Parties and there will be no appeal on any ground, including, for certainty, any appeal on a question of law, a question of fact, or a question of mixed fact and law; and

v. all matters relating to the Arbitration, including all documents created in the course of or for the purposes of the Arbitration and any interim or final decision, order or award in the Arbitration, shall be kept confidential and shall not be disclosed by any Party to any third party (excluding their respective legal counsel and where necessary, financial advisors) without the prior written consent of the other Party, or unless required by Applicable Laws.

3. Urgent Interim Measures. Notwithstanding the timelines set out in Sections 15.1 and 15.2 above, to the extent that any Party has a Litigious Dispute that requires urgent interlocutory relief or urgent interim measures, that Party may commence an urgent interim measures application pursuant to the Rules. Any such application shall proceed as an Arbitration administered by the ADRIC. The Parties shall not commence legal proceedings in any court in connection with a request for urgent interlocutory relief or urgent interim measures.

16. **GENERAL PROVISIONS**

1. Entire Agreement; Amendment. The Parties hereto acknowledge that this Agreement, together with all documents referred to in this Agreement and all schedules attached hereto, sets forth the entire agreement and understanding of the Parties and supersedes all prior and contemporaneous written and/or oral agreements and/or understandings with respect to the subject matter of this Agreement,

including the Original Supply Agreement and any other ancillary agreements among the Parties. No modification of any of the terms of this Agreement or any amendments thereto shall be deemed to be valid unless in writing and signed by the Party against whom enforcement is sought. No course of dealing or usage of trade shall be used to modify the terms and conditions herein.

2. Currency.

All currency amounts in this Agreement are stated in Canadian dollars.

3. Waiver.

No waiver by either Party of any default or other breach of this Agreement shall be effective unless in writing, nor will any waiver operate as a waiver of any other default or other breach of this Agreement, including the same default or breach on a future occasion.

4. Obligations to Third Parties.

Each Party represents and warrants that its obligations under this Agreement do not violate any of its obligations, express or implied, undertaken with any third party.

5. Assignment.

This Agreement shall be binding upon and inure to the benefit of the successors, permitted assigns and transferee of each of the Parties. This Agreement may not be assigned or transferred by either Party without the prior written consent of the other Party, which consent will not be unreasonably withheld, conditioned or delayed. A Party may, however, assign its rights hereunder to an affiliate with the written consent of the other Party which shall not be unreasonably withheld. No assignment shall release the original Party hereto from its duties and obligations under this Agreement.

6. Governing Law and Jurisdiction. This Agreement will be governed by, and construed, interpreted and enforced in accordance with, the laws in force in the Province of Ontario (excluding any rule or principle of the conflict of laws which might refer such construction or interpretation to the laws of another jurisdiction) and the laws of Canada applicable therein. The Parties hereby irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Ontario for any legal proceedings arising out of this Agreement or the performance of the obligations hereunder.

7. Time of the Essence.

Time is of the essence of each provision of this Agreement, including with respect to delivery of Products, and no extension or variation of this Agreement shall operate as a waiver of this provision.

8. Notices.

Any notice or other communication required or permitted to be given pursuant to this Agreement shall be deemed to have been sufficiently given if in writing and either delivered by e-mail, facsimile transmission (with electronic receipt), overnight courier service against receipt or sent by registered or certified mail, return receipt requested, addressed as indicated below:
If to Aphria Diamond:
1974568 Ontario Limited.
2237 Essex Rd. 31
Kingsville, Ontario, N9Y 2E5
Attention: ***
E-mail: ***
If to Aphria:
Aphria Inc.
98 Talbot Street West
Leamington, Ontario
N8H 1M8
Attention: ***
E-mail: ***
With copy to: ***
Notice so given will be deemed to have been given and received on: (i) the same day the notice is sent if transmission of the notice is by e-mail or facsimile sent before 4:00 pm (recipient's time) on a Business Day; (ii) the next Business Day following the date that the notice is sent if transmission of the notice is by e-mail or facsimile transmission sent on a day that is not a Business Day or sent on or after 4:00 pm (recipient's time) on a Business Day; (iii) on the day of delivery of the notice by overnight courier service; or (iv) on the seventh Business Day following the day of mailing. Any party from time to time by notice given pursuant to the terms of this Agreement may change its address for the purpose of this Agreement. In the event of actual or threatened disruption of postal service, notice will be delivered by overnight courier service or sent by facsimile or e-mail.

9. Severability.

If any provision hereof should be held invalid, illegal or unenforceable in any respect in any jurisdiction, then, to the fullest extent permitted by Applicable Law, all other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to carry out the intentions of the Parties hereto as nearly as may be possible; provided, however, that nothing herein shall be construed so as to defeat the overall intention of the Parties.

10. Headings, Interpretation.

The headings used in this Agreement are for convenience only and are not a part of this Agreement. This Agreement shall be deemed to have been drafted jointly by both Aphria and Aphria Diamond for purposes of interpreting any of the terms or provisions of this Agreement.

11. Counterparts.

This Agreement may be executed in any number of counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original, and all of which counterparts, taken together, shall constitute one and the same instrument. Any counterpart may be signed and transmitted by facsimile or PDF with the same force and effect as if such counterpart was a signed original.

12. Independent Contractor.

The Parties agree that each is acting as an independent contractor with respect to the other and nothing contained in this Agreement is intended, or is to be construed, to constitute Aphria and Aphria Diamond as partners or joint venturers or Aphria or Aphria Diamond as an agent of the other. Neither Party hereto shall have any express or implied right or authority to assume or create any obligations on behalf of or in the name of the other Party or to bind the other Party to any contract, agreement or undertaking.

13. Further Assurances.

The Parties shall sign such further and other documents and shall perform and cause to be done and performed such further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement.

14. Survival. The following sections shall survive the expiration or termination of this Agreement, regardless of the reasons for its expiration or termination, in addition to any other provision which by law or by its nature should survive: 1, 8.1, 8.2, 10, 12, 13, 15, 16, Schedule A, Exhibit I and Schedule B.

[Signature page to follow]

IN WITNESS WHEREOF, the Parties hereto have each caused this Agreement to be executed by their duly authorized officers as of the date first above written.

1974568 ONTARIO LIMITED

By: _____

Name:
Title:

APHRIA INC.

By: _____

Name:
Title:

WAIVER TO CREDIT AGREEMENT

THIS WAIVER TO CREDIT AGREEMENT dated as of January 5, 2024 (this "*Waiver*") is by and among FOUR TWENTY CORPORATION, a Delaware corporation (the "*Borrower*"), the Guarantors identified on the signature pages hereto, the Lenders identified on the signature pages hereto and BANK OF AMERICA, N.A., in its capacity as Administrative Agent (in such capacity, the "*Administrative Agent*"), Swingline Lender and L/C Issuer.

W I T N E S S E T H

WHEREAS, a credit facility has been extended to the Borrower pursuant to the Credit Agreement dated as of June 30, 2023 by and among the Borrower, the Guarantors identified therein, the Lenders identified therein and Bank of America, N.A., as Administrative Agent, Swingline Lender and L/C Issuer (as amended, modified, supplemented, restated and extended from time to time, the "*Credit Agreement*");

WHEREAS, the Borrower has informed the Administrative Agent that a potential Event of Default may exist under Section 8.01(b) of the Credit Agreement as a result of the Borrower's potential failure to comply with Section 7.11(a) of the Credit Agreement with respect to the four Fiscal Quarter Period ended November 30, 2023 (the "*Potential Event of Default*");

WHEREAS, the Loan Parties have requested that the Lenders waive the Potential Event of Default; and

WHEREAS, the Required Lenders are willing to waive the Potential Event of Default to the Credit Agreement, in accordance with and subject to the terms and conditions set forth herein.

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used herein but not otherwise defined herein shall have the meanings provided to such terms in the Credit Agreement as amended hereby.

2. Waiver. Notwithstanding the provisions of the Credit Agreement to the contrary, the Required Lenders hereby temporarily waive, on a one-time basis, the Potential Event of Default; provided, that, (a) the failure of the Borrower to enter into an amendment to the Credit Agreement with the Administrative Agent, the requisite Lenders, the Swingline Lender and the L/C Issuer on or prior to March 31, 2024 (the "*Proposed Amendment*") to address the financial covenants and/or such other matters as may be agreed to between the parties hereto shall, to the extent that the Potential Event of Default is an actual Event of Default, result in an immediate Event of Default and (b) to the extent the Proposed Amendment is duly executed by the parties hereto on or before March 31, 2024, this Waiver shall become permanent.

This waiver shall be effective only to the extent specifically set forth herein and shall not (a) be construed as a waiver of any breach, Default or Event of Default other than as specifically waived herein nor as a waiver of any breach, Default or Event of Default of which the Lenders have not been informed by the Loan Parties, (b) affect the right of the Lenders to demand compliance by the Loan Parties with all terms and conditions of the Loan Documents, except as specifically modified or waived by this Waiver, (c) be deemed a waiver of any transaction or future action on the part of the Loan Parties requiring the Lenders' or the Required Lenders' consent or approval under the Loan Documents, or (d) except as waived hereby, be deemed or construed to be a waiver or release of, or a limitation upon, the Administrative Agent's or the Lenders' exercise of any rights or remedies under the Credit Agreement or any other Loan Document, whether arising as a consequence of any Default or Event of Default (other than the Potential Event of Default) which may now exist or otherwise, all such rights and remedies hereby being expressly reserved.

3. Conditions Precedent. This Waiver shall be and become effective as of the date hereof when the following conditions precedent have been satisfied:
    a. The Administrative Agent shall have received counterparts of this Waiver, which collectively shall have been duly executed on behalf of each of the Borrower, the Guarantors, the Administrative Agent, each Lender, the Swingline Lender and the L/C Issuer;

    b. After giving effect to this Waiver, no Default or Event of Default shall exist;

    c. The Borrower shall have paid all fees and expenses required to be paid to the Administrative Agent and the Lenders on or before the date hereof; and

    d. All other documents and legal matters in connection with the transactions contemplated by this Waiver shall be reasonably satisfactory in form and substance to the Administrative Agent and its counsel.

4. Expenses. The Loan Parties agree to reimburse the Administrative Agent for all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates (including, but not limited to, (A) the reasonable fees, charges and disbursements of one (1) counsel (and one (1) special counsel or one (1) local counsel in any relevant jurisdiction and, in the case of an actual or potential conflict of interest, one (1) additional counsel of each group of similarly situated affected persons subject to such conflict) for the Administrative Agent and its Affiliates and (B) due diligence expenses) in connection with the preparation, execution and delivery of this Waiver.

5. Waiver is a "Loan Document". This Waiver is a Loan Document and all references to a "Loan Document" in the Credit Agreement and the other Loan Documents (including, without limitation, all such references in the representations and warranties in the Credit Agreement and the other Loan Documents) shall be deemed to include this Waiver.

6. Authorization; Enforceability. Each Loan Party represents and warrants as follows:
    a. It has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of this Waiver.

    b. This Waiver has been duly executed and delivered by such Loan Party and constitutes its legal, valid and binding obligations, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity.

c. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, such Loan Party of this Waiver, other than authorizations, approvals, actions, notices and filings which have been duly obtained, taken or made.

d. The execution, delivery and performance by such Loan Party of this Waiver does not and will not (i) contravene the terms of any of such Loan Party's Organization Documents; (ii) conflict with or result in any breach or contravention of, or the creation of (or the requirement to create) any Lien under, or require any payment to be made under (1) any Contractual Obligation to which such Loan Party is a party or affecting such Loan Party or the properties of such Loan Party or any of its Subsidiaries or (2) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Loan Party or its property is subject; or (iii) violate any Applicable Law.

7. Representations and Warranties; No Default. Each Loan Party represents and warrants to the Administrative Agent and each Lender that, after giving effect to this Waiver, (a) the representations and warranties of the Borrower and each Loan Party contained in Article II or Article V of the Credit Agreement or any other Loan Document or which are contained in any document furnished at any time under or in connection therewith, shall (i) with respect to representations and warranties that contain a materiality qualification, be true and correct and (ii) with respect to representations and warranties that do not contain a materiality qualification, be true and correct in all material respects, in each case, on and as of the date hereof, and except that for purposes of this Section 7(a), the representations and warranties contained in Sections 5.05(a) and (b) of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to Sections 6.01(a) and (b), respectively, of the Credit Agreement, and (b) no Default exists.

8. Reaffirmation of Obligations. Each Loan Party (a) acknowledges and consents to all of the terms and conditions of this Waiver, (b) affirms all of its obligations under the Loan Documents, as modified hereby, and (c) agrees that this Waiver and all documents, agreements and instruments executed in connection with this Waiver do not operate to reduce or discharge such Loan Party's obligations under the Loan Documents.

9. Reaffirmation of Security Interests. Each Loan Party (a) ratifies and affirms that each of the Liens granted in or pursuant to the Loan Documents and confirms and agrees that such Liens are valid and subsisting and (b) agrees that this Waiver and all documents, agreements and instruments executed in connection with this Waiver do not in any manner impair or otherwise adversely affect any of the Liens granted in or pursuant to the Loan Documents. Without limiting the foregoing, each Loan Party confirms and agrees that each of the Liens granted in or pursuant to the Loan Documents by such Loan Party secure all of the Obligations as amended hereby and hereby re-grants a security interest and liens in all of its right, title and interest in the Collateral, as defined in, and on the terms set forth in, the Security Agreement, to secure all of the Obligations as amended hereby and, further, ratifies and reaffirms as of the date hereof that the security constituted by the Collateral Documents continue to secure the payment of liabilities and obligations of the Loan Parties under the Loan Documents.

10. No Other Changes. Except as modified hereby, all of the terms and provisions of the Loan Documents shall remain in full force and effect.

11. Counterparts; Electronic Record. This Waiver may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Waiver or any other document required to be delivered hereunder, by fax transmission or e-mail transmission (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Agreement. Without limiting the foregoing, upon the request of any party, such fax transmission or e-mail transmission shall be promptly followed by such manually executed counterpart.

12. Governing Law. THIS WAIVER AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS WAIVER AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

13. Consent to Jurisdiction; Service of Process; Waiver of Jury Trial. The jurisdiction, service of process and waiver of jury trial provisions set forth in Sections 11.14 and 11.15 of the Credit Agreement are hereby incorporated by reference, mutatis mutandis

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Waiver to be duly executed as of the date first above written.

BORROWER:

FOUR TWENTY CORPORATION,
a Delaware corporation
By:_____
Name: Carl Merton
Title: Chief Financial Officer

GUARANTORS:

DOUBLE DIAMOND DISTILLERY LLC,
a Colorado limited liability company
By:_____
Name: Carl Merton
Title: Chief Financial Officer

SWEETWATER COLORADO BREWING COMPANY, LLC,
a Delaware limited liability company
By:_____
Name: Carl Merton
Title: Chief Financial Officer

MONTAUK BREWING COMPANY, INC.,
a New York corporation
By:_____
Name: Carl Merton
Title: Chief Financial Officer

TILRAY HOLDCO M, LLC,
a Delaware limited liability company
By:_____
Name: Carl Merton
Title: Chief Financial Officer

TILRAY BEVERAGES, LLC,
a Delaware limited liability company
By:

Name:	Carl Merton
Title:	Chief Financial Officer

TILRAY ABC, LLC,
a Delaware limited liability company
By:

Name:	Carl Merton
Title:	Chief Financial Officer

AMERICAN BEVERAGE CRAFTS, LLC,
a Delaware limited liability company
By:

Name:	Carl Merton
Title:	Chief Financial Officer

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.,
as Administrative Agent
By:_____
Name: Erik M. Truette
Title: Vice President

LENDERS:

BANK OF AMERICA, N.A.,
as a Lender, L/C Issuer and Swingline Lender
By:_____
Name: Charles Hart
Title: Senior Vice President

PINNACLE BANK, A TENNESSEE BANK,
as a Lender
By:_____
Name: Chris Gruehn
Title: Senior Vice President

CITY NATIONAL BANK,
as a Lender
By:_____
Name:
Title:

THE TORONTO-DOMINION BANK, NEW YORK BRANCH,
as a Lender
By:_____
Name:
Title:

PROMISSORY NOTE
NON INTEREST-BEARING DEMAND

Amount: USD $26,134,500 Due: On Demand

FOR VALUE RECEIVED the undersigned, 1974568 Ontario Limited (the "**Corporation**"), acknowledges itself indebted to and unconditionally promises to pay to the order of Double Diamond Holdings Ltd. (the "**Shareholder**"), the principal amount of USD $26,134,500 without interest, ON DEMAND.

The Corporation may at any time, without notice, bonus or penalty, pay all or part of the amount outstanding under the promissory note. This promissory note is non-assignable and non-transferable without the prior written consent of the Corporation.

This promissory note is issued pursuant to and shall be interpreted and enforced in accordance with, and the obligations of the Corporation shall be governed by, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

The Corporation hereby waives presentment for payment, notice of dishonour, protest and notice of protest, bringing of suit and diligence in taking any action.

IN WITNESS WHEREOF the Corporation has duly executed and delivered this promissory note.

DATED as of the January 9, 2024.

1974568 ONTARIO LIMITED
By:
Authorized Signing Officer

TILRAY BRANDS, INC.
PERFORMANCE STOCK AWARD GRANT NOTICE
(2024 EBITDA Performance Award)
(AMENDED AND RESTATED 2018 EQUITY INCENTIVE PLAN)

Tilray Brands, Inc. (the "***Company***"), pursuant to its Amended and Restated 2018 Equity Incentive Plan (as amended, the "***Plan***"), hereby awards to Participant a Performance Stock Award in the amount set forth below, which represents a contingent right to receive a cash payment or its equivalent in shares of Common Stock, at the Company's option (the "***2024 EBITDA Performance Award***" or "***Performance Award***"). The 2024 EBITDA Performance Award is subject to all of the terms and conditions as set forth in this Performance Award Grant Notice (this "***Grant Notice***"), and in the Plan and the 2024 EBITDA Performance Award Agreement (the "***Award Agreement***"), attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein shall have the meanings set forth in the Plan or the Award Agreement. In the event of any conflict between the terms in this Grant Notice or the Award Agreement and the Plan, the terms of the Plan shall control.

Participant:	[Executive name]
Date of Grant:	April 5, 2024
Measurement Period:	June 1, 2023 to May 31, 2026
Amount of Performance Award[1]	$---

Vesting Schedule: The Performance Award is nonvested and forfeitable as of the Date of Grant. The Measurement Period is defined as the period of June 1, 2023 to May 31, 2026 (the "***Measurement Period***"). The Performance Award shall fully vest and become nonforfeitable subject to Participant's Continuous Service through the end of the Measurement Period (except as provided otherwise below), and the achievement of Cumulative Adjusted EBITDA (defined below) as determined by the Compensation Committee.

Within 60 days following the end of the Measurement Period, the Compensation Committee will review and certify in writing (i) the level of Cumulative Adjusted EBITDA achieved for the Measurement Period, as measured against the Cumulative Adjusted EBITDA Target Goal, and (ii) the portion of the Performance Award that the Participant has earned, if any, for the Measurement Period (such certification date, the "***Vesting Date***"). The Compensation Committee's certification shall be final, conclusive and binding on Participant, and on all other persons, to the maximum extent permitted by law.

For purposes of this Performance Award, the following terms have the meanings set forth below:

"Acceleration Event" means the first of the following events to occur before the end of the Measurement Period: (a) Participant's termination of employment without Cause in connection with a Change in Control, (b) Participant's termination due to Disability, or (c) Participant's death.

"Adjusted EBITDA" means net (loss) income before income taxes, interest expense, net, non-operating expense (income), net, amortization, and before stock-based compensation, change in fair value of contingent consideration, impairment, purchase price accounting step up, facility start-up and closure costs, litigation costs and transaction costs, as determined by the Company's Compensation Committee in its sole discretion. The Adjusted EBITDA target for the first Annual Performance Period shall be determined by the Compensation Committee as soon as practicable after the date hereof. The Adjusted EBITDA targets for the second and third Annual Performance Periods shall be determined by the Compensation Committee, in its sole discretion, within sixty (60) days following the end of the immediately preceding Annual Performance Period, and the terms of this Performance Award shall be modified accordingly without further action of the Compensation Committee or amendment of this Notice.

"Annual Performance Period" means, with respect to the Measurement Period, each twelve-month performance period beginning each June 1st during the Measurement Period.

"Cumulative Adjusted EBITDA" means the sum of the annual Adjusted EBITDA for each Annual Performance Period during the Measurement Period.

"Cumulative Adjusted EBITDA Target Goal" means the sum of the three (3) annual Adjusted EBITDA target goals set by the Compensation Committee for each Annual Performance Period.

"Pro Rata Event" means Participant's termination of employment by the Company without Cause within the three (3) consecutive month period immediately before the end of the Measurement Period.

If at the end of the Measurement Period, the Company achieves the Cumulative Adjusted EBITDA "**Performance Level**" outlined below of the Cumulative Adjusted EBITDA Target Goal, then the percentage of the Performance Award that vests on the Vesting Date shall be as follows:

Performance Level (Percentage of Achievement of Cumulative Adjusted EBITDA targets)*	**% of Performance Award Vested**	**Vested Performance Award**
50% or below	0%	$0
75%	50%	$[___]
100% or greater	100%	$[___]

*If the percentage of achievement of Cumulative Adjusted EBITDA falls between levels of the Cumulative Adjusted EBITDA Target Goal, the actual percentage of the Performance Award earned shall be determined by linear interpolation between the percentages listed on a straight-line basis.

Except as provided below, there shall be no proportionate or partial vesting of the Performance Award during the Measurement Period, and all vesting of the Performance Award shall occur only on the Vesting Date, subject to Participant's Continuous Service. Except as provided below, upon the termination or cessation of Participant's Continuous Service, the Performance Award shall automatically and without notice terminate, be forfeited, and become null and void.

Notwithstanding the foregoing, to the extent not already vested or previously forfeited, in the event of (a) an Acceleration Event, the Continuous Service vesting condition shall be deemed satisfied and the level of the

Cumulative Adjusted EBITDA Target Goal that is achieved shall be deemed at 100% effective as of the date of such Acceleration Event and the date of the Acceleration Event shall be deemed to be the Vesting Date; and (b) a Pro Rata Event, a pro rata portion of the Performance Award, calculated based on the number of days elapsed in the Measurement Period prior to the date of the Pro Rata Event divided by the total number of days in the Measurement Period, shall vest and become payable, if at all, on or following the applicable Vesting Date, to the extent of the level of the Cumulative Adjusted EBITDA Target Goal that is achieved.

For purposes of this Award Agreement, the terms "***Cause***", "***Good Reason***," "***Disability***" and "***Change in Control***" shall have the meanings set forth in the Executive Employment Agreement between the Participant and the Company, or the Plan if not otherwise defined.

Settlement of Award: Any portion of the Performance Award that became vested on the applicable Vesting Date will be settled in cash or in shares of Common Stock, as determined by the Compensation Committee within thirty (30) days following the Vesting Date, in its sole discretion, subject to the following:

If the Compensation Committee determines to settle the outstanding Performance Award in cash, Participant will receive, within 30 days after the Vesting Date, a cash payment equal to the vested portion of the Performance Award. If the Compensation Committee determines to settle the outstanding Performance Award in shares of Common Stock, Participant will receive, within 30 days after the Vesting Date, a number of whole shares of Common Stock having an aggregate Fair Market Value (determined as of the Vesting Date) equal to the portion of the Performance Award that vested as of the Vesting Date (with any amount less than such Fair Market Value of a share of Common Stock paid in cash), subject to Section 4(b) of the Agreement.

Additional Terms/Acknowledgements: Participant acknowledges that as of the Date of Grant, this Grant Notice, the Award Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the cash payment or its equivalent in shares of Common Stock pursuant to the Award specified above and supersede all prior oral and written agreements on the terms of this Award, with the exception, if applicable, of (i) awards previously granted and delivered to Participant, (ii) the written employment agreement, offer letter or other written agreement entered into between the Company and Participant specifying the terms that should govern this specific Award, and (iii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law.

By accepting this Award, Participant acknowledges having received and read the Grant Notice, the Award Agreement and the Plan and agrees to all of the terms and conditions set forth in these documents. Participant consents to receive Plan documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

TILRAY BRANDS, INC.

By: _____
Signature

Title: _____

Date: _____

PARTICIPANT:

_____
Signature

Date: _____

ATTACHMENT: Award Agreement

ATTACHMENT I
TILRAY BRANDS, INC.
AMENDED AND RESTATED 2018 EQUITY INCENTIVE PLAN
2024 EBITDA Performance Award Agreement

Pursuant to the 2023 EBITDA Performance Cash Grant Notice (the "***Grant Notice***") and this EBITDA Performance Award Agreement (the "***Agreement***"), Tilray Brands, Inc. (the "***Company***") has awarded you ("***Participant***") a Performance Award in the amount indicated in the Grant Notice (the "***Award***"), to be settled in cash or in the form of shares of Common Stock, pursuant to the Company's Amended and Restated 2018 Equity Incentive Plan (as amended, the "***Plan***").

Capitalized terms not explicitly defined in this Agreement or in the Grant Notice shall have the same meanings given to them in the Plan. The terms of your Award, in addition to those set forth in the Grant Notice, are as follows.

1. **GRANT OF THE AWARD.** This Award represents a contingent right to receive, on a future date, a cash payment or its equivalent in shares of Common Stock having an aggregate Fair Market Value (determined as of the applicable Vesting Date) equal to the vested portion of the Award. This Award was granted in consideration of your services to the Company. Such form of payment will be determined by the Compensation Committee in its sole discretion.

2. **VESTING.** Subject to the limitations contained herein, your Award will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice. Vesting will cease upon the termination of your Continuous Service as set forth in the Grant Notice and the Performance Award that was not vested on the date of such termination will be forfeited at no cost to the Company and you will have no further right, title or interest in or to such Award, the cash payment to be made, or the shares of Common Stock to be issued, in respect of such portion of the Award.

3. **TRANSFER RESTRICTIONS**. You may not transfer, pledge, sell or otherwise dispose of this Award except as expressly provided in this Section 3.

(a) Death. Your Award is transferable by will or by the laws of descent and distribution. At your death, the executor or administrator of your estate shall be entitled to receive, on behalf of your estate, any cash payment or shares of Common Stock attributable to the Performance Award that vested but was not settled (in accordance with Section 4 below) before your death.

(b) Domestic Relations Orders. Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter any agreement or instrument that may be required by the Company, in its discretion, you may transfer your right to receive any cash payment or shares of Common Stock hereunder, as applicable, pursuant to a domestic relations order, marital settlement agreement or other divorce or separation instrument, as permitted by applicable law, which contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this Award with the Company General Counsel prior to finalizing the domestic relations order or marital settlement agreement to verify that you may make such transfer, and if so, to help ensure the required information is contained within the domestic relations order or marital settlement agreement.

4. **Settlement of the Award.**

(a) Settlement in Cash. The Company may, in the Compensation Committee's sole discretion, elect to settle the Performance Award by a cash payment equal to the vested portion of the Performance Award. Subject to the satisfaction of the Withholding Obligation set forth in Section 8 of this Agreement, any such cash payment will be made to you (or your beneficiary) within the time period set forth in the Grant Notice.

(b) Settlement in Shares of Common Stock. In lieu of settling the Performance Award in cash, the Company may, in the Compensation Committee's sole discretion, elect to settle the Performance Award in shares of Common Stock within the time period set forth in the Grant Notice. Subject to the satisfaction of the Withholding Obligation set forth in Section 8 of this Agreement, the Company shall issue to you the number of whole shares of Common Stock that have an aggregate Fair Market Value on the applicable Vesting Date equal to the cash payment that would otherwise have been paid to you under Section 4(a) above (with any amount less than such Fair Market Value of a share of Common Stock paid in cash), subject to Section 4(b) of the Agreement. The issuance date determined by this paragraph is referred to as the "***Original Issuance Date***". If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company's policies (a "***10b5-1 Arrangement***")), *and*

(ii) either (1) a Withholding Obligation does not apply, or (2) the Company decides, prior to the Original Issuance Date, (A) not to satisfy the Withholding Obligation by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award, and (B) not to permit you to enter into a "same day sale" commitment with a broker-dealer pursuant to Section 8 of this Agreement (including but not limited to a commitment under a 10b5-1 Arrangement) and (C) not to permit you to pay your Withholding Obligation in cash, then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Company's Common Stock in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the shares of Common Stock issuable under this Award are no longer subject to a "substantial risk of forfeiture" within the meaning of Treasury Regulations Section 1.409A-1(d).

The form of delivery of the shares of Common Stock (*e.g.*, a stock certificate or electronic entry evidencing such shares) shall be determined by the Company. If applicable, any shares of Common Stock that may be issued in respect of your Award shall be endorsed with appropriate legends as determined by the Company.

5. **Rights as a Stockholder**. Neither you nor any person claiming under or through you will have any of the rights or privileges of a stockholder of the Company in respect of any shares of Common Stock.

6. **EXECUTION OF DOCUMENTS.** You hereby acknowledge and agree that the manner selected by the Company by which you indicate your consent to your Grant Notice is also deemed to be your execution of your Grant Notice and of this Agreement. You further agree that such manner of indicating consent may be relied upon as your signature for establishing your execution of any documents to be executed in the future in connection with your Award.

7. **AWARD NOT A SERVICE CONTRACT**.

(a) Nothing in this Agreement (including, but not limited to, the vesting of your Award or the payment made, or the shares of Common Stock issued, in respect of your Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ or service of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

(b) By accepting this Award, you acknowledge and agree that the right to continue vesting in the Award pursuant to the vesting schedule provided in the Grant Notice may not be earned unless (in addition to any other conditions described in the Grant Notice and this Agreement) you continue as an employee, director or consultant at the will of the Company and affiliate, as applicable (not through the act of being hired, being granted this Award or any other award or benefit) and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a "***reorganization***"). You acknowledge and agree that such a reorganization could result in the termination of your Continuous Service, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Agreement, including but not limited to, the termination of the right to continue vesting in the Award. You further acknowledge and agree that this Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Agreement, for any period, or at all, and shall not interfere in any way with the Company's right to terminate your Continuous Service at any time, with or without your cause or notice, or to conduct a reorganization.

8. **WITHHOLDING OBLIGATION.**

(a) On the Vesting Date, and on or before the time you receive a cash payment or a distribution of the shares of Common Stock in respect of the vested portion of the Performance Award, as applicable, and at any other time as reasonably requested by the Company in accordance with applicable tax laws, you hereby authorize the Company to withhold from the cash amount payable or the shares of Common Stock issuable to you, and/or otherwise agree to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate that arise in connection with your Award (the "***Withholding Obligation***"). By accepting this Award, you acknowledge and agree that the Company or any Affiliate may, in its sole discretion, satisfy all or any portion of the Withholding Obligation relating to your cash-settled Performance Award by any of the following means or by a combination of such means: (i) causing you to pay any portion of the Withholding Obligation in cash, or (ii) withholding from any compensation otherwise payable to you by the Company including with respect to the settlement of the Performance Award. Unless the Withholding Obligation is satisfied, the Company shall have no obligation to deliver to you any consideration pursuant to this Award.

(b) By accepting this Award, you acknowledge and agree that the Company or any Affiliate may, in its sole discretion, satisfy all or any portion of the Withholding Obligation relating to your Performance Award by any of the following means or by a combination of such means: (i) causing you to pay any portion of the Withholding Obligation in cash; (ii) withholding from any compensation otherwise payable to you by the Company; (iii) withholding shares from the shares of Common Stock issued or otherwise issuable to you in connection with the Award with a Fair Market Value (measured as of the date shares of Common Stock are issued pursuant to Section 4(b), if applicable) equal to the amount of such Withholding Obligation; provided, however, that the number of such shares of Common Stock so withheld will not exceed the amount necessary to satisfy the Withholding Obligation using the maximum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income; and *provided*, further, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Board or the Compensation Committee; and/or (iv) if applicable, permitting or requiring you to enter into a "same day sale" commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "***FINRA Dealer***"), pursuant to this authorization and without further consent, whereby you irrevocably elect to sell a portion of the shares to be delivered in connection with your Performance Award to satisfy the Withholding Obligation and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Obligation directly to the Company and/or its Affiliates. Unless the Withholding Obligation is satisfied, the Company shall have no obligation to deliver to you any shares of Common Stock or any other consideration pursuant to this Award.

(c) In the event the Withholding Obligation arises prior to the delivery to you of shares of Common Stock in accordance with Section 4(b) above or it is determined after the delivery of Common Stock to you that the amount of the Withholding Obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

9. **TAX CONSEQUENCES.** The Company has no duty or obligation to minimize the tax consequences to you of this Award and shall not be liable to you for any adverse tax consequences to you arising in connection with this Award. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the tax consequences of this Award and by signing the Grant Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so. You understand that you (and not the Company) shall be responsible for your own tax liability that may arise in connection with this Award or the transactions contemplated by this Agreement.

10. **UNSECURED OBLIGATION.** Your Award is unfunded, and as a holder of a vested Award, you shall be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to make a cash payment or to issue shares of Common Stock to you pursuant to this Agreement. You shall not have voting or any other rights as a stockholder of the Company with respect to any shares to be issued (if applicable) pursuant to this Agreement until such shares are issued to you pursuant to Section 4 of this Agreement. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

11. **NOTICES**. Any notice or request required or permitted hereunder shall be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this Award, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

12. **HEADINGS**. The headings of the Sections in this Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Agreement or to affect the meaning of this Agreement.

13. **MISCELLANEOUS**.

(a) The rights and obligations of the Company under your Award shall be transferable by the Company to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by, the Company's successors and assigns.

(b) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(c) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award and fully understand all provisions of your Award.

(d) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(e) All obligations of the Company under the Plan and this Agreement shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

14. **GOVERNING PLAN DOCUMENT**. Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Your Award (and any compensation paid, or shares issued, under your Award) is subject to recoupment in accordance with The Dodd-Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law. No recovery of compensation under such a clawback policy will be an event giving rise to a right to voluntarily terminate employment upon a resignation for "good reason," or for a "constructive termination" or any similar term under any plan of or agreement with the Company.

15. **EFFECT ON OTHER EMPLOYEE BENEFIT PLANS.** The value of the Award subject to this Agreement shall not be included as compensation, earnings, salaries, or other similar terms used when calculating benefits under any employee benefit plan (other than the Plan) sponsored by the Company or any Affiliate except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any or all of the employee benefit plans of the Company or any Affiliate.

16. **SEVERABILITY**. If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

17. **AMENDMENT.** This Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Agreement may be amended solely by the Board by a writing which specifically states that it is amending this Agreement, so long as a copy of such amendment is delivered to you, and provided that, except as otherwise expressly provided in the Plan, no such amendment materially adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Board reserves the right to change, by written notice to you, the provisions of this Agreement in any way it may deem necessary or advisable to carry out the purpose of the Award as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change shall be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

18. **COMPLIANCE WITH SECTION 409A OF THE CODE**. This Award is intended to be exempt from the application of Section 409A of the Code, including but not limited to by reason of complying with the "short-term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4) and any ambiguities herein shall be interpreted accordingly. Notwithstanding the foregoing, if it is determined that the Award fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from and determined to be deferred compensation subject to Section 409A of the Code, this Award shall comply with Section 409A to the extent necessary to avoid adverse personal tax consequences and any ambiguities herein shall be interpreted accordingly. If it is determined that the Award is deferred compensation subject to Section 409A and you are a "Specified Employee" (within the meaning set forth in Section 409A(a)(2)(B)(i) of the Code) as of the date of your "Separation from Service" (as defined in Section 409A), then the issuance of any shares that would otherwise be made upon the date of your Separation from Service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the Separation from Service, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule set forth above, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of adverse taxation on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is intended to constitute a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

* * * * *

This Agreement shall be deemed to be signed by the Company and the Participant upon the signing by the Participant of the Grant Notice to which it is attached.

[1] The award may be settled in stock or cash as provided for in the Award Agreement and therefore qualifies as a "Performance Stock Award" or "Performance Cash Award".

THIRD AMENDMENT AND CONSENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT (this "*Amendment*"), dated as of March 29, 2024 ("*Third Amendment Effectiveness Date*"), to the Credit Agreement referenced below is by and among AMERICAN BEVERAGE CRAFTS GROUP, INC. (formerly known as Four Twenty Corporation), a Delaware corporation (the "*Borrower*"), the Guarantors identified on the signature pages hereto, the Lenders identified on the signature pages hereto and BANK OF AMERICA, N.A., in its capacity as Administrative Agent (in such capacity, the "*Administrative Agent*"), Swingline Lender and L/C Issuer.

W I T N E S S E T H

WHEREAS, a credit facility has been extended to the Borrower pursuant to the Credit Agreement (as amended, modified, supplemented, restated and extended from time to time, the "*Credit Agreement*") dated as of June 30, 2023 by and among the Borrower, the Guarantors identified therein, the Lenders identified therein and Bank of America, N.A., as Administrative Agent, Swingline Lender and L/C Issuer;

WHEREAS, the Borrower has informed the Administrative Agent that, prior to the Additional Guarantors (as defined below) becoming Loan Parties under the Credit Agreement, ABC Beverages Properties, LLC ("*Properties*"), an affiliate of the Borrower's parent company, Tilray Brands, Inc. (the "*Parent*") assumed any and all lease obligations under (a) that certain Commercial Lease dated February 29, 2016 between 10 Barrell Brewing, LLC ("*10 Barrell*") and Basalt Lot 5, LLC (as amended, restated or otherwise supplemented, the "*Basalt Lease*"), (b) that certain Commercial Lease dated February 29, 2016 between Blue Point Brewing Company, Inc. ("*Blue Point*") and Bud and Brewery, LLC (as amended, restated or otherwise supplemented, the "*Blue Point Lease*") and (c) that certain Lease Agreement dated January 14, 2016 between Craft Brew Alliance, Inc. ("*Craft Brew*") and TA Pike Motorworks, LLC (as amended, restated or otherwise supplemented, the "*Pike Street Lease*"; and together with the Basalt Lease and the Blue Point Lease, the "*Transferred Leases*");

WHEREAS, (a) the Basalt Lease was assigned from 10 Barrell to American Beverage Crafts, LLC and subsequently assigned to Properties; (b) the Blue Point Lease was assigned from Blue Point to American Beverage Crafts, LLC and subsequently assigned to Properties and (c) the Pike Street Lease was assigned from Craft Brew to Properties (collectively, the "*Licenses*");

WHEREAS, Properties has granted American Beverage Crafts, LLC a non-exclusive license to use the property subject to (a) the Basalt Lease, (b) the Blue Point Lease and (c) the Pike Street Lease;

WHEREAS, the Borrower has requested that the Administrative Agent and the Required Lenders amend the Credit Agreement to permit the Borrower to addback the obligations under the Transferred Leases;

WHEREAS, the Lenders party hereto, the Swingline Lender, the L/C Issuer and the Administrative Agent have agreed to the requested modifications on the terms and conditions set forth herein.

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used herein but not otherwise defined herein shall have the meanings provided to such terms in the Credit Agreement as amended hereby.

2. Amendments to Credit Agreement.
   a. Section 1.01 of the Credit Agreement is hereby amended by adding the following new definitions:
      i. ***"Property Licenses***" means (a) that certain License Agreement dated as of January 31, 2024 by and among ABC Beverages Properties, LLC and American Beverage Crafts, LLC regarding the use of leased real property currently used by 10 Barrell Brewing, LLC, (b) that certain License Agreement dated as of January 31, 2024 by and among ABC Beverages Properties, LLC and American Beverage Crafts, LLC regarding the use of leased real property currently used by Blue Point Brewing Company, Inc. and (c) that certain License Agreement dated as of January 31, 2024 by and among ABC Beverages Properties, LLC and American Beverage Crafts, LLC regarding the use of leased real property located at 714 East Pike Street, Seattle, Washington.

      ii. ***"Third Amendment Effective Date***" means March 29, 2024.

      iii. ***"Transferred Lease Obligations***" means, any and all lease or similar payments made in cash by any Loan Party under the Transferred Leases. For the avoidance of doubt, commencing March 1, 2024, there shall be no expenses or costs attributable to the Transferred Lease Obligations so long as, with respect each subject location, the applicable Property License remains in full force and effect for the applicable period.

      iv. ***"Transferred Leases***" means, (a) that certain Commercial Lease dated February 29, 2016 between 10 Barrell Brewing, LLC and Basalt Lot 5, LLC, (b) that certain Commercial Lease dated February 29, 2016 between Blue Point Brewing Company, Inc. and Bud and Brewery, LLC and (c) that certain Lease Agreement dated as of January 14, 2016 between Craft Brew Alliance, Inc. and TA Pike Motorworks, LLC.

   b. Clause (c) of the definition of "***Change of Control***" in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"(c) Holdings shall cease to have the ability to elect (either through share ownership or contractual voting rights) a majority of the board of directors or equivalent governing body of the Borrower."

   c. The definition of "***Consolidated EBITDA***" in Section 1.01 of the Credit Agreement is hereby amended by deleting renumbering clause "(x)" as clause "(xi)" and adding a new clause (x) to read as follows:

"(x) Transferred Lease Obligations in an amount not to exceed $744,969 for the Fiscal Quarter ended May 31, 2023, $[***] for the Fiscal Quarter ended August 31, 2023, $[***] for the Fiscal Quarter ended November 30, 2023, $[***] for the Fiscal Quarter ended February 29, 2024;"

d. The definition of "***Guarantors***" in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

""Guarantors" means, collectively, (a) the Subsidiaries of the Borrower as are or may from time to time become parties to this Agreement pursuant to ***Section 6.13***, and (b) with respect to Additional Secured Obligations owing by any Loan Party or any of its Subsidiaries and any Swap Obligation of a Specified Loan Party (determined before giving effect to ***Sections 10.01*** and ***10.11***) under the Guaranty, the Borrower. For the avoidance of doubt, for purposes of this Agreement (i) Holdings is not, and shall not be required to become, a "Guarantor" and (ii) Holdings shall not be permitted to be a "Guarantor" except, in the case of this clause (ii), in compliance with ***Section 11.01(c)(i)***."

e. The definition of "***Immaterial Subsidiary***" in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

""Immaterial Subsidiary" shall mean, as of any date of determination, any Subsidiary of the Borrower (excluding any Subsidiary of the Borrower, that is a Guarantor on the Third Amendment Effective Date) (x) whose consolidated total assets (as set forth in the most recent consolidated balance sheet of the Loan Party Group Companies delivered to the Lenders pursuant to this Agreement and computed in accordance with GAAP), when added to the consolidated total assets of all of its Subsidiaries (as set forth in the most recent consolidated balance sheet of the Loan Party Group Companies delivered to the Lenders pursuant to this Agreement and computed in accordance with GAAP), do not constitute more than 2.5% of the consolidated total assets of the Loan Party Group Companies or (y) with revenues for the period of four Fiscal Quarters then ended (as set forth in the most recent consolidated balance sheet of the Loan Party Group Companies delivered to the Lenders pursuant to this Agreement and computed in accordance with GAAP) exceeding 2.5% of the revenues for the period of four Fiscal Quarters then ended of the Loan Party Group Companies; provided that if as of the last day of or for any period of four (4) Fiscal Quarters most recently ended the consolidated total assets or revenues of all Subsidiaries that under clauses (x) and (y) above would constitute Immaterial Subsidiaries shall have exceeded 5.0% of the consolidated total assets or 5.0% of the revenues of the Loan Party Group Companies, then one (1) or more of such Subsidiaries shall for all purposes of this Agreement be deemed not to be Immaterial Subsidiaries in descending order based on the amounts (determined on a consolidated basis for such Subsidiary and its Subsidiaries) of their total assets or revenues, as the case may be, until such excess shall have been eliminated."

f. The definition of "***Loan Party Group Company***" in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

""Loan Party Group Company" means, collectively, the Borrower and any of its Subsidiaries."

g. The last sentence of the definition of "***Subsidiary***" in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"Unless otherwise specified, all references herein to a "***Subsidiary***" or to "***Subsidiaries***" shall refer to a Subsidiary or Subsidiaries of the Borrower."

h. Section 6.03 of the Credit Agreement is hereby amended by (i) changing clause (i) to clause "(j)", (ii) changing clause (j) to clause "(k)" and (iii) adding a new clause (i) to read as follows:

"(i) any termination or material change in the Property Licenses, including any default, termination or other material change in the underlying leases related to such Property Licenses;"

i. Section 7.06(b) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"(b) Restricted Payments by a Subsidiary of the Borrower (the "***Disposing Company***") to the Borrower or another Loan Party Group Company (the "***Acquiring Company***"); *provided* that if the Disposing Company is a Loan Party, the Acquiring Company must be a Loan Party;"

3. Joinder. Each party listed as an "***Additional Guarantor***" on the signature pages hereto hereby agrees as follows:
   a. Each Additional Guarantor hereby acknowledges, agrees and confirms that, by its execution of this Amendment, such Additional Guarantor will be deemed to be a party to and a "*Guarantor*" under the Credit Agreement and shall have all of the obligations of a Guarantor thereunder as if it had executed the Credit Agreement and the other Loan Documents as a Guarantor. Each Additional Guarantor hereby ratifies, as of the date hereof, and agrees to be bound by, all representations and warranties, covenants and other terms, conditions and provisions of the Credit Agreement and the other applicable Loan Documents. Without limiting the generality of the foregoing terms of this ***Section 3(a)***, each Additional Guarantor hereby guarantees, jointly and severally together with the other Guarantors, the prompt payment of the Secured Obligations in accordance with *Article X* of the Credit Agreement.

   b. Each Additional Guarantor hereby acknowledges, agrees and confirms that, by its execution of this Amendment, such Additional Guarantor will be deemed to be a party to the Security Agreement, and shall have all the rights and obligations of a "*Grantor*" (as such term is defined in the Security Agreement) thereunder as if it had executed the Security Agreement. Each Additional Guarantor hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Security Agreement. Without limiting the generality of the foregoing terms of this ***Section 3(b)***, each Additional Guarantor hereby grants, pledges and assigns to the Administrative Agent, for the benefit of the Secured Parties, a continuing security interest in, and a right of set off, to the extent applicable, against any and all right, title and interest of such Additional Guarantor in and to the Collateral (as such term is defined in *Section 2* of the Security Agreement) of such Additional Guarantor.

4. Conditions Precedent. This Amendment shall be and become effective as of the date hereof when the following conditions precedent have been satisfied (the "***Amendment Effective Date***"):
   a. The Administrative Agent shall have received counterparts of this Amendment, which collectively shall have been duly executed on behalf of each of the Borrower, the Guarantors, the Administrative Agent, each Lender, the Swingline Lender and the L/C Issuer;

   b. The Administrative Agent shall have received a certificate of a Responsible Officer of each Additional Guarantor, dated the Amendment Effective Date, certifying as to the Organization Documents of each Additional Guarantor (which, to the extent filed with a Governmental Authority, shall be certified as of a recent date acceptable to the Administrative Agent by such Governmental

Authority), the resolutions of the governing body of each Additional Guarantor and of the incumbency (including specimen signatures) of the Responsible Officers of each Additional Guarantor. The Administrative Agent shall also have received such documents and certifications as the Administrative Agent may reasonably require evidencing that each Additional Guarantor is duly organized or formed, and is validly existing, in good standing and qualified to engage in business in its state of organization or formation;

c. The Administrative Agent shall have received an opinion or opinions (including, if requested by the Administrative Agent, local counsel opinions) of counsel for each Additional Guarantor, dated the Amendment Effective Date and addressed to the Administrative Agent and the Lenders, in form and substance acceptable to the Administrative Agent;

d. Upon the reasonable request of any Lender, the Borrower shall have provided to such Lender, and such Lender shall be reasonably satisfied with, the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act, and any Loan Party that qualifies as a "legal entity customer" under the Beneficial Ownership Regulation shall have delivered to each Lender that so requests, a Beneficial Ownership Certification in relation to such Loan Party;

e. The Administrative Agent shall have received completed UCC financing statements for each appropriate jurisdiction as is necessary, in the Administrative Agent's sole discretion, to perfect the Administrative Agent's security interest in the Collateral of the Additional Guarantors; and

f. The Borrower shall have paid all fees and expenses required to be paid to the Administrative Agent and the Lenders on or before the Second Amendment Effectiveness Date.

Without limiting the generality of the provisions of ***Section 9.03*** of the Credit Agreement, for purposes of determining compliance with the conditions specified in this Section 4, each Lender that has signed this Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Second Amendment Effectiveness Date specifying its objection thereto.

5. Expenses. The Loan Parties agree to reimburse the Administrative Agent for all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates (including, but not limited to, (A) the reasonable fees, charges and disbursements of one (1) counsel (and one (1) special counsel or one (1) local counsel in any relevant jurisdiction and, in the case of an actual or potential conflict of interest, one (1) additional counsel of each group of similarly situated affected persons subject to such conflict) for the Administrative Agent and its Affiliates and (B) due diligence expenses) in connection with the preparation, execution and delivery of this Amendment.

6. Amendment is a "Loan Document". This Amendment is a Loan Document and all references to a "Loan Document" in the Credit Agreement and the other Loan Documents (including, without limitation, all such references in the representations and warranties in the Credit Agreement and the other Loan Documents) shall be deemed to include this Amendment.

7. Authorization; Enforceability. Each Loan Party represents and warrants as follows:
   a. It has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of this Amendment.

   b. This Amendment has been duly executed and delivered by such Loan Party and constitutes its legal, valid and binding obligations, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity.

   c. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, such Loan Party of this Amendment, other than authorizations, approvals, actions, notices and filings which have been duly obtained, taken or made.

   d. The execution, delivery and performance by such Loan Party of this Amendment does not and will not (i) contravene the terms of any of such Loan Party's Organization Documents; (ii) conflict with or result in any breach or contravention of, or the creation of (or the requirement to create) any Lien under, or require any payment to be made under (1) any Contractual Obligation to which such Loan Party is a party or affecting such Loan Party or the properties of such Loan Party or any of its Subsidiaries or (2) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Loan Party or its property is subject; or (iii) violate any Applicable Law.

8. Representations and Warranties; No Default. Each Loan Party represents and warrants to the Administrative Agent and each Lender that, after giving effect to this Amendment, (a) the representations and warranties of the Borrower and each Loan Party contained in Article II or Article V of the Credit Agreement or any other Loan Document or which are contained in any document furnished at any time under or in connection therewith, shall (i) with respect to representations and warranties that contain a materiality qualification, be true and correct and (ii) with respect to representations and warranties that do not contain a materiality qualification, be true and correct in all material respects, in each case, on and as of the date hereof, and except that for purposes of this Section 8(a), the representations and warranties contained in ***Sections 5.05(a)*** and ***(b)*** of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to ***Sections 6.01(a)*** and ***(b)***, respectively, of the Credit Agreement, (b) no Default exists and (c) the transactions related to the Transferred Leases and the Licenses do not violate ***Section 7.12*** of the Credit Agreement.

9. Reaffirmation of Obligations. Each Loan Party (a) acknowledges and consents to all of the terms and conditions of this Amendment, (b) affirms all of its obligations under the Loan Documents, as modified hereby, and (c) agrees that this Amendment and all documents, agreements and instruments executed in connection with this Amendment do not operate to reduce or discharge such Loan Party's obligations under the Loan Documents.

10. Reaffirmation of Security Interests. Each Loan Party (a) ratifies and affirms that each of the Liens granted in or pursuant to the Loan Documents and confirms and agrees that such Liens are valid and subsisting and (b) agrees that this Amendment and all documents, agreements and

instruments executed in connection with this Amendment do not in any manner impair or otherwise adversely affect any of the Liens granted in or pursuant to the Loan Documents. Without limiting the foregoing, each Loan Party confirms and agrees that each of the Liens granted in or pursuant to the Loan Documents by such Loan Party secure all of the Obligations as amended hereby and hereby re-grants a security interest and liens in all of its right, title and interest in the Collateral, as defined in, and on the terms set forth in, the Security Agreement, to secure all of the Obligations as amended hereby and, further, ratifies and reaffirms as of the date hereof that the security constituted by the Collateral Documents continue to secure the payment of liabilities and obligations of the Loan Parties under the Loan Documents.

11. No Other Changes. Except as modified hereby, all of the terms and provisions of the Loan Documents shall remain in full force and effect.

12. Counterparts; Electronic Record. This Amendment may be in the form of an Electronic Record, may be executed using Electronic Signatures and may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same instrument. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention.

13. Governing Law. THIS AMENDMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AMENDMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

EXHIBIT 10.6

AMENDED AND RESTATED CREDIT AGREEMENT
1974568 ONTARIO LIMITED O/A APHRIA DIAMOND
(prior to the Amalgamation) and APHRIA DIAMOND INC. (upon the effectiveness of the Amalgamation)
as Borrower
- and -
APHRIA INC.
as a Limited Recourse Guarantor
-and-
TILRAY BRANDS, INC.
as Limited Guarantor
-and-
EACH OF THE SUBSIDIARIES OF THE BORROWER IDENTIFIED ON THE SIGNATURE PAGES HERETO AS GUARANTORS, AND EACH ADDITIONAL SUBSIDIARY OF THE BORROWER PARTY HERETO FROM TIME TO TIME AS A GUARANTOR
collectively as Guarantors
- and -
BANK OF MONTREAL
AND THE ADDITIONAL LENDERS FROM TIME TO TIME PARTY TO THIS AGREEMENT
as Lenders
- and -
BANK OF MONTREAL
as Administrative Agent
-and-

BANK OF MONTREAL
as Sole Arranger and Sole Book Runner

AMENDED AND RESTATED CREDIT AGREEMENT
November 28, 2022
as amended October 2, 2023

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AMENDED AND RESTATED CREDIT AGREEMENT

This Agreement dated as of November 28, 2022, as amended October 2, 2023 is made among:

1974568 ONTARIO LIMITED O/A APHRIA DIAMOND
(prior to the Amalgamation) and APHRIA DIAMOND INC. (upon the effectiveness of the Amalgamation)
as Borrower
- and -
Aphria Inc.
as a Limited Recourse Guarantor
-and-
Tilray Brands, Inc.
as Limited Guarantor
-and-
Each of the Subsidiaries of the Borrower identified in the signature pages hereto as Guarantors
and each other Subsidiary of the Borrower as may
become a party hereto as Guarantor from time to time pursuant to the terms hereof
collectively as Guarantors
- and -
BANK OF MONTREAL
AND THE ADDITIONAL LENDERS FROM TIME TO TIME PARTY TO THIS AGREEMENT
as Lenders
- and -
BANK OF MONTREAL
as Administrative Agent
-and-
BANK OF MONTREAL
as Sole Arranger and Sole Book Runner

WHEREAS 1974568 Ontario Inc. (the "**Borrower**"), the Parent, the Guarantors, the Lenders and the Agent are party to that certain credit agreement dated November 29, 2019, as amended by a first amending agreement among the same parties dated April 28, 2021 and as may have be further amended, restated, supplemented or otherwise modified to the date hereof, collectively, the "**Original Credit Agreement**";

AND WHEREAS Tilray Brands, Inc. (formerly Tilray, Inc.) has agreed to provide a Limited Guarantee, and the Lenders, in consideration for the Tilray Brands Limited Guarantee, have agreed to release the Parent's Limited Guarantee, subject to the terms and conditions hereof, including the execution and delivery by the Parent of a Limited Recourse Guarantee;

AND WHEREAS Tilray Brands has agreed to become a party to this Agreement so as to become bound by all of the terms applicable to the Limited Guarantor;

AND WHEREAS the parties hereto wish to amend and restate the Original Credit Agreement to, *inter alia*, revise the Maturity Date, replace the Parent's Limited Guarantee with a Limited Guarantee by Tilray Brands and to otherwise reflect the amended and restated terms and conditions herein set forth;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by each of the parties hereto, the parties hereto covenant and agree to amend and restate the Original Credit Agreement as follows:

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties agree as follows:

LI. I - INTERPRETATION

1. Definitions

In this Agreement, the words and phrases set out in the CBA Model Provisions (as hereinafter defined) shall have the respective meanings set forth therein (subject to Section 12.01 hereof). In addition, the following words and phrases shall have the respective meanings set forth below:

"Acceleration Date" means the earlier of: (i) the occurrence of an Insolvency Event in respect of any Credit Party or Limited Recourse Guarantor; and (ii) the delivery by the Agent to the Borrower of a written notice that the Obligations are immediately due and payable, following the occurrence and during the continuation of an Event of Default other than an Insolvency Event.

"Acceptable Appraisal" means an up-to-date appraisal (completed within six months of the Closing Date) in respect of the Project Property by an appraiser acceptable to the Agent in form and substance satisfactory to the Lenders which confirms the following approaches to value: fair market value, cost to complete approach and comparable transaction approach and alternate use value on a hypothetical best use facility basis; together with a transmittal letter from such appraiser addressed to the Agent which permits the Agent and the Lenders to rely thereon.

"**Acquisition**" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, or (b) the acquisition of in excess of fifty percent (50%) of the Equity Interests of any Person or otherwise causing any Person to become a Subsidiary of the Borrower.

"**Adjusted Term CORRA**" means for purposes of any calculation, the rate per annum equal to (a) Term CORRA for such calculation plus (b) the Term CORRA Adjustment; provided that if Adjusted Term CORRA as so determined shall ever be less than the Floor, then Adjusted Term CORRA shall be deemed to be the Floor.

"**Advance**" means an extension of credit by one or more of the Lenders to the Borrower pursuant to this Agreement, including for greater certainty an extension of credit in the form of a Loan but for greater certainty does not include a Conversion or Rollover.

"**Affiliate**" is defined in the CBA Model Provisions.

"Agency Fee Agreement" means the amended and restated agency fee agreement dated as of the ARCA Closing Date between the Borrower and the Agent, respecting the payment of certain fees and other amounts to the Agent for its own account, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"**Agent**" means BMO in its capacity as the administrative agent hereunder, and its successors in such capacity.

"**Agreement**" means this credit agreement (including the exhibits and schedules) as it may be further amended, supplemented, replaced or restated from time to time.

"Amalco" means Aphria Diamond Inc., a corporation subsisting under the laws of the Province of Ontario (as successor pursuant to the Amalgamation of the Pre-Amalgamation Borrower and Tilray Canada Ltd.).

"Amalgamation" means the amalgamation of the Pre-Amalgamation Borrower with Tilray Canada Ltd. pursuant to an amalgamation agreement dated March 14, 2024.

"**AML Legislation**" is defined in Section 5.05(a).
"ARCA Closing Date" means the date on which all conditions precedent listed in Section 7.02 have been satisfied or waived by the Lenders, as confirmed by the Agent to the Borrower in writing.
"**Annual Business Plan**" means a business plan in respect of the Companies for a Fiscal Year, disclosing all assumptions made in the formulation thereof, which shall include a detailed budget and projections on a quarterly basis in respect of profits, losses, revenue, expenses, cash flow, balance sheet items, Capital Expenditures, and compliance with all financial covenants in Section 5.03 herein, all in detail satisfactory to the Agent and the Lenders acting reasonably.
"**Annual Excess Cash Flow**" means, in respect of any Fiscal Year and in respect of any Person, consolidated EBITDA for such period of such Person less, without duplication, (a) interest and scheduled principal payments in respect of Total Funded Debt for such period, and any voluntary or mandatory principal prepayments made in cash of Total Funded Debt, (b) Cash Taxes for such period, (c) Unfunded Capital Expenditures for such period, and (d) any cash expenses paid during such period to the extent previously deducted in computing net income in a prior period or which will be deducted in computing net income in a subsequent period.
"Aphria" means Aphria Inc., a corporation subsisting under the laws of the Province of Ontario.
"APHA24 Convertible Notes" means the 5.25% convertible senior notes issued by the Parent pursuant to the Indenture between Aphria Inc. and GLAS Trust Company LLC, as trustee dated as of April 23 2019 and maturing on June 1, 2024.
"APHA24 Early Maturity Date" means March 1, 2024.
"**Applicable Law**" is defined in the CBA Model Provisions.
"Applicable Margin" in respect of any Availment Option, the percentage in the column relating to such Availment Option in the following table which corresponds to the Total Funded Debt to EBITDA Ratio in the first column which shall be determined on a quarterly basis (subject to the exception below contained in this definition) based on the Borrower's quarterly consolidated financial statements for the prior Fiscal Quarter:

Level	Total Funded Debt to EBITDA Ratio	Canadian Prime Rate Loans	Term CORRA Loan
I	<1.00:1	[***]%	[***]%
II	≥ 1.00 to < 1.50:1	[***]%	[***]%
III	≥ 1.50:1 to < 2.00:1	[***]%	[***]%
IV	≥ 2.0:1 to < 2.50:1	[***]%	[***]%
V	≥ 2.50:1	[***]%	[***]%

provided that:

a. the above rates per annum applicable to any Advance are, expressed on the basis of a year of 365 days or 366 days, as the case may be;

b. changes in the Applicable Margin shall be effective on the date that the financial statements and Compliance Certificates required by Sections 5.04(a) are required to be delivered to the Agent, based upon the Total Funded Debt to EBITDA Ratio as of the end of the most recent Fiscal Quarter included in such financial statements so delivered, and shall remain in effect until the date immediately preceding the next required date of delivery of such financial statements and certificates indicating another such change; and

c. if for any rolling period the Borrower's EBITDA is zero, or if the Borrower fails to deliver any of the financial statements and Compliance Certificates as required in accordance with Sections 5.04(a) without the consent of the Agent, the Applicable Margin shall be deemed to be the rate applicable to Level V in the table set forth above, from the date that such financial statements and Compliance Certificates were due, until such financial statements and Compliance Certificates are delivered (or the date the same reflect a positive EBITDA, as applicable).

"Approved Jurisdiction" means a country in which it is legal in all political subdivisions therein (including for greater certainty on a federal, state and municipal basis) to undertake any Cannabis Activities provided that, with respect to the Companies only, in each case (i) such country has been approved in writing by the Required Lenders in their discretion and (ii) if required by the Agent, the ability to undertake Cannabis Activities to the extent permitted by Applicable Law therein is confirmed by a legal opinion provided by the Borrower's counsel in such jurisdiction, in form and substance satisfactory to the Agent. The Required Lenders may in their discretion from time to time (i) upon receipt of a written request by the Borrower, designate any jurisdiction an Approved Jurisdiction provided that the above criteria are satisfied; and (ii) revoke the designation of any jurisdiction as an Approved Jurisdiction by written notice to the Borrower if such criteria are not satisfied. Canada is the sole Approved Jurisdiction with respect to the Companies as at the date of this Agreement. As at the ARCA Closing Date it is acknowledged and agreed that without limiting the foregoing (i) Canada is federally legal for all Cannabis Activities and is an Approved Jurisdiction for all Cannabis Activities; and(ii) the United States of America has not made Cannabis Activities of any nature or description legal at the federal level and shall only become an Approved Jurisdiction if so approved in writing by the Required Lenders in their discretion following the implementation of appropriate federal legislation to legalize some or all Cannabis Activities.
"**Associate**" has the meaning ascribed thereto in the *Business Corporations Act* (Ontario).
"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Agreement or (y) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark pursuant to this Agreement, in each case, as of such date and not including, for the avoidance of doubt, any tenor of such Benchmark that is then-removed from the definition of "CORRA Interest Period" pursuant to Section 3.11(d).
"**Availment Option**" means a method of borrowing which is available to the Borrower as provided herein.
"Benchmark" means, initially, the Term CORRA Reference Rate; provided that if a Benchmark Transition Event has occurred with respect to the Term CORRA Reference Rate or the then-current Benchmark, the "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 3.11.
"Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Agent and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body, or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for Canadian Dollar-denominated credit facilities.
"**Benchmark Replacement**" means, with respect to any Benchmark Transition Event

(a) where a Benchmark Transition Event has occurred with respect to Term CORRA Reference Rate, Daily Compounded CORRA; and;

(b) where a Benchmark Transition Event has occurred with respect to a Benchmark other than the Term CORRA Reference Rate, the sum of: (i) the alternate benchmark rate that has been selected by the Agent and the Borrower giving due consideration to (A) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (B) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for Dollar-denominated syndicated credit facilities and (ii) the related Benchmark Replacement Adjustment.

If the Benchmark Replacement as determined pursuant to clause (a) or (b) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

"Benchmark Replacement Date" means a date and time determined by Agent, which date shall be no later than the earliest to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) or (b) of the definition of "Benchmark Transition Event", the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(b) in the case of clause (c) of the definition of "Benchmark Transition Event", the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Bank of Canada, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer, or as of a specified future date will no longer be, representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"**Benchmark Unavailability Period**" means, the period (if any) (a) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 3.11 and (b) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 3.11.

"**BIA**" means the *Bankruptcy and Insolvency Act* (Canada).
"**BMO**" means the Bank of Montreal and its successors and permitted assigns.
"Borrower" means any time prior to the Amalgamation, the Pre-Amalgamation Borrower, and upon the effectiveness of the Amalgamation and thereafter, means Amalco.
"Borrower Year-end Financial Statements" in respect of any Fiscal Year means the annual reviewed financial statements of the Borrower prepared in accordance with GAAP, in each case, in respect of such Fiscal Year.
"Business" means the business conducted by the Companies, being the business of cultivating Cannabis products in Approved Jurisdictions and all other ancillary activities related to the foregoing.
"**Business Day**" means any day on which the Agent is open for over-the-counter business in Toronto, Ontario, excluding Saturday, Sunday and any other day that is a statutory holiday in Toronto, Ontario.
"**Canadian Dollars**", "**Dollars**" and "**CDN$**" each means the lawful currency of Canada.
"**Canadian Prime Rate**" means the greater of the following: (i) rate of interest announced from time to time by the Agent as its reference rate then in effect for determining rates of interest on Canadian Dollar loans to its customers in Canada and designated as its prime rate; and (ii) Adjusted Term CORRA for a one month tenor plus one percent (1%) per annum.

Canadian Prime Rate Loan" means a loan made by a Lender to the Borrower in Canadian Dollars in respect of which interest is determined by reference to the Canadian Prime Rate.
"Cannabis" means:

a. any plant or seed, whether live or dead, from any species or subspecies of genus *Cannabis*, including *Cannabis sativa*, *Cannabis indica* and *Cannabis ruderalis*, Marijuana and Industrial Hemp and any part, whether live or dead, of the plant or seed thereof, including any stalk, branch, root, leaf, flower, or trichome;

b. any material obtained, extracted, isolated, or purified from the plant or seed or the parts contemplated by clause (a) of this definition, including any oil, cannabinoid, terpene, genetic material or any combination thereof;

c. any organism engineered to biosynthetically produce the material contemplated by clause (b) of this definition, including any micro-organism engineered for such purpose;

d. any biologically or chemically synthesized version of the material contemplated by clause (b) of this definition or any analog thereof, including any product made by any organism contemplated by clause (c) of this definition; and

e. any other meaning ascribed to the term "cannabis" under Applicable Law, including the Cannabis Act, the *Controlled Drugs and Substances Act* (Canada) and the *Controlled Substances Act* (United States).

"Cannabis Act" means the *Cannabis Act*, SC 2018, c. 16, as amended or replaced from time to time.
"Cannabis Activities" means any activities (including advertising or promotional activities) relating to or in connection with the possession, exportation, importation, cultivation, production, processing, purchase, distribution or sale of Cannabis or Cannabis products, whether such activities are for medical, scientific, recreational or any other purpose.
"Cannabis Authorizations" means, at any time, all Authorizations necessary for the conduct of Cannabis Activities by any Credit Party. For avoidance of doubt, each of the Health Canada Licences necessary for the conduct of Cannabis Activities by any Credit Party shall constitute a Cannabis Authorization.
"Cannabis Laws" means Applicable Laws with respect to Cannabis Activities (other than Applicable Laws of general application), including without limitation the Cannabis Act, the Cannabis Regulations and the *Controlled Drugs and Substances Act* (Canada).
"Cannabis Regulations" means the regulations made from time to time under the Cannabis Act, the *Controlled Drugs and Substances Act* (Canada) and any other statute in an Approved Jurisdiction with respect to Cannabis Activities.
"**Capital Expenditures**" means expenditures made directly or indirectly which are considered to be in respect of the acquisition or leasing of capital assets in accordance with GAAP, including the acquisition or improvement of Land, plant, machinery or equipment, whether fixed or removable, but excluding (i) the portion of any expenditure for acquired equipment attributable to any trade-in which is made simultaneously with the purchase of the acquired equipment, (ii) expenditures made in connection with the replacement, repair or restoration of buildings, fixtures or equipment to the extent reimbursed or financed from insurance or expropriation proceeds, and (iii) capital lease payments.
"Capital Lease" means a lease of assets which in accordance with GAAP is required to be capitalized on the balance sheet of the lessee.
"Cash Equivalents" means (i) securities issued or fully guaranteed by the Canadian government of the United States government, or any province or territory of Canada or any state of the United States, or any agency or instrumentality of any thereof (ii) term deposits, certificates of deposit of any Lender, or any bank that is not a Lender but the short-term debt or deposits of which have been rated at least A-1 or the equivalent thereof by Standard & Poor's Financial Services, LLC or at least P-1 or the equivalent thereof by Moody's Investors Service, Inc. or which have been rated at least R-1 or the equivalent thereof by DBRS Limited, and (iii) commercial paper rated at least R1(mid) by DBRS Limited, in each case provided for in clause (i), (ii) and (iii) above, maturing within one hundred and eighty (180) days after the date of acquisition.
"**Cash Taxes**" in respect of any fiscal period means all amounts actually paid in cash by the Companies in such fiscal period in respect of income and capital Taxes (whether relating to such fiscal period or any other fiscal period).
"**CBA Model Provisions**" means the model credit agreement provisions attached hereto as Exhibit "H", which have been revised under the direction of the Canadian Bankers' Association Secondary Loan Market Specialist Group from provisions prepared by The Loan Syndications and Trading Association, Inc.
"**Change of Control**" means, (a) Aphria ceases to be a wholly-owned Subsidiary of Tilray Brands, (b), the ownership, directly or indirectly, beneficially or of record, by any Person or group of Persons acting jointly or otherwise in concert, of Equity Interests representing a majority of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of Tilray Brands, (c) Aphria ceases to Control the Borrower, (d) Aphria together with Double Diamond Holdings Ltd. ceases to hold beneficially and of record one hundred percent (100%) of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Borrower, (e) the ownership, directly or indirectly, beneficially or of record, by any Person or group of Persons other than the Borrower of one hundred percent (100%) of the Equity Interests of each Subsidiary of the Borrower, (f) the occupation of a majority of the seats (other than vacant seats) on the board of directors of Aphria by Persons who were neither nominated by the board of directors of Tilray Brands nor appointed by directors so nominated nor elected by Tilray Brands as sole shareholder of Aphria, and (g) Control of Double Diamond Holdings Ltd.by any Person or group of Persons other than any of the existing direct and indirect shareholders of Double Diamond Holdings Ltd. as at the Original Closing Date.
"Collateral" means all property, assets and undertaking of the Credit Parties, or any other Person encumbered by the Security, and all proceeds of the foregoing.
"**Commitment**" means, in respect of any Lender, such Lender's commitment to make Advances to the Borrower under Facility A.
"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 etseq.), as amended from time to time, and any successor statute.
"Companies" means the Borrower and all of its Subsidiaries from time to time; and "**Company**" means any of them as the context requires.
"**Compliance Certificate**" means a certificate delivered by a Senior Officer of the Borrower to the Agent in the form of Exhibit "F".

"Conforming Changes" means, with respect to the use or administration of a Benchmark or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Canadian Prime Rate," the definition of "Business Day," the definition of "CORRA Interest Period" or any similar or analogous definition (or the addition of a concept of "interest period"), timing and frequency of determining rates and making payments of interest, timing of Draw Requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of Section 3.11 and other technical, administrative or operational matters) that the Agent decides may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Agent in a manner substantially consistent with market practice (or, if the Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Agent determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).
"Constating Documents" means, with respect to any Person, as applicable:

a. its certificate and/or articles of incorporation, association, amalgamation or continuance, memorandum of association, charter, declaration of trust, trust deed, partnership agreement, limited liability company agreement or other similar document;

b. its by-laws; and

c. all unanimous shareholder agreements and any amendments thereto, other shareholder agreements and any amendments thereto, voting trust agreements and similar arrangements applicable to the Person's Equity Interests;

all as in effect from time to time.

"**Control**" is defined in the CBA Model Provisions.

"Controlled Group" means an entity, whether or not incorporated, which is under common control with a Credit Party within the meaning of Section 4001 of ERISA or is part of a group that includes a Credit Party and that is treated as a single employer under Section 414 of the Internal Revenue Code. When any provision of this Agreement relates to a past event, the term "member of the Controlled Group" includes any person that was a member of the Controlled Group at the time of that past event.

"**Conversion**" means the substitution of one Availment Option for another, and does not constitute a fresh or new Advance.

"**Conversion Notice**" means a notice substantially in the form of Exhibit "D" given by the Borrower to the Agent for the purposes of requesting a Conversion.

"**Copyrights**" means all rights, title and interests (and all related IP Ancillary Rights) arising under any requirement of law in copyrights and all mask work, database and design rights, whether or not registered or published, all registrations and recordations thereof and all applications in connection therewith.

"**CORRA**" means the Canadian Overnight Repo Rate Average administered and published by the Bank of Canada (or any successor administrator).

"CORRA Interest Payment Date" means with respect to any Term CORRA Loan, the last day of the CORRA Interest Period applicable to the particular Advance.

"CORRA Interest Period" means, with respect to any Term CORRA Loan, the initial period (subject to availability) of one (1) or three (3) months commencing on and including the date specified in the Draw Request, Conversion Notice or Rollover Notice, as the case may be, applicable to such Term CORRA Loan and ending on and excluding the last day of such initial period, and thereafter, each successive period (subject to availability) of approximately one (1) or three (3) months as selected by the Borrower and notified to the Agent in writing commencing on and including the last day of the prior CORRA Interest Period; *provided that*, in any case, (i) in the case of the Rollover, the last day of each CORRA Interest Period shall also be the first day of the next CORRA Interest Period, (ii) the last day of each CORRA Interest Period shall be a Business Day and if not, the Borrower shall be deemed to have selected a CORRA Interest Period the last day of which is the first Business Day following the last day of the CORRA Interest Period selected by the Borrower, unless such first Business Day is in a succeeding calendar month, in which case, the last day of such CORRA Interest Period shall be the immediately preceding Business Day, and (iii) notwithstanding any of the foregoing, the last day of each CORRA Interest Period shall be on or before the Maturity Date.

"**Credit Parties**" means the Companies, the Limited Guarantor and Aphria as a Limited Recourse Guarantor, and "**Credit Party**" means any of them as the context requires.

"**Currency Hedge Agreements**" means agreements for the purpose of hedging currency risk, including a currency exchange agreement or a foreign exchange forward contract.

"**Daily Compounded CORRA**" means, for any day, CORRA with interest accruing on a compounded daily basis, with the methodology and conventions for this rate (which will include compounding in arrears with a lookback of five (5) Business Days) being established by the Agent in accordance with the methodology and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded CORRA for business loans; provided that if the Agent decides that any such convention is not administratively feasible for the Agent, then the Agent may establish another convention in its reasonable discretion; and provided that if the administrator has not provided or published CORRA and a Benchmark Replacement Date with respect to CORRA has not occurred, then, in respect of any day for which CORRA is required, references to CORRA will be deemed to be references to the last provided or published CORRA; and provided that if Daily Compounded CORRA as so determined shall be less than the Floor, then Daily Compounded CORRA shall be deemed to be the Floor.

"Debt Service Deficiency Agreement" is defined in Section 6.01(d).

"**Default**" is defined in the CBA Model Provisions.

"Defined Benefit Pension Plan" means any Pension Plan which contains a "defined benefit provision" as defined in subsection 147.1(1) of the *Income Tax Act* (Canada).

"**Distribution**" means any amount paid, directly or indirectly, to or on behalf of the employees, directors, officers, shareholders, partners or unitholders of any of the Companies, or to any Related Party thereto, including for greater certainty amount paid by way of salary, bonus, commission, management fees, directors' fees, dividends, redemption of shares, distribution of profits, Investments or otherwise, and whether payments are made to such Persons in their capacity as shareholders, partners, unitholders, directors, officers, employees, owners or creditors of any of the Companies or otherwise, or any other direct or indirect payment in respect of the earnings or capital of any of the Companies; provided however that the payment of salaries, bonuses and commissions from time to time to the officers and employees of the Companies, the payment of directors' fees to the directors of the Companies, in each case in the ordinary course of business and at reasonable levels, and the repayment of the shareholder loan with the proceeds of the Advance on the Original Closing Date as contemplated in Section 2.02 shall not be considered Distributions.

"**Domain Name**" means all right, title and interest (and all related IP Ancillary Rights) in an internet domain name.

"**Draw Request**" means a notice in the form of Exhibit "B" given by the Borrower to the Agent for the purpose of requesting an Advance.

"EBITDA" means, for any period, and any Person, an amount equal to net income of such Person for such period minus, to the extent included in computing such net income (but without duplication):

a. any non-cash income and gains (including unrealized mark-to-market gains under Hedge Arrangements, fair valuation of financial instruments fair value credit adjustments on biological assets, non- cash income and gains from minority interests), except to the extent that such income or gains will inevitably result in future cash receipts;

b. any cash expenses and losses to the extent previously deducted in a prior period as a non-cash expense or loss under clause (g) below; and

c. any extraordinary or non-recurring income and gains unless approved by the Required Lenders;

plus, to the extent deducted from such net income (but without duplication):

d. Interest Expense;

e. all Taxes on income for such period, whether current or deferred and net of any incentive or similar tax credits;

f. the collective depreciation, depletion, impairment and amortization expense for such period;

g. all non-cash stock based compensation;

h. any extraordinary or non-recurring charges, expenses or losses approved by the Required Lenders; and

a. all transaction costs incurred in connection with the establishment of Facility A including all fees, costs and expenses payable on or before the Original Closing Date to the Agent and the Lenders, legal counsel for the Agent and the Companies and consultants retained by the Agent.

provided that in respect of each entity which has become a Subsidiary of the Borrower in such fiscal period, EBITDA shall be determined as if such entity had been a Subsidiary during the entire fiscal period; and in respect of each entity which has ceased to be a Company in such fiscal period, EBITDA shall be determined as if such entity had not been a Company during the entire fiscal period.

"**Equity Interest**" means any share, interest, participation or other right to participate in the voting or equity ownership of a corporation and any equivalent ownership interest in any Person that is not a corporation, including any partnership or membership interest, and any warrant, option or other right which is exchangeable or convertible into any of the foregoing.

"**Equivalent Amount**" means, in relation to an amount in one currency, the amount in another currency that could be purchased by the amount in the first currency, determined by reference to the applicable Exchange Rate at the time of such determination.

"ERISA" means the *US Employee Retirement Income Security Act of 1974* (or any successor legislation thereto) and the regulations promulgated and rulings issued thereunder, as amended from time to time.

"ERISA Affiliate" means each person (as defined in Section 3(9) of ERISA) that is a member of a Controlled Group of any Credit Party.

"ERISA Multiemployer Plan" means, at any time, a multiemployer plan (as defined in Section 4001(a)(3) of ERISA and subject to ERISA) then or at any time during the previous five years maintained for, or contributed to (or to which there is or was an obligation to contribute) on behalf of, employees of any Credit Party or ERISA Affiliate.

"ERISA Plan" means, at any time, an "employee pension benefit plan" as defined in Section 3(2) of ERISA subject to the provisions of Title IV of ERISA or Section 412 of the Internal Revenue Code or Section 302 of ERISA (other than a ERISA Multiemployer Plan), which is subject to the provisions of Title IV of ERISA or Section 412 of the Internal Revenue Code and which (a) is maintained, funded or administered for the employees of any Credit Party or any ERISA Affiliate, (b) has at any time within the preceding five (5) years been maintained, funded or administered for the employees of any Credit Party or any current or former ERISA Affiliates or (c) any Credit Party or any ERISA Affiliate has any liability (contingent or otherwise).

"**Event of Default**" is defined in Section 8.01.

"**Exchange Rate**" means, in connection with the amount of any currency which is to be converted into another currency pursuant to this Agreement for any reason, the applicable rate of exchange for such conversion established by the Bank of Canada on the Business Day of such conversion (or on such other Business Day as may be specified herein); provided however that if a rate of exchange in respect of any currency is not published by the Bank of Canada, the rate of exchange for that currency shall be determined by the Agent in accordance with its usual practice.

"Excluded Swap Obligation" means, with respect to any Credit Party (other than the Borrower), any Swap Obligation if, and to the extent that, all or a portion of the guarantee of such Credit Party of, or the grant by such Credit Party of a security interest to secure, such Swap Obligation (or any guarantee thereof) is or becomes illegal under then US Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Credit Party's failure for any reason to constitute an "eligible contract participant" as defined in the US Commodity Exchange Act and the regulations thereunder at the time of guarantee of such Credit Party or the grant of such security interest becomes effective with respect to such related Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guarantee or security interest is or becomes illegal.

"Executive Order" means the US Executive Order No. 13224 on Blocking Property and Prohibiting Transactions with Persons who commit, Threaten to Commit, or Support Terrorism.

"FATCA" means Sections 1471 through 1474 of the Internal Revenue Code of the United States, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code of the United States.

"**Facility A**" is defined in Section 2.01.

"**Facility A Limit**" is defined in Section 2.01.

"**First-Ranking Security Interest**" in respect of any Collateral means a Lien in such Collateral which is registered where necessary or desirable to record and perfect the charges contained therein (to the extent that such charges are capable of perfection under Applicable Law) and which ranks in priority to all other Liens in such Collateral except for any Permitted Liens which may have priority in accordance with Applicable Law.

"First Amending Agreement" means the first amending agreement to the Credit Agreement dated October 2, 2023

"**Fiscal Quarter**" means a fiscal quarter of the Borrower or Tilray Brands, as the context requires, in each case ending on the last days of May, August, November, and February in each year.

"**Fiscal Year**" means a fiscal year of the Borrower, or Tilray Brands, as the context requires, in each case ending on the last day of May in each year.

"Fixed Charges" means in respect of any period, the aggregate, without duplication, of: (i) consolidated Interest Expense of the Borrower during such period; plus (ii) all scheduled principal payments on consolidated Total Funded Debt due (paid or accrued during such period) by the Borrower during such period except the portion of any final payment due in respect of such Total Funded Debt which constitutes a "balloon payment" and any amount paid in connection with the exercise of an option to purchase equipment under a Capital Lease; plus (iii) all payments made by the Borrower during such period in respect of Capital Lease Obligations.

"Fixed Charge Coverage Ratio" means, as of the last day of any Fiscal Quarter and for the four rolling Fiscal Quarter period then ended, calculated on a consolidated basis, the ratio of: (a) consolidated EBITDA for the Borrower less the aggregate amount of consolidated Unfunded Capital Expenditures, Cash Taxes and cash Distributions made by the Borrower in respect of Equity Interests in the Borrower during such period, to (b) Fixed Charges.

"Floor" means a rate of interest per annum equal to 0.00%.

"Former Lender" is defined in the definition of Hedging Obligations.

"FRB" means the Board of Governors of the Federal Reserve System of the United States.

"Funded Debt" in respect of any Person means all obligations of such Person and its Subsidiaries which are considered to constitute debt in accordance with GAAP, including, without duplication (i) indebtedness for borrowed money, (ii) interest-bearing liabilities to the extent interest is due and not yet paid, (iii) obligations secured by Purchase-Money Security Interests, (iv) obligations under Capital Leases, (v) capitalized interest, (vi) obligations under Hedging Agreements (solely to the extent such obligations have become due and payable), (vii) the redemption price of any securities issued by such Person which are redeemable at the option of the holder, (viii) any vendor take back obligations, and (ix) such Person's contingent liability under

Guarantees given in respect of obligations of other Persons of the nature described in clauses (i) through (viii) above; but excluding accounts payable, short term non-interest bearing liabilities, future or deferred income taxes (both current and long-term), Subordinated Debt (provided the holder of such indebtedness pursuant to the terms of an Intercreditor Agreement may not receive any payments on account of principal or interest thereon prior to the Termination Date), and prepaid or deferred revenue.

"**Funded Debt Service**" means, in respect of any fiscal period, without duplication: (i) the aggregate amount of Interest paid or payable in respect of the Funded Debt of a Person on a consolidated basis in respect of such fiscal period (but for greater certainty, excluding any Interest which is capitalized and not paid or payable during such fiscal period); plus (ii) the aggregate amount of scheduled principal payments and scheduled Capital Lease payments paid or payable in respect of the Funded Debt of such Person on a consolidated basis in respect of such fiscal period, except the portion of any final payment due in respect of such Funded Debt which constitutes a "balloon payment" and any amount paid in connection with the exercise of an option to purchase equipment under a Capital Lease.

"**GAAP**" means generally accepted accounting principles as in effect from time to time in the United States of America as set forth in the opinions and pronouncements of the relevant U.S. public and private accounting boards and institutes which are applicable to Tilray Brands and the circumstances as of the date of determination, in each case consistently applied and including, without limitation, International Financial Reporting Standards adopted by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants and which have been adopted by the applicable Credit Party.

"**Governmental Authority**" is defined in the CBA Model Provisions, and for greater certainty includes Health Canada.

"**Guarantee**" means any agreement by which any Person assumes, guarantees, endorses, contingently agrees to purchase or provide funds for the payment of, or otherwise becomes liable upon, the obligation of any other Person, or agrees to maintain the net worth or working capital or other financial condition of any other Person or otherwise assures any creditor of such Person against loss, and shall include any contingent liability under any letter of credit or similar document or instrument, excluding endorsement of cheques and drafts for deposit or collection in the ordinary course of business.

"**Guarantors**" means collectively (i) each Subsidiary of the Borrower on the date hereof, and (ii) each other Person who becomes a Subsidiary of the Borrower on and after the date hereof and is required by the Agent and each of the Lenders from time to time to become a Guarantor pursuant to Section 6.02(c) hereof; and "**Guarantor**" means any of them as the context requires. As of the date hereof the Borrower has no Subsidiaries.

"**Hazardous Materials**" means any contaminant, pollutant, waste or substance that is likely to cause immediately or at some future time harm or degradation to the surrounding environment or risk to human health; and without restricting the generality of the foregoing, including any pollutant, contaminant, waste, hazardous waste or dangerous goods that is regulated by any Requirements of Environmental Law or that is designated, classified, listed or defined as hazardous, toxic, radioactive or dangerous or as a contaminant, pollutant or waste by any Requirements of Environmental Law.

"Health Canada Licence" means, the licence issued by Health Canada in respect of the Project and identified as licence #LIC-KX10UDSC08-2019 issued to the Pre-Amalgamation Borrower pursuant to the Cannabis Act (and assumed by Amalco upon effectiveness of the Amalgamation), as the same may be amended or any licence issued in place thereof as a result of the Amalgamation, and authorizing a minimum cultivation class for operations by the Borrower at the Project on the Project Property, and any other licence issued by Health Canada to any of the Companies in respect of its Cannabis Activities.

"**Hedging Agreements**" means Interest Rate Hedging Agreements and Currency Hedge Agreements.

"**Hedging Obligations**" means all obligations of the Borrower to (i) the Lenders or an Affiliate of a Lender pursuant to or arising in connection with Hedging Agreements made between the Borrower and any Lenders or any Affiliate of a Lender and (ii) any Person which was a Lender or an Affiliate of a Lender at the time of entering into a Hedging Agreement, but which is no longer a Lender (a "**Former Lender**").

"**Indemnitees**" means the Lenders, the Agent and their respective successors and permitted assigns hereunder, any agent of any of them (specifically including a receiver or receiver-manager) and the respective officers, directors and employees of the foregoing.

"Industrial Hemp" has the meaning ascribed to such term or the term "hemp" (i) under the Applicable Law of any Approved Jurisdiction, including the Industrial Hemp Regulations (Canada) issued under the Cannabis Act; or (ii) under the Agricultural Marketing Act of 1946 (United States).

"**Insolvency Event**" means, in respect of any Person:

a. such Person ceases to carry on its business; or commits an act of bankruptcy or becomes insolvent (as such terms are used in the BIA); or makes an assignment for the benefit of creditors, files a petition in bankruptcy, makes a proposal or commences a proceeding under Insolvency Legislation; or petitions or applies to any tribunal for, or consents to, the appointment of any receiver, trustee or similar liquidator in respect of all or a substantial part of its property; or admits the material allegations of a petition or application filed with respect to it in any proceeding commenced in respect of it under Insolvency Legislation; or takes any corporate action for the purpose of effecting any of the foregoing; or

b. any proceeding or filing is commenced against such Person seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts under any Insolvency Legislation, or seeking appointment of a receiver, trustee, custodian or other similar official for it or any substantial part of its property; unless (i) such Person is diligently defending such proceeding in good faith and on reasonable grounds as determined by the Required Lenders acting reasonably; and (ii) such proceeding does not, in the reasonable opinion of the Required Lenders, materially adversely affect the ability of such Person to carry on its business and to perform and satisfy all of its obligations.

"**Insolvency Legislation**" means legislation in any applicable jurisdiction relating to reorganization, receivership, liquidations, arrangement, compromise or re-adjustment of debt in insolvent circumstances, dissolution or winding-up, or any similar legislation, and specifically includes for greater certainty the BIA, the *Companies' Creditors Arrangement Act* (Canada), the *Winding-Up and Restructuring Act* (Canada), and the United States Bankruptcy Code (11 U.S.C. § 101, et seq.), and any successor statute of any of the foregoing.

"Internal Revenue Code" means the United States Internal Revenue Code 1986 and the regulations promulgated thereunder, as amended.

"**Intellectual Property**" means all rights, title and interests in intellectual property and all IP Ancillary Rights relating thereto, including all Copyrights, Patents, Trademarks, Domain Names, Trade Secrets, industrial designs, integrated circuit topographies, plant breeders' rights and rights under IP Licenses.

"Intercreditor Agreements" means any intercreditor, subordination or postponement agreement (including without limitation the Parent Subordination Agreement), that may be entered into from time to time which provides for the terms of subordination, ranking or priority and related customary intercreditor provisions of any other Funded Debt in relation to any of the Obligations and Security, which shall be in form and substance satisfactory to the Agent, acting reasonably.

"**Interest**" means interest on loans, issuance fees in respect of letters of credit, and any other charges or fees in connection with the extension of credit which are determined by reference to the amount of credit extended, plus standby fees in respect of the unutilized portion of any credit facility; but for greater certainty "Interest" shall not include capitalized interest (for greater certainty, being interest which is accrued but not paid), agency fees, arrangement fees, structuring fees, fees relating to the granting of consents, waivers, amendments, extensions or restructurings, the reimbursement of costs and expenses, and any similar amounts which may be charged from time to time in connection with the establishment, administration or enforcement of Facility A.

“Interest Expense” means, in respect of any Person and in respect of any period, without duplication, the interest expense of such Person on Funded Debt (including that attributable to the interest component of payments under Capital Leases) including all commissions, discounts, and other fees paid or accrued during such period and all charges paid or accrued during such period with respect to letters of credit and letters of guarantee, all as determined in accordance with GAAP.

"**Interest Rate Hedging Agreements**" means agreements for the purpose of hedging interest rate risk, including interest rate exchange agreements (commonly known as "interest rate swaps") and forward rate agreements; and for greater certainty, including interest rate exchange agreements (commonly known as "cross-currency swaps").

"**Interim Financial Statements**" in respect of any Fiscal Quarter means (i) in the case of the Borrower, the management prepared financial statements of the Borrower on a consolidated basis and (ii) in the case of Tilray Brands, the unaudited financial statements of Tilray Brands, on a consolidated basis, in each case in respect of such Fiscal Quarter (and also on a year-to-date basis in respect of such Fiscal Quarter and all previous Fiscal Quarters in the same Fiscal Year), including, in the case of Tilray Brand’s Interim Financial Statements, any management's discussion and analysis with respect thereto.

"**Investment**" means: (i) an investment made or held by a Person, directly or indirectly, in another Person (whether such investment was made by the first-mentioned Person in such other Person or was acquired from a third party); (ii) a contribution of capital; (iii) the acquisition or holding of common or preferred shares, debt obligations, partnership interests and interests in joint ventures; and (iv) the acquisition of all or substantially all of the assets used in connection with a business; provided however that if a transaction would constitute a "Capital Expenditure" as defined herein and would also constitute an "Investment" as defined herein, it shall be deemed to constitute an Investment and not a Capital Expenditure.

"**IP Ancillary Rights**" means, with respect to an item of Intellectual Property all foreign counterparts to, and all divisionals, reversions, continuations, continuations-in-part, reissues, re-examinations, renewals and extensions of, such Intellectual Property and all income, royalties, proceeds and liabilities at any time due or payable or asserted under or with respect to any of the foregoing or otherwise with respect to such Intellectual Property, including all rights to sue or recover at law or in equity for any past, present or future infringement, misappropriation, dilution, violation or other impairment thereof, and, includes in each case, all rights to obtain any other IP Ancillary Right.

"**IP License**" means all contractual obligations (and all related IP Ancillary Rights), whether written or oral, granting any right, title and interest in any Intellectual Property.

"**Land**" means real property (including a leasehold interest in land) and all buildings, improvements, fixtures and plant situated thereon.

"**Landlord Agreement**" means an agreement in form and substance satisfactory to the Agent given by the landlord of a Material Leased Property in favour of the Agent, which shall include the following provisions (except to the extent otherwise agreed by the Agent in its discretion): such landlord consents to the granting of a security interest in the lease by the Company which is a tenant thereunder in favour of the Agent, agrees to give written notice to the Agent in respect of a default and a reasonable opportunity to cure any default before terminating the lease, and agrees to waive (or subordinate and defer the enforcement of) its rights and remedies and any security it may hold in respect of any assets owned by such Company located on such Material Leased Property or affixed to such Material Leased Property which the tenant is entitled to remove under Applicable Law or pursuant to the terms of the lease.

“Legal Reservations” means (i) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors, (ii) the time barring of claims under the *Limitation Act, 2002 (Ontario)*, as amended, or equivalent or analogous legislation of any other applicable jurisdiction, (ii) the possibility that an undertaking to assume liability for or indemnify a person against non-payment of Taxes may be void, (iv) defences of set-off or counterclaim, (v) similar principles, rights, defences or requirements under the laws of any applicable jurisdiction and (vi) any other matters which are set out as qualifications or reservations as to matters of law of general application accepted by the Required Lenders in any of the legal opinions delivered to the Lenders pursuant hereto.

“Lenders" means the lenders identified in Exhibit "A" attached hereto and any other Persons which may from time to time become lenders pursuant to this Agreement; and their respective successors and permitted assigns; and "**Lender**" means any of them as the context requires.

"**Lender-Related Distress Event**" means, with respect to any Lender or any Person that directly or indirectly Controls such Lender (such Lender and each such Person being individually referred to in this definition as a "distressed person"), (i) the commencement of a voluntary or involuntary proceeding with respect to such distressed person under any Insolvency Legislation, (ii) the appointment of a custodian, conservator, receiver or similar official in respect of such distressed person or any substantial part of its assets, (iii) a forced liquidation, merger, sale or other change of Control of such distressed person supported in whole or in part by Guarantees or other support (including, without limitation, the nationalization or assumption of ownership or operating control of such distressed person by any Governmental Authority), or (iv) such distressed person makes a general assignment for the benefit of its creditors or is otherwise adjudicated as, or determined by any Governmental Authority having regulatory authority over such distressed person or its assets to be, insolvent, bankrupt, or deficient in meeting any capital adequacy or liquidity standard of any such Governmental Authority.

"**Lending Office**" in respect of any Lender means the office of such Lender designated by it from time to time as the office from which it will make Advances hereunder.

"**Lien**" means: (i) a lien, charge, mortgage, pledge, security interest or conditional sale agreement; (ii) an assignment, lease, consignment, trust or deemed trust that secures payment or performance of an obligation; (iii) a garnishment; (iv) any other encumbrance of any kind; and (v) any commitment or agreement to enter into or grant any of the foregoing.

“Limited Guarantee” is defined in Section 6.01(b).

“Limited Guarantor” means Tilray Brands.

“Limited Recourse Guarantee” is defined in Section 6.01(c).

“Limited Recourse Guarantors” means each direct shareholder of the Borrower from time to time. On the date hereof Aphria and Double Diamond Holdings Ltd. (formerly 2609733 Ontario Limited) are the sole Limited Recourse Guarantors.

"**Loan**" means a Canadian Prime Rate Loan or a Term CORRA Loan, as applicable.

"**Loan Documents**" means this Agreement, the Security, the Agency Fee Agreement, the Parent Subordination Agreement and other agreements or letters entered into between the Borrower and the Agent in respect of fees payable to the Agent or the Lenders, any promissory notes issued by the Borrower to the Agent or the Lenders hereunder, any Intercreditor Agreements, all Hedging Agreements with a Lender or Affiliate of a Lender, all Service Agreements, and all other agreements, and instruments required or contemplated herein to be provided by the Credit Parties and other Persons in favour of the Agent or any of the Lenders and all amendments, restatements, supplements or other modifications thereto.

“Margin Stock” means “margin stock” as defined in Regulation U.

"**Marijuana**" has the meaning ascribed to such term under the Applicable Law in any Approved Jurisdiction.

"**Material Adverse Change**" means any change or event which: (i) constitutes a material adverse change in the business, operations, condition (financial or otherwise) or properties of Tilray Brands, the Parent or the Borrower on a consolidated basis; (ii) materially impairs the ability of Tilray Brands, the Parent or the Companies (taken as a whole) to timely and fully perform their respective obligations under the Loan Documents; (iii) materially impairs the validity or enforceability of any of the Loan Documents; (iv) materially impairs the ability of the Agent or the Lenders to enforce their rights and remedies under the Loan Documents; or (v) impairs the priority of any of the Security.

"**Material Agreement**" means an agreement made between a Company and another Person (including another Credit Party) which (i) is, in the reasonable opinion of the Agent, material to the ownership, management and operation of the Business, including the Project and the Project Property, or (ii) if terminated would result, or would have a reasonable likelihood of resulting, in a Default, an Event of Default or a Material Adverse Change, specifically including, the Supply Agreement, and as at the date of this Agreement, each other agreement listed in Schedule 4.01(o).

"**Material Leased Properties**" means all Land leased by the Companies as tenants from time to time which if terminated would result, or would reasonably be expected to result, in an Event of Default or Material Adverse Change, specifically including as at the date of this Agreement the Land described in Schedule 4.01(l) attached hereto.
"**Material Leases**" means the leases relating to the Material Leased Properties.
"**Material Permit**" means a licence, permit, approval, registration or qualification granted to or held by a Company which if terminated would impair the ability of the Company to carry on the Business in the ordinary course, or would result, or would reasonably be expected to result, in an Event of Default or Material Adverse Change; specifically including, the Health Canada Licences and as of the date of this Agreement each other licence, permit, approval, registration or qualification listed in Schedule 4.01(h).
"**Maturity Date**" means earlier of (i) November 28, 2025; (ii) [reserved] (ii) [reserved]; and (iii) the APHA24 Early Maturity Date, subject to the conditions described in Section 2.04(a)(ii).
"Minimum Cash and Cash Equivalent" means, in respect of Tilray Brands, unrestricted cash and Cash Equivalents held by Tilray Brands. [1]
"Minimum Equity Contribution" means a minimum equity injection in the Borrower by the Parent and other shareholders of the Borrower in an aggregate amount of not less than [***] as shown on the balance sheet of the Borrower as at the Original Closing Date.
"**Minor Title Defects**" in respect of any parcel of Land means encroachments, restrictions, easements, rights-of-way, servitudes and defects or irregularities in the title to such Land which are of a minor nature and, in the case of Land material to the operation of the Business of the Companies taken as a whole, which, in the aggregate, will not materially impair the use of such Land for the purposes for which such Land is held by the owner thereof; it is acknowledged that the Project Property is material to the operation of the Business of the Companies taken as a whole.
"Multi-employer Plan" means a multi-employer pension plan within the meaning of the *Pension Benefits Act* (Ontario) or the pension benefits standards legislation of another province or jurisdiction in Canada and to which any Company is required to contribute pursuant to a collective agreement, participation agreement, any other agreement or statute or municipal by-law and which is not maintained or administered by such Company or its Affiliates.
"**Non-Funding Lender**" means any Lender (i) that has failed to fund any payment or Advance required to be made by it hereunder or to purchase all participations required to be purchased by it hereunder and under the Loan Documents, or (ii) that has given oral or written notice to the Borrower, the Agent or any other Lender, or has otherwise publicly announced, that it believes that it may be unable to fund advances under one or more credit agreements to which it is a party, or (iii) with respect to which one or more Lender-Related Distress Events has occurred, or (iv) with respect to which the Agent believes, acting reasonably, that such Lender has defaulted or may default in fulfilling its obligations (whether as an agent or lender) under one or more other credit agreements to which it is a party, or (v) with respect to which the Agent believes, acting reasonably, that there is a reasonable chance that such Lender will fail to fund any payment or Advance required to be made hereunder.
"**Obligations**" means, at any time and without duplication: (i) all direct and indirect, contingent and absolute indebtedness, obligations and liabilities of the Credit Parties to the Agent and the Lenders (or if the context requires, to any Lender) under or in connection with this Agreement and the Loan Documents (specifically including for greater certainty all Guarantees provided hereunder) at such time, specifically including the Outstanding Advances, all accrued and unpaid Interest thereon, and all fees, expenses and other amounts payable pursuant to this Agreement and the Loan Documents; plus (ii) the Hedging Obligations (if any) at such time; plus (iii) any obligations under Service Agreements at such time; provided that if otherwise specified or required by the context, "**Obligations**" shall mean any portion of the foregoing.
"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury (or any successor thereto).
"Original Closing Date" means November 29, 2019 (being the date on which all conditions precedent listed in Section 7.01 were satisfied or waived by the Lenders, as confirmed by the Agent to the Borrower in writing).
"Original Credit Agreement" is defined in the Recitals hereto.
"Other Connection Taxes" means, with respect to the Lender, Taxes imposed as a result of a present or former connection between the Lender and the jurisdiction imposing such Tax (other than connections arising from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Advance or Loan Document).
"Outstanding Advances" means, at any time, the aggregate of all obligations of the Borrower to the Lenders (or if the context requires, to any Lender) in respect of all Advances made under Facility A which have not been repaid or satisfied at such time, determined by, in the case of Canadian Prime Rate Loans or Term CORRA Loans, the principal amount thereof.
"**Owned Properties**" means all Land owned by the Companies from time to time, including but not limited to the Project Property and any Land described in Schedule 4.01(k) attached hereto.
"**Parent**" means Aphria Inc. or any successor thereto including by way of amalgamation.
"Parent Subordinated Debt" means the unsecured indebtedness issued by the Borrower to the Parent in the principal amount of no less than [***], provided that such indebtedness is subject to the Parent Subordination Agreement.
"Parent Subordination Agreement" means the Intercreditor Agreement entered into by the Parent in favour of the Agent and the Lender on the Original Closing Date in form and substance satisfactory to the Lenders, as the same may be amended, restated, supplemented or replaced from time to time, pursuant to which the Parent agreed to subordinate and postpone the Parent Subordinated Debt to the Obligations and Security, which Intercreditor Agreement may expressly permit the servicing of such Subordinated Debt on account of interest on a monthly basis and principal on an annual basis subject to the prior Repayment required to be made pursuant to Section 2.04(c)(iv) (Annual Excess Cash Flow Sweep), and provided that immediately before and immediately after such Distribution, the Borrower shall be in pro forma compliance with the financial covenants in Section 5.03 and the Borrower shall have delivered a pro forma Compliance Certificate evidencing such compliance.
"**Patents**" means all rights, title and interests (and all related IP Ancillary Rights) arising under any requirement of law in or relating to patents and applications therefor.
"**Pension Plan**" means each pension or superannuation plan that is a "registered pension plan" as defined in subsection 248(1) of the *Income Tax Act* (Canada) required to be registered under Canadian federal or provincial law that is maintained or contributed to by the Borrower for its employees or former employees, but does not include the Canada Pension Plan or the Quebec Pension Plan as maintained by the Government of Canada or the Province of Quebec, respectively or a Multi-employer Plan.
"**Permitted Acquisition**" means an Investment that is either an acquisition of Equity Interests in a Person (referred to herein as a "share purchase"), or an acquisition of assets of a Person not in the ordinary course of business (referred to herein as an "asset purchase"), in either case if all of the following criteria are satisfied (except to the extent otherwise agreed in writing by the Required Lenders in their discretion):

a. the Required Lenders acting reasonably shall have provided their prior written consent to such Acquisition after conducting such due diligence they may consider appropriate in the circumstances (for greater certainty, specifically including in respect of financial matters, the corporate and capital structure of such Person, key management, and business, environmental, regulatory, tax and legal matters, and the Borrower shall provide all information requested by the Required Lenders in connection with such due diligence at least fifteen (15) days prior to the proposed completion of such Acquisition);

b. such Person is engaged in a business similar to or vertically integrated with the Business conducted by the Borrower;

c. no portion of Facility A shall be used, directly or indirectly, in connection with the financing of the acquisition unless approved by

the written consent of all of the Lenders in their discretion;

d. if the acquisition involves a hostile or unsolicited take-over, it must be approved by all Lenders in their discretion;

e. in the case of a share purchase, upon the completion of such acquisition (i) all Funded Debt (except Funded Debt which will constitute Permitted Funded Debt hereunder) of such Person shall be repaid and all Liens (except Liens which will constitute Permitted Liens hereunder) affecting the assets of such Person shall be released and discharged, in each case within thirty (30) days of the acquisition;

f. in the case of a share purchase, the Subsidiary acquired shall be a wholly owned Subsidiary of the Borrower and shall provide a Guarantee and all other Security required herein to be provided in accordance with the requirements of Section 7.01 (including registrations, searches, legal opinions and ancillary documentation);

g. in the case of an asset purchase, (i) upon the completion of such transaction, all Funded Debt (except Funded Debt which will constitute Permitted Funded Debt hereunder) secured by the acquired assets shall be repaid within thirty (30) days following the completion of the acquisition; (ii) within thirty (30) days following the completion of such transaction, all Liens (except Liens which will constitute Permitted Liens hereunder) affecting such assets shall be released and discharged; (iii) within thirty (30) days following completion of such transaction, all Security required herein to be provided to the Agent in respect of such assets (including registrations, searches, legal opinions and ancillary documentation) shall be provided; and (iv) the asset purchase shall not involve the assumption of any material environmental liabilities, and all representations and warranties contained herein with respect to environmental matters shall be true and correct both immediately before and immediately after such acquisition in all material respects; and if, as a result of the acquisition, any Company will acquire ownership of any Real Property, the Borrower shall have provided an environmental questionnaire in form and substance satisfactory to the Agent in respect of such Real Property which evidences such material compliance with all such representations and warranties;

h. in the case of a share purchase, the acquired asset will only be located in an Approved Jurisdiction and used or useful in a business which is the same as or related, ancillary or complimentary to the Business carried on by the Companies;

a. in the case of a share purchase, if the target of a share purchase carries on any Cannabis Activities, the entity which will carry on the acquired business will own assets and carry on business only in one or more Approved Jurisdictions and the right to acquire Equity Interests shall be not exercisable until the earlier of: (i) the Cannabis Activities in which the target proposes to engage are legal at all required levels of government in the jurisdiction(s) in which the target is or proposes to operate, and (ii) the applicable Company has received approval to exercise such right from any stock;

b. the Borrower shall deliver a Compliance Certificate evidencing that it is in compliance in all material respects with all covenants and confirming the representations and warranties under this Agreement including the requirements in this definition of Permitted Acquisition and will remain in compliance in all material respects after giving effect to such acquisition; and no Default or Event of Default shall have occurred and be continuing or would result from the completion of such acquisition;

c. if the Borrower proposes to incur Subordinated Debt to finance all or any portion of such acquisition, the terms and conditions of such Subordinated Debt shall be satisfactory to the Required Lenders, and the holder(s) of such Subordinated Debt shall enter into a Intercreditor Agreement with the Agent containing terms and conditions contemplated in the definition of "Subordinated Debt" herein; and

xx. if any such transaction would constitute both a Permitted Acquisition and a Capital Expenditure, it shall be deemed to constitute a Permitted Acquisition and not a Capital Expenditure.

"**Permitted Funded Debt**" means, without duplication: (i) the Obligations; (ii) indebtedness of any Company to another Company; (iii) Subordinated Debt; (iv) the Parent Subordinated Debt provided that the same constitutes Subordinated Debt, is unsecured, and is subject to the Parent Subordination Agreement; (v) Funded Debt of the Companies secured by Permitted Liens; (vi) obligations under any Guarantees which are considered to constitute Funded Debt, but only to the extent such Guarantees are permitted pursuant to this Agreement; (vii) Funded Debt in respect of corporate credit cards programs established by a financial institution other than BMO in an aggregate outstanding amount not to exceed Fifty Thousand Dollars ($50,000) (or equivalent in foreign currency), (viii) unsecured Funded Debt not referred to elsewhere in this definition in an aggregate outstanding amount not to exceed Two Million Dollars ($2,000,000); (ix) indebtedness of Aphria under the APHA24 Convertible Notes provided that the obligations thereunder have not been redeemed or converted and that no Fundamental Change (as such term is defined in the APHA24 Convertible Notes indenture) requiring Aphria to repurchase the outstanding APHA24 Convertible Notes has occurred; and (ix) any other Funded Debt consented to in writing by the Lenders**.**
"**Permitted Liens**" means:

a. Statutory Liens (i) in respect of any amount which is not at the time overdue or (ii) in respect of any amount which may be past due but the quantum or validity of which is being diligently contested in good faith by appropriate proceedings and in respect of which any right of seizure or sale is stayed pending resolution of the dispute or (iii) that in the aggregate, not including those included in (i) or (ii) do not exceed $250,000 and in respect of which reserves (if any are required by GAAP) have been established to the extent required in accordance with GAAP;

b. Liens or rights of distress reserved in or exercisable under any lease of Land for rent and, in the case of Land material to the operation of the Business of the Companies taken as a whole, not at the time overdue or for compliance with the terms of such lease not at the time in default; and security deposits given in the ordinary course under leases of Land not in excess of six (6) months' rent; it is acknowledged that the Project Property is material to the operation of the Business of the Companies taken as a whole;

c. any obligations or duties affecting any Land due to any public utility or to any municipality or government, or to any statutory or public authority, with respect to any franchise, grant, licence or permit in good standing and any defects in title to structures or other facilities arising solely from the fact that such structures or facilities are constructed or installed on Land under government permits, leases or other grants in good standing; and if the Land subject thereto is material to the operation of the Business of the Companies taken as a whole, which obligations, duties and defects in the aggregate do not materially impair the use of such property, structures or facilities for the purpose for which they are held; it is acknowledged that the Project Property is material to the operation of the Business of the Companies taken as a whole;

d. Liens incurred or deposits of cash made or pledged to secure obligations under workers' compensation legislation or similar legislation, or in connection with contracts, bids, tenders or expropriation proceedings, surety or appeal bonds, costs of litigation when required by law, public and statutory obligations, and warehousemen's, storers', repairers', carriers' and other similar Liens and deposits;

e. security given to a public utility or any municipality or government or to any statutory or public authority to secure obligations incurred to such utility, municipality, government or other authority in the ordinary course of business and (i) not at the time overdue or (ii) which are past due, but the quantum or validity of such obligations is being diligently contested in good faith by appropriate proceedings and in respect of which any right of seizure or sale is stayed pending resolution of the dispute or (iii) that, in the aggregate, not including those referred to in (i) and (ii) do not exceed $250,000 and in respect of which reserves (if any are required by GAAP) have been established to the extent required in accordance with GAAP;

f. Liens and privileges arising out of judgments or awards (i) which are satisfied before they are executed upon and which do not constitute an Event of Default under Section 8.01(n) or (ii) in respect of which (A) an appeal or proceeding for review has been commenced; (B) a stay of execution pending such appeal or proceedings for review has been obtained; and (C) reserves (if any are required by GAAP) have been established to the extent required in accordance with GAAP;

g. Liens for taxes, customs duties, local improvement charges, levies, rates and assessments (i) not yet due or (ii) or which are past due but the quantum or validity of which is being contested diligently and in good faith by the Borrower by appropriate proceedings and in respect of which any right of seizure or sale is stayed pending resolution of the dispute or (iii) that in the aggregate, not including those in (i) and (ii) for which a final assessment has not been received which do not exceed $250,000 and in respect of which reserves (if any are required by GAAP) have been established to the extent required in accordance with GAAP;

h. undetermined or inchoate Liens, charges and privileges incidental to current construction or current operations and statutory liens, charges, adverse claims, security interests or encumbrances of any nature whatsoever claimed or held by any Governmental Authority, provided the same are not of such nature as to create a Material Adverse Change or adversely affect in any material way the operations of the Business of the Companies taken as a whole;

a. any Lien arising in connection with the construction or improvement of any Land or arising out of the furnishing of materials or supplies therefor, provided that such Lien secures moneys (i) not at the time overdue or (ii) which are past due, but the quantum or validity thereof is being contested diligently and in good faith by appropriate proceedings and in respect of which any right of seizure or sale is stayed pending resolution of the dispute or (iii) that in aggregate, not including those referred to in (i) and (ii) do not exceed $250,000, and in respect of which a Lien has not been registered against title to such Land and in respect of which reserves (if any are required by GAAP) have been established to the extent required in accordance with GAAP;

b. common law rights of set-off, off-set or combinations of account, civil law rights of compensation or contractual rights of set-off, off-set or recourse to account balances incurred in the ordinary course (i) relating to the establishment of depository relations with a financial institution permitted hereunder and not given in connection with the issuance of Funded Debt, (ii) relating to pooled deposit or sweep accounts or cash pooling arrangements (including with respect to any joint and several liability provisions in relation thereto) permitted hereunder to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Borrower and any Subsidiary, (iii) relating to debit card or other payment services permitted hereunder or (iv) relating to purchase orders and other agreements (other than Funded Debt) entered into with customers in the ordinary course of business;

c. licences, easements, rights-of-way and rights in the nature of easements (including licences, easements, rights-of-way and rights in the nature of easements for sidewalks, public ways, sewers, drains, gas, steam and water mains or electric light and power, or telephone and telegraph conduits, poles, wires and cables) and zoning, land use and building restrictions, by-laws, regulations and ordinances of federal, provincial, municipal and other Governmental Authorities that, in the opinion of the Required Lenders, will not materially impair the use of the affected Land for the purpose for which it is used by that Person;

xx. the right reserved to or vested in any Government Authority by the terms of any lease, licence, franchise, grant or permit or by any statutory provision to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;

llllllllllllllllllllllllllllllllllllll. the Lien resulting from the deposit of cash or securities in connection with contracts, tenders or expropriation proceedings, or to secure workers' compensation, unemployment insurance, surety or appeal bonds, costs of litigation when required by law, liens and claims incidental to current construction, mechanics', warehousemen's, carriers' and other similar liens, and public, statutory and other like obligations incurred in the ordinary course, up to a maximum aggregate amount deposited at any time of $500,000 for all Companies;

mmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmm. Liens solely on any cash earnest money deposits made in connection with any letter of intent or purchase agreement permitted hereunder;

nnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnn. Minor Title Defects;

oooooooooooooooooooooooooooooooooooooooo. Permitted Purchase-Money Security Interests;

pppppppppppppppppppppppppppppppppppppppp. the Specific Permitted Liens; and

qqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqq. the Security

provided that the use of the term "Permitted Liens" to describe the foregoing Liens shall mean that such Liens are permitted to exist (whether in priority to or subsequent in priority to the Security, as determined by Applicable Law); and for greater certainty such Liens shall not be entitled to priority over the Security by virtue of being described in this Agreement as "Permitted Liens".

"**Permitted Purchase-Money Security Interests**" means Purchase-Money Security Interests incurred or assumed in compliance with the provisions of this Agreement in connection with the purchase, leasing or acquisition of capital equipment in the ordinary course of business, provided that the aggregate amount of the Companies' liability thereunder is not at any time greater than Three Million Five Hundred Thousand Dollars ($3,500,000).
"**Person**" is defined in the CBA Model Provisions.
"PPSA" shall mean the *Personal Property Security Act* (Ontario); provided that if by reason of mandatory provisions of law, the perfection, the effect of perfection or non-perfection or the priority of the Liens of the Agent in any Collateral or any other matter relating to Collateral is governed by the Personal Property Security Act as in effect in a jurisdiction other than Ontario or the *Civil Code* of Quebec, the term "PPSA" shall mean such other legislation as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority or other matter.
"Pre-Amalgamation Borrower" means 1974568 Ontario Limited.
"**Proceeds of Realization**", in respect of the Security or any portion thereof, means all amounts received by the Agent and any Lender under the Security in connection with:

a. any realization thereof, whether occurring as a result of enforcement or otherwise;

b. any sale, expropriation, loss or damage or other disposition of any Property subject to the Security or any portion thereof (other than a disposition of Property made pursuant to Section 5.02(c)); and

c. the dissolution, liquidation, bankruptcy or winding-up of any Credit Party or any other distribution of its assets to creditors;

and all other amounts which are expressly deemed to constitute "Proceeds of Realization" in this Agreement.
"Project" means the greenhouse located on the Project Property to be used for cannabis cultivation and processing.
"Project Property" means the Lands municipally known as 620 Essex County Road 14, Leamington, Ontario and legally described as:
PIN 75086-0239 LT
1STLY; PART OF LOT 6, CONCESSION 8 MERSEA, PARTS 1, 3, 5, 7, 8 AND 9 PLAN 12R26840 SAVE AND EXCEPT PARTS 1, 2 AND 3 PLAN 12R27357; S/T RESERVATIONS IN R1198184 AND R1198185; T/W R1198185 2NDLY;PT N1/2 LT 6 CON 8 MERSEA PT 1, 2, 3 12R1420 S/T R1394739; SUBJECT TO AN EASEMENT OVER PARTS 3 AND 8 PLAN 12R26840 AS IN MS36159; SUBJECT TO AN EASEMENT IN GROSS AS IN CE746822; MUNICIPALITY OF LEAMINGTON
"Project Property Lending Value" means, in respect of the single Advance under Facility A, the lending value attributed by the Lenders in their discretion to the Project Property immediately before such Advance, taking into consideration costs incurred and an Acceptable Appraisal on an "as completed" basis.
"Property" means, with respect to any Person, any or all of its present and future undertaking, property and assets, whether tangible or intangible, and includes rights under contracts and permits and all Owned Properties.
"**Proportionate Share**" in respect of any Lender means:

a. in the context of such Lender's obligation to make Advances under Facility A, such Lender's Commitment to make Advances under Facility A divided by the aggregate amount of all Lenders' Commitments to make Advances under Facility A;

b. subject to Section 9.03, in the context of any Lender's entitlement to receive payments of principal, interest or fees in respect of Facility A, the Outstanding Advances due to such Lender under Facility A divided by the aggregate amount of the Outstanding Advances due to all Lenders under Facility A; and

c. in any other context, such Lender's Commitment divided by the aggregate of all Lenders' Commitments.

"**Purchase-Money Security Interest**" means (i) a Capital Lease; or (ii) a Lien on any property or asset which is created, issued or assumed to secure the unpaid purchase price thereof, provided that such Lien is restricted to such property or asset (including all additions thereto, replacements thereof, insurance thereon and proceeds thereof) and secures an amount not in excess of the purchase price thereof (including any costs of shipping, assembly, installation, insurance, freight and transfer taxes) and any interest and fees payable in respect thereof.
"Qualified ECP Guarantor" means, in respect of any Swap Obligation, each Credit Party that has total assets exceeding US$10,000,000 at the time the relevant guarantee or grant of the relevant security interest becomes effective with respect to such Swap Obligation or such other Person as constitutes an "eligible contract participant" under the US Commodity Exchange Act or any regulations promulgated thereunder and can cause another Person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the US Commodity Exchange Act.
"**Real Property**" means the Owned Properties and the Material Leased Properties and "**Real Property**" means any one of them.
"Regulation T" "**Regulation U**" **or** "**Regulation X**" means Regulation T, U or X, as the case may be, of the FRB, as from time to time in effect and all official rulings and interpretations thereunder or thereof
"Rescindable Amount" is defined in Section 9.03(d).
"**Related Party**" is defined in the CBA Model Provisions.

"**Relevant Governmental Body**" means the Bank of Canada, or a committee officially endorsed or convened by the Bank of Canada, or any successor thereto.
"**Repayment**" means a repayment by the Borrower on account of the Outstanding Advances.
"**Repayment Notice**" means a notice delivered by the Borrower to the Agent committing it to make a Repayment, in the form of Exhibit "E".
"**Required Lenders**" means, (i) at any time prior to the occurrence of an Event of Default which is continuing, any two (2) or more Lenders which have issued Commitments hereunder representing two-thirds (2/3) or more of the aggregate amount of all Lenders' Commitments; and (ii) at any time after the occurrence of an Event of Default which is continuing, any two (2) or more Lenders which have Outstanding Advances representing two-thirds (2/3) or more of the total amount of the Outstanding Advances under Facility A; provided however that if at any time there are only two (2) Lenders under this Agreement, "Required Lenders" shall mean both such Lenders, and if at any time there is only one (1) Lender under this Agreement, "Required Lenders" shall mean such Lender.
"**Requirements of Environmental Law**" means: (i) obligations under common law; (ii) requirements having the force of law imposed by or pursuant to statutes, regulations and by-laws whether presently or hereafter in force; (iii) requirements announced by a Governmental Authority as having immediate effect (provided that at the time of making such announcement the government also states its intention of enacting legislation to confirm such requirements retroactively); (iv) all directives, policies and guidelines issued or relied upon by any Governmental Authority to the extent such directives policies or guidelines have the force of law; (v) all permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with air emissions, discharges to surface or groundwater, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation or disposal of Hazardous Materials; and (vi) all requirements imposed under any clean-up, compliance or other order made pursuant to any of the foregoing, in each and every case relating to environmental, health or safety matters including all such obligations and requirements which relate to

(A) solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation of Hazardous Materials and (B) exposure to Hazardous Materials.
"Rescindable Amount" is defined in Section 9.03(d).
"Responsible Person" means, with respect to any Credit Party holding a Health Canada License, its person designated as such for the purposes of the Cannabis Act and the Cannabis Regulations.
"**Rollover**" means the renewal of an Availment Option upon its maturity in the same form.
"**Rollover Notice**" means a notice substantially in the form of Exhibit "C" given by the Borrower to the Agent for the purpose of requesting a Rollover.
"Sale-Leaseback" means an arrangement, transaction or series of arrangements or transactions under which title to any real property, tangible personal property or fixture is transferred by a Company (a "transferor") to another Person which leases or otherwise grants the right to use such property to the transferor (or nominee of the transferor) and, whether or not in connection therewith, the transferor also acquires a right or is subject to an obligation to acquire such property or a material portion thereof, and regardless of the accounting treatment of such arrangement, transaction or series of arrangements or transactions.
"Sanction(s)" means any international economic sanction administered or enforced by the United States Government (including without limitation, OFAC and the U.S. Department of State), Canada, the United Nations Security Council, the European Union, His Majesty's Treasury or other relevant sanctions authority.
"Sanctioned Entity" means (a) a country or a government of a country, (b) an agency of the government of a country, (c) an organization directly or indirectly controlled by a country or its government, or (d) a Person resident in or determined to be resident in a country, in each case, that is subject to a country sanctions program administered and enforced by OFAC, the US Department of State or any equivalent agency or body in Canada.
"Sanctioned Person" means a person named on the list of Specially Designated Nationals maintained by OFAC.
"**Security**" means all Guarantees, security agreements, mortgages, debentures and other documents required to be provided to the Agent or the Lenders pursuant to ARTICLE VI and all other agreements required or contemplated herein to be delivered by the Credit Parties and other Persons to the Agent for the benefit of the Lenders from time to time as security for the payment and performance of the Obligations, and the security interests, assignments and Liens constituted by the foregoing.
"**Senior Officer**" means the President, Chief Financial Officer, Chief Executive Officer or corporate Secretary of the Borrower.
"**Service Agreements**" means all agreements from time to time made between any Company and BMO or any of its Affiliates (specifically including Harris N.A.) in respect of cash management, payroll, corporate credit cards or other banking services.
"Shareholders' Agreement" means prior to the Amalgamation the Unanimous Shareholders Agreement dated February 16th, 2018 among the Parent, 2609733 Ontario Limited, [***], [***]and the Pre-Amalgamation Borrower, and upon the effectiveness of the Amalgamation and thereafter, means the Unanimous Shareholders Agreement dated March 14, 2024 among Amalco, the Parent, Double Diamond Holdings Limited, [***] and [***].
"**Shareholders' Equity**" means, in respect of any period, the consolidated shareholders' equity of the Parent for such period determined in accordance with GAAP.
"**Solvent**" means, with respect to any Credit Party as of the date of determination, (i) the aggregate property of such Credit Party is sufficient, if disposed of at a fairly conducted sale under legal process, to enable payment of all its obligations, due and accruing due; (ii) such Credit Party is able to meet its obligations as they generally become due; and (iii) such Credit Party has not ceased paying its current obligations in the ordinary course of business as they generally become due; for purposes of this definition, the amount of any contingent obligation at such time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.
"**Specific Permitted Liens**" means the Liens described in Schedule 4.01(j) as such Liens may be amended or replaced from time to time on substantially similar terms and conditions, provided that the principal amount of the indebtedness secured by each such Lien shall not be increased.
"**Statutory Lien**" means a Lien in respect of any Property a Credit Party created by or arising pursuant to any applicable legislation in favour of any Person (such as but not limited to a Governmental Authority), including, without limitation, a Lien for the purpose of securing such Credit Party's obligation to deduct and remit employee source deductions and goods and services tax pursuant to the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada), the *Canada Pension Plan* (Canada), the *Employment Insurance Act* (Canada) and any legislation in any jurisdiction similar to or enacted in replacement of the foregoing from time to time.
"**Subordinated Debt**" means indebtedness of any Company to any Person which the Lenders in their sole discretion have consented to in writing and in respect of which the holder thereof has entered into a Intercreditor Agreement in favour of the Agent in form and substance satisfactory to the Agent and registered in all places where necessary or desirable to protect the priority of the Security, which shall provide (among other things) that: (i) the maturity date of such indebtedness is later than the Maturity Date; (ii) the holder of such indebtedness may not receive any payments on account of principal or interest thereon (except to the extent, if any, expressly permitted therein); (iii) any security held in respect of such indebtedness is subordinated to the Security; (iv) the holder of such indebtedness may not take any enforcement action in respect of any such security (except to the extent, if any, otherwise expressly provided therein) without the prior written consent of the Agent; and (v) any enforcement action taken by the holder of such indebtedness will not interfere with the enforcement action (if any) being taken by the Agent in respect of the Security.
"Subsidiaries" means the business entities which are controlled by another business entity (as used herein, "business entity" includes a corporation, company, partnership, limited partnership, trust or joint venture); and for greater certainty includes a Subsidiary of a Subsidiary; and "**Subsidiary**" means any of them as the context requires.
"Supply Agreement" the means the fourth amended and restated wholesale cannabis supply agreement between the Parent as purchaser and the Pre-Amalgamation Borrower as supplier dated September 1, 2023 and assumed by Amalco upon the effectiveness of the Amalgamation.
"Swap Obligation" means, with respect to any Credit Party (other than the Borrower), any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the US Commodity Exchange Act and regulations promulgated thereunder by the US Commodity Futures Trading Commission.
"Tangible Net Worth" means in respect of any Person at any time, the excess of its total assets over its total liabilities; provided that the determination of such total assets shall exclude: (a) all goodwill, organizational expenses, research and development expenses, trademarks, trade mark applications, trade names, copyrights, patents, patent applications, licenses and rights in any thereof, and other similar intangibles; (b) all prepaid expenses, deferred charges or unamortized debt discount and expense; (c) all reserves carried and not deducted from consolidated assets; (d) any write-up in the book value of any capital asset resulting from a revaluation thereof; (e) any items not included in clauses (a) through (e) of this definition which are treated as intangibles under GAAP. For clarity, "Tangible Net Worth" will include biological assets at book value, inventory (including fair value components), and minority interests.
"**Taxes**" is defined in the CBA Model Provisions.
"**Term CORRA Adjustment**" means a percentage equal to 0.29547% per annum in the case of a Term CORRA Loan having a CORRA Interest Period of one month and 0.32138% per annum in the case of a Term CORRA Loan having a CORRA Interest Period of three months.
"Term CORRA Administrator" means Candeal Benchmark Administration Services Inc., TSX Inc., or any successor administrator.
"**Term CORRA**" means, for any calculation with respect to a Term CORRA Loan, the Term CORRA Reference Rate for a tenor comparable to the applicable CORRA Interest Period on the day (such day, the "Periodic Term CORRA Determination Day") that is two (2) Business Days prior to the first day of such CORRA Interest Period, as such rate is published by the Term CORRA Administrator; provided, however, that if as of 1:00 p.m. (Toronto time) on any Periodic Term CORRA Determination Day the Term CORRA Reference Rate for the applicable tenor has not been published by the Term CORRA Administrator and a Benchmark Replacement Date with respect to the Term CORRA Reference Rate has not occurred, then Term CORRA will

be the Term CORRA Reference Rate for such tenor as published by the Term CORRA Administrator on the first preceding Business Day for which such Term CORRA Reference Rate for such tenor was published by the Term CORRA Administrator so long as such first preceding Business Day is not more than three (3) Business Days prior to such Periodic Term CORRA Determination Day.
"**Term CORRA Loan**" means a Loan that bears interest at a rate based on Adjusted Term CORRA.
"**Term CORRA Reference Rate**" means the forward-looking term rate based on CORRA.
"Termination Date" means the date on which (i) all Obligations due and owing under the Loan Documents have been paid in full, other than contingent claims for which no unsatisfied demand for payment has been made, (ii) all Commitments have been cancelled or lapsed and (iii) all Hedging Agreements (if any) have been terminated and all amounts due and owing thereunder (if any) have been paid in full or cash collateral is provided in respect thereof.
"Terrorist Lists" is defined in Section 3.10.
"Tilray Brands" means Tilray Brands, Inc., formally known as Tilray, Inc., a corporation formed and existing under the laws of the State of Delaware.
"Tilray Year-End Financial Statements" in respect of any Fiscal Year means the audited consolidated financial statements of Tilray Brands in respect of such Fiscal Year, including management's discussion and analysis with respect thereto, from an accounting firm that is nationally recognized or major regional firm of chartered professional accountants**.**
"TLRY23 Convertible Notes" means the 5.00% convertible senior notes issued by Tilray Brands pursuant to the indenture between Tilray, Inc. (now Tilray Brands) dated as of October 10, 2018 and maturing on October 1, 2023.
"TLRY HTI Convertible Note" means the convertible promissory note issued by Tilray Brands in favour of HT Investments MA LLC dated as of July 12, 2022 and maturing on September 1, 2023.
"**Total Funded Debt**" means, in respect of any Person at any time, its Funded Debt at such time, specifically including for greater certainty the Outstanding Advances owing by it at such time.
"Total Funded Debt to EBITDA Ratio" means, for any period, the ratio of (i) Total Funded Debt of the Companies at the end of such period to (ii) consolidated EBITDA of the Companies for such period.
"**Trade Secrets**" means all right, title and interest (and all related IP Ancillary Rights) arising under any requirement of law in or relating to trade secrets.
"**Trademarks**" means all right, title and interest (and all related IP Ancillary Rights) in trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers and, in each case, all goodwill associated therewith, all registrations and recordations thereof and all applications in connection therewith.

"**Unadjusted Benchmark Replacement**" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.
"Unfunded Capital Expenditures" means Capital Expenditures made by the Companies, which is (are): (i) financed by operating cash flow net of proceeds from Dispositions permitted hereunder, (ii) not financed under Capital Leases, (iii) not financed with the proceeds of Facility A, (iv) not financed with the proceeds of other Permitted Funded Debt incurred substantially to fund such Capital Expenditures, and (v) not financed with new equity.
"US" **and** "**United States**" means the United States of America, its territories and possessions.
"USA Patriot Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 of the United States**.**

2. Accounting Principles

Except as otherwise provided herein, (i) each financial term in this Agreement shall be interpreted in accordance with GAAP in effect on the date of such interpretation; and (ii) where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other computation is required to be made for the purpose of this Agreement, such determination or calculation shall be made in accordance with GAAP in effect on the date of such determination. Notwithstanding the foregoing, if after the date of this Agreement there is an accounting change under GAAP (referred to herein as an "accounting change"), and if any financial ratio or amount determined pursuant to Section 5.02(x) would be materially different as a result of such accounting change, such financial ratio or amount shall be determined without regard to such accounting change and for the information of the Lenders Aphria shall also deliver to the Lenders a reconciliation in form and substance satisfactory to the Lenders.

3. Currency References

All amounts referred to in this Agreement are in Canadian Dollars unless otherwise noted.

4. References to Statutes

Whenever in this Agreement reference is made to a statute or regulations made pursuant to a statute, such reference shall, unless otherwise specified, be deemed to include all amendments to such statute or regulations from time to time and all statutes or regulations which may come into effect from time to time substantially in replacement for the said statutes or regulations.

5. Extended Meanings

Terms defined in the singular have the same meaning when used in the plural, and vice-versa. When used in the context of a general statement followed by a reference to one or more specific items or matters, the term "including" shall mean "including, without limitation", and the term "includes" shall mean "includes, without limitation". Any reference herein to any action to be taken or decision to be made by the Agent or the Lenders (or the Required Lenders, as the case may be) in their "sole discretion" shall mean that such sole discretion is absolute and unfettered.

6. Joint and Several Obligations

All obligations under ARTICLE X which are stated to be obligations of the Guarantors or any one or more of them shall, to the extent permitted by Applicable Law, be joint and several obligations of each of the Guarantors.

7. [intentionally deleted]

8. Amendment and Restatement

The parties hereto acknowledge and agree that this Agreement continues, without novation, restates and consolidates the Original Credit Agreement, as amended hereby, and reflects the entire agreement as currently constituted between the parties hereto with respect to the arrangements, terms and conditions pursuant to and upon which the Lenders shall provide the Facilities, and that the Original Credit Agreement remains in full force and effect

without novation as between the parties thereto for that period of time ending on the day prior to the effective date of this Agreement and all the parties to the Original Credit Agreement retain all rights as between themselves thereunder with respect to that period of time prior to the effective date of this Agreement and the rights and obligations of the parties hereto under this Agreement commence as of the date of this Agreement. The Obligations (as defined in the Original Credit Agreement) outstanding under the Original Credit Agreement that remain outstanding upon the effectiveness of this Agreement shall constitute Obligations hereunder governed by the terms hereof.

Without in any way limiting the terms of the Original Credit Agreement or the other Loan Documents, each of the Credit Parties (as defined herein) acknowledges and confirms that all guarantees of the Obligations by the Credit Parties granted pursuant to the Original Credit Agreement (the "**Existing Guarantees**") continue, (subject only to Section 7.03 in respect of the Aphria Limited Guarantee) to guarantee the Obligations in accordance with their respective terms and the Security granted by it or a predecessor pursuant to the Original Credit Agreement (the "**Existing Security**") secures and continues to secure payment and performance of its respective Obligations (as defined in this Agreement).

Notwithstanding the amendment and restatement of the Original Credit Agreement by way of the execution and delivery of this Agreement or the execution and delivery of any additional Loan Documents in connection with this Agreement, each of the Credit Parties hereby irrevocably and unconditionally (i) acknowledges, confirms and agrees that the Existing Guarantees (subject only to Section 7.03 in respect of the Aphria Limited Guarantee) and Existing Security and all other Loan Documents to which it is a party remains in full force and effect, and continues to constitute legal, valid, binding covenants, agreements, obligations and liabilities of such Credit Party, enforceable against it by the Agent in accordance with their respective terms, and (ii) ratifies, confirms and agrees to perform, observe, comply with and be bound by each and every covenant, agreement, term, condition, undertaking, appointment, duty, guarantee, indemnity, debt, liability, obligation and encumbrance contained in, existing under or created by the Existing Guarantees and Existing Security and other Loan Documents to which it is a party.

All references to the "Credit Agreement" contained in the Loan Documents delivered in connection with the Original Credit Agreement shall be deemed to refer to this Agreement without further amendment of those Loan Documents.

9. Rates

The Agent does not warrant or accept responsibility for, and shall not have any liability with respect to (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Canadian Prime Rate, Term CORRA, Adjusted Term CORRA or any component definition thereof or rates referred to in the definition thereof, or any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Canadian Prime Rate, Term CORRA, Adjusted Term CORRA or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Agent and its affiliates or other related entities may engage in transactions that affect the calculation of the Canadian Prime Rate, Term CORRA, Adjusted Term CORRA, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto, in each case, in a manner adverse to the Borrower. The Agent may select information sources or services in its reasonable discretion to ascertain the Canadian Prime Rate, Term CORRA, Adjusted Term CORRA or any other Benchmark, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

10. Exhibits and Schedules

The following exhibits and schedules are attached to this Agreement and incorporated herein by reference:

Exhibits

"A" - Lenders and Lenders' Commitments

"B" - Draw Request

"C" - Rollover Notice

"D" - Conversion Notice

"E" - Repayment Notice

"F" - Compliance Certificate

"G" - [Reserved]

"H" - CBA Model Provisions

"I" - Agreement and Acknowledgement to be bound – New Guarantor

Schedules

4.01(b) - Corporate Information

4.01(h) - Material Permits

4.01(i) - Cannabis Investments

4.01(j) - Specific Permitted Liens

4.01(k) - Owned Properties

4.01(l) - Material Leased Properties

4.01(m) - Intellectual Property

4.01(o) - Material Agreements

4.01(p) - Labour Agreements

4.01(q) - Environmental Matters

4.01(r) - Litigation

4.01(s) - Pension Plans and Multi-employer Plans

LI. II– FACILITY A (TERM FACILITY)

1. Establishment of Facility A

Subject to the terms and conditions in this Agreement, the Lenders hereby establish, on a several and not joint or joint and several basis, in favour of the Borrower, a committed, non-revolving credit facility referred to as "**Facility A**", in the maximum aggregate principal amount of Sixty-Six Million Dollars ($66,000,000) (the "**Facility A Limit**"). Each Lender's commitment in respect of Facility A shall be limited to the maximum principal amount indicated opposite such Lender's name in Exhibit "A" under the heading "Facility A Commitments". Each Advance by a Lender under Facility A shall be made by such Lender in its Proportionate Share of Facility A.
Facility A was fully drawn on the Original Closing Date.

2. Purpose

Subject to the terms hereof, Advances under Facility A shall be used by the Borrower by way of a single Advance on the Original Closing Date as follows: (i) not less than Fifty Million Dollars ($50,000,000) shall be used by the Borrower to refinance Funded Debt owed to the Parent by the Borrower on the Closing Date in respect of the Project and the Project Properties (which for clarity, is in addition to the Parent Subordinated Debt), but provided that the balance of the remainder of the Facility A availability is sufficient to pay such remaining Project Costs, and (ii) the balance of Facility A shall be used by the Borrower to refinance greenhouse retrofit costs and specific Capital Expenditures in respect of the Project, to pay closing and transactional costs on the Closing Date and for working capital of the Borrower.

3. Non-Revolving Nature

Facility A shall be a non-revolving facility, and any Repayment under Facility A may not be reborrowed.

4. Repayment

a. Notwithstanding all other provisions in this Section 2.04 the Obligations under Facility A shall become due and payable by the Borrower on the earliest of: (i) the Acceleration Date; and (ii) the Maturity Date, provided that:

i. [reserved]

ii. In the event the APHA24 Convertible Notes have not been converted in their entirety, into Equity Interests of Aphria in accordance with the terms of such APHA24 Convertible Notes on or before December 1, 2023 (being 6 months prior to the maturity of the APHA24 Convertible Notes), Aphria and the Borrower shall, forthwith, provide written notice to the Agent (who shall in turn deliver such notice to the Lenders) to that effect and shall deliver with such notice, for approval by the Lenders (which approval shall be in the Lenders discretion, acting reasonably) Aprhia's proposal as to as to how it proposes to source funds to repay the APHA24 Convertible Notes on or prior to their maturity (and/or such other steps Aphria proposes in respect thereof, including if applicable any proposed extension of the maturity of the APHA24 Convertible Notes) (the "APHA24 Proposal"). The Borrower and Aphria shall also deliver with the APHA24 Proposal evidence that the Borrower shall be in pro forma compliance with the financial covenants in Section 5.03 both before and following the funding, repayment or other steps set forth in the APHA24 Proposal and the Borrower shall have delivered a pro forma Compliance Certificate evidencing such compliance. If the Required Lenders have not provided their consent within 30 days of the Agent's receipt of the APHA24 Proposal, the Maturity Date shall be the APHA24 Early Maturity Date. If the Required Lenders consent to the APHA24 Proposal, the Maturity Date shall, subject to clause (i) above, be the Maturity Date as provided in clause (i) of the definition of Maturity Date.

iii. The consent rights pursuant to this Section 2.04(a) shall be exercised by the Required Lenders in their sole discretion, acting reasonably.

b. Without limiting (a) above, the Borrower shall make a Repayment under Facility A on the first Business Day following the end of each Fiscal Quarter commencing on the first Business Day following the end of the first full Fiscal Quarter following the Conversion Date (as defined in the Original Credit Agreement). Principal instalments shall be calculated on the Outstanding Advances under Facility A on the Conversion Date (as defined in the Original Credit Agreement) based on an amortization of one hundred and twenty (120) months.

c. In addition to all other Repayments required pursuant to Section 2.04 (a) and (b) above, the following Repayments shall be required:

i. If any Company receives proceeds from a policy of insurance in respect of any Collateral, the Borrower shall make a Repayment to the Agent in an amount equal to the portion of such proceeds not permitted to be retained by such Company as provided in Section 6.07, within three (3) Business Days after receipt thereof.

ii. If any Company receives proceeds (net of transaction expenses) from the raising of capital by way of equity or Funded Debt (excluding Permitted Funded Debt), the Borrower shall make a Repayment to the Agent in an amount equal to one hundred percent (100%) of such net proceeds, within three (3) Business Days after receipt thereof.

iii. If any Company receives proceeds (net of transaction expenses, applicable taxes and usual adjustments) from a transaction involving the sale or other disposition of Property not in the ordinary course of business permitted under this Agreement, then the Borrower shall within three (3) Business Days of such receipt, make a Repayment to the Agent in an amount equal to one hundred percent (100%) of such net proceeds to the extent such net proceeds are not used to purchase similar assets with similar value within such one hundred and eighty (180) days period. Notwithstanding the foregoing however, the first One Million Dollars ($1,000,000) of net proceeds under this clause (iii) in the aggregate in any Fiscal Year shall not be required to be applied as a Repayment.

iv. The Borrower shall make a Repayment to the Agent within one hundred and twenty (120) days after the end of each Fiscal Year of the Borrower, commencing with the Fiscal Year ending May 31, 2021, in an amount equal to fifty percent (50%) the of Annual Excess Cash Flow if the Borrower's Total Funded Debt to EBITDA Ratio is greater than [***] in respect of such Fiscal Year, unless such Repayment with the prior written consent of the Lenders is waived in respect of any Fiscal Year.

d. The net proceeds required to be applied as a Repayment pursuant to paragraph (c) above shall be applied firstly against the Borrower's obligations to make scheduled Repayments under Facility A, in reverse chronological order (including for clarity, the balloon payment payable on the Maturity Date) until paid in full.

5. Availment Options

a. Subject to the restrictions contained in this Agreement (and in particular, Sections 3.02 and 3.03) the Borrower may receive Advances under Facility A by any one (1) or more of the following Availment Options (or any combination thereof):

i. Canadian Prime Rate Loans; or

ii. Term CORRA Loans, each having a maturity of one (1) or three (3) months, subject to availability (as determined by the Agent);

b. Term CORRA Loans will not be issued which in the opinion of the Agent could result in the Facility A Limit being exceeded at any time. The Outstanding Advances under Facility A in the form of any above Availment Option may be converted into another form of Availment Option, subject to and in accordance with the terms and conditions of this Agreement (but for greater certainty, Term CORRA Loans may not be converted into another Availment Option prior to the maturity thereof).

6. Interest and Fees

In respect of Advances made under Facility A, the Borrower agrees to pay the following:

a. interest on Canadian Prime Rate Loans at the Canadian Prime Rate plus the Applicable Margin per annum, payable monthly in arrears on the last day of each and every month and on the Maturity Date;

b. interest on Term CORRA Loans at the Adjusted Term CORRA plus the Applicable Margin per annum, payable on each CORRA Interest Payment Date for such Loan and on the Maturity Date

Except as otherwise provided in this Agreement, such payments shall be made to the Agent for the account of the Lenders; and the Agent shall promptly remit to each Lender its Proportionate Share of each such payment.

7. Voluntary Cancellation; Voluntary Repayments

Upon delivery of an executed Repayment Notice to the Agent not less than one (1) Business Day and not more than three (3) Business Days prior to making a Repayment, the Borrower may make Repayments on account of the Outstanding Advances under Facility A from time to time in a minimum amount of Five Hundred Thousand Dollars ($500,000) and multiples of One Hundred Thousand Dollars ($100,000) without payment of any penalty or fee; provided the Borrower shall at its own expense also concurrently unwind Hedge Agreements to the extent necessary (if any) such that the aggregate notional amount of all outstanding Hedge Agreements does not exceed the Outstanding Advances under Facility A at such time; and further provided that Term CORRA Loans may not be repaid prior to the maturity thereof. Each such Repayment under Facility A shall be applied against the scheduled Repayments payable under Facility A in reverse chronological order.

LI. III- GENERAL CONDITIONS

1. Matters Relating to Interest

a. Unless otherwise indicated, interest on any outstanding principal amount shall be calculated daily and shall be payable monthly in arrears on the last day of each and every month and on the Maturity Date. If the last day of a month is not a Business Day, the interest payment due on such day shall be made on the next Business Day, and interest shall continue to accrue on the said principal amount and shall also be paid on such next Business Day. Interest shall accrue from and including the day upon which an Advance is made or is deemed to have been made, and ending on but excluding the day on which such Advance is repaid or satisfied. Any change in the Canadian Prime Rate shall cause an immediate adjustment of the interest rate applicable to Canadian Prime Rate Loans without the necessity of any notice to the Borrower.

b. Unless otherwise stated, in this Agreement if reference is made to a rate of interest, fee or other amount "per annum" or a similar expression is used, such interest, fee or other amount shall be calculated on the basis of a year of three hundred and sixty-five (365) or three hundred and sixty-six (366) days, as the case may be. If the amount of any interest, fee or other amount is determined or expressed on the basis of a period of less than one year of three hundred and sixty-five (365) or three hundred and sixty-six (366) days, as the case may be, the equivalent yearly rate is equal to the rate so determined or expressed, divided by the number of days in the said period, and multiplied by the actual number of days in that calendar year. Interest and fees shall be calculated on the basis of a calendar year unless otherwise specified. All calculations of interest and fees under the Loan Documents shall be made on the basis of the nominal rates described in this Agreement and not on the basis of effective yearly rates or on any other basis that gives effect to the principle of deemed reinvestment. The Credit Parties acknowledge that there is a material difference between the stated nominal rates and effective yearly rates taking into account reinvestment, and that they are capable of making the calculations required to determine effective yearly rates.

c. Notwithstanding any other provisions of this Agreement, if the amount of any interest, premium, fees or other monies or any rate of interest stipulated for, taken, reserved or extracted under the Loan Documents would otherwise contravene the provisions of Section 347 of the *Criminal Code* (Canada), Section 8 of the *Interest Act* (Canada) or any successor or similar legislation, or would exceed the amounts which any Lender is legally entitled to charge and receive under any law to which such compensation is subject, then such amount or rate of interest shall be reduced to such maximum amount as would not contravene such provision; and to the extent that any excess has been charged or received such Lender shall apply such excess against the Outstanding Advances and refund any further excess amount.

d. If interest or fees are not paid on the date due, the principal amount shall continue to bear interest at the rate that is applicable to the particular type of Advance determined from time to time in accordance herewith, subject to this Section 3.01(d), both before and after maturity, default and judgment, and overdue interest shall bear interest at the same rate, compounded monthly, and be payable on demand. Effective upon the occurrence of any Event of Default and for so long as any Event of Default shall be continuing, the interest rates, stamping fees, issuance fees otherwise payable hereunder shall automatically, immediately and without notice by the Agent to the Borrower be increased by two percent (2%) per annum (such increased rate, the "**Default Rate**"), to compensate the Agent and the Lenders for the additional risk, and all outstanding Obligations, including unpaid interest, stamping fees and issuance fees, shall continue to accrue interest from the date of such Event of Default at the Default Rate applicable to such Obligations. For greater certainty, the Default Rate shall apply whether or not the Agent declares all Obligations of the Borrower or any one or more of them to be immediately due and payable and whether or not the Agent takes any enforcement action or seeks to avail itself of any remedies hereunder.

e. In the event of any repayment or payment of any Term CORRA Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment. In the event of any Conversion of any Term CORRA Loan prior to the end of the current CORRA Interest Period therefore, accrued interest on such Loan shall be payable on the effective date of such Conversion.

f. Interest shall accrue on Term CORRA Loans at the Adjusted Term CORRA plus the Applicable Margin for the CORRA Interest Period in effect for such Advance. Such interest shall accrue on a daily basis on the principal amount of such Term CORRA Loan remaining unpaid and shall be calculated on the basis of the actual number of days elapsed and a year of 365 days (or 366 days in a leap year) per annum payable in arrears on the applicable CORRA Interest Payment Date and on the Maturity Date (or Acceleration Date, if applicable) of Facility A.

2. Notice Periods

a. The Borrower shall provide written notice to the Agent in respect of Advances, Rollovers, Conversions and Repayments as follows:

i. The Borrower shall provide written notice to the Agent before 11:00 a.m. Toronto time two (2) Business Days' prior in respect of any Advance, Rollover, Conversion or Repayment that relates to a Canadian Prime Rate Loan.

ii. The Borrower shall provide written notice to the Agent before 11:00 a.m. Toronto time three (3) Business Days' prior in respect of any Advance, Rollover, Conversion or Repayment that relates to a Term CORRA Loan.

b. Notice of any Advance, Rollover, Conversion or voluntary Repayment referred to in paragraph (a) above shall be given in the form of a Draw Request, Rollover Notice, Conversion Notice or Repayment Notice, as the case may be, attached hereto as Exhibits. All such notices shall be given to the Agent at its address set out in Section 12.07.

c. [Reserved]

d. Any Conversion from one form of Availment Option to another shall be subject to satisfaction of all of the terms and conditions applicable to the form of the new Availment Option as herein provided.

e. If the Borrower fails to deliver a timely Rollover Notice or Conversion Notice with respect to a Term CORRA Loan prior to the end of the CORRA Interest Period applicable thereto, then, unless such Advance is repaid as provided herein, at the end of such CORRA Interest Period such Advance shall be converted to a Canadian Prime Rate Loan. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Lender so notifies the Borrower, then, so long as an Event of Default is continuing, (i) no outstanding Advance may be converted to or continued as a Term CORRA Loan and (ii) unless repaid, each Term CORRA Loan shall be converted to a Canadian Prime Rate Loan at the end of the CORRA Interest Period applicable thereto.

f. If the Borrower specifies in the Rollover Notice or Conversion Notice an effective date that is a day other than the last day of the applicable CORRA Interest Period, the Borrower shall be required to pay to the Lender breakage fees pursuant to Section 3.11. The Borrower shall not specify such an effective date as a day other than the last day of the applicable CORRA Interest Period more than two times per annum.

g. If notice is not provided as contemplated herein with respect to the maturity of any Term CORRA Loan, the Lender may convert such Term CORRA Loan upon its maturity into a Canadian Prime Rate Loan.

3. Minimum Amounts, Multiples and Procedures re Draws, Conversions and Repayments

a. Each request by the Borrower for an Advance or Conversion in the form of a Canadian Prime Rate Loan shall be in a minimum amount of Five Hundred Thousand Dollars ($500,000) and a multiple of One Hundred Thousand Dollars ($100,000).

b. Each request by the Borrower for an Advance by way of Term CORRA Loans shall be for an aggregate face amount of Term CORRA Loans in a minimum amount of Five Hundred Thousand Dollars ($500,000) and a multiple of One Hundred Thousand Dollars ($100,000).

c. Upon receipt of a Draw Request under Facility A, the Agent shall promptly notify each Lender under Facility A of the contents thereof and such Lender's Proportionate Share of the Advance. Such Draw Request shall not thereafter be revocable.

d. Each Advance shall be made by the applicable Lenders to the Agent at its address referred to in Section 12.07 or such other address as the Agent may designate by notice in writing to the Lenders from time to time. Each Lender shall make available its Proportionate Share of each said Advance to the Agent. Unless any condition of the Advance has not been satisfied or waived and the Agent has made that determination, the Agent shall make the funds so received from the Lenders available to the Borrower by 2:00 p.m. (Toronto time) on the requested date of the Advance. No Lender shall be responsible for any other Lender's obligation to make available its Proportionate Share of the said Advance.

e. All payments of principal, interest and other amounts made by the Borrower to the Agent in respect of the Outstanding Advances under Facility A shall be paid by the Agent to the respective Lenders, each in accordance with its Proportionate Share thereof.

f. Upon receipt by the Lender from the Borrower of a Draw Request in respect of a Term CORRA Loan, the Lender will promptly advise the Borrower of the Adjusted Term CORRA, such rate to be determined as at approximately 11:00 a.m. Toronto time, two (2) Business Days before the commencement of the CORRA Interest Period for such Term CORRA Loan.

g. The Borrower shall not be entitled to obtain a Term CORRA Loan which matures after the Maturity Date. The availability of Term CORRA Loans to the Borrower shall also be subject to their obligations to make repayments and prepayments of their Obligations as provided herein.

4. Place of Advances, Repayments

a. Advances by any Lender to the Borrower shall be made by such Lender to the Agent from such Lender's Lending Office in Canada. All payments of principal, interest and other amounts to be made by the Borrower pursuant to this Agreement shall be made to the Agent at its address noted in Section 12.07 or to such other address in Canada as the Agent may direct in writing from time to time. All such payments received by the Agent on a Business Day before 2:00 p.m. (Toronto time) shall be treated as having been received by the Agent on that day; and payments made after such time on a Business Day shall be treated as having been received by the Agent on the next Business Day.

b. Whenever any payment shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day. Interest shall continue to accrue and be payable thereon as provided herein, until the date on which such payment is received by the Agent.

c. The Borrower hereby irrevocably authorizes the Agent to debit any account maintained by the Borrower with the Agent from time to time in order to pay any amount of principal, interest, fees, expenses or other amounts payable by the Borrower pursuant to this Agreement.

5. Evidence of Obligations (Noteless Advances)

The Agent shall open and maintain, in accordance with its usual practice, accounts evidencing the Obligations; and the information entered in such accounts shall constitute *prima facie* evidence of the Obligations absent manifest error. The Agent may, but shall not be obliged to, request the Borrower to execute and deliver promissory notes from time to time as additional evidence of the Obligations, in form and substance satisfactory to the Agent acting reasonably.

6. Determination of Equivalent Amounts

Whenever it is necessary or desirable at any time to determine the Equivalent Amount in Canadian Dollars of an amount expressed any other currency, or vice-versa, the Equivalent Amount shall be determined by reference to the Exchange Rate on the date of such determination.

7. No Repayment of Certain Availment Options

The Borrower acknowledges that Term CORRA Loans may not be repaid prior to the maturity thereof. If prior to the maturity of such Availment Option the Agent receives any funds from the Borrower or any other Person which are intended to be applied as a Repayment thereof, the Agent may retain such funds without any obligation to invest such funds or pay interest thereon, and shall apply such funds against such Availment Option on the scheduled maturity date thereof.

Notwithstanding the foregoing, if for any reason a Term CORRA Loan is repaid or converted to another Availment Option prior to the scheduled maturity date thereof (whether as a result of acceleration or otherwise), the Borrower agrees to pay to the Agent upon demand all losses, damages, costs and expenses which the Agent or any Lender incurs as a result of such Repayment or Conversion prior to the said scheduled maturity date. Such losses, damages, costs and expenses shall include any and all breakage costs (such breakage costs to be determined in accordance with the Agent's standard procedures for a commercial borrower). A certificate as to such losses, damages, costs or expenses setting forth the calculations therefor will be *prima facie* evidence of such losses, damages, costs or expenses and be binding on the Borrower except for manifest error.

8. Illegality

The obligation of any Lender to make Advances hereunder shall be suspended if and for so long as it is unlawful or impossible for such Lender to maintain Facility A or make Advances hereunder as a result of the adoption of any applicable law, rule or regulation, or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by such Lender with any request or directive (whether or not having the force of law, but if not having the force of law, compliance therewith is generally regarded by banks as mandatory) of any such Governmental Authority, central bank or comparable agency. Without limiting the foregoing, if any Lender determines that any law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender to make, maintain or fund Loans whose interest is determined by reference to Adjusted Term CORRA, as applicable, or to determine or charge interest rates based upon Adjusted Term CORRA, as applicable, then, on notice thereof by such Lender to the Borrower, any obligation of such Lender to make or continue Term CORRA Loans or to convert Canadian Prime Rate Loans shall be suspended until the Lenders notify the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of the notice, the Borrower shall, upon three (3) Business Days' notice from such Lender (with a copy to the Agent), prepay or, if applicable, convert all Term CORRA Loans to Canadian Prime Rate Loans, either on the last day of the CORRA Interest Period, if such Lender may lawfully continue to maintain such Term CORRA Loans to such day, or immediately, if the Lenders may not lawfully continue to maintain such Term CORRA Loans. Each Lender agrees to notify the Agent and the Borrower in writing promptly upon becoming aware that it is no longer illegal for such Lender to determine or charge interest rates based upon Adjusted Term CORRA, as applicable. Upon any such prepayment or conversion, the applicable Borrower shall also pay accrued interest on the amount so prepaid or converted.

9. Anti-Money Laundering

The Borrower acknowledges that pursuant to AML Legislation the Agent and the Lenders may be required to obtain, verify and record information regarding the Credit Parties, Limited Recourse Guarantors and their respective directors, authorized signing officers, direct or indirect shareholders, partners or other persons in control of the Companies and the transactions contemplated hereby. The Borrower shall promptly provide or cause to be provided all such information, including any supporting documentation and other evidence, as may be requested by the Agent or any Lender, or any prospective assignee or participant of a Lender or the Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence. If the Agent has ascertained the identity of any Credit Party or Limited Recourse Guarantor, or any authorized signatories of any Credit Party or Limited Recourse Guarantor, for the purposes of applicable AML Legislation, then the Agent shall:

a. be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a "written agreement" in such regard between each Lender and the Agent within the meaning of applicable AML Legislation; and

b. provide each Lender with copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

Notwithstanding the foregoing each Lender acknowledges and agrees that the Agent has no obligation to ascertain the identity of any Credit Party or Limited Recourse Guarantor, or any authorized signatories of any Credit Party or Limited Recourse Guarantor, on behalf of such Lender or to confirm the completeness or accuracy of any information that the Agent obtains from any Credit Party or Limited Recourse Guarantor, or any such authorized signatory, in doing so.

10. Terrorist Lists

Each Credit Party is and will remain in compliance in all material respects with all Canadian economic sanctions laws and implementing regulations under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Criminal Code* (Canada), the *United Nations Act* (Canada) and all similar applicable anti-money laundering and counter-terrorism financing provisions and regulations issued pursuant to any of the foregoing. No Credit Party (i) is a Person designated by the Canadian government on any list set out in the United Nations Al-Qaida and Taliban Regulations, the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism or the *Criminal Code* (collectively, the "**Terrorist Lists**") with which a Canadian Person cannot deal with or otherwise engage in business transactions, (iii) is a Person who is otherwise the target of Canadian economic sanctions laws or (iv) is controlled by (including without limitation by virtue of such Person being a director or owning voting shares or interests), or acts, directly or indirectly, for or on behalf of, any Person or entity on a Terrorist List or a foreign government that is the target of Canadian economic sanctions prohibitions such that the entry into, or performance under, this Agreement or any other Loan Document would be prohibited under Applicable Law.

11. Benchmark Replacement Setting.

a. Benchmark Replacement.

i. Notwithstanding anything to the contrary herein or in any other Loan Document, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (a) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (b) of the definition of "Benchmark

Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (Toronto time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Borrower by the Agent without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document.

ii. No Hedging Agreement shall be deemed to be a "Loan Document" for purposes of this Section 3.11.

b. Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

c. Notices; Standards for Decisions and Determinations. The Agent will promptly notify the Borrower and the Lenders of (i) the implementation of any Benchmark Replacement and (ii) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Agent will notify the Borrower and the Lenders of (x) the removal or reinstatement of any tenor of a Benchmark pursuant to Section 3.11(d) and (y) the commencement of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Agent or pursuant to this Section 3.11 including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 3.11.

d. Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including Term CORRA) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then the Agent may modify the definition of "CORRA Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark (including a Benchmark Replacement), then the Agent may modify the definition of "CORRA Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

e. Benchmark Unavailability Period. Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any pending request for an Advance, conversion to or continuation of Loans, which are of the type that have a rate of interest determined by reference to the then-current Benchmark, to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the applicable Borrower will be deemed to have converted any such request into a request for an Advance of or conversion to, for a Benchmark Unavailability Period in respect of Term CORRA Loans, Canadian Prime Rate Loans.

12. Compensation for Losses

In the event of (a) the payment of any principal of any Term CORRA Loan prior to the last day of a CORRA Interest Period (including as a result of an Event of Default), (b) the conversion of any Term CORRA Loan, other than on the last day of the CORRA Interest Period, or (c) the failure to borrow, convert, continue or prepay any Loan, on the date specified in any notice delivered pursuant hereto, then, in any such event, the applicable Borrower shall, after receipt of a written request by the Lender (which request shall set forth in reasonable detail the basis for requesting such amount), compensate each Lender for the loss, cost and expense attributable to such event. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section delivered to the applicable Borrower shall be presumptively correct absent manifest error. The applicable Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt of such demand.

13. Inability to Determine Rates

a. Subject to Section 3.11, if, on or prior to the first day of any CORRA Interest Period for any Term CORRA Loan:

i. the Agent determines (which determination shall be conclusive and binding absent manifest error) that "Adjusted Term CORRA", as applicable, cannot be determined pursuant to the definition thereof, for reasons other than a Benchmark Transition Event, or

ii. the Required Lenders determine that for any reason in connection with any request for a Term CORRA Loan, or a Conversion thereto or a continuation thereof, that Term CORRA for any requested CORRA Interest Period with respect to a proposed Term CORRA Loan does not adequately and fairly reflect the cost to such Lenders of making and maintaining such Loan, and the Required Lenders have provided notice of such determination to the Agent,

the Agent will promptly so notify the Borrower and each Lender.

b. Upon delivery of such notice by the Agent to the Borrower under Section 3.11, any obligation of the Lenders to make Term CORRA Loans and any right of the Borrower to continue Term CORRA Loans, or to convert Canadian Prime Rate Loans to Term CORRA Loans, shall be suspended (to the extent of the affected Term CORRA Loans or

affected CORRA Interest Periods) until the Agent (with respect to clause (ii), at the instruction of the Required Lenders) revokes such notice.

c. Upon receipt of such notice by the Agent to the Borrower under Section 3.11 (i)(x) the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of Term CORRA Loans (to the extent of the affected Term CORRA Loans or affected CORRA Interest Periods); or, failing such revocation or election, (y) the Borrower will be deemed to have converted any such request into a request for a Borrowing of or conversion to Canadian Prime Rate Loans, in the amount specified therein and (ii)(x) in respect of Term CORRA Loans, the Borrower may elect to convert any outstanding affected Term CORRA Loans at the end of the applicable CORRA Interest Period, into Canadian Prime Rate Loans, and (y) otherwise, or failing such election, any outstanding affected Term CORRA Loans will be deemed to have been converted, at the end of the applicable CORRA Interest Period, into Canadian Prime Rate Loans. Upon any such conversion, the Borrower shall also pay accrued interest on the amount so converted, together with any additional amounts required pursuant to Section 3.11.

I. IV- REPRESENTATIONS AND WARRANTIES

1. Representations and Warranties

Each of the Credit Parties (taking into account the Amalgamation on and after the effectiveness thereof) hereby represents and warrants with respect to itself and (where mentioned) each other Company and/or each of its Subsidiaries, as the case may be, in each case to the Agent and the Lenders as follows:

a. Status – Each Credit Party has been duly incorporated (or amalgamated) and organized or formed, as the case may be, and is validly subsisting under the laws of its jurisdiction of incorporation or formation, as the case may be and is up-to-date in respect of all material corporate and analogous filings, save where the failure to do so has not constituted and would not reasonably be expected to constitute a Material Adverse Change. Each Company is qualified to do business (including the Business) and is in good standing in each jurisdiction where that is necessary or appropriate, save where the failure to be so qualified or be in good standing has not constituted and would not reasonably be expected to constitute a Material Adverse Change.

b. Information – Schedule 4.01(b) attached hereto, or as updated from time to time by each Compliance Certificate contains a list of all Credit Parties as at the date of this Agreement, or as of the most recently delivered Compliance Certificate as applicable, and the following information: the present and all prior names of each Credit Party, including the names of all predecessors, jurisdiction of incorporation or formation, present governing jurisdiction, jurisdiction in which its registered office and principal place of business is located; in respect of each Company, each jurisdiction where it has assets or carries on business other than the jurisdictions outside of Canada where property and assets not exceeding One Million Dollars ($1,000,000) (calculated on a net book value basis) in the aggregate at any time of the Companies collectively are located; bank accounts of each Company (referencing financial institutions where held); in respect of the Companies, the number and classes of the issued and outstanding shares or other Equity Interests and a list of its shareholders (including all Limited Recourse Guarantors), partners or members, as applicable, including the number and class of shares (or proportionate membership or partnership interest) held by each.

c. Solvency – Each of the Credit Parties (each on a consolidated basis) is Solvent.

d. No Pending Changes – No Person has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, warrants or convertible obligations of any nature out of the ordinary course of business, or for the purchase, subscription, allotment or issuance of any debt or Equity Interests of the Parent or any Company.

e. No Conflicting Agreements – Neither the execution and delivery of the Security, nor compliance with the terms, provisions and conditions of this Agreement or the Security or any other Loan Document will conflict with, result in a breach of, or constitute a default under the Constating Documents of any Credit Party or any agreement to which it is a party or is otherwise bound, save where such conflict, breach or default has not constituted and would not reasonably be expected to constitute a Material Adverse Change, and does not require the consent or approval of any Person, other than those which have been obtained and save, where the failure to obtain such consent or approval has not constituted and would not reasonably be expected to constitute a Material Adverse Change.

f. No Conflict with Constating Documents – There are no provisions in the Constating Documents of any Credit Party including in any unanimous shareholder agreement affecting it which restrict or limit its powers to borrow money, issue debt obligations, guarantee the payment or performance of the obligations of others, or otherwise encumber all or any of its Property to secure the payment of its Obligations, including without limitation the Project and the Project Property, now owned or subsequently acquired.

g. Loan Documents – The Borrower has the corporate capacity, power, right and authority to borrow from the Lenders, and each Credit Party has the corporate capacity, power, right and authority to perform its obligations under this Agreement and the other Loan Documents to which it is a party and provide the Security required to be provided by it hereunder; and each of Tilray Brands, the Parent and each Guarantor has the corporate capacity, power, right and authority to guarantee payment to the Agent and the Lenders of the Borrower's Obligations and provide the Security required to be provided by it hereunder. The execution and delivery of the Loan Documents by the Credit Parties and the performance of their respective obligations therein have been duly authorized by all necessary corporate action. This Agreement and the other Loan Documents constitute legal, valid and binding obligations of the Credit Parties, enforceable against them in accordance with the terms and provisions thereof, subject to bankruptcy, insolvency and other similar laws affecting the rights of creditors generally and to general principles of equity.

h. Conduct of Business; Material Permits – Each Credit Party is in compliance with all Applicable Laws (other than

Cannabis Laws which are covered by paragraph (i) below) of each jurisdiction in which it carries on business and is duly licensed, registered and qualified to do business and is in good standing in each jurisdiction in which the nature of the business (including the Business) conducted by it or the Real Property owned or leased by it make such qualification necessary, except to where the failure to comply with any such Applicable Laws or hold any such licence, registration or qualification would not constitute a Material Adverse Change. Attached hereto as Schedule 4.01(h), as updated from time to time by each Compliance Certificate, is a true and complete list of all Material Permits, including with respect to the Business, and all Material Permits of the Parent and the Companies are valid and subsisting and in good standing.

a. Cannabis Laws - Each of the Parent and each Company is in compliance with all Cannabis Laws applicable to it, its property or its business including, in the case of the Companies, the Business. Specifically, but without limitation, neither the Parent, Tilray Brands, nor any Company (i) conducts any Cannabis Activities, or (ii) holds an Investment in any Person who conducts any Cannabis Activities, in each case other than in an Approved Jurisdiction where such Cannabis Activities would not violate or result in a breach of any applicable Cannabis Law. Schedule 4.01(i) attached hereto, or as updated from time to time by each Compliance Certificate, sets out all such Investments of the Companies, and all Approved Jurisdictions of the Parent and the Companies.

b. Ownership of Assets; Specific Permitted Liens – Each Company owns, and possesses its Property free and clear of any and all Liens except for Permitted Liens. No Company has any commitment or obligation (contingent or otherwise) to grant any Liens except for Permitted Liens. Schedule 4.01(j) attached hereto, or as updated from time to time by each Compliance Certificate, contains a true and complete list of the Specific Permitted Liens.

c. Owned Properties – The Companies do not own any Real Property other than the real property listed in Schedule 4.01(k) attached hereto or as updated from time to time by each Compliance Certificate. Each Company is the beneficial and registered owner of the applicable Owned Property as identified as owned by it in Schedule 4.01(k) attached hereto or as updated from time to time by each Compliance Certificate.

xx. Material Leased Properties – The Companies do not lease any Material Leased Properties other than the Material Leased Properties listed in Schedule 4.01(l).

lllllllllllllllllllllllllllllllllllllllll. Intellectual Property – Each Company possesses or has the right to use all Intellectual Property material to the conduct of its business, including the Business. Schedule 4.01(m) attached hereto or as updated from time to time by each Compliance Certificate is a list of all such material Intellectual Property held by the Companies as at the ARCA Closing Date or as at the most current Compliance Certificate as applicable, including a description of the nature of such rights. No Person has asserted any written claim in respect of the validity of such material Intellectual Property or the Companies' rights therein, and the Companies are not aware of any valid basis for the assertion of any such claims. To the knowledge of the Companies, the conduct and operations of the businesses of each Company do not infringe, misappropriate, dilute or violate any Intellectual Property rights held by any other Person.

mmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmm. Insurance – The Companies have obtained insurance which satisfies all requirements set out in Section 5.01(i) herein.

nnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnn. Material Agreements – Each Material Agreement to which any Company is a party is in good standing and in full force and effect; and none of the Companies, or, to the knowledge of the Companies, any of the other parties thereto, is in material breach of any of the terms or conditions contained therein. Schedule 4.01(o) attached hereto or as updated from time to time by each Compliance Certificate, is a true and complete list of all Material Agreements to which the Companies are a party as at the ARCA Closing Date or as at the most current Compliance Certificate as applicable.

oooooooooooooooooooooooooooooooooooooooo. Labour Agreements – Schedule 4.01(p) attached hereto or as updated from time to time by each Compliance Certificate contains a true and complete list, as of the ARCA Closing Date or as of the most current Compliance Certificate, as applicable, of all contracts with labour unions and employee associations to which the Companies are a party, and the Companies are not aware of any attempts to organize or establish any other labour union or employee association.

pppppppppppppppppppppppppppppppppppppppp. Environmental Laws – Except to the extent disclosed in Schedule 4.01(q) attached hereto or disclosed in the environmental reports and questionnaires delivered to the Agent prior to the date hereof or as updated from time to time by each Compliance Certificate:

i. each Company and its business, operations, assets, equipment, property, leaseholds and other facilities are, to the best of the knowledge and belief of the Companies, in compliance in all respects with all Requirements of Environmental Law, save for non-compliance that does not constitute and would not reasonably be expected to constitute a Material Adverse Change;

ii. each Company holds all Material Permits, licenses, certificates and approvals from Governmental Authorities which are required in connection with the Requirements of Environmental Law, save for those

the absence of which that does not constitute and would not reasonably be expected to constitute a Material Adverse Change;

iii. to the best of the knowledge and belief of the Companies there has been no material emission, spill, release, or discharge into or upon the air, soils (or any improvements located thereon), surface water or groundwater or the sewer, septic system or waste treatment, storage or disposal system servicing the premises, of any Hazardous Materials at or from any of the Real Properties;

iv. as of the ARCA Closing Date, or as of the most current Compliance Certificate as applicable, no complaint, order, directive, claim, citation, or notice from any Governmental Authority or any other Person has been received by any Company with respect to any of the Real Properties in respect of air emissions, spills, releases, or discharges to soils or improvements located thereon, surface water, groundwater or the sewer, septic system or waste treatment, storage or disposal systems servicing any of the Properties, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation, or disposal of Hazardous Materials or other Requirements of Environmental Law affecting the Real Properties that constitutes or would reasonably be expected to constitute a Material Adverse Change;

v. as of the ARCA Closing Date, or as of the most current Compliance Certificate, as applicable, there are no legal or administrative proceedings, investigations or claims now pending, or to each Companies' knowledge, threatened, with respect to the presence on or under, or the discharge, emission, spill, radiation or disposal into or upon any of the Properties, the atmosphere, or any watercourse or body of water, of any Hazardous Material that constitutes or would reasonably be expected to constitute a Material Adverse Change; nor are there any material matters under discussion between any Company and any Governmental Authority relating thereto; and to the knowledge of the Companies there is no valid basis for any such proceedings, investigations or claims; and

vi. the Companies have no indebtedness, obligation or liability, absolute or contingent, matured or not matured, with respect to the storage, treatment, cleanup or disposal of any Hazardous Materials, including without limitation any such indebtedness, obligation, or liability under any Requirements of Environmental Law regarding such storage, treatment, cleanup or disposal that constitutes or would reasonably be expected to constitute a Material Adverse Change.

r. No Litigation – There are no actions, suits or proceedings pending, or to the knowledge of the Credit Parties, threatened in writing, against any Credit Party in any court, or arbitration proceeding, or before or by any Governmental Authority except: (i) litigation disclosed in Schedule 4.01(r) attached hereto or as updated from time to time by each Compliance Certificate; (ii) litigation which has been provided for in the financial statements of such Credit Party or (iii) litigation in which the amount claimed against the Credit Parties do not in the case of the Companies collectively exceed One Million Dollars ($1,000,000) in the aggregate, or Ten Million Dollars ($10,000,000) in the aggregate, in the case of the Parent or Fifty Million Dollars ($50,000,000) in the aggregate, in the case of Tilray Brands. Except as disclosed by the Borrower to the Agent, to the knowledge of the Credit Parties there are no investigations by any Governmental Authority with respect to the conduct of any Credit Party's business, including the Business.

s. Pension Plans and Multi-employer Plans – Schedule 4.01(s) attached hereto or as updated from time to time by each Compliance Certificate, contains (i) a true and complete list of all Pension Plans established by the Companies as of the ARCA Closing Date, or most current Compliance Certificate as applicable, and (ii) a true and complete list of all Multi-employer Plans contributed to by, or under which, any Company has any liability as of the ARCA Closing Date, or most current Compliance Certificate, as applicable; no Pension Plan or Multi-employer Plan listed therein is a Defined Benefit Pension Plan. No steps have been taken to terminate any such Pension Plan (in whole or in part), no contribution failure has occurred with respect to any such Pension Plan or Multi-employer Plan sufficient to give rise to a Lien under any applicable laws of any jurisdiction, and no condition exists and no event or transaction has occurred with respect to any such Pension Plan or Multi-employer Plan which might result in the incurrence by any Company of any material liability, fine or penalty. Each such Pension Plan is in compliance in all material aspects with all Applicable Law. All contributions (including employee contributions made by authorized payroll deductions or other withholdings) required to be made to the appropriate funding agency in accordance with all applicable laws and the terms of such Pension Plan have been made in accordance with all Applicable Law and the terms of such Pension Plan. To the extent applicable, all liabilities under such Pension Plan are funded, on a going concern and solvency basis, in accordance with the terms of the respective Pension Plans, the requirements of applicable pension benefits laws and of applicable regulatory authorities and the most recent actuarial report filed with respect to the Pension Plan. No event has occurred and no conditions exist with respect to any such Pension Plan that has resulted or could reasonably be expected to result in such Pension Plan having its registration revoked or refused for the purposes of any Applicable Law or being placed under the administration of any relevant pension benefits regulatory authority or being required to pay any Taxes or penalties under any Applicable Law. The sole obligation of any Company with respect to such Multi-employer Plan is to make contributions in accordance with the applicable labour agreement providing for participation in such Multi-employer Plan and the Companies have no liability with respect to any costs, expenses, benefits or investments associated with the maintenance or administration of such Multi-employer Plan, including any liability relating to any past or future withdrawals from or the termination or wind-up of such Multi-employer Plan. All contributions (including employee contributions made by authorized payroll deductions or other withholdings) required to be made by any Company to the appropriate funding agency in accordance with all applicable laws, applicable labour agreements, and the terms of such Multi-employer Plan have been made in accordance with all Applicable Law, applicable labour agreements and the terms of such Multi-employer Plan.

t. Financial Statements – The most recent Borrower Year-end Financial Statements, Parent Year-end Financial Statements, Tilray Year-end Financial Statements and Interim Financial Statements delivered to the Agent and the Lenders have been prepared in accordance with GAAP (except in the case of the Interim Financial Statements,

subject to normal year-end adjustments and the absence of footnotes) on a basis which is consistent with the previous fiscal period, and present fairly in all material respects the financial position of the Parent or Borrower or Tilray Brands, as the case may be, and their financial performance and cash flows for the periods then ended in each case, subject to normal year-end adjustments) and include statements of:

i. the assets and liabilities and financial condition of the Borrower or Tilray Brands as applicable on a consolidated basis as at the dates therein specified;

ii. the net comprehensive income (loss) of the Borrower or Tilray Brands, as applicable on a consolidated basis during the periods covered thereby;

iii. the cash flows of the Borrower or Tilray Brands as applicable on a consolidated basis during the periods covered thereby;

iv. in the case of the Tilray Year-end Financial Statements, the changes in equity of Tilray Brands on a consolidated basis; and

v. in the case of the Borrower Year-end Financial Statements, the changes in financial position of the Borrower on a consolidated basis;

and since the dates of the said Borrower Year-end Financial Statements and Interim Financial Statements, as the case may be, no liabilities have been incurred by the Borrower on a consolidated basis, except for liabilities incurred in the ordinary course of business and liabilities permitted to be incurred pursuant to this Agreement and no Material Adverse Change has occurred.

u. Financial and Other Information – Taken as a whole, all factual information provided by or in respect of the Credit Parties to the Agent and the Lenders (including any exhibit or report furnished by the Credit Parties pursuant to this Agreement), was true, correct and complete in all material respects when provided, does not contain any material misstatement of fact or omit to state a material fact or any fact necessary to make the statement contained therein not materially misleading in the circumstances in which it was made. The Annual Business Plan and all projections, including forecasts, budgets, *pro formas* provided to the Lenders, or any of them, were prepared in good faith based on assumptions which at the time made were believed to be reasonable, and the projections included therein were believed at the time made to be reasonable estimates of the prospects of the Businesses referred to therein.

v. No Guarantees – No Guarantees have been granted by any Company, except for (i) Guarantees which comprise part of the Security and (ii) Guarantees in respect of Permitted Funded Debt incurred by any other Company.

w. Taxes – Each Company has duly and timely filed all tax returns required to be filed by it, and has paid all Taxes which are due and payable by it except for (x) returns in respect of Taxes that, do not exceed Two Hundred and Fifty Thousand Dollars ($250,000) in aggregate and (y) Taxes (i) that are not yet delinquent, (ii) for which instalments have been paid based on reasonable estimates pending final assessments, (iii) if past due, the validity of which is being contested diligently and in good faith by appropriate proceedings and (if required by GAAP) for which reserves have been established to the extent required in accordance with GAAP or (iv) that, in aggregate, not including those referred to in (i), (ii) and (iii), do not exceed Two Hundred and Fifty Thousand Dollars ($250,000) in the aggregate or which could not reasonably be expected to result in a Material Adverse Change. Each Company has also paid all other Taxes, charges, penalties and interest due and payable under or in respect of all assessments and re-assessments of which it has received written notice except for (b) Taxes (i) that are not yet delinquent, (ii) for which instalments have been paid based on reasonable estimates pending final assessments, (iii) if past due, the validity of which is being contested diligently and in good faith by appropriate proceedings and (if required by GAAP) for which reserves have been established to the extent required in accordance with GAAP or (iv) that, not including those referred to in (i), (ii) and (iii), do not exceed Two Hundred and Fifty Thousand Dollars ($250,000) in the aggregate or which could not reasonably be expected to result in a Material Adverse Change. There are no actions, suits, proceedings, investigations or claims pending, or to the knowledge of the Companies, threatened, against any Company in respect of Taxes, governmental charges or assessments except for any such actions, suits, proceedings, investigations or claims which are being contested diligently and in good faith and (if required by GAAP) in respect of which reserves have been established to the extent required in accordance with GAAP.

x. Statutory Liens – Except for those (a) being contested diligently and in good faith by appropriate proceedings and (if required by GAAP) for which reserves have been established to the extent required in accordance with GAAP or (b) those, in the aggregate, that do not exceed Two Hundred and Fifty Thousand Dollars ($250,000), each Company has remitted on a timely basis all amounts required to have been withheld and remitted (including withholdings from employee wages and salaries relating to income tax, employment insurance and Canada Pension Plan contributions), goods and services tax and all other amounts which if not paid when due could result in the creation of a Statutory Lien against any of its Property, except for Permitted Liens.

y. No Default, etc. – No Default, Event of Default or Material Adverse Change has occurred and is continuing.

z. Related Party Transactions – The Companies are not party to any contract, commitment or transaction (including by way of loan) with any Affiliate, Associate, or Person of which it is an Associate, that is not a Company which contains any terms which are not commercially reasonable.

a. No Broker Fees – No broker's or finder's fee or commission will be payable with respect hereto or to any of the transactions contemplated hereby as a result of any actions by it; and each Company hereby agrees to indemnify the Agent and the Lenders harmless from, any claim, demand or liability for any such broker's or finder's fees alleged to have been incurred in connection herewith or therewith and any expenses (including reasonable legal fees) arising in connection with any such claim, demand or liability.

b. Cannabis Authorizations – No Credit Party has violated or failed to obtain any Cannabis Authorization necessary to (i) the ownership of any of its Property or the conduct of its business, including the Business, or (ii) to make or hold any Investment in any Person who conducts Cannabis Activities. All Cannabis Authorizations necessary as aforesaid:

i. have been duly obtained, taken, given or made;

ii. are valid and in full force and effect, and

iii. are free from conditions or requirements that have not been met or complied with where the failure to so satisfy would allow for the material modification or revocation thereof.

Each Credit Party is in compliance in all material respects with all Cannabis Authorizations necessary as aforesaid held by, or in favour of, such Credit Party. Specifically, but without limitation, no Credit Party conducts or has conducted any Cannabis Activities in a building or facility for which an applicable Cannabis Authorization necessary as aforesaid was not in full force and effect at the time in question, including without limitation, the Project. No Credit Party has received any notice from any Governmental Authority regarding any actual or alleged material violation of, or any failure on the part of the material requirement of any Cannabis Authorization necessary as aforesaid that has not been remedied, (ii) no Credit Party has received any written notice from any interest of any Credit Party in any of the Cannabis Authorizations necessary as aforesaid that has not been remedied, (iii) no Credit Party knows of any reason why any Cannabis Authorization should be suspended, cancelled or revoked or of any factor that would in any way prejudice the continuance or renewal of any Cannabis Authorization necessary as aforesaid, and (iv) all Taxes, assessments, maintenance fees and other amounts required to maintain the Cannabis Authorizations necessary as aforesaid have been paid in full.

ccc. Anti-Terrorism Law – No Credit Party and to the knowledge of the Credit Parties, no Limited Recourse Guarantor (i) is a Person designated by the Canadian government on any Terrorist List with which a Canadian Person cannot deal with or otherwise engage in business transactions, (ii) is a Person who is otherwise a target of Canadian or United States economic sanctions laws or (iii) is Controlled by (including without limitation by virtue of such Person being a director or owning voting shares or interests), or acts, directly or indirectly, for or on behalf of, any Person or entity on a Terrorist List or a foreign government that is a target of Canadian or United States economic sanctions prohibitions such that the entry into, or performance under, this Agreement or any other Loan Document would be prohibited under Canadian or United States law.

dddd. Sanctions Laws – No Credit Party and to the knowledge of the Credit Parties, no Affiliate of a Credit Party acting or benefiting in any direct capacity in connection with the Advances is any of the following (a "**Restricted Person**"): (i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "**Executive Order**"); (ii) a Person that is named as a "specially designated national and blocked person" on the most current list published by OFAC at its official website or any replacement website or other replacement official publication of such list or similarly named by any similar foreign governmental authority; (iii) a Person that is owned 50 percent or more by any Person described in this Section 4.01(dd); (iv) any other Person with which any Credit Party is prohibited from dealing under any Sanctions laws applicable to such an Obligor; or (v) a Person that derives more than 10% of its annual revenue from investments in or transactions with any Person described in this Section 4.01(dd)(i), (ii), (iii) or (iv). Further, none of the proceeds from the Advances shall be used to finance or facilitate, directly or indirectly, any transaction with, investment in, or any dealing for the benefit of, any Restricted Person.

eeeee. ERISA Matters - No Credit Party or ERISA Affiliate has during the past five years maintained, contributed to or had an obligation to contribute to any ERISA Plan or ERISA Multiemployer Plan.

ffffff. Governmental Regulation

i. It is not a "public utility" within the meaning of, or subject to regulation under, the United States Federal Power Act of 1920 (16 USC §§791 et seq.).

ii. It is not an "investment company" as defined in, or subject to regulation under, the United States Investment Company Act of 1940 (15 USC. §§ 80a-1 et seq.) or subject to regulation under any United States federal or state law or regulation that limits its ability to incur or guarantee indebtedness.

iii. It will not use any part of the proceeds from any Advance, directly or indirectly, for payments to any government official or employee, political party, official of a political party, candidate for political office, official of any public international organization or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the *United States Foreign Corrupt Practices Act of 1977* (15 USC. §§ 78dd-1 et seq.) or the *Corruption of Foreign Public Officials Act* (Canada) (S.C. 1998, c.34) to the extent such Acts apply to it or in violation of any other similar Applicable Laws enacted in other applicable jurisdictions.

gggggg. US Margin Regulations - No part of the proceeds of any Advance will be used for "purchasing" or "carrying" (within the meaning of Regulation T, U or X of the FRB) any Margin Stock or for any purpose which violates the provisions of the regulations of the FRB; additionally, following the application of the proceeds of each Advance, not more than 25 percent of the value of the assets of the Obligor (on a consolidated basis) will be invested in Margin Stock. If requested by the Administrative Agent or any Lender (through the Administrative Agent), the Borrower shall promptly furnish to the Administrative Agent and each requesting Lender a statement in conformity with the requirements of Form G-3 or Form U-1, as applicable, under Regulation U of the FRB.

2. Survival of Representations and Warranties

Each Credit Party acknowledges that the Agent and the Lenders are relying upon the foregoing representations and warranties in connection with the establishment of Facility A, the making of Advances thereunder from time to time and the entering into of any Hedging Agreements with the Borrower

from time to time. For greater certainty, each of the representations set out in Section 4.01 shall be true and correct and shall be deemed to be given on the occurrence of the making of each Advance, and on each day any Advance is outstanding, in each case by reference to the facts and circumstances existing on the date of such Advance or issuance (except where expressly given as of a specified date, in which case the representations shall be true and correct as of such date). Notwithstanding any investigations which may be made by the Agent or the Lenders, the said representations and warranties shall survive the execution and delivery of this Agreement until full and final payment and satisfaction of the Obligations.

LI. V - COVENANTS

1. Positive Covenants

Until the Termination Date, each of the Parent (in respect of itself where specifically mentioned or included as a Credit Party) and Tilray Brands (in respect of itself where specifically mentioned or included as a Credit Party) and the Borrower hereby covenant and agree with the Agent and the Lenders that it will, and (where specifically mentioned) the Borrower will cause each other Company to:

a. Prompt Payment – in the case of the Borrower, pay all principal, interest and other amounts due hereunder at the times and in the manner specified herein;

b. Preservation of Existence – except for corporate or analogous changes made in compliance with the requirements of Section 6.01(n). herein, each of the Credit Parties shall maintain its corporate existence in good standing, continue to carry on its business, including the Business, preserve its rights, powers, licences, privileges, exercise any rights of renewal or extensions of the Health Canada Licence and any other Material Permits, maintain all qualifications to carry on business, in each case, do so where the failure to be so qualified constitutes or would reasonably be expected to constitute a Material Adverse Change (it being acknowledged that the failure to maintain any Health Canada Licence that is required to carry on its business shall constitute a Material Adverse Change), carry on and conduct its business in a proper and efficient manner so as to protect its Property and income and not materially change the nature of its business;

c. Cannabis Authorizations. - the Borrower shall:

i. deliver to the Agent a copy of each Cannabis Authorization upon the request of the Agent;

ii. be and remain the sole legal and beneficial owner of all Cannabis Authorizations;

iii. maintain as valid and in full force and effect each Cannabis Authorization, and, here applicable, procure the renewal thereof prior to its expiration;

iv. comply in all material respects with the terms and conditions of each Cannabis Authorization and do all material things required of a holder thereof by applicable Cannabis Law with due diligence and in a reasonable manner, enforce the material rights granted to it under and in connection with each Cannabis Authorization;

v. not dispose of or abandon any material right, title or interest in any Cannabis Authorization;

vi. apply for and obtain each future Cannabis Authorization at or before such time as it shall be required by Applicable Law; and

vii. timely pay all Taxes, assessments, maintenance fees and other amounts required to be paid to maintain the Cannabis Authorizations.

d. Compliance with Laws – in the case of each of the Credit Parties, (A) Comply with Applicable Law (specifically including, for greater certainty, Requirements of Environmental Law), but excluding Cannabis Laws, where the failure to do so constitutes or would reasonably be expected to constitute a Material Adverse Change, (B) comply with all Cannabis Laws and (C) use the proceeds of all Advances hereunder for legal and proper purposes. Without limiting the generality of the foregoing the Borrower shall and shall cause each of the other Companies to:

i. manage and operate its business in all material respects in accordance with all Applicable Laws, other than Cannabis Laws, where the failure to do so constitutes or would reasonably be expected to constitute a Material Adverse Change;

ii. manage and operate its business in all material respects in compliance with Cannabis Laws;

iii. engage in Cannabis-Related Activities only to the extent that such Cannabis-Related Activities are (A) in an Approved Jurisdiction, and (B) in compliance with all Applicable Laws, including Cannabis Laws, in such Approved Jurisdiction (including, without limitation on a federal, state, provincial, territorial and municipal basis);

iv. ensure that all activities of the Companies relating to the cultivation, production and processing of Cannabis and Cannabis-related products occur solely in facilities licensed by Governmental Authorities in Approved Jurisdictions; and

v. ensure that all activities of the Companies relating to the sale of Cannabis and Cannabis related products occur solely in facilities licensed by Governmental Authorities in Approved Jurisdictions or between entities licensed by Governmental Authorities in Approved Jurisdictions and counterparties satisfactory to the Required Lenders.

e. Payment of Taxes, etc. – in the case of each of the Credit Parties, pay when due all rents, Taxes, rates, levies,

assessments and governmental charges, fees and dues lawfully levied, assessed or imposed in respect of its Property which are material to the conduct of its business, except for rents, Taxes, rates, levies, assessments and governmental charges, fees or dues in respect of which (a) instalments have been paid based on reasonable estimates pending final assessments, (b) an appeal or review proceeding has been commenced, a stay of execution pending such appeal or review proceeding has been obtained and (if required by GAAP) reserves have been established to the extent required in accordance with GAAP or (c) that, in aggregate, not including those referred to in (a) and (b), do not exceed Two Hundred and Fifty Thousand Dollars ($250,000), and the amounts in question do not in the aggregate materially detract from the ability of the Companies to carry on their businesses and to perform and satisfy all of their respective obligations hereunder;

f. Maintain Records – in the case of each of the Credit Parties, maintain adequate books, accounts and records in accordance with GAAP;

g. Maintenance of Assets – in the case of the Credit Parties, keep its Property in good repair and working condition in accordance with standard industry practice;

h. Inspection – in the case of the Credit Parties, permit the Agent and the Lenders and their respective employees and agents annually (upon reasonable prior notice during normal business hours and in a manner which does not materially interfere with its operations and subject to the rights of the occupants/tenants of the Owned Properties) to enter upon and inspect its properties, assets, books and records from time to time and make copies of and abstracts from such books and records, and discuss its affairs, finances and accounts with any of its officers, directors, accountants and auditors; provided that, nothing in this subsection shall restrict the ability of the Agent's officers, employees, consultants or other authorized representatives to make such visits, inspections, and examinations upon the occurrence and continuance of a Default or an Event of Default;

a. Insurance – in the case of the Credit Parties, obtain and maintain, from sound and reputable insurance companies liability insurance, all-risks property insurance on a replacement cost basis (less a reasonable deductible not to exceed amounts customary in the industry for similar businesses and properties) and builders' risk (or "course of construction") insurance in respect of any construction relating to the Property, use commercially reasonable efforts to obtain crop and business interruption insurance, to the extent it is available at commercially reasonable rates, and obtain and maintain general liability insurance coverage in an amount of not less than Fifteen Million Dollars ($15,000,000), and insurance in respect of such other risks as are customary in the industry for similar businesses and properties (and having regard to the availability of insurance coverage in the market); all of which policies of insurance shall be in such amounts as are customary in the industry for similar businesses and properties; and the Companies shall cause the interest of the Agent to be noted on property insurance policies as first mortgagee and loss payee (which policies shall include the standard mortgage clause approved by the Insurance Bureau of Canada (or an equivalent clause in other applicable jurisdictions)) and as an additional insured under liability insurance policies; and the Borrower shall provide the Agent with certificates of insurance and certified copies of such policies from time to time upon request;

b. Perform Obligations – in the case of each of the Credit Parties, fulfill all covenants and obligations required to be performed by it under those Loan Documents to which it is a party;

c. Notice of Certain Events – Notice of Certain Events – (A) in the case of each of the Credit Parties, provide prompt notice to the Agent of: (i) the occurrence of any Default or Event of Default; (ii) the incorrectness in any material respect of any representation or warranty in this Agreement and any material changes to the information contained in the Schedules attached hereto; (iii) any Material Adverse Change; (iv) any litigation not provided for in the Borrower Year-end Financial Statements, or the Tilray Year-end Financial Statements in which the amount claimed against any one or more of the Companies is greater than One Million Dollars ($1,000,000) individually or in the aggregate or against the Parent is greater than Ten Million Dollars ($10,000,000) in the aggregate or against Tilray Brands is greater than Fifty Million Dollars ($50,000,000) in the aggregate; (v) any notice of default, termination or suspension received by any Company in respect of Funded Debt in excess of One Million Dollars ($1,000,000) in the aggregate or received by the Parent in respect of Funded Debt in excess of Ten Million Dollars ($10,000,000) for the Parent in the aggregate or received by Tilray Brands in respect of Funded Debt in excess of Fifty Million Dollars ($50,000,000) in the aggregate or in respect of any Material Agreement or Material Permit; (vi) the adoption by any Credit Party of any material accounting change promptly thereafter; (vii) the issuance of any management letter to Tilray Brands by its auditor; (viii) [intentionally deleted]; (ix) [intentionally deleted]; (xii) promptly after receipt or knowledge thereof a copy of (x) any material document, letter or notice from Health Canada or other Governmental Authority to a Credit Party (it being understood that any warning shall be material), (y) any written notice, investigation, correspondence or other proceedings or actions which could reasonably be expected to adversely affect any Cannabis Authorization, including any such notice, investigation, correspondence or proceedings involving Health Canada; (xii) any changes in the identity of a Responsible Person, together with satisfactory evidence of security clearances for such Responsible Person under the Cannabis Act or the Cannabis Regulations, and any rejection notice for new or renewal security clearance applications for each Responsible Person; and (B) in the case of each of the Companies, provide prompt notice to the Agent of: (i) the entering into by any Company of a contract with a labour union or employee associations or the expiration of any such contract; (ii) the acquisition, creation or existence of any new Subsidiary of the Borrower after the date hereof; (iii) receipt of notice from any Governmental Authority of any of the following in connection with the Companies or the Property if the consequences thereof constitute or would reasonably be expected to constitute a Material Adverse Change or would result in a liability of a Company in excess of Two Million Dollars ($2,000,000): (x) any liability for response or corrective action, natural resource damage or other harm pursuant to any Requirements of Environmental Law, (y) any environmental claim, (z) any violation of an Requirements of Environmental Law or release, threatened release or disposal of a Hazardous Material at or on the Property contrary to the Requirements of Environmental Law; (iv) any Material Agreements or Material Permits entered into or obtained after the date of this Agreement; and (v) a proposed change of name of any Company, or the Parent, which notice shall be given at least thirty (30) days prior to such change becoming effective;

xx. Bank Accounts and Service Agreements – in the case of each of the Companies, maintain all of its bank accounts with BMO or an Affiliate of BMO and maintain all cash management, payroll, corporate credit cards (other than corporate credit card programs permitted pursuant to paragraph (vii) of the definition of Permitted Funded Debt) and other banking services with BMO or an Affiliate of BMO;

lllllllllllllllllllllllllllllllllllllllll. Use of Advances – in the case of the Companies, utilize the proceeds of all Advances in accordance with Section 2.02 for the business purposes of the Companies; and not permit such proceeds to be used, directly or indirectly, by any other Person or for any other purpose;

mmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmm. Environmental Information – in the case of the Companies, if requested by the Agent from time to time upon the instructions of the Required Lenders (provided, however, if such requests are made by the Agent more frequently than annually, than such additional requests shall be at the cost and expense of the Agent unless the Credit Parties are in default at the time such additional requests are made): (i) provide the Agent with an environmental questionnaire in the Agent's standard form completed by a knowledgeable officer of the Parent in respect of any Owned Property or Material Leased Property; and (ii) if the information contained therein is inconsistent in any material respect with the representations in Section 4.01(q) herein, provide the Agent with a Phase I (and Phase 2 if applicable) environmental report in respect of such Owned Property or Material Leased Property as applicable, and promptly take all such action as may be required to comply in all material respects with all recommendations contained therein; provided that such prompt action to comply with such recommendations shall not be required as long as (A) such recommendations are being diligently contested by such Company in good faith and on reasonable grounds and (B) (x) there is then no Event of Default which is continuing, (y) a Governmental Authority with jurisdiction does not require immediate remediation to protect the public and (z) the Companies are in compliance in all Requirements of Environmental Law, save for non-compliance that does not constitute and would not reasonably be expected to constitute a Material Adverse Change; provided, however, if circumstances change so that the value of the subject Real Property is materially impaired or there is an imminent threat to the health or safety of human beings or any Governmental Authority with jurisdiction requires immediate remediation, then the Companies shall immediately commence such remediation;

nnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnn. Further Assurances – in the case of the Credit Parties, provide the Agent and the Lenders with such further information, financial data, documentation and other assurances as they may reasonably require from time to time in order to ensure ongoing compliance with the terms of this Agreement.

2. Negative Covenants

Until the Termination Date, the Borrower hereby covenants and agrees with the Agent and the Lenders that it will not, and will ensure that each other Company does not, and each of the Parent (where specifically mentioned or included as a Credit Party) and Tilray Brands (where specifically mentioned or included as a Credit Party) covenants and agrees with the Agent and the Lenders that it will not, in each case, without the prior written consent of the Required Lenders (or if required pursuant to Section 9.01, all Lenders acting unanimously), which consent may be withheld in their sole discretion unless otherwise expressly provided herein:

a. Funded Debt – in the case of the Companies, create, incur or assume any Funded Debt, except Permitted Funded Debt;

b. Liens – in the case of the Companies, grant or suffer to exist any Lien in respect of any of its Property, except Permitted Liens;

c. Disposition of Assets – in the case of the Companies, directly or indirectly sell, transfer, assign, lease or otherwise dispose of any of its Property (including, without limitation, Intellectual Property) or rights or interests in its Property or agree to do so, except that:

i. each Company may sell inventory and obsolete or redundant equipment in the ordinary course of business;

ii. each Company may sell or transfer assets to any other Company, provided that the transferee has provided all Security required to be provided by it hereunder;

iii. each Company may enter into leases and licences, including Intellectual Property licences, with other Persons in the ordinary course of business;

iv. each Company may dispose, abandon, surrender or terminate immaterial rights or interests which are effected in the ordinary course of business or otherwise in accordance with prudent industry practice;

v. each Company may dispose of damaged or destroyed materials or inventory that is spoiled or otherwise not marketable;

vi. each Company may dispose of cash in transactions permitted by this Agreement;

vii. each Company may dispose of Cash Equivalents for cash or other Cash Equivalents;

viii. each Company may dispose and/or terminate leases, subleases, licenses or sublicenses (including the provision of software under an open source license), which (1) are in accordance with prudent industry practice, (2) do not materially interfere with the conduct of the Business of the Companies or (3) relate to closed facilities or closed storage or distribution centers or the discontinuation of any product line;

ix. each Company may permit (1) the expiration of any option agreement in respect of real or personal property and (2) any surrender or waiver of contractual rights or the settlement, release or surrender of contractual rights or other litigation claims in accordance with prudent industry practice;

x. each Company may sell or otherwise dispose of assets for cash (not including sales or disposition referred to in (i) through (xii) inclusive above) from time to time, provided that the fair market value of the assets which are the subject of such dispositions in the aggregate (in one or a series of related transactions) does not exceed One Million Dollars ($1,000,000) per annum, unless the proceeds from such dispositions are used to purchase replacement or other capital assets within one hundred and eighty (180) days of receipt by such Company of such proceeds; and for greater certainty the Borrower shall be required to make a Repayment in connection with each such disposition to the extent required pursuant to Section 2.04(c)(iii); and

xi. such other dispositions as may be consented to by the Required Lenders from time to time;

provided that, notwithstanding the foregoing, the Companies may not sell, transfer, assign, lease or otherwise dispose of the Project, the Project Property, any Material Permits or Material Agreements.

d. Financial Assistance – in the case of the Companies, make loans to or acquire Funded Debt of any other Person, guarantee, provide an indemnity in respect of, endorse or otherwise become liable for any debts, liabilities or obligations of any other Person, or give other financial assistance of any kind to any Person, except for:

i. Guarantees and indemnities which comprise part of the Security;

ii. Guarantees in respect of Funded Debt incurred by any Company to the extent such Funded Debt is permitted by paragraph (iv) of the definition of Permitted Funded Debt; and

iii. financial assistance by way of extending trade credit to its customers in the ordinary course of business.

e. Investments – in the case of the Companies, make or acquire any Investments, except that the following Investments may be made or acquired if both immediately before and immediately after each such Investment no Default or Event of Default has occurred and is continuing:

i. Permitted Acquisitions;

ii. Investments in a Company;

iii. Investments in cash or Cash Equivalents maintained with a Lender; and

iv. other Investments that do not otherwise constitute an Investment under clauses (i) or (iii) above, up to a maximum of Five Hundred Thousand Dollars ($500,000) per annum.

f. Distributions – in the case of the Companies, authorize, declare or pay, or agree to pay, directly or indirectly any Distributions other than so long as no Default or Event of Default is continuing or would be caused thereby:

i. Distributions by a Company to another Company provided such Company to whom such Distribution is made has delivered Security to the Agent as required hereunder;

ii. a Company may service Subordinated Debt on account of interest on a monthly basis and principal on an annual basis after the Repayment required to be made pursuant to Section 2.04(c)(iv) (Annual Excess Cash Flow Sweep), so long as such repayment is expressly permitted in any related Intercreditor Agreement and further provided that immediately before and immediately after such Distribution, the Borrower shall be in pro forma compliance with the financial covenants in Section 5.03 and the Borrower shall have delivered a pro forma Compliance Certificate evidencing such compliance; and

iii. such additional Distributions by the Borrower to the Limited Recourse Guarantors provided that immediately before and immediately after such Distribution, the Borrower shall be in pro forma compliance with the financial covenants in Section 5.03 and the Borrower shall have delivered a *pro forma* Compliance Certificate evidencing such compliance.

g. Certain Activities and Investments – in the case of each of the Credit Parties, directly or indirectly own assets or carry on business in any jurisdiction which is not an Approved Jurisdiction;

h. Corporate Changes – in the case of the Credit Parties, not materially change the nature of its business or enter into any transaction whereby all or a substantial portion of its Property would become the Property of any other Person, whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise, without the prior written consent of the Required Lenders; except that any of the foregoing transactions may take place among the Companies (and no other Persons) in each case if prior written notice is given to the Agent, a Material Adverse Change or other Event of Default will not occur as a result, and the Companies concurrently provide any additional or replacement Security as the Required Lenders may reasonably require;

a. Defined Benefit Pension Plans – in the case of the Companies, establish, assume or otherwise become a party to or liable under any Defined Benefit Pension Plan.

b. ERISA – in the case of each Credit Party or any ERISA Affiliate establish, or agree to contribute to, any ERISA Plan or multiemployer plan without the prior written consent of the Agent (acting on the instructions of the Required Lenders).

c. Fiscal Year – in the case of each of the Credit Parties, change its Fiscal Year (which for greater certainty presently ends on May 31 in each year), except (a) in the case of the Companies, with the prior written consent of the Required Lenders, or prior written notice to the Lenders to the extent its Fiscal Year is being changed to that of the Parent; and (b) in the case of Tilray Brands and the Parent, prior written notice to the Lenders;

xx. Auditors – in the case of each of the Credit Parties, change its auditors from its current audit firm to a firm that is not a nationally recognized auditing firm, except (a) in the case of the Companies, with the prior written consent of the Required Lenders; and (b) in the case of Tilray Brands or the Parent, prior written notice to the Lenders;

lllllllllllllllllllllllllllllllllllllllll. Dealing with Related Parties – in the case of the Companies, enter into any contract, carry out any transaction or otherwise have dealings with any Affiliate, Associate, or Person of which it is an Associate except (a) pursuant to and in accordance with the Material Agreements listed in Schedule 4.01(o) and (b) on terms that are commercially reasonable and no less favourable to it than it would obtain on an arm's length basis;

mmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmm. Hedging – in the case of the Companies, enter into or be a party to any Hedging Agreement except for the purposes of prudent management of its interest rate and currency exposure in the ordinary course of business and not for speculative purposes, and further provided that it shall not enter into any Hedging Agreements with any Person except for a Lender or any Affiliate of the Lender;

nnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnn. Material Agreements – in the case of the Companies, modify or amend any of the Material Agreements or any of the terms thereof in any manner that would constitute or would reasonably be expected to constitute a Material Adverse Change or terminate, suspend or cancel any Material Agreement if doing so would constitute or would reasonably be expected to constitute a Material Adverse Change without entering into a replacement agreement (which shall include an interim replacement agreement) that provides the applicable Company with rights, benefits and value substantially similar to and on the terms and conditions not materially less favourable than those contained in the Material Agreement being replaced (with such replacement agreement being deemed to be a Material Agreement); notwithstanding the foregoing, the Supply Agreement shall not be modified, amended, terminated, suspended or cancelled without the prior written consent of the Lenders, which consent shall be in their sole and absolute discretion;

oooooooooooooooooooooooooooooooooooooooo. Environmental Law – in the case of the Companies, receive any complaint, order, directive, claim, citation, or notice from any Governmental Authority with respect to any of the Real Properties in respect of air emissions, spills, releases, or discharges to soils or improvements located thereon, surface water, groundwater or the sewer, septic system or waste treatment, storage or disposal systems servicing any of the Properties, noise emissions, solid or liquid waste disposal, the use, generation, storage, transportation, or disposal of Hazardous Materials or other Requirements of Environmental Law affecting the Properties which constitutes or would reasonably be expected to constitute a Material Adverse Change without providing notice in accordance with Section 5.01(k);

ppppppppppppppppppppppppppppppppppppppppp. Use of Advances – in the case of the Companies, use the proceeds of any Advance for any purposes other than those expressly contemplated in this Agreement; and without limiting the generality of the foregoing, the proceeds of any Advance will not be used, directly or indirectly, to lend, contribute or otherwise make available such proceeds, directly or indirectly (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any applicable anti-corruption laws or AML Legislation or (ii) to fund any operations in, finance any investments, business or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity if such funding, financing or paying would result in a violation of Sanctions by any Person (including any Person participating in such Advance, whether as underwriter, advisor, investor or otherwise), or in any other manner that would result in a violation of Sanctions by any Person. The Agent and the Lenders in their sole and unfettered discretion may refuse to make any Advance or delay, block or refuse to process any transaction which they believe on reasonable grounds may result in a contravention of the foregoing covenant;

qqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqq. No Sale-Leasebacks – in the case of the Companies, enter into, transact or have outstanding any Sale-Leasebacks, unless the Property subject thereto is permitted to be disposed of pursuant to Section 5.02(c);

rrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrr. No Changes of Jurisdiction / Location – (A) in the case of the Companies (i) change its jurisdiction of incorporation or formation without the prior written consent of the Agent, nor (ii) permit its chief executive office, registered or head office, or other location at which it keeps, maintains or stores assets in excess of Two Hundred and Fifty Thousand Dollars ($250,000) in value (calculated on a net book value basis) to be other than the locations specified on Schedule 4.01(k) as of the date of this Agreement (except for goods in transit, goods with repairers, product out for sterilization and goods that are normally used in more than one jurisdiction if the latter goods are equipment or are inventory leased or held for lease by it), without providing the Agent with ten (10) days prior written notice of the change and promptly taking other steps, if any, as the Agent reasonably requests to maintain the Security and the other Loan Documents so that the Lenders' position is not adversely affected; and (B) in the case of the Parent, change its jurisdiction of incorporation or formation or jurisdiction of its chief executive office, registered or head office on less than 10 days prior written notice to the Agent;

sssssssssssssssssssssssssssssssssssssss. Repayment of Subordinated Debt – in the case of the Companies, repay in full or in part any Subordinated Debt except as expressly permitted in any related Intercreditor Agreement unless the Termination Date has occurred;

ttttttttttttttttttttttttttttttttttttttt. Carry on Business – none of the Credit Parties shall cease to carry on its business, including in the case of the Borrower, the Business;

e. Acquisitions – in the case of the Companies, directly or indirectly make any Acquisition or make any purchase of assets out of the ordinary course of business other than Permitted Acquisitions;

f. Anti-Money Laundering and Anti-Terrorism Finance Laws; Foreign Corrupt Practices Act; Sanctions Laws; Restricted Person – none of the Credit Parties will (i) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or otherwise violates any applicable anti-terrorism law, anti-corruption law, anti-money laundering law or sanctions law or (ii) cause or permit any of the funds that are used to repay the Obligations to be derived from any unlawful activity with the result that the Agent, any Lender or any Credit Party would be in violation of any Applicable Law or (iii) use any part of the proceeds of the Advances, directly or indirectly, for any conduct that would violate any OFAC Sanctions Programs. Notwithstanding anything in this Agreement, nothing in this Agreement shall require any Credit Party or the Limited Recourse Guarantor, any of their Subsidiaries, or any director, officer, employee, agent or Affiliate of any Credit Party, a Limited Recourse Guarantor or any of their Subsidiaries that is registered or incorporated under the laws of Canada or of a province to commit an act or omission that contravenes the *Foreign Extraterritorial Measures (United States) Order, 1992*.;

j. Cannabis Activity – neither the Parent, Tilray Brands, nor the Borrower, nor any other Company will, engage in any Cannabis Activities or make an Investment in any Person who engages in Cannabis Activities, other than in an Approved Jurisdiction in accordance with applicable Cannabis Laws; and

k. US Margin Regulations - no part of the proceeds of any Advance will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for "buying" or "carrying" any Margin Stock or to extend credit to others for the purpose of "buying" or "carrying" any Margin Stock (in each case within the meaning of Regulation T, U or X) or for any purpose which violates the provisions of the regulations of the Federal Reserve Board, to the extent applicable.

3. Financial Covenants

a. The Borrower agrees to maintain at all times, on a consolidated basis, the financial ratios and amounts listed below:

i. Maintain a Fixed Charge Coverage ratio of not less than [***];

ii. Maintain a Total Funded Debt to EBITDA ratio of not more than [***];

b. Tilray Brands agrees to maintain at all times, on a consolidated basis, a ratio of Minimum Cash and Cash Equivalent to Outstanding Advances under Facility A of not less than [***].[2]

c. For the purposes of the calculation of the financial covenants unless otherwise provided herein all such calculations shall be tested quarterly at the end of each Fiscal Quarter and determined on a trailing 12 month basis, in accordance with GAAP.

d. For the purposes of the calculation of the Fixed Charge Coverage Ratio, in the event the Borrower fails to comply with the requirements of Section 5.03(a)(i) as of the last day of any Fiscal Quarter, the Parent may inject additional capital by way of Equity Interests or Subordinated Debt (provided that the maturity date of such indebtedness is later than the date set forth in paragraph (i) of the definition of Maturity Date and the holder of such indebtedness may not receive any payments on account of principal or interest) (each an "**Equity Contribution**") and such Equity Contribution shall be included by the Borrower in the calculation of EBITDA solely for the purpose of determining compliance with such Fixed Charge Coverage Ratio as at such Fiscal Quarter end provided that:

i. notice of the Parent's intent to make an Equity Contribution shall be delivered to the Agent by the Borrower or the Parent no later than the day on which the Interim Financial Statements (or Borrower Year-end Financial Statements in the case of a breach as at the last day of the fourth Fiscal Quarter, as applicable) are required to be delivered for the applicable Fiscal Quarter in accordance with Sections 5.04(a),

ii. such Equity Contribution shall be made no later than 10 Business Days after the day on which the Interim Financial Statements or Borrower Year-end Financial Statements, as applicable, are required to be delivered in accordance with Sections 5.04(a);

iii. notwithstanding Section 2.04(c)(iii), the Borrower shall make a Repayment in an amount equal to one hundred percent (100%) of the proceeds from the Equity Contribution, within three (3) Business Days of receipt thereof;

iv. the amount of the Equity Contribution shall be limited to the amount necessary to cure the covenant breach; and

v. such Equity Contribution will not result in a reduction of Total Funded Debt when determining the Applicable Margin;

and further provided that an Equity Contribution may not be exercised in consecutive Fiscal Quarters and there shall be no more than four (4) Equity Contributions permitted for the remainder of the term of Facility A.

4. Reporting Requirements

a. The Borrower shall deliver or cause to be delivered (by email in accordance with Section 12.07) to the Agent the following financial and other information at the times indicated below:

i. the annual Borrower Year-end Financial Statements and its Subsidiaries on a consolidated basis by the ninetieth (90th) day after the end of each Fiscal Year commencing with the Fiscal Year ending May 31, 2020, prepared in accordance with GAAP, accompanied by a Compliance Certificate certified by a Senior Officer in the form of Exhibit "F" attached hereto and accompanied by an analysis of any material variances between actual results for such Fiscal Year and the projections contained in the most recent Annual Business Plan presented to the Agent and the Lenders;

ii. as soon as available and in any event not later than sixty (60) days following the commencement of each Fiscal Year, the Annual Business Plan for such Fiscal Year;

iii. the Interim Financial Statements of the Borrower and its Subsidiaries on a consolidated basis by the forty-fifth (45th) day after the end of each Fiscal Quarter (other than the fourth Fiscal Quarter in each Fiscal Year which shall be delivered by the ninetieth (90th) day after the end of the fourth Fiscal Quarter), together with a Compliance Certificate certified by a Senior Officer of the Borrower in the form of Exhibit "F" attached a

accompanied by an analysis of any material variances between actual results to date and the projections contained in the most recent Annual Business Plan presented to the Agent and the Lenders;

iv. within ten (10) Business Days of receipt, a copy of any Health Canada inspection/audit reports for a twelve (12) month period following the issuance of a Health Canada License with cultivation standard for the Borrower;

v. as soon as available and in any event within forty-five (45) days after the last day of each of its Fiscal Quarters, if any of the information disclosed in Schedule 4.01(r) attached hereto is no longer accurate, an officer's certificate of the Borrower attaching copies of the revised Schedule required to ensure that such information remains accurate as of the last day of such Fiscal Quarter;

vi. the annual Tilray Year-End Financial Statements prepared on a consolidated basis for the fiscal year ended May 31, 2021 and thereafter, together with the auditor's report, by the one hundred and twentieth (120th) day after the end of each Fiscal Year (or by the time period within which Tilray Brands is required to file the Tilray year-end Financial Statements by the relevant securities authorities governing the exchange on which Tilray Brands is listed);

vii. the Interim Financial Statements of Tilray Brands and its Subsidiaries on a consolidated basis by the time period with which Tilray Brands is required to file its Interim Financial statements with the applicable securities authorities governing the exchange on which Tilray Brands is listed (other than the fourth Fiscal Quarter in each Fiscal Year which shall be delivered by the time of the annual audited financial statements pursuant to (vi) immediately above); a compliance certificate certified by a Senior Officer of Tilray Brands which shall evidence compliance with the Minimum Cash and Cash Equivalent covenant set out in Section 5.03(b) herein and the calculation thereof by the one hundred and twentieth (120th) day after each Tilray Brands Fiscal Year end;[3]

viii. a compliance certificate certified by a Senior Officer of Tilray Brands which shall evidence compliance with the Minimum Cash and Cash Equivalent covenant set out in Section 5.03(b) herein and the calculation thereof by the forty-fifth (45th) day after the end of each Fiscal Quarter; and [4]

ix. such additional information and documents as the Agent or the Lenders may reasonably require from time to time, not inconsistent with the terms of this Agreement, to ensure the ongoing compliance by the Borrower with the terms and conditions of this Agreement, in form reasonably acceptable to the Agent and the Lenders.

For greater certainty, any financial information or reporting to be delivered hereunder and in respect of the Borrower shall include the Pre-Amalgamation Borrower to the extent the related reporting period covers a period prior to the Amalgamation.

5. Anti-Money Laundering

a. The Credit Parties acknowledge that, pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada, the Executive Order, *the Bank Secrecy Act* (31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959) the *Money Laundering Control Act of 1986* (18 U.S.C §§ 1956 et seq.), the *USA Patriot Act*) and other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your client" laws, whether within Canada, the United States of America or elsewhere (collectively, including any guidelines or orders thereunder, "**AML Legislation**"), the Agent and the Lenders may be required to obtain, verify and record information regarding the Credit Parties and their respective directors, authorized signing officers, direct or indirect shareholders, partners or other persons in control of the Credit Parties and the transactions contemplated hereby. The Credit Parties shall promptly provide all such information, including any supporting documentation and other evidence, as may be reasonably requested by the Agent or any Lender, or any prospective assignee or participant of a Lender or the Agent, to the extent the same is required in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

b. If the Agent has ascertained the identity of any Credit Party, or any authorized signatories of any Credit Party, for the purposes of applicable AML Legislation, then the Agent shall:

i. be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a "written agreement" in such regard between each Lender and the Agent within the meaning of applicable AML Legislation; and

ii. provide each Lender with copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

Notwithstanding the preceding sentence and except as may otherwise be agreed in writing, each of the Lenders agrees that the Agent has no obligation to certain the identity of any Credit Party, or any authorized signatories of any Credit Party, on behalf of any Lender or to confirm the completeness or accuracy of any information that the Agent obtains from any Credit Party, or any such authorized signatory, in doing so.

6. Terrorist Lists

The Credit Parties shall ensure that each Credit Party is and will remain in compliance in all material respects with all Canadian economic sanctions laws and implementing regulations under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Criminal Code* (Canada), the *United Nations Act* (Canada) and all similar applicable anti-money laundering and counter-terrorism financing provisions and regulations issued pursuant to any of the foregoing. No Credit Party (i) is a Person designated by the Canadian government on any Terrorist List with which a Canadian Person cannot deal with or otherwise engage in business transactions, (iii) is a Person who is otherwise a target of Canadian economic sanctions laws or (iv) is Controlled by (including without limitation by virtue of such Person being a director or owning voting shares or interests), or acts, directly or indirectly,

for or on behalf of, any Person or entity on a Terrorist List or a foreign government that is a target of Canadian economic sanctions prohibitions such that the entry into, or performance under, this Agreement or any other Loan Document would be prohibited under Canadian law.

LI. VI - SECURITY

1. Security to be Provided by the Credit Parties and Limited Recourse Guarantors

Each of the Credit Parties agree to provide (or cause to be provided) the security to be provided by it listed below in favour of the Agent for the benefit of the Agent and the Lenders, in each case in form and substance satisfactory to the Agent, as continuing security for the payment of the Obligations and the payment and performance of all other present and future, direct and indirect, indebtedness and obligations of the Borrower to the Agent and the Lenders, specifically including the Obligations arising under or in respect of this Agreement, the Hedging Agreements and the other Loan Documents:

a. an unlimited Guarantee from each present and future Subsidiary of the Borrower in respect of all present and future, direct and indirect, Obligations of the Borrower to the Agent and the Lenders;

b. a Guarantee from Tilray Brands in respect of the present and future, direct and indirect, Obligations of the Borrower to the Agent and the Lenders, limited to a maximum amount of Ninety Million Dollars ($90,000,000) (the "**Limited Guarantee**");

c. a Guarantee from each of the Limited Recourse Guarantors (including without limitation the Parent) in respect of all present and future, direct and indirect, Obligations of the Borrower to the Agent and the Lenders, limited in recourse to the Equity Interests of such Limited Recourse Guarantor in the Borrower pledged by the Limited Recourse Guarantor pursuant to the Security ("**Limited Recourse Guarantee**");

d. a debt service deficiency agreement by the Parent in favour of the Agent for the benefit of the Lenders pursuant to which the Parent agrees to make Equity Contributions in such amount necessary to enable the Borrower to comply with the Fixed Charge Coverage Ratio, in accordance with Section 5.03 hereof ("**Debt Service Deficiency Agreement**");

e. the Parent Subordination Agreement;

f. a general security agreement, debenture, movable hypothec or similar form of security from each Company creating a First-Ranking Security Interest including in respect of all of its present and future Property of the Companies made subject thereto, specifically including all shares, partnership interests and other Equity Interests held by such Company in the capital of any other Company;

g. a debenture or collateral mortgage from each Company creating a First-Ranking Security Interest in respect of each of the Owned Properties, including but not limited to a debenture or collateral mortgage from the Borrower in the amount of One Hundred Million Dollars ($100,000,000) on the Project Property, together with a satisfactory title opinion or title insurance at the request of the Lenders in their sole and absolute discretion;

h. at the request of the Lenders, debentures, collateral mortgages or other forms of security required by the Agent in order to create a First-Ranking Security Interest in respect of any or all Material Leased Properties;

a. specific assignments by each of the Companies of all rights and benefits arising under any Material Agreement (including the Supply Agreement), accompanied by an agreement from the other contracting party (including the Parent) thereto (each a "Consent"), in form and substance satisfactory to the Lenders, acting reasonably; provided that the Companies shall only be required to use commercially reasonable efforts to obtain any Consent (other than the Consent of a Related Party which shall be required to be obtained) after the Original Closing Date at the request of the Lenders, acting reasonably, and if the Companies are not able to obtain a Consent in respect of any Material Agreement, such Material Agreement will become a Restricted Asset (as such term is defined in the security agreement delivered by the Companies pursuant to Section 7.01(c));

b. security agreements creating an assignment and First-Ranking Security Interest in respect of its rights to and interest in Intellectual Property, together with any necessary consents from other Persons which may be required in connection with the granting of such assignment and security interest in any Intellectual Property considered by the Lenders to be material;

c. a first ranking pledge of all Equity Interests held in any Company, including by each shareholder of the Borrower (including the Parent and each Limited Recourse Guarantor) and the delivery of any certificates representing the Equity Interest with endorsements executed in blank and the taking of other steps that the Agent requires to control the Equity Interest and perfect the Security relating to the Equity Interest;

xx. assignments of the interest of each Company in all policies of insurance held by it which requirement shall be satisfied if the Agent's interest as first mortgagee and loss payee is recorded on such policies and a certificate of insurance in respect of all liability insurance naming the Agent as additional insured and all property insurance on a replacement cost basis naming the Agent as additional insured and first loss payee and first mortgagee (and including Insurance Bureau of Canada standard mortgage clause);

lllllllllllllllllllllllllllllllllllllllll. environmental checklists and indemnities by the Companies for each of its Owned Properties and Material Leased Properties at the request of the Lenders in their sole and absolute discretion;

mmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmm. such other security as may be reasonably required by the Agent and the Lenders from

time to time, not inconsistent with the provisions of this Agreement.

2. Security to be Provided by Others

a. The Borrower shall cause each holder of indebtedness which is intended to constitute Subordinated Debt to provide a subordination and postponement agreement in favour of the Agent, in form and substance satisfactory to the Agent. The provision of such subordination and postponement agreements shall constitute a condition precedent to the Original Closing Date Advance, and the absence of any required such subordination and postponement agreement shall constitute an Event of Default.

b. To the extent requested by the Agent from time to time, the Borrower agree to use commercially reasonable efforts to obtain Landlord Agreements in respect of the Material Leased Properties.

c. If at any time (i) any of the Companies own, establishes or acquires a Subsidiary, directly or indirectly, or (ii) any Person becomes a shareholder (the "**New Shareholder**") of the Borrower, the Companies or the Borrower, as applicable, shall within thirty (30) days cause that Subsidiary or New Shareholder to become a Guarantor or Limited Recourse Guarantor respectively, in the case of the Subsidiary, adopt this Agreement by delivering an agreement in the form of Exhibit I <Agreement and Acknowledgement to be bound – New Guarantor/Limited Recourse Guarantor/Limited Guarantor > so as to be bound by all of the terms applicable to the Companies, as if it had executed this Agreement as a Guarantor, and in the case of such Subsidiary or New Shareholder deliver a guarantee and indemnity and other security documents required to comply with Article VI, which shall become part of the Security. The Companies shall, or the Borrower, as applicable shall cause the New Shareholders, to also deliver or cause the delivery of a first ranking pledge of all of the Equity Interests of all newly acquired or established Subsidiaries or the Borrower, as applicable, as part of the Security, deliver any certificates representing the Equity Interests with endorsements executed in blank and take other steps that the Agent requires to perfect the Security relating to the Equity Interests, and cause the delivery of such legal opinions and other supporting documents as the Agent may reasonably require.

3. General Provisions re Security; Registration

The Security shall be in form and substance satisfactory to the Agent and the Lenders in their sole discretion. The Agent may require that any item of Security be governed by the laws of the jurisdiction where the Property subject to such item of Security is located. The Security shall be registered where necessary or desirable to record and perfect the charges contained therein as may be determined by the Agent in its sole discretion and the Companies shall at the direction of the Agent use commercially reasonable efforts to obtain agreements of other persons and take other actions, as may from time to time be necessary or desirable in perfecting, preserving or protecting the Security, wherever such registration, filing, recording, agreement or other action may be necessary or desirable.

4. Opinions re Security

The Credit Parties shall cause to be delivered to the Agent the opinions of the solicitors for the Credit Parties regarding their corporate or analogous status, the due authorization, execution and delivery of the Security and other Loan Documents provided by them, all registrations in respect of the Security, the results of all applicable searches in respect of them, and the enforceability of such Security, subject to Legal Reservations; all such opinions to be in form and substance satisfactory to the Agent and its counsel, acting reasonably.

5. After-Acquired Property, Further Assurances

The Companies shall execute and deliver from time to time, and cause each of their respective Subsidiaries and Affiliates to execute and deliver from time to time, all such further documents and assurances as may be reasonably required by the Agent and Lenders from time to time, not inconsistent with the terms of this Agreement, in order to provide the Security contemplated hereunder, specifically including: supplemental or additional security agreements, assignments and pledge agreements which shall include lists of specific assets to be subject to the security interests required hereunder.

6. Insurance by Agent

If, following request therefor, the Companies do not provide the Agent with evidence of continuing insurance coverage in accordance with the requirements of this Agreement, the Agent may, but shall have no obligation to, purchase such insurance in order to protect the interests of the Agent and the Lenders in the Property of the Companies. Such insurance may also, but need not, also protect the Companies' interests in such Property. The Companies agree to immediately reimburse the Agent upon demand for all costs and expenses incurred by the Agent in respect of the purchase of any such insurance, and until so paid such expenses shall constitute part of the Obligations, shall bear interest at the highest rate provided herein and shall be secured by the Security.

7. Insurance Proceeds

If insurance proceeds become payable in respect of loss of or damage to any property owned by a Company:

a. if an Event of Default has occurred and is continuing at such time, the Agent shall apply such proceeds against the Obligations;

b. if no Event of Default has occurred and is continuing at such time, one hundred percent (100%) of the aggregate amount received in cash by the applicable Company in connection with such insurance proceeds less a provision for taxes attributable to such insurance proceeds, that are not re-invested in repair or replacement of the affected assets within one hundred and eighty (180) days from the date of such damage or loss shall be applied against the Obligations; provided that if an amount that is equal to or less than One Million Dollars ($1,000,000) in the aggregate in any Fiscal Year is received by the Companies, the Companies shall not be required to apply such proceeds against the Obligations.

8. Discharge of Certain Security

a. The Lenders irrevocably authorize the Agent, and the Agent agrees:

i. to release any Lien granted to or held by the Agent under any Loan Document at any time occurring on or following the Termination Date upon the request of the Borrower;

ii. upon the Borrower's request to release any Lien in favour of the Agent on any Collateral that is sold or otherwise disposed of or to be sold or otherwise disposed of as part of or in connection with any sale or other disposition permitted under the Loan Documents.

9. Keepwell.

Each Qualified ECP Guarantor jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by any other Credit Party (other than the Borrower) to honour all of its obligations under its guarantee in respect of Swap Obligations (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 6.09 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 6.09. or otherwise under its guarantee, voidable under Applicable Law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section 6.09 shall remain in full force and effect until discharged in accordance with the provisions of its guarantee. Each qualified ECP Guarantor intends that this Section 6.09 constitute, and this Section 6.09 shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Obligor (other than the Borrower) for all purposes of Section 1a(18)(A)(v)(II) of the US Commodity Exchange Act.

LI. VII- CONDITIONS PRECEDENT

1. Conditions Precedent to First Advance

The obligation of each Lender, to fund the single Advance on the Original Closing Date requested to be made by the Borrower was subject to the conditions precedent set forth in this Section 7.01, all of which were satisfied or waived by the Lenders on or prior to such date (all defined terms in this Section 7.01 shall have the meaning ascribed to them in the Original Credit Agreement):

a. The Agent shall have received on its own behalf or for and on behalf of the Lenders as applicable, each in full force and effect and in form and substance satisfactory to the Lenders (unless otherwise noted), acting reasonably, the following:

i. this Agreement duly executed and delivered by the parties thereto;

ii. a copy of the Agency Fee Agreement on its own behalf, in form and substance satisfactory to the Agent, duly executed and delivered by the Borrower;

iii. a copy of each other Loan Document being delivered by the Credit Parties and Limited Recourse Guarantors in connection herewith (including the Security) duly executed and delivered by the Credit Parties and the Limited Recourse Guarantors;

iv. certificates representing the pledged Equity Interests pursuant to the Security, and endorsements executed in blank relating to those certificates or, if no certificates are available and evidence of other arrangements being made as required by the Agent to enable the Agent to control the pledged Equity Interests and perfect the Security relating thereto;

v. a certificate of status, good standing, or equivalent in respect of each Credit Party and Limited Recourse Guarantor issued under the laws of the applicable relevant jurisdictions in which it is incorporated;

vi. a final organization/ownership chart (showing full details of shareholders, partners, directors and officers) applicable to the Credit Parties;

vii. a certificate of a responsible officer on behalf of the Limited Recourse Guarantor and each Credit Party dated the Closing Date, certifying (A) that attached thereto is a true and complete copy of each Constating Document of the Limited Recourse Guarantor or Credit Party as applicable; (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors or other governing body of the Limited Recourse Guarantor or Credit Party authorizing the execution, delivery and performance of the Loan Documents to which such person is a party and, in the case of the Borrower, the Advances hereunder, and in connection with the pledges of Equity Interests pursuant to the Security or in connection with any disposition of pledged Equity Interests upon enforcement of the Security; and that such resolutions have not been modified, rescinded or amended and are in full force and effect as of the date of such certificate, and (C) as to the incumbency and specimen signature of each officer or authorized person executing any Loan Document or any other document delivered in connection herewith on behalf of the Limited Recourse Guarantor or Credit Party as applicable (together with a certificate of another officer or authorized person as to the incumbency and specimen signature of the officer or authorized person executing the certificate in this clause (i));

viii. a certified copy of each Material Contract (including without limitation each Supply Agreement and any shareholder agreement, and for greater certainty amendments thereto, among the shareholders of the Borrower) and Material Permit (including Health Canada Licences issued to the Borrower evidencing a minimum cultivation class for operations at the Project by the Borrower of Cannabis Activities, which must be delivered at least 5 Business Days prior to Closing Date);

ix. such "know your client" information, including in respect of the Credit Parties and Limited Recourse

Guarantors, that the Agent or any Lender may reasonably require;

x. current certificates of insurance, in form and substance satisfactory to the Agent (acting reasonably), evidencing the insurance required to be maintained by the Companies pursuant to Section 5.01(i), listing the Agent on behalf of the Lenders as first loss payee and mortgagee and additional insured, and containing a mortgage clause or endorsement satisfactory to the Agent (acting reasonably);

xi. all operation of account documentation relating to the Agent's account as the Agent may reasonably require;

xii. all necessary governmental and third party consents and approvals necessary in connections with this Agreement and the transactions contemplated hereby shall have been obtained (in form and substance reasonably acceptable to the Agent) and shall remain in effect;

xiii. all consents that are required from the directors, shareholders, partners or members of the Companies, either in connection with the pledges of Equity Interests pursuant to the Security or in connection with any disposition of pledged Equity Interests upon enforcement of the Security;

xiv. favourable opinions of counsel to the Credit Parties and Limited Recourse Guarantors addressed to the Agent, each Lender and Lenders' counsel, relating to all matters considered relevant, including existence and capacity of each Credit Party, the due authorization, execution, delivery and enforceability of the Loan Documents to which each Credit Party and Limited Recourse Guarantor, is a party being delivered in connection herewith and the registration and perfection of the Security in the relevant jurisdictions;

xv. as it relates to the Project Property, and any other Owned Property, title insurance or binding commitments to issue title insurance policies, in respect of the Security to the extent it includes specific charges of real property, containing endorsements reasonably required by the Agent and subject only to title qualifications that the Agent reasonably considers acceptable; and

xvi. such other documents, certificates, opinions and agreements as are reasonably required to confirm the completion and satisfaction of the foregoing which the Agent and the Lenders may reasonably request.

b. the Lenders shall have completed and shall be satisfied with their due diligence in respect of the Credit Parties, the Limited Recourse Guarantors, the Project, the Project Property, the Property, the Business, including compliance with all Applicable Laws including and Cannabis Laws, current financial statements, environmental review and specifically including but not limited to the following:

i. the Parent Year-End Financial Statements and the Borrower Year-end Financial Statements for the immediately preceding Fiscal Year, prepared in accordance with GAAP;

ii. the Interim Financial Statements for the Borrower and the Parent in respect of the Fiscal Quarter ended August 31, 2019;

iii. detailed financial model (both consolidated and unconsolidated) including consolidated opening balance sheet and a financial projections for the Business in respect of the next three (3) Fiscal Years;

iv. the final capital budget and summary of costs incurred by the Borrower to the Closing Date for the retro fit of the Project to a Cannabis production facility, such costs not to exceed One Hundred and Seventy Eight Million Eight Hundred Thousand Dollars ($178,800,000);

v. property and liability insurance which complies with the representations and requirements herein (to be reviewed by an insurance consultant satisfactory to the Agent and the Lender for the account of the Borrower);

vi. a Compliance Certificate completed by the Borrower (with pro forma adjustments to reflect the Advances on the Closing Date based on reasonable projections satisfactory to the Lenders) evidencing compliance with the financial covenants in Section 5.03 required to be complied with as at the Closing Date;

vii. satisfaction of the Lenders that the Borrower has been capitalized as the Closing Date by way of the Minimum Equity Contribution and by way of a shareholder loan advanced by the Parent to the Borrower in a principal amount of approximately Ninety Eight Million Eight Hundred Thousand Dollars ($98,800,000) and that such shareholder loan constitutes Subordinated Debt subject to the Parent Shareholder Subordination;

viii. a Compliance Certificate completed by the Borrower (with pro forma adjustments to reflect the Advances on the Closing Date based on reasonable projections satisfactory to the Lenders) evidencing compliance immediately following the date of the Equity Contribution;

ix. satisfaction of the Lenders with the terms and conditions of all Material Agreements (including the Supply Agreement and the Shareholders Agreement among the shareholders of the Borrower), and all Material Permits, including the Health Canada Licences;

c. the Agent and the Lenders shall have received an environmental questionnaire and indemnity in the Agent's standard form in respect of each Owned Property (including the Project Property) and Material Leased Property completed by a Senior Officer of the Company which owns or leases the applicable Real Property;

d. the Agent and the Lenders shall have received an Acceptable Appraisal completed within six months of the Closing

Date in respect of the Owned Properties (including the Project Property) confirming market value, alternate use value on a hypothetical best use facility basis, cost to complete approach and comparable transaction approach, in a minimum amount of not less than One Hundred and Forty Five Million One Hundred and Thirty Six Thousand Dollars ($145,136,000) in the case of the Project Property, together with a letter from applicable accredited appraiser confirming that the Agent and the Lenders are entitled to rely on each such appraisal;

e. the Agent shall have completed a site visit to each of the Owned Properties and be satisfied them;

f. no litigation is pending or threatened in writing against one or more of the Credit Parties that would reasonably be expected to constitute a Material Adverse Change;

g. no Applicable Law shall be applicable in the judgment of the Lenders that restrains, prevents or imposes materially adverse conditions upon this Agreement or the transactions contemplated hereby;

h. the Agent must have received evidence that all Funded Debt of the Companies not forming part of Permitted Funded Debt has been or will be paid and performed in full concurrently with the first Advance;

a. the Agent must have received releases and discharges (in registrable form where appropriate) covering all Liens affecting any Property of each Company that are not Permitted Liens, or undertakings of the holders of the Liens to deliver releases and discharges promptly after the first Advance;

b. the Agent must have received all Intercreditor Agreements that are required hereunder;

c. any governmental, regulatory and third party approvals necessary in connection with this Agreement and the transactions contemplated therein shall have been given unconditionally and without containing any onerous terms;

xx. if requested by the Agent, the Agent and the Lenders shall have received particulars of any particular material, Permitted Liens, specifically including the assets encumbered thereby and the amounts due thereunder;

lllllllllllllllllllllllllllllllllllllll. the property and assets of the Companies shall be insured in accordance with the requirements of this Agreement;

mmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmm. the Credit Parties and the Limited Recourse Guarantors shall have satisfied all requirements of the Agent and each Lender under AML Legislation;

nnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnn. the Borrower shall have paid, or arrangements have been made to pay from the proceeds of the Advance on the Closing Date, all fees and reasonable expenses of the Agent and the Lenders then due in respect of this Agreement and the other Loan Documents, including under the Agency Fee Agreement and including the Agent's reasonable third party legal expenses;

oooooooooooooooooooooooooooooooooooooooo. the Agent and the Lenders shall have received such additional evidence, documents or undertakings as they may reasonably require to complete the transactions contemplated hereby in accordance with the terms and conditions contained herein;

pppppppppppppppppppppppppppppppppppppppp. the representations and warranties in Section 4.01 shall be true and correct in all material respects as if made on the date of such Advance, except for any such representations and warranties which are expressly stated herein to have been made only as at the date of this Agreement, and except as may be otherwise agreed in writing by the Required Lenders in their discretion from time to time;

qqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqq. any additional Security required to be provided at such time shall have been executed and delivered and all registrations necessary or desirable in connection therewith shall have been made as required pursuant to this Agreement, and any other documentation required by the Agent pursuant to this Agreement shall have been executed and delivered, all in form and substance satisfactory to the Agent in its sole discretion;

rrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrr. no Default or Event of Default shall have occurred and be continuing, nor shall the making of such Advance result in the occurrence of any Default or Event of Default;

sssssssssssssssssssssssssssssssssssssss. the Borrower shall have given a Draw Request to the Agent in accordance with the notice requirements provided herein;

ttttttttttttttttttttttttttttttttttttttt. since the date of the most recent Interim Financial Statements, Borrower Year-end Financial Statements, Parent Year-end Financial Statements and Tilray Year-end Financial Statements delivered to the Agent, no Material Adverse Change shall have occurred; and

e. no third party demand or garnishment order for payment to any Governmental Authority shall have been received by the Agent or any Lender in respect of any Company.

2. Conditions Precedent to the Effectiveness of this Agreement.

The effectiveness of this Agreement is subject to the conditions precedent set forth in this Section 7.02, being satisfied (or waived by the Lenders) as confirmed by the Agent in writing:

a. The Agent shall have received on its own behalf or for and on behalf of the Lenders as applicable, each in full force and effect and in form and substance satisfactory to the Lenders (unless otherwise noted), acting reasonably, the following:

i. this Agreement duly executed and delivered by the parties hereto;

ii. the Agency Fee Agreement on its own behalf, in form and substance satisfactory to the Agent, duly executed and delivered by the Borrower;

iii. to the extent not previously delivered, a copy of each other Loan Document required hereby (including the Security) duly executed and delivered by the Credit Parties and the other Limited Recourse Guarantor, and any additional Security required to be provided at such time shall have been executed and delivered and all registrations necessary or desirable in connection therewith shall have been made as required pursuant to this Agreement, and any other documentation required by the Agent pursuant to this Agreement shall have been executed and delivered, all in form and substance satisfactory to the Agent in its sole discretion

iv. without limiting (iii) above:

A. the Limited Guarantee duly executed and delivered by Tilray Brands;

B. a Limited Recourse Guarantee duly executed and delivered by the Parent;

C. [intentionally deleted]; and

D. a confirmation of existing security and limited recourse guarantee to be executed and delivered by 2609733 Ontario Limited confirming that, notwithstanding the execution of this Agreement, that the Security delivered by it remains in full force and effect as continuing security and each such document is a legal and binding obligation of 2609733 Ontario Limited;

v. a currently dated certificate of status, good standing, or equivalent in respect of the each Credit Party issued under the laws of the applicable relevant jurisdictions in which it is incorporated;

vi. from a responsible officer on behalf of each of the Credit Parties a certificate dated the ARCA Closing Date (or a bring down of the certificates delivered on the Original Closing Date as applicable) certifying (A) that attached thereto is a true and complete copy of each Constating Document of such person (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors or other governing body of such person authorizing the execution, delivery and performance of the Loan Documents being delivered on the ARCA Closing Date to which it is a party or in connection with any disposition of pledged Equity Interests upon enforcement of the Security; and that such resolutions have not been modified, rescinded or amended and are in full force and effect as of the date of such certificate, and (C) as to the incumbency and specimen signature of each officer or authorized person executing any such Loan Document or any other document delivered in connection with the this Agreement;

vii. such “know your client” information in respect of Tilray Brands that the Agent or any Lender may reasonably require and Tilray Brands shall have satisfied all requirements of the Agent and each Lender under AML Legislation;

viii. in respect of Tilray Brands, a solvency certificate signed by the chief financial officer or chief accounting officer of such Credit Party in form and substance satisfactory to the Agent and its counsel;

ix. to the extent not previously delivered, current certificates of insurance, in form and substance satisfactory to the Agent (acting reasonably), evidencing the insurance required to be maintained by the Companies pursuant to Section 5.01(i), listing the Agent on behalf of the Lenders as first loss payee and mortgagee and additional insured, and containing a mortgage clause or endorsement satisfactory to the Agent (acting reasonably);

x. to the extent not previously delivered, any governmental, regulatory and third party approvals necessary in connection with the effectiveness of this Agreement and the transactions contemplated herein shall have been given unconditionally and without containing any onerous terms;

xi. all consents that are required from the directors, shareholders, partners or members of Tilray Brands, the Parent or the Borrower, either in connection with the pledges of Equity Interests pursuant to the Security or in connection with any disposition of pledged Equity Interests upon enforcement of the Security;

xii. to the extent not previously delivered, all consents that are required from the directors, shareholders, partners or members of the Companies, either in connection with the pledges of Equity Interests pursuant to the Security or in connection with any disposition of pledged Equity Interests upon enforcement of the Security;

xiii. customary opinions of counsel to the Credit Parties and Limited Recourse Guarantors addressed to the Agent, each Lender and Lenders’ counsel, relating to all matters considered relevant, including existence and

capacity of each Credit Party, the due authorization, execution, delivery and enforceability of the Loan Documents to which each Credit Party and Limited Recourse Guarantor, is a party being delivered in connection herewith and the registration and perfection of the Security in the relevant jurisdictions;

xiv. updated reasoned opinion of McCarthy Tetrault LLP, litigation counsel to Aphria, addressed to the Agent and each Lender relating to the potential liability and estimated exposure arising out of certain class action lawsuits described in Schedule 4.01(r) in which Aphria is named as a defendant;

xv. such other documents, certificates, opinions and agreements as are reasonably required to confirm the completion and satisfaction of the foregoing which the Agent and the Lenders may reasonably request, including such steps that the Agent may reasonably require to comply with Article VI;

b. to the extent not previously satisfied, the Lenders shall have completed and shall be satisfied with their due diligence in respect of the Credit Parties, including compliance with all Applicable Laws including and Cannabis Laws, current financial statements, environmental review and specifically including but not limited to the following:

i. detailed financial model (both consolidated and unconsolidated) including consolidated opening balance sheet and a financial projections for the Business in respect of the next three (3) Fiscal Years;

ii. the Tilray Brands Year-End Financial Statements and the Borrower Year-end Financial Statements for the immediately preceding Fiscal Year, prepared in accordance with GAAP;

iii. the Interim Financial Statements for the Borrower and Tilray Brands in respect of the Fiscal Quarter ended August 31, 2022;

iv. a Compliance Certificate completed by the Borrower and Tilray Brands evidencing compliance with the financial covenants in Section 5.03 required to be complied with as at the ARCA Closing Date;

v. to the extent not previously satisfied, satisfaction of the Lenders with the terms and conditions of all Material Agreements (including the Supply Agreement and the Shareholders Agreement among the shareholders of the Borrower), and all Material Permits, including the Health Canada Licences and the APHA24 Convertible Notes, the TLRY23 Convertible Notes, and the TLRY HTI Convertible Note;

c. to the extent not previously delivered, the Agent and the Lenders shall have received an Acceptable Appraisal completed within twelve months of the ARCA Closing Date in respect of the Owned Properties (including the Project Property) confirming market value, alternate use value on a hypothetical best use facility basis, cost to complete approach and comparable transaction approach, and orderly liquidation value in a minimum amount of not less than Ninety-four Million Dollars ($94,000,000) in the case of the Project Property, together with a letter from applicable accredited appraiser confirming that the Agent and the Lenders are entitled to rely on each such appraisal;

d. to the extent not previously satisfied, the Agent shall have completed a site visit to each of the Owned Properties and be satisfied them;

e. no litigation is pending or threatened in writing against one or more of the Credit Parties that would reasonably be expected to constitute a Material Adverse Change;

f. no Applicable Law shall be applicable in the judgment of the Lenders that restrains, prevents or imposes materially adverse conditions upon this Agreement or the transactions contemplated hereby;

g. to the extent not previously delivered, the Agent must have received releases and discharges (in registrable form where appropriate) covering all Liens affecting any Property of each Company that are not Permitted Liens;

h. to the extent not previously delivered, the Agent must have received all Intercreditor Agreements that are required hereunder;

a. to the extent not previously delivered, if requested by the Agent, the Agent and the Lenders shall have received particulars of any particular material, Permitted Liens, specifically including the assets encumbered thereby and the amounts due thereunder;

b. to the extent not previously delivered, the property and assets of the Companies shall be insured in accordance with the requirements of this Agreement;

c. to the extent not previously satisfied, the Credit Parties and the Limited Recourse Guarantors shall have satisfied all requirements of the Agent and each Lender under AML Legislation;

xx. the Borrower shall have paid, or arrangements have been made to pay on the ARCA Closing Date, all fees and reasonable expenses of the Agent and the Lenders then due in respect of this Agreement and the other Loan Documents, including under the Agency Fee Agreement as supplemented as of the ARCA Closing Date and including the Agent's reasonable third party legal expenses;

lllllllllllllllllllllllllllllllllllllllll. the Agent and the Lenders shall have received such additional evidence, documents or undertakings as they may reasonably require to complete the transactions contemplated hereby in accordance with the terms and conditions contained herein;

mmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmm. all representations and warranties of the

Credit Parties and Limited Recourse Guarantors in all Loan Documents, shall be true and correct in all material respects both immediately before and immediately following the ARCA Closing Date as though made on and as of such date unless such representation and warranty expressly refers to a different date; and

nnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnn. no Default or Event of Default shall have occurred and be continuing on the ARCA Closing Date nor result from the effectiveness of this Agreement or the Loan Documents contemplated hereby.

3. Undertaking to Release Limited Guarantee by the Parent delivered pursuant to Original Credit Agreement

Upon the effectiveness of this Agreement and satisfaction of the conditions precedent in Section 7.02 (including without limitation the execution and delivery of the Limited Guarantee and the Limited Recourse Guarantee by Aphria), the Limited Guarantee granted by Aphria under the Original Credit Agreement and the obligations of Aphria thereunder shall be automatically deemed to be unconditionally and irrevocably released, terminated and discharged without the need for any further action. For clarity, the termination of the Parent's Limited Guarantee shall not impair or release Aphria from any other of its obligations under any other Loan Documents, all of which shall remain in full force and effect.

LI. VIII- DEFAULT AND REMEDIES

1. Events of Default

The occurrence of any one or more of the following events, after the expiry of any applicable cure period set out below, shall constitute an event of default under this Agreement (an "**Event of Default**"):

a. if the Borrower fails to pay any principal hereunder when due;

b. if the Borrower fails to pay any Interest payable hereunder within three (3) Business Days after the date such Interest or other amount is due;

c. if any Credit Party fails to pay any amount (other than amounts referred to in paragraphs (a) and (b) above) under any Loan Document to which it is party within three (3) Business Days after demand for payment thereof from the Agent;

d. any representation or warranty made or deemed made by or on behalf of any Credit Party or Limited Recourse Guarantor in or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect when made or deemed to be made; and, in the case of any incorrect representation or warranty which is capable of being cured, and to the extent such incorrect representation or warranty has not been made intentionally, if such representation and warranty is not corrected within thirty (30) days of the earlier of a Credit Party or Limited Recourse Guarantor becoming aware of such incorrect representation or warranty and notice by the Agent to the Borrower specifying such default or failure;

e. The Borrower fails to perform or comply with any of the negative covenants set out in Section 5.02;

f. any Credit Party is not in compliance with any of the financial covenants set out in Section 5.03;

g. any Credit Party is not in compliance with any of the covenants set out in Sections 5.01(b), 5.01(c), paragraphs (B), (C), and subparagraphs (ii)-(iv) of Section 5.01(d), or Section 5.01(k)(xiv);

h. any Credit Party or Limited Recourse Guarantor fails to perform or comply with any of its covenants or obligations contained in this Agreement, the Security or any other Loan Document (other than those set out in paragraphs (a), through (g) above) within thirty (30) days after the earlier of (i) any Credit Party or Limited Recourse Guarantor becoming aware of such non-compliance and (ii) receipt of notice of such non-compliance by the Agent; provided that if such non-compliance is capable of remedy within thirty (30) days and such Credit Party or Limited Recourse Guarantor diligently attempts to remedy such non-compliance and continually informs the Agent of its efforts in this regard, and such non-compliance is remedied within such period, then such non-compliance shall be deemed not to constitute an Event of Default; provided that any failure by Tilray Brands to deliver the financial statements required under Section 5.04(a)(vi) or Section 5.04(a)(vii) in accordance with the terms thereof shall not constitute an Event of Default if such financial statements are filed on the Electronic Data Gathering, Analysis and Retrieval (EDGAR) system or the System for Electronic Document Analysis and Retrieval (SEDAR) or any replacement, successor or similar data system within such timeframes as provided under Section 5.04(a)(vi) and Section 5.04(a)(vii);

a. there is an event of default under any Subordinated Debt (after the expiry of any grace or cure periods relating respectively thereto);

b. without limiting paragraph (g) immediately above, any one or more of the Credit Parties is in default of any agreement relating to Funded Debt other than the Obligations (after the expiry of any grace or cure periods relating thereto) for an amount equal to or greater than: (a) One Million Dollars ($1,000,000) in the aggregate for the Companies; and (b) Ten Million Dollars ($10,000,000) in the aggregate for Aphria, if the effect is to cause or permit the acceleration of the due date of that Funded Debt;

c. any one or more of the Credit Parties is in default in the payment of any indebtedness in excess of: (a) One Million Dollars ($1,000,000) in the aggregate for the Companies; (b) Ten Million Dollars ($10,000,000) in the aggregate for Aphria; and (c) Fifty Million Dollars ($50,000,000) in the aggregate for Tilray Brands, under any Material Agreements or there is otherwise a default under a Material Agreement that continues without being waived after any applicable grace period specified in the Material Agreement, if the effect of the default (if not waived) is to terminate the Material Agreement, or if a Credit Party or Tilray Brands as applicable, agrees to the surrender of any Material Agreement or any Material Agreement is otherwise terminated prior to the expiry date expressly set out therein, unless within thirty (30) days of termination or surrender, such agreement is replaced with a replacement agreement as contemplated in Section 5.02(o));

xx. an Insolvency Event occurs in respect of any Limited Recourse Guarantor (other than Aphria, to the extent it is a Limited Recourse Guarantor) to the extent it constitutes a Material Adverse Change, or an Insolvency Event occurs in respect of any Credit Party (including Aphria to the extent it is a Limited Recourse Guarantor and Tilray Brands in its capacity as a Limited Guarantor as applicable);

lllllllllllllllllllllllllllllllllllllll. any Person takes possession of any Property of one or more of the Companies valued in excess of One Million Dollars ($1,000,000) in the aggregate, by way of or in contemplation of enforcement of security; or a distress or execution or similar process is levied or enforced against any such Property; except to the extent that: such matter is being diligently contested and in good faith by such Company in good faith and on reasonable grounds; such Company provides the Agent with all information relating to such matter as it may reasonably request from time to time; a reserve satisfactory to the Required Lenders has been established;

mmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmm. one or more final judgments or decrees for the payment of money shall have been obtained or entered against any one or more of the Credit Parties in excess of: (a) One Million Dollars ($1,000,000) in the aggregate for the Companies; (b) Ten Million Dollars ($10,000,000) in the aggregate for Aphria; and (c) Fifty Million Dollars ($50,000,000) in the aggregate for Tilray Brands and such judgment or decree for the payment of money shall not be paid, discharged, vacated, bonded or stayed within thirty (30) days;

nnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnn. any Governmental Authority shall take any action to condemn (which is not dismissed or stayed within thirty (30) days of such action being taken) or seize or appropriate any property of any Credit Party that is material to the financial condition, business or operations of the Credit Parties taken as a whole;

oooooooooooooooooooooooooooooooooooooooo. any Loan Document or any material provision thereof is or is declared by any court of competent jurisdiction to be unenforceable, or any Credit Party or Limited Recourse Guarantor terminates or purports to terminate its liability under any Loan Document or disputes the validity or enforceability of such Loan Document;

pppppppppppppppppppppppppppppppppppppppp. all or any part of the Security granted by a Credit Party or the Limited Recourse Guarantor ceases to constitute a valid First-Ranking Security Interest in respect of the property intended to be subject thereto;

qqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqq. the Borrower ceases to be a Subsidiary of Aphria (except as a result of an amalgamation or merger with another Credit Party or a winding-up into another Credit Party), unless the Lenders in their discretion otherwise agree in writing;

rrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrr. the Cannabis Act is repealed and is not immediately replaced with substantially similar legislation;

sssssssssssssssssssssssssssssssssssssss. any Cannabis Authorization shall (i) expire or be revoked, terminated or cancelled, and in any such case not immediately replaced, renewed or reinstated on comparable terms or (ii) be modified in any materially adverse fashion;

ttttttttttttttttttttttttttttttttttttttt. a Change of Control occurs;

e. any report of the auditors of Tilray Brands in the Tilray year-end Financial Statements contains a going-concern qualification or other materially adverse qualification relating to the creditworthiness of the Credit Parties on a consolidated basis; or

f. the termination or amendment of the Supply Agreement, or the termination of any other Material Agreement unless within thirty (30) days of termination, such agreement is replaced with a replacement agreement as contemplated in Section 5.02(o); or

j. an event occurs which in the reasonably opinion of the Required Lenders constitutes a Material Adverse Change.

2. Acceleration; Additional Interest

    a. Upon the occurrence of an Insolvency Event, the Obligations shall become immediately due and payable, without the necessity of any demand upon or notice to the Credit Parties by the Agent.

    b. Upon the occurrence and during the continuation of any Event of Default other than an Insolvency Event, the Agent shall, if instructed of the Required Lenders, issue a written notice to the Borrower (an "**Acceleration Notice**") declaring all of the Obligations to be immediately due and payable.

    c. At any time on or after the Acceleration Date the Agent may exercise any and all rights and remedies hereunder and under any other Loan Documents, including the enforcement of all or any portion of the Security.

    d. From and after the date of the occurrence of an Event of Default and for so long as such Event of Default continues, both before and after the Acceleration Date, all Outstanding Advances shall bear interest or fees at the rates otherwise applicable plus two percent (2%) per annum in order to compensate the Lenders for the additional risk.

3. Reserved

4. Combining Accounts, Set-Off

Upon the occurrence and during the continuation of Event of Default, in addition to and not in limitation of any rights now or hereafter granted under applicable law, each Lender may without notice to any Credit Party at any time and from time to time:

    a. combine, consolidate or merge any or all of the deposits or other accounts maintained with such Lender by any Company (whether term, notice, demand or otherwise and whether matured or unmatured) and such Company's obligations to such Lender hereunder; and

    b. set-off, apply or transfer any or all sums standing to the credit of any such deposits or accounts in or towards the satisfaction of such obligations.

5. Appropriation of Monies

After the occurrence and during the continuation of an Event of Default, the Agent may from time to time, but subject to Section 9.03, apply any Proceeds of Realization of the Security against any portion or portions of the Obligations, and the Borrower may not require any different application. The taking of a judgment or any other action or dealing whatsoever by the Agent or the Lenders in respect of the Security shall not operate as a merger of any of the Obligations hereunder or in any way affect or prejudice the rights, remedies and powers which the Agent or the Lenders may have, and the foreclosure, surrender, cancellation or any other dealing with any Security or the said obligations shall not release or affect the liability of the Borrower or any other Person in respect of the remaining portion of the Obligations.

6. No Further Advances

The Lenders shall not be obliged to make any further Advances (including honouring any cheques drawn by the Borrower which are presented for payment) from and after the earliest to occur of the following: (i) delivery by the Agent to the Borrower of a written notice that an Event of Default has occurred and is continuing and that as a result thereof no further Advances will be made (whether or not such notice also requires immediate repayment of the Obligations); (ii) the occurrence of an Insolvency Event; and (iii) receipt by the Agent or any Lender of any garnishment notice or other notice of similar effect in respect of any Company pursuant to the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada) or any similar notice under any other statute in effect in any jurisdiction.

7. Remedies Cumulative

All rights and remedies granted to the Agent and the Lenders in this Agreement, subject to applicable cure periods hereunder, if any, and any other documents or instruments in existence between the parties or contemplated hereby, and any other rights and remedies available to the Agent and the Lenders at law or in equity, shall be cumulative. The exercise or failure to exercise any of the said remedies shall not constitute a waiver or release thereof or of any other right or remedy, and shall be non-exclusive.

8. Performance of Covenants by Agent

If any Company fails to perform any covenant or obligation to be performed by them pursuant to this Agreement, the Agent may in its sole discretion, after written notice to the Borrower, perform any of the said obligations but shall be under no obligation to do so; and any amounts reasonably expended or advanced by the Agent for such purpose shall be payable by the Borrower upon demand together with interest at the rate applicable to Canadian Prime Rate Loans under Facility A.

LI. IX- THE AGENT AND THE LENDERS

1. Lenders' Decisions

    a. Any amendment to this Agreement relating to the following matters, and the granting of any waiver or consent by the Lenders in respect of such matters, shall require the unanimous agreement of the Lenders:

        i. changes to the interest rates and fees payable in respect of Facility A;

        ii. increases in the maximum amount of credit available under Facility A;

        iii. extensions of the Maturity Date;

iv. changes to the scheduled dates or the scheduled amounts for Repayments hereunder;

v. releases of all or any portion of the Security, except to the extent provided in paragraph (c) below;

vi. the definitions of "Required Lenders" and "Proportionate Share" in Section 1.01;

vii. any provision of this Agreement which expressly states that the unanimous consent of the Lenders is required in connection with any action to be taken or consent to be provided by the Lenders; and

viii. this Section 9.01.

b. Except for the matters described in paragraph (a) above, any amendment to this Agreement shall be effective if made among the Credit Parties, the Agent and the Required Lenders, and for greater certainty any such amendment which is agreed to by the Required Lenders shall be final and binding upon all Lenders.

c. The Agent may from time to time without notice to or the consent of the Lenders execute and deliver partial releases of the Security in respect of any item of Collateral (whether or not the proceeds of sale thereof are received by the Agent) which the Credit Parties or Limited Recourse Guarantor are permitted to dispose of pursuant to this Agreement without obtaining the prior written consent of the Lenders; and in releasing any such security the Agent may rely upon and assume the correctness of all information contained in any certificate or document provided by any Credit Party, without further enquiry. Otherwise, any release or discharge in respect of the Security shall require the written consent of all of the Lenders, acting reasonably

d. Except for the matters which require the unanimous consent of the Lenders as set out in the foregoing paragraphs of this Section 9.01, and except as otherwise specifically provided in this Agreement, any action to be taken or decision to be made by the Lenders pursuant to this Agreement (specifically including for greater certainty the issuance of written notice to the Borrower of the occurrence of an Event of Default, the issuance of a demand for payment of the Obligations, a decision to make an Advance despite any condition precedent relating thereto not being satisfied, the provision of any waiver in respect of a breach of any covenant or the granting of any consent) shall be effective if approved by the Required Lenders; and any such decision or action shall be final and binding upon all the Lenders.

e. Any action to be taken or decision to be made by the Lenders pursuant to this Agreement which is required to be unanimous shall be made either (i) at a meeting of the Lenders called by the Agent pursuant to Section 9.06(l) or (ii) by a written instrument executed by all of the Lenders. Any action to be taken or decision to be made by the Lenders pursuant to this Agreement which is required to be made by the Required Lenders shall be made either (i) at a meeting of the Lenders called by the Agent pursuant to Section 9.06(l) or (ii) by a written instrument executed by the Required Lenders. Any such instrument may be executed by pdf and in counterparts.

f. By virtue of a Lender's execution of this Agreement or an assignment agreement pursuant to Section 10 of the CBA Model Provisions, as the case may be, any Affiliate of such Lender ("**Lender Affiliate**") with whom the Borrower or any other Company has entered into an agreement creating Hedging Obligations or other Obligations under Service Agreements or any other transactions not made under this Agreement if it is agreed by the Borrower and the Agent acting on the instructions of the Required Lenders that those debts, liabilities and obligations shall be secured, shall be deemed a Lender party hereto for purposes of any reference in a Loan Document to the parties for whom the Agent is acting, it being understood and agreed that the rights and benefits of such Affiliate under the Loan Documents consist exclusively of such Affiliate's right to share in payments and collections out of the Security as more fully set forth in Section 9.02. Without limiting the generality of the foregoing, (i) each such Lender Affiliate shall, for the avoidance of doubt, be deemed to have agreed to the provisions of Section 9.04(c) and (ii) no such Lender Affiliate shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Security (including the release or impairment of any Security). Notwithstanding any other provision of this Article 9 to the contrary, the Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to Hedging Obligations or Obligations in respect of Service Agreements, or any other approved transactions unless the Agent has received written notice of such obligations, together with such supporting documentation as the Agent may request, from the applicable Lender or Lender Affiliate.

2. Security

a. Except to the extent provided in paragraph (b) below, the Security shall be granted in favour of and held by the Agent for and on behalf of the Lenders in accordance with the provisions of this Agreement. The Agent shall, in accordance with its usual practices in effect from time to time, take all steps required to perfect and maintain the Security, including: taking possession of the certificates representing the securities required to be pledged hereunder; filing renewals and change notices in respect of such Security; and ensuring that the name of the Agent is noted as loss payee or mortgagee on all property insurance policies covering the Property of the Companies. If the Agent becomes aware of any matter concerning the Security which it considers to be material, it shall promptly inform the Lenders. The Agent shall comply with all instructions provided by the Lenders in connection with the enforcement or release of the Security which it holds. The Agent agrees to permit each Lender to review and make photocopies of the original documents comprising the Security from time to time upon reasonable notice.

b. Any security which may be granted by a Credit Party in favour of any Lender directly in respect of the Obligations (such as but not limited to security granted in favour of any Lender under the *Bank Act* (Canada)) shall be deemed to constitute part of the Security. Each Lender which holds any such item of security agrees that it shall not enforce such security unless and until the Required Lenders have made a determination to enforce the Security pursuant to Section 9.01(d), and such Lender agrees to remit to the Agent all amounts received by it in connection with the enforcement thereof. All such amounts shall be deemed to constitute Proceeds of Realization and shall be dealt with as provided in Section 9.03.

c. [Reserved]

d. On or before the Maturity Date, the Borrower shall (i) unwind all Hedging Agreements (and pay all applicable unwinding costs in respect thereof) with the Lenders and Affiliates of the Lenders; or (ii) provide cash collateral in favour of the Agent in respect of all outstanding Hedging Agreements in an amount satisfactory to the Agent. For greater certainty, the Agent shall have no obligation to release all or any portion of the Security unless and until all Hedging Agreements are terminated or such cash collateral is provided in respect thereof.

e. Notwithstanding the rights of an Affiliate of a Lender or a Former Lender to benefit from the Security in respect of the Hedging Obligations, all decisions concerning the Security and the enforcement thereof shall be made by the Lenders or the Required Lenders in accordance with this Agreement and no Affiliate of a Lender nor a Former Lender to whom Hedging Obligations are owed from time to time shall have any additional right to influence the Security or the enforcement of the Security as a result of holding Hedging Obligations.

3. Application of Proceeds of Realization

a. Subject to paragraph 9.03(b) below but notwithstanding any other provision of this Agreement, the Proceeds of Realization of the Security or any portion thereof shall be distributed in the following order:

i. first, in payment of all reasonable out of pocket costs and expenses incurred by the Agent and the Lenders in connection with such realization, including reasonable legal, accounting and receivers' fees and disbursements;

ii. second, against the remaining Obligations (except those referred to in paragraph (iii) below), on a *pari passu* basis among the Lenders to whom such Obligations are payable;

iii. third, to pay any Obligations owed to Non-Funding Lenders, on a *pari passu* basis among the Non-Funding Lenders to whom such Obligations are payable; and

iv. fourth, if all obligations of the Borrower listed above have been paid and satisfied in full, any surplus Proceeds of Realization shall be paid in accordance with Applicable Law.

b. If an Event of Default shall have occurred, until all obligations of the Lenders are paid in full in cash and all Hedging Obligations have been discharged or cash collateralized and all Commitments have been terminated, all payments or proceeds received by the Agent under this Agreement or any other Loan Document in respect of any of the Obligations, including, but not limited to any and all proceeds received by the Agent in respect of any sale, any collection from, or other realization upon all or any part of the Security (including the Proceeds of Realization of the Security or any portion thereof) and any payment, property or distribution received in respect of the Obligations during or in connection with any case or proceeding under any Insolvency Legislation, shall be applied in full or in part as follows:

i. first, to the payment of reasonable out-of-pocket fees, costs and expenses, including legal fees, of the Agent payable or reimbursable by the Lenders under the Loan Documents;

ii. second, to the payment of all Obligations under Facility A and all Hedging Obligations (including accrued and unpaid interest, principal of the Outstanding Advances thereunder, including interest accrued at the default rate and swap breakage costs) on a *pari passu* basis (except those referred to in paragraph 10.03(b)(iv) below);

iii. fourth, to payment of any other amounts for payment of any other Obligations on a *pari passu* basis (except those referred to in paragraph 9.03(b)(iv) below);

iv. fifth, to pay any Obligations owed to Non-Funding Lenders, on a *pari passu* basis among the Non-Funding Lenders to whom such Obligations are payable; and

v. sixth, if all obligations of the Borrower listed above have been paid and satisfied in full, any surplus Proceeds of Realization shall be paid in accordance with Applicable Law.

c. In carrying out the foregoing, (A) amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding category, subject to the provisions of the following sentence, and (B) each of the Lenders entitled to payment under any category shall, if applicable, receive an amount equal to its *pro rata* share of amounts available to be applied in such category. For purposes of this section, the obligations to be satisfied in each of clause first through fifth shall include of all amounts owing under the Loan Documents according to the terms thereof with respect to the category of obligations described therein, including in each case all applicable loan fees, service fees, professional fees and interest (and specifically including interest accrued after the commencement of any Insolvency Event), default interest calculated at default rates, interest on interest, indemnification obligations, expense reimbursements and other charges, in each case whether or not accruing or incurred after the occurrence or commencement of an Insolvency Event and whether or not the same would be or is allowed or disallowed in whole or in part in any Insolvency Event.

d. Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Agent may assume that the Borrower has made such payment on such date in accordance herewith and may (but shall not be required to) in reliance upon such assumption, distribute to the applicable Lenders the amount due. With respect to any payment that the Agent makes to any Lender as to which the Agent determines (in its sole and absolute

discretion) that any of the following applies (such payment referred to as the "**Rescindable Amount**"): (1) the Borrower has not in fact made the corresponding payment to the Agent; (2) the Agent has made a payment in excess of the amount(s) received by it from the Borrower either individually or in the aggregate (whether or not then owed); or (3) the Agent has for any reason otherwise erroneously made such payment; then each of the Lenders severally agrees to repay to the Agent forthwith on demand the Rescindable Amount so distributed to such Lender, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Agent, at a rate determined by the Agent in accordance with banking industry rules on interbank compensation.

4. Payments by Agent

    a. The following provisions shall apply to all payments made by the Agent to the Lenders hereunder:

        i. the Agent shall be under no obligation to make any payment (whether in respect of principal, interest, fees or otherwise) to any Lender until an amount in respect of such payment has been received by the Agent from the Borrower;

        ii. if the Agent receives a payment of principal, interest, fees or other amount owing by the Borrower under Facility A which is less than the full amount of any such payment due, the Agent shall distribute such amount received among the Lenders under Facility A in each Lender's Proportionate Share thereof;

        iii. if any Lender has advanced more or less than its Proportionate Share of Facility A, such Lender's entitlement to a payment of principal, interest, fees or other amount owing by the Borrower under Facility A shall be increased or reduced, as the case may be, to reflect the amount actually advanced by such Lender;

        iv. if a Lender's Proportionate Share of an Advance under Facility A has been advanced for less than the full period to which any payment by the Borrower relates, such Lender's entitlement to receive a portion of any payment of interest or fees under Facility A shall be reduced in proportion to the length of time such Lender's Proportionate Share has actually been outstanding (unless such Lender has paid all interest required to have been paid by it to the Agent pursuant to the CBA Model Provisions);

        v. the Agent acting reasonably and in good faith shall, after consultation with the Lenders in the case of any dispute, determine in all cases the amount of all payments to which each Lender is entitled and such determination shall be deemed to be prima facie correct;

        vi. upon request, the Agent shall deliver a statement detailing any of the payments to the Lenders referred to herein;

        vii. all payments by the Agent to a Lender hereunder shall be made to such Lender at its address set out herein unless notice to the contrary is received by the Agent from such Lender; and

        viii. if the Agent has received a payment from the Borrower on a Business Day (not later than the time required for the receipt of such payment as set out in this Agreement) and fails to remit such payment to any Lender entitled to receive its Proportionate Share of such payment on such Business Day, the Agent agrees to pay interest on such late payment at a rate determined by the Agent in accordance with prevailing banking industry practice on interbank compensation.

    b. The Agent may in its sole discretion from time to time make adjustments in respect of any Lender's share of an Advance, Conversion, Rollover or Repayment under Facility A in order that the Outstanding Advances due to such Lender under Facility A shall be approximately in accordance with such Lender's Proportionate Share of Facility A.

    c. Notwithstanding anything to the contrary in this Agreement, if at any time the Agent determines (in its sole and absolute discretion) that it has made a payment hereunder in error to any Lender, whether or not in respect of an Obligation due and owing by the Borrower at such time, where such payment is a Rescindable Amount, then in any such event, each such Person receiving a Rescindable Amount severally agrees to repay to the Agent forthwith on demand the Rescindable Amount received by such Person in immediately available funds in the currency so received, with interest thereon, for each day from and including the date such Rescindable Amount is received by it to but excluding the date of payment to the Agent, at the rate determined by the Agent in accordance with banking industry rules on interbank compensation. Each Lender irrevocably waives any and all defenses, including any "discharge for value" (under which a creditor might otherwise claim a right to retain funds mistakenly paid by a third party in respect of a debt owed by another), "good consideration", "change of position" or similar defenses (whether at law or in equity) to its obligation to return any Rescindable Amount. The Agent shall inform each Lender that received a Rescindable Amount promptly upon determining that any payment made to such person comprised, in whole or in part, a Rescindable Amount. Each Person's obligations, agreements and waivers under this Section 9.04(c) shall survive the resignation or replacement of the Agent, any transfer of rights or obligations by, or the replacement of, a Lender, the termination of the Commitments and/or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Loan Document.

5. Protection of Agent

    a. Unless the Agent has actual knowledge or actual notice to the contrary, it may assume that each Lender's address set out in Exhibit "A" attached hereto is correct, unless and until it has received from such Lender a notice designating a different address.

    b. The Agent may engage and pay for the advice or services of any lawyers, accountants or other experts whose advice or services may to it seem necessary, expedient or desirable and rely upon any advice so obtained (and to the extent

that such costs are not recovered from the Borrower pursuant to this Agreement, each Lender agrees to reimburse the Agent in such Lender's Proportionate Share of such costs).

c. Unless the Agent has actual knowledge or actual notice to the contrary, it may rely as to matters of fact which might reasonably be expected to be within the knowledge of any Credit Party upon a statement contained in any Loan Document.

d. Unless the Agent has actual knowledge or actual notice to the contrary, it may rely upon any communication or document believed by it to be genuine.

e. The Agent may refrain from exercising any right, power or discretion vested in it under this Agreement unless and until instructed by the Required Lenders as to whether or not such right, power or discretion is to be exercised and, if it is to be exercised, as to the manner in which it should be exercised (provided that such instructions shall be required to be provided by all of the Lenders in respect of any matter for which the unanimous consent of the Lenders is required as set out herein).

f. The Agent may refrain from exercising any right, power or discretion vested in it which would or might in its sole and unfettered opinion be contrary to any law of any jurisdiction or any directive or otherwise render it liable to any Person, and may do anything which is in its opinion in its sole discretion necessary to comply with any such law or directive.

g. The Agent may refrain from acting in accordance with any instructions of the Required Lenders to begin any legal action or proceeding arising out of or in connection with this Agreement or take any steps to enforce or realize upon any Security, until it shall have received such security as it may reasonably require (whether by way of payment in advance or otherwise) against all costs, claims, expenses (including legal fees) and liabilities which it will or may expend or incur in complying with such instructions.

h. The Agent shall not be bound to disclose to any Person any information relating to the Credit Parties or any Related Person if such disclosure would or might in its opinion in its sole discretion constitute a breach of any law or regulation or be otherwise actionable at the suit of any Person.

a. The Agent shall not accept any responsibility for the accuracy and/or completeness of any information supplied in connection herewith or for the legality, validity, effectiveness, adequacy or enforceability of any Loan Document and shall not be under any liability to any Lender as a result of taking or omitting to take any action in relation to any Loan Document except in the case of the Agent's gross negligence or wilful misconduct.

6. Duties of Agent

The Agent shall:

a. as a non-fiduciary agent for the Borrower, maintain a record of the Outstanding Advances owing to each Lender, which record shall conclusively be presumed to be correct and accurate, absent manifest error;

b. hold and maintain the Security to the extent provided in Section 9.02;

c. provide to each Lender copies of all financial information received from the Borrower promptly after receipt thereof, and copies of any Draw Requests, Conversion Notices, Rollover Notices, Repayment Notices and other notices received by the Agent from the Borrower upon request by any Lender;

d. promptly advise each Lender of Advances required to be made by it hereunder and disburse all Repayments to the Lenders hereunder in accordance with the terms of this Agreement;

e. promptly notify each Lender of the occurrence of any Event of Default of which the Agent has actual knowledge or actual notice;

f. at the time of engaging any agent, receiver, receiver-manager, consultant, monitor or other party in connection with the Security or the enforcement thereof, obtain the agreement of such party to comply with the applicable terms of this Agreement in carrying out any such enforcement activities and dealing with any Proceeds of Realization;

g. account for any monies received by it in connection with this Agreement, the Security and any other agreement delivered in connection herewith or therewith;

h. each time the Borrower requests the written consent of the Lenders in connection with any matter, use its best efforts to obtain and communicate to the Borrower the response of the Lenders in a reasonably prompt and timely manner having due regard to the nature and circumstances of the request;

a. give written notice to the Borrower in respect of any other matter in respect of which notice is required in accordance with or pursuant to this Agreement, promptly or promptly after receiving the consent of the Lenders, if required under the terms of this Agreement;

b. except as otherwise provided in this Agreement, act in accordance with any instructions given to it by the Required Lenders;

c. refrain from exercising any right, power or discretion vested in it under this Agreement or any document incidental thereto if so instructed by the Required Lenders (in respect of any matter which requires the consent of the Required

Lenders), or by all of the Lenders (in respect of any matter which requires the unanimous consent of the Lenders); and

xx. call a meeting of the Lenders at any time not earlier than five (5) days and not later than thirty (30) days after receipt of a written request for a meeting provided by any Lender.

7. Lenders' Obligations Several; No Partnership

The obligations of each Lender under this Agreement are several. The failure of any Lender to carry out its obligations hereunder shall not relieve the other Lenders of any of their respective obligations hereunder. No Lender shall be responsible for the obligations of any other Lender hereunder. Neither the entering into of this Agreement nor the completion of any transactions contemplated herein shall constitute the Lenders a partnership.

8. Sharing of Information

The Agent and the Lenders may share among themselves any information they may have from time to time concerning the Credit Parties whether or not such information is confidential; but shall have no obligation to do so (except for any obligations of the Agent to provide information to the extent required in this Agreement).

9. Acknowledgement by Borrower

Each Credit Party hereby acknowledges notice of the terms of the provisions of this ARTICLE IX and agrees to be bound hereby to the extent (if any) of its obligations hereunder.

10. Amendments to ARTICLE IX

The Agent and the Lenders may amend any provision in this ARTICLE IX, except Section 9.01, without prior notice to or the consent of the Borrower, and the Agent shall provide a copy of any such amendment to the Borrower reasonably promptly thereafter; provided however if any such amendment would materially adversely affect any rights, entitlements, obligations or liabilities of the Borrower, such amendment shall not be effective until the Borrower provides their written consent thereto, such consent not to be unreasonably withheld or arbitrarily delayed.

11. Deliveries, etc.

As between the Credit Parties on the one hand, and the Agent and the Lenders on the other hand:

a. all statements, certificates, consents and other documents which the Agent purports to deliver to a Credit Party on behalf of the Lenders shall be binding on each of the Lenders, and none of the Credit Parties shall be required to ascertain or confirm the authority of the Agent in delivering such documents;

b. all certificates, statements, notices and other documents which are delivered by a Credit Party to the Agent in accordance with this Agreement shall be deemed to have been duly delivered to each of the Lenders; and

c. all payments which are delivered by the Borrower to the Agent in accordance with this Agreement shall be deemed to have been duly delivered to each of the Lenders.

12. Agency Fees

a. The Borrower hereby jointly and severally agree to pay to the Agent an annual agency fee in such amount as may be agreed in writing from time to time between the Borrower and the Agent, payable on the ARCA Closing Date and annually on each anniversary date thereafter during the term of this Agreement, together with such additional fees as may be provided for in the Agency Fee Agreement.

b. Each Lender which assigns its interests to another Person agrees to pay an assignment fee of Five Thousand Dollars ($5,000) to the Agent.

13. Non-Funding Lender

a. Each Non-Funding Lender shall be required to provide to the Agent, immediately upon receipt of a written request from the Agent cash in an amount, as shall be determined from time to time by the Agent in its discretion, equal to all other obligations of such Non-Funding Lender to the Agent that are owing or may become owing pursuant to this Agreement, including, without limitation, such Non-Funding Lender's obligation to pay its Proportionate Share of any indemnification or expense reimbursement amounts not paid by the Borrower. Such cash shall be held by the Agent in one or more accounts in the name of the Agent and shall not be required to be interest-bearing. The Agent shall be entitled to apply such cash from time to time in satisfaction of all or any portion of such obligations of such Non-Funding Lender, as determined by the Agent in its discretion.

b. The Agent shall be entitled to set off any Non-Funding Lender's Proportionate Share of all payments received from the Borrower against such Non-Funding Lender's obligations to fund payments and Advances required to be made by it and to purchase participations required to be purchased by it in each case under this Agreement and the other Loan Documents. The Agent shall be entitled to withhold and deposit in one or more non-interest bearing accounts in the name of the Agent all amounts (whether principal, interest, fees or otherwise) received by the Agent from the Borrower and due to such Non-Funding Lender pursuant to this Agreement, which amounts shall be used by the Agent (A) first, to reimburse the Agent for any amounts owing to it by such Non-Funding Lender pursuant to this Agreement or any other Loan Document, (B) second, to reimburse the other Lenders in respect of any Advances which may have been made by them in their discretion in order to fund, in whole or in part, any shortfall in Advances which were required to have been made by such Non-Funding Lender (and to the extent that any said Advance made by a Lender is so reimbursed, such Advance shall be deemed to have been assigned by such Lender

to the Non-Funding Lender), (C) third, to be held in such account and applied by the Agent from time to time against all other obligations of such Non-Funding Lender to the Agent owing pursuant to this Agreement in such amount as shall be determined from time to time by the Agent in its discretion including, without limitation, such Non-Funding Lender's obligation to pay its Proportionate Share of any indemnification or expense reimbursement amounts not paid by the Borrower, and (D) fourth, at the Agent's discretion, to fund from time to time such Non-Funding Lender's Proportionate Share of Advances under Facility A.

c. A Non-Funding Lender shall have no voting or consent rights with respect to matters under this Agreement or the other Loan Documents, unless and until it is no longer a Non-Funding Lender. Accordingly, the Commitments and the aggregate unpaid principal amount of the Advances owing to any Non-Funding Lender shall be disregarded in the determination of the Required Lenders.

d. Neither the Agent nor any of its Affiliates nor any of their respective officers, directors, employees, agents or representatives shall be liable to any Lender (including, without limitation, a Non-Funding Lender) for any action taken or omitted to be taken by them in connection with amounts payable by the Borrower to a Non-Funding Lender and received by the Agent and applied in accordance with the provisions of this Agreement, save and except for the negligence or wilful misconduct of the Agent as determined by a final non-appealable judgment of a court of competent jurisdiction.

14. Erroneous Payments

a. If the Agent (x) notifies a Lender, or any Person who has received funds on behalf of a Lender (any such Lender or other recipient, a "**Payment Recipient**") that the Agent has determined in its sole discretion (whether or not after receipt of any notice under immediately succeeding clause 9.14(b)) that any funds (as set forth in such notice from the Agent) received by such Payment Recipient from the Agent or any of its Affiliates were erroneously or mistakenly transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Lender or other Payment Recipient on its behalf) (any such funds, whether transmitted or received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise, individually and collectively, an "**Erroneous Payment**") and (y) demands in writing the return of such Erroneous Payment (or a portion thereof), such Erroneous Payment shall at all times remain the property of the Agent pending its return or repayment as contemplated below in this Section 9.14 and held in trust for the benefit of the Agent, and such Lender shall (or, with respect to any Payment Recipient who received such funds on its behalf, shall cause such Payment Recipient to) promptly, but in no event later than two Business Days thereafter (or such later date as the Agent may, in its sole discretion, specify in writing), return to the Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made, in same day funds (in the currency so received), together with interest thereon (except to the extent waived in writing by the Agent) in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Agent in same day funds at a rate determined by the Agent in accordance with banking industry rules on interbank compensation from time to time in effect. A notice of the Agent to any Payment Recipient under this clause 9.14(a) shall be conclusive, absent manifest error.

b. Without limiting immediately preceding clause 9.14(a), each Lender or any Person who has received funds on behalf of a Lender, agrees that if it receives a payment, prepayment or repayment (whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise) from the Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in this Agreement or in a notice of payment, prepayment or repayment sent by the Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Agent (or any of its Affiliates), or (z) that such Lender, or other such recipient, otherwise becomes aware was transmitted, or received, in error or by mistake (in whole or in part), then in each such case:

i. it acknowledges and agrees that (A) in the case of immediately preceding clauses 9.14(b)(x) or (y), an error and mistake shall be presumed to have been made (absent written confirmation from the Agent to the contrary) or (B) an error and mistake has been made (in the case of immediately preceding clause 9.14(b)(z)), in each case, with respect to such payment, prepayment or repayment; and

ii. such Lender shall (and shall cause any other recipient that receives funds on its respective behalf to) promptly (and, in all events, within one Business Day of its knowledge of the occurrence of any of the circumstances described in immediately preceding clauses 9.14(b)(x), (y) and (z)) notify the Agent of its receipt of such payment, prepayment or repayment, the details thereof (in reasonable detail) and that it is so notifying the Agent pursuant to this Section 9.14(b).

For the avoidance of doubt, the failure to deliver a notice to the Agent pursuant to this Section 9.14(b) shall not have any effect on a Payment Recipient's obligations pursuant to Section 9.14(a) or on whether or not an Erroneous Payment has been made.

c. Each Lender hereby authorizes the Agent to set off, net and apply any and all amounts at any time owing to such Lender under any Loan Document, or otherwise payable or distributable by the Agent to such Lender under any Loan Document with respect to any payment of principal, interest, fees or other amounts, against any amount that the Agent has demanded to be returned under immediately preceding clause 9.14(a).

d.

i. In the event that an Erroneous Payment (or portion thereof) is not recovered by the Agent for any reason, after demand therefor in accordance with immediately preceding clause 9.14(a), from any Lender that has received such Erroneous Payment (or portion thereof) (and/or from any Payment Recipient who received such Erroneous Payment (or portion thereof) on its respective behalf) (such unrecovered amount, an "**Erroneous Payment Return Deficiency**"), upon the Agent's notice to such Lender at any time, then

effective immediately (with the consideration therefor being acknowledged by the parties hereto), (A) such Lender shall be deemed to have assigned its Advances (but not its Commitments) with respect to which such Erroneous Payment was made (the "**Erroneous Payment Impacted Class**") in an amount equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Agent may specify) (such assignment of the Advances (but not Commitments) of the Erroneous Payment Impacted Class, the "**Erroneous Payment Deficiency Assignment**") (on a cashless basis and such amount calculated at par plus any accrued and unpaid interest (with the assignment fee to be waived by the Agent in such instance)), and is hereby (together with the Borrower) deemed to execute and deliver an assignment and assumption agreement (or, to the extent applicable, an agreement incorporating an assignment and assumption agreement by reference pursuant to an approved electronic platform as to which the Agent and such parties are participants) with respect to such Erroneous Payment Deficiency Assignment, and such Lender shall deliver any promissory notes evidencing such Advances to the Borrower or the Agent (but the failure of such Person to deliver any such promissory notes shall not affect the effectiveness of the foregoing assignment), (B) the Agent as the assignee Lender shall be deemed to have acquired the Erroneous Payment Deficiency Assignment, (C) upon such deemed acquisition, the Agent as the assignee Lender shall become a Lender, as applicable, hereunder with respect to such Erroneous Payment Deficiency Assignment and the assigning Lender shall cease to be a Lender, as applicable, hereunder with respect to such Erroneous Payment Deficiency Assignment, excluding, for the avoidance of doubt, its obligations under the indemnification provisions of this Agreement and its applicable Commitments which shall survive as to such assigning Lender, (D) the Agent and the Borrower shall each be deemed to have waived any consents required under this Agreement to any such Erroneous Payment Deficiency Assignment, and (E) the Agent will reflect in the Register its ownership interest in the Advances subject to the Erroneous Payment Deficiency Assignment. For the avoidance of doubt, no Erroneous Payment Deficiency Assignment will reduce the Commitments of any Lender and such Commitments shall remain available in accordance with the terms of this Agreement.

ii. Notwithstanding Section 10(b)(v) of the CBA Model Provisions (but excluding, in all events, any assignment consent or approval requirements (whether from the Borrower or otherwise)), the Agent may, in its discretion, sell any Advances acquired pursuant to an Erroneous Payment Deficiency Assignment and upon receipt of the proceeds of such sale, the Erroneous Payment Return Deficiency owing by the applicable Lender shall be reduced by the net proceeds of the sale of such Advance (or portion thereof), and the Agent shall retain all other rights, remedies and claims against such Lender (and/or against any recipient that receives funds on its respective behalf). In addition, an Erroneous Payment Return Deficiency owing by the applicable Lender (x) shall be reduced by the proceeds of prepayments or repayments of principal and interest, or other distribution in respect of principal and interest, received by the Agent on or with respect to any such Advances acquired from such Lender pursuant to an Erroneous Payment Deficiency Assignment (to the extent that any such Advances are then owned by the Agent) and (y) may, in the sole discretion of the Agent, be reduced by any amount specified by the Agent in writing to the applicable Lender from time to time.

e. The parties hereto agree that (x) irrespective of whether the Agent may be equitably subrogated, in the event that an Erroneous Payment (or portion thereof) is not recovered from any Payment Recipient that has received such Erroneous Payment (or portion thereof) for any reason, the Agent shall be subrogated to all the rights and interests of such Payment Recipient (and, in the case of any Payment Recipient who has received funds on behalf of a Lender, to the rights and interests of such Lender, as the case may be) under the Loan Documents with respect to such amount (the "**Erroneous Payment Subrogation Rights**") (provided that the Credit Parties' Obligations under the Loan Documents in respect of the Erroneous Payment Subrogation Rights shall not be duplicative of such Obligations in respect of Advances that have been assigned to the Agent under an Erroneous Payment Deficiency Assignment) and (y) an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by the Borrower or any other Credit Party; provided that this Section 9.14 shall not be interpreted to increase (or accelerate the due date for), or have the effect of increasing (or accelerating the due date for), the Obligations of the Borrower relative to the amount (and/or timing for payment) of the Obligations that would have been payable had such Erroneous Payment not been made by the Agent; provided, further, that for the avoidance of doubt, immediately preceding clauses 9.14(e)(x) and (y) shall not apply to the extent any such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Agent from (i) the Borrower or any other Credit Party or (ii) the Proceeds of Realization from the enforcement of one or more of the Loan Documents against or in respect of one or more of the Credit Parties, in each case, for the purpose of making such Erroneous Payment.

f. To the extent permitted by Applicable Law, no Payment Recipient shall assert any right or claim to an Erroneous Payment, and hereby waives, and is deemed to waive, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Agent for the return of any Erroneous Payment received, including, without limitation, any defense based on "discharge for value" or any similar doctrine.

g. Each party's obligations, agreements and waivers under this Section 9.14 shall survive the resignation or replacement of the Agent, any transfer of rights or obligations by, or the replacement of, a Lender, the termination of the Commitments and/or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Loan Document.

LI. X - GUARANTEE

1. Guarantee

Each Guarantor hereby unconditionally, absolutely and irrevocably guarantees the full and punctual payment to the Agent and the Lenders as and when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, of all of the Obligations of the Borrower in the same currency as the currency of such Obligations, whether for principal, interest, fees, expenses, indemnities or otherwise.

2. Nature of Guarantee

The agreement of each Guarantor under Section 10.01 shall in all respects be a continuing, absolute, unconditional and irrevocable guarantee of payment when due and not of collection, and shall remain in full force and effect until all Obligations (if applicable, of the other Borrower) have been paid in full, all of its obligations under this ARTICLE X have been paid in full and any and all commitments, actual or contingent, of the Agent and the Lenders to the Borrower have been permanently terminated. Each Guarantor guarantees that the Obligations (if applicable, of the other Borrower) will be paid strictly in accordance with their respective terms, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Agent and the Lenders with respect thereto (provided it shall not be in breach of any such law, regulation or order by doing so).

3. Liability Not Lessened or Limited

Subject to the provisions hereof, the liability of the Guarantors under this ARTICLE X shall be absolute, unconditional and irrevocable irrespective of, and without being lessened or limited by:

a. any lack of validity, legality, effectiveness or enforceability of any of the agreements or instruments evidencing any of the Obligations of the Borrower;

b. the failure of the Agent or any Lender:

i. to assert any claim or demand or to enforce any right or remedy against the Borrower or any other Person (including any other guarantor) under the provisions of any of the agreements or instruments evidencing any of the Obligations of the Borrower, or otherwise, or

ii. to exercise any right or remedy against any other guarantor of, or collateral securing, any of the Obligations of the Borrower;

c. any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations of the Borrower, or any other extension, compromise, indulgence or renewal of any Obligations of the Borrower;

d. any reduction, limitation, variation, impairment, discontinuance or termination of the Obligations of the Borrower for any reason (other than by reason of any payment which is not required to be rescinded), including any claim of waiver, release, discharge, surrender, alteration or compromise, and shall not be subject to (and the Borrower hereby waive any right to or claim of) any defence or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, the Obligations of the Borrower or otherwise (other than by reason of any payment which is not required to be rescinded);

e. any amendment to, rescission, waiver or other modification of, or any consent to any departure from, any of the terms of any of the agreements or instruments evidencing any of the Obligations of the Borrower or any other guarantees or security;

f. any addition, exchange, release, discharge, renewal, realization or non-perfection of any collateral security for the Obligations of the Borrower or any amendment to, or waiver or release or addition of, or consent to departure from, any other guarantee held by the Agent or any Lender as security for any of the Obligations of the Borrower;

g. the loss of or in respect of or the unenforceability of any other guarantee or other security which the Agent or any Lender may now or hereafter hold in respect of the Obligations of the Borrower, whether occasioned by the fault of the Agent or any Lender or otherwise;

h. any change in the name of the Borrower or any Guarantor, its Constating Documents, including the articles of incorporation, partnership agreement, capital structure, capacity or constitution of any such Credit Party, the bankruptcy or insolvency of any Credit Party, the sale of any or all of the business or assets of any Credit Party or any Credit Party being consolidated, merged or amalgamated with any other Person;

a. any payment received on account of the Obligations of the Borrower by the Agent or any Lender that it is obliged to repay pursuant to any Applicable Law or for any other reason; or

b. any other circumstance which might otherwise constitute a defence available to, or a legal or equitable discharge of, the Borrower, any surety or any guarantor.

4. Agent not Bound to Exhaust Recourse

The Agent shall not be bound to pursue or exhaust its recourse against the Borrower or others or any security or other guarantees it may at any time hold before being entitled to payment under this ARTICLE X from the Borrower or to enforce its rights against the Borrower under the Security to which the Borrower is a party.

5. Enforcement

Upon any of the Obligations of the Borrower becoming due and payable, each of the Guarantor shall, upon demand by the Agent, forthwith pay to the Agent in immediately available funds at the address of the Agent set forth herein the total amount of the Obligations of each of the Borrower and the Agent may forthwith enforce its rights against each of the Credit Parties under the Security to which each is a party and the Agent shall apply the sums so paid and realized in such manner as provided for herein. A written statement of the Agent as to the amount of the Obligations of the Borrower remaining unpaid to the Agent and the Lenders at any time shall be *prima facie* evidence against each Guarantor, absent manifest error, as to the amount of the Obligations of the Borrower remaining unpaid to the Agent and the Lenders at such time.

6. Guarantee in Addition to Other Security

The guarantees contained in this ARTICLE X shall be in addition to and not in substitution for any other guarantee or other security which the Agent may now or hereafter hold in respect of the Obligations of the Borrower, and the Agent shall be under no obligation to marshal in favour of the Borrower any other guarantee or other security or any moneys or other assets which the Agent may be entitled to receive or may have a claim upon.

7. Reinstatement

The guarantees contained in this ARTICLE X and all other terms of this ARTICLE X shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Obligations of the Borrower is rescinded or must otherwise be returned or restored by the Agent or any Lender by reason of the insolvency, bankruptcy or reorganization of the Borrower or for any other reason not involving the gross negligence or wilful misconduct of the Agent or any Lender, all as though such payment had not been made.

8. Waiver of Notice, etc.

To the extent permitted by Applicable Law, each Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations of the Borrower and this Agreement.

9. Subrogation Rights

Except to the extent necessary to preserve their rights, none of the Guarantors will exercise any rights which it may acquire by way of subrogation under this Agreement, by any payment made hereunder or otherwise, until the prior satisfaction in full of all of the Obligations of the Borrower. Any amount paid to any Guarantor on account of any such subrogation rights prior to the satisfaction in full of all Obligations of the Borrower shall be held in trust for the benefit of the Agent and the Lenders and shall immediately be paid to the Agent and credited and applied against the Obligations of the Borrower, whether matured or unmatured; provided, however, that if:

a. any Guarantor has made payment to the Agent of all or any part of the Obligations of the Borrower, and

b. the Termination Date has occurred,

the Agent agrees that, at such Guarantor's request, the Agent will execute and deliver to such Guarantor appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to such Guarantor of an interest in the Obligations of the Borrower resulting from such payment by such Guarantor.

10. Postponement and Subordination of Claims

If and for so long as an Event of Default has occurred and is continuing, each Guarantor agrees to postpone any and all claims it may have against the Borrower to the claims of the Agent and the Lenders against the Borrower, and agrees to refrain from taking any action or commencing any proceeding against the Borrower or its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise, to recover any amounts in respect of payments made hereunder to the Agent, although a Guarantor may take such actions as may be necessary to preserve their claims against the other Credit Parties. The Borrower agrees that, if and for so long as an Event of Default has occurred and is continuing, all indebtedness and liabilities owing by any Guarantor to the Borrower shall be subordinate and junior in right of payment to the payment in full, in cash or cash equivalents of all of the Obligations of the Borrower. In the event any payments are made by a particular Guarantor in contravention of the preceding sentences, the relevant Guarantor shall hold the amount so received in trust for the Agent and the Lenders and shall forthwith pay such amount to the Agent.

11. Advances After Certain Events

All advances, renewals and credits made or granted by the Agent and the Lenders to or for the Borrower hereunder after the bankruptcy or insolvency of the Borrower, but before the Agent and the Lenders have received notice thereof, shall be deemed to form part of the Obligations of the Borrower, and all advances, renewals and credits obtained from the Agent and the Lenders by or on behalf of the Borrower hereunder shall be deemed to form part of the Obligations of the Borrower, notwithstanding any lack or limitation of power, incapacity or disability of the Borrower or of the directors or agents thereof and notwithstanding that the Borrower may not be a legal entity and notwithstanding any irregularity, defect or informality in the obtaining of such advances, renewals or credits, whether or not the Agent and the Lenders have knowledge thereof.

LI. XI - CBA MODEL PROVISIONS

1. CBA Model Provisions Incorporated by Reference

The CBA Model Provisions (except for the footnotes contained therein) form part of this Agreement and are incorporated herein by reference, subject to the following variations:

a. Each term set out below which is used as a defined term in the CBA Model Provisions shall be deemed to have been replaced as set out below; and for greater certainty the said replacement term shall have the meaning ascribed thereto in Section 1.01 of this Agreement:

- "Administrative Agent" shall be replaced by "Agent";
- "Applicable Percentage" shall be replaced by "Proportionate Share";
- "Borrower" shall mean all or any of the Borrower as the context requires;
- "Lending Office" and "lending office," which are used but not defined in the CBA Model Provisions, shall mean, as to any Lender, the office or offices from which it makes Advances and receives payments pursuant to this Agreement from time to time;
- "Loans" shall be replaced by "Advances";

- "Obligors" shall be replaced by "Credit Parties";
- "Provisions" shall be replaced by "CBA Model Provisions";

b. Paragraph (c) of the defined term “Applicable Law” is deleted and replaced with the following: “(c) any regulatory policy, practice, request, guideline or directive (including, but not limited to any policy, practice, guideline or directive of the US Treasury’s Office of Foreign Assets Control), but if any of the foregoing shall not have the force of law, it shall only constitute Applicable Law to the extent compliance therewith is generally regarded as mandatory by the Persons to whom it applies or is addressed or in accordance with prudent industry practice”;

c. Paragraph (a) of the definition of “Change in Law” in the Provisions is deleted and replaced with the following:

“(a) the phase-in, adoption or taking effect of any Applicable Law”;
and adding the following provision, at the end of the definition of Governmental Authority in the last line:
“Notwithstanding anything herein to the contrary, (i) the *Dodd-Frank Wall Street Reform and Consumer Protection Act* and all requests, rules, guidelines or directives thereunder or issued in connection therewith, and (ii) all requests, rules, guidelines or directives concerning capital adequacy promulgated by the Bank for International Settlements, the Basel Committee on Bank Supervision (or any successor or similar authority) or United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.”

d. The defined term “Excluded Taxes” is deleted and replaced with the following:

“Excluded Taxes” means, with respect to the Agent, any Lender, or any other recipient of any payment to be made by or on account of any obligation of a Credit Party hereunder or under any other Loan Document, (a) taxes imposed on or measured by its net income or capital, and franchise taxes imposed on it (in lieu of net income taxes), (i) by the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, or (ii) that are Other Connection Taxes (b) any branch profits taxes or any similar tax imposed by any jurisdiction in which the Lender is located, (c) any US federal withholding taxes imposed under FATCA, (d) in the case of a Foreign Lender (other than (i) an assignee pursuant to a request by the Borrower under Section 3.3(b), (ii) an assignee pursuant to an Assignment and Assumption made when an Event of Default has occurred and is continuing or (iii) any other assignee to the extent that the Borrower has expressly agreed that any withholding tax shall be an Indemnified Tax), any withholding tax imposed by Canada that is required by Applicable Law to be withheld or paid in respect of any amount payable hereunder or under any Loan Document to such Foreign Lender at the time such Foreign Lender becomes a party hereto (or designates a new lending office) or is attributable to such Foreign Lender’s failure or inability (other than as a result of a Change in Law) to comply with Section 3.2(f), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amount from a Credit Party with respect to such withholding tax pursuant to Section 3.2(a), (e) any withholding tax payable as a result of such Lender not dealing at arm’s length for the purposes of the *Income Tax Act* (Canada) (“**ITA**”) with the Credit Party (other than where the non-arm’s length relationship arises from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received, perfected or enforced a security interest under, engaged in any other transaction pursuant to or enforced this agreement or any other Document); and (f) any withholding tax payable as a result of the Lender being a “specified non-resident shareholder“ (as defined in subsection 18(5) of the ITA) or not dealing at arm’s length with, a “specified shareholder” of the Borrower (as defined) for purposes of subsection 18(5) of the ITA.

e. The defined term "Foreign Lender" in the CBA Model Provisions does not include a lender that is resident under the laws of Canada for purposes of the Income Tax Act (Canada).

f. "Pro rata share", "rateably" and similar terms in the CBA Model Provisions shall have the meaning ascribed to the term "Proportionate Share" as defined in Section 1.01 of this Agreement, if the context requires.

g. The interpretation rules in section 2(1) of the CBA Model Provisions, except item 2(1)(d), apply to every other Loan Document unless the particular other Loan Document specifies otherwise or the context otherwise requires.

h. Section 3.1(a), (b) and (c) in the CBA Model Provisions are deleted and replaced with the following provisions:

"(a) **Increased Costs Generally**. If from time to time any Change in Law shall:
(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender;
(ii) subject any Lender to any Tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any participation in a Letter of Credit or any Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof, except for Indemnified Taxes or Other Taxes for which compensation has been or will be made pursuant to Section 3.2 and the imposition, or any change in the rate, of any Excluded Tax payable by such Lender; or
(iii) impose on any Lender or any applicable interbank market any other condition, cost or expense affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein;
and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender or the Issuing Bank of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or the Issuing Bank hereunder (whether of principal, interest or any other amount), then upon request of such Lender from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.
(b) **Capital and Liquidity Requirements**. If any Lender determines in its sole and absolute discretion that any Change in Law affecting such Lender or any lending office of such Lender or such Lender's holding company (or other Controlling Person), if any, regarding capital requirements or liquidity has or would have the effect of reducing the rate of return on such Lender's capital or liquidity on the capital or liquidity of such Lender's holding company (or other Controlling Person), if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or the Letters of Credit issued or participated in by such Lender, to a level below that which such Lender or its holding company (or other Controlling Person) could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of its holding company (or other Controlling Person) with respect to capital adequacy or liquidity each from time to time), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or its holding company (or other Controlling Person) for any such reduction suffered.
(c) **Certificates for Reimbursement**. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company (or other Controlling Person), determined based on methods of averaging and attribution in its sole and absolute discretion, as the case may be, as specified in paragraph (a) or (b) of this Section, including reasonable detail of the basis of calculation of the amount or amounts, and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.
(d) **Delay in Requests.** Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation, except that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs and reductions and of such Lender's intention to claim compensation therefore, unless the Change in Law giving rise to such increased costs or reductions is retroactive, in which case the nine-month period referred to above shall be extended to include the period of retroactive effect thereof."

i. Section 3.2(a) in the CBA Model Provisions is deleted and replaced with the following provision:

"(a) Payments Subject to Taxes. If any Credit Party, the Agent, or any Lender is required by Applicable Laws to deduct or withhold or pay any Indemnified Taxes (including any Other Taxes) in respect of any payment by or on account of any obligation of a Credit Party hereunder or under any other Loan Document, then (i) the sum payable to the Agent or Lender, as applicable, shall be increased by that Credit Party when payable as necessary so that after making or allowing for all required deductions, withholdings and payments (including deductions, withholdings and payments applicable to additional sums payable under this Section) the Agent or Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions, withholdings or payments been required, (ii) the Credit Party shall make any such deductions or withholdings required to be made by it under Applicable Laws and (iii) the Credit Party shall timely pay the full amount required to be deducted or withheld by it to the relevant Governmental Authority in accordance with Applicable Laws."

j. Section 3.2(c) in the CBA Model Provisions shall be amended such that the Credit Parties shall be required to jointly and severally indemnify (except to the extent such indemnification would contravene any limitations specified in the guarantee provided by the relevant Credit Party to reflect Applicable Law) the Agent and each Lender. In addition, Section 3.2(c) shall be amended by adding the following sentence to the end thereof: "Notwithstanding the foregoing, the Borrower shall not be obliged to indemnify the Agent or any Lender to the extent any Indemnified Taxes or Other Taxes become payable as a result of the gross negligence or wilful misconduct of the Agent or such Lender".

k. Section 3.2(e) in the Provisions is deleted and replaced with the following provision:

"(e) Status of Lenders. (i) Any Lender that is entitled to an exemption from reduction of withholding Tax under Applicable Law with respect to payments hereunder or under any other Loan Document shall, at the request of the Borrower or the Agent, deliver to the Borrower and the Agent, at the time or times prescribed by Applicable Law or reasonably requested by the Borrower or the Agent, such properly completed and executed documentation prescribed by Applicable Law as will permit such payments to be made without withholding or at a reduced rate of withholding (including any documentation necessary to establish an exemption from or reduction of any Taxes that may be imposed under FATCA). In addition, (a) any Lender, if requested by the Borrower or the Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Agent as will enable the Borrower or the Agent to determine whether or not such Lender is subject to withholding or information reporting requirements, and (b) any Lender that ceases to be, or to be deemed to be, resident in Canada for purposes of Part XIII of the *Income Tax Act* (Canada) or any successor provision thereto shall within five days thereof notify the Borrower and the Agent in writing; and (ii) if a payment made to a Lender hereunder or under any other Loan Document would be subject to US federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code of the United States, as applicable), such Lender shall deliver to the Borrower and the Agent at the time or times prescribed by Applicable Law and at such time or times reasonably requested by the Borrower or the Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code of the United States) and such additional documentation reasonably requested by the Borrower or the Agent as may be necessary for the Borrower and the Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause, "FATCA" shall include any amendments made to FATCA after the date of this Agreement."

xx. In the third line of subsection 7.7(1) of the CBA Model Provisions, the phrase "…in consultation with the Borrower…" is hereby amended to read "…upon notice to the Borrower…".

lllllllllllllllllllllllllllllllllllllll. Section 9(b) shall not apply to claims made by a Lender in connection with disputes solely between the Agent and the Lenders.

mmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmmm. Section 9(d) shall be amended by adding to the end thereof ",unless such damages result from the gross negligence or wilful misconduct of such Indemnitee".

nnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnnn. In the fourth and fifth lines of Section 10(a) of the CBA Model Provisions, the following phrase is hereby deleted "hereunder without the prior written consent of the Agent and each Lender ".

oooooooooooooooooooooooooooooooooooooooo. In the eleventh and twelfth lines of Section 10(b)(i) of the CBA Model Provisions, the phrase "$5,000,000, in the case of any assignment in respect of a revolving facility, or $1,000,000, in the case of any assignment in respect of a term facility" is replaced with the amount "$500,000".

pppppppppppppppppppppppppppppppppppppppp. In addition to the restrictions contained in Section 10(b) of the CBA Model Provisions relating to the ability of Lenders to assign their Commitments in whole or in part, if a Lender proposes to assign less than its entire Commitment under Facility A, it may do so only if it retains a Commitment under Facility A in a principal amount of at least One Million Dollars ($1,000,000).

qqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqqq. The parties hereby acknowledge and agree that the indemnity contained in clause 9(b) (iii) of the CBA Model Provisions is in addition to and not in substitution for the indemnity contained in Section 12.04 of this Agreement.

rrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrr. In the seventeenth line of Section 9(b) of the CBA Model Provisions, the phrase "Release of Hazardous Materials" is hereby amended to read "release of Hazardous Materials".

ssssssssssssssssssssssssssssssssssssssss. In the third line of Section 14 of the CBA Model Provisions, the phrase "…its Affiliates and its and its Affiliates' respective partners…" is hereby amended to read "…its Affiliates and its Affiliates' respective partners…".

ttttttttttttttttttttttttttttttttttttttt. Section 13 of the Provisions is amended by adding the following new subsection (c):

"(c) Electronic Commerce. To evidence the fact that it has executed this Agreement or any other document contemplated by or delivered under or in connection with this Agreement, a party may transmit an executed copy to the other party by fax or by electronic mail. The transmitting party shall be deemed to have delivered this Agreement or such document, as the case may be, on the date it so transmitted such executed copy, unless the parties agree to some other date as the date of delivery. Unless otherwise provided or agreed by the parties, a party transmitting an executed copy of this Agreement or such other document by such electronic means shall promptly thereafter deliver to the other party a copy bearing its original signature, but any failure or delay in so doing shall not derogate in any way from the sufficiency or effectiveness of that party having electronically transmitted its executed copy. The signature of an individual executing this Agreement or such other document on behalf of a party, if sent and received by electronic mail or fax transmission, will be deemed to be genuine in the absence of evidence to the contrary and thus effective in the hands of the recipient, and binding upon the individual whose signature it reproduces and upon the party on whose behalf that individual signed, for all purposes and with the same effect as if it were the original signature of that individual."

2. Inconsistencies with CBA Model Provisions

To the extent that there is any inconsistency between a provision of this Agreement and a provision of the CBA Model Provisions, the provision of this Agreement shall govern. For greater certainty, a provision of this Agreement and a provision of the CBA Model Provisions shall be considered to be inconsistent if both relate to the same subject-matter and the provision in the CBA Model Provisions imposes more onerous obligations or restrictions than the corresponding provision in this Agreement.

LI. XII - GENERAL

1. Waivers

The failure or delay by the Agent or any Lender in exercising any right or privilege with respect to the non-compliance with any provisions of this Agreement by any Credit Parties and any course of action on the part of the Agent or any Lender, shall not operate as a waiver of any rights of the Agent or such Lender unless made in writing by the Agent or such Lender. Any such waiver shall be effective only in the specific instance and for the purpose for which it is given and shall not constitute a waiver of any other rights and remedies of the Agent or such Lender with respect to any other or future non-compliance.

2. Expenses; Debit Authorization

Whether or not the transactions contemplated by this Agreement are completed or any Advance has been made, the Borrower agree to pay on demand by the Agent from time to time all reasonable expenses incurred by the Agent on behalf of the Lenders in connection with this Agreement, the Security and

all documents contemplated hereby, specifically including: reasonable expenses incurred by the Agent on behalf of the Lenders in respect of due diligence, appraisals, insurance consultations, credit reporting and responding to demands of any Governmental Authority, reasonable legal expenses incurred by the Agent on behalf of the Lenders in connection with the preparation and interpretation of this Agreement and the Security and the administration of Facility A generally, including the preparation of waivers and partial discharges of Security; and all reasonable legal expenses incurred by the Agent on behalf of the Lenders in connection with the protection and enforcement of the Security. The Borrower hereby authorizes the Agent to debit any account maintained by it with the Agent, and to set off and compensate against any and all accounts, credits and balances maintained by it with the Agent, in order to pay (i) any interest or other amounts payable by the Credit Parties from time to time pursuant to this Agreement when due; and (ii) any expenses referred to herein which are not paid by the Credit Parties within ten (10) days after delivery to them of a written request from the Agent for payment of such expenses. The Agent agrees to give written notice to the Credit Parties of any such debit promptly thereafter.

3. General Indemnity

In addition to any other liability of the Borrower hereunder, the Companies hereby agrees to indemnify and save harmless the Indemnitees from and against all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements (including reasonable legal fees on a solicitor and his own client basis) of any kind or nature whatsoever (but excluding any consequential damages and damages for loss of profit) which may be imposed on, incurred by or asserted against the Indemnitees (except to the extent arising from the negligence or wilful misconduct of such Indemnitees) which relate to or arise out of or result from:

a. any failure by the Borrower to pay and satisfy its obligations hereunder including, without limitation, any costs or expenses incurred by reason of the liquidation or re-employment in whole or in part of deposits or other funds required by the Lenders to fund or maintain Facility A or as a result of the Borrower's failure to take any action on the date required hereunder or specified by it in any notice given hereunder;

b. any investigation by Governmental Authorities or any litigation or other similar proceeding related to any use made or proposed to be made by the Borrower of the proceeds of any Advance; and

c. any instructions given to any Lender to stop payment on any cheque issued by the Borrower or to reverse any wire transfer or other transaction initiated by such Lender at the request of the Borrower;

provided, however, that such indemnity shall not be available to any Indemnitee to the extent that such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements (i) are determined by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of Indemnitee or (ii) result from a claim brought by the Credit Parties against any Indemnitee for breach in bad faith of such Indemnitee's obligations under any Loan Document.

4. Environmental Indemnity

In addition to any other liability of the Borrower hereunder, each Companies hereby agrees to indemnify and save harmless the Indemnitees from and against:

a. any losses suffered by them for, in connection with, or as a direct or indirect result of, the failure of any of the Companies to comply with all Requirements of Environmental Law;

b. any losses suffered by the Indemnitees for, in connection with, or as a direct or indirect result of, the presence of any Hazardous Material situated in, on or under any Real Property owned by any of the Companies or upon which they on business; and

c. any and all liabilities, losses, damages, penalties, expenses (including reasonable legal fees) and claims which may be paid, incurred or asserted against the Indemnitees for, in connection with, or as a direct or indirect result of, any legal or administrative proceedings with respect to the presence of any Hazardous Material on or under any Owned Property or upon which they carry on business, or the discharge, emission, spill, radiation or disposal by any of them of any Hazardous Material into or upon any Land, the atmosphere, or any watercourse or body of water; including the costs of defending and/or counterclaiming or claiming against third parties in respect of any action or matter and any cost, liability or damage arising out of a settlement entered into by the Indemnitees of any such action or matter;

except to the extent arising from the negligence or wilful misconduct of such Indemnitees. The obligations of the Borrower under this Section shall survive the termination of this Agreement.

5. Survival of Certain Obligations despite Termination of Agreement

The termination of this Agreement shall not relieve any Credit Party from its obligations to the Agent and the Lenders arising prior to such termination, such as obligations arising as a result of or in connection with any breach by it of this Agreement, any failure by it to comply with this Agreement or the inaccuracy of any representations and warranties made or deemed by it to have been made prior to such termination, and obligations arising pursuant to all indemnity obligations contained herein. Without limiting the generality of the foregoing, the obligations of the Credit Parties to the Agent and the Lenders arising under or in connection with Sections 12.03 and 12.04 of this Agreement and Section 3.2 of the CBA Model Provisions shall continue in full force and effect despite any termination of this Agreement.

6. Interest on Unpaid Costs and Expenses

If the Borrower fails to pay when due any amount in respect of costs or expenses or any other amount required to be paid by it hereunder (other than principal or interest on any Advance), it shall pay interest on such unpaid amount from the time such amount is due until paid at the interest rate applicable to Canadian Prime Rate Loans under Facility A.

7. Notice

Without prejudice to any other method of giving notice, all communications provided for or permitted hereunder shall be in writing and given to the applicable addressee by prepaid private courier or by electronic mail to its address or email address and to the attention of the officer of the addressee as follows:

a. all communications to any Credit Party and Limited Guarantor

c/o

Tilray Brands, Inc.

101 East 56th Street, 4th Floor

New York, NY, 10022

United States of America

Attention: Carl Merton, Chief Financial Officer

Facsimile:

Email: [***]

and in the case of any communication alleging any Default or Event of Default or threatening enforcement action, with a copy to:

Aphria Inc.

c/o

Tilray Brands, Inc.

101 East 56th Street, 4th Floor

New York, NY, 10022

United States of America

Attention: Mitchell Gendel, Global General Counsel

Email: [***]

b. Draw Requests, Conversion Notices, Rollover Notices and Repayment Notices, to the Agent at the following address:

Bank of Montreal

Agent Bank Services

250 Yonge Street, 11th Floor

Toronto, Ontario

M5B 2L7

Attention: Manager, Agent Bank Services

Facsimile: [***]

- and -

Bank of Montreal

First Canadian Place, 100 King St. West, 18th Floor

Toronto, Ontario

M5X 1A1

c. all other communications to the Agent:

Bank of Montreal

100 King Street West, 18th Floor
Toronto, Ontario

d. to any Lender, at its address noted on Exhibit "A" attached hereto.

Any communication transmitted by prepaid private courier shall be deemed to have been validly and effectively given or delivered on the Business Day after which it is submitted for delivery. Any communication transmitted by electronic transmission shall be deemed to have been validly and effectively given or delivered on the day on which it is transmitted, if transmitted on a Business Day on or before 5:00 p.m. (local time of the intended recipient), and otherwise on the next following Business Day. Any party may change its address for service by notice given in the foregoing manner.

8. Severability

Any provision of this Agreement which is illegal, prohibited or unenforceable in any jurisdiction, in whole or in part, shall not invalidate the remaining provisions hereof; and any such illegality, prohibition or unenforceability in any such jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9. Further Assurances

Each Company shall, at its expense, promptly execute and deliver or cause to be executed and delivered to the Agent upon request, acting reasonably, from time to time all such other and further documents, agreements, opinions, certificates and instruments in compliance with this Agreement, or if necessary or desirable to more fully record or evidence the obligations intended to be entered into herein, or to make any recording, file any notice or obtain any consent.

10. Time of the Essence

Time shall be of the essence of this Agreement.

11. Promotion and Marketing

For the purpose of promotion and marketing each Credit Party hereby authorizes and consents to the reproduction, disclosure and use by the Lenders and the Agent of its name, identifying logo and Facility A to enable the Lenders to publish promotional "tombstones". Each Credit Party acknowledges and agrees that the Lenders shall be entitled to determine, in their sole discretion, whether to use such information; that no compensation will be payable by the Lenders or the Agent in connection therewith; and that the Lenders and the Agent shall have no liability whatsoever to it or any of its employees, officers, directors, affiliates or shareholders in obtaining and using such information as contemplated herein.

12. Entire Agreement; Waivers and Amendments to be in Writing

This Agreement supersedes all discussion papers, term sheets and other writings which may have been issued by the Agent or the Lenders prior to the date hereof relating to Facility A, which shall have no force or effect; and this Agreement and any other documents or instruments contemplated herein or therein shall constitute the entire agreement and understanding among the Borrower, the Lenders and the Agent relating to the subject-matter hereof. Subject to Section 9.01(b), no provision of this Agreement, or any other document or instrument in existence among the parties may be modified, waived or terminated except by an instrument in writing executed by the party against whom such modification waiver or termination is sought to be enforced.

13. Inconsistencies with Security

To the extent that there is any inconsistency between a provision of this Agreement and a provision of any document constituting part of the Security or other Loan Documents, the provision of this Agreement shall govern. For greater certainty, a provision of this Agreement and a provision of the Security shall be considered to be inconsistent if both relate to the same subject-matter and the provision in the Security imposes more onerous obligations or restrictions than the corresponding provision in this Agreement.

14. Confidentiality

The Credit Parties agree not to publicly disclose any information contained herein, including a copy of this Agreement, except (i) on a confidential basis to their respective officers, directors, employees, accountants, lawyers and other professional advisors; and (ii) to any bona fide prospective purchaser of the shares of Tilray Brands or all or substantially all of the assets of the Credit Parties, provided that such Person executes and delivers a confidentiality agreement in form and substance acceptable to the Credit Parties). If any such disclosure is required pursuant to Applicable Law, the Credit Parties will provide at least two (2) Business Days' prior written notice to the Agent before making such disclosure if doing so would not cause any Credit Party to breach Applicable Law, and during such period the Agent and the Lenders acting reasonably may indicate to the Credit Parties which portions of such Loan Documents they wish not be disclosed in order to protect the rights of the Agent and the Lenders to maintain the confidentiality of information which the Agent and the Lenders believe is confidential and proprietary to the Agent and the Lenders. The Credit Parties shall comply with any such request unless such compliance would, in the good faith judgment of the Credit Parties and their legal counsel, contravene Applicable Law. The terms of this Section shall survive the termination of this Agreement.

15. Governing Law

This Agreement shall be interpreted in accordance with the laws of the Province of Ontario. Without prejudice to the right of the Agent and the Lenders to commence any proceedings with respect to this Agreement in any other proper jurisdiction, the parties hereby attorn and submit to the non-exclusive jurisdiction of the courts of the Province of Ontario.

16. Execution and Counterparts

This Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original and which counterparts together shall constitute one and the same Agreement. This Agreement may be executed by pdf, and any signature contained hereon by pdf shall be deemed to be equivalent to an original signature for all purposes.

17. Binding Effect

This Agreement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns; "successors" includes any corporation resulting from the amalgamation of any party with any other corporation.

[The balance of this page is intentionally left blank; signature pages follow]

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

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[1] Amendment made under the First Amending Agreement.
[2] Amendment made under First Amending Agreement
[3] Amendment made pursuant to First Amending Agreement
[4] Amendment made pursuant to First Amending Agreement

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Irwin D. Simon, certify that:

1. I have reviewed this Form 10-Q of Tilray Brands, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 9, 2024

By: /s/ Irwin D. Simon
Irwin D. Simon
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Carl A. Merton, certify that:

1. I have reviewed this Form 10-Q of Tilray Brands, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 9, 2024

By: /s/ Carl A. Merton
Carl A. Merton
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Tilray Brands, Inc. (the "Company") on Form 10-Q for the period ending February 29, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: April 9, 2024

By: /s/ Irwin D. Simon
Irwin D. Simon
Chairman and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Tilray Brands, Inc. (the "Company") on Form 10-Q for the period ending February 29, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: April 9, 2024

By: /s/ Carl A. Merton
Carl A. Merton
Chief Financial Officer