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

FORM 10-K

(Mark One)

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

For the fiscal year ended May 31, 2021

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, 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.)**
655 Madison Avenue, Suite 1900	
New York, NY	**10065**
(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 Stock Market LLC The Nasdaq Global Select Market

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

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☒ NO ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES ☐ NO ☒

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, based on the closing price of the shares of the Registrant's Common Stock on The Nasdaq Global Select Stock Market on June 30, 2020, was approximately $675.6 million.

As of July 22, 2021 there were 449,220,809 shares of the Registrant's Common Stock, par value $0.0001 per share, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference from the definitive proxy statement to be filed by the registrant in connection with the 2021 Annual Meeting of Stockholders (the "Proxy Statement") with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the year ended May 31, 2021, provided that if such Proxy Statement is not filed within such period, such information will be included in an amendment to this Form 10-K to be filed within such 120-day period.

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In this Annual Report on Form 10-K, "we," "our," "us," "Tilray," and the "Company" refer to Tilray, Inc. and, where appropriate, its consolidated subsidiaries. This report contains references to our trademarks and trade names and to trademarks and trade names belonging to other entities. Solely for convenience, trademarks and trade names referred to in this report may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto. We do not intend our use or display of other companies' trademarks or trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

On December 15, 2020, Tilray, Inc. and Aphria Inc. ("Aphria") entered into an Arrangement Agreement (as amended, the "Arrangement Agreement"), pursuant to which Tilray acquired all of the issued and outstanding common shares of Aphria pursuant to a plan of arrangement (the "Plan of Arrangement") under the *Ontario Business Corporations Act* (the "Arrangement"). The transaction closed on April 30, 2021. The Arrangement was structured as a reverse acquisition pursuant to which Tilray is the legal acquirer and Aphria is the acquirer for accounting purposes. Aphria's historical financial statements became the historical financial statements of Tilray. The acquired assets and liabilities of Tilray are included in the consolidated balance sheets as of April 30, 2021 and the results of its operations and cash flows are included in the consolidated statement of income (loss) and comprehensive income (loss) and cash flows for periods beginning after April 30, 2021. The operating results for the prior years are those of Aphria. Prior to April 30, 2021 Aphria was a foreign private issuer reporting its financial statements under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Boards. The financial statements of Tilray in this Form 10-K are presented in accordance with generally accepted accounting principles in the United States ("GAAP").

In addition, on the effective date of the Arrangement, Tilray changed its fiscal year from a year ending December 31 to a year ending May 31, to conform its fiscal year end to that of Aphria.

PART I

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K for the fiscal year ended May 31, 2021 (the "Form 10-K") contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, relating to our business and financial outlook, which are based on our current beliefs, assumptions, expectations, estimates, forecasts and projections about future events only as of the date of this Form 10-K, and are not statements of historical fact. We make such forward-looking statements pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements are often identified by the use of words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "project," "will," "would" or the negative or plural of these words or similar expressions or variations. Such forward-looking statements and forward-looking information are subject to a number of risks, uncertainties, assumptions and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by the forward-looking statements or forward-looking information. Factors that could cause or contribute to such differences include, but are not limited to, those identified in this Form 10-K and those discussed in the sections titled "Risk Factor Summary" set forth below, titled "Risk Factors" set forth in Part I, Item 1A of this Form 10-K, and titled "Management's Discussion and Analysis of Financial Condition and Results of Operation" set forth in Part II, Item 7 of this Form 10-K, and in our other SEC and Canadian public filings. Therefore, these forward-looking statements are not guarantees or promises of our future performance and involve risks, uncertainties, estimates and assumptions that are difficult to predict. As a result, our actual outcomes and results may differ materially from those expressed in these forward-looking statements. You should not place undue reliance on any of these forward-looking statements. Further, any forward-looking statement speaks only as of the date hereof, unless it is specifically otherwise stated to be made as of a different date. We undertake no obligation to further update any such statement, or the risk factors described in Item 1A under the heading "Risk Factors," to reflect new information, the occurrence of future events or circumstances or otherwise.

Risk Factor Summary

Investing in our securities involves a high degree of risk. Below is a summary of material factors that make an investment in our securities speculative or risky. Importantly, this summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, as well as other risks that we face, can be found under the heading "*Item 1A—Risk Factors*" below.

- We are in the early stages of our integration efforts following completion of the arrangement between Tilray and Aphria on April 30, 2021 (the "Arrangement") and may experience challenges integrating Tilray and Aphria's operations and fully achieving the expected benefits of the Arrangement.
- Risks related to the COVID-19 pandemic have and will continue to impact our operations and adversely adverse effect our business, results of operations and financial condition.
- Our business is dependent upon regulatory approvals and licenses, ongoing compliance and reporting obligations, and timely renewals.
- Government regulation is evolving, and unfavorable changes 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.
- We may not be able to successfully develop new products or commercialize such products.
- The long-term effect of the legalization of adult-use cannabis in Canada on the medical cannabis industry is unknown, and may negatively impact our medical cannabis business.
- United States regulations relating to hemp-derived CBD products are unclear and rapidly evolving, and changes may not develop in the timeframe or manner most favorable to our business objectives.

- 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.
- We are exposed to risks relating to the laws of various countries as a result of our international operations.
- Our strategic alliances and other third-party business relationships may not achieve the intended beneficial impact and expose us to risks.
- 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.
- 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.

Item 1. Business.

Our Vision and Purpose

Our vision is to build the leading global cannabis-lifestyle consumer packaged goods company that is changing people's lives for the better – one person at a time – by inspiring and empowering the worldwide community to live their very best life by providing them with products that meet the needs of their mind, body and soul and invoke a sense of wellbeing. We are a purpose-driven company that, each and every day, seeks to be the trusted partner for our patients and consumers by providing them with a cultivated experience and health and wellbeing through high-quality, differentiated brands and innovative products.

Today, we are a leading global cannabis and consumer packaged goods company, with operations in Canada, the United States, Europe, Australia and Latin America, that is pioneering the future of medical, wellness and adult-use cannabis cultivation, processing and distribution. As a purpose-driven organization, we continuously explore ways to deliver on our values and commitments to serve all our key stakeholders, including our stockholders, and seek to implement sustainable business practices.

Our Commitments and Values

We are committed to changing people's lives for the better by investing in our products, our people and our planet. In an emerging and constantly evolving industry, our values unite us, informing and inspiring the way we work with our employees, patients, consumers and one another. The following core values serve as our compass in our strategic direction and decisions:

- ***We put people first.*** We are committed to significantly improving the lives of as many people as possible – whether it is meeting the needs of our patients and consumers, building a best-in-class, diverse workforce that's more representative of all people or giving back and supporting our neighbors in the communities we call home. We are dedicated to helping people live their very best life.
- ***We lead by example.*** We are passionate about pioneering the future of medical, wellness and adult-use cannabis and hemp cultivation, processing and distribution in a responsible manner. As a leading global cannabis company, we are committed to helping to establish industry standards that continue to support the health and wellbeing of our employees, our patients and consumers and the communities we call home.
- ***We respect the earth.*** We are committed to ensuring that our actions and those of our employees have a positive impact on the environment around us. We continue to identify and implement sustainable growing and business practices that provide efficiencies, cost reduction benefits, and lessen our impact on the environment.
- ***We take responsibility to heart.*** We believe it is our responsibility to ensure the safety of our employees, patients, consumers and the worldwide community. To that end, we are committed to providing access to legal, safe, high-quality cannabis products and to keeping cannabis out of the hands of youth. Our partnerships and programs reflect our ongoing commitment to the safety of our worldwide communities through education, responsible use and meaningful corporate citizenship.

Our Company

Tilray, Inc. ("Tilray", "we", "us", "our" or the "Company") is a global pioneer in cannabis research, cultivation, production and distribution, incorporated in the State of Delaware on January 24, 2018. On April 30, 2021, Tilray and Aphria completed the Arrangement. The business combination brought together two highly complementary businesses to create a leading cannabis-focused consumer packaged goods company with one of the largest global geographic footprints in the industry. With a focus on sustainability, our state-of-the-art greenhouses and cultivation operations, processing and distribution facilities make us one of the world's leading fully-integrated cannabis companies.

We were among the first companies to be permitted to cultivate and sell legal medical cannabis. Today, we supply high-quality medical cannabis products to tens of thousands of patients in 20 countries spanning five continents through our global subsidiaries, and through agreements with established pharmaceutical distributors.

We are a leader in the recreational adult-use market in Canada where we offer a broad-based portfolio of adult-use brands and products, and continue to expand our portfolio to include new innovative cannabis products and formats. We maintain agreements to supply all Canadian provinces and the Yukon and Northwest Territories with our adult-use products for sale through their established retail distribution systems. We believe that our differentiated

portfolio of brands, which is designed to resonate with consumers in all categories, sets us apart from our competitors and is providing us with the ability to establish a leading position in the adult-use market in Canada. Therefore, we are investing in brand building with our consumers, new product innovation, insights, distribution, trade marketing and cannabis education to drive market share in the Canadian adult-use cannabis industry.

Through Fresh Hemp Foods Ltd. ("Manitoba Harvest"), we are also a leading hemp food manufacturer. Manitoba Harvest produces, manufactures, markets and distributes a broad-based portfolio of hemp-based food products, which are sold in major retailers across the U.S. and Canada.

In November 2020, Aphria acquired SW Brewing Company, LLC ("SweetWater"), the 11th largest craft brewery in the United States according to Brewers Association. Founded in 1997, SweetWater has broad consumer appeal and has established strong distribution across the United States. From its state-of-the-art brewery in Atlanta, Georgia, SweetWater produces a balanced variety of year-round and seasonal specialty craft brews.

Following completion of the Arrangement, we reconstituted our senior management team with members from both Aphria and Tilray. The experienced new leadership team provides a strong foundation to accelerate our growth and capitalize on the business combination's many benefits. Our management team is complemented by experienced operators, cannabis industry experts, PhD scientists, horticulturists, and extraction specialists, all of whom apply the latest scientific knowledge and technology to deliver quality-controlled, rigorously tested cannabis products on a large scale.

Our Opportunity

With the closing of the Arrangement, we are now focused on executing our highest return priorities including business integration and accelerating our global growth strategy. Tilray is poised to transform the industry with our highly scalable operational footprint, a curated portfolio of diverse medical and adult-use cannabis brands and products, a multi-continent distribution network, and a robust capital structure to fund our global expansion strategy.

The business combination provides, among others, the following financial and strategic benefits:

- ***Strategic Footprint and Operational Scale.*** We believe that we possess the strategic footprint and operational scale necessary to compete more effectively in today's consolidating cannabis market with a strong, flexible balance sheet, strong cash balance, and access to capital, which we believe gives us the ability to accelerate growth and deliver long-term sustainable value for stockholders.
- ***Low-cost, State-of-the-Art Production & Leading Canadian Adult-Use Cannabis Producer.*** The demand for our products will be supported by low-cost state-of-the-art cultivation, processing, and manufacturing facilities, and a complete portfolio of branded cannabis 2.0 products to strengthen our leadership position in Canada.
- ***Positioned to Pursue an Accelerated International Growth Strategy.*** We are well-positioned to pursue international growth opportunities with our strong medical cannabis brands, distribution network in Germany, and end-to-end European Union Good Manufacturing Practices ("EU-GMP") supply chain, which includes EU-GMP production facilities in Canada, Portugal and Germany.
- ***Enhanced Consumer Packaged Goods Presence and Infrastructure in the U.S.*** In the United States, we maintain a strong consumer packaged goods presence and infrastructure with two strategic businesses: SweetWater, a leading cannabis lifestyle branded craft brewer; and Manitoba Harvest, a pioneer in branded hemp food and ingredient products. In the event of federal legalization in the U.S., we expect to be well-positioned to compete in the U.S. cannabis market given our existing strong brands and distribution system in addition to our track record of growth in consumer-packaged goods and cannabis products.
- ***Substantial Synergies.*** The Company expects to deliver significant cost synergies within eighteen months of closing the Arrangement, including cost synergies in the key areas of cultivation and production, cannabis and product purchasing, sales, and marketing, and corporate expenses.

Our Strategy and Outlook

As a leading global cannabis company, we are setting the standard for brand development, product innovation and industrial scale cultivation and automation for the production of cannabis grown in environmentally responsible

conditions. Our overall strategy is to leverage our scale, expertise and capabilities to drive market share, achieve industry-leading, profitable growth and build sustainable, long-term shareholder value. In order to ensure long-term sustainable growth, we continue to focus on leveraging consumer insights, drive category management leadership and assess growth opportunities, including the introduction of our product into new geographies, new innovation and strategic partnerships. In addition, we are relentlessly focused on managing our cost of goods and expenses in order to maintain our strong financial position.

To achieve our vision of building the leading global cannabis-lifestyle consumer packaged goods company that is changing people's lives for the better – one person at a time – by inspiring and empowering the worldwide community to live their very best life, we will focus on the following strategies:

- ***Build global brands that lead, legitimize and define the future of cannabis.*** As the markets where cannabis is legal today continue to grow and develop and as cannabis legalizes in more countries around the world, we see unique opportunities to introduce, market and distribute our broad portfolio of differentiated brands, that will appeal to a diverse base of patients and consumers. We believe we are well positioned to develop leading global brands and drive sustainable growth.
- ***Develop innovative products and form factors that change the way the world consumes cannabis.*** We plan to continue to develop innovative products and form factors that possess the most consumer demand and are truly differentiated from our competitors, while optimizing our production capabilities. We will continue to invest in innovation in order to continue to provide our patients and consumers with a differentiated portfolio of products that exceeds their expectations and meets their needs.
- ***Grow and leverage our investment in craft beer and hemp-based food.*** We continue to grow the SweetWater brand by expanding our distribution footprint into new territories and focusing on new product development and innovation that delights our consumers. We seek to drive growth in our Manitoba Harvest brand and other hemp-based food and ingredients products by leveraging our consumer insights and consumer marketing activities, new product development as well as educating the consumer on the benefits from hemp-based foods**.**
- ***Expand the availability of pure, precise, and predictable medical cannabis products for patients around the world.*** Since 2014, we have seen an increase in the demand for medical cannabis from both patients, doctors and governments in conjunction with a shift in the medical community, which is increasingly recognizing medical cannabis as a viable option for the treatment of patients suffering from a variety of health conditions. We are focused on driving accessibility to high-quality medical cannabis that is accessible to all and we are well-positioned to do so on a global basis through our EU-GMP certified facilities in Canada, Portugal and Germany.
- ***Leverage our operational scale providing low-cost, high quality production.*** We believe we have the operational scale necessary to compete more effectively in today's consolidating cannabis market. Our state-of-the-art facilities are among the lowest cost production operations with the capabilities to produce a complete portfolio of form factors and products, including flower, pre-roll, capsules, vapes, edibles and beverages. We also have a strong, flexible balance sheet, cash balance and access to capital, which we believe will give us the ability to accelerate growth and deliver long-term sustainable value for our stockholders.

Reportable Segments

Our business is primarily organized around our product categories, each of which have very different target consumers, go-to-market strategies, distribution networks and margins. This enables us to track and measure our success and build processes for repeatable success in each of these categories. As a result, we have defined our operating segments on a product category basis, as this aligns with how our Chief Operating Decision Maker ("CODM") manages our business, including resource allocation and performance assessment. We report our operating results in five segments:

- *Cannabis business* – Cultivation, production, distribution and sale of both medical and adult-use cannabis products
- *Distribution business* – Purchase and resale of pharmaceutical and wellness products to customers

- *Beverage alcohol business* – Production, distribution and sale of beverage alcohol products
- *Wellness business* – Production, marketing and distribution of hemp-based food and other wellness products
- *Business under development* – Operations in which we have not received final licensing or have not commenced commercial sales from operations

Revenue in these five business segments, and the year over year comparison, is as follows:

(in thousands of United States dollars)	Year Ended May 31, 2021	% of Total revenue	Year Ended May 31, 2020	% of Total revenue	Year Ended May 31, 2019	% of Total revenue
Cannabis business	$ 264,334	46%	$ 153,477	36%	$ 67,592	36%
Distribution business	277,300	48%	275,430	64%	119,427	64%
Beverage alcohol business	29,661	5%	—	0%	—	0%
Wellness business	5,794	1%	—	0%	—	0%
Business under development	—	0%	—	0%	—	0%
Total revenue	$ 577,089	100%	$ 428,907	100%	$ 187,019	100%
Excise taxes	(64,004)	(11%)	(23,581)	(5%)	(7,716)	(4)%
Net revenue	$ 513,085		$ 405,326		$ 179,303	

Revenue from our cannabis operations from the following sales channel and the year over year comparison is as follows:

Revenue by cannabis sales channel

Cannabis revenue by market	Year Ended May 31, 2021	% of Total revenue	Year Ended May 31, 2020	% of Total revenue	Year Ended May 31, 2019	% of Total revenue
Revenue from medical cannabis products	$ 25,539	10%	$ 28,685	19%	$ 33,017	49%
Revenue from adult-use cannabis products	222,930	84%	112,207	73%	30,236	45%
Revenue from wholesale cannabis products	6,615	3%	12,585	8%	4,339	6%
Revenue from international cannabis products	9,250	3%	—	0%	—	0%
Total cannabis revenue by market	264,334	100%	153,477	100%	67,592	100%
Excise taxes	(62,942)		(23,581)		(7,716)	
Cannabis net revenue	$ 201,392		$ 129,896		$ 59,876	

Our Brands and Products

Our brand and product strategy centers on developing a broad portfolio of differentiated brands and products designed to appeal to diverse groups of patients and consumers. Our brand and product activities are designed to comply with all local regulations and requirements, including applicable labelling and marketing restrictions.

Our Medical Brands

We currently cultivate, produce, market and distribute medical cannabis products under the Tilray, Aphria and Broken Coast brands. We make our products available to patients, physicians, clinics, pharmacies, governments, hospitals, and researchers, for commercial purposes, compassionate access, and clinical research.

- **Tilray** - The Tilray brand has been established as a global medical cannabis brand and is designed to appeal to prescribers and patients in the global medical market by offering a wide range of high-quality, pharmaceutical-grade medical cannabis and cannabinoid-based products. We believe patients choose the Tilray brand because we adopted rigorous quality standards and the brand is a trusted, scientific based brand known for its pure, precise and predictable medical-grade products.
- **Aphria** - Since 2014, the Aphria brand is a leading, trusted choice for Canadian patients seeking high quality pharmaceutical-grade medical cannabis. Today, the Aphria brand continues to be a leading brand in Canada and, we will continue to leverage its market leadership as we develop our medical cannabis markets internationally under the Aphria brand.

- **Broken Coast** - Medical cannabis products under the Broken Coast brand are grown in small batches in single-strain rooms, with a commitment to product quality in order to meet patient expectations.

We are committed to meeting the needs of our patients whether they are looking for more natural options for their medical needs, exploring their options in wellness, or seeking alternatives in their lifestyle. Accessibility is a top priority for Tilray. We are committed to ensuring patients have access to the medication they depend on through a strong supply chain and dedicated support through our dedicated patient care team. Our product lines focus on active ingredients and standardized, well-defined preparation methods. We use formulations and delivery formats that are intended to allow for consistent and measured dosing, and we test all our products for potency and purity. Each of our commercial products are developed with comprehensive analysis and thorough documentation.

We take a scientific approach to our medical-use product development which we believe establishes credibility and trust in the medical community. We produce products that are characterized by well-defined and reproducible cannabinoid and terpene content, formulated for stable pharmacokinetic profiles, which are customizable in a variety of formulations. We continue to conduct extensive research and development activities and develop and promote new products for medical use.

Our Adult-Use Brands

We believe that our portfolio of brands, developed for consumers across broad demographics and targeted segments, remains unmatched in the industry. With a focus on brand building, innovation, loyalty and conversion, we seek to drive growth with our differentiated portfolio of brands and products, both in sales and market share across categories. The Company is investing capital and resources to establish a leadership position in the adult-use market in Canada. These investments are focused on brand building with consumers, product innovation, distribution, trade marketing and cannabis education. Our strategy is to develop a brand focused portfolio that resonates with consumers in all category segments.

We are positioned to grow our adult-use brand portfolio to specifically meet the different consumer segments of the adult-use cannabis market. We leverage our selection of strains to offer each consumer segment a different experience through its product and terpene profiles, while also focusing on the value proposition for each of these segments as it relates to price, potency and product assortment. We also have a license agreement in place that allows us to produce and distribute certain branded adult-use products in Canada, including Marley Natural™ and Grail™.

Each brand is unique to a specific consumer segment and designed to meet the needs of these targeted segments, as described below. Our portfolio of brands and products and our marketing activities have been carefully curated and structured to enable us to develop and promote our brands and product lines in an effective and compliant manner. We continue to develop additional brands and new products, such as edibles and beverages, with more innovative products in our pipeline. Our brand portfolio is currently focused on:

	ECONOMY BRANDS
B!NGO	B!NGO is like a nice cold beer on a summer’s day. Our products hit the spot and gives consumers that little something that lets them enjoy the moment. It’s the everyday companion that keeps it light and simple.
The Batch	A no-frills cannabis value brand focused on delivering quality cannabis flower and pre-rolls at competitive prices. The Batch categorizes its product offering by potency rather than cultivar, allowing us to offer quality cannabis at prices that beat the illicit market.
	VALUE BRANDS
P’tite Pof	Inspired by Québécois culture, casse-croûte signage and your local dépanneur. Straightforward, functional, bold, charming and iconic. Our traditional blue and red with a modern twist.
Dubon	“The good stuff”, a vibrantly Québécois cannabis brand and champion of inspired, creative living. Dubon offers master-crafted cannabis cultivars as whole flower and pre-rolls, exclusively available in Québec.

	CORE BRANDS
Good Supply	Quality Bud, No B.S. Good Supply is brand that embraces the goodness of classic cannabis culture – it speaks your language and reminds you of when you first fell in love with cannabis.
Solei Sungrown Cannabis ("Solei")	Solei is a brand designed to embrace the bright Moments in your day. Solei's Moments-based products help to make cannabis simple, approachable and welcoming.
Marley Natural	Crafted with deep respect for wellness and the positive potential of the herb.
Chowie Wowie	An edibles' brand bringing the 'wow' with perfectly crafted fusions of flavor offered in an array of reliably dosed cannabis-infused chocolates and gummies in THC and CBD varieties.
Canaca	A brand that proudly builds on its homegrown heritage with cannabis whole flower, pre-rolls, oil products and pure cannabis vapes handcrafted by and for Canadian cannabis enthusiasts. Our plants are sourced in BC and expertly cultivated in Ontario for homegrown, down-to-earth quality that's enjoyed across Canada.
	PREMIUM BRANDS
RIFF	RIFF is not your conventional cannabis brand. It is a brand by creatives for creatives. An unconventional brand, fueled by creativity and collaboration
	PREMIUM + BRANDS
Broken Coast	West Coast, Naturally. Broken Coast relies on small batch growing techniques / craft approach with a reputation for its high-quality flower, aroma, bud composition, and heavy trichome appearance that delivers an incredible experience.
Grail	Grail offers discerning connoisseurs a collection of sought-after cultivars and top-shelf products.

Our Wellness Brands

Manitoba Harvest develops, manufactures, markets and distributes a diverse portfolio of hemp-based food and wellness products under various brands, which include Manitoba Harvest, Hemp Hearts, Hemp Yeah!, Hemp Bliss, Just Hemp Foods, and Mighty Seed Hemp Co.

Our Beverage Alcohol Brands

SweetWater has created an award-winning lineup of year-round, seasonal and specialty beers under a portfolio of brands closely aligned with a cannabis lifestyle, which include the flagship 420 alcoholic beverage offerings and its Oasis® hard seltzers. We believe the SweetWater product offerings, including the 420 Strain series of products, resonate as a cannabis lifestyle brand. SweetWater's various 420 strains of craft brews use plant-based terpenes and natural hemp flavors that, when combined with select hops, emulate the flavors and aromas of popular cannabis strains to appeal to a loyal consumer base.

Our Operations

Through the investment in building and scaling state-of-the-art facilities, we believe that we maintain one of the highest-quality, lowest cost cannabis production operations in Canada, with the scale and distribution network that differentiates us from our competitors in the industry. We continue to invest in the expansion of our global supply chain to address the unmet needs of patients around the world.

We currently maintain key international operations in Portugal, Germany, Italy, United Kingdom, Colombia and Argentina as well as strategic relationships in Israel, Denmark and Poland. In establishing our international footprint, we sought to create operational hubs in those continents where we identified the biggest opportunities for growth and designed our operations to ensure consistent, high-quality supply of cannabis products as well as a distribution network. While these markets are still at various stages of development, and the regulatory environment

around them is either newly formed or still being formed, we are uniquely positioned to bring the knowledge and expertise gained in Canada in order to generate profitable growth in these geographies.

Distribution

Canadian Adult-use Market

Under the Canadian legislative regime, provincial, territorial and municipal governments have the authority to prescribe regulations regarding retail and distribution of adult-use cannabis. As such, the distribution model for adult-use cannabis is prescribed by provincial regulations and differs from province to province. Some provinces utilize government run retailers, while others utilize government-licensed private retailers, and some a combination of the two. All of our adult-use sales are conducted according to the applicable provincial and territorial legislation and through applicable local agencies.

Through our subsidiaries, Aphria and High Park Holdings Ltd. ("High Park"), we maintain supply agreements for adult-use cannabis with all the provinces and the Yukon Territory and the Northwest Territories in Canada, representing access to 99.8% of Canadians.

Aphria is party to a distribution agreement with Great North Distributors to provide sales force and wholesale/retail channel expertise required to efficiently distribute Aphria's products through each of the provincial/territorial cannabis control agencies. High Park engaged Kindred Partners Inc. as its sales agent for its adult-use portfolio across all of Canada's provinces and territories, excluding Quebec, in order to leverage Kindred's industry insights, resources, best-in-class sales team and brand-building services to grow High Park's footprint across the country. We also engage Rose LifeSciences Ltd. as our sale agent exclusively for the Province of Quebec, representing our entire brand portfolio.

Canadian Medical Market

In Canada, the medical distribution channel follows a direct to patient model and both Tilray and Aphria have online portals for patients to effectively and efficiently manage the process of registering and ordering medical products.

International Medical Markets

We continue to evaluate the most efficient methods and strategic opportunities to distribute and sell our medical cannabis products to patients and pharmacies around the world. Through our various subsidiaries and partnerships with distributors, our medical products are available to patients in 20 countries on 5 continents, which include the following international distribution channels:

- CC Pharma is a leading importer and distributor of EU-pharmaceuticals for the German market and throughout Europe and we plan to leverage its distribution network in Germany and throughout Europe.
- Our products are also distributed by multiple wholesalers and directly to pharmacies in Germany. As a result, we are able to fulfill prescriptions for our medical cannabis products throughout Germany.
- We import and distribute compliant medical cannabis products to other international markets, including Italy, Israel, France, Sweden, United Kingdom, and Luxemburg.
- In Argentina, ABP, S.A., distributes medical cannabis throughout Argentina under the Argentinian "Compassionate Use" national law, which allows patients with refractory epilepsy, holding a medical prescription from a neurologist, to apply for special access to imported medical cannabis products.
- In November 2020, Aphria entered into a strategic relationship with ODI Pharma AB, which gives ODI the exclusive right to sell a defined set of co-branded products in Poland over a five-year period. We will supply medical cannabis product to ODI, which will be processed into finished product, co-branded under the Aphria and ODI brand names, and sold exclusively within the Polish market.

Wholesale

In Canada, we are authorized to sell wholesale bulk and finished cannabis products to other licensees under the Cannabis Regulations. The bulk wholesale sales and distribution channel requires minimal selling, administrative,

and fulfillment costs. Our focus on the right strain assortment, quality of flower, extraction capabilities and processing, enables us to drive wholesale channel opportunities for revenue growth.

Recent changes in the Canadian market resulted in more competitors moving towards an asset light model through the rationalization of cultivation facilities. As this transition occurs, the Company anticipates demand for its saleable flower to increase, providing new opportunities in the wholesale channel.

We also intend to expand our capabilities outside of saleable flower, as our quality of extraction processes continue to grow into new categories with the consumption of new cannabis 2.0 products. We plan to be selective in choosing partners, with the intent to secure supply agreements to further optimize and drive efficiency within our supply chain and operations. While we intend to pursue wholesale sales channels as part of our growth strategies in Canada, these sales will continue to be used to aid in balancing inventory levels.

Wellness Sales and Distribution

Our wellness sales consist of hemp seed and other hemp-based food products, which are sold to retailers, wholesalers, and direct to consumers. We are a leading provider of hemp seeds and related food products that are sold in over 17,000 retail locations in the United States and Canada and available globally in 19 countries.

Beverage Alcohol Sales and Distribution

In the U.S., our craft beer is distributed under a three-tier model utilized for beverage alcohol. Distribution points include approximately 29,000 off-premises retail locations ranging from independent bottle shops to national chains. SweetWater's significant on-premises business allows consumers to enjoy its varietals in more than 10,000 restaurants and bars. Further, in addition to its traditional distribution footprint, SweetWater 420 Extra Pale Ale and Elevated HAZY IPA are served on all Delta Air Lines flights nationwide plus internationally totaling more than 50 countries across six continents which have served to extend SweetWater's brand reach on both a national and international level. The Company supplements this distribution with Delta Air Lines through a kiosk in Atlanta's Hartsfield-Jackson Airport and secured access to distribute through an on-premise location at the Denver International Airport. SweetWater is also available in Canada through limited distribution within Ontario and Quebec.

Regulatory Environment

Canadian Medical and Adult-Use

Medical and adult-use cannabis in Canada is regulated under the federal *Cannabis Act* (Canada) (the "Cannabis Act") and the Cannabis Regulations ("CR") promulgated under the Cannabis Act. Both the Cannabis Act and CR came into force in October 2018, superseding earlier legislation that only permitted commercial distribution and home cultivation of medical cannabis. The following are the highlights of the current federal legislation:

- a federal license is required for companies to cultivate, process and sell cannabis for medical or non-medical purposes. Health Canada, a federal government entity, is the oversight and regulatory body for cannabis licenses in Canada;
- allows individuals to purchase, possess and cultivate limited amounts of cannabis for medical purposes and, for individuals over the age of 18 years, for adult-use recreational purposes;
- enables the provinces and territories to regulate other aspects associated with recreational adult-use. In particular, each province or territory may adopt its own laws governing the distribution, sale and consumption of cannabis and cannabis accessory products, and those laws may set lower maximum permitted quantities for individuals and higher age requirements;
- promotion, packaging and labelling of cannabis is strictly regulated. For example, promotion is largely restricted to the place of sale and age-gated environments (*i.e.*, environments with verification measures in place to restrict access to persons of legal age). Promotions that appeal to underage individuals are prohibited;
- since the current federal regime came into force on October 17, 2018, certain classes of cannabis, including dried cannabis and oils, have been permitted for sale into the medical and adult-use markets;
- following amendments to the CR that came into force on October 17, 2019 (often referred to as Cannabis 2.0 regulations), other non-combustible form-factors, including edibles, topicals, and extracts (both ingested and inhaled), are permitted in the medical and adult-use markets;

- export is restricted to medical cannabis, cannabis for scientific purposes, and industrial hemp; and
- sale of medical cannabis occurs on a direct-to-patient basis from a federally licensed provider, while sale of adult-use cannabis occurs through retail-distribution models established by provincial and territorial governments.

All provincial and territorial governments have, to varying degrees, enacted regulatory regimes for the distribution and sale of recreational adult-use cannabis within their jurisdiction, including minimum age requirements. The retail-distribution models for adult-use cannabis varies nationwide:

- Quebec, New Brunswick, Nova Scotia and Prince Edward Island adopted a government-run model for retail and distribution;
- Ontario, British Columbia, Alberta, and Newfoundland and Labrador adopted a hybrid model with some aspects, including distribution and online retail being government-run while allowing for private licensed retail stores;
- Manitoba and Saskatchewan adopted a private model, with privately-run retail stores and online sales, with distribution in Manitoba managed by the provincial government;
- the three northern territories of Yukon, Northwest Territories and Nunavut adopted a model that mirrors their government-run liquor distribution model.

United States Regulation of Hemp

Hemp products are subject to state and federal regulation in respect to the production, distribution and sale of products intended for human ingestion or topical application. Hemp is categorized as Cannabis sativa L., a subspecies of the cannabis genus. Numerous unique, chemical compounds are extractable from Hemp, including CBD. Hemp, as defined in the Agriculture Improvement Act of 2018 (the "2018 Farm Bill"), is distinguishable from marijuana, which also comes from the Cannabis sativa L. subspecies, by its absence of more than trace amounts (0.3% or less) of the psychoactive compound THC.

The 2018 Farm Bill preserves the authority and jurisdiction of the Food and Drug Administration (the "FDA"), under the Food Drug & Cosmetic Act (the "FD&C Act"), to regulate the manufacture, marketing, and sale of food, drugs, dietary supplements, and cosmetics, including products that contain Hemp extracts and derivatives, such as CBD. As a result, the FD&C Act will continue to apply to Hemp-derived food, drugs, dietary supplements, cosmetics, and devices introduced, or prepared for introduction, into interstate commerce. As a producer and marketer of Hemp-derived products, the Company must comply with the FDA regulations applicable to manufacturing and marketing of certain products, including food, dietary supplements, and cosmetics.

As a result of the 2018 Farm Bill, federal law dictates that CBD derived from Hemp is not a controlled substance; however, CBD derived from Hemp may still be considered a controlled substance under applicable state law. Individual states take varying approaches to regulating the production and sale of Hemp and Hemp-derived CBD. Some states explicitly authorize and regulate the production and sale of Hemp-derived CBD or otherwise provide legal protection for authorized individuals to engage in commercial Hemp activities. Other states, however, maintain drug laws that do not distinguish between marijuana and Hemp and/or Hemp-derived CBD which results in Hemp being classified as a controlled substance under certain state laws.

European Union Medical Use

While each country in the European Union ("EU") has its own laws and regulations, many common practices are being adopted relative to the developing and growing medical cannabis market. For example, to ensure quality and safe products for patients, many EU countries only permit the import and sale of medical cannabis from EU-GMP certified manufacturers.

The EU requires adherence to EU-GMP standards for the manufacture of active substances and medicinal products, including cannabis products. The EU system for certification of GMP allows a Competent Authority of any EU member state to conduct inspections of manufacturing sites and, if the strict EU-GMP standards are met, to issue a certificate of EU-GMP compliance that is also accepted in other EU member countries.

Craft Brewing in the United States

The alcoholic beverage industry in the United States is regulated by federal, state and local governments. These regulations govern the production, sale and distribution of alcoholic beverages, including permitting, licensing, marketing and advertising. To operate its production facilities, SweetWater must obtain and maintain numerous permits, licenses and approvals from various governmental agencies, including but not limited to, the Alcohol and Tobacco Tax and Trade Bureau (the "TTB"), the FDA, state alcohol regulatory agencies and state and federal environmental agencies. Our brewery operations are subject to audit and inspection by the TTB at any time.

In addition, the beer industry is subject to substantial federal and state excise taxes. Excise taxes may be increased in the future by the federal government or any state government or both. In the past, increases in excise taxes on alcoholic beverages have been considered in connection with various governmental budget-balancing or funding proposals.

Environmental Regulation

Our cannabis and brewing operations are subject to environmental regulations and local permitting requirements and agreements regarding, among other things, air emissions, water discharges and the handling and disposal of hazardous wastes. While we have no reason to believe the operation of our facilities violates any such regulation or requirement, if such a violation were to occur, or if environmental regulations were to become more stringent in the future, we could be adversely affected.

Competitive Conditions

Cannabis Market

We continue to face intense competition from the illicit market as well as other companies, some of which may have longer operating histories and more financial resources and manufacturing and marketing experience. With potential consolidation in the cannabis industry, we could face increased competition by larger and better financed competitors.

Growers of cannabis and retailers operating in the illicit market continue to hold significant market share in Canada and are effectively competitors to our business. Illicit market participants divert customers away through product offering, price point, anonymity and convenience.

Outdoor cultivation also significantly reduces the barrier to entry by reducing the start-up capital required for new entrants in the cannabis industry. It may also ultimately lower prices as capital expenditure requirements related to growing outside are typically much lower than those associated with indoor growing. Further, the licensed outdoor cultivation capacity is extremely large. While outdoor cultivation is almost exclusively extraction grade, its presence in the market will have a negative effect on pricing of extraction grade wholesale cannabis.

As of July 2, 2021, Health Canada has issued approximately 700 active licenses to cannabis cultivators, processors and sellers. Health Canada licenses are limited to individual properties. As such, if a licensed producer seeks to commence production at a new site, it must apply to Health Canada for a new license. As of May 31, 2021, roughly 2,000 authorized retail cannabis stores have opened across Canada. As demand for legal cannabis increases and the number of authorized retail distribution points increases, we believe new competitors are likely to enter the Canadian cannabis market. Nevertheless, we believe our brand recognition combined with the quality, consistency, and variety of cannabis products we offer will allow us to maintain a prominent position in the Canadian adult use and medical markets.

Competition is also based on product innovation, product quality, price, brand recognition and loyalty, effectiveness of marketing and promotional activity, the ability to identify and satisfy consumer preferences, as well as convenience and service.

Internationally, the capacity of cannabis companies to operate is limited to those countries which have legalized aspects of the cultivation, distribution, sale or use of cannabis. We focused on developing assets in certain strategic international jurisdictions which maintain legalized aspects of the cannabis business. With the combination of Tilray and Aphria, we possess operational hubs in continents with significant growth opportunities and the production capability and distribution network to distribute such products throughout the region served by each hub.

The barrier to entry for competitors in these jurisdictions is significantly influenced by the national regulatory landscape with respect to cannabis and the economic climate subsisting in each region.

We expect more countries to pass regulation allowing for the use of medical and/or recreational cannabis. While expansion of the global cannabis market will provide more opportunities to grow our international business, we also expect to experience increased global competition.

Craft Brewing Market

Through SweetWater, we compete in the craft brewing market, as well as in the much larger alcohol beverage market, which encompasses domestic and imported beers, flavored alcohol beverages, spirits, wine, hard ciders and hard seltzers. With the proliferation of participants and offerings in the wider alcohol beverage market and within the craft beer segment, we face significant competition. There have also been numerous acquisitions and investments in craft brewers by larger breweries and private equity and other investors, which further intensified competition within the craft beer market.

While the craft beer market is highly competitive, we believe that we possess certain competitive advantages. Our unique portfolio combines an award-winning lineup of craft beers with a unique portfolio of brands closely aligned with a cannabis lifestyle, and supported by a state-of-the-art brewery and strong distribution across the United States. Additionally, as a domestic brewery, we maintain certain competitive advantages over imported beers, such as lower transportation costs, a lack of import charges and superior product freshness.

Seasonality

SweetWater's sales of craft beer generally reflect a degree of seasonality, with comparatively higher sales in the summer and the winter holiday season. Typically, the demand for cannabis and hemp-based products is fairly consistent throughout the calendar year. In addition, CC Pharma's revenue tends to be higher in the summer months as patients increase their purchases of pharmaceutical products in order to have sufficient product on hand for summer vacations. Moreover, the impact of COVID-19 on customer behavior and access to our products may cause temporary seasonal fluctuations or changes to our businesses. Therefore, the results for any particular quarter may not be indicative of the results to be achieved for the full year.

Social and Environmental Initiatives

In an emerging and constantly evolving industry, our core values unite, inform and inspire the way we interact with employees, patients and consumers. Our commitment to our people, the planet, product quality and innovation helps us create stronger, healthier communities everywhere we do business. Our corporate social responsibility goes beyond our borders. We are committed to exporting our industry-leading knowledge and practices to our global subsidiaries. For the communities we call home, we are vigilant of the impact we have and strive to be a positive contributor to their well-being. Some of the Company's initiatives in this regard are as follows:

- We offer compassionate pricing for eligible patients that require financial assistance.
- We employ and continuously improve, sustainable growing and business practices to provide efficiencies, cost reduction benefits and lessen our impact on the environment
- Aphria's Charter Agreement with Drug Free Kids Canada (a Canadian non-profit organization providing parents with evidence-based information about youth and substance use while promoting frequent, balanced parent-youth discussions about drugs) and participation in the Global Cannabis Partnership, reflect our ongoing commitment to the safety of our communities through education, responsible use, and meaningful responsible corporate citizenship in our industry; and
- Tilray Educates, originally launched as Aphria Educates, is a program aimed to educate Canadians on responsible and safe use of cannabis products.

Employees and Human Capital Resources

As of May 31, 2021, we have approximately 2,100 employees worldwide. We consider relations with our employees to be good and have never experienced work stoppages. Aside from Portugal, none of our employees are represented by labor unions or are subject to collective bargaining agreements. As is common for most companies

doing business in Portugal, we are subject to a government-mandated collective bargaining agreement which grants employees nominal additional benefits beyond those required by the local labor code.

We are committed to establishing a leadership team and corporate culture that promotes inclusion and diversity as we continue to grow our business and expand our footprint. Diversity and inclusion is a priority for our company, and we seek out talented people from a variety of backgrounds to staff our teams in all our markets. Aligned with our mission and values, this strategy will shape our future as a leading employer.

Our vision and purpose unite, inform and inspire our employees to apply their talents to make a positive difference. We foster a collaborative and dynamic work environment providing all employees with the opportunity to work cross-functionally and easily gain exposure to other team's diverse opinions and perspectives. We strive for every employee to reach their full potential and grow with Tilray.

Available Information

Our website address is www.tilray.com. We file or furnish annual, quarterly and current reports, proxy statements and other information with the United States Securities and Exchange Commission ("SEC"). You may obtain a copy of any of these reports, free of charge, from the Investors section of our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The SEC maintains an Internet site that also contains these reports at: www.sec.gov. In addition, copies of our annual report are available, free of charge, on written request to us.

We have a Code of Conduct that applies to our Board of Directors ("Board") and all of our officers and employees, including, without limitation, our Chief Executive Officer and Chief Financial Officer. You can obtain a copy of our Code of Conduct, as well as our Corporate Governance Guidelines and charters for each of the Board's standing committees, from the Investors section of our website at: www.tilray.com. If we change or waive any portion of the Code of Conduct that applies to any of our directors, executive officers or senior financial officers, we will disclose such information. Information on our website is not incorporated by reference into this Form 10-K or any other report filed with the SEC.

Item 1A. Risk Factors.

Risks Related to the Arrangement

We may experience difficulties integrating Tilray and Aphria's operations and realizing the expected benefits of the Arrangement.

The success of the Arrangement will depend in part on our ability to realize the expected operational efficiencies and associated cost synergies and anticipated business opportunities and growth prospects from combining Tilray and Aphria in an efficient and effective manner. We may not be able to fully realize the operational efficiencies and associated cost synergies or leverage the potential business opportunities and growth prospects to the extent anticipated or at all.

The Arrangement was completed on April 30, 2021, and we are in the early stages of our integration efforts. The integration of operations and corporate and administrative infrastructures may require substantial resources and divert management attention. Challenges associated with the integration may include those related to retaining and motivating executives and other key employees, blending corporate cultures, eliminating duplicative operations, and making necessary modifications to internal control over financial reporting and other policies and procedures in accordance with applicable laws. Some of these factors are outside our control, and any of them could delay or increase the cost of our integration efforts.

The integration process could take longer than anticipated and could result in the loss of key employees, the disruption of ongoing business, increased tax costs, inefficiencies, and inconsistencies in standards, controls, information technology systems, policies and procedures, any of which could adversely affect our ability to maintain relationships with employees, customers or other third parties, or our ability to achieve the anticipated benefits of the transaction, and could harm our financial performance. If we are unable to successfully integrate certain aspects of the operations of Tilray and Aphria or experience delays, we may incur unanticipated liabilities and expenses, and be unable to fully realize the potential benefit of the revenue growth, synergies and other anticipated benefits resulting from the Arrangement, and our business, results of operations and financial condition could be adversely affected.

We incurred, and may continue to incur, significant Arrangement-related costs and integration costs in connection with the Arrangement with Aphria.

We incurred, and may continue to incur, significant Arrangement-related costs and integration costs in connection with the Arrangement with Aphria. We may incur additional costs to maintain employee morale and to retain key employees. Unanticipated costs may be incurred in the course of integration, and management cannot ensure that the elimination of duplicative costs or the realization of other efficiencies will offset the transaction and integration costs in the near term or at all.

Risks Related to COVID-19

Risks related to the COVID-19 pandemic have and may continue to impact our operations and adversely affect our business, results of operations and financial condition.

On March 11, 2020, the World Health Organization declared the outbreak of the coronavirus, or COVID-19, a pandemic. The COVID-19 pandemic continues to result in extended government-ordered measures affecting significant portions of the global economy, including in the United States, Canada, Portugal, and Germany, where we conduct significant business. The public health crisis caused by COVID-19 and the actions taken and continuing to be taken by governments, businesses and the public have adversely affected, and we expect will continue to adversely affect, our business, financial condition and results of operations.

The full extent to which the COVID-19 pandemic may impact our business, including our operations and our financial condition, will depend on future developments, which are highly uncertain and cannot be predicted at this time. These include the duration, severity and scope of the pandemic, the development and availability of effective treatments and vaccines, and further action taken by governments and other third parties in response to the pandemic. In particular, the effects of COVID-19 and government efforts to curtail COVID-19 could impede our production

facilities, increase operating expenses, result in loss of sales, affect our supply chains, impact performance of contractual obligations and require additional expenditures to be incurred.

In connection with the COVID-19 pandemic and to comply with mandates and guidance from governmental authorities, we continue to review and update our operational procedures and safety protocols at our facilities. If such measures are not effective or governmental authorities implement further restrictions, we may be required to take more extreme action, which could include a short or long-term closure of our facilities or reduction in workforce. These measures may impair our production levels or cause us to close or severely limit production at one or more facilities. Further, our operations could be adversely impacted if suppliers, contractors, customers and/or transportation carriers are restricted or prevented from conducting business activities. For example, cannabis retail stores in certain Canadian markets may close voluntarily or be forced by local governments to close or modify their operations, reducing our ability to distribute adult-use cannabis.

Consumer demand for our products, particularly our premium brand offerings, may also be impacted by the COVID-19 pandemic as a result of reductions in consumers' disposable income associated with layoffs, and work or pay limitations due to mandatory social distancing and lockdown measures implemented by government authorities. Demand for medical products may be further impacted due to a decrease in patients visiting doctor's offices and clinics, and cancellation of elective procedures at hospitals. As demand for our products decreases, we may be required to record additional asset impairments, including an impairment of the carrying value of our goodwill, along with other accounting charges.

The following is a summary of certain COVID-19 related operational impacts and associated risks:

- To date, we have been able to continue operations at all of our cannabis and hemp cultivation and production facilities, including our facilities in Ontario, Manitoba, British Columbia and Portugal. In Ontario, Manitoba and British Columbia, production of our cannabis and hemp products is designated as an essential service or otherwise permitted; however, there can be no assurance that such designations will remain in effect. If any of these facilities are deemed non-essential or required to close for a significant period of time, our revenues and our results of operations would be impacted. Similarly, while the U.S./Canadian border closure exempted the transport of food, which includes our hemp-based food products, as an essential cross-border service, if the U.S.-Canadian border is closed to food transport, our general ability to transport and receive certain raw materials, inputs and final products would be significantly impacted.
- In Germany, we experienced disruption in the supply of pharmaceutical products to our German distributors, including CC Pharma, and reduced demand due to a decrease in patients visiting doctors' offices and clinics and the cancellation of elective medical procedures.
- While we have continued to operate our SweetWater brewery in Atlanta, we experienced some labor shortages, as well as a decline in demand for draft beer products due to closures affecting the on-premise channel and reduced air travel impacting sales to Delta Airlines.

While the United States and certain other jurisdictions are starting to relax restrictions implemented in response to the COVID-19 pandemic, many jurisdictions are still subject to more significant government mandated closures and other restrictions. Moreover, with the potential for new and more-transmissible variants, the situation remains dynamic and subject to rapid and possibly material changes. Given the ongoing and dynamic nature and significance of the COVID-19 pandemic and its impact globally, we are not able to enumerate all potential risks to our business. Any of the negative impacts of the COVID-19 pandemic, including those described above, alone or in combination with others, may have a material adverse effect on our business, results of operations or financial condition. Further, any of these negative impacts, alone or in combination with others, could exacerbate many of the other risk factors outlined in this Part I, "*Item 1A. Risk Factors*".

Risks Related to the Cannabis Business

Our business is dependent upon regulatory approvals and licenses, ongoing compliance and reporting obligations, and timely renewals.

Our ability to cultivate, process, and sell medical and adult-use cannabis, cannabis-derived extracts and derivative cannabis products in Canada is dependent on maintaining the licenses issued to our operating subsidiaries

by Health Canada under the Cannabis Regulations, or CR. These licenses allow us to produce cannabis in bulk and finished forms and to sell and distribute such cannabis in Canada. They also allow us to export medical cannabis in bulk and finished form to and from specified jurisdictions around the world, subject to obtaining, for each specific shipment, an export approval from Health Canada and an import approval (or no objection notice) from the applicable regulatory authority in the country to or from which the export or import is being made. These CR licenses are valid for fixed periods and need to be renewed at the end of such periods.

We are also required to obtain and maintain certain permits, licenses or other approvals from regulatory agencies in countries and markets outside of Canada in which we operate or to which we export our product, including, in the case of certain countries, the ability to demonstrate compliance with EU-GMP standards. We have received certification of compliance with EU-GMP standards for cultivation and production at Tilray Nanaimo and Tilray Portugal, as well as Part II EU-GMP certification for Aphria One and Part I EU-GMP certification for ARA-Avanti Rx Analytics Inc.'s ("Avanti") approved facility. These GMP certified facilities are subject to extensive ongoing compliance reviews to ensure that we continue to maintain compliance with current GMP standards. There can be no assurance that we will be able to continue to comply with these standards. Moreover, future governmental actions in countries where we operate, or export products, may limit or altogether restrict the import and/or export of cannabis products.

Any future cannabis production facilities that we operate in Canada or elsewhere will also be subject to separate licensing requirements under the CR or applicable local requirements. Although we believe that we will meet the requirements for future renewals of our existing licenses and obtain requisite licenses for future facilities, there can be no assurance that existing licenses will be renewed or new licenses obtained on the same or similar terms as our existing licenses, nor can there be any assurance that Health Canada will continue to issue import or export permits on the same terms or on the same timeline, or that other countries will allow, or continue to allow, imports or exports. An agency's denial of or delay in issuing or renewing a permit, license or other approval, or revocation or substantial modification of an existing permit, license or approval, could restrict or prevent us from continuing the affected operations, or limit the export and/or import of our cannabis products. In addition, the export and import of cannabis is subject to United Nations treaties establishing country-by-country national estimates and our export and import permits are subject to these estimates which could limit the amount of cannabis we can export to any particular country.

Further, our facilities are subject to ongoing inspections by the governing regulatory authority to monitor our compliance with their licensing requirements. Our existing licenses and any new licenses that we may obtain in the future in Canada or other jurisdictions may be revoked or restricted in the event that we are found not to be in compliance. Should we fail to comply with the applicable regulatory requirements or with conditions set out under our licenses, should our licenses not be renewed when required, be renewed on different terms, or be revoked, we may not be able to continue producing or distributing cannabis in Canada or other jurisdictions or to import or export cannabis products. In addition, we may be subject to enforcement proceedings resulting from a failure to comply with applicable regulatory requirements in Canada or other jurisdictions, which could result in damage awards, the suspension, withdrawal or non-renewal of our existing approvals or denial of future approvals, recall of products, the imposition of future operating restrictions on our business or operations or the imposition of fines or other penalties.

Government regulation is evolving, and unfavorable changes could impact our ability to carry on our business as currently conducted and the potential expansion of our business.

We operate in a highly regulated and rapidly evolving industry. The successful execution of our business objectives is contingent upon compliance with all applicable laws and regulatory requirements in Canada (including the Cannabis Act and CR), Europe and other jurisdictions, and obtaining all required regulatory approvals for the production, sale, import and export of our cannabis products. The laws, regulations and guidelines generally applicable to the cannabis industry domestically and internationally may change in ways currently unforeseen. Any amendment to or replacement of existing laws, regulations, guidelines or policies may cause adverse effects to our operations, financial condition, results of operations and prospects.

The federal legislative framework pertaining to the Canadian cannabis market is still very new. In addition, the governments of every Canadian province and territory have implemented different regulatory regimes for the distribution and sale of cannabis for adult-use purposes within those jurisdictions. There is no guarantee that the

Canadian legislative framework regulating the cultivation, processing, distribution and sale of cannabis will not be amended or replaced or the current legislation will create the growth opportunities we currently anticipate.

In the United States, despite cannabis having been legalized at the state level for medical use in many states and for adult-use in a number of states, cannabis meeting the statutory definition of "marijuana" continues to be categorized as a Schedule I controlled substance under the federal Controlled Substances Act, or the CSA, and subject to the Controlled Substances Import and Export Act, or the CSIEA. Hemp and marijuana both originate from the Cannabis sativa plant and CBD is a constituent of both. "Marihuana" or "marijuana" is defined in the CSA as a Schedule I controlled substance whereas "hemp" is essentially any parts of the Cannabis sativa plant that has not been determined to be marijuana. Pursuant to the 2018 Farm Bill, "hemp," or cannabis and cannabis derivatives containing no more than 0.3% of tetrahydrocannabinol, or THC, is now excluded from the statutory definition of "marijuana" and, as such, is no longer a Schedule I controlled substance under the CSA. As a result, our activity in the United States is limited to (a) certain corporate and administrative services, including accounting, legal and creative services, (b) supply of study drug for clinical trials under DEA and FDA authorization, and (c) participation in the market for hemp and hemp-derived products containing CBD in compliance with the 2018 Farm Bill.

While the 2018 Farm Bill exempts hemp and hemp derived products from the CSA, the commercialization of hemp products in the United States is subject to various laws, including the 2018 Farm Bill, the FD&C Act, the Dietary Supplement Health and Education Act, or (the "DSHEA"), applicable state and/or local laws, and FDA regulations. See also Risk Factor "*United States regulations relating to hemp-derived CBD products are unclear and rapidly evolving, and changes may not develop in the timeframe or manner most favorable to our business objectives*".

Our ability to expand internationally is also contingent, in part, upon compliance with applicable regulatory requirements enacted by governmental authorities and obtaining all requisite regulatory approvals. We cannot predict the impact of the compliance regime that governmental authorities may implement to regulate the adult-use or medical cannabis industry. Similarly, we cannot predict how long it will take to secure all appropriate regulatory approvals for our products, or the extent of testing and documentation that may be required by governmental authorities. The impact of the various compliance regimes, any delays in obtaining, or failure to obtain regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on our business, financial condition, results of operations and prospects.

As the commercial cannabis industry develops in Canada and other jurisdictions, we anticipate that regulations governing cannabis in Canada and globally will continue to evolve. Further, Health Canada or the regulatory authorities in other countries in which we operate or to which we export our cannabis products may change their administration or application of the applicable regulations or their compliance or enforcement procedures at any time. There is no assurance that we will be able to comply or continue to comply with applicable regulations, which could impact our ability to continue to carry on business as currently conducted and the potential expansion of our business.

We currently incur and will continue to incur ongoing costs and obligations related to regulatory compliance. A failure on our part to comply with regulations may result in additional costs for corrective measures, penalties or restrictions on our business or operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to our operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

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.

Our cultivation and processing facilities are integral to our business and the licenses issued by applicable regulatory authorities is specific to each of these facilities. Adverse changes or developments affecting these facilities, including, but not limited to, disease or infestation of our crops, a fire, an explosion, a power failure, a natural disaster, an epidemic, pandemic or other public health crisis, or a material failure of our security infrastructure, could reduce or require us to entirely suspend operations at the affected facilities. See also Risk Factor "*Risks related to COVID-19*".

A significant failure of our site security measures and other facility requirements, including failure to comply with applicable regulatory requirements, could have an impact on our ability to continue operating under our facility licenses and our prospects of renewing our licenses, and could also result in a suspension or revocation of these licenses.

We face intense competition, and anticipate competition will increase, which could hurt our business.

We face, and we expect to continue to face, intense competition from other Licensed Producers and other potential competitors, some of which have longer operating histories and more financial resources than we have. In addition, we anticipate that the cannabis industry will continue to undergo consolidation, creating larger companies with financial resources, manufacturing and marketing capabilities and product offerings that may be greater than ours. As a result of this competition, we may be unable to maintain our operations or develop them as currently proposed, on terms we consider acceptable, or at all.

Health Canada has issued hundreds of licenses for Licensed Producers. The number of licenses granted and the number of Licensed Producers ultimately authorized by Health Canada could have an adverse impact on our ability to compete for market share in Canada. We expect to face additional competition from new market entrants and may experience downward price pressure on our cannabis products as new entrants increase production. If the number of users of cannabis in Canada increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products and pricing strategies.

Our commercial opportunity in the medical and adult-use markets could also be impacted if our competitors produce and commercialize products that, among other things, are safer, more effective, more convenient or less expensive than the products that we may produce, have greater sales, marketing and distribution support than our products, enjoy enhanced timing of market introduction and perceived effectiveness advantages over our products and receive more favorable publicity than our products. To remain competitive, we intend to continue to invest in research and development, marketing and sales and client support. We may not have sufficient resources to maintain research and development, marketing and sales and client support efforts on a competitive basis.

In addition to the foregoing, the legal landscape for medical and adult-use cannabis is changing internationally. We maintain operations outside of Canada, which may be affected as other countries develop, adopt and change their laws related to medical and adult-use cannabis. Increased international competition, including competition from suppliers in other countries who may be able to produce at lower cost, and limitations placed on us by Canadian or other regulations, might lower the demand for our cannabis products on a global scale.

Competition from the illicit cannabis market could impact our ability to succeed.

We face competition from illegal market operators that are unlicensed and unregulated including illegal dispensaries and illicit market suppliers selling cannabis and cannabis-based products. As these illegal market participants do not comply with the regulations governing the cannabis industry, their operations may have significantly lower costs. The perpetuation of the illegal market for cannabis may have a material adverse effect on our business, results of operations, as well as the perception of cannabis use. Furthermore, given the restrictions on regulated cannabis retail, including those related to the COVID-19 pandemic, it is possible that legal cannabis consumers revert to the illicit market as a matter of convenience.

The cannabis industry and market are relatively new and evolving, which could impact our ability to succeed in this industry and market.

We are operating our business in a relatively new industry and market that is expanding globally, and our success depends on our ability to attract and retain consumers and patients. There are many factors which could impact our ability to attract and retain consumers and patients, including but not limited to brand awareness, our ability to continually produce desirable and effective cannabis products and the ability to bring new consumers and patients into the category. The failure to acquire and retain consumers and patients could have a material adverse effect on our business, financial condition, results of operations and prospects.

To remain competitive, we will continue to innovate new products, build brand awareness and make significant investments in our business strategy and production capacity. These investments include introducing new products into the markets in which we operate, adopting quality assurance protocols and procedures, building our international presence and undertaking research and development. These activities may not promote our products as effectively as intended, or at all, and we expect that our competitors will undertake similar investments to compete with us for market share. Competitive conditions, consumer preferences, regulatory conditions, patient requirements, prescribing practices, and spending patterns in this industry and market are relatively unknown and may have unique characteristics that differ from other existing industries and markets and that cause our efforts to further our business to be unsuccessful or to have undesired consequences. As a result, we may not be successful in our efforts to attract and retain customers or to develop new cannabis products and produce and distribute these products in time to be effectively commercialized, or these activities may require significantly more resources than we currently anticipate in order to be successful.

Regulations constrain our ability to market and distribute our products in Canada.

In Canada, there are significant regulatory restrictions on the marketing, branding, product formats, product composition, packaging, and distribution of adult-use cannabis products. For instance, the CR includes a requirement for health warnings on product packaging, the limited ability to use logos and branding (only one brand name and one brand element per package), restrictions on packaging itself, and restrictions on types and avenues of marketing. Cannabis 2.0 regulations, which govern the production and sale of new classes or forms of cannabis products (including vapes and edibles), impose considerable restrictions on product composition, labeling, and packaging in addition to being subject to similar marketing restrictions as existing form factors.

Further, each province and territory of Canada has the ability to separately regulate the distribution of cannabis within such province or territory (including the legal age), and the rules and regulations adopted vary significantly. Additional marketing and product composition restrictions have been imposed by some provinces and territories. Such federal and provincial restrictions may impair our ability to differentiate our products and develop our adult-use brands. Some provinces and territories also impose significant restrictions on our ability to merchandise products; for example, some provinces impose restrictions on investment in retailers or distributors as well as in our ability to negotiate for preferential retail space or in-store marketing. If we are unable to effectively market our products and compete for market share, our sales and results of operations may be adversely affected.

The adult-use cannabis market in Canada is continuing to develop and may experience supply fluctuations which could result in decreases to prices and revenues.

Since legalization in October 2018 of adult-use cannabis for recreational purposes in Canada, the market for adult-use cannabis is continuing to develop, resulting in fluctuations in supply and demand. Licensed cannabis producers may not be able to produce enough cannabis to meet adult-use demand. This may result in lower than expected sales and revenues and may result in increased competition for sales and sources of supply. This competition may adversely affect our adult-use business and there is no guarantee that we will be able to supply or acquire the supply, on commercially reasonable terms or at all, to meet the demand for adult-use cannabis.

Alternatively, we and other cannabis producers in Canada may produce more cannabis than is needed to satisfy the collective demand of the Canadian medical and adult-use markets, and we may be unable to export that oversupply into other legal markets. As a result, the available supply of cannabis could exceed demand, resulting in a significant decline in the market price for cannabis. If this were to occur, there is no assurance that we would be able to generate sufficient revenue from the sale of medical and adult-use cannabis products to result in profitability and sufficient liquidity. Regulatory restrictions or over supply conditions in our primary markets could result in inventory adjustments.

We may not be able to successfully develop new products or commercialize such products.

Cannabis 2.0 regulations, which came into effect on October 17, 2019 in Canada, permit Canadian Licensed Producers to develop new cannabis form factors, including CBD and THC-infused drinks, edibles and non-flower products, such as vapes. We have and will continue to develop strategic partnerships to participate in these new product market opportunities with partners who can provide complementary product development and support capabilities.

Strategic initiatives around new products involve significant investment of management time and resources in order to successfully execute and maintain, for novel products that may not generate sufficient market demand. Additionally, there can be no guarantee that such new product offerings, even if successfully developed, will have unit economics that generate an appropriate return on investment. The development of new products could result in diversions of management attention, a strain on existing financial and other resources or a lack of product demand for our newly developed form factors, any of which could have a material adverse effect on our business, results of operations and financial condition.

Our vape business is subject to uncertainty in the evolving vape market due to negative public sentiment and regulatory scrutiny.

Cannabis vape products in Canada are regulated under the Cannabis Act and the CR, as well as the Canada Consumer Product Safety Act. The CR sets clear rules and standards for the manufacture, composition, packaging, and marketing of cannabis vape products. Health risks raised in Canada and the United States associated with vaping and accompanying negative public sentiment may prompt Health Canada or individual provinces/territories to further limit or defer industry's ability to sell cannabis vape products and may also diminish consumer demand for such products. There can be no assurance that we will be able to meet any additional compliance requirements or regulatory restrictions, or remain competitive in the face of unexpected changes in market conditions.

Vaping, electronic cigarettes and related products were recently developed and therefore the scientific community has not yet had a sufficient period of time to study the long-term health effects of their use. Currently, there is no way of knowing whether these products are safe for their intended use and the medical community is still studying these products' health effects. If the scientific community were to determine conclusively that use of any or all of these products poses long-term health risks, market demand for these products and their use could materially decline. Such a determination could also lead to litigation and significant regulation.

Loss of demand for our vape products, product liability claims and increased regulation stemming from unfavorable scientific studies on cannabis vaping products could have a material adverse effect on our business, results of operations and financial condition.

The long-term effect of the legalization of adult-use cannabis in Canada on the medical cannabis industry is unknown, and may negatively impact our medical cannabis business.

According to recent Canadian government statistics, medicinal cannabis patient numbers continue to experience decline. A continued decrease in the overall size of the medical cannabis market in Canada as a result of the legal adult-use market or other factors may reduce our medical sales and revenue prospects in Canada. Factors that may influence demand for medical cannabis include the availability of product in each market, the price of medical cannabis products in relation to similar adult-use cannabis products, and the ease with which each market can be accessed in the individual provinces and territories of Canada. The impact of adult-use cannabis on the medical market is not yet fully understood as the market is still in a state of flux. In addition, the impact of the new form factors, legalized in October 2019, on the medical vs adult-use market is not yet established.

The regulation of cannabis for medical purposes under the CR is expected to be reviewed in light of the adult-use market, which review is scheduled to commence in October 2021. The effect on our business, and the medical cannabis market in general, of such a review is uncertain.

Research regarding the health effects of cannabis is in relatively early stages and subject to further study which could impact demand for cannabis products.

Research and clinical trials on the potential benefits and the short-term and long-term effects of cannabis use on human health remains in relatively early stages and there is limited standardization. As such, there are inherent risks associated with using cannabis and cannabis derivative products. Moreover, future research and clinical trials may draw opposing conclusions to statements contained in articles, reports and studies we relied on or could reach different or negative conclusions regarding the benefits, viability, safety, efficacy, dosing or other facts and perceptions related to cannabis, which could adversely affect social acceptance of cannabis and the demand for our products.

United States regulations relating to hemp-derived CBD products are unclear and rapidly evolving, and changes may not develop in the timeframe or manner most favorable to our business objectives.

Our participation in the market for hemp-derived CBD products in the United States and elsewhere may require us to employ novel approaches to existing regulatory pathways. Although the passage of the 2018 Farm Bill legalized the cultivation of hemp in the United States to produce products containing CBD and other non-THC cannabinoids, it remains unclear how the FDA will regulate these products, and whether and when the FDA will propose or implement new or additional regulations. While, to date, there are no laws or regulations enforced by the FDA which specifically address the manufacturing, packaging, labeling, distribution, or sale of hemp or hemp-derived CBD products and the FDA has issued no formal regulations addressing such matters, the FDA has issued various guidance documents and other statements reflecting its non-binding opinion on the regulation of such products.

The hemp plant and the cannabis/marijuana plant are both part of the same cannabis sativa genus/species of plant, except that hemp, by definition, has less than 0.3% THC content, but the same plant with a higher THC content is cannabis/marijuana, which is legal under certain state laws, but which is not legal under United States federal law. The similarities between these two can cause confusion, and our activities with legal hemp in the United States may be incorrectly perceived as us being involved in federally illegal cannabis. The FDA has stated in guidance and other public statements that it is prohibited to sell a food, beverage or dietary supplement to which THC or CBD has been added. While the FDA does not have a formal policy of enforcement discretion with respect to any products with added CBD, the agency has stated that its primary focus for enforcement centers on products that put the health and safety of consumers at risk, such as those claiming to prevent, diagnose, mitigate, treat, or cure diseases in the absence of requisite approvals. While the agency's enforcement to date has therefore focused on products containing CBD and that make drug-like claims, there is the risk that the FDA could expand its enforcement activities and require us to alter our marketing for our hemp-derived CBD products or cease distributing them altogether. The FDA could also issue new regulations that prohibit or limit the sale of hemp-derived CBD products. Such regulatory actions and associated compliance costs may hinder our ability to successfully compete in the market for such products.

In addition, such products may be subject to regulation at the state or local levels. State and local authorities have issued their own restrictions on the cultivation or sale of hemp or hemp-derived CBD. This includes laws that ban the cultivation or possession of hemp or any other plant of the cannabis genus and derivatives thereof, such as CBD. State regulators may take enforcement action against food and dietary supplement products that contain CBD, or enact new laws or regulations that prohibit or limit the sale of such products.

The regulation of hemp and CBD in the United States has been constantly evolving, with changes in federal and state laws and regulation occurring on a frequent basis. Violations of applicable FDA and other laws could result in warning letters, significant fines, penalties, administrative sanctions, injunctions, convictions or settlements arising from civil proceedings. Unforeseen regulatory obstacles or compliance costs may hinder our ability to successfully compete in the market for such products.

Risks related to the Beverage Alcohol Business

Changes in consumer preferences or public attitudes about alcohol could decrease demand for our beverage alcohol products.

If general consumer trends lead to a decrease in the demand for SweetWater's products or beer in general, including craft beer, our sales and results of operations in the beverage alcohol segment may be adversely affected. There is no assurance that the craft brewing segment will experience growth in future periods. If the markets for wine, spirits or flavored alcohol beverages continue to grow, this could draw consumers away from the beer industry in general and our beverage alcohol products specifically.

Further, the alcoholic beverage industry is subject to public concern and political attention over alcohol-related social problems, including drunk driving, underage drinking and health consequences from the misuse of alcohol. In reaction to these concerns, steps may be taken to restrict advertising, to impose additional cautionary labeling or packaging requirements, or to increase excise or other taxes on beverage alcohol products. Any such developments may have an adverse impact on the financial condition, operating results and cash flows for SweetWater.

Developments affecting production at our brewery could negatively impact financial results for our beverage alcohol busines segment.

Adverse changes or developments affecting our brewery in Atlanta, including, fire, power failure, natural disaster, public health crisis, or a material failure of our security infrastructure, could reduce or require us to entirely suspend operations. Additionally, due to many factors, including seasonality and production schedules of our various craft beer products and packaging, actual production capacity may fluctuate throughout the year and may not reach full working capacity. If we experience contraction in our sales and brewing volumes, the excess capacity and unabsorbed overhead may have an adverse effect on gross margins, operating cash flows and overall financial performance of SweetWater.

SweetWater faces substantial competition in the beer industry and the broader market for alcoholic beverage products which could impact its business and financial results.

The market for alcoholic beverage products within the United States is highly competitive due to the increasing number of domestic and international beverage companies with similar pricing and target drinkers, the introduction and expansion of hard seltzers, gains in market share achieved by domestic specialty beers and imported beers, and the acquisition of craft brewers by larger brewers. We anticipate competition among domestic craft brewers will also remain strong as existing breweries build more capacity, expand geographically and add more products, flavors and styles. The continued growth in the sales of hard seltzers, craft-brewed domestic beers and imported beers is expected to increase competition in the market for alcoholic beverages within the United States and, as a result, prices and market share of SweetWater's products may fluctuate and possibly decline.

The beer industry has seen continued consolidation among brewers in order to take advantage of cost savings opportunities for supplies, distribution and operations. Due to the increased leverage that these combined operations have in distribution and sales and marketing expenses, the costs to SweetWater of competing could increase. The potential also exists for these large competitors to increase their influence with their distributors, making it difficult for smaller brewers to maintain their market presence or enter new markets. The increase in the number and availability of competing products and brands, the costs to compete and potential decrease in distribution support and opportunities may adversely affect SweetWater's business and financial results.

SweetWater is dependent on distributors to deliver sustained growth.

In the United States, SweetWater sells its alcohol beverages to independent beer distributors for distribution to retailers and, ultimately, to consumers. In order for SweetWater to deliver sustained growth and continue its national expansion, it will be required to maintain such relationships and to enter into agreements with additional distributors. No assurance can be given that SweetWater will be able to maintain its current distribution network or secure additional distributors on terms favorable to SweetWater. If SweetWater's existing distribution agreements are terminated, it may not be able to enter into new distribution agreements on substantially similar terms, which may result in an increase in the costs of distribution.

General Business Risks and Risks Related to Our Financial Condition and Operations

We have a limited operating history and a history of net losses, and we may not achieve or maintain profitability in the future.

We began operating in 2014 and have yet to generate a profit. We intend to continue to expend significant funds to explore potential opportunities and complete strategic mergers and acquisitions, invest in research and development, expand our marketing and sales operations and meet the compliance requirements as a public company.

Our efforts to grow our business may be more costly than we expect and we may not be able to increase our revenue enough to offset higher operating expenses. We may incur significant losses in the future for a number of reasons, including as a result of unforeseen expenses, difficulties, complications and delays, the other risks described herein and other unknown events. The amount of future net losses will depend, in part, on the growth of our future expenses and our ability to generate revenue. If we continue to incur losses in the future, the net losses and negative cash flows incurred to date, together with any such future losses, will have an adverse effect on our stockholders'

equity and working capital. Because of the numerous risks and uncertainties associated with producing and selling cannabis and beverage alcohol products, as outlined herein, we are unable to accurately predict when, or if, we will be able to achieve profitability. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. If we are unable to achieve and sustain profitability, the market price of our common stock may significantly decrease and our ability to raise capital, expand our business or continue our operations may be impaired.

We are subject to litigation, arbitration and demands, which could result in significant liability and costs, and impact our resources and reputation.

Tilray has previously been named as a defendant in a class action relating to the prior merger of Privateer Holdings, Inc. with and into a wholly owned subsidiary (referred to as the Downstream Merger), and a class action related to the drop in our stock price. In addition, legal proceedings covering a wide range of matters are pending or threatened in various U.S. and foreign jurisdictions against the Company. The type of claims that may be raised in these proceedings include product liability, unfair trade practices, antitrust, tax, contraband shipments, patent infringement, employment matters, claims for contribution and claims of competitors, shareholders or distributors. Litigation is subject to uncertainty and it is possible that there could be adverse developments in pending or future cases.

We are also subject to other litigation and demands relating to business decisions, regulatory and industry changes, supply relationships, and our business acquisition matters and related activities. Litigation may include claims for substantial compensatory or punitive damages or claims for indeterminate amounts of damages. Tilray and its various subsidiaries are also involved from time to time in other reviews, investigations and proceedings (both formal and informal) by governmental and self-regulatory agencies regarding our business. These matters could result in adverse judgments, settlements, fines, penalties, injunctions or other relief.

We have incurred and may continue to incur substantial costs and expenses relating directly to these actions. Responding to such actions could divert management's attention away from our business operations and result in substantial costs. For more information on our pending legal proceedings, see "*Part I, Item 3. Legal Proceedings*".

We are exposed to risks relating to the laws of various countries as a result of our international operations.

We currently conduct operations in multiple countries and plan to expand these international operations. As a result of our operations, we are exposed to various levels of political, economic, legal and other risks and uncertainties associated with operating in or exporting to these jurisdictions. These risks and uncertainties include, but are not limited to, changes in the laws, regulations and policies governing the production, sale and use of our products, political instability, instability at the United Nations level, currency controls, fluctuations in currency exchange rates and rates of inflation, labor unrest, changes in taxation laws, regulations and policies, restrictions on foreign exchange and repatriation and changing political conditions and governmental regulations relating to foreign investment and the cannabis business more generally.

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

Furthermore, there is no assurance that we will be able to secure the requisite import and export permits for the international distribution of our products. Countries may also impose restrictions or limitations on imports that require the use of, or confer significant advantages upon, producers within that particular country. As a result, we may be

required to establish facilities in one or more countries in the EU (or elsewhere) where we wish to distribute our products in order to take advantage of the favorable legislation offered to producers in these countries.

We face risks associated with our expansion into new markets outside of the current jurisdictions where we conduct business.

We plan in the future to expand our operations and business into jurisdictions outside of the jurisdictions where we currently carry on business. There can be no assurance that any market for our products will develop in any such foreign jurisdiction. We may face new or unexpected risks or significantly increase our exposure to one or more existing risk factors, including economic instability, new competition, changes in laws and regulations, including the possibility that we could be in violation of these laws and regulations as a result of such changes, and the effects of competition. These factors may limit our capability to successfully expand our operations in, or export our products to, to such jurisdictions.

We may be unable to sustain our revenue growth and development, and may be forced to adjust our operations accordingly.

Our revenue has grown in recent years. Our ability to sustain this growth will depend on a number of factors, many of which are beyond our control, including, but not limited to, the availability of sufficient capital on suitable terms, changes in laws and regulations respecting the production and distribution of cannabis products, competition from other Licensed Producers, the size of the illicit market, the size of the Canadian adult-use market, and our ability to produce sufficient volumes of our cannabis-based products to meet demand. Regulatory changes, particularly in the primary jurisdictions where we operate, may continue to attract new market entrants and could dilute our potential opportunity and early-mover advantage. In addition, we are subject to a variety of business risks generally associated with developing companies. Future development and expansion could place significant strain on our management personnel and likely will require us to recruit additional management personnel, and there is no assurance that we will be able to do so.

As part of the integration of Tilray and Aphria, we implemented certain employee lay-offs and facility closures. We may take additional cost-control measures in the future that may impact our revenue growth and development, and could result in material charges and other impairment charges in our statement of operations. In addition, please see Risk Factor "*Risks related to the Arrangement*".

Failure to comply with anti-money laundering and anti-terrorist financing laws could disrupt our operations and involve significant costs.

We are subject to a variety of laws and regulations in the United States, Canada and elsewhere that prohibit money laundering, including the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) and the Money Laundering Control Act (United States), as amended, and the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by governmental authorities in the United States, Canada or any other jurisdiction in which we have business operations or to which we export. Although we believe that none of our activities implicate any applicable money laundering statutes, in the event that any of our business activities, any dividends or distributions therefrom, or any profits or revenue accruing thereby are found to be in violation of money laundering statutes, such transactions may be viewed as proceeds of crime under one or more of the statutes described above or any other applicable legislation, and any persons, including such United States-based investors, found to be aiding and abetting us in such violations could be subject to liability. Any violations of these laws, or allegations of such violations, could disrupt our operations, involve significant management distraction and involve significant costs and expenses, including legal fees. We could also suffer severe penalties, including criminal and civil penalties, disgorgement and other remedial measures.

Failure to comply with anti-bribery laws of Canada, the United States and the other countries in which we conduct business, could subject us to penalties and other adverse consequences.

We are subject to the Corruption of Foreign Public Officials Act (Canada) and the Foreign Corrupt Practices Act (United States), which generally prohibit companies and their employees from engaging in bribery, kickbacks or

making other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Such legislation requires companies and their subsidiaries (including foreign subsidiaries) to maintain accurate books and records and internal controls. We are also subject to the anti-bribery laws of other countries in which we conduct, or will conduct, business that apply similar prohibitions. While we have developed policies and procedures that mandate compliance with these laws, employees or other agents may engage in unauthorized or prohibited conduct for which we may be held responsible. If our employees or other agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and operations.

We are required to comply concurrently with all applicable laws in each jurisdiction where we operate or to which we export our products, and any changes to such laws could adversely impact our business.

Various federal, state, provincial and local laws and regulations govern our business in the jurisdictions in which we operate or propose to operate, and in which we export or propose to export our products. Such laws and regulations include those relating to health and safety, conduct of operations and the production, management, transportation, storage and disposal of our products and of certain material used in our operations. In many cases, we must concurrently comply with complex federal, provincial, state and/or local laws in multiple jurisdictions. These laws change frequently and may be difficult to interpret and apply. Compliance with these laws and regulations requires the investment of significant financial and managerial resources, and a determination that we are not in compliance with any of these laws and regulations could harm our brand image and business. Moreover, it is impossible for us to predict the cost or effect of such laws, regulations or guidelines upon our future operations. Changes to these laws or regulations could negatively affect our competitive position within our industry and the markets in which we operate, and there is no assurance that various levels of government in the jurisdictions in which we operate will not pass legislation or regulation that adversely impacts our business.

Our strategic alliances and other third-party business relationships may not achieve the intended beneficial impact and expose us to risks.

We currently have, and may adjust the scope of, and may in the future enter into, strategic alliances with third parties that we believe will complement or augment our existing business. Our ability to complete further strategic alliances is dependent upon, and may be limited by, among other things, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen integration obstacles or costs, may not enhance our business or profitability and may involve risks that could adversely affect us, including the investment of significant amounts of management time that may be diverted from operations in order to pursue and complete such transactions or maintain such strategic alliances. We may become dependent on our strategic partners and actions by such partners could harm our business. Future strategic alliances could result in the incurrence of debt, impairment charges, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that our existing strategic alliances will continue to achieve, the expected benefits to our business or that we will be able to consummate future strategic alliances on satisfactory terms, or at all.

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.

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) the potential disruption of our ongoing business; (ii) the distraction of management away from the ongoing oversight of our existing business activities; (iii) incurring additional indebtedness; (iv) the anticipated benefits and cost savings of those transactions not being realized fully, or at all, or taking longer to realize than anticipated; (v) an increase in the scope and complexity of our operations; (vi) the loss or reduction of control over certain of our assets; and (vii) capital stock or cash to pay for the acquisition.. Material acquisitions and strategic transactions have been and continue to be material to our business strategy. There can be no assurance that we will find suitable opportunities for strategic transactions at acceptable prices, have sufficient capital resources to pursue such transactions, be successful in negotiating required agreements, or successfully close transactions after signing such agreements. There is no guarantee that any acquisitions will be accretive, or that past or future acquisitions will not result in additional impairments or write downs.

The existence of one or more material liabilities of an acquired company that are unknown to us at the time of acquisition could result in our incurring those liabilities. A strategic transaction may result in a significant change in the nature of our business, operations and strategy, and we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our operations.

We are subject to risks inherent in an agricultural business, including the risk of crop failure.

We grow cannabis, which is an agricultural process. As such, our business is subject to the risks inherent in the agricultural business, including risks of crop failure presented by weather, insects, plant diseases and similar agricultural risks. Although we primarily grow our products indoors under climate-controlled conditions, we also have certain outdoor cultivation capacity and there can be no assurance that natural elements, such as insects and plant diseases, will not interrupt our production activities or have an adverse effect on our business.

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.

We derive a significant portion of revenue from the supply contracts we have with 12 Canadian provinces and territories for adult-use cannabis products. There are many factors which could impact our contractual agreements with the provinces and territories, including but not limited to availability of supply, product selection and the popularity of our products with retail customers. If our supply agreements with certain Canadian provinces and territories are amended, terminated or otherwise altered, our sales and results of operations could be adversely affected, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, not all of our supply contracts with the Canadian provinces and territories contain purchase commitments or otherwise obligate the provincial or territorial wholesaler to buy a minimum or fixed volume of cannabis products from us. The amount of cannabis that the provincial or territorial wholesalers may purchase under the supply contracts may therefore vary from what we expect or planned for. As a result, our revenues could fluctuate materially in the future and could be materially and disproportionately impacted by the purchasing decisions of the provincial or territorial wholesalers. In the future, these customers may decide to purchase less product from us than they have in the past, may alter purchasing patterns or return inventory, or may decide not to continue to purchase our products, any of which could cause our revenue to decline materially and materially harm our financial condition and results of operations. If we are unable to diversify our customer base, we will continue to be susceptible to risks associated with customer concentration.

We may be unable to attract or retain key personnel, and we may be unable to attract, develop and retain additional employees required for our development and future success.

Our success is largely dependent on the performance of our management team and certain employees and our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and we may incur significant costs to attract and retain them. The loss of the services of any key personnel, or an inability to attract other suitably qualified persons when needed, could prevent us from executing on our business plan and strategy, and we may be unable to find adequate replacements on a timely basis, or at all.

Further, officers, directors, and certain key personnel at each of our facilities that are licensed by Health Canada are subject to the requirement to obtain and maintain a security clearance from Health Canada under the CR. Moreover, under the CR, an individual with security clearance must be physically present on site when other individuals are conducting activities with cannabis. Under the CR, a security clearance is valid for a limited time and must be renewed before the expiry of a current security clearance. There is no assurance that any of our existing personnel who presently or may in the future require a security clearance will be able to obtain or renew such clearances or that new personnel who require a security clearance will be able to obtain one. A failure by an individual in a key operational position to maintain or renew his or her security clearance could result in a reduction or complete suspension of our operations. In addition, if an individual in a key operational position leaves us, and we are unable to find a suitable replacement who is able to obtain a security clearance required by the CR in a timely manner, or at all, we may not be able to conduct our operations at planned production volume levels or at all.

The CR also requires us to designate a qualified individual in charge who is responsible for supervising activities relating to the production of study drugs for clinical trials, which individual must meet certain educational and security clearance requirements. If our current designated qualified person in charge fails to maintain their security clearance, or leaves us and we are unable to find a suitable replacement who meets these requirements, we may no longer be able to continue our clinical trial activities.

Increased labor costs, potential organization of our workforce, employee strikes, and other labor-related disruption may adversely affect our operations.

Outside Portugal, none of our employees are represented by a labor union or subject to a collective bargaining agreement. In Portugal, none of our employees are represented by a labor union or subject to any workforce-initiated labor agreement. As with other companies carrying on business in Portugal, we are subject to a government-mandated collective bargaining agreement, which grants employees nominal additional benefits beyond those required by the local labor code. We cannot assure that our labor costs going forward will remain competitive based on various factors, such as: (i) our workforce may organize in the future and labor agreements may be put in place that have significantly higher labor rates and company obligations; (ii) our competitors may maintain significantly lower labor costs, thereby reducing or eliminating our comparative advantages vis-à-vis one or more of our competitors or the larger industry; and (iii) our labor costs may increase in connection with our growth.

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.

Our business is dependent on a number of key inputs and their related costs (certain of which are sourced in other countries and on different continents), including raw materials, supplies and equipment related to our operations, as well as electricity, water and other utilities. We operate global manufacturing facilities, and have dispersed suppliers and customers. Governments may regulate or restrict the flow of labor or products, and the Company's operations, suppliers, customers and distribution channels could be severely impacted. While we have not experienced any material supply chain disruptions, any significant future governmental-mandated or market-related interruption, price increase or negative change in the availability or economics of the supply chain for key inputs and, in particular, rising or volatile energy costs could curtail or preclude our ability to continue production. In addition, our operations would be significantly affected by a prolonged power outage.

Our ability to compete is dependent on us having access, at a reasonable cost and in a timely manner, to skilled labor, equipment, parts and components. No assurances can be given that we will be successful in maintaining our required supply of labor, equipment, parts and components. See also Risk Factor "*Risks related to COVID-19"*.

We may require third party supply of quality cannabis flower, which may adversely affect our costs and subject us to unreliable supply chains or product quality.

Our business is highly dependent on the production and sale of acceptable and certifiable cannabis flower. Our operations may not produce sufficient volumes of cannabis flower or particular cultivars (commonly referred to as "strains") to meet consumer demand. It is also possible that our cannabis flower production fails to meet our strict internal quality standards or external regulation specifications. This may require us to contract with third parties to purchase cannabis flower. There is no guarantee we will be able to source cannabis flower at attractive prices or that any third party-sourced product will meet our quality standards and all regulatory requirements. If we are unable to source sufficient cannabis flower for any of these reasons, our sales goals may not be achieved or our costs may increase, or both may occur. An increasing reliance on third party cannabis flower supply could materially impact our business reputation, financial condition and results of operations.

Fluctuations in cannabinoid prices relative to contracted prices with third party suppliers could negatively impact our earnings.

A portion of our results of operations and financial condition, as well as the selling prices for our products, are dependent upon cannabinoid supply contracts. Production and pricing of cannabinoids are determined by constantly changing market forces of supply and demand over which we have limited or no control. The market for cannabis

biomass is particularly volatile compared to other commoditized markets due to the relatively nascent maturity of the industry in which we operate. The lack of centralized data and large variations in product quality make it difficult to establish a "spot price" for cannabinoids and develop an effective price hedging strategy. Accordingly, supply contracts with any term may prove to be costly in the future to the extent cannabinoid prices decrease dramatically or at a faster rate than anticipated.

Our failure to successfully negotiate supply contracts that address such market vagaries could result in us being contractually obligated to purchase products, some of which may be priced above then-current market prices, or interruption of the supply of inputs for the manufacturing of our products, all of which could have a material adverse effect on our business, results of operations, financial condition, liquidity and prospects.

We face risks associated with the transportation of our products to consumers in a safe and efficient manner.

We depend on fast, cost-effective, and efficient courier services to distribute our products to both wholesale and retail customers. Any prolonged disruption of third-party transportation services could have a material adverse effect on our sales volumes or satisfaction with our services. Rising costs associated with third-party transportation services used by us to ship our products may also adversely impact our profitability, and more generally our business, financial condition and results of operations.

The security of our products during transportation to and from our facilities is of the utmost concern. A breach of security during transport or delivery could result in the loss of high-value product and forfeiture of import and export approvals, since such approvals are shipment specific. Any failure to take steps necessary to ensure the safekeeping of our cannabis products could also have an impact on our ability to continue supplying provinces and territories, to continue operating under our existing licenses, to renew or receive amendments to our existing licenses or to obtain new licenses.

Our products may be subject to recalls for a variety of reasons, which could require us to expend significant management and capital resources.

Manufacturers and distributors of cannabis, hemp and beverage alcohol products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, adulteration, unintended harmful side effects or interactions with other substances, packaging safety, and inadequate or inaccurate labeling disclosure. Although we have detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits, whether frivolous or otherwise. If any of the products produced by us are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. As a result of any such recall, we may lose a significant amount of sales and may not be able to replace those sales at an acceptable gross profit or at all. In addition, a product recall may require significant management attention or damage our reputation and goodwill or that of our products or brands.

Additionally, product recalls may lead to increased scrutiny of our operations by Health Canada or other regulatory agencies, requiring further management attention, increased compliance costs and potential legal fees, fines, penalties and other expenses. Any product recall affecting the cannabis industry more broadly, whether or not involving us, could also lead consumers to lose confidence in the safety and security of cannabis products generally, including products sold by us.

We may be subject to product liability claims or regulatory action. This risk is exacerbated by the fact that cannabis use may increase the risk of serious adverse side effects.

As a manufacturer and distributor of products which are ingested by humans, we face the risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused loss or injury. We may be subject to these types of claims due to allegations that our products caused or contributed to injury or illness, failed to include adequate instructions for use or failed to include adequate warnings concerning possible side effects or interactions with other substances. This risk is exacerbated by the fact that cannabis use may increase the risk of

developing schizophrenia and other psychoses, symptoms for individuals with bipolar disorder, and other side effects. Furthermore, we are now offering an expanded assortment of form factors, some of which may have additional adverse side effects, such as vaping products. See also Risk Factor *"Our vape business is subject to uncertainty in the evolving vape market due to negative public sentiment and regulatory scrutiny."* Previously unknown adverse reactions resulting from human consumption of cannabis or beverage alcohol products alone or in combination with other medications or substances could also occur.

In addition, the manufacture and sale of our products, like the manufacture and sale of any ingested product, involves a risk of injury to consumers due to tampering by unauthorized third parties or product contamination. We have in the past recalled, and may again in the future have to recall, certain products as a result of potential contamination and quality assurance concerns. A product liability claim or regulatory action against us could result in increased costs and could adversely affect our reputation and goodwill with our customers and consumers generally. There can be no assurance that we will be able to maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could result in us becoming subject to significant liabilities that are uninsured and adversely affect our commercial arrangements with third parties.

We rely on third-party distributors to distribute our products, and those distributors may not perform their obligations.

We rely on third-party distributors, including pharmaceutical distributors, courier services, and government agencies, and may in the future rely on other third parties, to distribute our products. If these distributors do not successfully carry out their contractual duties, if there is a delay or interruption in the distribution of our products, or if these third parties damage our products, it could negatively impact our revenue from product sales. Any damage to our products, such as product spoilage, could expose us to potential product liability, damage our reputation and the reputation of our brands or otherwise harm our business.

We, or the cannabis industry more generally, may receive unfavorable publicity or become subject to negative consumer or investor perception.

We believe that the cannabis industry is highly dependent upon positive consumer and investor perception regarding the benefits, safety, efficacy and quality of the cannabis distributed to consumers. The perception of the cannabis industry and cannabis products, currently and in the future, may be significantly influenced by scientific research or findings, regulatory investigations, litigation, political statements, media attention and other publicity (whether or not accurate or with merit) both in Canada and in other countries relating to the consumption of cannabis products, including unexpected safety or efficacy concerns arising with respect to cannabis products or the activities of industry participants. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular cannabis product or will be consistent with earlier publicity. Adverse scientific research reports, findings and regulatory proceedings that are, or litigation, media attention or other publicity that is, perceived as less favorable than, or that questions, earlier research reports, findings or publicity (whether or not accurate or with merit) could result in a significant reduction in the demand for our products. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis, or our products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could adversely affect us. This adverse publicity could arise even if the adverse effects associated with cannabis products resulted from consumers' failure to use such products legally, appropriately or as directed.

Certain events or developments in the cannabis industry more generally may impact our reputation.

Damage to our reputation can result from the actual or perceived occurrence of any number of events, including any negative publicity, whether true or not. As a producer and distributor of cannabis, which is a controlled substance in Canada that has previously been commonly associated with various other narcotics, violence and criminal activities, there is a risk that our business might attract negative publicity. There is also a risk that the actions of other Licensed Producers or of other companies and service providers in the cannabis industry may negatively affect the reputation of the industry as a whole and thereby negatively impact our reputation. The increased usage of social media and other

web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share negative opinions and views in regards to our activities and the cannabis industry in general, whether true or not. We do not ultimately have direct control over how we or the cannabis industry is perceived by others. Reputational issues may result in decreased investor confidence, increased challenges in developing and maintaining community relations and present an impediment to our overall ability to advance our business strategy and realize on our growth prospects. This could also impact our ability to attract and/or maintain business partners that are not primarily engaged in the cannabis business, such as major food retailers.

Failure to comply with safety, health and environmental regulations applicable to our operations and industry may expose us to liability and impact operations.

Safety, health and environmental laws and regulations affect nearly all aspects of our operations, including product development, working conditions, waste disposal, emission controls, the maintenance of air and water quality standards and land reclamation, and, with respect to environmental laws and regulations, impose limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Compliance with GMP requires satisfying additional standards for the conduct of our operations and subjects us to ongoing compliance inspections in respect of these standards in connection with our GMP certified facilities. Compliance with safety, health and environmental laws and regulations can require significant expenditures, and failure to comply with such safety, health and environmental laws and regulations may result in the imposition of fines and penalties, the temporary or permanent suspension of operations, the imposition of clean-up costs resulting from contaminated properties, the imposition of damages and the loss of or refusal of governmental authorities to issue permits or licenses to us or to certify our compliance with GMP standards. Exposure to these liabilities may arise in connection with our existing operations, our historical operations and operations that we may undertake in the future. We could also be held liable for worker exposure to hazardous substances and for accidents causing injury or death. There can be no assurance that we will at all times be in compliance with all safety, health and environmental laws and regulations notwithstanding our attempts to comply with such laws and regulations.

Changes in applicable safety, health and environmental standards may impose stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. We are not able to determine the specific impact that future changes in safety, health and environmental laws and regulations may have on our industry, operations and/or activities and our resulting financial position; however, we anticipate that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly stringent safety, health and environmental laws and regulations. Further changes in safety, health and environmental laws and regulations, new information on existing safety, health and environmental conditions or other events, including legal proceedings based upon such conditions or an inability to obtain necessary permits in relation thereto, may require increased compliance expenditures by us.

We may become subject to liability and harm arising from fraudulent or illegal activity by our employees, contractors, consultants and others.

We are exposed to the risk that our employees, independent contractors, consultants, service providers and licensors may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional undertakings of unauthorized activities, or reckless or negligent undertakings of authorized activities, in each case on our behalf or in our service that violate: (i) government regulations, including Health Canada regulations; (ii) manufacturing standards; (iii) healthcare laws and regulations; (iv) privacy laws and regulations; (v) laws that require the true, complete and accurate reporting of financial information or data; (vi) United States federal laws banning the possession, sale or importation of cannabis into the United States and prohibiting the financing of activities outside the United States that are unlawful under Canadian or other foreign laws or (vii) the terms of our agreements with insurers. For example, we could be exposed to class action and other litigation, increased Health Canada inspections and related sanctions, the loss of current GMP compliance certifications or the inability to obtain future GMP compliance certifications, lost sales and revenue or reputational damage as a result of prohibited activities that are undertaken in the growing or production process of our products without our knowledge or permission and contrary to our internal policies, procedures and operating requirements.

We cannot always identify and prevent misconduct by our employees and other third parties, including service providers and licensors, and the precautions taken by us to detect and prevent this activity may not be effective in controlling unknown, unanticipated or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from such misconduct. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal or administrative penalties, damages, monetary fines and contractual damages, reputational harm, diminished profits and future earnings or curtailment of our operations.

We may experience breaches of security at our facilities, which could result in product loss and liability.

Because of the nature of our products and the limited legal channels for distribution, as well as the concentration of inventory in our facilities, we are subject to the risk of theft of our products and other security breaches. A security breach at any one of our facilities could result in a significant loss of available products, expose us to additional liability under applicable regulations and to potentially costly litigation or increase expenses relating to the resolution and future prevention of similar thefts, any of which could have an adverse effect on our business, financial condition and results of operations.

We may be subject to risks related to our information technology systems, including service interruption, cyber-attacks and misappropriation of data, which could disrupt operations and may result in financial losses and reputational damage.

We have entered into agreements with third parties for hardware, software, telecommunications and other information technology, or IT, services in connection with our operations. Our operations depend, in part, on how well we and our vendors protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism, theft, malware, ransomware and phishing attacks. We are increasingly reliant on Cloud-based systems for economies of scale and our mobile workforce, which could result in increased attack vectors or other significant disruptions to our work processes. Any of these and other events could result in IT system failures, delays or increases in capital expenses. Our operations also depend on the timely maintenance, upgrade and replacement of networks, equipment and IT systems and software, as well as preemptive expenses to mitigate the risks of failures. The failure of IT systems or a component of IT systems could, depending on the nature of any such failure, adversely impact our reputation and results of operations.

There are a number of laws protecting the confidentiality of personal information and patient health information, and restricting the use and disclosure of that protected information. In particular, the privacy rules under the Personal Information Protection and Electronics Documents Act (Canada), or PIPEDA, the European Unions' General Data Protection Regulation, or the GDPR, and similar laws in other jurisdictions, protect personal information, including medical records of individuals. We collect and store personal information about our employees and customers and are responsible for protecting that information from privacy breaches. A privacy breach may occur through a procedural or process failure, an IT malfunction or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated through employee collusion or negligence or through deliberate cyber-attack. Moreover, if we are found to be in violation of the privacy or security rules under PIPEDA or other laws protecting the confidentiality of patient health information, including as a result of data theft and privacy breaches, we could be subject to sanction, litigation and civil or criminal penalties, which could increase our liabilities and harm our reputation.

As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. While we have implemented security resources to protect our data security and information technology systems, such measures may not prevent such events. Significant disruption to our information technology system or breaches of data security could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to expand our operations quickly enough to meet demand or successfully manage our operations beyond their current scale.

There can be no assurance that we will be able to (i) manage our expanding operations, including any acquisitions, effectively, (ii) sustain or accelerate our growth or that such growth, if achieved, will result in profitable operations, (iii) attract and retain sufficient management personnel necessary for continued growth or (iv) successfully make strategic investments or acquisitions. This challenge has been compounded with the launch of multiple new form factors as a result of Cannabis 2.0. See also Risk Factor "*We may not be able to successfully develop new products or commercialize such products.*"

In addition, any future expansion will be subject to a number of up-front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance. The failure of our operating infrastructure to support such expansion could result in operational failures and regulatory fines or sanctions.

Demand for cannabis-based products is dependent on a number of social, political and economic factors that are beyond our control. There is no assurance that an increase in existing demand will occur, that we will benefit from any such demand increase or that our business will remain profitable even in the event of such an increase in demand. If we are unable to achieve or sustain profitability, the market price of our stock could be negatively affected.

The cannabis industry continues to face significant funding challenges, and we may not be able to secure adequate or reliable sources of funding, which may impact our operations and potential expansion.

The continued development of our business will require significant additional financing, and there is no assurance that we will be able to obtain the financing necessary to achieve our business objectives. Our ability to obtain additional financing will depend on investor demand, our performance and reputation, market conditions, and other factors. Our inability to raise such capital could result in the delay or indefinite postponement of our current business objectives or our inability to continue to operate our business. There can be no assurance that additional capital or other types of equity or debt financing will be available if needed or that, if available, the terms of such financing will be favorable to us.

In addition, from time to time, we may enter into transactions to acquire assets or the capital stock or other equity interests of other entities. Our continued growth may be financed, wholly or partially, with debt, which may increase our debt levels above industry standards.

Our existing and future debt agreements may contain covenant restrictions that limit our ability to operate our business and pursue beneficial transactions.

Our existing debt agreements and future debt agreements may contain, covenant restrictions that limit our ability to operate our busines, including restrictions on our ability to invest in our existing facilities, incur additional debt or issue guarantees, create additional liens, repurchase stock or make other restricted payments. As a result of these covenants, our ability to respond to changes in business and economic conditions and engage in beneficial transactions, including to obtain additional financing and pursue business opportunities, may be restricted. Furthermore, our failure to comply with our debt covenants could result in a default under our debt agreements, which could permit the holders to accelerate our obligation to repay the debt and to enforce security over our assets. If any of our debt is accelerated, we may not have sufficient funds available to repay it or be able to obtain new financing to refinance the debt.

Servicing our debt will require a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.

Our substantial consolidated indebtedness (refer to the consolidated financial statements included elsewhere in this Form 10-K) may increase our vulnerability to any generally adverse economic and industry conditions. We and our subsidiaries may, subject to the limitations in the terms of our existing and future indebtedness, incur additional debt, secure existing or future debt or recapitalize our debt. Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our current and future indebtedness, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business has not generated

positive cash flow from operations. If this continues in the future, we may not have sufficient cash flows to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our current and future indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

Management may not be able to successfully establish and maintain effective internal controls over financial reporting.

Management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Rules 13a-15(f) and 15d(f) under the Exchange Act, internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with United States Generally Accepted Accounting Principles ("GAAP"). Due to the work around integration and modification to internal control over financial reporting and other policies and procedures, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Prior to the closing of the Arrangement, and as previously disclosed in legacy Tilray's Annual 10-K for the year ended December 31, 2020, as filed with the Securities and Exchange Commission (SEC) on February 19, 2021, the former Tilray management team identified material weaknesses in components of internal controls as part of its assessment of the effectiveness of internal controls over financial reporting as of December 31, 2020. The former Tilray management team subsequently undertook to implement remediation measures to address these material weaknesses in internal controls, as described in Tilray's Annual 10-K for the year ended December 31, 2020, and existing Tilray management plan to continue to implement additional remediation measures going forward.

It is not expected that our disclosure controls and procedures and internal controls over financial reporting will prevent all error or fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to inherent limitations, our internal control over financial reporting may not prevent or detect all misstatements. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. We cannot guarantee that we will not have a material weakness in our internal controls in the future. If we experience any material weakness in our internal controls in the future, our financial statements may contain misstatements and we could be required to restate our financial statements.

Conflicts of interest may arise between us and our directors and officers as a result of other business activities undertaken by such individuals.

We may be subject to various potential conflicts of interest because some of our directors and executive officers may be engaged in a range of business activities. In addition, our directors and executive officers are permitted under their applicable agreements with us to devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to us and subject to any contractual provisions restricting such activities. These business interests could require the investment of significant time and attention by our executive officers and directors. In some cases, our executive officers and directors, may have fiduciary obligations associated with business interests that interfere with their ability to devote time to our business and affairs, which could adversely affect our operations. Please refer to the section titled "*Transactions with Related Persons*" in Amendment No. 1 to our Annual 10-K, filed on Form 10-K/A with the SEC on April 28, 2021, for further information.

Third parties with whom we do business may perceive themselves as being exposed to reputational risk as a result of their relationship with us.

The parties with whom we do business, or would like to do business, may perceive that they are exposed to reputational risk as a result of our business activities relating to cannabis, which could hinder our ability to establish or maintain business relationships. These perceptions relating to the cannabis industry may interfere with our relationship with service providers, particularly in the financial services industry in the United States and jurisdictions where cannabis is not legal.

Because a significant portion of our sales are generated in Canada and other countries outside the United States, fluctuations in foreign currency exchange rates could harm our results of operations.

The reporting currency for our financial statements is the United States dollar. We derive a significant portion of our revenue and incur a significant portion of our operating costs in Canada and Europe, as well as other countries outside the United States, including Australia. As a result, changes in the exchange rate in these jurisdictions relative to the United States dollar, may have a significant, and potentially adverse, effect on our results of operations. Our primary risk of loss regarding foreign currency exchange rate risk is caused by fluctuations in the exchange rates between the United States dollar against the Canadian dollar and the Euro, although as we expand internationally, we will be subject to additional foreign currency exchange risks. Because we recognize revenue in Canada in Canadian dollars and revenue in Europe in Euros, if either or both of these currencies weaken against the United States dollar it would have a negative impact on our Canadian and/or European operating results upon the translation of those results into United States dollars for the purposes of consolidation. In addition, a weakening of these foreign currencies against the United States dollar would make it more difficult for us to meet our obligations under the convertible securities we have issued. We have not historically engaged in hedging transactions and do not currently contemplate engaging in hedging transactions to mitigate foreign exchange risks. As we continue to recognize gains and losses in foreign currency transactions, depending upon changes in future currency rates, such gains or losses could have a significant, and potentially adverse, effect on our results of operations.

We may have exposure to greater than anticipated tax liabilities, which could harm our business.

Our income tax obligations are based on our corporate operating structure and third-party and intercompany arrangements, including the manner in which we develop, value and use our intellectual property and the valuations of our intercompany transactions. The tax laws applicable to our international business activities, including the laws of the United States, Canada and other jurisdictions, are subject to change and uncertain interpretation. The taxing authorities of the jurisdictions in which we operate may challenge our methodologies for valuing developed technology, intercompany arrangements, or transfer pricing, all of which could increase our worldwide effective tax rate and the amount of taxes that we pay and harm our business. Taxing authorities may also determine that the manner in which we operate our business is not consistent with how we report our income, which could increase our effective tax rate and the amount of taxes that we pay and could seriously harm our business. In addition, our future income taxes could fluctuate because of earnings being lower than anticipated in jurisdictions that have lower statutory tax rates and higher than anticipated in jurisdictions that have higher statutory tax rates, by changes in the valuation of our deferred tax assets and liabilities or by changes in tax laws, regulations or accounting principles.

We are subject to regular review and audit by federal, state, provincial and local tax authorities. Any adverse outcome from a review or audit could seriously harm our business. In addition, determining our worldwide provision for income taxes and other tax liabilities requires significant judgment by management, and there are many transactions where the ultimate tax determination is uncertain. Although we believe that the amounts recorded in our financial statements are reasonable, the ultimate tax outcome relating to such amounts may differ for such period or periods and may seriously harm our business. Furthermore, due to shifting economic and political conditions, tax policies, laws, or rates in various jurisdictions, we may be subject to significant changes in ways that impair our financial results. Our results of operations and cash flows could be adversely affected by additional taxes imposed on us prospectively or retroactively or additional taxes or penalties resulting from the failure to comply with any collection obligations or failure to provide information for tax reporting purposes to various government agencies.

We may not be able to utilize our net operating loss carryforwards which could result in greater than anticipated tax liabilities.

We have accumulated net operating loss carryforwards in the United States, Canada and other jurisdictions. Our ability to use our net operating loss carryforwards is dependent upon our ability to generate taxable income in future periods. In addition, these net operating loss carryforwards could expire unused or be subject to limitations which impact our ability to offset future income tax liabilities. U.S. federal net operating losses incurred in 2018 and in future years may be carried forward indefinitely. However, our Canadian net operating loss carry-forwards begin to expire in 2028, and limited carryforward periods also exist in other jurisdictions. As a result, we may not be able realize the full benefit of our net operating loss carryforwards in Canada and other jurisdictions, which could result in increased future tax liability to us. Further, our ability to utilize net operating loss carryforwards in the United States and other jurisdictions could be limited from ownership changes in the current and/or prior periods.

Risks Related to our Intellectual Property

We may not be able to adequately protect our intellectual property.

As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance under the CSA, the benefit of certain federal laws and protections that may be available to most businesses, such as federal trademark and patent protection, may not be available to us. As a result, our intellectual property may not be adequately or sufficiently protected against the use or misappropriation by third parties under such U.S. laws. In addition, since the regulatory framework of the cannabis industry is in a state of flux, we can provide no assurance that we will obtain protection for our intellectual property, whether on a federal, state or local level.

We may be subject to risks related to the protection of our intellectual property rights and allegations that we are in violation of intellectual property rights of third parties.

The ownership, licensing and protection of trademarks, patents and intellectual property rights are significant to the success of our business. Unauthorized parties may attempt to replicate or otherwise obtain and use our products and technology. Policing and enforcing the unauthorized use of our current or future trademarks, patents or other intellectual property rights now or in the future could be difficult, expensive, time consuming and unpredictable. Identifying the unauthorized use of intellectual property rights is difficult as we may be unable to effectively monitor and evaluate the products being distributed by our competitors, including unlicensed dispensaries and black-market participants, and the processes used to produce such products. Moreover, we may not be successful in any infringement proceeding.

In addition, other parties may claim that our products, or those that we license from others, infringe on their proprietary or patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources and legal fees, result in injunctions or temporary restraining orders or require the payment of damages. As well, we may need to obtain licenses from third parties who allege that we have infringed on their lawful rights. Such licenses may not be available on terms acceptable to us, or at all. In addition, we may not be able to obtain or utilize on terms that are favorable to us, or at all, licenses or other rights with respect to intellectual property that we do not own.

We also rely on certain trade secrets, technical know-how and proprietary information that are not protected by patents to maintain our competitive position. Our trade secrets, technical know-how and proprietary information, which are not protected by patents, may become known to or be independently developed by competitors, which could adversely affect us.

We license certain intellectual property rights from third-party licensors, and the failure of the licensor to properly maintain or enforce their intellectual property rights could have an adverse effect on us.

We are party to a number of licenses that give us rights to use third-party intellectual property that is useful to our business. Our success will depend, in part, on the ability of the licensor to maintain and enforce its licensed intellectual property, in particular, those intellectual property rights to which we have secured exclusive rights.

Without protection for the intellectual property we have licensed, other companies might be able to offer substantially similar products for sale or utilize substantially similar processes, which could have an adverse effect on us.

Any of our licensors may allege that we have breached our license agreement, whether with or without merit, and accordingly seek to terminate our license. If successful, this could result in our loss of the right to use the licensed intellectual property, which could adversely affect our ability to commercialize certain products or services and have a material adverse effect on us.

We may not realize the full benefit of the clinical trials or studies that we participate in if we are unable to secure ownership or the exclusive right to use the resulting intellectual property on commercially reasonable terms.

Although we have participated in several clinical trials, we are not the sponsor of many of these trials and, as such, do not have full control over the design, conduct and terms of the trials. In some cases, for instance, we are only the provider of a cannabis study drug for a trial that is designed and initiated by an independent investigator within an academic institution. In such cases, we are often not able to acquire rights to all the intellectual property generated by the trials. Although the terms of all clinical trial agreements entered into by us provide us with, at a minimum, ownership of intellectual property relating directly to the study drug being trialed (*e.g.* intellectual property relating to use of the study drug), ownership of intellectual property that does not relate directly to the study drug is often retained by the institution. As such, we are vulnerable to any dispute among the investigator, the institution and us with respect to classification and therefore ownership of any particular piece of intellectual property generated during the trial. Such a dispute may affect our ability to make full use of intellectual property generated by a clinical trial.

Where intellectual property generated by a trial is owned by the institution, we are often granted a right of first negotiation to obtain an exclusive license to such intellectual property. If we exercise such a right, there is a risk that the parties will fail to come to an agreement on the license, in which case such intellectual property may be licensed to other parties or commercialized by the institution.

We may not realize the full benefit of third-party licenses if the licensed material has less market appeal than expected or restrictions on packaging and marketing hinder our ability to realize the value.

An integral part of our Canadian adult-use cannabis business strategy involves obtaining territorially exclusive licenses to produce products using various brands and images. As a licensee of brand-based properties, we have no assurance that a particular brand or property will translate into a successful adult-use cannabis product. Additionally, a successful brand may not continue to be successful or maintain a high level of sales. As well, the popularity of licensed properties may not result in popular products or the success of the properties with the public. Promotion, packaging and labelling of adult-use cannabis is strictly regulated. These restrictions may further hinder our ability to benefit from our licenses. Acquiring or renewing licenses may require the payment of minimum guaranteed royalties that we consider to be too high to be profitable, which may result in losing current licenses or opportunities for potential new licenses. If we are unable to acquire or maintain successful licenses on advantageous terms, or to derive sufficient revenue from sales of licensed products, the profitability and success of our adult-use cannabis business may be adversely impacted.

Risks Related to Ownership of Our Securities

The price of our common stock in public markets has experienced and may continue to experience severe volatility and fluctuations.

The market price for our common stock, and the market price of stock of other companies operating in the cannabis industry, has been extremely volatile. For example, between January 1, 2021 and March 31, 2021, the trading price of our common stock ranged between a low sales price of $8.26 and a high sales price of $67 and included single day fluctuations as high as 100%. Additionally, during 2020, the trading price of our common stock ranged between a low sales price of $2.43 and a high sales price of $22.95. The market price of our common stock may continue to be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including the following: (i) actual or anticipated fluctuations in our quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to us; (iv) the addition or departure of our executive officers or other key

personnel; (v) the release or expiration of lock-up or other transfer restrictions on our common stock; (vi) sales or perceived sales, or the expectation of future sales, of our common stock; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; (viii) news reports or social media relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the cannabis industry or our target markets; and (ix) the increase in the number of retail investors and their participation in social media platforms targeted at speculative investing.

The volatility of our stock and the stockholder base may hinder or prevent us from engaging in beneficial corporate initiatives.

Our stockholder base is comprised of a large number of retail (or non-institutional) investors, which creates more volatility since stock changes hands frequently. In accordance with our governing documents and applicable laws, there are a number of initiatives that require the approval of stockholders at the annual or a special meeting. To hold a valid meeting, a quorum comprised of stockholders representing one-third of the voting power of our outstanding shares of common stock is necessary. A record date is established to determine which stockholders are eligible to vote at the meeting, which record date must be 30 – 60 days prior to the meeting. Since our stocks change hands frequently, there can be a significant turnover of stockholders between the record date and the meeting date which makes it harder to get stockholders to vote. While we make every effort to engage retail investors, such efforts can be expensive and the frequent turnover creates logistical issues. Further retail investors tend to be less likely to vote in comparison to institutional investors. Failure to secure sufficient votes or to achieve the minimum quorum needed for a meeting to happen may impede our ability to move forward with initiatives that are intended to grow the business and create stockholder value or prevent us from engaging in such initiatives at all. If we find it necessary to delay or adjourn meetings or to seek approval again, it will be time consuming and we will incur additional costs. See also Risk Factor "*The inability to increase the authorized capital stock could impede our ability to pursue our strategic objectives, provide equity incentives to engage key talent and negatively impact stockholder value"*.

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.

On March 13, 2020, we entered into an underwriting agreement with Canaccord Genuity LLC relating to the issuance and sale of shares of our common stock a price to the public of $4.76 per share and included warrants to purchase additional common stock at a price of $4.7599 per warrant. As of May 31, 2021, 6,209,000 warrants remain outstanding and do not expire until March 13, 2025. The warrants contain a price protection, or anti-dilution feature, pursuant to which, the exercise price of such warrants will be reduced to the consideration paid for, or the exercise price or conversion price of, as the case may be, any newly issued securities issued at a discount to the original warrant exercise price of $5.95 per share. Therefore, the exercise price of the warrants may end up being lower than $5.95 per share, which could result in incremental dilution to existing stockholders.

Additionally, so long as the warrants remain outstanding, we may only issue up to $20 million in aggregate gross proceeds under our at-the-market offering program at prices less than the exercise price of the warrants, and in no event more than $6 million per quarter at prices below the exercise price of the warrants, without triggering the warrant's anti-dilution feature described in the paragraph immediately above. If our stock price were to remain below the warrant exercise price of $5.95 per share for an extended time, we may be forced to lower the warrant exercise price at unfavorable terms in order to fund our ongoing operations.

If securities or industry analysts do not publish research, or publish inaccurate or unfavorable research, about our business, our stock price and trading volume could decline.

The trading market for our common stock depends, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the securities or industry analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, our stock price would likely decline. In addition, if our operating results fail to meet the forecast of analysts, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, demand for our stock could decrease, which might cause our stock price and trading volume to decline.

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 issued various securities convertible into shares of our common stock, or Convertible Securities. Holders of certain Convertible Securities have the right to require us to repurchase their Convertible Securities upon the occurrence of a fundamental change. In addition, upon conversion, unless we deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of the Convertible Securities being converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of Convertible Securities surrendered. In addition, our ability to repurchase the Convertible Securities or to pay cash upon conversions of the Convertible Securities may be limited by law, by regulatory authority or by agreements governing our future indebtedness. Our failure to repurchase Convertible Securities at a time when the repurchase is required by the indenture or to pay any cash payable on future conversions of the Convertible Securities as required by the indenture would constitute a default under the indenture. A default under the indenture or the fundamental change itself could also lead to a default under agreements governing our existing or future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Convertible Securities or make cash payments upon conversions thereof.

The conditional conversion feature of the Convertible Securities, if triggered, may adversely affect our financial condition and operating results.

In the event a conditional conversion feature of the Convertible Securities is triggered, holders of Convertible Securities will be entitled to convert the Convertible Securities at any time during specified periods at their option. If one or more holders elect to convert their Convertible Securities, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. In addition, even if holders of Convertible Securities do not elect to convert their Convertible Securities, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Convertible Securities as a current rather than long-term liability, which would result in a material reduction of our net working capital.

Conversion of the Convertible Securities may dilute the ownership interest of our stockholders or may otherwise depress the price of our common stock.

The conversion of some or all of the Convertible Securities may dilute the ownership interests of our stockholders. Upon conversion of the Convertible Securities, we have the option to pay or deliver, as the case may be, cash, shares of our common stock, or a combination of cash and shares of our common stock. If we elect to settle our conversion obligation in shares of our common stock or a combination of cash and shares of our common stock, any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the Convertible Securities may encourage short selling by market participants because the conversion of the Convertible Securities could be used to satisfy short positions, or anticipated conversion of the Convertible Securities into shares of our common stock could depress the price of our common stock.

Certain provisions in the indentures governing the Convertible Securities may delay or prevent an otherwise beneficial takeover attempt of us.

Certain provisions in the indentures governing the Convertible Securities may make it more difficult or expensive for a third party to acquire us. For example, we may be required to repurchase certain Convertible Securities for cash upon the occurrence of a fundamental change and, in certain circumstances, to increase the relevant conversion rate for a holder that converts its Convertible Securities in connection with a make-whole fundamental change. A takeover of us may trigger the requirement that we repurchase the Convertible Securities and/or increase the conversion rate, which could make it more costly for a potential acquirer to engage in such takeover. Such additional costs may have the effect of delaying or preventing a takeover of us that would otherwise be beneficial to investors.

Our stockholders may be subject to dilution resulting from future offerings of common stock by us.

We may raise additional funds in the future by issuing common stock or equity-linked securities. Holders of our securities have no preemptive rights in connection with such further issuances. Our board of directors has the discretion to determine if an issuance of our capital stock is warranted, the price at which such issuance is to be effected and the other terms of any future issuance of capital stock. In addition, additional common stock will be issued by us in connection with the exercise of options or grant of other equity awards granted by us. Such additional equity issuances could, depending on the price at which such securities are issued, substantially dilute the interests of the holders of our existing securities.

Provisions in our corporate charter documents could make an acquisition of us more difficult and may prevent attempts by our stockholders to replace or remove our current board of directors.

Provisions in our corporate charter and our bylaws may discourage, delay or prevent a merger, acquisition or other change in control of us that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Because our board of directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace current members of our management team. Among others, these provisions include the following:

- Our board of directors is divided into three classes with staggered three-year terms which may delay or prevent a change of our management or a change in control;
- Our board of directors has the right to elect directors to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- Except in limited circumstances, our stockholders may not act by written consent or call special stockholders' meetings; as a result, a holder, or holders, controlling a majority of our capital stock would not be able to take certain actions other than at annual stockholders' meetings or special stockholders' meetings called by the board of directors, the chairman of the board or our chief executive officer;
- Our certificate of incorporation prohibits cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- Stockholders must provide advance notice and additional disclosures in order to nominate individuals for election to the board of directors or to propose matters that can be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company; and
- Our board of directors may issue, without stockholder approval, shares of undesignated preferred stock; the ability to issue undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to acquire us.

The inability to increase the authorized capital stock could impede our ability to pursue our strategic objectives, provide equity incentives to engage key talent and negatively impact stockholder value.

Pursuant to a Definitive Proxy Statement on Schedule 14A, filed with the SEC on June 25, 2021, a special meeting of the stockholders will be held to address certain proposals, including a proposal to increase the authorized share capital from 743,33,333 to 990,000,000 shares. We believe a greater number of authorized shares of common stock would provide us with flexibility to issue shares of common stock for any proper corporate purpose, which could include strategic investments, strategic partnership arrangements, awards or grants under employee equity incentive plans, equity based financing to support the execution of our business strategy, or other general purposes. The availability of additional authorized shares of common stock would enhance the business and financial flexibility and allow us to execute any of these transactions in the future without the possible delays and significant expense of

obtaining additional shareholder approval, unless otherwise required by our governing documents, or applicable laws or regulatory requirements.

If we are unsuccessful in securing stockholder approval to increase the authorized shares of capital stock, we may not be able to take timely advantage of market conditions or favorable financing or acquisition opportunities that would help us grow and create value for stockholders. This could impede our ability to pursue our strategic objectives and restrict the equity incentives available to attract, retain and motivate key talent, which could negatively impact the value of our stock. See also Risk Factor "*The volatility of our stock and the stockholder base may hinder or prevent us from engaging in beneficial initiatives*".

Certain jurisdictions may take positions adverse to investments in cannabis companies or to the investors themselves.

Certain jurisdictions may prohibit or restrict its citizens or residents from investing in or transacting with companies involved in the cannabis industry, even if such companies only conduct business in jurisdictions where cannabis is legal. For example, if an investor in the United Kingdom profits from an investment in a cannabis producer or supplier, such investment may technically violate the United Kingdom Proceeds of Crime Act 2002. Similar prohibitions or restrictions may apply in other jurisdictions where cannabis has not been legalized. In addition, such prohibitions and restriction may limit the ability to receive dividends if such dividends were to be declared in the future. However, no dividends on our common stock have been paid to date and we do not anticipate that, for the foreseeable future, we will pay cash dividends on our common stock.

As a result of an investment in our securities, you could be prevented from entering the United States or become subject to a lifetime ban on entry into the United States.

United States Customs and Border Protection ("CBP") has confirmed that border agents may seek to permanently ban any foreign visitor who admits to working or investing in the cannabis industry, or admits to having used cannabis, even though adult-use cannabis is now legal in Canada. CBP confirmed that investing even in publicly-traded cannabis companies is considered facilitation of illicit drug trade under CBP policy. This policy is limited to citizens of foreign countries and not citizens of the United States. Therefore, as a result of an investment in our securities, if you are not a citizen of the United States, you could be prevented from entering the United States or could become subject to a lifetime ban on entry into the United States.

General Risk Factors

We may not be able to maintain adequate insurance coverage, the premiums may not continue to be commercially justifiable, and coverage limitations or exclusions may leave us exposed to uninsured liabilities.

We currently maintain insurance coverage, including product liability insurance, protecting many, but not all, of our assets and operations. Our insurance coverage is subject to coverage limits and exclusions and may not be available for all of the risks and hazards to which we are exposed, or the coverage limits may not be sufficient to protect against the full amount of loss. In addition, no assurance can be given that such insurance will be adequate to cover our liabilities, including potential product liability claims, or will be generally available in the future or, if available, that premiums will be commercially justifiable. If we were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, we may be exposed to material uninsured liabilities that could diminish our liquidity, profitability or solvency.

The financial reporting obligations of being a public company and maintaining a dual listing on the TSX and on NASDAQ requires significant company resources and management attention.

We are subject to the public company reporting obligations under the *Exchange Act* and the rules and regulations regarding corporate governance practices, including those under the Sarbanes-Oxley Act, the Dodd-Frank Act, and the listing requirements of Nasdaq Global Select Market ("NASDAQ") and the Toronto Stock Exchange ("TSX"). We incur significant legal, accounting, reporting and other expenses in order to maintain a dual listing on both the TSX and NASDAQ. Moreover, our listing on both the TSX and NASDAQ may increase price volatility due to various

factors, including the ability to buy or sell common shares, different market conditions in different capital markets and different trading volumes. In addition, low trading volume may increase the price volatility of the common shares.

As a cannabis company, we may be subject to heightened scrutiny in Canada and the United States that could materially adversely impact the liquidity of our shares of common stock.

Our existing operations in the United States, and any future operations, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in the United States and Canada.

Given the heightened risk profile associated with cannabis in the United States, the Canadian Depository for Securities Ltd., or CDS, may implement procedures or protocols that would prohibit or significantly impair the ability of CDS to settle trades for companies that have cannabis businesses or assets in the United States.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group, the parent company of CDS, announced the signing of a Memorandum of Understanding (the "TMX MOU") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The TMX MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The TMX MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no assurances given that this approach to regulation will continue in the future. If such a ban were to be implemented, it could have a material adverse effect on the ability of holders of the common stock to settle trades. In particular, the shares of common stock would become highly illiquid until an alternative was implemented, and investors would have no ability to effect a trade of the common stock through the facilities of a stock exchange.

Tax and accounting requirements may change in ways that are unforeseen to us and we may face difficulty or be unable to implement or comply with any such changes.

We are subject to numerous tax and accounting requirements, and changes in existing accounting or taxation rules or practices, or varying interpretations of current rules or practices, could have a significant adverse effect on our financial results, the manner in which we conduct our business or the marketability of any of our products. We currently maintain international operations and plan to expand such operations in the future. These operations, and any expansion thereto, will require us to comply with the tax laws and regulations of multiple jurisdictions, which may vary substantially. Complying with the tax laws of these jurisdictions can be time consuming and expensive and could potentially subject us to penalties and fees in the future if we fail to comply.

The long-term effect of United States tax reform or the recently enacted CARES Act could adversely affect our business and financial condition.

On December 22, 2017, the legislation commonly referred to as the Tax Cuts and Jobs Act (the "U.S. Tax Act") was enacted, which contains significant changes to United States tax law. The U.S. Tax Act requires complex computations to be performed that were not previously required by U.S. tax law, significant judgments to be made in interpretation of the provisions of the U.S. Tax Act, significant estimates in calculations, and the preparation and analysis of information not previously relevant or regularly produced. The U.S. Treasury Department, the IRS, and other standard-setting bodies will continue to interpret or issue guidance on how provisions of the U.S. Tax Act will be applied or otherwise administered. As future guidance is issued, we may make adjustments to amounts that we have previously recorded that may materially impact our financial statements in the period in which the adjustments are made. Additionally, further guidance may be forthcoming from the Financial Accounting Standards Board and SEC, as well as regulations, interpretations and rulings from state tax agencies, which could result in additional impacts, possibly with retroactive effect. Any such changes or potential additional impacts could adversely affect our business and financial condition.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted in response to the COVID-19 pandemic. The CARES Act, among other things, permits net operating loss (NOL)

carryovers and carrybacks to offset 100% of taxable income for taxable years beginning before 2021. In addition, the CARES Act allows NOLs incurred in 2018, 2019, and 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. Further it provides for increased deductibility of interest expense in 2019 and 2020. We are currently evaluating the impact of the CARES Act, but we do not currently expect that the NOL carryback provision or increased interest deductibility of the CARES Act to result in a material cash benefit to us.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our headquarters is located in New York, NY. The following outlines our principal cultivation, manufacturing and storage facilities by reporting segment as of May 31, 2021:

Facility and Primary Use	Location	Reporting Segment	Owned/Leased	Square Footage
Canada:				
Aphria One (Cannabis Cultivation and Processing)	Leamington, ON	Cannabis	Owned	1,400,000
Aphria Diamond (Cannabis Cultivation)	Leamington, ON	Cannabis	Owned[1]	1,500,000
Broken Coast (Cannabis Cultivation and Processing)	Vancouver Island, BC	Cannabis	Owned	47,000
Avanti (EU-GMP Cannabis Processing and Lab)	Brampton, ON	Business Under Development	Owned	18,000
Tilray North America Campus (EU-GMP Cannabis Cultivation and Processing)	Nanaimo, BC	Cannabis	Owned	60,000
High Park Farms (Cannabis Cultivation and Processing)	Enniskillen, ON	Cannabis	Leased[2]	626,000
High Park Holdings (Cannabis 2.0 Processing)	London, ON	Cannabis	Leased	134,000
Manitoba Harvest (Hemp Processing)	Winnipeg, MB	Wellness	Leased	15,000
Manitoba Harvest (Hemp Processing)	St. Agathe, MB	Wellness	Owned	35,000
United States:				
Sweet Water Brewery (Craft Brewery)	Atlanta, GA	Beverage Alcohol	Leased[3]	25,000
International:				
Tilray EU Campus and Cultivation Site (Cannabis Cultivation and Processing)	Cantanhede, Portugal	Cannabis	Owned[4]	3,300,000
CC Pharma (Distribution Operations)	Densborn, Germany	Distribution	Owned	70,000
Aphria RX (Cannabis Cultivation)	Neumünster, Germany	Business Under Development	Owned	65,000

ASG Pharma Ltd. (EU-GMP Cannabis Processing and Lab	Malta	Business Under Development	Leased	8,700
FL Group Srl (Distribution Operations)	Vado Ligure, Italy	Business Under Development	Leased	4,700
ABP (Distribution Operations)	Buenos Aires, Argentina	Business Under Development	Leased	10,000

1 *Aphria Diamond is a 51% majority-owned subsidiary of Aphria, Inc. Aphria Diamond is a strategic venture with Double Diamond Farms.*

2 *On May 13, 2021, we announced our decision to close this facility in Enniskillen, ON. The facility is scheduled to cease operations in September 2021.*

3 *We maintain a right to purchase the leased SweetWater Brewery facility until November 25, 2023 for a fixed value and a right of last refusal to purchase the property thereafter until November 25, 2030.*

4 *In Cantanhede, Portugal, we own one cultivation and manufacturing location used for medical cannabis and land adjacent to this facility for future expansion.*

We also lease space for other smaller offices in the United States, Canada, Europe and other parts of the world.

We believe our facilities and committed leased space are currently adequate to meet our needs. As we continue to expand our operations, we may need to acquire or lease additional facilities or dispose of existing facilities.

Item 3. 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.

Class Action Suits and Shareholder Derivative Suits – U.S. and Canada

Authentic Brands Group Related Class Action (New York, United States)

On May 4, 2020, Ganesh Kasilingam filed a lawsuit in the United States District Court for the Southern District of New York (“SDNY”), against Tilray, Inc., Brendan Kennedy and Mark Castaneda, on behalf of himself and a putative class, seeking to recover damages for alleged violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Kasilingam litigation”). The complaint alleges that Tilray and the individual defendants overstated the anticipated advantages of the Company’s revenue sharing agreement with Authentic Brands Group (“ABG”), announced on January 15, 2019, and that the plaintiff suffered losses when Tilray’s stock price dropped after Tilray recognized an impairment with respect to the ABG deal on March 2, 2020. On August 6, 2020, SDNY entered an order appointing Saul Kassin as Lead Plaintiff and The Rosen Law Firm, P.A. as Lead Counsel. Lead Plaintiff filed an amended complaint on October 5, 2020, which asserts the same Sections 10(b) and 20(a) claims against the same defendants on largely the same theory, and includes new allegations that Tilray’s reported inventory, cost of sales, and gross margins in its financial reports during the class period were false and misleading because Tilray improperly recorded unsellable “trim” as inventory and understated the cost of sales for its products. The defendants filed a motion to dismiss the Amended Complaint in its entirety on December 4, 2020. Plaintiff’s

opposition to the defendants' Motion to Dismiss was filed on January 25, 2021, and the defendants' reply was filed on February 24, 2021. The Motion to Dismiss is now fully briefed and pending before the court.

Shareholder Derivative Lawsuits; Kasilingham Litigation (New York and Delaware)

On April 10, 2020, a shareholder derivative lawsuit was filed in the United States District Court for the Eastern District of New York ("EDNY") by Chad Gellner, Matthew Rufo, and Melvyn Klein, allegedly on behalf of Tilray, Inc., that piggy-backs on the Kasilingam litigation referenced above. It named the Tilray Board of Directors and Mark Castaneda as defendants. The lawsuit asserts that the Tilray Board of Directors failed to prevent the alleged securities law violations asserted in the Kasilingam litigation. On May 29, 2020, a second shareholder derivative lawsuit was filed in SDNY by Bo Hu asserting essentially the same claims, allegedly on behalf of Tilray, as the prior shareholder derivative action. And on June 16, 2020, the plaintiffs in the Gellner derivative action voluntarily dismissed that lawsuit in the EDNY and re-filed it in the SDNY. The plaintiffs in the two derivative actions in the SDNY have agreed with nominal defendant Tilray and the individual defendants to consolidate the actions, and have submitted the stipulation to the court for approval.

On June 5, 2020 a third shareholder derivative lawsuit was filed in the United States District Court for the District of Delaware ("DDE") by Lee Morgan, again alleging essentially the same claims, allegedly on behalf of Tilray, as the prior shareholder derivative actions. On November 3, 2020, DDE entered a stipulated stay pending developments in the securities class action pending in the SDNY. On December 21, 2020, a fourth shareholder derivative lawsuit was filed in the DDE by Donald Kisselbach, again alleging essentially the same claims, allegedly on behalf of Tilray, as the prior shareholder derivative actions. On March 1, 2021, the court ordered the parties' stipulation, consolidating the DDE derivative actions under the caption In re Tilray, Inc. Consolidated Stockholder Litigation, and staying the consolidated action until the motion to dismiss the Kasilingam litigation is decided. The Company and the individual defendants believe the claims are without merit, and intend to defend vigorously against them, but there can be no assurances as to the outcome.

Tilray, Inc. Reorganization Litigation (Delaware, New York)

On February 27, 2020, Tilray stockholders Deborah Braun and Nader Noorian filed a class action and derivative complaint in the Delaware Court of Chancery styled Braun v. Kennedy, C.A. No. 2020-0137-KSJM. On March 2, 2020, Tilray stockholders Catherine Bouvier, James Hawkins, and Stephanie Hawkins filed a class action and derivative complaint in the Delaware Court of Chancery styled Bouvier v. Kennedy, C.A. No. 2020-0154-KSJM.

On March 4, 2020, the Delaware Court of Chancery entered an order consolidating the two cases and designating the complaint in the Braun/Noorian action as the operative complaint. The operative complaint asserts claims for breach of fiduciary duty against Brendan Kennedy, Christian Groh, Michael Blue, and Privateer Evolution, LLC (the "Privateer Defendants") for alleged breaches of fiduciary duty in their alleged capacities as Tilray's controlling stockholders and against Kennedy, Maryscott Greenwood, and Michael Auerbach for alleged breaches of fiduciary duties in their capacities as directors and/or officers of Tilray in connection with the prior merger of Privateer Holdings, Inc. with and into a wholly owned subsidiary (the "Downstream Merger"). The complaint alleges that the Privateer Defendants breached their fiduciary duties by causing Tilray to enter into the Downstream Merger and Tilray's Board to approve that Downstream Merger, and that Defendants Kennedy, Greenwood, and Auerbach breached their fiduciary duties as directors by approving the Downstream Merger. Plaintiffs allege that the Downstream Merger gave the Privateer Defendants hundreds of millions of dollars of tax savings without providing a corresponding benefit to Tilray and its minority stockholders and that the Downstream Merger unfairly transferred and extended Kennedy, Blue, and Groh's control over Tilray. On July 17, 2020, the plaintiffs filed an amended complaint asserting substantially similar claims. On August 14, 2020, Tilray and the Privateer Defendants moved to dismiss the amended complaint. At the February 5, 2021 hearing on Defendants' Motions to Dismiss, the Plaintiffs agreed that their perpetuation of control claims are moot and stated that they intend to move for a fee award in connection with those claims. On June 1, 2021, the Court denied Defendants' Motions to Dismiss the Amended Complaint.

In re Aphria Inc. Securities Litigation (New York, United States)

On December 5, 2018, a putative securities class action was commenced in SDNY against a number of defendants including Aphria and certain current and former officers and directors. The action claims that the defendants misrepresented the value of three cannabis-producing properties Aphria acquired in Jamaica, Colombia,

and Argentina (the "LATAM Assets"). The action claims that Aphria artificially inflated the price of its publicly-traded stock by making false statements about the LATAM Assets, and when the purported truth was revealed by a short-seller report and write-down, the stock price declined, harming investors.

On September 30, 2020, the Court denied the motion to dismiss the complaint as to Aphria, Vic Neufeld, and Carl Merton, and granted the motion as to Cole Cacciavillani, John Cervini, Andrew DeFrancesco, and SOL Global Investments. On October 1, 2020, Plaintiffs moved for reconsideration of the order dismissing DeFrancesco and SOL or, in the alternative, to amend their complaint. On October 14, 2020, Aphria, Neufeld, and Merton moved for reconsideration of the order denying their motion to dismiss. Both motions for reconsideration are still pending.

On March 16, 2021, Aphria, Neufeld, and Merton held a mediation with Plaintiffs' counsel. The mediation was unsuccessful, and the parties have not engaged in further negotiations. The parties are currently awaiting the outcome of the motions for reconsideration from the Court, and discovery has not yet commenced. It is too early to determine potential damages.

LATAM and Nuuvera Class Actions and Individual Actions (Canada)

On January 29, 2018, Aphria announced the acquisition of Nuuvera Inc. On July 17, 2018, Aphria announced a planned expansion into Latin America and the Caribbean with the acquisition of LATAM Holdings Inc. The following class actions and four individual proceedings have been commenced in Canada against Aphria and several current or former officers relating to the Nuuvera and LATAM transactions:

(i) a proposed class action (the "Vecchio Action") commenced in the Ontario Superior Court in February 2019 alleging statutory and common law misrepresentations and oppression relating to the Nuuvera and LATAM transactions. The Vecchio Action names Aphria, Merton, Neufeld, Cacciavillani, and 5 underwriters as defendants;

(ii) a proposed class action (the "Ranger Action") commenced in the Quebec Superior Court in December 2018 alleging a breach of the Quebec Civil Code, secondary market misrepresentation, and conspiracy relating to the Nuuvera and LATAM transactions. The Ranger Action names Aphria, Merton, Neufeld, Cacciavillani, Cervini, Sol Global Investments Corp., and Andrew DeFrancesco as defendants. On February 5, 2021, the Ranger Action was dismissed by the Quebec Superior Court due to a lack of jurisdiction;

(iii) four individual actions (the "Individual Actions") commenced by Wan, Bergerson, Landry, and Profinsys in the Ontario Superior Court alleging statutory and common law misrepresentations relating to the LATAM and Nuuvera transactions. The Individual Actions name Aphria, Merton, Neufeld, and Cacciavillani as defendants.

In the Vecchio Action, a motion for certification and leave to proceed scheduled for the week of June 21, 2021 was delayed. It is anticipated that there will be a motion on consent to certify and grant leave to proceed for the secondary market statutory misrepresentation claims against Aphria, Vic Neufeld, and Cole Cacciavillani and that the Order would dismiss the claims of oppression and common law misrepresentation as well as all claims against Carl Merton. The underwriters will be opposing the certification of the prospectus claim and this claim has been excluded from the proposed motion settlement pending the disposition of this issue.

No steps have been taken in the Individual Actions since Aphria advised plaintiffs' counsel that it will bring a motion to stay these claims pending the certificate on and leave to proceed motions in the Vecchio Action if any further steps are taken to advance the claims.

Langevin Canada Class Action Regarding Alleged Mislabled Products (Alberta, Canada)

On June 16, 2020, Lisa Langevin commenced a purported class action against Tilray, Aphria, and Broken Coast Cannabis Ltd. (a subsidiary of Aphria) in the Alberta Court of Queen's Bench, on her behalf and on behalf of a proposed class of all medicinal and recreational users in Canada of the defendants' cannabis products who consumed the products before their expiry date. The plaintiff alleges that the defendants marketed medicinal and recreational cannabis products in circumstances where the defendants misrepresented the amount of Tetrahydrocannabinol or Cannabidiol in certain of their respective products. The plaintiff claims that as a result of the alleged mislabeling, the plaintiff and proposed class members did not receive and consume the product that they believed they had purchased causing them loss, risk of injury and actual injury. The plaintiff seeks $500,000,000 in damages and restitution and $5,000,000 in punitive damages plus interest and costs collectively from the defendants. On July 20, 2020, plaintiff

filed an Amended Statement of Claim, and on December 4, 2020 filed a Third Amended Statement of Claim. The application by the defendants to be relieved from the obligation to file a Statement of Defense was argued before the case management justice on June 1, 2021, and a decision is under reserve. We plan to vigorously defend against this action, but there can be no assurance as to the outcome.

Legal Proceedings Related to Contractual Obligation

420 Investments Ltd. Litigation

On February 21, 2020, 420 Investments Ltd., as Plaintiff ("420 Investments"), filed a lawsuit against Tilray, Inc. and High Park Shops Inc. ("High Park"), 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 "Agreement"). Pursuant to the Agreement, High Park was to acquire the securities of 420 Investments. In February 2020, Tilray and High Park gave notice of termination of the Agreement. 420 Investments alleges that the termination was unlawful and without merit and further alleges that the Defendants had no legal basis to terminate. 420 Investments alleges that the Defendants did not meet their contractual and good faith obligations under the Agreement. 420 Investment seeks damages in the stated amount of C$110 million, plus C$20 million in aggravated damages. The Tilray and High Park Statement of Defense and counterclaim were both filed on March 20, 2020. 420 Investment's Statement of Defense to our counterclaim was filed on April 20, 2020. No trial date has been set. The Company denies the Plaintiff's allegations and intends to vigorously defend this litigation matter, although there can be no assurance as to its outcome.

Settled or Resolved Legal Proceedings

Wyckoff Supply Agreement Arbitration; Settlement

On February 16, 2020, Wyckoff Farms ("Wyckoff"), a cannabinoid supplier to Tilray, emailed a demand for assurance of performance of the March 20, 2019 Cannabinoid Supply Agreement ("Supply Agreement"). Wyckoff stated that it believes that Tilray has anticipatorily breached its obligations under the Supply Agreement, which contemplated a five (5) year term, with an express minimum crop obligation during the first crop year for 2019-2020. Wyckoff demanded assurance that Tilray take delivery of and purchase at least 13,000 KG of product for the 2019/2020 crop year at a price of $4,600 KG of product (total purchase price $59,800,000). Wyckoff also claimed that the minimum quantity purchase obligation continued for the remaining crop years, which Tilray disputes. Tilray responded that it is within its rights under the Supply Agreement, that the contract's only minimum purchase obligation is for the 2019/2020 crop year, and also invoked the contractual force majeure provision in light of the impacts of FDA action related to hemp-derived CBD, as well as the COVID-19 pandemic. On March 5, 2020, Wyckoff submitted the dispute to binding arbitration before the American Arbitration Association (AAA) in Benton County Washington, to which Tilray responded with an Answer on March 26, 2020, disputing Wyckoff's claims. On April 29, 2021, the parties mutually agreed to settle this matter. Pursuant to a settlement agreement and release, Tilray (i) paid $20.0 million in cash and $5.0 million in Class 2 Common Stock to Wyckoff on April 29, 2021, and (ii) agreed to pay either $15.0 million in Class 2 Common Stock or $20.0 million in cash, depending on certain circumstances, to Wyckoff within nine months of the settlement date, in each case subject to certain upward adjustments based on the trading price and resale registration status of the Class 2 Common Stock. The parties also agreed to, among other things, withdraw from the arbitration proceeding and to release the other party from any and all claims arising out of or relating to the arbitration or the supply agreement. The arbitration proceeding was dismissed on April 30, 2021.

Shareholder Business Combination Lawsuits Relating to Proxy Statement

On March 12, 2020, Tilray filed with the Securities and Exchange Commission and commenced the mailing of a definitive joint proxy statement/circular (the "Proxy Statement/Circular") with respect to the special meeting of Tilray stockholders originally scheduled to be held on April 16, 2021 pursuant to the Arrangement.

Between March 15, 2021 and April 6, 2021, seven lawsuits were filed by alleged stockholders of Tilray (collectively the "Complaints"):

(i) Patricia Violini filed a claim on March 15, 2021 in the United States District Court for the Southern District of New York. The complaint names Tilray, Inc. and each Director as a defendant and alleges that the disclosures in the Proxy Statement/Circular were materially false and misleading under Section 14 of the

Securities Exchange Act. The claimant seeks to enjoin the parties from proceeding with the Arrangement, rescinding and setting aside the Arrangement in the event of consummation or awarding rescissory damages, and directing the individual defendants to disseminate a proxy.

(ii) Alicia Barron-Archer filed a claim on March 23, 2021 in the United States District Court for the Southern District of New York with the same defendants and similar claims and relief sought.

(iii) Arthur Reveles filed a claim on March 24, 2021 in the United States District Court for the Eastern District of New York with the same defendants and similar claims and relief sought.

(iv) Steven Lees filed a claim on March 31, 2021 with the same defendants and similar claims and relief sought.

(v) Stephanie Young filed a claim on April 2, 2021 in the United States District Court for the Southern District of New York with the same defendants and similar claims and relief sought.

(vi) Charles Williams filed a claim on April 6, 2021 in the United States District Court for the Southern District of New York with the same defendants and similar claims and relief sought.

(vii) Richard Lawrence filed a claim on April 6, 2021 in the United States District Court for the District of Delaware again with the same defendants and similar claims and relief sought.

Tilray and the other named defendants in the Complaints took the position that these lawsuits were without merit and that no supplemental disclosure was required to the Proxy Statement/Circular under any applicable law, rule or regulation. However, solely to eliminate the burden and expense of litigation and to avoid any possible disruption to the Arrangement that could result from further litigation, Tilray filed a Form 8-K dated April 8, 2021 providing supplemental information to be read in conjunction with the Proxy Statement/Circular. On April 21, 2021, Alicia Barron-Archer voluntarily dismissed her lawsuit. On April 22, 2021, Arthur Reveles voluntarily dismissed his lawsuit. On April 24, 2021, Patricia Violini voluntarily dismissed her lawsuit. On April 30, 2021, Stephanie Young voluntarily dismissed her lawsuit. On May 3, 2021, Steven Lees voluntarily dismissed his lawsuit. On May 5, 2021, Richard Lawrence voluntarily dismissed his lawsuit. On May 11, 2021, Charles Williams voluntarily dismissed his lawsuit.

Bill's Nursery v. Tilray, Inc.

On April 8, 2021, Bill's Nursery, Inc. ("BNI"), a Florida nursery and medical marijuana treatment clinic operator, and its owner, Stephen Garrison, filed suit in Washington state court asserting claims against Tilray, Inc. (as successor to Privateer Evolution, LLC) for breach of contract, breach of the implied duty of good faith, breach of fiduciary duty, and fraud, arising out of Tilray's decision not to include the content of Tilray's proprietary standard operating procedures ("SOPs") in the parties' 2015 applications for a "Dispensing Organization" license in Florida. On May 28, 2021 a Settlement Agreement and Release was signed to dismiss the lawsuit against Tilray, Inc. On June 7, 2021, Court signed the order dismissing this action.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock is traded on the Nasdaq Global Select Market under the symbol "TLRY."

Holders

As of July 27, 2021, there were approximately 364 holders of record of our common stock.

Dividends

We have not paid any cash dividends on our common stock to date. It is our current intention to not declare or pay any dividends for the foreseeable future as we intend to utilize all available funds and any future earnings to support operations and to finance the growth and development of our business. Any future determination to pay dividends will be made at the discretion of our board of directors subject to applicable laws and will depend upon, among other factors, our results of operations, financial condition, contractual restrictions and capital requirements. Our future ability to pay cash dividends common stock is limited by the terms and cannot be paid without the consent of the lender, as well as any future debt or preferred securities.

The equity plan compensation information called for by Item 201(d) of Regulation S-K will be set forth under the heading "Equity Compensation Plan Information" in the Company's 2020 Proxy Statement.

Recent sales of unregistered securities; use of proceeds from registered securities.

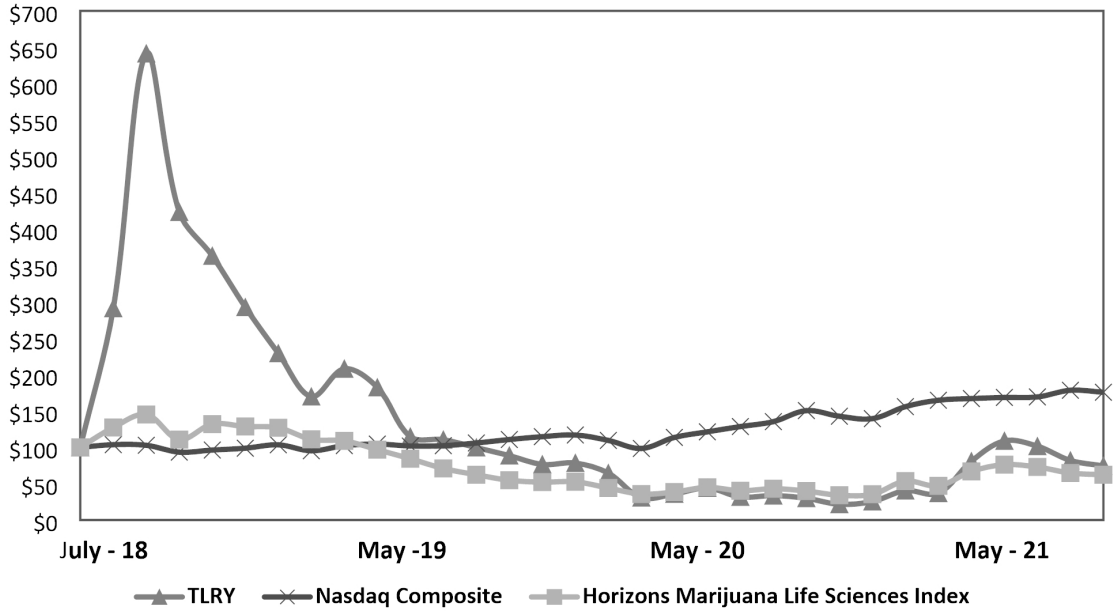
Each issuance of common stock described below, unless otherwise noted, were exempt from registration under Section 4(2) of the Securities Act 1933 in transactions by an issuer not involving a public offering.

On May 11, 2021, the Company issued 94,558 shares of its common stock in connection with a price protection clause associated with the settlement of the termination of a supply agreement with an unrelated third party. The issuance of the common stock described above was exempt from registration under Section 4(a)(2) of the Securities Act 1933, as amended, as a transaction by an issuer not involving a public offering.

On May 12, 2021, the Company issued 507,739 shares of its common stock in connection with a price protection clause associated with the renegotiation of the Aphria Diamond supply agreement. The issuance of the common stock described above was exempt from registration under Section 4(a)(2) of the Securities Act 1933, as amended, as a transaction by an issuer not involving a public offering.

Stock Performance Graph

The following graph compares the performance of our common stock to the Nasdaq Composite and the Horizons Marijuana Life Sciences Index for the period from July 18, 2018 through May 31, 2021 in comparison to the indicated indexes. The results assume that $100, which was invested on July 18, 2018 in our common stock and each of the indicated indexes.



	July 18, 2018	May 31, 2019	2020	2021
Tilray Inc.	$ 100.00	$ 169.76	$ 43.99	$ 74.45
Nasdaq Composite	$ 100.00	$ 95.24	$ 121.27	$ 175.70
Horizons Marijuana Life Sciences Index	$ 100.00	$ 110.97	$ 44.93	$ 62.28

This information under “Stock Performance Graph” is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference in any filing of Tilray under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K and irrespective of any general incorporation language in those filings.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with the financial information and the notes thereto included in Part II, Item 8 of this Form 10-K in this Annual Report for the fiscal year ended May 31, 2021 ("Annual Report").

Amounts are presented in thousands of United States dollars, except for shares, warrants, per share data and per warrant data or as otherwise noted. The Canadian dollar ("C$") equivalents presented are derived using the average exchange rate during the reporting period. Amounts are individually converted by multiplying the United States dollar to Canadian dollar rate to determine the Canadian dollar amount.

Company Overview

We are a leading global cannabis-lifestyle and consumer packaged goods 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 the worldwide community to live their very best life by providing them with products that meet the needs of their mind, body, and soul and invoke a sense of wellbeing. Tilray's mission is to be the trusted partner for its patients and consumers by providing them with a cultivated experience and health and wellbeing through high-quality, differentiated brands and innovative products.

Our overall strategy is to leverage our scale, expertise and capabilities to drive market share in Canada and internationally, 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 innovative new products. In addition, we are relentlessly focused on managing our cost of goods and expenses in order to maintain our strong financial position.

Within Canada, we are focused on gaining market share in the Canadian cannabis industry by executing on our strategic priorities through entering new product categories that possess the most consumer demand, while leveraging our expertise to develop brands that are truly differentiated from our competitors and carefully curated to meet patient and consumer demand, investing in brand building and innovation activities and optimizing our production to continue to be the high-quality, low-cost producer we are today.

Internationally, we are focused on business activities that provide a return on investment in the near term without being capital intensive. We intend to continue to maximize the utilization of our existing assets and investments in connection with the development and execution of our international growth plans, while leveraging our cannabis expertise and well-established medical brands. Through our well positioned cultivation facilities in Portugal and Germany, we intend to fuel the demand for our EU GMP certified medical grade cannabis internationally. By building on this foundation, we strive to take a leadership position in the international cannabis industry.

Within the U.S., we are focused on leading the craft beer segment, including growing our SweetWater brand by expanding our distribution footprint, focusing on new product development and innovation and building brand awareness of, and equity in, our existing adult-use cannabis brands in the U.S. ahead of federal legalization of cannabis by leveraging the SweetWater manufacturing and distribution infrastructure. Further complementing this strategy, our Manitoba Harvest brand is a leading manufacturer of hemp-derived CBD and other cannabinoid products to promote the acceptance and mainstream usage of cannabis and hemp-based products ahead of federal legalization.

Aphria – Tilray Business Combination

On December 15, 2020, Tilray entered into an Arrangement Agreement (as amended, the "Arrangement Agreement" with Aphria Inc. ("Aphria"), pursuant to which Tilray acquired all of the issued and outstanding common shares of Aphria pursuant to a plan of arrangement (the "Plan of Arrangement") under the Business Corporations Act.

On April 30, 2021, upon consummation of the Arrangement, Aphria stockholders and Tilray stockholders owned approximately 61.2% and 38.8%, respectively, of the post-closing outstanding Tilray common stock resulting

in the reverse acquisition of Tilray, whereby Tilray is the legal acquirer and Aphria is the acquirer for accounting purposes. Accordingly, in this Form 10-K, the assets and liabilities of Aphria are presented at their historical carrying values and the assets and liabilities of Tilray are recognized on the effective date of the business combination transaction and measured at fair value. The operating results for the prior years are of those of Aphria.

As a result of the Arrangement, the sales of Aphria stock that previously traded under the ticker symbol “APHA” ceased trading and were delisted from the Toronto Stock Exchange (“TSX”) on or about May 4, 2021. Our common stock shares commenced trading on the Nasdaq under the ticker symbol “TLRY” on May 3, 2021. In conjunction with the reverse acquisition, the Company elected to adopt Aphria’s fiscal year end of June 1 to May 31. For the year ending May 31, 2021, the Company’s financial information includes the financial results of Aphria for the 12-months ended May 31, 2021 and the one-month operating results of Tilray, as follows:

	Years ended May 31,		
	2021	2020	2019
Revenue	$ 513,085	$ 405,326	$ 179,303
Net loss	$ (336,014)	$ (100,833)	$ (36,093)
Net loss per share - basic and diluted	$ (1.25)	$ (0.47)	$ (0.18)

The Coronavirus ("COVID-19") Pandemic, Its Impact on Us

Tilray continues to closely monitor and respond, where possible, to the ongoing COVID-19 pandemic. As the global situation continues to change rapidly, ensuring the well-being of our employees remains one of our top priorities. The Company also remains committed to providing best in class care and service to our valued patients and consumers – facilities continue to remain open and operational with heightened measures in place to protect the health and safety of employees, vendors, partners and their families. The Company is committed to enhancing these measures and implementing other necessary practices as the situation warrants.

COVID-19 impact on our Cannabis operations

Leamington, Brampton, Enniskillen and London, Ontario: Our Leamington facilities, Aphria One and Aphria Diamond, Brampton facility, Avanti, London facility, High Park Processing Facility, and Enniskillen facility, High Park Farms, remain open and are currently considered essential businesses by the Ontario government.

Duncan and Nanaimo, British Columbia: Our Duncan facility, Broken Coast, and our Nanaimo Facility, Tilray Canada, in British Columbia ("BC"), remain open and are currently considered essential businesses by the BC government.

*Supply chain in Canada***:** Our supply chain team continues to work closely with our supply chain partners on a day-to-day basis to prevent and minimize any sort of disruption. As of the date of this Annual Report, there do not appear to be any indications of challenges or material delays in our supply chain; however, the Company has undertaken pre-emptive measures to ensure alternate supply sources in different continents.

*Cantanhede and Esporão, Portugal***:** Our Cantanhede and Esporão facilities, Tilray European Union campus and cultivation site, remain open and are considered essential services by the Portuguese government.

*Supply chain in Portugal***:** Our supply chain team continues to work closely with our supply chain partners on a day-to-day basis to prevent and minimize any sort of disruption.

COVID-19 impact on our SweetWater business

Our brewery located in Atlanta, Georgia has remained open during the COVID-19 global pandemic. During the COVID-19 pandemic, the federal, state and local governments at various times imposed restrictions as a result of the pandemic, which include, among others, restricting people from gathering in groups or interacting within a certain physical distance (i.e., social distancing), ordering businesses, particularly bars and restaurants, to close or limit operations or people to stay at home, which have impacted the SweetWater business primarily driven by reductions

in sales and profit margin. The reduced profit margins are driven by a reduction in keg demand from the on-premises channel, which have higher profit margins than products intended for off-premises consumption. We believe this change in SweetWater's sales mix and demand may continue as long as the COVID-19 pandemic continues.

COVID-19 impact on our medical and distribution businesses

Our medical distribution businesses located in Densborn, Germany and Buenos Aires, Argentina continue to remain open during the COVID-19 pandemic as they are considered essential services by their local governments. In addition, our Canadian medical cannabis business also continued to operate. The sales and associated EBITDA for these businesses were negatively impacted by government-imposed restrictions, which included, among others, orders for people to stay at home. This resulted in a general decrease in elective medical procedures and surgeries and in-person medical visits, which in turn resulted in, the Company experiencing and may continue to experience decreases in revenue in its Canadian medical cannabis and global distribution businesses. Declining new patient registrations in Canada driven by the decrease in medical visits continue to impact our medical cannabis business. Limitations on elective medical procedures and lower frequency patient visits to physicians and pharmacies continue to impact our global distribution businesses as doctors have less opportunity to write new prescriptions. Further, due to government-imposed restrictions, CC Pharma was not able to source inventory from surrounding countries in sufficient quantities to support its sales demand, which also impacted its revenue.

Increasing COVID-19 case counts in Canada, Germany, Portugal and the United States

We continue to monitor infection rates and the measures taken by various governments to contain the infection and begin providing vaccinations. As of the date of this Annual Report, we note an increase in infection rates with increasingly stronger measures being adopted in those countries in which the Company operates predominately Germany and Portugal. Further, we note a decrease in infection rates, largely as a result of additional efforts to vaccinate, after our year-end, in Canada and the United States.

In Canada, during fiscal 2021 and the last quarter of the fiscal year, individual provinces took increasingly stronger measures to slow infection rates, including the temporary closure of retail outlets, including cannabis stores. Most provinces, however, allowed curbside pick-up or delivery replacing in-person visits to cannabis stores.

In Germany, the duration of lockdown measures that were put in place continue to be extended and became more restrictive and, as a result, the German population became less mobile with patients not visiting their physicians or engaging in elective surgeries.

In Portugal, the lockdown measures continue to be monitored with the country reaching various stages of reopening while maintaining partial capacity in gathering places and limiting nonessential activities. The lockdown caused construction delays in our 3.3-hectare greenhouse expansion at our Cantanhede facility and impacted the schedule of our first harvest by two-months.

In the United States, while lockdown measures have not been as stringent as in Canada and in Germany, certain state and local governments significantly curtailed entertainment activities, including the consumption of alcohol at on-premises locations. The reduction of on-premises consumption was fully been offset by an increase in off-premises consumption.

Depending on the length and severity of these measures to help curtail COVID-19, particularly during periods where defined "lock-downs" are in effect, our revenues may be negatively impacted.

Protection of our employees

We took and continue to take, important steps to protect our employees during this period, including:

- Mandatory mask policy in all common and production areas;
- Staggered work schedules, banning all non-essential contractors and closing our facility to guests, all to reduce flow of traffic into and out of our facilities;

- Staggered employee breaks, redesigned work stations and processes to minimize employee interaction and ensure appropriate social distancing;
- Installed thermal scanners at all facility employee entrances to monitor employee temperatures;
- Enhanced sanitation of work areas, both in terms of breadth and depth of cleanings; and
- Implemented mandatory 14-day quarantines for all workers returning from out of country visits.

Giving back to our communities

We are providing multiple programs to seniors and front-line healthcare workers in the local Leamington community to support them during this period, including having:

- Made various donations to Erie Shores Community Hospital;
- Made a donation of excess personal protective equipment to Erie Shores Community Hospital;
- Continued the Aphria Supports program, where employee volunteers operate a dedicated local phone number for seniors and front-line healthcare workers to purchase and deliver groceries and other necessities during this difficult time; and,
- Continued a 10% discount on medical products to compensate for the current economic climate.

Effects of COVID -19 on our Adult Use Revenue

This retail sales decline of November impacted the Company in late November / early December, as licensed producers sell to provincial boards who, in turn, sell to retailers who then sell direct to consumers. This can represent a significant lag between sales from the Company and the related retail sale. With the decline in the retail sales in January and February, which were forecasted for growth, the provincial boards took measures to lower their inventory levels through a combination of slower replenishments and product returns.

These measures resulted in the Company receiving product returns of approximately $4,500. The Company was able to partially mitigate the impact of these returns by finding alternative distribution channels to sell these products. We believe these returns were more substantial for the Company than our competitors, as we continue to hold the largest market share in Alberta, which issued the largest returns as a response to the provincial lockdowns.

As the company experienced continued reduced sales levels in mid to late January, tied with the expected lifting of lockdown not occurring until late June, we reacted quickly to preserve our operating profit and adjusted EBITDA. During the second half of the fiscal year, the Company modified pricing on some of our products, implemented temporary four-day work weeks at our Canadian cannabis facilities, better managed headcount and reduced planned operating spending. The Company believes these initiatives had a major role in reporting the level of positive adjusted EBITDA. During the last six months of our fiscal year, despite widespread COVID-19 related lockdowns and absent adjustments for recent consolidation in the industry, the Company maintained its leading position, as the top licensed producer in Canada, in terms of consumer sales across all brands for those provinces where such information is available and published. The Company expects that the cannabis retail market will resume the previous trajectory of growth, once these provincial restrictions are lifted and remain lifted.

Use of Non-GAAP Measures

Throughout this Annual Report on Form 10-K, we discuss non-GAAP financial measures, including reference to:

- gross profit (excluding inventory valuation adjustments and purchase price allocation (“PPA”) step up),
- cannabis gross profit and margin (excluding inventory valuation adjustments and PPA step-up),
- beverage alcohol gross profit and margin (excluding inventory valuation adjustments and PPA step-up),
- distribution gross profit and margin (excluding inventory valuation adjustments and PPA step-up),

- wellness gross profit and margin (excluding inventory valuation adjustments and PPA step-up),
- adjusted net income (loss),
- free cash flow, and
- adjusted EBITDA.

All these non-GAAP financial measures should be considered in addition, 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.

Business Acquisitions

Prior to the completion of the Arrangement, our consolidated financial statements were presented under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and in Canadian Dollars (C$). All prior periods have been recast and are shown in this Annual Report in Form 10-K under GAAP and in United States Dollars ($). Accordingly, the assets and liabilities of Aphria are presented at their historical carrying values and the assets and liabilities of Tilray are recognized on the effective date of the business combination and measured at fair value. The operating results for the prior years are of those of Aphria.

Acquisition of Sweetwater

On November 25, 2020, the Company, through its wholly-owned subsidiary Four Twenty Corporation, completed the purchase of all the shares of SW Brewing Company, LLC which is the holding company of 100% of the common shares of SweetWater, one of the largest independent craft brewers in the U.S. The purchase price consisted of cash consideration of $255,543, share consideration of 8,232,810 shares, and additional cash consideration of up to $66,000 contingent on SweetWater achieving specified EBITDA targets. The acquisition of SweetWater gave the Company an opportunity to build brand awareness in the U.S. ahead of federal legalization, amongst other objectives.

The historical business acquisitions consummated by Tilray prior to the completion of the Arrangement are included in the net assets acquired upon completion of the Arrangement.

Results of Operations

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

	For the years ended May 31,			% Change	
	2021	2020	2019	2021 vs. 2020	2020 vs. 2019
Net revenue	$ 513,085	$ 405,326	$ 179,303	27%	126%
Cost of goods sold	389,903	309,273	135,792	26%	128%
Gross profit	123,182	96,053	43,511	28%	121%
Operating expenses:					
General and administrative	111,575	93,789	75,841	19%	24%
Selling	26,576	18,975	3,752	40%	406%
Amortization	35,221	15,138	9,550	133%	59%
Marketing and promotion	17,539	15,266	17,400	15%	(12%)
Research and development	830	1,916	1,052	(57%)	82%
Impairment	—	50,679	57,259	(100%)	(11%)
Transaction costs	63,612	4,299	17,588	1,380%	(76%)
Total operating expenses	255,353	200,062	182,442	28%	10%
Operating loss	(132,171)	(104,009)	(138,931)	27%	(25%)
Finance income (expense), net	(27,977)	(19,371)	5,259	44%	(468%)
Non-operating (expense) income, net	(184,838)	14,195	95,534	(1,402%)	(85%)
(Loss) income before income taxes	(344,986)	(109,185)	(38,138)	216%	186%
Income taxes (recovery)	(8,972)	(8,352)	(2,045)	7%	308%
Net (loss) income	$ (336,014)	$ (100,833)	$ (36,093)	233%	179%

Fiscal 2021 reflects the impacts of COVID-19 on our results of operations. Refer to the discussion above on the effects of COVID-19 and discussion of our results below for additional information.

Key Operating Metrics

We use the following key operating metrics 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 key operating metrics with similar names differently which may reduce their usefulness as comparative measures.

	For the years ended May 31,		
	2021	2020	2019
Net cannabis revenue	$ 201,392	$ 129,896	$ 59,876
Net beverage alcohol revenue	28,599	—	—
Distribution revenue	277,300	275,430	119,427
Wellness revenue	5,794	—	—
Cannabis cost of sales	130,511	68,551	31,341
Beverage alcohol cost of sales	12,687	—	—
Distribution cost of sales	242,472	240,722	104,451
Wellness cost of sales	4,233	—	—
Gross profit (excluding inventory valuation adjustments and step-up)	143,936	96,053	43,511
Cannabis gross margin (excluding inventory valuation adjustments and step-up)	45.1%	47.2%	47.7%
Beverage gross margin (excluding inventory valuation adjustments and step-up)	58.6%	—	—
Distribution gross margin (excluding inventory valuation adjustments and step-up	12.6%	12.6%	12.5%
Wellness gross margin (excluding inventory valuation adjustments and step-up)	26.9%	—	—
Adjusted EBITDA	40,771	5,845	(23,780)
Cash and cash equivalents	488,466	360,646	407,185
Working capital	482,368	461,732	457,679

Segment Reporting

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

	For the year ended May 31,						
	2021	2020	2019	Change 2021 vs. 2020		Change 2020 vs. 2019	
Cannabis business	$ 201,392	$ 129,896	$ 59,876	$ 71,496	55%	$ 70,020	117%
Distribution business	277,300	275,430	119,427	1,870	1%	156,003	131%
Beverage alcohol business	28,599	—	—	28,599	0%	—	0%
Wellness business	5,794	—	—	5,794	0%	—	0%
Business under development	—	—	—	—	0%	—	0%
	$ 513,085	$ 405,326	$ 179,303	$ 107,759	27%	$ 226,023	126%

Our geographic revenue is, as follows:

	For the year ended May 31,						
	2021	2020	2019	Change 2021 vs. 2020		Change 2020 vs. 2019	
North America	$ 229,120	$ 129,663	$ 59,629	$ 99,457	77%	$ 70,034	117%
EMEA	279,062	271,291	116,578	7,771	3%	154,713	133%
Latin America	4,903	4,372	3,096	531	12%	1,276	41%
Total	$ 513,085	$ 405,326	$ 179,303	$ 107,759	27%	$ 226,023	126%

Our geographic capital assets are, as follows:

	For the year ended May 31,			
	2021	2020	Change 2021 vs. 2020	
North America	$ 504,575	$ 371,823	$ 132,752	36%
EMEA	140,838	44,348	96,490	218%
Latin America	5,285	4,535	750	17%
Total	$ 650,698	$ 420,706	$ 229,992	55%

Distribution revenue

Revenue from Distribution operations for the year ended May 31, 2021 was $277,300 as compared to $275,430 in the prior year, representing a slight increase of 1% on a year over year basis. Included in distribution revenue is $270,873 of revenue from CC Pharma, and $6,427 of revenue from other distribution companies for the year ended May 31, 2021 versus $270,131 and $5,299 in the prior year. The slight increase in distribution revenue for the year ended May 31, 2021 as compared to prior year was primarily the result of increases in the value of the Euro compared to the US dollar for the year ended May 31, 2021 compared to May 31, 2020. This increase was partially offset by COVID-19 mandatory lockdowns, which resulted in insufficient supply from other European Union countries, fewer workdays from lockdown periods, and limitations on elective medical procedures and lower frequency in-person visits to physicians and pharmacies.

The increase in distribution revenue the year ended May 31, 2020 versus the prior year was primarily driven by only owning CC Pharma for 5 months during the year ended May 31, 2019.

For the three months ended May 31, 2021, as compared to the same quarter prior year, revenue decreased from $73,955 to $66,792 primarily due to difficulties in securing inventory from countries in the European Union that closed their borders due to COVID-19 lockdowns and limitations on elective medical procedures and lower frequency in-person visits to physicians and pharmacies.

Beverage alcohol revenue

Revenue from our Beverage operations for the year ended May 31, 2021 was $28,599 from SweetWater which was acquired on November 25, 2020. SweetWater operates on-premise, wholesale, and specialty sales. Revenues

were negatively impacted from reduction in keg demand from the on-premises channel, which have higher profit margins than products intended for off-premises consumption.

For the three months ended May 31, 2021, beverage alcohol revenue was $15,947, with no comparable amount as SweetWater was acquired during the current fiscal year.

Wellness revenue

Included in Wellness revenue is $5,794 from Manitoba Harvest, for the year ended May 31, 2021. Manitoba Harvest was part of the assets acquired in the Arrangement. There are no comparable revenues in the prior year being presented.

Cannabis revenue

	Year ended May 31,						
Cannabis revenue by market	**2021**	**2020**	**2019**	**Change 2021 vs. 2020**		**Change 2020 vs. 2019**	
Revenue from medical cannabis products	$ 25,539	$ 28,685	$ 33,017	$ (3,146)	(11%)	$ (4,332)	(13%)
Revenue from adult-use cannabis products	222,930	112,207	30,236	110,723	99%	81,971	271%
Revenue from wholesale cannabis products	6,615	12,585	4,339	(5,970)	(47%)	8,246	190%
Revenue from international cannabis products	9,250	—	—	9,250	—%	—	—%
Total cannabis revenue by market	264,334	153,477	67,592	110,857	72%	85,885	127%
Excise taxes	(62,942)	(23,581)	(7,716)	(39,361)		(15,865)	
Total cannabis net revenue by market	$ 201,392	$ 129,896	$ 59,876	$ 71,496		$ 70,020	

During the year ended May 31, 2021, kilogram equivalents sold increased at a disproportionate rate as compared to the increase in revenue as a result of the decrease in average selling price per gram. We expect continuous pressure on average selling price for at least the first half of the year.

During the year ended May 31, 2020, kilogram equivalents of cannabis sold increased as compared to the year ended May 31, 2019 as a result of the continued growth of our adult-use market.

Revenue from medical cannabis products: Revenue from medical cannabis products for the year ended May 31, 2021 was $25,539 as compared to $28,685 in the prior year, representing a decrease of (11%).

The decrease in revenue from medical cannabis sold during 2021 as compared to 2020 was related to a decrease in average gross retail selling price to medical patients. The decline is a result of specific pricing programs offered to assist patients in need who have been negatively impacted by the COVID-19 pandemic, along with other promotional programs.,

Revenue from adult-use cannabis products: Revenue from adult-use cannabis products for the year ended May 31, 2021 was $222,930 as compared to $112,207 in the prior year, increase almost double the amount in the prior year, or 99% primarily due to increase in market share for the first half of the year, which was offset by lowered replenishment rates and ordering by the provincial boards as a response to the lockdown measures and the decline in the retail cannabis market. In the second half of the year our volumes were consistent with the first half of year, while the average gross selling price to the adult-use market declined. The decrease is primarily related to consumer trends to large-format and price compression in the market, magnified by consumer behavior during the lockdowns to a much heavier focus on price and potency.

Wholesale cannabis revenue: Revenue from wholesale cannabis products for the year ended May 31, 2021 was $6,615 as compared to $12,585 in the prior year, representing a decrease of (47%). The Company continues to believe that wholesale cannabis revenue will remain subject to quarter-to-quarter variability and is based on opportunistic sales.

International cannabis revenue: Revenue from international cannabis products for the year ended May 31, 2021 was $9,250 as compared to nil in the prior year. The increase is largely due to our export of product to Israel, and one month of legacy Tilray's larger international cannabis business.

Gross profit and gross margin

Our gross profit and gross margin for the years ended May 31, 2021, 2020 and 2019, is as follows, for our each of our operating segments:

	For the year ended May 31,				
Cannabis	**2021**	**2020**	**2019**	**Change 2021 vs. 2020**	**Change 2020 vs. 2019**
Revenue	$ 264,334	$ 153,477	$ 67,592	$ 110,857	$ 85,885
Excise taxes	(62,942)	(23,581)	(7,716)	(39,361)	(15,865)
Net revenue	201,392	129,896	59,876	71,496	70,020
Cost of goods sold	130,511	68,551	31,341	61,960	37,210
Gross profit	70,881	61,345	28,535	9,536	32,810
Gross margin	35%	47%	48%	(12%)	(1%)
Adjustments:					
Inventory valuation adjustments	19,919	—	—	19,919	—
Purchase price accounting step-up	—	—	—	—	—
Adjusted gross profit (1)	90,800	61,345	28,535	29,455	32,810
Adjusted gross margin (1)	45%	47%	48%	(2%)	(0%)
Distribution					
Revenue	$ 277,300	$ 275,430	$ 119,427	$ 1,870	$ 156,003
Excise taxes	—	—	—	—	—
Net revenue	277,300	275,430	119,427	1,870	156,003
Cost of goods sold	242,472	240,722	104,451	1,750	136,271
Gross profit	34,828	34,708	14,976	120	19,732
Gross margin	13%	13%	13%	(0%)	0%
Adjustments:					
Inventory valuation adjustments	—	—	—	—	—
Purchase price accounting step-up	—	—	—	—	—
Adjusted gross profit (1)	34,828	34,708	14,976	120	19,732
Adjusted gross margin (1)	13%	13%	13%	(0%)	0%
Beverage alcohol					
Revenue	$ 29,661	$ —	$ —	$ 29,661	$ —
Excise taxes	(1,062)	—	—	(1,062)	—
Net revenue	28,599	—	—	28,599	—
Cost of goods sold	12,687	—	—	12,687	—
Gross profit	15,912	—	—	15,912	—
Gross margin	56%	0%	0%	56%	0%
Adjustments:					
Inventory valuation adjustments	—	—	—	—	—
Purchase price accounting step-up	835	—	—	—	—
Adjusted gross profit (1)	16,747	—	—	15,912	—
Adjusted gross margin (1)	59%	0%	0%	59%	0%
Wellness					
Revenue	$ 5,794	$ —	$ —	$ 5,794	$ —
Excise taxes	—	—	—	—	—
Net revenue	5,794	—	—	5,794	—
Cost of goods sold	4,233	—	—	4,233	—
Gross profit	1,561	—	—	1,561	—
Gross margin	27%	0%	0%	27%	0%
Adjustments:					
Inventory valuation adjustments	—	—	—	—	—
Purchase price accounting step-up	—	—	—	—	—
Adjusted gross profit (1)	1,561	—	—	1,561	—
Adjusted gross margin (1)	27%	0%	0%	27%	0%

(1) Gross profit (excluding inventory valuation adjustments) and gross margin percentage (excluding inventory valuation adjustments) are non-GAAP financial measures. For information on how we define and calculate these non-GAAP financial measures, refer to "Non-GAAP Financial Measures"

Cannabis gross margin: Gross margin of 35% decreased in 2021 versus 2020 primarily due to an inventory write off of $19,919 from excess inventory quantities of the combined cannabis operations. Adjusted gross margin of 45% decreased in 2021 versus 2020 primarily due to price compressions during the COVID-19 lockdowns, offset by the Company's improved cost structure.

Distribution gross margin: Gross margin of 13% remained consistent versus 2020.

Beverage alcohol gross margin: Gross margin of 56% is in line with our expectations. This is the first fiscal year in which we operated in this segment. We note that COVID-19 disrupted our product sales mix, resulting in lower than traditional gross margins for SweetWater.

Wellness gross margin: Gross margin of 27% reflects one month of sales. We acquired the wellness business in the Aphria-Tilray business combination.

Operating expenses

	For the year ended May 31,						
	2021	2020	2019	Change 2021 vs. 2020		Change 2020 vs. 2019	
General and administrative	$ 111,575	$ 93,789	$ 75,841	$ 17,786	19%	$ 17,948	24%
Selling	26,576	18,975	3,752	7,601	40%	15,223	406%
Amortization	35,221	15,138	9,550	20,083	133%	5,588	59%
Marketing and promotion	17,539	15,266	17,400	2,273	15%	(2,134)	(12%)
Research and development	830	1,916	1,052	(1,086)	(57%)	864	82%
Impairment	—	50,679	57,259	(50,679)	(100%)	(6,580)	(11%)
Transaction costs	63,612	4,299	17,588	59,313	1,380%	(13,289)	(76%)
	$ 255,353	$ 200,062	$ 182,442	$ 55,291	28%	$ 17,620	10%

Operating expenses are comprised of general and administrative, share-based compensation, selling, amortization, marketing and promotion, research and development, and transaction costs. These costs increased by $55,291 to $255,353 from $200,062 as compared to prior year. This was primarily due to reporting two full quarters of operating expenses for SweetWater, including increased non-cash amortization charges associated with definite life intangible assets acquired. The remaining increase is from transaction costs associated with the acquisition of SweetWater, the Arrangement, other potential acquisitions and one-time litigation costs.

General and administrative costs

	For the year ended May 31,						
	2021	2020	2019	Change 2021 vs. 2020		Change 2020 vs. 2019	
Executive compensation	$ 8,645	$ 6,777	$ 4,402	$ 1,868	28%	$ 2,375	54%
Consulting fees	6,633	9,272	4,928	(2,639)	(28%)	4,344	88%
Office and general	19,503	12,351	12,486	7,152	58%	(135)	(1%)
Professional fees	5,146	4,918	8,916	228	5%	(3,998)	(45%)
Salaries and wages	37,126	28,252	14,842	8,874	31%	13,410	90%
Stock-based compensation	17,351	18,079	21,951	(728)	(4%)	(3,872)	(18%)
Insurance	12,257	9,370	4,050	2,887	31%	5,320	131%
Travel and accommodation	2,711	2,798	2,356	(87)	(3%)	442	19%
Rent	2,203	1,972	1,910	231	12%	62	3%
	$ 111,575	$ 93,789	$ 75,841	17,786	19%	17,948	24%

During the year ended May 31, 2021, the Company incurred higher salaries and wages, executive compensation, and insurance costs as a result of increases to its executive and non-executive headcount, increases in annual compensation rates for cost of living and internal promotions and increases in the basic per unit cost of insurance in the cannabis industry, all offset by lower consulting fees related to a reduction in the number of projects pursued by the business that required an external resource. During the second half of 2021, as provincial lockdowns in Canada remained in force, the Company pro-actively adjusted its cost structure to offset the impact of the decrease in demand,

including temporary four-day work weeks at our Canadian cannabis facilities, better managed headcount and reduce planned operating spending.

During the year ended May 31, 2020, the Company incurred higher salaries and wages, executive compensation, consulting and insurance costs for the same reasons above plus the changeover of its executive employees all offset by lower professional fees and stock-based compensation as a result of a one-time award to its new Chief Executive Officer in 2019.

For the three months ended May 31, 2021, general and administrative costs were $32,806 as compared to $24,912 for the same period in the prior year which excluded the acquisitions of SweetWater and Tilray.

Share-based compensation

The Company recognized share-based compensation expense of $17,351 for the year ended May 31, 2021 compared to $18,079 for the same period in the prior year. Stock options are valued using the Black-Scholes valuation model and represents a non-cash expense, restricted share units ("RSUs") are valued based on the graded vesting and the grant date fair value. The Company issued 2,370,862 RSUs in the year-ended May 31, 2021 compared to 137,033 DSUs and 2,159,643 RSUs in the same period of the prior year.

As part of the Arrangement, the Company's Omnibus Long-Term Incentive Plan no longer includes a provision for DSUs. Also, as part of the Arrangement, all outstanding DSUs were replaced with RSUs, under the same terms and conditions as originally granted.

Selling costs

For the year ended May 31, 2021, the Company incurred selling costs of $26,576 as compared to $18,975 in the prior year. These costs relate to third-party distributor commissions, shipping costs, 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.

For the year ended May 31, 2020, the Company incurred selling costs of $18,975 as compared to $3,752 in the prior year. The increase in 2020 versus 2019 is primarily due to increased sales volumes and related selling activities, including the addition of our acquired operations in distribution and the legalization of adult-use cannabis in Canada.

For the three months ended May 31, 2021, the Company incurred selling costs of $ 8,525 or 6.5% of net revenue as opposed to $7,320 or 6.0% for the same period in the prior year.

Amortization

The Company incurred non-production related amortization charges of $35,221 for the year ended May 31, 2021 compared to $15,138 and $9,550 in 2020 and 2019, respectively. The increase is largely associated with the amortization on the acquired definite life intangible assets from the SweetWater acquisition.

Marketing and promotion cost

For the year ended May 31, 2021, the Company incurred marketing and promotion costs of $17,539, as compared to $15,266 in the prior year. The current period costs are comprised of $12,147 of cannabis related marketing and promotion or 6.0% of net cannabis revenue, $593 of beverage alcohol marketing and promotion or 2.1% of beverage alcohol net revenue, $600 of wellness products marketing and promotion or 10.3% of wellness revenue, and $3,926 of distribution marketing and promotion or 1.4% of distribution revenue. The 2021 marketing and promotion costs included significant deferrals of costs associated with the COVID-19 pandemic and reduced discretionary spending in the second half of fiscal 2021.

For the year ended May 31, 2020 the Company incurred marketing and promotion costs of $ 15,266 or 3.8% of net revenue as opposed to $ 17,400 or 9.7% for the same period in the prior year. The decrease in the overall spend for marketing and promotions was due to a one-time increase in spending in 2019 associated with the legalization of adult-use cannabis in Canada.

For the three months ended May 31, 2021, the Company incurred marketing and promotion costs of $5,103 or 3.6% of net revenue as opposed to $2,874 or 2.5% for the same period in the prior year.

Research and development

Research and development costs of $830 were expensed during the year ended May 31, 2021 compared to $1,916 in the prior year. These relate to external costs associated with the development of new products. Although the Company spends a significant amount on research and development, the majority of these costs remain in costs of sales, as the Company does not reclassify research and development costs related to the cost of products consumed in research and development activities.

For the year ended May 31, 2020 the Company incurred research and development costs of $1,916 as opposed to $1,052 in the prior year.

For the three months ended May 31, 2021, the Company incurred research and development costs of $358 as opposed to $430 for the same period in the prior year.

Transaction costs

Transaction costs of $63,612 were expensed during the year ended May 31, 2021 compared to $4,299 in the prior year. Transaction costs largely relate to costs associated with the Arrangement, the acquisition of SweetWater, non-cash shares issued as part of a legal settlement, with various other one-time litigation costs, restructuring costs and potential acquisitions the Company has considered and abandoned, or is still considering.

Non-operating income (expense), net

	Year ended May 31,						
Non-operating items	**2021**	**2020**	**2019**	**Change 2021 vs. 2020**		**Change 2020 vs. 2019**	
Foreign exchange (loss) gain	$ (22,347)	$ 6,145	$ 692	$ (28,492)	(464%)	$ 5,453	(19%)
Loss on marketable securities	—	(252)	(135)	252	(100%)	(117)	(46%)
Gain (loss) on sale of capital assets	1,523	(8,075)	42	9,598	(119%)	(8,117)	(85%)
Gain from equity investees	(458)	—	44,191	(458)	imm	(44,191)	9,649%
Deferred gain on sale of intellectual property	—	—	257	—	imm	(257)	imm
Loss on promissory notes receivable	—	(9,698)	—	9,698	(100%)	(9,698)	(100%)
(Loss) gain on long-term investments	(2,352)	(24,295)	14,860	21,943	(90%)	(39,155)	(178%)
Unrealized (loss) gain on convertible debentures	(170,453)	44,322	36,630	(214,775)	(485%)	7,692	(4%)
Unrealized (loss) gain on convertible notes receivable	—	9,289	—	(9,289)	(100%)	9,289	(100%)
Legal settlement	—	(3,241)	—	3,241	(100%)	(3,241)	(100%)
Chane in fair value of warrant liability	1,234	—	—	1,234	imm	—	—%
Other non-operating items, net	8,015	—	(1,003)	8,015	imm	1,003	13%
	$ (184,838)	$ 14,195	$ 95,534	$ (199,033)	(1,402%)	$ (81,339)	41%

imm – variance is immaterial and omitted

For the three months and year ended May 31, 2021, the Company recognized an unrealized gain (loss) on convertible debentures of $113,425 and $(170,453), respectively, driven primarily by the increase in the Company's share price and the increase in the trading price of the convertible debentures. Furthermore, the Company recognized a gain (loss) of $1,239 and $(22,347), respectively, resulting from the changes in foreign exchange rates during the period, largely associated with the strengthening of the Canadian dollar against the US dollar during the second half of fiscal 2021. The remaining other losses relate to changes in fair value in the Company's convertible notes receivable and long-term investments.

	Year ended May 31,						
Adjusted net income reconciliation:	**2021**	**2020**	**2019**	**Change 2021 vs. 2020**		**Change 2020 vs. 2019**	
Net (loss) income	$ (336,014)	$ (100,833)	$ (36,093)	$ (235,181)	233%	$ (64,740)	179%
Unrealized loss (gain) on convertible debentures	170,453	(44,322)	(36,630)	214,775	(485%)	(7,692)	21%
Foreign exchange (loss) gain	(22,347)	6,145	692	(28,492)	(464%)	5,453	788%
Inventory valuation adjustment	19,919	—	—	19,919	100%	—	—%
Share-based compensation	17,351	18,079	21,951	(728)	(4%)	(3,872)	(18%)
Transaction costs	63,612	4,299	17,588	59,313	1,380%	(13,289)	(76%)
Adjusted net income (loss) (1)	$ (87,026)	$ (116,632)	$ (32,492)	29,606	(25%)	(84,140)	895%
Adjusted net income (loss) per share - basic (1)	$ (0.32)	$ (0.54)	$ (0.16)	$ 0.22	40%	(38%)	(238%)

(1) Adjusted net income represents a non-GAAP financial measure that does not have any standardized meaning prescribed under GAAP and may not be comparable to similar measures presented by other companies. Adjusted net income is calculated as net (loss) income plus (minus) the unrealized loss (gain) on convertible debentures, a non-cash item, share-based compensation, foreign exchange (loss) gain, inventory valuation adjustment, all non-cash items, and transaction costs, costs which will not necessarily continue in future periods depending on the frequency of additional M&A considered by the Company. It represents a measure management uses in evaluating operating results.

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 income (loss), plus (minus) income taxes (recovery), plus (minus) finance (income) expense, net, plus (minus) non-operating (income) loss, net, plus amortization, plus share-based compensation, plus impairment, plus transaction costs and certain one-time non-operating expenses, as determined by management, all as follows:

	Year ended May 31,						
Adjusted EBITDA reconciliation:	**2021**	**2020**	**2019**	**Change 2021 vs. 2020**		**Change 2020 vs. 2019**	
Net (loss) income	$ (336,014)	$ (100,833)	$ (36,093)	$ (235,181)	233%	$ (64,740)	179%
Income taxes	(8,972)	(8,352)	(2,045)	(620)	7%	(6,307)	308%
Finance expense, net	27,977	19,371	(5,259)	8,606	44%	24,630	(468)%
Non-operating expense (income), net	184,838	(14,195)	(95,534)	199,033	(1,402%)	81,339	(85)%
Amortization	67,832	35,669	17,210	32,163	90%	18,459	107%
Share-based compensation	17,351	18,079	21,951	(728)	(4%)	(3,872)	(18)%
Impairment	—	50,679	57,259	(50,679)	(100%)	(6,580)	(11)%
Inventory valuation adjustments	19,919	—	—	19,919	100%	—	0%
Purchase price accounting step up	835	—	—	835	100%	—	0%
Facility start-up costs	2,056	—	—	2,056	100%	—	0%
Lease expense	1,337	1,128	1,143	209	19%	(15)	(1)%
Transaction costs	63,612	4,299	17,588	59,313	1,380%	(13,289)	(76)%
Adjusted EBITDA	$ 40,771	$ 5,845	$ (23,780)	$ 34,926	598%	$ 29,625	(125)%

The Company's adjusted EBITDA increased by $32,870 from $5,845 in the prior year.

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 excludes:

- Non-cash inventory valuation adjustments;
- Non-cash amortization and 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, which has been, and will continue to be for the foreseeable future, a significant recurring expense in our business and 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 loss from equity method investments;
- 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, finance income from ABG, and loss on disposal of property and equipment to reflect ongoing operating activities;
- Costs incurred to start up new facilities;
- Lease expense;
- Other expenses (income), net includes acquisition related expenses, which vary significantly by transactions and are excluded to evaluate ongoing operating results;
- Amortization of purchase accounting step-up in inventory value included in costs of sales - product costs; 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.

Critical Accounting Policies and Significant Judgments and Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). A detailed discussion of our significant accounting policies can be found in Part II, Item 8, Note 3, "*Summary of Significant Accounting Policies"*, and the impact and risks associated with our accounting policies are discussed throughout this Form 10-K and in the Notes to the Consolidated Financial Statements. We have identified certain policies and estimates as critical to our business operations and the understanding of our past or present results of operations related to (i) COVID-19 related judgments and estimates, (ii) revenue recognition, (iii) valuation of inventory, (iv) impairment of goodwill and indefinite-lived intangible assets, (v) stock-based compensation, (vi) business combinations and goodwill, (vii) leases, and (viii) warrants. These policies and estimates are considered critical because they had a material impact, or they have the potential to have a material impact, on our consolidated financial statements and because they require us to make significant judgments, assumptions or estimates. We believe that the estimates, judgments and assumptions made when accounting for the items described below were reasonable, based on information available at the time they were made. Actual results could differ materially from these estimates.

(i) Revenue recognition

Revenue is recognized when the control of the promised goods, through performance obligation, is transferred to the customer in an amount that reflects the consideration we expect to be entitled to in exchange for the performance obligations. We generate substantially all our revenue from the sale of our products through contracts with customers, relationships with wholesalers and distributors, and sales of product direct to consumers. Cannabis, wellness and beverage alcohol products are sold through various distribution channels. Revenue is recognized when the control of the goods is transferred to the customer, which occurs at a point in time, typically upon delivery to or receipt by the

customer, depending on shipping terms. In determining the transaction price for the sale of goods, we consider the effects of variable consideration. Some contracts for the sale of goods may provide customers with a right of return, volume discount, bonuses for volume/quality achievement, or sales allowances. In addition, we may provide in certain circumstances, a retrospective price reduction to a customer based primarily on inventory movement. These items give rise to variable consideration. We use historical evidence, current information and forecasts to estimate the variable consideration. The requirements in ASC 606 on constraining estimates are applied to determine the amount of the variable consideration.

(ii) Valuation of inventory

Refer to Part II, Item 8, Note 3, *"Summary of Significant Accounting Policies"* for further details on our inventory cost policy. At the end of each reporting period, we perform an assessment of inventory and record inventory valuation adjustments for excess and obsolete inventories based on our estimated forecast of product demand, production requirements, market conditions, regulatory environment, and spoilage. A reserve is estimated to ensure the inventory balance at the end of the year reflects our estimates of product we expect to sell in the next twelve months. Changes in the regulatory structure, lack of retail distribution locations or lack of consumer demand could result in future inventory reserves.

(iii) Impairment of goodwill and indefinite-lived intangible assets

Goodwill and indefinite-lived intangible assets are tested for impairment annually, or more frequently when events or circumstances indicate that impairment may have occurred. As part of the impairment evaluation, we may elect to perform an assessment of qualitative factors. If this qualitative assessment indicates that it is more likely than not that the fair value of the indefinite-lived intangible asset or the reporting unit (for goodwill) is less than its carrying value, a quantitative impairment test to compare the fair value to the carrying value is performed. An impairment charge is recorded if the carrying value exceeds the fair value. The assessment of whether an indication of impairment exists is performed at the end of each reporting period and requires the application of judgment, historical experience, and external and internal sources of information. We make estimates in determining the future cash flows and discount rates in the quantitative impairment test to compare the fair value to the carrying value.

(iv) Stock-based compensation

We measure and recognize compensation expenses for stock options and restricted stock units ("RSUs") to employees, directors and consultants on a straight-line basis over the vesting period based on their grant date fair values. We estimate the fair value of stock options on the date of grant using the Black-Scholes option pricing model. The fair value of RSUs is based on the share price as at the date of grant. We estimate forfeitures at the time of grant and revise these estimates in subsequent periods if actual forfeitures differ from those estimates.

Determining the estimated fair value at the grant date requires judgment in determining the appropriate valuation model and assumptions, including the fair value of common shares on the grant date, risk-free rate, volatility rate, annual dividend yield and the expected term. Volatility is estimated by using the historical volatility of the accounting acquirer and, other companies that we consider comparable and have trading and volatility history.

(v) Business combinations and goodwill

We use judgment in applying the acquisition method of accounting for business combinations and estimates to value identifiable assets and liabilities at the acquisition date. Estimates are used to determine cash flow projections, including the period of future benefit, and future growth and discount rates, among other factors. The values allocated to the acquired assets and liabilities assumed affect the amount of goodwill recorded on acquisition. Fair value is typically estimated using an income approach, which is based on the present value of future discounted cash flows. Significant estimates in the discounted cash flow model include the discount rate, rate of future revenue growth and profitability of the acquired business and working capital effects. The discount rate considers the relevant risk associated with the business-specific characteristics and the uncertainty related to the ability to achieve projected cash flows. These estimates and the resulting valuations require significant judgment. Management engages third party experts to assist in the valuation of material acquisitions.

(vi) Leases

We record operating leases on our Consolidated Statement of Financial Position as right-of-use assets and recognize the related lease liabilities equal to the fair value of the lease payments using our incremental borrowing rate when the implicit rate in the lease agreement is not readily available. As most of our leases do not provide an implicit rate, the incremental borrowing rate is used based on the information available at commencement date in determining the present value of lease payments. We derived our incremental borrowing rate by assessing rates in recent market transactions, as adjusted for security interests and our credit quality.

(vii) Warrants

As part of the Arrangement, we inherited outstanding warrants. As a result, we adopted an accounting policy for warrants. Warrants are accounted for in accordance with applicable accounting guidance provided in ASC Topic 815, Derivatives and Hedging – Contracts in Entity's Own Equity (“ASC 815”), as either liabilities or as equity instruments depending on the specific terms of the warrant agreement. Our warrants are classified as liabilities and are recorded at fair value. The warrants are subject to remeasurement at each settlement date and at each balance sheet date and any change in fair value is recognized as a component of change in fair value of warrant liability in the statements of net loss and comprehensive loss. Transaction costs allocated to warrants that are presented as a liability are expensed immediately within transaction costs in the statements of net loss and comprehensive loss.

We estimate the fair value of the warrant liability using a Black-Scholes pricing model. We are required to make assumptions and estimates in determining an appropriate risk-free interest rate, volatility, term, dividend yield, discount due to exercise restrictions, and the fair value of common stock. Any significant adjustments to the unobservable inputs would have a direct impact on the fair value of the warrant liability.

New Standards and Interpretations Applicable Effective June 1, 2021

Refer to Part II, Item 8, Note 3, *Significant Accounting Policies*, of this Form 10-K for additional information on changes in accounting policies. There have been no new standards or interpretations applicable to the Company during the period.

Liquidity and Capital Resources

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

	For the year ended May 31,		
	2021	2020	2019
Net cash used in operating activities	$ (44,717)	$ (100,627)	$ (42,049)
Net cash provided by (used in) investing activities	46,105	(69,946)	(134,517)
Net cash provided by financing activities	124,308	130,606	547,185
Effect on cash of foreign currency translation	2,124	(6,572)	(9,570)
Cash and cash equivalents, beginning of year	360,646	407,185	46,136
Cash and cash equivalents, end of year	488,466	360,646	407,185
Increase (decrease) in cash and cash equivalents	127,820	(46,539)	361,049

Cash flows from operating activities

The changes in net cash used in operating activities in 2021 compared to 2020 primarily related to increase in non-cash adjustments for losses on convertible debentures from changes in fair value, unrealized foreign exchange losses due to unfavorable movement in our operating currencies against the U.S. dollar, amortization from additional intangible assets acquired in the Aphria-Tilray business combination, as well as an increase in cash used for transactions costs associated to the SweetWater and Aphria-Tilray business combinations. The positive effect of these non-cash adjustments was offset by lower collections of accounts receivable and higher use of cash for prepayment of current assets.

The changes in net cash used in operating activities in 2020 compared to 2019 primarily related to increased inventory as a result of increased licensed capacity at the Company's facilities.

Cash flows from investing activities

Cash provided by investing activities in 2021 compared to 2020 increased primarily due to cash provided by the Company's business acquisitions: Aphria-Tilray and SweetWater. This increase was also positively impacted by lower amounts of cash used in the acquisition of capital assets.

The change in net cash used in investing activities in 2020 compared to 2019 decreased due to less capital allocation to facility expansion and ceased passive cannabis investment activities.

Cash flows from financing activities

Cash provided by financing activities in 2021 compared to 2020 increased due to higher share capital issued, higher proceed from long term debt offset by higher amounts paid to non-controlling shareholders.

The change in net cash provided by financing activities during 2020 relates to proceeds from equity offerings, as compared to 2019 in which we also received proceeds from the issuance of our 5.25% Convertible Notes, ("APHA 24"). See Part II, Item 8, Note 19, "*Convertible Debentures*" of this Annual Report for additional information.

Free cash flow

Free cash flow is a non-GAAP measure and it is comprised of two GAAP measures deducted from each other which are net cash flow used in operating activities less investments in capital and intangible assets. Our free cash flow was, as follows:

	For the year ended May 31,		
	2021	2020	2019
Net cash used in operating activities	$ (44,715)	$ (100,627)	$ (42,049)
Less: investments in capital and intangible assets	38,874	98,786	155,751
Free cash flow	$ (83,589)	$ (199,413)	$ (197,800)

Cash resources and working capital requirements

The Company constantly monitors and manages its cash flows to assess the liquidity necessary to fund operations. As of May 31, 2021, the Company maintained $488,466 of cash and cash equivalents on hand, compared to $360,646 in cash and cash equivalents at May 31, 2020 or an increase of $127,820 in the period. This increase is primarily as a result cash acquired in the Aphria-Tilray business combination.

Working capital provides funds for the Company to meet its operational and capital requirements. As of May 31, 2021, the Company maintained working capital of $488,466. We primarily financed our operations through the issuance of common stock, sale of convertible notes and revenue generating activities. While we believe we have sufficient cash to meet existing working capital requirements in the short term, we may need additional sources of capital and/or financing, to meet our U.S. growth ambitions or expansion of our international operations.

Contractual obligations

We lease various facilities, under non-cancelable finance and operating leases, which expire at various dates through September 2040:

	Year ending May 31,	
	Operating leases	Finance leases
2022	7,824	2,404
2023	4,272	7,183
2024	3,925	2,061
2025	3,023	2,122
2026	2,964	2,186
Thereafter	4,102	39,586
Total minimum lease payments	$ 26,110	$ 55,542
Less: amounts of leases related to interest payments	(419)	(18,759)
Present value of minimum lease payments	25,691	36,783
Less: current accrued lease obligation	(3,613)	(651)
Obligation recognized	$ 22,078	$ 36,132

Purchase and other commitments

The Company has payments for long-term debt, convertible debentures, ABG finance liability, material purchase commitments and constructions commitments, as follows:

	Total	2022	2023	2024	2025	2026	Thereafter
Long-term debt repayment	$ 204,108	36,623	69,925	95,181	1,438	941	—
Convertible notes, principal and interest	571,989	13,893	13,893	284,803	259,400	—	—
ABG finance liability	6,000	1,500	1,500	1,500	1,500	—	—
Material purchase obligations	26,097	21,141	4,009	854	93	—	—
Construction commitments	1,814	1,814	—	—	—	—	—
Total	$ 810,008	$ 74,971	$ 89,327	$ 382,338	$ 262,431	$ 941	$ —

Except as disclosed elsewhere in this Part II, Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, there have been no material changes with respect to the contractual obligations of the Company during the year-to-date period except for those related to the Company's acquisitions.

Off-Balance Sheet Financing

As of May 31, 2021, the Company has no off-balance sheet financing.

Contingencies

In the normal course of business, we may receive inquiries or become involved in legal disputes regarding various litigation matters. In the opinion of management, any potential liabilities resulting from such claims would not have a material adverse effect on our consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The Company has exposure to the following risks from its use of financial instruments: credit; liquidity; currency rate; and, interest rate price.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at May 31, 2021, is the carrying amount of cash and cash equivalents, accounts receivable, prepaids and other current assets, promissory notes receivable and convertible notes receivable. All cash and cash equivalents are placed with major financial institutions in Canada, Australia, Portugal, Germany, Colombia, Argentina and the United States. To date, the Company has not experienced any losses on its cash deposits. Accounts receivable are unsecured, and the Company does not require collateral from its customers.

(b) Liquidity risk

As at May 31, 2021, the Company's financial liabilities consist of bank indebtedness and accounts payable and accrued liabilities, which have contractual maturity dates within one-year, long-term debt, and convertible debentures which have contractual maturities over the next five years.

The Company maintains a debt service charge covenant on certain loans secured by its Aphria One facilities that is measured at year-end only. The Company maintains debt service charge and leverage covenants on certain loans secured by its Aphria Diamond facilities and 420 that are measured quarterly. The Company believes that it has sufficient operating room with respect to its financial covenants for the next fiscal year and does not anticipate being in breach of any of its financial covenants.

The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at May 31, 2021, management regards liquidity risk to be low.

(c) Currency rate risk

As at May 31, 2021, a portion of the Company's financial assets and liabilities held in Canadian dollars and Euros consist of cash and cash equivalents, convertible notes receivable, and long-term investments. The Company's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in the functional currency. The Company is exposed to currency rate risk in other comprehensive income, relating to foreign subsidiaries which operate in a foreign currency. The Company does not currently use foreign exchange contracts to hedge its exposure of its foreign currency cash flows as management has determined that this risk is not significant at this point in time.

(d) Interest rate price risk

The Company's exposure to changes in interest rates relates primarily to the Company's outstanding debt. The Company manages interest rate risk by restricting the type of investments and varying the terms of maturity and issuers of marketable securities. Varying the terms to maturity reduces the sensitivity of the portfolio to the impact of interest rate fluctuations.

Item 8. Financial Statements and Supplementary Data.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

All financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and accompanying notes.

Tilray, Inc.
Consolidated Statements of Financial Position
(In thousands of U.S. dollars)

	May 31, 2021	May 31, 2020
Assets		
Current assets		
Cash and cash equivalents	$ 488,466	$ 360,646
Accounts receivable, net	87,309	37,931
Inventory	256,429	139,781
Prepaids and other current assets	48,920	32,660
Convertible notes receivable	2,485	10,609
Total current assets	883,609	581,627
Capital assets	650,698	420,706
Right-of-use assets	18,267	5,356
Intangible assets	1,605,918	263,318
Goodwill	2,832,794	447,330
Interest in equity investees	8,106	—
Long-term investments	17,685	19,595
Other assets	8,285	—
Total assets	$ 6,025,362	$ 1,737,932
Liabilities		
Current liabilities		
Bank indebtedness	$ 8,717	$ 389
Accounts payable and accrued liabilities	212,813	112,411
Contingent consideration	60,657	—
Warrant liability	78,168	—
Current portion of lease liabilities	4,264	954
Current portion of long-term debt	36,622	6,141
Total current liabilities	401,241	119,895
Long - term liabilities		
Lease liabilities	53,946	4,227
Long-term debt	167,486	94,028
Convertible debentures	667,624	196,405
Deferred tax liability	265,845	48,446
Other liabilities	3,907	—
Total liabilities	1,560,049	463,001
Commitments and contingencies (refer to Note 30)	—	—
Shareholders' equity		
Common stock	46	24
Additional paid-in capital	4,792,406	1,366,736
Accumulated other comprehensive income (loss)	152,668	(5,434)
Deficit	(486,050)	(113,352)
Total Tilray shareholders' equity	4,459,070	1,247,974
Non-controlling interests	6,243	26,957
Total shareholders' equity	4,465,313	1,274,931
Total liabilities and shareholders' equity	$ 6,025,362	$ 1,737,932

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

Tilray, Inc.
Consolidated Statements of Loss and Comprehensive Loss
(In thousands of U.S. dollars, except share and per share amounts)

	For the years ended May 31,		
	2021	**2020**	**2019**
Net revenue	$ 513,085	$ 405,326	$ 179,303
Cost of goods sold	389,903	309,273	135,792
Gross profit	123,182	96,053	43,511
Operating expenses:			
General and administrative	111,575	93,789	75,841
Selling	26,576	18,975	3,752
Amortization	35,221	15,138	9,550
Marketing and promotion	17,539	15,266	17,400
Research and development	830	1,916	1,052
Impairment	—	50,679	57,259
Transaction costs	63,612	4,299	17,588
Total operating expenses	255,353	200,062	182,442
Operating loss	(132,171)	(104,009)	(138,931)
Finance income (expense), net	(27,977)	(19,371)	5,259
Non-operating (expense) income, net	(184,838)	14,195	95,534
(Loss) income before income taxes	(344,986)	(109,185)	(38,138)
Income taxes (recovery)	(8,972)	(8,352)	(2,045)
Net (loss) income	$ (336,014)	$ (100,833)	$ (36,093)
Total net income (loss) attributable to:			
Shareholders of Tilray Inc.	(367,421)	(102,540)	(25,037)
Non-controlling interests	31,407	1,707	(11,056)
Other comprehensive (loss) income, net of tax			
Foreign currency translation (loss) gain	156,649	(858)	(90)
Unrealized loss on convertible notes receivables	(3,824)	(5,476)	(2,570)
Total other comprehensive (loss) income, net of tax	152,825	(6,334)	(2,660)
Comprehensive (loss) income	(183,189)	(107,167)	(38,753)
Total comprehensive income (loss) attributable to:			
Shareholders of Tilray Inc.	(214,596)	(108,874)	(27,697)
Non-controlling interests	31,407	1,707	(11,056)
Weighted average number of common shares - basic	269,549,852	216,158,217	203,460,138
Weighted average number of common shares - diluted	269,549,852	216,158,217	203,460,138
Earnings (Loss) per share - basic	$ (1.25)	$ (0.47)	$ (0.18)
Earnings (Loss) per share - diluted	$ (1.25)	$ (0.47)	$ (0.18)

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

Tilray, Inc.
Consolidated Statements of Changes in Equity
(In thousands of U.S. dollars, except share amounts)

	Number of common shares	Common stock	Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings (deficit)	Non-controlling interests	Total
Balance at May 31, 2018	176,143,413	$ 18	$ 795,134	$ 2,954	$ 1,781	$ 13,828	$ 813,715
Share issuance - June 2018 bought deal	18,300,341	2	185,967	—	—	—	185,969
Additional share issuance - Broken Coast acquisition	16,731	—	225	—	—	—	225
Share issuance - LATAM acquisition	13,139,992	1	207,122	—	—	21,889	229,012
Share issuance - warrants exercised	461,236	—	1,303	—	—	—	1,303
Share issuance - options exercised	2,205,945	—	3,854	—	—	—	3,854
Share issuance - DSUs exercised	86,324	—	—	—	—	—	—
Income tax recovery on share issuance cost	—	—	2,591	—	—	—	2,591
Share-based payments	—	—	29,028	—	—	—	29,028
Elimination of CTA on disposal	—	—	—	606	(606)	—	—
Non-controlling interests	—	—	—	—	—	7,138	7,138
Comprehensive income (loss) for the period	—	—	—	(2,660)	(25,037)	(11,056)	(38,753)
Balance at May 31, 2019	210,353,982	$ 21	$ 1,225,224	$ 900	$ (23,862)	$ 31,799	$ 1,234,082
Share issuance - January 2020 bought deal	11,771,068	1	74,394	—	—	—	74,395
Share issuance - debt settlement	15,806,989	2	58,232	—	—	—	58,234
Share issuance - options exercised	1,084,288	—	3,060	—	—	—	3,060
Share issuance - RSUs exercised	559,456	—	—	—	—	—	—
Share issuance - DSUs exercised	333,606	—	—	—	—	—	—
Share issuance - warrants exercised	642,296	—	858	—	—	—	858
Cancelled shares	(419,050)	—	(459)	—	459	—	—
Expired options	—	—	(11,924)	—	11,924	—	—
Expired warrants	—	—	(728)	—	728	—	—
Share-based payments	—	—	18,079	—	—	—	18,079
Nuuvera Malta acquisition	—	—	—	—	(61)	61	—
Non-controlling interests	—	—	—	—	—	(6,610)	(6,610)
Comprehensive income (loss) for the period	—	—	—	(6,334)	(102,540)	1,707	(107,167)
Balance at May 31, 2020	240,132,635	$ 24	$ 1,366,736	$ (5,434)	$ (113,352)	$ 26,957	$ 1,274,931
Share issuance - legal settlement	1,893,858	—	10,454	—	—	—	10,454
Share issuance - equity financing	14,610,496	2	103,535	—	—	—	103,537
Share issuance - SweetWater acquisition	8,232,810	1	65,888	—	—	—	65,889
Share issuance - contract settlement	1,165,861	1	21,370	—	—	(40,266)	(18,895)
Share issuance - Arrangement	179,635,973	18	3,204,888	—	—	—	3,204,906
Share issuance - options exercised	318,299	—	144	—	—	—	144
Share issuance - RSUs exercised	450,709	—	—	—	—	—	—
Share-based payments	—	—	19,391	—	—	—	19,391
Settlement of convertible notes receivable	—	—	—	5,277	(5,277)	—	—
Dividends paid to non-controlling interests	—	—	—	—	—	(11,855)	(11,855)
Comprehensive income (loss) for the period	—	—	—	152,825	(367,421)	31,407	(183,189)
Balance at May 31, 2021	446,440,641	$ 46	$ 4,792,406	$ 152,668	$ (486,050)	$ 6,243	$ 4,465,313

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

Tilray, Inc.
Consolidated Statements of Cash Flows
(In thousands of U.S. dollars, except share amounts)

	For the year ended May 31,		
	2021	**2020**	**2019**
Cash used in operating activities:			
Net (loss) income for the year	$ (336,014)	$ (100,833)	$ (36,093)
Adjustments for:			
Deferred income tax recovery	(24,873)	(13,305)	(5,833)
Unrealized foreign exchange loss (gain)	49,342	(451)	(194)
Amortization	67,832	35,669	17,210
Loss (gain) on sale of capital assets	(1,523)	8,075	(42)
Impairment	—	50,679	57,202
Loss on promissory notes receivable	—	9,698	—
Transaction costs associated with business acquisitions	59,917	—	11,660
Other non-cash items	3,025	(90)	242
Stock-based compensation	17,351	18,079	21,951
Loss (gain) on long-term investments & equity investments	1,624	24,295	(59,051)
Loss (gain) on convertible debentures	169,537	(53,611)	(36,630)
Change in non-cash working capital	(50,935)	(78,832)	(12,471)
Net cash used in operating activities	(44,717)	(100,627)	(42,049)
Cash used in investing activities:			
Proceeds from disposal of marketable securities	—	14,816	18,667
Investment in capital and intangible assets	(38,874)	(98,786)	(155,751)
Proceeds from disposal of capital and intangible assets	6,608	1,411	42
Promissory notes advances	(2,419)	—	(14,746)
Repayment of convertible notes receivable	5,752	19,396	6,466
Investment in long-term investments and equity investees	—	(451)	(54,724)
Proceeds from disposal of long-term investments and equity investees	8,430	19,570	83,343
Net cash acquired (paid) on business acquisitions	66,608	(25,902)	(17,814)
Net cash used in investing activities	46,105	(69,946)	(134,517)
Cash provided by (used in) financing activities:			
Share capital issued, net of cash issuance costs	102,550	74,395	185,969
Proceeds from warrants and options exercised	144	3,918	5,157
Proceeds from convertible debentures	—	—	343,607
Repayment of convertible debentures	—	(812)	—
Proceeds from long-term debt	102,798	60,944	21,053
Repayment of long-term debt	(64,559)	(8,114)	(8,601)
Repayment of lease liabilities	(1,058)	(126)	—
Increase in bank indebtedness	8,328	401	—
Amounts paid to non-controlling interest	(23,895)	—	—
Net cash used in financing activities	124,308	130,606	547,185
Effect of foreign exchange on cash and cash equivalents	2,124	(6,572)	(9,570)
Net increase (decrease) in cash and cash equivalents	127,820	(46,539)	361,049
Cash and cash equivalents, beginning of period	360,646	407,185	46,136
Cash and cash equivalents, end of period	$ 488,466	$ 360,646	$ 407,185
Supplementary disclosure of cash flow information			
Cash paid during the year:			
Income taxes	$ 5,623	$ 2,649	$ 4,878

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

1. Description of business

Tilray, Inc., a Delaware corporation, and its wholly owned subsidiaries (collectively "Tilray", the "Company", "we", "us" or the "Successor") is a global medical cannabis research, cultivation, processing and distribution organization, and is one of the leading suppliers of adult-use cannabis in Canada. The Company also markets and distributes food products from hemp seed, offering a broad range of natural and organic hemp-based food products and ingredients that are sold through retailers and websites globally.

On April 30, 2021 Tilray acquired all of the issued and outstanding common shares of Aphria Inc. ("Aphria"), an international organization with a focus on building a global cannabis-lifestyle consumer packaged goods company and involved in the manufacturing and distribution of beer and beer derivative products in the United States, and in the distribution of (non-Cannabis) pharmaceutical products in Germany, pursuant to a plan of arrangement (the "Arrangement") under the Ontario Business Corporations Act.

Under the terms of the Arrangement, stockholders of Aphria received 0.8381 (the "Exchange Ratio") of a share of Tilray common stock for each Aphria share held. Tilray stockholders continued to hold their Tilray common stock, which remains outstanding. The Exchange Ratio resulted in Aphria stockholders and Tilray stockholders owning 61.2% and 38.8%, respectively, of the post-closing outstanding Tilray common stock (on a fully diluted basis), resulting in the reverse acquisition of Tilray under the acquisition method, whereby Aphria is deemed to be the acquiring entity from an accounting perspective. Following the completion of the Arrangement, Tilray is the consolidated parent of Aphria and the resulting company operates under the Tilray corporate name.

2. Basis of preparation

The policies applied in these consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC").

Based on the determination that Aphria was the accounting acquirer in the Arrangement, Aphria's historical financial statements became the historical financial statements of the Company. The acquired assets and liabilities of Tilray are included in the Company's consolidated balance sheets as of April 30, 2021 and the results of its operations and cash flows are included in the Company's consolidated statement of income (loss) and comprehensive income (loss) and cash flows for periods beginning after April 30, 2021. In conjunction with the reverse acquisition, the Company elected to adopt Aphria's fiscal year end of June 1 to May 31.

Prior to April 30, 2021 Aphria was a foreign private issuer reporting its financial statements under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Boards. These consolidated financial statements, for all periods, are presented in accordance with GAAP.

These 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. For the fiscal year ended May 31, 2021 the Company reported a consolidated net loss of $336,014 and a consolidated net loss of $100,833 and $36,093 for the years ending May 31, 2020 and May 31, 2019, respectively.

For the years ended May 31, 2021, 2020 and 2019, the Company had cash flows used in operating activities of $44,717, $100,627 and $42,049, respectively. As of May 31, 2021 and 2020, the Company had working capital of $482,368 and $ 461,732 respectively.

Current management forecasts and related assumptions support the view that the Company can adequately manage the operational needs of the business with the current cash on hand for the next twelve months from the date of issuance of these financial statements.

These financial statements reflect all adjustments, which, in the opinion of management, are necessary for a fair presentation of the Company's financial position and results of operations.

Foreign currency

These consolidated financial statements are presented in U.S. dollars ("USD"), which is the Company's reporting currency; however, the functional currency of the entities in these financial statements are their respective local currencies, including Canadian dollar, USD, Euro, Australian dollar, and Great Britain pound.

Foreign currency transactions are remeasured to the respective functional currencies of the Company's entities at the exchange rates in effect on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are remeasured to the functional currency at the foreign exchange rate applicable at the statement of financial position date. Non-monetary items carried at historical cost denominated in foreign currencies are remeasured to the functional currency at the date of the transactions. Non-monetary items carried at fair value denominated in foreign currencies are remeasured to the functional currency at the date when the fair value was determined. Realized and unrealized exchange gains and losses are recognized through profit and loss.

On consolidation, the assets and liabilities of foreign operations reported in their functional currencies are translated into USD, the Group's presentation currency, at period-end exchange rates. Income and expenses, and cash flows of foreign operations are translated into USD using average exchange rates. Exchange differences resulting from translating foreign operations are recognized in other comprehensive income (loss) and accumulated in equity.

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 subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The following is a list of the Company's operating subsidiaries:

Subsidiaries	Jurisdiction of incorporation	Ownership interest
Natura Naturals Inc.	Canada	100%
Tilray, Inc.	United States	100%
Manitoba Harvest USA LLC	United States	100%
Tilray Canada, Ltd.	Canada	100%
Dorada Ventures, Ltd.	Canada	100%
FHF Holdings Ltd.	Canada	100%
High Park Farms Ltd.	Canada	100%
Tilray Deutschland GmbH	Germany	100%
Pardal Holdings, Lda.	Portugal	100%
Tilray Portugal Unipessoal, Lda.	Portugal	100%
Tilray Australia New Zealand Pty. Ltd.	Australia	100%
Tilray Ventures Ltd.	Ireland	100%
Manitoba Harvest Japan K.K.	Japan	100%
High Park Holdings, Ltd.	Canada	100%
Fresh Hemp Foods Ltd.	Canada	100%
Natura Naturals Holdings Inc.	Canada	100%
National Cannabinoid Clinics Pty Ltd.	Australia	100%
Tilray Latin America SpA	Chile	100%
Tilray Portugal II, Lda.	Portugal	100%
High Park Gardens Inc.	Canada	100%
1197879 B.C. Ltd	Canada	100%
High Park Shops Inc.	Canada	100%
Privateer Evolution, LLC	United States	100%
Tilray France SAS	France	100%
High Park Holdings B.V.	Netherlands	100%
High Park Botanicals B.V.	Netherlands	100%
Broken Coast Cannabis Ltd.	British Columbia, Canada	100%
SweetWater Brewing Company, LLC	United States	100%
SweetWater Colorado Brewing Co.	United States	100%
ARA – Avanti Rx Analytics Inc.	Ontario, Canada	100%
FL Group S.r.l.	Italy	100%
ABP, S.A.	Argentina	100%
Aphria Germany GmbH	Germany	100%
Aphria RX GmbH	Germany	100%
CC Pharma GmbH	Germany	100%
CC Pharma Research and Development GmbH	Germany	100%
Aphria Wellbeing GmbH	Germany	100%
CC Pharma Luxemburg GmbH	Luxemburg	100%
ASG Pharma Ltd.	Malta	100%
ColCanna S.A.S.	Colombia	90%
CC Pharma Nordic ApS	Denmark	75%
1974568 Ontario Ltd.	Ontario, Canada	51%

Intragroup balances, and any unrealized gains and losses or income and expenses arising from transactions with jointly controlled entities are eliminated to the extent of the Company's interest in the entity.

A Variable Interest Entity ("VIE") is a legal entity that does not have sufficient equity at risk to finance its activities without additional subordinated financial support, is structured such that equity investors lack the ability to make significant decisions relating to the entity's operations through voting rights, or do not substantively participate in the gains and losses of the entity. Upon inception of a contractual agreement, the Company performs an assessment to determine whether the arrangement contains a variable interest in a legal entity and whether that legal entity is a VIE. The primary beneficiary has both the power to direct the activities of the VIE that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive benefits from the VIE entity that could potentially be significant to the VIE. Where the Company concludes it is the primary beneficiary of a VIE, the Company consolidates the accounts of that VIE. When the Company is not the primary beneficiary, the VIE is accounted for using the equity method and is included in equity method investments on the balance sheets. At May 31, 2021, 2020, and 2019, the Company had no consolidated VIEs. Refer to Note 13 *Interest in equity investees* for the Company's VIEs accounted for using the equity method.

The Company regularly reviews and reconsiders previous conclusions regarding whether it is the primary beneficiary of a VIE. The Company also reviews and reconsiders previous conclusions regarding whether the Company holds a variable interest in a potential VIE, the status of an entity as a VIE, and whether the Company is required to consolidate such a VIE in the financial statements when a change occurs.

The Company treats transactions that do not result in a loss of control as equity transactions and generally no gain or loss is recognized. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to the owners of the Company.

Equity method investments

In accordance with ASC 323, *Investments – Equity Method and Joint Ventures*, 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 statements of net loss and comprehensive loss. Equity method investments are recognized initially at cost, which includes transaction costs. After initial recognition, the consolidated financial statements include the Company's share of undistributed earnings or losses, and impairment, if any, until the date on which significant influence ceases.

If the Company's share of losses in an equity investment equals or exceeds its interest in the entity, including any net advances, the group does not recognize further losses, unless it has guaranteed obligations of the investee or is otherwise committed to provide further financial support for the investee.

Unrealized gains on transactions between the Company and its equity-method investees are eliminated only to the extent of the Company's interest in these entities. Unrealized losses are also eliminated, except to the extent that the underlying asset is impaired.

3. Significant accounting policies

The significant accounting policies used by the Company are as follows:

Cash and cash equivalents

Cash and cash equivalents are comprised of cash and highly liquid investments that are both readily convertible into known amounts of cash with original maturities of three months or less. Cash and cash equivalents include amounts held in United States dollar, Canadian dollar, Euro, Australian dollar, Great Britain pound, Colombian peso, Argentine peso, and corporate bonds, commercial paper, treasury bills and money market funds.

Accounts receivable

The Company maintains an allowance for credit losses at an amount sufficient to absorb losses inherent in its accounts receivable portfolio as of the reporting dates based on the projection of expected credit losses. The Company applies the aging method to estimate the allowance for expected credit losses. The aging method is applied to accounts receivables at the business unit level to reflect shared risk characteristics, such as receivable type, customer type and geographical location. The aging method assigns accounts receivables to a level of delinquency and applies loss rates to each class based on historical loss experience. The Company also considers relevant qualitative and quantitative factors to assess whether historical loss experience should be adjusted to better reflect the risk characteristics of the current classes and the expected future loss. This assessment incorporates all available information relevant to considering the collectability of its current classes, including considering economic and business conditions, default trends, changes in its class composition, among other internal and external factors. The expected credit loss estimates are adjusted for current conditions and reasonable supportable forecasts.

As part of the Company's analysis of expected credit losses, it may analyze contracts on an individual basis in situations where such accounts receivables exhibit unique risk characteristics and are not expected to experience similar losses to the rest of their class.

Inventory

Inventory consists of our cannabis, wellness, beverage, and distribution inventory, as follows:

Cannabis inventory consists of our plants, dried cannabis, cannabis trim, cannabis derivatives such as oils, and vape products. Cannabis inventory costs include pre-harvest, post-harvest, shipment and fulfillment, as well as costs related to accessories. Pre-harvest costs include labor and direct materials to grow cannabis, which includes water, electricity, nutrients, integrated pest management, growing supplies and allocated overhead. Post-harvest costs include costs associated with drying, trimming, blending, extracting, purifying, quality testing and allocated overhead. Shipment and fulfillment costs include the costs of packaging, labelling, courier services, and allocated overhead.

Wellness inventory cost includes hemp seeds, packaging and co-packing. Seed costs include commodity cost paid to farmers, genetic seed cost to provide and manage contracted farmers, hulling and processing costs, including labor and overhead. Packaging costs include packaging materials, labor and overhead to run machinery. Co-packing cost are generally for products not manufactured by the Company directly and would include all costs to produce the products.

Beverage inventory cost includes materials we incur to make and ship beer beverages. These costs include brewing materials, such as barley, hops and various grains. Packaging materials such as glass bottles, aluminum cans, cardboard and paperboard are also included in the cost of our beverage inventory. Additionally, our cost of goods sold include both direct and indirect labor, shipping and handling including freight costs, utilities, maintenance costs, warehousing costs, purchasing and receiving costs, amortization, promotional packaging, and other manufacturing overheads

Distribution inventory includes costs related to procurement of pharmaceutical products for re-sale in entities' respective markets.

Inventory is valued at the lower of cost and net realizable value, determined using weighted average cost. All direct and indirect costs related to inventory are capitalized as they are incurred, and they are subsequently recorded in cost of goods sold on the statements of loss and comprehensive loss at the time inventory is sold. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. At the end of each reporting period, the Company performs an assessment of inventory and records write-downs for excess and obsolete inventories based on the Company's estimated forecast of product demand, production requirements, market conditions, regulatory environment, and spoilage. Actual inventory losses may differ from management's estimates and such differences could be material to the Company's statements of financial position, statements of loss and comprehensive loss and statements of cash flows.

Capital assets

Capital assets are recorded at cost, net of accumulated amortization and impairment, if any. Amortization for the properties included in our capital assets is calculated using the following terms and methods:

Asset type	Depreciation method	Depreciation term (estimated useful life)
Land	Not depreciated	No term
Production facility	Straight-line	20 – 30 years
Equipment	Straight-line	3 – 25 years
Leasehold improvements	Straight-line	Lesser of estimated useful life or lease term
Construction in progress	Not depreciated	No term
Finance lease right-of-use assets	Straight-line	Lesser of the lease term and the useful life of the leased asset

The estimated residual values and useful lives are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

When assets are retired or disposed of, the cost and accumulated amortization are removed from the respective accounts and any related gain or loss is recognized. Maintenance and repairs are charged to expenses as incurred. Significant expenditures, which extend the useful lives of assets or increase productivity, are capitalized. When significant parts of one of our capital assets have different useful lives, they are accounted for as separate items or components of capital assets.

Construction in progress includes construction progress payments, deposits, engineering costs and other costs directly related to the construction of the facilities. Expenditures are capitalized during the construction period and construction in progress is transferred to the relevant class of capital assets when the assets are available for use, at which point in time the amortization of the asset commences.

Intangible assets

Intangible assets include intangible assets acquired as part of business combinations, asset acquisitions and other business transactions. The Company records intangible assets at cost, net of accumulated amortization and accumulated impairment losses, if any. Cost is measured based on the fair values of cash consideration paid and equity interests issued. The cost of an intangible asset acquired is its acquisition date fair value.

Amortization of definite life intangible assets is calculated on a straight -line basis over the estimated useful lives of the assets using the following terms:

Asset type	Amortization term
Customer relationships and distribution channel	14 – 16 years
Licences, permits & applications	90 months – indefinite
Brands, intellectual property and trademarks	15 months – 25 years
Non-compete agreements	Over term of non-compete
Know how	5 years

When there is no foreseeable limit on the period of time over which an intangible asset is expected to contribute to the cash flows of the Company, an intangible asset is determined to have an indefinite-lived. Indefinite-lived intangible assets are not amortized but tested for impairment annually or more frequently when indicators of impairment exist. If the carrying value of an individual indefinite-lived intangible asset exceeds its fair value, such individual indefinite-lived intangible asset is impaired by the amount of the excess.

The estimated useful lives are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment of long-lived assets

The Company reviews long-lived assets, including capital assets and definite life intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In order to determine if assets have been impaired, assets are grouped and tested at the lowest level for which identifiable independent cash flows are available ("asset group"). An impairment loss is recognized when the sum of projected undiscounted cash flows is less than the carrying value of the asset group. The measurement of the impairment loss to be recognized is based on the difference between the fair value and the carrying value of the asset group. Fair value may be determined using a market approach or income approach. The reversal of impairment losses is prohibited.

Business combinations and goodwill

The Company accounts for business combinations using the acquisition method in accordance with Accounting Standards Codification, ASC 805, *Business Combinations* which requires recognition of assets acquired and liabilities assumed, including contingent assets and liabilities, at their respective fair values on the date of acquisition.

Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates, with the corresponding gain or loss recognized in profit or loss.

Non-controlling interests in the acquiree are measured at fair value on acquisition date. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements).

Purchase price allocations may be preliminary and, during the measurement period not to exceed one year from the date of acquisition, changes in assumptions and estimates that result in adjustments to the fair value of assets acquired and liabilities assumed are recorded in the period the adjustments are determined.

Goodwill represents the excess of the consideration transferred for the acquisition of subsidiaries over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment of goodwill and indefinite-lived intangible assets

Goodwill is allocated to the reporting unit in which the business that created the goodwill resides. A reporting unit is an operating segment, or a business unit one level below that operating segment, for which discrete financial information is prepared and regularly reviewed by segment management. We operate in five operating segments which are our reporting units, and goodwill is allocated at the operating segment level. The Company reviews goodwill and indefinite-lived intangible assets annually for impairment in the fourth quarter, or more frequently, if events or circumstances indicate that the carrying amount of an asset may not be recoverable.

Leases

The Company determines if an arrangement is a lease at inception. The Company has operating and finance leases for facilities, office spaces, production equipment and vehicles. Operating leases are included in right-of-use ("ROU") assets and finance lease ROU assets are included in capital assets in the statements of financial position. The lease liabilities are included in lease liabilities (current and non-current) in the statements of financial position.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets are classified as a finance lease or an operating lease. A finance lease is a lease in which:

- ownership of the property transfers to the lessee by the end of the lease term;
- the lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise;
- the lease is for a major part of the remaining economic life of the underlying asset;
- the present value of the sum of the lease payments and any residual value guaranteed by the lessee that is not already included in the lease payments equals or exceeds substantially all of the fair value; or
- the underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term.

The Company classifies a lease as an operating lease when it does not meet any one of these criteria.

The ROU asset is initially measured at cost, which is primarily comprised of the initial amount of the lease liability, plus initial direct costs and lease payments at or before the commencement date, less any lease incentives received. All ROU assets are reviewed periodically for impairment.

The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that a lessee would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

For finance leases, lease expenses are the sum of interest on the lease obligations and amortization of the ROU assets. Finance lease ROU assets are amortized based on the lesser of the lease term and the useful life of the leased asset according to the capital asset accounting policy. If ownership of the ROU assets transfers to the Company at the end of the lease term or if the Company is reasonably certain to exercise a purchase option, amortization is calculated using the estimated useful life of the leased asset.

For operating leases, the lease expenses are generally recognized on a straight-line basis over the lease term and recorded to general and administrative expenses in the statements of loss and comprehensive loss.

The Company has elected to apply the practical expedient, for each class of underlying asset, to not separate non-lease components from the associated lease components of the lessee's contract and account for both components as a single lease component.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less that do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise). Short-term leases include real estate and vehicles and are not significant in comparison to the Company's overall lease portfolio. For these leases, the Company recognizes the leases as an operating expense on a straight-line basis over the term of the lease.

Convertible notes receivable

Convertible notes receivables include various investments in which the Company has the right to convert the indenture into common stock shares 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. The Company assesses its 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. If the cost of an investment exceeds its fair value, the Company evaluates, among other factors, general market conditions, credit quality of debt instrument issuers, and the duration and extent to which the fair value is less than cost. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded in the statements of loss and comprehensive loss and a new cost basis for the investment is established. The Company also evaluates whether there is a plan to sell the security or it is more likely than not that the Company 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 net loss and the remaining amount is recorded in other comprehensive income (loss).

Long-term investments

Long-term investments include investments in equity securities of entities over which the Company does not have a controlling financial interest or significant influence and are 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 the equity investments is less than carrying values. Changes in value are recorded in non-operating income (loss).

Equity method investments

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 losses reported in loss from equity method investments on the statements of loss and comprehensive loss. Equity method investments are recorded at cost, plus the Company's share of undistributed earnings or losses, and impairment, if any, within interest in equity investees on the statements of financial position.

Convertible debentures

The Company accounts for its convertible debentures in accordance with ASC 470-20 *Debt with Conversion and Other Options*, which requires the liability and equity components of convertible debt instruments that may be settled in cash upon conversion, including partial cash settlement, to be separately accounted for in a manner that reflects the issuer's nonconvertible debt borrowing rate. The initial proceeds from the sale of convertible notes are allocated between a liability component and an equity component in a manner that reflects interest expense at the rate of similar nonconvertible debt that could have been issued at such time. The equity component represents the excess initial proceeds received over the fair value of the liability component of the notes as of the date of issuance. The resulting debt discount is amortized over the period during which the convertible notes are expected to be outstanding as additional non-cash interest expenses.

Upon repurchase of convertible debt instruments, ASC 470-20 requires the issuer to allocate total settlement consideration, inclusive of transaction costs, amongst the liability and equity components of the instrument based on the fair value of the liability component immediately prior to repurchase. The difference between the settlement consideration allocated to the liability component and the net carrying value of the liability component, including unamortized debt issuance costs, would be recognized as gain (loss) on extinguishment of debt in the statements of loss and comprehensive loss. The remaining settlement consideration allocated to the equity component would be recognized as a reduction of additional paid-in capital in the statements of financial position.

For convertible debentures with an embedded conversion feature that did not meet the equity scope exception from derivative accounting pursuant to ASC 815-15, the Company elected the fair value option under ASC 825 *Fair Value Measurements*. When the fair value option is elected, the convertible debenture is initially recognized at fair value on the statements of financial position and 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 (loss). The changes in fair value related to instrument-specific credit risk is recorded through other comprehensive income (loss). Transaction costs directly attributable to the issuance of the convertible debenture is immediately expensed in the statements of loss and comprehensive loss.

Warrants

Warrants are accounted for in accordance with applicable accounting guidance provided in ASC 815 *Derivatives and Hedging – Contracts in Entity's Own Equity*, as either liabilities or as equity instruments depending on the specific terms of the warrant agreement. Warrants classified as liabilities are recorded at fair value and are remeasured at each reporting date until settlement. Changes in fair value is recognized as a component of change in fair value of warrant liability in the statements of loss and comprehensive loss. Transaction costs allocated to warrants that are presented as a liability were immediately expensed in the statements of loss and comprehensive loss. Warrants classified as equity instruments are initially recognized at fair value and are not subsequently remeasured.

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of accounts receivable, prepaids and other current assets, bank indebtedness and accounts payable and accrued liabilities approximate their fair values due to their short periods to maturity. The Company calculates the estimated fair value of financial instruments, including convertible notes receivable, long-term investments, warrant liability, contingent consideration, and convertible debentures, using quoted market prices when available. When quoted market prices are not available, fair value is determined based on valuation techniques using the best information available and may include quoted market prices, market comparables, and discounted cash flow projections.

Income taxes

Income taxes are recognized in the consolidated statements of loss and comprehensive loss and are comprised of current and deferred taxes. Current tax is recognized in connection with income for tax purposes, unrealized tax benefits and the recovery of tax paid in a prior period and measured using enacted tax rates and laws applicable to the taxation period during which the income for tax purposes arose. Deferred tax assets and liabilities are determined based on the differences between the financial reporting and the tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. Management makes an assessment of the likelihood that a deferred tax asset will be realized, and a valuation allowance is provided to the extent that it is more likely than not that all or a portion of a deferred tax asset will not be realized.

The Company recognizes uncertain income tax positions at the largest amount that is more likely than not to be sustained upon audit by the relevant tax authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. A change in the recognition or measurement of an unrealized tax benefit is reflected in the period during which the change occurs.

Revenue

Revenue is recognized when the control of the promised goods, through performance obligation, is transferred 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 operations and recognized as a current liability within accounts payable and other current 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, the Company considers the effects of variable consideration and the existence of significant financing components, if any.

Some contracts for the sale of goods may provide customers with a right of return, volume discount, bonuses for volume/quality achievement, or sales allowance. In addition, the Company may provide in certain circumstances, a retrospective price reduction to a customer based primarily on inventory movement. These items give rise to variable consideration. The Company uses the expected value method to estimate the variable consideration because this method best predicts 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 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.

The Company may receive short-term advances from its customers. Using the practical expedient in ASC 606, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised good to a customer and when the customer pays for that good or service will be one year or less. The Company has not, nor expects to receive long-term advances from customers.

Cost of goods sold

Cost of goods sold represents costs directly related to manufacturing and distribution of the Company's products. Primary costs include raw materials, packaging, direct labor, overhead, shipping and handling, the amortization of manufacturing equipment and production facilities and tariffs. Manufacturing overhead and related expenses include salaries, wages, employee benefits, utilities, maintenance and property taxes. Cost of goods sold also includes inventory valuation adjustments. The Company recognizes the cost of goods sold as the associated revenues are recognized.

General and administrative

General and administrative expenses are comprised primarily of (i) personnel related costs such as salaries, benefits, annual employee bonus expense and stock-based 'compensation costs for personnel in corporate, finance, legal, and other administrative positions; (ii) legal, accounting, consulting and other professional fees; and (iii) corporate insurance and other facilities costs associated with our corporate and administrative locations.

Selling

Selling expenses are comprised direct selling costs which primarily consist of (i) commissions paid to our third-party workforce, (ii) patient acquisition and maintenance fees, (iii) Health Canada's cannabis fees and (iv) freight.

Marketing and promotion

Marketing and promotion expenses are comprised primarily of marketing and advertising expenses.

Research and development

Research and development costs are expensed as incurred. Research and development are comprised primarily of costs for personnel, clinical study costs, contracted research, consulting services, materials and supplies, milestones, an allocation of our occupancy costs and other expenses incurred to sustain our overall research and development programs.

Stock-based compensation

The Company has an omnibus plan which includes issuances of stock options, restricted stock units ("RSUs") and stock appreciation rights ("SARs") in place. The Company estimates the fair value of stock options on the date of grant using the Black-Scholes option pricing model. The fair value of RSUs is based on the share price as at date of grant and no SARs were issued to date. The share-based compensation expense is based on the fair value of the stock-based awards at the grant date and the expense is recognized over the related service period following a straight-line vesting expense schedule. The Company estimates forfeitures at the time of grant and revises these estimates in subsequent periods if actual forfeitures differ from those estimates. Any revisions are recognized in the consolidated statements of loss and comprehensive loss such that the cumulative expense reflects the revised estimate.

For performance-based stock options and RSUs, the Company records compensation expense over the estimated service period adjusted for a probability factor of achieving the performance-based milestones. At each reporting date, the Company assesses the probability factor and records compensation expense accordingly, net of estimated forfeitures.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing reported net income (loss) 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) 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.

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.

Critical accounting estimates and judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues and expenses. These estimates and judgements are subject to change based on experience and new information which could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affecting future periods. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Financial statement areas that require significant judgement are as follows:

Leases – The Company applies judgement in determining whether a contract contains a lease and if a lease is classified as an operating lease or a finance lease. The Company determines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Long-term investments and convertible notes receivable – The determination of fair value of the Company's long-term investments and convertible notes receivable at other than initial cost is subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable.

Use of the valuation approach described below may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining whether the fair value of a long-term investment or convertible notes receivable should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will consider trends in general market conditions and the share performance of comparable publicly traded companies when valuing long-term investments and convertible notes receivable.

The fair value of long-term investments and convertible notes receivable may need to be adjusted if:

- There has been a significant subsequent equity financing provided by outside investors at a valuation different than the current value of the investee company, in which case the fair value of the investment is set to the value at which that financing took place;
- There have been significant corporate, political, or operating events affecting the investee company that, in management's opinion, have a material impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable;
- The investee company is placed into receivership or bankruptcy;
- Based on financial information received from the investee company, it is apparent to the Company that the investee company is unlikely to be able to continue as a going concern;
- Important positive or negative management changes by the investee company that the Company's management believes will have a positive or negative impact on the investee company's ability to achieve its objectives and build value for shareholders.

Adjustment to the fair value of a long-term investment and convertible notes receivable will be based upon management's judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded investments may differ from values that would be realized if a ready market existed.

Estimated useful lives, impairment considerations and amortization of capital and intangible assets – Amortization of capital and intangible assets is dependent upon estimates of useful lives based on management's judgment.

Goodwill and indefinite-lived intangible asset impairment testing require management to make estimates in the impairment testing model. On at least an annual basis, the Company tests whether goodwill and indefinite-lived intangible assets are impaired. Impairment of definite long-lived assets is influenced by judgment in defining a reporting unit and determining the indicators of impairment, and estimates used to measure impairment losses

The reporting unit's fair value is determined using discounted future cash flow models, which incorporate assumptions regarding future events, specifically future cash flows, growth rates and discount rates. The uncertainties of coronavirus' ("COVID-19") impact on the future cash flow estimates are further described in Note 10 *Business acquisitions and goodwill*.

Stock-based compensation – The fair value of stock-based compensation expenses are estimated using the Black-Scholes option pricing model and rely on a number of assumptions including the fair value of common shares on the grant date, risk-free rate, volatility rate, annual dividend yield, the expected term, and the estimated rate of forfeiture of options granted. Volatility is estimated by using the historical volatility of the Company.

Business combinations – Judgement is used in determining a) whether an acquisition is a business combination or an asset acquisition. We use judgement in applying the acquisition method of accounting for business combinations and estimates to value identifiable assets and liabilities at the acquisition date. Estimates are used to determine cash flow projections, including the period of future benefit, and future growth and discount rates, among other factors. The values allocated to the acquired assets and liabilities assumed affect the amount of goodwill recorded on acquisition. Fair value of assets acquired and liabilities assumed is typically estimated using an income approach, which is based on the present value of future discounted cash flows. Significant estimates in the discounted cash flow model include the discount rate, rate of future revenue growth and profitability of the acquired business and working capital effects. The discount rate considers the relevant risk associated with the business-specific characteristics and the uncertainty related to the ability to achieve projected cash flows. These estimates and the resulting valuations require significant judgment. Management engages third party experts to assist in the valuation of material acquisitions.

Convertible debentures – The fair value of Convertible Debentures where the Company had elected the fair value option are determined using the Black-Scholes option pricing model. Assumptions and estimates are made in determining an appropriate conversion price, volatility, dividend yield, and the fair value of common stock. There is judgement in assessing what portion of the gain or loss, if any, relates to the change in the instrument-specific credit risk.

Warrant liability – The fair value of the warrant liability is measured using a Black Scholes pricing model. Assumptions and estimates are made in determining an appropriate risk-free interest rate, volatility, term, dividend yield, discount due to exercise restrictions, and the fair value of common stock. Any significant adjustments to the unobservable inputs would have a direct impact on the fair value of the warrant liability.

New accounting pronouncements not yet adopted

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740) – Simplifying the Accounting for Income Taxes (“ASU 2019-12”), which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. The standard is effective for annual reporting periods beginning after December 15, 2021 and including interim periods within those fiscal years, which means that it will be effective for the Company in the first quarter of our year beginning June 1, 2021. The Company is currently evaluating the effect of adopting this ASU on the Company’s financial Statements. We do not expect the adoption of ASU 2019-12 to have a material impact on our consolidated financial statements.

In January 2020, the FASB issued ASU 2020-01, *Investments – Equity Securities (Topic 321), Investments - Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)* (“ASU 2020-01”), which is intended to clarify the interaction of the accounting for equity securities under Topic 321 and investments accounted for under the equity method of accounting in Topic 323 and the accounting for certain forward contracts and purchased options accounted for under Topic 815. ASU 2020-01 is effective for the Company beginning June 1, 2021. The Company is currently evaluating the effect of adopting this ASU.

In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging —Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity* (“ASU 2020-06”), which amends and simplifies existing guidance in an effort to reduce the complexity of accounting for convertible instruments and to provide financial statement users with more meaningful information. ASU 2020-06 is effective for the Company beginning June 1, 2022. This update may be applied retrospectively or on a modified retrospective basis with the cumulative effect recognized as an adjustment to the opening balance of retained earnings on the date of adoption. The Company is currently evaluating the effect of adopting this ASU.

4. Prepaids and other current assets

Prepaids and other current assets are comprised of:

	May 31, 2021	May 31, 2020
Prepaid assets	$ 31,012	13,760
Sales tax receivable	9,331	8,464
Prepaid corporate taxes	—	4,670
Other	8,577	5,766
	$ 48,920	$ 32,660

Included within prepaid assets are insurance, deposits, advanced payments on contracts, and other prepayments that will result in future benefit.

5. Inventory

Inventory is comprised of:

	May 31, 2021	May 31, 2020
Plants	$ 23,083	$ 12,288
Dried cannabis	118,269	59,045
Cannabis trim	2,931	2,796
Cannabis derivatives	24,158	19,496
Cannabis vapes	3,791	4,124
Packaging and other inventory items	31,462	16,398
Wellness inventory	15,171	—
Beverage alcohol inventory	5,402	—
Distribution inventory	32,162	25,634
Total inventory	$ 256,429	$ 139,781

Inventory is written down for any obsolescence, spoilage and excess inventory or when the net realizable value of inventory is less than the carrying value. During the year ended May 31, 2021, the Company recorded charges for inventory and inventory-related write downs as a component of cost of sales. Cannabis products were written down by $19,919 for the year ended May 31, 2021 and there were no write downs for the years ended May 31, 2020 and 2019.

6. Related party transactions

In the normal course of business, the Company enters into related party transactions with certain entities under common control and joint ventures as detailed below.

Leafly Holdings, Inc. (“Leafly”)

The Company has an agreement with Leafly providing for data licensing activities. During the year ended May 31, 2021, 2020, and 2019 operational expenses were nil, respectively was recorded within general and administrative expenses in the statements of loss and comprehensive loss.

Docklight LLC (“Docklight”) royalty and management services

The Company pays Docklight a royalty fee pursuant to a brand licensing agreement which provides the Company with exclusive rights in Canada for the use of certain adult-use brands. During the year ended May 31, 2021, 2020 and 2019 royalty fees of were $125, nil, and nil, respectively were recorded within general and administrative expenses in the statements of loss and comprehensive loss.

Fluent and Cannfections

The Company has joint venture arrangements with a 50% ownership and voting interest in each of Fluent and Cannfections. Refer to Note 13 for details over transactions with these entities for the year ended May 31, 2021, 2020 and 2019.

7. Capital assets

Capital asset consisted of the following:

	Land	Production facility	Equipment	Leasehold improvements	ROU assets under finance lease	Construction in process	Total capital assets
Cost:							
At May 31, 2019	$ 24,047	$ 168,614	$ 57,755	$ 896	$ —	$ 126,338	$ 377,650
Additions	—	3,342	15,691	925	—	75,557	95,515
Transfers	54	27,968	81,112	11,996	—	(121,130)	—
Disposals	—	—	(5,339)	—	—	(4,147)	(9,486)
Impairment	(11)	(2,561)	(34)	(89)	—	(1,602)	(4,297)
Effect of foreign exchange	(2)	(505)	(2,117)	(345)	—	1,476	(1,493)
At May 31, 2020	24,088	196,858	147,068	13,383	—	76,492	457,889
Business acquisition	5,538	55,916	35,045	1,560	35,519	46,151	179,729
Additions	261	3,236	6,284	525	—	25,773	36,079
Transfers	—	63,159	11,189	—	—	(74,348)	—
Disposals	(5,237)	—	(513)	(192)	—	—	(5,942)
ROU Amortization	—	—	—	—	(827)	—	(827)
Effect of foreign exchange	3,899	27,341	16,335	1,783	34	11,254	60,646
At May 31, 2021	$ 28,549	$ 346,510	$ 215,408	$ 17,059	$ 34,726	$ 85,322	$ 727,574
Accumulated amortization:							
At May 31, 2019	$ —	$ 5,556	$ 6,469	$ 137	$ —	$ —	$ 12,162
Amortization	—	10,134	14,551	336	—	—	25,021
At May 31, 2020	—	15,690	21,020	473	—	—	37,183
Amortization	—	14,007	24,996	690	—	—	39,693
At May 31, 2021	$ —	$ 29,697	$ 46,016	$ 1,163	$ —	$ —	$ 76,876
Net book value:							
At May 31, 2019	$ 24,047	$ 163,058	$ 51,286	$ 759	$ —	$ 126,338	$ 365,488
At May 31, 2020	$ 24,088	$ 181,168	$ 126,048	$ 12,910	$ —	$ 76,492	$ 420,706
At May 31, 2021	$ 28,549	$ 316,813	$ 169,392	$ 15,896	$ 34,726	$ 85,322	$ 650,698

8. Leases

The Company has operating and finance leases for facilities, office spaces, production equipment and vehicles.

Leases have varying terms with remaining lease terms of up to approximately 20 years. Certain of our lease arrangements provide us with the option to extend or to terminate the lease early.

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

	Classification on Balance Sheet	May 31, 2021	May 31, 2020
Assets			
Operating lease, right-of- use assets	Right of use assets	$ 18,267	$ 5,356
Finance lease, right-of-use assets	Capital assets	34,726	—
Total right-of-use asset		$ 52,993	$ 5,356
Liabilities			
Current:			
Operating lease liability	Accrued lease obligations - current	$ 3,613	$ 954
Finance lease liability	Accrued lease obligations - current	651	—
Non-current:			
Operating lease liability	Accrued lease obligations - non-current	18,465	4,227
Finance lease liability	Accrued lease obligations - non-current	35,481	—
Total lease liabilities		$ 58,210	$ 5,181

The table below presents certain information related to the lease costs for finance and operating leases.

	May 31, 2021	May 31, 2020
Finance lease cost:		
Amortization of right-of-use assets	$ 806	$ —
Interest on lease liabilities	765	—
Operating lease cost	1,374	1,128
Total lease cost	$ 2,945	$ 1,128

The Company does not have short term lease expense or sublease income for the year ending May 31, 2021.

The table below presents supplemental cash flow information related to leases.

	May 31, 2021	May 31, 2020
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 1,466	$ 994
Operating cash flows from finance leases	774	—
Financing cash flows from finance leases	231	—

The following table presents the future undiscounted payment associated with lease liabilities as of May 31, 2021:

	Year ending May 31,	
	Operating leases	Finance leases
2022	7,824	2,404
2023	4,272	7,183
2024	3,925	2,061
2025	3,023	2,122
2026	2,964	2,186
Thereafter	4,102	39,586
Total minimum lease payments	$ 26,110	$ 55,542
Less: amounts of leases related to interest payments	(419)	(18,759)
Present value of minimum lease payments	25,691	36,783
Less: current accrued lease obligation	(3,613)	(651)
Obligation recognized	$ 22,078	$ 36,132

9. Intangible assets

Intangible assets are comprised of the following items:

	Customer relationships & distribution channel	Licenses, permits & applications	Non-compete agreements	Intellectual property, trademarks, know how & brands	Total intangible assets
Cost					
At May 31, 2019	$ 23,957	$ 200,102	$ 2,415	$ 72,122	$ 298,596
Additions	84	2,158	—	3,608	$ 5,850
Impairment	—	(14,445)	—	—	$ (14,445)
Effect of foreign exchange	(269)	393	(10)	(1,918)	$ (1,804)
At May 31, 2020	23,772	188,208	2,405	73,812	$ 288,197
Business acquisition	214,000	202,716	10,000	912,080	$ 1,338,796
Effect of foreign exchange	2,038	24,006	48	5,025	$ 31,117
At May 31, 2021	$ 239,810	$ 414,930	$ 12,453	$ 990,917	$ 1,658,110
Accumulated amortization					
At May 31, 2019	$ 4,354	$ 623	$ 1,081	$ 8,172	$ 14,230
Amortization	4,506	131	1,006	5,006	$ 10,649
At May 31, 2020	8,860	754	2,087	13,178	$ 24,879
Amortization	9,442	413	2,212	15,246	$ 27,313
At May 31, 2021	$ 18,302	$ 1,167	$ 4,299	$ 28,424	$ 52,192
Net book value					
At May 31, 2019	$ 19,603	$ 199,479	$ 1,334	$ 63,950	$ 284,366
At May 31, 2020	$ 14,912	$ 187,454	$ 318	$ 60,634	$ 263,318
At May 31, 2021	$ 221,508	$ 413,763	$ 8,154	$ 962,493	$ 1,605,918

Included in Licences, permits & applications is $412,000 of indefinite-lived intangible assets (2020 - $186,000).

Estimated amortization expense for each of the five succeeding fiscal years and thereafter is as follows:

	Years ending May 31,
2022	$ 72,172
2023	68,409
2024	65,946
2025	65,533
2026	65,533
Thereafter	855,801
	$ 1,193,394

10. Business Acquisitions

Reverse Acquisition

On December 15, 2020, Tilray entered into an Arrangement Agreement (as amended, the "Arrangement Agreement" with Aphria Inc. ("Aphria"), or the "Aphria-Tilray business combination", pursuant to which Tilray acquired all of the issued and outstanding common shares of Aphria pursuant to a plan of arrangement (the "Plan of Arrangement") under the Ontario Business Corporations Act (the "Arrangement") with the primary objective to increase its scalable operational footprint, expand its portfolio of diverse medical and adult-use cannabis brands and products, expand its multi-continent distribution network, and gain a robust capital structure to fund a global expansion strategy. The transaction closed on April 30, 2021 ("Closing Date").

The fair value of the purchase price is, as follows:

	April 30, 2021
Number of Tilray common shares outstanding at acquisition date	179,635,973
Conversion ratio	0.8381
Tilray common shares issued at closing	214,337,159
Market share price of Aphria converted stock units	$ 14.62
Fair value of Tilray common stock transferred to Aphria shareholders	3,133,609
Consideration related to stock-based compensation (1)	71,297
Total fair value of consideration transferred	$ 3,204,906

(1) On acquisition date there was consideration in the form of 1,207,010 restricted stock units and 4,782,132 stock options that had been issued before the acquisition date to employees and non-employees of Tilray. The pre-combination fair value of these awards is $17,646 and $53,650, respectively. The consideration will be reassessed and adjusted to fair value each quarter through General and Administration Expense in the Statement of Loss and Comprehensive Loss.

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 effective acquisition date.

	April 30, 2021
Assets	
Cash and cash equivalents	$ 375,673
Accounts receivable	28,054
Inventory	76,547
Prepaids and other current assets	8,960
Capital assets	136,637
Right-of-use assets, operating leases	12,606
Definite-lived intangible assets (estimated useful life)	
Distribution channel (15 years)	404,000
Customer relationships (15 years)	59,000
Know how (5 years)	115,000
Brands (10 to 25 years)	301,000
Indefinite-lived intangible assets	
Licenses	200,000
Goodwill	2,221,613
Other assets	22,879
Total assets	3,961,969
Liabilities	
Accounts payable	62,292
Accrued expenses and other current liabilities	85,120
Accrued lease obligations	21,962
Warrant liability	79,402
Deferred tax liability	236,391
Convertible notes	267,862
Other liabilities	4,034
Total liabilities	757,063
Net assets acquired	$ 3,204,906

In connection with the reverse acquisition, the Company incurred transaction costs of $42,000. The goodwill of $2,221,613 is primarily related to factors such as synergies and market share and reportable under the Company's Cannabis and Wellness segment is as follows on a preliminary basis:

	Cannabis	Wellness	Total
Goodwill related to Tilray	2,144,143	77,470	2,221,613

Goodwill is not deductible for tax purposes. The financial results of Tilray are included in the Company's financial statements since acquisition date. The Consolidated Statements of Loss and Comprehensive Loss include net revenue of $13,018 and net income of $645.

Supplemental pro forma information (unaudited)

The unaudited pro forma information for the periods set forth below gives effect to the reverse acquisition as if the reverse acquisition had occurred as of June 1, 2019. This pro forma information is presented for informational purposes only and is not necessarily indicative of the results of operations that actually would have been achieved had the transactions been consummated as of that time.

	Years ended May 31,	
	2021	2020
Revenue	$ 692,270	$ 624,950
Net loss	$ (795,251)	$ (649,276)
Net loss per share - basic and diluted	$ (1.77)	$ (1.71)

The above pro forma revenue and net loss include adjustments directly attributable to the business combination and related primarily non-recurring transaction costs of $37,000, increase in intangible assets amortization expense of $28,000 and decrease in interest expense associated with Tilray's convertible senior notes of 5,000

Acquisition of SW Brewing Company, LLC

On November 25, 2020, the Company, through its wholly-owned subsidiary Four Twenty Corporation, completed the purchase of all the shares of SW Brewing Company, LLC which is the holding company of 100% of the common shares of SweetWater. The purchase price consisted of cash consideration of $255,543, share consideration of 8,232,810 shares, and additional cash consideration of up to $66,000 contingent on SweetWater achieving specified EBITDA targets. The fair value of the shares on the date the Company closed the acquisition was $65,889, the fair value of the contingent consideration on the date the Company closed the acquisition was $58,959.

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 effective acquisition date.

	Amount
Consideration	
Cash	$ 255,543
Shares	65,889
Contingent consideration	58,959
Total consideration	380,391
Net assets acquired	
Current assets	
Cash and cash equivalents	6,988
Accounts receivable	3,810
Prepaids and other current assets	528
Inventory	4,815
Long-term assets	
Capital assets	43,093
Customer relationships	155,000
Intellectual property, trademarks & brands	92,000
Non-compete agreements	10,000
Goodwill	100,202
Total assets	416,436
Current liabilities	
Accounts payable and accrued liabilities	5,289
Current portion of lease liabilities	434
Long-term liabilities	
Lease liabilities	30,322
Total liabilities	36,045
Total net assets acquired	$ 380,391

The contingent consideration from the acquisition of SweetWater is a fair value measurement and as such is carried at fair value. The fair value has been determined by discounting future expected cash outflows at a discount rate of 5%. The inputs into the future expected cash outflows are level 3 on the fair value hierarchy and are subject to volatility and uncertainty, which could significantly affect the fair value of the contingent consideration in future periods. As at May 31, 2021, the fair value of the contingent consideration was $60,657, expected to be paid in December 2023. The goodwill of $102,202 is primarily related to factors such as synergies and market opportunities and reportable under the Company's Beverage Alcohol segment.

Supplemental pro forma information (unaudited)

The unaudited pro forma information for the periods set forth below gives effect to the acquisition of SW Brewing Company, LLC as if the transaction had occurred as of June 1, 2019. This pro forma information is presented for informational purposes only and is not necessarily indicative of the results of operations that actually would have been achieved had the transactions been consummated as of that time.

	Years ended May 31,	
	2021	2020
Revenue	$ 542,000	$ 470,000
Net loss	$ (328,000)	$ (80,000)
Net loss per share - basic and diluted	$ (0.73)	$ (0.37)

11. Goodwill

The goodwill recognized is as a result of expected synergies from combining operations through business acquisitions and none of the goodwill is deductible for income tax purposes.

Goodwill is comprised of:

	Segment	May 31, 2021	May 31, 2020
Broken Coast Cannabis Ltd.	Cannabis business	105,963	105,963
Nuuvera Corp.	Business under development	273,606	273,606
LATAM Holdings Inc.	Business under development	63,239	63,239
CC Pharma GmbH	Distribution business	4,458	4,458
SweetWater	Beverage alcohol business	100,202	—
Tilray	Cannabis business	2,144,143	—
Tilray	Wellness business	77,470	—
Effect of foreign exchange		63,713	64
		$ 2,832,794	$ 447,330

During the year ended May 31, 2021, the Company completed its annual goodwill impairment assessment of the fair value of the Company's reporting units compared to their carrying amount. For the year ended May 31, 2021 there were no impairment charges recognized. For the year ended May 31, 2020, the Company recorded the following impairment charges:

$3,581 (C$4,800) on CannInvest Africa Ltd. and Verve Dynamics Incorporated (Pty) Ltd., the Company used a discount rate of 38.5%;

$3,730 (C$5,000) on ABP, S.A., the Company used a discount rate of 23.3%;

$14,301 (C$19,171) on Marigold Projects Jamaica Limited ("Marigold"), the Company used a discount rate of 38.5%; and

$29,067 (C$35,000) on ColCanna S.A.S., the Company used a discount rate of 40.0%.

12. Convertible notes receivable

During the year ended May 31, 2021, the Company did not purchase any convertible notes (2020 - $nil). The unrealized loss on convertible notes receivable recognized in other comprehensive income amounts to $3,824 and $5,476 for the years ended May 31, 2021 and 2020 respectively.

During the year ended May 31, 2021, and 2020 the Company received total proceeds of $1,251,and $nil respectively from sales of available-for-sale securities and gain (loss) of $5,277, and $nil respectively was reclassified out of accumulated other comprehensive income into earnings.

The fair value was determined using the Black-Scholes option pricing model using the following assumptions: the risk-free rate of 1.25%; expected life of the convertible note; volatility of 70% based on comparable companies; forfeiture rate of nil; dividend yield of nil; and, the exercise price of the respective conversion feature.

Convertible notes receivable is comprised of the following investments:

	May 31, 2021	May 31, 2020
HydRx Farms Ltd. (d/b/a Scientus Pharma)	$ —	$ 4,352
10330698 Canada Ltd. (d/b/a Starbuds)	828	3,429
High Tide Inc.	1,657	2,828
Total convertible notes receivable	2,485	10,609
Deduct - current portion	(2,485)	(10,609)
Total convertible notes receivable, non current portion	$ —	$ —

HydRx Farms Ltd. (d/b/a Scientus Pharma)

On August 14, 2017, Aphria purchased C$11,500 in secured convertible debentures of Scientus Pharma ("SP"). The convertible debentures bore interest at 8%, paid semi-annually, matured in two years and included the right to convert the debentures into common shares of SP at C$2.75 per common share at any time before maturity. During the year ended May 31, 2021, the Company settled the note receivable for $4,032 (C$5,000).

10330698 Canada Ltd. (d/b/a Starbuds)

On December 28, 2018, Aphria purchased C$5,000 in secured convertible debentures of Starbuds. The convertible debentures bear interest at 8.5% per annum accruing daily due until maturity on December 28, 2020. The debentures are secured against the assets of Starbuds. The debentures and any accrued and unpaid interest are convertible into common shares for C$0.50 per common share and matured on December 28, 2020. Starbuds is currently in default under the convertible debentures.

As at May 31, 2021, the fair value of the Company's secured convertible debentures was $828 (C$1,000) (May 31, 2020 - $3,429 (C$4,728)), which includes $385 (C$465) (May 31, 2020 - $157 (C$216)) of accrued interest. The remaining change resulted in a fair value gain (loss) recognized in other comprehensive income.

High Tide Inc.

On April 10, 2019, Aphria purchased C$4,500 in unsecured convertible debentures of High Tide Inc. ("High Tide"). The convertible debentures bear interest at 10% per annum, payable annually up front in common shares of High Tide based on the 10-day volume weighted average price (the "Debentures"). The Debentures matured on April 10, 2021. In addition to the Debentures, the Company received 6,000,000 warrants in High Tide as part of the purchase of the unsecured convertible debentures (Note 13). Upon maturity, the Company agreed to extend the maturity date on C$2,000 of the convertible notes. The extended notes bear interest at 9% per annum and are due on April 21, 2023.

13. Interest in equity investees

The Company acquired the following equity method investments as a results of the Arrangement on April 30, 2021:

Plain Vanilla Research Limited Partnership ("Fluent")

A joint venture with Anheuser-Busch InBev ("AB InBev") to research and develop non- alcohol beverages containing cannabis. Under the terms of the arrangement, the Company and AB InBev each have 50% ownership and 50% voting interest in the Plain Vanilla Research Limited Partnership ("Fluent"), headquartered in Canada. The Company has determined that Fluent is a VIE, but the Company is not the primary beneficiary as the Company does not have the power to direct the activities of the VIE that most significantly impact the VIE's economic performance. Accordingly, the Company does not consolidate the financial statements of Fluent and accounts for this investment using the equity method of accounting. At May 31, 2021 the maximum exposure to loss is limited to the Company's equity investment in the joint venture.

Cannfections Group Inc. ("Cannfections")

A joint venture with Cannfections Group Inc. ("Cannfections") to develop and manufacture confectionary cannabis products. Under the terms of the arrangement, the Company and Cannfections each have 50% ownership and 50% voting interest. During the year ended May 31, 2021 the Company made no contributions to the joint venture.

The Company's ownership interests in its equity method investments as of May 31, 2021 is as follows:

	Approximate ownership %	Carrying value May 31, 2021	Loss from equity method investments year ended May 31, 2021
Investment in Fluent	50%	$ 3,906	$ (416)
Investment in Cannfections	50%	4,200	(42)
Total equity method investments		$ 8,106	$ (458)

14. Long-term investments

Long-term investments are comprised of the following items:

	Fair value May 31, 2021	Fair value May 31, 2020
Equity investments measured at fair value	12,185	19,595
Equity investments under measurement alternative	5,500	—
Total other investments	17,685	19,595

The Company's equity investments at fair value consist of publicly traded shares, equity interest in non-traded companies and warrants held by the Company. The Company's equity investments under measurement alternative include equity investments without readily determinable fair values. For the year ended May 31, 2021 the Company received proceeds of $8,430 on the sale of investments (2020-$19,570, 2019-$83,343) and recognized $1,567 in unrealized losses due to the change in fair value of investments (2020-$23,057, 2019-$8,122).

15. Income taxes and deferred income taxes

Loss before income taxes includes the following components:

	For the year ended May 31,		
	2021	2020	2019
United States	$ (7,814)	—	—
Canada	(323,964)	(88,930)	(30,733)
Other countries	(13,208)	(20,255)	(7,405)
	$ (344,986)	(109,185)	(38,138)

The (recoveries) expense for income taxes consists of:

	For the year ended May 31,		
	2021	2020	2019
Current:			
United States	$ —	—	—
Canada	15,227	5,294	3,296
Other countries	697	375	407
	$ 15,924	5,669	3,703
Deferred:			
United States	$ 1,517	—	—
Canada	(30,111)	(9,226)	(3,281)
Other countries	3,698	(4,795)	(2,467)
	$ (24,896)	(14,021)	(5,748)
Income tax benefits, net	$ (8,972)	(8,352)	(2,045)

A reconciliation of income taxes at the statutory rate with the reported taxes is as follows:

	For the year ended May 31,		
	2021	2020	2019
Loss before net income taxes:	$ (344,986)	(109,185)	(38,138)
Income tax benefits at statutory rate	(72,408)	(22,929)	(8,009)
Tax impact of foreign operations	(19,016)	(6,310)	(2,504)
Foreign exchange and other	1,011	(63)	(491)
Non-deductible expenses	(1,347)	2,474	5,731
Non-deductible (taxable) losses	45,230	2,152	(11,724)
Changes in enacted rates	135	—	—
Change in fair value of warrant liability	(259)	—	—
Stock based and other compensation	2,902	4,105	14,655
Change in valuation allowance	46,007	1,066	297
Non deductible dividend	(755)	—	—
Non deductible impairment	—	11,153	—
Effect of transaction	(10,472)	—	—
Income tax benefits, net	$ (8,972)	(8,352)	(2,045)

The following table summarizes the components of deferred tax:

	May 31,		
	2021	2020	2019
Deferred assets			
Operating loss carryforwards - United States	$ 57,320	—	—
Operating loss carryforwards - Canada	152,382	20,512	9,535
Operating loss carryforwards - Other Countries	7,801	9,037	5,079
Capital loss carryforwards	1,350	1,854	7,028
Intangible assets	86,541	—	—
Property and equipment	17,107	—	—
Currently nondeductible interest	9,491	—	—
Partnership interests	34,108	—	—
Deferred financing costs	4,237	5,022	—
Investment tax credits and related pool balance	526	—	—
Other	26,716	1,704	1,101
Total Deferred tax assets	397,579	38,129	22,743
Less valuation allowance	(265,940)	(4,583)	(4,583)
Net deferred tax assets	131,639	33,546	18,160
Deferred tax liabilities			
Property and equipment	(15,997)	(8,356)	(1,995)
Intangible assets	(376,228)	(69,580)	(73,454)
Convertible Senior Notes Due 2023	(4,977)	(4,056)	(4,739)
Total deferred tax liabilities	(397,202)	(81,992)	(80,188)
Net deferred tax liability	$ (265,563)	(48,446)	(62,028)

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (“CARES”) Act was enacted and signed into law in the U.S. The CARES Act, among other things, permits U.S. net operating loss ("NOL") carryovers and carrybacks to offset 100% of U.S. taxable income for taxable years beginning before 2021. The CARES Act also contains modifications on the limitation of business interest for tax years beginning in 2019 and 2020. The modifications to Section 163(j) increase the allowable business interest deduction from 30% of adjusted taxable income to 50% of adjusted taxable income. The CARES Act results in increasing the allowable interest expense and NOL carryover deductions in 2020.

The Tax Cuts and Jobs Act (2017 Tax Act) was enacted on December 22, 2017 and reduced the U.S. statutory federal corporate tax rate from 35% to 21%. The Tax Act also contains additional provisions that are effective for the company in 2018, including a new tax on Global Intangible Low-Taxed Income (“GILTI”). Under GAAP, we are allowed to make an accounting policy choice to either (i) treat taxes due on future U.S. inclusions in taxable income related to GILTI as a current-period expense when incurred (the "period cost method"); or (ii) factor in such amounts into the measurement of our deferred taxes (the "deferred method"). The Company has made a policy decision to record GILTI tax as a current-period expense when incurred.

Deferred income taxes have not been recorded on the basis differences for investments in consolidated subsidiaries as these basis differences are indefinitely reinvested or will reverse in a non-taxable manner. Quantification of the deferred income tax liability, if any, associated with indefinitely reinvested basis differences is not practicable. Deferred income taxes have been recorded on the basis differences for investments in nonconsolidated entities.

At May 31, 2021, the Company had United States net operating loss carry-forwards of approximately $224,795 that can be carried forward indefinitely and generally limited in annual use to 80% of the current year taxable income starting 2021. The Company has Canadian net operating loss carry-forwards of approximately $510,456 that can be carried forward 20 years and begin to expire in 2028. Management believes that it is more-likely-than-not that the benefit from certain United States and foreign net operating loss carry-forwards will not be realized. In recognition of this risk, the Company has provided a valuation allowance on the deferred tax assets relating to these carry-forwards. The net change in the total valuation allowance was an increase of $261,357 and $0 for the years ended May 31, 2021 and 2020, respectively.

The Company recognizes the financial statement impact of a tax position only after determining that the relevant tax authority would more-likely-than-not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest impact that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

The total amount of gross unrecognized tax benefits (“GUTB”) was $0, $0, and $0 as of May 31, 2021, 2020 and 2019 respectively. There is a reasonable possibility that the Company’s unrecognized tax benefits will change within twelve months due to audit settlements or the expiration of statute of limitations, but the Company does not expect the change to be material to the financial statements.

The Company recognizes interest and, if applicable, penalties for any uncertain tax positions. Interest and penalties are recorded as a component of income tax expenses. In the years ended May 31, 2021, 2020 and 2019, the Company recorded approximately $0, $0 and $0, respectively, of interest and penalty expenses related to uncertain tax positions. As of May 31, 2021, and 2020, the Company had a cumulative balance of accrued interest and penalties on unrecognized tax positions of $0 and $0, respectively.

The Company and its subsidiaries are subject to United States federal income tax as well as the income tax of multiple state and foreign jurisdictions. The Company is not currently under audit in any jurisdiction for any period. Major jurisdictions where there are wholly owned subsidiaries of Tilray, Inc. which require income tax filings include the Canada, Portugal, Germany, and Australia. The earliest periods open for review by local taxing authorities are fiscal years 2016 for Canada, 2017 for Portugal, 2016 for Germany, 2017 for Australia, and 2018 for United States.

16. Bank indebtedness

The Company secured 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 at May 31, 2021, the Company has not drawn on the line of credit. The operating line of credit is secured by a first charge on the property at 265 Talbot St. West, Leamington, Ontario and a first ranking position on a general security agreement.

The Company’s subsidiary, CC Pharma, has two operating lines of credit for €5,000 and €3,500 each, which bear interest at Euro Over Night Index Average plus 1.79% and Euro Interbank Offered Rate plus 3.682% respectively.

As at May 31, 2021, a total of €7,000 ($8,717) was drawn down from the available credit of €8,500. The operating lines of credit are secured by a first charge on the inventory held by CC Pharma.

The Company's subsidiary, Four Twenty Corporation ("420"), has a revolving credit facility of $20,000 which bears interest at EURIBOR plus an applicable margin. As at May 31, 2021, the Company has not drawn any amount on the revolving line of credit. The revolving credit facility is secured by all of 420 and SweetWater's assets and includes a corporate guarantee by the Company.

17. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities comprised of:

	May 31, 2021	May 31, 2020
Trade payables	$ 57,706	$ 41,159
Accrued liabilities	112,594	48,105
Accrued payroll and employment related taxes	19,390	—
Income taxes payable	14,764	4,651
Accrued interest	148	—
Accrued legal settlement	—	18,496
Other accruals	8,211	—
	$ 212,813	$ 112,411

As part of the reverse acquisition, (refer to Note 10 *Business acquisitions and goodwill)*, the Company acquired a trademark and license agreement with Authentic Brands Group ("ABG") for the use of the Prince trademark ("ABG Prince Agreement"). Under the ABG Prince Agreement, the Company pays a royalty on actual product sales in addition to a guaranteed minimum royalty payment of $375 on a quarterly basis until the maturity date of December 31, 2025.

18. Long-term debt

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

	May 31, 2021	May 31, 2020
Credit facility - C$80,000 - Canadian prime interest rate plus an applicable margin, 3-year term, with a 10-year amortization, repayable in blended monthly payments, due in November 2022	$ 62,964	$ 58,026
Term loan - C$25,000 - Canadian 5-year bond interest rate plus 2.73% with a minimum 4.50%, 5-year term, with a 15-year amortization, repayable in blended monthly payments, due in July 2023	14,335	13,231
Term loan - C$25,000 - 3.95%, compounded monthly, 5-year term with a 15-year amortization, repayable in equal monthly instalments of $188 including interest, due in April 2022	17,117	15,939
Term loan - C$1,250 - 3.99%, 5-year term, with a 10-year amortization, repayable in equal monthly instalments of $13 including interest, due in July 2021	587	602
Mortgage payable - C$3,750 - 3.95%, 5-year term, with a 20-year amortization, repayable in equal monthly instalments of $23 including interest, due in July 2021	2,562	2,349
Vendor take-back mortgage - C$2,850 - 6.75%, 5-year term, repayable in equal monthly instalments of $56 including interest, due in June 2021	92	508
Term loan - €5,000 - Euro Interbank Offered Rate + 1.79%, 5-year term, repayable in quarterly instalments of €250 plus interest, due in December 2023	3,356	4,163
Term loan - €5,000 - Euro Interbank Offered Rate + 2.68%, 5-year term, repayable in quarterly instalments of €250 plus interest, due in December 2023	3,356	4,163
Term loan - €1,500 - Euro Interbank Offered Rate + 2.00%, 5-year term, repayable in quarterly instalments of €98 including interest, due in April 2025	1,831	1,665
Term loan - €1,500 - Euro Interbank Offered Rate + 2.00%, 5-year term, repayable in quarterly instalments of €98 including interest, due in June 2025	1,831	—
Term loan - $100,000 - EUROBIR rate plus an applicable margin, 3-year term, repayable in quarterly instalments beginning March 31, 2021 of $7,500 in its first twelve months and $10,000 in each of the next two years, due in March 2024	98,138	—
	206,169	100,646
Deduct - unamortized financing fees	(2,061)	(477)
- principal portion included in current liabilities	(36,622)	(6,141)
	$ 167,486	$ 94,028

The credit facility of C$80,000 ($66,278) was entered into on November 29, 2019 by 51% owned subsidiary Aphria Diamond and is secured by a first charge on the property at 620 County Road 14, Leamington, Ontario, owned by Aphria Diamond, and a guarantee from Aphria Inc.

The term loan of C$25,000 ($20,712) was entered into on July 27, 2018 and is secured by a first charge on the property at 223, 231, 239, 265, 269, 271 and 275 Talbot Street West, Leamington Ontario, a first position on a general security agreement, and an assignment of fire insurance to the lender. The effective interest rate during the year was 4.68%.

The term loan of C$25,000 ($20,712) was entered into on May 9, 2017 and is secured by a first charge on the property at 265 Talbot Street West, Leamington Ontario, a first position on a general security agreement, and an assignment of fire insurance to the lender.

The term loan of C$1,250 ($1,036) and mortgage payable of C$3,750 ($3,108) were entered into on July 22, 2016 and are secured by a first charge on the property at 265 Talbot Street West, Leamington, Ontario and a first position on a general security agreement.

The vendor take-back mortgage payable of C$2,850 ($2,361) was entered into on June 30, 2016 in conjunction with the acquisition of the property at 265 Talbot Street West. The mortgage is secured by a second charge on the property at 265 Talbot Street West, Leamington, Ontario. The mortgage was repaid in full and the security deemed released in June 2021.

During the year ended May 31, 2021, the Company entered into a term loan for €1,500 ($2,210) through wholly owned subsidiary CC Pharma. The term loans for €9,500 ($13,955) are held through wholly-owned subsidiary CC Pharma. These term loans are secured against the distribution inventory held by CC Pharma.

During the year ended May 31, 2021, the Company, entered into a secured credit agreement for term loan of $100,000 through wholly owned subsidiary Four Twenty Corporation (“420”). The Company drew the full amount of the term loan. 420 provided all of its and SweetWater’s assets as security for the loan and Aphria Inc. provided a corporate guarantee.

As at May 31, 2021, the Company was in compliance with all the long-term debt covenants.

19. Convertible debentures

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

	May 31, 2021	May 31, 2020
5.25% Convertible Notes ("APHA 24")	$ 399,444	$ 196,405
5.00% Convertible Notes ("TLRY 23")	268,180	—
Total convertible debentures	$ 667,624	$ 196,405

APHA 24

	May 31, 2021	May 31, 2020
Opening balance	$ 196,405	$ 305,626
Debt settlement	—	(66,127)
Fair value adjustment	203,039	(43,094)
	$ 399,444	$ 196,405

The unsecured convertible debentures were entered into in April 2019, in the principal amount of $350,000, are due in five years from issuance. The APHA 24 bears interest at a rate of 5.25% per annum, payable semi-annually in arrears on June 1 and December 1 of each year. The APHA 24 matures on June 1, 2024, unless earlier converted. The APHA 24 is an unsecured obligation and ranks senior in right of payment to all indebtedness that is expressly subordinated in right of payment to it. The APHA 24 will rank equal in right of payment with all liabilities that are not subordinated. The APHA 24 is effectively junior to any secured indebtedness to the extent of the value of the assets securing such indebtedness.

Holders of the APHA 24 may convert all or any portion of their Notes, in multiples of $1 principal amount, at their option at any time between December 1, 2023 to the maturity date. The initial conversion rate for the APHA 24 will be 89.31162364 shares of common stock, par value $0.0001 per share, of Tilray, Inc. per $1,000 principal amount

of Notes, which will be settled in cash, common shares of Aphria or a combination thereof, at Tilray's election. This is equivalent to an initial conversion price of approximately $11.20 per common share, subject to adjustments in certain events. In addition, holders of the APHA 24 may convert all or any portion of their Notes, in multiples of $1 principal amount, at their option at any time preceding December 1, 2023, if:

(a) the last reported sales price of the common shares for at least 20 trading days during a period of 30 consecutive trading days immediately preceding fiscal quarter is greater than or equal to 130% of the conversion price on each applicable trading day;

(b) during the five-business day period after any five consecutive trading day period (the "measurement period") in which the trading price per $1 principal amount of the APHA 24 for each trading day of the measurement period is less than 98% of the product of the last reported sale price of the Company's common shares and the conversion rate on each such trading day;

(c) the Company calls any or all of the APHA 24 for redemption or;

(d) upon occurrence of specified corporate event.

The Company may not redeem the APHA 24 prior to June 6, 2022, except upon the occurrence of certain changes in tax laws. On or after June 6, 2022, the Company may redeem for cash all or part of the Notes, 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 *Fair Value Measurements* 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).

The overall change in fair value of the APHA 24 during the year ended May 31, 2021 was an increase of $170,453 with a foreign exchange impact of $32,586 (2020 – decrease of $43,094 and $nil), which included contractual interest of $13,600 (2020 - $17,979). As at May 31, 2021, there was $259,400 principal outstanding (2020 - $259,400).

TLRY 23

	May 31, 2021
Opening balance	$ —
Principal amount issued	277,856
Unamortized discount	(9,676)
Net carrying amount	$ 268,180

As part of the reverse acquisition (refer to Note 10 *Business acquisitions and goodwill)*, the Company acquired convertible notes with a fair value of $277,857.

The TLRY 23 bears interest at a rate of 5.00% per annum, payable semi-annually in arrears on April 1 and October 1 of each year. Additional interest may accrue on the TLRY 23 in specified circumstances. The TLRY 23 will mature on October 1, 2023, unless earlier repurchased, redeemed or converted. There are no principal payments required over the five-year term of the TLRY 23, except in the case of redemption or events of defaults.

The TLRY 23 is the Company's general unsecured obligations and ranks senior in right of payment to all of the Company's indebtedness that is expressly subordinated in right of payment to the notes; equal in right of payment with any of the Company's unsecured indebtedness that is not so subordinated; effectively junior in right of payment

to any of Company'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 the Company's current or future subsidiaries.

The Indenture includes customary covenants and sets forth certain events of default after which the convertible notes may be declared immediately due and payable, including certain types of bankruptcy or insolvency involving the Company. To the extent the Company so elects, the sole remedy for an event of default relating to certain failures by the Company to comply with certain reporting covenants in the Indenture will, for the first 365 days after such event of default, consist exclusively of the right to receive additional interest on the notes. Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of the Company's common stock, at the Company's election (the "cash conversion option"). The initial conversion rate for the convertible notes is 5.9735 shares of common stock per one thousand dollar principal amount of notes, which is equivalent to an initial conversion price of approximately $167.41 per share of common stock, which represents approximately 1,659,737 shares of common stock, based on the $277,856 aggregate principal amount of convertible notes outstanding as of May 31, 2021 (2020 - $nil). Throughout the term of the TLRY 23, the conversion rate may be adjusted upon the occurrence of certain events.

Prior to the close of business on the business day immediately preceding April 1, 2023, the TLRY 23 will be convertible only under the specified circumstances. On or after April 1, 2023 until the close of business on the business day immediately preceding the maturity date, holders may convert all or any portion of their TLRY 23, in multiples of $1 principal amount, at the option of the holder regardless of the aforementioned circumstances.

The Company may from time to time seek to retire or purchase its TLRY 23, in open market purchases, privately negotiated transactions or otherwise. Such purchases or exchanges, if any, will depend on prevailing market conditions, the company's liquidity requirements, contractual restrictions and other factors. The amounts involved in any such transactions, individually or in the aggregate, may be material.

As of May 31, 2021, the TLRY 23 is not yet convertible. The convertible notes will become convertible upon the satisfaction of the above circumstances. The remaining unamortized debt discount related to the convertible notes as of May 31, 2021 will be accreted over the remaining term of the TLRY 23, which is approximately 28 months.

As at May 31, 2021, the Company was in compliance with all the covenants set forth under the Indenture.

During the year ended May 31, 2021, the Company recognized total interest expense of $1,585 (2020 – $nil), which included contractual interest coupon of $1,158 (2020 - $nil) and amortization of the discount of $427 (2020 - $nil).

20. Warrants

The warrant details of the Company are as follows:

Type of warrant	Classification	Expiry date	Number of warrants	Weighted average price
Warrant	Equity	September 26, 2021	166,000	$ 3.14
Warrant	Equity	January 30, 2022	5,828,651	9.26
Warrant	Liability	March 17, 2025	6,209,000	5.95
			12,203,651	$ 7.41

As part of the Arrangement, Aphria's 2016 Warrants (the 200,000 warrants issued by Aphria expiring September 26, 2021) were exchanged for 166,000 Replacement Warrants (warrants to purchase Tilray shares pursuant to the Plan of Arrangement), expiring September 26, 2021.

As part of the Arrangement, Aphria's all 2020 Warrants (the 7,022,472 warrants issued by Aphria expiring January 30, 2022), ceased to represent a warrant to acquire Aphria shares and instead represent a right to receive 5,828,651 Tilray shares in accordance with their term.

As part of the Arrangement, all outstanding Tilray Warrants which expire on March 17, 2025 remain outstanding without change to any of their terms. 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. There were no triggering events during the year ended May 31, 2021. 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.

	May 31, 2021		May 31, 2020	
	Number of warrants	Weighted average price	Number of warrants	Weighted average price
Outstanding, beginning of the year	5,994,651	$ 8.91	1,903,024	$ 12.01
Exercised during the year	—	—	(636,089)	1.47
Issued during the year	6,209,000	5.95	5,828,652	9.08
Cancelled during the year	—	—	—	—
Expired during the year	—	—	(1,100,936)	19.46
Outstanding, end of the year	12,203,651	$ 7.41	5,994,651	$ 8.91

The Company estimated the fair value of the warrant liability at May 31, 2021 at $12.59 per warrant using the Black Scholes pricing model (Level 3) with the following weighted-average assumptions:

Risk-free interest rate	0.90%
Expected volatility	70%
Expected term	4.3 years
Expected dividend yield	—%
Strike price	$ 5.95
Fair value of common stock	$ 16.67

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

21. Stock-based compensation

For the year ended May 31, 2021, the total stock-based compensation expense was $17,351 (2020 - $18,079 and 2019 - $21,951). The Company operates multiple stock-based award plans as follows:

Tilray 2018 Equity Incentive Plan and Original Plan

The 2018 Equity Incentive Plan (EIP) authorizes the award of stock options, restricted stock units ("RSUs") and stock appreciation rights ("SARs") to employees, including officers, non-employee directors and consultants and the employees and consultants of our affiliates. Shares subject to awards granted under the EIP that expire or terminate without being exercised in full, or that are paid out in cash rather than in shares, do not reduce the number of shares available for issuance under the EIP. Additionally, shares become available for future grant under the EIP if they were issued under the EIP and if the Company repurchases them or they are forfeited. This includes shares used to pay the

exercise price of an award or to satisfy the tax withholding obligations related to an award. The maximum number of shares of common stock subject to stock awards granted under the EIP or otherwise during any one calendar year to any non-employee director, taken together with any cash fees paid by the Company to such non-employee director during such calendar year for service on the Board of Directors, will not exceed five hundred thousand dollars in total value, calculating the value of any such stock awards based on the grant date fair value of such stock awards for financial reporting purposes, or, with respect to the calendar year in which a nonemployee director is first appointed or elected to our Board of Directors, one million dollars.

Stock options represent the right to purchase shares of our common stock on the date of exercise at a stated exercise price. The exercise price of a stock option generally must be at least equal to the fair market value of our shares of common stock on the date of grant. The Company's compensation committee may provide for stock options to be exercised only as they vest or to be immediately exercisable with any shares issued on exercise being subject to the Company's right of repurchase that lapses as the shares vest. The maximum term of stock options granted under the EIP is ten years.

RSUs represent a right to receive common stock or their cash equivalent for each RSU that vests, which vesting may be based on time or achievement of performance conditions. Unless otherwise determined by our compensation committee at the time of grant, vesting will cease on the date the participant no longer provides services to the Company and unvested shares will be forfeited. If an RSU has not been forfeited, then on the date specified in the RSUs, the Company will deliver to the holder a number of whole shares of common stock, cash or a combination of shares of our common stock and cash. Additionally, dividend equivalents may be credited in respect of shares covered by the RSUs. Any additional shares covered by the RSU credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying RSU agreement to which they relate. The RSUs generally vest over a 3-or-4 year period. The fair value of RSUs are based on the share price as at date of grant.

SARs provide for a payment, or payments, in cash or shares of common stock to the holder based upon the difference between the fair market value of shares of our common stock on the date of exercise and the stated exercise price. The maximum term of SARs granted under the EIP is ten years. No SARs were issued to date.

The EIP permits the grant of performance-based stock and cash awards. The performance goals may be based on company-wide performance or performance of one or more business units, divisions, affiliates or business segments and may be either absolute or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. The length of any performance period, the performance goals to be achieved during the performance period, and the measure of whether and to what degree such performance goals have been attained will be conclusively determined by the Board of Directors.

As of April 30, 2021, 9,806,851 shares of common stock had been reserved for issuance under the EIP. The number of shares of common stock reserved for issuance under the 2018 EIP will automatically increase on January 1 of each calendar year, for a period of not more than ten years, starting on January 1, 2019 and ending on and including January 1, 2027, in an amount equal to 4% of the total number of shares of our common stock outstanding on December 31 of the prior calendar year, or a lesser number of shares determined by our Board of Directors. The shares reserved include only the outstanding shares related to stock options and RSUs and excludes stock options outstanding under the Original Plan.

Certain employees and other service providers of the Company participate in the equity-based compensation plan of Privateer Holdings, Inc (the "Original Plan") under the terms and valuation method detailed below. The expected life of the stock options represented the period of time stock options were expected to be outstanding and was estimated considering vesting terms and employees' historical exercise and post-vesting employment termination behavior. Expected volatility was based on historical volatilities of public companies operating in a similar industry to Privateer Holdings. The risk-free rate is based on the United States Treasury yield curve in effect at the time of grant. The expected dividend yield was determined based on the stock option's exercise price and expected annual dividend rate at the time of grant.

No stock options were granted under the EIP during the year ended May 31, 2021. For the year ended May 31, 2020 and 2019, the fair value of each stock option granted is estimated on grant date using the Black-Scholes option pricing model using the following assumptions: risk-free rate for 2020 – 2.10% and 2019 – 2.92% on the date of grant; expected life for 2020 – 8.97 years and 2019 – 5.79 years; volatility for 2020 – 61.33% and 2019 – 58.54% based on comparable companies; dividend yield for 2020 and 2019 of $nil; and, the exercise price of the respective option. The expected life of the award is estimated using the simplified method since the Company does not have adequate historical exercise data to estimate the expected term.

Stock-based activity under the EIP and Original Plan for the year ended May 31, 2021 is as follows:

EIP Time-based stock option activity

	Stock Options	Weighted-average exercise price	Weighted-average remaining contractual term (years)	Aggregate intrinsic value
Balance May 1,	3,182,547	$ 14.19	1.7	$ 30,331,823
Granted	—	—	—	—
Exercised	(1,665)	7.76	—	—
Forfeited	(188)	7.76	—	—
Cancelled	(468)	65.20	—	—
Balance May 31,	3,180,226	$ 14.19	1.3	$ 25,171,187

Original plan time-based stock option activity

	Stock Options	Weighted-average exercise price	Weighted-average remaining contractual term (years)	Aggregate intrinsic value
Balance May 1,	946,948	3.99	2	13,777,571
Exercised	(29,403)	4.71	—	—
Forfeited	—	—	—	—
Cancelled	—	—	—	—
Balance May 31,	917,545	$ 3.97	1.7	$ 11,885,699

Time-based RSU activity

	Time-based RSUs	Weighted-average grant-date fair value per share	Weighted-average remaining contractual term (years)	Aggregate intrinsic value
Balance May 1,	1,285,134	$ 15.70	—	—
Granted	198,521	7.76	—	—
Vested	(112,508)	12.99	—	—
Forfeited	(165,904)	11.97	—	—
Cancelled	—	—	—	—
Balance May 31,	1,205,243	$ 15.16	—	$ 20,091,286

Predecessor Plan - Aphria

Prior to the reverse acquisition (Note 10), Aphria had established the Aphria Omnibus Incentive Plan (the “Predecessor Plan”). Following stockholder approval of the EIP, no new awards have been granted under the Predecessor Plan. In connection with the reverse acquisition Aphria stock options, Aphria RSUs and DSUs issued under the Predecessor Plan were exchanged for options, RSUs under the EIP. As a result of the modification, all grantees were affected, and the Company recognized nil incremental compensation cost.

The fair value of each stock option granted under the Predecessor Plan is estimated on grant date using the Black-Scholes option pricing model using the following assumptions: risk-free rate of 0.39% (2020 – 1.20 – 1.56% and 2019 – 1.66 – 2.38%) on the date of grant; expected life of 5 years (2020 - 5 years and 2019 – 3 - 5 years); volatility of 70% (2020 and 2019 – 70%) based on comparable companies; forfeiture rate of 35% (2020 – 20% and 2019 – 0%); dividend yield of $nil (2020 and 2019 – $nil); and, the exercise price of the respective option. The expected life of the award is estimated using the simplified method since the Company does not have adequate historical exercise data to estimate the expected term.

Stock option, RSU and DSU activity for the Company under the Predecessor Plan is as follows:

Time-based stock option activity

	May 31, 2021				
	Number of options	Weighted average exercise price	Weighted average grant date fair value	Weighted average remaining contractual term (years)	Aggregate Intrinsic Amount
Outstanding, beginning of the year	4,484,051	$ 12.04	$ 6.24	2.9	(32,781)
Exercised during the year	(1,073,986)	8.70	$ 4.38	N/A	N/A
Granted during the year	41,500	5.88	$ 2.18	N/A	N/A
Forfeited during the year	(884,320)	14.06	$ 7.46	N/A	N/A
Expired during the year	(68,060)	18.72	$ 8.80	N/A	N/A
Outstanding, end of the year	2,499,185	$ 12.48	$ 6.51	2.4	10,472
Vested and exercisable, end of the year	1,846,090	$ 13.53	$ 7.16	2.2	5,797

During the year ended May 31, 2021, the Company issued 41,500 stock options at an exercise price of $5.88 per share, exercisable for 5 years to officers of the Company. The weighted-average grant date fair values of time-based stock options granted during the year ended May 31, 2021 was $2.18 per share (2020 - $3.54 and 2019 - $7.32). The total intrinsic values of these stock options exercised during the year ended May 31, 2021 was $4,679,758 (2020 - $4,869,447 and 2019 - $28,025,979). The total fair value of time-based stock options vested during the year ended May 31, 2021 was $3,054,257 (2020 - $9,592,767 and 2019 - $14,983,131).

As of May 31, 2021, the total remaining unrecognized compensation expenses related to non-vested time-based stock options amounted to $3,058,733 (2020 - $8,209,817 and 2019 - $17,110,533), which will be amortized over the weighted-average remaining requisite service period of approximately 1.06 years (2020 – 1.53 years and 2019 – 1.52 years).

Performance-based stock option activity

	May 31, 2021				
	Number of options	Weighted average exercise price	Weighted average grant date fair value	Weighted average remaining contractual term (years)	Aggregate Intrinsic Amount
Outstanding, beginning of the year	398,400	$ 8.11	$ 3.80	0.6	(1,347)
Exercised during the year	(166,000)	$ 5.15	$ 2.38	N/A	N/A
Granted during the year	—	—	—	N/A	N/A
Forfeited during the year	(232,400)	$ 10.23	$ 4.81	N/A	N/A
Expired during the year	—	—	—	N/A	N/A
Outstanding, end of the year	—	—	—	—	—
Vested and exercisable, end of the year	—	—	—	—	—

The weighted-average grant date fair values of performance-based stock options granted during the year ended May 31, 2021 was $N/A per share (2020 - $N/A and 2019 - $N/A). The total intrinsic values of these stock options exercised during the year ended May 31, 2021 was $746,743 (2020 - $326,033 and 2019 - $1,864,100). The total fair value of performance-based stock options vested during the year ended May 31, 2021 was $395,138 (2020 - $222,721 and 2019 - $461,188).

As of May 31, 2021, the total remaining unrecognized compensation expenses related to non-vested performance-based stock options amounted to $N/A (2020 - $1,074,701 and 2019 - $1,206,415), which will be amortized over the weighted-average remaining requisite service period of approximately N/A years (2020 – 0.58 years and 2019 – 0.76 years).

Time-based and Performance-based RSU activity

As of May 31, 2021, the total remaining unrecognized compensation expenses related to non-vested time-based RSUs amounted to $16,273,457 (2020 - $10,240,001 and 2019 - $1,392,478), which will be amortized over the weighted-average remaining requisite service period of approximately 1.03 years (2020 – 1.44 years and 2019 – 0.54 years). The total intrinsic values of the time-based RSUs exercised during the year ended May 31, 2021 was $10,905,991 (2020 - $5,123,883 and 2019 - $775,962). The total fair value of time-based RSUs vested during the year ended May 31, 2021 was $8,777,963 (2020 - $4,507,883 and 2019 - $2,044,952).

	May 31, 2021			
	Time- based RSUs	Weighted average grant - date fair value per share	Performance-based RSUs	Weighted average grant - date fair value per share
Non-vested, beginning of the year	1,588,743	$ 7.71	19,335	$ 6.01
Granted during the year	2,370,862	$ 6.24	—	—
Vested during the year	(1,006,222)	$ (6.83)	—	—
Forfeited during the year	(158,411)	$ (6.68)	(19,335)	$ (6.01)
Non-vested, end of the year	2,794,972	$ 6.88	—	—

22. Accumulated other comprehensive loss

Accumulated other comprehensive loss includes the following components:

	Foreign currency translation (loss) gain	Unrealized loss on convertible notes receivables	Total
Balance May 31, 2018	$ 110	$ 2,844	$ 2,954
Other comprehensive income (loss)	(90)	(2,570)	(2,660)
Elimination of CTA on disposal of equity investee	606	—	606
Balance May 31, 2019	626	274	900
Other comprehensive income (loss)	(858)	(5,476)	(6,334)
Balance May 31, 2020	(232)	(5,202)	(5,434)
Settlement of convertible notes receivable	—	5,277	5,277
Other comprehensive income (loss)	156,649	(3,824)	152,825
Balance May 31, 2021	$ 156,417	$ (3,749)	$ 152,668

23. Non-controlling interests

The following tables summarise the information relating to the Company's subsidiaries, CC Pharma Nordic ApS, Aphria Diamond, Marigold Projects Jamaica Limited ("Marigold"), and ColCanna S.A.S. before intercompany eliminations.

Non-controlling interests as at May 31, 2021:

	CC Pharma Nordic ApS	Aphria Diamond	Marigold	ColCanna S.A.S.	May 31, 2021
Current assets	$ 919	$ 19,531	$ —	$ 315	$ 20,765
Non-current assets	103	153,696	—	146,587	300,386
Current liabilities	(956)	(28,511)	—	(62)	(29,529)
Non-current liabilities	(406)	(69,332)	—	(6,606)	(76,344)
Net assets	(340)	75,384	—	140,234	215,278

Non-controlling interests as at May 31, 2020:

	Aphria Diamond	Marigold	ColCanna S.A.S.	May 31, 2020
Current assets	$ 25,957	$ —	$ 547	$ 26,504
Non-current assets	156,251	—	83,857	240,108
Current liabilities	(11,337)	—	(274)	(11,611)
Non-current liabilities	(128,031)	—	(24,471)	(152,502)
Net assets	42,840	—	59,659	102,499

Non-controlling interests for the year ended May 31, 2021:

	CC Pharma Nordic ApS	Aphria Diamond	Marigold	ColCanna S.A.S.	May 31, 2021
Revenue	$ 827	$ 131,381	$ —	$ —	$ 132,208
Total expenses (recovery)	(958)	(67,030)	—	(923)	(68,911)
Net (loss) income	(131)	64,351	—	(923)	63,297
Other comprehensive (loss) income	—	—	—	—	$ —
Net comprehensive income	(131)	64,351	—	(923)	63,297

Non-controlling interests for the year ended May 31, 2020:

	Aphria Diamond	Marigold	ColCanna S.A.S.	May 31, 2020
Revenue	$ 24,142	$ 40	$ —	$ 24,182
Total expenses (recovery)	(25,141)	4,995	19,447	(699)
Net (loss) income	(999)	5,035	19,447	23,483
Other comprehensive (loss) income	—	—	—	$ —
Net comprehensive loss	(999)	5,035	19,447	23,483

Non-controlling interests for the year ended May 31, 2019:

	Aphria Diamond	CannInvest Africa Ltd.	Verve Dynamics	Nuuvera Malta Ltd.	Marigold	ColCanna S.A.S.	May 31, 2019
Revenue	$ —	$ —	$ —	$ 174	$ —	$ —	$ 174
Total expenses (recovery)	(21,273)	$ (8)	$ (634)	(791)	(572)	(942)	(24,220)
Net (loss) income	(21,273)	(8)	(634)	(617)	(572)	(942)	(24,046)
Other comprehensive (loss) income	—	—	—	—	—	—	
Net comprehensive loss	(21,273)	(8)	(634)	(617)	(572)	(942)	(24,046)

24. Net revenue

Net revenue is comprised of:

	For the year ended May 31,		
	2021	2020	2019
Cannabis revenue	$ 264,334	153,477	67,592
Cannabis excise taxes	(62,942)	(23,581)	(7,716)
Net cannabis revenue	201,392	129,896	59,876
Beverage alcohol revenue	29,661	—	—
Beverage alcohol excise taxes	(1,062)	—	—
Net beverage alcohol revenue	28,599	—	—
Distribution revenue	277,300	275,430	119,427
Wellness revenue	5,794	—	—
	$ 513,085	$ 405,326	$ 179,303

25. Cost of goods sold

Cost of goods sold is comprised of:

	For the year ended May 31,		
	2021	2020	2019
Cannabis costs	$ 130,511	68,551	31,341
Beverage alcohol costs	12,687	—	—
Distribution costs	242,472	240,722	104,451
Wellness costs	4,233	—	—
	$ 389,903	$ 309,273	$ 135,792

26. General and administrative expenses

General and administrative expenses are comprised of the following items:

	For the year ended May 31,		
	2021	2020	2019
Executive compensation	$ 8,645	$ 6,777	$ 4,402
Consulting fees	6,633	9,272	4,928
Office and general	19,503	12,351	12,486
Professional fees	5,146	4,918	8,916
Salaries and wages	37,126	28,252	14,842
Stock-based compensation	17,351	18,079	21,951
Insurance	12,257	9,370	4,050
Travel and accommodation	2,711	2,798	2,356
Rent	2,203	1,972	1,910
	$ 111,575	$ 93,789	$ 75,841

27. Finance income (expense), net

Finance income (expense), net is comprised of:

	For the year ended May 31,		
	2021	2020	2019
Interest income	$ 2,926	$ 6,273	$ 11,138
Interest expense	(30,903)	(25,644)	(5,879)
	$ (27,977)	$ (19,371)	$ 5,259

28. Non-operating (expense) income

Non-operating (expense) income is comprised of:

	For the year ended May 31,		
	2021	2020	2019
Foreign exchange (loss) gain	$ (22,347)	$ 6,145	$ 692
Loss on marketable securities	—	(252)	(135)
Gain (loss) on sale of capital assets	1,523	(8,075)	42
(Loss) gain from equity investees	(458)	—	44,191
Deferred gain on sale of intellectual property	—	—	257
Loss on promissory notes receivable	—	(9,698)	—
(Loss) gain on long-term investments	(2,352)	(24,295)	14,860
Unrealized (loss) gain on convertible debentures	(170,453)	44,322	36,630
Realized gain on settlement of convertible debentures	—	9,289	—
Legal settlement	—	(3,241)	—
Unrealized loss on financial liabilities	—	—	(1,003)
Change in fair value of warrant liability	1,234	—	—
Other non-operating items, net	8,015	—	—
	$ (184,838)	$ 14,195	$ 95,534

29. Change in non-cash working capital

Change in non-cash working capital is comprised of:

	For the year ended May 31,		
	2021	2020	2019
Decrease (increase) in:			
Accounts receivable	$ (23,512)	$ (25,593)	$ 9,421
Prepaids and other current assets	(6,772)	(10,899)	4,322
Inventory	(35,286)	(89,660)	(26,069)
Increase (decrease) in:			
Accounts payable and accrued liabilities	14,501	47,335	(8,984)
Deferred revenue	134	(15)	8,839
	$ (50,935)	$ (78,832)	$ (12,471)

30. Commitments and contingencies

Purchase and other commitments

The Company has payments on long-term debt (refer to Note 18 *Long-term debt*), convertible notes (refer to Note 19 *Convertible Debentures*), ABG finance liability (refer to Note 17 *Accounts payable and accrued liabilities*) material purchase commitments and construction commitments as follows:

	Total	2022	2023	2024	2025	2026	Thereafter
Long-term debt repayment	$ 204,108	36,623	69,925	95,181	1,438	941	—
Convertible notes, principal and interest	571,989	13,893	13,893	284,803	259,400	—	—
ABG finance liability	6,000	1,500	1,500	1,500	1,500	—	—
Material purchase obligations	26,097	21,141	4,009	854	93	—	—
Construction commitments	1,814	1,814	—	—	—	—	—
Total	$ 810,008	$ 74,971	$ 89,327	$ 382,338	$ 262,431	$ 941	$ —

Legal proceedings

From time to time, the Company and/or its subsidiaries may become defendants in legal actions arising out of the ordinary course and conduct of its business. As of May 31, 2021, in the opinion of management, no claims meet the criteria to record a loss contingency.

31. Financial risk management and financial instruments

Financial instruments

The Company has classified its financial instruments as described in Note 3 *Significant accounting policies*.

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

The Company's long-term debt of $20,358 (2020 - $19,398) is 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 Government of Canada securities of similar duration. In each period thereafter, the incremental premium is held constant while the Government of Canada security is based on the then current market value to derive the discount rate.

Fair value hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. Cash and cash equivalents are Level 1. The hierarchy is summarized as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets and liabilities
Level 2	Inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data
Level 3	Inputs for assets and liabilities not based upon observable market data

The following tables present information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of May 31, 2021 and 2020 and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value:

	Level 1	Level 2	Level 3	May 31, 2021
Financial assets				
Cash and cash equivalents	$ 488,466	$ —	$ —	$ 488,466
Convertible notes receivable	—	2,485	—	2,485
Long-term investments	9,251	2,934	—	12,185
Financial liabilities				
Warrant liability	—	—	(78,168)	(78,168)
Contingent consideration	—	—	(60,657)	(60,657)
APHA 24 Convertible debenture	—	—	(399,444)	(399,444)
Total recurring fair value measurements	$ 497,717	$ 5,419	$ (538,269)	$ (35,133)

	Level 1	Level 2	Level 3	May 31, 2020
Financial assets				
Cash and cash equivalents	$ 360,646	$ —	$ —	$ 360,646
Convertible notes receivable	—	10,609	—	10,609
Long-term investments	11,244	8,351	—	19,595
Financial liabilities				
APHA 24 Convertible debenture	—	—	(196,405)	(196,405)
Total recurring fair value measures	$ 371,890	$ 18,960	$ (196,405)	$ 194,445

The Company's financial assets and liabilities required to be measured on a recurring basis are its equity investments measured at fair value, debt securities classified as available-for-sale, acquisition-related contingent consideration, and warrant liability.

Convertible notes receivable and long-term investments recorded at fair value: The estimated fair value is determined using quoted market prices, broker or dealer quotations or discounted cash flows and is classified as Level 2.

Warrant liability: 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.

APHA 24: This instrument is held at fair value. The estimated fair value is determined using the Black Scholes option pricing model and is classified as Level 3.

Contingent consideration: The contingent consideration from the acquisition of SweetWater is determined by discounting future expected cash outflows at a discount rate of 5%. The inputs into the future expected cash outflows are classified as Level 3.

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

	APHA 24 Convertible debenture	Warrant liability	Contingent consideration	Total
Closing balance May 31, 2020	$ (196,405)	$ —	$ —	$ (196,405)
Additions	—	(79,402)	(58,959)	(138,361)
Disposals	—	—	—	—
Unrealized gain (loss) on fair value	(203,039)	1,234	(1,698)	(203,503)
Closing balance May 31, 2021	$ (399,444)	$ (78,168)	$ (60,657)	$ (538,269)

The unrealized gain (loss) on fair value for the Convertible Debenture and the warrant liability is recognized in non-operating income (loss) using the following inputs:

Financial asset / financial liability	Valuation technique	Significant unobservable input	Inputs
APHA Convertible debentures	Black-Scholes	Volatility, expected life	70% 3 years
Warrant liability	Black-Scholes	Volatility, expected life	70% 4 years
Contingent consideration	Discounted cash flows	Discount rate, achievement	5% 100%

Items measured at fair value on a non-recurring basis

The Company's prepayments 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.

Financial risk management

The Company has exposure to the following risks from its use of financial instruments: credit; liquidity; currency rate; interest rate price; equity price risk; and capital management risk.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at May 31, 2021, is the carrying amount of cash and cash equivalents, accounts receivable, prepaids and other current assets, promissory notes receivable and convertible notes receivable. All cash and cash equivalents are placed with major financial institutions in Canada, Australia, Portugal, Germany, Colombia, Argentina and the United States. To date, the Company has not experienced any losses on its cash deposits. Accounts receivable are unsecured, and the Company does not require collateral from its customers.

The Company evaluates the collectability of its accounts receivable and maintains an allowance for credit losses at an amount sufficient to absorb losses inherent in the existing accounts receivable portfolio as of the reporting dates based on the estimate of expected net credit losses.

Trade receivables included an allowance for doubtful accounts of $4,571 at May 31, 2021 (2020-$2,313), and is comprised of the following aged receivables:

	Total	0-30 days	31-60 days	61-90 days	90+ days
Trade receivables	$ 87,309	70,997	8,253	1,051	7,008
		82%	9%	1%	8%

Due to the uncertainties associated with COVID-19, the Company may be unable to accurately predict the creditworthiness of its counterparties and their ability to meet their obligations. This may result in unforeseen additional credit losses.

(b) Liquidity risk

As at May 31, 2021, the Company's financial liabilities consist of bank indebtedness and accounts payable and accrued liabilities, which have contractual maturity dates within one-year, long-term debt, and convertible debentures which have contractual maturities over the next five years.

The Company maintains a debt service charge covenant on certain loans secured by its Aphria One facilities that is measured at year-end only. The Company maintains debt service charge and leverage covenants on certain loans secured by its Aphria Diamond facilities and 420 that are measured quarterly. The Company believes that it has sufficient operating room with respect to its financial covenants for the next fiscal year and does not anticipate being in breach of any of its financial covenants.

The Company manages its liquidity risk by reviewing its capital requirements on an ongoing basis. Based on the Company's working capital position at May 31, 2021, management regards liquidity risk to be low.

(c) Currency rate risk

As at May 31, 2021, a portion of the Company's financial assets and liabilities held in Canadian dollars and Euros consist of cash and cash equivalents, convertible notes receivable, and long-term investments. The Company's objective in managing its foreign currency risk is to minimize its net exposure to foreign currency cash flows by transacting, to the greatest extent possible, with third parties in the functional currency. The Company is exposed to currency rate risk in other comprehensive income, relating to foreign subsidiaries which operate in a foreign currency. The Company does not currently use foreign exchange contracts to hedge its exposure of its foreign currency cash flows as management has determined that this risk is not significant at this point in time.

(d) Interest rate price risk

The Company's exposure to changes in interest rates relates primarily to the Company's outstanding debt. The Company manages interest rate risk by restricting the type of investments and varying the terms of maturity and issuers of marketable securities. Varying the terms to maturity reduces the sensitivity of the portfolio to the impact of interest rate fluctuations.

(e) Equity price risks

As of May 31, 2021, the Company held long-term equity investments at fair value and equity investments under the measurement alternative. These investment in equities were acquired as part of our strategic transactions. Accordingly, the changes in fair values of investment in equities measured at fair value or under the measurement alternative are recognized through gain (loss) on long-term investment in the statements of net loss and comprehensive loss. Based on the fair value of investment in equities held as of May 31, 2021, a hypothetical decrease of 10% in the prices for these companies would reduce the fair values of the investments and result in unrealized loss recorded in gain (loss) on long-term investment by $1,769.

Similarly, based on the fair value of our warrant liability as of May 31, 2021, a hypothetical increase of 10% in the price for our common stock would increase the change in fair value of warrant liability and result in unrealized gain recorded in non-operating income by $9,800.

(f) Capital management

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

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 year. The Company considers its cash and cash equivalents and marketable securities as capital.

32. 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 five segments. 1) cannabis operations, which encompasses the production, distribution and sale of both medical and adult-use cannabis, 2) beverage alcohol operations, which encompasses cultivation, distribution and sale of beverage alcohol products, 3) distribution operations, which encompasses the purchase and resale of pharmaceuticals products to customers, 4) wellness products, which encompasses hemp foods and cannabidiol ("CBD") products and 5) businesses under development which encompass operations in which the Company has not received final licensing or has not commenced commercial sales from operations. Factors considered in determining the operating segments include the Company's business activities, the management structure directly accountable to the CODM, availability of discrete financial information and strategic priorities within the organizational structure. 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 net revenue from external customers:

	For the year ended May 31,		
	2021	2020	2019
Cannabis business	$ 201,392	$ 129,896	$ 59,876
Distribution business	277,300	275,430	119,427
Beverage alcohol business	28,599	—	—
Wellness business	5,794	—	—
Business under development	—	—	—
Total net revenue	$ 513,085	$ 405,326	$ 179,303

Channels of Cannabis revenue were as follows:

	For the year ended May 31,		
	2021	2020	2019
Revenue from medical cannabis products	$ 25,539	$ 28,685	$ 33,017
Revenue from adult-use cannabis products	222,930	112,207	30,236
Revenue from wholesale cannabis products	6,615	12,585	4,339
Revenue from international cannabis products	9,250	—	—
Less excise tax	(62,942)	(23,581)	(7,716)
Total net cannabis revenue	$ 201,392	$ 129,896	$ 59,876

Geographic net revenue:

	For the year ended May 31,		
	2021	2020	2019
North America	$ 229,120	$ 129,663	$ 59,629
EMEA	279,062	271,291	116,578
Latin America	4,903	4,372	3,096
Total net revenue	$ 513,085	$ 405,326	$ 179,303

Geographic capital assets:

	May 31, 2021	May 31, 2020
North America	504,575	$ 371,823
EMEA	140,838	44,348
Latin America	5,285	4,535
Total capital assets	$ 650,698	$ 420,706

Major customers are defined as customers that each individually account for greater than 10% of the Company's annual revenues. For the years ended May 31, 2021, 2020, and 2019 there were no major customers representing greater than 10% of our annual revenues.

33. Quarterly financial data (unaudited)

The following table contains selected quarterly data for 2021 and 2020. information should be read in conjunction with the Company's financial statements and related notes included elsewhere in this report. The Company believes that the following information reflects all normal recurring adjustments necessary for a fair presentation of the information for the periods presented. The operating results for any quarter are not necessarily indicative of results for any future period.

	For the three months ended			
	August 31, 2020	November 30, 2020	February 28, 2021	May 31, 2021
Net revenue	$ 117,490	$ 129,459	123,900	142,236
Gross profit	34,945	35,283	30,456	22,498
Net income (loss)	(21,744)	(89,249)	(258,626)	33,605
Net income (loss) attributable to Tilray shareholders	(32,958)	(100,811)	(280,856)	47,204
Earnings (loss) per share - basic	(0.09)	(0.37)	(0.97)	0.18
Earnings (loss) per share - fully diluted	(0.09)	(0.37)	(0.97)	0.18

	For the three months ended			
	August 31, 2019	November 30, 2019	February 29, 2020	May 31, 2020
Net revenue	$ 94,078	$ 89,967	$ 107,739	$ 113,542
Gross profit	20,555	21,812	25,879	27,807
Net income (loss)	1,435	(6,265)	(11,699)	(84,306)
Net income (loss) attributable to Tilray shareholders	1,564	(5,996)	(11,003)	(87,105)
Earnings (loss) per share - basic	0.01	(0.03)	(0.05)	(0.39)
Income (loss) per share - fully diluted	0.01	(0.03)	(0.05)	(0.39)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Tilray, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of Tilray, Inc. and its subsidiaries (together, the Company) as of May 31, 2021 and 2020, and the related consolidated statements of loss and comprehensive loss, changes in equity and cash flows for each of the three years in the period ended May 31, 2021, including the related notes (collectively referred to as the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of May 31, 2021, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of May 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended May 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of May 31, 2021, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Controls over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management’s Report on Internal Control over Financial Reporting, management has excluded SweetWater Brewery LLC and Tilray, Inc. from its assessment of internal control over financial reporting as of May 31, 2021, because the entities were acquired by the Company in purchase business combinations during 2021. We have also excluded SweetWater Brewery LLC and Tilray, Inc. from our audit of internal control over financial reporting. SweetWater Brewery LLC and Tilray, Inc. are wholly-owned subsidiaries whose total assets and total revenues excluded from management’s assessment and our audit of internal control over financial reporting represent 0.4% and 9.7% of total assets, respectively and 5.6% and 3.7% of total revenues, respectively, of the related consolidated financial statement amounts as of and for the year ended May 31, 2021.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Impairment Assessment of Goodwill and Indefinite-lived Intangible Assets for the Business under development Reporting Unit

As described in Notes 3, 9 and 11 to the consolidated financial statements, the Company's consolidated goodwill and indefinite-lived intangible assets balances were $2,832.8 million and $412.0 million respectively at May 31, 2021. The goodwill associated with the Business under development reporting unit was $336.8 million at May 31, 2021. Management conducts an impairment assessment annually in the fourth quarter, or more frequently if events or changes in circumstances indicate that the carrying value of goodwill or indefinite-lived intangibles may not be recoverable. Impairment is recognized by comparing the fair value of the reporting unit to its carrying value. Fair value amounts are estimated by management using a discounted cash flow model. Management's cash flow models included significant judgements and assumptions relating to future cash flows, growth rates and discount rates.

The principal considerations for our determination that performing procedures relating to the impairment assessment of goodwill and indefinite-lived intangible assets for the Business under development reporting unit is a critical audit matter are (i) the significant judgement required by management when developing the estimate of the fair value of the reporting unit; and (ii) a high degree of auditor judgement, subjectivity and effort in performing procedures to evaluate management's significant assumptions, including future cash flows, growth rates and discount rates.

Addressing the matter involved performing procedures and evaluating audit evidence, in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill and indefinite-lived intangible assets impairment assessment over the determination of the fair value of the Business under development reporting unit. These procedures also included, among others, (i) testing management's process for developing the fair value estimates of the Business under development reporting unit; (ii) evaluating the appropriateness of the underlying discounted cash flow models; (iii) testing the completeness and accuracy of underlying data used in the models; and (iv) evaluating the reasonableness of the significant assumptions used by management, including the future cash flows, growth rates and discount rates. Evaluating management's significant assumptions related to future cash flows, growth rates and the discount rates involved evaluating whether the assumptions used by management were reasonable considering (i) the current and

past performance of the reporting unit; (ii) the consistency with external market and industry data; (iii) sensitivities over significant inputs and assumptions; and (iv) whether these assumptions were consistent with evidence obtained in other areas of the audit.

Fair value measurement of intangible assets acquired and valuation of contingent consideration related to the acquisition of SweetWater Brewery LLC

As described in Notes 3 and 10 to the consolidated financial statements, the Company completed the acquisition of SweetWater Brewery LLC ("SweetWater") for net consideration of $380.4 million in 2021, which resulted in a preliminary estimate of fair value of $257.0 million of intangible assets being recorded. Included in consideration is contingent consideration of $59.0 million, which is contingent on SweetWater achieving specified EBITDA targets. The Company accounts for business combinations using the acquisition method which requires recognition of assets acquired and liabilities assumed at their respective fair values at the date of acquisition. Contingent consideration is measured at its acquisition-date fair value and included as consideration transferred in a business combination. Management applied significant judgment in estimating the fair value of intangible assets acquired and the acquisition-date fair value of contingent consideration, which involved the use of significant estimates and assumptions with respect to the cash flow projections, the rate of future revenue growth, profitability of the acquired business and the discount rate, among other factors.

The principal considerations for our determination that performing procedures relating to the fair value measurement of intangible assets acquired and valuation of contingent consideration related to the acquisition of SweetWater is a critical audit matter are (i) the significant judgment by management, including the use of specialists, when estimating the fair value of the intangible assets acquired; (ii) the high degree of auditor judgment and subjectivity in performing procedures relating to the fair value measurement of intangible assets acquired and the acquisition-date fair value of the contingent consideration; (iii) significant audit effort in evaluating the reasonableness of significant assumptions relating to the estimate, such as the cash flow projections, the rate of future revenue growth, profitability of the acquired business and the discount rate; and (iv) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the acquisition accounting, including controls over management's valuation of the intangible assets and the contingent consideration including controls over development of the cash flow projections, rate of future revenue growth, profitability of the acquired business, and the discount rate assumptions utilized in the valuation of the intangible assets and contingent consideration. These procedures also included, among others, (i) reading the purchase agreement; and (ii) testing management's process for estimating the fair value of the intangible assets acquired and determining the acquisition-date fair value of the contingent consideration. Testing management's process included evaluating the appropriateness of the valuation methods, testing the completeness and accuracy of data provided by management, and evaluating the reasonableness of significant assumptions related to the cash flow projections, the rate of future revenue growth, profitability of the acquired business, and the discount rate for the intangible assets and the contingent consideration. Evaluating the reasonableness of the rate of future revenue growth and the profitability of the acquired business, involved considering the past performance of the acquired businesses and market comparable results as well as economic and industry forecasts. The discount rate was evaluated by considering the cost of capital of comparable businesses and other industry factors. Professionals with specialized skill and knowledge were used to assist in the evaluation of the appropriateness of the Company's valuation models and the reasonability of the discount rate.

Fair value measurement of intangible assets acquired related to the reverse acquisition of Tilray, Inc.

As described in Notes 1, 3 and 10 to the consolidated financial statements, the Company entered into a plan of arrangement in 2021 with Aphria Inc. pursuant to which the Company acquired all of the issued and outstanding common shares of Aphria Inc. The terms of the plan of arrangement resulted in a reverse acquisition whereby Aphria was determined to be the acquiring entity from an accounting perspective. The Company accounts for business combinations using the acquisition method which requires recognition of assets acquired and liabilities

assumed at their respective fair values at the date of acquisition. The total fair value of consideration transferred was $3,204.9 million, which resulted in a preliminary estimate of fair value of $1,079.0 million of intangible assets being recorded. Management applied significant judgment in the preliminary estimate of fair value of the intangible assets acquired, which involved the use of significant estimates and assumptions with respect to the cash flow projections, the rate of future revenue growth, profitability of the acquired business and the discount rate, among other factors.

The principal considerations for our determination that performing procedures relating to the preliminary estimate of fair value of intangible assets acquired in the reverse acquisition of Tilray, Inc. is a critical audit matter are (i) the significant judgment by management, including the use of specialists, when estimating the fair value of intangible assets; (ii) the high degree of auditor judgment and subjectivity in performing procedures relating to the fair value measurement of intangible assets acquired; (iii) significant audit effort in evaluating the reasonableness of significant assumptions relating to the estimate, such as the cash flow projections, rate of future revenue growth, profitability of the acquired business and the discount rate; and (iv) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the acquisition accounting, including controls over management's valuation of the intangible assets and controls over the development of the cash flow projections, rate of future revenue growth, profitability of the acquired business and the discount rate assumptions utilized in the valuation of the intangible assets. These procedures also included, among others, (i) reading the purchase agreement; and (ii) testing management's process for estimating the fair value of the intangible assets acquired. Testing management's process included evaluating the appropriateness of the valuation methods, testing the completeness and accuracy of data provided by management, and evaluating the reasonableness of significant assumptions related to the cash flow projections, rate of future revenue growth, profitability of the acquired business and the discount rate. Evaluating the reasonableness of the rate of future revenue growth and the profitability of the acquired business involved considering the past performance of the acquired businesses and market comparable results as well as economic and industry forecasts. The discount rate was evaluated by considering the cost of capital of comparable businesses and other industry factors. Professionals with specialized skill and knowledge were used to assist in the evaluation of the appropriateness of the Company's valuation models and the reasonableness of the discount rate.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada
July 28, 2021

We have served as the Company's auditor since 2017.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) to ensure that material information relating to us, including our consolidated subsidiaries, is made known to the officers who certify our financial reports and to other members of senior management and the Board.

Our management, with the participation of our principal executive officer and principal financial officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures. Based on this evaluation, as of the end of the period covered by this Annual Report on Form 10-K, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and (2) accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. Internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company's assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with the authorization of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

It is important to understand that there are inherent limitations on effectiveness of internal controls as stated within COSO. Internal controls, no matter how well designed and operated, may not prevent or detect misstatements and can only provide reasonable assurance to management and the Board of Directors regarding achievement of an entity’s objectives. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. These inherent limitations include the following:

- Judgments in decision-making can be faulty, and control and process breakdowns can occur because of simple errors or mistakes;
- Controls can be circumvented by individuals, acting alone or in collusion with each other, or by management override;
- The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; and
- Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial

reporting as of May 31, 2021, based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework (2013) issued. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of May 31, 2021.

The effectiveness of the Company's internal control over financial reporting as of May 31, 2021 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which accompanies the consolidated financial statements.

In the second quarter of our fiscal year ended May 31, 2021, we completed the acquisition of SweetWater. As a result of the acquisition, Sweetwater became a wholly-owned subsidiary of Aphria Inc. Based on the timing of the acquisition, the relatively low percentage that SweetWater's financial information represents on our consolidated financial information included in this report, and other factors, management, with the participation of our Chief Executive Officer and Chief Financial Officer, has limited the evaluation of internal controls over our financial reporting to exclude controls, policies and procedures and internal controls over financial reporting of SweetWater.

In the fourth quarter of our fiscal year ended May 31, 2021, we completed the Aphria-Tilray acquisition. The Arrangement was structured as a reverse acquisition pursuant to which Tilray is the legal acquirer and Aphria is the acquirer for accounting purposes. Accordingly, in this Annual Report in Form 10-K, the assets and liabilities of Aphria are presented at their historical carrying values and the assets and liabilities of Tilray are recognized on the effective date of the acquisition and measured at fair value. The operating results for the prior years are of those of Aphria.

In light of the "reverse acquisition" nature of the acquisition, the timing of the Arrangement, the relatively low percentage that legacy Tilray's financial information represents on our consolidated financial information included in this report, and other factors, we determined that it was impracticable to provide a report on our internal control over financial reporting of all of our consolidated entities as of the end of our fiscal year ended May 31, 2021. Therefore, we have limited the scope of our management's assessment of the effectiveness of our internal control over financial reporting in this report to legacy Aphria and have excluded legacy Tilray. We believe this limitation of scope of our management's assessment of the effectiveness of our internal control over financial reporting in this report is appropriate for several reasons, including the following:

- the "reverse acquisition" nature of the Arrangement, which resulted in Aphria, being considered the accounting acquirer under GAAP;
- the fact that legacy Aphria's historical results of operations replaced legacy Tilray's historical results of operations for all periods prior to the Arrangement;
- the timing of the Arrangement, which occurred after the close of business for April 30, 2021, and therefore, did not give us sufficient time to fully incorporate the internal control over financial reporting of legacy Tilray into our internal control over financial reporting;
- the financial information of legacy Tilray included in this report, which as a result after the close of business for April 30, 2021 reflects one month of financial information for legacy Tilray;
- the fact that our principal executive officer was the principal executive officer of legacy Aphria and not legacy Tilray; and
- the internal control over financial reporting environment that existed after the Arrangement largely represents the internal control over financial reporting environment of legacy Aphria.

Accordingly, we believe that management's assessment of the effectiveness of internal control over financial reporting of legacy Aphria is more relevant and meaningful than an assessment of the effectiveness of the internal control over financial reporting of legacy Tilray, the legal acquirer. SweetWater and legacy Tilray's total assets, excluding goodwill and intangibles totaled 0.4% and 9.7% of total consolidated assets as of May 31, 2021 respectively. The balances of goodwill and intangibles would be considered in the scope of legacy Aphria's consolidation and business combination controls, and therefore included in management's report on internal control over financial reporting. SweetWater and Legacy Tilray's total revenue represented approximately 5.6% and 3.7% of our consolidated total revenue reflected in our consolidated financial statements for the year ended May 31, 2021 respectively.

Item 9B. Other Information.

None.

PART III

This Part III incorporates certain information by reference from the definitive proxy statement to be filed in connection with our 2021 Annual Meeting of Stockholders (the "2021 Proxy Statement"). We will file the Proxy Statement with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the year ended May 31, 2021. If our Proxy Statement is not filed within 120 days of May 31, 2021, the omitted information will be included in an amendment to this Annual Report on Form 10-K filed not later than the end of such 120-day period.

Item 10. Directors, Executive Officers and Corporate Governance.

(1) The information required by this Item concerning our executive officers and our directors and nominees for director, including information with respect to our audit committee and audit committee financial expert, may be found under the section entitled "Proposal No. 1 Election of Directors," "Information Regarding the Board of Directors and Corporate Governance," and "Executive Officers" appearing in the 2021 Proxy Statement. Such information is incorporated herein by reference.

(2) The information required by this Item concerning our code of ethics may be found under the section entitled "Information Regarding the Board of Directors and Corporate Governance" appearing in the 2021 Proxy Statement. Such information is incorporated herein by reference.

(3) The information required by this Item concerning compliance with Section 16(a) of the Securities Exchange Act of 1934 may be found in the section entitled "Delinquent Section 16(a) Reports" appearing in the 2021 Proxy Statement. Such information is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by this Item may be found under the sections entitled "Director Compensation", "Executive Compensation" and "Equity Compensation Plan Information" appearing in the 2021 Proxy Statement. Such information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

(1) The information required by this Item with respect to security ownership of certain beneficial owners and management may be found under the section entitled "Security Ownership of Certain Beneficial Owners and Management" appearing in the 2021 Proxy Statement. Such information is incorporated herein by reference.

(2) The information required by this Item with respect to securities authorized for issuance under our equity compensation plans may be found under the sections entitled "Equity Compensation Plan Information" appearing in the 2021 Proxy Statement. Such information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

(1) The information required by this Item concerning related party transactions may be found under the section entitled "Transactions with Related Persons" appearing in the 2021 Proxy Statement. Such information is incorporated herein by reference.

(2) The information required by this Item concerning director independence may be found under the sections entitled "Information Regarding the Board of Directors and Corporate Governance—Independence of the Board of Directors" and "Information Regarding the Board of Directors and Corporate Governance—Information Regarding Committees of the Board of Directors" appearing in the 2021 Proxy Statement. Such information is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

The information required by this Item may be found under the section entitled "Proposal No. 3 - Ratification of Appointment of Independent Registered Public Accounting Firm" appearing in the 2021 Proxy Statement. Such information is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) The following documents are filed as part of this report:

(1) Financial Statements and Report of Independent Registered Public Accounting Firm

(2) Financial Statement Schedules

Financial Statement Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

(3) Exhibits are incorporated herein by reference or are filed with this report as indicated below (numbered in accordance with Item 601 of Regulation S-K).

(b) Exhibits

The exhibits listed below on the Exhibit Index are filed herewith or are incorporated by reference to exhibits previously filed with the SEC.

Exhibit Index

		Incorporate by Reference				
Exhibit No.	Description of Document	Schedule Form	File Number	Exhibit	Filing Date	File Herewith
2.1*	Arrangement Agreement among the Registrant and High Park Gardens Inc. and Natura Naturals Holdings Inc. dated January 21, 2019	8-K	001-38594	2.1	1/25/2019	
2.2*	Agreement and Plan of Merger and Reorganization, among the Registrant, Down River Merger Sub, LLC, Privateer Holdings, Inc. and Michael Blue as the Stockholder Representative, dated September 9, 2019	8-K	001-38594	2.1	9/10/2019	
2.3*	Arrangement Agreement between the Registrant and Aphria Inc., dated December 15, 2020	8-K	001-38594	2.1	12/21/2020	
2.4	Amendment No.1 to Arrangement Agreement between the Registrant and Aphria Inc., dated February 19, 2021	8-K	001-38594	2.1	2/22/2021	
3.1	Amended and Restated Certificate of Incorporation, as currently in effect	8-K	001-38594	3.1	12/17/2019	
3.2	Certificate of Retirement of Class 1 Common Stock	8-A/A	001-38594	3.1	10/1/2020	
3.3	Amended and Restated Bylaws, as currently in effect	8-K	001-38594	3.4	4/16/2021	
4.1	Indenture dated as of April 23, 2019, between Aphria Inc. and GLAS Trust Company LLC, relating to Aphria Inc.'s 5.25% Convertible Senior Notes due 2024	8-K	001-38594	4.1	5/4/2021	
4.2	First Supplemental Indenture dated as of April 30, 2021, among Aphria Inc., the Registrant and GLAS Trust Company LLC.	8-K	001-38594	4.2	5/4/2021	
4.3	Description of Securities of the Registrant	10-K	001-38594	4.3	2/19/2021	
4.4	Form of Pre-Funded Warrant	8-K	001-38594	4.1	03/17/2020	

Exhibit No.	Description of Document	Incorporate by Reference				File Herewith
		Schedule Form	File Number	Exhibit	Filing Date	
4.5	Form of Warrant	8-K	001-38594	4.2	03/17/2020	
10.1+	Amended and Restated 2018 Equity Incentive Plan	S-1	333-225741	10.2	7/9/2018	
10.2+	Form of Stock Option Agreement, Notice of Exercise and Stock Option Grant Notice under the Amended and Restated 2018 Equity Incentive Plan	S-1	333-225741	10.3	7/9/2018	
10.3+	Form of Restricted Stock Unit Award Agreement under the Amended and Restated 2018 Equity Incentive Plan	S-1	333-225741	10.4	7/9/2018	
10.4+	Privateer Holdings Inc. 2011 Equity Incentive Plan as amended	S-8	333-235581	99.1	12/19/2019	
10.5+	Forms of Notice of Stock Option Grant, Stock Option Agreement and Exercise Notice and Restricted Stock Purchase Agreement for Privateer Holdings Inc. 2011 Equity Incentive Plan	S-8	333-235581	99.2	12/19/2019	
10.6	Form of Indemnity Agreement by and between the Registrant and its directors and officers	8-K	001-38594	10.1	8/10/2020	
10.7+	Employment Agreement by and between the Registrant and Brendan Kennedy dated May 30, 2018	S-1	333-225741	10.6	6/20/2018	
10.8	Resignation Letter and Release by and between Tilray and Brendan Kennedy dated December 15, 2020	8-K	001-38594	5.02	12/21/2020	
10.9	Credit Facility Agreement between Lafitte Ventures, Ltd. and Privateer Holdings, Inc., dated January 1, 2016	S-1	333-225741	10.9	6/20/2018	
10.10	Clarification of Credit Facility Agreement between Lafitte Ventures, Ltd. and Privateer Holdings, Inc., dated March 5, 2018	S-1	333-225741	10.10	6/20/2018	
10.11	Construction Facility Agreement between Privateer Holdings, Inc. and Bouchard Ventures, Ltd., dated November 1, 2017	S-1	333-225741	10.11	6/20/2018	
10.12	Product and Trademark License Terms & Conditions, between Docklight LLC, and High Park Holdings Ltd, dated December 17, 2018	10-K	001-38594	10.11	2/19/2021	
10.13	First Amendment to Product and Trademark Licensing Agreement between Docklight Brands, Inc., successor to Docklight, LLC, and High Park Holdings Ltd, dated December 3, 2020	10-K	001-38594	10.12	2/19/2021	
10.14	Board Services Agreement by and between the Registrant and Michael Auerbach dated June 1, 2018	S-1	333-225741	10.14	7/9/2018	
10.15	Board Services Agreement by and between the Registrant and Rebekah Dopp dated June 1, 2018	S-1	333-225741	10.15	7/9/2018	
10.16	Board Services Agreement by and between the Registrant and Christine St. Clare dated June 1, 2018	S-1	333-225741	10.17	7/9/2018	
10.17	Payment Agreement by and between the Registrant and ABG Intermediate Holdings 2, LLC dated January 14, 2019	10-K	001-38594	10.18	3/2/2020	

Exhibit No.	Description of Document	Incorporate by Reference				File Herewith
		Schedule Form	File Number	Exhibit	Filing Date	
10.18†	Amended and Restated Profit Participation Agreement by and between the Registrant and ABG Intermediate Holdings 2, LLC dated January 24, 2020	10-K	001-38594	10.19	3/2/2020	
10.19	Sales Agreement, dated as of September 10, 2019, by and between the Registrant and Cowen and Company, LLC	8-K	001-38594	1.1	9/10/2019	
10.20	First Amendment to Payment Agreement by and between the Registrant and ABG Intermediate Holdings 2, LLC dated January 24, 2020	10-K	001-38594	10.21	3/2/2020	
10.21+	Employment Agreement by and between the Registrant and Andrew Pucher, Jr. dated November 8, 2018	10-K	001-38594	10.22	3/2/2020	
10.22+	Separation Agreement and Complete Release by and between the Registrant and Andrew Pucher, dated February 8, 2021	8-K	001-38594	10.1	2/12/2021	
10.23+	Employment Agreement by and between the Registrant and Jon Levin, dated January 13, 2020	10-K	001-38594	10.23	3/2/2020	
10.24+	Amendment to Employment Agreement by and between Jon Levin and the Registrant dated September 21, 2020	10-Q	001-38594	10.1	11/9/2020	
10.25+	Separation Agreement and Complete Release dated as of April 29, 2021, by and between Jon Levin and the Registrant	8-K	001-38594	10.3	5/4/2021	
10.26+	Employment Agreement by and between the Registrant and Michael Kruteck, dated January 20, 2020	10-K	001-38594	10.24	3/2/2020	
10.27+	Separation Agreement and Complete Release dated as of April 30, 2021, by and between Michael Kruteck and the Registrant	8-K	001-38594	10.2	5/4/2021	
10.28+	Employment Agreement by and between the Registrant and Kathryn Dickson, dated November 20, 2019	10-Q	001-38594	10.5	5/11/2020	
10.29+	Employment Agreement by and between the Registrant and Edward Wood Pastorius, Jr. dated May 30, 2018	S-1	333-225741	10.8	6/20/2018	
10.30+	Separation Agreement and Complete Release by and between the Registrant and Edward Wood Pastorius, Jr., dated October 21, 2020	8-K	001-38594	10.1	10/27/2020	
10.31*	Credit Agreement, dated as of February 28, 2020, between High Park Holdings, Ltd. and Bridging Finance Inc.	10-K	001-38594	10.25	3/2/2020	
10.32*	First Amendment, dated as of June 5, 2020, to loan facility letter agreement dated as of February 28, 2020, among Bridging Finance Inc., as agent for and on behalf of any of the funds managed or co-managed by Bridging Finance Inc., and High Park Holdings Ltd.	8-K	001-38594	10.1	6/11/2020	
10.33*	Guarantee by and among the Registrant and certain guarantors named therein and Bridging Finance Inc., dated February 28, 2020.	10-K	001-38594	10.26	3/2/2020	
10.34*	U.S. Pledge and Security Agreement, by and among the Registrant, Manitoba Harvest USA LLC and Bridging Finance Inc., dated February 28, 2020.	10-K	001-38594	10.27	3/2/2020	

Exhibit No.	Description of Document	Incorporate by Reference				File Herewith
		Schedule Form	File Number	Exhibit	Filing Date	
10.35*	Canadian Security Agreement, by and among High Park Holdings, Ltd., each of the obligors named therein, and Bridging Finance Inc., dated February 28, 2020.	10-K	001-38594	10.28	3/2/2020	
10.36	Support Agreement by and between the Registrant and Aphria Inc., dated December 15, 2020	8-K	001-38594	10.1	12/21/2020	
10.37	Support Agreement by and between the Registrant and Aphria Inc., dated December 15, 2020	8-K	001-38594	10.2	12/21/2020	
10.38+	Retention Agreements, by and between the Registrant and each of Michael Kruteck and Jon Levin	8-K	001-38594	10.3	12/21/2020	
10.39	Common Share Purchase Warrant Agreement, between Aphria Inc. and Computershare Trust Company of Canada, dated January 30, 2020					X
10.40	Credit Agreement between 1974568 Ontario Limited, as borrower, certain of its subsidiaries as guarantors, Aphria Inc., as guarantor, and Bank of Montreal, as administrative agent, and Bank of Montreal, ATB Financial and Farm Credit Canada, as lenders, dated November 29, 2019					X
10.41	Agreement of Merger and Acquisition, among Aphria Inc., Project Golf Merger Sub, LLC, SW Brewing Company, LLC, SWBC Craft Holdings LP, SWBC Craft Management, LLC, SWBC Blocker Seller, LP, and Chilly Water, LLC, dated November 4, 2020					X
21.1	Subsidiaries of Registrant					X
23.1	Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm					X
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					X
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					X
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					X
101	The following financial statements from the Company's Annual Report on Form 10-K for the year ended May 31, 2021, formatted in Inline XBRL: (i) Consolidated Statements of Financial Position, (ii) Consolidated Statements of Loss and Comprehensive Loss, (iii) Consolidated Statements of Changes in Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.					

Exhibit No.	Description of Document	Incorporate by Reference				File Herewith
		Schedule Form	File Number	Exhibit	Filing Date	
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)					

+ Indicates management contract or compensatory plan.

* Schedules and certain other information have been omitted pursuant to Item 601(b)(2) of Regulations S-K. The registrant will furnish copies of any such schedules to the Securities and Exchange Commission upon request.

† Registrant has omitted portions of the referenced exhibit pursuant to a request for confidential treatment under Rule 406 promulgated under the Securities Act.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized**.**

Tilray, Inc.

Date: July 28, 2021

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

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Name	Title	Date
/s/ Irwin D. Simon **Irwin D. Simon**	Chief Executive Officer and Chairman *(Principal Executive Officer)*	July 28, 2021
/s/ Carl Merton **Carl Merton**	Chief Financial Officer *(Principal Financial and Accounting Officer)*	July 28, 2021
/s/ Renah Persofsky **Renah Perofsky**	Director	July 28, 2021
/s/ Jodi Butts **Jodi Butts**	Director	July 28, 2021
/s/ David Clanachan **David Clanachan**	Director	July 28, 2021
/s/ Brendan Kennedy **Brendan Kennedy**	Director	July 28, 2021
/s/ John M. Herhalt **John M. Herhalt**	Director	July 28, 2021
/s/ David Hopkinson **David Hopkinson**	Director	July 28, 2021
/s/ Tom Looney **Tom Looney**	Director	July 28, 2021
/s/ Walter Robb **Walter Robb**	Director	July 28, 2021

Exhibit 10.39

APHRIA INC.

- and -

COMPUTERSHARE TRUST COMPANY OF CANADA

COMMON SHARE PURCHASE WARRANT INDENTURE

Providing for the Issue of
up to 7,022,472 Common Share Purchase Warrants

January 30, 2020

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B E T W E N:

APHRIA INC.
a corporation continued under the laws of Ontario(hereinafter called the "**Company**")

COMPUTERSHARE TRUST COMPANY OF CANADA
a trust company continued under the laws of Canada and registered to carry onbusiness in the Province of Ontario

A N D

(hereinafter called the "**Warrant Agent**")

RECITALS

WHEREAS:

THIS WARRANT INDENTURE dated as of January 30, 2020

A. The Company is proposing to issue up to a maximum of 7,022,472 Warrants pursuant to this Indenture, which are issuable in connection with an offering of 14,044,94 Units of the Company (the "**Offering**") by way of a prospectus supplement to the (final) short form base shelf prospectus of the Company dated as of November 22, 2019 filed in each of the provinces and territories of Canada.

B. Each whole Warrant entitles the holder thereof to purchase, subject to adjustment in certain events, one Warrant Share at a price of $9.26 at any time prior to 5:00 p.m. (Toronto time) on January 30, 2022, subject to earlier expiry in accordance with this Indenture;

C. For such purpose the Company deems it necessary to create and issue Warrants and Warrant Certificates to be constituted and issued in the manner hereinafter set forth;

D. The Company is duly authorized to create and issue the Warrants to be issued as herein provided;

E. All things necessary have been done and performed by the Company to make the Warrants, when Authenticated or certified by the Warrant Agent and issued as provided in this Indenture, legal, valid and binding upon and obligations of the Company that are entitled to the benefits of and subject to the terms of this Indenture;

F. The foregoing recitals are made as statements of fact by the Company and not by the Warrant Agent;

G. The Warrant Agent has agreed to enter into this Indenture and to hold all rights, interests and benefits contained herein for and on behalf of those persons who become holders of Warrants issued pursuant to this Indenture from time to time;

NOW THEREFORE THIS INDENTURE WITNESSES that for good and valuable consideration mutually given and received, the receipt and sufficiency of which arehereby acknowledged, it is hereby agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Indenture, unless there is something in the subject matter or contextinconsistent therewith:

"**Applicable Legislation**" means the provisions of the statutes of Canada and its provinces and the regulations under those statutes relating to warrant indentures and/or the rights, duties or obligations of issuers and warrant agents under warrant indentures as are from time to time in force and applicable to this Indenture;

"**Approved Bank**" has the meaning ascribed to that term in Section 9.4;

"**Authenticated**" means with respect to the issuance of an Uncertificated Warrant, that all Internal Procedures required to be completed by the Warrant Agent have been so completed such that the particulars of such Uncertificated Warrant are entered in the register of Warrantholders, and "**Authenticate**", "**Authenticating**" and "**Authentication**" have the appropriate correlative meanings;

"**Beneficial Owner**" means a person that has a beneficial interest in a Warrant;

"**Book-Based System**" means the book-based securities system administered by CDS in accordance with its operating rules and procedures in force from time to time;

"**Business Day**" means a day that is not a Saturday, Sunday, or a day on which banks are closed or which is a civic or statutory holiday in the City of Toronto, Ontario;

"**Cannabis Permits**" means all permits or licences of any nature held by the Corporation or any subsidiary of the Corporation, as of the date of this Indenture or thereafter, under Canadian federal, provincial and territorial law, and regulations made thereunder, that are necessary to lawfully conduct or maintain, directly or indirectly, its cannabis-related activities and interests;

"**Capital Reorganization**" has the meaning ascribed to that term in subsection 3.13(4); "**CDS**" means CDS Clearing and Depository Services Inc. and its successors in interest; "**CDS Participant**" means a person recognized by CDS as a participant;

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

"**Common Share Reorganization**" has the meaning ascribed to that term in subsection 3.13(1);

"**Company**" means Aphria Inc., a corporation continued under the laws of Ontario, and its lawful successors from time to time;

"**Company's Auditors**" means the chartered (professional) accountant or firm of chartered (professional) accountants duly appointed as auditor or auditors of the Company from time to time;

"**Confirmation**" means that CDS shall deliver to the Warrant Agent confirmation of its intention to exercise Warrants in a manner acceptable to the Warrant Agent, including by electronic means through the Book-Based System;

"**counsel**" means a barrister and solicitor or lawyer or a firm of barristers and solicitors or lawyers (who may be counsel to the Company), in both cases acceptable to the Warrant Agent;

"**Current Market Price**" means, at any date, the volume weighted average price per share at which the Common Shares have traded:

(i) on the TSX;

(ii) if the Common Shares are not listed on the TSX, on any stock exchange upon which the Common Shares are listed as may be selected for this purpose by the board of directors of the Company, acting reasonably; or

(iii) if the Common Shares are not listed on any stock exchange, on any over-the-counter market on which the Common Shares are trading, as may be selected for this purpose by the board of directors of the Company, acting reasonably;

during the 10 consecutive trading days ending the third trading day before such date and the weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold in board lots on the exchange or market, as the case may be, during the 10 consecutive trading days by the number of Common Shares sold or, if not traded on any recognized exchange or market, as determined by the directors of the Company, acting reasonably;

"**director**" means a member of the board of directors of the Company for the time being, and unless otherwise specified herein, reference to "**action by the board of directors**" means action by the board of directors of the Company as a board or, whenever duly empowered, action by a committee of the board;

"**Exchange Basis**" means, at any time, the number of Warrant Shares or other classes of shares or securities which a Warrantholder is entitled to receive upon the exercise of the rights attached to the Warrants pursuant to the terms of this Indenture, as the number may be adjusted pursuant to Section 3.13 hereof, such number being equal to one Warrant Share per Warrant as of the date hereof;

"**Exercise Date**" with respect to any Warrant means the date on which such Warrant is duly surrendered for exercise in accordance with the provisions of Article 4 hereof;

"**Exercise Price**" means $9.26 for each Warrant Share, subject to adjustment in accordance with the provisions of this Indenture;

"**extraordinary resolution**" has the meaning ascribed to that term in sections 7.11 and 7.14;

"**Governmental Authority**" or "**Governmental Authorities**" means any of the governments of Canada, the United States of America, any other nation or any political subdivision thereof, whether provincial, state, territorial or local, and any agency, authority, instrumentality, regulatory body, court, central bank, fiscal or monetary authority or other authority regulating financial institutions, and any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government;

"**Internal Procedures**" means in respect of the making of any one or more entries to, changes in or deletions of any one or more entries in the register of Warrantholders at any time (including without limitation, original issuance or registration of transfer of ownership) the minimum number of the Warrant Agent's internal procedures customary at such time for the entry, change or deletion made to be complete under the operating procedures followed at the time by the Warrant Agent;

"**NCI**" has the meaning ascribed to that term in subsection 3.12(1);

"**Offering**" the public offering in Canada by the Company of up to an aggregate of 14,044,944 Units;

"**person**" means an individual, a corporation, a partnership, a syndicate, a trustee or any unincorporated organization and words importing persons that are intended to have a similarly extended meaning;

"**Purchaser**" means a purchaser of Units;

"Regulation D" means Regulation D as promulgated under the U.S. Securities Act; **"Regulation S"** means Regulation S as promulgated under the U.S. Securities Act; "**Rights Offering**" has the meaning ascribed to that term in subsection 3.13(2); "**Rights Offering Price**" has the meaning ascribed to that term in subsection 3.14(9);**"Rule 144A"** means Rule 144A as promulgated under the U.S. Securities Act; "**SEC**" means the United States Securities and Exchange Commission;
"**Securities Laws**" means, collectively, the applicable securities laws of each of the provinces of Canada, the United States and each of the states of the United States, as applicable, and the respective regulations made and forms prescribed thereunder together with all applicable published rules, policy statements, notices and blanket orders and rulings of the securities

commissions or similar regulatory authorities in each of the provinces of Canada;

"**shareholder**" means an owner of record of one or more Common Shares or shares of any other class or series of the Company;

"**Special Distribution**" has the meaning ascribed to that term in subsection 3.13(3);

"**Subsidiary**" means a corporation, a majority of the outstanding voting shares of which are owned, directly or indirectly, by the Company or by one or more subsidiaries of the Company and, as used in this definition, "**voting shares**" means shares of a class or classes ordinarily entitled to vote for the election of the majority of the directors of a corporation irrespective of whether or not shares of any other class or classes shall have or might have the right to vote for directors by reason of the happening of any contingency;

"**successor company**" has the meaning ascribed to that term in section 8.2;

"**this Indenture**", "**herein**", "**hereby**" and similar expressions mean or refer to this common share purchase warrant indenture and any indenture, deed or instrument supplemental or ancillary hereto; and the expressions "**Article**", "**section**", "**subsection**" or "**paragraph**" followed by a number or letter mean and refer to the specified Article, section, subsection or paragraph of this Indenture;

"**Time of Expiry**" means 5:00 p.m. (Toronto time) on January 30, 2022, or 5:00 p.m. (Toronto time) on such earlier date as may be established by the in accordance with the terms of this Indenture;

"**trading day**" means a day on which the TSX (or such other exchange on which the Common Shares are listed and which forms the primary trading market for such shares) is open for trading,and if the Common Shares are not listed on a stock exchange, a day on which an over-the- counter market where such shares are traded is open for business;

"**transaction instruction**" means a written order signed by the holder or CDS, entitled to requestthat one or more actions be taken, or such other form as may be reasonably acceptable to the Warrant Agent, requesting one or more such actions to be taken in respect of an Uncertificated Warrant;

"**Transfer Agent**" means the transfer agent or agents for the time being for the Common Shares;"**TSX**" means the Toronto Stock Exchange;
"U.S. Person" means a U.S. Person as that term is defined in Rule 902(k) of Regulation S;

"U.S. Securities Act" means the United States Securities Act of 1933, as amended and the rules and regulations promulgated thereunder;

"U.S. Warrantholder" means any (a) Warrantholder that (i) is a U.S. Person, (ii) is in the United States, (iii) received an offer to acquire Warrants while in the United States, or (iv) was in the United States at the time such Warrantholder's buy order was made or such Warrantholder

executed or delivered its purchase order for the Warrants or (b) person who acquired Warrants on behalf of, or for the account or benefit of, any U.S. Person or any person in the United States;

"**Uncertificated Warrant**" means any Warrant which is issued under the Book-Based System; "**Unit Share**" means a Common Share comprising part of each Unit;
"United States" means the United States as that term is defined in Rule 902(l) of Regulation S;

"**Units**" means the units of the Company, each Unit being comprised of one Unit Share and one- half of one Warrant;

"**Warrant Agent**" means Computershare Trust Company of Canada, a trust company existing under the laws of Canada, or any lawful successor thereto including through the operation of section 9.8;

"**Warrant Certificates**" means the certificates representing Warrants substantially in the form attached as Schedule A hereto or such other form as may be approved by the Company and the Warrant Agent;

"**Warrant Shares**" means the Common Shares or other securities or property issuable upon the exercise of the Warrants as a result of any adjustment to the subscription rights pursuant to Section 3.13 hereof;

"**Warrantholders**" or "**holders**" means the persons whose names are entered for the time being in the register maintained pursuant to section 3.8;

"**Warrantholders' Request**" means an instrument, signed in one or more counterparts by Warrantholders representing, in the aggregate, at least 25% of the aggregate number of Warrants then outstanding, which requests the Warrant Agent or the Company to take some action or proceeding specified therein;

"**Warrants**" means the common share purchase warrants of the Company issued and Authenticated hereunder as Uncertificated Warrants or to be issued and countersigned in the form of Warrant Certificates, in either case, entitling the holders thereof to purchase Warrant Shares on the basis of one Warrant Share for each whole Warrant upon payment of the Exercise Price at any time prior to the Time of Expiry; provided that in each case the number and/or class of shares or securities receivable on the exercise of the Warrants may be subject to increase or decrease or change in accordance with the terms and provisions hereof; and

"**written direction of the Company**", "**written request of the Company**", "**written consent of the Company**" and "**certificate of the Company**" and any other document required to be signed by the Company, means, respectively, a written direction, request, consent, certificate or other document signed in the name of the Company by any executive officer or director and may consist of one or more instruments so executed.

1.2 Words Importing the Singular

Unless elsewhere otherwise expressly provided, or unless the context otherwise requires, words importing the singular include the plural and *vice versa* and words importing the masculine gender include the feminine and neuter genders.

1.3 Interpretation not Affected by Headings

The division of this Indenture into Articles, sections, subsections and paragraphs, the provision of a table of contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Indenture.

1.4 Day not a Business Day

If any day on or before which any action is required or permitted to be taken hereunder is not a Business Day, then such action shall be required or permitted to be taken on orbefore the requisite time on the next succeeding day that is a Business Day.

1.5 Time of the Essence

Time shall be of the essence in all respects of this Indenture and the Warrants issued hereunder.

1.6 Governing Law

This Indenture and the Warrants issued hereunder shall be construed and enforcedin accordance with the laws of the Province of Ontario and the federal laws of Canada applicabletherein and shall be treated in all respects as Ontario contracts.

1.7 Meaning of "outstanding" for Certain Purposes

Every Warrant Authenticated or certified by the Warrant Agent hereunder shall be deemed to be outstanding until it shall be cancelled or delivered to the Warrant Agent for cancellation, exercised pursuant to section 4.1 or until the Time of Expiry; provided that where a new Warrant Certificate has been issued pursuant to section 3.6 hereof to replace one which is lost, mutilated, stolen or destroyed, the Warrants represented by only one of such Warrant Certificates shall be counted for the purpose of determining the aggregate number of Warrants outstanding.

1.8 Currency

Unless otherwise stated, all dollar amounts referred to in this Indenture are in Canadian dollars.

1.9 Termination

This Indenture shall continue in full force and effect until the earlier of: (a) the Time of Expiry; and (b) the date that no Warrants are outstanding hereunder; provided that this Indenture shall continue in effect thereafter, if applicable, until the Company and the Warrant

Agent have fulfilled all of their respective obligations under this Indenture.

1.10 Calculations

All calculations called for hereunder including, without limitation, calculations of Current Market Price shall be as determined by the Company or, at the Warrantholders Request, such firm of independent chartered accountants as may be selected by the directors of the Company, acting reasonably, and in good faith in their sole discretion for these purposes. Such calculations made in good faith and, absent manifest error, shall be final and binding on holders and the Warrant Agent. The Company will provide a schedule of its calculations to the holders and the Warrant Agent. The Warrant Agent shall be entitled to rely conclusively on the accuracy of such calculations without independent verification.

ARTICLE 2
APPOINTMENT OF WARRANT AGENT

2.1 Appointment of Warrant Agent

The Company hereby appoints the Warrant Agent as the warrant agent and registrar for the Warrants and the Warrant Agent hereby accepts such appointment and agrees to enter into this Indenture and to hold all rights, interests and benefits contained herein for and on behalf of those persons who become holders of Warrants issued pursuant to this Indenture from time to time.

ARTICLE 3
ISSUE OF WARRANTS

3.1 Issue of Warrants

(1) A maximum of 7,022,472 Warrants are hereby created and authorized to be issued hereunder entitling the registered holders thereof to acquire an aggregate of 7,022,472 Warrant Shares (subject to adjustment in accordance with Section 3.13) at the Exercise Price upon the terms and conditions herein set forth. Uncertificated Warrants shall be Authenticated by the Warrant Agent and deposited in CDS and Warrant Certificates evidencing the Warrants, if any, shall be executed by the Company, certified by or on behalf of the Warrant Agent and delivered by the Warrant Agent to the Company, as applicable, in accordance with a written direction of the Company, all in accordance with sections 3.3 and 3.4. Subject to adjustment in accordance with the provisions of this Indenture, each of the Warrants issued hereunder shall entitle the holder thereof to receive from the Company, upon payment of the Exercise Price, the number of Warrant Shares equal to the Exchange Basis in effect on the Exercise Date.

3.2 Form and Terms of Warrants

(1) The Warrants may be issued in either certificated or uncertificated form. The Warrant Certificates shall be substantially in the form attached as Schedule A hereto and dated as of the date of issue, subject to the provisions of this Indenture, with such additions, variationsand changes as may be required or permitted by the terms of this Indenture, and to give effect to any Warrants not being issued as Uncertificated Warrants, and which may from time to time be agreed upon

by the Warrant Agent and the Company, and shall have such distinguishing letters and numbers as the Company may, with the approval of the Warrant Agent, prescribe. Except as hereinafter provided in this Article 3, all Warrants shall, save as to denominations, be of like tenor and effect. The Warrant Certificates may be engraved, printed, lithographed, photocopied or be partially in one form or another, as the Company may determine. No change in the form ofthe Warrant Certificate shall be required by reason of any adjustment made pursuant to this Article 3 in the number and/or class of securities or type of securities or other property that may be acquired pursuant to the exercise of Warrants.

(2) Each Warrant authorized to be issued hereunder shall entitle the registered holderthereof to acquire (subject to sections 3.13, 3.14 and 3.15) upon due exercise and upon the transaction instruction or due execution of the exercise form endorsed on the Warrant Certificate, as applicable, or other instrument of exercise in such form as the Warrant Agent and/or the Company may from time to time prescribe and upon payment of the Exercise Price, one Warrant Share or such other kind and amount of shares or securities or property, calculated pursuant to the provisions of sections 3.13 and 3.14, as the case may be, at any time after the date of issuance of such Warrants and prior to the Time of Expiry, in accordance with the provisions of this Indenture.

(3) Fractional Warrants shall not be issued or otherwise provided for and shall be disregarded for all purposes and no cash amount will be payable in lieu thereof. If the exercise of any Warrant would result in a fraction of a Common Share being issued to any person, any such fraction shall be rounded down to the next whole number of Common Shares and no cash amount will be payable in lieu thereof.

3.3 Signing of Warrant Certificates

Warrant Certificates shall be signed by any one of the directors or executive officers of the Company and may, but need not be under the corporate seal of the Company or a reproduction thereof. The signature of any such director or officer may be mechanically reproduced in facsimile or other electronic format and Warrant Certificates bearing such facsimile or other electronic format signatures shall be binding upon the Company as if they had been manually signed by such director or officer. Notwithstanding that the person whose manual or electronic signature appears on any Warrant Certificate as a director or executive officer may no longer hold office at the date of issue of the Warrant Certificate or at the date of certification or delivery thereof, any Warrant Certificate signed as aforesaid shall, subject to section 3.4, be valid and binding upon the Company and the registered holder thereof will be entitled to the benefits of this Indenture.

3.4 Authentication or Certification by the Warrant Agent

(1) No Warrant Certificate shall be issued or, if issued, shall be valid for any purposeor entitle the registered holder to the benefit hereof or thereof until it has been certified by manual signature by or on behalf of the Warrant Agent and such certification by the Warrant Agent shall be conclusive evidence as against the Company that the Warrant so certified has been duly issued hereunder and the holder is entitled to the benefits hereof.

(2) No NCI deposit in the Book-Based System shall be made or, if made, shall be valid for any purposes or entitle the holder to the benefits hereof and thereof until it has been Authenticated by the Warrant Agent and such Authentication shall be conclusive evidence as

against the Company that the NCI deposit so made has been duly issued hereunder and that the holder is entitled to the benefits hereof and thereof.

(3) The certification of the Warrant Agent on the Warrant Certificates issued hereunder, or the Authentication of the Warrant Agent of the NCI deposit in the Book-Based System made hereunder, as applicable, shall not be construed as a representation or warranty by the Warrant Agent as to the validity of this Indenture or the Warrant Certificates (except the duecertification thereof) or the NCI deposit (except the due Authentication thereof) as applicable, and the Warrant Agent shall in no respect be liable or answerable for the use made of the Warrant Certificate or NCI deposit, as applicable, or any of them or of the consideration therefor except as otherwise specified herein.

(4) The register shall be final and conclusive evidence as to all matters relating to Uncertificated Warrants with respect to which this Indenture requires the Warrant Agent to maintain records or accounts. In case of differences between the register at any time and any other time, the register at the later time shall be controlling, absent manifest error and such Uncertificated Warrants are binding on the Company.

3.5 Warrantholder not a Shareholder, etc.

Nothing in this Indenture or the holding of a Warrant evidenced by a Warrant Certificate shall be construed as conferring upon a Warrantholder any right or interest whatsoever as a shareholder, including but not limited to the right to vote at, to receive notice of, or to attend meetings of shareholders or any other proceedings of the Company, nor entitle the holder to any right or interest in respect thereof except as herein and in the Warrants expressly provided.

3.6 Issue in Substitution for Lost Warrant Certificates

(1) If any Warrant Certificates issued and certified under this Indenture shall becomemutilated or be lost, destroyed or stolen, the Company, subject to applicable law, and subsection 3.6(2), shall issue and thereupon the Warrant Agent shall certify and deliver a new Warrant Certificate of like denomination, date and tenor as the one mutilated, lost, destroyed or stolen in exchange for, in place of and upon cancellation of such mutilated Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Warrant Certificate, and the substituted Warrant Certificate shall be substantially in the form set out in Schedule A hereto and Warrants evidenced by it will entitle the holder thereof to the benefits hereof and shall rank equally in accordance with its terms with all other Warrant Certificates issued or to be issued hereunder.

(2) The applicant for the issue of a new Warrant Certificate pursuant to this section 3.6 shall bear the reasonable cost of the issue thereof and in the case of mutilation shall, as a condition precedent to the issue thereof, deliver to the Warrant Agent the mutilated WarrantCertificate, and in the case of loss, destruction or theft shall, as a condition precedent to the issue thereof, furnish to the Company and to the Warrant Agent such evidence of ownership and of the loss, destruction or theft of the Warrant Certificate so lost, destroyed or stolen as shall be satisfactory to the Company and to the Warrant Agent in their sole discretion and such applicantmay be required to furnish an indemnity and surety bond in amount and form satisfactory to the Company and the Warrant Agent in their sole discretion and shall pay the reasonable charges of the Company and the Warrant Agent

in connection therewith.

3.7 Warrants to Rank *Pari Passu*

All Warrants shall rank *pari passu* with all other Warrants, whatever may be theactual date of issue of the Warrants.

3.8 Registration and Transfer of Warrants

(1) The Warrant Agent will create and keep at the principal office of the Warrant Agent in the City of Toronto, Ontario:

(a) a register of holders in which shall be entered in alphabetical order the names and addresses of the holders of Warrants and particulars of the Warrants held by them and the Warrant Agent shall be entitled to rely on such register in connection withthe exchange, transfer or exercise of any Warrant(s) pursuant to the terms of this Indenture or the terms thereof; and

(b) a register of transfers in which all transfers of Warrants and the date and other particulars of each such transfer shall be entered.

(2) No transfer of any Warrant will be valid unless entered on the register of transfers referred to in subsection 3.8(1), and, in the case of a Warrant Certificate, upon surrender to the Warrant Agent of the Warrant Certificate evidencing such Warrant, and a duly completed and executed transfer form endorsed on the Warrant Certificate executed by the registered holder or his executors, administrators or other legal representatives or his attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent, if applicable, and, upon compliance with such requirements and such other reasonable requirements as the Warrant Agent may prescribe, such transfer will be recorded on the register of transfers by the Warrant Agent.

(3) In the case of a Warrant Certificate, the transferee of any Warrant will, after surrender to the Warrant Agent of the Warrant Certificate evidencing such Warrant as required by subsection 3.8(2) and upon compliance with all other conditions in respect thereof required by this Indenture or by law, be entitled to be entered on the register of holders referred to in subsection 3.8(1) as the owner of such Warrant free from all equities or rights of set-off or counterclaim between the Company and the transferor or any previous holder of such Warrant, except in respect of equities or rights of which the Company is required to take notice by statute or by order of a court of competent jurisdiction.

(4) The Company will be entitled, and may direct the Warrant Agent, to refuse to recognize any transfer, or enter the name of any transferee, of any Warrant on the registers referred to in subsection 3.8(1), if such transfer would constitute a violation of the Securities Laws of any applicable jurisdiction or the rules, regulations or policies of any regulatory authority having jurisdiction. The Warrant Agent is entitled to assume compliance with all applicable Securities Laws unless otherwise notified in writing by the Company. No duty shall rest with the Warrant Agent to determine compliance of the transferee or transferor of any Warrant with applicable Securities Laws.

3.9 Registers Open for Inspection

The registers referred to in subsection 3.8(1) shall be open at all reasonable times during business hours on a Business Day for inspection by the Company or any Warrantholder. The Warrant Agent shall, from time to time when requested to do so in writing by the Company and upon payment of its reasonable fees, furnish the Company with a list of the names and addresses of holders of Warrants entered in the register of holders kept by the Warrant Agent andshowing the number of Warrants held by each such holder.

3.10 Exchange of Warrant Certificates

(1) Warrant Certificates may, upon compliance with the reasonable requirements of the Warrant Agent, be exchanged for Warrant Certificates in any other authorized denominationrepresenting in the aggregate an equal number of Warrants as the number of Warrants represented by the Warrant Certificates being exchanged. The Company shall sign and the Warrant Agent shall certify, in accordance with sections 3.3 and 3.4, all Warrant Certificates necessary to carry out the exchanges contemplated herein.

(2) Warrant Certificates may be exchanged only at the principal office of the Warrant Agent in the City of Toronto, Ontario or at any other place that is designated by the Company with the approval of the Warrant Agent. Any Warrant Certificates tendered for exchange shall be surrendered to the Warrant Agent and cancelled.

(3) Except as otherwise herein provided, the Warrant Agent may charge Warrantholders requesting an exchange a reasonable sum for each Warrant Certificate issued; and payment of such charges and reimbursement of the Warrant Agent or the Company for any and all taxes or governmental or other charges required to be paid shall be made by the party requesting such exchange as a condition precedent to such exchange.

3.11 Ownership of Warrants

The Company and the Warrant Agent and their respective agents may deem and treat the registered holder of any Warrant as the absolute owner of the Warrant represented thereby for all purposes and the Company and the Warrant Agent and their respective agentsshall not be affected by any notice or knowledge to the contrary except as required by statute or order of a court of competent jurisdiction. The holder of any Warrant shall be entitled to the rights evidenced by that Warrant free from all equities or rights of set-off or counterclaim between the Company and the original or any intermediate holder thereof and all persons may act accordingly and the receipt by any holder of the Warrant Shares or monies obtainable pursuant to the exercise of the Warrant shall be a good discharge to the Company and theWarrant Agent for the same and neither the Company nor the Warrant Agent shall be bound to inquire into the title of any holder.

3.12 Book-Based System Warrants

(1) Except as described above or as may be directed by the Company, registration of interests in and transfers of Warrants shall be made only through the Book-Based System. Other than as may be directed by the Company, the Warrants will be evidenced by a non-certificated inventory ("**NCI**") deposit though the Book-Based System for an amount representing the

aggregate number of such Warrants outstanding from time to time.

(2) Transfers of beneficial ownership in any Warrant represented by an NCI deposit will be effected only (i) with respect to the interest of a CDS Participant, through records maintained by CDS or its nominee for such Warrants, and (ii) with respect to the interest of any person other than a CDS Participant, through records maintained by CDS Participants.

(3) The rights of Beneficial Owners who hold security entitlements in respect of Warrants through the Book-Based System shall be limited to those established by applicable law and agreements between CDS and CDS Participants and between such CDS Participants and Beneficial Owners who hold security entitlements in respect of Warrants through the Book-Based System and must be exercised through a CDS Participant in accordance with the rules and procedures of CDS.

(4) If any of the following events occurs:

(a) CDS or the Company has notified the Warrant Agent that (A) CDS is unwilling or unable to continue as depository or (B) CDS ceases to be a clearing agency in good standing under applicable laws and, in either case, the Company is unable to locate a qualified successor depository within 90 days of delivery of such notice;

(b) the Company has determined, in its sole discretion, to terminate the Book-Based System in respect of such Uncertificated Warrants and has communicated such determination to the Warrant Agent in writing;

(c) the Company or CDS is required by applicable law to take the action contemplated in this subsection; or

(d) the Book-Based System administered by CDS ceases to exist,

then one or more definitive fully registered Warrant Certificates shall be executed by the Company and certified and delivered by the Warrant Agent to CDS in exchange for the Uncertificated Warrants form held by CDS.

Fully registered Warrant Certificates issued and exchanged pursuant to this subsection shall be registered in such names and in such denominations as CDS shall instruct the Warrant Agent, provided that the aggregate number of Warrants represented by such Warrant Certificates shall be equal to the aggregate number of Uncertificated Warrants so exchanged. Upon exchange of Uncertificated Warrants for one or more Warrant Certificates in definitive form, such Uncertificated Warrants shall be cancelled by the Warrant Agent.

(5) Notwithstanding anything in this Indenture in terms of an NCI deposit, neither the Company nor the Warrant Agent nor any agent thereof shall have any responsibility or liability for:

(a) the records maintained by CDS relating to any ownership interests or any other interests in the Warrants or the depository system maintained by CDS, or payments made on account of any ownership interest or any other interest of any person in any Warrant represented by any NCI deposit (other than CDS or its nominee);

(b) maintaining, supervising or reviewing any records of CDS or any CDS Participant relating to any such interest; or

(c) any advice or representation made or given by CDS or those contained in this Indenture that relate to the rules and regulations of CDS or any action to be taken by CDS on its own direction or at the direction of any CDS Participant.

(6) Notwithstanding any provisions made in this Indenture with respect to expiry dates, payment dates or other acts that may be required to be done in connection with this Indenture, may be altered due to the internal procedures and processes with respect to cut-off times of CDS. It is understood and agreed to by the parties hereto that the Warrant Agent shall have no responsibility in connection with any cut-off time imposed by CDS.

3.13 Adjustment of Exchange Basis

Subject to section 3.14, the Exchange Basis shall be subject to adjustment fromtime to time in the events and in the manner provided as follows:

(1) If and whenever, at any time after the date hereof and prior to the Time of Expiry, the Company shall:

(i) issue Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all the holders of the Common Shares as a stock dividend or other distribution (other than a distribution of Warrant Shares upon exercise of the Warrants or pursuant to the exercise, conversion or exchange of securities of the Company outstanding as of the date hereof), or

(ii) subdivide, redivide or change its then outstanding Common Shares into a greater number of Common Shares, or

(iii) reduce, combine or consolidate its then outstanding Common Shares into a lesser number of Common Shares,

(any of such events in these paragraphs (i), (ii) or (iii) being called a "**Common Share Reorganization**"), then the Exchange Basis in effect on the effective date of such subdivision, redivision or change, or reduction, combination or consolidation, or on the record date of such stock dividend or other distribution, as the case may be, shall be adjusted by multiplying the

Exchange Basis in effect immediately prior to such effective or record date by a fraction:

(a) the numerator of which shall be the total number of Common Shares outstanding on such date immediately after giving effect to such Common Share Reorganization (including, in the case where securities exercisable, exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exercised, or exchanged for or converted into Common Shares on such record date, assuming in any case where such securities are not then convertible, exercisable or exchangeable but subsequently become so, that they were convertible, exercisable or exchangeable on the record date on the basis upon which they first become convertible, exercisable or exchangeable), and

(b) the denominator of which shall be the total number of Common Shares outstanding on such date before giving effect to such Common Share Reorganization.

The resulting product, adjusted to the nearest 1/100th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 3.

Any Common Shares owned by or held for the account of the Company or any of its Subsidiaries or a partnership in which the Company is directly or indirectly a party to willbe deemed not to be outstanding for the purpose of any computation. To the extent that any adjustment in the Exchange Basis occurs pursuant to this subsection 3.13(1) as a result of the fixing by the Company of a record date for the distribution of securities exchangeable or exercisable for or convertible into Common Shares and the Common Share Reorganization does not occur or any conversion, exercise or exchange rights are not fully converted, exercised or exchanged, the Exchange Basis shall be readjusted immediately after the expiry of any relevant exchange or conversion right or the termination of the Common Share Reorganization, as the case may be, to the Exchange Basis that would then be in effect, based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

(2) If and whenever, at any time after the date hereof and prior to the Time ofExpiry, the Company shall fix a record date for the distribution to all or substantially all of the holders of its outstanding Common Shares of rights, options or warrants entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares, or securities exchangeable or exercisable for or convertible into Common Shares, at a price per share to the holder (or at an exchange, exercise or conversion price per share) of less than 95% of the Current Market Price on such record date (any of such events being called a "**Rights Offering**"), then the Exchange Basis shall be adjusted effective immediately after such record date for the Rights Offering by multiplying the Exchange Basis ineffect immediately prior to such record date by a fraction:

(a) the numerator of which shall be the number of Common Shares which would be outstanding after giving effect to the Rights Offering (assuming the exercise of allof the rights, options or warrants under the Rights Offering and assuming the exchange, exercise or conversion into Common Shares of all exchangeable, exercisable or convertible securities issued upon exercise of such rights, options or warrants, if any), and

(b) the denominator of which shall be the aggregate of:

(i) the total number of Common Shares outstanding as of the record date forthe Rights Offering, and

(ii) a number of Common Shares determined by dividing

(A) the amount equal to the aggregate consideration payable on the exercise of all of the rights, options and warrants under the Rights Offering plus the aggregate consideration, if any, payable on the exchange, exercise or conversion of the exchangeable or convertible securities issued upon exercise of such rights, options or warrants (assuming the exercise of all rights, options and warrants under the Rights Offering and assuming the exchange or conversion of all exchangeable or convertible securities issuedupon exercise of such rights, options and warrants);

by

(B) the Current Market Price as of the record date for the RightsOffering.

The resulting product, adjusted to the nearest 1/100th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 3. Any Common Shares owned by or held for theaccount of the Company or any of its Subsidiaries or a partnership in which the Company is directly or indirectly a party to will be deemed not to be outstanding for the purpose of any computation. If, at the date of expiry of the rights, options or warrants subject to the Rights Offering, less than all the rights, options or warrants have been exercised, then the Exchange Basis shall be readjusted effective immediately after the date of expiry to the Exchange Basis which would have been in effect on the date of expiry if only the rights, options or warrants issued had been those exercised. If at the date of expiry of the rights of exchange, exercise or conversion of any securities issued pursuant to the Rights Offering less than all of such securitieshave been exchanged or exercised for, or converted into, Common Shares, then the Exchange Basis shall be readjusted effective immediately after the date of such expiry to the Exchange Basis which would have been in effect on the date of expiry if only the exchangeable, exercisable or convertible securities issued had been those securities actually exchanged or exercised for or converted into Common Shares.

(3) If and whenever, at any time after the date hereof and prior to the Time ofExpiry, the Company shall fix a record date for the issuance or distribution to all or substantially

all the holders of its outstanding Common Shares of:

(i) shares of the Company of any class other than Common Shares; or

(ii) rights, options or warrants to acquire Common Shares or securitiesexchangeable or exercisable for or convertible into Common Shares; or

(iii) evidences of indebtedness; or

(iv) cash, securities or any property or other assets,

and if such issuance or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "**Special Distribution**"), the Exchange Basis shall be adjusted effective immediately after the record date for the Special Distribution by multiplying the Exchange Basis in effect on such record date by a fraction:

(a) the numerator of which shall be the number of Common Shares outstanding onsuch record date multiplied by the Current Market Price on such record date, and

(b) the denominator of which shall be:

(A) the product of the number of Common Shares outstanding on suchrecord date and the Current Market Price on such record date,

less

(B) the fair market value, as determined by action by the board of directors acting reasonably and in good faith (whose determination shall, absent manifest error, be conclusive), to the holders of the Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or other assets issued or distributed in the Special Distribution,

provided that no such adjustment shall be made if the result of such adjustment would be to decrease the Exchange Basis in effect immediately before such record date. The resulting product, adjusted to the nearest 1/100th, shall thereafter be the Exchange Basis until further adjusted as provided in this Article 3. Any shares owned by or held for the account of the Company or its Subsidiaries or a partnership of which the Company is directly or indirectly a party to shall be deemed not to be outstanding for the purpose of any such computation.

(4) If and whenever, at any time after the date hereof and prior to the Time of Expiry, there shall be a reclassification of the Common Shares at any time outstanding orchange or other event pursuant to which the Common Shares are changed or exchanged into or for other shares or into or for other securities and/or property (including cash) (other than a Common Share Reorganization), or a consolidation, amalgamation, plan of arrangement or merger of the Company with or into any other corporation or other entity (other than a consolidation, amalgamation, plan of arrangement or merger which does not result in any reclassification of the outstanding Common Shares or a change or exchange of the Common Shares into or for other shares or

into or for other securities and/or property (including cash)), ora transfer (other than to a Subsidiary) of the undertaking or assets of the Company as an entiretyor substantially as an entirety to another corporation or other entity (any of such events being herein called a "**Capital Reorganization**"), any Warrantholder who thereafter shall exercise his right to receive Warrant Shares pursuant to Warrant(s) shall be entitled to receive, and shall accept in lieu of the number of Warrant Shares to which such holder was theretofore entitled upon such exercise, the kind and amount of shares, other securities and/or other property(including cash) resulting from the Capital Reorganization which such holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date or record date thereof, as the case may be, the Warrantholder had been the registered holder of the number of Warrant Shares to which such holder was theretofore entitled upon exercise. If appropriate, adjustments shall be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Article 3 with respect to the rights and interests thereafter of Warrantholders to the end that the provisions set forth in this Article 3 shall thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any shares, other securities and/or other property (including cash) thereafter deliverable upon the exercise of any Warrant. Any such adjustment shall be made by and set forth in an indenture supplemental hereto approved by the directors and by the Warrant Agent and entered into pursuant to the provisions of this Indenture and shall for all purposes be conclusively deemed tobe an appropriate adjustment.

(5) Any adjustment to the Exchange Basis as set forth herein (except resulting froma Capital Reorganization) shall also include a corresponding adjustment to the Exercise Price which shall be calculated by multiplying the Exercise Price by a fraction: (a) the numerator of which shall be the Exchange Basis prior to the adjustment, and (b) the denominator of which shall be the Exchange Basis after the adjustment.

3.14 Rules Regarding Calculation of Adjustment of Exchange Basis For the purposes of section 3.13:

(1) The adjustments provided for in section 3.13 shall be cumulative and such adjustments shall be made successively whenever an event referred to in section 3.13 shall occur, subject to the following subsections of this section 3.14.

(2) No adjustment in the: (a) Exchange Basis shall be required unless such adjustment would result in a change of at least 0.01 of a Warrant Share based on the prevailing Exchange Basis; or (b) Exercise Price shall be required unless such adjustment would result in achange of at least 1%, provided that any adjustments which, except for the provisions of this subsection, would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment.

(3) No adjustment in the Exchange Basis shall be made in respect of any event described in section 3.13, other than the events referred to in paragraphs (ii) and (iii) of subsection (1) thereof, if Warrantholders are entitled to participate in such event on the same terms, mutatis mutandis, as if Warrantholders had exercised their Warrants prior to or on the effective date or record date of such event, any such participation being subject to regulatory approval.

(4) No adjustment in the Exchange Basis shall be made pursuant to section 3.13 in respect of the issue from time to time of Warrant Shares purchasable on exercise of the Warrants or pursuant to the exercise, conversion or exchange of securities of the Company outstanding as

of the date hereof.

(5) The Company shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in section 3.13, deliver a certificate of the Company to the Warrant Agent specifying the nature of the event requiring thesame and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate shall be supported by a certificate of the Company's Auditors verifying such calculation. The Warrant Agent shall rely, and shall be protected in so doing, upon the certificate of the Company or of the Company's Auditor and any other document filed by the Company pursuant to this section 3.13 for all purposes.

(6) If a dispute shall at any time arise with respect to adjustments provided for in section 3.13, such dispute shall, absent manifest error, be conclusively determined by the Company's Auditors, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors and any further determination, absent manifest error, shall be binding upon the Company, the Warrant Agent and the Warrantholders

(7) If the Company shall set a record date to determine the holders of the Common Shares for the purpose of entitling them to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such shareholders of any such dividend, distribution, or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution, or subscription or purchase rights, then no adjustment in the Exchange Basis shall be required by reason of the setting of such record date.

(8) In the absence of a resolution of the directors fixing a record date for a Rights Offering or Special Distribution, the Company shall be deemed to have fixed as the record date therefor the date on which the Rights Offering or Special Distribution is effected.

(9) If the purchase price provided for in any Rights Offering (the "**Rights Offering Price**") is decreased, the Exchange Basis shall forthwith be changed so as to increase the Exchange Basis to such Exchange Basis as would have been obtained had the adjustment to the Exchange Basis made pursuant to subsection 3.13(2) upon the issuance of such Rights Offering been made upon the basis of the Rights Offering Price as so decreased, provided that the provisions of this subsection shall not apply to any decrease in the Rights Offering Price resulting from provisions in any such Rights Offering designed to prevent dilution if the event giving rise to such decrease in the Rights Offering Price itself requires an adjustment to the Exchange Basis pursuant to the provisions of section 3.13.

(10) As a condition precedent to the taking of any action that would require any adjustment in any of the subscription rights pursuant to any of the Warrants, including the Exchange Basis, the Company shall take any corporate action which may, in the opinion of counsel, be necessary in order that the Company have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all the shares or other securities that all the holders of such Warrants are entitled to receive on the exercise of all the subscription rights attaching thereto in accordance with the provisions thereof.

(11) The Warrant Agent shall be entitled to act and rely on any adjustment calculations by the Company or the Company's Auditors.

3.15 Postponement of Subscription

In any case where the application of section 3.13 results in an increase in the number of Common Shares that are issuable upon exercise of the Warrants taking effect immediately after the record date for a specific event, if any Warrant is exercised after that record date and prior to completion of such specific event, the Company may postpone the issuance to the Warrantholder of the Warrant Shares to which he is entitled by reason of such adjustment, but such Warrant Shares shall be so issued and delivered to that holder upon completion of that event, with the number of such Warrant Shares calculated on the basis of the number of Warrant Shares on the date that the Warrant was exercised, adjusted for completion of that event and the Company shall deliver to the person or persons in whose name or names the Warrant Shares are to be issued an appropriate instrument evidencing the right of such person or persons to receive such Warrant Shares and the right to receive any dividends or other distributions which, but for the provisions of this section 3.15, such person or persons wouldhave been entitled to receive in respect of such Warrant Shares from and after the date that the Warrant was exercised in respect thereof.

3.16 Notice of Adjustment

(1) At least 14 days prior to the effective date or record date, as the case may be, of any event which requires or might require adjustment pursuant to section 3.13, the Company shall:

(a) file with the Warrant Agent a certificate of the Company specifying the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment and the computation of such adjustment; and

(b) give notice to the Warrantholders of the particulars of such event (including the record date or the effective date for such event) and, if determinable, the required adjustment.

(2) In case any adjustment for which a notice in subsection 3.16(1) has been given isnot then determinable, the Company shall promptly after such adjustment is determinable:

(a) file with the Warrant Agent a computation of such adjustment; and

(b) give notice to the Warrantholders of the adjustment.

(3) The Warrant Agent may, absent manifest error, act and rely upon certificates and other documents filed by the Company pursuant to this section 3.16 for all purposes of the adjustment.

3.17 No Action after Notice

The Company covenants with the Warrant Agent that it will not take any other corporate action which might deprive a Warrantholder of the opportunity of exercising the rights of acquisition pursuant thereto during the period of 10 days after the giving of the notice set forth

in subsection 3.16(1) and paragraph (b) of subsection 3.16(2).

3.18 Optional Purchases by the Company

Subject to applicable law and prior approval of the TSX, if required, the Companymay from time to time purchase on any stock exchange (if then listed), in the open market, by private agreement or otherwise any of the Warrants. Any such purchase shall be made at the lowest price or prices at which, in the opinion of the board of directors of the Company, such Warrants are then obtainable, plus reasonable costs of purchase, and may be made in such manner, from such persons, and on such other terms as the Company in its sole discretion may determine. The Warrant Certificates representing the Warrants purchased pursuant to this section 3.18 shall forthwith be delivered to and cancelled by the Warrant Agent.

3.19 Protection of Warrant Agent

Subject to Article 9, the Warrant Agent shall not:

(a) at any time be under any duty or responsibility to any registered holder of Warrants to determine whether any facts exist that may require any adjustment contemplated by this Article 3, nor to verify the nature and extent of any such adjustment when made or the method employed in making the same;

(b) be accountable with respect to the validity or value or the kind or amount of any Warrant Shares that may at any time be issued or delivered upon the exercise of the Warrants;

(c) be responsible for any failure of the Company to make any cash payment upon the surrender of any Warrants for the purpose of the exercise of such rights or to comply with any of the covenants contained in this Article 3; or

(d) incur any liability or responsibility whatsoever or be in any way responsible for the consequence of any breach on the part of the Company of any of the representations, warranties or covenants of the Company or any acts or deeds of the agents or servants of the Company.

ARTICLE 4
EXERCISE OF WARRANTS

4.1 Method of Exercise of Warrants

(1) The registered holder of any Warrant may exercise the rights thereby conferred on him to acquire all or any part of the Warrant Shares to which such Warrant entitles the holder, by surrendering the Warrant Certificate representing such Warrants to the Warrant Agent at any time prior to the Time of Expiry at its principal office in the City of Toronto, Ontario (or at such additional place or places as may be decided by the Company from time to time with the approval of the Warrant Agent), with a duly completed and executed exercise form of the registered holder or his executors, administrators or other legal representative or his attorney duly appointed by an instrument in writing in the form and manner satisfactory to the Warrant Agent, substantially in the form endorsed on the Warrant Certificate specifying the number of Warrant Shares subscribed for together with a certified cheque, bank draft or money order in lawful money of Canada, payable to or to the order of the Company in an amount equal to the Exercise Price multiplied by the number of Warrant Shares subscribed for. A Warrant Certificate with the duly completed and executed exercise form and payment of the Exercise Price shall be deemed to be surrendered only upon personal delivery thereof to or, if sent bymail or other means of transmission, upon actual receipt thereof by the Warrant Agent.

(2) Any exercise form referred to in subsection 4.1(1) shall be signed by the Warrantholder, or his executors, or administrators or other legal representative or his attorney duly appointed by an instrument in writing in the form and manner satisfactory to the Warrant Agent, shall specify the person(s) in whose name such Warrant Shares are to be issued, the address(es) of such person(s) and the number of Warrant Shares to be issued to each person, if more than one is so specified. If any of the Warrant Shares subscribed for are to be issued to (a) person(s) other than the Warrantholder, the signatures set out in the exercise form referred toin subsection 4.1(1) shall be guaranteed by a Canadian Schedule I chartered bank or a medallionsignature guarantee from a member of a recognized Signature Medallion Guarantee Program and (b) the Warrantholder shall pay to the Company or the Warrant Agent all applicable transfer or similar taxes and the Company shall not be required to issue or deliver certificates evidencing Warrant Shares unless or until such Warrantholder shall have paid to the Company or the Warrant Agent on behalf of the Company the amount of such tax or shall have established to thereasonable satisfaction of the Company that such tax has been paid or that no tax is due.

(3) If, at the time of exercise of the Warrants, in accordance with the provisions of subsections 4.1(1) or (4), there are any trading restrictions on the Warrant Shares pursuant to Securities Laws or stock exchange requirements, the Company shall, on the advice of counsel, endorse any certificates or book-entry positions representing the Warrant Shares to such effect. The Warrant Agent is entitled to assume compliance with all Securities Laws unless otherwise notified in writing by the Company.

(4) A Beneficial Owner who desires to exercise his Uncertificated Warrants, must do so by causing a CDS Participant to deliver to CDS (at its office in the City of Toronto), onbehalf of the Beneficial Owner at any time prior to the Time of Expiry, a written notice of the

Beneficial Owner's intention to exercise Warrants (the "**Exercise Notice**"). Forthwith upon receipt by CDS of such notice, as well as payment for the Exercise Price, CDS shall deliver to the Warrant Agent confirmation of its intention to exercise Warrants (the "**Confirmation**") in a manner acceptable to the Warrant Agent, including by electronic means through the Book- Based System. CDS will initiate the exercise by way of the Confirmation and forward the aggregate Exercise Price electronically to the Warrant Agent and the Warrant Agent will execute the exercise by issuing to CDS through the Book-Based System the Warrant Shares to which the exercising Beneficial Owner is entitled pursuant to the exercise. Any expense associated with the preparation and delivery of Exercise Notices will be for the account of the Beneficial Owner exercising the Warrants.

By causing a CDS Participant to deliver notice to CDS, a Beneficial Owner shall be deemed to have irrevocably surrendered his Warrants so exercised and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise and the receipt of WarrantShares in connection with the obligations arising from such exercise.

Any notice which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the exercise to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS Participant to exercise or to give effect to the settlement thereof in accordance with the Beneficial Owner's instructions will not give rise to any obligations or liability on the part of the Company or Warrant Agent to the CDS Participant or the Beneficial Owner.

4.2 No Fractional Warrant Shares

Under no circumstances shall the Company be obliged to issue any fractional Warrant Shares or any cash or other consideration in lieu thereof upon the exercise of one or more Warrants. To the extent that the holder of one or more Warrants would otherwise have been entitled to receive on the exercise or partial exercise thereof a fraction of a Warrant Share, that holder may exercise that right in respect of the fraction only in combination with another Warrant or Warrants that in the aggregate entitle the holder to purchase a whole number of Warrant Shares; otherwise fractional Warrant Shares shall be rounded down to the nearest whole number of Warrant Shares without compensation therefor.

4.3 Effect of Exercise of Warrants

(1) Upon compliance by the Warrantholder with the provisions of section 4.1, the Warrant Shares subscribed for shall be deemed to have been issued and the person to whom such Warrant Shares are to be issued shall be deemed to have become the holder of record of such Warrant Shares on the Exercise Date unless the transfer registers of the Company for the Common Shares shall be closed on such date, in which case the Warrant Shares subscribed for shall be deemed to have been issued and such person shall be deemed to have become the holder of record of such Warrant Shares on the date on which such transfer registers are reopened.

(2) Within three Business Days following the due exercise of a Warrant pursuant to section 4.1 and forthwith after the Time of Expiry, the Warrant Agent shall deliver to the Company a notice setting forth the particulars of all Warrants exercised, if any, and the persons in whose names the Warrant Shares are to be issued (as applicable) and the addresses of suchholders of the Warrant Shares.

(3) Within five Business Days of the due exercise of a Warrant pursuant to section 4.1, the Company shall cause the Transfer Agent to issue, within such five Business Dayperiod, to CDS through the Book-Based System the Warrant Shares to which the exercising Warrantholder is entitled pursuant to the exercise or mail to the person in whose name the Warrant Shares so subscribed for are to be issued, as specified in the exercise form completedon the Warrant Certificate, at the address specified in such exercise form, a certificate or certificates for the Warrant Shares to which the Warrantholder is entitled and, if applicable, shall cause the Warrant Agent to mail a Warrant Certificate representing any Warrants not then exercised.

4.4 Cancellation of Warrants

All Warrants surrendered to the Warrant Agent pursuant to sections 3.6, 3.8(2), 3.10, 3.18 or 4.1 shall be cancelled by the Warrant Agent and the Warrant Agent shall record the cancellation of such Warrants on the register of holders maintained by the Warrant Agent pursuant to subsection 3.8(1). The Warrant Agent shall, if required by the Company, furnish the Company with a certificate identifying the Warrants so cancelled. All Warrants that have been duly cancelled shall be without further force or effect whatsoever.

4.5 Subscription for less than Entitlement

The holder of any Warrant may subscribe for and purchase a whole number of Warrant Shares that is less than the number that the holder is entitled to purchase pursuant to a surrendered Warrant. In such event, the holder thereof shall be entitled to receive a new Warrant Certificate, if applicable, in respect of the balance of Warrants that were not then exercised.

4.6 Expiration of Warrant

After the Time of Expiry, all rights under any Warrant in respect of which the right of subscription and purchase herein and therein provided for shall not theretofore have beenexercised shall wholly cease and terminate and such Warrant shall be void and of no effect.

4.7 Restrictions Related to U.S. Securities Laws

(1) The Warrants may not be exercised except in compliance with section 4.7(2). The Warrant Agent shall be entitled to rely upon the registered address of the Warrantholder as set forth in such Warrantholder's register for the purchase of Units in determining whether the address is in the United States or the Warrantholder is a U.S. Person.

(2) Upon an request by any holder seeking to exercise any Warrants represented by aWarrant Certificate:

(a) A registration statement covering the issuance of the Warrant Shares under the U.S. Securities Act must be effective at the time of such exercise (the Company agrees to take all commercially reasonable actions to evidence such effectivenessto the Warrant Agent upon request); or

(b) Such holder shall provide to the Company either:

(i) a written certification that such holder (i) at the time of exercise of the Warrants is not in the United States; (ii) is not a U.S. Person and is not exercising the Warrants on behalf of a U.S. Person or person in the United States; (iii) did not execute or deliver the exercise form for the Warrants in the United States; and (iv) has in all other aspects complied with the terms of Regulation S (which written certification shall be deemed delivered by checking Box 1 in the Exercise Form attached to the Warrant, as provided for in Schedule A hereof);

(ii) a written certification that the holder is an "accredited investor" as defined in Rule 501(a) of Regulation D and has delivered to the Company and the Company's transfer agent a completed and executed U.S. Warrantholder Letter in substantially the form attached to this Warrant Indenture as Schedule "C"; or

(iii) a written opinion of counsel of recognized standing in form and substance satisfactory to the Company and the Warrant Agent to the effect that an exemption from the registration requirements of the U.S. Securities Act is available for the issuance of the Warrant Shares issuable on exercise of the Warrants.

(3) No Warrant Shares will be registered or delivered to an address in the United States unless the holder of Warrants complies with the requirements of paragraph (a) or (b) of this subsection 4.7(2).

ARTICLE 5
COVENANTS

5.1 General Covenants of the Company

The Company represents, warrants and covenants with the Warrant Agent for the benefit of the Warrant Agent and the Warrantholders that:

(1) The Company will at all times, so long as any Warrants remain outstanding, maintain its existence, unless otherwise inconsistent with the fiduciary duties of the board of directors of the Company.

(2) The Company is duly authorized to create and issue the Warrants to be issued hereunder and the Warrants, when issued, Authenticated and certified, as applicable, will be legal, valid, binding and enforceable obligations of the Company.

(3) For so long as the Company is a reporting issuer or equivalent in Canada, it will make all requisite filings under applicable Canadian Securities Laws including those necessary to remain a reporting issuer not in default in each of the provinces and other jurisdictions where it is or becomes a reporting issuer provided that the Company shall not be required to comply with this Section following the completion of, and this Section shall not be construed as limiting or restricting the Company

to agree to, a merger, amalgamation, arrangement, business combination, take-over bid or like transaction even if the consideration being offered are not securities that are so listed and posted for trading that would result in the Company ceasing to be a reporting issuer.

(4) Subject to section 3.13, the Company will allot and reserve and keep available a sufficient number of Warrant Shares for issuance upon the exercise of Warrants issued by the Company.

(5) The Company will cause the Warrant Shares from time to time subscribed for pursuant to the Warrants issued by the Company hereunder, in the manner herein provided, to be duly issued in accordance with the Warrants and the terms hereof.

(6) The Company will cause any certificates representing the Warrant Shares from time to time to be acquired, pursuant to the Warrants in the manner herein provided, to be duly issued and delivered in accordance with the Warrants and the terms hereof.

(7) All Warrant Shares that shall be issued by the Company upon exercise of the rights provided for herein shall be issued as fully paid and non-assessable Common Shares.

(8) The Company will perform and carry out all of the acts or things to be done by it as provided in this Indenture.

(9) The Company will use its commercially reasonable efforts to cause the Warrant Agent to keep open the register of Warrantholders during the Warrant Agent's regular business hours and will not take any action or omit to take any action which would have the effect of preventing the Warrantholders from receiving any of the Warrant Shares issuable upon exercise of the Warrants.

(10) The Company will promptly notify the Warrant Agent and the Warrantholders inwriting of any default under the terms of this Indenture which remains unrectified for more than5 days following its occurrence.

5.2 Cannabis Compliance

(1) To the extent that the Company currently has cannabis-related activities or interests, the Company represents, warrants and agrees that, in addition to any other representation and warranty in this Indenture:

(a) its Cannabis Permits are in good standing and it has all permits and licences required by any Canadian or other applicable Governmental Authority that are necessary to lawfully conduct or maintain, directly or indirectly, its cannabis- related activities and interests;

(b) it does not have or hold cannabis or cannabis-related operations or interests in the United States of America (including, without limiting the generality of the foregoing, royalty entitlements or investments in a cannabis business), or sell or distribute cannabis into the United States of America; and

(c) it does not have or hold cannabis or cannabis-related operations or interests in anyother country (including, without limiting the generality of the foregoing, royalty entitlements or investments in a cannabis business) where the production, distribution or possession of cannabis is prohibited as a matter of the law of the applicable country.

(2) To the extent that the Company has cannabis-related activities or interests now or in the future, the Company covenants and agrees that, in addition to any other covenant or obligation in this Indenture, it shall:

(a) upon the reasonable request of the Warrant Agent, promptly provide to the Warrant Agent any (i) existing Cannabis Permits; and, (ii) other permits and licences required by any other applicable Governmental Authority that it currentlyholds;

(b) obtain any applicable Cannabis Permits that are required to undertake such cannabis related activities;

(c) at all times keep and maintain in good standing its Cannabis Permits, and shall notify the Warrant Agent of any breach of this requirement immediately upon obtaining knowledge thereof;

(d) ensure at all times that it continues to have all permits and licences required byany Canadian or other applicable Governmental Authority that are necessary to lawfully conduct or maintain, directly or indirectly, its cannabis-related activities and interests;

(e) notify the Warrant Agent immediately of, and provide it with a copy of, any and all correspondence and notices that could reasonably be expected to result in aloss of, or a penalty or other sanction under, any Cannabis Permit or applicable law;

(f) deliver to the Warrant Agent, (i) at any reasonable time upon demand by the Warrant Agent; and, (ii) in any event, immediately upon the breach of any representation, warranty or covenant contained in this Article, an Officer's Certificate as to the knowledge of such officer(s) of the Company's compliance or non-compliance with this Section, in each case attaching evidence of the current status of all Cannabis Permits;

(g) meet all record keeping and reporting requirements set out by all applicable Governmental Authorities, including but not limited to, keeping records of all cannabis-related activities and inventories, as well as filing ongoing reports; which, at a minimum, must include, among other things, the total amounts (i) produced; (ii) released for sale; (iii) received from other licensed producers; (iv) sold or transferred to registered clients, other licensed producers and licensed dealers; or, (v) otherwise retailed, with the associated revenues;

(h) deliver to the Warrant Agent, (i) at any reasonable time upon demand by the Warrant Agent; and, (ii) at a minimum annually, an Officer's Certificate attaching

and certifying to the aggregate records described in Section 5.2(2)(g) above, for the preceding twelve (12) months;

(i) carry on and conduct its activities in accordance with all applicable laws and regulations of all Governmental Authorities in all material respects;

(j) meet all listing requirements for each stock exchange upon which it is listed relating to compliance with applicable law in all jurisdictions in which the Company has interests;

(k) in no event, acquire or hold cannabis or cannabis-related operations or interests in the United States of America (including, without limiting the generality of the foregoing, royalty entitlements or investments in a cannabis business), or sell or distribute cannabis into the United States of America, so long as the production, distribution or possession of cannabis remains prohibited as a matter of any applicable federal, territorial or state laws of the United States of America or is prohibited as a matter of any applicable United States of America Governmental Authority; and,

(l) in no event, acquire or hold cannabis or cannabis-related operations or interests in any other country (including, without limiting the generality of the foregoing, royalty entitlements or investments in a cannabis business) if the production, distribution or possession of cannabis is prohibited as a matter of the law of the applicable country.

(3) The Company acknowledges and agrees that notwithstanding any other provision of this Indenture, any default of any provision of this Section will result in the right of the Warrant Agent, at its sole discretion, to resign as Warrant Agent effective immediately, and the Company hereby acknowledges such right of the Warrant Agent to immediately resign. For greater certainty, no cure period or advance notice is required to be given by the Warrant Agent before the Warrant Agent may exercise such discretion.

(4) The Company acknowledges and agrees, in addition to any other provision herein relating to the resignation or replacement of the Warrant Agent, that the Warrant Agent may resign as Warrant Agent and be discharged from all further duties and liabilities hereunder,without notice, if the Warrant Agent reasonably determines that (i) the Company has become unable to continue to lawfully operate any part of its cannabis or cannabis-related business or to own or maintain, directly or indirectly, its cannabis or cannabis-related investments or operations; or (ii) as a result of the Company's cannabis-related activities, the Warrant Agent would be materially prejudiced by continuing to act as Warrant Agent hereunder.

(5) The Company shall cause all of its subsidiaries to comply with the provisions of this Section as if such subsidiaries were expressly referred to in such provisions in replacement of references to the Company, *mutatis mutandis*.

5.3 Securities Qualification Requirements

If, in the opinion of counsel, any instrument is required to be filed with, or any

permission, order or ruling is required to be obtained from, any securities regulatory authority or any other step is required under any federal or provincial law of Canada before the Warrant Shares may be issued or delivered to a Warrantholder, the Company covenants that it will use its commercially reasonable efforts to file such instrument, obtain such permission, order or rulingor take all such other actions, at its expense, as is required or appropriate in the circumstances.

5.4 Warrant Agent's Remuneration and Expenses

The Company covenants that it will pay to the Warrant Agent from time to time reasonable remuneration for its services hereunder and will pay or reimburse the Warrant Agent upon its request for all reasonable expenses and disbursements of the Warrant Agent in the administration or execution of the duties and obligations hereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers, experts, accountants and assistants not regularly in its employ) both before any default hereunder and thereafter until all duties of the Warrant Agent hereunder shall be finally and fully performed. Any amount owing hereunder and remaining unpaid after 30 days from the invoice date will bearinterest at the then current rate charged by the Warrant Agent against unpaid invoices and shall be payable upon demand. This Section shall survive the resignation or removal of the Warrant Agent and/or the termination of this Indenture.

5.5 Performance of Covenants by Warrant Agent Subject to section 9.7, if the Company shall:

(a) fail to perform any of its covenants contained in this Indenture, excluding its covenants under section 5.2, and the Company has not rectified such failure within 10 Business Days after receiving written notice from the Warrant Agent of such failure; or

(b) fail to perform any of its covenants under section 5.2 of this Indenture,

the Warrant Agent may notify the Warrantholders of such failure on the part of the Company or may itself perform any of the said covenants capable of being performed by it, but shall be under no obligation to perform said covenants. All reasonable sums expended or disbursed by the Warrant Agent in so doing shall be repayable as provided in section 5.4. No such performance, expenditure or advance by the Warrant Agent shall be deemed to relieve the Company of any default hereunder or of its continuing obligations under the covenants herein contained.

ARTICLE 6
ENFORCEMENT

6.1 Suits by Warrantholders

Subject to section 7.10, all or any of the rights conferred upon a Warrantholder by the terms of the Warrants held by him and/or this Indenture may be enforced by such Warrantholder by appropriate legal proceedings but without prejudice to the right that is hereby conferred upon the Warrant Agent to proceed in its own name to enforce each and all of the provisions herein contained for the benefit of the holders of the Warrants from time to time outstanding. The Warrant Agent shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may reasonably be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Warrantholders.

6.2 Limitation of Liability

The obligations hereunder (including without limitation under subsection 9.7(5)) are not personally binding upon, nor shall resort hereunder be had to, the private property of any of the past, present or future directors or shareholders of the Company or any of the past, present or future officers, employees or agents of the Company, and only the property of the Company (or any successor person) shall be bound in respect hereof.

ARTICLE 7
MEETINGS OF WARRANTHOLDERS

7.1 Right to Convene Meetings

The Warrant Agent may at any time and from time to time, and shall on receipt ofa written request of the Company or of a Warrantholders' Request, convene a meeting of the Warrantholders provided that the Warrant Agent has been provided with sufficient funds and is indemnified to its reasonable satisfaction by the Company or by the Warrantholders signing such Warrantholders' Request against the costs, charges, expenses and liabilities that may be incurred in connection with the calling and holding of such meeting. If within 15 Business Days after the receipt of a written request of the Company or a Warrantholders' Request, and receipt of fundingand indemnity given as aforesaid, the Warrant Agent fails to give the requisite notice specified in section 7.2 to convene a meeting, the Company or such Warrantholders, as the case may be, may convene such meeting. Every such meeting shall be held in the City of Toronto, Ontario or at such other place as may be approved or determined by the Warrant Agent.

7.2 Notice

At least 21 days' prior notice of any meeting of Warrantholders shall be given to the Warrantholders at the expense of the Company in the manner provided for in section 10.2and a copy of such notice shall be delivered to the Warrant Agent unless the meeting has been called by it, and to the Company unless the meeting has been called by it. Such notice shall state the date, time and place of the meeting, the general nature of the business to be transacted and shall contain such information as is reasonably necessary to enable the Warrantholders to make a

reasoned decision on the matter, but it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article 7. The notice convening any such meeting may be signed by an appropriate officer of the Warrant Agent or of the Company or the person designated by such Warrantholders, as the case may be.

7.3 Chairman

The Warrant Agent may nominate in writing an individual (who need not be a Warrantholder) to be chairman of the meeting and if no individual is so nominated, or if the individual so nominated is not present within 15 minutes after the time fixed for the holding of the meeting, the Warrantholders present in person or by proxy shall appoint an individual presentto be chairman of the meeting. The chairman of the meeting need not be a Warrantholder.

7.4 Quorum

Subject to the provisions of section 7.11, at any meeting of the Warrantholders a quorum shall consist of two Warrantholders present in person or represented by proxy and representing at least 20% of the aggregate number of Warrants then outstanding. If a quorum of the Warrantholders shall not be present within one-half hour from the time fixed for holding any meeting, the meeting, if summoned by the Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day) at the same time and place to the extent possible and, subject to the provisions of section 7.11, no notice of the adjournment need be given. Any business may be brought before or dealt with at an adjourned meeting that might have been dealt with at the original meeting in accordance with the notice calling the same. At the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum and may transact the business for which the meeting was originally convened, notwithstanding that they may not represent at least 20% of the aggregate number of Warrants then unexercised and outstanding. No business shall be transacted at any meeting, except an adjourned meeting as described above, unless a quorum is present at the commencement of business.

7.5 Power to Adjourn

The chairman of any meeting at which a quorum of the Warrantholders is present may, with the consent of the meeting, adjourn any such meeting, and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

7.6 Show of Hands

Every question submitted to a meeting shall be decided in the first place by a majority of the votes given on a show of hands except that votes on an extraordinary resolution shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

7.7 Poll and Voting

On every extraordinary resolution, and when demanded by the chairman or by one or more of the Warrantholders acting in person or by proxy on any other question submitted to a meeting and after a vote by show of hands, a poll shall be taken in such manner as the chairman shall direct. Questions other than those required to be determined by extraordinary resolution shall be decided by a majority of the votes cast on the poll. On a show of hands, every person who is present and entitled to vote, whether as a Warrantholder or as proxy for one or more absent Warrantholders, or both, shall have one vote. On a poll, each Warrantholder present in person or represented by a proxy duly appointed by instrument in writing shall be entitled to one vote in respect of each whole Warrant then held by him. A proxy need not be a Warrantholder. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Warrants, if any, held or represented by him.

7.8 Regulations

Subject to the provisions of this Indenture, the Warrant Agent or the Company with the approval of the Warrant Agent may from time to time make and from time to time vary such regulations as it shall consider necessary or appropriate:

(a) for the deposit of instruments appointing proxies at such place and time as the Warrant Agent, the Company or the Warrantholders convening the meeting, as the case may be, may in the notice convening the meeting direct;

(b) for the deposit of instruments appointing proxies at some approved place other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed or forwarded via facsimile before the meeting to the Company or to the Warrant Agent at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting;

(c) for the form of instrument appointing a proxy and the manner in which the form of proxy may be executed; and

(d) generally for the calling of meetings of Warrantholders and the conduct of business thereat including setting a record date for Warrantholders entitled to receive notice of or to vote at such meeting.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only persons who shall be recognized at any meeting as a Warrantholder, or be entitled to vote or be present at the meeting in respect thereof (subject to section 7.9), shall be Warrantholders or persons holding proxies of Warrantholders.

7.9 Company, Warrant Agent and Counsel may be Represented

The Company, the Warrantholders and the Warrant Agent, by their respective

directors, officers and employees and the counsel for each of the Company, the Warrantholders and the Warrant Agent may attend any meeting of the Warrantholders and speak thereat but shallnot be entitled to vote unless in their capacities as Warrantholders or proxies therefor.

7.10 Powers Exercisable by Extraordinary Resolution

In addition to all other powers conferred upon them by any other provisions of this Indenture or by law, the Warrantholders at a meeting shall have the power, subject to the TSX's approval, exercisable from time to time by extraordinary resolution:

(a) to agree to any modification, alteration, compromise or arrangement of the rights of Warrantholders and/or the Warrant Agent in its capacity as warrant agent hereunder (subject to the Warrant Agent's approval) or on behalf of the Warrantholders against the Company, whether such rights arise under this Indenture or the Warrants or otherwise;

(b) to amend, modify or repeal any extraordinary resolution previously passed or sanctioned by the Warrantholders;

(c) to direct or authorize the Warrant Agent (subject to the Warrant Agent receiving funding and indemnity to its satisfaction) to enforce any of the covenants on the part of the Company contained in this Indenture or the Warrants or to enforce any of the rights of the Warrantholders in any manner specified in such extraordinary resolution or to refrain from enforcing any such covenant or right;

(d) to waive, authorize and direct the Warrant Agent to waive any default on the part of the Company in complying with any provisions of this Indenture or the Warrants either unconditionally or upon any conditions specified in such extraordinary resolution;

(e) to restrain any Warrantholder from taking or instituting any suit, action or proceeding against the Company for the enforcement of any of the covenants on the part of the Company contained in this Indenture or the Warrants or to enforce any of the rights of the Warrantholders;

(f) to direct any Warrantholder who, as such, has brought any suit, action or proceeding to stay or discontinue or otherwise deal with any such suit, action or proceeding, upon payment of the costs, charges and expenses reasonably and properly incurred by such Warrantholder in connection therewith;

(g) to assent to any change in or omission from the provisions contained in this Indenture or any ancillary or supplemental instrument which may be agreed to by the Company, and to authorize the Warrant Agent to concur in and execute any ancillary or supplemental indenture embodying the change or omission;

(h) with the consent of the Company, such consent not to be unreasonably withheld,to remove the Warrant Agent or its successor in office and to appoint a new warrant agent or warrant agents to take the place of the Warrant Agent so removed; and

(i) to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders ofany shares or other securities of the Company.

7.11 Meaning of "Extraordinary Resolution"

(1) The expression "**extraordinary resolution**" when used in this Indenture means, subject as hereinafter in this section 7.11 and in section 7.14 provided, a resolution proposed ata meeting of Warrantholders duly convened for that purpose and held in accordance with the provisions of this Article 7 at which there are present in person or by proxy at least two Warrantholders representing at least 20% of the aggregate number of all the then outstanding Warrants and passed by the affirmative votes of Warrantholders representing not less than 66⅔% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll for such resolution.

(2) If, at any meeting called for the purpose of passing an extraordinary resolution, Warrantholders representing at least 20% of the aggregate number of all the then outstanding Warrants are not present in person or by proxy within one-half hour after the time appointed for the meeting, then the meeting, if convened by Warrantholders or on a Warrantholders' Request, shall be dissolved; but in any other case it shall stand adjourned to such day, being not less than 10 Business Days later, and to such place and time as may be appointed by the chairman. Not less than three Business Days prior notice shall be given of the time and place of such adjournedmeeting provided by press release of the Company. Such notice shall state that at the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum butit shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting the Warrantholders present in person or represented by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided in subsection 7.11(1) shall be an extraordinary resolution within the meaning of this Indenture notwithstanding that Warrantholders representing at least 20% of all the then outstanding Warrants are not present in person or represented by proxy at suchadjourned meeting.

(3) Votes on an extraordinary resolution shall always be given on a poll and no demand for a poll on an extraordinary resolution shall be necessary.

7.12 Powers Cumulative

It is hereby declared and agreed that any one or more of the powers or any combination of the powers in this Indenture stated to be exercisable by the Warrantholders by extraordinary resolution or otherwise may be exercised from time to time and the exercise of anyone or more of such powers or any combination of powers from time to time shall not be deemedto exhaust the right of the Warrantholders to exercise such powers or combination of powers then or thereafter from time to time.

7.13 Minutes

Minutes of all resolutions and proceedings at every meeting of Warrantholders as aforesaid shall be made and duly entered in books to be provided for that purpose by the Company and any minutes as aforesaid, if signed by the chairman of the meeting at which resolutions were passed or proceedings had, or by the chairman of the next succeeding meetingof the Warrantholders, shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly convened and held, and all resolutions passed thereat or proceedings taken, to have been duly passed and taken.

7.14 Instruments in Writing

All actions that may be taken and all powers that may be exercised by the Warrantholders at a meeting held as provided in this Article 7 also may be taken and exercised by Warrantholders representing a majority, or in the case of an extraordinary resolution at least 66⅔%, of the aggregate number of all the then outstanding Warrants by an instrument in writing signed in one or more counterparts by such Warrantholders in person or by attorney duly appointed in writing, and the expression "extraordinary resolution" when used in this Indenture shall include an instrument so signed.

7.15 Binding Effect of Resolutions

Every resolution and every extraordinary resolution passed in accordance with the provisions of this Article 7 at a meeting of Warrantholders shall be binding upon all Warrantholders, whether present at or absent from such meeting, and every instrument in writing signed by Warrantholders in accordance with section 7.14 shall be binding upon all the Warrantholders, whether signatories thereto or not, and each and every Warrantholder and the Warrant Agent (subject to the provisions for indemnity herein contained) shall be bound to give effect accordingly to every such resolution and instrument in writing.

7.16 Holdings by the Company or Subsidiaries of the Company Disregarded

In determining whether Warrantholders are present at a meeting of Warrantholders for the purpose of determining a quorum or have concurred in any consent, waiver, extraordinary resolution, Warrantholders' Request or other action under this Indenture, Warrants owned legally or beneficially by the Company or its Subsidiaries or in partnership of which the Company is directly or indirectly a party to shall be disregarded. The Company shall provide, upon the written request of the Warrant Agent, a certificate as to the registration particulars of any Warrants held by the Company or its Subsidiaries or in partnership of which the Company is directly or indirectly a party.

ARTICLE 8
SUPPLEMENTAL INDENTURES AND SUCCESSOR COMPANIES

8.1 Provision for Supplemental Indentures for Certain Purposes

From time to time the Company and the Warrant Agent may, subject to the provisions hereof and the TSX's approval, and they shall, when so required hereby, execute and deliver by their proper officers, indentures or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

(a) providing for the issuance of additional Warrants hereunder and any consequential amendments hereto as may be required by the Warrant Agent, relying on the advice of counsel;

(b) setting forth or giving effect to adjustments in the application of Article 3;

(c) adding to the provisions hereof such additional covenants and enforcement provisions as, in the opinion of counsel are necessary or advisable, provided that the same are not in the opinion of the Warrant Agent, relying on the advice of counsel, prejudicial to the interests of the Warrantholders as a group;

(d) giving effect to any extraordinary resolution passed as provided in Article 7;

(e) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder provided that such provisions are not, in the opinion of the Warrant Agent, relying on the advice of counsel, prejudicial to the interests of the Warrantholders as a group;

(f) adding to or amending the provisions hereof in respect of the transfer of Warrants,making provision for the exchange of Warrants and making any modification in the form of the Warrant Certificate that does not affect the substance thereof;

(g) amending any of the provisions of this Indenture or relieving the Company from any of the obligations, conditions or restrictions herein contained, provided thatno such amendment or relief shall be or become operative or effective if, in the opinion of the Warrant Agent, relying on the advice of counsel, such amendment or relief impairs any of the rights of the Warrantholders as a group or of the Warrant Agent, and provided further that the Warrant Agent may in its sole discretion decline to enter into any supplemental indenture that in its opinion may not afford adequate protection to the Warrant Agent when the same shall become operative;

(h) providing added protection or benefit to the Company or the Warrantholders (as a group); and

(i) for any other purpose not inconsistent with the terms of this Indenture, including the correction or rectification of any ambiguities, defective or inconsistent provisions, errors, mistakes or clerical omissions herein, provided that, in the

opinion of the Warrant Agent, relying on the advice of counsel, the rights of the Warrant Agent and the Warrantholders as a group are in no way prejudiced thereby.

8.2 Successor Companies

In the case of the amalgamation, consolidation, arrangement, merger or transfer of the undertaking or assets of the Company as an entirety or substantially as an entirety to another person (a "**successor company**"), the successor company resulting from the amalgamation, consolidation, arrangement, merger or transfer (if not the Company) shall be bound by the provisions hereof and all obligations for the due and punctual performance and observance of each and every covenant and obligation contained in this Indenture to be performed by the Company and the successor company shall by supplemental indenture satisfactory in form and substance to the Warrant Agent and executed and delivered by the successor company to the Warrant Agent, expressly assume those obligations.

ARTICLE 9
CONCERNING THE WARRANT AGENT

9.1 Indenture Legislation

(1) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of Applicable Legislation, such mandatory requirement shall prevail.

(2) The Company and the Warrant Agent agree that each will at all times in relation to this Indenture and any action to be taken hereunder observe and comply with and be entitled to the benefit of Applicable Legislation.

9.2 Rights and Duties of Warrant Agent

(1) The Warrant Agent accepts the duties and responsibilities under this Indenture, solely as custodian, bailee and agent. No trust is intended to be, or is or will be, created hereby and the Warrant Agent shall owe no duties hereunder as a trustee.

(2) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Warrant Agent shall act honestly and in good faith and shall exercise the degree of care, diligence and skill that a reasonably prudent warrant agent would exercise in comparable circumstances. No provision of this Indenture shall be construed to relieve the Warrant Agent from liability for its own gross negligence, wilful misconduct, bad faith or fraud.

(3) The Warrant Agent shall not be bound to do or take any act, action or proceeding for the enforcement of any of the obligations of the Company under this Indenture unless and until it shall have received a Warrantholders' Request specifying the act, action or proceeding that the Warrant Agent is requested to take. The obligation of the Warrant Agent to commence or continue any act, action or proceeding for the purpose of enforcing any rights of the Warrant Agent or the Warrantholders hereunder shall be conditional upon the Warrantholders furnishing, when required by notice in writing by the Warrant Agent, sufficient funds to commence or continue such act, action or proceeding and an indemnity reasonably satisfactory to the Warrant Agent and

its counsel to protect and hold harmless the Warrant Agent, its officers, directors, employees, agents, successors and assigns against the costs, charges and expenses and liabilitiesto be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this Indenture shall require the Warrant Agent to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified and funded as aforesaid.

(4) The Warrant Agent may, before commencing any act, action or proceeding, or at any time during the continuance thereof require the Warrantholders at whose instance it is acting to deposit with the Warrant Agent the Warrants held by them, for which Warrants the Warrant Agent shall issue receipts.

(5) Every provision of this Indenture that, by its terms, relieves the Warrant Agent ofliability or entitles it to rely upon any evidence submitted to it is subject to the provisions of Applicable Legislation, this section 9.2 and section 9.3.

(6) The Warrant Agent shall not be bound to give any notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereunder unless and until it shall have been required to do so under the terms hereof; nor shall the Warrant Agent be required to take notice of any default hereunder, unless and until notified in writing of such default, which notice shall specifically set out the default desired to be brought to the attention of the Warrant Agent and in the absence of such notice the Warrant Agent may for all purposes of this Indenture conclusively assume that no default has occurred or been made in the performance or observance of the representations, warranties and covenants, agreements or conditions herein contained. Any such notice shall in no way limit any discretion herein given to the Warrant Agent to determine whether or not the Warrant Agent shall take action with respect to any default.

(7) In this Indenture, whenever confirmations or instructions are required to be given to the Warrant Agent, in order to be valid, such confirmations and instructions shall be in writing.

9.3 Evidence, Experts and Advisers

(1) In addition to the reports, certificates, opinions and other evidence required by this Indenture, the Company shall furnish to the Warrant Agent such additional evidence of compliance with any provision hereof and in such form as may be prescribed by Applicable Legislation or as the Warrant Agent may reasonably require by written notice to the Company.

(2) In the exercise of its rights and duties hereunder, the Warrant Agent may, if it is acting in good faith, act and rely absolutely as to the truth of the statements and the accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports, written requests, consents, or orders of the Company, certificates of the Company or other evidence furnished to the Warrant Agent pursuant to any provision hereof or of Applicable Legislation or pursuant to a request of the Warrant Agent. The Warrant Agent shall be under no responsibility in respect of the validity of this Indenture or the execution and delivery hereof by or on behalf of the

Company or in respect of the validity or the execution of any Warrant Certificate by the Company and issued hereunder, nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Indenture or in any such Warrant Certificate; nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any securities to be issued upon the right to acquire provided for in this Indenture and/or in any Warrant or as to whether any securities will when issued be duly authorized or be validly issued and fully paid and non-assessable.

(3) Whenever Applicable Legislation requires that evidence referred to in subsection 9.3(1) be in the form of a statutory declaration, the Warrant Agent may accept the statutory declaration in lieu of a certificate of the Company required by any provision hereof. Any such statutory declaration may be made by one or more of the directors or officers of the Company and may be relied upon by the Warrant Agent in good faith without further inquiry.

(4) Proof of the execution of an instrument in writing, including a Warrantholders' Request, by any Warrantholder may be made by a certificate of a notary public or other person with similar powers that the person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution or in any other manner which the Warrant Agent may consider adequate and in respect of a corporate Warrantholder, shall include a certificate of incumbency of such Warrantholder together with a certified resolution authorizing the person who signs such instrument to sign such instrument.

(5) The Warrant Agent may act and rely and shall be protected in acting and relying upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter, or other paper document believed by it to be genuine and to have been signed, sent or presented by or on behalf of the proper party or parties. The Warrant Agent has sole discretion and shall be protected in acting and relying upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter or other paper document received in facsimile or e-mail form.

(6) The Warrant Agent may employ or retain such counsel, accountants, engineers, appraisers or other experts or advisers as it may reasonably require for the purpose of determining and discharging its duties hereunder and may pay reasonable remuneration for all services so performed by any of them, without taxation of costs of any counsel and shall not be responsible for any misconduct on the part of any of them who has been selected with due care by the Warrant Agent. Any reasonable remuneration paid by the Warrant Agent shall be paid by the Company in accordance with section 5.4.

(7) The Warrant Agent may act and rely and shall be protected in acting and relying in good faith on the opinion or advice of or information obtained from any counsel, accountant, appraiser, engineer or other expert or advisor, whether retained or employed by the Company or the Warrant Agent, in relation to any matter arising in fulfilling its duties and obligations hereof.

(8) The Warrant Agent may, as a condition precedent to any action to be taken by it under this Indenture, require such opinions, statutory declarations, reports, certificates or other evidence as it, acting reasonably, considers necessary or advisable in the circumstances.

(9) The Warrant Agent is not required to expend or place its own funds at risk in executing its duties and obligations.

9.4 Securities, Documents and Monies Held by Warrant Agent

Any securities, documents of title, monies or other instruments that may at any time be held by the Warrant Agent subject to the duties and obligations hereof, for the benefit of the Company, may be placed in the deposit vaults of the Warrant Agent or of any Schedule I Canadian chartered bank for safekeeping with any such bank (an "**Approved Bank**"). Allinterest or other income received from the Warrant Agent in respect of such deposits and investments shall, subject to section 5.4, belong to the Company and shall be paid to the Company upon discharge of this Indenture. All amounts held by the Warrant Agent pursuant to this Agreement shall be held by the Warrant Agent for the Company and the delivery of the funds to the Warrant Agent shall not give rise to a debtor-creditor or other similar relationship. The amounts held by the Warrant Agent are at the sole risk of the Company and, without limiting the generality of the foregoing, but subject to Section 9.2(2), the Warrant Agent shall have no responsibility or liability for any diminution of the funds which may result from any depositmade with an Approved Bank pursuant to this section, including any losses resulting from a default by the Approved Bank or other credit losses (whether or not resulting from such a default). The parties hereto acknowledge and agree that the Warrant Agent will have acted prudently in depositing the funds at any Approved Bank, and that the Warrant Agent is not required to make further inquiries in respect of any such bank. The Warrant Agent may hold cash balances constituting part or all such monies and need not invest same. The Warrant Agent shall not be liable to account for any profit to any parties to this Indenture or to any other person or entity.

9.5 Actions by Warrant Agent to Protect Interests

Subject to the provisions of this Indenture and Applicable Legislation, the Warrant Agent shall have the power to institute and to maintain such actions and proceedings as it may consider necessary or expedient to preserve, protect or enforce its interests and the interests of the Warrantholders.

9.6 Warrant Agent not Required to Give Security

The Warrant Agent shall not be required to give any bond or security in respect ofthe execution of the duties and obligations of this Indenture or otherwise.

9.7 Protection of Warrant Agent

By way of supplement to the provisions of any law for the time being relating to warrant agents, it is expressly declared and agreed as follows:

(1) The Warrant Agent shall not be liable for or by reason of any representations, statements of fact or recitals in this Indenture or in the Warrants (except the representation contained in section 9.9 or in the certificate of the Warrant Agent on the Warrants) or be required to verify the same and all such statements of fact or recitals are and shall be deemed to

be made by the Company (except the representation contained in section 9.9 or in the certificateof the Warrant Agent on the Warrants).

(2) Nothing herein contained shall impose any obligation on the Warrant Agent to see to or to require evidence of the registration or filing (or renewal thereof) of this Indenture or any instrument ancillary or supplemental hereto.

(3) The Warrant Agent shall not be bound to give notice to any person or persons of the execution hereof.

(4) The Warrant Agent shall not incur any liability or responsibility whatsoever orbe in any way responsible for the consequence of any breach on the part of the Company of any of the covenants or warranties herein contained or of any acts of any directors, officers,employees, agents or servants of the Company.

(5) Without limiting any protection or indemnity of the Warrant Agent under any other provision hereof, or otherwise at law, the Company hereby agrees to indemnify and hold harmless the Warrant Agent, its affiliates and their directors, officers, agents and employees from and against any and all liabilities, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including reasonable legal or advisor fees and disbursements, of whatever kind and nature which may at any time be imposed on, incurred by or asserted against the Warrant Agent in connection with the performance of its duties and obligations hereunder, other than such liabilities, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements arising by reason of the gross negligence, wilful misconduct, bad faith or fraud ofthe Warrant Agent. This provision shall survive the resignation or removal of the WarrantAgent, or the termination of this Indenture. The Warrant Agent shall not be under any obligation to prosecute or defend any action or suit in respect of this Indenture which, in the opinion of its counsel, may involve it in expense or liability, unless the Company shall, so often as required, furnish the Warrant Agent with satisfactory indemnity and funding against such expense or liability.

(6) If any of the funds provided to the Warrant Agent hereunder are received by it in the form of an uncertified cheque or bank draft, the Warrant Agent shall delay the release of such funds and the related Warrant Shares until such uncertified cheque has cleared the financial institution upon which the same is drawn.

(7) The forwarding of a cheque or the sending of funds by wire transfer by the Warrant Agent will satisfy and discharge the liability of any amounts due to the extent of the sum represented thereby unless such cheque is not honoured on presentation, provided that in the event of the non-receipt of such cheque by the payee, or the loss or destruction thereof, the Warrant Agent, upon being furnished with reasonable evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to it, will issue to such payee a replacement cheque for the amount of such cheque.

(8) The Warrant Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Warrant Agent, in its sole judgement, determines that such act might cause it to be in non-compliance

with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Warrant Agent, in its sole judgement, determine at any time that its acting under this Warrant Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' written notice to the Company provided: (i) that the Warrant Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Warrant Agent's satisfaction within such 10-day period, then such resignation shall not be effective.

(9) The Warrant Agent shall not be liable for any error in judgment or for any act done or step taken or omitted by it in good faith or for any mistake, in fact or law, or for anything which it may do or refrain from doing in connection herewith except arising out of its own gross negligence, bad faith, willful misconduct or fraud.

(10) Notwithstanding the foregoing, or any other provision of this Indenture, any liability of the Warrant Agent shall be limited, in the aggregate, to the amount of annual retainerfees paid by the Company to the Warrant Agent under this Indenture in the 24 months immediately prior to the Warrant Agent receiving the first notice of the claim. Notwithstanding any other provision of this Indenture, and whether such losses or damages are foreseeable or unforeseeable, the Warrant Agent shall not be liable under any circumstances whatsoever for any (a) breach by any other party of Securities Laws or other rule of any securities regulatory authority, (b) lost profits or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

9.8 Replacement of Warrant Agent

(1) The Warrant Agent may resign its appointment and be discharged from allfurther duties and liabilities hereunder by giving to the Company not less than 60 days prior notice in writing or such shorter prior notice as the Company may accept as sufficient. The Warrantholders by extraordinary resolution shall have the power at any time to remove the existing Warrant Agent and to appoint a new Warrant Agent. In the event of the Warrant Agent resigning or being removed as aforesaid or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Company shall forthwith appoint a new Warrant Agent unless a new Warrant Agent has already been appointed by the Warrantholders; failing such appointment by the Company, the retiring Warrant Agent or any Warrantholder may apply to a judge of the Province of Ontario at the Company's expense, on such notice as such judge may direct, for the appointment of a new Warrant Agent; but any new Warrant Agent so appointed by the Company or by the Court shall be subject to removal as aforesaid by the Warrantholders. Any new Warrant Agent appointed under any provision of thissection 9.8 shall be a corporation authorized to carry on the business of a transfer agent or a trust company in the Province of Ontario and, if required by Applicable Legislation of any other province, in such other province. On any such appointment the new Warrant Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originallynamed herein as Warrant Agent without any further assurance, conveyance, act or deed; but there shall be immediately executed, at the expense of the Company, all such conveyances or other instruments as may, in the opinion of counsel, be necessary or advisable for the purpose ofassuring the same to the new Warrant

Agent, provided that any resignation or removal of the Warrant Agent and appointment of a successor Warrant Agent shall not become effective until the successor Warrant Agent shall have executed an appropriate instrument accepting such appointment and, at the request of the Company, the predecessor Warrant Agent, upon payment of its outstanding remuneration and expenses, shall execute and deliver to the successor WarrantAgent an appropriate instrument transferring to such successor Warrant Agent all rights and powers of the Warrant Agent hereunder and all securities, documents of title and other instruments and all monies and properties held by the Warrant Agent hereunder.

(2) Upon the appointment of a successor Warrant Agent, the Company shall promptly notify the Warrantholders thereof in the manner provided for in section 10.1.

(3) Any corporation into or with which the Warrant Agent may be merged or consolidated or amalgamated, or to which all or substantially all of the corporate trust businessis sold or any corporation succeeding to the stock transfer business of the Warrant Agent, shall be the successor to the Warrant Agent hereunder without any further act on its part or of any of the parties hereto, provided that such corporation would be eligible for appointment as a new Warrant Agent under subsection 9.8(1).

(4) Any Warrants Authenticated or certified but not delivered by a predecessor Warrant Agent may be Authenticated or certified by the new or successor Warrant Agent in the name of the predecessor or the new or successor Warrant Agent.

9.9 Conflict of Interest

(1) The Warrant Agent represents to the Company that at the time of execution and delivery hereof no material conflict of interest exists which it is aware of in the Warrant Agent'srole hereunder and agrees that in the event of a material conflict of interest arising which it becomes aware of hereafter it will, within 90 days after ascertaining that it has such a material conflict of interest, either eliminate the same or resign its appointment hereunder. If any such material conflict of interest exists or hereafter shall exist, the validity and enforceability of this Indenture and the Warrants shall not be affected in any manner whatsoever by reason thereof.

(2) Subject to subsection 9.9(1), the Warrant Agent, in its personal or any other capacity, may buy, lend upon and deal in securities of the Company and generally may contract and enter into financial transactions with the Company or any Subsidiary without being liable toaccount for any profit made thereby.

9.10 Acceptance of Duties and Obligations

The Warrant Agent hereby accepts the duties and obligations in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and agrees to hold all rights, interests and benefits contained herein on behalf of those persons who become holders of Warrants from time to time issued under this Indenture.

9.11 Warrant Agent not to be Appointed Receiver

The Warrant Agent and any person related to the Warrant Agent shall not be appointed a receiver or receiver and manager or liquidator of all or any part of the assets or

undertaking of the Company or any Subsidiary or any partnership of which the Company is directly or indirectly involved.

9.12 Authorization to Carry on Business

The Warrant Agent represents to the Company that it is registered to carry on the business of a transfer agent and warrant agent under Applicable Legislation in the Province of Ontario.

9.13 Securities Exchange Commission Certification

The Company represents and warrants that it is filing with the U.S. Securities and Exchange Commission ("SEC") as a Foreign Private Issuer (as such term is defined in the Securities Exchange Act of 1934) and has delivered to the Warrant Agent an Officers' Certificate certifying such "reporting issuer" status and other information as the Warrant Agent has requested, including, but not limited to, the Central Index Key that has been assigned for filing purposes. Should the Company cease to file as a Foreign Private Issuer, the Company covenants to deliver to the Warrant Agent an Officers' Certificate (in a form provided by the Warrant Agent certifying a change in "reporting issuer" status and such other information as the Warrant Agent may require at such given time. The Company understands that the Warrant Agent is relying upon the foregoing representation, warranty and covenant in order to meet certain SEC obligations with respect to those clients who are filing with the SEC.

ARTICLE 10
GENERAL

10.1 Notice to the Company and the Warrant Agent

(1) Unless herein otherwise expressly provided, any notice to be given hereunder to the Company or the Warrant Agent shall be deemed to be validly given if delivered, if sent by registered letter, postage prepaid or if transmitted by facsimile or email to the following addresses or facsimile numbers:

(a) If to the Company, to:

APHRIA INC.
1 Adelaide Street East, Suite 2310Toronto,
Ontario M5C 2V9

(b) If to the Warrant Agent, to:

COMPUTERSHARE TRUST COMPANY OF CANADA
100 University Avenue, 8th Floor,Toronto,
Ontario M5J 2Y1

Attention: Manager,
Corporate Trust
Facsimile: 416-
981-9777
Email: corporatetrust.toronto@computershare.com

and any notice given in accordance with the foregoing shall be deemed to have been received on the date of delivery if that date is a Business Day or, if mailed, on the fifth Business Day following the date of the postmark on such notice or, if transmitted by facsimile or email, on the next Business Day following the date of transmission.

(2) The Company or the Warrant Agent, as the case may be, may from time to time notify the other in the manner provided in subsection 10.1(1) of a change of address which, from the effective date of such notice and until changed by like notice, shall be the address ofthe Company or the Warrant Agent, as the case may be, for all purposes of this Indenture. A copy of any notice of change of address given pursuant to this subsection 10.1(2) shall be available for inspection at the principal office of the Warrant Agent in the City of Toronto, Ontario by Warrantholders during normal business hours.

(3) If, by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrant Agent or to the Company hereunder could reasonably be considered unlikely to reach its destination, the notice shall be valid and effective only if it is delivered to an officer of the party to which it is addressed or if itis delivered to that party at the appropriate address provided in subsection 10.1(1) by facsimile, email or other means of prepaid, transmitted or recorded communication and any notice delivered in accordance with the foregoing shall be deemed to have been received on the date ofdelivery to the officer or if delivered by facsimile, email or other means of prepaid, transmitted, recorded communication on the first Business Day following the date of the sending of the notice by the person giving the notice.

10.2 Notice to the Warrantholders

(1) Any notice to the Warrantholders under the provisions of this Indenture shall be deemed to be validly given if the notice is sent by prepaid mail or, if delivered by hand, to the holders at their addresses appearing in the register of holders or if otherwise given in the mannerspecified herein. Any notice so delivered shall be deemed to have been received on the date of delivery if that date is a Business Day or the Business Day following the date of delivery if suchdate is not a Business Day or on the third Business Day if delivered by mail. All notices may be given to whichever one of the Warrantholders (if more than one) is named first in the appropriate register hereinbefore mentioned, and any notice so given shall be sufficient notice toall Warrantholders and any other persons (if any) interested in such Warrants. Accidental error or omission in giving notice or accidental failure to mail notice to any Warrantholder will not invalidate

any action or proceeding founded thereon.

(2) If, by reason of strike, lockout or other work stoppage, actual or threatened, involving postal employees, any notice to be given to the Warrantholders could reasonably be considered unlikely to reach its destination, the notice may be given in a news release disseminated through a newswire service, filed on SEDAR and posted on the Company's website; provided that in the case of a notice convening a meeting of the holders of Warrants, the Warrant Agent may require such additional publications of that notice, in Toronto, Ontario or in other cities or both, as it may deem necessary for the reasonable notification of the holders of Warrants or to comply with any applicable requirement of law or any stock exchange. Any notice so given shall be deemed to have been given on the day on which it has been published inall of the cities in which publication was required.

10.3 Privacy

Despite any other provision of this Indenture, no party hereto shall take or direct any action that would contravene, or cause the other to contravene, applicable federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**"). The Company shall, prior to transferring or causing to be transferred personal information to the Warrant Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties canrely or are not required under the Privacy Laws. The Warrant Agent shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. The Company acknowledges and agrees that the Warrant Agent may receive collect, use and disclose personal information provided to it or acquired by it in the course of its acting as agent hereunder for the purposes described above and, generally, in the manner and on the terms described in its privacy code, which the Warrant Agent shall make available on its website, www.computershare.com, or upon request, including revisions thereto. The Warrant Agent may transfer personal information to other companies in or outside of Canada that provide data processing and storage or other support in order to facilitate the services it provides.

10.4 Third Party Interests

The Company represents to the Warrant Agent that any account to be opened by, or interest to be held by the Warrant Agent in connection with this Indenture, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Warrant Agent prescribed form as to the particulars of such third party.

10.5 Discretion of Directors

Any matter provided herein to be determined by the directors in their sole discretion and determination so made will be conclusive.

10.6 Satisfaction and Discharge of Indenture

Upon the earlier of the Time of Expiry or the date by which there shall have been delivered to the Warrant Agent for exercise or cancellation in accordance with the provisions hereof all Warrants theretofore Authenticated or certified hereunder, this Indenture, except to the extent that Warrant Shares and any certificates therefor have not been issued and delivered hereunder or the Company has not performed any of its obligations hereunder, shall cease to be of further effect in respect of the Company, and the Warrant Agent, on written demand of and at the cost and expense of the Company, and upon delivery to the Warrant Agent of a certificate of the Company stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with and upon payment to the Warrant Agent of the expenses, fees and other remuneration payable to the Warrant Agent, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture. Notwithstanding the foregoing, the indemnities provided to the Warrant Agent by the Corporation hereunder shall remain in full force and effect and survive the termination of this Indenture.

10.7 Provisions of Indenture and Warrants for the Sole Benefit of Parties andWarrantholders

Nothing in this Indenture or the Warrant Certificates, expressed or implied, shall give or be construed to give to any person other than the parties hereto and the holders from time to time of the Warrants any legal or equitable right, remedy or claim under this Indenture, or under any covenant or provision therein contained, all such covenants and provisions being for the sole benefit of the parties hereto and the Warrantholders.

10.8 Ownership of Warrants

The Company and the Warrant Agent may deem and treat the Warrantholders as the absolute owner thereof for all purposes, and the Company and the Warrant Agent shall not be affected by any notice or knowledge to the contrary except where the Company or the Warrant Agent is required to take notice by statute or by order of a court of competent jurisdiction. The receipt of any such Warrantholder of the Warrant Shares which may be acquired pursuant theretoshall be a good discharge to the Company and the Warrant Agent for the same and neither the Company nor the Warrant Agent shall be bound to inquire into the title of any such holder except where the Company or the Warrant Agent is required to take notice by statute or by order of a court of competent jurisdiction.

10.9 Indenture to Prevail

To the extent of any discrepancy or inconsistency between the terms and conditions of this Indenture and the Warrant Certificate, the terms of this Indenture will prevail.

10.10 Assignment

Except as provided in subsection 9.8(3), this Indenture nor any benefits or burdens under this Indenture shall be assignable by the Company or the Warrant Agent without the prior written consent of the other party, such consent not to be unreasonably withheld. Subject to the

foregoing, this Indenture shall enure to the benefit of and be binding upon the Company and the Warrant Agent and their respective successors (including any successor byreason of amalgamation) and permitted assigns.

10.11 Counterparts and Formal Date

This Indenture may be simultaneously executed in several counterparts and by electronic means, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their dateof execution shall be deemed to bear the date set out at the top of the first page of this Indenture.

10.12 Force Majeure

No party shall be liable to the other, or held in breach of this Indenture, ifprevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.

10.13 Severability

If, in any jurisdiction, any provision of this Indenture or its application to any party or circumstance is restricted, prohibited or unenforceable, such provision will, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Indenture and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application toother parties or circumstances.

10.14 Rights of Rescission and Withdrawal for Holders

Should a Warrantholder exercise any legal, statutory, contractual or other right of withdrawal or rescission that may be available to it, and the Warrantholder's funds which were paid on exercise have already been released to the Company by the Warrant Agent, the Warrant Agent shall not be responsible for ensuring the exercise is cancelled and a refund is paid back to the Warrantholder. In such cases, the Warrantholder shall seek a refund directly from the Company and subsequently, the Company, upon surrender to the Company or the Warrant Agentof any underlying Warrant Shares or other securities that may have been issued, or such other procedure as agreed to by the parties hereto, shall instruct the Warrant Agent in writing, to cancelthe exercise transaction and any such underlying Warrant Shares or other securities on the register, which may have already been issued upon the Warrant exercise. In the event that any payment is received from the Company by virtue of the holder being a shareholder for such Warrants that were subsequently rescinded, such payment must be returned to the Company by such Warrantholder. The Warrant Agent shall not be under any duty or obligation to take any steps to ensure or enforce the return of the funds pursuant to this section, nor shall the Warrant Agent be in any other way responsible in the event that any payment is not delivered or received pursuant to this section.

Notwithstanding the foregoing, in the event that the Company provides the refund to the Warrant Agent for distribution to the Warrantholder, the Warrant Agent shall return such funds to the Warrantholder as soon as reasonably practicable, and in so doing, the Warrant Agent shall incur no liability with respect to the delivery or non-delivery of any such funds.

(***Signature page follows***)

IN WITNESS WHEREOF the parties hereto have executed this Indenture underthe hands of their proper officers in that behalf.

APHRIA INC.

Per: *"Carl Merton"*
Authorized Signing Officer

COMPUTERSHARE TRUSTCOMPANY OF CANADA

Per: *"Neil Scott"*
Authorized Signing Officer

Per: *"Danny Snider"*
Authorized Signing Officer

SCHEDULE A

FORM OF WARRANT CERTIFICATE

WARRANTS TO PURCHASE COMMON SHARESOF APHRIA INC.

(a corporation continued pursuant to the laws of Ontario)

Representing	Warrants to purchase Common Shares

Warrant Certificate Number:

CUSIP No. 03765K146ISIN No. CA03765K1460

THIS CERTIFIES that, for value received, the registered holder hereof, (the "**holder**") is entitled, at any time at or before 5:00 p.m. (Toronto time) on January 30, 2022 (the "**Expiry Time**"), to acquire, subject to adjustment in certain events, the number of common shares ("**Common Shares**") of Aphria Inc. (the "**Company**") specified above, as presently constituted, by surrendering to Computershare Trust Company of Canada (the "**Warrant Agent**") at its principal office in Toronto, Ontario, this Warrant Certificate with the duly completed and executed Exercise Form endorsed on the back of this Warrant Certificate, and accompanied by payment of $9.26 per Common Share (subject toadjustment in certain events) (the "**Warrant Exercise Price**") by certified cheque, bank draft or money order in lawful money of Canada payable to, or to the order of, the Company at par at the above-mentioned office of the Warrant Agent.

The holder of this Warrant Certificate may purchase less than the number of Common Shares which he is entitled to purchase on the exercise of the Warrants represented by this Warrant Certificate, in which event a new Warrant Certificate representing the Warrants not thenexercised will be issued to the holder.

The Warrants evidenced hereby are exercisable on or before the Expiry Time, after which time the Warrants evidenced hereby shall be deemed to be void and of no further force or effect.

This Warrant Certificate represents Warrants of the Company issued or issuable under theprovisions of a warrant indenture (which indenture together with all other instruments supplemental or ancillary thereto is herein referred to as the "**Warrant Indenture**") dated as of January 30, 2020, between the Company and the Warrant Agent, as may be amended from time to time, which contains particulars of the rights of the holders of the Warrants and the Company and of the Warrant Agent in respect thereof and the terms and conditions upon which the Warrants are issued and held, all to the same effect as if the provisions of the Warrant Indenture were herein set forth, to all of which the holder of this Warrant Certificate by acceptance hereof assents. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribedto them in the Warrant Indenture. A copy of the Warrant Indenture will be available for inspection at the principal office of the Company in the City of Toronto, Ontario. **In the event ofany conflict between the provisions contained in this Warrant Certificate and the**

provisions of the Warrant Indenture, the provisions of the Warrant Indenture shallprevail.

Upon acceptance hereof, the holder hereof hereby expressly waives the right to receive any fractional Common Shares upon the exercise hereof in full or in part and further waives the right to receive any cash or other consideration in lieu thereof. The Warrants represented by this Warrant Certificate shall be deemed to have been surrendered, and payment by certified cheque, bank draft or money order shall be deemed to have been made only upon personal delivery thereof or, if sent by post or other means of transmission, upon actual receipt thereof by the Warrant Agent at its office in the City of Toronto, Ontario.

Upon due exercise of the Warrants represented by this Warrant Certificate and paymentof the Warrant Exercise Price, the Company shall cause to be issued to the person(s) in whose name(s) the Common Shares so subscribed for (provided that if the Common Shares are to be issued to a person other than the registered holder of this Warrant Certificate, the holder's signature on the Exercise Form herein shall be guaranteed by a Schedule I Canadian chartered bank, or by a medallion signature guarantee from a member of a recognized Signature MedallionGuarantee Program and the holder shall pay to the Company or the Warrant Agent all applicable transfer or similar taxes and the Company shall not be required to issue or deliver certificates evidencing the Common Shares unless or until the holder shall have paid the Company or the Warrant Agent the amount of such tax (or shall have satisfied the Company that such tax hasbeen paid or that no tax is due)) are to be issued, the number of Common Shares to be issued to such person(s) and such person(s) shall become a holder in respect of such Common Shares with effect from the date of such exercise, and upon due surrender of this Warrant Certificate and all other documentation required, the Warrant Agent shall cause the issuance of a certificate(s) representing such Common Shares to be issued within five Business Days after the exercise of the Warrants (or portion thereof) represented hereby.

The holder acknowledges that the Warrants represented by this Warrant Certificate and the Common Shares issuable upon exercise hereof may be offered, sold or otherwise transferred only in compliance with all applicable securities laws.

No transfer of any Warrant will be valid unless entered on the register of transfers, upon surrender to the Warrant Agent of the Warrant Certificate evidencing such Warrant, duly endorsed by, or accompanied by a transfer form or other written instrument of transfer in form satisfactory to the Warrant Agent executed by the registered holder or his executors, administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Warrant Agent. Subject to the provisions of the Warrant Indenture and upon compliance with the reasonable requirements of the Warrant Agent, Warrant Certificates may be exchanged for Warrant Certificates representing in the aggregate an equal number of Warrants. The Company and the Warrant Agent may treat the registered holder of this Warrant Certificate for all purposes as the absolute owner hereof. The holding of the Warrants represented by this Warrant Certificate shall not constitute the holder hereof a holder of Common Shares nor entitle him to any right or interest in respect thereof except as herein and in the Warrant Indenture expressly provided.

The Warrant Indenture provides for adjustment in the number of Common Shares to be delivered upon exercise of the right of purchase hereby granted and to the Warrant Exercise Price in certain events therein set forth.

The Warrant Indenture contains provisions making binding upon all holders of Warrants outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments in writing signed by the Warrantholders holding a specified percentage of the then outstanding Warrants.

The Warrants and the Warrant Indenture shall be governed by and performed, construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and shall be treated in all respects as Ontario contracts. Time shall be of the essence hereof and of the Warrant Indenture.

The Company may from time to time at any time prior to the Expiry Time purchase any of the Warrants by private agreement or otherwise.

This Warrant Certificate shall not be valid for any purpose until it has been certified by or on behalf of the Warrant Agent for the time being under the Warrant Indenture.

All dollar amounts herein are expressed in the lawful money of Canada.

IN WITNESS WHEREOF the Company has caused this Warrant Certificate to be signed by its duly authorized officer as of this_____day of , 20_.

APHRIA INC.

By: _____
Authorized Signing Officer

Certified this day of

COMPUTERSHARE TRUSTCOMPANY OF CANADA

By: _____
Authorized Signing Officer

EXERCISE FORM

TO: APHRIA INC.

AND TO: COMPUTERSHARE TRUST COMPANY OF CANADA
100 University Avenue, 8th Floor,Toronto,
Ontario M5J 2Y1

The undersigned holder of the within Warrants hereby irrevocably exercises the right of such holder to be issued and hereby subscribes for Common Shares of Aphria Inc. (the "**Company**") at the Warrant Exercise Price referred to in the attached Warrant Certificate on the terms and conditions set forth in such certificate and the Warrant Indenture and encloses herewith a certified cheque, bank draft or money order in lawful money of Canada payable to, or to the order of, the Company at par in payment in full of the subscription price of the Common Shares hereby subscribed for.

Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them in the warrant indenture between the Company and Computershare Trust Company of Canada dated January 30, 2020 (the "**Warrant Indenture**").

(Please check the ONE box applicable):

•☐ 1. The undersigned certifies that it (i) is not in the United States and is not a "U.S. Person", within the meaning of Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"),
(ii) is not exercising this Warrant for the account or benefit of any U.S. Person, (iii) did not execute or deliver this Exercise Form within the United States and (iv) has in all other aspects complied with the terms of Regulation S under the U.S. Securities Act.

•☐ 3. The undersigned holder is an "accredited investor" as defined in Rule 501(a) of Regulation D and has delivered to the Company and the Company's transfer agent a completed and executed U.S. Warrantholder Letter in substantially the form attached to this Warrant Indenture asSchedule "C"

•☐ 4. The undersigned is (a) present in the United States, (b) a U.S. Person, (c)a person exercising the Warrants for the account or benefit of a U.S. Person or a person in the United States, (d) executing or delivering this exercise form in the United States, or (e) requesting delivery in the UnitedStates of the Warrant Shares, *and* the undersigned is delivering a written opinion of a United States legal counsel or evidence reasonablysatisfactory to the Company to the effect the Common Shares to be
delivered upon exercise hereof are either (i) exempt from the registration requirements of the U.S. Securities Act and applicable state securities

laws, or (ii) have been registered under the U.S. Securities Act.

The undersigned holder understands that unless Box 4 pursuant to 4(ii) above is checked, the certificate representing the Common Shares will be issued in definitive physical certificated or book-entry form and bear a legend restricting transfer without registration under the U.S. Securities Act and applicable state securities laws unless an exemption from registration is available (as described in the Warrant Indenture and the subscription documents). Holders are encouraged to consult with the Company in advance to determine that the legal opinion tendered in connection with the exercise will be satisfactory in form and substance to the Company. "**U.S. Person**" and "**United States**" are as defined under Regulation S under the U.S. Securities Act.

The undersigned hereby acknowledges that the undersigned is aware that the Common Shares received on exercise may be subject to restrictions on resale under applicable securities legislation. The undersigned hereby further acknowledges that the Company will rely upon the confirmations, acknowledgements and agreements set forth herein, and agrees to notify the Company promptly in writing if any of the representations or warranties herein ceases to be accurate or complete.

The undersigned hereby directs that the said Common Shares be issued as follows:

NAME(S) IN FULL	ADDRESS(ES)	NUMBER OF COMMON SHARES

(Please print. If securities are issued to a person other than the registered Warrantholder, the holder must pay to the Warrant Agent all applicable taxes and the signature of the holder must be guaranteed by a Schedule I Canadian chartered bank, or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program).

DATED this_____day of_____,_____.

Signature of Warrantholder

Signature Guarantee

Print name

Address

☐ Please check this box if the securities are to be delivered at the office where these Warrants are surrendered, failingwhich the securities will be mailed.

NOTES

1. Certificates will not be registered or delivered to an address in the United States unless Box 2, 3 or 4 above ischecked.

TRANSFER FORM

TO: APHRIA INC. (the "**Company**")

AND TO: COMPUTERSHARE TRUST COMPANY OF CANADA
100 University Avenue, 8th Floor,Toronto,
Ontario M5J 2Y1

FOR VALUE RECEIVED, the undersigned transferor hereby sells, assigns and transfers unto

(Transferee)

(Address)

(Social Insurance Number)

_____of the Warrants registered in the name of the undersigned transferorrepresented by the Warrant Certificate.

DATED this_____day of_____,_____.

Signature of Warrantholder

Signature Guarantee

_____
Print name

_____

_____
Address

NOTES:

1. The signature to this transfer must correspond with the name as recorded on the Warrants in every particular withoutalteration or enlargement or any change whatever. The signature of the person executing this transfer must be guaranteed by a Schedule I Canadian chartered bank, or by a medallion signature guarantee from a member of a recognized Signature Medallion Guarantee Program.

2. Warrants shall only be transferable in accordance with the Warrant Indenture between Aphria Inc. (the "**Company**") and Computershare Trust Company of Canada (the "**Warrant Agent**") dated as of January 30, 2020, applicable laws and the rules and policies of any applicable stock exchange. Without limiting the foregoing, if the Warrant

Certificate bears a legend restricting the transfer of the Warrants except pursuant to an exemption from registration under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and applicable state securities laws, this Transfer Form must be accompanied by a properly completed and executed declaration for removal of legend in the form attached as Schedule B to the Warrant Indenture or if Warrants are transferred in compliance pursuant to an exemption from the registration requirements of the U.S. Securities Act, an opinion of counsel of recognized standing, reasonably satisfactory to the Company and the Warrant Agent, to the effect that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws, together with such other documents or instruments as the Company or the Warrant Agent may require.

SCHEDULE B

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: APHRIA INC.

AND TO: COMPUTERSHARE TRUST COMPANY OF CANADA
100 University Avenue, 8th Floor,Toronto,
Ontario M5J 2Y1

The undersigned (a) acknowledges that the sale of Aphria Inc. (the "**Company**") represented by certificate number to which this declaration relates is being made in reliance on Rule 904 of Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") and (b) certifies that (1) it is not an affiliate (as defined in Rule 405 under the U.S. Securities Act) of the Company, other than a director or officer who is an affiliate solely by virtue of holding such position, (2) the offer of such securities was not made to a person in the United States and either (A) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believe that the buyer was outside the United States, or (B) the transaction was executed on or through the facilities of the TSX or another "designated offshore securities market" and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the offer and sale of such securities, (4) the sale is *bona fide* and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act), (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of the U.S. Securities Act with fungible unrestricted securities, and (6) the sale was not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Terms used herein have the meanings given to them by Regulation S.

Dated:_____ By:_____
Name:
Title:

Affirmation by Seller's Broker-Dealer

(Required for sales pursuant to Section (b)(2)(B) above)

We have read the foregoing representations of our customer, (the "**Seller**") with regard to the sale, for such Seller's account, of common shares (the "**Shares**") of the Company. We have executed sales of the Shares pursuant to Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the **"U.S. Securities Act**"), on behalf of the Seller. In that connection, we hereby represent to you as follows:

1. no offer to sell the Shares was made to a person in the United States;

2. the sale of the Shares was executed in, on or through the facilities of the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange or another designated offshore securities market (as defined in Rule 902(b) of Regulation S under the U.S. Securities Act), and, to the best of our knowledge, the sale was not pre-arranged with a buyer in the United States;

3. no "directed selling efforts" were made in the United States by the undersigned, any affiliate of the undersigned, or any person acting on behalf of the undersigned; and

4. we have done no more than execute the order or orders to sell the Shares as agent for the Seller and will receive no more than the usual and customary broker's commission that would be received by a person executing such transaction as agent.

For purposes of these representations: "**affiliate**" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the undersigned; "**directed selling efforts**" means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the Shares (including, but not be limited to, the solicitation of offers to purchase the Shares from persons in the United States); and "**United States**" means the United States of America, its territories or possessions, any State of the United States, and the District ofColumbia.

Legal counsel to the Company shall be entitled to rely upon the representations, warranties and covenants contained herein to the same extent as if this affirmation had been addressed to them.

Name of Firm

By:

Authorized Officer

DATED , 20

SCHEDULE C

FORM OF U.S. WARRANTHOLDER CERTIFICATION UPON EXERCISE OFWARRANTS

Aphria Inc.
1 Adelaide Street East, Suite 2310Toronto,
Ontario M5C 2V9

- and to -

Computershare Trust Company of Canada100
University Avenue, 8th Floor,
Toronto, Ontario M5J 2Y1as
Warrant Agent

Dear Sirs:

The undersigned is delivering this letter in connection with the purchase of common shares (the "**Common Shares**") of Aphria Inc., a corporation existing under the laws of the Province of Ontario (the "**Company**") upon the exercise of warrants of the Company ("**Warrants**"), issued under the warrant indenture, dated as of January 30, 2020 between the Company and Computershare Trust Company of Canada (which indenture together with all other instruments supplemental or ancillary thereto is herein referred to as the "**Warrant Indenture**"). Any capitalized term in this letter that is not otherwise defined herein, shall have the meaningascribed thereto in the Warrant Indenture.

The undersigned hereby represents and warrants to the Company that the undersigned, and each beneficial owner (each a "**Beneficial Owner**"), if any, on whose behalf the undersigned is exercising such Warrants, satisfies one or more of the following categories of accredited investor (**please write "W/H" for the undersigned holder, and "B/O" for each beneficial owner, if any, on each line that applies**):

(a) Any bank as defined in Section 3(a)(2) of the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the U.S. Securities Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the U.S. Securities Exchange Act of 1934 or any insurance company as defined in Section 2(a)(13) of the U.S. Securities Act; any investment company registered under the U.S. Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the U.S. Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its politicalsubdivisions, for the benefit of its employees if such plan has total assets in excess of US$5,000,000; any employee benefit plan within the meaning of the U.S. Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan

fiduciary, as defined in Section 3(21) of such Act, which is eithera bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of US$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are "accredited investors," as such term is defined in Rule 501(a) of Regulation D of the U.S. Securities Act;

(b) Any private business development company as defined in Section 202(a)(22) of the U.S. Investment Advisers Act of 1940;

(c) Any organization described in Section 501(c)(3) of the U.S. Internal Revenue Code, Corporation, Massachusetts or similar business trust, limited liability company or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of US$5,000,000;

(d) Any trust with total assets in excess of US$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person (being defined as a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment);

(e) Any director, executive officer or general partner of the Company;

(f) A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his or her purchase exceeds US$1,000,000 (for the purposes of calculating net worth: (i) the person's primary residence shall not be included as an asset; (ii) indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale and purchase of securities contemplated by the accompanying Warrant exercise form, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale and purchase of securities contemplated by the accompanying Warrant exercise form exceeds the amount outstanding 60 days before such time, other than as a result ofthe acquisition of the primary residence, the amount of such excess shall be included as a liability); and (iii) indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability);

(g) Any natural person who had an individual income in excess of US$200,000 in each of the two most recent years or joint income with that person's spouse in excess of US$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; or

(h) Any entity in which each of the equity owners meets the requirements of one of the above categories (if this alternative is checked, you must identify each equity owner and provide statements signed by each demonstrating how each qualifies as an accredited investor).

The undersigned further represents and warrants to the Company that:

1. the undersigned has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Common Shares, and the undersigned is able to bear the economic risk of loss of his or her entireinvestment;

2. the undersigned is: (i) purchasing the Common Shares for his or her own account or for the account of one or more Accredited Investors with respect to which the undersigned is exercising sole investment discretion, and not on behalf of any other person; (ii) is purchasing the Common Shares for investment purposes only and not with a view to resale, distribution or other disposition in violation of United States federal or state securities laws; and (iii) in the case of the purchase by the undersigned of the Common Shares as agent or trustee for a Beneficial Owner, the undersigned holder has due and proper authority to act as agent or trustee for and on behalf of each such Beneficial Owner in connection with the transactions contemplated hereby; provided that: (x) if the undersigned holder, or any Beneficial Owner, is a corporation, a limited liability company or a partnership, syndicate, trust or other form of unincorporated organization, the undersigned holder or each such Beneficial Owner was not incorporated or created solely, nor is it being used primarily, to permit purchases without a prospectus or registration statement under applicable law; and (y) each Beneficial Owner, if any, is an Accredited Investor;

3. the undersigned has not exercised the Warrants as a result of any form of general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio, television, the Internet or other form of telecommunications, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;

4. the funds representing the purchase price for the Common Shares, which will be advanced by the undersigned to the Company, will not represent proceeds of crime for the purposes of the United States Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (the "**PATRIOT Act**"), and the undersigned acknowledges that the Company may in the future be requiredby law to disclose the undersigned's name and other information relating to this exercise form and the undersigned's subscription hereunder, on a confidential basis, pursuant tothe PATRIOT Act. No portion of the purchase price to be provided by the undersigned (i)has been or will be derived from or related to any activity that is deemed criminal under the laws of the United States of America, or any other jurisdiction, or (ii) is being tendered on behalf of a person or entity who has not been identified to or by the undersigned, and the undersigned shall promptly notify the Company if the undersigned discovers that any of such representations ceases to be true and provide the Companywith appropriate information in connection therewith;

The undersigned also acknowledges and agrees that:

5. the Company has provided to the undersigned the opportunity to ask questions and receive answers concerning the terms and conditions of the offering, and the undersigned has had access to such information concerning the Company as he or she has considered necessary or appropriate in connection with his or her investment decision to acquire the Common Shares;

6. if the undersigned decides to offer, sell or otherwise transfer any of the Common Shares, the undersigned must not, and will not, offer, sell or otherwise transfer any of such Common Shares directly or indirectly, unless:

   (a) the sale is to the Company;

   (b) the sale is made outside the United States in a transaction meeting the requirements Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations;

   (c) the sale is made pursuant to the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144 thereunder, if available, andin accordance with any applicable state securities or "blue sky" laws; or

   (d) the Common Shares are sold in another transaction that does not require registration under the U.S. Securities Act or any applicable state laws and regulations governing the offer and sale of securities, and it has prior to such sale furnished to the Company an opinion of counsel reasonably satisfactory to the Company;

7. the Common Shares are "restricted securities" (as defined in Rule 144(a)(3) under the U.S. Securities Act) and that the U.S. Securities Act and the rules of the United States Securities and Exchange Commission provide in substance that the undersigned may dispose of the Common Shares only pursuant to an effective registration statement under the U.S. Securities Act or an exemption or exclusion therefrom;

8. the Company has no obligation to register any of the Common Shares or to take any otheraction so as to permit sales pursuant to the U.S. Securities Act (including Rule 144 thereunder);

9. the certificates representing the Common Shares as well as all certificates issued in exchange for or in substitution of therefor, until such time as is no longer required under the applicable requirements of the U.S. Securities Act and applicable state securitieslaws, will bear, on the face of such certificate, restrictive legend substantially in the form set forth in Section 2.20(2) of the Warrant Indenture; provided that if the Common Sharesare being sold outside the United States in compliance with the requirements of Rule 904 of Regulation S, such restrictive legend may be removed by providing a declaration to the registrar and transfer agent of the Company, substantially in the form annexed to the Warrant Indenture as Schedule "B" thereto (or in such other form as the Company may prescribe from time to time) and, if requested by the Company or transfer agent, an opinion of counsel, of recognized standing, in form and substance satisfactory to the Company to the effect that the transfer is in compliance with Rule 904; and provided, further, that, if any Common Shares are being sold otherwise than in accordance with Regulation S and other than to the Company, the legend may be removed by delivery to the registrar and transfer agent and the Company of an opinion of counsel, of recognized standing reasonably satisfactory to the Company, that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws;

10. the financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting

Standards Board, which differ in some respects from United States generally accepted accounting principles and, thus, may not be comparable to financial statements of United States companies;

11. there may be material tax consequences to the undersigned of an acquisition or disposition of the Common Shares, and the Company gives no opinion and makes no representation with respect to the tax consequences to the undersigned under United States, state, local or foreign tax law of the undersigned's acquisition or disposition of such securities; in particular, no determination has been made whether the Company will be a "passive foreign investment company" (commonly known as a "**PFIC**") within the meaning of Section 1297 of the United States Internal Revenue Code;

12. it consents to the Company making a notation on its records or giving instructions to any transfer agent of the Company in order to implement the restrictions on transfer set forth and described in the Warrant Exercise Form attached to the Warrant Indenture; and

13. it acknowledges and consents to the fact that the Company is collecting personal information (as that term is defined under applicable privacy legislation, including, without limitation, the Personal Information Protection and Electronic Documents Act (Canada) and any other applicable similar, replacement or supplemental provincial or federal legislation or laws in effect from time to time) of the undersigned for the purpose of facilitating the subscription for the Common Shares hereunder. The undersigned acknowledges and consents to the Company retaining such personal information for as long as permitted or required by law or business practices and agrees and acknowledges that the Company may use and disclose such personal information: (a) for internal use with respect to managing the relationships between and contractual obligations of the Company and the undersigned; (b) for use and disclosure for income tax-related purposes, including without limitation, where required by law disclosure to CanadaRevenue Agency; (c) disclosure to professional advisers of the Company in connection with the performance of their professional services; (d) disclosure to securities regulatory authorities and other regulatory bodies with jurisdiction with respect to reports of trade orsimilar regulatory filings; (e) disclosure to a governmental or other authority to which thedisclosure is required by court order or subpoena compelling such disclosure and where there is no reasonable alternative to such disclosure; (f) disclosure to any person where such disclosure is necessary for legitimate business reasons and is made with your prior written consent; (g) disclosure to a court determining the rights of the parties under this Agreement; and (h) for use and disclosure as otherwise required or permitted by law.

We acknowledge that you will rely upon our confirmations, acknowledgements and agreements set forth herein, and we agree to notify you promptly in writing if any of our representations or warranties herein ceases to be accurate or complete.

DATED_____, 20____.

_____

Name of U.S. Warrantholder (**please print**)

X

Signature of individual (if U.S. Warrantholder **is** an individual)

X

Authorized signatory (if U.S. Warrantholder is **not** an individual)

Name of authorized signatory (**please print**)

Official capacity of authorized signatory (**pleaseprint**)

Exhibit 10.40

Execution Version

1974568 ONTARIO LIMITED O/A APHRIA DIAMOND
as Borrower

- and -

APHRIA INC.
the "Parent" or "Limited Guarantor"

-and-

EACH OF THE SUBSIDIARIES OF THE BORROWER IDENTIFIED ON THE SIGNATUREPAGES HERETO AS GUARANTORS,
AND EACH ADDITIONAL SUBSIDIARY OF THE BORROWER PARTY HERETO FROM TIMETO 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

CREDIT AGREEMENT

November 29, 2019

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CREDIT AGREEMENT

This Agreement dated as of November 29, 2019 is made among:

1974568 Ontario Limited
(as Borrower)

- and -

Aphria Inc. (the “Parent” or “Limited Guarantor”)

-and-
Each of the Subsidiaries of the Borrower identified in the signature pages hereto asGuarantors 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

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

ARTICLE I - INTERPRETATION

1.01 Definitions

In this Agreement, the words and phrases set out in the CBA Model Provisions (ashereinafter 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 meaningsset 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 ofthe 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

"**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, a Bankers' Acceptance or a BA Equivalent Loan but for greater certainty does not include a Conversion or Rollover.

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

“**Agency Fee Agreement**” means an agency fee agreement dated the date hereof 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.

"**AML Legislation**" is defined in Section 5.05(a).

"**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.

"**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 toEBITDA Ratio	Prime RateAdvances	B/A and B/A EquivalentLoan
I	<1.00:1	1.00%	2.25%
II	≥ 1.00 to < 1.50:1	1.25%	2.50%
III	≥ 1.50:1 to < 2.00:1	1.50%	2.75%
IV	≥ 2.0:1 to < 2.50:1	1.75%	3.00%
V	≥ 2.50:1	2.00%	3.25%

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) for the period from the Closing Date until the delivery by the Borrower of its financial statements in respect of the first Fiscal Quarter which includes the Conversion Date and the corresponding Compliance Certificate, the Applicable Margin shall be the rate applicable to Level V in the table set forth above;

(c) subject to paragraph (b) above, changes in the Applicable Margin shall be effective on the date that the financial statements and Compliance Certificates required by Sections 5.04(a) and 5.04(c) 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;

(d) 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 inaccordance with Sections 5.04(a) and 5.04(c) 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 positiveEBITDA, as applicable); and

(e) with respect to Bankers' Acceptances outstanding on the effective date of any such change in the Applicable Margin, changes in the Applicable Margin shall become applicable thereto upon the next rollover or conversion thereof after suchchange.

"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 theirdiscretion 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.

"**Associate**" has the meaning ascribed thereto in the *Business Corporations Act* (Ontario).

"**Availment Option**" means a method of borrowing which is available to the Borrower asprovided herein.

"**BA Equivalent Loan**" means an Advance in Canadian Dollars made by a Non-BA Lender to the Borrower in respect of which the Borrower has issued a BA Equivalent Note.

"**BA Equivalent Note**" means a promissory note payable by the Borrower to a Non-BA Lender in the form of Exhibit "G" attached hereto.

"**BA Lender**" means a Lender identified in Exhibit "A" attached hereto as a Lender which will accept Bankers' Acceptances hereunder.

"**Bankers' Acceptance**" or **"B/A"** means a bill of exchange or a blank non-interest bearing depository bill as defined in the *Depository Bills and Notes Act* (Canada) drawn by the Borrower and accepted by a BA Lender in respect of which the Borrower becomes obligated to pay the face amount thereof to the holder (which may be a third party or such BA Lender) upon maturity.

"**BIA**" means the *Bankruptcy and Insolvency Act* (Canada).

"**BMO**" means the Bank of Montreal and its successors and permitted assigns.

"Borrower" means 1974568 Ontario Limited, a corporation subsisting under the laws of the Province of Ontario.

"Borrower Year-end Financial Statements" in respect of any Fiscal Year means the annual reviewed financial statements of the Borrower prepared in accordance withGAAP, 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) the 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) the thirty (30) day CDOR Rate plus one percent (1.0%) 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 CanadianPrime 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 orthe 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).

“Cannabis Act” means the *Cannabis Act*, SC 2018, c. 16, as amended or replacedfrom 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 government of Canada, any province or territory of Canada, or any agency or instrumentality of any thereof, (ii) term deposits, certificates of deposit or bankers’ acceptances of any Lender, or any bank that is not a Lender but is referred to in either Schedule I, II or III of the *BankAct* (Canada) 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 orthe 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.

"**CDOR Rate**" means on any day the annual rate of interest which is the rate determined as being the arithmetic mean of the quotations of all institutions listed in respect of the rate for Canadian Dollar denominated bankers' acceptances for the relevant period displayed and identified as such on the "Reuters Screen CDOR Page" (as defined in the International Swap Dealer Association, Inc. definitions, as modified and amended from time to time) as of 10:00 A.M. Toronto, Ontario local time on such day and, if such day isnot a Business Day, then on the immediately preceding Business Day (as adjusted by the Agent after 10:00 A.M. Toronto, Ontario local time to reflect any error in a posted rate of interest or in the posted average annual rate of interest with notice of such adjustment in reasonable detail evidencing the basis for such determination being concurrently provided to the Borrower); provided that if such rates are not available on the Reuters Screen CDOR Page on any particular day, then the CDOR Rate on that day shall be the average of the rates applicable to Canadian Dollar bankers' acceptances for the relevant period quoted for customers in Canada by the Agent as of 10:00 A.M. Toronto, Ontario local time on such day; or if such day is not a Business Day, then on the immediately preceding Business Day; and provided further that the CDOR Rate shallnot be less than zero.

"**Change of Control**" means (a) 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 the Parent, (b) the Parent ceases to Control the Borrower, (c) the Parent together with 2609733 Ontario Limited 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, (d) 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, (e) the occupation of a majorityof the seats (other than vacant seats) on the board of directors of any Credit Party by Persons who were neither (i) nominated by the board of directors of the Parent nor (ii) appointed by directors so nominated, and (f) Control of 2609733 Ontario Limited by any Person or group of Persons other than any of the existing direct and indirect shareholders of 2609733 Ontario Limited as at the Closing Date.

"Closing Date" means the date on which all conditions precedent listed in Section 7.01 have been satisfied or waived by the Lenders, as confirmed by the Agent to the Borrower in writing.

"**Collateral**" means all property, assets and undertaking of the Credit Parties, the LimitedRecourse Guarantors, 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.

"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".

"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 othersimilar 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.

"**Conversion**" means the substitution of one Availment Option for another, and does notconstitute a fresh or new Advance.

"**Conversion Date**" means November 30, 2020 or such later date as may be mutually agreed to in writing by all of the Lenders and the Borrower; provided that as of the dateof any extension of the then applicable Conversion Date, the Lenders shall be satisfied that no Default, Event of Default or Material Adverse Change shall have occurred and be continuing and the Borrower shall be in compliance with all terms and conditions herein, including all financial covenants which will apply after such date, and the Borrower shall have provided a certificate to the Agent on behalf of the Lenders confirming suchcompliance.

"**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.

"**Credit Parties**" means the Companies and the Limited 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.

"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 "definedbenefit 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 ordinarycourse of business and at reasonable levels, and the repayment of the shareholder loan with the proceeds of the Advance on the 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 periodas 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 bythe Required Lenders; and

(i) all transaction costs incurred in connection with the establishment of Facility A including all fees, costs and expenses payable on or before the 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 insuch 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.

"**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.

"**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.

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

"**Fiscal Year**" means a fiscal year of the Borrower or the Parent as the context requires 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; provided that for Fiscal Quarters ending within 12 months of the Conversion Date, Fixed Charges shall include a principal component for any period during which the Borrower was not required to make principal payments under this Agreement based upon the Borrower's principal payment obligations accruing due for subsequent financial periods. For example, if the Conversion Date occurs at the end of a Fiscal Quarter, the calculation of Fixed Charges for that Fiscal Quarter shall include a principal component equal to the scheduled principal payments required under this Agreement for the following four Fiscal Quarters. The projected component will reduce as time

passes so that, using the above example, at the end of the third Fiscal Quarter following the Conversion Date, Fixed Charges for that Fiscal Quarter shall include three Fiscal Quarters of actual principal payments and one Fiscal Quarter of projected principal payments.

“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.

“**Former Lender**” is defined in the definition of Hedging Obligations.

“**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 obligationshave 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 in effect in Canada from time to time as set forth in the opinions and pronouncements of the relevant Canadian public and private accounting boards and institutes which are applicable to the relevant Person and the circumstances as of the date of determination, consistently applied including, without limitation, International Financial Reporting Standards adopted by the Accounting Standards Board of the Chartered Professional Accountants of Canada(which have been adopted by the Credit Parties).

"**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 Closing Date 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 ofthe 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 theProject and identified as licence #LIC-KX10UDSC08-2019 issued to the Borrower pursuant to the Cannabis Act 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 HedgeAgreements.

"**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 andpermitted 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 AgriculturalMarketing 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, 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), and the *Winding-Up and Restructuring Act* (Canada).

"**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, rankingor 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, stamping fees in respect of bankers' acceptances, the difference between the proceeds received by the issuers of bankers' acceptances and the amounts payable upon the maturity thereof, issuance fees in respect of letters ofcredit, and any other charges or fees in connection with the extension of credit which aredetermined by reference to the amount of credit extended, plus standby fees in respectof 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 ofthe Borrower, the unaudited financial statements of the Borrower on a consolidated basis, and (ii) in the case of the Parent, the unaudited financial statements of the Parent on a consolidated basis, and in each case the management prepared interim operating statements of the other Companies (in the case of the Borrower’s Interim Financial Statements) or the other Credit Parties (in the case of the Parent’s Interim Financial Statements), 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 the Parent'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 allincome, royalties, proceeds and liabilities at any time due or payable or asserted underor 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 theAgent in its discretion): such landlord consents to the granting of a security interest in thelease by the Company which is a tenant thereunder in favour of the Agent, agrees togive 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 grantedor refused at the discretion of a court and the limitation of enforcement by laws relatingto 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 generalapplication 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 Guarantor"** means the Parent.

"Limited Recourse Guarantee" is defined in Section 6.01(c).

"Limited Recourse Guarantors" means each shareholder of the Borrower (other than the Parent) from time to time. On the date hereof 2609733 Ontario Limited is the sole Limited Recourse Guarantor.

"**Loan**" means a Canadian Prime Rate Loan.

"**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.

"**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 the Parent or the Borrower on a consolidated basis; (ii) materially impairs the ability of 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 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 the date which is three (3) years after the date of this Agreement.

"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 Twenty Million Dollars ($20,000,000) as shown on the balance sheet of the Borrower as at the Closing Date.

"Minimum Liquidity" means in respect of the Parent, unrestricted cash and Cash Equivalents held by the Parent less all current liabilities of the Parent determined in accordance with GAAP.

"**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-BA Lender**" means a Lender identified in Exhibit "A" attached hereto as a Lender which will make BA Equivalent Loans instead of accepting Bankers' Acceptances hereunder.

"**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.

"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 as follows: (i) in the case of Canadian Prime Rate Loans, the principal amount thereof; and (ii) in the case of Bankers' Acceptances, BA Equivalent Notes, the face 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 Ninety-Eight Million Eight Hundred Thousand Dollars ($98,800,000), provided that such indebtedness is subject to the Parent Subordination Agreement.

"Parent Subordination Agreement" means the Intercreditor Agreement to be entered into by the Parent in favour of the Agent and the Lender on the 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 agrees to subordinate and postpone the Parent Subordinated Debt to the Obligations and Security, which Intercreditor Agreement shall expressly permit the servicing of such Subordinated Debt only after the Conversion Date and in such case 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 suchcompliance.

"**Parent Year-end Audited Financial Statements**" in respect of any Fiscal Year means the audited consolidated financial statements of the Parent and the internally prepared financial statements of each of the other Credit Parties, in each case in respect of such Fiscal Year, including (in respect to the Parent audited consolidated financial statements) management's discussion and analysis with respect thereto, from an accounting firm that is nationally recognized or major regional firm of chartered professional accountants.

"**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 "assetpurchase"), 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 andlegal 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 ownedSubsidiary 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 constitutePermitted 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;

(i) 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;

(j) 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;

(k) 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

(l) 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); 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 andin respect of which any right of seizure or sale is stayed pending resolution of thedispute 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 ofwhich 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 byappropriate

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;

(i) 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 aLien 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;

(j) 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 accountbalances 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 jointand 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;

(k) 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;

(l) 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;

(m) the Lien resulting from the deposit of cash or securities in connection withcontracts, 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;

(n) Liens solely on any cash earnest money deposits made in connection with any letter of intent or purchase agreement permitted hereunder;

(o) Minor Title Defects;

(p) Permitted Purchase-Money Security Interests;

(q) the Specific Permitted Liens; and

(r) 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.

"**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 Propertymade 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 3PLAN 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 3AND 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 FacilityA;

(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.

"**Real Property**" means the Owned Properties and the Material Leased Properties and “**Real Property**” means any one of them.

"**Related Party**" is defined in the CBA Model Provisions.

"**Repayment**" means a repayment by the Borrower on account of the OutstandingAdvances.

"**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.

"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 Actand 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 istransferred 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 subjectto 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, Her Majesty's Treasury or other relevant sanctions authority.

"**Sanctioned Entity**" means (a) a country or a government of a country, (b) an agency ofthe 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 orcorporate 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 ofcash management, payroll, corporate credit cards or other banking services.

"Shareholders' Agreement" means the Unanimous Shareholders Agreement dated February 16th, 2018 among the Parent, 2609733 Ontario Limited, Chris Mastronardi Benji Mastronardi, and the Borrower.

"**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 courseof 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 ofall 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 suchLien 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) anysecurity 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 suchsecurity (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” means the amended and restated wholesale cannabis supply agreement between the Parent as purchaser and the Borrower as supplier dated November 26, 2019.

“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 bookvalue of any capital asset resulting from a revaluation thereof; (e) prior to the ConversionDate, the Parent Subordinated Debt provided the same constitutes Permitted Funded Debt; and (f) any items not included in clauses (a) through (f) 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 minorityinterests.

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

“**Termination Date**” means the date on which (i) all Obligations due and owing under theLoan 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.

"**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 byit 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.

“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.

1.02 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(w) 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 the Parent shall also deliver to the Lenders a reconciliation in form and substance satisfactory tothe Lenders.

1.03 Currency References

All amounts referred to in this Agreement are in Canadian Dollars unless otherwise noted.

1.04 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 regulationswhich may come into effect from time to time substantially in replacement for the said statutesor regulations.

1.05 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 tobe 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.

1.06 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.

1.07 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" - Form of BA Equivalent Note
"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

ARTICLE II– FACILITY A (TERM FACILITY)

2.01 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 Eighty Million Dollars ($80,000,000) (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.

Any undrawn amount under Facility A on the Closing Date shall be cancelled and the Lender’s Commitments in respect of such unused portion shall be reduced in accordance with their Proportionate Share.

2.02 Purpose

Subject to the terms hereof, Advances under Facility A shall be used by the Borrower by way of a single Advance on the 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.

2.03 Non-Revolving Nature

Facility A shall be a non-revolving facility, and any Repayment under Facility A may notbe reborrowed.

2.04 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.

(b) Without limiting (a) above, the Borrower shall make a Repayment under FacilityA on the last Business Day of each Fiscal Quarter commencing on the last Business Day in the first full Fiscal Quarter following the Conversion Date. Principal instalments shall be calculated on the Outstanding Advances under Facility A on the Conversion Date assuming 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 theraising 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 businesspermitted 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 theextent 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 inany 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 2.00:1 in respect of such Fiscal Year, unless such Repayment with the prior writtenconsent 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.

2.05 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 byany one (1) or more of the following Availment Options (or any combination thereof):

(i) Canadian Prime Rate Loans;

(ii) Bankers' Acceptances, each having a maturity between twenty-eight (28) and one hundred and eighty-two (182) days (inclusive), subject to availability; or

(iii) BA Equivalent Loans from Non-BA Lenders with a maturity between twenty-eight (28) and one hundred and eighty-two (182) days (inclusive), subject to availability;

(b) Bankers' Acceptances and BA Equivalent Loans will not be issued which in the opinion of the Lenders 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, Bankers' Acceptances and BA Equivalent Loans may not be converted into another Availment Option prior to the maturity thereof).

2.06 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 ofeach and every month and on the Maturity Date;

(b) in respect of each Bankers' Acceptance, a stamping fee equal to the Applicable Margin, multiplied by the face amount of the Bankers' Acceptance with the product thereof further multiplied by the number of days to maturity of the Bankers' Acceptance and divided by three hundred and sixty-five (365) or three hundred and sixty-six (366), payable at the time of acceptance; and

(c) in respect of each BA Equivalent Note, a stamping fee equal to the Applicable Margin, multiplied by the face amount of the BA Equivalent Note with theproduct thereof further multiplied by the number of days to maturity of the BA Equivalent Note and divided by three hundred and sixty-five (365) or three hundred and sixty-six (366), payable at the time of acceptance.

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.

2.07 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 Bankers' Acceptances and BA Equivalent 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.

ARTICLE III- GENERAL CONDITIONS

3.01 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.

3.02 Notice Periods

(a) The Borrower shall provide two (2) Business Days' prior written notice to the Agent before 11:00 a.m. Toronto time in respect of any Advance, Rollover, Conversion or Repayment; other than a Conversion to a Canadian Prime Rate Loan which shall only require one (1) Business Day's prior written notice to the Agent before 11:00 am Toronto time.

(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, RolloverNotice, 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) If notice is not provided as contemplated herein with respect to the maturity of a Bankers' Acceptance or BA Equivalent Loan, the Agent may convert the Bankers' Acceptance or BA Equivalent Loan upon its maturity into a Canadian Prime Rate Loan.

(d) Any Conversion from one form of a Canadian Prime Rate Loan to Bankers' Acceptances or a BA Equivalent Loan 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.

3.03 Minimum Amounts, Multiples and Procedures re Draws, Conversions and Repayments

(a) Subject to paragraph (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 Bankers' Acceptances and BA Equivalent Notes shall be for an aggregate face amount of Bankers' Acceptances and BA Equivalent Notes of not less than Five Million Dollars ($5,000,000) and in a multiple of One Hundred Thousand Dollars ($100,000) and in such amount as will result in the face amount of each Bankers' Acceptance or BA Equivalent Note issued by a Lender being in a multiple ofOne Hundred Thousand Dollars ($100,000).

(c) Upon receipt of a Draw Request under Facility A, the Agent shall promptly notifyeach 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) The Borrower agrees to deliver in favour of each Lender such other agreements and documentation as such Lender may reasonably require (not inconsistent with this Agreement) in respect of such Lender's requirements for the acceptance of Bankers' Acceptances or the issuance of BA Equivalent Notes.

(f) 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.

3.04 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.

3.05 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.

3.06 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.

3.07 Purchase of Bankers' Acceptances and BA Equivalent Notes

(a) In connection with the issuance by the Borrower of a Bankers' Acceptance or BA Equivalent Note, the amount payable by the purchaser thereof to the Borrower shall be determined in accordance with the following formula:

$$\frac{F}{1 + (D \times T/365)}$$

where:

F means the face amount of such Bankers' Acceptance or BA EquivalentNote,

D means the discount rate applicable under paragraph (b), (c) or (d), as thecase may be, below, and

T means the number of days to maturity of such Bankers' Acceptance or BAEquivalent Note,

with the amount as so calculated being rounded up or down to the fifth decimalplace and with 0.000005 being rounded up.

(b) Each BA Lender which is a bank listed in Schedule I of the *Bank Act* (Canada) agrees to purchase those Bankers' Acceptances which it has accepted at a discount from the face amount thereof equal to the CDOR Rate for the relevant period in effect on the issuance date thereof; provided however that if BMO is the only BA Lender under Facility A, the discount rate shall be the applicable discount rate established by BMO on the issuance date thereof.

(c) Each BA Lender which is a bank listed in Schedule II or Schedule III of the *BankAct* (Canada) agrees to purchase those Bankers' Acceptances which it has accepted at a discount from the face amount thereof equal to the CDOR Rate for the relevant period in effect on the issuance date thereof plus a premium determined by such BA Lender not in excess of one-tenth of one percent(0.10%) per annum.

(d) Each Non-BA Lender agrees to purchase BA Equivalent Notes issued by it hereunder at a discount from the face amount thereof equal to the CDOR Rate for the relevant period in effect on the issuance date thereof.

(e) The discount applicable to each Bankers' Acceptances and BA Equivalent Note shall be determined on the basis of a year of three hundred and sixty-five (365) days.

3.08 Provisions Regarding Bankers' Acceptances

The following provisions are applicable to Bankers' Acceptances issued by the Borrowerand accepted by any BA Lender hereunder:

Payment of Bankers' Acceptances

(a) Subject to the next sentence, the Borrower agrees to provide for each Bankers' Acceptance by payment of the face amount thereof to the Agent on behalf of theBA Lender on the maturity of the Bankers' Acceptance or, prior to such maturity,on the Acceleration Date; and the Agent shall remit the said amount to such BA Lender and such BA Lender shall in turn remit such amount to the holder of the Bankers' Acceptance. If the Borrower does not provide for the payment of the Bankers' Acceptance accordingly,

any amount not so paid shall be immediately subject to Conversion to a Canadian Prime Rate Loan under Facility A. The Borrower agrees not to claim any days of grace for the payment at maturity of any Bankers' Acceptance. The Borrower hereby waives any defences to payment which might otherwise exist if for any reason a Bankers' Acceptance is held by the BA Lender for its own account at maturity.

Availability of Bankers' Acceptances

(b) If at any time and from time to time the Agent determines, acting reasonably,that there no longer exists a market for Bankers' Acceptances for the term requested by the Borrower, or at all, the Agent shall so advise the Borrower, andin such event the BA Lenders shall not be obliged to accept and the Borrower shall not be entitled to issue Bankers' Acceptances.

Power of Attorney

(c) The Borrower hereby appoints each BA Lender as its true and lawful attorney to complete and issue Bankers' Acceptances on behalf of the Borrower in accordance with written (including electronic transmittal) transmitted instructionsprovided by the Borrower to the Agent on behalf of such BA Lender, and the Borrower hereby ratifies all that its said attorney may do by virtue thereof. The Borrower agrees to indemnify and hold harmless the Agent and the BA Lenders and their respective directors, officers and employees from and against any charges, complaints, costs, damages, expenses, losses or liabilities of any kind or nature which they may incur, sustain or suffer, arising from or by reason of acting, or failing to act, as the case may be, in reliance upon this power of attorney, except to the extent caused by the gross negligence or wilful misconduct (including wilful breach of this Agreement) of the Agent or the BA Lender or their respective directors, officers and employees. The Borrower hereby agrees that each Bankers' Acceptance completed and issued and accepted in accordance with this Section by a BA Lender on behalf of the Borrower is a valid, binding and negotiable instrument of the Borrower as drawerand endorser. The Borrower agrees that each BA Lender's accounts and records will constitute *prima facie* evidence of the execution and delivery by the Borrower of Bankers' Acceptances. This power of attorney shall continue in force until written notice of revocation has been served upon the Agent by the Borrower at the Agent's address set out in Section 12.07.

3.09 Provisions regarding BA Equivalent Notes

Each Non-BA Lender will not accept Bankers' Acceptances hereunder, and shall insteadfrom time to time make BA Equivalent Loans to the Borrower. Each BA Equivalent Loan shall beevidenced by a non-interest bearing promissory note payable by the Borrower to the Non-BA Lender substantially in the form of Exhibit "G" attached hereto, which will be purchased by the Non-BA Lender. Each BA Equivalent Note shall be negotiable by the Non-BA Lender without notice to or the consent of the Borrower, and the holder thereof shall be entitled to enforce such BA Equivalent Note against the Borrower free of any equities, defences or rights of set-off that may exist between the Borrower and the Non-BA Lender. In this Agreement, all references to a BA Equivalent Note shall mean the loan evidenced thereby if required by the context; and all references to the "issuance" of a BA Equivalent Note by a Non-BA Lender and similar expressions shall mean the making of a BA Equivalent Loan by the Non-BA Lender which is evidenced by a BA Equivalent Note. The following provisions are applicable to each BA Equivalent Loan made by a Non-BA Lender to the Borrower hereunder:

Payment of BA Equivalent Notes

(a) Subject to the next sentence, the Borrower agrees to provide for each BA Equivalent Note by payment of the face amount thereof to the Agent on behalf of the Non-BA

Lender on the maturity of the BA Equivalent Note or, prior to such maturity, on the Acceleration Date; and the Agent shall remit the said amount to such Non-BA Lender and such Non-BA Lender shall in turn remit such amount to the holder of the BA Equivalent Note. If the Borrower does not provide for the payment of the BA Equivalent Note accordingly, any amount not so paid shall be immediately subject to Conversion to a Canadian Prime Rate Loan under Facility A. The Borrower agrees not to claim any days of grace for the payment at maturity of any BA Equivalent Note. The Borrower hereby waives any defences to payment which might otherwise exist if for any reason a BA Equivalent Note is held by the Non-BA Lender for its own account at maturity.

Availability of BA Equivalent Loans

(b) The Non-BA Lender shall have no obligation to make BA Equivalent Loans during any period in which the BA Lenders' obligation to issue Bankers' Acceptances is suspended pursuant to Section 3.5 of the CBA Model Provisions.

Power of Attorney

(c) The Borrower hereby appoints the Non-BA Lender as its true and lawful attorney to complete BA Equivalent Notes on behalf of the Borrower in accordance with written (including electronic transmission) transmitted instructions delivered by the Borrower to the Agent, and the Borrower hereby ratifies all that its said attorney may do by virtue thereof. The Borrower agrees to indemnify and hold harmless the Agent and the Non-BA Lender and their respective directors, officers and employees from and against any charges, complaints, costs, damages, expenses, losses or liabilities of any kind or nature which they may incur, sustain or suffer, arising from or by reason of acting, or failing to act, as the case may be, in reliance upon this power of attorney except to the extent caused by the gross negligence or wilful misconduct (including wilful breach of this Agreement) of the Agent or the Non-BA Lender or their respective directors, officers and employees. The Borrower hereby agrees that each BA Equivalent Note completed by the Non-BA Lender on behalf of the Borrower is a valid, binding and negotiable instrument of the Borrower as drawer and endorser. The Borrower agrees that the Non-BA Lender's accounts and records will constitute *prima facie* evidence of the execution and delivery by the Borrower of BA Equivalent Notes. This power of attorney shall continue in force until written notice of revocation has been served upon the Agent on behalf of the Non-BA Lender by the Borrower at the Agent's address provided in Section 12.07.

3.10 No Repayment of Certain Availment Options

The Borrower acknowledge that Bankers' Acceptances and BA Equivalent 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 Bankers' Acceptance or BA Equivalent Loans 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.

3.11 Illegality

The obligation of any Lender to make Advances hereunder shall be suspended if and forso 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.

3.12 Anti-Money Laundering

The Borrower acknowledges that pursuant to AML Legislation the Agent and the Lendersmay 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 noobligation to ascertain the identity of any Credit Party or Limited Recourse Guarantor, or anyauthorized 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 obtainsfrom any Credit Party or Limited Recourse Guarantor, or any such authorized signatory, in doing so.

3.13 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 businesstransactions, (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 Personor 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.

ARTICLE IV- REPRESENTATIONS AND WARRANTIES

4.01 Representations and Warranties

The Parent (where specifically mentioned and the context permits) hereby represents and warrants with respect to itself and the Borrower 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 – The Parent and each Company 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 Parent and the Borrower (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 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 MaterialAdverse Change.

(f) No Conflict with Constating Documents – There are no provisions in the Constating Documents of the Parent or any Company 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 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 andbinding 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 andto general principles of equity.

(h) Conduct of Business; Material Permits – Each Company is in compliance with all Applicable Laws (other than Cannabis Laws which are covered by paragraph 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 Companies are valid and subsisting and in good standing.

(i) 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 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 Credit Parties.

(j) 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.

(k) 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 byeach Compliance Certificate.

(l) Material Leased Properties – The Companies do not lease any Material Leased Properties other than the Material Leased Properties listed in Schedule 4.01(l).

(m) 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 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.

(n) Insurance – The Companies have obtained insurance which satisfies all requirements set out in Section 5.01(i) herein.

(o) 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 Closing Date or as at the most current Compliance Certificate as applicable.

(p) Labour Agreements – Schedule 4.01(p) attached hereto or as updated from timeto time by each Compliance Certificate contains a true and complete list, as of the 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.

(q) 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 byeach Compliance Certificate:

(i) each Company and its business, operations, assets, equipment, property, leaseholds and other facilities are, to the best of the knowledge and beliefof 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 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 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. 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 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 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 sufficientto 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 termsof such Multi-employer Plan.

(t) Financial Statements – The most recent Borrower Year-end Financial Statements, Parent 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 abasis which is consistent with the previous fiscal period, and present fairly in all material respects the financial position of the Parent or Borrower, 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 Parent or Borroweras applicable on a consolidated basis as at the dates therein specified;

(ii) the net comprehensive income (loss) of the Parent or Borrower asapplicable on a consolidated basis during the periods covered thereby;

(iii) the cash flows of the Parent or Borrower as applicable on a consolidatedbasis during the periods covered thereby;

(iv) in the case of the Parent Year-end Financial Statements, the changes inequity of the Parent on a consolidated basis; and

(v) in the case of the Borrower Year-end Financial Statements, the changesin 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 andCanada 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.

(aa) 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.

(bb) 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 orcomplied 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 anyCannabis 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 inquestion, 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.

(cc) 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 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* (Canada) (collectively, the "**Terrorist Lists**") 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 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 economicsanctions prohibitions such that the entry into, or performance under, this Agreement or any other Loan Document would be prohibited under Canadian law.

(dd) Sanctions Laws – No Credit Party and to the knowledge of the Credit Parties, noAffiliate 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 "speciallydesignated 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.

4.02 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.

ARTICLE V - COVENANTS

5.01 Positive Covenants

Until the Termination Date, the Parent (in respect of itself where specifically mentioned) 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 therequest of the Agent;

(ii) be and remain the sole legal and beneficial owner of all CannabisAuthorizations;

(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 anyCannabis 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 – (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 ApprovedJurisdictions; 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. – 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 – maintain adequate books, accounts and records in accordance with GAAP;

(g) Maintenance of Assets – keep its Property in good repair and working condition in accordance with standard industry practice;

(h) Inspection – 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;

(i) Insurance – obtain and maintain, from sound and reputable insurance companies liability insurance, all-risks property insurance on a replacement costbasis (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 product recall and liability insurance coverage in an amount of not less than Ten Million Dollars ($10,000,000), 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;

(j) Perform Obligations – fulfill all covenants and obligations required to be performed by it under those Loan Documents to which it is a party;

(k) Notice of Certain Events – 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 Parent 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; (vi) 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) in the aggregate or in respect of any Material Agreement or Material Permit; (vii) the adoption by any Credit Party of any material accounting change promptly thereafter; (viii) the issuance of any management letter to the Parent by its auditor; (ix) a proposed change of name of any Credit Party or Limited Recourse Guarantor, which notice shall be given at least thirty (30) days prior to such change becoming effective; (x) the entering into by any Company of a contract with a labour union or employee associations or the expiration of any such contract; (xi) any Material Agreements or Material Permits entered into or obtained after the date of this Agreement; (xii) the acquisition, creation or existence of any new Subsidiary of the Borrower after the date hereof; (xiii) 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): (A) any liability for response or corrective action, natural resource damage or other harm pursuant to any Requirements of Environmental Law, (B) any environmental claim, (C) 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; (xiv) promptly after receipt or knowledge thereof a copy of (i) 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), (ii) 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, and (xvi) 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;

(l) 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 anAffiliate of BMO;

(m) Use of Advances – 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;

(n) Environmental Information – 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 Section4.01(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 diligentlycontested 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;

(o) Further Assurances – 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 withthe terms of this Agreement.

5.02 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 (where specifically mentioned) the Parent 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 – create, incur or assume any Funded Debt, except Permitted Funded Debt;

(b) Liens – grant or suffer to exist any Lien in respect of any of its Property, except Permitted Liens;

(c) Disposition of Assets – 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 beprovided 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 orotherwise 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 toSection 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 Contracts.

(d) Financial Assistance – 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 giveother 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 ofPermitted Funded Debt; and

(iii) financial assistance by way of extending trade credit to its customers in the ordinary course of business.

(e) Investments – 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 – 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 Companyto whom such Distribution is made has delivered Security to the Agent as required hereunder;

(ii) a Company may service Subordinated Debt after the Conversion Date 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 after the Conversion Date 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 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 Companies, 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;

(i) Defined Benefit Pension Plans – establish, assume or otherwise become a party to or liable under any Defined Benefit Pension Plan.

(j) Fiscal Year – 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 tothe extent its Fiscal Year is being changed to that of the Parent; and (b) in the case of the Parent, prior written notice to the Lenders;

(k) Auditors – 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 theParent, prior written notice to the Lenders;

(l) Dealing with Related Parties – 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.

(m) Hedging – in the case of the Companies, enter into or be a party to any HedgingAgreement 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 theLender;

(n) Material Agreements – 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 lessfavourable 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;

(o) Environmental Law – 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);

(p) Use of Advances – 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, 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 ina 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;

(q) No Sale-Leasebacks – 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);

(r) No Changes of Jurisdiction / Location – (i) change its jurisdiction of incorporationor formation without the prior written consent of the Agent, nor (ii) permit its chiefexecutive 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 thelatter 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;

(s) Repayment of Subordinated Debt – repay in full or in part any Subordinated Debt except as expressly permitted in any related Intercreditor Agreement unless the Termination Date has occurred;

(t) Carry on Business – neither the Parent nor the Borrower nor any other Company shall cease to carry on its business, including in the case of the Borrower, the Business;

(u) Acquisitions – directly or indirectly make any Acquisition or make any purchase of assets out of the ordinary course of business other than Permitted Acquisitions;

(v) Anti-Money Laundering and Anti-Terrorism Finance Laws; Foreign Corrupt Practices Act; Sanctions Laws; Restricted Person – neither the Parent, nor the Borrower, nor any other Company will (i) engage in or conspire to engage in anytransaction 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, the 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 *ForeignExtraterritorial Measures (United States) Order, 1992*.; and

(w) Cannabis Activity – neither the Parent, 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.

5.03 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 ratio of Total Funded Debt to Tangible Net Worth ratio of not more than 1.00:1.00 at all times during the period from the Closing Dateto the Conversion Date;

(ii) Maintain a Fixed Charge Coverage ratio of not less than 1.25:1 after the Conversion Date;

(iii) Maintain a Total Funded Debt to EBITDA ratio of not more than 2.75:1 after the Conversion Date;

(b) The Parent agrees to maintain at all times a Minimum Liquidity of not less than Twenty Two Million Dollars ($22,000,000);

(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, provided that for the purposes of the Fixed Charge Coverage Ratio and Total Funded Debt to EBITDA Ratio to be maintained following the Conversion Date, EBITDA will be annualized on the most recent quarterly actuals commencing at the Conversion Date and then on a twelve month trailing basis once achieved with four Fiscal Quarters and debt service will be initially calculated based on the pro forma interest paid and scheduled principal payments on Total Funded Debt over the next 12 month period then on a twelvemonth trailing basis once achieved.

(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)(ii) asof 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 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 dayon 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) and 5.04(c),

(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) and 5.04(c);

(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 ofreceipt thereof;

(iv) the amount of the Equity Contribution shall be limited to the amountnecessary to cure the covenant breach; and

(v) such Equity Contribution will not result in a reduction of Total FundedDebt when determining the Applicable Margin;

and further provided that following the Conversion Date, 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.

5.04 **Reporting Requirements**

The Borrower shall deliver or cause to be delivered (by email in accordance with Section12.07) to the Agent the following financial and other information at the times indicated below:

(a) 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 accordancewith GAAP, accompanied by a Compliance Certificate certified by a Senior Officer in the form of Exhibit "F" attached hereto and accompanied by ananalysis 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;

(b) as soon as available and in any event not later than sixty (60) days following thecommencement of each Fiscal Year, the Annual Business Plan for such Fiscal Year;

(c) 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;

(d) the annual Parent Year-end Financial Statements on a consolidated basis by the one hundred and twentieth (120th) day after the end of each Fiscal Year of the Parent (or by

the time period within which the Parent is required to file the Parent Year-end Financial Statements by the relevant securities authoritiesgoverning the exchange on which the Parent is listed), commencing with the Fiscal Year ending May 31, 2020, prepared in accordance with GAAP, together with the auditor's report, and accompanied by a compliance certificate certified by a Senior Officer of the Parent which shall evidence compliance with the Minimum Liquidity covenant set out in Section 5.03 herein and the calculation thereof;

(e) the Interim Financial Statements of the Parent and its Subsidiaries on a consolidated basis by the time period with which the Parent is required to file its Interim Financial Statements with the applicable securities authorities governing the exchange on which the Parent is listed after the end of each Fiscal Quarter (other than the fourth Fiscal Quarter in each Fiscal Year which shall be deliveredby the at the time of the annual audited financial statements pursuant to (d) above, accompanied by a compliance certificate certified by a Senior Officer of the Parent which shall evidence compliance with the Minimum Liquidity covenant set out in Section 5.03 herein and the calculation thereof;

(f) 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;

(g) 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.

(h) 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 Schedule4.01(r) attached hereto is no longer accurate, an officer's certificate of theParent attaching copies of the revised Schedule required to ensure that such information remains accurate as of the last day of such Fiscal Quarter;

(i) 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.

5.05 Anti-Money Laundering

(a) The Credit Parties acknowledge that, pursuant to the *Proceeds of Crime (MoneyLaundering) and Terrorist Financing Act* (Canada) and other applicable anti- money laundering, anti-terrorist financing, government sanction and "know your client" laws, whether within Canada or elsewhere (collectively, including any guidelines or orders thereunder, "**AML Legislation**"), the Agent and the Lendersmay 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 regardwithout 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.

5.06 Terrorist Lists

The Credit Parties shall ensure that each Credit Party is and will remain in compliance inall 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 a target ofCanadian 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.

ARTICLE VI - SECURITY

6.01 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 Borrowerin respect of all present and future, direct and indirect, Obligations of the Borrower to the Agent and the Lenders;

(b) a Guarantee from the Parent 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);

(c) a Guarantee from each of the Limited Recourse Guarantors 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 includingin 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-RankingSecurity 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 ofsecurity required by the Agent in order to create a First-Ranking Security Interest in respect of any or all Material Leased Properties;

(i) 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 Closing Dateat 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));

(j) 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;

(k) 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), 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;

(l) 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);

(m) 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;

(n) 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.

6.02 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 Closing Date Advance, and the absence of any required such subordination and postponement agreement shallconstitute 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 respectof 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 deliveringan agreement in the form of Exhibit I <Agreement and Acknowledgement to be bound – New Guarantor > so as to be bound by all of the terms applicable to theCompanies, as if it had executed this Agreement as a Guarantor, and in thecase 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 thedelivery 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.

6.03 General Provisions re Security; Registration

The Security shall be in form and substance satisfactory to the Agent and the Lenders intheir 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 otherpersons 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.

6.04 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.

6.05 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 timeto 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.

6.06 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 andshall be secured by the Security.

6.07 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.

6.08 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 onany 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.

ARTICLE VII- CONDITIONS PRECEDENT

7.01 Conditions Precedent to First Advance

The obligation of each Lender, to fund the single Advance on the Closing Date requested to be made by the Borrower shall be subject to the prior or concurrent satisfaction or waiver of only the conditions precedent set forth in this Section 7.01 (the making of such Advance by a Lender being conclusively deemed to be its satisfaction or waiver of the conditions precedent):

(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 ofresolutions 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 the 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 atleast 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 theAgent 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 RecourseGuarantors 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, preparedin 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) evidencingcompliance 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 letterfrom 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 thisAgreement 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;

(i) 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;

(j) the Agent must have received all Intercreditor Agreements that are required hereunder;

(k) 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;

(l) 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;

(m) the property and assets of the Companies shall be insured in accordance with the requirements of this Agreement;

(n) the Credit Parties and the Limited Recourse Guarantors shall have satisfied all requirements of the Agent and each Lender under AML Legislation;

(o) 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 expensesof 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;

(p) 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 conditionscontained herein;

(q) all conditions present in Section 7.02 shall have been satisfied.

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7.02 Conditions Precedent to all Advances

The Lenders shall have no obligation to make any Advance to the Borrower unless atthe time of making each such Advance the following conditions shall have been satisfied:

(a) 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 timeto time;

(b) 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 thisAgreement shall have been executed and delivered, all in form and substance satisfactory to the Agent in its sole discretion;

(c) any additional Security required to be provided at such time shall have been executed and delivered on a First-Ranking Security Interest Basis (subject only to Permitted Liens) 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;

(d) 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;

(e) the Borrower shall have given a Draw Request to the Agent in accordance with the notice requirements provided herein;

(f) since the date of the most recent Interim Financial Statements, Borrower Year- end Financial Statements and Parent Year-end Financial Statements delivered to the Agent, no Material Adverse Change shall have occurred; and

(g) 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.

ARTICLE VIII- DEFAULT AND REMEDIES

8.01 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) ofSection 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 bedeemed not to constitute an Event of Default;

(i) there is an event of default under any Subordinated Debt (after the expiry of any grace or cure periods relating respectively thereto);

(j) 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 the Parent, if the effect is to cause or permit the acceleration of the due date of that Funded Debt;

(k) 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 aggregatefor the Companies; and (b) Ten Million Dollars ($10,000,000) in the aggregate for the Parent in the aggregate 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 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(n));

(l) an Insolvency Event occurs in respect of any Limited Recourse Guarantor to the extent it constitutes a Material Adverse Change, or an Insolvency Event occurs in respect of any Credit Party;

(m) 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 ofor 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 theAgent 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;

(n) 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; and (b) Ten Million Dollars ($10,000,000) in the aggregate for the Parent and such judgment or decree for the payment of money shall not be paid, discharged, vacated, bonded or stayed within thirty (30) days;

(o) 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 seizeor 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;

(p) 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;

(q) 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;

(r) the Borrower ceases to be a Subsidiary of the Parent (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;

(s) the Cannabis Act is repealed and is not immediately replaced with substantially similar legislation;

(t) 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;

(u) a Change of Control occurs;

(v) any report of the auditors of the Parent in the Parent Year-end Audited 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

(w) 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(n); or

(x) an event occurs which in the reasonably opinion of the Required Lenders constitutes a Material Adverse Change.

8.02 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 ofthe 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.

8.03 Acceleration of Certain Contingent Obligations

Upon the occurrence of an Event of Default which is continuing, any Lender which has issued or made a Bankers' Acceptance or BA Equivalent Note may make a Canadian Prime Rate Loan to the Borrower in an amount equal to the face amount of such Bankers' Acceptance or BA Equivalent Note; and the proceeds of any such Loan shall be held by such Lender and used to satisfy the Lender's obligations under the said Bankers' Acceptance or BA Equivalent Note as such becomes due, or to effect the unwinding of such Hedging Agreement. Any such Loan shall bear interest only after the maturity date of such Bankers' Acceptance or BA Equivalent Note at the rate and in the manner applicable to Canadian Prime Rate Loans under Facility A.

8.04 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.

8.05 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.

8.06 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.

8.07 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.

8.08 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.

ARTICLE IX- THE AGENT AND THE LENDERS

9.01 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 providedin 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 isagreed 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 consentof 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 consentof 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 precedentrelating 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 befinal 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) bya 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) bya written instrument executed by the Required Lenders. Any such instrument may be executed by pdf and in counterparts.

9.02 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 thecertificates 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 theSecurity 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 theRequired 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 asprovided in Section 9.03.

(c) Immediately on any Obligations becoming due and payable under Section 8.02 the Borrower shall, without necessity of further act or evidence, be unconditionally obligated to immediately deposit with the Agent for the Lenders' benefit cash collateral equal to the full face amount of all Bankers' Acceptances then outstanding for its account and the Borrower hereby unconditionally promises and agrees to do so. The Borrower authorize the Lenders, or any of them, to debit its accounts with the amount required to pay such Bankers' Acceptances, notwithstanding that such B/As may be held by the Lenders, or any of them, in their own right at maturity. Amounts paid to the Agent in respect of B/As shall be applied against, and shall reduce, pro rata among the Lenders, to the extent of the amounts paid to the Agent in respect of B/As, the obligationsof the Borrower to pay amounts then or subsequently payable under B/As at the times amounts become payable thereunder.

(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 allHedging 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 Securityor the enforcement of the Security as a result of holding Hedging Obligations.

9.03 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 anddisbursements;

(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 arepaid 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.

9.04 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 withthe 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.

9.05 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 adifferent 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 beexercised, 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 setout 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 incurin 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 beotherwise actionable at the suit of any Person.

(i) 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.

9.06 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 dealingwith 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;

(i) 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;

(j) except as otherwise provided in this Agreement, act in accordance with any instructions given to it by the Required Lenders;

(k) 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

(l) 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.

9.07 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 otherLender hereunder. Neither the entering into of this Agreement nor the completion of anytransactions contemplated herein shall constitute the Lenders a partnership.

9.08 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).

9.09 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.

9.10 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 withheldor arbitrarily delayed.

9.11 Deliveries, etc.

As between the Credit Parties on the one hand, and the Agent and the Lenders on theother 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.

9.12 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.

9.13 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 ofthe 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) receivedby 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 shortfallin 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.

ARTICLE X - GUARANTEE

10.01 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.

10.02 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).

10.03 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;

(i) 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 anyApplicable Law or for any other reason; or

(j) 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.

10.04 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.

10.05 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.

10.06 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 holdin 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.

10.07 Reinstatement

The guarantees contained in this ARTICLE X and all other terms of this ARTICLE X shallcontinue 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.

10.08 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 theBorrower and this Agreement.

10.09 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 theObligations 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.

10.10 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.

10.11 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.

ARTICLE XI - CBA MODEL PROVISIONS

11.01 CBA Model Provisions Incorporated by Reference

The CBA Model Provisions (except for the footnotes contained therein) form part of thisAgreement 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;
- "Loans" shall be replaced by "Advances";
- "Obligors" shall be replaced by "Companies"; and
- "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, 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; or The defined term “Excluded Taxes” is deleted and replaced with the following: “Excluded Taxes” means, with respect to the Agent, any Lender or any otherrecipient of any payment to be made by or on account of any obligation of theBorrower or any Guarantor hereunder or under any other Loan Document, (a)taxes imposed on or measured by its net income or capital, and franchise taxesimposed on it (in lieu of net income taxes), (i) by the jurisdiction (or any politicalsubdivision thereof) under the laws of which such recipient is organized or in which its principal office is located or, in the case of the Lender, in which itsapplicable 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 whichthe Lender is located; (c) 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 Borrower or applicable Guarantor (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); (d) any withholding tax payable as a result of the Lender being a “specified non-resident shareholder” (as defined in subsection 18(5) of the *Income Tax Act*(Canada) 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. For greater certainty, for purposes of (c) above, a withholding tax includes any Tax that a Foreign Lender is required to pay pursuant to Part XIII of the ITA or anysuccessor provision thereto.

(c) The defined term "Foreign Lender" in the CBA Model Provisions does notinclude a lender that is resident under the laws of Canada for purposes of the Income Tax Act, Canada.

(d) "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.

(e) Section 3.2(c) in the CBA Provisions shall be amended such that the Companies 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”.

(f) 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…".

(g) Section 9(b) shall not apply to claims made by a Lender in connection with disputes solely between the Agent and the Lenders.

(h) 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”.

(i) 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 ".

(j) 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".

(k) 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).

(l) 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.

(m) 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”.

(n) 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…”.

11.02 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 provisionin the CBA Model Provisions imposes more onerous obligations or restrictions than the corresponding provision in this Agreement.

ARTICLE XII - GENERAL

12.01 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 anyrights 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.

12.02 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 Securityand 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 arenot paid by the Credit Parties within ten (10) days after delivery to them of a written request fromthe Agent for payment of such expenses. The Agent agrees to give written notice to the Credit Parties of any such debit promptly thereafter.

12.03 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 theextent 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 bysuch 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.

12.04 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 onbusiness; 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.

12.05 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.

12.06 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.

12.07 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

Aphria Inc.
1 Adelaide Street East, Suite 2310 Toronto, Ontario

Attention: Carl Merton, Chief Financial Officer Facsimile:
Email: Carl.Merton@Aphria.com

and in the case of any communication alleging any Default or Event of Default or threatening enforcement action, with a copy to:

Aphria Inc.
1 Adelaide Street East, Suite 2310Toronto, Ontario

Attention: Christelle Gedeon, Chief Legal OfficerFacsimile:
Email: Christelle.Gedeon@Aphria.com

(b) Draw Requests, Conversion Notices, Rollover Notices and RepaymentNotices, to the Agent at the following address:

Bank of Montreal Agent Bank
Services
250 Yonge Street, 11th FloorToronto, Ontario
M5B 2L7
Attention: Manager, Agent Bank ServicesFacsimile: (416)
598-6218

- and -

Bank of Montreal
First Canadian Place, 100 King St. West, 18th FloorToronto, Ontario
M5X 1A1
Attention:
Email:

(c) all other communications to the Agent:

Bank of Montreal
100 King Street West, 18th FloorToronto, Ontario
M5X 1A1
Attention:
Email:

(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 beenvalidly 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.

12.08 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.

12.09 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 obligationsintended to be entered into herein, or to make any recording, file any notice or obtain any consent.

12.10 Time of the Essence

Time shall be of the essence of this Agreement.

12.11 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.

12.12 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.

12.13 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.

12.14 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 bonafide prospective purchaser of the shares of the Parent 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 CreditParty 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 wishnot 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.

12.15 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.

12.16 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.

12.17 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 OF WHICH, the Parties have duly executed this Agreement

AGENT

BANK OF MONTREAL, As Agent

Per: /s/ Francois Wentzel
Name: Francois Wentzel
Title: Managing Director

Per: /s/ Allen Benjamin
Name: Managing director
Title: Loan Syndications
We have the authority to bind the bank

IN WITNESS OF WHICH, the Parties have duly executed this Agreement

LENDERS

BANK OF MONTREAL, As Lender

Per: /s/ Hassan Baig
Name: Hassan Baig
Title: Associate Director

Per: /s/ Kyle Redford
Name: Kyle Redford
Title: Director
We have the authority to bind the bank

ATB FINANCIAL, As Lender

Per: /s/ Max Herrera
Name: Max Herrera
Title: Senior Director

Per: /s/ Christopher Hamel
Name: Christopher Hamel
Title: Portfolio Manager
We have the authority to bind the bank

FARM CREDIT CANADA, As Lender

Per: /s/ Kent Cunnington
Name: Kent Cunnington
Title: Senior Corporate & Commercial CreditManager

Per: _____
Name:
Title:
We have the authority to bind the bank

IN WITNESS OF WHICH, the Parties have duly executed this Agreement

BORROWER

1974568 ONTARIO LIMITED

Per: _____
Name:
Title:

Per: /s/ Carl Merton
Name: Carl Merton
Title: CFO
I/We have authority to bind the Corporation

IN WITNESS OF WHICH, the Parties have duly executed this Agreement

LIMITED GUARANTOR

APHRIA INC.

Per: /s/ Carl Merton
Name: Carl Merton
Title: CFO

Per: _____
Name:
Title:
I/We have authority to bind the corporation

IN WITNESS OF WHICH, the Parties have duly executed this Agreement

LIMITED GUARANTOR

APHRIA INC.

Per: _____
Name:
Title:

Per: /s/ Christelle Gedeon
Name: Christelle Gedeon
Title: Chief Legal Officer
We have authority to bind the corporation

EXHIBIT “A” - LENDERS AND LENDERS' COMMITMENTS

Lender	Facility A	Total Commitment	%
Bank of Montreal	$35,000,000	$35,000,000	43.75%
ATB Financial	$25,000,000	$25,000,000	31.25%
Farm Credit Canada	$20,000,000	$20,000,000	25%
Total	$80,000,000	$80,000,000	100.00%

Lenders' Addresses for Service

Bank of Montreal
100 King Street West, 18th Floor
Toronto, Ontario
M5X 1A1
Attention: Kyle Redford
Email: kyle.redford@bmo.comFax
No.416-360-7168

ATB Financial
585 8th Ave S.W, Suite 600
Calgary, Alberta
T2P 1G1
Attention: Max Herrera s Email:
mherrera@atb.com

Farm Credit Canada
835 Southdale Road West
London, Ontario
N6P 0C6
Attention : Graham Legge
Email : graham.legge@fcc-fac.caFax :
519-652-3670

EXHIBIT "B" - DRAW REQUEST

To: Bank of Montreal, as Agent

This Draw Request is delivered pursuant to the credit agreement made among 1974568 Ontario Limited, as Borrower, the Guarantors from time to time party thereto, the Limited Guarantor, Bank of Montreal as administrative agent and the Lenders from time to time thereunder, dated as of November 29, 2019 (as amended, restated, supplemented, replaced or otherwise modified from time to time, the "**Credit Agreement**"). Terms used herein as defined terms shall have the respective meanings ascribedin the Credit Agreement, unless otherwise defined.

1. The undersigned Borrower hereby requests an Advance as follows:

(a) purpose of Advance:

(b) Facility:

(c) date of Advance:

(d) amount of Advance:

(e) Availment Option:

(f) if Availment Option is a Bankers' Acceptance or BA Equivalent Loan, indicated period requested:

(g) Bank account into which Advance is to be deposited (or attach payment instructions):

2. The undersigned Borrower hereby certifies that:

(a) the representations and warranties in Section 4.01 of the Credit Agreement are true and correct in all material respects on the date hereof and will continue to be true and correct on the date of the requested Advance, in each case except for any such representations and warranties which are expressly stated in the Credit Agreement to have been made only as at the date of the Credit Agreement; and

(b) no Default, Event of Default or Material Adverse Change has occurred and is continuing on the date hereof, nor shall the making of the requested Advance result in the occurrence of a Default, Event of Default or Material Adverse Change.

Dated this_____day of_____, .

☐

By:

Name:

Title:

By:

Name:

Title:

EXHIBIT "C - ROLLOVER NOTICE

To: Bank of Montreal, as Agent

This Rollover Notice is delivered pursuant to the credit agreement made among 1974568 Ontario Limited, as Borrower, the Guarantors from time to time party thereto, the Limited Guarantor, Bank of Montreal as administrative agent and the Lenders from time to time thereunder, dated as of November 29, 2019 (as amended, restated, supplemented, replaced or otherwise modified from time to time, the "**Credit Agreement**"). Terms used herein as defined terms shall have the respective meanings ascribedin the Credit Agreement, unless otherwise defined.

1. The undersigned Borrower hereby requests a Rollover as follows:

(a) Facility _____

(b) Availment Option to be rolled over: _____

(c) amount of maturing Advance: _____

(d) date of maturing Advance: _____

(e) Availment Option requested: _____

(f) if Availment Option is a Bankers' Acceptance or BA Equivalent Loan, indicated period requested: _____

2. The undersigned Borrower hereby certifies that:

(a) the representations and warranties in Section 3.01 of the Credit Agreement are true and correct in all material respects on the date hereof and will continue to be true and correct on the date of the requested Rollover, in each case except for any such representations and warranties which are expressly stated in the Credit Agreement to have been made only as at the date of the Credit Agreement; and

(b) no Default, Event of Default or Material Adverse Change has occurred and is continuing on the date hereof, nor shall the making of the requested Rollover result in the occurrence of a Default, Event of Default or Material Adverse Change.

Dated this_____day of_____, .

☐

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT "D" - CONVERSION NOTICE

To: Bank of Montreal, as Agent

This Conversion Notice is delivered pursuant the credit agreement made among 1974568 Ontario Limited, as Borrower, the Guarantors from time to time party thereto, the Limited Guarantor, Bank of Montreal as administrative agent and the Lenders from time to time thereunder, dated as of November 29, 2019 (as amended, restated, supplemented, replaced or otherwise modified from time to time, the "**Credit Agreement**"). Terms used herein as defined terms shall have the respective meanings ascribedin the Credit Agreement, unless otherwise defined.

1. The undersigned Borrower hereby requests a Conversion as follows:

(a) Facility _____

(b) Availment Option to be converted: _____

(c) amount of maturing Advance: _____

(d) date of maturing Advance: _____

(e) Availment Option requested: _____

(f) if Availment Option is a Bankers' Acceptance or BA Equivalent Loan, indicated period requested: _____

2. The undersigned Borrower hereby certifies that:

(a) the representations and warranties in Section 3.01 of the Credit Agreement are true and correct in all material respects on the date hereof and will continue to be true and correct on the date of the requested Conversion, in each case except for any such representations and warranties which are expressly stated in the Credit Agreement to have been made only as at the date of the Credit Agreement; and

(b) no Default, Event of Default or Material Adverse Change has occurred and is continuing on the date hereof, nor shall the making of the requested Conversion result in the occurrence of a Default, Event of Default or Material Adverse Change.

Dated this_____day of_____,_____.

☐

By:
Name: _____
Title:

By: _____
Name:
Title:

EXHIBIT “E” - REPAYMENT NOTICE

To: Bank of Montreal, as Agent

This Repayment Notice is delivered pursuant to the credit agreement made among 1974568 Ontario Limited, as Borrower, the Guarantors from time to time party thereto, the Limited Guarantor, Bankof Montreal as administrative agent and the Lenders from time to time thereunder, dated as of November 29, 2019 (as amended, restated, supplemented, replaced or otherwise modified from time to time, the "**Credit Agreement**"). Terms used herein as defined terms shall have the respective meanings ascribedin the Credit Agreement, unless otherwise defined.

1. The undersigned Borrower hereby commits to make a Repayment as follows:

(a) Facility:

(b) date of Repayment:

(c) amount of Repayment:

(d) type of Availment Option to be repaid:

Dated this_____day of_____,_____.

☐

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT F - COMPLIANCE CERTIFICATE

To: Bank of Montreal, as Agent

This Compliance Certificate is delivered pursuant to the credit agreement made among 1974568 Ontario Limited, as Borrower, the Guarantors from time to time party thereto, the Limited Guarantor, Bankof Montreal as administrative agent and the Lenders from time to time thereunder, dated as of November 29, 2019 (as amended, restated, supplemented, replaced or otherwise modified from time to time, the "**Credit Agreement**") Terms used herein as defined terms shall have the respective meanings ascribed in the Credit Agreement, unless otherwise defined. This Compliance Certificate relates to the [Fiscal Quarter/Fiscal Year] ended . The undersigned Senior Officer of the Borrower hereby certifies on its behalf and without personal liability that:

1. *Appendix F-2 is a report of all Distributions made by the Credit Parties during the Fiscal Quarterended_____. [Section 5.02(c) and 5.02(f)]*

2. The following are the financial ratios in respect of the Credit Parties, calculated in accordancewith the provisions of the Credit Agreement, as at the end of the Fiscal Quarter/Fiscal Year ended _____(*Appendix F-1 containing calculations is attached*): [Section 5.03]

   (a) Per the Minimum Liquidity covenant, the Parent's current liquidity is:

   Unrestricted cash and Cash Equivalents:_____; lessall current

   liabilities:_____; less

   equals:_____.

   Note: May not be less than $22,000,000 at any time

   (b) *The ratio of Total Funded Debt to Tangible Net Worth ratio is*_____ *determined as follows* [Notes—(i) delete if after the Conversion Date and (ii) prior to the Conversion Date; it may not exceed 1.00 to 1.00 at any time];

   Total Funded Debt:_____; divided by

   Tangible Net

   Worth:_____;

   equals:_____.

   *(c) The Fixed Charge Coverage ratio is*_____*, determined as follows:*[Note—(i) delete if prior to the Conversion Date and (ii) on and after the Conversion Date;may not be less than 1.25 to 1]:

   EBITDA:_____; less Cash

   Taxes:_____; less

   Distributions paid in cash:_____; less

   Capital Expenditures not financed by Permitted Funded Debt:_____;

   equals:_____; divided by

   Funded Debt Service: _____

   equals:_____.

   *(d) The Total Funded Debt to EBITDA ratio is*_____*, determined asfollows* [Note—(i) delete if before the Conversion Date and (ii) on and after the Conversion Date may not exceed 2.75 to 1]:

   Total Funded Debt:_____; divided by

   EBITDA:_____;

   equals:_____.

2. *Appendix F-3 is a report of all insurance proceeds received by the Credit Parties in respect of Property during the Fiscal Quarter ended_____. The aggregate net cash proceedsreceived from all such insurance during such Fiscal Quarter was_____$_____.[Section 2.04(c)(i) and Section 6.07]*

3. *Appendix F-4 is a report of all of debt issuances and equity issuances of the Credit Parties during the Fiscal Quarter ended_____. The aggregate net cash proceeds received fromthe Credit Parties from the raising of capital by way of equity or Funded Debt (excluding Permitted Funded Debt) during such Fiscal Quarter was_____$_____. [Section2.04(c)(ii)]*

4. *The aggregate liability for Purchase Money Security Interests incurred or assumed by the Credit Parties as at the end of the Fiscal Quarter ended_____was_____ $__ _____and for the Fiscal Year_____to date as at the said Fiscal Quarter Endwas $_____[Definition of Permitted Purchase-Money Security Interests]*

5. *Schedule 4.01(b) (Corporate Information) attached is an update of Schedule 4.01(b) to the CreditAgreement as at the Period End setting forth all information required by Section 4.01(b) of the Credit Agreement [*OR There has been no change to the information contained in the version of Schedule 4.01(b) (Corporate Information) to the Credit Agreement]

6. *Schedule 4.01(h) (Material Permits) attached is an update of Schedule 4.01(h) to the Credit Agreement as at the Period End setting forth all information required by Section 4.01(h) of the Credit Agreement [*OR There has been no change to the information contained in the version of Schedule 4.01(h) *(Material Permits)* to the Credit Agreement]

7. *Schedule 4.01(i) (Cannabis Investments) attached is an update of Schedule 4.01(i) to the Credit Agreement as at the Period End setting forth all information required by Section 4.01(i) of the Credit Agreement* [*OR* There has been no change to the information contained in the version of Schedule 4.01(i) (Cannabis Investments) to the Credit Agreement]

8. *Schedule 4.01(j) (Specific Permitted Liens) attached is an update of Schedule 4.01(j) to the CreditAgreement as at the Period End setting forth all information required by Section 4.01(j) of the Credit Agreement [OR* There has been no change to the information contained in the version of Schedule 4.01(j) (Specific Permitted Liens) to the Credit Agreement]

9. *Schedule 4.01(k)(Owned Properties) attached is an update of Schedule 4.01(k) to the Credit Agreement as at the Period End setting forth all information required by Section 4.01(k) of the Credit Agreement [*OR There has been no change to the information contained in the version of Schedule 4.01(k) (Owned Properties) to the Credit Agreement]

10. *Schedule 4.01(l) (Material Leased Properties) attached is an update of Schedule 4.01(l) to the Credit Agreement as at the Period End setting forth all information required by Section 4.01(l) of the Credit Agreement [*OR There has been no change to the information contained in the version of Schedule 4.01(l) *(Material Leased Properties)* to the Credit Agreement]

11. *Schedule 4.01(m) (Intellectual Property) attached is an update of Schedule 4.01(m) to the Credit Agreement as at the Period End setting forth all information required by Section 4.01(m) of the Credit Agreement [*OR There has been no change to the information contained in the version of Schedule 4.01(m) *(Intellectual Property)* to the Credit Agreement]

12. *Schedule 4.01(o) (Material Agreements) attached is an update of Schedule 4.01(o) to the Credit Agreement as at the Period End setting forth all information required by Section 4.01(o) of the Credit Agreement [*OR There has been no change to the information contained in the version of Schedule 4.01(o) *(Material Agreements)* to the Credit Agreement]

13. *Schedule 4.01(p) (Labour Agreements) attached is an update of Schedule 4.01(p) to the Credit Agreement as at the Period End setting forth all information required by Section 4.01(p) of the Credit Agreement [*OR There has been no change to the information contained in the version of Schedule 4.01(p) *(Labour Agreements)* to the Credit Agreement]

14. *Schedule 4.01(q) (Environmental Matters) attached is an update of Schedule 4.01(q) to the CreditAgreement as at the Period End setting forth all information required by Section 4.01(q) of the Credit Agreement [*OR There has been no change to the information contained in the version of Schedule 4.01(q) *(Environmental Matters)* to the Credit Agreement]

15. *Schedule 4.01(r) (Litigation) attached is an update of Schedule 4.01(r) to the Credit Agreement asat the Period End setting forth all information required by Section 4.01(r) of the Credit Agreement [*OR There has been no change to the information contained in the version of Schedule 4.01(r) *(Litigation)* to the Credit Agreement]

16. *Schedule 4.01(s) (Pension Plans) attached is an update of Schedule 4.01(s) to the Credit Agreement as at the Period End setting forth all information required by Section 4.01(s) of the Credit Agreement [*OR There has been no change to the information contained in the version of Schedule 4.01(s) (Pension Plans) to the Credit Agreement]

17. *The foregoing information and all information contained in the enclosures and Schedules and Appendices attached or referred to therein is true, correct and complete;*

18. *The representations and warranties in Section 4.01 of the Credit Agreement are true and correct in all material respects on the date hereof, in each case except for any such representations and warranties which are expressly stated in the Credit Agreement to have been made only as at the date of the Credit Agreement; and*

19. *No Default, Event of Default or Material Adverse Change has occurred and is continuing on the date hereof.*

Dated this_____day of_____,_____.

_____
Name:
Title:

EXHIBIT "G" - FORM OF BA EQUIVALENT NOTE

[insert date]

FOR VALUE RECEIVED, the undersigned hereby promises to pay to the order of [name of Non-BA Lender] at its office at [insert address from Credit Agreement], the sum of _____ _____Dollars ($_____) in lawful money of Canada on [insertdate of maturity].

Dated this_____day of_____,_____.

[<>]

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT “H” - CBA MODEL PROVISIONS

CBA MODEL PROVISIONS

The attached model credit agreement provisions, 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., form part of this Agreement, except for the footnotes to the model credit agreement provisions and subject to the following variations:

MODEL CREDIT AGREEMENT PROVISIONS

1. Definitions

"**Administrative Questionnaire**" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"**Affiliate**" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"**Agreement**" means the credit agreement of which these Provisions form part.

"**Applicable Law**" means (a) any domestic or foreign statute, law (including common andcivil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (b) any judgement, order, writ, injunction, decision, ruling, decree or award;
(c) any regulatory policy, practice, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of such Person, in each case whether or not having the force of law.

"**Applicable Percentage**" means with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be the percentage of the total outstanding Loans and participations in respect of Letters of Credit represented by such Lender's outstanding Loans and participations in respect of Letters of Credit.

"**Approved Fund**" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"**Assignment and Assumption**" means an assignment and assumption entered into bya Lender and an Eligible Assignee and accepted by the Administrative Agent, in substantially the form of Exhibit A or any other form approved by the Administrative Agent.

"**Change in Law**" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any Applicable Law, (b) any change in any Applicable Law or in the administration, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any Applicable Law by any Governmental Authority.

"**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "**Controlling**" and "**Controlled**" have corresponding meanings.

"**Default**" means any event or condition that constitutes an Event of Default or that would constitute an Event of Default except for satisfaction of any condition subsequent required to make the event or condition an Event of Default, including giving of any notice, passage of time, or both.

"**Eligible Assignee**" means any Person (other than a natural Person, any Obligor or any Affiliate of an Obligor), in respect of which any consent that is required by Section 10(b) has been obtained.

"**Excluded Taxes**" means, with respect to the Administrative Agent, any Lender, the Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of an Obligor hereunder, (a) taxes imposed on or measured by its net income, and franchise taxes imposed on it (in lieu of net income taxes), 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, (b) any branch profits taxes or any similar tax imposed by any jurisdiction in which the Lender is located and (c) 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 that (A) is not imposed or assessed in respect of a Loan that was made on the premise that an exemption from such withholding tax would be available where the exemption is subsequently determined, or alleged by a taxing authority, not to be available and (B) 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(e), 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 amounts from an Obligor with respect to such withholding tax pursuant to Section 3.2(a). For greater certainty, for purposes of item (c) above, a withholding tax includes any Tax that a Foreign Lender is required to pay pursuant to Part XIII of the *Income Tax Act* (Canada) or any successor provision thereto.[1]

"**Foreign Lender**" means any Lender that is not organized under the laws of the jurisdiction in which the Borrower is resident for tax purposes and that is not otherwise considered or deemed in respect of any amount payable to it hereunder or under any Loan Document to be resident for income tax or withholding tax purposes in the jurisdiction in which the Borrower is resident for tax purposes by application of the laws of that jurisdiction. For purposes of this definition Canada and each Province and Territory thereof shall be deemed to constitute a single jurisdiction and the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"**Fund**" means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"**Governmental Authority**" means the government of Canada or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any supranational bodies such as the European Union or the European Central Bank and including a Minister of the Crown, Superintendent of Financial Institutions or other comparable authority or agency.

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[1] Please note that this definition of "Excluded Taxes" will result in Foreign Lenders not being grossed up for withholding taxes that exist at the time of execution and delivery of the Credit Agreement, except in the circumstances specified. If a loan is intended to be exempt from withholding tax as a "5/25" structure or otherwise, this premise should be specified in the Credit Agreement.

"**Indemnified Taxes**" means Taxes other than Excluded Taxes.

"**Issuing Bank**" means the Person named elsewhere in this Agreement[2] as the issuer of Letters of Credit on the basis that it is "fronting" for other Lenders and not on the basis that it is the attorney of other Lenders to sign Letters of Credit on their behalf, or any successor issuer of Letters of Credit. For greater certainty, where the context requires, references to "Lenders" in these Provisions include the Issuing Bank.

"**Loan**" means any extension of credit by a Lender under this Agreement, including by way of bankers' acceptance or LIBO Rate Loan, except for any Letter of Credit or participation in a Letter of Credit.

"**Obligors**" means, collectively, the Borrower and each of the guarantors of the Borrower's obligations that are identified elsewhere in this Agreement.

"**Other Taxes**" means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

"**Participant**" has the meaning assigned to such term in Section 10(d).

"**Person**" means any natural Person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"**Provisions**" means these model credit agreement provisions.

"**Related Parties**" means, with respect to any Person, such Person's Affiliates and the directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

"**Taxes**" means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

2. Terms Generally

(1) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein (including this Agreement) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, restated or otherwise modified (subject to any restrictions on such amendments, supplements, restatements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) unless otherwise expressly stated, all references in these Provisions to Articles, Sections, Exhibits and Schedules shall be construed to refer to

[2] Ensure that the Credit Agreement identifies the Issuing Bank or indicates that there is none.

Articles and Sections of, and Exhibits and Schedules to, these Provisions, but all such references elsewhere in this Agreement shall be construed to refer to this Agreement apart from these Provisions, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(2) If there is any conflict or inconsistency between these Provisions and the other terms of this Agreement, the other terms of this Agreement shall govern to the extent necessary toresolve the conflict or inconsistency.

3. Yield Protection

3.1 **Increased Costs**

(a) **Increased Costs Generally**. If 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 participatedin 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 IndemnifiedTaxes or Other Taxes covered by 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 Lenderof 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 requestof such Lender 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 Requirements**. If any Lender determines that any Change in Law affecting such Lender or any lending office of such Lender or such Lender's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, 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 could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of its holding company with respect to capital adequacy), 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 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, 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 or 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 toabove shall be extended to include the period of retroactive effect thereof.

3.2 **Taxes**.

(a) **Payments Subject to Taxes**. If any Obligor, the Administrative Agent, or any Lender is required by Applicable Law to deduct or pay any Indemnified Taxes (including any Other Taxes) in respect of any payment by or on account of any obligation of an Obligor hereunder or under any other Loan Document, then (i)the sum payable shall be increased by that Obligor when payable as necessary so that after making or allowing for all required deductions and payments (including deductions and payments applicable to additional sums payable under this Section) the Administrative Agent or Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions or payments been required, (ii) the Obligor shall make any such deductions required to be made by it under Applicable Law and (iii) the Obligor shall timely pay the full amount required to be deducted to the relevant Governmental Authority in accordance with Applicable Law.

(b) **Payment of Other Taxes by the Borrower**. Without limiting the provisions of paragraph (a) above, the Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(c) **Indemnification by the Borrower**. The Borrower shall indemnify the Administrative Agent and each Lender, within 10 days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Administrative Agent or such Lender and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificateas to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) **Evidence of Payments**. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by an Obligor to a Governmental Authority,the Obligor shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) **Status of Lenders**. Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments hereunder or under any other Loan Document shall, at the request of the Borrower, deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative 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. In addition, (a) any Lender, if requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative 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 Administrative Agent in writing.

(f) **Treatment of Certain Refunds and Tax Reductions**. If the Administrative Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which an Obligor has paid additional amounts pursuant to this Section or that, because of the payment of such Taxes or Other Taxes, it has benefited from a reduction in Excluded Taxes otherwise payable by it, it shall pay to the Borrower or Obligor, as applicable, an amount equal to such refund or reduction (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower or Obligor under this Section with respect to the Taxes or Other Taxes giving rise to such refund or reduction), net of all out-of- pocket expenses of the Administrative Agent or such Lender, as the case may be, and without interest (other than any net after-Tax interest paid by the relevant Governmental Authority with respect to such refund). The Borrower or Obligor as applicable, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower or Obligor (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender if the Administrative Agent or such Lender is required to repay such refund or reduction to such Governmental Authority. This paragraph shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrower or any other Person, to arrange its affairs in any particular manner or to claim any available refund or reduction.

3.3 **Mitigation Obligations: Replacement of Lenders**.

(a) **Designation of a Different Lending Office**. If any Lender requests compensation under Section 3.1, or requires the Borrower to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.2 , then such Lender shall use reasonable efforts todesignate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i)would eliminate or reduce amounts payable pursuant to Section 3.1 or 3.2 , as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) **Replacement of Lenders**[3]. If any Lender requests compensation under Section 3.1, if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.2, if any Lender's obligations are suspended pursuant to Section 3.4 or if any Lender defaults in its obligation to fund Loans hereunder, then the Borrower may, at its sole expense and effort, upon 10 days' notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(i) the Borrower pays the Administrative Agent the assignment fee specified in Section 10(b)(vi);

(ii) the assigning Lender receives payment of an amount equal to the outstanding principal of its Loans and participations in disbursements under Letters of Credit, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any breakage costs and amounts required to be paid under this Agreement as a result of prepayment to a Lender) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 3.1 or payments required to be made pursuant to Section 3.2, such assignment will result in a reduction in such compensation or payments thereafter; and

(iv) such assignment does not conflict with Applicable Law.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

3.4 **Illegality**.

If any Lender determines that any Applicable Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make or maintain any Loan (or to maintain its obligation to make any Loan), or to participate in, issue or maintain any Letter of Credit (or to maintain its obligation to participate in or to issue any Letter of Credit), or to determine or charge interest rates based upon any particular rate, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, any obligation of such Lender with respect to the activity that is unlawful shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if conversion would avoid the activity that is unlawful, convert any Loans, or take any necessary steps with respect to any Letter of Credit in order to avoid the activity that is unlawful. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted. Each Lender agrees to designate a different Lending Office if such designation will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender.

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[3] Please note that the Breakfunding section in the Credit Agreement should expressly include any amount payable as a result of an assignment required by this Section.

3.5 **Inability to Determine Rates Etc**.

If the Required Lenders determine that for any reason a market for bankers' acceptances does not exist at any time or the Lenders cannot for other reasons, after reasonable efforts, readily sell bankers' acceptances or perform their other obligations under this Agreement with respect to bankers' acceptances, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, the Borrower's right to request the acceptance of bankers' acceptances shall be and remain suspended until the Required Lenders determine and the Agent notifies the Borrower and each Lender that the condition causing such determination no longer exists. If the Required Lenders determine that for any reason adequate and reasonable means do not exist for determining the LIBO Rate for any requested Interest Period with respect to a proposed LIBO Rate Loan, or that the LIBO Rate for any requested Interest Period with respect toa proposed LIBO Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, the obligation of the Lenders to make or maintain LIBO Rate Loans shall be suspended until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a borrowing, conversion or continuation of LIBO Rate Loans or, failing that, will be deemed to have converted such request into a request for a borrowing of Base Rate Loans in the amount specified therein.

4. **Right of Setoff.**

If an Event of Default has occurred and is continuing, each of the Lenders and each of their respective Affiliates is hereby authorized at any time and from time to time to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by suchLender or any such Affiliate to or for the credit or the account of any Obligor against any and all ofthe obligations of the Borrower now or hereafter existing under this Agreement or any other Loan Document to such Lender, irrespective of whether or not such Lender has made any demand under this Agreement or any other Loan Document and although such obligations of the Obligor may be contingent or unmatured or are owed to a branch or office of such Lender different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each the Lenders and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff, consolidation of accounts and bankers' lien) that the Lenders or their respective Affiliates may have. Each Lender agrees to promptly notify the Borrower and the Administrative Agent after any such setoff and application, but the failure to give such notice shall not affect the validity of such setoff and application. If any Affiliate of a Lender exercises any rights under this Section 4, it shall share the benefit received in accordancewith Section 5 as if the benefit had been received by the Lender of which it is an Affiliate.

5. **Sharing of Payments by Lenders.**

If any Lender, by exercising any right of setoff or counterclaim or otherwise, obtains any payment or other reduction that might result in such Lender receiving payment or other reduction of a proportion of the aggregate amount of its Loans and accrued interest thereon or other obligations hereunder greater than its pro rata share thereof as provided herein, then the Lender receiving such payment or other reduction shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other obligations ofthe other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders rateably in accordance with the aggregate amountof principal of and accrued interest on their respective Loans and other amounts owing them, provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest;

(ii) the provisions of this Section shall not be construed to apply to (x) any payment made by any Obligor pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation inany of its Loans or participations in disbursements under Letters of Credit to any assignee or participant, other than to any Obligor or any Affiliate of an Obligor (as to which the provisions of this Section shall apply); and

(iii) the provisions of this Section shall not be construed to apply to (w) any payment made while no Event of Default has occurred and is continuing in respect of obligations of the Borrower to such Lender that do not arise under or in connection with the Loan Documents, (x) any payment made in respect of an obligation that is secured by a Permitted Lien or that is otherwise entitled to priority over the Borrower's obligations under or in connection with the Loan Documents, (y) any reduction arising from an amount owing to an Obligor upon the termination of derivatives entered into between the Obligor and such Lender, or (z) any payment to which such Lender is entitled as a result of any form of credit protection obtained by such Lender.

The Obligors consent to the foregoing and agree, to the extent they may effectively do so under Applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Obligor rights of setoff and counterclaim and similar rights of Lenders with respect to such participation as fully as if such Lender were a direct creditor of each Obligor in the amount of such participation.

6. **Administrative Agent's Clawback**

(a) **Funding by Lenders; Presumption by Administrative Agent**. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any advance of funds that such Lender will not make available to the Administrative Agent such Lender's share of such advance, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with the provisions of this Agreement concerning funding by Lenders and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable advance available to the Administrative Agent, then the applicable Lender shall pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at a rate determined by the Administrative Agent in accordance with prevailing banking industry practice on interbank compensation. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such advance. If the Lender does not do so forthwith, the Borrower shall pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon at the interest rate applicable to the advance in question. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that has failed to make such payment to the Administrative Agent.

(b) **Payments by Borrower; Presumptions by Administrative Agent**. Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of any Lender hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption,

distribute the amount due to the Lenders. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender 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 Administrative Agent, at a rate determined by the Administrative Agent in accordance with prevailing banking industry practice on interbank compensation.

7. **Agency**.

7.1 **Appointment and Authority**.

Each of the Lenders and the Issuing Bank hereby irrevocably appoints the Person identified elsewhere in this Agreement as the Administrative Agent[4] to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the Issuing Bank, and no Obligor shall have rights as a third party beneficiary of any of such provisions.

7.2 **Rights as a Lender**.

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any Obligor or any Affiliate thereof as if such Person were not the Administrative Agent and without any duty to account to the Lenders.

7.3 **Exculpatory Provisions**.

(1) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents[5]. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Loan Documents), but the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or Applicable Law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

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[4] Ensure that the Credit Agreement identifies the Administrative Agent for the purpose of this reference.

(2) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as is necessary, or as the Administrative Agent believes in good faith is necessary, under the provisions of the Loan Documents) or (ii) in the absence of its own gross negligence or wilful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing the Default is given to the Administrative Agent by the Borrower or a Lender.

(3) Except as otherwise expressly specified in this Agreement, the Administrative Agent shallnot be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition specified in this Agreement, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

7.4 **Reliance by Administrative Agent**.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the makingof a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or the Issuing Bank, the Administrative Agent may presume that such condition is satisfactory to such Lender or the Issuing Bank unless the Administrative Agent shall have received notice to the contrary from such Lender or the Issuing Bank prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with theadvice of any such counsel, accountants or experts.

7.5 **Indemnification of Administrative Agent**.

Each Lender agrees to indemnify the Administrative Agent and hold it harmless (to the extent not reimbursed by the Borrower), rateably according to its Applicable Percentage (and not jointly or jointly and severally) from and against any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel, which may be incurred by or asserted against the Administrative Agent in any way relating to or arising out ofthe Loan Documents or the transactions therein contemplated. However, no Lender shall be liable for any portion of such losses, claims, damages, liabilities and related expenses resulting from the Administrative Agent's gross negligence or wilful misconduct.

7.6 **Delegation of Duties**.

The Administrative Agent may perform any and all of its duties and exercise its rights andpowers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent from among the Lenders (including the Person serving as Administrative Agent) and their respective Affiliates. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The provisions of this Article and other provisions of this Agreement for the benefit of the Administrative Agent shall apply to any such sub-agent and to the Related

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5 It is anticipated that the Credit Agreement will require the Borrower to be responsible for compliance withall requirements to maintain perfection of security.

Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

7.7 **Replacement of Administrative Agent.**

(1) The Administrative Agent may at any time give notice of its resignation to the Lenders,the Issuing Bank and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a Lender having a Commitment to a revolving credit if one or more is established in this Agreement and having an office in Toronto, Ontario or Montréal, Québec, or an Affiliate of any such Lender with an office in Toronto or Montréal. The Administrative Agent may also be removed at any time by the Required Lenders upon 30 days' notice to the Administrative Agent and the Borrower as long as the Required Lenders, in consultation with the Borrower, appoint and obtain the acceptance of a successor within such 30 days, which shall be a Lender having a Commitment to a revolving credit if one or more is established in this Agreement and having an office in Toronto or Montréal, or an Affiliate of any such Lender with an office inToronto or Montréal.

(2) If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications specified inSection 7.7(1), provided that if the Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for abovein the preceding paragraph.

(3) Upon a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties ofthe former Administrative Agent, and the former Administrative Agent shall be dischargedfrom all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided in the preceding paragraph). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the termination of the service of the former Administrative Agent, the provisions of this Section 7 and of Section 9 shall continue in effect for the benefit of such former Administrative Agent, its sub-agents and their respective Related Parties in respect ofany actions taken or omitted to be taken by any of them while the former Administrative Agent was acting as Administrative Agent.

7.8 **Non-Reliance on Administrative Agent and Other Lenders**.

Each Lender and the Issuing Bank acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and the Issuing Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information

as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

7.9 **Collective Action of the Lenders**.

Each of the Lenders hereby acknowledges that to the extent permitted by Applicable Law, any collateral security and the remedies provided under the Loan Documents to the Lenders are for the benefit of the Lenders collectively and acting together and not severally and further acknowledges that its rights hereunder and under any collateral security are to be exercised not severally, but by the Administrative Agent upon the decision of the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Loan Documents). Accordingly, notwithstanding any of the provisions contained herein or in any collateral security, each of the Lenders hereby covenants and agrees that it shall not be entitled to take any action hereunder or thereunder including, without limitation, any declaration of default hereunder or thereunder but that any such action shall be taken only by the Administrative Agent with the prior written agreement of the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for in the Loan Documents). Each of the Lenders hereby further covenants and agrees that upon any such written agreement being given, it shall co-operate fully with the Administrative Agent to the extent requested by the Administrative Agent. Notwithstanding the foregoing, in the absence of instructions from the Lenders and wherein the sole opinion of the Administrative Agent, acting reasonably and in good faith, the exigencies of the situation warrant such action, the Administrative Agent may without notice to or consent of the Lenders take such action on behalf of the Lenders as it deems appropriate or desirable in the interest of the Lenders.

7.10 **No Other Duties. etc**.

Anything herein to the contrary notwithstanding, none of the Bookrunners, Arrangers or holders of similar titles, if any, specified in this Agreement shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent or a Lender hereunder.

8. Notices: Effectiveness; Electronic Communication

(a) **Notices Generally**. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as-provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier to the addresses or telecopier numbers specified elsewhere in this Agreement[6] or, if to a Lender, to it at its address or telecopier number specified in the Register or, if to an Obligor other than the Borrower, in care of the Borrower.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given on a business day between 9:00 a.m. and 5:00 p.m. local time where the recipient is located, shall be deemed to have been given at 9:00 a.m. on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) **Electronic Communications**. Notices and other communications to the Lenders and the Issuing Bank hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent[7], provided that the foregoing shall not apply to notices to any Lender of Loans to be made or Letters

of Credit to be issued if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) **Change of Address. Etc**. Any party hereto may change its address or telecopier number for notices and other communications hereunder by notice to the other parties hereto.

9. **Expenses; Indemnity: Damage Waiver[8]**

(a) **Costs and Expenses**. The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out- of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all reasonable out-of-pocket expenses incurred by the Administrative Agent, any Lender or the Issuing Bank, including the reasonable fees, charges and disbursements of counsel, in connection with the enforcement or protection of its rights in connection with this Agreement and the other Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out- of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

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6 Ensure that the Credit Agreement contains the contact information referred to.
7 Administrative Agents may wish to prescribe procedures for electronic communications and disseminate those procedures to Lenders.

(b) **Indemnification by the Borrower**. The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender and the Issuing Bank, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any third party or by any Obligor arising out of, in connection with, or as a resultof (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance or non-performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation or non-consummation of the transactions contemplated hereby or thereby, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply withthe terms of such Letter of Credit), (iii) any actual or alleged presence or Releaseof Hazardous Materials on or from any property owned or operated by any Obligor, or any Environmental Liability related in any way to any Obligor, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whetherbrought by a third party or by an Obligor and regardless of whether any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower or any other Obligor against an Indemnitee for breach inbad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Obligor has obtained a final and nonappealable judgment in its favour on such claim as determined by a court of competent jurisdiction, nor shallit be available in respect of matters specifically addressed in Sections 3.1, 3.2 and 9(a).

(c) **Reimbursement by Lenders**. To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under paragraph (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof),the Issuing Bank or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), the Issuing Bank or such Related Party, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) or the Issuing Bank in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) or Issuing Bank in connection with such capacity. The obligations of the Lenders under this paragraph (c) are subject to the other provisions of this Agreement concerning several liability of the Lenders.

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8 A reference to this Section should be included in the Survival Section, if any, of the Credit Agreement.

(d) **Waiver of Consequential Damages. Etc**. To the fullest extent permitted by Applicable Law, the Obligors shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for indirect, consequential, punitive, aggravated or exemplary damages (as opposed to direct damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby (or any breach thereof), the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) **Payments**. All amounts due under this Section shall be payable promptly after demand therefore. A certificate of the Administrative Agent or a Lender setting forth the amount or amounts owing to the Administrative Agent, Lender or a sub- agent or Related Party, as the case may be, as specified in 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.

10 **Successors and Assigns**

(a) **Successors and Assigns Generally**. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Obligor may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the RelatedParties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) **Assignments by Lenders**. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the timeowing to it); provided that:

(i) except if an Event of Default has occurred and is continuing or in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, the aggregate amount of the Commitment being assigned (which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loan of the assigning Lender subject to each such assignment (determined as of the date the Assignment andAssumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than $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 termfacility, unless each of the Administrative Agent and, so long as no Default has occurred and is continuing, the Borrower otherwise consent to a lower amount (each such consent not to be unreasonably withheldor delayed);

(ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned, except that this clause (ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among separate credits on a non-pro rata basis;

(iii) any assignment of a Commitment relating to a credit under which Letters of Credit may be issued must be approved by any Issuing Bank (such approval not to be unreasonably withheld or delayed) unless the Person that is the proposed assignee is itself already a Lender with a Commitment under that credit;

(iv) any assignment must be approved by the Administrative Agent (such approval not to be unreasonably withheld or delayed) unless:

(A) in the case of an assignment of a Commitment relating to a revolving credit, the proposed assignee is itself already a Lender with the same type of Commitment,

(B) no Event of Default has occurred and is continuing, and the assignment is of a Commitment relating to a non-revolving credit that is fully advanced, or

(C) the proposed assignee is a bank whose senior, unsecured, non- credit enhanced, Long Term Debt is rated at least A3, A- or A low by at least two of Moody's Investor Services Inc., Standard &Poor's, a division of The McGraw-Hill Companies, Inc. and Dominion Bond Rating Service Limited, respectively;

(v) any assignment must be approved by the Borrower (such approval not to be unreasonably withheld or delayed) unless the proposed assignee is itself already a Lender with the same type of Commitment or a Default has occurred and is continuing; and

(vi) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in an amount specified elsewhere in this Agreement9 and the Eligible Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement and the other Loan Documents, including any collateral security, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue tobe entitled to the benefits of Sections 3 and 9, and shall continue to be liable for

any breach of this Agreement by such Lender, with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section. Any payment by an assignee to an assigning Lender in connection with an assignment or transfer shall not be or be deemed to be a repayment by the Borrower or a new Loan to the Borrower.

(c) **Register**. The Administrative Agent shall maintain at one of its offices in Toronto, Ontario or Montréal, Québec a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, absent manifest error, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) **Participations**. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural Person, an Obligor or any Affiliate of an Obligor[10]) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any payment by a Participant to a Lender in connection with a sale of a participation shall not be or be deemed to be a repayment by the Borrower or a new Loan to the Borrower.

Subject to paragraph (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Section 3 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 4 as though it were a Lender, provided such Participant agrees to be subject to Section 5 as though it were a Lender.

(e) **Limitations upon Participant Rights**. A Participant shall not be entitled to receive any greater payment under Section 3.1 and 3.2 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant ismade with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.2 unless the Borrower is notified of the participation sold to such Participantand such Participant agrees, for the benefit of the Borrower, to comply with Section 3.2(e) as though it were a Lender.

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9 Ensure that the Credit Agreement specifies the amount of this fee.

(f) **Certain Pledges**. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, but no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

11 **Governing Law: Jurisdiction: Etc.**

(a) **Governing Law**. This Agreement shall be governed by, and construed in accordance with, the laws of the Province specified elsewhere in thisAgreement[11] and the laws of Canada applicable in that Province.

(b) **Submission to Jurisdiction**. Each Obligor irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the Province specified elsewhere in this Agreement, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such court. Each of the parties hereto agrees that a final judgmentin any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Obligor or its properties in the courts of any jurisdiction.

(c) **Waiver of Venue**. Each Obligor irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of orrelating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

12 **WAIVER OF JURY TRIAL**

EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THATNO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

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[10] Consideration should be given to the percentage of Lenders required to permit the sale of aparticipation to an Obligor or any Affiliate or Subsidiary of an Obligor.

[11] Ensure that the Credit Agreement identifies the Province referred to here and in paragraph (b)immediately below.

13 **Counterparts: Integration: Effectiveness: Electronic Execution**

(a) **Counterparts: Integration: Effectiveness**. This Agreement may be executed incounterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents and any separate letter agreements with respect to fees payable to the AdministrativeAgent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in the conditions precedent Section(s) of this Agreement, this Agreement shall become effective when it has been executed by the Administrative Agent and when the Administrative Agent has received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) **Electronic Execution of Assignments**. The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including Parts 2 and 3 of the *Personal Information Protection and Electronic Documents Act* (Canada), the *Electronic Commerce Act*, 2000 (Ontario) and other similar federal or provincial laws based on the UniformElectronic Commerce Act of the Uniform Law Conference of Canada or its Uniform Electronic Evidence Act, as the case may be.

14. **Treatment of Certain Information: Confidentiality**

(1) Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to it, its Affiliates and its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority), (c) to the extent required by Applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement ofrights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap, derivative, credit-linked note or similar transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent or any Lender on a non-confidential basis from a source other than an Obligor.

(2) For purposes of this Section, "**Information**" means all information received in connection with this Agreement from any Obligor relating to any Obligor or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a non-confidential basis prior to such receipt. Any Person required to maintain the confidentiality of Information as provided in this Section

shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Administrative Agent may disclose to any agency or organization that assigns standard identification numbers to loan facilities such basic information describing the facilities provided hereunder as is necessary to assign unique identifiers (and, if requested, supply a copy of this Agreement), it being understood that the Person to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to make available to the public only such Information as such Person normally makes available in the course of its business of assigning identification numbers.

(3) In addition, and notwithstanding anything herein to the contrary, the Administrative Agent may provide the information described on Exhibit B concerning the Borrower and the credit facilities established herein to Loan Pricing Corporation and/or other recognized trade publishers of information for general circulation in the loan market.

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "**Assignment and Assumption**") is dated as ofthe Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "**Assignor**") and [*Insert name of Assignee*] (the "**Assignee**"). Capitalized terms used but notdefined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "**Credit Agreement**"), receipt of a copy of which is hereby acknowledged bythe Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including without limitation any letters of credit, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under Applicable Law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan-transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as, the "**Assigned Interest**"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor:_____

2. Assignee:_____
[and is an Affiliate/Approved Fund of [*identify Lender*]]

3. Borrower(s):_____

4. Administrative Agent:_____, as the administrative agent underthe Credit Agreement.

5. Credit Agreement: [The [*amount*] Credit Agreement dated as of_____ among[*name of Borrower(s)*], the Lenders parties thereto, [*name of Administrative Agent*], as Administrative Agent, and the other agents parties thereto]

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans forall Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans	CUSIP Number N/A
	$	$	%	
	$	$	%	
	$	$	%	

[7. Trade Date:_____]

Effective Date:_____,20_ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Title:

[Consented to and] Accepted:

[NAME OF THE ADMINISTRATIVE AGENT], as
Administrative Agent

By: _____
Title:

[Consented to:]

[NAME OF RELEVANT PARTY]

By: _____
Title:

[_____]

STANDARD TERMS AND CONDITIONS FORASSIGNMENT AND ASSUMPTION

REPRESENTATIONS AND WARRANTIES.

Assignor.

The Assignor (a) represents and warrants that (I) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

Assignee.

The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section ___thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

PAYMENTS.

From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to, on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

GENERAL PROVISIONS.

This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and permitted assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law governing the Credit Agreement.

LOAN MARKET DATA TEMPLATE

Recommended Data Fields — At Close

The items highlighted in bold are those that Loan Pricing Corporation (LPC) deem essential. The remaining items are those that LPC has seen become more prominent over time as transparency has increased in the U.S. Loan Market.

Company Level	Deal Specific	Facility Specific
Issuer Name	**Currency/Amount**	**Currency/Amount**
Location	**Date**	**Type**
SIC (Cdn)	**Purpose**	**Purpose**
Identification Number(s)	**Financial Covenants**	Term Out Option
Revenue		**Expiration Date**
	Target Company	**Facility Signing Date**
***Measurement of Risk**	**Assignment Language**	**Pricing**
S&P Sr. Debt	Law Firms	**Base Rate(s) /Spread(s)/BA/LIBOR**
S&P Issuer	MAC Clause	**Initial Pricing Level**
Moody's Sr. Debt	Springing lien	**Pricing Grid (tied to, levels)**
Moody's Issuer	Cash Dominion	**Grid Effective Date**
Fitch Sr. Debt	Mandatory Prepays	**Fees**
Fitch Issuer	Restrct'd Payments (NegCovs)	**also)**

Participation Fee (tiered

S&P Implied(internal assessment)
DBRS

Other Restrictions	**Working Capital Fee**
Other Ratings	**Annual Fee**
*Industry Classification	**Utilization Fee**
Moody's Industry	**LC Fee(s)**
S&P Industry	**BA Fee**
Parent	Prepayment Fee
Financial Ratios	Other Fees to Market

Claim

Security **Secured/Unsecured** Collateral and Seniority of

Collateral Value

Guarantors
Lenders Names/Titles Lender Commitment ($)
Committed/UncommittedDistribution Method **Amortization Schedule**
Borrowing Base/Advance RatesNew Money Amount
Country of Syndication
Facility Rating (Loss given default)**S&P Bank Loan Moody's Bank Loan Fitch Bank Loan**
DBRS
Other Ratings

* These items would be considered useful to capture from an analytical perspective

EXHIBIT "I" – AGREEMENT AND ACKNOWLEDGEMENT TO BE BOUND –NEWGUARANTOR

SUPPLEMENT TO CREDIT AGREEMENT NO. ☐ - AGREEMENT AND ACKNOWLEDGMENTTO BE BOUND

This Supplement to the Credit Agreement No. ☐ dated ☐ supplements the CreditAgreement (as hereinafter defined).

RECITALS:

(A) Reference is made to the credit agreement made among 1974568 Ontario Limited, as Borrower, the Guarantors from time to time party thereto, the Limited Guarantor, Bank of Montreal as administrative agent and the Lenders from time to time thereunder, dated as of November 29, 2019 (as amended, restated, supplemented, replaced or otherwise modified from time to time, the "**Credit Agreement**").

(B) Section 6.02(c) of the Credit Agreement provides that additional Persons may from time to time after the date of the Credit Agreement become Guarantors under the Credit Agreement by executing and delivering to the Agent a supplemental agreement to the Credit Agreement in the form of this Supplement.

(C) It is a condition to the Agent and the Lenders continuing to extend credit to the Borrowersunder the Credit Agreement that the undersigned (the "**New Guarantor**") become a Guarantor under the Credit Agreement by executing and delivering this Supplement tothe Agent.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which areacknowledged, the New Guarantor covenants and agrees with the Agent as follows:

1. The New Guarantor has received a copy of, and has reviewed, the Credit Agreement andis executing and delivering this Supplement to the Agent pursuant to Section 6.02(c) of the Credit Agreement.

2. Effective from and after the date this Supplement is executed and delivered to the Agent by the New Guarantor,

   (a) the New Guarantor is, and shall be deemed for all purposes to be, a Guarantor and Credit Party under the Credit Agreement with the same force and effect, and subject to the same agreements, representations, indemnities, liabilities,obligations as if the New Guarantor was, effective as of the date of this Supplement, an original signatory to the Credit Agreement as a Guarantor;

   (b) the New Guarantor agrees to be bound by all of the terms and conditions of the Credit Agreement applicable to Guarantors and Credit Parties, as such Credit Agreement may be amended, modified, supplemented or restated from time to time, as if it were an original signatory to the Credit Agreement; and

   (c) each reference to a Guarantor or Credit Party in the Credit Agreement shall be deemed to include the New Guarantor.

3. The existing Credit Parties under the Credit Agreement acknowledge and agree that the New Guarantor shall be added as a Guarantor and that any necessary changes required to the Credit Agreement as a result of the addition of the New Guarantor shall be made *mutatis mutandis*.

4. The New Guarantor represents and warrants to the Agent and the Lenders that (a) this Supplement has been duly authorized, executed and delivered by the New Guarantor and the Credit Agreement, as supplemented by this Supplement constitutes a legal, valid and binding obligation of the New Guarantor enforceable against the New Guarantor in accordance with its terms, (b) each of the representations and warranties made or deemed to have been made by it under the Credit Agreement as a Guarantor or Credit Party are true and correct on and as of the date of this Supplement, and (c) Schedules 4.01(b), (h), (i), (j), (k) (l) (m), (o), (p), (q), (r) and (s) to this Supplement accurately set out all information which would have been required to be disclosed on such Schedules to the Credit Agreement pursuant to the terms of the Credit Agreement had the New Guarantor been a Guarantor on the date of the execution and delivery of the Credit Agreement (it being understood and agreed, however, that the information furnished pursuant hereto by the New Guarantor is accurate as of the date of this Supplement rather than the date of the Credit Agreement).

5. Except as expressly supplemented hereby, the Credit Agreement shall remain in full force and effect, unamended.

6. Capitalized terms used but not otherwise defined in this Supplement have the respective meanings given to such terms in the Credit Agreement. In this Supplement, the words "**including**", "**includes**" and "**include**" mean "**including (or includes or include) without limitation**".

7. This Supplement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

8. This Supplement and the Credit Agreement shall be binding upon the New Guarantor and its successors. The New Guarantor shall not assign its rights and obligations under this Supplement or the Credit Agreement or any interest in this Supplement or the Credit Agreement without the prior written consent of the Agent.

9. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this Supplement.

10. The parties hereto shall from time to time and at all times do all such further acts and things and execute and deliver all such documents as are reasonably required in order to fully perform and carry out the terms of this Agreement.

11. The provisions of this Agreement shall enure to the benefit of and shall be binding upon the parties hereto and their respective successors and permitted assigns.

12. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. Delivery of an executed counterpart of a signature page of this Agreement by facsimile transmission or by e-mail in PDF format shall be effective as delivery of a manually executed counterpart of this Agreement.

[Remainder of page intentionally blank]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by itsduly authorized representative(s) as of the date first above written.

☐
[New Guarantor]

Per:

Per:

Bank of Montreal
in its capacity as the Agent and for and on behalf of the Lenders

Per: _____
Name:
Title:

Per: _____
Name:
Title:

☐**, as Borrower**

Per:

Per:

☐, as existing Guarantors

Per: _____

Per: _____

☐, as existing Limited Guarantor

Per: _____

Per: _____

[*Signature Page to Guarantor Supplement to Credit Agreement*]

Schedule 4.01(b)

Corporate Information

I. Present and Prior Names, Jurisdiction, Registered Office

Entity	Predecessor Names	Jurisdiction of Incorporation or Formation	Present Governing Jurisdiction	Registered Office
Aphria Inc.	Pure Natures WellnessInc. Cannway Pharmaceuticals Inc.	Ontario	Ontario	1 Adelaide Street East, Suite 2310, Toronto, Ontario, Canada M5C 2E9
	Black Sparrow Capital Corp.			
	2427745 Ontario Inc.			
1974568 Ontario Limited	N/A	Ontario	Ontario	245 Talbot Street West, Suite 103, Leamington, Ontario, Canada N8H 1N8

II. Location of Assets, Bank Account, and Shareholdings of 1974568 Ontario Limited

Location of Assets	Ontario
Bank Account	Bank of Montreal – CAD 297 Erie Street South, Leamington, ONTransit Number 03442 Account Number 1995 174
Number and classes of issued and outstanding shares	20,000,000 common shares
Shareholders	Aphria Inc. – 10,200,000 common shares 2609733 Ontario Limited – 9,800,000 common shares

Schedule 4.01(h)

Material Permits

Licence No. LIC-KX10UDSC08-2019 issued by Health Canada to 1974568 Ontario Inc. inaccordance with the *Cannabis Act* and *Cannabis Regulations*.

Schedule 4.01(i)

Cannabis Investments

Subsidiaries

Subsidiaries	Jurisdiction	CannabisTouching
Broken Coast Cannabis Ltd	BC, Canada	Yes
LATAM Holdings Inc.	BC, Canada	No
Marigold Acquisitions Inc.	BC, Canada	No
MMJ International Investments Inc.	BC, Canada	No
Nuuvera Holdings Limited	Ontario, Canada	No
ARA-Avanti Rx Analytics Inc.	Ontario, Canada	Yes
MMJ Colombia Partners Inc.	Ontario, Canada	No
FL Group	Italy	Yes
Goodfields Supply Co. Ltd	United Kingdom	No
Hampstead Holdings Ltd	Bermuda	No
ABP, S.A.	Argentina	Yes
Nuuvera Deutchland GmbH	Germany	Yes
Aphria Deutchland GmbH	Germany	No
CC Pharma GmbH	Germany	Yes
CC Pharma Research and DevelopmentGmbH	Germany	Yes
Aphria Wellbeing GmbH	Germany	Yes
Marigold Projects Jamaica Limited	Jamaica	Yes
Nuuvera Malta Ltd	Malta	No
ASF Pharma Ltd	Malta	Yes
QSG Health Ltd.	Malta	Yes
ColCanna S.A.S	Colombia	Yes
CC Pharma Nordic ApS	Denmark	Yes
Aphria Terra S.R.L.	Italy	No
APL Aphria Portugal, Lda	Portugal	Yes
CannInvest Africa Ltd.	South Africa	Yes
Verve Dynamics Incorporated (PTY) Ltd.	Lesotho	Yes

Convertible Notes

Entity	Jurisdiction	CannabisTouching
HydRx Farms (d/b/a Scientus Pharma)	Canada	Yes
Fire and Flower	Canada	Yes
10330698 Canada Ltd.(Starbuds)	Canada	Yes
High Tide Inc.	Canada	Yes

Equity Interests

Entity	Jurisdiction	CannabisTouching
Althea Group Holdings Ltd.	Australia	Yes
Tetra Bio- Pharma Inc.	Canada	Yes
National Access Cannabis Corp.	Canada	Yes
Aleafia Health Inc.	Canada	Yes
Rapid Dose Therapeutics Inc.	Canada	Yes
Fire & Flower Inc.	Canada	Yes
High Tide Inc.	Canada	Yes
Resolve Digital Health Inc.	Canada	No
Green Acre Capital Fund I	Canada	No
Green Tank Holdings Corp.	Canada	No
IBBZ KranKahaus GmbH	Germany	No
Greenwell Brands GmbH	Germany	Yes
HierArchy Ventures Ltd.	Canada	Yes

Company

None.

Schedule 4.01(j)

Specific Permitted Liens

None.

Schedule 4.01(k)

Owned Properties

The lands and premises municipally known as 620 Essex County Road 14, Leamington, ON.

None.

Schedule 4.01(l)

Material Leased Properties

None.

Schedule 4.01(m)

Intellectual Property

None.

Schedule 4.01(o)

Material Agreements

Amended and Restated Wholesale Cannabis Supply Agreement made as of November 26,2019 between 1974568 Ontario Limited and Aphria Inc.

Unanimous Shareholders' Agreement made as of February 16, 2018 among Aphria Inc.,2609733 Ontario Limited, Chris Mastronardi, Benji Mastronardi, and 1974568 Ontario Limited.

Intercorporate Advance Agreement made as of November 29, 2019 between Aphria Inc. and1974568 Ontario Limited.

None.

Schedule 4.01(p)

Labour Agreements

None.

Schedule 4.01(q)

Environmental Matters

Schedule 4.01(r)Litigation

Class Action	
Jurisdiction	
CANADA	
Quebec	Ranger v. Aphria Inc. et al.
Ontario	Vecchio v. Aphria Inc. et al.
	Rogers and Mirzoian v, Aphria Inc. et al.
USA	
New York	Jakobsen v. Aphria Inc., Victor Neufeld
	Curkan v. Aphria Inc., Victor Neufeld and Carl Merton
	Gloschat v. Aphria Inc., Victor Neufeld and Carl Merton
	Florence v. Aphria Inc., Victor Neufeld and Carl Merton

General CommercialLitigation	
Jurisdiction	
CANADA	Scotia Capital Inc. v. Aphria Inc.
	Jon Paul Fuller and JPF Komon Kaisha Inc. v. Aphria Inc.and Pure Natures Wellness Inc. d/b/a Aphria
USA	
	Chestnut Hill Tree Farms LLC v. Aphria Inc., Liberty Health Sciences and Jill Lamoureux

Commercial Arbitration	
Jurisdiction	
CANADA	Emblem Cannabis Corporation and Aphria Inc.
USA	none

None.

Schedule 4.01(s)

Pension Plans and Multi-employer Plans

Exhibit 10.41

Execution Version

AGREEMENT OF MERGER AND ACQUISITION

dated as of November 4, 2020

by and among

APHRIA INC.,

PROJECT GOLF MERGER SUB, LLC,

SW BREWING COMPANY, LLC,

SWBC CRAFT HOLDINGS LP,

SWBC CRAFT MANAGEMENT, LLC,

SWBC BLOCKER SELLER, LP

and

CHILLY WATER, LLC

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AGREEMENT OF MERGER AND ACQUISITION

This Agreement of Merger and Acquisition dated as of November 4, 2020 (this "Agreement"), is entered into by and among Aphria Inc., a corporation existing under the Ontario Business Corporations Act ("Parent"), Project Golf Merger Sub, LLC, Delaware limited liability company ("Merger Sub"), SW Brewing Company, LLC, a Delaware limited liability company (the "Company"), SWBC Craft Holdings LP, a Delaware limited partnership ("Blocker"), SWBC CraftManagement, LLC (the "Blocker GP"), SWBC Blocker Seller, LP, a Delaware limited partnership("Blocker Seller" and, together with the Blocker GP, collectively, "Blocker Partners"), and ChillyWater, LLC, a Delaware limited liability company ("Securityholders' Representative").

RECITALS**:**

WHEREAS, Parent indirectly owns all of the issued and outstanding membership interests of Merger Sub (the "Merger Sub Units");

WHEREAS, the Company owns all of the issued and outstanding membership interests of Cheese Grits, LLC, a Georgia limited liability company ("Cheese Grits"), and immediately prior to the Closing, the Company will enter into that certain Redemption Agreement, substantially in the form attached hereto as Exhibit A whereby, as further reflected on Schedule I thereto, the Company will redeem, immediately prior to the Effective Time, certain Class O Units (the "Redeemed Units") from Class O Members (each a "Redeemed Holder") of the Company in exchange for all of the issued and outstanding membership interests of Cheese Grits, resulting in Cheese Grits no longer being a Subsidiary of the Company (the foregoing, the "Redemption");

WHEREAS, the Blocker GP owns all of the issued and outstanding general partner interests of Blocker (the "Blocker GP Interests") and the Blocker Seller owns all of the issued and outstanding limited partner interests of the Blocker (the "Blocker LP Interests" and, together with the Blocker GP Interests, collectively, the "Blocker Interests"), which Blocker, immediately following completion of the transactions set forth on Schedule I (the "Pre-Closing Blocker Reorganization") will own Class T Units of the Company, with the remainder of the outstanding Units owned by the other Persons set forth on Section 3.2(a) of the Disclosure Letter (each, a "Unitholder");

WHEREAS, each Blocker Partner desires to sell (the "Blocker Sale") to Parent (or a Subsidiary thereof), and Parent desires to purchase (or cause a Subsidiary to purchase) from each Blocker Partner, all of such Blocker Partner's right, title and interest in and to the Blocker Interests held by such Blocker Partner, on the terms and subject to the conditions hereinafter set forth;

WHEREAS, immediately following the closing of the Blocker Sale, on the terms and subject to the conditions hereinafter set forth, Parent and the Company desire to cause Merger Sub to merge (the "Merger," and together with the Blocker Sale, the "Transactions") with and into the Company, with the Company being the surviving limited liability company and becoming an indirectly wholly-owned Subsidiary of Parent;

WHEREAS, the respective board of directors, general partner, or other governing body of each of Parent, Merger Sub, the Company, the Blocker, and Blocker Seller deems it advisable and in the best interest of its respective entity and such entity's respective stockholders or members, as applicable, to consummate the Transactions on the terms and conditions set forth in this Agreement;

WHEREAS, the Company has entered into the Bensch Consulting Agreement as of the date hereof, to be effective as of the Closing;

WHEREAS, unless otherwise expressly provided, each other defined term shall have the meaning given thereto in Annex I; and

WHEREAS, the parties hereto desire to make certain representations, warranties, covenants and agreements in connection with the Transactions, and also to prescribe various conditions to the Transactions.

NOW, THEREFORE, in consideration of the foregoing recitals, the representations, warranties and covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and intending to be legally bound hereby, the parties hereto hereby agree as follows:

AGREEMENT
ARTICLE I BLOCKER SALE

1.1. Purchase and Sale. Upon the terms and subject to the conditions of this Agreement, at the Blocker Closing (as hereafter defined), (a) Blocker Seller shall sell and transfer to Parent (or, if directed in writing by Parent, to Four Twenty Corporation, a Delaware corporation and wholly-owned subsidiary of Parent), and Parent agrees to purchase (or cause Four Twenty Corporation to purchase) from Blocker Seller, Blocker Seller's right, title and interest in and to the Blocker LP Interests, and (b) the Blocker GP shall sell and transfer to Parent, and Parent agrees to purchase from the Blocker GP, the Blocker GP's right, title and interest in and to the Blocker GP Interests.

1.2. Consideration. The aggregate consideration to be paid by Parent (for itself or on behalf of Four Twenty Corporation) to or for the account of Blocker Seller in exchange for the purchase of the Blocker LP Interests shall be the amount payable to the Blocker Seller as set forth in the Payment Schedule. No consideration shall be payable by Parent to or for the account of the Blocker GP in exchange for the purchase of the Blocker GP Interests.

1.3. Blocker Sale Closing. Upon the terms and subject to the conditions of this Agreement, the closing of the purchase and sale of all Blocker Interests (the "Blocker Closing") shall take place at the offices of DLA Piper LLP (US), 1251 Avenue of the Americas, New York, New York 10020 or by mutual exchange of electronic signatures as soon as reasonably practicable, but no more than three (3) Business Days, following the satisfaction or waiver of all conditions to the obligations of Parent, Merger Sub, Blocker Seller and the Company to consummate the Transactions contemplated hereby (other than conditions with respect to actions Parent, Merger Sub, Blocker Seller and the Company will take at the Blocker Closing or Closing itself, but subject to such conditions being satisfied at the Blocker Closing or Closing, as applicable) or at such other place and time as is mutually agreed to in writing by Securityholders' Representative and Parent. For all purposes of this Agreement, the Blocker Sale shall be deemed to have taken place immediately prior to the Closing. The term "Blocker Closing" as used herein shall refer to the actual conveyance, transfer, assignment and delivery of the Blocker Interests to Parent (or its Subsidiary) in exchange for the consideration to be delivered at the Blocker Closing pursuant to and in accordance with Section 2.11(f).

1.4. Blocker Seller Deliverables at Blocker Closing. At the Blocker Closing, the Blocker Seller shall deliver or cause to be delivered to Parent:

(a) a general partner interest and limited partner interest transfer agreement in a form reasonably acceptable to Parent;

(b) an IRS Form W-9 for Blocker Seller;

(c) a certificate signed by the Blocker GP, dated as of the Closing Date, certifying on behalf of Blocker as to: (A) the Organizational Documents of Blocker; and (B) a certificate of good standing of Blocker, certified by an appropriate authority of the Governmental Authority issuing such certificate in the jurisdiction of Blocker's creation, formation or organization dated not earlier than ten (10) Business Days prior to the Closing Date;

(d) a certificate signed by the Blocker GP, dated as of the Closing Date, certifying on behalf of the Blocker that the conditions set forth in Sections 7.2(b) and 7.2(c) as they relate to the representations, warranties and covenants of Blocker have been satisfied;

(e) the Waiver Agreement, duly executed by SWBC Craft, LLC; and

(f) written evidence that the Pre-Closing Blocker Reorganization has been effected.

1.5. Authorization of the Transactions. Immediately following the execution and delivery of this Agreement, holders of Units holding a majority of the issued and outstanding Units (the "Approving Holders") have executed a written consent in lieu of a meeting, with such written consent including resolutions approving and adopting the Transactions, entry into this Agreement by the applicable parties, and the consummation of the other transactions contemplated hereunder, as required by the Act, and appointing Securityholders' Representative as representative, from and after the Closing, of the Unitholders (other than the Blocker). The parties hereto shall each take, as promptly as practicable, all such other actions as may be necessary or advisable under the Act and applicable Law in connection with this Agreement and the consummation of the Transactions contemplated hereunder.

ARTICLE II
THE MERGER

2.1. The Merger. On the terms and subject to the conditions set forth in this Agreement, and in accordance with the Delaware Limited Liability Company Act (the "Act"), at the Effective Time, Merger Sub shall be merged with and into the Company, with the Company surviving as an indirect wholly-owned Subsidiary of Parent. Following the consummation of the Merger, the separate limited liability company existence of Merger Sub shall cease and the Company shall continue as the surviving limited liability company (Merger Sub and the Company are sometimes referred to herein as the "Constituent Entities" and the Company following the consummation of the Merger is sometimes referred to herein as the "Surviving Entity").

2.2. Effective Time of the Merger.

(a) Upon the terms and subject to the conditions set forth in this Agreement, on the Closing Date, (i) a certificate of merger substantially in the form attached hereto as Exhibit B (the "Certificate of Merger") shall be filed with the Secretary of State of the State of Delaware, and (ii) the

parties shall make all other filings or recordings required by the Act or other applicable Law to effectuate the Merger.

(b) The Merger shall become effective at the later of (i) the time of the filing of the Certificate of Merger with the Secretary of State of the State of Delaware, and (ii) such time thereafter which the parties hereto shall have agreed upon as is provided in the Certificate of Merger (the date and time when the Merger shall become effective is referred to herein as the "Effective Time").

2.3. Effects of the Merger.

(a) Upon the terms and subject to the conditions of this Agreement, at the Effective Time (i) Merger Sub shall be merged with and into the Company and the separate existence of Merger Sub shall cease, (ii) the certificate of formation of the Company, as in effect immediately prior to the Effective Time shall be the certificate of formation of the Surviving Entity unless and until thereafter repealed, changed or amended in accordance with the provisions thereof and applicable Law, and (iii) the LLC Agreement shall become the limited liability company agreement of the Surviving Entity.

(b) At the Effective Time, the effect of the Merger shall be as provided in the applicable provisions of the Act. Without limiting the generality of the foregoing, at and after theEffective Time:

(i) the Surviving Entity shall possess all of the rights, privileges, immunities, powers and franchises, and be subject to all the restrictions, disabilities and duties of each of the Constituent Entities;

(ii) all the rights, privileges, immunities, powers and franchises, and all property, real, personal and mixed, and all debts due on whatever account, including, without limitation, all choses in action, and all and every other interest of or belonging to or due to either Constituent Entity shall be taken and deemed to be transferred to, and vested in, the Surviving Entity without further act or deed; and all property, rights and privileges, immunities, powers and franchises and all and every other interest shall be thereafter as effectually the property of the Surviving Entity as they were of either Constituent Entity prior to the Effective Time; and

(iii) all debts, liabilities, duties and obligations of Merger Sub shall become the debts, liabilities, duties and obligations of the Surviving Entity, and the Surviving Entity shall thenceforth be responsible and liable for all the debts, liabilities, duties and obligations of Merger Sub, and the rights of creditors of Merger Sub shall not be impaired by the Merger, and may be enforced against the Surviving Entity.

2.4. Directors and Officers. The directors and officers of the Surviving Entity as of theEffective Time shall be the directors and officers of the Surviving Entity as set forth in the LLC Agreement, unless and until removed or until their respective terms of office shall have expired in accordance with the Act, the Surviving Entity's certificate of formation or the LLC Agreement, as applicable.

2.5. Closing. Unless this Agreement shall have been validly terminated pursuant to Section 8.1, upon the terms and subject to the satisfaction or waiver of the conditions set forth in Article VII, the closing of the Merger (the "Closing") will take place at the offices of DLA Piper LLP (US), 1251 Avenue of the Americas, New York, New York 10020 or by mutual exchange of electronic signatures as

soon as reasonably practicable, but not more than three (3) Business Days, following the satisfaction or waiver of all conditions to the obligations of Parent, Merger Sub, Blocker Seller and the Company to consummate the Transactions contemplated hereby as set forth in Article VII (other than conditions with respect to actions Parent, Merger Sub, Blocker Seller and the Company will take at the Blocker Closing or Closing itself, but subject to such conditions being satisfied at the Blocker Closing or Closing, as applicable) or at such other place and time as is mutually agreed to in writing by Securityholders' Representative, Blocker Seller and Parent (the date on which the Closing actually occurs is the "Closing Date"). The Closing shall be deemed to occur at the Effective Time.

2.6. Closing Deliveries.

(a) At the Closing, the Company shall deliver, or cause to be delivered, to Parent:

(i) the Certificate of Merger, duly executed by the Company;

(ii) a certificate of an authorized officer for the Company certifying, on behalf of the Company as to: (A) the Organizational Documents of the Company and each of its Subsidiaries; (B) resolutions of the board of managers of the Company authorizing and approving the execution, delivery and performance by the Company of this Agreement and any agreements, instruments, certificates or other documents executed by the Company or any of its Subsidiaries pursuant to this Agreement; (C) resolutions of the requisite Unitholders authorizing and approving the execution, delivery and performance by the Company of this Agreement and any agreements, instruments, certificates or other documents executed by the Company or any of its Subsidiaries pursuant to this Agreement; and (D) certificate(s) of good standing of the Company and each of its Subsidiaries, certified by an appropriate authority of the Governmental Authority issuing such certificate in the jurisdiction of such Person's creation, formation or organization and in any other jurisdiction where such Person is qualified to do business dated not earlier than five (5) Business Days prior to the Closing Date;

(iii) a certificate signed by an authorized officer of the Company, dated as of the Closing Date, stating that the conditions set forth in Sections 7.2(a) and 7.2(c) as they relate to the representations, warranties and covenants of the Company have been satisfied;

(iv) one or more payoff letters in customary form, drafts of which shall have been delivered to Parent at least two (2) Business Days prior to the Closing, executed by the lenders or other financing sources of the Company or any of its Subsidiaries set forth on Section 2.6(a)(iv) of the Disclosure Letter (A) setting forth all amounts (including principal and accrued but unpaid interest) necessary to be paid to repay in full any such Indebtedness through the Closing, (B) providing that, upon payment in full of such amounts, all obligations with respect to the Indebtedness of the Company and its Subsidiaries owed to such lender or other financing source will be satisfied and released (other than any obligations that, by their terms, survive payoff of such Indebtedness), and that any and all related Liens on the assets of the Company or any of its Subsidiaries will be terminated and released and (C) draft UCC-3 termination statements or similar documents in form sufficient to evidence the termination of all such Liens;

(v) invoices setting forth the amount constituting payment in full of each item of the Transaction Expenses and the Person to whom each such amount is payable;

(vi) the consents, authorizations and approvals of the Governmental Authorities and other Persons set forth in Section 2.6(a)(vi) of the Disclosure Letter;

(vii) resignations of each manager of the Company and each of its Subsidiaries and each officer of the Company and each of its Subsidiaries listed on Section 2.6(a)(vii) of the Disclosure Letter, in each instance, with such resignations to be effective as of the Closing;

(viii) a counterpart of the Adjustment Escrow Agreement, duly executed by Securityholders' Representative;

(ix) a counterpart of the PPP Escrow Agreement, duly executed by Securityholders' Representative;

(x) all sales tax exemption certificates from United Distributors, Inc. from all states which the Company or its Subsidiaries generated revenue during fiscal years ended December 31, 2017 through December 31, 2019;

(xi) the Lease Amendment, duly executed by the Company and Cheese Grits;

(xii) the Waiver Agreement, duly executed by the Company; and

(xiii) access credentials to all online portals and databases for all Alcohol Beverage Authorities, and all third party compliance companies, with which the Company has an account.

(b) At the Closing, Parent and Merger Sub shall deliver to the Securityholders' Representative:

(i) the payments to be delivered by Parent to pursuant to Section 2.11;

(ii) book-entry credits representing the Stock Consideration, duly transferred by Parent in accordance with Section 2.10;

(iii) a certificate of an authorized officer of each of Parent and Merger Sub certifying as to: (A) the Organizational Documents of such Person; (B) resolutions of the board of directors of or board of managers, as applicable, of such Person authorizing and approving the execution, delivery and performance by such Person of this Agreement and any agreements, instruments, certificates or other documents executed by such Person pursuant to this Agreement; and (C) a certificate of the secretary of state of the jurisdiction of Parent's or Merger Sub's creation, formation, or organization, as applicable, dated as of a date not earlier than five (5) Business Days prior to the Closing Date, as to the good standing of Parent or Merger Sub, as applicable;

(iv) a certificate signed by an authorized officer of each of Parent and Merger Sub, dated as of the Closing Date, stating that the conditions set forth in Sections 7.3(a) and 7.3(b) as they relate to the representations, warranties and covenants of Parent and Merger Sub have been satisfied;

(v) a counterpart of the Adjustment Escrow Agreement, duly executed by Parent; and

(vi) a counterpart of the PPP Escrow Agreement, duly executed by Parent.

2.7. Effect on Units; Merger Sub Units. At the Effective Time, by virtue of the Mergerand without any action on the part of Merger Sub, the Company or the holders of any Units or theholders of Merger Sub Units:

(a) Each Unit (i) held by the Company as treasury Units, (ii) owned by any direct or indirect wholly-owned Subsidiary of the Company, or (iii) that is issued or outstanding and owned directly or indirectly by Parent or Merger Sub or any of their Subsidiaries (excluding, (A) following the Blocker Closing, the Units held by Blocker, which such Units held by Blocker shall be addressed pursuant to Section 2.7(d) and remain outstanding following the Merger, and (B) the Redeemed Units, which shall not be Cancelled Units for purposes of this Agreement, and which shall be addressed pursuant to Section 2.7(e)), in each instance, immediately prior to the Effective Time (the "Cancelled Units") shall be automatically cancelled and retired and shall cease to exist, and no cash, stock or other consideration shall be delivered or deliverable in exchange therefor.

(b) Each Unit (subject to the last sentence of Section 2.1) that is issued and outstanding immediately prior to the Effective Time, other than the Cancelled Units, the Redeemed Units and Units held by the Blocker, shall automatically be converted into the right for the Unitholder thereof to receive an amount calculated in respect of such Unit in accordance with the Payment Schedule, Section 2.10, Section 2.11(f) (in the case of Class O Units and Class M Units, as adjusted in accordance with Section 2.13), Section 2.15 (if any) and Section 6.12(f) (if any); provided, however, that for the avoidance of doubt, the Blocker Members shall not have the right to receive consideration payable under Section 2.10, Section 2.15 and Section 6.12(f). At such time, all such Units shall cease to be outstanding and shall be automatically cancelled and shall cease to exist, and each holder of Units immediately prior to the Effective Time shall thereafter cease to have any rights with respect to such Units, except, in all cases, the right to receive the amounts described in this Section 2.7, without interest.

(c) Each Merger Sub Unit that is issued and outstanding immediately prior to the Effective Time shall automatically be converted into, and be exchanged for one (1) unit of the Surviving Entity such that, immediately following the Effective Time, Parent will hold indirectly all of the ownership interests of the Surviving Entity (other than the interests of the Surviving Entity held by Blocker).

(d) Each Unit held by the Blocker shall remain outstanding following the Merger, and no cash, stock or other consideration shall be delivered or deliverable in exchange therefor.

(e) Each Redeemed Unit (which, for the avoidance of doubt, shall be held by the Company immediately following the consummation of the transactions contemplated by the Redemption Agreement but prior to the Effective Time), (i) shall remain outstanding following the Merger, but shall not entitle the Company to any cash, stock or other consideration in exchange therefor, and (ii) shall entitle the Redeemed Holders solely to their respective portions of (A) the Earn-Out Payments, if any, and (B) the amounts payable pursuant to Section 2.13(a), Section 2.13(b) and Section 6.11(b), if any, in each case, attributable to the Redeemed Units as if such Redeemed Holder continued to hold its Redeemed Units on the applicable date of determination, in each case, as set forth in the Payment Schedule.

2.8. Purchase Price. The aggregate purchase price to be paid by Parent to or for the account of (i) Blocker Seller, in connection with the Blocker Sale, and (ii) Unitholders, in connection with

the Merger on the Closing Date shall be an aggregate amount in cash equal to (a)the Enterprise Value, *plus* (b) Estimated Cash, *minus* (c) Estimated Closing Date Indebtedness, *minus* (d) Estimated Transaction Expenses, *minus* (e) the Adjustment Escrow Amount, *minus* (f) the PPP Escrow Amount, *minus* (g) the Securityholders' Representative Expense Amount, *minus* (h) the amount, if any, by which the Target Net Working Capital exceeds the Net Working Capital,*plus* (i) the amount, if any, by which the Net Working Capital exceeds the Target Net Working Capital, *minus* (j) the Closing Stock Value (after giving effect to the foregoing, the "Estimated Purchase Price"). The Estimated Purchase Price shall be payable at Closing in accordance with Section 2.11 and the Payment Schedule, subject to adjustment in accordance with Section 2.13.

2.9. Pre-Closing Purchase Price Adjustment. Not less than three (3) Business Days prior to the Closing Date, an authorized officer of the Company shall provide to Parent a written statement containing (i) a balance sheet of the Company and its Subsidiaries as of the Effective Time (the "Estimated Closing Balance Sheet") and, based thereon, the Company's good faith estimate of (A) the Cash (the "Estimated Cash"), (B) the Closing Date Indebtedness (the "Estimated Closing Date Indebtedness"), (C) Net Working Capital (the "Estimated Net Working Capital"), and (D) the Transaction Expenses as of immediately prior to the Effective Time (the "Estimated Transaction Expenses"), and (ii) after taking into account the determinations set forthin clause (i) hereof, the calculation of the Estimated Purchase Price. In preparing the Estimated Closing Balance Sheet and the calculation of the Estimated Purchase Price, all terms of an accounting or financial nature shall (a) be based exclusively on the facts and circumstances as they existed as of immediately prior to the Effective Time and shall exclude the effects of the Transactions, (b) be construed in accordance with GAAP (as modified by the Historical Accounting Practices), applied consistently with the Financial Statements, as modified by (c) the accounting policies and procedures and methodology set forth or reflected in Annex II (collectively, the "Policies and Procedures"); provided that, in the event of a conflict between clause (b) and clause (c), the Policies and Procedures shall control. In addition to the written statement provided pursuant to this Section 2.9, an authorized officer of the Company, with the approval of the Blocker Seller, shall provide to Parent a final Payment Schedule based on the Estimated Purchase Price; provided, that the Blocker Seller agrees that such consent shall not be unreasonably withheld and it shall be deemed unreasonable if Blocker Seller withholds approval of the final Payment Schedule for changes thereto that give effect to the provisions of this Agreement, the Redemption and/or the Company LLC Agreement.

2.10. Closing Date Stock Issuance. At the Closing, Parent shall deliver to each Unitholder (other than the Blocker Members or with respect to the Redeemed Units) book-entry credits in the name of such Unitholder (other than the Blocker Members or with respect to the Redeemed Units), and for the book-entry credit allocable to SWB Management, LLC, directly to the SWB Members, in accordance with the Payment Schedule representing that number of common shares (the "Stock Consideration") of Parent, without par value per share ("Parent Common Shares") having a value equal to such Unitholder's portion of the Closing Stock Value determined in accordance with the Payment Schedule, which in the aggregate for all Parent Common Shares shall be equal to fifty million dollars ($50,000,000) (the "Closing Stock Value")calculated based on the volume-weighted average trading price of Parent Common Shares on the NASDAQ for the thirty (30) day period immediately ending on the close of trading on the day that the Parent issues a public announcement concerning the Transactions as required under applicableSecurities Laws. Following the Closing, the Parent shall distribute the Stock Consideration (subject to compliance with the payment mechanics set forth in Section 6.12, including but not limited to with respect to the requisite Letters of Transmittal with respect to Unitholders receivingconsideration in the context of the Merger) to the Unitholders (excluding, for the avoidance of doubt, the

Blocker Members), and for the Stock Consideration allocable to SWB Management, LLC, directly to the SWB Members, in accordance with (i) Section 6.12, and (ii) the Payment Schedule.

2.11. Closing Date Payments. On the Closing Date, immediately following acceptanceof the Certificate of Merger, Parent shall make, or cause to be made, the following payments:

(a) an amount in the aggregate equal to the Estimated Closing Date Indebtedness, if any, by wire transfer of immediately available funds to the accounts designated by the lenders and other creditors of the Company set forth in the payoff letters provided by suchlenders and other creditors in accordance with Section 2.6(a)(iv);

(b) an amount in the aggregate equal to the Estimated Transaction Expenses, by wire transfer of immediately available funds to the accounts provided by the Company to the Parent at least two (2) Business Days prior to the Closing Date; provided, however, that (1) any Estimated Transaction Expenses paid pursuant to this Section 2.11(b) to the Company or its Subsidiaries and ultimately payable to an employee of the Company or any of its Subsidiaries (other than those payable pursuant to subsection (2) hereof) shall thereafter be paid by the Company or such Subsidiary to the applicable Person (net of withholding Taxes) through the Company's or such Subsidiary's payroll system not later than the next regular payroll date of the Company, (2) with respect to the Sale Bonus (as defined in the Bates Agreement) which may become payable to Patrick Bates pursuant to the Bates Agreement on October 13, 2021 (which, for the avoidance of doubt, constitutes a Transaction Expenses), (i) to the extent the Sales Bonus becomes payable to Patrick Bates in accordance with the Bates Agreement, such amounts shall thereafter be paid by the Company or such Subsidiary to the applicable Person (net of withholding Taxes) through the Company's or such Subsidiary's payroll system not later than the next regularpayroll date of the Company, and (ii) to the extent that it is ultimately determined that Patrick Bates is not entitled to the Sale Bonus in accordance with the terms of the Bates Agreement such amounts shall be paid by wire transfer of immediately held funds to the Securityholders' Representative, on behalf of and for the benefit of the Unitholders (other than the Blocker Members), for further distribution to such Unitholders in accordance with the Payment Schedule,subject to Section 2.18, and (3) any Taxes withheld from any payment under clause (1) or (2) shallbe held and remitted to the applicable Governmental Authority in accordance with applicable Law;

(c) an amount equal to the Adjustment Escrow Amount by wire transfer of immediately available funds to the Adjustment Escrow Agent to be held in an account (the "Adjustment Escrow Account") in accordance with the terms of the Adjustment Escrow Agreement to be used solely for the purposes of making the payments, if any, required by Section2.13(a);

(d) an amount equal to the PPP Escrow Amount by wire transfer of immediately available funds to the PPP Escrow Agent to be held in an account (the "PPP Escrow Account") in accordance with the terms of the PPP Escrow Agreement to be used solely for the purposes of making the payments, if any, required by Section 2.13(b);

(e) an amount equal to the Securityholders' Representative Expense Amount by wire transfer of immediately available funds to the Securityholders' Representative into an account designated by the Securityholder's Representative, for purposes of satisfying costs, expenses and/or Liabilities of the Unitholders (other than the Blocker Members) hereunder or otherwise incurred in its capacity as the Securityholders' Representative and otherwise in accordance with this Agreement; and

(f) an amount equal to the Estimated Purchase Price shall be paid by wire transfer of immediately available funds to (i) for amounts allocable to Blocker Seller pursuant to Section 1.2, directly to Blocker Seller (as satisfaction of the payment required by Section 1.2) in accordance with the Payment Schedule pursuant to wiring instructions provided by Blocker Seller at least two (2) Business Days prior to the Closing Date, (ii) for amounts allocable to SWBC Craft, LLC, directly to SWBC Craft, LLC in accordance with the Payment Schedule pursuant to wiring instructions provided by SWBC Craft, LLC at least two (2) Business Days prior to the Closing Date and (iii) for amounts allocable to the other Unitholders (other than the Blocker Members), the Securityholders' Representative, on behalf of and for the benefit of such Unitholders, for further distribution to such Unitholders in accordance with the Payment Schedule, subject to Section 2.18.

2.12. Purchase Price Adjustment.

(a) As promptly as possible and in any event within ninety (90) days after the Closing Date, Parent shall prepare and deliver to Securityholders' Representative (i) a balance sheet of the Company and its Subsidiaries as of the Effective Time (the "Final Closing Balance Sheet"), and (ii) based on the Final Closing Balance Sheet, Parent's good faith calculation of the Company's (A) Cash (the "Final Cash"), (B) the Closing Date Indebtedness (the "Final Closing Date Indebtedness"), (C) the Transaction Expenses as of immediately prior to the Effective Time(the "Final Transaction Expenses") and (D) the Net Working Capital (the "Final Net Working Capital" together with the Final Cash, Final Closing Date Indebtedness, and Final Transaction Expenses, the "Final Calculations"), and (E) the calculation of the Final Purchase Price based thereon. In preparing the Final Balance Sheet, all terms of an accounting or financial nature shall

(b) be based exclusively on the facts and circumstances as they existed as of immediately prior to the Effective Time and shall exclude the effects of the Transactions, (b) be construed in accordance with GAAP (as modified by the Historical Accounting Practices), applied consistently with the Financial Statements, as modified by (c) the Policies and Procedures; provided that, in the event of a conflict between clause (b) and clause (c), the Policies and Procedures shall control. Parent shall provide Securityholders' Representative with reasonable supporting detail with respect to the calculation of each of the components of the Final Purchase Price. Parent and the Securityholders' Representative shall provide each other reasonable access to the appropriate personnel of the other parties and all supporting financial statements, worksheets and other documentation used to determine the calculation of each of the components of the Final Purchase Price, and such schedules and data with respect to the determination of such amounts as each party and its representatives reasonably request for the purposes of their review of the Final Calculations.

(b) Before 11:59 p.m. ET on date that is thirty (30) days after the Final Closing Balance Sheet and the Final Calculations are delivered to Securityholders' Representative pursuant to Section 2.12(a) (the "30-Day Period"), the Securityholders' Representative shall deliver to Parent either (i) a written acknowledgement signed by Securityholders' Representative accepting the Final Closing Balance Sheet and the Final Calculations in their entirety (the "Acknowledgement"), or (ii) a written notice (the "Adjustment Report") containing a written explanation of those items in the Final Closing Balance Sheet and the Final Calculations which Securityholders' Representative disputes, in which case the items identified by Securityholders' Representative shall be deemed to be in dispute. During the 30-Day Period, Parent and the Surviving Entity covenant and agree that Securityholders' Representative shall be permitted access to the appropriate personnel of Parent and the Surviving Entity and all supporting financial statements, worksheets and other documentation used by Parent and the Surviving Entity to determine the Final Closing Balance Sheet and the Final Calculations as well as any relevant

work papers as Securityholders' Representative may reasonably request to enable Securityholders' Representative and its representatives to evaluate the Final Closing Balance Sheet and the Final Calculations, provided that such access does not unreasonably interfere with the day-to-day operations of Parent's business. If Securityholders' Representative (i) delivers an Acknowledgement within the 30-Day Period or (ii) fails to deliver an Acknowledgement or an Adjustment Report to Parent within the 30-Day Period, Securityholders' Representative shall be deemed to have accepted and agreed to the Final Closing Balance Sheet and the Final Calculations as delivered pursuant to Section 2.12(a), and such Final Closing Balance Sheet and Final Calculations shall be final and binding upon all parties and the Final Purchase Price shall be as set forth therein. In the event that Securityholders' Representative timely delivers an Adjustment Report to Parent, then Parent and Securityholders' Representative will use all commercially reasonable efforts to resolve the disputed matter(s) within the thirty (30)-day period following the delivery of the Adjustment Report. If Securityholders' Representative and Parent fail to agree on Securityholders' Representative's proposed adjustments contained in the Adjustment Report within thirty (30) days after Parent receives the Adjustment Report, then Parent and Securityholders' Representative shall jointly submit the disputed matter(s) to RSM US LLP (provided, that if such Person is unable or unwilling to serve in such capacity, Parent and Securityholders' Representative shall work in good faith to jointly select an alternative nationally recognized independent accounting) (the "Independent Auditor"). The Independent Auditor's function will be to resolve each element of the dispute that has not been resolved by Parent and Securityholders' Representative as an accounting expert and not as an arbitrator. The Independent Auditor shall resolve any such dispute in accordance with the Policies and Procedures and the applicable definitions set forth herein (i.e., not on the basis of an independent review). The Independent Auditor shall not have any power or authority to alter, modify, add to, or subtract from any term or provision of this Agreement. Parent and Securityholders' Representative will furnish, or cause to be furnished, to the Independent Auditor such work papers, documentation and other reports and information relating to the disputed matter(s) as the Independent Auditor may request or as either Securityholders' Representative or Parent believes relevant and each party shall be afforded the opportunity to discuss the disputed matter with the Independent Auditor (provided that no ex parte communications shall be permitted). The Independent Auditor shall make a final written determination of the disputed matter(s) (the "Auditor's Determination") in reliance upon supporting documentation provided to the Independent Auditor by Securityholders' Representative and Parent within twenty (20) Business Days of submission of the disputed matter(s) to the Independent Auditor. In resolving any disputed item, the Independent Auditor may not revise any element of the Final Closing Balance Sheet and Final Calculations that is not contested by the parties. The Auditor's Determination shall be furnished to Securityholders' Representative and Parent as soon as practicable after the disputed items(s) have been referred to the Independent Auditor and, absent manifest error or Fraud and subject to the following sentence, shall be nonappealable and incontestable by each party and each of their respective Affiliates and successors and not subject to collateral attack for any reason. With respect to each disputed amount, the Auditor's Determination must be an amount between or equal to one or the other of Securityholders' Representative's position as set forth in the Adjustment Report and Parent's position as set forth in the Final Closing Balance Sheet and the Final Calculations. The fees, costs and expenses of the Independent Auditor and the American Arbitration Association incurred in resolving the disputed matter(s) pursuant to this Section 2.12(b) shall be borne by Parent, on the one hand, and Securityholders' Representative, on the other hand, in inverse proportion to the respective percentages of the dollar value of disputed items determined in favor of Parent, on the one hand, and Securityholders' Representative, on the other hand, as determined by the Independent Auditor and set forth in the Auditor's Determination. Notwithstanding the foregoing, each of Parent and Securityholders' Representative will be responsible for paying the fees, costs and expenses of their respective attorneys, accountants and other representatives in connection with any such dispute.

(c) The term "Final Closing Balance Sheet" as used herein shall mean the Final Closing Balance Sheet as ultimately determined pursuant to this Section 2.12. The term "Final Calculations" as used herein shall mean the Final Calculations as ultimately determined pursuant to this Section 2.12. The date on which the Final Closing Balance Sheet and the Final Calculations are finally determined pursuant to this Section 2.12 shall hereinafter be referred to as the "Settlement Date."

2.13. Purchase Price Settlement.

(a) No later than five (5) Business Days after the Settlement Date, the following payment (if any) shall be made, by wire transfer of immediately available funds to the account (or accounts) specified in writing by Parent or Securityholders' Representative, as applicable:

(i) In the event the Final Purchase Price is less than the Estimated Purchase Price (such amount, the "Downward Adjustment Amount"), Parent and Securityholders' Representative shall cause the Adjustment Escrow Agent to pay Parent an amount equal to the Downward Adjustment Amount from the Adjustment Escrow Amount; provided, that if the Downward Adjustment Amount is greater than the Adjustment Escrow Amount, then the Securityholders' Representative shall pay to the Parent from the Securityholders' Representative Expense Amount an amount equal to the Downward Adjustment Amount *minus* the amount paid to Parent from the Adjustment Escrow Amount. Notwithstanding anything contained herein to the contrary, to the extent that the Downward Adjustment Amount is greater than the sum of the Adjustment Escrow Amount plus the amount available from the Securityholders' Representative Expense Amount to satisfy the full Downward Adjustment Amount, then Parent and the Surviving Entity shall have the express right to offset any such deficiency against any amount otherwise payable or deliverable following the Closing pursuant to Section 2.13(b) or Section 2.15. For the avoidance of doubt, any amount set off for purposes of Section 2.13(b) or Section 2.15 in accordance with this Section 2.13(a)(i) shall be deemed to have been paid to the Securityholders' Representative and the Unitholders for purposes of Section 2.13(b) or Section 2.15, as applicable. After taking into account the payment of the Downward Adjustment Amount, if any, Parent and Securityholders' Representative shall cause all remaining funds from the Adjustment Escrow Amount (including any interest accrued thereon), if any, to be released by the Adjustment Escrow Agent to the Securityholders' Representative (for further distribution to the Unitholders (other than the Blocker Members) in accordance with the Payment Schedule).

(ii) In the event the Final Purchase Price is greater than the Estimated Purchase Price (such amount, the "Upward Adjustment Amount"), then (a) Parent shall pay the Securityholders' Representative (for further distribution to the Unitholders (other than the Blocker Members) in accordance with the Payment Schedule) an amount equal to the Upward Adjustment Amount, and (b) Parent and Securityholders' Representative shall cause the Adjustment Escrow Agent to release the entire Adjustment Escrow Amount (including any interest accrued thereon) to the Securityholders' Representative (for further distribution to the Unitholders (other than the Blocker Members) in accordance with the Payment Schedule).

(iii) In the event the Final Purchase Price is equal to the Estimated Purchase Price, no adjustment payment shall be made pursuant to this Section 2.13(a), and Parent and Securityholders' Representative shall cause the Adjustment Escrow Agent to release the entire Adjustment Escrow Amount (including any interest accrued thereon) to the Securityholders'

Representative (for further distribution to the Unitholders (other than the Blocker Members) in accordance with the Payment Schedule).

For the avoidance of doubt, recovery from the Adjustment Escrow Account and the Securityholders' Representative Expense Amount and subject to the set off right contained in Section 2.13(a)(i), in each instance (as provided in clause (i) above) shall be the sole and exclusive remedy available to Parent, Merger Sub, the Surviving Entity and their respective Affiliates for any Downward Adjustment Amount and no Unitholders or any of their respective Affiliates shall have any Liability or obligation under this Agreement for any portion of the Downward Adjustment Amount in excess of the amount of the then remaining Adjustment Escrow Funds and the Securityholders' Representative Expense Amount and any reduction to the Earn-Out Payments made pursuant to the set off rights in accordance with Section 2.13(a)(i).

(b) Subject in all instances to the set off right contained in Section 2.13(a)(i), no later than five (5) Business Days after the CARES Act Determination Date, the following payment (if any) shall be made, by wire transfer of immediately available funds to the account (or accounts) specified in writing by Parent or Securityholders' Representative, as applicable:

(i) In the event that there is CARES Unforgiven Debt, Parent and Securityholders' Representative shall cause the PPP Escrow Agent to pay Parent an amount equal to such CARES Unforgiven Debt from the PPP Escrow Amount. After taking into account the payment made pursuant to the previous sentence, if any, Parent and Securityholders' Representative shall cause all remaining funds from the PPP Escrow Amount (including any interest accrued thereon) to be released by the PPP Escrow Agent to the Securityholders' Representative (for further distribution to the Unitholders (other than the Blocker Members) in accordance with the Payment Schedule).

(ii) In the event that there is no CARES Unforgiven Debt, no adjustment payment shall be made pursuant to this Section 2.13(b), and Parent and Securityholders' Representative shall cause the PPP Escrow Agent to release the entire PPP Escrow Amount (including any interest accrued thereon) to the Securityholders' Representative (for further distribution to the Unitholders (other than the Blocker Members) in accordance with the Payment Schedule).

2.14. Withholding. Each of Parent, Merger Sub and the Company shall be entitled to, after good faith consultation with Securityholders' Representative, deduct and withhold from the amounts payable or otherwise deliverable pursuant to this Agreement such amounts as required to be deducted or withheld therefrom under the Code or under any applicable provision of state, local or foreign Tax Law; provided, however, that other than with respect to compensatory payments or withholding applied for failure to comply with the provisions of Section 6.8(a) of this Agreement, the payor that determines that it has an obligation to deduct and withhold from any payment shall provide advance notice of such determination and each such payor and payee shall use commercially reasonable efforts to minimize any such Taxes. To the extent such amounts are so deducted or withheld and timely remitted to the appropriate tax authority, such amounts shall be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid. The applicable withholding agent will promptly pay or cause to be paid any amounts withheld pursuant to this Section 2.14 for applicable Taxes to the appropriate tax authority.

2.15. Earn-Out.

(a) Subject in all instances to the set off right contained in Section 2.13(a)(i), as additional consideration for the Merger (but not the Blocker Sale), Unitholders (other than the Blocker Members) shall be entitled, subject to satisfaction of the conditions set forth in this Section 2.15, to receive subsequent payments in cash (the "Earn-Out Payments"), and Parent and the Surviving Entity shall be jointly and severally obligated to make any such Earn-Out Payments. The Earn-Out Payments, if any, shall be payable in accordance with Section 2.16.

(b) Subject in all instances to the set off right contained in Section 2.13(a)(i), within five Business Days after the 2022 Adjusted EBITDA is finally determined pursuant to Section 2.16, Parent shall, or shall cause the Surviving Entity to pay to Securityholders' Representative (for distribution to the Unitholders (other than the Blocker Members) in accordance with the Payment Schedule) an amount, if any (the "2022 Earn-Out Payment"), equal to the product of (i) eleven (11) and (ii) the difference of (x) 2022 Adjusted EBITDA, minus (y) twenty- four million dollars ($24,000,000); provided, however, that if the calculation pursuant to clause (ii) of this Section 2.15 results in a negative number, no 2022 Earn-Out Payment shall be payable; provided further, that if the calculation pursuant to clause (ii) of this Section 2.15(b) results in a number greater than or equal to the Earn-Out Cap, the 2022 Earn-Out Payment shall be deemed to equal the Earn-Out Cap. For purposes of this Agreement, the term "Earn-Out Cap" shall mean sixty-six million dollars ($66,000,000).

(c) Subject in all instances to the set off right contained in Section 2.13(a)(i), and the limitations set forth in this Section 2.15(c), within five Business Days after the 2023 Adjusted EBITDA is finally determined pursuant to Section 2.16, Parent shall, or shall cause the Surviving Entity to, pay to Securityholders' Representative (for distribution to the Unitholders (other than the Blocker Members) in accordance with the Payment Schedule) an amount, if any (the "2023 Earn-Out Payment"), equal to the product of (i) eleven (11) and (ii) the difference of (x) 2023 Adjusted EBITDA, ***minus*** (y) 2022 Adjusted EBITDA; *provided*, *however*, *that* if the calculation pursuant to clause (ii) of this Section 2.15(c) results in a negative number, no 2023 Earn-Out Payment shall be payable; *provided further*, *that* in no event shall the sum (the"Aggregate Earn-Out Payment") of (A) the amount paid pursuant to Section 2.15(b), and (B) the amount payable pursuant to this Section 2.15(c), exceed, in the aggregate, the Earn-Out Cap, and therefore, if the amount calculated pursuant to this Section 2.15(c) would otherwise cause the Aggregate Earn-Out Payment to exceed, in the aggregate, the Earn-Out Cap, the amount payable pursuant to this Section 2.15(c) shall be reduced to such amount such that the Aggregate Earn-Out Payment equals the Earn-Out Cap. Notwithstanding anything contained herein to the contrary, inthe event that the payment made pursuant to Section 2.15(b) was equal to the Earn-Out Cap, no subsequent payment shall be due or payable pursuant to this Section 2.15(c).

2.16. Earn-Out Settlement.

(a) By no later than February 28, 2023, Parent shall prepare and deliver to Securityholders' Representative a calculation (the "2022 Adjusted EBITDA Calculation") of the Adjusted EBITDA of the Company and its Subsidiaries during the period from January 1, 2022 through December 31, 2022 (the "2022 Adjusted EBITDA"). The parties shall provide reasonable access to the appropriate personnel of the other parties and all supporting financial statements, worksheets and other documentation used to determine the 2022 Adjusted EBITDA Calculation.

(b) By no later than February 28, 2024, Parent shall prepare and deliver to Securityholders' Representative a calculation (the "2023 Adjusted EBITDA Calculation") of the

Adjusted EBITDA of the Company and its Subsidiaries during the period from January 1, 2023 through December 31, 2023 (the "2023 Adjusted EBITDA"). The parties shall provide reasonable access to the appropriate personnel of the other parties and all supporting financial statements, worksheets and other documentation used to determine the 2023 Adjusted EBITDA Calculation. For the avoidance of doubt, notwithstanding anything contained herein to the contrary, in the event that the payment made pursuant to Section 2.15(b) was equal to the Earn-Out Cap, Parent shall have no obligation to deliver the 2023 Adjusted EBITDA Calculation and no subsequent adjustment shall be made pursuant to Section 2.16(d).

(c) Within fifteen (15) days (the "2022 15-Day Period") after the date on which the 2022 Adjusted EBITDA Calculation is received by Securityholders' Representative, Securityholders' Representative shall deliver to Parent either (i) a written acknowledgement signed by Securityholders' Representative accepting the 2022 Adjusted EBITDA Calculation in its entirety (the "2022 EBITDA Acknowledgement"), or (ii) a written notice (the "2022 EBITDA Adjustment Report") containing a detailed written explanation of those items in the 2022 Adjusted EBITDA Calculation which Securityholders' Representative disputes, in which case (subject to the following sentence) the items identified by Securityholders' Representative shall be deemed to be in dispute. If (i) the 2022 Adjusted EBITDA Calculation reports 2022 Adjusted EBITDA such that the payment to be made pursuant to Section 2.15(b) is equal to or in excess of the Earn- Out Cap, (ii) Securityholders' Representative delivers a 2022 EBITDA Acknowledgement within the 2022 15-Day Period or (iii) Securityholders' Representative fails to deliver a 2022 EBITDA Acknowledgement or a 2022 EBITDA Adjustment Report to Parent within the 2022 15-Day Period, Securityholders' Representative shall be deemed to have accepted and agreed to the 2022 Adjusted EBITDA Calculation, as delivered pursuant to Section 2.16(a), and such 2022 Adjusted EBITDA Calculation shall be final and binding upon Securityholders' Representative (on behalf of the Unitholders and Blocker Seller) and Parent and the 2022 Adjusted EBITDA shall be as set forth therein.

(d) Within fifteen (15) days (the "2023 15-Day Period") after the date on which the 2023 Adjusted EBITDA Calculation is received by Securityholders' Representative, Securityholders' Representative shall deliver to Parent either (i) a written acknowledgement signed by Securityholders' Representative accepting the 2023 Adjusted EBITDA Calculation in its entirety (the "2023 EBITDA Acknowledgement"), or (ii) a written notice (the "2023 EBITDA Adjustment Report," and together with the 2022 EBITDA Adjustment Report, the "EBITDA Adjustment Reports") containing a detailed written explanation of those items in the 2023 Adjusted EBITDA Calculation which Securityholders' Representative disputes, in which case (subject to the following sentence) the items identified by Securityholders' Representative shall be deemed to be in dispute. If (i) the 2023 Adjusted EBITDA Calculation reports 2023 Adjusted EBITDA that, when taken together with the amount paid pursuant to Section 2.15(b), would exceed the Earn-Out Cap, (ii) Securityholders' Representative delivers a 2023 EBITDA Acknowledgement within the 2023 15-Day Period or (iii) Securityholders' Representative fails to deliver a 2023 EBITDA Acknowledgement or a 2023 EBITDA Adjustment Report to Parent within the 2023 15-Day Period, Securityholders' Representative shall be deemed to have accepted and agreed to the 2023 Adjusted EBITDA Calculation, as delivered pursuant to Section 2.16(b), and such 2023 Adjusted EBITDA Calculation shall be final and binding upon Securityholders' Representative (on behalf of the Unitholders and Blocker Seller) and Parent and the 2023 Adjusted EBITDA shall be as set forth therein.

(e) In the event that the Securityholders' Representative timely delivers an EBITDA Adjustment Report to Parent, then Parent and Securityholders' Representative will use all commercially reasonable efforts to resolve the disputed matter(s) within the fifteen (15) day period following the delivery of the applicable EBITDA Adjustment Report. If Securityholders' Representative and Parent

fail to agree on Securityholders' Representative's proposed adjustments contained in the applicable EBITDA Adjustment Report within such fifteen (15) day period, then Parent and Securityholders' Representative shall jointly submit the disputed matter(s) to the Independent Auditor. Parent and Securityholders' Representative will furnish, or cause to be furnished, to the Independent Auditor such work papers, documentation and other reports and information relating to the disputed matter(s) as the Independent Auditor may request or as either Securityholders' Representative or Parent believe relevant and each party shall be afforded the opportunity to discuss the disputed matter with the Independent Auditor. The Independent Auditor shall make the final determination of the disputed matter(s) (the "Auditor's EBITDA Determination") (A) in reliance upon the supporting documentation provided to the Independent Auditor by Securityholders' Representative and Parent, (B) in writing, and (C) in accordance with Section 2.16(f). Securityholders' Representative and Parent each agree to use its respective commercially reasonable efforts to cooperate with the Independent Auditor and to cause the Independent Auditor to resolve any dispute no later than 30 days after submission of the dispute to the Independent Auditor in accordance with this Section 2.16(e). The Auditor's EBITDA Determination shall be furnished to Securityholders' Representative and Parent as soon as practicable after the disputed items(s) have been referred to the Independent Auditor and, absent manifest error or fraud and subject to the following sentence, shall be nonappealable and incontestable by Securityholders' Representative, Unitholders, Blocker Seller, Parent and any of their respective Affiliates and successors and not subject to collateral attack for any reason. The fees, costs and expenses of the Independent Auditor incurred in resolving the disputed matter(s) pursuant to this Section 2.16(e) shall be borne by Parent, on the one hand, and Securityholders' Representative (on behalf of the Unitholders (other than the Blocker Members)), on the other hand, in inverse proportion to the respective percentages of the dollar value of disputed items determined in favor of such Person.

(f) In determining each of the 2022 Earn-Out Payment and 2023 Earn-Out Payment, all terms of an accounting or financial nature shall be construed in accordance with (i) Policies and Procedures and (ii) the calculation of Adjusted EBITDA reflected in Annex III. Following receipt thereof from Parent, Securityholders' Representative shall distribute the 2022 Earn-Out Payment and 2023 Earn-Out Payment, if any, to the Unitholders (other than the Blocker Members) in accordance with the Payment Schedule.

2.17. Earn-Out Covenants.

(a) Conduct of the Business During Earn-Out Period. From the date hereof until the earlier of (x) payment of Earn-Out Payments in an amount equal to the Earn-Out Cap and (y) December 31, 2023 (such period, the "Earn-Out Period"), Parent covenants and agrees as follows:

(i) Parent will, and will cause the Surviving Entity to, use commercially reasonable efforts to support the business and interest of the operations of the Surviving Entity and its Subsidiaries and to act in good faith in connection with its ownership and operation of the Surviving Entity and neither Parent nor any of its Affiliates (including after the Effective Time, the Surviving Entity and its Subsidiaries) shall take any action intended to interfere with the ability of the Surviving Entity and its Subsidiaries to achieve the 2022 Earn-Out Payment and 2023 Earn-Out Payment in an aggregate amount equal to the Earn-Out Cap.

(ii) Parent shall, and shall cause the Surviving Entity and its Subsidiaries to, cause the business activities and operations of the Surviving Entity and its Subsidiaries to be accounted for separately from the Parent's and its other Subsidiaries' and to maintain such books

and records with respect thereto as shall be necessary to carry out the provisions of this Agreement.

(iii) Parent agrees to provide the Surviving Entity and its Subsidiaries access to funding, personnel, compensation for employees, and other working capital in accordance with the budget proposed by the chief executive officer or equivalent of the Company and approved by the board of directors of Parent.

(iv) Except as required by GAAP, Parent shall not, and cause the Surviving Entity and its Subsidiaries not to, make any change in any method of accounting or accounting practice or policy of the Company without the consent of the Securityholders' Representative.

(v) Parent agrees to not change the nature of the business conducted by the Company in a manner materially different than the business conducted by the Company and its Subsidiaries prior to the date of this Agreement which change would reasonably be expected to interfere with the Unitholders' ability to achieve the 2022 Earn-Out Payment or the 2023 Earn-Out Payment.

(vi) Parent covenants and agrees not to enter into, or permit the Surviving Entity to enter into, any Contract that expressly restricts payment of the Earn- Out Payments.

(b) Acceleration. If an Acceleration Event occurs during the Earn-Out Period, then, notwithstanding the actual Adjusted EBITDA during the Earn-out Period, the Company shall pay to the Securityholders' Representative (on behalf of the Unitholders (other than the Blocker Members)) an amount equal to (x) the Earn-Out Cap minus (y) the sum of all previously paid Earn-Out Payments. All such payments shall be made to the Securityholders' Representative by wire transfer of immediately available funds to the account designated in writing by the Securityholders' Representative within five (5) Business Days after the occurrence of such Acceleration Event (the "Acceleration Payment Date").

(c) Payment Default. Notwithstanding anything to the contrary contained herein, if Parent shall fail to pay the Earn-out Payment within three (3) Business Days after the Earn-Out Payment Date or the Acceleration Payment Date, as applicable, then interest shall begin to accrue on any unpaid Earn-Out Payment or accelerated Earn-Out Payments, as the case may be, from and as of the date such payment or payments were due and payable, at eight percent (8%) per annum, and until such payment or payments, together with such accrued default interest, are paid in full.

2.18. Exchange of Units.

(a) The Securityholders' Representative shall facilitate payments made to or on behalf of the Unitholders (other than the Blocker Members) as a result of the Closing. Immediately following acceptance of the Certificate of Merger, Parent will (i) pay to Blocker Seller the amount required pursuant to Section 2.11(f), to be paid to Blocker Seller (for purposes of consideration required to be paid in connection with the Blocker Closing) (ii) pay to SWBC Craft, LLC the amount required pursuant to Section 2.11(f) for the benefit of SWBC Craft, LLC and (iii) deposit with the Securityholders' Representative the amount required pursuant to Section 2.11(f) for the benefit of the Unitholders (other than the Blocker Members) (whose Units have been converted pursuant to Section 2.7 into the right to receive such amount), in the case of the Unitholders subject to Section 2.18(b) below. Such amounts, once

paid or deposited with the Securityholders' Representative, as applicable, shall, pending its disbursement to such Persons, be held in trust forthe benefit of such Persons and shall not be used for any other purposes, other than the Securityholders' Representative Expense Amount which may be used for Downward AdjustmentAmount or otherwise to pay expenses on behalf of the Unitholders.

(b) As soon as practicable after the date hereof, the Securityholders' Representative shall mail to each Unitholder (other than any Blocker Member) as of immediatelyprior to the Effective Time a letter of transmittal (substantially in the form attached hereto as Exhibit C) (the "Letter of Transmittal"). Upon delivery of a duly completed and validly executedLetter of Transmittal to the Securityholders' Representative, the relevant Unitholder shall be entitled to receive the applicable consideration payable hereunder, without interest, in exchange for each Unit held by such Unitholder as of immediately prior to the Effective Time. Until the delivery of a duly completed and validly executed Letter of Transmittal as contemplated by this Section 2.18(b), each Unit (other than a Cancelled Unit or any Unit held by any Blocker Member) shall be deemed at any time after the Effective Time to represent only the right to receive upon such delivery the applicable consideration payable hereunder, without interest.

(c) None of Parent, Merger Sub, or the Surviving Entity or their respective representatives shall be liable to any Person in respect of any consideration to the extent actually received by the Securityholders' Representative.

2.19. Appraisal Right. No appraisal rights shall be available with respect to the Merger or the other Transactions contemplated by this Agreement.

2.20. Tax Treatment; Allocation of the Purchase Price.

(a) Within sixty (60) days of the final determination of Final Purchase Price, Parent shall provide to Securityholders' Representative a schedule allocating the purchase price for Tax purposes (including the applicable Liabilities of the Company) among the assets of the Company (the "Purchase Price Allocation Schedule"). The Purchase Price Allocation Schedule will be prepared in accordance with the applicable provisions of the Code and the methodologies set forth on Annex IV.

(b) If within thirty (30) days of receiving the Purchase Price Allocation Schedule, the Securityholders' Representative has not objected, the Purchase Price Allocation Schedule shall be final and binding. If within thirty (30) days the Securityholders' Representative objects to the Purchase Price Allocation Schedule, the Securityholders' Representative and Parent shall cooperate in good faith to resolve their differences, provided that if after thirty (30) days, the Securityholders' Representative and Parent are unable to agree, they shall retain the Independent Auditor to resolve their dispute, provided that the Independent Auditor shall utilize the methodologies for determining fair market value as set forth on Annex IV. The determination of the Independent Auditor shall be final and binding on all parties.

(c) The parties hereto shall make appropriate adjustments to the Purchase Price Allocation Schedule to reflect changes in the purchase price. The parties hereto agree for all Tax reporting purposes to report the transactions in accordance with the agreements herein and the Purchase Price Allocation Schedule, as adjusted pursuant to the preceding sentence, and to not take any position during the course of any audit or other proceeding inconsistent with the agreements as to Tax treatment herein or with such schedule unless required by a determination of the applicable Governmental Authority that is final.

2.21. Paying Agent. Prior to the Closing, Securityholders' Representative may select a nationally recognized bank or trust company to act as the paying agent for the Transactions (the "Paying Agent"), and, in such case, Securityholders' Representative and Parent shall engage the Paying Agent and enter into a paying agent agreement on customary terms related to the nature of engagement thereof (the "Paying Agent Agreement"). In the event that a Paying Agent is engaged pursuant to this Section 2.21, (i) all payments and other disbursements to be made to the Unitholders (other than the Blocker Members) under this Agreement, including without limitation, those payments and disbursements to be made under Sections 2.10, 2.11, 2.13, 2.16 and 6.12(f) shall instead be made to the Paying Agent, and (ii) the facilitation of payments and delivery of the Letter of Transmittal pursuant to Section 2.18 shall be made by the Paying Agent, and in each case, in accordance with the terms of the Paying Agent Agreement.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the letter delivered by the Company to Parent concurrently with the execution of this Agreement (the "Disclosure Letter"), the Company hereby represents and warrants to Parent and Merger Sub as of the date hereof as follows:

3.1. Organization and Qualification. The Company is a limited liability company duly formed, validly existing and in good standing under the Laws of the State of Delaware. Each of the Subsidiaries of the Company is a legal entity duly formed or organized, validly existing and in good standing, as applicable, under the Laws of the jurisdiction of its respective formation or organization. The Company and its Subsidiaries each have requisite limited liability company or other legal entity, as the case may be, power and authority to own, lease and operate their respective properties and assets and to carry on their respective businesses as they are now being conducted, except where the failure to have such power and authority would not, individually or in the aggregate, reasonably be expected to be materially adverse to the Company taken as a whole. The Company and its Subsidiaries are each duly qualified to do business and is in good standing in each jurisdiction where the ownership, leasing or operation of its properties or assets or the conduct of their respective businesses requires such qualification, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, result in a Material Adverse Effect. The Company has made available to Parent true and correct copies of each of its and its Subsidiaries' Organizational Documents, each as in effect as of the date hereof and together with all amendments and modifications thereto.

3.2. Capitalization; Subsidiaries.

(a) The issued and outstanding Units constitute all of the issued and outstanding equity interests of the Company. All of the Units were duly authorized and validly issued and are free of preemptive and similar rights. No Units were issued in violation of any applicable Laws in all material respects, any Contract to which the Company is a party or bound by, or any preemptive or similar rights of any Person. Section 3.2(a) of the Disclosure Letter sets forth a list of each Unitholder, along with the number and class of Units owned by each Unitholder as of the date hereof. The number of issued and outstanding Units of the Company as of immediately prior to the Effective Time will be as set forth in Section 3.2(a) of the Disclosure Letter, subject to such changes therein as will occur as a result of the Pre-Closing Blocker Reorganization and the Redemption.

(b) Except as set forth in the Company's or its Subsidiaries' respective Organizational Documents or as set forth in Section 3.2(a) of the Disclosure Letter, there are no (i) outstanding securities of the Company or its Subsidiaries convertible into or exchangeable for one or more units of equity or voting interests in, the Company or its Subsidiaries, (ii) options, warrants or other rights or securities issued or granted by either the Company or its Subsidiaries relating to or based on the value of the equity securities of the Company or its Subsidiaries, (iii) Contracts that are binding on the Company or its Subsidiaries that obligate the Company or any of its Subsidiaries to issue, acquire or sell, redeem, exchange or convert any equity interests in the Company or its Subsidiaries, or (iv) outstanding restricted equity interests, restricted share units, unit appreciation rights, performance shares, performance units, deferred stock units, contingent value rights, "phantom" stock or similar rights issued or granted by the Company or its Subsidiaries that are linked to the value of the Units, and all such interests shall, from and after the Merger, represent solely the right to receive consideration in accordance with this Agreement. Except with respect to the Pre-Closing Blocker Restructuring, there are no outstanding contractual obligations of the Company or either of its Subsidiaries to repurchase, redeem, exchange, convert or otherwise acquire or sell any membership interests of the Company or its Subsidiaries.

(c) Section 3.2(c) of the Disclosure Letter sets forth a true and correct list of each Subsidiary of the Company as of the date hereof, together with its jurisdiction of organization or formation and the holders of ownership interests in such Subsidiary. Except as set forth in Section 3.2(c) of the Disclosure Letter, the Company or one or more of its Subsidiaries owns, directly or indirectly, all of the issued and outstanding equity interests of each of the Company's Subsidiaries, free and clear of any Liens except for transfer and other restrictions under applicable federal and state securities Laws or Permitted Liens, and all of such outstanding equity securities have been duly authorized and validly issued and are free of preemptive and similar rights. Other than with respect to the Subsidiaries, the Company and its Subsidiaries do not own any equity interest or other voting security in any Person. After giving effect to the Redemption, Cheese Grits will not be a Subsidiary of the Company for purposes of this Agreement.

(d) Except as set forth in Section 3.2(d) of the Disclosure Letter, neither the Company nor any of its Subsidiaries is a party to any Contract with respect to the voting of, that restricts the transfer of or that provides registration rights in respect of, any membership interestsor other voting securities or equity interests of the Company or any of its Subsidiaries.

3.3. Authority. The Company (a) has the respective rights and powers to enter into, and perform its obligations under each agreement delivered in connection herewith to which it is a party and (b) has taken all requisite action to authorize (i) the execution, delivery and performanceof each such agreement delivered in connection herewith to which it is a party and (ii) the consummation of the Transactions and other transactions contemplated by this Agreement and each such other agreement delivered in connection herewith to which it is a party. All requisite consent from the Unitholders has been obtained and will be valid at Closing. Each agreement delivered in connection herewith to which to which the Company is a party is duly executed by the Company and, assuming the due authorization, execution and delivery of such agreements by each other party thereto, is binding upon, and legally enforceable against, the Company in accordance with its terms, except as such enforceability may be subject to, and limited by, applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, receivership and similar Laws affecting the enforcement of creditors' rights generally, and general equitable principles (regardless of whether enforceability is considered a proceeding at law or in equity) (the "Bankruptcy and Equity Exception").

3.4. No Violation and Consents.

(a) Except as set forth in Section 3.4(a) of the Disclosure Letter, the consummation by the Company of the transactions contemplated by this Agreement will not: (i) (x) conflict with or violate any provision of the Company's Organizational Documents, or (y) conflict with or violate any provision of the Organizational Documents of any Subsidiary of the Company; (ii) assuming that all consents, approvals and authorizations described in Section 3.4(a) have been obtained and all filings and notifications described in Section 3.4(a) have been made and any waiting periods thereunder have terminated or expired, conflict with or violate any Law applicable to the Company or any of its Subsidiaries, or any of their respective properties or assets; or (iii) require any consent, notice or approval under, violate, conflict with, result in any breach of or any loss of any benefit under, or constitute a default under (with or without notice or lapse of time, or both), or result in termination or give to others any right of termination, vesting, amendment, acceleration, modification, cancellation, purchase or sale of, or result in the triggering of any payment or in the creation of a Lien (other than Permitted Liens) upon any of the respective properties or assets (including rights) of the Company or any of its Subsidiaries, pursuant to any Contract to which the Company or any of its Subsidiaries is a party (or by which any of their respective properties or assets (including rights) are bound) or any Permit held by the Company or any of its Subsidiaries.

(b) The consummation by the Company of the transactions contemplated by this Agreement will not require (with or without notice or lapse of time, or both) any consent, approval, authorization or permit of, or filing or registration with or notification to, any Governmental Authority with respect to the Company or any of its Subsidiaries or any of their respective properties or assets, other than (i) such filings as may be required in connection with the payment of any transfer and gain taxes, (ii) compliance with, and such filings, consents, approvals, authorizations and/or registrations as set forth on Section 3.4(a) of the Disclosure Letter, (iii) compliance with applicable federal or state securities or "blue sky" Laws, (iv) such consents, approvals, authorizations, permits, filings, registrations or notifications as may be required as a result of the identity of Parent or its Affiliates and (v) where the failure to obtain such consents, approvals, authorizations or permits of, or to make such filings, registrations with or notifications to, any Governmental Authority would not, individually or in the aggregate, (A) prevent or materially delay consummation of the Transactions and the other transactions contemplated by this Agreement or (B) reasonably be expected to be materially adverse to the Company taken as a whole.

3.5. Affiliate Contracts. Except as set forth in Section 3.5 of the Disclosure Letter, neither the Company nor any of its Subsidiaries is party to any Contract with any of the Company's or its Subsidiaries' respective directors, officers or Affiliates (other than the Company and its Subsidiaries) that is material to the Company and its Subsidiaries, except for Contracts (i) providing for employment and benefit arrangements, including employment agreements, incentive compensation and equity arrangements or (ii) entered into in the Ordinary Course on terms no less favorable to the Company or its Subsidiaries than would be obtained in a comparable arm's length transaction with a Person that is not a director, officer or Affiliate of the Company or its Subsidiaries.

3.6. Title to Assets; Condition and Sufficiency of Assets.

(a) The Company and its Subsidiaries have good and valid title to, or otherwise has the right to use pursuant to a valid and enforceable lease, license or similar Contract, all of its machinery, equipment and other material tangible assets (collectively, the "Assets"), in each case free and clear of

any Lien other than Permitted Liens, except as would not reasonably be expected, individually or in the aggregate, to be materially adverse to the Company taken as a whole. The Assets owned and leased by the Company and each Subsidiary constitute all of the material tangible assets, together with the Company's and each Subsidiaries' non-tangible assets and rights, necessary to permit the continued operation of the Business of the Company and its Subsidiaries in substantially the same manner as conducted on the date hereof and during the twelve-month period ended on the Balance Sheet Date.

(b) The buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property of each the Company and any of its Subsidiaries are structurally sound, are, in all material respects, in good operating condition and repair, and are adequate for the uses to which they are being put, and none of such buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost. The buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property currently owned or leased by each of the Company and any of its Subsidiaries, together with all other properties and assets of the Company and any of its Subsidiaries, are, in all material respects, sufficient for the continued conduct of the Business of each of the Company and any of its Subsidiaries after the Closing in substantially the same manner as conducted prior to the Closing.

3.7. Litigation and Compliance with Laws. Except as set forth in Section 3.7 of the Disclosure Letter:

(a) To the Company's Knowledge, neither the Company nor any of its Subsidiaries is, in any material respect, in conflict with, or in default, breach or violation of, (i) any Law applicable to the Company or any of its Subsidiaries, as applicable, or (ii) any Permit.

(b) As of the date of this Agreement, there is no Action pending or, to the Company's Knowledge, threatened against either the Company or any of its Subsidiaries, or any property or asset of the Company or any of its Subsidiaries, at law or in equity by or before any Governmental Authority, the outcome of which, if adversely decided, would reasonably be expected to result in damages in excess of $100,000. Neither the Company nor any of its Subsidiaries nor any material property or asset of the Company or any of its Subsidiaries is subject to any continuing Order of, consent decree, settlement agreement or other similar written agreement with, or, to the Company's Knowledge, continuing investigation by, any Governmental Authority, or any Order, writ, judgment, injunction, decree, determination or award of any Governmental Authority that would (A) prevent or materially delay consummation of the Transactions and the other transactions contemplated by this Agreement or (B) reasonably be expected to be materially adverse to the Company taken as a whole.

(c) As of the date hereof, there is no Action to which the Company or any of its Subsidiaries is a party pending or, to the Knowledge of the Company, threatened seeking to prevent, hinder, modify, delay or challenge the Transactions or any of the other transactions contemplated by this Agreement.

3.8. Intellectual Property.

(a) Set forth on Section 3.8(a) of the Disclosure Letter is a complete and accurate list of all Company Intellectual Property that is (i) Registered Intellectual Property as of the date hereof and

that has not otherwise lapsed, been abandoned, expired or been cancelled ("Company Registered Intellectual Property") (including the jurisdictions where such Company Registered Intellectual Property is registered or where applications have been filed, all application and registration numbers, and all application filing and registration dates), or (ii) general categories of trade secrets (including recipes and formulae) and unregistered trademarks, in each case, that are Company Intellectual Property and that are material to the conduct of the Businesses of the Company and any of its Subsidiaries. Each item of Company Registered Intellectual Property is valid and enforceable, and each item of Company Registered Intellectual Property is subsisting. No loss or expiration of any Company Owned Intellectual Property is threatened in writing, pending or reasonably foreseeable.

(b) Except as set forth on Section 3.8(b) of the Disclosure Letter, the Company and its Subsidiaries collectively own or have the rights to use, pursuant to a written, enforceable license agreement, all Intellectual Property Rights that are reasonably necessary for or material to the conduct of the businesses of the Company and any of its Subsidiaries. Immediately subsequent to the Closing, subject to obtaining any required consents listed on Section 3.4(a) of the Disclosure Letter, the Company Intellectual Property will be exclusively owned by one of the Company and its Subsidiaries and all other Intellectual Property that is material to or necessary for the conduct of the businesses of the Company and its Subsidiaries as currently conducted and currently proposed to be conducted immediately subsequent to the Closing will be available for use by the Company and its Subsidiaries on terms and conditions substantially similar to those under which the Company and its Subsidiaries used such Intellectual Property immediately prior to the Closing, without the payment of additional fees.

(c) The Company's and its Subsidiaries' conduct of each of their respective Businesses as currently conducted do not infringe, violate, or misappropriate the Intellectual Property Rights of any third party. No Action has been filed or threatened in writing against either the Company or any of its Subsidiaries between January 1, 2015 and the date hereof that alleges either the Company or any of its Subsidiaries infringes or misappropriates the Intellectual Property Rights of any third party.

(d) Except as set forth in Section 3.8(d) of the Disclosure Letter, to the Company's Knowledge, no Person is misappropriating, infringing, diluting or violating any Company Intellectual Property. The Company or its Subsidiaries have not, since January 1, 2015, made any claim of any interference, infringement, misappropriation or other violation Company Intellectual Property, and to the Knowledge of the Company, no grounds for any such claim exists.

(e) Except as set forth on Section 3.8(e) of the Disclosure Letter, the Company or one of its Subsidiaries has secured from each employee, contractor or other Person who is or was involved in the creation or development of any Company Intellectual Property, a written agreement containing (A) a present, affirmative assignment of all Intellectual Property developed by such employee, contractor or Person rights in such Company Intellectual Property for or on behalf of, or during their employment by the Company of any of its Subsidiaries to the Company or any of its Subsidiaries and a waiver of all moral rights therein, and (B) a confidentiality provision protecting the Trade Secrets and other confidential information of the Company or a Subsidiary. No employee, contractor or other Person has any claim, right (whether or not currently exercisable) or interest to or in any Company Intellectual Property. No funding, facilities or personnel of any governmental authority or any university, college, research institute or other educational institution (other than refundable tax credits) have been or are being used, directly or indirectly, to develop or create, in whole or in part, any Company Intellectual Property, and to the Knowledge of the Company, no employee, contractor or other Person who was

involved in, or who contributed to, the creation or development of any Company Intellectual Property performed services for any governmental authority, university, college, research institute or other educational institution during a period of time during which such employee, contractor or other Person was also performing services for the Company or its Subsidiaries.

(f) The Company and its Subsidiaries have acted in a commercially reasonable and prudent manner with respect to the protection and preservation of the confidentiality of the Trade Secrets that are Company Intellectual Property.

(g) To the Company's Knowledge, the IT Systems of the Company and any of its Subsidiaries are adequate, in all material respects, for the operation of the business of each the Company and any of its Subsidiaries as currently conducted and currently proposed to be conducted immediately following the Closing. The Company and its respective Subsidiaries have taken steps to provide for the back-up and recovery of material data and have disaster recovery plans and procedures.

3.9. Privacy and Data Protection. Except as set forth on Section 3.9(a) of the Disclosure Letter, the Company and each of its Subsidiaries have taken commercially reasonably security measures in accordance with normal industry practice to protect the IT Systems against intrusion. Except as set forth on Section 3.9(a) of the Disclosure Letter, since January 1, 2017, (i) the IT Systems have not suffered a material failure, and (ii) there have not been any security breaches relating to the IT Systems that have resulted in a third Person obtaining access to any material confidential information or proprietary information relating to the Businesses of either the Company or any of its Subsidiaries or personal identifiable information of the customers of either the Company or any of its Subsidiaries. The Company and each of its Subsidiaries are in material compliance with any posted privacy policies and any Laws relating to personal data or other information.

3.10. Contracts.

(a) Section 3.10(a) of the Disclosure Letter sets forth a true and correct list, and the Company has made available to Parent true and correct copies, in each case as of the date hereof, of each Contract and all amendments and modifications thereto to which the Company or any of its Subsidiaries is a party or by which it is bound or to which any of their respective assets are subject that:

(i) is a limited liability company agreement, limited partnership agreement or joint venture agreement or Organizational Document or similar Contract that is material to the Business and operations of the Company and its Subsidiaries;

(ii) (A) pursuant to which the Company or any of its Subsidiaries spent, in the aggregate, more than $250,000 with respect to any such agreement or Contract during the fiscal year ended December 31, 2019, (B) is reasonably expected to spend more than $250,000 by the Company or any of its Subsidiaries in the current fiscal year or (A) with any of the Material Suppliers;

(iii) (A) that generated more than $250,000 in revenues for the Company or any of its Subsidiaries in the fiscal year ended December 31, 2019, (B) is reasonably expected to generate more than $250,000 in revenues for the Company or any of its Subsidiaries in the current fiscal year or (C) with any of the Material Distributors;

(iv) contains covenants of the Company or any of its Subsidiaries (w) purporting to limit, in any material respect, either the type of Business in which the Company or any of its Subsidiaries or any of their Affiliates may engage or the geographic area in which any of them may so engage, (x) obligating the Company or any of its Subsidiaries to sell any product exclusively to a single party, or to obtain any product or service exclusively from a single party, or (y) imposing any minimum requirements, so– called "take or pay" penalties or other similar obligations or penalties upon the Company or any of its Subsidiaries;

(v) that relates to the creation, incurrence, assumption or guarantee of Indebtedness in excess of $100,000 (individually or in the aggregate), whether unsecured or secured;

(vi) contains a put, call or similar right pursuant to which the Companyor any of its Subsidiaries could be required to purchase or sell, as applicable, any equity interests of any Person or assets;

(vii) related to any interest rate, derivatives or hedging transaction;

(viii) provides for the employment or service of any employee or service provider of the Company or any of its Subsidiaries with aggregate cash payments in any calendar year in excess of $100,000 or that is not terminable "at will" or that imposes further Liability or executory obligations on the Company or any of its Subsidiaries following the termination date other than accrued salary and other similar liability requiredby Law;

(ix) any collective bargaining Contract or other Contract with any labor union, works council, trade or labor organization or employee association representing or purporting to represent any employee of the Company or any of its Subsidiaries;

(x) granting a "most favored nation" provision in favor of any customer or licensee of the Company or any of its Subsidiaries;

(xi) to which any Governmental Authority is a party or under which anyGovernmental Authority has any rights or obligations;

(xii) concerns the sale, disposition, assignment, transfer or acquisition (whether by merger, purchase of stock, purchase of assets or otherwise) of material tangible assets or properties by the Company or any of its Subsidiaries (in a single transaction or a series of related transactions), or any merger or business combination with respect to the Businesses of the Company or any of its Subsidiaries;

(xiii) pursuant to which the Company or any of its Subsidiaries obtains orgrants any licenses or other rights with respect to material Company Intellectual Property (each such Contract, a "Material Company Intellectual Property Contract");

(xiv) pursuant to which the Company or any of its Subsidiaries is granted a license to any software (excluding in each case licenses for commercially available off- the-shelf software licensed pursuant to a non-negotiated license having an annual value ofless than $25,000), or pursuant to which any software has been customized for the Company or any of its Subsidiaries;

(xv) that requires the Company or any of its Subsidiaries to provide anyfunds to or make any investment in (in each case, in the form of a loan, capital contribution or similar transaction) any Person in excess of $100,000;

(xvi) that grants any rights of first refusal, rights of first negotiation or other similar rights to any Person with respect to the sale of any material business or assets of the Company or any of its Subsidiaries, taken as whole;

(xvii) related to a lease or sublease interest in any Leased Real Property;

(xviii) that relates to material Intellectual Property Rights not owned by the Company or any of its Subsidiaries and used by the Company or any of its Subsidiaries, other than confidentiality and non-disclosure agreements entered into in the Ordinary Course, intellectual property assignments entered into with employees and contractors in the Ordinary Course;

(xix) providing for the settlement of any Action pending before any Governmental Authority, or any other Action, against the Company or any of its Subsidiaries, pursuant to which the Company or any of its Subsidiaries has existing obligations; or

(xx) Contract with any professional employer organization, staffing agency, temporary employee agency or similar company or service.

Each Contract of a type described in clause (a) of this Section 3.10 is referred to herein as a "Company Material Contract."

(b) Neither the Company nor any of its Subsidiaries is in (or has received any written claim of) breach of or default under the terms of any Company Material Contract, and, to the Knowledge of the Company, no event has occurred that with notice or lapse of time or both would constitute a breach or default thereunder by the Company or any of its Subsidiaries, where such breach or default would, individually or in the aggregate, reasonably be expected to be materially adverse to the Company taken as a whole. To the Knowledge of the Company, no otherparties to any Company Material Contract is in breach of or default under the terms of any Company Material Contract where such breach or default has had or would reasonably be expectedto be materially adverse to the Company taken as a whole. As of the date of this Agreement, eachCompany Material Contract is a valid and binding agreement of the Company or any Subsidiary thereof, and, to the Knowledge of the Company, the other parties thereto and is in full force and effect, except, for such failures as would not, individually or in the aggregate, reasonably be expected to be materially adverse to the Company taken as a whole, subject to the Bankruptcy andEquity Exception.

3.11. Financial Statements and Related Matters.

(a) Section 3.11(a) of the Disclosure Letter contains true, correct and complete copies of (i) audited consolidated financial statements of the Company and its Subsidiaries, as of and for the periods ended December 31, 2018 and December 31, 2019 (collectively, the "Annual Financial Statements") and the related consolidated balance sheets, statements of income, statements of retained earnings and other comprehensive income, and statements of cash flows, and (ii) unaudited interim consolidated financial statements of the Company and its Subsidiaries at and for the nine-month period ended September 30, 2020 (the "Balance Sheet Date") (the "Interim Financial Statements") and the related consolidated balance sheet and statement of income (the Annual Financial Statements and the Interim Financial Statements, collectively, the "Financial Statements"). The Financial Statements have been prepared in accordance with GAAP and all applicable rules and regulations as modified by the Historical Accounting Practices, and, in the case of the Interim Financial Statements, subject to normal year-end adjustments and the absence of notes. The Financial Statements accurately and fairly present in all material respects the consolidated financial position, results of operations and cash flows of the Company and its Subsidiaries at the dates and for the periods indicated therein and are consistent with the books and records of the Company (except as expressly noted therein).

(b) The Company and its Subsidiaries (i) make and keep books, records and accounts, which, in reasonable detail, accurately and fairly reflect, in all material respects, the transactions and dispositions of assets of the Company and any of its Subsidiaries and (ii) maintain a system of internal accounting controls sufficient, in all material respects, to provide reasonable assurances (A) all transactions are executed in accordance with management's general or specific authorization and (B) access to the property and assets of the Company and any of its Subsidiaries is permitted only in accordance with management's general or specific authorization.

3.12. No Undisclosed Material Liabilities. Except for Liabilities (a) disclosed, accrued or reserved against in the Financial Statements, (b) incurred in the Ordinary Course since the Balance Sheet Date that would not reasonably be expected, individually or in the aggregate, to be material to the Company taken as a whole, (c) set forth in Section 3.12 of the Disclosure Letter and (d) obligations of future performance under Contracts neither the Company nor any of its Subsidiaries has any material Liability of any kind that would be required to be set forth on the face of a balance sheet prepared in accordance with GAAP.

3.13. Subsequent Events. Except as set forth on Section 3.13 of the Disclosure Letter or otherwise contemplated by this Agreement:

(a) Since May 31, 2020, the Business of the Company and each of its Subsidiaries has been conducted and carried on in all material respect in the Ordinary Course; and

(b) Since May 31, 2020, there has been no Material Adverse Effect; and

(c) Since the Balance Sheet Date, neither the Company nor any of its Subsidiaries has taken any action that if taken after the date hereof would require Parent's consent pursuant to Section 6.2.

3.14. Insurance. Section 3.14 of the Disclosure Letter sets forth and describes all material policies of insurance and self-insurance arrangements which are currently maintained by or on behalf of the Company and any of its Subsidiaries. Each such policy of insurance is in full force and effect in accordance with its terms. Each such policy is, and during the past three (3) years, each such policy (or a

reasonably equivalent policy) has been, in full force and effect (and all premiums due and payable thereon have been paid in full on a timely basis), and no written noticeof cancellation, termination or revocation or other written notice that any such insurance policy isno longer in full force or effect or that the issuer of any policy is not willing or able to perform itsobligations thereunder has been received by the Company or any of its Subsidiaries, except, in each case, as would not reasonably be expected, individually or in the aggregate, to be materiallyadverse to the Company taken as a whole. Section 3.14 of the Disclosure Letter sets forth any pending insurance claims under insurance policies maintained by or on behalf of the Company or any of its Subsidiaries that have been denied insurance coverage.

3.15. Licenses and Permits. Section 3.15 of the Disclosure Letter sets forth a true and correct list of all local, state and federal licenses, franchises, permits, certifications, approvals, operating authorities, state operating licenses or registrations and other interstate, intrastate, national or international regulatory licenses and other Governmental Authority authorizations held by the Company and its Subsidiaries material to the conduct of the Business (collectively, "Permits"). The Permits are valid and in effect and none of the Permits will be terminated as a result of this Agreement and the transaction contemplated hereunder. There has been no violation,cancellation, revocation or default of any Permit, except as would not reasonably be expected to be materially adverse to the Company taken as a whole. All applications required to have been filed for the renewal of the Permits listed in Section 3.15 of the Disclosure Letter and all other filings required to have been made with respect to such Permits have been duly filed on a timely basis with the appropriate Governmental Authority. The Company has filed to renew all Permitsthat expire within forty-five (45) days of the Closing Date unless filing for renewal within such timeframe is not permitted by the applicable Governmental Authority.

3.16. Environmental Matters. Except as could not, individually or in the aggregate, reasonably be expected to be materially adverse to the Company taken as a whole:

(a) The Company and each of its Subsidiaries is each, and has been in compliance with those Environmental Laws applicable to their respective operations as currently or formerly conducted (including possessing and complying with any Environmental Permits required for their respective operations as presently conducted), and there are no administrative orjudicial proceedings pending or threatened against the Company or any of its Subsidiaries and neither the Company nor any of its Subsidiaries have received any written notice, demand, letter or claim, in either case, alleging that the Company or its Subsidiaries is in violation of, or liable under, any Environmental Law and, to the Knowledge of the Company, no such notice, demand or claim has been threatened.

(b) Neither the Company nor any of its Subsidiaries has received any notification, notice, demand or claim alleging liability on the part of the Company or any of its Subsidiaries as a result of the presence, Release or exposure to Hazardous Substances and, to the Knowledge of the Company, neither the Company nor any of its Subsidiaries has been responsible for the Release of Hazardous Substances at, on or under any of the Real Property in a quantity or condition that, in either case, would reasonably be expected to result in a Liability under Environmental Laws on the part of the Company or any of its Subsidiaries.

(c) Neither the Company nor any of its Subsidiaries is subject to any Governmental Order, settlement or agreement that relates to any violation of, noncompliance withor Liability under any Environmental Law, and has not received any written notice of Liability, violation or noncompliance under any Environmental Law from a Governmental Authority or any other person, which remains unresolved.

(d) The Company has provided or otherwise made available to Parent and Merger Sub: any and all material environmental reports, studies, audits, records, sampling data, site assessments, risk assessments, and other similar documents with respect to the Business of each of the Company and any of its Subsidiaries or any other real property currently or formerly owned, leased or operated by the Company in connection with the Business related to compliance with Environmental Laws or concerning Hazardous Substances.

3.17. Tax Matters.

(a) The Company and its Subsidiaries have complied with all Laws relating toTaxes. The Company and its Subsidiaries have timely filed (or caused to be timely filed) all income and other material Tax Returns required to be filed by it with the appropriate Governmental Authorities in all jurisdictions in which such Tax Returns are required to be filed, and such Tax Returns are true, correct and complete in all material respects. Neither the Company nor any of its Subsidiaries have requested or filed or caused to be requested or filed any extension of time within which to file any Tax Return, which Tax Return has not since been filed.

(b) Except as set forth in Section 3.17(b) of the Disclosure Letter, the Companyand its Subsidiaries have (i) timely paid (or caused to be paid) all Taxes required by it to be paid (whether or not shown or required to be shown due on any Tax Return); and (ii) made adequate provision on its books and records in accordance with GAAP for all unpaid Taxes not yet due and owing.

(c) No Tax audits or other proceedings are in progress, pending, or to the Knowledge of the Company threatened with regard to any Taxes or Tax Returns of or with respect to the Company or any of its Subsidiaries. Neither the Company nor its Subsidiaries has receivedin the past five (5) years a notice from any Governmental Authority that the Company or any of its Subsidiaries is required to pay Taxes or file Tax Returns in a jurisdiction in which the Companyor any of its Subsidiaries does not file Tax Returns or pay Taxes. Neither the Company nor any of its Subsidiaries has commenced a voluntary disclosure proceeding in any state or local or non-U.S. jurisdiction that has not been fully resolved or settled.

(d) Neither the Company nor any of its Subsidiaries has a request for a privateletter ruling, a request for administrative relief, a request for technical advice, a request for a change of any method of accounting, or any other similar request that is in progress or pending with any Governmental Authority with respect to Taxes or Tax Returns of the Company or any ofits Subsidiaries. No power of attorney granted by the Company or any of its Subsidiaries with respect to any Taxes is currently in force. Neither the Company nor any of its Subsidiaries has executed or filed with any Governmental Authority any agreement or other document extending or having the effect of extending the period for assessment, reassessment or collection of any Taxes.

(e) The Company and each of its Subsidiaries has timely and properly withheld (i) all required amounts from payments to its employees, agents, contractors, nonresidents,equity holders, lenders, and other Persons and (ii) all sales, use, ad valorem, and value added Taxes.The Company and each of its Subsidiaries have timely remitted all withheld Taxes to the proper Governmental Authority in accordance with all applicable Laws.

(f) Neither the Company nor any of its Subsidiaries has ever been a member of an Affiliated Group. Neither the Company nor any of its Subsidiaries are liable for Taxes of any other Person as a result of successor liability, transferee liability, joint or several liability (includingpursuant to

Treasury Regulation Section 1.1502-6 or any similar provision of state, local, or non-U.S. Laws), or otherwise. Neither the Company nor any of its Subsidiaries is a party to any tax sharing agreements (other than an agreement entered into in the Ordinary Course and not primarilyrelated to Taxes).

(g) Neither the Company nor any of its Subsidiaries is required to pay, gross up, or otherwise indemnify any employee or contractor for any Taxes, including potential Taxes imposed under Code Section 409A.

(h) Neither the Company nor any of its Subsidiaries has are required to include any material item of income in, or exclude any material item of deduction for any period after the Closing Date as a result of (i) an installment sale transaction occurring on or before the Closing governed by Code Section 453 (or any similar provision of state, local or non-U.S. Laws); (ii) a transaction occurring on or before the Closing reported as an open transaction for U.S. federal income Tax purposes (or any similar doctrine under state, local, or non-U.S. Laws); (iii) any advance payments, prepaid amounts or "deferred revenue"; (iv) a change in method of accountingwith respect to a Pre-Closing Period (or an impermissible method used in a Pre-Closing Period); (v) an agreement entered into with any Government Authority (including a "closing agreement" under Code Section 7121) on or prior to the Closing Date; or (vi) the application of Code Section263A (or any similar provision of state, local, or non-U.S. Laws).

(i) Neither the Company nor any of its Subsidiaries use the cash method of accounting for income Tax purposes or are party to any "long-term contracts" that are subject to amethod of accounting provided for in Code Section 460.

(j) There are no Liens for Taxes other than Permitted Liens upon any of theassets of the Company or any of its Subsidiaries.

(k) Neither the Company nor any of its Subsidiaries has engaged in anytransaction that could affect the Tax Liability for any taxable year not closed by the applicable statute of limitations which is a "listed transaction" within the meaning of Treasury Regulation Section 1.6011-4(b)(2) (irrespective of the effective dates).

(l) Neither the Company nor any of its Subsidiaries has an office, fixed place of business, or "permanent establishment" (within the meaning of an applicable Tax treaty) in anycountry other than the United States.

(m) The Company and its Subsidiaries have complied in all material respects with the terms of any Tax holidays, Tax credit programs, and other similar Tax benefits to whichthey were entitled and chose to participate in.

3.18. Labor and Employee Benefits.

(a) Except as set forth on Section 3.18(a) of the Disclosure Letter, no employeeof the Company or any of its Subsidiaries is, or has in the five (5) years preceding the date of thisAgreement been, represented by any union or covered by any collective bargaining agreement. Except as set forth on Section 3.18(a) of the Disclosure Letter, no labor organization or group of employees of the Company or any of its Subsidiaries has made a demand for recognition or certification, and there are no representation or certification proceedings or petitions seeking a representation proceeding presently pending or, to the Knowledge of the Company, threatened tobe brought or filed, with the National Labor

Relations Board or any other labor relations Governmental Authority. In the five (5) years preceding the date of this Agreement, there has notbeen, nor to the Knowledge of the Company has there been any threat of, any strike, slowdown, work stoppage, lockout or other similar labor disruption or dispute affecting the Company, its Subsidiaries, or any of their employees, independent contractors or consultants. Neither the Company nor any of its Subsidiaries currently has any duty to recognize or bargain with any union or other Person purporting to act as the exclusive bargaining representative of any employees, independent contractors or consultants of the Company or any of its Subsidiaries. The Company is not, and in the five (5) years preceding the date of this Agreement has not been, the subject of any actual or, to the Knowledge of the Company, threatened Action asserting that the Company has committed an unfair labor practice.

(b) The Company and its Subsidiaries have complied in all material respects with the Immigration Reform and Control Act of 1986 and all regulations promulgated thereunder ("IRCA") and similar laws with respect to the completion, maintenance and other documentary requirements of Forms I-9 (Employment Eligibility Verification Forms) and similar employee verification forms for all employees of the Company and any of its Subsidiaries and the re- verification of the employment status of any and all employees of the Company and any of its Subsidiaries whose employment authorization documents indicated a limited period of employment authorization. Neither the Company nor any of its Subsidiaries has received any written notice of any inspection or investigation relating to its alleged noncompliance with or violation of applicable immigration Laws, nor has it been warned, fined or otherwise penalized byreason of any failure to comply with applicable immigration Laws.

(c) The Company and each of its Subsidiaries has maintained and currently maintains adequate insurance as required by applicable Laws with respect to workers' compensation claims. Neither the Company nor any of its Subsidiaries is aware of any facts or circumstances that are reasonably likely to result in an increase in liability to the Company or any of its Subsidiaries under any workers' compensation Laws after the Closing Date. To the Knowledge of the Company, there are no workers' compensation claims that are reasonably likely to have a material adverse effect on the accident cost experience of the Company or any of its Subsidiaries.

(d) Except as set forth on Section 3.18(d) of the Disclosure Letter, since March 1, 2020, neither the Company nor any of its Subsidiaries has instituted a furlough, salary reduction, or layoff in response to the coronavirus disease 2019 (COVID-19). If applicable, the Company has complied with the WARN Act, and it has no plans to undertake any action in the future that would trigger the WARN Act. During the preceding ninety (90)-day period, no employees of any of the Company have suffered an "employment loss," as defined under the WARN Act. The Company and its Subsidiaries have complied in all material respects with all applicable Laws (including the U.S. Families First Coronavirus Response Act), and have made commercially reasonable efforts to comply in all material respects with all applicable guidance published by a Governmental Authority, in each case, concerning workplace and employee health and safety practices related to the COVID-19 pandemic. The Company has provided to Parent all inspection reports issued under the Occupational Safety and Health Administration or any similar Governmental Authority ("OSHA"). The Company and each of its Subsidiaries have complied in all material respects with any Orders issued to such entity under OSHA or any other applicable occupational health and safety Law and there are no appeals of any Orders that are currently outstanding.

(e) Except as would not, individually or in the aggregate, reasonably be expected to be materially adverse to the Company taken as a whole, (i) each of the Company and its Subsidiaries is and has been in the five (5) years preceding the date of this Agreement in compliance with all applicable

Laws relating to the employment of labor, including all applicableLaws relating to wages, hours, collective bargaining, employment discrimination, safety and healthand (ii) there are no Actions, complaints, charges or claims against the Company or any of its Subsidiaries filed or, to the Knowledge of the Company, threatened in writing to be brought or filed, with any Governmental Authority or arbitrator based on, arising out of, in connection with, or otherwise relating to the employment or termination of employment of any individual by the Company or any or its Subsidiaries. The Company and its Subsidiaries have used commercially reasonable efforts to investigate any employment discrimination and sexual harassment allegationsof, or against, any employee, officer, or director of the Company or any of its Subsidiaries. Neitherthe Company nor any of its Subsidiaries has taken any corrective action or entered into any Contract to settle any allegation of sex-based discrimination, sexual assault, sexual harassment orother misconduct against any director, officer, or manager of the Company or any of its Subsidiaries.

(f) The Company has provided Parent a true, accurate and complete list of (i) all employees of the Company or any of its Subsidiaries, specifying each employee's name; title; department; hire date; status (full-time/part-time/seasonal/temporary); principal place of employment; classification as exempt or non-exempt under the Fair Labor Standards Act (the "FLSA") or applicable Law; current year annual base salary or hourly wage; current year target incentive compensation (bonus and/or commission, as applicable); and full, prior year actual incentive compensation (bonus and/or commission, as applicable) and (ii) all Persons currently engaged by the Company or any of its Subsidiaries as independent contractors or consultants, specifying each Person's name; start date; end date (if applicable); location; full, prior year total compensation (or, if prior year not available, current year to date total compensation); current yearto date total compensation; and compensation rate. As of the date hereof, all compensation, including wages, commissions and bonuses, payable to all employees, independent contractors and consultants for services performed on or prior to the date hereof have been paid in full (or accrued in full on the Interim Financial Statements). All employees of the Company or its Subsidiaries who have been classified as exempt under the FLSA or similar Laws have been properly classified and treated as such, and all current and former employees of the Company andany of its Subsidiaries have been properly compensated for all time worked in accordance with the FLSA and similar Laws, and all Persons who have provided services to the Company or any of itsSubsidiaries as independent contractors or consultants have been properly classified as independent contractors, rather than employees, of the Company or its Subsidiaries, for purposes of all applicable Laws and Benefit Plans.

(g) Section 3.18(g) of the Disclosure Letter set forth a complete list of each Benefit Plan. With respect to each Benefit Plan, the Company has made available to Parent a true and correct copy of: (i) each such Benefit Plan and all amendments thereto; (ii) each trust, insurance or material administrative services agreement relating to each such Benefit Plan; (iii) themost recent summary plan description of each such Benefit Plan and any material modifications thereto, if applicable; (iv) all material written contracts relating to each Benefit Plan, including administrative service contracts and group insurance contracts; (v) all material communications with any Governmental Authority in connection with any Benefit Plan during the last three (3) years; and (vi) the most recent determination, advisory or opinion letter, if applicable, issued by the IRS with respect to any Benefit Plan intended to be qualified under Section 401(a) of the Code.The Company does not have any commitment to (A) establish or enter into any new Benefit Plan,or (B) to modify or amend any Benefit Plan or the terms and conditions of any Benefit Plan.

(h) Each Benefit Plan is and has been administered, operated and maintained incompliance with its terms and in all material respects with all applicable Laws, including ERISA and the

Code. With respect to any Benefit Plan, there has been no (i) "prohibited transaction," asdefined in Section 406 of ERISA or Code Section 4975 that are not otherwise exempt under Section 408 of ERISA, (ii) failure to comply with any provision of ERISA, the Code, other applicable Law, or any agreement, or (iii) nondeductible contribution, which, in the case of any of(i), (ii), or (iii), would subject the Company, its Subsidiaries or any ERISA Affiliate to material Liability either directly or indirectly (including, without limitation, through any obligation of indemnification or contribution) for any damages, penalties, or Taxes, or any other Losses or expense. No Action (other than those relating to routine claims for benefits) is pending or, to theCompany's Knowledge, threatened with respect to any Benefit Plan, nor is there any basis for suchAction. The Company has not been informed that any Benefit Plan is the subject of an examinationor audit by a Governmental Authority. All payments, distributions, reimbursements or contributions required to have been made (under the provisions of any agreements or other governing documents or applicable Law) with respect to all Benefit Plans have been paid, made or accrued.

(i) None of the Company, its Subsidiaries or any ERISA Affiliate has ever maintained, sponsored, contributed to, or has any obligation to contribute to, (i) a "defined benefitplan" as defined in Section 3(35) of ERISA, (ii) a pension plan subject to Title IV of ERISA, Section 412 of the Code, or Section 302 of ERISA, (iii) a "multiple employer plan" within the meaning of Section 413(c) of the Code, (iv) a "multiemployer plan" as defined in Section 3(37) ofERISA or Section 414(f) of the Code, or (v) a "multiple employer welfare arrangement" as defined in Section 3(40) of ERISA. Neither the Company nor its Subsidiaries is under any obligation to provide, nor does any Benefit Plan provide or has ever provided, health care or other welfare benefits with respect to any Person after termination of such Person's employment with, or serviceto, the Company or its Subsidiaries (other than as required by Part 6 of Subtitle B of Title I of ERISA or other applicable state Laws).

(j) Except as set forth in Section 3.18(j) of the Disclosure Letter, neither the execution and delivery of this Agreement nor the consummation of the Transactions contemplated hereby or any termination of employment or service in connection therewith will (i) cause any payment (including severance, change of control, retention, golden parachute, bonus or otherwise)to become due to any Person, (ii) result in any forgiveness of Indebtedness, (iii) increase any benefits otherwise payable by the Company, (iv) result in the acceleration of the time of payment or vesting of any benefits, or (v) result in "parachute payments" as defined in Section 280G(b)(2)of the Code (whether or not such payment is considered to be reasonable compensation for servicesrendered). None of the Company or its Subsidiaries has any obligation to reimburse, "gross-up",make similar "make-whole" payments to, or otherwise indemnify any Person for any Taxes imposed under Section 4999 of the Code.

(k) With respect to each group health plan benefiting any current or former employee of the Company or its Subsidiaries that is subject to Section 4980B of the Code, the Company and each of its Subsidiaries have complied in all material respects with the continuationcoverage requirements of Section 4980B of the Code and Part 6 of Subtitle B of Title I of ERISA.The Company, its Subsidiaries and each ERISA Affiliate have complied and are in compliance in all material respects with the requirements of the Patient Protection and Affordable Care Act, including the Health Care and Education Reconciliation Act of 2010, as amended, and including any guidance issued thereunder ("PPACA"), in all material respects. Neither the Company nor any of its Subsidiaries has incurred, or is reasonably expected to incur or to be subject to, any Tax,penalty or other Liability that may be imposed under PPACA. Except as set forth in Section 3.18(k) of the Disclosure Letter, no health and welfare Benefit Plan is self-funded or self-insured.

(l) Each Benefit Plan that constitutes in any part a nonqualified deferred compensation plan within the meaning of Section 409A of the Code has been operated and maintained in form and operation in compliance in all material respects with Section 409A of theCode and applicable guidance thereunder. No payment to be made under any Benefit Plan is, or will be, subject to the penalties of Section 409A(a)(1) of the Code. None of the Company or its Subsidiaries has any obligation to reimburse, "gross-up", make similar "make-whole" payments to, or otherwise indemnify any Person for any Taxes imposed under Section 409A of the Code.

(m) Except as set forth in Section 3.18(m) of the Disclosure Letter, there are no

(i) employment Contracts or agreements for a specified duration, or (ii) agreements providing forretention (in connection with the transactions contemplated hereby), severance or other benefits inthe event of termination of any employee of the Company or any of its Subsidiaries.

3.19. Real Property.

(a) After giving effect to the Redemption, neither the Company nor any of its Subsidiaries will own any real property.

(b) Section 3.19(b) of the Disclosure Letter lists the common street address for all real property (the "Leased Real Property") in which the Company and any of its Subsidiaries holds a lease interest as of the date hereof, and lists the Contract pursuant to which such lease exists (including each amendment or guaranty related thereto). Except as would not, individuallyor in the aggregate, reasonably be expected to be materially adverse to the Company taken as a whole, the Company and its Subsidiaries collectively holds a valid leasehold interest in all such Leased Real Property. True and complete copies of the Contracts underlying such leases have been made available to Parent.

(c) Except as provided in Section 3.19(c) of the Disclosure Letter, or as wouldnot, individually or in the aggregate, reasonably be expected to be materially adverse to the Company taken as a whole, to the Knowledge of the Company, as of the date hereof, neither the Company nor any of its Subsidiaries has received any written notice to the effect that any condemnation or rezoning proceedings are pending or threatened, with respect to any of the LeasedReal Property.

3.20. Suppliers; Distributors.

(a) Suppliers. Section 3.20(a) of the Disclosure Letter sets forth the ten (10) largest suppliers of the Company and its Subsidiaries (based on dollar amounts of products and services supplied to the Company and its Subsidiaries) (the "Material Suppliers"), in each case, (i) for the twelve months ended December 31, 2019, and (ii) for the nine months ended September 30, 2020, and the amounts for which such Material Suppliers invoiced the Company and its Subsidiaries during such periods. Except as set forth in Section 3.20(a) of the Disclosure Letter, (w) all Material Suppliers continue to be suppliers of the Company or any of its Subsidiaries; (x) neither the Company nor any of its Subsidiaries has received any written notice that any Material Supplier will reduce materially its business with the Company or any of its Subsidiaries from the levels achieved during the twelve months ended December 31, 2019; (y) no Material Supplier has terminated its relationship with the Company or any of its Subsidiaries or, to the Company's Knowledge, threatened to do so; and (z) neither the Company nor any of its Subsidiaries is involved in any material claim or dispute with any Material Supplier.

(b) Distributors. Section 3.20(b) of the Disclosure Letter sets forth the twenty (20) largest distributors of the Company and its Subsidiaries (based on dollar amounts of the purchase orders such distributors provided to the Company and its Subsidiaries) (the "Material Distributors"), in each case, for (i) the twelve months ended December 31, 2019, and (ii) the nine months ended September 30, 2020, and the total dollar amounts for which the Company and its Subsidiaries received purchase orders from such Material Distributors during such periods. Except as set forth in Section 3.20(b) of the Disclosure Letter: (w) all Material Distributors continue to be distributors of the Company or any of its Subsidiaries; (x) neither the Company nor any of its Subsidiaries has received any written notice that any Material Distributor will reduce materially or has threatened to reduce its business with the Company or any of its Subsidiaries from the levels achieved during the twelve months ended December 31, 2019; (y) no Material Distributor has terminated its relationship with the Company or any of its Subsidiaries or, to the Company's Knowledge, threatened to do so; and (z) neither the Company nor any of its Subsidiaries is involved in any material claim or dispute, with any Material Distributor in excess of $100,000.

3.21. Accounts Receivable, Accounts Payable.

(a) All accounts receivable and other receivables constitute valid claims in favor of the Company and its Subsidiaries arising from bona fide arm's length transactions of the Company or any of its Subsidiaries, arising in the Ordinary Course. The reserves, allowances anddiscounts with respect to such accounts receivable are adequate and consistent in extent with reserves, allowances and discounts previously maintained by the Company and its Subsidiaries inthe Ordinary Course, and there are no claims, defenses, counterclaims, refusals to pay or other rights of set off against any thereof other than such as has arisen or will arise in the Ordinary Course and for which reserves have been established to the extent required by GAAP. No Personhas any Lien on any such accounts receivable or any part thereof, and no material agreement, for deduction, free goods, discount or other deferred price or quantity adjustment has been made withrespect to any such accounts receivable.

(b) To the Company's Knowledge, there is no contest, claim, defense, or rightof setoff (i) with any obligor of any of the accounts receivable; or (ii) as to the amount or validityof such accounts receivable.

(c) Since January 1, 2019, neither the Company nor any of its Subsidiaries has (i) collected its accounts receivable other than in the Ordinary Course; (ii) accelerated or otherwisealtered its collection practices; or (iii) written off or written down any of its accounts receivable.

(d) Except as set forth on Section 3.21(d) of the Disclosure Letter, the Companyand its Subsidiaries have paid their respective accounts payable in the Ordinary Course, have not delayed payments on any such accounts payable and have not altered the payment terms thereunder.

3.22. Regulatory.

(a) A complete and accurate list of all brand names under which all Company Products are currently branded or marketed (the "Brands"), the Company Product associated with each Brand and a brief description of such Company Product is set forth on Section 3.22(a) of theDisclosure Letter.

(b) Except as set forth on Section 3.22(b) of the Disclosure Letter, neither the Company nor any of its Subsidiaries holds or has ever held or applied for under the laws of the United

States or any of its jurisdictions a local, municipal or state (i) alcohol beverage retail license or (ii) Permit relating to the sale, manufacture, production, distribution or marketing of cannabis or any product derived from cannabis.

(c) (x) The Company has received depletion reports and sales reports relating to each Material Distributor for (i) the twelve months ended December 31, 2019, and (ii) the ninemonths ended September 30, 2020, and (y) the Company has made available to Parent true and correct copies of each of such depletion report and sales report actually received from each Material Distributor for (i) the twelve months ended December 31, 2019, and (ii) the nine monthsended September 30, 2020.

(d) Neither the Company nor any of its Subsidiaries manufactures, produces, distributes, sells or markets, or, since January 1, 2018, has ever manufactured, produced, distributed, sold or marketed, Company Products in the United States except in material compliance with applicable Law and the Permits. Except as set forth on Section 3.22(d) of the Disclosure Letter, no investigations, accusations, inquiries or claims of a Governmental Authorityrelating to the manufacture, production, distribution, sale or marketing of any Company Productsare presently pending or, to the Knowledge of the Company, threatened.

(e) Since January 1, 2018, neither the Company nor any of its Subsidiaries has ever manufactured, produced, sold or marketed any Company Products with a label that violates applicable Law or the Permits. Since January 1, 2018, neither the Company nor any of its Subsidiaries has ever received written notice of investigations, accusations, inquiries or claims byany Governmental Authority or other person relating to a claim that the Company has marketed the Products as "all natural" or made other health related claims.

(f) A complete list of all agreements between any Person and the Company orany of its Subsidiaries that relate to any profit sharing, marketing promotions or sponsorships relating to any Company Products in excess of $50,000, the Company or any of its Subsidiaries isset forth on Section 3.22(f) of the Disclosure Letter, all of which are in material compliance with applicable Law and the Permits.

3.23. Payments; Foreign Corrupt Practices Act; U.S. Export and Sanctions Laws.

(a) Neither the Company, its Subsidiaries nor, to the Company's Knowledge, any of their directors, officers, agents, employees, consultants, resellers, distributors or other Persons associated with or acting on behalf of the Company or its Subsidiaries has, directly or indirectly paid, promised, offered, or agreed to pay, or authorized the payment of, any fee, commission or other sum of money or item of value, however characterized, to any Person, Governmental Authority or other party that is illegal or improper under any applicable Law, including the United States Foreign Corrupt Practices Act of 1977 (15 United States Code Section 78dd-1, et. seq.) ("FCPA") and the UK Anti-Bribery Act of 2010, and any other applicable Law regarding corruption, bribery, ethical business conduct, money laundering, political contributions, gifts, hospitalities, or expense reimbursements to public officials and private persons, books and records, and financial controls (the "Anti-Corruption Laws"), paid, provided, authorized, promised, offered, solicited, or accepted any unlawful bribe, corrupt payment, rebate, payoff, influence payment, kickback or any other illegal benefit or advantage of a financial or other nature; (iii) made any unlawful contribution, gift, entertainment or other unlawful expense in violation ofany applicable Law, (iv) made any unlawful payment or offered anything of value to any foreign or domestic political parties or campaigns, (v) violated or is in violation of any provision of the FCPA, the UK Anti-Bribery Act of 2010, or any Anti-Corruption Laws, or (vi) established or maintained any fund or account

that has not been accurately recorded in the books and records ofthe Company and its Subsidiaries. The Company, its Subsidiaries and, to the Company'sKnowledge, their respective directors, officers, agents, employees, consultants, resellers, and distributors are not the subject of any allegation, voluntary disclosure, investigation, prosecution or other enforcement action related to the FCPA, the UK Anti-Bribery Act of 2010, or any Anti- Corruption Law.

(b) Neither the Company nor any of its Subsidiaries is the subject of any allegation, voluntary disclosure, investigation, prosecution, or other enforcement action pending or threatened against the Company and/or its Subsidiaries under any Export Control and Sanctions Laws. Neither the Company nor any of its Subsidiaries has received any correspondence, notice, request for information or administrative subpoena from a Governmental Authority regarding a potential violation by the Company or any of its Subsidiaries of any Export Control and SanctionsLaws.

(c) To the Knowledge of the Company, neither the Company nor any of its Subsidiaries has participated in or is participating in an international boycott within the meaning of Section 999 of the Code.

3.24. Inventory; Returns.

(a) The inventories of each of the Company and its Subsidiaries, including all raw materials, work in process, parts, supplies and finished goods merchandise of each the Company and its Subsidiaries (the "Inventory") are of good and merchantable material, of a qualityand quantity usable or saleable in the Ordinary Course, are fit for their intended purpose and are not, in any material respect, adulterated, misbranded, mispackaged, mispack or mislabeled within the meaning of, or in violation of, any applicable Laws, and are carried on the books and records of the Company in accordance with GAAP.

(b) Neither the Company nor any of its Subsidiaries has any Contract or understanding with any customer that involves any "guaranteed sales" (or other similar program)of products of the Company or any of its Subsidiaries by that customer to third parties that could result in uncontested returns of such products from such customer or otherwise obligate the Company or any of its Subsidiaries to accept returned products of the Company or any of its Subsidiaries, and none of the Company's or any of its Subsidiaries' customers has asserted any claim against the Company or any of its Subsidiaries for guaranteed or uncontested returns during the past two (2) years with respect to any product or item manufactured, distributed or sold by oron behalf of the Company or any of its Subsidiaries.

3.25. Product Warranties; Recalls.

(a) Except as set forth on Section 3.25(a) of the Disclosure Letter, no claims of a customer, distributor, Governmental Authority or other Person based upon any alleged defects, nonconformance, impurity, contamination, misbranding, adulteration or unsuitability of any of the products of the Company or any of its Subsidiaries are presently pending or, to the Knowledge ofthe Company, threatened. Except as set forth in Section 3.25(a) of the Disclosure Letter, neither the Company nor any of its Subsidiaries has given or made any express warranties to third parties with respect to any products or items manufactured, distributed or sold by or on behalf of the Company or any of its Subsidiaries, except for warranties arising by operation of Law.

(b) Except as set forth on Section 3.25(b) of the Disclosure Letter, (i) there have been no recalls of any Company Products, whether ordered by a Governmental Authority or undertaken voluntarily by the Company or any of its Subsidiaries, (ii) there have been no voluntarywithdrawals, post-

sale warnings or similar actions conducted with respect to any Company Products, and (iii) to the Knowledge of the Company, none of the Company Products have been produced, adulterated, misbranded, mispackaged, mispacked or mislabeled in violation of applicable Law. Other than as set forth on Section 3.25(b) of the Disclosure Letter, neither the Company nor any of its Subsidiaries has made, nor, to the Knowledge of the Company, has any other party made, any investigation of, or decision concerning whether or not to undertake any ofthe foregoing nor, to the Knowledge of the Company, is there a basis for any such recall.

3.26. Trade Programs. Section 3.26 of the Disclosure Letter contains a description of all existing programs, practices or arrangements that relate to trade discounts, trade promotions, allowances, marketing, promotional sales, demo and sampling commitments, coupons, reward programs, gift certificates, or gift cards related to the operations of the Company's and any of its Subsidiaries' business as conducted from January 1, 2018 through the date of this Agreement. Except as set forth on Section 3.26 of the Disclosure Letter, to the Knowledge of the Company, no investigations, accusations, inquiries or claims of a Governmental Authority relating to any trade program are presently pending or threatened.

3.27. Bank Accounts. Section 3.27 of the Disclosure Letter sets forth a correct and complete list of each bank, trust company, savings institution, brokerage firm, mutual fund or other financial institution with which the Company or any of its Subsidiaries has an account, safe depositor lock box and the names and identification of all Persons authorized to draw on it or to have access to it.

3.28. Cares Act.

(a) The Company has obtained a "Paycheck Protection Program" loan through the U.S. Small Business Administration under the CARES Act with a face amount of $441,162 (collectively with any interest accrued thereon, the "PPP Loan"). At the time of submission of the application and at the time the PPP Loan was funded, the Company satisfied, in all material respects, all of the applicable criteria for the PPP Loan set forth in the Small Business Act (15 U.S.C. 636(a)) and the CARES Act. The application materials and supporting documentation withrespect to the PPP Loan delivered by the Company to the financial institutions providing the PPPLoan were true and correct in all material respects.

(b) Except as set forth on Section 3.28(b) of the Disclosure Letter, neither the Company nor any of its Subsidiaries has elected to defer any Taxes payable by the Company or any of its Subsidiaries pursuant to Section 2302 of the CARES Act. All Taxes payable by the Company or any of its Subsidiaries which have been so deferred have been properly accrued for and are reflected on the Financial Statements.

3.29. Brokers. Except for Arlington Capital Services LLC, neither the Company nor any of its Subsidiaries has any Liability to pay any fees or commissions to any broker, finder or agentwith respect to the transactions contemplated by this Agreement.

3.30. Acknowledgement of No Other Representations or Warranties. The Company acknowledges and agrees that, (i) except for the representations and warranties contained in ArticleV, neither Parent, Merger Sub nor any of their respective Affiliates or Representatives makes or has made, nor is the Company relying on, and expressly disclaims any reliance on, any representation or warranty, either express or implied, concerning Parent, Merger Sub or any of their respective businesses, operations, assets, Liabilities, results of operations, condition (financial or otherwise) or prospects or the

transactions contemplated by this Agreement, and (ii) the Company hereby disclaims all Liability and responsibility for any representation, warranty, projection, forecast, statement or information communicated, or furnished (orally or in writing) by Parent, Merger Sub or any of their respective Affiliates or Representatives (including any opinion, information, projection, or advice that may have been or may be provided to the Company by any Representative of Parent or Merger Sub) except for the representations and warranties expressly set forth in Article V. Notwithstanding anything in this Agreement to the contrary, the Company and its Subsidiaries make no representations or warranties to Parent or Merger Sub regarding any projections or the future or probable profitability, success, business, opportunities, relationships and operations of the Company and its Subsidiaries. Subject to all of the foregoing provisions of this Section, each of Blocker, the Company, Parent and Merger Sub retains all of its rights and remedies with respect to claims based on Fraud.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BLOCKER, BLOCKER GP AND BLOCKER SELLER

Except as set forth in the Disclosure Letter, each of Blocker, Blocker Seller and Blocker GP hereby represents and warrants to Parent and Merger Sub as of the date hereof as follows:

4.1. Organization. Blocker is a legal entity duly organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization. Blocker has the requisite power and authority to own, lease and operate its properties and assets and to carry on its business as it is now being conducted, except where the failure to have such power and authority would not, individually or in the aggregate, reasonably be expected to prevent or materially delay the ability of Blocker to consummate the Blocker Sale.

4.2. Authority. Each of Blocker, Blocker Seller and Blocker GP (a) has the right and power to enter into, and perform its obligations under, this Agreement and each other agreement delivered in connection herewith to which it is a party and (b) has taken all requisite action to authorize (i) the execution, delivery and performance of this Agreement and each such other agreement delivered in connection herewith to which it is a party and (ii) the consummation of the Blocker Sale and other Transactions contemplated by this Agreement and each such other agreement delivered in connection herewith to which it is a party. This Agreement has been duly executed and delivered by Blocker and, assuming the due authorization, execution and delivery of this Agreement by each other parties hereto, is binding upon, and legally enforceable against, Blocker in accordance with its terms, subject to the Bankruptcy and Equity Exception.

4.3. Capitalization. All of the limited partner interests of Blocker as of the date hereof are issued and outstanding and held (beneficially and of record) by Blocker Seller, and all of the general partner interests of Blocker as of the date hereof are issued and outstanding and held (beneficially and of record) by the Blocker GP. All outstanding Blocker Interests have been duly authorized, validly issued, and are not subject to preemptive rights. There are no options, warrants, convertible, exercisable or exchangeable securities or other rights, agreements, arrangements or commitments of any character relating to the issued or unissued membership interests of Blocker or obligating Blocker to issue or sell any membership interests of, or other interest convertible, exercisable or exchangeable for any equity interest in, Blocker.

4.4. Blocker Interests. Blocker Seller is the sole record and beneficial owner of the Blocker LP Interests, free and clear of any Lien other than transfer restrictions under applicable federal and state securities laws and the Organizational Documents of Blocker or other Permitted Liens. The Blocker GP is the sole record and beneficial owner of the Blocker GP Interests, free and clear of any Lien other than transfer restrictions under applicable federal and state securities laws and the Organizational Documents of Blocker or other Permitted Liens. No other Person owns or holds any equity interests or rights in Blocker and no Person other than Parent has any right to acquire any Blocker Interests.

4.5. No Violations and Consents.

(a) None of the execution, delivery or performance of this Agreement by Blocker Seller, Blocker GP and Blocker or the consummation by Blocker Seller, Blocker GP andBlocker of the Transactions contemplated by this Agreement will: (i) conflict with or violate anyprovision of the charter, bylaws or any equivalent Organizational Document or governing documents of Blocker Seller, Blocker GP or Blocker; (ii) assuming that all consents, approvals and authorizations described in Section 4.5(b) have been obtained and all filings and notificationsdescribed in Section 4.5(b) have been made and any waiting periods thereunder have terminated or expired, conflict with or violate any Law applicable to Blocker Seller, Blocker GP or Blocker or any of their respective properties or assets; or (iii) require any consent or approval under, violate,conflict with, result in any breach of or any loss of any benefit under, or constitute a default under(with or without notice or lapse of time, or both), or result in termination or give to others any right of termination, vesting, amendment, acceleration, cancellation, purchase or sale of, or result in thetriggering of any payment or in the creation of a Lien (other than Permitted Liens) upon any of theproperties or assets of Blocker or its assets pursuant to, any Contract to which Blocker, Blocker GP or Blocker Seller is a party (or by which any of its properties or assets is bound) or any Permitheld by it except, with respect to clauses (ii) and (iii), as would not, individually or in the aggregate,reasonably be expected to prevent or materially delay the ability of Blocker to consummate the Blocker Sale.

(b) None of the execution, delivery or performance of this Agreement by Blocker, Blocker GP or Blocker Seller or the consummation by Blocker, Blocker GP or Blocker Seller of the Transactions contemplated by this Agreement will require (with or without notice orlapse of time, or both) any consent, approval, authorization or permit of, or filing or registration with or notification to, any Governmental Authority, other than (i) such filings as may be requiredin connection with the payment of any transfer and gain Taxes, (ii) compliance with, and such filings, consents, approvals, authorizations and/or registrations as set forth on Section 4.5(b) of the Disclosure Letter and (iii) where the failure to obtain such consents, approvals, authorizations or permits of, or to make such filings, registrations with or notifications to, any Governmental Authority would not, individually or in the aggregate, reasonably be expected to prevent or materially delay the ability of Blocker, Blocker GP or Blocker Seller to consummate the Blocker Sale.

4.6. Litigation and Compliance with Laws.

(a) Neither Blocker, Blocker GP nor Blocker Seller is in material conflict with, or in material default, breach or violation of any Law applicable to such Person.

(b) As of the date of this Agreement, there is no Action pending or, to the knowledge of Blocker, threatened against Blocker, or any property or asset of such Person, at lawor in equity by or before any Governmental Authority. Neither Blocker, Blocker GP, Blocker Seller nor any material property or asset of such Person is subject to any continuing Order of, consent decree, settlement

agreement or other similar written agreement with, or, to Blocker's, Blocker GP's, or Blocker Seller's knowledge, continuing investigation by, any Governmental Authority, or any Order, writ, judgment, injunction, decree, determination or award of any Governmental Authority that would (A) prevent or materially delay consummation of the Blocker Sale and the other Transactions contemplated by this Agreement or (B) reasonably be expected to be materially adverse to Blocker, Blocker GP or Blocker Seller taken as a whole.

(c) As of the date hereof, there is no Action to which Blocker, Blocker GP or Blocker Seller is a party pending or, to the knowledge of Blocker, Blocker GP or Blocker Seller, threatened seeking to prevent, hinder, modify, delay or challenge the Blocker Sale or any of the other Transactions contemplated by this Agreement.

(d) As of the date hereof, there are no Actions pending or, to the knowledge of Blocker, Blocker GP or Blocker Seller, threatened against Blocker, Blocker GP or Blocker Seller with respect to this Agreement, or in connection with the Transactions contemplated hereby.

4.7. Purpose. Blocker (i) was formed solely for the purpose of holding the direct or indirect equity interests in the Company held directly or indirectly by it (the "Company Ownership"), (ii) has not conducted any business or engaged in any activities other than those related to the Company Ownership and activities incidental thereto (including the negotiation, execution and consummation of this Agreement and the Transactions contemplated hereby, and all other acts, actions and activities incidental thereto, including the Pre-Closing Blocker Restructuring), (iii) has no assets other than the Company Ownership and cash and cash equivalents and (iv) has no material Liabilities other than those incidental to its formation or existence or the Company Ownership or incurred in connection with this Agreement and the Transactions contemplated hereby (including the Pre-Closing Blocker Restructuring).

4.8. No Employees. Blocker does not currently have any employees, and Blocker has never had any employees.

4.9. No Broker. Neither Blocker, Blocker GP nor Blocker Seller has entered into any agreement or arrangement entitling any broker, finder, investment banker or financial advisor to any broker's or finder's fee or commission in connection with the transactions contemplated by this Agreement for which either Parent, Merger Sub, the Company, its Subsidiaries or their Affiliates would be responsible.

4.10. Taxes.

(a) Blocker is currently, and has been at all times since formation, been treated as a corporation for U.S. federal and state income tax purposes.

(b) Blocker (i) has duly and timely filed (taking into account any extension of time within which to file) all income and other material Tax Returns required to be filed by it as of the date hereof; (ii) has timely paid all material Taxes (whether or not shown as due on such filed Tax Returns) that Blocker is otherwise obligated to pay; (iii) has duly and timely paid all material Taxes required to be withheld from any payment to a shareholder, partner, employee or any other Person; (iv) with respect to all Tax Returns filed by or with respect to Blocker, has not waived any statute of limitations with respect to Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency (other than any such extension obtained in connection with an extension to file a Tax Return); and (v) to the actual knowledge of the Blocker, does not have any deficiency, audit, examination, investigation or other

proceeding in respect of Taxes or Tax matters pending or, as of the date of this Agreement, proposed or threatened in writing which,if resolved in the favor of the Taxing authority, would result in a material Tax deficiency.

(c) Blocker does not have any liability for the Taxes of any other person under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor or by contract (other than any contract the principal purpose of which does not relate to Taxes).

(d) There are no Liens on the assets of Blocker as a result of unpaid Taxes (otherthan for current Taxes not yet due and payable).

(e) Blocker is not, and has not been, a party to, or a promoter of, a "listed transaction" within the meaning of Treasury Regulations Section 1.6011- 4(b).

4.11. Acknowledgement of No Other Representations or Warranties. Blocker and Blocker GP acknowledge and agree that, (i) except for the representations and warranties contained in Article V, neither Parent, Merger Sub nor any of their respective Affiliates or Representatives makes or has made, nor is Blocker or Blocker GP relying on, and expressly disclaims any reliance on, any representation or warranty, either express or implied, concerning Parent, Merger Sub or any of their respective businesses, operations, assets, Liabilities, results of operations, condition (financial or otherwise) or prospects or the transactions contemplated by this Agreement, and (ii) Blocker and Blocker GP hereby disclaims all liability and responsibility for any representation, warranty, projection, forecast, statement or information communicated, or furnished (orally or in writing) by Parent, Merger Sub or any of their respective Affiliates or Representatives (including any opinion, information, projection, or advice that may have been or may be provided to Blocker by any Representative of Parent or Merger Sub) except for the representations and warranties expressly set forth in Article V. Notwithstanding anything in this Agreement to the contrary, neither Blocker nor either Blocker Partner makes any representations or warranties to Parent or Merger Sub regarding any projections or the future or probable profitability, success, business, opportunities, relationships and operations of Blocker. Subject toall of the foregoing provisions of this Section, each of Blocker, each Blocker Partner, the Company, Parent and Merger Sub retains all of its rights and remedies with respect to claims basedon Fraud.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB

Except as set forth in the letter delivered by Parent to the Company concurrently with the execution of this Agreement (the "Parent Disclosure Letter"), Parent and Merger Sub jointly and severally represent and warrant to the Company, Blocker GP and Blocker Seller as of the date hereof as follows:

5.1. Organization. Parent is a legal entity duly organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization. Parent has the requisite power and authority to own, lease and operate its properties and assets and to carry on itsbusiness as it is now being conducted, except where the failure to have such power and authority would not, individually or in the aggregate, reasonably be expected to be materially adverse to the Parent taken as a whole. Merger Sub is a limited liability company duly formed, validly existingand in good standing under the Laws of the State of Delaware, and has all requisite limited liabilitycompany power to effect the transactions contemplated by this Agreement. Merger Sub was formed for the specific purpose of

consummating the transactions contemplated hereby, and Merger Sub has not conducted any operations or business nor does Merger Sub have any Liabilities or obligations other than in connection with the negotiation of this Agreement or any other Transaction Document and the consummation of the transaction contemplated hereby.

5.2. Authority. Each Parent and Merger Sub (a) has the respective right and power to enter into, and perform its obligations under, this Agreement and each other agreement delivered in connection herewith to which it is a party and (b) has taken all requisite action to authorize (i) the execution, delivery and performance of this Agreement and each such other agreement delivered in connection herewith to which it is a party and (ii) the consummation of the Merger and other transactions contemplated by this Agreement and each such other agreement delivered in connection herewith to which it is a party. This Agreement has been duly executed and delivered by Parent and Merger Sub and, assuming the due authorization, execution and delivery of this Agreement by each other parties hereto, is binding upon, and legally enforceable against, Parent and Merger Sub in accordance with its terms, subject to the Bankruptcy and Equity Exception.

5.3. No Violations and Consents.

(a) None of the execution, delivery or performance of this Agreement by Parent or Merger Sub or the consummation by Parent or Merger Sub of the transactions contemplated by this Agreement will: (i) conflict with or violate any provision of the charter, bylaws or any equivalent organizational or governing documents of Parent or Merger Sub; (ii) assuming that all consents, approvals and authorizations described in Section 5.3(b) have been obtained and all filings and notifications described in Section 5.3(b) have been made and any waiting periods thereunder have terminated or expired, conflict with or violate any Law applicable to Parent or Merger Sub or any of its properties or assets; or (iii) require any consent or approval under, violate, conflict with, result in any breach of or any loss of any benefit under, or constitute a default under (with or without notice or lapse of time, or both), or result in termination or give to others any right of termination, vesting, amendment, acceleration, cancellation, purchase or sale of, or result in the triggering of any payment or in the creation of a Lien upon any of the properties or assets of Parent or Merger Sub pursuant to, any Contract to which Parent or Merger Sub is a party (or by which any of its properties or assets is bound) or any Permit held by it except, with respect to clauses (ii) and (iii), as would not, individually or in the aggregate, reasonably be expected to prevent or materially delay the ability of Parent or Merger Sub to consummate the Merger.

(b) None of the execution, delivery or performance of this Agreement by Parent or Merger Sub or the consummation by Parent or Merger Sub of the transactions contemplated by this Agreement will require (with or without notice or lapse of time, or both) any consent, approval, authorization or permit of, or filing or registration with or notification to, any Governmental Authority, other than (i) such filings as may be required in connection with the payment of any transfer and gain Taxes, (ii) compliance with, and such filings, consents, approvals, authorizations and/or registrations as set forth on Section 5.3(b) of the Parent Disclosure Letter and (iii) where the failure to obtain such consents, approvals, authorizations or permits of, or to make such filings, registrations with or notifications to, any Governmental Authority would not, individually or in the aggregate, reasonably be expected to prevent or materially delay the ability of Parent or Merger Sub to consummate the Merger.

5.4. Litigation.

(a) As of the date hereof, there is no Action to which Parent or Merger Sub is a party pending or, to the Knowledge of Parent, threatened against Parent or Merger Sub that would reasonably be expected to prevent or materially delay the consummation of the transactions contemplated hereby. As of the date hereof, neither Parent nor Merger Sub is subject to any outstanding Order that, individually or in the aggregate, would reasonably be expected to (A) prevent or materially delay consummation of the Transactions and the other transactions contemplated by this Agreement or (B) be materially adverse to the Parent taken as a whole.

(b) Except as set forth in the Public Company Reports, none of Parent or any of its Subsidiaries, or their respective officers, directors or employees (in their capacity as such) are (a) subject to any outstanding injunction, judgment, order, decree, ruling or charge, or (b) party to any action, suit, Proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency or any federal, state, local, or foreign jurisdiction nor, to the Knowledge of Parent, is any such action, suit, Proceeding, hearing, or investigation threatened, in each case that is required to be disclosed in the Public Company Reports and has not been disclosed.

5.5. Sufficient Funds. Parent and Merger Sub has, and at the Closing will have, sufficient cash on hand or other sources of immediately available funds to enable it to make payment of all amounts payable by them hereunder and consummate the Transactions contemplated by this Agreement. Neither Parent nor any of its Subsidiaries has incurred any obligation, commitment, restriction or Liability of any kind which would reasonably be expected to impair or adversely affect Parent or Merger Sub's ability to make any such payment.

5.6. R&W Policy. The R&W Policy obtained by the Parent in connection with the transactions contemplated by this Agreement provides that the insurer thereunder expressly waives, and agrees not to pursue, directly or indirectly, any subrogation rights against the Unitholders or Blocker Seller with respect to any claim made by any insured thereunder other than in the case of Fraud.

5.7. Brokers. Except for Jefferies, LLC, neither Parent nor Merger Sub has entered into any agreement or arrangement entitling any broker, finder, investment banker or financial advisor to any broker's or finder's fee or commission in connection with the transactions contemplated by this Agreement for which either Blocker, the Company, its Subsidiaries or their Affiliates would be responsible.

5.8. Absence of Certain Changes. Except to the extent arising out of or relating to the transactions contemplated by this Agreement or as otherwise disclosed in any of the Public Company Reports (a) since May 31, 2020, the business of Parent has been operated in the Ordinary Course in all material respects and (b) since May 31, 2020, there has been no Parent Material Adverse Effect.

5.9. Restrictions on Payment. No Contract that the Parent or any of its Affiliates is party to contains a specific prohibition against payment of an Earn-Out Payment.

5.10. Parent Public Company Reports; Financial Statements; No Undisclosed Liabilities.

(a) Parent has filed or furnished, as applicable, its Form 40-F and Annual Information Form for the fiscal year ended May 31, 2020, its audited financial statements and Management's Discussion and Analysis Form for the year ended May 31, 2020, and its unaudited financial statements

and Management's Discussion and Analysis for the three months ended August 31, 2020, and all exhibits described therein for the fiscal quarter ended August 31, 2020 (collectively, the "Public Company Reports"). As of its respective date, and, if amended, as of the date of the last such amendment, each Public Company Report complied in all material respects with the applicable requirements of the Securities Laws, and any rules and regulations promulgatedthereunder applicable to the Public Company Report. As of its respective date, and, if amended, as of the date of the last such amendment, no Public Company Report contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading. As of the date hereof, there are no outstanding or unresolved comments from any comment letters received by Parent from the SEC or CSA relating to reports, statements,schedules, registration statements or other filings made by Parent with the SEC or CSA.

(b) The consolidated financial statements included or incorporated by reference into the Public Company Reports (including the notes thereto) have been prepared in accordance with IFRS applied on a consistent basis, except as required by the implementation of new IFRS, throughout the periods covered thereby and present fairly in all material respects the consolidated financial condition of Parent as of such dates and the results of operations, stockholders' equity, and cash flows of Parent for such periods.

(c) Parent has implemented and maintains a system of internal controls over financial reporting that are sufficient to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance withIFRS, including policies and procedures that provide reasonable assurance that (a) transactions areexecuted only in accordance with authorizations of management and directors, (b) transactions arerecorded as necessary to permit preparation of financial statements in accordance with IFRS. To Parent's Knowledge, there are not (i) any significant deficiencies or material weaknesses in the design or operation of Parent's internal control over financial reporting which would have a Parent Material Adverse Effect or (ii) any Fraud, whether or not material, that involves management or other employees who have a significant role in Parent's internal control over financial reporting.

(d) Except for Liabilities (a) disclosed, accrued or reserved against in the consolidated financial statements included or incorporated by reference into the Public Company Reports, (b) incurred in the Ordinary Course since the latest document filed as part of the Public Company Report that would not reasonably be expected, individually or in the aggregate, to be material to the Parent taken as a whole, (c) set forth in Section 5.10(d) of the Parent Disclosure Letter, neither the Parent, Merger Sub nor any of their respective Subsidiaries has any material Liability of any kind.

5.11. Legal Compliance.

(a) Parent and each of its Subsidiaries is in compliance in all material respectswith all Laws and orders applicable to Parent or any of its Subsidiaries or any assets owned or usedby Parent or any of its Subsidiaries which are material to the business and operations of Parent andits Subsidiaries.

(b) Neither Parent, its Subsidiaries, or, to Parent's Knowledge, any representatives acting on their behalf, have, directly or indirectly, corruptly offered, promised, paid, authorized or given money or anything of value to any Governmental Authority or official thereof, for the purpose of: (i) influencing any act or decision of any Government Authority or official thereof; (ii) inducing any Governmental Authority or official thereof to do or omit to do an act in violation of a lawful duty; (iii)

securing any improper business advantage; (iv) inducing any Governmental Authority or official thereof to influence the act or decision of a GovernmentalAuthority or any official thereof; or (v) for any other corrupt, improper, or illegal purpose, each inorder to obtain or retain business for Parent or any of its Subsidiaries in violation of applicable anti-corruption Laws

5.12. No Required Vote. No vote of the holders of any equity interests in Parent is required for Parent to consummate the transactions contemplated by this Agreement, including without limitation the issuance of any Parent Common Shares.

5.13. Solvency. Immediately after giving effect to the transactions contemplated by this Agreement, and assuming the representations set forth in Article III and Article IV are true and correct in all material respects:

(a) the fair saleable value (determined on a going concern basis) of the assets of the Parent and its Subsidiaries (including, following the Closing, the Surviving Entity and its Subsidiaries) shall be greater than the total amount of their liabilities (including all liabilities, whether or not reflected in a balance sheet prepared in accordance with GAAP, and whether director indirect, fixed or contingent, secured or unsecured, disputed or undisputed);

(b) each of the Parent and its Subsidiaries (including, following the Closing, the Surviving Entity and its Subsidiaries) shall be able to pay their debts and obligations in the ordinarycourse of business as they become due;

(c) each of the Parent and its Subsidiaries (including, following the Closing, the Surviving Entity and its Subsidiaries) shall have adequate capital to carry on their businesses andall businesses in which they are about to engage; and

(d) In completing the transactions contemplated by this Agreement, the Parentdoes not intend to hinder, delay or defraud any present or future creditors of Parent, the SurvivingEntity or any of their respective Subsidiaries.

5.14. Investment Intent. Parent is acquiring the Units solely for the purpose of investment and not with a view to, or for sale in connection with, any distribution of the Units in violation of the Securities Act or other applicable Securities Laws. Parent acknowledges that theUnits have not been registered under the Securities Act or other applicable Securities Laws and that the Units may not be transferred or sold except pursuant to the registration provisions of the Securities Act or other applicable Securities Laws or pursuant to an applicable exemption from such registration provisions. Purchaser has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Units and is capable of bearing the economic risks of such investment.

5.15. Acknowledgement of No Other Representations or Warranties.

(a) Parent and Merger Sub acknowledges and agrees that, except for the representations and warranties contained in Article III and Article IV, as applicable, (i) neither theCompany, its Subsidiaries nor any of their respective Affiliates or Representatives makes or has made, nor is Parent or Merger Sub relying on, and Parent and Merger Sub expressly disclaims any reliance on, any representation or warranty, either express or implied, of any kind whatsoever, including without limitation any representation or warranty concerning (x) the Company, its Subsidiaries, or any of their

respective Affiliates; (y) any of the Company's, its Subsidiaries', or any of their Affiliates' respective businesses, operations, assets, liabilities, results of operations, condition (financial or otherwise), or prospects; or (z) the transactions contemplated by this Agreement, (ii) neither Blocker, either Blocker Partner nor any of their respective Affiliates or Representatives makes or has made, nor is Parent or Merger Sub relying on, and Parent and Merger Sub expressly disclaims any reliance on, any representation or warranty, either express or implied,of any kind whatsoever, including without limitation any representation or warranty concerning (x) the Company, its Subsidiaries, Blocker, the Blocker Partners or any of their respective Affiliates; (y) any of the Company's, its Subsidiaries', Blocker's, the Blocker Partners' or any of their respective Affiliates' respective businesses, operations, assets, liabilities, results of operations, condition (financial or otherwise), or prospects; or (z) the transactions contemplated by this Agreement; and (iii) the Company, its Subsidiaries, Blocker, the Blocker Partners, and each of their respective Affiliates and Representatives hereby disclaim all liability and responsibility for, and Parent and Merger Sub expressly disclaim any reliance on, any representation, warranty,projection, forecast, statement or information communicated, or furnished (orally or in writing) by the Company, its Subsidiaries, Blocker, the Blocker Partners, and each of their respective Affiliates and Representatives (including any opinion, information, projection, or advice that may have beenor may be provided to Parent or Merger Sub by any Representative of the Company, its Subsidiaries, Blocker, the Blocker Partners or any of their respective Affiliates).

(b) Without limiting the generality of clause (a) above, Parent and Merger Sub acknowledges and agrees that (i) it has made its own inquiry and investigation into, and, based thereon, has formed an independent judgment concerning the Company and its Subsidiaries, Blocker, the Blocker Partners and the transactions contemplated by this Agreement, (ii) in connection with its investigation of the Company and its Subsidiaries, Blocker, the Blocker Partners, Parent and Merger Sub has received from or on behalf of the Company and its Subsidiaries, Blocker and the Blocker Partners certain projections, including projected statements of operating revenues and income from operations of the Company and its Subsidiaries, Blocker and the Blocker Partners and certain business plan information of the Company and its Subsidiaries, Blocker and the Blocker Seller Partners, (iii) there are uncertainties inherent in attempting to make such estimates, projections and other forecasts and plans, that Parent and Merger Sub is familiar with such uncertainties, and that each Parent and Merger Sub is taking full responsibility for making its own evaluation of the adequacy and accuracy and completeness of all estimates, projections and other forecasts and plans so furnished to it (including the reasonableness of the assumptions underlying such estimates, projections and forecasts), (iv) neither the Company, Blocker, the Blocker Seller Partners, the Company's Subsidiaries nor any of their respective Affiliates, or Representatives make any representations or warranties whatsoever with respect to such estimates, projections and other forecasts and plans (including the reasonableness of the assumptions underlying such estimates, projections and forecasts), and Parent and Merger Sub have not relied thereon, and (v) Parent and Merger Sub will have no claim against the Company, its Subsidiaries, Blocker, the Blocker Partners or any other Person with respect thereto.

(c) Notwithstanding the foregoing, each of Blocker, the Blocker Partners, the Company, its Subsidiaries, Parent and Merger Sub retains all of its rights and remedies with respectto claims based on Fraud.

ARTICLE VI
COVENANTS

6.1. Certain Governmental Matters.

(a) Without in any way limiting the other provisions of this Section 6.1, Parent and the Company agree to make or cause to be made, in consultation and cooperation with the other and as promptly as practicable and advisable after the date hereof, (i) an appropriate filing of a Notification and Report Form pursuant to the HSR Act, which filing shall be made within five

(5) Business Days of the date hereof, (ii) an appropriate filing with the Toronto Stock Exchange ("TSX") pursuant to the Toronto Stock Exchange Company Manual (the "TSX Manual") within five (5) Business Days of the date hereof requesting that the TSX approve the issuance of the Stock Consideration as contemplated herein, subject only to the satisfaction of the customary listing conditions of the TSX (which shall not include the requirement to obtain any approval of the equityholders of Parent prior to Closing) and (ii) all other necessary registrations, declarations, notices and filings relating to the Transactions with any Governmental Authority with regulatory jurisdiction over enforcement of any applicable Competition Laws ("Governmental Competition Authority") with respect to the Transactions and to respond as promptly as practicable to any inquiries received and requests made by a Governmental Competition Authority for any additional information and documentary material pursuant to the HSR Act, the TSX Manual and any other Competition Law, and in each case, request "early termination" or any equivalent process, if available. From and after the date hereof and until all governmental approvals required in connection with the Transactions have been obtained, Parent shall not, and shall cause its Affiliates not to, operate its business in such manner or take any action, that could reasonably be expected to significantly increase the risk of not obtaining any such governmental approval or clearance or the expiration or termination of any applicable waiting period. Parent shall be responsible for all filing fees paid pursuant to this Section 6.1.

(b) Each of the Company and Parent shall (i) keep each other apprised of the status of any communications with, and any inquiries or requests for additional information from, any Governmental Competition Authority, and shall respond to any such inquiry or request as promptly as practicable, (ii) cooperate and consult with each other in connection with the making of all filings, notifications and any other material actions pursuant to this Section 6.1, including, subject to applicable Laws relating to the exchange of information, by permitting counsel for the other party to review in advance, and consider in good faith the views of the other party in connection with, any proposed written communication to any Governmental Competition Authority, (iii) provide counsel for the other party with copies of all filings and submissions made by such party and all correspondence and other written communications between such party (and its advisors) and any Governmental Competition Authority and any other information supplied by such party or its Affiliates to a Governmental Competition Authority or received from such a Governmental Competition Authority in connection with the Acquisition; provided, however, that materials may be withheld or redacted before being provided to the other party as necessary to (x) comply with contractual arrangements or (y) address reasonable privilege or confidentiality concerns, and (iv) furnish to the other party such information and assistance as such party reasonably may request in connection with the preparation of any submissions to, or agency Action by, any Governmental Competition Authority. Upon and subject to the terms of this Section 6.1, each party agrees to cooperate and use reasonable best efforts to assist in any defense by any other party to the Transactions before any Governmental Competition Authority reviewing the Transactions, including by responding as promptly as practicable to any requests for information by such

Governmental Competition Authority or such assistance as may be reasonably requested by the other party to this Agreement in such defense.

(c) If any objections are asserted by any Governmental Competition Authority with respect to the Transactions under any applicable Competition Law or which would otherwise prevent, materially impede or materially delay the consummation of the Merger, or if any Action is instituted by any Governmental Competition Authority or any private party challenging the Transactions as violative of any applicable Competition Law, or an Order is issued enjoining the Transactions, each of the Company and Parent shall use its reasonable best efforts to resolve any such objections or Actions so as to permit consummation of the Transactions by the Closing as soon as practicable.

(d) Each of the Company and Parent shall use their reasonable best efforts to cause the expiration or termination of the applicable waiting periods under the applicable Competition Law as soon as practicable. Nothing in this Agreement, including this Section 6.1, obligates Parent or any of its Subsidiaries or Affiliates to offer, negotiate, accept or agree to any divestiture, sale, license or other disposition, or holding separate, of any assets, businesses, entities, or operations, or to the imposition of any restraints, conditions, modifications, limitations or other constraints on the operation of any assets, businesses, entities, or operations. The Company and Parent shall not extend, directly or indirectly, any such waiting period or enter into any agreement with a Governmental Competition Authority to delay or to not consummate the Acquisition on the Closing Date, except with the prior written consent of the other party to this Agreement, which consent shall not be unreasonably withheld or delayed. The Company and Parent shall not have any substantive contact with any Governmental Competition Authority in respect of any filing or Action contemplated by this Section 6.1 unless it consults with the other party in advance and, to the extent permitted by such Governmental Competition Authority, gives the other party the opportunity to participate.

6.2. Conduct of Business by the Company and its Subsidiaries and the Blocker Pending the Transactions. The Company and the Blocker agree that, between the date of this Agreement and the Closing, and in the case of the Blocker, subject to Section 6.10, except (i) as set forth in Section 6.2 of the Disclosure Letter, (ii) as contemplated or required by any other provision of this Agreement (including effecting the Pre-Closing Blocker Reorganization or the Redemption), or (iii) as required by applicable Law or by any Governmental Authority of competent jurisdiction, 54 unless Parent and Merger Sub otherwise agrees in writing (which agreement shall not be unreasonably withheld, delayed or conditioned), the Company and each of its Subsidiaries and the Blocker shall each use reasonable best efforts to conduct their operations in all material respects in the Ordinary Course. Without limiting the foregoing, except (i) as set forth in Section 6.2 of the Disclosure Letter, (ii) as contemplated or required by any other provision of this Agreement (including effecting the Pre-Closing Blocker Reorganization or the Redemption), (iii) as required by applicable Law or by any Governmental Authority of competent jurisdiction, (iv) as required to comply with COVID-19 Measures or (v) as reasonably undertaken to respond to the effects of COVID-19 or COVID-19 Measures with the prior consultation with Parent, neither the Company nor any of its Subsidiaries nor the Blocker shall, between the date of this Agreement and the Closing, as applicable, unless Parent and Merger Sub otherwise agrees in writing (which agreement shall not be unreasonably withheld, delayed or conditioned):

(a) amend their Organizational Documents, except for non-material amendments made solely for administrative purposes;

(b) (i) issue or authorize the issuance of or sell any units, membership interest, shares of capital stock or other ownership interests, or any notes, bonds or other securities of the Company or

any of its Subsidiaries or the Blocker (including any option, warrant or other right toacquire the same), in any instance, convertible into, exchangeable for or exercisable for ownership interests of the Company or any of its Subsidiaries or the Blocker or split, subdivide, combine or reclassify any ownership interests of the Company or any of its Subsidiaries or the Blocker, (ii) purchase, redeem or otherwise acquire, or offer to purchase redeem or otherwise acquire, any ownership interests of the Company or any or its Subsidiaries or the Blocker or any other security convertible into, exchangeable for or exercisable for ownership interests of the Company or any of its Subsidiaries or the Blocker, or (iii) declare, set aside, or make any other distributions using membership interests or property of the Company or its Subsidiaries with respect to, or enter intoany Contract relating to the declaration of any such distribution with respect to, the ownership interests in the Company or any of its Subsidiaries or the Blocker (for the avoidance of doubt, theCompany and its Subsidiaries and the Blocker shall be permitted to make cash distributions or dividends);

(c) (i) sell, pledge, dispose of, transfer, lease, license or encumber (except for Permitted Liens) any material personal property, equipment or assets (except as set forth in clause (ii) below) of the Company or any of its Subsidiaries or the Blocker, except solely in the case of the Company and its Subsidiaries (and not the Blocker) (A) in the Ordinary Course or (B) pursuantto existing Contracts set forth in Section 6.2(c) of the Disclosure Letter, or (ii) sell, pledge, disposeof, transfer, lease, license or create or impose any Liens on any material assets or property exceptfor (A) the execution of covenants, restrictions and other similar instruments in the Ordinary Course that, individually or in the aggregate, do not, and would not reasonably be expected to, materially impair the existing use and operation of, the property or asset affected by the applicable instrument, (B) in connection with the incurrence of any Indebtedness permitted to be incurred bythe Company or any of its Subsidiaries pursuant to Section 6.2 or (C) the execution of licenses inthe Ordinary Course;

(d) merge or consolidate the Company or any of its Subsidiaries or the Blockerwith any Person or adopt a plan of complete or partial liquidation or resolutions providing for a complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization of the Company or any of its Subsidiaries or the Blocker;

(e) acquire (including by merger, consolidation or acquisition of stock orassets) any interest in any Person (or equity interests thereof) or any assets, real property, personal property, equipment, business or other rights (whether by merger, stock purchase, asset purchase or otherwise), except solely in the case of the Company and its Subsidiaries (and not the Blocker) for acquisitions of inventory, personal property, equipment and vehicles either (i) in the Ordinary Course, substantially consistent with past practice or in accordance with the capital improvementplans made available to Parent and Merger Sub prior to the date hereof, or (ii) is less than $100,000;

(f) incur, assume, refinance or guarantee any Indebtedness for borrowed money or issue any debt securities, or assume or guarantee any Indebtedness for borrowed moneyof any Person, in any such case in excess of $100,000 in the aggregate, except Indebtedness that

(i) is prepayable at any time without penalty or premium or borrowings under the Existing Credit Facility or (ii) will be repaid at Closing;

(g) make any loans, advances or capital contributions to, or investments in, any other Person that would reasonably be expected to adversely affect the Company or any of its Subsidiaries or the Blocker following Closing;

(h) other than (x) in the Ordinary Course with past practice, (y) to the extent required by Law or the terms of any Benefit Plan as set forth in Section 6.2(h) of the Disclosure Letter, or (z) as specifically contemplated by this Agreement: (i) materially increase the level of compensation or benefits payable or to become payable to its directors, officers or employees; or (ii) enter into any severance agreement with any director, officer, or employee of the Company orany of its Subsidiaries or the Blocker;

(i) make any tax election inconsistent with past practice with respect to the Company or any of its Subsidiaries or the Blocker, file any material Tax Return materially inconsistent with past practice, make or change any material Tax election inconsistent with past practice, settle or compromise any material Tax Contest or assessment by any Governmental Authority, adopt or change any accounting method with respect to Taxes, enter into any closing agreement with a taxing authority or surrender any right to claim a refund of a material amount ofTaxes, in each instance, (X) that would reasonably be expected to materially adversely impact Parent, the Company or any of its Subsidiaries or the Blocker from a Tax perspective following the Closing and (Y) that is not otherwise required by applicable Law;

(j) make any material change in financial accounting policies or procedures, other than as required by GAAP, applicable Law or any Governmental Authority of competent jurisdiction;

(k) except as set forth in Section 6.2(k) of the Disclosure Letter, make any capital expenditures or enter into any Contract for any renovation, construction or capital expenditure; *provided*, *however*, that notwithstanding the foregoing, the Company and its Subsidiaries shall be permitted to make (i) capital expenditures required by Law or any lender of the Company or any of its Subsidiaries, (ii) emergency capital expenditures in any amount that the Company or its Subsidiaries determines is necessary in its reasonable judgment to maintain its ability to operate its businesses in the Ordinary Course, and (iii) capital expenditures in any amountnot exceeding $100,000 in the aggregate for all projects of the Company and its Subsidiaries;

(l) grant or announce any increase in the salaries, bonuses or other benefits payable by the Company or any of its Subsidiaries or the Blocker to any of the directors, officers,employees, consultants or independent contractors, other than as required by Law;

(m) fail to exercise any rights of renewal with respect to any Leased Real Property that by its terms would otherwise expire;

(n) pay, discharge, settle or satisfy any suit, Action or claim, other thansettlements of any suit, Action or claim, or threatened suit, Action or claim, that (i) require payments by the Company or any of its Subsidiaries or the Blocker (net of insurance proceeds) inan amount not to exceed $25,000 individually or $50,000 in the aggregate and (ii) do not require any other actions or impose any other material restrictions on the business of the Company or anyof its Subsidiaries or the Blocker;

(o) issue, deliver, sell, grant, pledge or otherwise encumber or subject to any Lien any ownership interests, any other voting securities or any securities convertible into, exchangeable for, exercisable for, or any rights, warrants or options to acquire, any such ownershipinterests, voting securities or convertible securities, or any “phantom” units, “phantom” unit rights,or unit appreciation rights, including pursuant to contracts as in effect on the date hereof;

(p) adopt a plan or agreement of a complete or partial liquidation or dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of the Company or any of its Subsidiaries or the Blocker;

(q) delay or postpone the payment of accounts payable or other Liabilities beyond their due date or accelerate the collection of any accounts receivable except in the OrdinaryCourse;

(r) (i) adopt, enter into, terminate or amend (A) any Benefit Plan, except as required by Law or as specifically contemplated by this Agreement, (B) any other agreement, plan or policy involving the Company or any of its Subsidiaries or the Blocker and one or more of theirrespective current or former employees or members of the board of directors that is not terminableat will, or (C) any retention or bonus agreement involving the Company or any of its Subsidiaries or the Blocker and one or more of their respective current or former employees or members of theboard of directors, (ii) take any action to accelerate the vesting or payment of any compensation or benefit under any Benefit Plan, or (iii) loan or advance any money or other property (other thanreimbursement of reimbursable expenses or any advances of such expenses pursuant to the Company's or any of its Subsidiaries' credit cards or otherwise in the Ordinary Course) to any current or former member of the board of directors or officer of the Company or any of its Subsidiaries or the Blocker;

(s) fail to use commercially reasonable efforts to maintain current insurance coverages, or fail to enforce the rights of the Company or any of its Subsidiaries under any such existing coverage;

(t) amend or modify in any respect or terminate any Material Contract other than in accordance with its terms, or, enter into any Contract that if entered into on or prior to thedate hereof would constitute a Material Contract;

(u) enter into any collective bargaining agreement or announce, implement or effect any reduction in labor force or lay-off;

(v) sell, assign, transfer or exclusively license any material Company Intellectual Property, or permit the lapse of any right, title or interest to any material Company Intellectual Property, including any Registered Intellectual Property, or terminate, cancel or amendany Material Company Intellectual Property Contract other than in the Ordinary Course;

(w) amend, modify or terminate, or allow to lapse, any material Permit; or

(x) authorize or enter into any Contract to do any of the foregoing. Notwithstanding the foregoing or anything else to the contrary, nothing contained in this Agreement shall give Parent or Merger Sub, directly or indirectly, the right to control or direct theoperations of the Company or any of its Subsidiaries or the Blocker prior to the Closing, and the Company or the Blocker (in each case, in its sole discretion) may at any time or from time to time prior to the Closing use any cash on hand for any purpose (including making distributions or dividends, redeeming Units as permitted under the Company's Organizational Documents or repaying any Indebtedness). Prior to the Closing, the Company and each of its Subsidiaries and the Blocker shall exercise, consistent with the terms and conditions of this Agreement, complete unilateral control and supervision over its business operations.

6.3. Access to Information. From the date of this Agreement to the Closing, the Company and each of its Subsidiaries shall: (a) provide to Parent, Merger Sub and their respectiveRepresentatives

reasonable access during normal business hours in such a manner as not to interfere unreasonably with the operation of any business conducted by the Company and its Subsidiaries, upon reasonable prior written notice to the Company or its Subsidiaries, as applicable, to the officers, employees, properties, offices and other facilities of the Company and its Subsidiaries and to the books and records thereof; (b) provide to Parent, Merger Sub and their respective Representatives non-exclusive access credentials to online portals and databases for all Alcohol Beverage Authorities, and all third party compliance companies, with which the Company has, or has had, and account, solely for the purpose of providing required information regarding Parent or Merger Sub in connection with the Transactions, and in no event, shall Parent, Merger Sub or their respective Representatives make any representations regarding the Company or its Subsidiaries in such portals and databases; and (c) furnish promptly such information concerning the business, properties, Contracts, assets and Liabilities of the Company and its Subsidiaries as Parent, Merger Sub or their Representatives may reasonably request; provided, however, that the Company and its Subsidiaries shall not be required to afford such access or furnish such information to the extent that the Company and its Subsidiaries believe in good faith that doing so would: (i) result in the loss of attorney-client privilege; (ii) violate any obligations of the Company or any of its Subsidiaries with respect to confidentiality to any third party or otherwise breach, contravene or violate any then effective Contract to which the Company or any of its Subsidiaries is party; or (iii) breach, contravene or violate any applicable Law in any material respect (provided that the Company and its Subsidiaries shall use commercially reasonable efforts to allow for such access or disclosure in a manner that does not result in the events set out in clauses (i) through (iii)). Parent and Merger Sub shall, and shall cause each of their respective Representatives, to hold all information provided or furnished pursuant to this Section 6.3 confidential in accordance with the terms of the Confidentiality Agreement.

6.4. Further Assurances.

(a) Subject to the terms and conditions of this Agreement, each party shall use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to consummate the transactions contemplated hereby and to cause the conditions set forth in Article VII to be satisfied as promptly as practicable, including using their respective reasonable best efforts to (i) promptly obtain all actions or non-actions, consents, Permits, waivers, approvals, authorizations and Orders from Governmental Authorities necessary or advisable in connection with the consummation of the transactions contemplated hereby, (ii) as promptly as practicable, make and not withdraw (without Parent's and the Company's consent) all registrations and filings with any Governmental Authority necessary or advisable in connection with the consummation of the transactions contemplated by this Agreement, and promptly make any further filings pursuant thereto that may be necessary or advisable, (iii) defend all lawsuits or other legal, regulatory, administrative or other proceedings to which it or any of its Affiliates is a party challenging or affecting this Agreement or the consummation of the transactions contemplated by this Agreement, in each case until the issuance of a final, non-appealable Order with respect to each such lawsuit or other proceeding, (iv) seek to have lifted or rescinded any injunction or restraining order which may adversely affect the ability of the parties to consummate the transactions contemplated hereby, in each case until the issuance of a final, non-appealable Order with respect thereto, (v) seek to resolve any objection or assertion by any Governmental Authority challenging this Agreement or the transactions contemplated hereby and (vi) execute and deliver any additional instruments necessary to consummate the transactions contemplated hereby; provided, that the efforts standard of this Section 6.4(a) shall not replace any efforts standard expressly provided for in any other provision of this Agreement.

(b) Each of the parties hereto shall give prompt notice to the other parties, of (a) any notice or other communication received by such party from any Governmental Authority in connection

with this Agreement, and the transactions contemplated hereby or from any Personalleging that the consent of such Person is or may be required in connection with this Agreement,and the other transactions contemplated hereby, and (b) any Actions, suits, claims, investigations or proceedings commenced or, to such party's knowledge, threatened against, relating to or involving or otherwise affecting such party or which relate to this Agreement, and the transactionscontemplated hereby.

6.5. Directors & Officers Indemnification and Insurance.

(a) Contemporaneously with the Closing, the Company shall purchase, with allof the cost thereof being a Transaction Expense, a "tail" policy of directors' and officers' liabilityinsurance coverage, providing coverage for a period of six (6) years following the Closing Date, with respect to any Person who is on the date hereof or at the Closing an officer or manager of the Company or any of its Subsidiaries in connection with such Person's service as a manager or officer of the Company or any of its Subsidiaries at any time prior to the Closing. For a period ofsix (6) years after the Closing, Parent will not, and will not permit the Surviving Entity or its Subsidiaries to, take any action to amend (in a manner adverse to the beneficiary thereof) or terminate such policy and shall take all commercially reasonable steps, to cause the Surviving Entity and its Subsidiaries to maintain in effect such policy and shall not amend, repeal or modify (in a manner adverse to the beneficiary thereof) any provision in each of the Company's and its Subsidiaries' Organizational Documents relating to the exculpation or indemnification of any pre- Closing officers or managers. The provisions of this Section 6.5 are intended to be for the benefit of, and will be enforceable by, each indemnified party, his or her heirs and his or her representatives and are in addition to, and not in substitution for, any other right to indemnificationor contribution that any such Person may have by contract or otherwise.

(b) In the event that any Person incurs Losses that are or would have been subject to coverage under an officers' and directors' liability insurance policy pursuant to Sections 6.5(a) and such policy terminated (but not due to a temporal expiration) or affords lesser coveragethan is required by Sections 6.5 (a), in each case, as a result of the Parent's failure to fulfill its obligations pursuant to Section 6.5(a), the Parent and the Surviving Entity, jointly and severally, shall pay to such Persons such amounts and provide any other coverage or benefits as such Personswould have received pursuant to such policy.

(c) The provisions of this Section 6.5 are intended to be for the benefit of, andwill be enforceable by, each such Person entitled to indemnification, his or her heirs and his or herrepresentatives.

6.6. Employee Benefit Matters.

(a) During the one-year period following the Closing Date (or such shorter period of employment, as the case may be), Parent shall, and shall cause the Surviving Entity or the applicable Subsidiary to, provide each employee of the Surviving Entity or any of its Subsidiaries who is employed at the Closing Date and who remains employed with the Surviving Entity or any of its Subsidiaries immediately following the Closing (each, an "Affected Employee") with (i) a base salary or hourly wage rate that is at least equal to the base salary or hourly wage rate provided to the Affected Employee immediately prior to the Closing Date, (ii) bonus opportunities (including annual and long-term incentive opportunities) that, with respect toeach Affected Employee, are comparable in the aggregate to those opportunities in effect for such Affected Employee immediately prior to the Closing Date, and (iii) retirement, health and welfare benefits that, with respect to each Affected Employee, are comparable

in the aggregate to suchbenefits provided to such Affected Employee immediately prior to the Closing Date.

(b) Parent shall, or shall cause the Surviving Entity or the applicable Subsidiaryto, provide each Affected Employee who incurs a termination of employment during the one-yearperiod following the Closing Date with severance benefits that are no less favorable than the severance benefits to which such Affected Employee would have been entitled with respect to such termination under the severance policies, practices and guidelines of the Company or any of its Subsidiaries as in effect immediately prior to the Closing Date or, if greater, the severance benefitsprovided to similarly situated employees of Parent. In addition, during the one-year period following the Closing Date, Parent shall, or shall cause the Surviving Entity or the applicable Subsidiary to, honor all employment and severance agreements that are in effect with an AffectedEmployee immediately prior to the Closing Date.

(c) Parent shall, or shall cause the Surviving Entity or the applicable Subsidiary to, give each Affected Employee credit (for purposes of eligibility to participate and vesting, but not benefit accrual and excluding defined benefit pension, equity, and retiree benefits) for servicewith the Company or any of its Subsidiaries prior to the Closing Date (to the same extent such service credit was granted under the applicable Benefit Plans) under the comparable employee benefit plans, programs and policies of Parent, the Surviving Entity and any of their Subsidiaries in which such Affected Employees became participants, as if such service had been performed with Parent, except to the extent that such service crediting would result in duplication of benefits for the same period of service.

(d) Parent shall, or shall cause the Surviving Entity or the applicable Subsidiary to, use commercially reasonable efforts to (i) waive any preexisting condition limitations otherwise applicable to Affected Employees and their eligible dependents under any plan maintained by Parent or any of its Affiliates (including the Surviving Entity) that provides health benefits in which Affected Employees may be eligible to participate following the Closing, other than any limitations that were in effect with respect to such Affected Employees as of the Closing Date under the analogous Benefit Plan; (ii) honor any deductible, co-payment and out-of-pocket maximums incurred by a Affected Employee and his or her eligible dependents under the health Benefit Plans in which such Affected Employee participated immediately prior to the Closing Dateduring the portion of the plan year prior to the Closing Date in satisfying any deductibles, co- payments or out-of-pocket maximums under health plans maintained by Parent or any of its Affiliates (including the Company) in which such Affected Employee is eligible to participate after the Closing Date in the same plan year in which such deductibles, co-payments or out-of-pocket maximums were incurred; and (iii) waive any waiting period limitation or evidence of insurabilityrequirement that would otherwise be applicable to an Affected Employee and his or her eligible dependents on or after the Closing Date, in each case to the extent such Affected Employee or eligible dependent had satisfied any similar limitation or requirement under an analogous BenefitPlan prior to the Closing Date.

(e) All provisions contained in this Agreement with respect to employee benefit plans or employee compensation are included for the sole benefit of the respective parties hereto and shall not create any right in any other Person (including Affected Employees, participants or beneficiaries in any Benefit Plan, retirees, or dependents or beneficiaries of employees or retirees).

(f) Nothing contained in this Section 6.6, express or implied (i) shall beconstrued to establish, amend, or modify, or limit the ability of Parent, the Surviving Entity or anyof their Affiliates to amend modify or terminate, any benefit or compensation plan, program, agreement, contract or arrangement at any time assumed, established, sponsored or maintained byany of them, subject to the

terms thereof, or (ii) shall limit the ability of Parent, the Surviving Entity or their Affiliates from terminating the employment of any employee (including any Affected Employee) at any time and for any or no reason subject to the terms of any existing contracts.

6.7. Intercompany Accounts. The Company shall cause all Intercompany Accounts relating to the business of the Company and any of its Subsidiaries to be settled or terminated priorto Closing, except otherwise related to the Lease Agreement.

6.8. Tax Matters.

(a) FIRPTA Certificate. Prior to the Closing, the Securityholders' Representative shall deliver to Parent and Merger Sub a properly completed and executed IRS Form W-9 from each Unitholder certifying that such Unitholder is not a foreign person for purposes of Code Section 1445 and 1446(f).

(b) Transfer Taxes. Parent shall, and with Securityholders' Representative's good faith cooperation and assistance, prepare, execute and file, or cause to be prepared, executed and filed, all Tax Returns, questionnaires, applications or other documents regarding any real property transfer, sales, use, transfer, value added, stock transfer and stamp Taxes, any transfer, recording, registration and other fees and any similar Taxes which, in each case, become payablein connection with any transaction contemplated by this Agreement, the ancillary agreements and the other transactions contemplated hereby and thereby (together, with any related interests, penalties or additions to Tax, the "Transfer Taxes").

(c) Straddle Periods. For purposes of this Agreement, in the case of any Taxes that are payable for a Straddle Period, the portion of such Tax which relates to the portion of suchStraddle Period ending on the Closing Date shall (A) in the case of any Taxes other than Taxes based upon or related to income, receipts, sales, use, or payroll, be deemed to be the amount of such Tax for the entire Straddle Period multiplied by a fraction (1) the numerator of which is the number of calendar days in the Straddle Period ending on the Closing Date and (2) the denominatorof which is the number of calendar days in the entire Straddle Period and (B) in the case of any Tax based upon or related to income, receipts, sales, or payroll, be deemed equal to the amount which would be payable if the relevant Straddle Period ended as of the close of the Closing Date.For purposes of this Section 6.8(c), to the maximum extent permitted by Law, (A) any item determined on an annual or periodic basis (including amortization and depreciation deductions) for income Tax purposes shall be allocated to the portion of the Straddle Period ending on the Closing Date based on the relative number of days in such portion of the Straddle Period as compared to the number of days in the entire Straddle Period; (B) any Tax or item of income, gain, loss, deduction or credit resulting from a Parent Closing Date Transaction shall be allocated to theportion of the Straddle Period beginning on the day after the Closing Date; and (C) any item of deduction attributable to any Transaction Expenses and other items incurred by the Unitholders shall be allocated to the portion of the Straddle Period ending on the Closing Date. Notwithstanding the foregoing or anything to the contrary in this Agreement, the parties agree that for purposes of determining income, profit, loss, deduction, or any other items allocable to any Tax period of the Company, such items will be determined using the interim closing of the booksmethod under Code Section 706 and Treasury Regulations Section 1.706-4 (or any similar or corresponding provision of state or local law), using the "calendar day" convention, effective as of the end of the Closing Date.

(d) Tax Returns. Parent shall furnish to Securityholders' Representative's assoon as reasonably practicable after the Closing Date, and in any event within one-hundred twenty (120) days

after the Closing Date, all information concerning the Company and its Subsidiaries required for the preparation of U.S. federal, state, local or foreign income Tax Returns with respect to any taxable periods (or portions thereof) through the Closing Date. Parent shall prepare and file all Tax Returns of the Company and its Subsidiaries that are due after the Closing Date. With respect to any such Tax Return which is an IRS Form 1065 (or any similar state or local income Tax Return) or any other Tax Return the results or operations of which reflected on such Tax Return are also reflected on the Tax Returns of the Unitholders (or their owners) or Blocker that relates to a Pre-Closing Period or Straddle Period (a "Flow-Through Return"), such Tax Return shall be prepared on a basis consistent with existing procedures and practices and accounting methods. At least thirty (30) days prior to the due date of a Flow-Through Return, Parent shall provide a draft of such Flow-Through Return to Securityholders' Representative for Securityholders' Representative's review and comment. Parent shall cause the Company or applicable Subsidiary of the Company to incorporate any reasonable comments made by the Securityholders' Representative in the Flow-Through Return actually filed. Parent shall not, and shall not allow the Company or any Subsidiary of the Company to, amend any Flow-Through Return or otherwise initiate (or agree to) any other Securityholders' Representative Tax Matter without the prior written consent of the Securityholders' Representative.

(e) Contest Provisions. Securityholders' Representative shall have the right to control the conduct and resolution of any audit or other proceeding in respect of any Taxes or Tax Returns of the Company and any of its Subsidiaries (a "Tax Contest"), related to any Flow- Through Return, provided that Securityholders' Representative shall in good faith allow Parent to make comments to Securityholders' Representative regarding the conduct of or positions taken in such Tax Contest and shall not settle any such Tax Contest without the prior written consent of Parent, which consent will not be unreasonably withheld, conditioned or delayed. Parent shall control all other Tax Contests of the Company and any of its Subsidiaries, provided that Parent shall in good faith allow Securityholders' Representative to make comments to Parent regarding the conduct of or positions taken in such Tax Contest and shall not settle any such Tax Contest without the prior written consent of Securityholders' Representative, which consent will not be unreasonably withheld, conditioned or delayed. Parent shall not (and shall cause its Affiliates not to) take any Parent Closing Date Transaction (including, for the avoidance of doubt, any action to liquidate Blocker on the Closing Date after the Closing). Parent shall not, and shall not allow the Company or any of its Subsidiaries, to make an election under Code Section 6226 with respect to a Pre-Closing Tax Period or Straddle Period without the prior written consent of the Securityholders' Representative.

(f) Cooperation.

(i) From and after the Closing, Securityholders' Representative, on the one hand, and Parent, the Company and each of their Affiliates, on the other hand, shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the preparation and filing of any Tax Return and any Tax Contest audit, litigation or other proceeding with respect to Taxes attributable to the Company and any of its Subsidiaries for periods (or portions thereof) through the Closing Date. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such Tax Return, Tax Contest audit, litigation or other proceeding or any tax planning and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

(ii) Parent shall (A) retain all books and records with respect to Tax matters pertinent to the Company and any of its Subsidiaries and their respective businesses relating to any

periods (or portions of any Straddle Period) ending on or before the Closing Date until the expiration of the statute of limitations (including any extensions thereof) applicable to such taxable periods, and abide (and cause the Company and any of its Subsidiaries to abide) by all record retention agreements entered into with any Governmental Authority, and (B) provide Securityholders' Representative with reasonablewritten notice prior to transferring, destroying or discarding any such books and records and, if Securityholders' Representative so requests, Parent will allow Securityholders' Representative to take possession of such books and records.

(g) Parent shall not take (or cause any of its Affiliates to take (including, following the Closing, the Blocker or the Company) any action on the Closing Date after the Closing outside of the ordinary course of business that would increase any Taxes of the Unitholders or the Blocker (including, for the avoidance of doubt, liquidating the Blocker or distributing any interests in the Company out of the Blocker).

6.9. Financing Covenants. Blocker, the Company and its Subsidiaries agree that from the date hereof until the earlier of the Closing or the valid termination of this Agreement, to the extent that Parent and Merger Sub desires to seek financing in connection with the transactions contemplated hereby, Blocker and the Company shall provide, and shall cause its Subsidiaries to provide, and shall cause their respective employees, agents and representatives to provide, reasonable cooperation to Parent and Merger Sub in connection with obtaining any such financing ("Financing"). Parent shall, promptly upon request by Blocker or the Company, reimburse the Company and its Subsidiaries and Blocker for all out-of-pocket costs incurred by such Person or their respective Representatives in connection with such cooperation and shall indemnify and hold harmless the Company and its Subsidiaries and their respective Representatives for, from and against any and all Losses actually suffered or incurred by them in connection therewith.

Notwithstanding anything to the contrary contained in this Section 6.9, (i) Blocker, the Company and its Subsidiaries shall not be required, under the provisions of this Section 6.9 or otherwise in connection with the Financing (x) to pay any commitment or other similar fee prior to the Closingthat is not advanced by the Parent or Merger Sub or (y) to incur any expense unless such expenseis reimbursed by the Parent on the earlier of the Closing or termination of this Agreement in accordance with Article VIII, and (ii) (w) neither the Blocker, the Company nor any of their respective Subsidiaries shall be required to incur any Liability in connection with the Financing prior to the Closing, (x) the pre-Closing board of managers of the Company and Blocker and the directors, managers or members of the Subsidiaries of the Company shall not be required to adopt resolutions approving the agreements, documents and instruments pursuant to which the Financing is obtained, (y) neither the Blocker, the Company nor any of their respective Subsidiaries shall be required to execute prior to the Closing any definitive financing documents, including any credit or other agreements, pledge or security documents, or other certificates, legal opinions or documents in connection with the Financing, and (z) neither the Blocker, the Company nor any of their respective Subsidiaries shall be required to take any corporate actions prior to the Closing topermit the consummation of the Financing. Each of Parent and Merger Sub acknowledges and agrees that it is not a condition to the Closing under this Agreement for Parent and/or Merger Subto consummate any Financing or to receive any proceeds thereof. Notwithstanding anything to the contrary contained in this Agreement, the Company and Blocker shall be deemed to have complied with their obligations under this Section 6.9 unless the Financing has not been obtainedby Parent or Merger Sub primarily as a result of the Company's or Blocker's willful and material breach of their respective obligations under this Section 6.9.

6.10. Blocker Actions. The Blocker Partners will (a) cause Blocker to perform its obligations under this Agreement and to consummate the Blocker Sale on the terms and conditions set forth in this Agreement and (b) ensure that Blocker prior to the Closing shall not conduct any business, incur or guarantee any indebtedness or any other material Liabilities or make any investments, in each case other than those activities incident to its continued existence and the Company Ownership or its obligations under this Agreement or the Blocker Sale (including effecting the Pre-Closing Blocker Reorganization). The Blocker Partners shall not sell, transfer, convey or assign the Blocker Interests to any other Person prior to the Blocker Closing. Notwithstanding anything to the contrary contained herein, during the period from the date of this Agreement until the Closing, Blocker shall be permitted to make cash distributions or dividends and take any actions contemplated by the Pre-Closing Blocker Reorganization.

6.11. Securityholders' Representative.

(a) Prior to entry into this Agreement, the Company and the Unitholders (otherthan the Blocker Members) shall appoint Chilly Water, LLC to act as the representative for the benefit of each Unitholder (other than the Blocker Members) as the exclusive agent and attorney-in-fact to act on behalf of each Unitholder (other than the Blocker Members), in connection with the transactions contemplated hereby.

(b) The Securityholders' Representative shall have the authority to act for andon behalf of the Unitholders (other than the Blocker Members), including, without limitation, (i) to give and receive notices and communications, (ii) to act on behalf of such Persons with respect to the Adjustment Escrow Account, the PPP Escrow Account, the Earn-Out Payments and any other matters arising under this Agreement or the other Transaction documents, (iii) to authorize delivery to Parent and Merger Sub of any funds and property in its possession or in the possessionof the Adjustment Escrow Agent or PPP Escrow Agent in satisfaction of claims by Parent and Merger Sub, (iv) to object to such deliveries, (v) to agree to, negotiate, enter into settlements and compromises of, and commence, prosecute, participate in, settle, dismiss or otherwise terminate, as applicable, lawsuits and claims, mediation and arbitration proceedings, and to comply with orders of courts and awards of courts, mediators and arbitrators with respect to such suits, claims or proceedings, (vi) subject to the restrictions in Section 6.11(f), to use the Securityholders' Representative Expense Amount to satisfy costs, expenses and/or Liabilities of the Securityholders' Representative or the Unitholders (other than the Blocker Members) in connection with matters related to this Agreement and/or the Transaction documents and satisfy aportion of the Downward Adjustment Amount in accordance with Section 2.13(a)(i), with any balance of the Securityholders' Representative Expense Amount not used for such purposes to bedisbursed and paid to the Unitholders (other than the Blocker Members) in accordance with the Payment Schedule at such time as the Securityholders' Representative determines in its sole discretion that no additional such costs, expenses and/or Liabilities shall become due and payable, (vii) appoint the Paying Agent and enter into the Paying Agent Agreement and (viii) to take all actions necessary or appropriate in the judgment of the Securityholders' Representative for the accomplishment of the foregoing. The Securityholders' Representative shall for all purposes be deemed the sole authorized agent of the Unitholders (other than the Blocker Members) from and after Closing until such time as the agency is terminated. Any successor in the position of Securityholders' Representative may be filled by Securityholders' Representative, and any such replacement shall acknowledge and agree to be treated the "Securityholders' Representative" for purposes of this Agreement and any other Transaction Document. Notices or communications to or from the Securityholders' Representative shall constitute notice to or from each of the Unitholder (other than the Blocker Members) during the term of the agency. The Securityholders' Representative undertakes to perform such duties and only such duties as are specifically set forthin this Agreement and

no other covenants or obligations shall be implied under this Agreement against the Securityholders' Representative; *provided, however*, that the foregoing shall not act as a limitation on the powers of the Securityholders' Representative determined by it to be reasonably necessary to carry out the purposes of its obligations.

(c) The Securityholders' Representative shall have reasonable access to information about the Company, Blocker, Parent, Merger Sub and the Surviving Entity necessary or appropriate for it to fulfill its obligations under this Agreement and the reasonable assistance of the Surviving Entity's, Blocker's and Parent's officers and employees for purposes of performing its duties and exercising its rights hereunder, provided that the Securityholders' Representative shall treat confidentially and not disclose any nonpublic information from or about the Surviving Entity, Blocker or Parent to anyone (except on a need to know basis to agents or representatives of Securityholders' Representative who first agree to treat such information confidentially) other than in connection with the enforcement of any rights hereunder or any other proceeding brought in connection herewith.

(d) A decision, act, consent or instruction of the Securityholders' Representative shall constitute a decision, act, consent or instruction of all of the Unitholders (other than the Blocker Members) and shall be final, binding and conclusive upon each such Person. Parent may rely upon any such decision, act, consent or instruction of the Securityholders' Representative as being the decision, act, consent or instruction of every such Unitholder (other than the Blocker Members) and shall have no Liability to any such Person for any actions taken in reliance upon any such decision, act, consent or instruction of the Securityholders' Representative.

(e) The Securityholders' Representative will not be liable for any act taken or omitted to be taken as Securityholders' Representative while acting in good faith, and any act taken or omitted to be taken pursuant to the reasonable advice of counsel will be conclusive evidence of such good faith. The Securityholders' Representative shall be entitled to rely, and shall be fully protected in relying, upon any statements furnished to it by the Surviving Entity, Parent, Merger Sub and any third party or any other evidence deemed by the Securityholders' Representative to be reliable, and the Securityholders' Representative shall be entitled to act on the advice of counsel selected by it. The Securityholders' Representative shall be fully justified in failing or refusing to take any action under this Agreement or any related document or agreement if it shall have received such advice or concurrence as it deems appropriate with respect to such inaction, or if it shall not have been expressly indemnified to its satisfaction against any and all Liability and expense that the Securityholders' Representative may incur by reason of taking or continuing to take any such action.

(f) Notwithstanding anything contained herein to the contrary, the Securityholders' Representative covenants and agrees that, prior to the payment of any amounts required to be paid pursuant to Section 2.13(a)(i) from the Securityholders' Representative Expense Amount, the Securityholders' Representative shall not use any portion of the Securityholders' Representative Expense Amount to pay costs, fees or expenses or otherwise distribute any portion of the Securityholders' Representative Expense Amount to any Person (other than the Unitholders (other than the Blocker Members)) other than those costs, fees and expenses reasonably incurred in connection with the Securityholders' Representative discharging its duties hereunder.

(g) Notwithstanding anything contained herein to the contrary, the Securityholders' Representative shall not have the authority to act for and on behalf of the Blocker Members, and all decisions, acts, consents or instructions required by any of the Blocker Members or Blocker Partners herein shall be made by the Blocker Seller.

6.12. Post-Closing Registration.

(a) Registration. Parent covenants with respect to the Registrable Shares (as hereinafter defined) for the benefit of the Unitholders (other than the Blocker Members):

(i) Parent will use commercially reasonable efforts, to within ninety (90) days following the Closing, prepare and file with the SEC a shelf registration statement on Form F-3 or Form F-10 (or, if Form F-3 or Form F-10 is not then available to Parent, on such form of registration statement as is then available to effect a registration of the Registrable Shares for resale) (the "Registration Statement"), that would permit the resale of all of the Parent Common Shares constituting the Stock Consideration (as may be adjusted by Section 6.12(f), the "Registrable Shares") under the Securities Act; it being understood that if such Registration Statement is a shelf registration statement, the prospectus contained therein need not name the Unitholders nor otherwise identify the Registrable Shares if such prospectus is supplemented with such information by the filing of a prospectus supplement thereto (a "Prospectus Supplement") following the effectiveness of such Registration Statement, and if the Parent fails to file the Registration Statement within such ninety (90) day period, Parent shall continue to use commercially reasonable efforts to do so until such Registration Statement has been filed. Parent shall, subject to the Unitholders' provision of the required information for such filing(s), use commercially reasonable efforts to, within ninety (90) days following the Closing, file a Prospectus Supplement to the Registration Statement, with the SEC to permit the sale of the Registrable Shares pursuant to the Registration Statement; provided, that if the Parent fails to file a Prospectus Supplement to the Registration Statement within such ninety (90)day period, Parent shall continue to use commercially reasonable efforts to do so until suchProspectus Statement has been filed.

(ii) Parent shall use commercially reasonable efforts to cause the Registration Statement to be declared and remain effective and available for resale of the Registrable Shares and to file with the SEC such amendments and supplements as may be necessary to keep the prospectus included in the Registration Statement (including the Prospectus Supplement) (the "Prospectus") current and in compliance in all material respects, including filing any post-effective amendments or prospectus supplements thereto, with the Securities Act and the rules and regulations of the SEC promulgated thereunder until the sooner to occur of the following events (i) the expiration of the thirty six month period following the date the Registration Statement is declared effective, or (ii) the sale of all the Registrable Shares by the Unitholders; *provided*, the Unitholders (or their designees), upon receipt from Parent of notice that an event has occurred which requires a post-effective amendment to the Registration Statement, a supplement to the Prospectus or a supplemental filing with the SEC to be incorporated by reference therein, shall promptly discontinue the sales of the Registrable Shares until the Unitholders (or their designees) receive copies of a supplemental or amended prospectus from Parent or notice from Parent that the existing prospectus has become available for such sale, which Parent shall provideas soon as practicable after such notice of discontinuance.

(b) Expenses. Parent shall pay all expenses associated with effecting the registration of the Registrable Shares pursuant to this Section 6.12, including filing and printing fees, Parent's counsel and accounting fees and expenses, and listing fees, but excluding discounts, commissions, fees of underwriters, selling brokers, dealer managers or similar securities industryprofessionals with respect to the Registrable Shares being sold and excluding the fees and disbursements of counsel to any Unitholders (other than the Blocker Members).

(c) Covenants Regarding Registrable Shares.

(i) Securityholders' Representative covenants and agrees (on behalf of the Unitholders) with Parent that it will, and will cause the Unitholders (other than the Blocker Members) to, cooperate with Parent in connection with the preparation of the Prospectus Supplement prior to and after the Closing Date for so long as Parent is obligated to keep the Registration Statement effective, and will provide to Parent, in writing, for use in the Prospectus Supplement, all information reasonably requested by Parent regarding Unitholder (or its designee) and its plan of distribution and such other information as may be reasonably necessary to enable Parent to prepare the Prospectus Supplement and to maintain the currency and effectiveness thereof. If the Unitholders (other than the Blocker Members) breaches their respective covenants under this Section 6.12(c), Parent may exclude the Registrable Shares held by such Unitholder (or its designee) from the Registration Statement until such time as the breach is cured.

(ii) Parent covenants and agrees that it shall continue, for so long as Parent is obligated to keep the Registration Statement effective, to file or furnish with the SEC in a timely manner all Exchange Act filings that Parent is required to file or furnish under the Exchange Act.

(d) Indemnification. In connection with any registration of the Registrable Shares pursuant to the provisions of this Section 6.12, Parent shall indemnify and hold harmless the Unitholders (other than the Blocker Members) to the extent that companies generally indemnify and hold harmless selling shareholders in connection with public offerings under the Securities Act, and the Unitholders (other than the Blocker Members) shall indemnify and hold harmless Parent to the extent that selling shareholders generally indemnify and hold harmless public companies in connection with public offerings under the Securities Act.

(e) Information by Shareholder. Each Unitholder (or its designee) (other than the Blocker Members) shall promptly furnish to Parent such information regarding Unitholder (orits designee) (other than the Blocker Members) and the plan of distribution for the Registrable Shares proposed by the Unitholder (or its designee) (other than the Blocker Members) as Parent may request in writing and as shall be required in connection with any registration, qualification or compliance referred to herein.

(f) Downside Protection.

(i) Until the date on which the Registerable Shares are registered for resale pursuant to this Section 6.12 (the "Trigger Date"), in the event that the Registerable Value is less than the Closing Stock Value, then Parent shall issue to the Unitholders (otherthan the Blocker Members or with respect to the Redeemed Units), and for the Parent Common Shares allocable to SWB Management, LLC, directly to the SWB Members, in accordance with the Payment Schedule, and include in the Registrable Shares, an additional number of Parent Common Shares, equal to the quotient of (X) the difference of (1) the Closing Stock Value, ***minus*** (2) Registerable Value, divided by (Y) the Pre-Registration Price; provided, that in no event shall the aggregate value of the Stock Consideration after giving effect to the additional number of Parent Common Shares issuable under this Section 6.12(f)(i) be greater than the Closing Stock Value (based on the Pre-Registration Price), and in the event that in calculating the Pre-Registration Price in accordance with Section 6.12(f)(ii) issuing the additional Parent Common Shared hereunder would result in the Stock Consideration being greater than the Closing Stock Value, then the

Parent shall only be obligated to issue the number of Parent Common Shares pursuant to this Section 6.12(f)(i) that will result in the Unitholders (other than the Blocker Members or with respect to the Redeemed Units) holding Stock Consideration in an amount equal to the Closing Stock Value (based on the Pre-Registration Price).

(ii) For purposes of this Agreement, (A) "Registerable Value" means the aggregate value of the number of Parent Common Shares included in the Stock Consideration (prior to giving effect to any adjustment to the number of Parent Common Shares in accordance with this Section 6.12(f)), measured as the product of (i) number of Parent Common Shares in the Stock Consideration (prior to giving effect to any adjustment to the number of Parent Common Shares in accordance with this Section 6.12(f)), *multiplied* by (ii) the Pre-Registration Price, and (B) "Pre-Registration Price" means the lesser of (i) the volume-weighted average trading price of Parent Common Shares on the NASDAQ for the thirty (30) day period immediately ending on the close of trading the dayprior to the Trigger Date, and (ii) the closing price of Parent Common Shares on the NASDAQ on the day prior to the Trigger Date.

6.13. Regulatory.

(a) From and after the date hereof, the Company shall (i) in good faith use commercially reasonable efforts to the extent reasonably requested by the Parent to keep the Permits valid and effective and to obtain any updates, transfers, renewals and/or acquisitions of Permits, waivers, approvals, clearances, authorizations, filings or consents from or with any Alcohol Beverage Authorities that may be necessary, proper or advisable, as determined in Parent's reasonable discretion, in connection with the Transactions contemplated by this Agreement and (ii) provide such other information and communications to Alcohol Beverage Authorities as any Alcohol Beverage Authorities may reasonably request.

(b) Without limiting the generality of Section 6.14(b), the Company shall promptly, following the date hereof, reasonably cooperate in making such filings as are required to obtain any necessary, proper or advisable, as determined in Parent's reasonable discretion, Permit, waiver, approval, clearance, authorization, filing or consent issued, granted, given or otherwise made available by or under any Alcohol Beverage Authorities to consummate the Transactions contemplated by this Agreement and to operate the Business after Closing including, without limitation, all federal permits and/or brewer's notices required by the TTB, together withany state licenses and local permits relating to the manufacturing, distribution, sale and marketing of Company Products.

(c) Contemporaneous with Closing, the Company shall provide written notice to all Distributors identified on Schedule 3.20(c) of the Disclosure Letter regarding the occurrenceof the Transactions contemplated by this Agreement.

(d) The Company shall promptly make available to Parent true and correct copies of each of depletion report and sales report that the Company or its Subsidiaries receives from each Material Distributor between the date hereof and the Closing Date.

6.14. Release.

(a) Effective upon the Closing, each Blocker Partner hereby irrevocably and unconditionally releases and forever discharges Blocker, the Company, and each of their respective past, present, and future Subsidiaries, successors and assigns and any of their respectiveofficers, directors,

managers, equityholders, employees, agents, counsel, consultants, advisors or other representative authorized to represent or act on behalf of such Person (the "Released Parties"), from any and all claims, charges, complaints, causes of action, damages, Contracts, andLosses of any kind or nature whatsoever ("Released Claims"), whether known or unknown, absolute or contingent, matured or unmatured and whether at law or in equity, arising from conductoccurring at or prior to the Closing relating to or arising out of such Blocker Partner's ownership of Blocker Interests, and Blocker's ownership of the Units. Notwithstanding the foregoing, nothing contained in this Section 6.14(a) shall operate to release any obligations of the Released Parties with respect to, or obligate the Blocker Partners to refrain from making, claims or commencing any proceedings arising under, or in connection with, this Agreement.

(b) Effective upon the Closing, each of Blocker and the Company hereby irrevocably and unconditionally releases and forever discharges each Blocker Partner and each ofits past, present, and future Affiliates, successors and assigns and any of their respective officers, directors, managers, equityholders, employees, agents, counsel, consultants, advisors or other representative authorized to represent or act on behalf of such Person (the "Blocker Seller Released Parties"), from any and all Released Claims, whether known or unknown, absolute or contingent,matured or unmatured and whether at law or in equity, arising from conduct occurring at or prior to the Closing relating to or arising out of the Transactions. Notwithstanding the foregoing, nothing contained in this Section 6.14(b) shall operate to release any obligations of the Blocker Seller Released Parties with respect to, or obligate Blocker or the Company to refrain from making, claims or commencing any proceedings arising under, or in connection with, this Agreement.

6.15. PPP Loan. After the Closing, Parent shall, cause the Surviving Entity to, (a) use itsreasonable best efforts to comply with Sections 1102 and 1106 of the CARES Act to obtain forgiveness of the PPP Loan to the extent provided thereunder, (b) unless filed by the Company prior to the Closing, to file an application for forgiveness of the PPP Loan and take all other actionsreasonably necessary to obtain forgiveness thereof; (c) permit the Securityholders' Representativeto participate in Parent's and the Company's efforts to cause the PPP Loan to be forgiven (and, in the furtherance of this clause (c), permit the Securityholders' Representative to contact, or engagein discussions with, the lender with respect to such loan, the Small Business Administration or other third parties for the purpose of facilitating or encouraging such forgiveness); (d) respond to Securityholders' Representative's questions and other inquiries with respect to the status of such efforts (including by providing to Securityholders' Representative all documentation reasonably related to such efforts); and (e) otherwise update Securityholders' Representative as to the status of such efforts.

6.16. R&W Policy. Parent shall not amend, modify, terminate or waive any provision set forth in the R&W Policy in a manner adverse to the Unitholders or the Blocker Partners, including any amendment, modification, termination or waiver resulting in the elimination of a full waiver of subrogation (other than for Fraud), without the prior written consent of the Securityholders' Representative and Blocker Seller. Parent and Merger Sub agree that the provisions in this Agreement related to the R&W Policy and the limits imposed on Parent's, Merger Sub's and the Surviving Entity's rights and remedies with respect to the Transactions andthis Agreement were specifically bargained for between sophisticated parties and were specificallytaken into account in the determination of the amounts payable hereunder.

6.17. Tax Exemption Certificates. The Company shall use commercially reasonable efforts to obtain all sales tax exemption certificates from all states from which the Company or itsSubsidiaries generated revenue during the fiscal years ended December 31, 2017 through December 31, 2019. Each

of Parent and Merger Sub acknowledges and agrees that it is not a condition to the Closing under this Agreement for the Company to obtain all such sales tax exemption certificates.

6.18. Blocker Seller Access to Information. The Blocker Seller shall have reasonable access to information about the Company, Blocker, Parent, Merger Sub and the Surviving Entity necessary or appropriate for it to fulfill its obligations and exercise its rights under this Agreement and the reasonable assistance of the Surviving Entity's, Blocker's and Parent's officers and employees for purposes of performing its duties and exercising its rights hereunder, provided that the Blocker Seller shall treat confidentially and not disclose any nonpublic information from or about the Surviving Entity, Blocker or Parent to anyone (except on a need to know basis to agents or representatives of the Blocker Seller who first agree to treat such information confidentially) other than in connection with the enforcement of any rights hereunder or any other proceeding brought in connection herewith.

6.19. PPP Escrow Agreement. The Parent and Securityholders' Representative shall negotiate in good faith to enter into the PPP Escrow Agreement, which shall provide that upon the CARES Determination Date, the Parent and Securityholders' Representative shall deliver joint written instructions to the PPP Escrow Agent instructing the PPP Escrow Agent to release the PPPEscrow Amount in accordance with Section 2.13(b) herein.

ARTICLE VII
CONDITIONS TO THE TRANSACTIONS

7.1. Conditions to Obligations of Each Party to Effect the Transactions. The obligations of each party to consummate the Transactions contemplated by this Agreement shall be subject tothe fulfillment, at or prior to the Closing, of each of the following conditions:

(a) The applicable waiting period and any extensions thereof under the HSR Act shall have expired or been terminated.

(b) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Order which is in effect and has the effect of making the transactions,contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof, and no Action instituted by a Governmental Authority and seekingsuch an Order shall be pending.

(c) The requisite Unitholders shall have executed a written consent in lieu of a meeting approving and adopting the Transactions.

(d) The TSX shall have approved Parent's issuance of the Stock Consideration.

7.2. Additional Conditions to Obligations of Parent and Merger Sub. The obligations of Parent and Merger Sub to effect the Transactions contemplated by this Agreement are also subject to the satisfaction or waiver by Parent of each of the following additional conditions:

(a) Company Representations and Warranties. (i) Each of the representations and warranties of the Company contained in this Agreement (except for the representations and warranties of the Company set forth in Sections 3.1, 3.2, 3.3, 3.4(a)(i) and 3.29)) shall be true and correct in all respects (without regard to materiality or Material Adverse Effect qualifiers containedwithin such representations and warranties) as of the Closing Date, as though made on and as of such date (except to the extent

expressly made as of a specific date, in which case as of such specific date), except for any failure of such representations and warranties to be true and correct that, individually or in the aggregate, does not cause a Material Adverse Effect; (ii) the representations and warranties of the Company set forth in Sections 3.1, 3.2(c) and (d), 3.3, 3.4(a)(i), and 3.29 shall be true and correct in all material respects as of the Closing Date, as though made on and as of such date (except to the extent expressly made as of a specific date, in which case as of such specific date); and (iii) the representation and warranties of the Company set forth in Section 3.2(a) and (b) shall be true and correct in all but de minimis respects as of the Closing Date.

(b) Blocker Representations and Warranties. (i) Each of the representations and warranties of the Blocker contained in this Agreement (except for the representations and warranties of the Blocker set forth in Sections 4.1, 4.2, 4.3, 4.4, and 4.9) shall be true and correct in all respects (without regard to materiality or Material Adverse Effect qualifiers contained within such representations and warranties) as of the Closing Date, as though made on and as of such date (except to the extent expressly made as of a specific date, in which case as of such specific date), except for any failure of such representations and warranties to be true and correct that, individually or in the aggregate, does not cause a Material Adverse Effect; (ii) the representations and warranties of the Blocker, as applicable, set forth in Sections 4.1, 4.2, 4.3, 4.4, and 4.9 shall be true and correct in all material respects as of the Closing Date, as though made on and as of such date (except to the extent expressly made as of a specific date, in which case as of such specific date); and (iii) the representations and warranties of the Company set forth in Section 4.3 shall be true and correct in all but de minimis respects as of the Closing Date.

(c) Agreements and Covenants. The Company and Blocker shall each have performed or complied in all material respects with all agreements and covenants required of it by this Agreement to be performed or complied with by them on or prior to the Closing.

(d) All Necessary Documents. Parent shall have received those documents to be delivered pursuant to Section 1.4 and Section 2.6(b).

(e) No Material Adverse Effect. From the date of this Agreement, there shall not have occurred any Material Adverse Effect.

7.3. Additional Conditions to Obligations of the Company and Blocker Seller. The obligations of the Company and the Blocker Partners to effect the Transactions contemplated by this Agreement are also subject to the satisfaction or waiver by the Company of each of the following additional conditions:

(a) Representations and Warranties. (i) Each of the representations and warranties of Parent and Merger Sub contained in this Agreement (except for the representations and warranties of Parent and Merger Sub set forth in Sections 5.1, 5.2, 5.5, 5.6, 5.7, 5.12, 5.13 and 5.14) shall be true and correct in all respects (without regard to materiality qualifiers contained within such representations and warranties) as of the Closing Date, as though made on and as of such date (except to the extent expressly made as of a specific date, in which case as of such specific date), except for any failure of such representations and warranties to be true and correct that, individually or in the aggregate, does not cause a Parent Material Adverse Effect; and (ii) the representations and warranties of Parent and Merger Sub set forth in Sections 5.1, 5.2, 5.5, 5.6, 5.7, 5.12, 5.13 and 5.14 shall be true and correct in all material respects as of the Closing Date, as though made on and as of such date (except to the extent expressly made as of a specific date, in which case as of such specific date).

(b) Agreements and Covenants. Parent and Merger Sub shall have performed or complied in all material respects with all agreements and covenants required by this Agreementto be performed or complied with by Parent and Merger Sub on or prior to the Closing.

(c) All Necessary Documents. The Securityholders' Representative shall have received those documents to be delivered pursuant to Section 2.6(b).

ARTICLE VIII
TERMINATION

8.1. Termination. This Agreement may be terminated at any time prior to the Closing only as follows:

(a) at any time, Parent, Merger Sub and the Company may terminate this Agreement by mutual written consent;

(b) at any time after January 31, 2021 (the "Outside Date"), by the Company, on the one hand, or Parent and Merger Sub, on the other hand, by written notice to the other, if the Closing shall not have occurred on or before the Outside Date; provided, that the right to terminate this Agreement under this Section 8.1(b) shall not be available to the Company, if the Company, or to Parent and Merger Sub, if Parent or Merger Sub, as applicable, has breached its obligations under this Agreement in any manner that shall have principally caused the failure of the Closing to have occurred on or before such date; provided, however, that the parties agree that the no partyshall have the right to terminate this Agreement pursuant to this Section 8.1(b) during the pendencyof any Actions pursuant to Section 10.14;

(c) By the Company, on the one hand, or Parent and Merger Sub, on the other hand, by written notice to the other, if any Governmental Authority of competent jurisdiction shallhave issued any Order permanently enjoining, restraining or prohibiting the Transactions, and suchOrder shall have become final and non-appealable, if applicable; provided, that the right to terminate this Agreement under this Section 8.1(c) shall not be available to the Company, if the Company's, or to Parent and Merger Sub, if Parent's or Merger Sub's, as applicable, breach of itsobligations under this Agreement has been the principal cause of, or principally resulted in, such Order, restraint or prohibition;

(d) By Parent and Merger Sub, by written notice to the Company, if the Company or Blocker Seller has breached or failed to perform any of its representations, warranties,covenants or agreements contained in this Agreement, in any case, such that a condition containedin Section 7.1 or Section 7.2 would be incapable of being satisfied and such breach is not cured bythe earlier of (i) the date that is twenty (20) days after written notice to the Company by Parent andMerger Sub and (ii) the Outside Date; provided, however, that no cure period will be required forany such breach that by its nature cannot be cured; provided, further, however, that Parent and Merger Sub shall not be permitted to terminate this Agreement pursuant to this Section 8.1(d) if Parent or Merger Sub has breached or failed to perform any of their respective representations, warranties, covenants or agreements contained in this Agreement, in any case, such that a conditioncontained in Section 7.1 or Section 7.3 would be incapable of being satisfied by the Outside Date;or

(e) By the Company, by written notice to Parent and Merger Sub, if Parent or Merger Sub has breached or failed to perform any of its representations, warranties, covenants oragreements contained in this Agreement, in any case, such that a condition contained in Section 7.1or Section 7.3 would be incapable of being satisfied and such breach is not cured by the earlierof (i) the date that is

twenty (20) days after written notice to the Parent and Merger Sub by the Company and (ii) the Outside Date; provided, however, that no cure period will be required for any such breach that by its nature cannot be cured; provided, further, however, that the Companyshall not be permitted to terminate this Agreement pursuant to this Section 8.1(e) if the Companyhas breached or failed to perform any of its representations, warranties, covenants or agreements contained in this Agreement, in any case, such that a condition contained in Section 7.1 or Section 7.2 would be incapable of being satisfied by the Outside Date.

8.2. Effect of Termination. In the event of termination of this Agreement by the Company, on the one hand, or Parent and Merger Sub, on the other hand, as provided in Section 8.1, this Agreement shall forthwith become void and there shall be no Liability or obligation on the part the Parent or Merger Sub, or the Blocker, Blocker Seller or the Company and its Subsidiaries or any of their respective Representatives, in either case, relating to, based on or arising under or out of this Agreement, the transactions contemplated hereby or the subject matterhereof (including the negotiation and performance of this Agreement), in each case whether basedon contract, tort, equity or strict liability, by the enforcement of any assessment, by any legal or,equitable proceeding, by virtue of any Laws or otherwise and whether by or through attempted piercing of the corporate veil, by or through any claim by or on behalf of a party hereto or another Person or otherwise, except (i) with respect to this Section 8.2, Article X (other than Section 10.14), and Annex I (and such provisions shall remain in full force and effect following such termination), (ii) the Confidentiality Agreement shall continue in full force and effect in accordance with its terms, and (iii) any Liability of any party hereto for (x) Fraud or (y) any willfulbreach of this Agreement (which, for the avoidance of doubt, shall be deemed to include any failureby the Parent and Merger Sub to consummate the transactions contemplated by this Agreement if they are obligated to do so hereunder) prior to such termination.

ARTICLE IX
NO SURVIVAL; NO RECOURSE

9.1. No Survival. The parties hereto, intending to modify any applicable statute of limitations, agree that (i) the representations and warranties of the Company, Blocker, Parent, Merger Sub and Blocker Seller contained in this Agreement (including the Schedules and Exhibitsattached hereto and the certificates delivered pursuant hereto) shall not survive the Closing for anypurpose, and thereafter there shall be no Liability on the part of, shall any claim be made by, any party or its Affiliates with respect thereto, (ii) after the Closing, there shall be no Liability on the part of, nor shall any claim be made by, any Person (including any party or any of their respective Affiliates) in respect of any covenant or agreement to be performed prior to the Closing, and (iii) all covenants and agreements contained in this Agreement that contemplate performance thereof following the Closing or otherwise expressly by their terms survive the Closing will survive the Closing in accordance with their terms. The Parent and Merger Sub further acknowledge and agree that Parent's and its Affiliates' (including, after the Effective Time, the Surviving Entity's and its Subsidiaries') sole and exclusive remedy (other than in the case of Fraud) for breaches of any representations and warranties and losses relating thereto shall be the R&W Policy.

9.2. No Recourse. Each of Parent and Merger Sub hereby acknowledges and agrees that, following the Closing, none of the Unitholders or the Blocker Partners nor any of their respective Affiliates shall have any Liability or obligation arising under this Agreement or as a result of the consummation of the transactions contemplated hereby under any Law, in equity, contract, tort or otherwise, other than with respect to any covenant or agreement contained in thisAgreement or any

certificate or other document delivered pursuant to this Agreement that contemplates performance following the Closing or otherwise expressly by their terms survive theClosing.

ARTICLE X
GENERAL PROVISIONS

10.1. Cost and Expenses. Except as otherwise expressly provided for herein, each partywill pay its own costs and expenses (including attorneys' fees, accountants' fees and other professional fees and expenses) in connection with the negotiation, preparation, execution and delivery of this Agreement and the consummation of the Blocker Sale, the Merger and the other Transactions contemplated by this Agreement and, for the avoidance of doubt, the Company shall be liable for all Transaction Expenses.

10.2. Amendment, Modification and Waiver. This Agreement may be amended, modified or supplemented at any time only by written agreement signed by the parties hereto (otherthan Merger Sub), and any failure of the Company or Blocker (in each case prior to the Closing) or the Blocker Partners to comply with any term or provision of this Agreement may be waived by Parent and Merger Sub, and any failure of Parent or Merger Sub or the Company or Blocker (post-Closing) to comply with any term or provisions of this Agreement may be waived by the Securityholders' Representative and the Blocker Seller, at any time by an instrument in writing signed by or on behalf of such other party, but such waiver shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure to comply.

10.3. Savings Clause. If any provision hereof shall be held invalid or unenforceable by any court of competent jurisdiction or as a result of future legislative action, such holding or action shall be strictly construed and shall not affect the validity or effect of any other provision hereof. Upon such declaration that any term or other provision is invalid, illegal or incapable of being enforced, the parties to this Agreement shall negotiate in good faith to modify this Agreement, asneeded, so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummatedas originally contemplated to the greatest extent possible.

10.4. Entire Agreement. This Agreement (together with the Annexes, Exhibits, Disclosure Letter and the other documents delivered pursuant hereto or referenced herein) and theConfidentiality Agreement constitute the entire agreement of the parties and supersede all prior agreements and undertakings, both written and oral, among the parties, or any of them, with respectto the subject matter hereof.

10.5. Assignment; Successors and Assigns. The respective rights and obligations of theparties hereto shall not be assignable without the prior written consent of (a) Parent, in the event of an assignment by the Company (prior to the Closing), the Blocker (prior to the Closing), or the Blocker Partners, or (b) the Securityholders' Representative, in the event of an assignment by Parent, Merger Sub, the Company (following the Closing) or the Blocker (following the Closing); *provided, however*, that Parent may assign all or part of its respective rights under this Agreement without such written consent to Four Twenty Corporation, a Delaware corporation, a Subsidiary or to its lenders as security for any reason including for obligations arising in connection with thefinancing of the Transactions contemplated hereby; provided, that no such assignment will relieve Parent of any of its obligations hereunder. Any assignment or transfer in violation of the preceding sentence shall be void. This Agreement shall be binding upon and inure to the benefit of the partieshereto and their successors and permitted assigns.

10.6. Parties in Interest. Except for (i) current and former managers, officers, directors and controlling Persons of the Company and its Subsidiaries pursuant to Section 6.5, (ii) the Unitholders pursuant to Section 6.12, and (iii) those Persons referenced Section 10.15, each of which is an intended third party beneficiary hereof, the parties hereby agree that their respective representations, warranties and covenants set forth herein are solely for the benefit of the other parties hereto, in accordance with and subject to the terms of this Agreement, and this Agreementis not intended to, and does not, confer upon any Person, other than the parties hereto, any rights or remedies hereunder, including, the right to rely upon the representations and warranties set forth herein. The parties hereto further agree that the rights of third-party beneficiaries under Section 6.5 and Section 6.12 shall not arise unless and until the Closing occurs. The representations and warranties in this Agreement are the product of negotiations among the parties hereto and are for the sole benefit of the parties hereto. Any inaccuracies in such representations and warranties may be subject to waiver by the parties hereto in accordance with Section 10.2 without notice or liabilityto any other Person. In some instances, the representations and warranties in this Agreement mayrepresent an allocation among the parties hereto of risks associated with particular mattersregardless of the Knowledge of any of the parties hereto. Consequently, Persons, other than the parties hereto, may not rely upon the representations and warranties in this Agreement as characterizations of actual facts or circumstances as of the date of this Agreement or as of any other date.

10.7. Mutual Drafting; Interpretation; Headings; Disclosure Letter.

(a) Each party hereto has participated in the drafting of this Agreement, whicheach party acknowledges is the result of extensive negotiations between the parties. If an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision. For purposes of this Agreement, whenever the context requires: (i) the singular number shall include the plural, and vice versa; (ii) the masculine gender shall include the feminine and neuter genders; (iii) the feminine gender shallinclude the masculine and neuter genders; and (iv) the neuter gender shall include masculine and feminine genders. As used in this Agreement, the words “include” and “including,” and words ofsimilar meaning, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words “without limitation.” Except as otherwise indicated, all references in this Agreement to “Sections,” “Annexes” and “Exhibits,” are intended to refer to Sections of this Agreement and the Annexes and Exhibits to this Agreement. All references in this Agreement to“$” are intended to refer to U.S. dollars. The term “or” shall not be deemed to be exclusive. Thewords “hereof,” “herein” and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement. References herein to “as of the date hereof,” “as of the date of this Agreement” or words of similar import shall be deemed to mean “as of immediately prior to the execution and delivery of this Agreement.” The headings contained in this Agreement are for reference purposesonly and shall not affect in any way the meaning or interpretation of this Agreement.

(b) The information in the Disclosure Letter constitutes (i) exceptions or qualifications to representations, warranties, covenants and obligations of the Company, Blocker and the Blocker Partners as set forth in this Agreement or (ii) descriptions or lists of assets and Liabilities and other items referred to in this Agreement. The Disclosure Letter shall not be construed as indicating that any disclosed information is required to be disclosed, and no disclosureshall be construed as an admission that such information is material to, or required to be disclosedby, the Company, Blocker and the Blocker Partners. The Company, Blocker and the Blocker Partners may, at their respective options, include in the Disclosure Letter items that are not material, and such inclusion, or any references to dollar

amounts, shall not be deemed to constitute an admission of any liability by the Company, Blocker and the Blocker Partners or any other Person to any third party or otherwise imply that such items are material, to establish any standard of materiality or to define further the meaning of such terms (including Material Adverse Effect) for purposes of this Agreement. Any disclosure contained in any section of the Disclosure Letter shall be deemed to be disclosed with respect to any other Section of this Agreement to the extent that it is reasonably apparent from the face of such disclosure that such disclosure is applicable to such other Section of this Agreement. The Disclosure Letter constitute a part of this Agreement and are incorporated into this Agreement for all purposes as if fully set forth herein. Capitalized terms used in the Disclosure Letter that are not defined therein shall have the meanings given them in this Agreement.

10.8. Governing Law. The validity, interpretation and effect of this Agreement shall be governed exclusively by the Laws of the State of Delaware, excluding the "conflict of laws" rules thereof.

10.9. Venue. Each of the parties irrevocably agrees that any legal Action arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement (including claims asserted for breach of contract, tort, or otherwise and regardless of whether such claims arise in law or in equity) must be brought by any other party or its successors or assigns in the Court of Chancery of the State of Delaware or, only if such court does not have jurisdiction, any other state or federal court located in the State of Delaware, and in each case any appellate courts therefrom, and each of the parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally. Each of the parties agrees not to commence any Action, suit, or proceeding arising out of or related to this Agreement or any of the transactions contemplated by this Agreement except in the courts described above in Delaware, except for Actions in any court of competent jurisdiction to enforce any judgment, decree, or award rendered by any such court in Delaware as described herein. Each of the parties further agrees that notice as provided in Section 10.11 shall constitute sufficient service of process and the parties further waive any argument that such service is insufficient provided, however, that nothing in this Section 10.9 shall affect the right of any party to serve legal process in any other manner permitted by Law. Each of the parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim, or otherwise, in any Action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby, (a) any claim that it is not personally subject to the jurisdiction of the courts in Delaware as described herein for any reason, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and (c) that (i) the Action in any such court is brought in an inconvenient forum, (ii) the venue of such Action is improper, or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts. Each party hereto agrees that a final, non-appealable judgment in any Action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by law.

10.10. Waiver of Jury Trial and Certain Damages. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (I) NO

REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (II) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THE FOREGOING WAIVER, (III) IT MAKES THE FOREGOING WAIVER VOLUNTARILY, AND (IV) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.10.

10.11. Notices.

(a) All notices, requests, demands and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered (i) by hand (including by reputable overnight courier), (ii) by mail (certifiedor registered mail, return receipt requested), (iii) by facsimile transmission (followed by delivery of an original via overnight courier service) or (iv) by E-mail (followed by delivery of an originalvia overnight courier service) to the respective parties at the following addresses:

If to the Company:

SweetWater Brewing Company, LLC
195 Ottley Drive
Atlanta, GA 30324
Attention: Fredrick M. Bensch, Chief Executive Officer
E-mail: freddy@sweetwaterbrew.com

with a copy to (for information purposes only):Winston & Strawn LLP

200 Park Avenue
New York, NY 10166-4193
Facsimile: (212) 294-4700
Attention: Jennifer Kurtis, Esq.; Ryan Walden, Esq.
E-mail: jkurtis@winston.com; rwalden@winston.com

If to Blocker and the Blocker Partners:

c/o TSG Consumer Partners
600 Montgomery St.
San Francisco, CA 94111
Attention: Jamie O'Hara and Frances Jack
Email: johara@tsgconsumer.com; bjack@tsgconsumer.com

with a copy to (for information purposes only):

Ropes & Gray LLP
Prudential Tower
800 Boylston Street
Boston, MA 02119
Attention: Paul Van Houten
Email:

Paul.VanHouten@ropesgray.com

If to Securityholders' Representative:

c/o SweetWater Brewing Company, LLC
195 Ottley Drive
Atlanta, GA 30324
Attention: Fredrick M. Bensch, Chief Executive Officer
E-mail: freddy@sweetwaterbrew.com

with a copy to (for information purposes only):

Winston & Strawn LLP
200 Park Avenue
New York, NY 10166-4193
Facsimile: (212) 294-4700
Attention: Jennifer Kurtis, Esq.; Ryan Walden, Esq.
E-mail: jkurtis@winston.com; rwalden@winston.com

and

Ropes & Gray LLP
Prudential Tower
800 Boylston Street
Boston, MA 02119
Attention: Paul Van Houten
Email: Paul.VanHouten@ropesgray.com

If to Parent or Merger Sub:
c/o Aphria, Inc.
PO Box 20009
269 Erie Street South
Leamington, Ontario, N8H 3C4, Canada Attention: Christelle Gedeon, Chief Legal OfficerEmail:
christelle.gedeon@aphria.com

with copies to (for information purposes only):

DLA Piper LLP (US)
1251 Avenue of the Americas, 27th FloorNew York, NY 10020
Attention: Christopher Giordano
Jon Venick
Email: Christopher.Giordano@us.dlapiper.com
Jon.Venick@us.dlapiper.com

(b) Any party may from time to time change its address for the purpose of notices to that party by a similar notice specifying a new address, but no such change shall be deemed to have been given until it is actually received by the party sought to be charged with its contents.

(c) All notices and other communications required or permitted under this Agreement which are addressed as provided in this Section 10.11 if delivered personally or courier, shall be effective upon delivery; if sent by facsimile, shall be delivered upon receipt of proof of transmission.

10.12. Public Announcements. The initial press release or public announcement issued by the parties concerning this Agreement and the transactions contemplated hereby shall be in a form agreed to by Parent, Securityholders' Representative and the Blocker Seller and thereafter the parties shall consult with each other (and obtain the other party's prior consent) before issuing any press release or otherwise making any public statements with respect to the transactions contemplated by this Agreement, in each case except (a) based on the reasonable advice of counsel, such press release or public statement is required by applicable Law, stock exchange rule or regulation, or (b) any press release or other public statement that is consistent with previous pressreleases, public disclosures or public statements made by a party hereto in accordance with this Agreement, in each case under this clause (b) to the extent such disclosure is still accurate, and in each case under clause (a) and (b), provided the other party with an opportunity to review and comment on such press release or public statement prior to its issuance, distribution or publication. Notwithstanding the provisions of this Section 10.12, on and after the Closing Date, the Blocker Partners and their Affiliates will be permitted (i) to disclose to their respective and prospective members, limited partners and partners (who may disclose to their direct and indirect investors) the fact that the Closing has occurred, the consideration paid hereunder, other items directly relating to such consideration and other types of information that are customary for private equity funds to provide to their respective and prospective members, limited partners and partners and (ii) to disclose in connection with normal fund raising and related marketing or informational or reporting activities, including on their websites and in their marketing materials, any such information permitted to be disclosed pursuant to clause (i) above and any information previously provided as part of a press release or public announcement issued or made with the prior written consent of the Parent, the Securityholders' Representative, and the Blocker Seller which disclosure may be accompanied by the logo of the Company.

10.13. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument. A copy transmitted via facsimile or e-mail as a portable document format (.pdf) of this Agreement, bearing the signature of any party shall be deemed to be of the same legal force and effect as an original of this Agreement bearing such signature(s) as originally written of such one or more parties.

10.14. Enforcement of Agreement. The parties agree that irreparable damage may occur in the event that the parties hereto do not perform the provisions of this Agreement (including failing to take such actions as are required of it hereunder to consummate this Agreement) in accordance with the specific terms thereof or otherwise breach such provisions, and that money damages may not be an adequate remedy, even if available. The parties hereto accordingly agree that, prior to the valid termination of this Agreement pursuant to Article VIII, the Company, the Blocker Partners and the Parent shall be entitled to an injunction or injunctions, or any other appropriate form of specific performance or equitable relief, to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof (including the parties' obligations to consummate the transactions contemplated hereby and the Parent's obligation to pay, and the right of the Blocker Seller and Unitholders to receive, the consideration payable hereunder) in any court of competent jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity. Each of the parties agrees that it will not oppose the granting of an injunction, specific performance and other equitable relief on the basis that any other party has an adequate remedy at law or that any award of specific performance is not an appropriate remedy for any reason at law or in equity. Any party seeking an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement shall not be required to provide any bond or other security in connection with any such order or injunction.

10.15. Limitation on Recourse. Notwithstanding anything to the contrary in this Agreement or otherwise, no claim arising in whole or in part out of or related to this Agreement, the negotiation, interpretation, construction, validity or enforcement of this Agreement or the Transactions (whether sounding in contract, tort, statute or otherwise) shall be brought or maintained by or on behalf of any party hereto or any of its Affiliates or their respective successorsor permitted assigns against any Person not a party to this Agreement. Without limitation of the foregoing, except for claims against a party to this Agreement, no claim described in theimmediately preceding sentence shall be brought or maintained against any past, present or future officer, director, employee, agent, direct or indirect general or limited partner, manager, management company, direct or indirect member, stockholder, equityholder, or controlling Person, Representative or Affiliate, or any heir, executor, administrator, successor or assign of any of the foregoing, of Parent, Merger Sub, the Company or any of its Subsidiaries, Blocker, Blocker Partners or the Securityholders' Representative, as applicable, and no recourse shall be had against any of them in respect of any such claim, including in connection with any alleged misrepresentation or inaccuracy in or breach of or omission in any of the representations,warranties, covenants or agreements of any such party set forth or contained in this Agreement or any exhibit or schedule hereto or any certificate delivered hereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their respective officers thereunto duly authorized all as of the date first written above.

APHRIA INC.

By: /s/ Carl A. Merton
Name: Carl A. Merton
Title: Chief Financial Officer

PROJECT GOLF MERGER SUB, LLC

By: FOUR TWENTY CORPORATION,
its Sole Member

By: /s/ Carl A. Merton
Name: Carl A. Merton
Title: Authorized Representative

[Signature Page to Agreement of Merger and Acquisition]

SW BREWING COMPANY, LLC

By: /s/ Fredrick Bensch
Name: Fredrick Bensch
Title: Chief Executive Officer

SWBC CRAFT HOLDINGS LP

By: SWBC CRAFT MANAGEMENT, LLC,
its General Partner

By: _____
Name: F. Blythe Jack
Title: Manager

SWBC BLOCKER SELLER, LP

By: SWBC CRAFT MANAGEMENT, LLC,
its General Partner

By: _____
Name: F. Blythe Jack
Title: Manager

SWBC CRAFT MANAGEMENT, LLC

By: _____
Name: F. Blythe Jack
Title: Manager

CHILLY WATER, LLC

By: /s/ Fedrick Bensch
Name: Fedrick Bensch
Title: Member

SW BREWING COMPANY, LLC

By: _____
Name: Fredrick Bensch
Title: Chief Executive Officer

SWBC CRAFT HOLDINGS LP

By: SWBC CRAFT MANAGEMENT, LLC,
its General Partner

By: /s/ F. Blythe Jack
Name: F. Blythe Jack
Title: Manager

SWBC BLOCKER SELLER, LP

By: SWBC CRAFT MANAGEMENT, LLC,
its General Partner

By: /s/ F. Blythe Jack
Name: F. Blythe Jack
Title: Manager

SWBC CRAFT MANAGEMENT, LLC

By: /s/ F. Blythe Jack
Name: F. Blythe Jack
Title: Manager

CHILLY WATER, LLC

By: _____
Name: Fedrick Bensch
Title: Member

ANNEX I
DEFINITIONS

For purposes of this Agreement:

"2022 15-Day Period" has the meaning set forth in Section 2.16(c).

"2022 Adjusted EBITDA" has the meaning set forth in Section 2.16.

"2022 Adjusted EBITDA Calculation" has the meaning set forth in Section 2.16(a).

"2022 Earn-Out Payment" has the meaning set forth in Section 2.15(b).

"2022 EBITDA Acknowledgement" has the meaning set forth in Section 2.16(c).

"2022 EBITDA Adjustment Report" has the meaning set forth in Section 2.16(c).

"2023 15-Day Period" has the meaning set forth in Section 2.16(d).

"2023 Adjusted EBITDA" has the meaning set forth in Section 2.16(b).

"2023 Adjusted EBITDA Calculation" has the meaning set forth in Section 2.16(b).

"2023 Earn-Out Payment" has the meaning set forth in Section 2.15(c).

"2023 EBITDA Acknowledgement" has the meaning set forth in Section 2.16(d).

"2023 EBITDA Adjustment Report" has the meaning set forth in Section 2.16(d).

"30-Day Period" has the meaning set forth in Section 2.12(b).

"Acceleration Event" means any of the following:

(a) a direct or indirect sale or transfer (in a single transaction or through a series of related transactions, pursuant to a merger, equity sale or otherwise) to any third party of: (A) securities representing greater than 50% of the outstanding voting power, or economic interest in (whether by way of a sale of securities, merger or otherwise) the Company or any of its Subsidiaries; or (B) all or substantially all of the assets or business line or business group of the Company or any of its Subsidiaries, taken as a whole;

(b) a material breach by Parent or the Surviving Entity of the covenants or representations contained in Section 2.17(a) of this Agreement; or

(c) prior to the expiration of the Earn-Out Period, (i) the employment of Fredrick M. Bensch with the Parent or the Company is terminated without Cause (as such term isdefined in the Bensch Consulting Agreement) or (ii) Mr. Bensch terminates his employment for Good Reason (as defined in the Bensch Consulting Agreement).

"Acceleration Payment Date" has the meaning set forth in Section 2.17(b).

"Acknowledgement" has the meaning set forth in Section 2.12(b).

"Act" has the meaning set forth in Section 2.1.

"Action" means any action, administrative enforcement, appeal, petition, plea, charge, complaint, claim, suit, demand, litigation, arbitration, mediation, hearing, investigation, audit or other proceeding.

"Adjustment Escrow Account" has the meaning set forth in Section 2.11(c).

"Adjustment Escrow Agent" means Citibank, N.A."Adjustment Escrow Amount" means $1,000,000.

"Adjustment Escrow Agreement" means that certain escrow agreement substantially in the form attached hereto as Exhibit D for purposes of the Adjustment Escrow Amount, to be entered into at the Closing by and between Parent, Securityholders' Representative and Adjustment Escrow Agent.

"Adjustment Report" has the meaning set forth in Section 2.12(b).

"Affected Employee" has the meaning set forth in Section 6.6(a).

"Affiliate" means as to any Person, any other Person which, directly or indirectly, is controlled by, controls, or is under common control with, such first-mentioned Person.

"Affiliated Group" means an affiliated group as defined in Section 1504 of the Code (or any analogous combined, consolidated or unitary group defined under state, local or foreign income Tax Law)

"Aggregate Earn-Out Payment" has the meaning set forth in Section 2.15(c).

"Agreement" has the meaning set forth in the caption.

"Alcohol Beverage Authorities" means the United States Alcohol and Tobacco Tax and Trade Bureau (the "TTB"), the Georgia Department of Revenue, City of Atlanta and any other local, state or federal Governmental Agency responsible for regulating the manufacturing, distribution, sale and/or marketing of alcohol beverages.

"Annual Financial Statements" has the meaning set forth in Section 3.11(a)."Anti-Corruption Laws" has the meaning set forth in Section 3.23(a). "Approving Holders" has the meaning set forth in Section 1.5.

"Assets" has the meaning set forth in Section 3.6.

"Auditor's Determination" has the meaning set forth in Section 2.12(b). "Auditor's EBITDA Determination" has the meaning set forth in Section 2.16(e)."Balance Sheet Date" has the meaning set forth in Section 3.11(a).

"Bankruptcy and Equity Exception" has the meaning set forth in Section 3.3.

"Bates Agreement" means that certain Employment Agreement dated November 1, 2020 by and between SweetWater Brewing Company, LLC and Patrick Bates.

"Benefit Plan" means any (a) "employee pension benefit plan" (as defined in Section 3(2) of ERISA), (b) any "employee welfare benefit plan" (as defined in Section 3(1) of ERISA), and (c) any other material plan, agreement or arrangement providing for employment, severance, compensation, change of control or retention pay or benefits, stock options, stock purchase, phantom stock, stock appreciation or other forms of equity-based or phantom equity-based incentive compensation, health, fringe, and other benefit plans, programs, or arrangements that are maintained or contributed to by the Company or any of its Subsidiaries or to which the Company or any of its Subsidiaries is required to contribute on behalf of an employee of the Company or any of its Subsidiaries or for which the Company or any of its Subsidiaries have any Liability (actual or contingent) by virtue of having an ERISA Affiliate.

"Bensch Consulting Agreement" means that certain consulting agreement substantially in the form attached hereto as Exhibit E entered into on the date hereof by and between Class V, Inc. and the Surviving Entity.

"Blocker" has the meaning set forth in the caption.

"Blocker Closing" has the meaning set forth in Section 1.3.

"Blocker GP" has the meaning set forth in the caption.

"Blocker GP Interests" has the meaning set forth in the recitals.

"Blocker LP Interests" has the meaning set forth in the recitals.

"Blocker Interests" has the meaning set forth in the recitals. "Blocker Members" means Blocker and SWBC Craft, LLC. "Blocker Partners" has the meaning set forth in the caption. "Blocker Sale" has the meaning set forth in the recitals. "Blocker Seller" has the meaning set forth in the caption.

"Blocker Seller Released Parties" has the meaning set forth in Section 6.14(b).

"Brands" has the meaning set forth in Section 3.22(a).

"Business" means any business conducted, engaged in, or currently conducted or engaged in by the Company or any of its Subsidiaries.

"Business Day" means any day, except for a Saturday or Sunday or a day on which banks are required or authorized by Law to close in New York, New York or a day on which the Delaware Secretary of State is authorized or required by Law to close.

"Canadian Securities Laws" means, collectively, the Ontario Securities Act and the applicable securities laws of the other provinces and territories of Canada, the regulations made and forms prescribed thereunder together with all applicable published rules, instruments, policy statements and blanket orders and rulings of the Canadian securities regulatory authorities.

"Cancelled Units" has the meaning set forth in Section 2.7(a).

"CARES Act" means The Coronavirus Aid, Relief, and Economic Security Act, Pub.L. 116–136 (03/27/2020).

"CARES Act Determination Date" means the date which the lender of the CARES Debt (and, to the extent required, any Governmental Authority (including the United States Small Business Administration)) has finally determined that all or a portion of the CARES Debt is ineligible for forgiveness pursuant to the provisions of the CARES Act, thus resulting in such CARES Debt being deemed CARES Unforgiven Debt for purposes of Section 2.13(b).

"CARES Debt" means the PPP Loan.

"CARES Unforgiven Debt" means that amount of the CARES Debt that has been finally determined by the lender of the CARES Debt (and, to the extent required, any Governmental Authority (including the United States Small Business Administration)) to be ineligible for forgiveness pursuant to the provisions of the CARES Act.

"Cash" means all cash (excluding, for the avoidance of doubt, restricted cash and any security deposits, bonds or other similar instruments serving as collateral with respect to any property or assets leased by the Company, and any deposits or reserves associated with any self- insurance, including but not limited to any deposits or reserves associated with any workers compensation policies or claims), cash equivalents and marketable securities held by the Company and its Subsidiaries, calculated as of immediately prior to the Effective Time. "Cash" shall (i) be calculated net of issued but uncleared checks, drafts and overdrafts as of immediately prior to the Effective Time, and (ii) include checks and other wire transfers and drafts deposited for the account of the Company as of immediately prior to the Effective Time, including but not limited to credit card and debit card receipts, but solely to the extent received prior to the final determination of the Final Purchase Price.

"CERCLA" has the meaning set forth in clause (i) of the definition of Hazardous Material. "Certificate of Merger" has the meaning set forth in Section 2.2(a).

"Cheese Grits" has the meaning set forth in the Recitals. "Closing" has the meaning set forth in Section 2.5. "Closing Date" has the meaning set forth in Section 2.5.

"Closing Date Indebtedness" means the aggregate amount of Indebtedness calculated as of immediately prior to the Effective Time (other than with respect to the inclusion of Transaction Tax Deductions in the calculation of the Pre-Closing Income Tax Liability Amount, which shall be calculated as of immediately after the Effective Time); provided, however, that Closing Date Indebtedness shall not include (a) any amount taken into account in the calculation of Closing Date Working Capital, or (b) any Transaction Expenses.

"Closing Date Working Capital" means the Net Working Capital calculated as of immediately prior to the Effective Time.

"Closing Stock Value" has the meaning set forth in Section 2.10.

"Code" means the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Company's Knowledge" or "Knowledge of the Company" or similar phrase means the actual knowledge of Fredrick M. Bensch, Patrick Bates and JD Usry.

"Company" has the meaning set forth in the caption.

"Company Intellectual Property" means all of the Intellectual Property Rights owned or purported to be owned by or exclusively licensed to the Company or any of its Subsidiaries.

"Company LLC Agreement" means Second Amended and Restated Limited Liability Company Agreement of the Company, dated as of October 21, 2020, as amended and in effect from time to time.

"Company Material Contract" has the meaning set forth in Section 3.10(a).

"Company Ownership" has the meaning set forth in Section 4.7.

"Company Products" means any and all products and services that currently are manufactured, produced, marketed, offered, sold, licensed, provided or distributed by the Company or any of its Subsidiaries.

"Company Registered Intellectual Property" has the meaning set forth in Section 3.8(a).

"Competition Laws" shall mean Laws that are designed or intended to prohibit, restrict or regulate actions, including transactions, acquisitions and mergers, having the purpose or effect of creating or strengthening a dominant position, monopolization, lessening of competition orrestraint of trade.

"Confidentiality Agreement" means the Confidentiality Agreement dated as of December 2, 2019, by and between Parent and the Company.

"Constituent Entities" has the meaning set forth in Section 2.1.

"Contract" means, with respect to any Person, any contract, agreement, deed, mortgage, lease, license, purchase order, commitment, arrangement or undertaking, written or oral, or other document or instrument to which or by which such Person is a party or otherwise subject or boundor to which or by which any asset, property or right of such Person is subject or bound.

"control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, 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 or executor, by Contract or otherwise.

"COVID-19" means SARS-CoV-2 or COVID-19, and any evolutions or mutations thereof or resulting epidemics, pandemic or disease outbreaks.

"COVID-19 Measures" means, collectively, any quarantine, shelter in place, stay at home, workforce reduction, social distancing, shut down, closure, sequester or any other Law, directive,policy, guideline or recommendation by any Governmental Authority in connection with or in response to COVID-19 and applicable to the Company, its Subsidiaries or their respectivebusinesses.

"CSA" means the Canadian Securities Administrators.

"Disclosure Letter" has the meaning set forth in the introductory paragraph in Article III.

"Downward Adjustment Amount" has the meaning set forth in Section 2.13(a)(i).

"Earn-Out Cap" has the meaning set forth in Section 2.15(b). "Earn-Out Payments" has the meaning set forth in Section 2.15(a)."Earn-Out Period" has the meaning set forth in Section 2.17(a).

"EBITDA Adjustment Report" has the meaning set forth in Section 2.16.

"Effective Time" has the meaning set forth in Section 2.2(b).

"Enterprise Value" means three hundred million dollars ($300,000,000).

"Environment" means soil, land surface or subsurface strata, waters (including, navigable waters, oceans, streams, ponds, reservoirs, drainage basins, wetlands, surface or ground water), sediments, ambient air (including indoor), noise, plant life, animal life, and all other environmentalmedia or natural resources.

"Environmental Laws" means any and all applicable Laws, Permits, approvals, authorizations and other requirements having the force and effect of Law, whether local, state, territorial or national, in force and effect as of the Closing Date and relating to: (i) emissions, discharges, spills, releases or threatened releases of Hazardous Materials; (ii) the use, treatment, storage, disposal, handling, manufacturing, transportation or shipment of Hazardous Materials; (iii) the regulation of storage tanks; or (iv) relating to pollution or the protection of human health,safety or the Environment, including the following statutes as now written and amended, includingany and all regulations promulgated thereunder and any and all state and local counterparts: CERCLA, the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq., the Clean Air Act, 42 U.S.C. §7401 et seq., the Toxic Substances Control Act, 15 U.S.C. §2601 etseq., the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §11001 et seq., and the Safe Drinking Water Act, 42 U.S.C. §300f et seq.

"Environmental Permits" means any Permit required under any applicable Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations and rulings promulgated thereunder.

"ERISA Affiliate" means any member of the Company's controlled group of companies within the meaning of Code Section 414(b), (c), (m) or (o).

"Estimated Cash" has the meaning set forth in Section 2.9.

"Estimated Closing Balance Sheet" has the meaning set forth in Section 2.9. "Estimated Closing Date Indebtedness" has the meaning set forth in Section 2.9."Estimated Net Working Capital" has the meaning set forth in Section 2.9. "Estimated Purchase Price" has the meaning set forth in Section 2.8.

"Estimated Transaction Expenses" has the meaning set forth in Section 2.9.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Act Document" means all of the documents Parent is required to file or furnish under the Exchange Act.

"Existing Credit Facility" means that certain Credit Agreement dated October 21, 2020 by and among the Company and its Subsidiaries, the Lenders (defined herein), and Truist Bank, in its capacities as Administrative Agent, Issuing Bank and Swing Line Lender.

"Final Calculations" has the meaning set forth in Section 2.12(a).

"Final Cash" has the meaning set forth in Section 2.12(a).

"Final Closing Balance Sheet" has the meaning set forth in Section 2.12(a). "Final Closing Date Indebtedness" has the meaning set forth in Section 2.12(a)."Final Net Working Capital" has the meaning set forth in Section 2.12(a).

"Final Purchase Price" means Enterprise Value, *plus* (b) Final Cash (as finally determined pursuant to Section 2.12), *minus* (c) Final Closing Date Indebtedness (as finally determined pursuant to Section 2.12), *minus* (d) Final Transaction Expenses (as finally determined pursuant to Section 2.12), *minus* (e) the Adjustment Escrow Amount, *minus* (f) the PPP Escrow Amount, *minus* (g) the Securityholders' Representative Expense Amount, *minus* (h) the amount, if any, by which the Target Net Working Capital exceeds the Final Net Working Capital (as finally determined pursuant to Section 2.12), *plus* (i) the amount, if any, by which the Final Net Working Capital (as finally determined pursuant to Section 2.12) exceeds the Target Net Working Capital, *minus* (j) the Closing Stock Value.

"Final Transaction Expenses" has the meaning set forth in Section 2.12(a). "Financial Statements" has the meaning set forth in Section 3.11(a). "Financing" has the meaning set forth in Section 6.9.

"Flow-Through Return" has the meaning set forth in Section 6.8(d).

"FLSA" has the meaning set forth in Section 3.18(f).

"Fraud" means, with respect to any Person, the intentional common law fraud (as determined pursuant to Delaware state Law) of such Person effected by such Person in the making of a representation and warranty (a) in the case of the Company, set forth in Article III hereof, (b) in the case of Blocker or the Blocker Seller, set forth in Article IV hereof, or (c) in the case of Parent or Merger Sub, set forth in Article V hereof.

"GAAP" means generally accepted accounting principles as applied in the United States. "Governmental Competition Authority" has the meaning set forth in Section 6.1(a). "Governmental Authority" means the government of the United States or any foreign country or any state or political subdivision thereof and any entity, body or authority exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including quasi-governmental authorities established to perform such functions, as well as any arbitrator or arbitral body or body exercising, or entitled to exercise, any administrative, executive, judicial, adjudicative, legislative, police, regulatory or taxing authority or power of any nature including, without limitation, any and all Alcohol Beverage Authorities, the United States Food and Drug Administration and the United States Federal Trade Commission.

"Governmental Competition Authority" has the meaning set forth in Section 6.1(a).

"Hazardous Material" means (i) all substances, wastes, pollutants, contaminants and materials (collectively, "Substances") regulated, defined or designated as hazardous, extremely or imminently

hazardous, dangerous or toxic, under Environmental Laws, including the following federal statutes and their state counterparts, as well as these statutes' implementing regulations: the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq. ("CERCLA") the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S. C. Section 136 et seq; the Atomic Energy Act, 42 U.S.C. Section 22011 et seq; and the Hazardous Materials Transportation Act, 42 U.S.C. Section 1801 et seq; (ii) all Substances with respect to which any Governmental Authority may require investigation, monitoring, reporting, or remediation; (iii) mercury, (iv) petroleum and petroleum products and by products including crude oil and any fractions thereof; and (v) radon, radioactive substances, asbestos, urea formaldehyde, and polychlorinated biphenyls.

"Historical Accounting Practices" means the Company's historical accounting practices as set forth on Annex V.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"IFRS" means International Financial Reporting Standards as in effect from time to time

"Indebtedness" means, as to the Company, whether matured, unmatured, liquidated, unliquidated, contingent or otherwise, without duplication, all (a) all indebtedness for borrowed money, or issued in substitution for or exchange of indebtedness for borrowed money, or for the deferred purchase price of property or services with respect to which a Person is liable, contingently or otherwise, as obligor or otherwise (including reimbursement and all other obligations with respect to surety bonds, letters of credit and bankers' acceptances, whether or not matured), including the current portion of such indebtedness, (b) all obligations evidenced by notes, bonds, debentures or similar instruments, (c) the deferred purchase price of property, goods or services (other than trade payables or accruals incurred in the Ordinary Course, but solely to the extent that such amounts are otherwise included in the calculation of the Final Purchase Price), (d) all capital lease obligations (excluding, for the avoidance of doubt, operating leases, including the Lease Agreement), (e) contractual obligations relating to interest rate protection, swap agreements and collar agreements, (f) deferred rent Liabilities, (g) all obligations under conditional sale or other title retention agreements, (h) the Pre-Closing Income Tax Liability Amount, (i) any indebtedness secured by a Lien on a Person's assets, (j) any and all amounts related to the forgiveness of any loans or other obligations owed to the Company or any of its Subsidiaries in connection with the transactions contemplated by this Agreement, in all cases, arising on or prior to the Effective Time, (k) any incentive compensation (solely to the extent arising from the consummation of the Transactions) or paid time off owed by the Company or any of its Subsidiaries for employees attributable to any period at or prior to the Closing, plus the employer portion of any employment Taxes due in connection with any such payments, the execution of this agreement or as a result of the consummation of the transactions contemplated by this Agreement, to the extent not paid prior to Closing or otherwise included in the calculation of the Purchase Price, (l) any deposits for events at the taproom that may or could become payable upon cancellation at any time from and after the Closing, (m) any accrued interest on any of the foregoing, (n) any prepayment or other similar fees, expenses or penalties on or relating to the repayment or assumption of any of the foregoing, and (o) all guarantees of any of the items set forth in clauses (a) - (n) above. For the avoidance of doubt, "Indebtedness" shall not include (i) amounts actually included as Transaction Expenses or in calculating Net Working Capital, or (ii) the CARES Debt.

"Independent Auditor" has the meaning set forth in Section 2.12(b).

"Intellectual Property Rights" means any and all intellectual property and proprietary rights throughout the world including each of the following: (i) all United States and foreign patents and utility models and applications therefor (including provisional applications) and all reissues, divisions, renewals, extensions, provisionals, continuations and continuations in part thereof (collectively, "Patents"); (ii) all Trade Secrets and similar rights in confidential information, know- how and materials; (iii) copyrights and all other rights corresponding thereto in any works of authorship, including Software (collectively, "Copyrights"); (iv) all trademark rights and similar rights in trade names, logos, trademarks and service marks together with all of the goodwill associated with the foregoing (collectively, "Trademarks"); (v) all rights in databases and data collections (including knowledge databases, customer lists and customer databases); (vi) all rights to Uniform Resource Locators, Web site addresses and domain names; and (vii) any registrations of or applications to register any of the foregoing.

"Intercompany Accounts" means all accounts payable of the Company or any of its Subsidiaries representing amounts owed by the Company or any of its Subsidiaries to divisions or Affiliates of the Company or any of its Subsidiaries and accounts receivable owed to the Company or any of its Subsidiaries by divisions or Affiliates of such Company or any of its Subsidiaries.

"Interim Financial Statements" has the meaning set forth in Section 3.11(a).

"Inventory" has the meaning set forth in Section 3.24(a). "IRCA" has the meaning set forth in Section 3.18(b). "IRS" means the Internal Revenue Service.

"IT Systems" means electronic data processing, information, recordkeeping, communications, telecommunications, account management, inventory management and other computer systems (including all Software, databases, firmware, hardware and related documentation) and Internet websites.

"Law" means any law, statute, code, regulation, ordinance, rule, common law, Order or governmental requirement enacted, promulgated, entered into, agreed, imposed or enforced by any Governmental Authority.

"Lease Agreement" means that certain Lease Agreement dated as of October 20, 2020 by and between SweetWater Brewing Company, LLC and Cheese Grits, LLC.

"Lease Amendment" means that that certain amendment to the Lease Agreement substantially in the form attached hereto as Exhibit F, by and between SweetWater Brewing Company, LLC and Cheese Grits, LLC.

"Leased Real Property" has the meaning set forth in Section 3.18(a)(b).

"Letter of Transmittal" has the meaning set forth in Section 2.18(b).

"Liability" or "Liabilities" means any and all liabilities and obligation of any kind or nature whatsoever, whether known or unknown, express or implied, primarily or secondarily, direct or indirect, secured or unsecured, liquidated or unliquidated, absolute, accrued, contingent or otherwise and whether due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required by GAAP to be accrued on the financial statements of such Person.

"Lien" means any mortgage, lien, charge, restriction, pledge, security interest, option, leaseor sublease, claim, right of any third party, easement, encroachment or encumbrance or other charges or rights of others of any kind or nature, except Permitted Liens.

"LLC Agreement" shall mean the LLC Agreement of the Company adopted by the Company at the direction of Parent at Closing.

"Losses" means all Actions, Orders, damages, dues, penalties, fines, costs, reasonable amounts paid in settlement, Liabilities, Taxes, Liens and losses (including costs of investigation, all reasonable accounting, consultant and attorneys' fees, court costs, costs of expert witnesses andother expenses relating to any of the foregoing).

"Material Adverse Effect" means any event, development, change, effect or occurrence that is, or would reasonably be expected to, (a) be materially adverse to the business operations orfinancial condition of the Company and its Subsidiaries taken as a whole or (b) materially and adversely affect the ability of the Company to perform its obligations hereunder or to consummate the transactions contemplated hereby; provided, however, that, solely for purposes of clause (a) above, a "Material Adverse Effect" shall not include changes to the assets, operations or financialcondition of the Company to the extent resulting from (i) the announcement or disclosure of the transactions contemplated herein, including effects related to the identity of Parent, (ii) any hurricane, earthquake or other natural disasters, acts of god, or pandemics, including effects related to COVID-19 pandemic, COVID-19 Measures or any changes thereto or worsening thereof, (iii) changes in general economic, regulatory or political conditions in North America, (iv) changes inGAAP, (v) changes in the North American debt or securities markets, (vi) national or international political or social conditions, including, without limitation, the occurrence or escalation or any military action or any act of terrorism, (vii) changes in currency exchange rates or commodities prices, (viii) changes in Law or other binding directives issues by any Governmental Authority, (ix) compliance with the terms of this Agreement, (x) general business or economic conditions affecting the industry in which the Company or any of its Subsidiaries operates, (xi) any matter referenced in the Disclosure Letter, (xii) any act or omission of the Company taken with the priorconsent of, or at the request of, Parent or (xi) any failure of the Company to meet projections or forecasts (provided that the underlying causes of such failure shall be considered in determining whether there is or has been a Material Adverse Effect); provided, further, that any event, development, change, effect, omission, occurrence, or circumstance referred to in clauses (ii) through (viii) and (x), immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur solely to the extent that such event, development, change, effect, omission, occurrence, or circumstance has a disproportionate effect on the Company compared to other participants in the industries in which the Company conducts its business.

"Material Company Intellectual Property Contract" has the meaning set forth in Section3.10(a)(xiii).

"Material Distributors" has the meaning set forth in Section 3.20(b). "Material Suppliers" has the meaning set forth in Section 3.20(a). "Merger" has the meaning set forth in the recitals.

"Merger Sub" has the meaning set forth in the caption. "Merger Sub Units" has the meaning set forth in the recitals. "NASDAQ" means the Nasdaq Stock Market.

"Net Working Capital" means, as of any date of determination, an amount excess of (a) the sum of the line items identified as "Total Working Capital Assets" of the Company and its Subsidiaries set forth

on Annex VI, over (b) the sum of the line items identified as "Total Working Capital Liabilities" of the Company and its Subsidiaries set forth on Annex VI, in each case, as ofimmediately prior to the Closing and determined in accordance with the Policies and Procedures. For the avoidance of doubt, Net Working Capital shall be calculated without giving effect to the Transactions.

"Object Code" means computer Software in binary form that is intended to be directly executable by a computer after suitable processing and linking but without the intervening steps of compilation or assembly.

"Ontario Securities Act" means the Securities Act (Ontario), as amended, and the regulations and rules made thereunder.

"Order" means any decree, order, judgment, writ, award, injunction, stipulation or consent of or by, or settlement agreement with, a Governmental Authority.

"Ordinary Course" means the ordinary course of business of the Company and any of its Subsidiaries, consistent with past practice and custom.

"Organizational Documents" means the articles of incorporation, articles or certificate of incorporation, bylaws, articles or certificate of formation, operating agreement, certificate of limited partnership, partnership agreement, and all other similar documents, instruments orcertificates executed, adopted or filed in connection with the creation, formation, or organization of a Person, including any amendments thereto, as applicable.

"OSHA" has the meaning set forth in Section 3.18(d). "Outside Date" has the meaning set forth in Section 8.1(b). "Parent" has the meaning set forth in the caption.

"Parent Closing Date Transaction" means any transaction engaged in by the Company or any of its Subsidiaries on the Closing Date, which occurs after the Closing or at the direction of Parent that is not contemplated by this Agreement and is outside the ordinary course of business, including any transaction engaged in by the Company or any of its Subsidiaries in connection withthe financing of any obligations of Parent or the Company or any of its Subsidiaries to make a payment under this Agreement.

"Parent Common Shares" has the meaning set forth in Section 2.10.

"Parent Disclosure Letter" has the meaning set forth in the introductory paragraph in

Article V.

"Parent Material Adverse Effect" means any event, development, change, effect or occurrence that is, or would reasonably be expected to, (a) be materially adverse to the business operations or financial condition of the Parent taken as a whole or (b) materially and adversely affect the ability of the Parent to perform its obligations hereunder or to consummate the transactions contemplated hereby; provided, however, that, solely for purposes of clause (a) above, a "Parent Material Adverse Effect" shall not include changes to the business, operations or financial condition of the Company to the extent resulting from (i) the announcement or disclosureof the transactions contemplated herein, including effects related to the identity of Company, (ii) any hurricane, earthquake or other natural disasters, acts of god, or pandemics, including effects related to the COVID-19 pandemic or any changes thereto or worsening thereof, (iii) changes in general economic, regulatory or political conditions in North

America, (iv) changes in GAAP, (v) changes in the North American debt or securities markets, (vi) national or international political or social conditions, including, without limitation, the occurrence or escalation or any military action or any act of terrorism, (vii) changes in currency exchange rates or commodities prices, (viii) changes in Law or other binding directives issues by any Governmental Authority, (ix) compliance with the terms of this Agreement, (x) general business or economic conditions affecting the industry in which the Parent operates, (xi) any matter referenced in the Disclosure Letter, (xii) any act or omission of the Parent taken with the prior consent of, or at the request of, Company or (xi) any failure of the Parent to meet projections or forecasts (provided that the underlying causes of such failure shall be considered in determining whether there is or has been a Parent Material Adverse Effect); provided, further, that any event, development, change, effect, omission, occurrence, or circumstance referred to in clauses (ii) through (viii) and (x), immediately above shall be taken into account in determining whether a Parent Material Adverse Effect has occurred or could reasonably be expected to occur solely to the extent that such event, development, change, effect, omission, occurrence, or circumstance has a disproportionate effect on the Parent compared to other participants in the industries in which the Parent conducts its business.

"Parent's Knowledge" or "Knowledge of Parent" or similar phrase means the knowledge of Irwin Simon, Carl Merton and Denise Faltischek, in each case, with the assumption that such Persons shall have made reasonable and diligent inquiry on the matters presented.

"Paying Agent" has the meaning set forth in Section 2.21.

"Paying Agent Agreement" has the meaning set forth in Section 2.21.

"Payment Schedule" means that certain schedule attached hereto as Annex VII, as updated prior to the Closing in accordance with this Agreement, setting forth the number and type of Units owned by each Unitholder and the Blocker Seller, the percentage interest of each Unitholder and the Blocker Seller and a breakdown of the consideration payable hereunder (including the Earn- Out Payments, Adjustment Escrow Amount and PPP Escrow Amount) payable to and Stock Consideration issuable to each Unitholder and the Blocker Seller under the scenarios illustrated therein. For the avoidance of doubt, the Payment Schedule attached as Annex VII hereto as of the date hereof contains estimated calculations of the amounts set forth thereon for illustrative purposes only, and the payments required pursuant to this Agreement shall be calculated based on the calculations set forth in the final Payment Schedule delivered pursuant to Section 2.9.

"Permit" has the meaning set forth in Section 3.15.

"Permitted Liens" means (a) Liens for Taxes, assessments or other charges by Governmental Authorities not yet due and payable or the amount or validity of which are being contested in good faith or for which appropriate reserves have been established in accordance with GAAP, (b) mechanic's, workmen's, repairmen's, carrier's, warehousemen's or other like Liens for amounts not yet due and payable or the amount or validity of which are being contested in good faith or for which appropriate reserves have been established on the Financial Statements in accordance with GAAP, (c) Liens securing the obligations of the Company under or in respect of Indebtedness under the existing credit facilities all of which will be paid off at the Closing, (d) Liens created, imposed or promulgated by Law or by any Governmental Authority not resulting in a Material Adverse Effect, (e) Liens to secure landlords, lessors, or renters under Leases incurred in the Ordinary Course, (f) Liens arising from non-exclusive licenses of Intellectual Property Rights, (g) Liens arising by operation of Law in the nature of zoning restrictions and (h) Liens created by or imposed on Parent or Merger Sub.

"Person" means any natural person, corporation, limited liability company, partnership, firm, joint venture, joint-stock company, trust, association, unincorporated entity or organization of any kind, Governmental Authority or other entity of any kind.

"Policies and Procedures" has the meaning set forth in Section 2.9.

"PPACA" has the meaning set forth in Section 3.18(k).

"PPP Escrow Account" has the meaning set forth in Section 2.11(d).

"PPP Escrow Agent" means Truist Bank."PPP Escrow Amount" means $441,162.

"PPP Escrow Agreement" means that certain escrow agreement in a customary form reasonably acceptable to the Parent and the Company for purposes of the PPP Escrow Amount, to be entered into at the Closing by and between Parent, Securityholders' Representative and PPP Escrow Agent.

"PPP Loan" has the meaning set forth in Section 3.28.

"Pre-Closing Blocker Reorganization" has the meaning set forth in the Recitals.

"Pre-Closing Income Tax Liability Amount" means the excess, if any (but not less than

$0), of the aggregate income Tax liabilities, over the aggregate income Tax assets (including Taxrefunds and credits, estimated payments and prepayments of income Taxes, and applicable Transaction Tax Deductions) of the Company on a combined basis, in each case, attributable to any Pre-Closing Period for which the applicable Tax Return was not yet filed as of the Closing Date. The calculation of the Pre-Closing Income Tax Liability Amount shall (a) exclude any deferred income Tax liabilities or deferred income Tax assets and any assets or liabilities to the extent accounted for through Net Working Capital, (b) assume that the Tax period of the Companythat includes the Closing Date ends on the Closing Date and (c) exclude any Taxes arising from aParent Closing Date Transaction.

"Pre-Closing Period" means any Tax period ending on or before the Closing Date. "Pre-Registration Price" has the meaning set forth in Section 6.12(f)(ii). "Prospectus" has the meaning set forth in Section 6.12(a)(ii).

"Prospectus Supplement" has the meaning set forth in Section 6.12(a)(i).

"Public Company Reports" has the meaning set forth in Section 5.10(a).

"Purchase Price Allocation Schedule" has the meaning set forth in Section 2.20(b).

"R&W Policy" means that certain representations and warranties insurance policy, dated as of the date hereof, a copy of which is attached hereto as Exhibit G. "Redeemed Holder" has the meaning set forth in the Recitals. "Redeemed Units" has the meaning set forth in the Recitals. "Redemption" has the meaning set forth in the Recitals. "Registerable Value" has the meaning set forth in Section 6.12(f)(ii).

"Registered Intellectual Property" means all United States, international and foreign:

(i) Patents; (ii) Trademarks; (iii) Copyrights; and (iv) any other Intellectual Property Rights, in each case, that are the subject of an application, certificate, filing, registration or other document issued, filed with, or recorded by any state, government or other public legal authority.

"Registrable Shares" has the meaning set forth in Section 6.12(a)(i).

"Registration Statement" has the meaning set forth in Section 6.12(a)(i).

"Release" means releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping.

"Released Claims" has the meaning set forth in Section 6.14(a).

"Released Parties" has the meaning set forth in Section 6.14(a).

"Representatives" means, with respect to any Person, the directors, officers, employees, advisors (including investment bankers, financial advisors, legal counsel, accountants and consultants), financing sources and other agents and representatives of such Person and its Affiliates.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and

regulations promulgated thereunder.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended. "Securities Laws" means the Securities Act, the Securities Exchange Act, the Canadian

Securities Laws, and all other applicable securities Laws promulgated by the SEC, CSA or any other relevant Governmental Authority.

"Securityholders' Representative" has the meaning set forth in the caption. "Securityholders' Representative Expense Amount" means $500,000.

"Securityholders' Representative Tax Matter" means (i) amending a Flow-Through Return; (ii) making or revoking an election on any Flow-Through Return filed after the Closing Date that adversely affects any Flow-Through Return or the income Taxes of the Company or any Subsidiary of the Company for a Pre-Closing Period or Pre-Closing Period portion of a Straddle Period; (iii) extending or waiving the applicable statute of limitations with respect to an income Tax of the Company or any Subsidiary of the Company for a Pre-Closing Period or Pre-Closing Portion of a Straddle Period; (iv) filing any ruling request with any Governmental Authority that relates to Flow-Through Returns or income Taxes of the Company or any Subsidiary of the Company for a Pre-Closing Period or Pre-Closing Period portion of a Straddle Period or (v) entering or pursuing a voluntary disclosure agreement with a Governmental Authority with respect to filing Flow-Through Returns or paying income Taxes for a Pre-Closing Period or Pre-Closing Period portion of a Straddle Period.

"Settlement Date" has the meaning set forth in Section 2.12(c).

"Software" means any and all (i) computer programs, including any and all software implementations of algorithms, program interfaces, models and methodologies, whether in SourceCode or Object Code, (ii) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (iii) descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing and (iv) all user documentation, including user manuals and training materials, relating to any of the foregoing.

"Source Code" means computer Software and code, in form other than Object Code or machine readable form, including related programmer comments and annotations, help text, data and data structures, instructions and procedural, object-oriented and other code, which may be printed out or displayed in human readable form.

"Straddle Period" means any taxable period that includes (but does not end on) the date of Closing.

"Stock Consideration" has the meaning set forth in Section 2.10.

"Subsidiary" of any Person means another Person (a) at least 50% of the securities or ownership interests having by their terms ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions is owned or controlled directly or indirectly by such first Person and/or by one or more of its Subsidiaries or (b) of which such first Person and/or one of its Subsidiaries serves as a general partner (in the case of a partnership) or amanager or managing member (in the case of a limited liability company) or similar function. Notwithstanding anything to the contrary set forth herein, in light of the Redemption, no representations, warranties, covenants or agreements are made herein with respect to Cheese Grits and Cheese Grits shall not be deemed a Subsidiary of the Company for any purpose.

"Substances" has the meaning set forth in clause (i) of the definition of Hazardous Material. "Surviving Entity" has the meaning set forth in Section 2.1.

"SWB Members" means the members of SWB Management, LLC as set forth in that certain Limited Liability Company Agreement of SWB Management, LLC dated December 31, 2016 by and among SWB Management, LLC, Class V, Inc., the Company and each of the Personsparty thereto.

"Target Working Capital" means $4,362,420.

"Taxes" means all taxes, charges, fees, duties (including custom duties), levies, or other assessments, including net income, gross income, capital gains, gross receipts, net receipts, grossproceeds, net proceeds, ad valorem, profits, real property, personal property (whether tangible or intangible), gaming, sales, use, franchise, capital, excise, estimated, value added, stamp, lease, transfer, occupational, equalization, license, payroll, employment, environmental, disability, severance, withholding, unemployment, or other taxes, charges or fees assessed by any Governmental Authority, including any interest, penalties, or additions to tax attributable thereto.

"Tax Contest" has the meaning set forth in Section 6.8(e).

"Tax Return" means any return, report or similar statement filed or required to be filed with any taxing authority with respect to any Tax, including any information return, claim for refund, amended return or declaration of estimated Tax.

"Trade Secrets" means, where protectable as a trade secret by applicable Law, any and all inventions (whether or not patentable, reduced to practice or made the subject of a pending patent application), invention disclosures and improvements, all proprietary information, know-how and technology, confidential or proprietary information and all documentation therefor.

"Transaction Expenses" means all (i) costs, fees and expenses (including attorneys' fees, accountants' fees, investment banking fees and other professional fees and expenses) in connection with the negotiation, preparation, execution and delivery of this Agreement and the consummation of the Blocker Sale and the other transactions contemplated by this Agreement payable by, in each instance, Blocker, the Company or any of their respective Subsidiaries, (ii) any (A) amounts (including transaction or change-in-control bonuses or similar payments) payable by the Company to any Person solely in connection with, or conditioned in any way upon, the consummation of the transactions contemplated by this Agreement, (B) amounts payable to any employee, officer, director or consultant of either Company pursuant to the incentive plans or any employment agreement or other Contract with any of the aforementioned Persons solely as a result of the consummation of the transactions contemplated hereby (including, for the avoidance of doubt, the amounts payable pursuant to the Bates Agreement), and (C) any severance (and other post termination) obligation of the Company to any Person whose employment has been terminated prior to the Closing (including payments under any non-competition or consulting agreements or arrangements or any COBRA or similar payments), any deferred compensation or other similar payment, in each instance, plus the employer portion of any employment Taxes due and payable in connection with (w) any such payments, (y) the execution of this Agreement or (z) as a result of the consummation of the transactions contemplated by this Agreement, (iii) 50% of any and all fees of the Adjustment Escrow Agent under the Escrow Agreement, (iv) any and all Transfer Taxes, including, for the avoidance of doubt, all Transfer Taxes associated with the transactions contemplated by the Redemption, (v) any and all costs, fees, expenses and premiums necessary to obtain the tail pursuant to Section 6.5(a), (vi) any and all fees of the Paying Agent under the Paying Agent Agreement, and (vii) any and all fees of the PPP Escrow Agent under the PPP Escrow Agreement.

"Transaction Tax Deductions" means the aggregate amount of Tax deductions arising from (i) any compensatory payments made or accrued by the Company or any of its Subsidiaries (or Merger Sub or Parent on behalf of the Company or any of its Subsidiaries) in connection with the transactions contemplated by this Agreement, (ii) any pay down, prepayment or satisfaction of any portion of the Closing Date Indebtedness by the Company or any of its Subsidiaries (or Merger Sub or Parent on behalf of the Company or any of its Subsidiaries) or otherwise in accordance with this Agreement, (iii) the Transaction Expenses and (iv) any other deductible payments that are attributable to the transactions contemplated by this Agreement and economically borne by the Unitholders. For this purpose, seventy percent (70%) of any Transaction Tax Deductions that are success-based fees shall be treated as deductible in accordance with IRS Revenue Procedure 2011-29.

"Transactions" has the meaning set forth in the recitals. "Transfer Taxes" has the meaning set forth in Section 6.8(a). "Trigger Date" has the meaning set forth in Section 6.12(f)(i). "TSX" has the meaning set forth in Section 6.1(a).

"TSX Manual" has the meaning set forth in Section 6.1(a).

"Unitholder" has the meaning set forth in the recitals.

"Units" has the meaning set forth in the Company LLC Agreement.

"Upward Adjustment Amount" has the meaning set forth in Section 2.13(a)(ii).

"Waiver Agreement" means that certain Waiver Agreement substantially in the formattached hereto as Exhibit H, by and between the Company and SWBC Craft, LLC

ANNEX II

Policies and Procedures

Together with the calculation detailed in Annex VI, the following will apply (i) for purposes of calculating the Estimated Net Working Capital pursuant to Section 2.9 of the Agreement and (ii) for purposes of calculating the Final Net Working Capital pursuant to Section 2.12 of the Agreement.

1. Except as otherwise provided herein, as contemplated by Annex VI or as contemplated by the Historical Accounting Practices, Net Working Capital, Estimated Net Working Capital and Final Closing Working Capital will be calculated in accordance with GAAP, applied consistently with the conventions, procedures, methodologies, and principles used in preparing the Financial Statements.

2. Net Working Capital, Estimated Net Working Capital and Final Net Working Capital will be calculated without giving effect to any of the transactions contemplated by this Agreement.

3. "**Current Assets**" will include only (i) accounts receivable (net of allowance for doubtful accounts), (ii) inventory and (iii) other current assets (including, but not limited to, prepaid expenses, prepaid hops, prepaid insurance and prepaid point-of-sale and marketing costs).

4. For the avoidance of doubt, Current Assets will not include (i) cash and cash equivalents, (ii) any income Tax assets (whether current or deferred), (iii) prepaid Transaction Expenses, and (iv) intercompany and related company accounts receivable.

5. "**Current Liabilities**" will include, (i) accounts payable, (ii) accrued expenses (including accrued payroll, accrued bonuses or other compensation and fees and any payroll taxes with respect thereto), (iii) accrued property tax, (iv) accrued utility payments, (v) accrued freight, (vi) accrued excise and sales and use tax and (vii) deposit liabilities.]

6. For the avoidance of doubt, Current Liabilities will not include (i) any Transaction Expenses, (ii) Indebtedness (including the current portion of capital lease obligations), (iii) intercompany and related company accounts payable, and (iv) income Tax liabilities (whether current or deferred) or other deferred Tax liabilities.

ANNEX III

Calculation of Adjusted EBITDA

ADJUSTED EBITDA DEFINITION

"**Adjusted EBITDA**" means on a consolidated basis for any period of computation:

(i) the sum (without duplication) of the following, which calculations shall be calculated in a manner consistent with and apply the same accounting methods, policies, practices, classifications and estimation methodologies used in the sample calculation detailed below under Section (II), consistently applied:

a. the aggregate net income (or loss) as determined in accordance with GAAP, of the Company and its Subsidiaries ("**Net Income**");

b. plus, the amount of interest expense deducted in determining Net Income;

c. plus, the amount of all income taxes (and other payments in lieu of income taxes) deducted in determining Net Income (including payments under tax-sharing arrangements with Parent or its Affiliates);

d. plus, the amount of depreciation and amortization deducted in determining Net Income;

e. minus, the amount of interest income added in determining Net Income; and

f. minus, the amount of income tax benefit added in determining Net Income.

(ii) Notwithstanding the foregoing, in determining Adjusted EBITDA for purposes of this Agreement:

a. Adjusted EBITDA shall exclude:

i. non-cash share-based compensation;

ii. non-recurring expenses;

iii. brand income rights income; and

iv. non-recurring income and gains

b. For greater clarity, the calculation of Adjusted EBITDA shall not include any add backs or adjustments related to COVID-19 or the pandemic.

Sample Calculation of Adjusted EBITDA

net income	$20,466,465
plus interest expense	$0
plus income taxes	$0
plus depreciation and amortization	$3,803,085
minus interest income	$0
minus income tax benefit	$0
exclude:	
non -cash share-based compensation	$72,240
non-recurring expenses	$73,345
brand income rights income	($1,764,243)
non-recurring income and gains	$0
Adjusted EBITDA	$22,650,892

ANNEX IV

Purchase Price Allocation

Asset Class	Allocation
Cash and Cash Equivalents	Cash value
Inventory	The amount of inventory used for purposes of the determination of the Final Net Working Capital (as finallydetermined).
Prepaids	The amount of prepaids used for purposes of the determination of the Final Net Working Capital (as finallydetermined).
Accounts Receivable	The amount of accounts receivable (net of any allowance for doubtful accounts) used for purposes of the determination of the Final Net Working Capital (as finallydetermined).
Other Current Assets	The amount of other current assets used for purposes of thedetermination of the Final Net Working Capital (as finallydetermined).
Property and Equipment and Leasehold Interests andother Tangible and Intangible Assets (other than assets included in Code Section 197)	Book value immediately prior to the Closing Date.
Goodwill and Going Concern Value and Other CodeSection 197 Assets	Remainder of the purchase price (and applicable liabilities).

ANNEX V

Historical Accounting Practices

Estimated Closing Balance Sheet and Final Closing Balance Sheet will be prepared in accordance with GAAP as modified by the following ("Historical Accounting Practices"):

a. During interim periods, discounts and co-ops expense are recorded on a cash basiswith the exception of the United distributors which are accrued monthly. Discounts and co-op expense related to all non-United distributors are accrued at year end only.

b. Returns are recorded on a cash basis.

c. State excise taxes are recorded on a cash basis.

d. Variances between actual and standard costing of inventory are recorded on an annual basis only.

e. Keg liability is adjusted on a quarterly basis only.

f. Share based compensation is adjusted on a quarterly basis only.

g. The company capitalizes additions to property, plant and equipment and major repairs that extend the life of property, plant and equipment when the expenditure exceeds $1,500 individually or in the aggregate for related expenditures.

h. During interim periods, the allowance for doubtful accounts is not adjusted.

i. During interim periods, the accrual for health claims is not adjusted.

j. The Company does not maintain an accrual for incurred but not reported health claims.

k. The Company does not maintain an accrual for paid-time-off (PTO) liabilities during the interim periods.

ANNEX VI

Sample Calculation of Working Capital

(See attached)

Annex VI

Net Working Capital

Accounts Receivable	$4,306,181
Inventory	$4,549,801
Other Current Assets	$728,600
Total Working Capital Assets	**$9,584,582**
Accounts Payable	$1,163,525
Accrued Expenses	$2,215,874
Other Current Liabilities	$1,842,763
Total Working Capital Liabilities	**$5,222,162**
Net Working Capital	**$4,362,420**

SweetWater Brewing Company
Net Working Capital Target Calculation Detail

	2019 September	2019 October	2019 November	2019 December	2020 January	2020 February	2020 March	2020 April	2020 May	2020 June	2020 July	2020 August	TTM Average
Net Working Capital Assets:													
NWC Assets - Accounts Receivable													
000-1100-000- - - Accounts Receivable	4,588,804	5,350,419	4,106,753	4,230,320	3,175,139	4,012,703	4,603,487	3,765,987	4,583,651	5,274,887	4,071,454	4,071,887	4,319,624
000-1102-000- - - Accounts Receivable - Reserve	(35,819)	(35,819)	(35,819)	(35,819)	(35,819)	(35,819)	(35,819)	(35,819)	(35,819)	(34,972)	(34,972)	(34,972)	(35,607)
000-1103-000- - - A/R A/P Clearing	12,291	17,555	36,525	6,425	28,979	51,527	21,323	12,193	30,800	6,812	26,085	15,444	22,163
Accounts Receivable Total	**4,565,276**	**5,332,155**	**4,107,459**	**4,200,926**	**3,168,299**	**4,028,412**	**4,588,991**	**3,742,362**	**4,578,632**	**5,246,727**	**4,062,567**	**4,052,359**	**4,306,181**
NWC Assets - Inventory													
000-1500-000- - - Raw Materials Inventory	3,125,905	2,766,904	2,780,198	2,697,040	2,970,237	2,933,266	2,787,448	2,866,738	2,513,415	2,610,525	2,777,301	3,140,626	2,830,800
000-1530-000- - - Food Inventory	11,765	9,806	9,548	8,263	9,004	9,556	8,999	7,484	6,147	7,271	6,159	5,912	8,326
000-1550-000- - - Work in Process Inventory	44,194	44,203	39,277	44,217	44,272	44,283	43,420	44,210	44,147	36,651	30,250	32,888	41,001
000-1551-000- - - WIP Wort	96,678	119,100	51,126	89,879	92,286	116,743	88,466	55,164	144,792	144,150	116,446	21,692	94,706
000-1552-000- - - WIP Fermentor	382,813	325,374	342,193	305,642	346,181	398,134	354,190	320,922	245,636	283,877	297,148	399,171	321,773
000-1553-000- - - WIP Bright	177,529	131,036	160,773	199,737	178,399	225,307	149,559	211,699	146,553	186,255	202,107	148,106	176,422
000-1554-000- - - WIP Tackiebox	(11,811)	(16,494)	(39,387)	(28,277)	(540)	12,921	(20,737)	(11,243)	72,936	43,443	68,607	21,130	7,546
000-1575-000- - - Finished Goods Inventory	404,788	425,537	397,151	370,504	375,964	265,912	471,748	406,317	410,525	452,169	403,156	397,423	398,433
000-1585-000- - - Inventory Reserve	(40,943)	(40,943)	(40,943)	(53,343)	(53,343)	(53,343)	(53,343)	(53,343)	(53,343)	(53,343)	(53,343)	(53,343)	(50,218)
000-1590-000- - - Merchandise Inventory	186,442	195,653	186,631	190,454	205,218	205,382	222,618	214,305	202,522	199,458	210,463	200,186	201,611
000-1505-000- - - RM_Inventory Recapitalization	130,596	130,596	130,596	49,272	49,272	49,272	49,272	49,272	49,272	49,272	49,272	49,272	69,603
000-1555-000- - - WIP_Inventory Recapitalization	388,224	388,224	388,224	231,187	231,187	231,187	231,187	231,187	231,187	231,187	231,187	231,187	270,446
000-1579-000- - - FG_Inventory Recapitalization	209,871	209,871	209,871	152,433	152,433	152,433	152,433	152,433	152,433	152,433	152,433	152,433	166,793
000-1580-000- - - Finished Goods Inventory Tackiebox	(44,634)	(44,634)	(44,634)	(44,634)	(44,634)	(44,634)	(44,634)	(44,634)	(44,634)	(44,634)	(44,634)	(44,634)	(44,634)
000-1598-000- - - Pallet Inventory	59,256	67,110	70,714	46,435	45,610	46,281	61,885	45,792	53,991	62,975	62,211	64,106	57,193
Inventory Total	**5,120,774**	**4,711,443**	**4,641,438**	**4,258,810**	**4,601,496**	**4,502,651**	**4,502,511**	**4,496,303**	**4,175,580**	**4,311,691**	**4,508,763**	**4,766,155**	**4,549,801**
NWC Assets - Other Current Assets													
000-1200-000- - - Prepaid Expense	45,968	43,268	57,633	73,079	91,470	66,044	59,547	68,964	78,273	73,112	57,290	42,310	63,080
000-1201-000- - - Prepaid Hops	0	0	208	0	8,241	3,331	0	0	0	0	101,810	101,810	17,950
000-1202-000- - - Prepaid Insurance		28,782	33,237	61,531	94,075	93,980	102,185	106,520	75,738	104,053	82,606	58,314	70,077
000-1204-000- - - Prepaid Merchandise and POS-Prepaid Me	34,727	37,099	52,988	54,998	13,864	13,864	203,164	2,005	2,005	2,005	2,005	14,405	36,094
000-1206-000- - - Prepaid Marketing Media	172,290	431,127	88,273	961	24,115	24,115	24,115	35,944	37,435	43,559	43,387	47,115	81,036
000-1210-000- - - Other Receivables	65,373	49,411	63,365	130,844	10,907	16,671	13,880	35,204	27,698	36,002	10,194	10,443	39,166
000-1250-000- - - Default-Employee Advances-Default	486	0	0	0	0	0	120	0	111	37	199	1,939	241
000-1596-000- - - POS Inventory	418,621	397,109	415,278	423,031	464,565	418,831	422,587	421,897	421,633	419,763	415,789	412,371	420,956
Other Current Assets Total	**737,465**	**986,797**	**710,982**	**744,440**	**707,237**	**636,736**	**825,597**	**670,534**	**642,894**	**678,531**	**713,280**	**688,708**	**728,600**
Net Working Capital Assets	**10,423,515**	**11,030,395**	**9,459,879**	**9,204,176**	**8,477,032**	**9,167,799**	**9,917,099**	**8,909,199**	**9,397,106**	**10,236,948**	**9,284,610**	**9,507,221**	**9,584,582**
Net Working Capital Liabilities:													
NWC Liabilities - Accounts Payable													
000-2101-000- - - Accounts Payable - Manual	82,410	82,408	82,408	341,059	125,406	80,422	60,424	45,364	510,150	503,529	493,529	493,307	241,701
000-2111-000- - - Accounts Payable - AMEX	117,405	133,278	115,797	152,864	163,669	189,634	125,921	27,730	27,907	125,827	98,591	48,988	110,618
000-2112-000- - - Accounts Payable - Concur Cash	2,803	2,043	2,468	1,145	2,361	1,456	(82)	(1,749)	(1,902)	(254)	(867)	(822)	532
000-2100-000- - - Accounts Payable	514,994	952,551	596,043	1,838,480	873,220	622,714	1,168,514	1,244,220	645,582	1,126,587	992,481	915,494	957,573
Accounts Payable Subtotal	717,611	1,170,280	797,716	2,333,548	1,164,657	894,227	1,354,777	1,315,565	1,181,737	1,755,689	1,583,334	1,456,956	1,310,525
Adjustment-Remove PPP loan from 2101	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*(441,000)*	*(441,000)*	*(441,000)*	*(441,000)*	*(147,000)*
Accounts Payable Total	**717,611**	**1,170,280**	**797,716**	**2,333,548**	**1,164,657**	**894,227**	**1,354,777**	**1,315,565**	**740,737**	**1,314,689**	**1,142,334**	**1,015,956**	**1,163,525**
NWC Liabilities - Accrued Expenses:													
000-2400-000- - - Accrued Expenses	312,834	259,790	220,328	206,693	214,578	346,749	(1,570,946)	242,867	252,549	434,938	237,398	278,184	119,664
000-2403-000- - - Accrued Freight Expense	70,000	50,000	85,000	45,000	45,000	75,000	80,000	90,000	80,000	80,000	50,000	80,000	70,000
000-2404-000- - - Accrued Utilities	122,000	122,000	122,000	112,000	112,000	112,000	112,000	112,000	122,047	112,000	112,000	113,055	115,425
000-2420-000- - - International POS Accrual	0	0	0	0	0	0	0	0	0	0	1,215	1,215	203
000-2455-000- - - Accrued Excise Tax	52,296	198,842	153,136	175,171	38,827	41,459	53,811	145,811	198,615	226,789	189,064	177,827	137,637
000-2460-000- - - Accrued Sales & Use Tax	342,153	340,928	344,103	343,761	335,935	341,367	328,653	317,628	320,438	324,706	319,752	325,925	332,112
000-2449-000- - - Accrued Dependant Care FSA Liability	1,392	1,392	1,392	1,392	1,392	1,392	1,392	1,392	1,392	1,392	1,392	1,392	1,392
000-2445-000- - - Accrued Medical FSA Liability	22,854	22,162	23,785	20,424	20,358	19,068	20,027	17,871	18,018	17,526	18,786	19,491	20,021
000-2450-000- - - Accrued Payroll Liability	192,777	279,378	309,748	61,865	159,456	163,237	194,239	173,949	305,048	271,993	119,359	183,662	201,226
000-2451-000- - - Accrued Comp Liability	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583
000-2452-000- - - Insurance Pass Throughs	(6,190)	(4,288)	(2,265)	(3,037)	(3,913)	(2,402)	(3,926)	(4,398)	(4,910)	(3,900)	(3,452)	(4,635)	(3,963)
000-2479-000- - - Accrued Bonus - Admin	53,294	59,549	65,804	56,034	65,076	18,084	3,192	1	1	1	1	1	26,753
000-2471-000- - - Accrued Bonus - Packaging	6,296	6,995	7,695	5,994	6,695	1,492	90	90	90	90	90	90	2,976
000-2473-000- - - Accrued Bonus - Marketing	83,106	92,340	101,574	81,391	90,108	17,442	8	8	8	8	8	8	38,884
000-2474-000- - - Accrued Bonus - Sales	299,388	257,730	316,077	107,000	158,483	114,028	146	146	(25,741)	(23,005)	(31,444)	(31,444)	95,113
000-2475-000- - - Accrued Bonus - National Accounts	20,665	26,902	33,139	19,377	27,107	16,200	740	740	(18,048)	(15,700)	(15,700)	(15,700)	6,644
000-2476-000- - - Accrued Bonus - Events	2,529	3,650	4,771	4,392	917	1,736	98	98	98	98	98	98	1,549
000-2477-000- - - Accrued Bonus - Brewhouse	8,351	9,279	10,207	7,134	8,054	1,883	43	43	43	43	43	43	3,764
000-2479-000- - - Accrued Bonus - Lab	1,549	1,721	1,893	2,066	2,245	358	1	1	1	1	1	1	820
000-2485-000- - - Accrued Bonus - Maintenance	2,867	3,185	3,504	3,822	4,151	662	4	4	4	4	4	4	1,518
000-2486-000- - - Accrued Bonus - Warehouse	7,025	7,805	8,586	10,434	11,552	2,235							3,970
000-2487-000- - - Accrued Bonus - Tour	17,834	20,000	21,477	0	850	2,158	0	0	0	0	0	0	5,193
000-2300-180- - - IMIA Liability-CHAMPAGNE	7,095	6,765	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,317
000-2300-270- - - Default-IMIA Liability-SEDTX	13,218	12,601	10,516	10,266	9,859	9,817	9,595	7,214	7,214	7,214	7,214	7,214	9,329
000-2300-330- - - Default-IMIA Liability-GIRARDI_MA	5,756	5,756	3,800	3,185	3,185	3,185	3,185	3,185	3,185	3,185	3,185	3,185	3,665
000-2300-331- - - Default-IMIA Liability-HORIZON_MA	42,234	41,181	27,957	26,862	24,262	24,262	24,262	24,262	24,262	24,262	23,861	23,861	27,627
000-2300-332- - - Default-IMIA Liability-QUALITY_MA	15,707	13,802	5,254	3,349	1,366	1,366	1,366	1,366	1,366	1,366	1,058	1,058	4,035
000-2300-333- - - Default-IMIA Liability-WILLIAMS_MA	8,624	8,644	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,689
000-2300-340- - - Default-IMIA Liability-STANDARD_KS	24,112	19,642	()	()	0	0	0	0	0	0	0	0	3,646
000-2300-431- - - Default-IMIA Liability-HERRELL	106	106	()	()	0	0	0	0	0	0	0	0	18
000-2300-434- - - Default-IMIA Liability-FECHTEL	5,884	2,659	2,231	913	913	0	0	0	0	0	0	0	1,050
000-2300-435- - - Default-IMIA Liability-HEART	20,965	19,028	11,688	9,902	9,794	9,528	9,528	7,596	7,596	7,596	7,596	7,596	10,701
000-2300-436- - - Default-IMIA Liability-NKCB_MO	10,356	7,363	()	()	0	0	0	0	0	0	0	0	1,477
000-2481-000- - - Provision_Returns and DM Goods	59,939	59,939	59,939	59,939	59,939	59,939	59,939	59,939	59,939	59,939	59,939	59,939	59,939
000-2200-000- - - Accrued Purchases (System)	932,766	428,350	675,008	887,112	1,019,812	764,499	1,144,792	603,513	711,773	399,063	538,328	924,084	748,258
000-2401-000- - - Accrued Property Tax	(95,366)	(63,578)	(31,789)	0	37,518	75,036	112,554	150,072	187,590	225,108	262,626	300,144	96,660
000-2300-110- - - IMIA Liability-UNITE000 Smyrna	(208,071)	(217,405)	(240,024)	(229,817)	(230,879)	(203,970)	(136,900)	(193,348)	(175,446)	(198,233)	(145,196)	(135,458)	(192,896)
000-2300-111- - - IMIA Liability-UNITE000 Albany	54,907	58,102	55,292	61,815	63,677	67,221	73,540	72,053	74,966	74,219	80,434	81,766	68,091
000-2300-112- - - IMIA Liability-UNITE000 Savannah	27,867	26,887	15,467	23,757	26,218	30,642	39,413	34,892	37,388	31,709	39,626	42,341	31,351
Accrued Expenses Subtotal	2,540,694	2,190,787	2,441,370	2,082,276	2,338,614	2,129,751	584,926	1,888,076	2,202,665	2,076,492	1,891,365	2,459,028	2,068,420
Adjustment: Correct for Distributions Charged to 2400 Instead of 3330	*0*	*0*	*0*	*0*	*0*	*0*	*1,769,441*	*0*	*0*	*0*	*0*	*0*	*147,453*
Accrued Expenses Total	**2,540,694**	**2,190,787**	**2,441,370**	**2,082,276**	**2,338,614**	**2,129,751**	**2,354,367**	**1,888,076**	**2,202,665**	**2,076,492**	**1,891,365**	**2,459,028**	**2,215,874**
NWC Liabilities - Other Current Liabilities:													

	2019 September	2019 October	2019 November	2019 December	2020 January	2020 February	2020 March	2020 April	2020 May	2020 June	2020 July	2020 August	TTM Average
000-2610-000- - - Keg Deposits	2,004,731	1,979,061	2,015,491	1,836,950	1,821,096	1,922,346	1,755,342	1,636,092	1,617,837	1,736,831	1,803,746	1,983,636	1,842,763
Other Current Liabilities Total		**1,979,061**	**2,015,491**	**1,836,950**	**1,821,096**	**1,922,346**	**1,755,342**	**1,636,092**	**1,617,837**	**1,736,831**	**1,803,746**	**1,983,636**	**1,842,763**
Net Working Capital Liabilities		**5,340,128**	**5,254,577**	**6,252,773**	**5,321,367**	**4,946,324**	**3,695,045**	**4,834,733**	**4,561,239**	**5,128,012**	**4,837,645**	**5,458,620**	**5,222,162**
Net Working Capital		**5,690,268**	**4,205,302**	**2,951,402**	**3,152,666**	**4,221,475**	**6,222,054**	**4,074,466**	**4,835,867**	**5,108,937**	**4,446,964**	**4,048,602**	**4,362,420**

SweetWater Brewing Company
Balance Sheet Detail

	2019 September	2019 October	2019 November	2019 December	2020 January	2020 February	2020 March	2020 April	2020 May	2020 June	2020 July	2020 August
Assets												
Cash:												
000-1000-000- - - Petty Cash	3,500	3,500	3,500	3,500	3,500	3,750	3,750	3,750	12,847	3,750	12,413	12,412
000-1020-000- - - SunTrust Checking	819,438	451,216	1,663,089	(39,224)	786,564	386,906	1,963,000	1,155,017	1,344,026	392,919	1,284,780	2,813,741
000-1030-000- - - Money Market	807,582	2,509,902	4,109,008	4,337	524,385	1,105,447	297	2,600,948	4,751,418	3,751,639	3,552,006	6,302,258
000-1035-000- - - Cash in Transit	19,455	10,857	12,818	31,387	20,999	25,585	9,417	8,406	171			
999-1020-000- - - Cheese Grits - SunTrust Cash	0	0	0	0								
Total Cash	1,149,976	2,975,175	5,788,408		1,275,532	1,521,748	1,976,464	3,768,161	6,109,462	4,148,307	4,849,203	9,128,411
Accounts Receivable, Net:												
000-1100-000- - - Accounts Receivable	4,588,804	5,350,419	4,106,753	4,230,320	3,175,139	4,012,703	4,603,487	3,765,987	4,583,651	5,274,887	4,071,454	4,071,887
000-1102-000- - - Accounts Receivable - Reserve	(35,819)	(35,819)	(35,819)	(35,819)	(35,819)	(35,819)	(35,819)	(35,819)	(35,819)	(34,972)	(34,972)	(34,972)
000-1103-000- - - A/R A/P Clearing	12,291	17,555	36,525	6,425	28,979	51,527	21,323	12,193	30,800	6,812	26,085	15,444
Total Accounts Receivable, Net	4,565,276	5,332,155	4,107,459	4,200,926	3,168,299	4,028,412	4,588,991	3,742,362	4,578,632	5,246,727	4,062,567	4,052,359
Inventory, Net:												
000-1500-000- - - Raw Materials Inventory	3,125,905	2,766,904	2,780,198	2,697,040	2,970,237	2,933,266	2,787,448	2,866,738	2,513,415	2,610,525	2,777,301	3,140,626
000-1501-000- - - Raw Materials Invenory_Manual	0	0	0	0	0	0	0	0	0	0	0	0
000-1530-000- - - Food Inventory	11,765	9,806	9,546	8,263	9,004	9,556	8,999	7,484	6,147	7,271	6,159	5,912
000-1550-000- - - Work in Process Inventory	44,194	44,203	39,277	44,217	44,272	44,283	43,420	44,210	44,147	36,651	30,250	32,888
000-1551-000- - - WIP Wort	96,678	119,100	51,126	89,879	92,286	116,743	88,466	95,164	144,792	144,150	116,446	21,692
000-1552-000- - - WIP Fermentor	382,813	325,374	342,193	305,642	346,181	308,134	354,190	320,922	245,636	233,877	297,148	399,171
000-1553-000- - - WIP Bright	177,529	131,036	160,773	199,737	178,399	225,307	149,559	211,699	146,553	186,255	202,107	148,106
000-1554-000- - - WIP Tackbox	(11,811)	(16,494)	(39,387)	(28,277)	(540)	12,921	(20,737)	(11,243)	72,906	43,443	68,607	21,130
000-1575-000- - - Finished Goods Inventory	404,788	425,537	397,151	370,504	375,964	265,912	471,748	406,317	410,525	452,169	403,156	397,423
000-1585-000- - - Inventory Reserve	(40,843)	(40,843)	(40,843)	(53,343)	(53,343)	(53,343)	(53,343)	(53,343)	(53,343)	(53,343)	(53,343)	(53,343)
000-1590-000- - - Merchandise Inventory	186,442	195,653	186,631	190,454	205,218	205,382	222,618	214,305	202,522	199,458	210,463	200,186
000-1599-000- - - Spare Parts Inventory	0	0	0	0	0	0	0	0	0	0	0	0
000-1505-000- - - RM_Inventory Recapitalization	130,596	130,596	130,596	49,272	49,272	49,272	49,272	49,272	49,272	49,272	49,272	49,272
000-1555-000- - - WIP_Inventory Recapitalization	388,224	388,224	388,224	231,187	231,187	231,187	231,187	231,187	231,187	231,187	231,187	231,187
000-1570-000- - - FG_Inventory Recapitalization	209,871	209,871	209,871	152,433	152,433	152,433	152,433	152,433	152,433	152,433	152,433	152,433
000-1580-000- - - Finished Goods Inventory TackleBox	(44,634)	(44,634)	(44,634)	(44,634)	(44,634)	(44,634)	(44,634)	(44,634)	(44,634)	(44,634)	(44,634)	(44,634)
000-1591-000- - - Glassware Inventory	0	0	0	0	0	0	0	0	0	0	0	0
000-1598-000- - - Pallet Inventory	59,256	67,110	70,714	46,435	45,610	46,231	61,885	45,792	53,991	62,975	62,211	64,106
Total Inventory, Net	5,120,774	4,711,443	4,641,438	4,258,810	4,601,496	4,502,651	4,502,511	4,496,303	4,175,580	4,311,691	4,508,763	4,766,155
Other Current Assets:												
000-1200-000- - - Prepaid Expense	45,968	43,268	57,633	73,079	91,470	66,044	59,547	68,964	78,273	73,112	57,290	42,310
000-1201-000- - - Prepaid Hops	0	0	208	0	8,241	3,331	0	0	0	0	101,810	101,810
000-1202-000- - - Prepaid Insurance		28,782	33,237	61,531	94,075	93,880	102,185	106,520	75,738	104,053	82,606	58,314
000-1203-000- - - Prepaid Assets and Leases-Prepaid Assets and Lease					0	0	0	0	0	0	0	0
000-1204-000- - - Prepaid Merchandise and POS-Prepaid Merch and POS-	34,727	37,099	52,988	54,993	13,864	13,864	203,164	2,005	2,005	2,005	2,005	14,405
000-1205-000- - - Prepaid State Tax	0	0	0	0	0	0	0	0	0	0	0	0
000-1206-000- - - Prepaid Marketing Media	172,290	431,127	88,273	961	24,115	24,115	24,115	35,944	37,435	43,559	43,387	47,115
000-1210-000- - - Other Receivables	65,373	49,411	63,365	130,844	10,907	16,671	13,880	35,204	27,698	36,002	10,194	10,443
000-1212-000- - - Due From Owner	1,195	1,195	1,195	1,195	1,195	1,195	1,195	1,195	1,195	1,195	1,195	1,195
000-1213-000- - - Tax Payments Due From Partners	6,803	(37,952)	(37,952)	4,750	92,750	92,750	141,198	261,469	264,469		6,825	6,825
000-1250-000- - - Default-Employee Advances-Default	486	0	0	0	0	0	120	0	111	37	199	1,939
000-1596-000- - - POS Inventory	418,621	397,109	415,276	423,031	464,565	418,831	422,587	421,897	421,633	419,763	415,789	412,371
000-1275-000- - - Returned ACH Drafts	0	0	5,468	0	0	0	0	0	0	0	0	0
000-1280-000- - - Distributor Descrepancies	(4,075)	(4,075)	(4,075)	0	0	0	0	0	0	0	0	0
000-1285-000- - - 420 Festival Deposit	0	0	0	0	0	0	0	0	0	0	0	0
000-1592-000- - - POS Inventory	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Current Assets	741,394	945,966	675,618	750,385	741,182	670,181	967,992	923,728	899,088	679,726	721,301	698,070
Property Plant & Equipment, Net:												
000-1699-000- - - Equipment Not in Service	1,853,894	1,853,894	1,853,894	1,853,894	1,853,894	1,853,894	1,853,894	1,853,894	1,743,894	1,743,894	1,743,894	1,743,894
000-1680-000- - - Keg Fleet_2005	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)	(9)
000-1681-000- - - Keg Fleet_2006	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)
000-1682-000- - - Keg Fleet_2007	72,637	72,637	72,637	72,637	72,637	72,637	72,637	72,637	72,637	72,637	72,637	72,637
000-1683-000- - - Keg Fleet_2008	266,220	266,220	266,220	266,220	266,220	266,220	266,220	266,220	266,220	266,220	266,220	266,220
000-1684-000- - - Keg Fleet_2009	405,936	405,936	405,936	405,936	405,936	405,936	405,936	405,936	405,936	405,936	405,936	405,936
000-1685-000- - - Keg Fleet_2010	180,253	180,253	180,253	180,253	180,253	180,253	180,253	180,253	180,253	180,253	180,253	180,253
000-1686-000- - - Keg Fleet_2011	711,806	692,186	692,186	692,186	692,186	692,186	692,186	692,186	692,186	692,186	692,186	692,186
000-1687-000- - - Keg Fleet_2012	1,036,432	1,036,432	1,036,432	1,036,432	1,036,432	1,036,432	1,036,432	1,036,432	1,036,432	1,036,432	1,036,432	1,036,432
000-1688-000- - - Keg Fleet_2013	732,877	732,877	732,877	732,877	732,877	732,877	732,877	732,877	732,877	732,877	732,877	732,877
000-1689-000- - - Keg Fleet_2014	1,180,435	1,180,435	1,180,435	1,180,435	1,180,435	1,180,435	1,180,435	1,180,435	1,180,435	1,180,435	1,180,435	1,180,435
000-1690-000- - - Keg Fleet_2015	2,476,251	2,476,251	2,476,251	2,476,251	2,476,251	2,476,251	2,476,251	2,476,251	2,476,251	2,476,251	2,476,251	2,476,251
000-1705-000- - - Accumulated Depreciation_KEGS	(7,485,896)	(7,529,671)	(7,589,260)	(7,646,269)	(7,692,249)	(7,726,015)	(7,777,611)	(7,820,613)	(7,825,790)	(7,843,471)	(7,870,184)	(7,896,928)
000-1600-000- - - Fixed Assets_General	(113,816)	(113,816)	(113,816)	(113,816)	(113,816)	(113,816)	(113,816)	(113,816)	(113,816)	(113,816)	(113,816)	(113,816)
000-1601-000- - - Building	6,111	6,111	6,111	6,111	6,111	6,111	6,111	6,111	6,111	6,111	6,111	6,111
000-1603-000- - - Building 1195-2181	127,451	127,451	127,451	127,451	127,451	127,451	127,451	127,451	127,451	127,451	127,451	127,451
000-1604-000- - - Brewhouse Equipment 2012	3,060,929	3,060,929	3,060,929	3,060,929	3,060,929	3,060,929	3,060,929	3,060,929	3,060,929	3,060,929	3,060,929	3,060,929
000-1605-000- - - Merchandise Store	55,945	55,945	55,945	55,945	55,945	55,945	55,945	55,945	55,945	55,945	55,945	55,945
000-1606-000- - - Cooler Project 2012	114,656	114,656	114,656	114,656	114,656	114,656	114,656	114,656	114,656	114,656	114,656	114,656
000-1607-000- - - Brewing Equipment Prior to 2012 Expansion	1,372,155	1,372,155	1,372,155	1,372,155	1,372,155	1,372,155	1,372,155	1,372,155	1,372,155	1,372,155	1,372,155	1,372,155
000-1608-000- - - Cellar Expansion 2012	3,013,492	3,013,492	3,013,492	3,013,492	3,013,492	3,013,492	3,013,492	3,013,492	3,013,492	3,013,492	3,013,492	3,013,492
000-1609-000- - - 2012 Brewhouse Building	72,413	72,413	72,413	72,413	72,413	72,413	72,413	72,413	72,413	72,413	72,413	72,413
000-1610-000- - - 2012 11 Brewhouse Expansion	1,357,161	1,357,161	1,357,161	1,357,161	1,357,161	1,357,161	1,357,161	1,357,161	1,357,161	1,357,161	1,357,161	1,357,161
000-1611-000- - - 2013 Boiler Install	99,559	99,559	99,559	99,559	99,559	99,559	99,559	99,559	99,559	99,559	99,559	99,559
000-1612-000- - - Misc. Expansion Projects	308,505	308,505	308,505	308,505	308,505	308,505	308,505	308,505	308,505	308,505	308,505	308,505
000-1614-000- - - Packaging Line 2012	4,841,807	4,841,807	4,841,807	4,841,807	4,841,807	4,841,807	4,841,807	4,841,807	4,841,807	4,841,807	4,841,807	4,841,807
000-1615-000- - - 2013 Keg Line	916,886	916,886	916,886	916,886	916,886	916,886	916,886	916,886	916,886	916,886	916,886	916,886
000-1616-000- - - Lab Equipment	25,764	25,764	25,764	25,764	25,764	25,764	25,764	25,764	25,764	25,764	25,764	25,764
000-1617-000- - - Other Manufacturing Equipment	676,201	676,201	676,201	676,201	676,201	676,201	676,201	676,201	676,201	697,031	697,031	697,031
000-1618-000- - - Silos	261,924	261,924	261,924	261,924	261,924	261,924	261,924	261,924	261,924	261,924	261,924	261,924
000-1619-000- - - Can Filler	1,989,992	1,989,992	1,989,992	1,989,992	1,989,992	1,989,992	1,989,992	1,989,992	1,989,992	1,989,992	1,989,992	1,989,992
000-1620-000- - - 2014 Can Line	590,913	590,913	590,913	590,913	590,913	590,913	590,913	590,913	590,913	590,913	590,913	590,913
000-1621-000- - - Pasteurizer	173,433	173,433	173,433	173,433	173,433	173,433	173,433	173,433	173,433	173,433	173,433	173,433
000-1622-000- - - Wastewater Treatment Equipment	205,207	205,207	205,207	205,207	205,207	205,207	205,207	205,207	205,207	205,207	205,207	205,207
000-1623-000- - - Yeast Propagation System	146,590	146,590	146,590	146,590	146,590	146,590	146,590	146,590	146,590	146,590	146,590	146,590
000-1624-000- - - Automation	542,954	526,948	526,948	526,948	526,948	526,948	526,948	526,948	526,948	526,948	526,948	510,777
000-1625-000- - - Leasehold Improvements	1,105,047	1,105,047	1,105,047	1,105,047	1,105,047	1,105,047	1,105,047	1,105,047	1,105,047	1,105,047	1,105,047	1,105,047
000-1626-000- - - Office Furniture and Equipment	295,419	295,419	295,419	295,419	300,652	301,652	311,679	311,679	311,679	311,679	311,679	314,325
000-1627-000- - - Software	217,558	217,558	217,558	217,558	217,558	217,558	217,558	217,558	217,558	217,558	217,558	217,558
000-1628-000- - - Land Improvements	20,692	20,692	20,692	20,692	20,692	20,692	20,692	20,692	20,692	20,692	20,692	20,692

	2019 September	2019 October	2019 November	2019 December	2020 January	2020 February	2020 March	2020 April	2020 May	2020 June	2020 July	2020 August
000-1629-000- - - Land 217 Ottley Drive	1,352,813	1,352,813	1,352,813	1,352,813	1,352,813	1,352,813	1,352,813	1,352,813	1,352,813	1,352,813	1,352,813	1,352,813
000-1631-000- - - 2014 Bottle Enhancement	98,918	98,918	98,918	98,918	98,918	98,918	98,918	98,918	98,918	98,918	98,918	98,918
000-1632-000- - - 2014 Cellar Expansion	1,214,250	1,214,250	1,214,250	1,214,250	1,214,250	1,214,250	1,214,250	1,214,250	1,214,250	1,214,250	1,214,250	1,214,250
000-1633-000- - - Default-Turner Field Stand Buildout-Default	30,357	30,357	30,357	30,357	30,357	30,357	30,357	30,357	30,357	30,357	30,357	30,357
000-1634-000- - - 170 Ottley Drive Improvements	158,773	158,773	158,773	158,773	158,773	158,773	158,773	158,773	158,773	158,773	158,773	158,773
000-1635-000- - - Glycol Chiller 2014	187,165	187,165	187,165	187,165	187,165	187,165	187,165	187,165	187,165	187,165	187,165	187,165
000-1636-000- - - Bottle Condition Skid	514,730	514,730	514,730	514,730	514,730	514,730	514,730	514,730	514,730	514,730	514,730	514,730
000-1637-000- - - 2014 Repack Line	30,274	30,274	30,274	30,274	30,274	30,274	30,274	30,274	30,274	30,274	30,274	30,274
000-1638-000- - - CIP System 2014	61,698	61,698	61,698	61,698	61,698	61,698	61,698	61,698	61,698	61,698	61,698	61,698
000-1639-000- - - Feldmeier Fermenter_2014	519,490	519,490	519,490	519,490	519,490	519,490	519,490	519,490	519,490	519,490	519,490	519,490
000-1640-000- - - Feldmeier Brite Tanks_2014	98,874	98,874	98,874	98,874	98,874	98,874	98,874	98,874	98,874	98,874	98,874	98,874
000-1641-000- - - Cellar Flooring 2014	46,258	46,258	46,258	46,258	46,258	46,258	46,258	46,258	46,258	46,258	46,258	46,258
000-1642-000- - - Music Midtown Balloon	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600
000-1643-000- - - Bottling Line - 750 ML Bottles	167,947	167,947	167,947	167,947	167,947	167,947	167,947	167,947	167,947	167,947	167,947	167,947
000-1644-000- - - 2015 New Building	5,191,627	5,191,627	5,191,627	5,191,627	5,191,627	5,191,627	5,191,627	5,191,627	5,191,627	5,191,627	5,191,627	5,191,627
000-1645-000- - - 2015 Barrel Project	135,009	135,009	135,009	135,009	135,009	135,009	135,009	135,009	135,009	135,009	135,009	135,009
000-1646-000- - - 2015 Misc Brew Infratructure	55,875	55,875	55,875	55,875	55,875	55,875	55,875	55,875	55,875	55,875	55,875	55,875
000-1647-000- - - Cellar Expansion 2015-16	1,348,226	1,348,226	1,348,226	1,348,226	1,348,226	1,348,226	1,348,226	1,348,226	1,348,226	1,348,226	1,348,226	1,348,226
000-1649-000- - - Mobile Equipment	95,287	105,039	105,039	105,039	105,039	105,039	105,039	105,039	105,039	124,403	124,403	124,403
000-1700-000- - - Accumulated Depreciation	(23,014,436)	(23,274,355)	(23,545,591)	(23,815,236)	(24,079,846)	(24,358,035)	(24,633,496)	(24,909,309)	(25,184,599)	(25,459,019)	(25,733,058)	(25,998,739)
000-1770-000- - - Sale of Used Equipmetn	0	0	0	0	0	0	0	0	0	0	0	0
000-1805-000- - - Sale of Tanks	0	0	0	0	0	0	0	0	0	0	0	0
999-1603-000- - - Cheese Grits - Building (195-215)	9,725,227	9,725,227	9,725,227	9,725,227	9,725,227	9,725,227	9,725,227	9,725,227	9,725,227	9,725,227	9,725,227	9,725,227
999-1628-000- - - Cheese Grits - Land	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
000-1650-000- - - 2016 Pilot Equipment	117,664	117,664	117,664	117,664	117,664	117,664	117,664	117,664	117,664	117,664	117,664	117,664
000-1651-000- - - 2016 Office Expansion	11,978	11,978	11,978	11,978	11,978	11,978	11,978	11,978	11,978	11,978	11,978	11,978
000-1652-000- - - 2016 Foeder Installation - New Building	135,411	135,411	135,411	135,411	135,411	135,411	135,411	135,411	135,411	135,411	135,411	135,411
000-1653-000- - - FOH Fixed Assets	9,134	9,134	9,134	9,134	9,134	9,134	9,134	9,134	9,134	9,134	9,134	9,134
000-1654-000- - - 2016 Labeler Project	156,908	156,908	156,908	156,908	156,908	156,908	156,908	156,908	156,908	156,908	156,908	156,908
000-1655-000- - - Fixed Warehouse Equip - New Building	180,314	180,314	180,314	180,314	180,314	180,314	180,314	180,314	180,314	180,314	180,314	180,314
000-1656-000- - - Furniture & Fixtures - New Building	60,144	60,144	60,144	60,144	60,144	60,144	60,144	60,144	60,144	60,144	60,144	60,144
000-1657-000- - - New Building - Other	91,157	91,157	91,157	91,157	91,157	91,157	91,157	91,157	91,157	91,157	91,157	91,157
000-1658-000- - - Packaging Pallet Conveyor - 2017	72,022	79,622	85,859	88,720	88,720	63,645	63,645	63,645	63,645	63,645	63,645	63,645
000-1659-000- - - Project Buffalo	64,184	64,184	64,184	64,184	64,184	64,184	64,184	64,184	64,184	64,184	64,184	64,184
000-1660-000- - - Restaurant Buildout	2,472,996	2,503,315	2,506,995	2,506,995	2,506,995	2,506,995	2,506,995	2,506,995	2,506,995	2,506,995	2,506,995	2,506,995
000-1662-000- - - Wort Souring Project - 2018	15,325	15,325	15,325	15,325	15,325	15,325	15,325	15,325	15,325	15,325	15,325	15,325
000-1663-000- - - Waste Yeast Pump - 2018 Project	10,153	10,153	10,153	10,153	10,153	10,153	10,153	10,153	10,153	10,153	10,153	10,153
000-1664-000- - - Brewhouse - Capital Projects	16,947	52,952	73,438	118,723	163,931	271,977	288,462	311,522	311,522	311,522	311,522	311,522
000-1665-000- - - Restaurant Equipment	601,799	605,926	608,203	610,129	610,129	610,129	610,129	610,129	610,129	610,129	610,129	610,129
000-1666-000- - - Well Project	87,514	87,514	87,514	87,514	87,514	87,514	87,514	87,514	87,514	87,514	87,514	87,514
000-1691-000- - - Keg Fleet 2016	885,259	885,259	885,259	885,259	885,259	885,259	885,259	885,259	885,259	885,259	885,259	885,259
Total Property Plant & Equipment, Net	26,378,523	26,127,607	25,829,439	25,552,882	25,292,730	25,053,746	24,764,202	24,485,446	24,076,979	23,819,474	23,522,256	23,219,862
Intangible Assets, Net												
000-1910-000- - - Trademark	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000
000-1911-000- - - Licensed Trademarks	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
000-1930-000- - - Organization and Start-up Costs	63,878	63,878	63,878	63,878	63,878	63,878	63,878	63,878	63,878	63,878	63,878	63,878
000-2000-000- - - Accumulated Amortization	(63,878)	(63,878)	(63,878)	(63,878)	(63,878)	(63,878)	(63,878)	(63,878)	(63,878)	(63,878)	(63,878)	(63,878)
Total Intangible Assets, Net	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000
Total Assets	**38,275,944**	**40,412,346**	**41,362,361**	**35,083,004**	**35,399,210**	**36,096,738**	**37,120,162**	**37,736,002**	**40,158,741**	**38,525,925**	**39,984,089**	**42,184,856**
Liabilities												
Current Portion of Long-term Debt												
000-2505-000- - - Notes Payable_Current	0	0	0	100,189	0	0	0	0	0	0	0	0
Total Current Portion of Long-term Debt	0	0	0	100,189	0	0	0	0	0	0	0	0
Accounts Payable:												
000-2101-000- - - Accounts Payable - Manual	82,410	82,408	82,408	341,059	125,406	80,422	60,424	45,364	510,150	503,529	493,529	493,307
000-2111-000- - - Accounts Payable - AMEX	117,405	133,278	115,797	152,864	163,669	189,634	125,921	27,730	27,907	125,827	98,391	48,988
000-2112-000- - - Accounts Payable - Concur Cash	2,803	2,043	3,468	1,145	2,361	1,456	(82)	(1,749)	(1,902)	(254)	(867)	(832)
000-2100-000- - - Accounts Payable	514,994	952,551	596,043	1,838,480	873,220	622,714	1,168,514	1,244,220	645,582	1,126,587	992,481	915,494
000-2110-000- - - Accounts Payable - Credit Card	0	0	0	0	0	0	0	0	0	0	0	0
Total Accounts Payable	717,611	1,170,280	797,716	2,333,548	1,164,657	894,227	1,354,777	1,315,565	1,181,737	1,755,689	1,583,534	1,456,956
Accrued Expenses and Other Current Liabilities:												
000-2435-000- - - Deferred Event Revenue	272,088	344,026	387,936	206,739	198,628	212,981	229,595	232,975	199,159	213,089	201,407	182,170
000-2201-000- - - Accrued Purchases (Manual)	0	0	0	0	0	0	0	0	0	0	0	0
000-2400-000- - - Accrued Expenses	312,834	259,790	220,328	206,693	214,578	346,749	(1,570,946)	242,867	252,549	434,938	237,398	278,184
000-2403-000- - - Accrued Freight Expense	70,000	50,000	85,000	45,000	45,000	75,000	90,000	90,000	80,000	80,000	50,000	80,000
000-2404-000- - - Accrued Utilities	122,000	122,000	122,000	112,000	112,000	112,000	112,000	112,000	122,047	112,000	112,000	113,055
000-2420-000- - - International POS Accrual	0	0	0	0	0	0	0	0	0	0	1,215	1,215
000-2455-000- - - Accrued Excise Tax	52,296	198,842	153,136	175,171	38,827	41,459	53,811	145,811	198,615	226,789	189,064	177,827
000-2460-000- - - Accrued Sales & Use Tax	342,153	340,928	344,103	343,761	335,935	341,367	328,653	317,628	320,438	324,706	319,752	325,925
000-2465-000- - - Income Taxes Payable	208,662	208,662	208,662	208,662	208,662	208,662	208,662	208,662	208,662	208,662	208,662	208,662
000-2440-000- - - Accrued Dependant Care FSA Liability	1,392	1,392	1,392	1,392	1,392	1,392	1,392	1,392	1,392	1,392	1,392	1,392
000-2445-000- - - Accrued Medical FSA Liability	22,854	22,162	23,785	20,424	20,358	19,068	20,027	17,871	18,018	17,526	18,786	19,491
000-2450-000- - - Accrued Payroll Liability	192,777	279,378	309,748	61,865	159,456	163,237	194,239	173,949	305,048	271,993	119,359	183,662
000-2451-000- - - Accrued Comp Liability	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583
000-2452-000- - - Insurance Pass Throughs	(6,193)	(4,288)	(2,265)	(3,037)	(3,913)	(2,402)	(3,926)	(4,398)	(4,910)	(3,900)	(3,452)	(4,635)
000-2470-000- - - Accrued Bonus - Admin	53,294	59,549	65,804	56,034	65,076	18,084	3,192	1	1	1	1	1
000-2471-000- - - Accrued Bonus - Packaging	6,296	6,995	7,695	5,994	6,695	1,492	90	90	90	90	90	90
000-2473-000- - - Accrued Bonus - Marketing	83,106	92,340	101,574	81,391	90,108	17,442	8	8	8	8	8	8
000-2474-000- - - Accrued Bonus - Sales	299,383	257,730	316,077	107,000	158,483	114,028	146	146	(25,741)	(23,005)	(31,444)	(31,444)
000-2475-000- - - Accrued Bonus - National Accounts	20,665	26,902	33,139	19,377	27,107	16,200	740	740	(18,048)	(15,700)	(15,700)	(15,700)
000-2476-000- - - Accrued Bonus - Events	2,529	3,650	4,771	4,392	917	1,736	98	98	98	98	98	98
000-2477-000- - - Accrued Bonus - Brewhouse	8,351	9,279	10,207	7,134	8,054	1,883	43	43	43	43	43	43
000-2479-000- - - Accrued Bonus - Lab	1,549	1,721	1,893	2,066	2,245	358	1	1	1	1	1	1
000-2485-000- - - Accrued Bonus - Maintenance	2,867	3,185	3,504	3,822	4,151	662	4	4	4	4	4	4
000-2486-000- - - Accrued Bonus - Warehouse	7,025	7,805	8,586	10,434	11,552	2,235						
000-2487-000- - - Accrued Bonus - Tour	17,834	20,000	21,477	0	850	2,158	0	0	0	0	0	0
000-2610-000- - - Deferred Revenue - Beer Club	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-000- - - IMIA Liability	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-119- - - IMIA Liability-ADAMS_NC	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-120- - - IMIA Liability-CARPR000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-121- - - IMIA Liability-CITYBEV_NC	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-122- - - IMIA Liability-EMPIRE000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-123- - - IMIA Liability-HARRIS000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-124- - - IMIA Liability-IHCAF000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-125- - - IMIA Liability-RAJRAL000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-126- - - IMIA Liability-RAJWIL000	0	0	0	0	0	0	0	0	0	0	0	0

	2019 September	2019 October	2019 November	2019 December	2020 January	2020 February	2020 March	2020 April	2020 May	2020 June	2020 July	2020 August
000-2300-127- - - IMIA Liability-UNIBEV	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-129- - - IMIA Liability-RHBAR_NC	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-130- - - IMIA Liability-BEVER000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-131- - - IMIA Liability-CARBE000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-132- - - IMIA Liability-COMER	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-133- - - IMIA Liability-GEN000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-134- - - IMIA Liability-GREEN000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-135- - - IMIA Liability-LEE000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-136- - - IMIA Liability-YAHNIS	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-140- - - IMIA Liability-BLITTLE	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-141- - - IMIA Liability-BUCKH000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-142- - - IMIA Liability-CARROLL	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-143- - - IMIA Liability-CB000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-144- - - IMIA Liability-CITYBEV	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-145- - - IMIA Liability-CONE000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-146- - - IMIA Liability-DAYTONA	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-147- - - IMIA Liability-GBAY0000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-148- - - IMIA Liability-GCBEV NORTH	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-149- - - IMIA Liability-GCBEV SOUTH	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-150- - - IMIA Liability-GCED000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-151- - - IMIA Liability-GRG0000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-152- - - IMIA Liability-NFS000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-153- - - IMIA Liability-PEPIN000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-154- - - IMIA Liability-PRD000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-155- - - IMIA Liability-SBS000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-156- - - IMIA Liability-STHEAGLE	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-157- - - IMIA Liability-WDENSCH	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-160- - - IMIA Liability-ALLSTA000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-162- - - IMIA Liability-GULF000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-163- - - IMIA Liability-PREM000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-164- - - IMIA Liability-SUPR000 Huntsville	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-165- - - IMIA Liability-SUPR000 Tuscaloosa	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-170- - - IMIA Liability-BUD-CHAT	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-171- - - IMIA Liability-BUD-CLARK	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-172- - - IMIA Liability-BUD-COOK	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-173- - - IMIA Liability-DET000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-174- - - IMIA Liability-EAGB000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-175- - - IMIA Liability-HG_HOLSTON	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-176- - - IMIA Liability-MIDSOU000	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-177- - - IMIA Liability-TARVER	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-180- - - IMIA Liability-CHAMPAGNE	7,095	6,765	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195	6,195
000-2300-181- - - IMIA Liability-MOCKLER	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-182- - - IMIA Liability-NOLA_SEAGLE	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-190- - - IMIA Liability-KYEAGLE	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-191- - - IMIA Liability-RIVERCITY	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-192- - - IMIA Liability-SELIGMAN	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-210- - - Default-IMIA Liability-VA_EAGLE	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-211- - - Default-IMIA Liability-LOVELAND	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-212- - - Default-IMIA Liability-HOFFMAN	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-213- - - Default-IMIA Liability	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-214- - - Default-IMIA Liability-M PRICE	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-215- - - Default-IMIA Liability-FICK	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-220- - - Default-IMIA Liability-OPTEGI_DC	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-242- - - Default-IMIA Liability-STAGNARO	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-265- - - Default-IMIA Liability-PA General	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-270- - - Default-IMIA Liability-SEDTX	13,218	12,601	10,516	10,266	9,859	9,817	9,595	7,214	7,214	7,214	7,214	7,214
000-2300-330- - - Default-IMIA Liability-GIRARDI_MA	5,756	5,756	3,800	3,185	3,185	3,185	3,185	3,185	3,185	3,185	3,185	3,185
000-2300-331- - - Default-IMIA Liability-HORIZON_MA	42,234	41,181	27,957	26,862	24,262	24,262	24,262	24,262	24,262	24,262	23,861	23,861
000-2300-332- - - Default-IMIA Liability-QUALITY_MA	15,707	13,802	5,254	3,349	1,366	1,366	1,366	1,366	1,366	1,366	1,058	1,058
000-2300-333- - - Default-IMIA Liability-WILLIAMS_MA	8,624	8,644	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300	6,300
000-2300-340- - - Default-IMIA Liability-STANDARD_KS	24,112	19,642	()	()	0	0	0	0	0	0	0	0
000-2300-430- - - Default-IMIA Liability-GREYMO	4,440				0	0	0	0	0	0	0	0
000-2300-431- - - Default-IMIA Liability-HERRELL	106	106	()	()	0	0	0	0	0	0	0	0
000-2300-432- - - Default-IMIA Liability-KREYDIST	()	()	()	()	0	0	0	0	0	0	0	0
000-2300-433- - - Default-IMIA Liability-LOHRDIST	0	0	0	0	0	0	0	0	0	0	0	0
000-2300-434- - - Default-IMIA Liability-FECHTEL	5,884	2,659	2,231	913	913	0	0	0	0	0	0	0
000-2300-435- - - Default-IMIA Liability-HEART	20,965	19,028	11,688	9,902	9,794	9,528	9,528	7,596	7,596	7,596	7,596	7,596
000-2300-436- - - Default-IMIA Liability-NKCB_MO	10,356	7,363	()	()	0	0	0	0	0	0	0	0
000-2305-110- - - Default-Co-op Liability-UNITE000 Smyrna	0	0	0	0	0	0	0	0	0	0	0	0
000-2310-000- - - IMIA and Coop Reserve	0	0	0	0								
000-2481-000- - - Provision_Returns and DM Goods	59,939	59,939	59,939	59,939	59,939	59,939	59,939	59,939	59,939	59,939	59,939	59,939
000-2482-154- - - Default-Provision_IMIA Reserve-PRD000	0	0	0	0	0	0	0	0	0	0	0	0
000-2482-156- - - Default-Provision_IMIA Reserve-STHEAGLE	0	0	0	0	0	0	0	0	0	0	0	0
000-2482-176- - - Default-Provision_IMIA Reserve-MIDSOU000	0	0	0	0	0	0	0	0	0	0	0	0
000-2482-212- - - Default-Provision_IMIA Reserve-HOFFMAN	0	0	0	0	0	0	0	0	0	0	0	0
000-2200-000- - - Accrued Purchases (System)	932,766	428,350	675,008	887,112	1,019,812	764,499	1,144,792	603,513	711,773	399,063	538,328	924,084
000-2410-000- - - Refundable Keg Deposits	2,004,731	1,979,061	2,015,491	1,886,950	1,821,096	1,922,346	1,755,342	1,636,092	1,617,837	1,736,881	1,803,746	1,983,636
000-2415-000- - - Refundable Pallet Deposits	0	0	0	0	0	0	0	0	0	0	0	0
000-2401-000- - - Accrued Property Tax	(95,366)	(63,578)	(31,789)	0	37,518	75,036	112,554	150,072	187,590	225,108	262,626	300,144
000-2300-110- - - IMIA Liability-UNITE000 Smyrna	(208,071)	(217,405)	(240,024)	(229,817)	(230,879)	(203,970)	(136,900)	(193,348)	(175,446)	(198,233)	(145,196)	(135,458)
000-2300-111- - - IMIA Liability-UNITE000 Albany	54,907	58,102	55,292	61,815	63,677	67,221	73,540	72,053	74,066	74,219	80,434	81,766
000-2300-112- - - IMIA Liability-UNITE000 Savannah	27,867	26,887	15,467	23,757	26,218	30,642	39,413	34,892	37,388	31,709	39,626	42,341
000-2305-111- - - Default-Co-op Liability-UNITE000 Albany	0	0	0	0	0	0	0	0	0	0	0	0
000-2305-112- - - Default-Co-op Liability-UNITE000 Savannah	0	0	0	0	0	0	0	0	0	0	0	0
000-2305-113- - - Co-op Liability-UNITE000 SweetWater	0	0	0	0	0	0	0	0	0	0	0	0
000-2305-130- - - Default-Co-op Liability-BEVER000	0	0	0	0	0	0	0	0	0	0	0	0
000-2305-177- - - Default-Co-op Liability-TARVER	0	0	0	0	0	0	0	0	0	0	0	0
000-2305-210- - - Default-Co-op Liability-VA_EAGLE	0	0	0	0	0	0	0	0	0	0	0	0
000-2305-270- - - Default-Co-op Liability-SEDTX	0	0	0	0	0	0	0	0	0	0	0	0
Total Accrued Expenses and Other Current Liabilities	5,030,615	4,722,535	5,053,459	4,334,621	4,567,000	4,473,341	2,778,526	3,960,805	4,228,823	4,235,075	4,105,181	4,883,496
Deferred Brand Revenue, Current												
000-2605-000- - - Def Rev Brand Rights_Current	1,533,320	1,336,097	1,167,350	998,803	829,956	678,332	566,396	454,460	347,594	245,797	144,001	42,205
Total Deferred Brand Revenue, Current	1,533,320	1,336,097	1,167,350	998,803	829,956	678,332	566,396	454,460	347,594	245,797	144,001	42,205
Deferred Brand Revenue, Non-Current												
000-2600-000- - - Default-Def Revenue Brand Rights-Default	(1,533,320)	(1,336,097)	(1,167,350)	(998,803)	(829,956)	(678,332)	(566,396)	(454,460)	(347,594)	(245,797)	(144,001)	(42,205)
000-2600-165- - - Def Revenue Brand Rights-Bama BUD	26,606	24,187	21,759	19,350	16,931	14,512	12,094	9,675	7,256	4,837	2,419	0
000-2600-167- - - Def Revenue Brand Rights-Birm BUD	106,425	96,750	87,075	77,400	67,725	58,050	48,375	38,700	29,025	19,350	9,675	0
000-2600-178- - - Default-Def Revenue Brand Rights-Bud of Memphis	0	0	0	0	0	0	0	0	0	0	0	0
000-2600-220- - - Def Revenue Brand Rights-CCB_JACKSM-MS	()	()	()	()	0	0	0	0	0	0	0	0
000-2600-231- - - Def Revenue Brand Rights-F.E.B.												
000-2600-232- - - Def Revenue Brand Rights-ASB_MS												

	2019 September	2019 October	2019 November	2019 December	2020 January	2020 February	2020 March	2020 April	2020 May	2020 June	2020 July	2020 August
000-2600-233--- Def Revenue Brand Rights-MITCHELL	()	()	()	()	()	()	()	()	()	()	()	()
000-2600-234--- Def Revenue Brand Rights-STOKES	9,652	6,435	3,217	()	0	0	0	0	0	0	0	0
000-2600-240--- Def Revenue Brand Rights-SBG-OH COLUMBUS	38,966											
000-2600-241--- Def Revenue Brand Rights-SBG-OH CLEVELAND	()	()	()	()	()	()	()	()	()	()	()	()
000-2600-242--- Def Revenue Brand Rights-STAGNARO												
000-2600-243--- Def Revenue Brand Rights-TREUHOUSE												
000-2600-244--- Def Revenue Brand Rights-BEERCO	()	()	()	()	()	()	()	()	()	()	()	()
000-2600-245--- Def Revenue Brand Rights-CBCOH	()	()	()	()	()	()	()	()	()	()	()	()
000-2600-246--- Def Revenue Brand Rights-BONBRIGHT	()	()	()	()	()	()	()	()	()	()	()	()
000-2600-247--- Def Revenue Brand Rights-SEBEVCO-OH	4,420				0	0	0	0	0	0	0	0
000-2600-248--- Def Revenue Brand Rights-BFD-OH	6,423											
000-2600-249--- Def Revenue Brand Rights-BROWN_OH	0	0	0	0	0	0	0	0	0	0	0	0
000-2600-250--- Def Revenue Brand Rights-Mitchell--MD	72,940	58,352	43,764	29,176	14,588	()	()	()	()	()	()	()
000-2600-251--- Def Revenue Brand Rights-Wantz-MD	19,905	14,929	9,953	4,976	0	0	0	0	0	0	0	0
000-2600-252--- Def Revenue Brand Rights-Kelly-MD	9,681	7,261	4,841	2,420	()	()	()	()	()	()	()	()
000-2600-253--- Def Revenue Brand Rights-Guy-MD	2,394	1,796	1,197	599	0	0	0	0	0	0	0	0
000-2600-254--- Def Revenue Brand Rights-EasternShore-MD	7,708	5,781	3,854	1,927	0	0	0	0	0	0	0	0
000-2600-255--- Def Revenue Brand Rights-BobHall-MD	16,331	12,248	8,165	4,083	()	()	()	()	()	()	()	()
000-2600-260--- Def Revenue Brand Rights-LAKESHORE	125,000	100,000	75,000	50,000	25,000	0	0	0	0	0	0	0
000-2600-266--- Def Revenue Brand Rights-Fuhrer	76,050	65,910	55,770	45,630	35,490	25,350	15,210	5,070	0	0	0	0
000-2600-268--- Def Revenue Brand Rights-Muller	250,000	230,000	210,000	190,000	170,000	150,000	130,000	110,000	90,000	70,000	50,000	30,000
000-2600-269--- Def Revenue Brand Rights-Wilsbach	53,181	49,090	44,999	40,909	36,818	32,727	28,636	24,545	20,454	16,364	12,273	8,182
000-2600-281--- Def Revenue Brand Rights-PEERLESS_NJ	236,236	214,762	193,286	171,810	150,333	128,857	107,381	85,905	64,429	42,953	21,476	
000-2600-290--- Def Revenue Brand Rights-Manhattan	430,493	391,357	352,221	313,086	273,950	234,814	195,679	156,543	117,407	78,271	39,136	()
000-2600-301--- Def Revenue Brand Rights-Star	56,034	51,552	47,069	42,586	38,103	33,621	29,138	24,655	20,172	15,690	11,207	6,724
000-2600-302--- Def Revenue Brand Rights-A Gallo	6,203	5,686	5,170	4,653	4,136	3,619	3,102	2,585	2,068	1,551	1,034	517
Total Deferred Brand Revenue, less Current	16,332	()	()	()	3,218	3,218	3,218	3,218	3,218	3,218	3,218	3,218
Intercompany - SWB & CG:												
000-1235-000--- I/C Rec - Cheese Grits	940,960	940,960	940,960	940,960	940,960	940,960	940,960	940,960	940,960	940,960	940,960	940,960
000-1300-000--- Equity Investment in Cheese Grits, LLC	(9,125,000)	(9,125,000)	(9,125,000)	(9,125,000)	(9,125,000)	(9,125,000)	(9,125,000)	(9,125,000)	(9,125,000)	(9,125,000)	(9,125,000)	(9,125,000)
000-2510-000--- I/C Payable - Cheese Grits	(940,960)	(940,960)	(940,960)	(940,960)	(940,960)	(940,960)	(940,960)	(940,960)	(940,960)	(940,960)	(940,960)	(940,960)
999-1235-000--- Cheese Grits - Interco Rec												
999-2510-000--- Cheese Grits - Interco Pay	9,125,000	9,125,000	9,125,000	9,125,000	9,125,000	9,125,000	9,125,000	9,125,000	9,125,000	9,125,000	9,125,000	9,125,000
Total Intercompany - SWB & CG	1	1	1	1	1	1	1	1	1	1	1	1
Long-term Debt, less Current:												
000-2500-000--- Notes Payable	0	0	0	0	0	0	0	0	0	0	0	0
Total Long-term Debt, less Current	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	**7,297,880**	**7,228,913**	**7,018,526**	**7,766,962**	**6,564,732**	**6,049,118**	**4,702,917**	**5,734,049**	**5,760,872**	**6,239,779**	**5,835,935**	**6,335,876**
Equity												
Members' Capital:												
000-3100-000--- Original Capital Contribution	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
000-3205-000--- Buy Back Shares_Trout	(95,000,000)	(95,000,000)	(95,000,000)	(95,000,000)	(95,000,000)	(95,000,000)	(95,000,000)	(95,000,000)	(95,000,000)	(95,000,000)	(95,000,000)	(95,000,000)
000-3206-000--- Buyback Shares_EE Equity	(249,624)	(249,624)	(249,624)	(249,624)	(249,624)	(249,624)	(249,624)	(281,624)	(281,624)	(281,624)	(281,624)	(281,624)
000-3250-000--- Employee Equity	7,509,320	7,509,320	7,509,320	7,530,991	7,530,991	7,530,991	7,545,170	7,545,170	7,545,170	7,559,889	7,559,889	7,559,889
000-3255-000--- Investor Equity_Trout	95,000,000	95,000,000	95,000,000	95,000,000	95,000,000	95,000,000	95,000,000	95,000,000	95,000,000	95,000,000	95,000,000	95,000,000
999-3100-000--- Cheese Grits - Original Capital Contribution	555,586	555,586	555,586	555,586	555,586	555,586	555,586	555,586	555,586	555,586	555,586	555,586
Total Members' Capital	8,615,282	8,615,282	8,615,282	8,636,953	8,636,953	8,636,953	8,651,132	8,619,132	8,619,132	8,633,851	8,633,851	8,633,851
Undistributed Members' Earnings:												
000-3200-000--- Buy Back Shares	(3,840,940)	(3,840,940)	(3,840,940)	(3,840,940)	(3,840,940)	(3,840,940)	(3,840,940)	(3,840,940)	(3,840,940)	(3,840,940)	(3,840,940)	(3,840,940)
000-3300-000--- Distributions to Members	(26,659,750)	(26,659,750)	(26,659,750)	(26,659,750)	(26,659,750)	(26,659,750)	(26,659,750)	(26,659,750)	(26,659,750)	(26,659,750)	(26,659,750)	(26,659,750)
000-3305-000--- Working Capital Distribution	(1,475,991)	(1,475,991)	(1,475,991)	(1,475,991)	(1,475,991)	(1,475,991)	(1,475,991)	(1,475,991)	(1,475,991)	(1,475,991)	(1,475,991)	(1,475,991)
000-3310-000--- Tax Distribution	(49,220,054)	(49,220,054)	(49,220,054)	(50,606,300)	(50,606,300)	(50,606,300)	(50,636,859)	(52,406,300)	(52,406,300)	(55,040,050)	(55,040,050)	(55,040,050)
000-3315-000--- Excess Cash Distribution	(52,434,812)	(52,434,812)	(52,434,812)	(59,234,812)	(59,234,812)	(59,234,812)	(59,234,812)	(59,234,812)	(59,234,812)	(61,521,765)	(61,853,791)	(61,853,791)
000-3900-000--- Retained Earnings	137,198,264	137,198,264	137,198,264	137,198,264	159,926,913	159,926,913	159,926,913	159,926,913	159,926,913	159,926,913	159,926,913	159,926,913
000-3910-000--- Accumulated Earnings	(14,332)	(14,332)	(14,332)	(14,332)	(14,332)	(14,332)	(14,332)	(14,332)	(14,332)	(14,332)	(14,332)	(14,332)
999-3900-000--- Cheese Grits - Retained Earnings	701,971	701,971	701,971	701,971	701,971	701,971	701,971	701,971	701,971	701,971	701,971	701,971
000-3311-000--- Tax WH on Non-Res Dist	(117,670)	(117,670)	(117,670)	(117,670)	(117,670)	(117,670)	(117,670)	(117,670)	(117,670)	(117,670)	(117,670)	(117,670)
YTD P&L	18,226,096	20,431,465	21,591,866	22,728,649	1,518,467	2,731,579	5,117,583	6,503,734	8,899,648	11,693,910	13,887,944	15,588,770
Total Undistributed Members' Earnings	22,362,782	24,568,151	25,728,552	18,679,089	20,197,556	21,410,667	23,766,113	23,382,822	25,778,737	23,652,296	25,514,304	27,215,129
	30,978,064	**33,183,433**	**34,343,834**	**27,316,041**	**28,834,508**	**30,047,620**	**32,417,245**	**32,001,954**	**34,397,869**	**32,286,146**	**34,148,155**	**35,848,980**
	38,275,943	**40,412,345**	**41,362,360**	**35,083,003**	**35,399,240**	**36,096,738**	**37,120,162**	**37,736,002**	**40,158,741**	**38,525,925**	**39,984,089**	**42,184,856**
					0	**0**	**0**	**0**	**0**	**()**	**0**	

ANNEX VII

Payment Schedule

(See attached)

ANNEX VII

Payment Schedule

The amounts payable by Parent pursuant to Section 2.11(f) of the Agreement will be determined as follows:

Blocker Seller will be entitled to receive pursuant to Section 1.2 of the Agreement an amount in cash equal to the product of (i) the Preference Amount (as defined in the Company LLC Agreement), calculated as of the Closing, times (ii) the number of Class T Units held by the Blocker following the Pre-Closing Blocker Reorganization and immediately prior to the Closing.

Each Class T Unit (other than Class T Units held by the Blocker following the Pre-Closing Blocker Reorganization and immediately prior to the Closing) will be converted pursuant to Section 2.7(b) of the Agreement into the right to receive an amount in cash equal to the Preference Amount, calculated as of the Closing.

Each Class O Unit (other than Cancelled Units) will be converted pursuant to Section 2.7(b) of the Agreement into the right to receive the portions of (i) the Estimated Purchase Price (as adjusted pursuant to Section 2.13), (ii) the Stock Consideration, (iii) the Earn-Out Payments, and (iv) any consideration payable pursuant to Section 6.12(f) of the Agreement, in each case to which a Class O Unit is entitled as of the Closing pursuant to the Company LLC Agreement.

Each Class M Unit (other than Cancelled Units) will be converted pursuant to Section 2.7(b) of the Agreement into the right to receive the portions of (i) the Estimated Purchase Price (as adjusted pursuant to Section 2.13), (ii) the Stock Consideration, (iii) the Earn-Out Payments, and (iv) any consideration payable pursuant to Section 6.12(f) of the Agreement, in each case to which a Class M Unit is entitled as of the Closing pursuant to the Company LLC Agreement.

This Payment Schedule sets forth estimated calculations of the amounts set forth above assuming (i) a Closing Date of December 15, 2020, (ii) estimates of the numbers of Class T Units held by each of SWBC Craft, LLC and the Blocker following the Pre-Closing Blocker Reorganization and immediately prior to the Closing, and (iii) an Estimated Purchase Price of

$143,050,000.00. The Securityholders' Representative, with the consent of the Blocker Seller (as set forth in the Agreement), will deliver a final Payment Schedule to Parent prior to the Closing in accordance with the Agreement containing actual calculations, as of the Closing Date, of the amounts set forth herein.

Payment of the Estimated Purchase Price

Calculate amounts payable in cash in respect of Class T Units

Class T Units held by the Blocker (3)	1,480,694.19
Class T Units held by SWBC Craft, LLC	6,445,425.06
Total Class T Units	7,926,119.25
Aggregate Preference Amount in respect of all Class T Units (1)	$35,485,440.16
Preference Amount (per Class T Unit)	$4.48

	Payment Amount
Cash Payment Amount to Blocker Seller (2)	$6,629,106.05
Cash Payment Amount to SWBC Craft LLC	$28,856,334.11
	$35,485,440.16

(1) The Preference Amount is calculated in accordance with the Company LLC Agreement and will be updated to reflect the aggregate Preference Amount as of immediately prior to the Closing.

(2) The aggregate amount payable to the Blocker Seller and SWBC Craft, LLC is the Preference Amount multiplied by the number of Class T Units.

(3) The numbers of Class T Units held by the Blocker and SWBC Craft, LLC as of immediately prior to the Closing reflected above are estimates, subject to finalization prior to the Closing. The updated Payment Schedule delivered prior to the Closing will contain updated numbers.

Payment of Remainder of Estimated Purchase Price to Class O Units and Class M Units

Unit Holder	Number of Units (2)	Value per Unit (3)	Payment Amount (4)
Class O Units			
Robert J. & Jill Corkern	3,078,910.62	$1.81	$5,561,183.97
L F Limited, L.P.	1,539,455.04	$1.81	$2,780,591.49
Pratt S. Rather Trust	1,352,856.66	$1.81	$2,443,554.14
Weisshorn Investments LLC	1,210,323.55	$1.81	$2,186,108.25
Chris Sorlie	2,913,330.67	$1.81	$5,262,110.46
Rather Family Investments LLLP	2,704,801.01	$1.81	$4,885,460.43
Greene Properties Inc.	502,873.50	$1.81	$908,299.20
Jane & Hugh Greene	502,873.50	$1.81	$908,299.20
Michael Moulton	687,134.58	$1.81	$1,241,114.89
Sarah Wight Schuelke	582,638.72	$1.81	$1,052,372.57
Juan Velez & Veronica Escobar	822,915.66	$1.81	$1,486,365.13
John Brian Robinson	291,353.71	$1.81	$526,248.34
James N. Nock (1)	1,078,255.13	$1.81	$1,947,563.88
James N. Nock (1)	448,849.22	$1.81	$810,719.56
GFY, LLC	1,173,677.97	$1.81	$2,119,918.34
Dock Rigsby (1)	661,648.48	$1.81	$1,195,081.43
The No Quarter Trust	22,355,552.42	$1.81	$40,379,002.52
Christopher Blanchard	688,473.44	$1.81	$1,243,533.16
The Tortoise Trust	11,938,871.09	$1.81	$21,564,204.58
Mark Medlin (1)	229,273.18	$1.81	$414,117.35
Dave Guender (1)	277,038.42	$1.81	$500,391.80
William B. Burge (1)	14,329.57	$1.81	$25,882.33
Canvasback Trust	946,643.06	$1.81	$1,709,843.80
Robert A. Bensch	359,921.11	$1.81	$650,096.00
RAB Trust	586,722.03	$1.81	$1,059,747.92
Class M Units			
No Quarter	2,033,112.00	$0.80	$1,623,299.11
Dave Guender (1)	1,016,556.00	$0.80	$811,649.55
Stephen Farace (1)	508,278.00	$0.80	$405,824.78
Mark Medlin (1)	508,278.00	$0.80	$405,824.78
Paul Kirbabas (1)	781,059.01	$0.80	$623,621.52
Brian Miesieski (1)	520,706.00	$0.80	$415,747.67
Teal Brown (1)	65,085.00	$0.80	$51,965.86
Tucker Sarkisian (1)	65,085.00	$0.80	$51,965.86
Jennifer Hendricks (1)	131,478.00	$0.80	$104,976.08
Phil Gramaglia (1)	260,353.00	$0.80	$207,873.84
	62,838,712.35		$107,564,559.84

(1) Units are owned through SWB Management , LLC

(2) The number of Class O Units gives effect to the Redemption

(3) The Value per Unit is calculated in accordance with the Company LLC Agreement and the Mash Tun Holdings LLC 2014 Equity Incentive Plan

(4) The Payment Amount is the Value per Unit multiplied by the number of units held .

Total Payments of Estimated Purchase Price $143,050,000.00

Payment of Stock Consideration and Downside Protection to Class O Units and Class M Units

	Number of Units (2)	Value per Unit (3)	Payment Amount (4)	Number of Shares of Parent Common Stock (5)	Percentage Allocation for Downside Protection
Class O Units					
Robert J. & Jill Corkern	3,078,910.62	$0.84	$2,585,044.73	574,454	5.17%
L F Limited, L.P.	1,539,455.04	$0.84	$1,292,522.13	287,227	2.59%
Pratt S. Rather Trust	1,352,856.66	$0.84	$1,135,854.66	252,412	2.27%
Weisshorn Investments LLC	1,210,323.55	$0.84	$1,016,184.26	225,819	2.03%
Chris Sorlie	2,913,330.67	$0.84	$2,446,024.26	543,561	4.89%
Rather Family Investments LLLP	2,704,801.01	$0.84	$2,270,943.35	504,654	4.54%
Greene Properties Inc.	502,873.50	$0.84	$422,211.18	93,825	0.84%
Jane & Hugh Greene	502,873.50	$0.84	$422,211.18	93,825	0.84%
Michael Moulton	687,134.58	$0.84	$576,916.27	128,204	1.15%
Sarah Wight Schuelke	582,638.72	$0.84	$489,181.83	108,707	0.98%
Juan Velez & Veronica Escobar	822,915.66	$0.84	$690,917.68	153,537	1.38%
John Brian Robinson	291,353.71	$0.84	$244,619.76	54,360	0.49%
James N. Nock (1)	1,078,255.13	$0.84	$905,299.98	201,178	1.81%
James N. Nock (1)	448,849.22	$0.84	$376,852.55	83,745	0.75%
GFY, LLC	1,173,677.97	$0.84	$985,416.73	218,981	1.97%
Dock Rigsby (1)	661,648.48	$0.84	$555,518.21	123,448	1.11%
The No Quarter Trust	22,355,552.42	$0.84	$18,769,659.16	4,171,035	37.54%
Christopher Blanchard	688,473.44	$0.84	$578,040.37	128,453	1.16%
The Tortoise Trust	11,938,871.09	$0.84	$10,023,842.71	2,227,521	20.05%
Mark Medlin (1)	229,273.18	$0.84	$192,497.12	42,777	0.38%
Dave Guender (1)	277,038.42	$0.84	$232,600.68	51,689	0.47%
William B. Burge (1)	14,329.57	$0.84	$12,031.07	2,674	0.02%
Canvasback Trust	946,643.06	$0.84	$794,798.86	176,622	1.59%
Robert A. Bensch	359,921.11	$0.84	$302,188.75	67,153	0.60%
RAB Trust	586,722.03	$0.84	$492,610.17	109,469	0.99%
Class M Units					
No Quarter	2,033,112.00	$0.37	$754,569.68	167,682	1.51%
Dave Guender (1)	1,016,556.00	$0.37	$377,284.84	83,841	0.75%
Stephen Farace (1)	508,278.00	$0.37	$188,642.42	41,921	0.38%
Mark Medlin (1)	508,278.00	$0.37	$188,642.42	41,921	0.38%
Paul Kirbabas (1)	781,059.01	$0.37	$289,882.43	64,418	0.58%
Brian Miesieski (1)	520,706.00	$0.37	$193,254.95	42,946	0.39%
Teal Brown (1)	65,085.00	$0.37	$24,155.66	5,368	0.05%
Tucker Sarkisian (1)	65,085.00	$0.37	$24,155.66	5,368	0.05%
Jennifer Hendricks (1)	131,478.00	$0.37	$48,796.78	10,844	0.10%
Phil Gramaglia (1)	260,353.00	$0.37	$96,627.48	21,473	0.19%
Total Payments of Stock Consideration	62,838,712.35		$50,000,000.00	11,111,111	100.00%

(1) Units are owned through SWB Management , LLC

(2) The number of Class O Units gives effect to the Redemption

(3) The Value per Unit is calculated in accordance with the Company LLC Agreement and the Mash Tun Holdings LLC 2014 Equity Incentive Plan

(4) The Payment Amount is the Value per Unit multiplied by the number of units held .

(5) Payment Amount divided by post announcement price

Allocation of Earn-Out Payments, Adjustment Escrow Amount, Upward Adjustment Amount, PPP Escrow Amount and Securityholders' Representative Expense Amount, in each case to Class O Unitsand Class M Units

Unit Holder	Number of Units	Percentage of Value
Class O Units (2)		
Robert J. & Jill Corkern	3,229,407.10	4.9212%
L F Limited, L.P.	1,614,703.26	2.4606%
Pratt S. Rather Trust	1,418,984.00	2.1623%
Weisshorn Investments LLC	1,269,483.90	1.9345%
Chris Sorlie	3,055,733.63	4.6565%
Rather Family Investments LLLP	2,837,011.09	4.3232%
Greene Properties Inc.	527,453.85	0.8038%
Jane & Hugh Greene	527,453.85	0.8038%
Michael Moulton	720,721.57	1.0983%
Sarah Wight Schuelke	611,117.97	0.9313%
Juan Velez & Veronica Escobar	863,139.60	1.3153%
John Brian Robinson	305,595.02	0.4657%
James N. Nock (1)	1,130,960.00	1.7234%
James N. Nock (1)	470,788.87	0.7174%
GFY, LLC	1,231,047.09	1.8760%
Dock Rigsby (1)	693,989.71	1.0576%
The No Quarter Trust	23,448,286.92	35.7322%
Christopher Blanchard	722,125.87	1.1004%
The Tortoise Trust	12,522,440.49	19.0826%
Mark Medlin (1)	240,480.00	0.3665%
Dave Guender (1)	290,580.00	0.4428%
William B. Burge (1)	15,030.00	0.0229%
Canvasback Trust	992,914.77	1.5131%
Robert A. Bensch	377,513.97	0.5753%
RAB Trust	615,400.87	0.9378%
	59,732,363.40	
Class M Units		
No Quarter	2,033,112.00	3.0982%
Dave Guender (1)	1,016,556.00	1.5491%
Stephen Farace (1)	508,278.00	0.7746%
Mark Medlin (1)	508,278.00	0.7746%
Paul Kirbabas (1)	781,059.01	1.1902%
Brian Miesieski (1)	520,706.00	0.7935%
Teal Brown (1)	65,085.00	0.0992%
Tucker Sarkisian (1)	65,085.00	0.0992%
Jennifer Hendricks (1)	131,478.00	0.2004%
Phil Gramaglia (1)	260,353.00	0.3967%
	5,889,990.01	
	65,622,353.41	100.0000%

(1) Units are owned through SWB Management , LLC

(2) The number of Class O Units is calculated as though the Redemption will not have occurred.

Redemption of Class O Units Upon Distribution of Cheese Grits, LLC

Value of the Real Estate	$30,000,000.00
Debt associated with the Real Estate	$(22,635,000.00)
Equity Value of the Real Estate	$7,365,000.00
Value of a Unit (2)	$2.65
Units to be Redeemed	2,783,641.06

Class O Unit Holder	Units Held before Redemption*	Units Redeemed (2)	Units Held after Redemption	Transferred Company Membership Interests
Robert J. & Jill Corkern	3,229,407.10	150,496.48	3,078,910.62	5.41%
L F Limited, L.P.	1,614,703.26	75,248.22	1,539,455.04	2.70%
Pratt S. Rather Trust	1,418,984.00	66,127.34	1,352,856.66	2.38%
Weisshorn Investments LLC	1,269,483.90	59,160.35	1,210,323.55	2.13%
Chris Sorlie	3,055,733.63	142,402.96	2,913,330.67	5.12%
Rather Family Investments LLLP	2,837,011.09	132,210.08	2,704,801.01	4.75%
Greene Properties Inc.	527,453.85	24,580.35	502,873.50	0.88%
Jane & Hugh Greene	527,453.85	24,580.35	502,873.50	0.88%
Michael Moulton	720,721.57	33,586.99	687,134.58	1.21%
Sarah Wight Schuelke	611,117.97	28,479.25	582,638.72	1.02%
Juan Velez & Veronica Escobar	863,139.60	40,223.94	822,915.66	1.45%
John Brian Robinson	305,595.02	14,241.31	291,353.71	0.51%
James N. Nock (1)	1,130,960.00	52,704.87	1,078,255.13	1.89%
James N. Nock (1)	470,788.87	21,939.65	448,849.22	0.79%
GFY, LLC	1,231,047.09	57,369.12	1,173,677.97	2.06%
Dock Rigsby (1)	693,989.71	32,341.23	661,648.48	1.16%
The No Quarter Trust	23,448,286.92	1,092,734.50	22,355,552.42	39.26%
Christopher Blanchard	722,125.87	33,652.43	688,473.44	1.21%
The Tortoise Trust	12,522,440.49	583,569.40	11,938,871.09	20.96%
Mark Medlin (1)	240,480.00	11,206.82	229,273.18	0.40%
Dave Guender (1)	290,580.00	13,541.58	277,038.42	0.49%
William B. Burge (1)	15,030.00	700.43	14,329.57	0.03%
Canvasback Trust	992,914.77	46,271.71	946,643.06	1.66%
Robert A. Bensch	377,513.97	17,592.86	359,921.11	0.63%
RAB Trust	615,400.87	28,678.84	586,722.03	1.03%
	59,732,363.40	2,783,641.06	56,948,722.34	100.00%

(1) Units are owned through SWB Management , LLC

(2) The Value per Unit is calculated in accordance with the Company LLC Agreement and the Mash Tun Holdings LLC 2014 Equity Incentive Plan

Calculating the Value of the Class O Units and Class M Units

Estimated Purchase Price	$143,050,000.00
Stock Consideration	$50,000,000.00
Equity Value of the Real Estate	$7,365,000.00
Total Equity Value	$200,415,000.00
Adjust for Debt Recap Effect on Class M Units Threshold	$126,335,000.00
Adjusted Equity Value for Class M Units Threshold	$326,750,000.00
Threshold	$(250,000,000.00)
Equity Value for Class M Units	$76,750,000.00
Total Number of Class O Units	59,732,363.40
Total Number of Class M Units	5,889,990.01
	65,622,353.41

	Cash Value Per Unit	Stock Consideration Value per Unit	Total Value Per Unit
Value of Class M Unit (1)(2)(4)	$0.80	$0.37	$1.17
Value of Class O Unit (1)(3)(4)	$1.81	$0.84	$2.65

(1) The Value per Unit is calculated in accordance with the Company LLC Agreement and the Mash Tun Holdings LLC 2014 Equity Incentive Plan

(2) The Value of a Class M unit is equal to the Equity Value for Class M Units divided by Total Class O and Class M Units

(3) The Value of a Class O unit is equal to Total Equity Value, less the Class T Units Preference Amount, less the Value of Class M Units, divided by the number of Class O Units

(4) The Cash Value per Unit is equal to the ratio of (a) Estimated Purchase Price less the aggregate Class T Unit Preference Amount to (b) the sum of the Estimated Purchase Price less the aggregate Class T Unit Preference Amount plus the Stock Consideration, applied to Total Value per Unit. The Stock Consideration Value per Unit is equal to the inverse of the Cash Value per Unit.

Estimated Purchase Price less Class T Unit Payment	$	107,564,559.84	68.27%
Stock Consideration	$	50,000,000.00	31.73%
Total Closing Date Value to Class O and Class M Units	$	157,564,559.84	100.00%

EXHIBIT A

Redemption Agreement

(See attached)

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FORM OF REDEMPTION AGREEMENT

THIS REDEMPTION AGREEMENT (this "***Agreement***") is made and entered into as of this __ day of , 2020, by and among SW Brewing Company, LLC, a Delaware limited liability company ("***SweetWater***"), Cheese Grits, LLC, a Georgia limited liability company (the "***Company***"), and each of the Class O Members set forth on Schedule I hereto (the "***Members***").

WHEREAS, as of the Effective Date, each of the Members owns Class O Units in SweetWater in the amounts set forth across such Member's name on Schedule I;

WHEREAS, as of the Effective Date, SweetWater owns all of the issued and outstanding equity interests in Company (the "***Company Membership Interests***");

WHEREAS, SweetWater has entered into that certain Agreement of Merger and Acquisition (the "***Purchase Agreement***") dated as of November 4, 2020 by and among SweetWater, Aphria Inc., a corporation existing under the Ontario Business Corporations Act, Project Golf Merger Sub, LLC, Delaware limited liability company, SWBC Craft Holdings LP, a Delaware limited partnership, SWBC Craft Management, LLC, SWBC Blocker Seller, LP, a Delaware limited partnership, and Chilly Water, LLC, a Delaware limited liability company; and

WHEREAS, in connection with the transactions contemplated by the Purchase Agreement, SweetWater desires to purchase and redeem (the "***Redemption***") from the Members, and the Members desire SweetWater to so purchase and redeem, certain of the Class O Units held by such Member in the amounts set forth across such Member's name on Schedule I, in accordance with the terms hereof (the "***Redeemed Class O Units***") in a transaction intended to be governed by Code Section 731.

NOW, THEREFORE, for and in consideration of the mutual covenants, agreements, representations and warranties set forth herein, the parties agree as follows:

1. Definitions. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.

2. Redemption of the Class O Units.

(a) Redemption of the Class O Units. SweetWater hereby purchases and redeems from the Members, and the Members hereby transfer to SweetWater, the Redeemed Class O Units. The Redeemed Class O Units purchased and redeemed by SweetWater shall be cancelled and forfeited immediately upon the consummation of the Redemption.

(b) Redemption Consideration.

(i) Closing Redemption Price. As consideration for the redemption of the Redeemed Class O Units, SweetWater hereby transfers, assigns and conveys to the Members all of its rights, title and interest in and to Company Membership Interests (collectively, the "***Transferred Company Membership Interests***"), to be held by each Member in the amounts set forth on the Payment Schedule of the Purchase Agreement (the "***Redemption Consideration***").

(ii) Post-Closing Purchase Price Adjustment; Escrow; Earn-Out. Notwithstanding the redemption of the Redeemed Class O Units, each Member shall be entitled to its portion of (A) the Earn-Out Payments, if any, and (B) the amounts payable pursuant to Section 2.13(a), Section 2.13(b) and Section 6.11(b)

of the Purchase Agreement, if any, in each case, attributable to the Redeemed Class O Units as if such Member continued to hold its Redeemed Class O Units on the applicable date of determination, in each case, as set forth in the Purchase Agreement and the Payment Schedule.

3. The Closing. The closing (the "***Closing***") of the Redemption pursuant to this Agreement shall take place on the Closing Date under the Purchase Agreement immediately prior to the consummation of the closing of the Transactions under the Purchase Agreement.

4. Representations and Warranties of the Members. Each of the Members hereby represents and warrants to SweetWater as follows:

(a) Binding Effect. This Agreement is the valid and binding obligation of such Member, enforceable against such Member in accordance with its terms. Such Member has the full legal right to execute, deliver and perform this Agreement and the execution, delivery and performance of this Agreement by such Member has been duly authorized by all necessary action on the part of such Member.

(b) Ownership of the Class O Units. Such Member is the record and beneficial owner of title of the Class O Units set forth such Member's name on Schedule I, free and clear of any security interests, pledges, liens, restrictions, claims or encumbrances of any kind other than encumbrances under the federal and applicable state securities laws and the Second Amended and Restated Limited Liability Company Agreement of SweetWater, dated October 21, 2020 (the "***SweetWater LLC Agreement***") and those arising under applicable securities laws.

5. Representations and Warranties of SweetWater and the Company. SweetWater and the Company represent and warrant to the Members as follows:

(a) Binding Effect. The Company is a limited liability company organized, validly existing, and in good standing under the laws of the State of Georgia. SweetWater is a limited liability company organized, validly existing, and in good standing under the laws of the State of Delaware. Each of SweetWater and the Company has all required limited liability company power to enter into and perform its obligations under this Agreement, and generally to carry out all of the transactions contemplated hereby. The execution, delivery and performance of this Agreement by the Company has been duly authorized and approved by all necessary action, and this Agreement, when duly executed and delivered by the Company in accordance with its terms, will constitute a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms. The execution, delivery and performance of this Agreement by SweetWater has been duly authorized and approved by all necessary action, and this Agreement, when duly executed and delivered by SweetWater in accordance with its terms, will constitute a valid and binding obligation of SweetWater, enforceable against SweetWater in accordance with its terms.

6. Closing Deliveries. At the Closing, each Member shall (i) deliver an executed counterpart to the Third Amended and Restated Operating Agreement of the Company dated as of the date hereof attached hereto as Exhibit A and (ii) upon request by SweetWater or the Company, execute and deliver any other documents, certificates or instruments deemed by SweetWater or the Company to be necessary to complete the redemption of the Redeemed Class O Units and the transfer of the Transferred Company Membership Interests contemplated hereby.

7. Release. Each Member hereby forever fully, irrevocably and unconditionally releases and discharges SweetWater and its subsidiaries, each of their respective affiliates, stockholders, members, partners, directors, officers, employees, agents, and representatives and all of their respective successors and assigns (collectively, the "***Released Parties***") from any and all actions, suits, claims, demands, debts, sums of money, accounts,

reckonings, bonds, bills, covenants, contracts, controversies, promises, judgments, liabilities or obligations of any kind whatsoever in law or equity and causes of action of every kind and nature, or otherwise (including, claims for damages, costs, expenses, and reasonable attorneys', brokers' and accountants' fees and expenses) (collectively, "***Losses***") related to SweetWater's ownership of the Company prior to the date hereof and its indirect ownership of the real property owned by the Company however so arising, whether known or unknown, suspected or unsuspected, unanticipated as well as anticipated and that now exist (collectively, "***Released Claims***"). Each Member hereby irrevocably agrees to refrain from directly or indirectly asserting any claim or demand or commencing (or causing to be commenced) any suit, action, or proceeding of any kind, in any court or before any tribunal, against any Released Party based upon any Released Claim. The Released Parties are intended third-party beneficiaries of this Section 7 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Notwithstanding the foregoing, nothing contained in this Section 7 shall operate to release any obligations of the Released Parties with respect to, or obligate any Member to refrain from, to the extent permissible, making, claims or commencing any proceedings arising under, or in connection with, this Agreement, the Lease Agreement, the Purchase Agreement or any certificate or other document delivered pursuant to the Purchase Agreement.

8. Indemnification. The Members, severally and not jointly and severally, shall defend, indemnify and hold harmless the Released Parties from and against all Losses arising from SweetWater's ownership of the Company prior to the date hereof and its indirect ownership of the real property owned by the Company.

9. Miscellaneous.

(a) Amendments and Waivers. Except as otherwise expressly set forth in this Agreement, any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the parties hereto. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition, or provision.

(b) Termination. Notwithstanding anything to the contrary herein, if the Purchase Agreement is terminated in accordance with its terms and the Securityholders' Representative is not pursuing its remedies pursuant thereto in connection with such termination, this Agreement and all transactions contemplated herein shall be rescinded and terminated ab initio, and each of the parties hereto agrees to take such action, including delivering any and all documents, instruments and certificates, provide all information and take or refrain from taking all such further actions as may be reasonably necessary or appropriate to cause the Redemption to be of no furthereffect with the result being that each Member shall own the same equity interests in SweetWater prior to and as if the Redemption did not occur, and SweetWater shall continue to own all of the Company Membership Interests.

(c) Assignment. This Agreement may not be assigned by any Member without the prior written consent of SweetWater.

(d) Successors and Assigns. Except as otherwise expressly provided herein, the provisions of this Agreement shall bind and inure to the benefit of the respective successors, permitted assigns, heirs, executors, and administrators of the parties hereto.

(e) Entire Agreement. This Agreement contains the entire agreement among the parties hereto as it relates to the subject matter hereof. This is a fully integrated agreement. ThisAgreement supersedes any other agreement between the parties with respect to the subject hereof.

(f) Counterparts. This Agreement may be executed in counterparts, each of which shallbe deemed an original, but all of which together shall constitute one and the same instrument. Signatures transmitted by facsimile shall be accepted as originals for all purposes.

(g) Severability. If any provision of this Agreement is determined by any court or arbitrator of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such provision will be enforced to the maximum extent possible given the intent of the parties hereto. If such clause or provision cannot be so enforced, such provision shall be stricken from this Agreement and the remainder of this Agreement shall be enforced as if such invalid, illegal or unenforceable clause or provision had (to the extent not enforceable) never been contained in thisAgreement.

(h) Tax Treatment of Redemption Consideration. The payment of the consideration set forth in Section 2(b)(ii)(A) and (B) shall be treated as consideration paid for the Class O Units,and the receipt of the consideration set forth in Section 2(b)(ii)(C) shall be treated as the receipt ofshares in exchange for a contribution of Class O Units under Code Section 351.

(i) Governing Law. This Agreement shall be governed by and interpreted andconstrued in accordance with the laws of the State of Delaware, without giving effect to the principles of conflicts of law thereof and regardless of the laws that might otherwise govern underapplicable principles of conflicts of law.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have each executed and delivered this Agreementas of the day and year first above written.

SWEETWATER:

SW BREWING COMPANY HOLDINGS, LLC

By: _____
Name:
Title:

COMPANY:

CHEESE GRITS, LLC

By: _____
Name:
Title:

MEMBERS:

Schedule I[1]

Class O Member	Redeemed Class O Units	Transferred Company Percentage Interests

[1] To reflect calculations set forth in the final Payment Schedule.

Exhibit A

Third Amended and Restated Operating Agreement

EXHIBIT B

Certificate of Merger

(See attached)

STATE *of* DELAWARE

CERTIFICATE OF MERGER

OF

PROJECT GOLF MERGER SUB, LLC

WITH AND INTO

SW BREWING COMPANY, LLC

Pursuant to Section 18-209 of the
Delaware Limited Liability Company Act

SW Brewing Company, LLC (the "Company"), Delaware limited liability company, doeshereby certify to the following facts relating to the merger (the "Merger") of Project Golf Merger Sub, LLC ("Merger Sub"), a Delaware limited liability company, with and into the Company, withthe Company remaining as the surviving company ("Surviving Company"):

FIRST: That the name and state of formation of each of the constituent companies of theMerger is as follows:

Name	State of Formation
Project Golf Merger Sub, LLC	Delaware
SW Brewing Company, LLC	Delaware

SECOND: The Agreement of Merger and Acquisition, dated as of November 4, 2020, by and among the Company, Merger Sub, Aphria Inc., a corporation existing under the Ontario Business Corporations Act ("Parent"), SWBC Craft Holdings LP, a Delaware limited partnership("Blocker"), SWBC Craft Management, LLC, a Delaware limited liability company, SWBC Blocker Seller, LP, a Delaware limited partnership ("Blocker Seller"), and Chilly Water, LLC, a Delaware limited liability company ("Securityholders' Representative") (the "Merger Agreement") has been approved, adopted, certified, executed and acknowledged by each of the constituent companies in accordance with the requirements of Section 18-209 of the Delaware Limited Liability Company Act.

THIRD: That the name of the Surviving Company of the Merger will be "SW Brewing Company, LLC."

FOURTH: The Certificate of Formation of the Surviving Company shall be its Certificateof Formation.

FIFTH: That the executed Merger Agreement is on file at an office of the SurvivingCompany located at: 195 Ottley Drive, Atlanta, GA 30331.

SIXTH: That a copy of Merger Agreement will be furnished by the Surviving Company, on request and without cost, to any member of any constituent company.

SEVENTH: That this Certificate of Merger shall be effective immediately upon its filing with the Secretary of State of the State of Delaware.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

This Certificate of Merger has been executed this _____ day of [●], 2020.

SW BREWING COMPANY, LLC

By: _____
Name:
Title:

EXHIBIT C

Letter of Transmittal

(See attached)

FORM OF
LETTER OF TRANSMITTAL
TO SURRENDER UNITS OF

SW BREWING COMPANY, LLC

Reference is made to that certain Agreement of Merger and Acquisition, dated as of November 4, 2020 (the "Agreement"), by and among SW Brewing Company, LLC (the "Company"), Aphria Inc., a corporation existing under the Ontario Business Corporations Act ("Parent"), Project Golf Merger Sub, LLC, a Delaware limited liability company ("Merger Sub"), SW Brewing Company, LLC, a Delaware limited liability company (the "Company"), SWBC Craft Holdings LP, a Delaware limited partnership ("Blocker"), SWBC Craft Management, LLC (the "Blocker GP"), SWBC Blocker Seller, LP, a Delaware limited partnership ("Blocker Seller" and, together with the Blocker GP, collectively, "Blocker Partners"), and Chilly Water, LLC, a Delaware limited liability company ("Securityholders' Representative").This Letter of Transmittal is being delivered in accordance with the terms set forth in the Agreement to each record holder of Class O Units and Class T Units of the Company and each beneficial owner of Class M Units ofthe Company held through SWB Management, LLC, issued and outstanding immediately prior to Effective Time. Pursuant to the terms and subject to the satisfaction of the conditions set forth in the Agreement, at the Effective Time, Merger Sub will merge with and into the Company, with the Company surviving, and Parent indirectly owning the equity interests of the Company (the "Merger"). Capitalized terms used but not defined herein have the meanings ascribed to them in the Agreement.

In order to exchange your Class O Units, Class T Units and Class M Units of the Company (collectively, the "Units") for the portion of the Final Purchase Price and other consideration due to you in connection with the consummation of the Merger and the Stock Consideration, if issuable to you pursuant to the Agreement, please complete and deliver the following to [Citibank, N.A.][1] (the "Paying Agent"), at the address set forth below:

(i) this Letter of Transmittal, properly completed and duly signed; and

(ii) an Internal Revenue Service Form W-9, properly completed and duly signed (a "Form W-9").

Please read the accompanying Instructions carefully and then complete and return all pages of this Letter of Transmittal and all other required materials to the Paying Agent.

Delivery may be made (a) using the Paying Agent's online platform, or (b) to the address of the Paying Agent set forth immediately below by (i) hand delivery, (ii) registered mail, (iii) UPS overnight delivery or other overnight courier services or (iv) e-mail. Please retain a copy of this Letter of Transmittal and any other required materials for your records.

[1] Draft Note: To be determined, if the Securityholders' Representative determines to engage a Paying Agent.

[Citibank, N.A.
777 Third Avenue, 12th Floor
New York, NY 10017
Attention: [●] Paying Agent
E-mail:

For information call: [●]]

IMPORTANT: Delivery of this Letter of Transmittal to an address other than as set forth above does not constitute a valid delivery. The instructions accompanying this Letter of Transmittal should be read carefully before this Letter of Transmittal is completed. No alternative, conditional or contingent submissions will be accepted. The method of delivery of this Letter of Transmittal is at the option and riskof the owner.

Please complete the following tables:

BOX A	DESCRIPTION OF UNITS SURRENDERED
Type of Units	Number of Units
Total Number of Units:	

BOX B	REGISTERED HOLDER CONTACT INFORMATION

Registered Holder Name: _____

Mail Notices to the Attention of: _____

Address: _____

_____

City: _____ State/Province: _____ Postal Code: _____

Country: _____

Email Address: _____

Telephone Number: _____

Ladies and Gentlemen:

In connection with the Merger, the undersigned ("the undersigned" or "you") hereby surrenders the abovedescribed Units.

By virtue of the Merger, as more thoroughly described in the Agreement, at the Effective Time, each Unitwill automatically be converted into the right for you to receive (i) an amount equal to the amount payable to you pursuant to and in accordance with Section 2.11(f) of the Agreement (in the case of Class O Units or Class M Units, as adjusted in accordance with Section 2.13(a) and (b) of the Agreement for the EscrowAmounts detailed below), Section 2.15 of the Agreement (for Earn-Out Payments) (if any) and Section 6.11(b) (if any) and (ii) if you are a holder of Class O Units or Class M Units, a number of common sharesof Parent equal to the portion of Closing Stock Value payable to you pursuant to Section 2.10 in accordance with the Payment Schedule (see summary under "*Closing Date Stock Issuance; Post-Closing Registration*"below) and a number of common shares of Parent issuable pursuant to Section 6.12(f) (if any). In order to receive such amount, you will need to first properly execute and deliver this Letter of Transmittal and the materials contemplated hereby.

The undersigned, upon request, will execute and deliver any additional documents deemed by the Paying Agent to be reasonably necessary or desirable to complete the surrender of the Units listed above in order to receive such payment.

All authority herein conferred or agreed to be conferred herein shall survive the death or incapacity of the undersigned, and any obligation of the undersigned hereunder shall be binding upon the heirs, executors, administrators, personal

representatives, trustees in bankruptcy, successors and assigns of the undersigned. The surrender of the Units hereby is irrevocable and, once delivered to the Paying Agent, may not be withdrawn under any circumstances.

The undersigned understands that surrender is not made in acceptable form until the receipt by the PayingAgent of this Letter of Transmittal and Form W-9, properly completed and duly signed. All questions as tovalidity, form and eligibility of any surrender of the Units hereby will be reasonably determined by Parent(which may delegate power in whole or in part to the Paying Agent) and such determination shall be final and binding.

The undersigned acknowledges and agrees that the Final Purchase Price, as adjusted pursuant to the Agreement, will be distributed by the Paying Agent in accordance with the Agreement (other than the portion thereof to be paid to the Blocker Members, which will be paid by Parent directly to the Blocker Members) and that (i) an aggregate amount equal to $500,000 (the "Adjustment Escrow Amount") will be deposited into escrow on behalf of the Unitholders (other than the Blocker Members) to satisfy any Final Purchase Price adjustment and (ii) an aggregate amount equal to $441,162 (the "PPP Escrow Amount" and together with the Adjustment Escrow Amount, the "Escrow Amounts") will be deposited into escrow on behalf of the Unitholders (other than the Blocker Members) to satisfy any CARES Unforgiven Debt. After the Closing and in accordance with the timing set forth in the Agreement, the Adjustment Escrow Amount (less any amount required to be paid to Parent pursuant to Section 2.13(a) of the Agreement) and the PPP Escrow Amount (less any amount required to be paid to Parent pursuant to Section 2.13(b) of the Agreement) will be released for the benefit of the Unitholders (other than the Blocker Members), in each case, in accordance with the terms of the Agreement and in accordance with the Adjustment Escrow Agreement and PPP Escrow Agreement, as applicable.

In addition, the undersigned acknowledges and agrees that the Final Purchase Price payable on the ClosingDate contains the reductions set forth in the Agreement, including a reduction in the amount of $[●] (the "Securityholders' Representative Expense Amount") that will be held by the Securityholders' Representative on behalf of the Unitholders (other than the Blocker Members) to pay amounts required to be paid by the Securityholders' Representative under the Agreement, including, without limitation, any downward adjustment in excess of the Adjustment Escrow Amount and third party expenses and costs incurred by the Securityholders' Representative in connection with the consummation of the Merger (see summary under "*The Securityholders' Representative; Securityholders' Representative Expense Amount*" below). Furthermore, Unitholders (other than the Blocker Members) may be entitled to receive Earn-Out Payments to the extent that certain financial thresholds are met during the 2022 and 2023 calendar years.

At the Closing, Parent shall deliver to each Unitholder (other than the Blocker Members or with respect tothe Redeemed Units) book-entry credits in the name of such Unitholder (other than the Blocker Members),and for the book-entry credit allocable to SWB Management, LLC, directly to the SWB Members, in accordance with the Payment Schedule representing that number of common shares (the "Stock Consideration") of Parent, without par value per share ("Parent Common Shares") having a value equal to such Unitholder's or SWB Member's portion, as applicable, of the Closing Stock Value determined in accordance with the Payment Schedule, which in the aggregate for all Parent Common Shares shall be equalto fifty million dollars ($50,000,000) (the "Closing Stock Value") calculated based on the volume-weightedaverage trading price of Parent Common Shares on the NASDAQ for the thirty (30) day period immediately

ending on the close of trading on the day that the Parent issues a public announcement concerning the Transactions as required under applicable Securities Laws. Additionally on the date on which the Registerable Shares (as defined below) are registered for resale pursuant to Section 6.12 of the Agreement,in the event that the Registerable Value is less than the Closing Stock Value, then Parent shall issue to the Unitholders (other than the Blocker Members), and for the Parent Common Shares allocable to SWB Management, LLC, directly to the SWB Members, in accordance with the Payment Schedule, and includein the Registrable Shares, an additional number of Parent Common Shares, equal to the quotient of (X) thedifference of (1) the Closing Stock Value, ***minus*** (2) Registerable Value, divided by (Y) the Pre-Registration Price, calculations of which are set forth in Section 6.12(f)(ii) of the Agreement. In the event that in calculating the Pre-Registration Price (as defined in the Merger Agreement) issuing the additional Parent Common Shares hereunder would result in the Stock Consideration being greater than the Closing Stock Value, then the Parent shall only be obligated to issue the number of Parent Common Shares that will resultin the Unitholders (other than the Blocker Members or with respect to the Redeemed Units) holding StockConsideration in an amount equal to the Closing Stock Value.

Parent will use commercially reasonable efforts, to within ninety (90) days following the Closing, prepare and file with the SEC a shelf registration statement on Form F-3 or Form F-10 (or, if Form F-3 or Form F-10 is not then available to Parent, on such form of registration statement as is then available to effect a registration of the Registrable Shares for resale) (the "Registration Statement"), that would permit the resale of all of the Parent Common Shares constituting the Stock Consideration (as may be adjusted as detailed below, the "Registrable Shares") under the Securities Act in accordance with Section 6.12 of the Agreement; it being understood that if such Registration Statement is a shelf registration statement, the prospectus contained therein need not name the Unitholders nor otherwise identify the Registrable Shares if such prospectus is supplemented with such information by the filing of a prospectus supplement thereto (a "Prospectus Supplement") following the effectiveness of such Registration Statement, and if the Parent fails to file the Registration Statement within such ninety (90) day period, Parent shall continue to use commercially reasonable efforts to do so until such Registration Statement has been filed.

The Final Purchase Price and Stock Consideration will be distributed in the manner described in the Adjustment Escrow Agreement, the PPP Escrow Agreement, the Agreement and this Letter of Transmittal, and amounts owed to the undersigned pursuant to the Agreement will be paid to the undersigned.

The undersigned understands that payment to it of the amount described herein will be made as promptly as practicable after the surrender of the Units is made in acceptable form, but in no event before the Effective Time. The undersigned understands and agrees that the amount described herein paid in exchange for its Units shall be deemed to have been issued in full satisfaction of all rights pertaining to all Units held by the undersigned.

To the extent that the undersigned indirectly owns Units as a member of SWB Management, LLC, the undersigned acknowledges and agrees that (i) the reference to Units herein shall refer to the Units held by the undersigned via SWB Management, LLC on a look-through basis and (ii) the undersigned shall individually be bound by the terms and obligations herein, including without limitation, the release set forth in Paragraph 6 and the restrictive covenants set forth in Paragraphs 7, 8, and 9.

IMPORTANT: Delivery of the required materials will be effected and risk of loss shall pass only upon receipt by the Paying Agent at the address above.

Please complete the following table if payment is to be issued to the undersigned:

BOX C	PAYMENT INSTRUCTIONS

Requested Payment Method*: _____

*Checks will be mailed to the address provided in Box B "Registered Holder Contact Information.

ELECTRONIC PAYMENT INSTRUCTIONS:

Account Type (Checking or Savings): _____

Bank Name: _____

ABA Routing Number: _____

Beneficiary/Account Holder Name: _____

Bank Account Number: _____

SWIFT/BIC: _____

IBAN: _____

Intermediary Bank ABA Routing Number: _____

Intermediary SWIFT/BIC Code: _____

FFC | Account Name: _____

FFC | Account Number: _____

Please complete the following table only if payment is to be issued in the name of someone other thanthe undersigned:

SPECIAL PAYMENT INSTRUCTIONS
(See Instructions 3)

To be completed ONLY if the payment is to be issued in the name of someone other than the undersigned.NOTE: THE PERSON NAMED IN THESE SPECIAL PAYMENT INSTRUCTIONS MUST BE THE PERSON WHO COMPLETES THE FORM W-9.

Issue the check representing payment to:

Name _____
(Please Print)

Address _____

_____

If you complete this box, you will need a signature guarantee by an eligible institution. See Instructions.

CERTAIN REPRESENTATIONS AND WARRANTIES,
COVENANTS AND AGREEMENTS

1. *Surrender of Units.* In connection with the Merger pursuant to the Agreement, the undersigned hereby surrenders, subject to the terms and conditions of the Agreement, the Units noted above owned by the undersigned in exchange for, and for the purpose of receiving, the amounts to be paid to the undersignedpursuant to the Agreement.

The undersigned further acknowledges and agrees that (i) any payment for the Units noted above shall be made net of any federal, state, local and foreign taxes required to be withheld in accordance with Section 2.14 of the Agreement, (ii) such payment, along with the Earn-Out Payment if any, and the Stock Consideration, if issuable to the undersigned pursuant to the Agreement, together with all other amounts that are payable pursuant to the Agreement satisfies all obligations of Parent, the Company, and each of their respective Subsidiaries and Affiliates to the undersigned pertaining to the Units, (iii) such amount, along with the Earn-Out Payment and allocable portion of the Escrow Amounts, if any, and the Stock Consideration, if issuable to the undersigned pursuant to the Agreement, together with all other amounts that are payable pursuant to the Agreement, accurately reflects the portion of consideration payable under the Agreement which the undersigned is entitled to receive pertaining to the Units, (iv) in accepting such amount, the Company, Parent, Merger Sub, the Blocker Partners and Blocker and their respective Subsidiaries, Affiliates and representatives shall be deemed to have no further obligations to the undersigned with respect to any amounts payable pursuant to the Agreement, in each case, except as expressly set forth in the Agreement, (v) a portion of the Final Purchase Price will be held by Citibank, N.A. as the Adjustment Escrow Agent and Truist Bank, as the PPP Escrow Agent, in each case, pursuant to and subject to the terms and conditions of the Agreement, and the undersigned will only be entitled to a portion of such amounts (if any) as and when such amounts are payable in accordance with the provisions of the Agreement, the Adjustment Escrow Agreement and the PPP Escrow Agreement, (vi) a portion of the Final Purchase Price will be held by the Securityholders' Representative to pay amounts required to be paid by the Securityholders' Representative under the Agreement, including, without limitation, any downward adjustment in excess of the Adjustment Escrow Amount, third party expenses and costs incurred by the Securityholders' Representative in connection with the consummation of the Merger, (vii) the undersigned has determined the Merger and the consideration (in form and amount) to be received by undersigned, alongwith the undersigned's right to receive a portion of the Earn-Out Payment, if any, and the Stock Consideration, if issuable to the undersigned pursuant to the Agreement, together with all other amounts that are payable pursuant to the Agreement, to be fair to, and in the best interests of, the undersigned, and (viii) the execution and delivery of this Letter of Transmittal and other required materials is a condition toreceiving the undersigned's portion of the Final Purchase Price and Stock Consideration under the Agreement together with all other amounts that are payable pursuant to the Agreement.

2. *Representations and Warranties*. The undersigned hereby represents and warrants to the Company, Parent, Merger Sub, and Blocker as follows:

a. If the undersigned is a corporation, limited liability company or partnership, the undersigned is duly organized, validly existing and, to the extent such concept is recognized, in good standing under the Laws of its state of organization.

b. The undersigned has received a copy of and has read or has been given sufficient opportunity to read this Letter of Transmittal and the Agreement, understands fully all terms used herein and therein and all provisions contained herein and therein and their significance, and has executed and delivered this Letter of Transmittal and the Form W-9 voluntarily. The execution, delivery and performance of this Letter of Transmittal by the undersigned has been duly and validly authorized by all necessary action on the part of the undersigned. The undersigned has had an opportunity to consult with, and has relied solely upon the advice (if any) of, its legal, financial, accounting and/or tax advisors with respect to this Letter ofTransmittal, the Agreement, the transactions described therein, including the Merger, in each case to the extent it has deemed necessary. The undersigned hereby acknowledges and agrees that it has not been advised or directed by the Company, Parent, Merger Sub, the Blocker Partners or Blocker or their respectivelegal counsel or other advisors or representatives in respect of any such matters and that it has not relied on any such parties in connection with this Letter of Transmittal, the Agreement or the transactions contemplated hereby or thereby, including the Merger.

c. The undersigned has full legal capacity to enter into and deliver this Letter of Transmittal and the Form W-9, and to perform its obligations hereunder and thereunder. This Letter of Transmittal and the Form W-9 have been or will be duly executed and delivered by the undersigned and, assuming the dueexecution and delivery of this Letter of Transmittal and the Form W-9 constitute, or when executed and delivered will constitute, the valid and binding agreements of the undersigned, enforceable in accordance with their terms, except as the enforceability hereof and thereof may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or other similar Laws affecting the enforcement of creditor's rights generally and as limited by the availability of specific performance and other equitable remedies or applicable equitable principles (whether considered in a proceeding at law or in equity).

d. As of the date of this Letter of Transmittal, the undersigned holds of record those Units set forth above, directly or indirectly, free and clear of any Liens and any other restrictions on transfer (other than restrictions under applicable securities Laws and the LLC Agreement (as defined below) and PermittedLiens).

e. The execution, delivery and performance by the undersigned of this Letter of Transmittal and the Form W-9 will not (a) violate, conflict with, result in any material breach of, constitute a material default under, result in the termination or acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice under (i) if a corporation, limited liability company or partnership, any organizational documents of the undersigned or (ii) any material contract to which the undersigned is bound or affected; or (b) require any authorization, consent, approval, exemption or other action by or notice to any Governmental Authority under the provisions of any Law.

f. The undersigned certifies, represents and warrants that the information included by or on behalf of the undersigned in this Letter of Transmittal and the Form W-9 is true, correct and complete.

3. *Consent to Merger Agreement.* By signing and submitting this Letter of Transmittal to the Paying Agent, and in further consideration of the undersigned's receipt of the amount payable hereby, the undersigned hereby unconditionally approves and consents to the Merger and the transactions contemplated by, and terms and conditions of, the Agreement in all respects and irrevocably waives, to the fullest extent permitted by the Delaware Limited Liability Company Act (the "Act"), the undersigned's right to dissent and seek appraisal that he, she or it may have under the Act, the Second Amended and Restated Limited Liability Company Agreement of the Company dated October 21, 2020 (as amended, the "LLC Agreement")or the Agreement.

4. *Post-Closing Registration.*[2] The undersigned covenants and agrees, in accordance with Section 6.12 of the Agreement, to cooperate with Parent in connection with the preparation of the Prospectus Supplement prior to and after the Closing Date for so long as Parent is obligated to keep the Registration Statement effective, and will promptly provide to Parent, in writing, for use in the Prospectus Supplement,all information reasonably requested by Parent regarding Unitholder (or its designee) and its plan of distribution and such other information as may be reasonably necessary to enable Parent to prepare the Prospectus Supplement and to maintain the currency and effectiveness thereof. If the undersigned breachesits respective covenants as outlined in this Section 4, Parent may exclude the Registrable Shares held by the undersigned (or its designee) from the Registration Statement until such time as the breach is cured.

[2] Draft Note: This section to be deleted in the letter of transmittal signed by SWBC Craft, LLC.

5. *Appointment of Securityholders' Representative; Securityholders' Representative Expense Amount.*[3]

a. The undersigned shall be bound by and obligated as Unitholder (other than the Blocker Members), as applicable, under the Agreement and hereby irrevocably appoints the Securityholders' Representative (and its successors designated in accordance with the Agreement) as the undersigned's agent,proxy and attorney-in-fact to act on behalf of the undersigned for all purposes of the Agreement, the Adjustment Escrow Agreement and the PPP Escrow Agreement, including full power and authority on theundersigned's behalf (a) to consummate the transactions contemplated therein, (b) to pay expenses (whether incurred on or after the date of the Agreement) incurred in connection with the negotiation and performance of the Agreement, (c) to prepare, deliver and receive any notices on behalf of the undersigned contemplated by the Agreement, (d) to act on behalf of the undersigned in reviewing the Final Closing Balance Sheet and Parent's calculation of the Final Net Working Capital and making any objections to such amount and negotiating on behalf of the undersigned in order to resolve any dispute relating to any of the Final Calculations, (e) to use reasonable efforts to enforce and protect the rights and interests of the Unitholders arising out of or under or in any manner relating to the Agreement and the Transactions, (f) to employ and obtain the advice of legal counsel, accountants and other professional advisors as the Securityholders' Representative, in its sole discretion, deems necessary or advisable in the performance of its duties as the Securityholders' Representative and to rely on their advice and counsel, and (g) to take all actions necessary in the judgment of the Securityholders' Representative for the accomplishment of the foregoing. Without limiting the generality of the foregoing, the Securityholders' Representative, in such capacity, shall have such powers and authority as are necessary or appropriate to carry out the functions assigned to it under the Agreement or any other document delivered in connection therewith. All actions, notices, communicationsand determinations by the Securityholders' Representative to carry out such functions shall conclusively be deemed to have been authorized by, and shall be binding upon, the undersigned. The undersigned hereby reaffirms, approves, accepts and adopts, and hereby agrees to comply with and perform, all of theacknowledgements and agreements made by the Securityholders' Representative on behalf of the undersigned in the Agreement and the other documents delivered in connection therewith. THE UNDERSIGNED AGREES THAT SUCH AGENCY AND PROXY ARE COUPLED WITH AN INTEREST, ARE THEREFORE IRREVOCABLE WITHOUT THE CONSENT OF THE SECURITYHOLDERS' REPRESENTATIVE AND SHALL SURVIVE THE DEATH, INCAPACITY, BANKRUPTCY, DISSOLUTION OR LIQUIDATION OF THE UNDERSIGNED.

b. Neither the Securityholders' Representative nor any agent employed by it shall incur any liability to the undersigned relating to the performance of its duties under the Agreement for any error of judgment, or any action taken, suffered or omitted to be taken on behalf of the Unitholders (or any of them), except in the case of the Securityholders' Representative's gross negligence or fraud. The Securityholders'Representative may consult with counsel of its own choice and shall have full and complete authorization and protection for any action taken or suffered by the Securityholders' Representative hereunder in good faith and in accordance with the advice of such counsel.

c. Upon the Closing, Parent shall wire to the Securityholders' Representative the Securityholders' Representative Expense Amount which shall be used for the purposes of paying directly or reimbursing the Securityholders' Representative for any loss, liability or expense, including reasonableattorneys' fees and expenses, incurred by the Securityholders' Representative pursuant to this Agreement and, if the Securityholders' Representative Expense Amount is exhausted, by the Unitholders (other than the Blocker Members) in accordance with their respective allocation of the Final Purchase Price as set forthin the Payment Schedule; provided, however, that the Securityholders' Representative shall be entitled to withhold from any amounts released in accordance with terms of the Adjustment Escrow Agreement and/orthe PPP Escrow Agreement from the Escrow Amounts to the Unitholders (other than the Blocker Members)any amounts that are not so reimbursed by the Unitholders (other than the Blocker Members). The undersigned acknowledges that the Securityholders' Representative is not providing any investmentsupervision, recommendations or advice. The Securityholders' Representative shall disburse the balance of the Securityholders' Representative Expense Account to the Unitholders (other than the Blocker Members) in accordance with the Agreement. For tax purposes, the Securityholders' Representative Expense Amount will be treated as having been received and voluntarily set aside by the Unitholders at thetime of Closing.

[3] Draft Note: This section to be deleted in the letter of transmittal signed by SWBC Craft, LLC.

6. *Release*. Effective as of the Effective Time, you, on your own behalf and on behalf of your heirs, family members, successors, assigns and executors (each, a "Releasing Party"), hereby unconditionally and irrevocably and forever release and discharge each of the Company, Parent, Merger Sub, and Blocker, and each of their respective Affiliates and each of their respective successors and assigns, and any present or former directors, managers, officers, employees or agents of such Person (each, a "Parent Released Party"), of and from, and hereby unconditionally and irrevocably waive, any and all claims, debts, losses, expenses, proceedings, covenants, liabilities, suits, judgments, damages, actions and causes of action, obligations, accounts, and liabilities of any kind or character whatsoever, known or unknown, suspected or unsuspected, in contract, direct or indirect, at law or in equity that such party ever had, now has or ever may have or claim to have against any Parent Released Party, for or by reason of any matter, circumstance, event, action, inaction, omission, cause or thing whatsoever arising prior to or upon the Effective Time, in respect of the undersigned's ownership of the Units. You expressly waive all rights afforded by any statute which limits the effect of a release with respect to unknown claims. You understand the significance of this release of unknown claims and waiver of statutory protection against a release of unknown claims, and acknowledge and agree that this waiver is an essential and material term of the Agreement. The claims released pursuant to this paragraph 6 are referred to collectively as the "Released Claims."

This waiver and release shall not be deemed to waive and release any claims or rights of a Releasing Party to (i) wages that remain unpaid as of the Effective Time, (ii) reimbursements for business expenses incurred and documented in compliance with Company's or any of its Subsidiaries' policies in effect immediately prior to the Effective Time and consistent with prior expenditures, (iii) unreimbursed claims under employee health and welfare plans, consistent with the terms of coverage, (iv) the entitlement, if any, to COBRA continuation coverage benefits or any other similar benefits required to be provided by law, (v) amounts that are vested under any of Company's or any of its Subsidiaries' 401(k) plan, and (vi) any rights pursuant to a written employment or consulting agreement between the undersigned or any of its Affiliates and the Company or any of its Subsidiaries. Notwithstanding the foregoing, Parent shall remain liable to the undersigned with respect to the liabilities and obligations, if any, (i) arising pursuant to this Letter of Transmittal, the Agreement or any other agreement, document, certificate, instrument or documents executed or delivered in connection with the Agreement by Parent in favor of the undersigned, and (ii) subject to Section 6.5 of the Agreement, with respect to the undersigned's designated member of the board of managers of the Company, arising out of (A) the indemnification or contribution provisions of the Company's and its Subsidiaries' Organizational Documents, or any existing indemnification agreements between the undersigned (or any general partner, officer, director, manager, retired general partner, retired officer, retired director or retired manager of the undersigned) and the Company, (B) any applicable directors' and officers' liability insurance; and (C) if (and only if) the undersigned is an employee of or consultant to the Company, any rights the undersigned may have with respect to salaries, bonus, incentive compensation, severance, accrued vacation and reimbursement of business expenses by virtue of his or her employment or engagement with the Company or any rights the undersigned may have pursuant to any employment or consulting agreement between the undersigned (or any general partner, officer, director, manager, retired general partner, retired officer, retired director, retired manager or Affiliate of the undersigned) and the Company or any of its Subsidiaries.

You represent and warrant that each of the Released Claims is hereby fully and finally discharged, settled and satisfied. You acknowledge that you have had the opportunity to consult legal counsel with respect to the waiver and releases set forth in this Letter of Transmittal and that you understand and acknowledge that you may hereafter discover facts and legal theories concerning the release set forth herein and the subject matter hereof in addition to or different from those of which you now believe to be true.

7. *Non-Solicit.*[4] For a period of three (3) years from and after the Closing, without the prior written consent of the Company, the undersigned Unitholder (other than the Blocker Members), other than in connection with providing services to or for the benefit of the Company or any of its Affiliates, covenants and agrees to not (i) induce or attempt to induce any officer of the Company, or employee or independent contractor or consultant of the Company or any of its Subsidiaries (each a "Covered Person"), to leave the employ of the Company or any of its Subsidiaries, or in any way interfere with the relationship between the Company or any of its Subsidiaries, on the one hand, and any such Covered Person, on the other hand, (ii) solicit or cause to be solicited the employment of or hire or cause to be hired any such Covered Person at any time during such period, provided, however, that the foregoing shall not prohibit the undersigned from (a) engaging in any general advertising or general solicitation, including an internet publication, not specifically targeted to the Covered Persons or (b) employing any Covered Person who contacts the undersigned on his or her own initiative and without direct solicitation from the undersigned or (iii) induce any customer, supplier, licensee, licensor, franchisee or other business relation of the Company or any of its Subsidiaries to cease doing business with, or alter their business relationship with, the Company or any of its Subsidiaries, or in any way interfere with the relationship between any such customer, supplier, licensee, licensor, franchisee or other business relation and the Company or any of its Subsidiaries.

8. *Non-Competition.*[5] For a period of three (3) years from and after the Closing (the "Restricted Period"), the undersigned Unitholder (other than the Blocker Members), other than in connection with providing services to or for the benefit of the Company or any of its Affiliates, covenants and agrees to not, directly or indirectly, own any interest in, provide any financing to, manage, control, participate in, consult with, render services for, or otherwise engage in or assist any other person with engaging in, the Restricted Business in the United States and in any country where the Company's products are currently being distributed or sold as of the Effective Date; provided, however, that nothing set forth in this Letter of Transmittal shall prohibit any Person from (i) continuing to own any class of capital stock or equity of any entity, whether or not such entity is engaged in the Restricted Business, (ii) owning up to five percent (5%) in the aggregate of any class of capital stock or equity of any corporation if such stock or equity is publicly traded and listed on any national or regional stock exchange or (iii) continuing to conduct the business activities of the undersigned as conduced as of the Effective Time. "Restricted Business" means the developing, branding, brewing, bottling and distributing of beer (including non-alcoholic beer) and hard seltzers. The undersigned may, prior to the end of the Restricted Period, request a waiver of the obligations set forth in this Section 8 from the Company and the Company shall have the right to consent to such waiver request, which the Company shall not unreasonably withhold.

9. *Confidentiality*. The undersigned agrees to keep the terms of the Agreement and this Letter of Transmittal confidential, except to the extent required by applicable Law or for financial reporting purposes and except that the undersigned may disclose such terms to its accountants, advisors and other representatives as necessary in connection with tax filings or other legal matters (so long as such Persons agree to or are bound by contract to keep the terms of the Agreement and this Letter of Transmittal confidential). [Notwithstanding the foregoing, the undersigned and its Affiliates will be permitted (i) to disclose to their respective and prospective members, limited partners and partners (who may disclose to their direct and indirect investors) the fact that the Closing has occurred, the consideration paid under the Agreement, other items directly relating to such consideration and other types of information that are customary for private equity funds to provide to their respective and prospective members, limited partners and partners and (ii) to disclose in connection with normal fund raising and related marketing or informational or reporting activities, including on their websites and in their marketing materials, any such information permitted to be disclosed pursuant to clause (i) above.][6]

[4] Draft Note: This section to be deleted in the letter of transmittal signed by SWBC Craft, LLC.
[5] Draft Note: This section to be deleted in the letter of transmittal signed by SWBC Craft, LLC.
[6] Draft Note: Bracketed language to be included in the letter of transmittal signed by SWBC Craft, LLC.

10. *Reasonableness of Covenants*. The undersigned expressly acknowledges and agrees that each restriction contained in this Letter of Transmittal is reasonable in all respects (including with respect to subject matter, time period and geographical area) and such restrictions are necessary to protect Parent's interest in, and the value of, the Company and its Subsidiaries (including the goodwill inherent therein). If the final judgment of a court of competent jurisdiction declares that any term or provision of this Letter of Transmittal is invalid or unenforceable, the undersigned agrees that the court making the determination ofinvalidity or unenforceability shall have the power to reduce the scope, duration, or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Letter of Transmittal shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed. The undersigned acknowledges and agrees that in the event of a breach by the undersigned of any of the covenants of this Letter of Transmittal, monetary damages shall not constitute a sufficient remedy. Consequently, in the event of any such breach, Parent, the Company, their Subsidiaries and/or their respective successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforceor prevent any violations of the provisions hereof.

11. *Successors and Assigns; Instructions.* This Letter of Transmittal shall be binding upon and inure tothe benefit of the undersigned and his, her or its successors and permitted assigns. The undersigned agreesthat the Instructions to this Letter of Transmittal constitute an integral part of this instrument and agrees tobe bound thereby. Surrender of the Units noted above is subject to the terms, conditions, and limitations setforth in the Agreement and the Instructions attached.

12. *Governing Law; Venue*. The validity, interpretation and effect of this Letter of Transmittal shall be governed exclusively by the Laws of the State of Delaware, excluding the "conflict of laws" rules thereof. The undersigned agrees that any action or proceeding seeking to enforce any provision of, or based on anyright arising out of, this Letter of Transmittal may be brought in the Court of Chancery of the State of Delaware or, only if such court does not have jurisdiction, any other state or federal court located in the State of Delaware, and in each case any appellate courts therefrom, and the undersigned hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally.

[continued on following pages]

SIGNATURE PAGE

[The Paying Agent hereby is instructed by the undersigned to issue to the undersigned the portionof the Purchase Price to which the undersigned is entitled in connection with the Merger as provided for and pursuant to the terms and conditions of the Agreement of Merger and Acquisition.][7] If the undersignedholder of the Units is married and such Units are held jointly with such holder's spouse, or the holder of the Units and such holder's spouse reside in a community property state (including Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin), both such holder and his or her spouse must sign this Letter of Transmittal. Signatures of trustees, executors, administrators, guardians,officers of corporations, attorneys-in-fact, or others acting in a fiduciary capacity must include the full titleof the signer in such capacity.

PLEASE SIGN HERE

Signature of Holder: _____
(The signature must correspond exactly with the name(s) recorded in the books and records of the Company).

Date: _____

Name: _____
(Please Print)

Title of Signing Party: _____
(if entity, trustee or other authorized party)

IF SPOUSAL OR ADDITIONAL SIGNATURES ARE REQUIRED, USE THE FIELDS BELOW.

Signature of Holder: _____

Date: _____

Name: _____
(Please Print)

Title of Signing Party: _____

[7] Draft Note: This sentence to be deleted in the letter of transmittal signed by SWBC Craft, LLC.

[continued on following pages]

INSTRUCTIONS

1. *Delivery of Letter of Transmittal*. This Letter of Transmittal must be properly completed, duly executed, dated, and, delivered as set forth on the first page of this Letter of Transmittal together with (a) a Form W-9, and (b) any other required documents. The method of delivering documentation is at the option and the risk of the holder. **If sent by mail, registered mail, properly insured, with return receiptrequested, is recommended.**

Until a holder has surrendered his, her, or its Units via delivery of this Letter of Transmittalas set forth on the first page of this Letter of Transmittal, he, she, or it will not receive payment of the portion of the consideration payable to such holder with respect to his/her/its Units.

You should complete one Letter of Transmittal listing all Units registered in the same name. If anyUnits are registered in different ways, you will need to complete, sign, and submit as many separate Letters of Transmittal as there are different registrations. You may not submit fewer than the entire number of Unitsheld by you.

2. *Form W-9*. Each Unitholder is required to provide the Paying Agent with a correct taxpayeridentification number ("TIN"), generally such holder's social security or federal employer identification number, on Form W-9, which is provided below. The undersigned must complete item (4) on the Form W-9 if the undersigned is exempt from backup withholding and specify the appropriate code found in the instructions found with the Form W-9. Part I of the form may be completed with "Applied For" if the Unitholder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If "Applied For" is indicated and the Paying Agent is not provided with a TIN within sixty (60) days, then the Paying Agent will withhold 24% of all payments of the Final Purchase Price due to the Unitholder until a TIN is provided to the Paying Agent. Further instructions to completing the Form W-9 are included with the Form W-9 and should be read prior to completing the form.

3. *Signatures*. The signature on this Letter of Transmittal must correspond exactly with the name(s) recorded in the books and records of the Company, unless the Units described on this Letter of Transmittal have been assigned by the registered holder or holders thereof, in which event this Letter of Transmittal should be signed in exactly the same form as the name(s) of the last transferee(s) indicated in the books and records of the Company.

For a name correction or for a change in name which does not involve a change in ownership, proceed as follows: For a change in name by marriage, etc., the Letter of Transmittal should be signed, e.g.,"Mary Doe, now by marriage Mary Jones." For a correction in name, the Letter of Transmittal should be signed, e.g., "James E. Brown, incorrectly inscribed as J.E. Brown." The signature in each such case should be guaranteed as described below in Instruction 4.

If this Letter of Transmittal is signed by a trustee, executor, administrator, guardian, officer of a corporation, attorney-in-fact, or other person acting in a fiduciary or representative capacity, the person signing must give his or her full title in such capacity and of his or her authority to so act.

4. *Request for Assistance*. All questions regarding appropriate procedures for surrendering the Units should be directed to Corey R. Katz, Winston & Strawn LLP, at (212) 294-5338 or ckatz@winston,com or Ryan Walden, Winston & Strawn LLP, at (212) 294-9178 or rwalden@winston,com.

5. *Additional Copies*. Additional copies of this Letter of Transmittal or a Form W-9 may be obtained from the Paying Agent at the mailing address or telephone number set forth on the front page.

6. *Units Transfer Taxes*. The undersigned will pay all transfer taxes with respect to the delivery of checks in payment for surrendered Units. If, however, payment is to be made to any person other than the registered holder(s), or if surrendered unit(s) are registered in the name of any person other than the person(s) signing this Letter of Transmittal, the amount of any transfer taxes (whether imposed onthe registered holder(s), the Company or any other person) payable on account of the payment to such otherperson will be deducted from the Final Purchase Price or must be paid by the recipient or the person signingthis Letter of Transmittal unless evidence satisfactory to Parent of the payment of such taxes, or exemptiontherefrom, is submitted.

7. *Internal Revenue Service Forms*. Each holder of Units receiving payment in connection with the Merger is required to provide a correct Taxpayer Identification Number on Form W-9. Please see"IMPORTANT TAX INFORMATION."

8. *Miscellaneous*. Any and all Letters of Transmittal or copies (including any other required documents) not in proper form are subject to rejection. The terms and conditions of the Agreement of Merger and Acquisition are incorporated herein by reference and are deemed to form part of the terms andconditions of this Letter of Transmittal.

9. *Waiver of Conditions*. To the extent permitted by applicable law, Parent reserves the rightto waive any and all conditions set forth herein and accepts for exchange any securities submitted for exchange.

IMPORTANT TAX INFORMATION

A United States Holder (as defined below) of Units who is receiving any consideration in connection with the Merger is generally required under United States federal income tax law to provide his, her or its current taxpayer identification number ("TIN"). If such holder is an individual, the TIN is his or her Social Security Number. If the holder does not provide the correct TIN or an adequate basis for an exemption, the holder may be subject to a penalty imposed by the Internal Revenue Service (the "IRS"), and any consideration such holder receives in the Merger may be subject to backup withholding at the applicable rate (currently 24%). Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund from the IRS may be obtained. To prevent backup withholding on any cash payment made to a holder of SW Brewing Company, LLC Units in connection with the Merger Agreement, a United States Holder is required to notify SW Brewing Company, LLC of his, her or its correct TIN by completing the enclosed Form W-9 and certifying under penalties of perjury that the TIN provided on Form W-9 is correct. In addition, the holder must date and sign as indicated. If the holder does not provide the Paying Agent with a certified TIN within by the time of payment, backup withholding may apply.

To prevent backup withholding, holders that are not United States Holders should (i) submit a properly completed IRS Form W-8BEN or W-8BEN-E, or other applicable IRS form W-8, to the Paying Agent, certifying under penalties of perjury to the holder's foreign status or (ii) otherwise establish an exemption.

Certain holders (including, among others, corporations) are exempt recipients not subject to these backup withholding requirements. See the enclosed copy of the Form W-9 and the General Instructions to Form W-9. To avoid possible erroneous backup withholding, exempt United States Holders should complete and return the Form W-9.

For purposes of these instructions, a "United States Holder" is (i) an individual who is a citizen or resident alien of the United States, (ii) a corporation (including an entity taxable as a corporation) or partnership created under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income tax regardless of its source or (iv) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or (b) the trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

See the enclosed "General Instructions" on Form W-9 for additional information and instructions.
IN ALL CASES, TAX FORMS PREPARED AND ATTACHED TO THIS LETTER OF TRANSMITTAL SHOULD BE COMPLETED IN ACCORDANCE WITH INSTRUCTIONS FROM THE IRS ATTACHED TO EACH FORM OR AVAILABLE AT WWW.IRS.GOV. PLEASE CONSULT YOUR INDEPENDENT LEGAL, ACCOUNTING OR FINANCIAL ADVISOR FOR FURTHER QUESTIONS.

FAILURE TO PROPERLY COMPLETE THE INFORMATION REQUESTED ON FORM W-9 MAY RESULT IN WITHHOLDING ON ANY CASH PAYMENTS MADE TO YOU.

EXHIBIT D

Adjustment Escrow Agreement

(See attached)

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement") is made and entered into as of [●], by and among Aphria Inc., a corporation existing under the Ontario Business Corporations Act ("Parent"), Chilly Water, LLC, a Delaware limited liability company (the "Securityholders' Representative" and, together with Parent, sometimes referred to individually as a "Party" and collectively as the "Parties"), and Citibank, N.A., as escrow agent (the "Escrow Agent").

RECITALS

WHEREAS, Parent and the Securityholders' Representative are parties to that certain Agreement of Merger and Combination (the "Business Combination Agreement") dated asof November 4, 2020, by and among Parent, Project Golf Merger Sub, LLC, a Delaware limited liability company ("Merger Sub"), SW Brewing Company, LLC, a Delaware limited liability company (the "Company"), SWBC Craft Holdings LP, a Delaware limited partnership ("Blocker"), SWBC Craft Management, LLC, a Delaware limited liability company ("Blocker GP"), SWBC Blocker Seller, LP, a Delaware limited partnership ("Blocker Seller"), and the Securityholders' Representative;

WHEREAS, Parent and the Securityholders' Representative desire to have the Escrow Agent act as escrow agent for the purpose of holding certain funds in escrow pursuant to the terms of the Business Combination Agreement and this Agreement;

WHEREAS, the Escrow Agent hereby agrees to serve as the escrow agent and depository subject to the terms of this Agreement; and

WHEREAS, capitalized terms used herein and not defined herein have the meanings ascribed thereto in the Business Combination Agreement.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Appointment of Escrow Agent. The Parties hereby appoint the Escrow Agent as their escrow agent for the purposes set forth herein, and the Escrow Agent hereby accepts such appointment and agrees to act as escrow agent in accordance with the terms and conditions set forth herein.

2. Escrow Funds.

(a) Simultaneously with the execution and delivery of this Agreement, Parent is depositing with the Escrow Agent an amount in cash equal to $1,000,000 (the "Escrow Amount") in immediately available funds. The Escrow Agent hereby acknowledges receipt of theEscrow Amount, together with all products and proceeds thereof, including all interest, dividends, gains and other income (collectively, the "Escrow Earnings") earned with respect thereto (collectively, the "Escrow Funds") in a separate and distinct account (the "Escrow Account"), subject to the terms and conditions of this Agreement.

(b) For greater certainty, all Escrow Earnings shall be retained by the Escrow Agent and reinvested in the Escrow Funds and shall become part of the Escrow Funds; and shall be disbursed as part of the Escrow Funds in accordance with the terms and conditions of this Agreement.

3. Investment of Escrow Funds.

(a) Unless otherwise instructed in writing and executed by an Authorized Representative (as defined in Section 4(iv) below) of both Parties, the Escrow Agent shall hold theEscrow Funds in a "noninterest-bearing deposit account" insured by the Federal Deposit InsuranceCorporation ("FDIC") to the applicable limits. The Escrow Funds shall at all times remain available for distribution in accordance with Section 4 below.

(b) The Escrow Agent shall send an account statement to each of the Parties on a monthly basis reflecting activity in the Escrow Account for the preceding month.

(c) The Escrow Agent shall have no responsibility for any investment losses resulting from the investment, reinvestment or liquidation of the escrowed property, as applicable, provided that the Escrow Agent has made such investment, reinvestment or liquidation of the escrowed property in accordance with the terms, and subject to the conditions of this Agreement. The Escrow Agent does not have a duty nor will it undertake any duty to provide investment advice.

4. Disposition and Termination of the Escrow Funds.

(a) Escrow Funds. The Parties shall act in accordance with, and the EscrowAgent shall hold and release the Escrow Funds as provided in, this Section 4(a) as follows:

(i) Upon receipt of a Joint Release Instruction, substantially in the form of Exhibit B annexed hereto, with respect to the Escrow Funds, the Escrow Agent shall promptly, but in any event within two (2) Business Days after receipt of a Joint Release Instruction, disburseall or part of the Escrow Funds in accordance with such Joint Release Instruction.

(ii) Upon receipt by the Escrow Agent of a copy of Final Determination from any Party, the Escrow Agent shall on the fifth (5th) Business Day following receipt of such determination, disburse as directed, part or all, as the case may be, of the Escrow Funds (but only to the extent funds are available in the Escrow Funds) in accordance with such Final Determination. The Escrow Agent will act on such Final Determination without further inquiry.

(iii) All payments of any part of the Escrow Funds shall be made by wire transfer of immediately available funds or check as set forth in the Joint Release Instruction or Final Determination, as applicable.

(iv) Any instructions setting forth, claiming, containing, objecting to, orin any way related to the transfer or distribution of any funds on deposit in any Escrow Account under the terms of this Agreement must be in writing, executed by the appropriate Party or Parties as evidenced by the signatures of the person or persons set forth on Exhibit A-1 and Exhibit A-2 (the "Authorized Representatives") and delivered to the Escrow Agent either (i) by confirmed facsimile only at the fax number set forth in Section 11 below (and receipt confirmed by the Escrow Agent) or (ii) attached to an e-mail received on a Business Day sent to an e-mail address set forth in Section 11 below (and receipt confirmed by the Escrow Agent). In the event a Joint Release Instruction or Final Determination is delivered to the Escrow Agent, whether in writing, by facsimile or otherwise, the Escrow Agent is authorized to seek confirmation of such instruction by telephone call back to the person or persons designated in Exhibit A-1 and/or A-2 annexed hereto (the "Call Back Authorized Individuals"), and the Escrow Agent may rely upon the confirmations of anyone purporting to be a Call Back Authorized Individual. To assure accuracy of the instructions it receives, the Escrow Agent may record such call backs. If the Escrow Agentis unable to verify the

instructions, or is not satisfied with the verification it receives, it will not execute the instruction until all such issues have been resolved. The persons and telephone numbers for call backs may be changed only in writing, executed by an Authorized Representative of applicable Party and actually received and acknowledged by the Escrow Agent.

(b) Certain Definitions.

(i) "Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are not required or authorized by law to be closed in New York, New York.

(ii) "Final Determination" means a final non-appealable order of any court of competent jurisdiction which may be issued for the distribution of all or a portion of the Escrow Funds, as applicable, together with (A) a certificate executed by an Authorized Representative of the prevailing Party, to the effect that such order is final and non-appealable and from a court of competent jurisdiction having proper authority and (B) the written payment instructions executed by an Authorized Representative of the prevailing Party, to effectuate such order.

(iii) "Joint Release Instruction" means the joint written instruction executed by an Authorized Representative of each of Parent and the Securityholders' Representative, directing the Escrow Agent to disburse all or a portion of the Escrow Funds, as applicable.

(iv) "Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof.

5. Escrow Agent. The Escrow Agent undertakes to perform only such duties as are expressly set forth herein, which shall be deemed purely ministerial in nature, and no other duties, including but not limited to any fiduciary duties, shall be implied. The Escrow Agent shall neither be responsible for, nor chargeable with, knowledge of, nor have any requirements to comply with, the terms and conditions of any other agreement, instrument or document between the Parties, in connection herewith, if any, including without limitation the Business Combination Agreement, nor shall the Escrow Agent be required to determine if any Person has complied with any such agreements, nor shall any additional obligations of the Escrow Agent be inferred from the terms of such agreements, even though reference thereto may be made in this Agreement. Notwithstanding the terms of any other agreement between the Parties, the terms and conditions of this Agreement will control the actions of Escrow Agent. The Escrow Agent may rely upon and shall not be liable for acting or refraining from acting upon any Joint Release Instruction or Final Determination furnished to it hereunder and reasonably believed by it to be genuine and to have been signed by an Authorized Representative of the proper Party or Parties. Concurrent with the execution of this Agreement, the Parties shall deliver to the Escrow Agent authorized representative's forms in the form of Exhibit A-1 and Exhibit A-2 attached hereto. The Escrow Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document, notice, instruction or request. The Escrow Agent shall have no duty to solicit any payments which may be due it or the Escrow Funds. In the event that the Escrow Agent shall be uncertain as to its duties or rights hereunder or shall receive instructions, claims or demands from any Party hereto which, in its opinion, conflict with any of the provisions of this Agreement, it shall be entitled to refrain from taking any action and its sole obligation shall be to keep safely all property held in escrow until it shall be directed otherwise in a Joint Release Instruction or Final Determination. The Escrow Agent may interplead all of the assets held hereunder into a court of competent jurisdiction or may seek a declaratory judgment with respect to certain circumstances, and thereafter be fully relieved from any and all liability or obligation with respect to such interpleaded assets or any action or nonaction based on such declaratory judgment. The Escrow Agent may consult with legal counsel of its selection in the event of any dispute or question as to the meaning or construction of any of the provisions hereof or its duties hereunder. The Escrow Agent will not be liable for any action taken, suffered or omitted to be taken by it in good faith except to the extent that the Escrow Agent's fraud, gross negligence or willful misconduct was the cause of any

direct loss to either Party. To the extent practicable, the Parties agree to pursue anyredress or recourse in connection with any dispute (other than a dispute involving the Escrow Agent) without making the Escrow Agent a party to the same. Anything in this Agreement to thecontrary notwithstanding, in no event shall the Escrow Agent be liable for any special, indirect, punitive, incidental or consequential losses or damages of any kind whatsoever (including but notlimited to lost profits), even if the Escrow Agent has been advised of the likelihood of such lossesor damages and regardless of the form of action.

6. Resignation and Removal of the Escrow Agent. The Escrow Agent (a) may resignand be discharged from its duties or obligations hereunder by giving thirty (30) calendar days advance notice in writing of such resignation to the Parties specifying a date when such resignation shall take effect or (b) may be removed, with or without cause, by Parent and the Securityholders'Representative acting jointly at any time by providing written notice executed by an Authorized Representative of each Party, to the Escrow Agent. Any corporation or association into which theEscrow Agent may be merged or converted or with which it may be consolidated, or any corporation or association to which all or substantially all of the escrow business of the Escrow Agent's line of business may be transferred, shall be the Escrow Agent under this Agreement without further act. The Escrow Agent's sole responsibility after such thirty (30) day notice periodexpires or after receipt of written notice of removal shall be to hold and safeguard the Escrow Funds (without any obligation to reinvest the same) and to deliver the same (i) to a substitute or successor escrow agent pursuant to a joint written designation from the Parties, (ii) as set forth ina Joint Release Instruction or (iii) in accordance with the directions of a Final Determination, and,at the time of such delivery, the Escrow Agent's obligations hereunder shall cease and terminate. In the event the Escrow Agent resigns, if the Parties have failed to appoint a successor escrow agent prior to the expiration of thirty (30) calendar days following receipt of the notice of resignation, the Escrow Agent may petition any court of competent jurisdiction for the appointment of such a successor escrow agent or for other appropriate relief, and any such resultingappointment shall be binding upon all of the parties hereto.

7. Fees and Expenses. All fees and expenses of the Escrow Agent are described in Schedule 1 attached hereto and shall be paid one-half by Parent and one-half by the Securityholders' Representative. The fees agreed upon for the services to be rendered hereunder are intended as full compensation for the Escrow Agent services as contemplated by this Agreement.

8. Indemnity. Each of the Parties shall jointly and severally indemnify, defend, and hold harmless the Escrow Agent and its affiliates and their respective successors, assigns,directors, officers, agents and employees (the "Indemnitees") from and against any and all losses, damages, claims, liabilities, penalties, judgments, settlements, actions, suits, proceedings, litigation, investigations, costs or expenses (including the reasonable fees and expenses of one outside counsel and experts and their staffs and all expense of document location, duplication and shipment actually incurred) (collectively "Escrow Agent Losses") arising out of or in connection with (a) the Escrow Agent's execution and performance of this Agreement, tax reporting or withholding, the enforcement of any rights or remedies under or in connection with this Agreement, or as may arise by reason of any act, omission or error of such Indemnitee, except to the extent that such Escrow Agent Losses, as adjudicated by a court of competent jurisdiction, have been caused by the fraud, gross negligence or willful misconduct of such Indemnitee, or (b) its following any instructions or other directions from Parent or the Securityholders' Representative. The Parties hereby grant the Escrow Agent a lien on, right of set-off against and security interest in, the Escrow Funds for the payment of any reasonable claim for indemnification, expenses and amounts due hereunder. Notwithstanding anything to the contrary herein, Parent and the Securityholders' Representative agree, solely as between themselves, that any obligation for indemnification under this Section 8 (or for reasonable fees and expenses of the Escrow Agentdescribed in Section 7) shall be borne by the Party or Parties determined by a court of competent jurisdiction to be responsible for causing the loss, damage, liability, cost or expense against which the Escrow Agent is entitled to indemnification or, if no

such determination is made, then one-half by Parent and one-half by the Securityholders' Representative. The Parties acknowledge that the foregoing indemnities shall survive the resignation or removal of the Escrow Agent or the termination of this Agreement.

9. Tax Matters.

(a) Securityholders' Representative shall be responsible for and the taxpayer on all taxes due on the interest or income earned, if any, on the Escrow Funds for the calendar year in which such interest or income is earned. The Escrow Agent shall report any interest or income earned on the Escrow Funds, if any, to the Internal Revenue Service (the "IRS") or other taxing authority on IRS Form 1099. Prior to the date hereof, the Parties shall provide the Escrow Agent with certified tax identification numbers by furnishing appropriate IRS forms W-9 or W-8 as applicable and such other forms and documents that the Escrow Agent may request.

(b) The Escrow Agent shall be responsible only for income reporting to the IRS with respect to income earned on the Escrow Funds. The Escrow Agent shall withhold any taxes required to be withheld by applicable law, including but not limited to required withholding in the absence of proper tax documentation, and shall remit such taxes to the appropriate authorities.

(c) The Escrow Agent, its affiliates, and its employees are not in the business of providing tax or legal advice to any taxpayer outside of Citigroup, Inc. and its affiliates. This Agreement and any amendments or attachments hereto are not intended or written to be used, and may not be used or relied upon, by any such taxpayer or for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

10. Covenant of the Escrow Agent. The Escrow Agent hereby agrees and covenants with Parent and the Securityholders' Representative that it shall perform all of its obligations under this Agreement and shall not deliver custody or possession of any of the Escrow Funds to anyone except pursuant to the express terms of this Agreement or as otherwise required by law.

11. Notices. Except as otherwise expressly required in Section 4(a)(iv), all communications required under this Agreement shall be in writing, in English, and shall be deemed to have been duly given if delivered (i) personally, (ii) by facsimile transmission with written confirmation of receipt, (iii) on the day of transmission if sent by electronic mail ("e-mail") with a PDF attachment executed by an Authorized Representative of the Party/ Parties to the e-mail address given below, and written confirmation of receipt is obtained promptly after completion of the transmission, (iv) by overnight delivery with a reputable national overnight delivery service, or (v) by mail or by certified mail, return receipt requested, and postage prepaid. If any notice is mailed, it shall be deemed given five Business Days after the date such notice is deposited with the United States Postal Service. If notice is given to a Party, it shall be given at the address for such Party set forth below. It shall be the responsibility of the Parties to notify the Escrow Agent and the other Party in writing of any name or address changes.

if to Parent, then to:

Address1
Address2
Address3
Attention: Carl Merton, Chief Financial Officer
Telephone No.: 519-564-6374
E-mail:

carl.merton@aphria.com

with a copy (which shall not constitute notice) to:

DLA Piper LLP (US)
1251 Avenue of the Americas, 27th Floor
New York, NY 10020
Attention: Christopher Giordano
Jon Venick
Email: Christopher.Giordano@us.dlapiper.comJon.Venick@us.dlapiper.com

or, if to the Securityholders' Representative, then to:

Address1
Address2
Address3
Telephone No.:
Facsimile No.:
E-mail:

with a copy (which shall not constitute notice) to:

Address1
Address2
Address3
Telephone No.:
Facsimile No.:
E-mail:

or, if to the Escrow Agent, then to:

Citibank, N.A.

Citi Private Bank
388 Greenwich Street
Tower Building, 29th Floor
New York, NY 10013
Attn: William T. Lynch
Telephone No.: 212-783-7108
Facsimile No.: 212-783-7131
E-mail: William.lynch@citi.com

Notwithstanding the above, in the case of communications delivered to the Escrow Agent pursuant to the foregoing clause (i) through (iv) of this Section 11, such communications shall be deemed to have been given on the date received by the Escrow Agent. In the event that the Escrow Agent,in its sole discretion, shall determine that an emergency exists, the Escrow Agent may use such other means of communication as the Escrow Agent deems appropriate.

12. Termination. This Agreement shall terminate on the first to occur of (a) the distribution of all of the amounts in the Escrow Funds in accordance with this Agreement or (b) delivery to the Escrow Agent of a written notice of termination executed jointly by an AuthorizedRepresentative of Parent and the

Securityholders' Representative, after which this Agreement shallbe of no further force and effect except that the provisions of Section 8 hereof shall survive termination.

13. Miscellaneous. The provisions of this Agreement may be waived, altered, amendedor supplemented, in whole or in part, only by a writing signed by all of the parties hereto. Neither this Agreement nor any right or interest hereunder may be assigned in whole or in part by any party without the prior consent of the other parties. This Agreement shall be governed by and construed under the laws of the State of Delaware. Each Party irrevocably waives any objection on the grounds of venue, forum non-conveniens or any similar grounds and irrevocably consents to service of process by mail or in any other manner permitted by applicable law and consents to the jurisdiction of the courts located in the State of Delaware. The Parties hereby waive any rightto a trial by jury with respect to any lawsuit or judicial proceeding arising from or relating to this Agreement. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. All signatures of the parties to this Agreement may be transmitted by facsimile or electronic transmission in portable document format (.pdf), and such facsimile or .pdf will, for all purposes,be deemed to be the original signature of such party whose signature it reproduces, and will be binding upon such party. If any provision of this Agreement is determined to be prohibited or unenforceable by reason of any applicable law of a jurisdiction, then such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions thereof, and any such prohibition or unenforceability in such jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.The Parties represent, warrant and covenant that each document, notice, instruction or request provided by such Party to the Escrow Agent shall comply with applicable laws and regulations. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby irrevocably waived by the parties hereto to the fullest extent permitted by law, to the end that this Agreement shall be enforced as written. Except as expressly provided in Sections 7 and 8, nothing in this Agreement, whether express or implied, shall be construed to give to any personor entity other than the Escrow Agent and the Parties any legal or equitable right, remedy, interestor claim under or in respect of this Agreement or any funds escrowed hereunder.

14. Compliance with Court Orders. In the event that any escrow property shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by anycourt order affecting the property deposited under this Agreement, the Escrow Agent is hereby expressly authorized, in its sole discretion, to obey and comply with all writs, orders or decrees soentered or issued, which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction, and in the event that the Escrow Agent obeys or complies with any such writ, order or decree it shall not be liable to any of the Parties or to any other Person,by reason of such compliance notwithstanding such writ, order or decree be subsequently reversed,modified, annulled, set aside or vacated.

15. Further Assurances. Following the date hereof, each party shall deliver to the other parties such further information and documents and shall execute and deliver to the other parties such further instruments and agreements as any other party shall reasonably request to consummateor confirm the transactions provided for herein, to accomplish the purpose hereof or to assure to any other party the benefits hereof.

16. Assignment; Successors and Assigns. No assignment of the interest of any of the Parties shall be binding upon the Escrow Agent unless and until written notice of such assignment shall be filed with and consented to by the Escrow Agent (such consent not to be unreasonably withheld). Any transfer or assignment of the rights, interests or obligations hereunder in violation of the terms hereof shall be void and of no force or effect. This Agreement shall be binding uponand shall inure to the benefit of the Parties hereto and their respective legal representatives, successors and permitted assigns.

17. Force Majeure. The Escrow Agent shall not incur any liability for not performing any act or fulfilling any obligation hereunder by reason of any occurrence beyond its control (including, but not limited

to, any provision of any present or future law or regulation or any act of any governmental authority, any act of God or war or terrorism, or the unavailability of the Federal Reserve Bank wire services or any electronic communication facility), it being understoodthat the Escrow Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicableunder the circumstances.

18. Compliance with Federal Law. To help the U.S. Government fight the funding of terrorism and money laundering activities and to comply with Federal law requiring financial institutions to obtain, verify and record information on the source of funds deposited to an account, the Parties agree to provide the Escrow Agent with the name, address, taxpayer identification number, and remitting bank for all Parties depositing funds at Citibank pursuant to the terms and conditions of this Agreement. For a non-individual person such as a business entity, a charity, a trust or other legal entity, the Escrow Agent will ask for documentation to verify its formation and existence as a legal entity. The Escrow Agent may also ask to see financial statements, licenses, and identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

19. Use of Citibank Name. No publicly distributed printed or other material in any language, including prospectuses, notices, reports, and promotional material which mentions "Citibank" by name or the rights, powers, or duties of the Escrow Agent under this Agreement shall be issued by any other Parties hereto, or on such Party's behalf, without the prior written consent of the Escrow Agent.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the dateset forth above.

PARENT:

APHRIA INC.

By: _____
Name: _____
Its:

SECURITYHOLDERS' REPRESENTATIVE:

CHILLY WATER, LLC

By: _____
Name: _____
Its:

ESCROW AGENT:

CITIBANK, N.A.

By: _____
Name: _____
Its:

Schedule 1

ESCROW AGENT FEE SCHEDULE
Citibank, N.A., Escrow Agent

Acceptance Fee
To cover the acceptance of the Escrow Agency appointment, the study of the Agreement, and supporting documents submitted in connection with the execution and delivery thereof, and communication with other members of the working group:

Fee: Waived

Administration Fee
The administration fee covers maintenance of the Escrow Account including safekeeping of assetsin the escrow account, normal administrative functions of the Escrow Agent, including maintenance of the Escrow Agent's records, follow-up of the Agreement's provisions, and any other safekeeping duties required by the Escrow Agent under the terms of the Agreement. Fee is based on Escrow Amount being deposited in a non-interest bearing deposit account, FDIC insuredto the applicable limits.

Fee: Waived

Tax Preparation Fee
To cover preparation and mailing of Forms 1099-INT, if applicable for the escrow parties for eachcalendar year:

Fee: Waived

Transaction Fees
To oversee all required disbursements or release of property from the escrow account to any escrow party, including cash disbursements made via check and/or wire transfer, fees associatedwith postage and overnight delivery charges incurred by the Escrow Agent as required under theterms and conditions of the Agreement:

Fee: Waived

Other Fees
Material amendments to the Agreement: additional fee(s), if any, to be discussed at time ofamendment.

TERMS AND CONDITIONS: The above schedule of fees does not include charges for reasonable out-of-pocket expenses or forany services of an extraordinary nature that Citibank or its legal counsel may be called upon from time to time to perform. Fees are also subject to satisfactory review of the documentation, and Citibank reserves the right to modify them should thecharacteristics of the transaction change. Citibank's participation in this program is subject to internal approval of the third party depositing monies into the escrow account to be established hereunder. The Acceptance Fee, if any, is payable upon execution ofthe Agreement. Should this schedule of fees be accepted and agreed upon and work commenced on this program but subsequently halted and the program is not brought to market, the Acceptance Fee and legal fees incurred, if any, will still be payable in full.

EXHIBIT A-1

Certificate as to Parent's Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of Parent and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under this Agreement, on behalf of Parent. Thebelow listed persons (must list at least two individuals, if applicable) have also been designated Call BackAuthorized Individuals and will be notified by Citibank N.A. upon the release of Escrow Funds from the escrow account(s).

Name / Title / Telephone	Specimen Signature
Name	Signature
Title	
Phone	Mobile Phone
Name	Signature
Title	
Phone	Mobile Phone
Name	Signature
Title	
Phone	Mobile Phone

NOTE: Actual signatures are required above. Electronic signatures, "Docusigned" signatures and/or signature fonts are not acceptable.

EXHIBIT A-2

Certificate as to the Securityholders' Representative Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of the Securityholders' Representative and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under this Agreement, on behalf of the Securityholders' Representative. The below listed persons (must list at least two individuals, if applicable) have also been designated Call Back Authorized Individuals and will be notified by Citibank N.A. upon the release of Escrow Funds from the escrow account(s).

Name / Title / Telephone	Specimen Signature
Name	Signature
Title	
Phone	Mobile Phone
Name	Signature
Title	
Phone	Mobile Phone
Name	Signature
Title	
Phone	Mobile Phone

NOTE: Actual signatures are required above. Electronic signatures, "Docusigned" signatures and/or signature fonts are not acceptable.

EXHIBIT B
Form of Joint Release Instruction

[Date]

[Via Email]

[Via Fax]

[212.780.7131]
Citibank, N.A.
Escrow Services
388 Greenwich Street
Tower Building, 29th Floor
New York, NY 10013
Attn: William T. Lynch
william.lynch@citi.com

RE: [Name of Parties] – Escrow Agreement dated [ ]
Escrow Account number [●]

We refer to an escrow agreement dated [ ] between [ ] and Citibank, N.A. as Escrow Agent (the "Escrow Agreement")

Capitalized terms in this letter that not otherwise defined shall have the same meaning given to them inthe Escrow Agreement.

Pursuant to Section 4(a) of the above referenced escrow agreement, the Parties instruct the Escrow Agentto release [$] to the specified party as instructed below.

[Bank name]
[ABA number]
[Bank Address]
[Beneficiary name]
[Beneficiary Account number]

Thank you.

[●]

_____

[●]

_____

Exhibit to Escrow Agreement

EXHIBIT E

Bensch Consulting Agreement

(See attached)

AMENDED AND RESTATED MANAGEMENT AGREEMENT

This **AMENDED AND RESTATED MANAGEMENT AGREEMENT** (this "Agreement") is entered into as of November 4, 2020, by and among SW Brewing Company, LLC, a Georgia limited liability company (the "Company"), Class V, Inc., a Georgia corporation (the "Manager"),Aphria Inc. ("Aphria") and Freddy Bensch ("Bensch") (each of the foregoing individually, a "Party," and collectively, the "Parties"). This Agreement shall be effective (the "Effective Date") as of the Closing Date (as defined in the Agreement of Merger and Acquisition (the "Merger Agreement") dated as of November 4, 2020, by and among Aphria, Project Golf Merger Sub, LLC,a Delaware limited liability company, SW Brewing Company, LLC, a Delaware limited liability company (the "Company"), SWBC Craft Holdings LP, a Delaware limited partnership, SWBC Craft Management, LLC, a Delaware limited liability company, SWBC Blocker Seller, LP, a Delaware limited partnership, and Chilly Water, LLC, a Delaware limited liability).

RECITALS

WHEREAS, the Parties are party to a Management Agreement, dated as of April 17, 2014 and amended and restated on October 22, 2015 (the "Original Agreement"), pursuant to which the Company engaged the Manager to make Bensch available to serve the role of the Company's ChiefExecutive Officer ("CEO");

WHEREAS, Bensch has certain experience and expertise that qualifies him to provide thedirection and leadership required by the Company;

WHEREAS, subject to the terms and conditions hereinafter set forth, the Company wishes to engage the Manager to make Bensch available to serve the role of the Company's CEO, and the Manager wishes to accept such engagement; and

WHEREAS, the Parties intend to supersede the Original Agreement with this Agreement as of theEffective Date.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises, terms, provisions and conditions set forth in this Agreement, the receipt and adequacy of which are herebyacknowledged, the Parties hereby agree as follows:

1. Engagement. Subject to the terms and conditions in this Agreement, the Companyhereby engages the Manager, and the Manager hereby accepts such engagement, to make Benschavailable to, and Bensch shall, serve as the Company's CEO, reporting to the Chairman and ChiefExecutive Officer of Aphria.

2. Term. This Agreement is for an Initial Term commencing on the Effective Date, subject to the provisions of Section 6. As used in this Agreement, the "Initial Term" means the period commencing on the Effective Date and ending on the earlier to occur of December 31, 2023or the date of termination of the Manager's engagement pursuant to Section 6. For purposes of clarity, this Agreement may only be terminated during the Initial Term by the Company for Cause (as defined below). This Agreement shall automatically renew for successive one (1) year terms (each such one year renewal term, a "Renewal Term", and together

with the Initial Term, the "Term") unless otherwise terminated pursuant to Section 6 or any of the Parties to this Agreement gives written notice to the other Parties of its intent not to renew this Agreement at least forty-five (45) days prior to the expiration of the then-current term. The Manager's continued engagement during any Renewal Term shall be in accordance with and governed by this Agreement, unless modified by the Parties in writing.

3. Capacity and Performance.

a. During the Term, the Manager shall make Bensch available to serve the role of the Company's CEO, reporting to Aphria's Chairman and CEO.

b. During the Term, Bensch shall have the following roles: (i) assisting in establishing the culture, values and vision of the Company, (ii) providing oversight and supervision with respect to the day-to-day management, management of the P&L, and direction of the Company's business, (iii) assisting in developing and recommending to the Chief Executive Officer of Aphria strategic objectives with respect to the business, the introduction of Aphria brands and products into the U.S.(to the extent legally possible) and the introduction of the Company's brands into Canada as well as approaches for implementing those objectives, (iv) recommending to the Company methods to drive growth and profitability, (v) assisting the Company in preserving and enhancing relationships with its customers, distributors, suppliers and other business relations including, but not limited to, making introductions to the Aphria CEO, (vi) assisting in developing relationships with new customers, distributors, suppliers and other business relations, (vii) assisting Aphria with the integration of the businesses and work with the Company's management team to ensure the timely delivery of financial information, (viii) assisting the Aphria CEO with any potential acquisitions, (ix) work with the Aphria CEO to build out and strengthen the management team and to develop a succession plan, and (x) such other duties and activities as may be requested by the Aphria CEO.

c. During the Term, the Manager shall cause Bensch to, and Bensch shall, devote sufficient time to enable him to perform the authorities and roles described above.In addition, the Manager shall cause Bensch to be available and attend certain public relations events and Aphria Board of Directors' meetings. The performance of the Manager's duties and responsibilities hereunder may be rendered at the Company's headquarters in Atlanta, Georgia, or such other places as the Manager may determine, it being acknowledged that Bensch's primary residence during the Term may be located outside the state of Georgia. Notwithstanding the foregoing, Bensch will be permitted to (i) serve as a member of the board of directors or advisory boards (or their equivalents in the case of a non-corporate entity) of non-competing private businesses and charitable organizations so long as such service would not have a material adverse effect on the reputation of the Company Group(as defined below), (ii) engage in charitable activities and community affairs and (iii) manage his personal investments and affairs, except that Bensch will limit the time devoted to the foregoing activities so as not to materially interfere, individually or in the aggregate, with the performance of his duties and responsibilities hereunder and shall comply with Section 5 hereof, and except that the Manager shall promptly disclose all outside activities under (i) and (ii) hereof to the Aphria CEO.

d. During the Term, the Manager shall, and shall cause Bensch to, and Bensch shall comply with all written policies, practices and procedures and all codes of ethics or business conduct

applicable to his position, as in effect from time to time, at the Company and its parent and subsidiary companies (the "Company Group").

4. Compensation and Benefits. As compensation for all services performed by theManager under this Agreement and during the Term:

a. Management Fee. During the Term, the Company shall pay to the Manager an annual amount of four hundred thousand dollars ($400,000) per year (the "Management Fee") payable in equal installments on a monthly basis. The Management Fee will be subject to such upward adjustment as may be approved by the Aphria CEO, from time to time.

b. Up-front Stock Grant. As soon as reasonably practicable following the Effective Date, Bensch shall receive 50,000 Restricted Share Units ("RSUs"), which shall be granted in accordance with and remain subject to the terms and conditions of the Aphria's Omnibus Long Term Incentive Plan ("Omnibus Plan"). Any RSUs granted pursuant to this Section shall vest equally over two years from the date of grant, with half of the RSUs vesting one year from the date of grant and the remainder vesting two years from the date of grant.

c. Bonus. During each Fiscal Year during the Term, the Manager shall be eligible toreceive a performance-based bonus of up to 100% of the Management Fee (the "Bonus") to be paid within 90 days following the Fiscal Year end, or within such other period as determined by the Aphria Board of Directors. The Bonus shall be paid in cash or RSUs, at the Manager's option. Payment of the Bonus shall be dependent upon the Company's overall achievement of four (4) performance metrics to be developed with and agreed to by the Aphria CEO (the "SweetWater Scorecard") in consultation with the Manager and Bensch. The Bonus that the Manager will be eligible to receive for the Fiscal Year ending May 31, 2021 will be prorated for the period commencing on the Effective Date through May 31, 2021. This Agreement must be in full force and effect on the date the Bonus is to be paid in order for the Manager to be eligible to receive the Bonus.

d. Time Off. The Manager may permit Bensch to take time off without reduction of the Management Fee at the Manager's discretion subject to the reasonable businessneeds of the Company and provided that the number of days of such time off do not have a significant negative impact on Bensch's performance of the Manager's or Bensch's duties or responsibilities to the Company. The Manager may permit Bensch to leave to attend such meetings, seminars, conferences, lectures, conventions and the like as are reasonable and proper to maintain or enhance the skills pertinent to the performance of his duties.

e. Participation in Employee Benefit Plans. During the Term, Bensch shall be entitledto participate in all employee benefit plans from time to time in effect for employeesof the Company generally and senior executives, except to the extent such plans are duplicative of benefits otherwise provided by the Manager under this Agreement. Participation by Bensch in any such employee benefit plan shall be subject to the terms of the applicable plan documents and the standard policies and procedures ofthe Company with respect to such employee benefit plan, and any other restrictionsor limitations imposed by law. The Company may alter, modify, add, suspend

or terminate any employee benefit plan at any time as the Company, in its sole discretion, may determine to be appropriate, without recourse by the Manager or Bensch.

f. Business Expenses. The Company shall pay or reimburse the Manager for all reasonable travel (including first-class travel accommodations within the United States and including travel to and from Bensch's primary residence to the Company's headquarters), entertainment and other business expenses incurred or paid by the Manager in the performance of Bensch's duties and responsibilities hereunder, subject to such reasonable substantiation and documentation as may bereasonably required by the Company from time to time. In addition, during the Term, the Company will provide the Manager, for further provision to Bensch, withan automobile of a similar type, style and cost Bensch is currently provided, and repair costs of such automobile.

5. Confidential Information and Restricted Activities.

a. Confidential Information. Each of the Manager and Bensch acknowledges that, as a result of the Manager being a manager of the Company, both prior to the date hereof and during the course of the engagement, the Manager and Bensch have learned of and will continue to learn of Confidential Information, as defined below, and they have developed and may continue to develop Confidential Information onbehalf of the Company Group. The Manager and Bensch agree that they will not use or disclose to any Person (except as required by applicable law or for the proper performance of their duties and responsibilities for the Company Group) any Confidential Information obtained by them incident to any association with the Company Group, other than in connection with the enforcement of their rights hereunder. The Manager and Bensch agree that this restriction shall continue to apply after the engagement hereunder terminates, regardless of the reason for suchtermination. Further, the Manager and Bensch agree to furnish prompt notice to Aphria of any required disclosure of Confidential Information sought pursuant to subpoena, court order or any other legal process or requirement, and agree to provide Aphria a reasonable opportunity to seek protection of the Confidential Information prior to any such disclosure.

b. Protection of Documents. All documents, records and files of the Company Group, in any media of whatever kind and description, relating to the business, present or otherwise, of the Company Group, and any copies, in whole or in part, thereof (the "Documents:), whether or not prepared by the Manager or Bensch, shall be the sole and exclusive property of the Company Group. The Manager and Bensch agree touse commercially reasonable efforts to safeguard all Documents and to surrender to Aphria, at the time the engagement hereunder terminates, all Documents then in the Manager's or Bensch's possession or under their control to which no member of the Company Group or any officer or employee thereof has access and can providesuch Documents to Aphria without expense. The Manager and Bensch also agree to disclose to Aphria, at the time the engagement hereunder terminates or at such earlier time or times as Aphria CEO may specify, all passwords necessary or desirable to obtain access to, or that would assist in obtaining access to, any Documents which the Manager or Bensch has password-protected on any computerequipment, network or system of the Company Group.

c. Assignment of Rights to Intellectual Property. Each of the Manager and Bensch hereby assigns and agrees to assign to the Company Group its or his full right, title and interest in and to all Intellectual Property created or developed by Manager orBench during the Term. To the extent applicable, Bensch hereby waives his moralrights in and to the Intellectual Property in favor of the Company Group and their respective successors and permitted assigns. Each of the Manager and Bensch agrees to execute any and all applications for domestic and foreign patents, copyrights, trademarks or other proprietary rights and to do such other acts (including without limitation the execution and delivery of instruments of further assurance or confirmation) requested by the Company, all at the Company's expense, to assign the Intellectual Property to the Company Group and to permit the Company to enforce any patents, copyrights, trademarks or other proprietary rights to the Intellectual Property. Neither the Manager nor Bensch will charge theCompany for time spent in complying with these obligations during the Term. Allcopyrightable works that the Manager or Bensch creates during the Term shall be considered "work made for hire" and shall, upon creation, be owned exclusively bythe Company.

d. Restricted Activities. The Manager and Bensch agree that the following restrictionson their activities during and after the Term are necessary to protect the goodwill, Confidential Information, trade secrets and other legitimate interests of the Company Group:

i. During the Term and, except as set forth below, during the twelve (12)- month period immediately following the end of the Term (the “Tail Period”), regardless of the reason therefor (in the aggregate, the “RestrictedPeriod”), except in their capacity as directly or indirectly a member, manager or service provider to the Company Group and in furtherance of the interests of the Company Group, the Manager and/or Bensch shall not, directly or indirectly, engage in, carry on, provide services in connection with, or otherwise assist or compete with all or any portion of the business or businesses of the Company Group, in each case as carried on during theTerm or, following termination of the Term but during the Tail Period, if applicable, as of the date of termination, in any geographic area in which the Company Group does business during the Term or, following termination of the Term but during the Tail Period, if applicable, in any geographic area in which the Company Group has devoted substantial expense or time in anticipation of launching into such geographic area within the subsequent twelve (12) months. The passive ownership of less than 5% of the outstanding stock of any publicly-traded corporation will notbe deemed to be a violation of the terms hereof.

ii. During the Restricted Period, neither the Manager nor Bensch will, directly or indirectly, for itself, himself or any other Person, solicit the business of any Person known by the Manager or Bensch to be a customer, distributor or wholesaler of the Company Group with respect to the business of the Company Group, induce or attempt to induce any Person known by the Manager or Bensch to be a customer, distributor or wholesaler of the Company Group to cease doing business with the Company Group, or in any way interfere with the relationship between the Company Group and any Person known by the Manager or Bensch to be a customer, distributor or wholesaler of the Company Group.

iii. During the Restricted Period, neither the Manager nor Bensch will recruit, offer employment, employ, engage as a consultant, lure or entice away, or in any other manner persuade or attempt to persuade, any Person who is anemployee or independent contractor of the Company Group to leave the employ of, or engagement with, the Company Group until one (1) year after such individual's employment or independent contractor relationship with the Company Group has been terminated; provided, however, that the provisions of this Section 5(d)(iii) shall not prohibit the Manager or Bensch from (i) employing any employee or engaging any independent contractor of any member of the Company Group who contacts the Manager or Bensch, as applicable, on his or her own initiative and without any direct solicitation, directly or indirectly, from the Manager or Bensch or any of their respective affiliates or agents as a result of general employment advertising not directed at the business of the Company Group or (ii) soliciting or employing any employee or engaging any independent contractor of the Company Group through any recruiting firm that has not been directed to target, and has not targeted, employees or independent contractor of the Company Group.

iv. Mutual Non-Disparagement. The Manager and Bensch agrees that during the Term of this Agreement and at all times after the termination thereof (for any reason whatsoever), Bensch shall not make any statements (oral or written), directly or indirectly, to any third party that are disparaging or derogatory toward the Company Group, or the Company Group's products, services, agents, or employees. During the Term of this Agreement and at all times after the termination thereof (for any reason whatsoever), the Company Group shall direct its directors and officers not to make any statements (oral or written), directly or indirectly, to any third party that are disparaging or derogatory toward the Manager and Bensch. Nothing in this Agreement is intended to prevent any Party from (A) testifying truthfully under oath pursuant to any lawful court order or subpoena, or (B) otherwise responding to or providing disclosures required by law. This includes any statement to or response to an inquiry by any member of the press or media, whether written, verbal, electronic, or otherwise.

e. The Manager and Bensch agree that during the Term, neither the Manager nor Bensch will undertake any outside activity, whether or not competitive with the business of the Company Group, that could reasonably be expected to give rise to a conflict of interest with the Company Group.

f. In signing this Agreement, the Manager and Bensch give the Company assurances that they have carefully read and considered all the terms and conditions of this Agreement, including the restraints imposed on them under this Section 5. The Manager and Bensch agree without reservation that these restraints are necessary for the reasonable and proper protection of the Company Group, and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area. The Manager and Bensch further agree that, were they to breach any of the covenants contained in this Section 5, the damage to the Company Group would be irreparable. The Manager and Bensch therefore agree that the Company, in addition to any other remedies available to it, shall be entitled to preliminary

and permanent injunctive relief against any breach or threatened breach by the Manager or Bensch of any of those covenants, without having to post bond. The Parties further agree that in the event of any dispute under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and costs from the other party; provided, however, that the Company shall not be entitled to recover attorneys' fees to the extent the applicable breach of covenant by the Manager or Bensch contained in Section 5 is capable of being cured without any liability, damage or loss to the Company Group and has been fully cured by the Manager or Bensch within ten (10) business days following written notice from the Company without any such liability, damage or loss to the Company Group. So that the Company may enjoy the full benefit of the covenants contained in this Section 5, the Manager and Bensch further agrees that the Restricted Period shall be tolled, and shall not run, during the period of any breach by the Manager or Bensch of any of the covenants contained in this Section 5. The Parties further agree that, in the event that any provision of this Section 5 is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law. It is also agreed that all entities comprising the Company Group shall have the right to enforce all of the Manager's and Bensch's obligations to that entity under this Agreement, including without limitation pursuant to this Section

5. Finally, no claimed breach of this Agreement or other violation of law attributed to the Company shall operate to excuse the Manager or Bensch from the performance of his or its obligations under this Section 5.

6. Termination of Engagement. During the Initial Term, the Manager's engagement hereunder shall not be terminated for any reason other than Cause (as defined below) in accordance with Section 6(a) below. During the Extended Term, the Manager's engagement hereunder may be terminated under the following circumstances:

a. By the Company For Cause. Aphria or the Company may terminate this Agreement for Cause upon written notice to the Manager setting forth in reasonable detail the nature of the Cause. The following shall constitute "Cause" for termination: (i) the Manager's or Bensch's willful failure to perform (other than by reason of disability) or refusal to carry out the reasonable and lawful instructions of Aphria's CEO, consistent with the roles specified above or gross negligence in the performance of Bensch's duties and responsibilities to the Company Group, which willful failure or gross negligence, to the extent capable of being cured, remains uncured after ten (10) business days' written notice by Aphria, such notice to specify in reasonable detail the circumstances and manner in which Bensch has willfully failed to perform, or has been grossly negligent, as applicable; (ii) Bensch's or the Manager's material breach of this Agreement or any similar agreement between Bensch and the Company Group providing for non-competition and/or non- solicitation covenants in favor of the Company Group which breach, to the extent capable of being cured, remains uncured after ten (10) business days' notice by Aphria, such notice to specify in reasonable detail the facts and circumstances giving rise to and/or the nature of such breach; or (iii) Bensch's conviction of a felony or any crime committed involving moral turpitude, fraud, embezzlement, or theft. Bensch's opportunity to cure an event giving rise to Cause for termination shall not apply to any repeated or subsequent similar events, and any such repeated or subsequent event shall be deemed incapable of being cured for purposes of this Section 6(a).

b. By the Company Without Cause. The Company may terminate the Manager's engagement at any time without Cause, upon not less than sixty (60) days' prior written notice to the Manager (the "Termination Without Cause Notice Period"). During the Termination Without Cause Notice Period, the Manager shall cause Bensch to continue to perform such duties and responsibilities as directed by the Company, including but not limited to assisting the Company in the transition of Bensch's duties and responsibilities.

c. By the Manager Without Good Reason. The Manager may terminate its engagement hereunder upon sixty (60) days' notice to Aphria. In the event of suchtermination, Aphria's CEO may elect to waive the period of notice, or any portionthereof, and, if the Aphria CEO so elects, the Company will pay the Manager the Management Fee for the period so waived.

d. By the Manager for Good Reason. The Manager may terminate its engagement hereunder for Good Reason by (a) providing notice to Aphria specifying in reasonable detail the condition giving rise to the Good Reason by no later than thethirtieth (30th) calendar day following the occurrence of that condition, (b) providing the Company a period of thirty (30) calendar days to remedy thecondition and so specifying in the notice and (c) terminating its engagement for Good Reason within thirty (30) calendar days following the expiration of the period to remedy if the Company fails to remedy the condition. The following shallconstitute "Good Reason" for termination hereunder:

   i. a material diminution in the nature or scope of the Manager's or Bensch'sduties and responsibilities as set forth under this Agreement;

   ii. a requirement that Bensch be physically present at any particular locationin order to perform hereunder;

   iii. any material breach by the Company of its obligations under thisAgreement; or

   iv. any reduction in the Management Fee as set forth in Section 4(a) hereof; provided, that the foregoing shall only constitute Good Reason hereunder to the extent any suchaction was (x) caused by, or taken with the approval, or at the direction, of the Aphria CEO and (y) not consented to by Bensch.

e. Death and Disability. The Manager's engagement hereunder shall automatically terminate in the event of Bensch's death. The Company may terminate the Manager's engagement hereunder due to Bensch's Disability. For purposes of this Agreement, Bensch shall be deemed to have a "Disability" if Bensch is unable to perform the essential functions set forth under this Agreement even with a reasonable accommodation, for any one hundred twenty (120) consecutive days, due to mental or physical disability as determined by a physician mutually selected by the Manager and the Company. If the Manager and the Company cannot agree on the selection of a physician, each of them will select a physician and the two physicians will select a third physician who will determine whether Bensch has a Disability. The determination of the physician selected under this Section 6(d) shallfor purposes of this Agreement be

conclusive of the issue. Bensch shall, at the Company's request, submit to a medical examination by such physician in connection with making the determination of Disability under this Section 6(d). If Bensch is determined to have a Disability in accordance with the foregoing, the Company may elect to terminate the Manager' s engagement hereunder by giving awritten notice of termination to the Manager and Bensch; provided, however, that the Company may not terminate the Manager's engagement unless, at the time the Company gives such notice of termination, Bensch continues to have a physical or mental disability that, in the opinion of the determining physician, may be expected to prevent Bensch from performing the essential duties under this Agreement for atleast an additional sixty (60) days in excess of the one hundred twenty (120) days resulting in his Disability.

7. Other Matters Related to Termination.

a. Final Compensation. In the event of termination of the Manager's engagement hereunder with the Company, howsoever occurring, the Company shall pay the Manager (i) any earned but unpaid Management Fee through the date of termination; (ii) reimbursement for business expenses incurred by the Manager but not yet paid to the Manager as of the date of termination, provided the Manager submits all expenses and supporting documentation required within 90 days of thedate of termination, and provided further that such expenses are reimbursable under this Agreement and any applicable travel and expense policies; and (iii) any accrued but unpaid benefits under Section 4(c) hereof through the date of termination, to the extent such benefits are payable under the terms of the applicable employee benefit plan (all of the foregoing, “Final Compensation”).

b. Benefits. In the event of any termination of the Manager’s engagement pursuant to Sections 6(b) or 6(d) above, if permitted by applicable law and Bensch elects to continue benefits coverage under COBRA, the Manager shall be entitled to receive cash payments equal to the difference between Bensch’s COBRA continuation coverage premiums and the amount of premiums paid by similarly situated active employees of the Company Group under the Company’s group health plans (the “COBRA Premium Amount”) for the twenty-four (24) month period following termination (the “COBRA Premium Period”); provided, that (i) in the event that the applicable period for COBRA continuation coverage under the Company’s group health plans is shorter than the COBRA Premium Period, the Manager shall remain entitled to receive the COBRA Premium Amount until the expiration of the COBRA Premium Period; (ii) the Manager and Bensch agree to renegotiate this Section 7(b) with the Company in good faith in the event that the provision of the benefits described in this Section 7(b) would be reasonably likely to result in additional tax liability to the Company, the Manager or Bensch; and (iii) the Manager’s eligibility to receive the COBRA Premium Amount under this Section 7(b) shall terminate in the event that Bensch (x) is receiving substantially comparable benefits pursuant to a group health plan available to Bensch’s spouse or (y) becomes employed in a position pursuant to which Bensch is eligible for substantially comparable benefits.

c. Survival. Sections 5, 7, 8, 9, 11, 12, 13, 14, 15, 16 and 17 of this Agreement shall survive any termination of the Manager's engagement as set forth therein. Upon termination of this

Agreement by either the Manager or the Company as permitted hereby, all rights, duties and obligations of the Manager and the Company to each other pursuant to this Agreement shall cease, except for those provisions hereof that contemplate performance after termination.

8. Timing of Payments and Section 409A.

a. Notwithstanding anything to the contrary in this Agreement, if at the time the Manager's engagement hereunder terminates, Bensch is deemed to be a "specified employee," as defined below, any and all amounts payable under this Agreement on account of such separation from service that would (but for this provision) be payable within six (6) months following the date of termination, shall instead be paid on the next business day following the expiration of such six (6) month period or, if earlier, upon Bensch's death; except (A) to the extent of amounts that do not constitute a deferral of compensation within the meaning of Treasury regulation Section 1.409A-l(b) (including without limitation by reason of the safe harbor set forth in Section l.409A-l(b)(9)(iii), as determined by the Company in its reasonable good faith discretion); (B) benefits which qualify as excepted welfare benefits pursuant to Treasury regulation Section l.409A-l(a)(5); or (C) other amounts or benefits that are not subject to the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A").

b. For purposes of this Agreement, all references to "termination of engagement" and correlative phrases shall be construed to require a "separation from service" (as defined in Section l.409A-l(h) of the Treasury regulations after giving effect to the presumptions contained therein), and the term "specified employee" means an individual determined by the Company to be a specified employee under Treasury regulation Section 1.409A-l(i).

c. Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments.

d. In no event shall the Company have any liability relating to the failure or alleged failure of any payment or benefit under this Agreement to comply with, or be exempt from, the requirements of Section 409A. However, this Agreement is intended to comply with or be exempt from Section 409A, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance with or be exempt from Section 409A.

9. Definitions. For purposes of this Agreement, the following definitions apply:

a. “Confidential Information” means any and all information of the Company Group that is not generally known by Persons with whom members of the Company Group compete or do business, and is otherwise not generally available to, or known by, the public. Confidential Information includes without limitation such information relating to (i) the development, research, testing, manufacturing, production, marketing and financial activities of the Company Group, (ii) the Products, (iii) the costs, sources of supply, financial performance, commercial plans and strategic plans of the Company Group and (v) the people and organizations with whom the Company Group has business relationships and the nature and substance of those relationships. Confidential Information does

not include information that enters the public domain, other than through the Manager's or Bensch's breach of its or his obligations under this Agreement.

b. "Fiscal Year" means Aphria's fiscal year, which commences on June 1st and ends on May 31st.

c. "Intellectual Property" means inventions, discoveries, developments, methods, processes, compositions, works, concepts and ideas (whether or not patentable or copyrightable or constituting trade secrets) conceived, made, created, developed orreduced to practice by the Manager or Bensch (whether alone or with others, whether or not during normal business hours or on or off Company premises) during the Manager's engagement with the Company Group that relate to the business of any member of the Company Group (including any business that any member of the Company Group has devoted substantial expense or time in planning to engage in within the subsequent twelve (12) months) or that make use of Confidential Information or any of the equipment or facilities of the Company Group.

d. "Person" means an individual, a corporation, a limited liability company, anassociation, a partnership, an estate, a trust or any other entity or organization.

e. "Products" means all products sold, licensed, leased or otherwise distributed or put into use by the Company Group, together with all services provided by theCompany Group, during the Term, as well as all such Products with respect to which the Company has developed substantial expense or time in planning, researching, developing or testing for sale or distribution in anticipation of launching within the subsequent twelve (12) months.

10. Conflicting Agreements. The Manager and Bensch hereby represent and warrant that their signing of this Agreement and the performance of their obligations under will notbreach or be in conflict with any other agreement to which the Manager or Bensch is a party or is bound, and that the Manager and Bensch are not now subject to any covenants against competition or similar covenants or any court order that could affect the performance of the Manager's or Bensch's obligations under this Agreement. The Manager and Bensch agree that they will not disclose to or use on behalf of the Company Group any confidential or proprietary information of a third party without that party's consent.

11. Independent Contractor. The Manager and Bensch acknowledge that Bensch is not an employee of the Company. The Manager is responsible for all taxes, levies and duties that may accrue by virtue of this Agreement including, without limitation, as a result of, the compensation, reimbursements or other payments to be paid or made hereunder. Except as may otherwise be required by law, the Company shall make all payments due and payable hereunder without deduction or withholding of any taxes, levies or duties.

12. Indemnification. The Manager shall indemnify and hold harmless the Company and its officers, directors, members, and employees, for and from any and all claims, damages, costs, claims, expenses or other liability (including reasonable attorneys' fees) brought or imposed against the Company or its affiliates by Bensch or any of theManager's personnel or by any other party (including private parties, governmental bodies, insurance carriers or administrators, and courts) related to or as a result of Bensch's status (or the status of any of Class V's personnel) as an independent contractor, rather than an employee, including but not limited

to, claims related to worker's compensation, wage and hour laws, employment taxes, payroll withholdings, and eligibility for or participation in any Company group health and welfare benefit plans.

13. Assignment. No Party may make any assignment of this Agreement or any interest in it, by operation of law or otherwise, without the prior written consent of the other Parties; provided, however, the Company may assign its rights and obligations under this Agreement without the other Parties' consent to another member of the Company Group or to any Person with whom the Company shall hereafter effect a reorganization, consolidate with, or merge into or to whom it transfers all or substantially all of its properties or assets. This Agreement shall inure to the benefit of and be binding upon the Parties and each of their respective successors, executors, administrators, heirs andpermitted assigns.

14. Severability. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision incircumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

15. Miscellaneous. This Agreement sets forth the entire agreement among the Parties, andreplaces all prior and contemporaneous communications, agreements and understandings, written or oral, with respect to the terms and conditions hereof,including, without limitation, the Original Agreement. This Agreement may not be modified or amended, and no breach shall be deemed to be waived, unless agreed to inwriting by the Manager, Bensch and a representative of the Company that is expressly authorized to agree thereto by the Board. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of anyprovision of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

16. Jurisdiction and Venue. This is a Georgia contract and shall be governed and construedin accordance with the laws of the State of Georgia, without regard to any conflict of laws principles that would result in the application of the laws of any other jurisdiction. Each of the Parties agrees to submit to the exclusive jurisdiction of the courts of the State of Georgia in connection with any dispute arising out of this Agreement. Each Party hereby waives and agrees not to assert, by way of motion, as a defense or otherwise, in any such action, any claim that it or he is not subject personally to the jurisdiction of the above-named courts, that its or his property is exempt or immune from attachment or execution, that any such action brought in one of the above-namedcourts should be dismissed on grounds of forum non conveniens, should be transferredor removed to any court other than one of the above-named courts, or should be stayedby reason of the pendency of some other proceeding in any other court other than one of the above-named courts, or that this Agreement or the subject matter hereof may notbe enforced in or by such court.

17. Notices. Any notices provided for in this Agreement shall be in writing and shall be effective when delivered in person or deposited in the United States mail, postage prepaid, and addressed to the Manager or Bensch at its or his last known address on thebooks of the Company or, in the case of the Company or Aphria, to it at its principal place of business, attention of the Chief Executive Officer, or to such other address asany Party may specify by notice to the others actually received.

If to the Manager:

[ ]
[ ]
[ ]
Attention: Fredrick M. Bensch
E-mail: freddy@sweetwaterbrew.com

If to Aphria or the Company:
c/o Aphria, Inc.
745 Fifth Avenue
Suite 1602
New York, NY 10151
Attention: Irwin D. Simon, Chief Executive Officer
Email: Irwin.simon@aphria.com

18. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument. A copy transmitted via facsimile or e-mail as a portable document format (.pdf) of this Agreement, bearing the signature of any party shall be deemed to be of the same legal force and effect as an original of this Agreement bearing such signature(s) as originally written of suchone or more parties.

[*signature page follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed bytheir respective officers thereunto duly authorized all as of the date first written above.

SW BREWING COMPANY, LLC

By: _____
Name: _____
Its:

CLASS V, INC.

By: _____
Name: _____
Its:

FREDRICK M. BENSCH

_____

APHRIA INC.

By: _____
Name: _____
Its:

EXHIBIT F

Lease Amendment

(See attached)

FORM OF FIRST AMENDMENT TO LEASE AGREEMENT

THIS FIRST AMENDMENT TO LEASE AGREEMENT (this "**Amendment**") is madeas of November , 2020, by and between **CHEESE GRITS, LLC**, a Georgia limited liability company ("**Landlord**") and **SWEETWATER BREWING COMPANY, LLC**, a Georgia limitedliability company ("**Tenant**").

WITNESSETH

WHEREAS, pursuant to that certain Lease Agreement (the "**Lease**") by and between Landlord and Tenant dated as of October 20, 2020, Tenant is leasing the Leased Premises as moreparticularly set forth in the Lease).

WHEREAS, Landlord and Tenant desire to make certain modifications of the Lease on theterms and conditions set forth below.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuableconsideration, the receipt and adequacy of which are hereby conclusively acknowledged, the parties hereto agree as follows:

1) **CAPITALIZED TERMS**. Capitalized terms used and not defined in this Amendment have the meanings ascribed to such terms in the Lease.

2) **IMPOSITIONS**. The definition of "Imposition" or "Impositions" at Appendix A of the Lease is hereby modified in part by deleting the words "prior to" from the tenth (10th) line thereof.For purposes of clarification, Tenant shall not be obligated to pay any Imposition pursuant to Section 8 of the Lease arising or accruing prior to the effective date of the Lease. Any such Impositions for which Landlord is obligated hereunder shall be paid by Landlord in a timely manner and in accordance with all applicable Legal Requirements. In the event that a payment of Impositions is due for a period which includes charges for the periods arising both prior to andfollowing the effective date of the Lease, Tenant shall only be responsible for the pro rata share of such Impositions for the period of time arising upon the effective date of the Lease until the end of the applicable billing or service period.

3) **MISCELLANEOUS**.

a) Effect of this Amendment. Landlord and Tenant hereby agree that all references inthe Lease or in the exhibits or schedules thereto or in this Amendment to "**the Lease**" or "**this Lease**" shall be deemed to mean the Lease as amended by this Amendment. Except solely and expressly as amended by this Amendment, each of the covenants, terms, provisions and conditions of the Lease remain unmodified and in full force and effect.

b) Conflicts. In the event of a conflict or inconsistency between this Amendment andthe Lease, the terms hereof shall supersede and govern.

c) Entire Agreement. This Amendment contains the entire agreement of the parties with respect to the subject matter hereof and all prior negotiations, understandings or agreementsbetween the parties with respect to the subject matter hereof are merged herein.

d) Governing Law. This Amendment shall be governed by Georgia law (without giving effect to conflict of laws principles thereof).

e) Severability. The provisions of this Amendment are severable, and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, and not any other clause or provision of this Amendment.

f) Authorization. Each of Landlord and Tenant represents and warrants to each otherthat its respective execution and delivery of this Amendment has been duly authorized, and that the individual executing this Amendment on behalf of Landlord and Tenant, respectively, has beenduly authorized to do so.

g) Counterparts. This Amendment may be executed in any number of counterparts, including facsimile or portable document formatted (.pdf) counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same agreement.

h) Binding. This Amendment is binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and permitted assigns.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Amendment as ofthe day and year first above written.

LANDLORD: **CHEESE GRITS, LLC**, a Georgia limited liability company

By: Name:
Title:

TENANT: **SWEETWATER BREWING COMPANY, LLC**, a Georgia limited liability company

By: Name:
Title:

EXHIBIT G

R&W Policy

(See attached)

88758860_15

EXHIBIT H

Waiver Agreement

(See attached)

88758860_15

WAIVER AGREEMENT

This WAIVER AGREEMENT (this "Agreement") is entered into as of [●] by and between SW Brewing Company, LLC (the "Company"), and SWBC Craft, LLC (the "Recipient").

WHEREAS, reference is made to that certain Agreement of Merger and Acquisition (the "Merger Agreement"), dated as of November 4, 2020, by and among the Company, Aphria Inc., a corporation existing under the Ontario Business Corporations Act ("Parent"), Project Golf MergerSub, LLC, a Delaware limited liability company ("Merger Sub"), SWBC Craft Holdings LP, a Delaware limited partnership ("Blocker"), SWBC Craft Management, LLC, a Delaware limited liability company, SWBC Blocker Seller, LP, a Delaware limited partnership, and Chilly Water, LLC, a Delaware limited liability company, pursuant to which, among other things, Parent and the Company desire to cause Merger Sub to merge with and into the Company, with the Company being the surviving limited liability company and becoming an indirectly wholly-owned subsidiary of Parent;

WHEREAS, reference is made to that certain Redemption Agreement (the "Redemption Agreement"), dated as of October 21, 2020, by and among the Company and the Recipient, pursuant to which the Company redeemed certain membership interests of the Company held by the Recipient;

WHEREAS, as a result of the consummation of the transactions contemplated in the Merger Agreement (the "Transactions"), the Recipient shall receive substantial consideration;

WHEREAS, all capitalized terms not defined herein shall have such meaning set forth in the Merger Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Recipient, intending to be legally bound, agree as follows:

1. Effective Upon the Closing Date. This Agreement shall become effective as of, and contingent upon, the Closing. In the event that the Closing does not occur or in the event the Merger Agreement is terminated in accordance with its terms, this Agreement will automatically be deemed null and void and of no further force and effect.

2. Waiver of Claims.

(a) Effective as of, and contingent upon, the Closing, and in consideration of the Transactions, to the maximum extent permitted by law, the Recipient, on the Recipient's behalf and on behalf of the Recipient's heirs, executors, administrators, beneficiaries, representatives, and successors or permitted assigns, hereby voluntarily, knowingly, and willingly waives (the "Waiver") any and all claims, rights, and obligations of every kind and nature whatsoever which the Recipient and/or the Recipient's executors, administrators, successors, or assigns ever had in the past, now have, or hereafter can, shall or may have pursuant to Section 5.01 of the Redemption Agreement (collectively, the "Claims") against the Company and its permitted successors and assigns. For the avoidance of doubt, nothing in this Waiver of Claims shall (i) limit or restrict the Recipient's claims for any payments due pursuant to the terms of the Merger Agreement, (ii) be construed to prohibit Recipient from bringing appropriate proceedings to enforce this Agreement, or (iii) waive any rights or claims that, pursuant to law, may not be lawfully released and/or waived in a waiver of this kind.

(b) Assuming the payments contemplated under the Merger Agreement are made in accordance with the terms of the Merger Agreement and the Payment Schedule (as such term is defined in the Merger Agreement), Recipient hereby represents and acknowledges that no furtherpayments are due to the Recipient by the Company in connection with the Redemption Agreement. The Recipient hereby represents and warrants that Recipient has not filed, caused to be filed or permitted to be filed any complaints, charges or lawsuits against the Company in respect of the Claims, and that no such complaints, charges or lawsuits are pending. The Recipient further covenants and agrees that the Recipient will not file, cause to be filed or permit to be filed any Claims, lawsuits, actions, proceedings, complaints, charges, demands, or causes of action at any time hereafter with respect to any Claims waived pursuant to this Agreement.

3. No Oral Modifications. This Agreement may not be amended orally, and may only be amended in a signed writing by both the Recipient and a duly authorized representative of the Company.

4. Assignment. Neither party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent signed by a duly authorized representative of the other party; provided, however, that the Company may transfer orassign this Agreement, in whole or in part, to any successor to one or more of its businesses withoutthe prior written consent signed by the Recipient.

5. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns; nothing in this Agreement, express or implied, is intended to confer on any person or entity other than the parties and their respective successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

6. Severability. In the event that any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreementor any other such instrument, and the provision in question is to be modified by the court so as tobe rendered enforceable or, if the determination relates to the waiver provisions, the Recipient willbe required to enter into an enforceable waiver agreement unless otherwise agreed in writing by the parties.

7. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to the application of any choice-of-law rules that would result in the application of another state's laws.

8. Waiver of Jury Trial. Each party hereby irrevocably waives their right to a jury for any action, proceeding or counterclaim arising from or relating to this Agreement, to the fullest extent permitted by applicable law.

9. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

10. Miscellaneous. This Agreement, along with the Redemption Agreement and the Merger Agreement (and the related documents thereto) constitutes the complete, final, andexclusive embodiment of the entire agreement between the Recipient and the Company with regardto this subject matter, and is entered into without reliance on any promise or representation, writtenor oral, other than those expressly contained herein, and supersedes any other such promises, warranties or representations. Any permitted successors and assigns are expressly made third-party beneficiaries of this Agreement.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the datefirst written above.

Very truly yours,

SW BREWING COMPANY, LLC

By: Name:
Title:

Agreed to and Accepted:

SWBC CRAFT, LLC

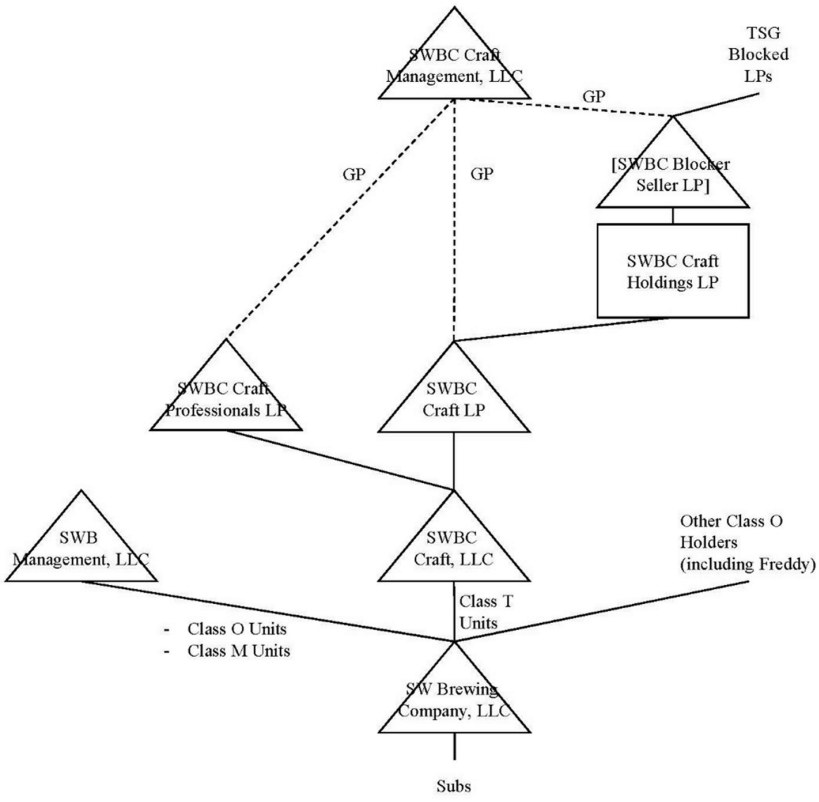
By: Name:
Title

SCHEDULE I

Redemption / Pre-Closing Blocker Reorganization

(See attached)

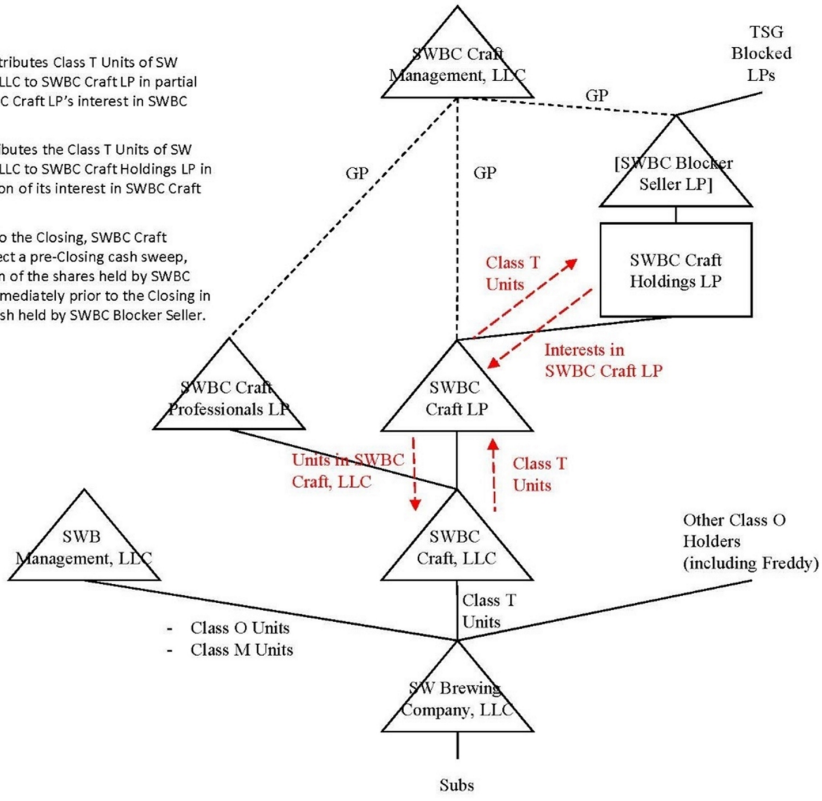
Pre-Closing Blocker Restructuring
Structure Prior to Pre-Closing Blocker Restructuring



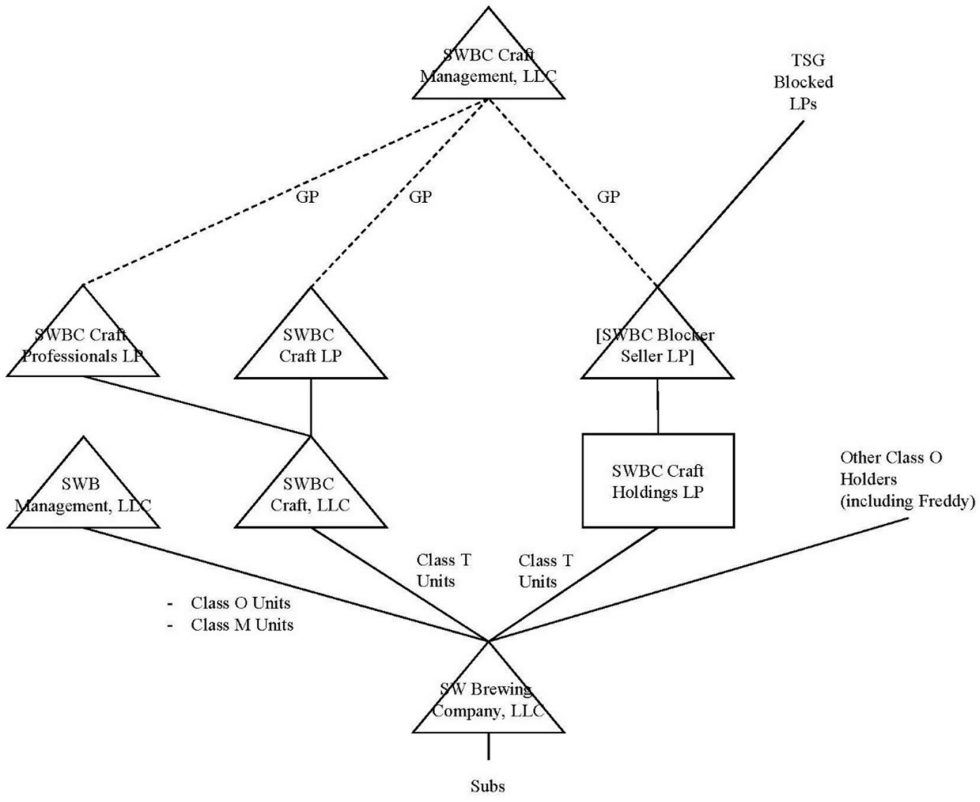
Pre-Closing Blocker Restructuring
Blocker Equity Distributions and Cash Sweep

Steps:

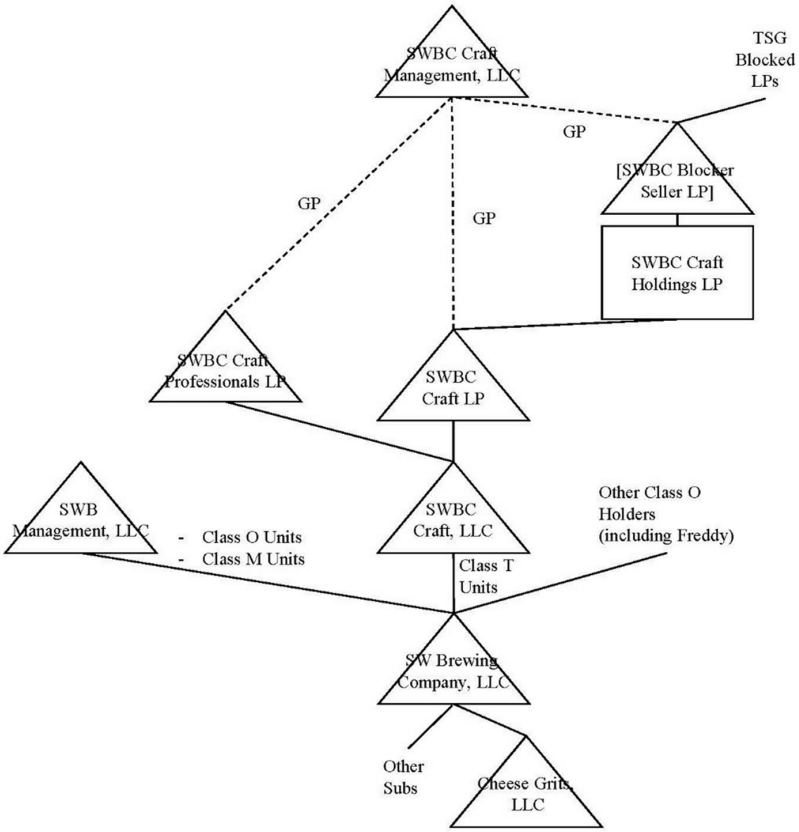
1. SWBC Craft, LLC distributes Class T Units of SW Brewing Company, LLC to SWBC Craft LP in partial redemption of SWBC Craft LP's interest in SWBC Craft, LLC.
2. SWBC Craft LP distributes the Class T Units of SW Brewing Company, LLC to SWBC Craft Holdings LP in complete redemption of its interest in SWBC Craft LP.
3. Immediately prior to the Closing, SWBC Craft Holdings LP will effect a pre-Closing cash sweep, redeeming a portion of the shares held by SWBC Blocker Seller LP immediately prior to the Closing in exchange for the cash held by SWBC Blocker Seller.



Pre-Closing Blocker Restructuring
Structure After Pre-Closing Blocker Restructuring



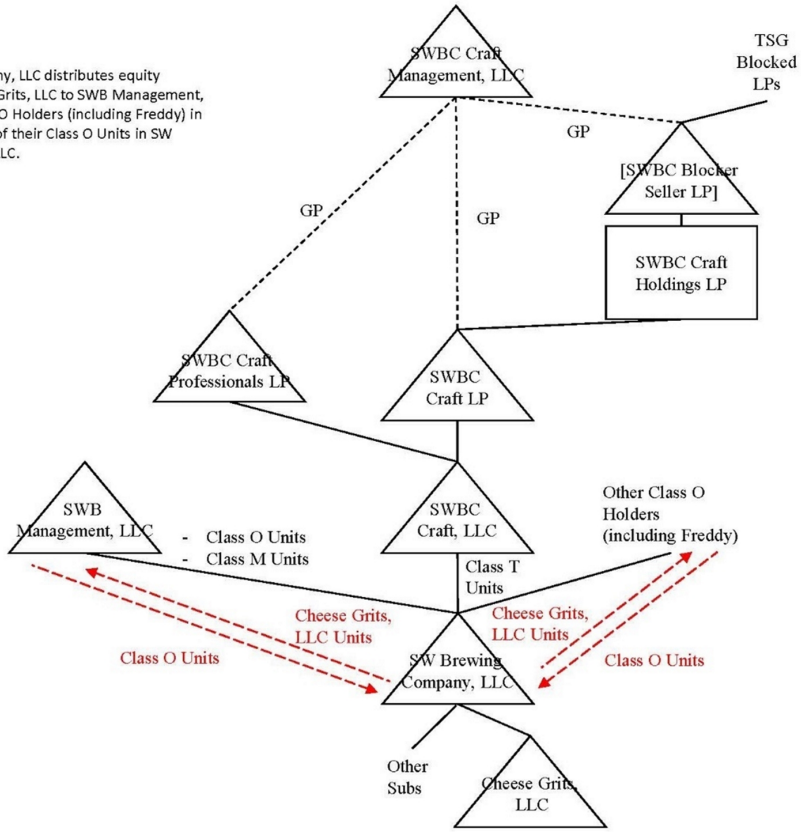
Pre-Closing Real Estate Restructuring
Structure Prior to Pre-Closing Real Estate Restructuring



Pre-Closing Real Estate Restructuring
Distribution of Cheese Grits Equity

Step:

1. SW Brewing Company, LLC distributes equity interests of Cheese Grits, LLC to SWB Management, LLC and Other Class O Holders (including Freddy) in partial redemption of their Class O Units in SW Brewing Company, LLC.



Pre-Closing Real Estate Restructuring
Structure After Pre-Closing Real Estate Restructuring

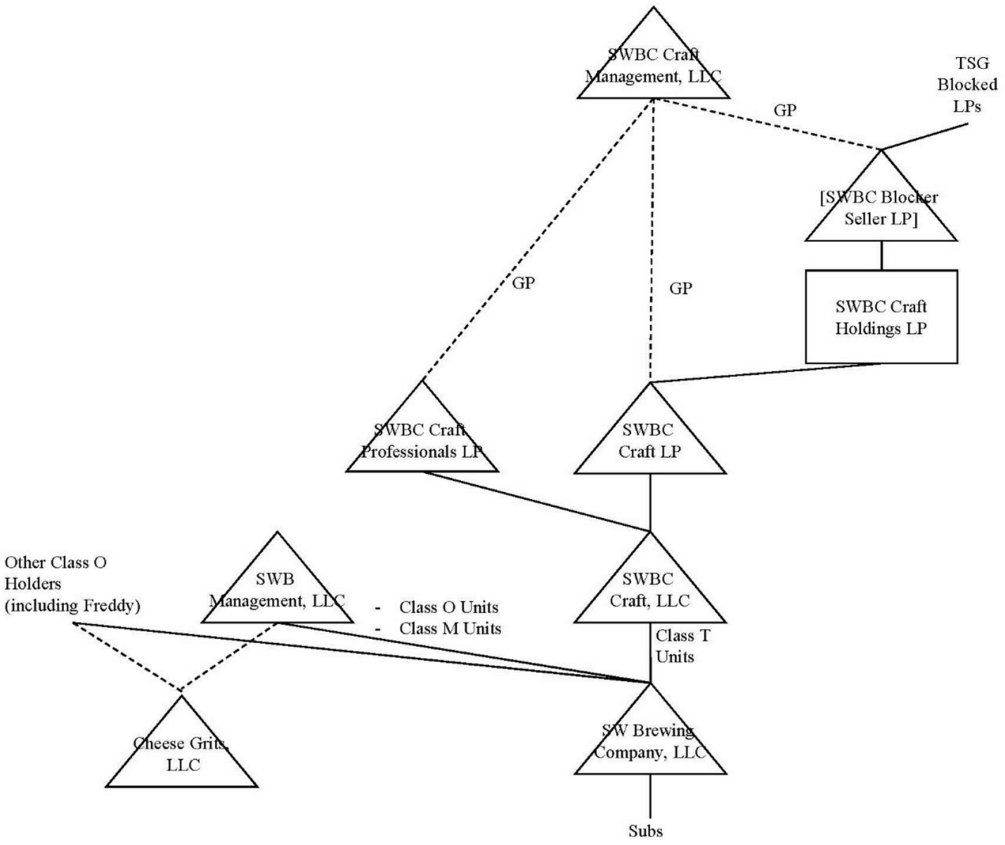


Exhibit 21.1

SUBSIDIARIES OF TILRAY, INC.

Name of entity	Place of incorporation
Natura Naturals Inc.	British Columbia, Canada
Tilray, Inc.	Delaware, United States
Manitoba Harvest USA LLC	Delaware, United States
Tilray Canada Ltd.	British Columbia, Canada
Dorada Ventures Ltd.	British Columbia, Canada
FHF Holdings Ltd.	British Columbia, Canada
High Park Farms Ltd.	British Columbia, Canada
Tilray Deutschland GmbH	Germany
Pardal Holdings, Lda.	Portugal
Tilray Portugal Unipessoal, Lda.	Portugal
Tilray Australia New Zealand Pty. Ltd.	Australia
Tilray Ventures Ltd.	Ireland
Manitoba Harvest Japan K.K.	Japan
High Park Holdings Ltd.	British Columbia, Canada
Fresh Hemp Foods Ltd. (dba Manitoba Harvest)	British Columbia, Canada
Natura Naturals Holdings Inc.	British Columbia, Canada
NC Clinics Pty Ltd (formerly National Cannabinoid Clinics Pty Ltd.)	Australia
Tilray Latin America SpA	Chile
Tilray Portugal II, Lda.	Portugal
High Park Gardens Inc.	British Columbia, Canada
High Park Shops Inc.	British Columbia, Canada
Privateer Evolution, LLC	Delaware, United States
1197879 B.C. Ltd.	British Columbia, Canada
Tilray France SAS	France
High Park Holdings B.V.	Netherlands
High Park Botanicals B.V	Netherlands
Aphria Inc.	Ontario, Canada
LATAM Holdings Inc.	British Columbia, Canada
Broken Coast Cannabis Ltd.	British Columbia, Canada
1974568 Ontario Limited (dba Aphria Diamond)	Ontario, Canada
Nuuvera Holdings Limited	Ontario, Canada
Aphria Terra S.R.L.	Italy
Goodfields Supply Co. Ltd	United Kingdom
Nuuvera Malta Ltd.	Malta
Four Twenty Corporation	United States
Earth’s Best Cannabis Company	United States
Marigold Acquisitions Inc.	British Columbia, Canada
MMJ Colombia Partners Inc.	Ontario, Canada
MMJ International Investments Inc.	Ontario, Canada
Hampstead International (Barbados) Inc.	Barbados
Colcanna S.A.S	Colombia
ABP, S.A	Argentina
FL Group S.R.L.	Italy
Aphria Germany GmbH (formerly Nuuvera Deutschland GmbH)	Germany
Aphria RX GmbH (formerly Aphria Deutschland GmbH)	Germany
CC Pharma GmbH	Germany
Aphria Wellbeing GmbH	Germany
CC Pharma Research & Development GmbH	Germany
CC Pharma Nordic APS	Denmark

Name of entity	Place of incorporation
Canninvest Africa Ltd.	South Africa
Verve Dynamics Incorporated (PTY) Ltd.	Lesotho
2787643 Ontario Inc.	Ontario, Canada
ARA - Avanti RX Analytics Inc.	Ontario, Canada
Nuuvera Israel Ltd.	Israel
ASG Pharma Ltd.	Malta
QSG Health Ltd.	Malta
Aphria Malta Limited	Malta
SW Brewing Company, LLC	United States
SweetWater Colorado Brewing Company, LLC	Delaware, United States
SweetWater Brewing Company, LLC	Georgia, United States

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333- 233703 and 333-255850) and on Form S-8 (Nos. 333-226267, 333-235581, 333-231539, 333-238179 and 333-256023) of Tilray, Inc. of our report dated July 28, 2021 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Toronto, Canada

July 28, 2021

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 Simon, certify that:

1. I have reviewed this Annual Report on Form 10-K of Tilray, 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 13(a)-15(f) and 15(d)-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: July 28, 2021

By: /s/ Irwin Simon
Irwin Simon
President 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 Merton, certify that:

1. I have reviewed this Annual Report on Form 10-K of Tilray, 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 13(a)-15(f) and 15(d)-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: July 28, 2021

By: /s/ Carl Merton
Carl 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

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Irwin Simon, President and Chief Executive Officer of Tilray, Inc. (the "Company"), and Carl Merton, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2021, to which this Certification is attached as Exhibit 32.1 (the "Annual Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

In Witness Whereof, the undersigned have set their hands hereto as of the 28th day of July 2021.

/s/ Irwin Simon	/s/ Carl Merton
Irwin Simon	Carl Merton
President and Chief Executive Officer	Chief Financial Officer

"This certification accompanies the Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Tilray, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing."