

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the “**Agreement**”) is made effective and entered into as of the 25th day of May 2023 between:

MEDICAL CANNABIS BY SHOPPERS DRUG MART INC.

a corporation incorporated under the federal laws of Canada with its principal place of business located at:
243 Consumers Road
Toronto, Ontario M2J 4W8
 (“**Vendor**”)

and

AVICANNA INC.

a corporation incorporated under the laws of the Province of Ontario with its principal place of business located at:
480 University Avenue, Suite 1502
Toronto, Ontario M5G 1V2
 (“**Purchaser**”)

WHEREAS, Vendor operates a business engaged in the sale of medical cannabis to the public (the “**Business**”);

AND WHEREAS, Vendor has agreed to sell to Purchaser, and Purchaser has agreed to purchase from Vendor, certain assets of Vendor used in the Business.

NOW THEREFORE, in consideration of the mutual promises contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are acknowledged), the parties hereby agree as follows:

1. DEFINITIONS

Whenever used in this Agreement, unless the context requires otherwise, the following terms have the respective meanings set out below:

- (a) “**Business Day**” means any day of the year, other than a Saturday, Sunday or any day on which major Canadian chartered banks are closed for business in Toronto, Ontario;
- (b) “**Contracts**” has the meaning assigned to that term in Section **Error! Reference source not found.**;

- (c) **“Earn-Out Amount”** has the meaning assigned to that term in Section 3(a)(ii);
- (d) **“Employees”** means the employees of the Business, whether employed by Vendor or its affiliates, that will be offered employment by Purchaser;
- (e) **“Final Closing”** means the consummation of the transactions contemplated by this Agreement to occur on the Closing Date;
- (f) **“Final Closing Date”** means July 31, 2023 or such earlier or later date as may be agreed to in writing by Vendor and Purchaser;
- (g) **“Governmental Authority”** means any (a) governmental or public department, central bank, court, minister, governor-in-council, cabinet, commission, tribunal, board, bureau, agency, commissioner or instrumentality, whether international, multinational, national, federal, provincial, state, county, municipal, local or other; (b) subdivision or authority of any of the above; (c) stock exchange; and (d) quasi-governmental or private body exercising any regulatory, professional regulatory oversight, expropriation or taxation authority under or for the account of any of the above;
- (h) **“Inventory”** means inventory of medical cannabis products of the Business;
- (i) **“Inventory Purchase Closing Date”** means the date hereof, being Thursday, May 25, 2023;
- (j) **“Laws”** or **“Law”** means any principle of common law and all applicable domestic and foreign (i) laws, constitutions, treaties, statutes, codes, ordinances, rules, regulations and by-laws; (ii) Orders; and (iii) to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Authority;
- (k) **“Licensed Content”** means the material specified in Schedule 4;
- (l) **“Order”** means an order, injunction, judgment, administrative complaint, decree, ruling, award, assessment, direction, instruction, penalty or sanction issued, filed or imposed by any Governmental Authority;
- (m) **“Parties”** means Purchaser and Vendor, and a **“Party”** means either one of them;
- (n) **“Personal Information”** means information about an identifiable individual or that is otherwise subject to any Privacy Laws;

- (o) “**Privacy Laws**” means all federal, provincial, state, municipal or other applicable statutes, laws or regulations of any governmental or regulatory authority in any jurisdiction governing the handling of information about an identifiable individual, including the *Personal Information and Protection of Electronic Documents Act* (Canada) and equivalent provincial legislation;
- (p) “**Purchased Assets**” has the meaning assigned to that term in Section 2; and
- (q) “**Purchase Price**” has the meaning assigned to that term in Section 3; and
- (r) “**Sales Tax**” means Goods and Services Tax and/or Harmonized Sales Tax (GST/HST) imposed under the *Excise Tax Act*.

2. PURCHASED ASSETS.

Purchaser agrees to purchase from Vendor, and Vendor agrees to sell or assign to Purchaser, all of Vendor’s rights, title and interest in the following assets of the Business (collectively, the “**Purchased Assets**”):

- (a) the equipment set out in Schedule 1: Equipment attached hereto (the “**Equipment**”);
- (b) the customer lists of the Business, being the patient history for the patients that will transfer to Purchaser, including: (i) purchasing data (specifically excluding credit card information), (ii) medical documents; (iii) registration documents; (iv) sales history; and (v) complaint history, provided that all necessary consents have been obtained from such patient (the “**Customer Lists**”);
- (c) the books and records of the Business as set out in Schedule 3: Books and Records attached hereto; and
- (d) all of the Inventory of the Business.

3. PURCHASE PRICE.

- (a) The purchase price for the Purchased Assets (the “**Purchase Price**”) shall be the aggregate of the following:
 - (i) \$2,594,488.56, being an amount equal to the value of the Inventory (the “**Inventory Value**”);
 - (ii) the earn-out amounts as determined in accordance with Section 5 (the “**Earn-Out Amounts**”); and

- (iii) Sales Tax, as applicable.
- (b) The Purchase Price for the Purchased Assets shall be allocated among the Purchased Assets as follows:
 - (i) as to the Inventory, the value thereof as determined in accordance with Section 4 below; and
 - (ii) the remainder of Purchase Price to be allocated to the Customer Lists.
- (c) Purchaser and Vendor agree to allocate the Purchase Price among the Purchased Assets in accordance with the allocation set forth in Subsection 3(b) above, which shall be based on the fair market value of the respective asset. Purchaser and Vendor also agree to report the purchase and sale of the Purchased Assets for all tax purposes and financial documents in a manner consistent with such allocation. If any Governmental Authority does not agree with that allocation, Purchaser and Vendor shall use their best efforts (which is not to be construed as requiring Purchaser or Vendor to commence or participate in any litigation or administrative processing challenging the determination of any Governmental Authority) to agree on a different allocation acceptable to that Governmental Authority, and the Purchaser and the Vendor shall amend the original allocation and the relevant tax returns accordingly within the time limitation allowed under the *Income Tax Act* (Canada).
- (d) Purchaser and Vendor each represent that they are, or will as of the Inventory Purchase Closing Date, be registrants for the purposes of Sales Tax under the *Excise Tax Act*.

4. INVENTORY

Vendor will have delivered the Inventory to Purchaser or Purchaser's designated licensed logistics service provider's facilities or to such other locations as may be reasonably requested by Purchaser on or prior to the Inventory Purchase Closing Date. The cost of the Inventory taking and delivery shall be borne equally as between Vendor and Purchaser.

Of the Inventory Value, \$363,505.56 comprises Inventory that was purchased by Vendor on or about May 24, 2023 (the "**Newly Ordered Inventory**"), which as of the Inventory Purchase Closing Date has not been received by Vendor. Payment for the Newly Ordered Inventory shall be payable in full by wire transfer to Vendor no later than fifty-five (55) days after product has been received.

For all Inventory other than the Newly Ordered Inventory, the balance of the Inventory Value, being \$2,230,983.00 shall be payable by wire transfer to Vendor in five equal installments on the last Business Day of each of the five complete months immediately following the Inventory Purchase Closing Date (the "Inventory Payments").

Contemporaneously with the parties entering into this Agreement, as collateral security for the payment of the Inventory Value, Vendor and Purchaser shall have entered into a security agreement wherein Purchaser shall grant to Vendor a purchase money security interest in the Inventory (the "PMSI Agreement").

5. EQUIPMENT, CONTRACTS, CUSTOMER LISTS AND BOOKS AND RECORDS

- (a) Subject to the terms and conditions set forth herein, on the Final Closing Date, Vendor shall sell, assign, transfer, convey and deliver to Purchaser, and Purchaser shall purchase from Vendor, all of Vendor's right, title and interest in the Purchased Assets other than the Inventory (the "Remaining Purchased Assets").
- (b) For clarity, Vendor will not be assigning any Contracts to Purchaser other than contract between Vendor and [Contract party] dated [Date], provided that the necessary consent has been obtained (the "[Contract party] Agreement"). Purchaser shall use commercially reasonable efforts to assist Vendor in obtaining all necessary consents for the assignment of the [Contract party] Agreement. Subject to the terms of Section 15(b), Vendor will be solely responsible for any and all costs, expenses, termination fees, or the like associated with any of its Contracts that it may have with third party clinics. For greater certainty, any costs associated with obtaining the consent of [Contract party] for the assignment of the [Contract party] Agreement shall be borne by Vendor.
- (c) After the Final Closing Date, with respect to the patients on the Customers Lists that provide consent to be transferred to MyMedi, Purchaser will make the medical receipts of such patients, applicable to the 2023 calendar year, available for download from Purchaser's MyMedi website until May 2024.

6. EARN-OUT

- (a) No later than ten (10) days after the end of each successive three-month period following the Final Closing Date, Purchaser shall prepare and provide to Vendor a calculation of Net Revenue, as defined in Subsection 6(b) below, for the immediately preceding month (the "Net Revenue Report"). Within five (5) calendar days following the final determination of the Net Revenue Report, or within twenty (20) days following the provision of the Net Revenue Report if Vendor does not object to the Net Revenue

Report under Section 6(b), Purchaser shall make the following Earn-Out Amounts payable to Vendor by wire transfer:

- (i) for each quarter within the first-year following the Final Closing Date, an amount equal to [*Redacted - commercially sensitive information*]; and
 - (ii) for each quarter within the second-year following the Final Closing Date, an amount equal to [*Redacted - commercially sensitive information*].
- (b) For purposes of calculating the Earn-Out Amounts, the term “**Net Revenue**” means revenue of the Business net of cost of goods, shipping costs, education fees (paid to cannabis clinics) incurred in connection with medical clinics and excludes any Sales Tax or tax amounts collected, provided that for every dollar of revenue no more than \$0.20 shall be deducted for education fees. For greater clarity and the avoidance of doubt, Vendor and Purchaser confirm and agree that the Net Revenue Report calculations shall be in accordance with generally accepted accounting principles and shall take into account only the revenue directly arising out of or directly attributable to the Business, and shall not take into account any revenue arising out of any accretive business acquired by Purchaser after the Final Closing Date. No later than fifteen (15) Business Days following delivery of a Net Revenue Report, Vendor may deliver a written response thereto specifying whether it has any objections to such Net Revenue Report, including the basis of each such objection and the amount in dispute. If Vendor objects to the Net Revenue Report within such fifteen (15) Business Day period, Vendor and Purchaser shall work expeditiously and in good faith in an attempt to resolve such objections within five (5) Business Days following receipt of the notice of objection. Failing resolution of any such objection within this period, the dispute will be submitted for determination to an accounting firm agreeable to both Vendor and Purchaser. The determination of such firm will be final and binding and not subject to appeal. The Net Revenue Report shall be revised to reflect the final resolution of any objections raised under this section and, at such point, will be final, conclusive and binding.
- (c) If Vendor does not deliver a notice of objection to Purchaser within fifteen (15) Business Days following delivery of the Net Revenue Report, Vendor is deemed to have accepted and approved the Net Revenue Report.
- (d) In the case of a dispute and the retention of an accounting firm to determine such dispute, the cost and expenses of such firm of Certified Professional Accountants (CPAs) shall be paid by Vendor, on the one hand, and by Purchaser, on the other hand, based upon the percentage which the portion of the contested amounts not awarded to Vendor, on the one hand, or

Purchaser, on the other hand, bears to the total amount actually contested by such Party.

7. EQUIPMENT

Purchaser shall arrange for, and bear all reasonable costs related to, any required disassembly of the Equipment and the transportation of the Equipment from Vendor's facility to Purchaser's facility or to such other location as may be reasonably requested by Purchaser.

8. LICENSED CONTENT

- (a) Vendor grants, effective as of the Final Closing Date, a royalty-free, non-exclusive, perpetual, irrevocable licence to Purchaser to reproduce, publish, republish, distribute, sell, licence, transfer, transmit or otherwise use the Licensed Content described in Schedule 4: Licensed Content.
- (b) Vendor reserves and retains its entire right, title and interest in and to all intellectual property rights arising out of or relating to the Licensed Content, and Purchaser does not acquire any ownership of intellectual property rights in or to the Licensed Content as a result of this Agreement.
- (c) Effective as of the Final Closing Date and until September 1, 2023, Vendor will include on the Medical Cannabis by Shoppers homepage an announcement that the Medical Cannabis by Shoppers business has fully transitioned to Purchaser, in language to be agreed to between the Parties, with the Purchaser's MyMedi.ca logo and hyperlinks to MyMedi.ca.

9. REPRESENTATIONS AND WARRANTIES.

- (a) **Representations and Warranties of Vendor.** Vendor hereby represents and warrants to Purchaser the following, and acknowledges that Purchaser is relying on these representations and warranties in entering into this Agreement and the transactions contemplated under this Agreement:
 - (i) Vendor is a corporation duly incorporated, organized and validly existing in good standing under the federal laws of Canada;
 - (ii) no bankruptcy, insolvency or receivership proceedings have been instituted or are pending against Vendor, and Vendor is able to satisfy its liabilities as they become due;
 - (iii) Vendor has all necessary corporate power, authority and capacity to own its property and assets to carry on the Business as presently owned and carried on by it, and Vendor is duly licensed, registered and qualified as a corporation to do business and is in good standing

in each jurisdiction in which the nature of the Business, and the property owned by it that forms part of the Purchased Assets, make such qualification necessary and all such licenses, registrations and qualifications are valid and subsisting and in good standing;

- (iv) Vendor has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations hereunder, and the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on the part of Vendor;
- (v) the Equipment is being provided in its "as is" condition on the Final Closing Date.
- (vi) Vendor has good and marketable title to the Purchased Assets, free and clear of all encumbrances, and is exclusively entitled to possess and dispose of the same; without limiting the generality of the foregoing, there has been no assignment or granting of any license to or in respect of any of the Contracts.
- (vii) Vendor has paid all amounts payable on account of salary, bonus payments and commission (other than accrued vacation pay, which shall be adjusted proportionately as of the Final Closing Date) to or on behalf of any and all Employees hired by Purchaser in accordance with Section 11;
- (viii) all levies under the *Workplace Safety and Insurance Act*, or under the workers' compensation legislation of any other jurisdiction where the Business is carried on by Vendor, have been paid by Vendor;
- (ix) with respect to labor matters: there is no unfair labor practice complaint under the against Vendor pending before any federal or provincial labor tribunals or any similar agency or body having jurisdiction therefor; there is no labor strike threatened against or involving Vendor; there is no certification application outstanding respecting the Employees of the Business; there is no grievance or arbitration proceeding or governmental proceeding relating to the Employees pending, nor is there any such proceeding threatened against Vendor that might have a material adverse effect on Vendor or on the conduct of the Business; no collective bargaining agreement is currently being negotiated by Vendor; and there are no Employees in receipt of or who have claimed benefits under any weekly indemnity, long term disability or workers' compensation plan or arrangement or any other form of disability benefit program;

- (x) there is no suit, action, litigation, arbitration, proceeding or governmental proceeding, including appeals and applications for review in progress, pending or threatened, against or involving Vendor, and there is not presently outstanding against Vendor any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or arbitrator; and
 - (xi) Vendor is not in arrears or in default in respect of the filing of any required federal, provincial, or municipal tax or other return in relation to the Business; and all taxes, filing fees, and other assessments due and payable or collectable from Vendor in relation to the Business have been paid or collected; and no claim for additional taxes, filing fees, or other amounts and assessments has been made that has not been paid; and no such return contains any misstatement or conceals any statement that should have been included therein.
- (b) **Representations and Warranties of Purchaser.** Purchaser hereby represents and warrants to Vendor as follows: Purchaser is a corporation duly incorporated, organized, and validly existing and in good standing under the laws of the Province of Ontario; and Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations under this Agreement; the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate action on the part of Purchaser.

10. LIABILITIES.

Purchaser shall not be liable for any expenses or liabilities of Vendor other than the expenses or liabilities that Purchaser has agreed in writing to assume pursuant to this Agreement which includes, for greater certainty, liabilities arising under the Contracts that have been assigned to Purchaser. Without limiting the generality of the foregoing, Vendor shall remain liable for all wages and benefits of Employees of the Business, including statutory vacation pay and all monies due to Employees under contract up to the Final Closing Date.

11. EMPLOYEES.

Prior to the Final Closing Date, Vendor shall terminate all Employees of the Business that have received offers of employment from Purchaser, effective on the Final Closing Date. Notwithstanding the foregoing, if the process of patient transfer and transition is still in process on or at Final Closing Date then Vendor shall not be obligated to cause the termination of the Employees for the duration of the term of the transition. After Final Closing Date, Purchaser may, but is under no

obligation to offer to employ the employees of the Vendor engaged in services for the Business, whether or not such persons are under contract

12. CONDITIONS TO CLOSING

- (a) Vendor shall not be obligated to complete the sale of the Remaining Purchased Assets unless on the Final Closing Date each of the following conditions precedent has been satisfied:
 - (i) As of the Final Closing Date, Purchaser shall have the Required Capabilities in place (as defined in Section 16), to the satisfaction of Vendor, in Vendor's sole discretion;
 - (ii) Purchaser shall have made all payments in respect of Inventory required under Section 4 for the period between the Inventory Purchase Closing Date and the Final Closing Date; and
 - (iii) Purchaser shall have performed or complied with, in all respects, all of Purchaser's obligations, covenants and agreements under this Agreement (including the Service Level Standards described in Schedule 5: Services, Part "B"), each and every one of which is hereby declared to be a separate condition to Closing.

13. CLOSING.

- (a) On the Inventory Purchase Closing Date,
 - (i) Vendor will deliver to Purchaser:
 1. the Inventory;
 2. a duly executed bill of sale for the Inventory;
 3. the duly executed PMSI agreement; and
 4. such other customary closing documents as are contemplated hereby or as may be reasonable required for the consummation of the Inventory transaction.
 - (ii) Purchaser will deliver to Vendor:
 1. The duly executed PMSI
- (b) On the Final Closing Date:
 - (i) Vendor will deliver to Purchaser:

1. the Remaining Purchased Assets;
2. a duly executed bill of sale for the Remaining Purchased Assets; and
3. such other customary closing documents as are contemplated hereby or as may be reasonably required for the consummation of this transaction.

14. RIGHTS OF VENDOR TO NEW CANNABIS PRODUCTS

For a period beginning on the Inventory Purchase Closing Date and ending five (5) years following the Closing, unless Purchaser is prohibited from doing so under applicable Laws, Purchaser grants Vendor the right to be the exclusive retail seller in Canada only of any newly developed cannabis therapeutic (including OTC-products and DIN-products) or other cannabis health products manufactured, or produced by Purchaser (the “**New Cannabis Products**”). If Vendor declines to make any New Cannabis Product available for retail sale within three (3) months of being notified by Purchaser of the availability of such New Cannabis Products, upon notice of same to Vendor, Purchaser may supply such New Cannabis Product to any other retail seller, provided that Purchaser shall not supply such New Cannabis Product to such retail seller on terms that are more favourable (including with respect to pricing) than were offered to Vendor. Vendor’s decision to decline to be the exclusive retail seller of any particular New Cannabis Product, shall not constitute a waiver of Vendor’s rights under the preceding sentence with respect to any other New Cannabis Product.

15. OPERATIONAL SERVICES AND OPERATOR COMMITMENTS

- (a) As of the Inventory Purchase Closing Date, and notwithstanding that the Remaining Purchased Assets have not been transferred to Purchaser, the Parties acknowledge that Purchaser shall be considered the operator of the Business. In connection with Purchaser’s operation of the Business, Purchaser will comply with the commitments and service levels set out in Schedule 5: Services, Part “B” (the “**Operator Commitments**”).
- (b) Vendor shall, on behalf of Purchaser as the operator of the Business, make payment of any fees due to the clinics with whom the Business has clinic agreements (the “**Clinic Fees**”), such Clinic Fees, plus any applicable Sales Tax, to be reimbursed to Vendor and payable by Purchaser to Vendor on the last Business Day of every month, this obligation to come into effect on June 1, 2023 and ends on the Final Closing Date.
- (c) Vendor shall act as agent of Purchaser for the purpose of making credit card sales and collecting the associated Sales Tax on revenues earned

through the Vendor’s e-commerce platform. Vendor shall remit to Purchaser:

- (i) every [Number] weeks, all revenue and associated Sales Tax collected through credit card sales on Vendor’s e-commerce platform. This payment will take place on the [Payment date(s)] of each month following the Inventory Purchase Closing Date, or the next following Business Day if a payment date is not a Business Day.
- (ii) Once a month [Payment date(s)] Vendor shall remit to Purchaser all revenue or accounts receivables and associated Sales Tax on account of public and private payers, administrative fees, veteran affairs, other reimbursements for payments or accounts that have taken place between the Inventory Closing Date and the Final Closing Date

(collectively, the “**Revenue Payments**”). Vendor may, at its option, set-off against any Revenue Payment due to Purchaser, the amount of any sum due and owing to Vendor by Purchaser pursuant to this Agreement. To the extent that, in the fulfillment of the Operator Commitments, Purchaser uses the courier accounts of Vendor, Vendor may also set off against the Revenue Payments any courier fees billed to Vendor, including Sales tax, as a result of Purchaser’s fulfillment of the Operator Commitments. Purchaser, as the principal, shall remit the Sales Tax included in the Revenue Payments to the appropriate governmental authority as required by applicable law.

- (d) In order to facilitate Purchaser’s operation of the Business, from the Inventory Purchase Closing Date until the Final Closing Date: Vendor agrees to provide the services (the “**Operational Services**”) as set out in *Schedule 5: Services, Part “A”* hereto.
- (e) Fees in connection with the Operational Services shall be the fees set out below per month (the “**Operations Services Fees**”), plus applicable Sales Tax, which shall be payable by Purchaser to Vendor on the last Business Day of every month following the Inventory Purchase Closing Date. The Operations Services Fees applicable to the month of May 2023 shall be prorated to the number of days between the Inventory Purchase Closing Date and the end of May.

| Time Period | Service Fee / Month |
|----------------------------|---------------------|
| May 26 – July 31, 2023 | \$202,526.67 |
| August 1 – August 31, 2023 | \$297,670.84 |

| | |
|----------------------------------|--------------|
| September 1 – September 30, 2023 | \$321,432.50 |
|----------------------------------|--------------|

- (f) In connection with the Operational Services, Vendor makes the following commitments:
- (i) Vendor will use no less than the same degree of care, priority and diligence, as it has in the past twelve (12) months in operating the Business;
 - (ii) Vendor will comply with all applicable Laws and regulations in connection with the Operational Services; and
 - (iii) Vendor will, at its own expense, obtain and maintain any required certifications, credentials, licences and permits necessary to conduct the Operational Services.
- (g) In connection with the Operator Commitments, Purchaser makes the following covenants:
- (i) Purchaser will use adequate numbers of qualified personnel to fulfill the Operator Commitments, who possess suitable training, education, experience and skill to fulfill the Operator Commitments;
 - (ii) Purchaser will engage in the Operator Commitments in a manner that reflects favourably at all times on the good name and reputation of Vendor; and
 - (iii) Purchaser will, at its own expense, obtain and maintain any required certifications, credentials, licences and permits necessary to conduct the Operator Commitments.
- (h) **In no event shall Vendor have any liability under this Section 15 for any punitive, exemplary, incidental, consequential, special or indirect damages, including loss of future revenue or income, loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement, or diminution of value or any damages based on any type of multiple, whether based on statute, contract, tort or otherwise. Vendor shall not be liable for any direct damages in an aggregate amount in excess of the fees paid or payable to Vendor for the Operational Services under this Agreement.**
- (i) Purchaser covenants and agrees that from the Inventory Purchase Closing Date, its performance of the Operator Commitments will meet or exceed the Service Levels identified in Schedule 5: Services, Part "B". If Purchaser fails to meet any Service Level, Purchaser will use its best efforts to correct such

failure and to begin meeting the Service Levels as promptly as practicable, and will take action to avoid such failure in the future.

- (j) Purchaser covenants and agrees that all information about an identifiable individual or information which relates to a natural person that allows the person to be identified, including personal health information, constitutes Personal Information. To the extent that Purchaser receives, for the purposes of the Operator Commitments, any Personal Information collected by Vendor, Purchaser shall comply with all Privacy Laws, as well as the corporate privacy policy and practices of Vendor as they relate to the collection, use, storage, protection and disclosure of Personal Information.
- (k) Purchaser shall indemnify, defend and hold harmless Vendor and its affiliates and its representative (collectively, the “**Vendor Indemnified Parties**”) from and against any and all out-of-pocket losses, damages, liabilities, costs or expenses, including reasonable legal fees relating to any third-party claim against any Vendor Indemnified Party, arising out of or resulting from the provision of the Operator Commitments.
- (l) In addition to the Operations Service Fees, if Vendor incurs reasonable and documented out-of-pocket expenses in the provision of any Operations Service, Purchaser shall reimburse Vendor for all reasonable out-of-pocket costs in accordance with the invoicing procedures set forth herein (the “**Operations Costs**”). Vendor shall provide Purchaser with monthly invoices (“**Invoices**”) which shall set forth in reasonable detail: (i) the Operations Services Fees plus applicable Sales Tax payable under this Agreement for the preceding month; and (ii) any Operations Costs incurred in connection with the Operational Services in the preceding month. Payments under this Section 15 shall be made within thirty (30) days after the date of receipt of an Invoice by Purchaser from Vendor. Any Operational Services performed by Vendor after the Services End Date (as defined in Section 16) shall continue to constitute Operational Services under this Agreement and shall be subject to the provisions of this Agreement, including the payment provisions, for so long as Vendor continues to provide Operational Services, in accordance with Schedule 5: Services, Part “A”.
- (m) Subsequent to the Final Closing Date, any outstanding receivables from the veteran affairs program, related to inventory that was sold by Vendor prior to the Inventory Purchase Closing Date, for which Vendor has not received payment prior to the Final Closing Date will continue to be managed by Vendor. To the extent that the Parties agree that Purchaser will provide supporting administration services to aid with the collection of any portion of the outstanding receivables, Vendor will pay to Purchaser a 10% fee for such collection and Vendor should provide such log-in and administrative access

to Purchaser as may be necessary to enable Purchaser to administer and fulfill such obligations.

16. EXPIRATION OF VENDOR COMMITMENTS

- (a) Purchaser agrees to use its best efforts, and to take any and all steps necessary, to have the systems, personnel and technical capabilities to be able to service patients using Purchaser's e-commerce platform (the "**Required Capabilities**") by July 31, 2023 and will give immediate written notice to Vendor of any potential delay in its ability to achieve the Required Capabilities. The determination as to whether Purchaser has achieved the Required Capabilities will be made by Vendor, acting reasonably. Purchaser agrees that it shall not willfully take any action, or omit to take any action, that will have the effect of delaying, impairing or impeding its ability to achieve the Required Capabilities by July 31, 2023. If it becomes clear that the Purchaser will not have the Required Capabilities by July 31, 2023, the parties may agree to a revised date, provided that if Purchaser does not have the Required Capabilities as of August 31, 2023, Vendor shall have no obligation to sell Purchaser the Remaining Purchased Assets and may resume carrying on the Business as Vendor sees fit in its sole discretion.
- (b) Notwithstanding anything to the contrary in this Agreement, the obligation of Vendor under Section 15 to provide the Operational Services shall terminate in all respects on July 31st, 2023 (the "**Services End Date**"). The parties may agree that Vendor may continue to provide certain of the Operational Services after the Services End Date, but for greater clarity, Vendor shall be under no obligation to do so.

17. GOVERNING LAW.

This Agreement shall be governed and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

18. COMMUNICATIONS AND PRESS RELEASE.

Each Party agrees that it shall not make any public announcements in respect of this Agreement or any transactions contemplated hereby, or otherwise communicate with any news media, without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed.

As each of Vendor and Purchaser are publicly traded companies, each of Vendor and Purchaser shall be responsible for complying with and/or issuing any press releases as may be necessary or desirable in order to comply with disclosure laws.

19. ENTIRE AGREEMENT.

This Agreement together with the attached Schedules constitutes the entire agreement of the Parties relating to the subject matter hereof supersedes all prior communications, representations, or agreements, oral or written, by the Parties relating thereto. This Agreement may be executed by electronic signature and delivered electronically and may also be executed in counterparts, each deemed to be an original, and together one and the same. This Agreement may not be amended except by way of a written instrument executed by both Parties. The following comprise the Schedules to this Agreement:

- Schedule 1: Equipment;
- Schedule 2: Contracts;
- Schedule 3: Books and Records;
- Schedule 4: Licensed Content; and
- Schedule 5: Services

20. ASSIGNMENT.

This Agreement will enure to the benefit of and be binding upon the respective heirs, executors, administrators, other legal representatives, successors and permitted assigns of the Parties. Neither Party may assign their rights or obligations hereunder without the prior written consent of the other Party. No assignment will relieve the assigning Party of any of its obligations hereunder.

21. AMENDMENTS AND WAIVERS.

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by Vendor and Purchaser. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the Party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived.

22. COUNTERPARTS AND ELECTRONIC TRANSMISSION.

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

23. SEVERABILITY.

If any provision of this Agreement is held to be illegal, invalid, or unenforceable under applicable Laws, and if the rights or obligations of any Party under this Agreement will not be materially and adversely affected thereby: (a) such provision will be severable; (b) this Agreement will be construed and enforced as if such provision had never comprised a part hereof; (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by such provision or its severance herefrom; and (d) in lieu of such provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such provision as reasonably possible.

[REMAINDER OF THIS PAGE BLANK, EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereby execute and enter into this Agreement as of the date first written above.

**MEDICAL CANNABIS BY SHOPPERS
DRUG MART INC.**

By: (s) "Anthony Cremonese"

Name: Anthony Cremonese

Title: VP, Pharmacy Planning and Pricing

By: (s) "Adam Grabowski"

Name: Adam Grabowski

Title: SVP, Legal

AVICANNA INC.

By: (s) "Aras Azadian"

Name: Aras Azadian

Title: Chief Executive Officer

SCHEDULE "1"
EQUIPMENT

[List of equipment]

SCHEDULE "2"

Intentionally Deleted

SCHEDULE "3"

BOOKS AND RECORDS

[List of books and records]

SCHEDULE "4"
LICENSED CONTENT

[List of licensed content]

SCHEDULE "5"

SERVICES

[Description of services]