

ASSET ACQUISITION AGREEMENT/PLAN OF REORGANIZATION

by and among

OUTCO LABS, INC.,

OUTLIER'S COLLECTIVE, LLC,

SAN DIEGO NATURALS, LLC,

EAST HILL PROPERTIES LLC,

SAMUEL AUSTIN BIRCH,

DARREN MACHULSKY,

NICHOLAS ANDERSON,

**SAMUEL AUSTIN BIRCH AND LORAIN-DALE HALL, AS TRUSTEES OF THE
BIRCH-HALL FAMILY TRUST, DATED OCTOBER 1, 2015,**

**LINCOLN FISH AND VIRGINIA BAYS, AS TRUSTEES OF THE FISH FAMILY
TRUST, DATED FEBRUARY 10, 2009,**

and

NUTRITIONAL HIGH LLC

dated as of

August 31, 20

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ASSET ACQUISITION AGREEMENT/PLAN OF REORGANIZATION

This Asset Acquisition Agreement/Plan of Reorganization (this “**Agreement**”), dated as of August 31, 2021 (the “**Effective Date**”) is entered into by and among OutCo Labs, Inc., a California corporation (“**Company**”), Outlier’s Collective, LLC, a California limited liability company (“**OC**”), San Diego Naturals, LLC, a California limited liability company (“**SDN**”), East Hill Properties LLC, a California limited liability company (“**EHP**”, together with OC and SDN, the “**Company Subsidiaries**”), and Samuel Austin Birch, an individual residing in California (“**Mr. Birch**”), Darren Machulsky, an individual residing in California (“**Mr. Machulsky**”), and Nicholas Anderson, an individual residing in California (“**Mr. Anderson**”, together with Mr. Birch and Mr. Machulsky, the “**License Owners**”), and Nutritional High LLC, a Nevada limited liability company (“**Buyer**”). Mr. Birch and Loraine-Dale Hall, as Trustees of the Birch-Hall Family Trust, dated October 1, 2015 (the “**Birch Family Trust**”), and Lincoln Fish and Virginia Bays, as Trustees of the Fish Family Trust, dated February 10, 2009 (the “**Fish Family Trust**”, together with the Birch Family Trust, the “**Majority Shareholders**”) join this Agreement solely for the purposes of Article X and Article XII.

Recitals

WHEREAS, Mr. Birch is the voting member of Downwind 27 Inc., a California nonprofit corporation (“**DW27**”);

WHEREAS, DW27 currently owns and operates a medical marijuana store, cultivation facility, and manufacturing facility, and operates as a distributor at 8157 Wing Ave., El Cajon, CA 92020 (the “**El Cajon Premises**”), and the associated Provisional Medicinal – Microbusiness License (No. C12-0000091-LIC) (the “**El Cajon License**”);

WHEREAS, Mr. Machulsky is the voting member of San Diego Natural, Inc. a California nonprofit corporation (“**SDI**”);

WHEREAS, SDI currently owns and operates a medical marijuana store located at 8530 Nelson Way N, Escondido, CA 92026 (the “**Escondido Premises**”), and the associated Provisional Medicinal – Retailer License (No. C12-0000091-LIC) (the “**Escondido License**”);

WHEREAS, Nicholas Anderson is the Director of East Hill Wellness, A Non-Profit Cooperative Corporation, a California nonprofit corporation controlled by OutCo (“**EHW**”);

WHEREAS, EHW currently owns and operates a medical cultivation facility located at 2500 East Hill Road, Willits, CA 95490 (the “**Mendocino Premises**”), and the associated Provisional Medicinal – Nursery Cannabis Cultivation License (No. CCL19-0000412) and Provisional Medicinal – Small Mixed-Light Tier 2 Cannabis Cultivation License (No. CCL18-0001239) (the “**Mendocino Licenses**”, together with the El Cajon License and Escondido License, the “**Marijuana Licenses**”);

WHEREAS, the Marijuana Licenses are not currently transferrable or assignable;

WHEREAS, the El Cajon License and Escondido License may be operated by a different entity upon notification, and if required, consent of (i) the applicable License Owner and (ii) applicable Governmental Authorities.

WHEREAS, the Mendocino Licenses may be operated by a different entity upon notification, and if required, consent of (i) the applicable License Owner and (ii) applicable Governmental Authorities.

WHEREAS, the Company, through each of the Company Subsidiaries, currently operate the businesses located at the El Cajon Premises, Escondido Premises, and Mendocino Premises (the “**Businesses**”) through certain services agreements between the Company Subsidiaries and DW27, SDI, and EHW (each a “**Licensed Entity**”);

WHEREAS, the Company and Company Subsidiaries (hereafter referred to as the “**Sellers**”) desire to sell, transfer and convey to Buyer substantially all of the assets which are associated or used in connection with the operation of the Businesses, on the terms and conditions set forth herein (the “**Transaction**”);

WHEREAS, the parties intend that the transactions contemplated hereby shall constitute a reorganization which qualifies under Section 368(a)(1)(c) of the Code;

WHEREAS, the board of directors or managers, as the case may be, of the Sellers have unanimously (a) determined that this Agreement and the transactions contemplated hereby, are in the best interests of Sellers and their respective stockholders and members, as the case may be, and (b) approved and declared advisable this Agreement and the transactions contemplated hereby; and

WHEREAS, following the execution of this Agreement, the Company shall seek to obtain, in accordance with Section 603 (sale-of-asset reorg) of the Cal. Corp. Code, a written consent of its stockholders approving this Agreement and the Transactions contemplated hereby in accordance with Section 1201 (sale-of-asset reorg) of the Cal. Corp. Code;

WHEREAS, the License Owners wish for Buyer to become the manager and operator of the Marijuana Licenses and Buyer wishes to undertake the same; and

WHEREAS, Buyer desires to acquire the assets associated or used in connection with the operation of the Businesses and desires to become the manager and operator of the Marijuana Licenses on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the Businesses, the mutual covenants and agreements and the respective representations and warranties herein contained, and on the terms and subject to the conditions herein set forth, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I DEFINITIONS

The following terms have the meanings specified or referred to in this Article I:

“**Accounts Receivable**” has the meaning set forth in Section 2.01(e).

“**Action**” means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

“**Acquisition Consideration**” has the meaning set forth in Section 2.05.

“**Acquisition Consideration Holdback Escrow Amount**” means 57,950,000 Special Warrants.

“**Acquisition Consideration Holdback Escrow Fund**” has the meaning set forth in Section 3.02(d)(i).

“**Acquired Assets**” has the meaning set forth in Section 2.01.

“**Affiliate**” of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term “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, by contract or otherwise.

“**Aggregate Closing Special Warrant Consideration**” has the meaning set forth in Section 2.05(a).

“**Agreement**” has the meaning set forth in the preamble.

“**Ancillary Documents**” means the Deed, Bill of Sale, Assignment and Assumption Agreement, Assignment and Assumption of Lease, Employment Agreement, Proprietary Rights Assignments, Escrow Agreement, Payroll Side Letter, Litigation Side Letter, and Option Agreements and the other agreements, instruments and documents required to be delivered at the Closing.

“**Assigned Contracts**” has the meaning set forth in Section 2.01(h).

“**Assignment and Assumption Agreement**” has the meaning set forth in Section 3.02(a)(iii).

“**Assumed Debt**” has the meaning set forth in Section 2.03(a).

“**Assumed Debt Resolution**” has the meaning set forth in Section 8.20.

“**Assumed Debt Special Warrant Consideration Adjustment**” has the meaning set forth in Section 2.08(a)(ii).

“**Assumed Liabilities**” has the meaning set forth in Section 2.03.

“**Balance Sheet**” has the meaning set forth in Section 4.05 and as identified in Schedule 2.

“**BCC**” means the Department of Consumer Affairs, Bureau of Cannabis Control.

“**Benefit Plan**” has the meaning set forth in Section 4.32.

“**Birch Note**” means that certain Promissory Note, dated June 14, 2017, by and between OutCo Labs, Inc. and Birch Hall Family Trust, for the principal amount of \$250,000 and having a maturity date of October 1, 2021, as amended by that certain First Amendment, dated October 1, 2020, and as further amended by that certain Second Amendment, dated October 21, 2020.

“**Books and Records**” has the meaning set forth in Section 2.01(r).

“**Businesses**” has the meaning set forth in the recitals.

“**Business Day**” means any day except Saturday, Sunday or any other day on which commercial banks located in California, are authorized or required by Law to be closed for business.

“**Business Proprietary Rights**” has the meaning set forth in Section 4.23(a).

“**Buyer**” means Nutritional High LLC.

“**Buyer Charter Documents**” has the meaning set forth in Section 7.03.

“**Buyer Closing Certificate**” has the meaning set forth in Section 9.03(e).

“**Buyer Indemnitees**” has the meaning set forth in Section 10.02.

“**CCPA**” means the California Consumer Privacy Act of 2018 and its implementing regulations (as superseded, amended, or replaced from time to time).

“**C DFA**” means the California Department of Food and Agriculture.

“**Class A Acceleration Date**” has the meaning set forth in Section 2.05(b).

“**Class A Warrant**” means warrants to purchase shares of Parent Common Stock, with each warrant exercisable for one share of Parent Common Stock at an exercise price of CAD \$0.03 per share.

“**Class A VWAP Event**” has the meaning set forth in Section 2.05(b).

“**Class B Acceleration Date**” has the meaning set forth in Section 2.05(b).

“**Class B Warrant**” means warrants to purchase shares of Parent Common Stock, with each warrant exercisable for one share of Parent Common Stock at an exercise price of CAD \$0.05 per share.

“**Class B VWAP Event**” has the meaning set forth in Section 2.05(b).

“**Closing**” has the meaning set forth in Section 3.01.

“**Closing Date**” has the meaning set forth in Section 3.01.

“**Closing Working Capital**” has the meaning set forth in Section 2.07(d)(i).

“**Closing Working Capital Statement**” has the meaning set forth in Section 2.07(d)(i).

“**Company**” has the meaning set forth in the preamble.

“**Company Board Recommendation**” has the meaning set forth in Section 4.02(b).

“**Company Subsidiaries**” has the meaning set forth in the preamble.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Confidential Information**” has the meaning set forth in Section 8.08.

“**Contracts**” means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

“**CSE**” means the Canadian Stock Exchange.

“**Current Assets**” has the meaning set forth in Section 2.07(a)(i)(1).

“**Current Liabilities**” has the meaning set forth in Section 2.07(a)(i)(2).

“**Data Protection Commitments**” means all relevant representations, statements, obligations, and commitments that Sellers or License Owners have made or entered into with respect to the privacy, security, confidentiality, or processing of Personal Data, including, without limitation: (i) all policies, notices, statements, or similar disclosures published, or otherwise publicly made available by Seller; (ii) all policies, procedures, or standards of Seller; and (iii) all material contractual agreements to which Sellers are a party; *provided, however*, that Seller is not responsible for the privacy or data security practices of its counterparties or customers.

“**Data Protection Laws**” means applicable laws and regulations relating to the privacy, security, or confidentiality of Personal Data, including, without limitation, the CCPA.

“**Declarations and REAs**” means any and all declarations, reciprocal easement agreements or other similar cross-easements, use agreements, covenants or similar agreements with adjacent property owners governing the use, maintenance or operation of any part of the

Mendo Property in which it is located, but excluding any agreements with state or local governments.

“Development Agreement” means any agreement between Sellers or any predecessor-in-interest and any state, municipal or quasi-municipal entity or other third party for the development and construction of infrastructure, buildings, or other improvements, on, servicing, or with respect to the Mendo Property.

“Direct Claim” has the meaning set forth in Section 10.04(c).

“Disclosure Schedules” means the Disclosure Schedules delivered by Sellers and License Owners concurrently with the execution and delivery of this Agreement.

“Disputed Amounts” has the meaning set forth in Section 2.07(e)(iii).

“Disqualified Person” means any Person that, as advised or otherwise indicated by any applicable Governmental Authority, directly or indirectly (i) is the subject of a Disqualifying Event or a Disqualifying Event is attributable to such Person; (ii) is not permitted under applicable Law to directly or indirectly hold an ownership interest in, or otherwise be associated with, any Licensed Entity; (iii) is a Person whose direct or indirect ownership interest in, or association with, any Licensed Entity is more likely than not to jeopardize, threaten, limit, or impair the ability of Parent or its subsidiaries to obtain, maintain, retain, renew, or otherwise hold any Permit deemed necessary, desirable or beneficial for the conduct of any of the Businesses; or (iv) is a Person whose direct or indirect ownership interest in or association with, any Licensed Entity, is more likely than not to result in the imposition of any adverse licensing or regulatory consequence on Parent.

“Disqualifying Event” means, with respect to any Person, as advised or otherwise indicated by any applicable Governmental Authority, the occurrence of any event that would more likely than not: (i) render such Person ineligible under applicable law to hold a direct or indirect ownership interest in, or be associated with, any Licensed Entity; (ii) make any Licensed Entity ineligible under applicable law to obtain, maintain, retain, renew, or otherwise hold any Permit deemed necessary, desirable or beneficial for the conduct their respective businesses as a result of such Person’s holding of any direct or indirect ownership interest in, or association with, any Licensed Entity; (iii) jeopardize, threaten, limit, or impair the ability of any Licensed Entity to obtain, maintain, retain, renew, or otherwise hold any Permit deemed necessary, desirable or beneficial for the conduct of any of their respective businesses as a result of such Person’s holding of any direct or indirect ownership interest in, or association with, any Licensed Entity; (iv) result in the denial, revocation, suspension, nonrenewal, or material impairment or limitation of any Permit necessary or beneficial for the conduct of the business of any Licensed Entity as a result of such Person’s holding of any direct or indirect ownership interest in, or association with, any Licensed Entity; or (v) result in the imposition of any adverse licensing or regulatory consequence on any Licensed Entity as a result of such Person’s holding of any direct or indirect ownership interest in, or association with, any Licensed Entity.

“Dollars or \$” means the lawful currency of the United States.

“Due Diligence Review Period” has the meaning set forth in Section 8.02.

“**DW27**” has the meaning set forth in the recitals.

“**DW27 Consents**” has the meaning set forth in Section 3.02(b)(v).

“**DW27 Lease**” means that certain lease agreement between Wing Crossen LLC (“**Wing Crossen**”) and DW27, dated as of April 17, 2014, pursuant to which Wing Crossen has agreed to lease the El Cajon Premises to DW27, and entitling OC to operate a medical marijuana store, cultivation facility, and manufacturing facility pursuant to the El Cajon License.

“**DW27 Management Services Agreement**” means that certain Services Agreement, dated January 1, 2017, by and between DW27 and Company, pursuant to which Company has agreed to perform management and consulting services to DW27 to operate the El Cajon License, and entitling Company to receive a monthly fee as consideration for such services.

“**DW27 Option Agreement**” means that certain option agreement entered into by and between Buyer and the members of DW27 dated as of Closing.

“**Earnout Payment**” has the meaning set forth in Section 2.06(a).

“**Effective Date**” has the meaning set forth in the preamble.

“**East Hill Financial Loan**” means that certain loan in the principal amount of Two Million Six Hundred and Fifty Thousand dollars & NO/100 (\$2,650,000.00), plus interest, pursuant to that certain Installment Note, dated March 29, 2018, and the terms of the Mendo Deed.

“**East Hill Financial Loan Consideration**” has the meaning set forth in Section 2.05(c).

“**EHP**” has the meaning set forth in the preamble.

“**EHW**” has the meaning set forth in the recitals.

“**EHW Consents**” has the meaning set forth in Section 3.02(b)(vii).

“**EHW Management Services Agreement**” means that certain management agreement, by and between EHW and Company, pursuant to which Company has agreed to perform management and consulting services to EHW to operate the Mendocino Licenses, and entitling Company to receive a monthly fee as consideration for such services.

“**EHW Option Agreement**” means that certain option agreement entered into by and between Buyer and the members of EHW dated as of Closing.

“**El Cajon License**” has the meaning set forth in the recitals.

“**El Cajon Premises**” has the meaning set forth in the recitals.

“**Elan Capital Litigation**” means that certain litigation in *Elan Capital Inc. v. Outco Labs, Inc.*, Case No. 37-2020-00006020-CU-BC-CTL.

“**Elan Debt**” means any and all amounts owing to Elan Capital, Inc. pursuant to that certain Settlement and General Release Agreement, dated March 7, 2019, by and among OutCo Labs, Inc., Elan Capital, Inc., and Evergreen Property Management, Inc.

“**Employees**” has the meaning set forth in Section 3.02(a)(v).

“**Employment Agreement**” has the meaning set forth in Section 3.02(a)(v).

“**Encumbrance**” means any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

“**Environmental Claim**” means any claim, action, cause of action, investigation or notice (written or oral) by any person or entity alleging potential liability (including potential liability for investigatory costs, cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from the manufacture, treatment, processing, distribution, use, transport, handling, deposit, storage, disposal, leaking or other presence, or release into the environment of any Hazardous Material in, at, on, under, from or about any location, whether or not owned or operated by Sellers.

“**Environmental Law**” means any applicable Law, and any Governmental Order or binding agreement with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any hazardous materials. The term “**Environmental Law**” includes, without limitation, the following (including their implementing regulations and any state analogs): the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 *et seq.*; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 *et seq.*; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 *et seq.*; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 *et seq.*; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 *et seq.*; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 *et seq.*; and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 *et seq.*

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

“**ERISA Affiliate**” means all employers (whether or not incorporated) that would be treated together with Sellers or any of their Affiliates as a “single employer” within the meaning of Section 414 of the Code or Section 4001 of ERISA.

“**Escondido License**” has the meaning set forth in the recitals.

“**Escondido Premises**” has the meaning set forth in the recitals.

“**Escrow Agent**” means an escrow agent as designated by Buyer.

“**Escrow Agreement**” has the meaning set forth in Section 3.02(a)(vii).

“**Estimated Closing Adjustment**” has the meaning set forth in Section 2.07(a)(i)(3).

“**Estimated Closing Working Capital**” has the meaning set forth in Section 2.07(b).

“**Estimated Closing Statement**” has the meaning set forth in Section 2.07(b).

“**Estimated Working Capital Special Warrant Consideration Adjustment**” has the meaning set forth in Section 2.07(a)(i)(4).

“**Excluded Assets**” has the meaning set forth in Section 2.02.

“**Excluded Contracts**” has the meaning set forth in Section 2.02(e).

“**Excluded Liabilities**” has the meaning set forth in Section 2.04.

“**Expiry Date**” has the meaning set forth in Section 2.05(b).

“**Federal Cannabis Law**” means any U.S. federal laws, civil, criminal or otherwise, to the extent that such law is directly or indirectly related to the cultivation, harvesting, production, manufacturing, processing, marketing, distribution, sale or possession of cannabis, marijuana or related substances or products containing cannabis, marijuana or related substances, including but not limited to the prohibition on drug trafficking under the Controlled Substances Act (21 U.S.C. § 801, et seq.), the conspiracy statute under 18 U.S.C. § 846, the bar against aiding and abetting the conduct of an offense under 18 U.S.C. § 2, the bar against misprision of a felony (concealing another’s felonious conduct) under 18 U.S.C. § 4, the bar against being an accessory after the fact to criminal conduct under 18 U.S.C. § 3, and federal money laundering statutes under 18 U.S.C. §§ 1956, 1957 and 1960. All references herein to “law” or “applicable law” shall not be interpreted to include any Federal Cannabis Law.

“**Financial Statements**” has the meaning set forth in Section 4.05.

“**First Earnout Period**” has the meaning set forth in Section 2.06(a)(i).

“**First Earnout Period Share Consideration**” has the meaning set forth in Section 2.06(a)(i).

“**First Milestone Event**” has the meaning set forth in Section 2.06(a)(i).

“**Fundamental Representations**” has the meaning set forth in Section 10.01.

“**Fraud**” means, with respect to any claim or action, all of the following elements: (a)(i) a representation of a material fact relating to such claim or action that (x) is false, (y) is known by any Person or any of his, her or its Representatives to be false at the time such representation is made, (z) is made with the intent to induce Buyer into acting or refraining from acting, or (ii) an intentional omission of material fact that is omitted with the intent to deceive Buyer; (b) reasonable and justifiable reliance by the receiving party on the false statement or omission of material fact; and (c) injury to the receiving party as a result of such reliance on the false statement or omission of material fact.

“**GAAP**” means United States generally accepted accounting principles in effect from time to time.

“**Gainor Note**” means that certain Convertible Promissory Note, dated October 8, 2019, by and between OutCo Labs, Inc., and Craig Gainor, for the principal amount of \$500,000.

“**Government Contracts**” has the meaning set forth in Section 4.08(a)(vii).

“**Governmental Authority**” means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority, including but not limited to the BCC, CDFA, San Diego County Board of Supervisors, and the Mendocino County Department of Agriculture (or authorized representative thereof) (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

“**Governmental Official**” means any (a) individual who is employed by or acting on behalf of a Governmental Authority or public international organization; (b) political party, party official or candidate for political office; (c) individual who holds or performs the duties of an appointment, office or position created by custom or convention; or (d) individual who holds himself out to be the authorized intermediary of any person specified in paragraphs (a), (b) or (c) above.

“**Governmental Order**” means any order, writ, judgment, injunction, decree, stipulation, ruling, determination or award entered by or with any Governmental Authority.

“**Hazardous Materials**” means those materials that are regulated by or form the basis of liability under any Environmental Law, including: (a) any substance identified under any Environmental Law as a pollutant, contaminant, hazardous substance, liquid, industrial or solid or hazardous waste, hazardous material or toxic substance; (b) any petroleum or petroleum derived substance or waste; (c) any asbestos or asbestos-containing material; (d) any polychlorinated biphenyl (PCB) or PCB-containing or urea-formaldehyde-containing material or fluid; (e) any radioactive material or substance, including radon; (f) any lead or lead based paints or materials; and (g) any mold, fungi, yeast or other similar biological agents that may have an adverse effect on human health.

“**Holdback Release Date**” has the meaning set forth in Section 10.01.

“**IFRS**” has the meaning International Financial Reporting Standards.

“**Indemnifying Party**” has the meaning set forth in Section 10.04(a).

“**Independent Accountant**” has the meaning set forth in Section 2.07(e)(iii).

“**Insurance Policies**” has the meaning set forth in Section 4.26.

“**Inventory**” has the meaning set forth in Section 2.01(f).

“**Investor Questionnaire**” has the meaning set forth in Section 4.37.

“**Knecht Litigation**” means that certain litigation in *Noel J Knecht v. Outco Labs Inc.*, Case No. 37-2019-00040051-CU-CO-CTL.

“**Law**” means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.

“**Liabilities**” means liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise.

“**License Owners**” has the meaning set forth in the preamble.

“**License Owner Termination**” has the meaning set forth in Section 2.06(e).

“**Licensed Entity**” has the meaning set forth in the recitals.

“**Litigation Resolution**” has the meaning set forth in Section 8.21.

“**Litigation Side Letter**” has the meaning set forth in Section 3.02(a)(ix).

“**Losses**” means losses, damages, liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys’ fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers.

“**Management Services Agreements**” means the DW27 Management Services Agreement, SDI Management Services Agreement, and EHW Management Services Agreement.

“**Marijuana Licenses**” has the meaning set forth in the recitals.

“**Marijuana Laws**” means state and local laws applicable to Sellers, License Owners, or the Licensed Entities related to the business of cultivating, manufacturing, packaging, and selling retail marijuana and medical marijuana in the State of California.

“**Material Adverse Effect**” means any event, occurrence, fact, condition or change that is, or could reasonably be expected to become, individually or in the aggregate, materially adverse to (a) the business, results of operations, condition (financial or otherwise), prospects, or assets of the Businesses, (b) the value of the Acquired Assets, or (c) the ability of Sellers to consummate the transactions contemplated hereby on a timely basis; *provided, however*, that “**Material Adverse**

Effect” shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the industries in which the Businesses operate; (iii) any changes in financial or securities markets in general; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action required or permitted by this Agreement, except pursuant to Section 4.03, Section 4.04, and Section 8.09 any changes in accounting rules, including GAAP; or (vii) the public announcement, pendency or completion of the transactions contemplated by this Agreement; *provided further, however*, that any event, occurrence, fact, condition or change referred to in clauses (i) through (iv) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on the Businesses compared to other participants in the industries in which the Businesses operate.

“**Material Contracts**” has the meaning set forth in Section 4.08(a).

“**Material Customers**” has the meaning set forth in Section 4.27(a).

“**Material Suppliers**” has the meaning set forth in Section 4.27(b).

“**Mendo Deed**” means that certain Short Form Deed of Trust and Assignment of Rents, dated March 29, 2018, by and between East Hill Financial, LLC and East Hill Properties, LLC.

“**Mendo Property**” means that certain real property located at 2500 East Hill Road, Willits, CA 95490 (60 acres consisting of APN 104-210-15 and 104-220-01).

“**Mendocino Licenses**” has the meaning set forth in the recitals.

“**Mendocino Premises**” has the meaning set forth in the recitals.

“**Milestone Event**” has the meaning set forth in Section 2.06(a).

“**Miltner Debt**” means all amounts owing to Miltner & Menck, APC, as identified on Schedule 3.

“**Mr. Anderson**” has the meaning set forth in the preamble.

“**Mr. Birch**” has the meaning set forth in the preamble.

“**Mr. Machulsky**” has the meaning set forth in the preamble.

“**Multiple Voting Shares**” means the multiple voting shares in the capital of Parent with each such share to receive ten (10) votes at any meeting of the shareholders and to have an economic equivalent of ten (10) times that of a share of Parent Common Stock in terms of, among other things, dividends and rights to proceeds of dissolution and with each such Multiple Voting Share being converted, at the discretion of the Shareholders, into ten (10) shares of Parent Common Stock.

“**MVS Approval Date**” means the day that is four (4) months from the Effective Date.

“**OC**” has the meaning set forth in the preamble.

“**Open-Source Software**” shall mean any software that is subject to any: “open source,” “copyleft,” “free,” or other similar types of license terms or distribution, including any license approved by the Open Source Initiative and listed at <http://www.opensource.org/licenses>.

“**Option Agreements**” means each of the (i) DW27 Option Agreement, (ii) SDI Option Agreement, and (iii) EHW Option Agreement.

“**Parent**” means Nutritional High International Inc., a Canadian corporation.

“**Parent Common Stock**” means the shares in the capital of Parent.

“**Parent Warrants**” has the meaning set forth in Section 2.05(b).

“**Payroll Side Letter**” has the meaning set forth in Section 3.02(a)(viii).

“**Payroll Tax Special Warrant Consideration Adjustment**” has the meaning set forth in Section 2.10(a)(ii).

“**Pending Litigation**” has the meaning set forth in Section 2.03(b).

“**Pending Litigation Special Warrant Consideration Adjustment**” has the meaning set forth in Section 2.09(a)(ii).

“**Permits**” means all permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained, or required to be obtained, from Governmental Authorities.

“**Permitted Encumbrances**” has the meaning set forth in Section 4.09.

“**Person**” means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

“**Personal Data**” means: (i) any information, in any form, that, alone or in combination with other information, describes, relates to, identifies, or is reasonably capable of being associated or could reasonably be linked, directly or indirectly, with an individual person or household; or (ii) information that otherwise is defined as “personal data,” “personal information,” or “personally identifiable information” under applicable Data Protection Laws or relevant Data Protection Commitments.

“**Post-Closing Adjustment**” has the meaning set forth in Section 2.07(d)(ii).

“**Post-Closing Special Warrant Consideration Adjustment**” has the meaning set forth in Section 2.07(d)(iii).

“**Premises**” means each of the El Cajon Premises, Escondido Premises, and Mendocino Premises.

“**Pro-Rata Percentages**” means, with respect to each Majority Shareholder, the percentage opposite such Majority Shareholder’s name set forth on Schedule 1, attached hereto, under the heading “Pro-Rata Percentage.”

“**Proprietary Rights**” means the following properties, including properties under statutory law or common law: (i) all trademarks, services marks, trade names, trade dress, brand names, slogans, logos, corporate names, and domain names, registrations and applications for registrations for the foregoing with all goodwill associated therewith, together with all translations, adaptations, derivations, and combinations, applications, registrations, extensions, and renewals, foreign and domestic, relating thereto, together with the goodwill connected therewith and any right to recover for past infringement thereof and other past injury thereto; (ii) inventions existing at the time of transfer of assets (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations relating thereto; (iii) copyrightable works, all copyrights, and all applications, registrations, and renewals relating thereto; (iv) trade secrets (including ideas, research and development, know-how, data, databases, aggregated datasets, data compilations and collections, formulas, compositions, manufacturing, packaging and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals); (v) computer software and firmware (including all data and related documentation); (vi) mask works and all applications, registrations, and renewals relating thereto; (vii) all other proprietary rights; (viii) copies and tangible embodiments of the foregoing (in whatever form or medium); and (ix) registrations and applications for any of the foregoing. Proprietary Rights do not include Open-Source Software or generally commercially available “off the shelf” or “shrink-wrapped” Software that is loaded or running on any of the computers of Sellers.

“**Proprietary Rights Agreements**” means all licenses, sublicenses, consent to use agreements, settlements, coexistence agreements, covenants not to sue, waivers, releases, permissions and other Contracts, whether written or oral, relating to any Proprietary Right that is used or held for use in the conduct of the Businesses as currently conducted or proposed to be conducted to which Sellers are a party, beneficiary or otherwise bound.

“**Proprietary Rights Assignments**” has the meaning set forth in Section 3.02(a)(vi).

“**Pre-Closing Tax Period**” means any taxable period ending on or before the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period ending on and including the Closing Date.

“**Quilkey Debt**” means any and all amounts owing to Paul Quilkey pursuant to that certain Promissory Note, dated August 14, 2019, by and Paul Quilkey and Outco Labs, Inc. for the principal amount of \$50,000 plus interest and penalties accumulated since the maturity date of March 31, 2020.

“**Recreational Marijuana Legalization**” has the meaning set forth in Section 2.06(a)(i).

“**Recreational Marijuana Legalization Period**” has the meaning set forth in Section 2.06(a)(i).

“**Recreational Marijuana Licenses**” has the meaning set forth in Section 2.06(a)(i).

“**Registered Business Proprietary Rights**” has the meaning set forth in Section 4.23(d).

“**Representative**” means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

“**Resolution Period**” has the meaning set forth in Section 2.07(e)(ii).

“**Requisite Company Vote**” has the meaning set forth in Section 4.02(a).

“**Review Period**” has the meaning set forth in Section 2.07(e)(i).

“**SDI**” has the meaning set forth in the recitals.

“**SDI Consents**” has the meaning set forth in Section 3.02(b)(vi).

“**SDI Lease**” means that certain lease agreement between T&M Real Estate Holding LLC and SDI, dated as of January 1, 2018, and as amended by that certain Lease Amendment and Extension, dated December 1, 2020, pursuant to which T&M Real Estate Holding LLC has agreed to lease the Escondido Premises to SDI, and entitling SDN to operate a medical marijuana store pursuant to the Escondido License.

“**SDI Management Services Agreement**” means that certain Services Agreement, dated January 12, 2018, by and between SDI and Company, pursuant to which Company has agreed to perform management and consulting services to SDI to operate the Escondido License, and entitling Company to receive a monthly fee as consideration for such services.

“**SDI Option Agreement**” means that certain option agreement entered into by and between Buyer and the members of SDI dated as of Closing.

“**SDN**” has the meaning set forth in the preamble.

“**Second Earnout Period**” has the meaning set forth in Section 2.06(a)(ii).

“**Second Earnout Period Share Consideration**” has the meaning set forth in Section 2.06(a)(ii).

“**Second Milestone Event**” has the meaning set forth in Section 2.06(a)(ii).

“**Security Incident**” has the meaning assigned to such term in Section 4.24(b).

“**Sellers**” has the meaning set forth in the recitals.

“**Sellers Closing Certificate**” has the meaning set forth in Section 9.02(r).

“**Seller Indemnifying Parties**” has the meaning set forth in Section 10.04(a).

“**Seller Indemnifying Party**” has the meaning set forth in Section 10.04(a).

“**Seller Intellectual Property**” means all patents, patent applications, trademarks, trademark applications, service marks, service mark applications, tradenames, copyrights, Trade Secrets, domain names, mask works, information and proprietary rights and processes, similar or other intellectual property rights, subject matter of any of the foregoing, tangible embodiments of any of the foregoing, intellectual property licenses in, to and under any of the foregoing, that are (i) owned by the Sellers or (ii) licensed to Sellers pursuant to an intellectual property license.

“**Sellers’ Knowledge**” or any other similar knowledge qualification, means the constructive knowledge of the Sellers after due inquiry.

“**Sellers’ Payroll Tax Liabilities**” means \$1,042,930 in federal payroll tax liabilities.

“**Sellers’ Possession or Reasonable Control**” means within the possession or reasonable control of Sellers, their Affiliates, or Sellers’ employees, agents or third-party consultants or contractors, including attorneys.

“**Seller**” means the Company and Company Subsidiaries.

“**Shareholders**” means the shareholders of the Company.

“**Sinking Fund Trust**” has the meaning set forth in Section 2.10(c).

“**Special Warrant**” means a special warrant of Parent with each such Special Warrant entitling the holder thereof to acquire, for no additional consideration, one (1) Multiple Voting Share provided that the holders Parent Common Stock approve the creation of the Multiple Voting Shares on or before the MVS Approval Date and otherwise ten (10) shares of Parent Common Stock, with such Special Warrants to be automatically converted forthwith after the earlier of (i) the date of the meeting of holders Parent Common Stock called to approve, among other things, the creation of the Multiple Voting Shares and (ii) the MVS Approval Date.

“**Statement of Objections**” has the meaning set forth in Section 2.07(e)(ii).

“**Tangible Personal Property**” has the meaning set forth in Section 2.01(j).

“**Target Working Capital**” means \$750,000 calculated in accordance with the methodology set forth on Exhibit A.

“**Taxes**” means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, documentary, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, escheat, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind

whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties and shall include any transferee liability in respect of any and all of the above.

“**Tax Return**” means any return, declaration, report, claim for refund, information return or statement or other document relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“**Third Party Claim**” has the meaning set forth in Section 10.04(a).

“**Trade Secret**” means a “trade secret” as such term is defined under federal or California Law.

“**Transaction**” has the meaning set forth in the recitals.

“**Unresolved Claims**” has the meaning set forth in Section 10.07(c).

“**Undisputed Amounts**” has the meaning set forth in Section 2.07(e)(iii).

“**VWAP**” means the volume weighted average of the sale price of Parent Common Stock on the CSE for the last ten (10) consecutive trading days ending on the applicable VWAP End Date, as reported by the CSE or such other principal securities exchange.

“**VWAP End Date**” means the final trading day used to calculate any such VWAP. For the purposes of Section 2.06(c)(i), the VWAP End Date shall mean the day ending on (and including) the date that is ninety (90) days after the end of the First Earnout Period. For the purposes of Section 2.06(c)(ii), the VWAP End Date shall mean the day ending on (and including) the date that is ninety (90) days after the end of the Second Earnout Period.

“**Written Consent**” has the meaning set forth in Section 8.19.

ARTICLE II PURCHASE AND SALE

Section 2.01 Acquisition and Transfer of Assets. Subject to the terms and conditions set forth herein, at the Closing, Sellers shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase from Sellers, free and clear of any Encumbrances other than Permitted Encumbrances, all of Sellers’ right, title and interest in, to and under all of the assets, properties and rights of every kind and nature, whether real, personal or mixed, tangible or intangible (including goodwill), wherever located and whether now existing or hereafter acquired (other than the Excluded Assets), which relate to, or are used or held for use in connection with, the Businesses (collectively, the “**Acquired Assets**”), including, without limitation, the following:

- (a) the DW27 Lease, ;
- (b) the SDI Lease, including the option to purchase the Escondido Premises provided thereunder as agreed to by all parties to such lease prior to Closing;

- (c) the Mendo Property;
- (d) cash and cash equivalents;
- (e) all accounts or notes receivable held by Sellers, and any security, claim, remedy or other right related to any of the foregoing (“**Accounts Receivable**”);
- (f) all of the inventory of supplies, accessories and any and all other items of personal property of whatever nature utilized or relating to the operation of the Businesses (the “**Inventory**”).
- (g) all supplies and other “consumable supplies” used in connection with the operation of the Businesses;
- (h) all Contracts, including all Proprietary Rights Agreements, set forth on Section 2.01(h) of the Disclosure Schedules (the “**Assigned Contracts**”);
- (i) all Business Proprietary Rights;
- (j) all furniture, fixtures, equipment, machinery, tools, vehicles, office equipment, supplies, computers, telephones and other tangible personal property, set forth on Section 2.01(j) of the Disclosure Schedules (“**Tangible Personal Property**”);
- (k) all Business Proprietary Rights;
- (l) all Permits, which are held by Sellers and required for the operation of the Businesses as currently conducted or for the ownership and use of the Acquired Assets, including, without limitation, those listed on Section 4.29(b) of the Disclosure Schedules;
- (m) the future right to acquire any and all Permits held by the Licensed Entities, including but not limited to the Marijuana Licenses, upon a change in applicable Marijuana Laws so as to permit the transfer or assignment of the El Cajon License, Escondido License, or Mendocino Licenses, as applicable pursuant to the terms of the Option Agreements.
- (n) all rights to any Actions of any nature available to or being pursued by Sellers to the extent related to the Businesses, the Acquired Assets or the Assumed Liabilities, whether arising by way of counterclaim or otherwise;
- (o) all prepaid expenses, credits, advance payments, claims, security, refunds, rights of recovery, rights of set-off, rights of recoupment, deposits, charges, sums and fees (including any such item relating to the payment of Taxes);
- (p) all of Sellers’ rights under warranties, indemnities and all similar rights against third parties to the extent related to any Acquired Assets;
- (q) all insurance benefits, including rights and proceeds, arising from or relating to the Businesses, the Acquired Assets or the Assumed Liabilities;

(r) originals, or where not available, copies, of all books and records, including books of account, ledgers and general, financial and accounting records, machinery and equipment maintenance files, customer lists, customer purchasing histories, marketing lists, databases, customer relationships which are derived from or related to the Businesses, price lists, distribution lists, supplier lists, production data, quality control records and procedures, customer complaints and inquiry files, research and development files, records and data (including all correspondence with any Governmental Authority), sales material and records (including pricing history, total sales, terms and conditions of sale, sales and pricing policies and practices), strategic plans, internal financial statements, marketing and promotional surveys, material and research and files relating to the Business Proprietary Rights and the Proprietary Rights Agreements; *provided*, that such records shall not include books and records that pertain to Sellers' organization, existence or capitalization ("**Books and Records**");

(s) all Sellers' Intellectual Property; and

(t) all goodwill and the going concern value of the Businesses.

Section 2.02 Excluded Assets. Notwithstanding the foregoing, the Acquired Assets shall not include the following assets (collectively, the "**Excluded Assets**");

(a) all interest in and to refunds of Taxes relating to all periods prior to the Closing;

(b) all Tangible Personal Property and intangible personal property disposed of or consumed in the ordinary course of business between the date of this Agreement and the Closing Date, or as otherwise permitted by this Agreement; *provided*, that Sellers shall replace any such items to the extent such replacement is consistent with its past practices;

(c) all rights to marks not currently used in the operation of the Businesses, where such use has been abandoned by the Businesses, and all goodwill associated therewith;

(d) all items of personal property owned by personnel at the Businesses;

(e) Contracts, including Proprietary Rights Agreements, that are not Assigned Contracts (the "**Excluded Contracts**");

(f) the corporate seals, organizational documents, minute books, stock books, Tax Returns, books of account or other records having to do with the corporate organization of Sellers;

(g) all Benefit Plans and assets attributable thereto;

(h) the assets, properties and rights specifically set forth on Section 2.02(h) of the Disclosure Schedules; and

(i) the rights which accrue or will accrue to Sellers under this Agreement and the Ancillary Documents.

Section 2.03 Assumed Liabilities. Subject to the terms and conditions set forth herein, Buyer shall assume and agree to pay, perform and discharge only the following Liabilities of Sellers (collectively, the “**Assumed Liabilities**”), and no other Liabilities:

(a) Any Liabilities of Sellers in connection with the (i) Elan Debt; (ii) Gainor Note, (iii) Birch Note, (iv) Quilkey Debt, or (v) Miltner Debt (the “**Assumed Debt**”) arising or incurred which have not been satisfied in connection with Section 8.20 and, as a result, have been assumed by the Buyer pursuant to Section 8.20 prior to Closing;

(b) Any Liabilities of Sellers in connection with the (i) Knecht Litigation or (ii) Elan Capital Litigation (the “**Pending Litigation**”) arising or incurred or which have not been satisfied in connection with Section 8.21 and, as a result, have been assumed by the Buyer pursuant to Section 8.21 prior to Closing;

(c) the East Hill Financial Loan Consideration;

(d) the trade payables of Sellers expressly set forth on Section 2.03(c) of the Disclosure Schedules; and

(e) all Liabilities in respect of the Assigned Contracts but only to the extent that such Liabilities thereunder are required to be performed on or after the Closing Date, were incurred in the ordinary course of business and do not relate to any failure to perform, improper performance, warranty, or other breach, default or failure to perform by Sellers prior to the Closing.

Section 2.04 Excluded Liabilities. Notwithstanding the provisions of Section 2.03 or any other provision in this Agreement to the contrary, Buyer shall not assume and shall not be responsible to pay, perform or discharge any Liabilities of Sellers or any of their Affiliates of any kind or nature whatsoever other than the Assumed Liabilities (the “**Excluded Liabilities**”). Sellers shall, and shall cause each of its Affiliates to, pay and satisfy in due course all Excluded Liabilities which they are obligated to pay and satisfy. Without limiting the generality of the foregoing, the Excluded Liabilities shall include the following:

(a) the Sellers’ Payroll Tax Liabilities, subject to the terms of the Payroll Side Letter,

(b) except as otherwise expressly provided herein and as assumed pursuant to Section 8.20 at Closing, any Liabilities of Sellers arising or incurred in connection with the negotiation, preparation, investigation and performance of this Agreement, the Ancillary Documents and the transactions, including without limitation, fees and expenses of counsel, accountants, consultants, advisors and others;

(c) any Liability for: (i) Taxes of Sellers (or any members or Affiliate of Sellers) or relating to the Businesses, the Acquired Assets or the Assumed Liabilities for any Pre-Closing Tax Period; (ii) Taxes that arise out of the consummation of the

transactions contemplated hereby or that are the responsibility of Sellers pursuant to Section 8.15; or (iii) other Taxes of Sellers (or any stockholder, member, or Affiliate thereof) of any kind or description (including any Liability for Taxes of Sellers (or any stockholder, member, or Affiliate thereof) that becomes a Liability of Buyer under any common law doctrine of de facto merger or transferee or successor liability or otherwise by operation of contract or Law);

(d) any Liabilities relating to or arising out of the Excluded Assets;

(e) any Liabilities in respect of any pending or threatened Action arising out of, relating to or otherwise in respect of the operation of the Businesses or the Acquired Assets to the extent such Action relates to such operation prior to the Closing Date;

(f) any Liabilities of Sellers arising under or in connection with any Benefit Plan providing benefits to any present or former employee of Sellers;

(g) any Liabilities of Sellers for any present or former employees, officers, directors, retirees, independent contractors or consultants of Sellers, including, without limitation, any Liabilities associated with any claims for wages or other benefits, bonuses, accrued vacation, workers' compensation, severance, retention, termination or other payments;

(h) any Liabilities under Environmental Laws, to the extent arising out of or relating to facts, circumstances or conditions existing prior to the Closing or otherwise to the extent arising out of any actions or omissions of Sellers;

(i) any trade accounts payable of Sellers (i) which constitute intercompany payables owing to Affiliates of Sellers (except for Assumed Debt to the extent assumed as provided herein); (ii) which constitute debt, loans or credit facilities to financial institutions; or (iii) which did not arise in the ordinary course of business;

(j) any Liabilities of the Businesses relating or arising from unfulfilled commitments, quotations, purchase orders, customer orders or work orders that: (i) do not constitute part of the Acquired Assets issued by the Businesses' customers to Sellers on or before the Closing; (ii) did not arise in the ordinary course of business; or (iii) are not validly and effectively assigned to Buyer pursuant to this Agreement;

(k) any Liabilities to indemnify, reimburse or advance amounts to any present or former officer, director, employee or agent of Sellers (including with respect to any breach of fiduciary obligations by same);

(l) any Liabilities under the Excluded Contracts or any other Contracts, including Proprietary Rights Agreements: (i) which are not validly and effectively assigned to Buyer pursuant to this Agreement; (ii) which do not materially conform to the representations and warranties with respect thereto contained in this Agreement; or (iii) to the extent such Liabilities arise out of or relate to a breach by Sellers of such Contracts prior to Closing;

(m) any Liabilities associated with debt, loans or credit facilities of Sellers and/or the Businesses owing to financial institutions; and

(n) any Liabilities arising out of, in respect of or in connection with the failure by Sellers or any of its Affiliates to comply with any Law or Governmental Order.

(o) any Liabilities of Sellers arising under or in connection with corporate status and licensing of DW27, SDI and EHW.

Section 2.05 Acquisition Consideration. At Closing, and in consideration of the sale of the Acquired Assets, Company shall receive the following consideration (subject to adjustment as described below and applicable regulatory approval) (collectively, the “**Acquisition Consideration**”), subject to the terms below:

(a) The Buyer shall cause Parent to issue to Company 77,266,667 Special Warrants, *increased or decreased* by (1) the Estimated Working Capital Special Warrant Consideration Adjustment in accordance with Section 2.07 below, *decreased* by (2) the Assumed Debt Special Warrant Consideration Adjustment in accordance with Section 2.08 below, *decreased* by (3) the Pending Litigation Special Warrant Consideration Adjustment in accordance with Section 2.09 below, *decreased* by (4) Payroll Tax Special Warrant Consideration Adjustment in accordance with Section 2.10 below, *decreased* by (5) the Acquisition Consideration Holdback Escrow Amount (such net amount, the “**Aggregate Closing Special Warrant Consideration**”).

(b) Class A Warrants and Class B Warrants (collectively, the “**Parent Warrants**”). The Parent Warrants will become exercisable on or before the day that is the 24-month anniversary of the Closing Date (the “**Expiry Date**”); *provided, however*, that in the event the VWAP is greater than or equal to CAD \$0.048 per share (the “**Class A VWAP Event**”), the Expiry Date of the Class A Warrants will accelerate to the day that is sixty (60) days following the Class A VWAP Event (the “**Class A Acceleration Date**”) and, *provided, further*, that in the event the VWAP is greater than or equal to CAD \$0.08 per share (the “**Class B VWAP Event**”), the Expiry Date of the Class B Warrants will accelerate to the day that is sixty (60) days following the Class B VWAP Event (the “**Class B Acceleration Date**”).

(c) The Buyer shall either restructure or assume the East Hill Financial Loan pursuant to Section 2.03(c) (the “**East Hill Financial Loan Consideration**” and together with the Aggregate Closing Special Warrant Consideration, Parent Warrants, the “**Acquisition Consideration**”).

(d) Subject to the terms of the Earnout Payment set forth in Section 2.06 below, the Acquisition Consideration be increased as set forth therein.

The Acquisition Consideration shall be subject to all rights and restrictions imposed by applicable (i) Canadian federal or provincial securities laws, (ii) U.S. federal or state securities laws, and (iii) CSE rules and regulations. The Acquisition Consideration shall be paid as provided in 3.04 and released in accordance with the terms of the Escrow Agreement.

Section 2.06 Recreational Marijuana Legalization and License Earnout.

(a) Earnout Payments. As additional consideration for the Acquired Assets, Buyer shall pay, or cause to be paid, to Sellers either, but not both, of the following additional amounts (each an “**Earnout Payment**”) upon the achievement by the Businesses of one of the following events (each, a “**Milestone Event**”):

(i) If (A) the San Diego County Board of Supervisors repeals Ordinance No. 10474 (the “**Recreational Marijuana Legalization**”), on or before the day that is the 12-month anniversary of the Closing Date (the “**Recreational Marijuana Legalization Period**”) and (B) both DW27 and SDI obtain recreational marijuana licenses for the El Cajon Premises and Escondido Premises (the “**Recreational Marijuana Licenses**”) on or before the day that is the 12-month anniversary of the Closing Date (the “**First Earnout Period**”) (hereafter referred to as the “**First Milestone Event**”), then (i) in the event that the First Milestone Event is achieved before the MVS Approval Date, Buyer shall pay Company an Earnout Payment equal to Three Million dollars & NO/100 (\$3,000,000.00) worth of Special Warrants, calculated pursuant to Section 2.06(c)(i) in the event that the First Milestone Event is achieved on or after the MVS Approval Date, Buyer shall pay Company an Earnout Payment equal to \$3,000,000 worth of Multiple Voting Shares or Parent Common Stock, as applicable, calculated pursuant to Section 2.06(c)(i) (the “**First Earnout Period Share Consideration**”); or

(ii) If Sellers do not achieve the First Milestone Event but (A) the Recreational Marijuana Legalization occurs on or before the end of the Recreational Marijuana Legalization Period and (B) both DW27 and SDI obtain the Recreational Marijuana Licenses on or before the day that is the 18-month anniversary of the Closing Date (the “**Second Earnout Period**”) (hereafter referred to as the (the “**Second Milestone Event**”)), then (i) in the event that the Second Milestone Event is achieved before the MVS Approval Date, Buyer shall pay Company an Earnout Payment equal to One Million Five Hundred Thousand dollars & NO/100 (\$1,500,000.00) worth of Special Warrants, calculated pursuant to Section 2.06((c)(ii) in the event that the Second Milestone Event is achieved on or after the MVS Approval Date, Buyer shall pay Company an Earnout Payment equal to \$1,500,000 worth of Multiple Voting Shares or Parent Common Stock, as applicable, calculated pursuant to Section 2.06(c)(ii) (the “**Second Earnout Period Share Consideration**”)

(b) Adjustment to Acquisition Consideration. The Earnout Payment shall be considered an adjustment increasing the Acquisition Consideration for tax purposes, unless otherwise required by applicable law. For the avoidance of doubt, (i) if (A) the San Diego County Board of Supervisors fails to repeal Ordinance No. 10474 before the end of the Recreational Marijuana Legalization Period and (B) both DW27 and SDI obtain the Recreational Marijuana Licenses on or before the end of the First Earnout Period or Second Earnout Period, or (ii) if (A) the Recreational Marijuana Legalization Occurs before the end of the Recreational Marijuana Legalization Period but (B) either, or both, of DW27

and SDI fail to obtain the Recreational Marijuana Licenses on or before the end of the Second Earnout Period, then Sellers shall not be entitled to receive any Earnout Payment.

(c) Payment by Buyer.

(i) In the event that the First Milestone Event set forth in Section 2.06(a)(i) occurs on or before the end of the First Earnout Period, the Buyer shall pay the First Earnout Period Share Consideration to Sellers within ninety (90) days after the end of the First Earnout Period. The First Earnout Period Share Consideration shall be calculated as follows (rounding up to the nearest whole share):

(1) If the First Earnout Period Share Consideration is Special Warrants, then (A) Three Million dollars & NO/100 (\$3,000,000.00) multiplied by (B) the most recent currency exchange rate for the Canadian Dollar published by the United States Federal Reserve System at https://www.federalreserve.gov/releases/h10/hist/dat00_ca.htm for the last thirty (30) calendar days immediately preceding the month of the last day of the First Earnout Period, divided by (C) the greater of (i) the minimum price permitted by the rules of the CSE and (ii) the VWAP calculated as of the date the First Milestone Event is achieved, multiplied by 10.

(2) If the First Earnout Period Share Consideration is Multiple Voting Shares, then (A) Three Million dollars & NO/100 (\$3,000,000.00) multiplied by (B) the most recent currency exchange rate for the Canadian Dollar published by the United States Federal Reserve System at https://www.federalreserve.gov/releases/h10/hist/dat00_ca.htm for the last thirty (30) calendar days immediately preceding the month of the last day of the First Earnout Period, divided by (C) the greater of (i) the minimum price permitted by the rules of the CSE and (ii) the VWAP calculated as of the date the First Milestone Event is achieved, multiplied by 10.

(3) If the First Earnout Period Share Consideration is Parent Common Stock because the Multiple Voting Shares were not created by the MVS Approval Date, then (A) Three Million dollars & NO/100 (\$3,000,000.00) multiplied by (B) the most recent currency exchange rate for the Canadian Dollar published by the United States Federal Reserve System at https://www.federalreserve.gov/releases/h10/hist/dat00_ca.htm for the last thirty (30) calendar days immediately preceding the month of the last day of the First Earnout Period, divided by (C) the greater of (i) the minimum price permitted by the rules of the CSE and (ii) the VWAP calculated as of the date the First Milestone Event is achieved.

(ii) In the event that the Second Milestone Event set forth in Section 2.06(a)(ii) occurs on or before the end of the Second Earnout Period, the Buyer shall pay the Second Earnout Period Share Consideration to Sellers within ninety (90) days after the end of the Second Earnout Period. The Second Earnout

Period Share Consideration shall be calculated as follows (rounding up to the nearest whole share):

(1) If the Second Earnout Period Share Consideration is Special Warrants, then (A) One Million Five Hundred Thousand dollars & NO/100 (\$1,500,000.00), multiplied by (B) the most recent currency exchange rate for the Canadian Dollar published by the United States Federal Reserve System at https://www.federalreserve.gov/releases/h10/hist/dat00_ca.htm for the last thirty (30) calendar days immediately preceding the month of the last day of the Second Earnout Period, divided by (C) the greater of (i) the minimum price permitted by the rules of the CSE and (ii) the VWAP calculated as of the date the Second Milestone Event is achieved, multiplied by 10.

(2) If the Second Earnout Period Share Consideration is Multiple Voting Shares, then (A) One Million Five Hundred Thousand dollars & NO/100 (\$1,500,000.00), multiplied by (B) the most recent currency exchange rate for the Canadian Dollar published by the United States Federal Reserve System at https://www.federalreserve.gov/releases/h10/hist/dat00_ca.htm for the last thirty (30) calendar days immediately preceding the month of the last day of the Second Earnout Period, divided by (C) the greater of (i) the minimum price permitted by the rules of the CSE and (ii) the VWAP calculated as of the date the Second Milestone Event is achieved, multiplied by 10.

(3) If the Second Earnout Period Share Consideration is is Parent Common Stock because the Multiple Voting Shares were not created by the MVS Approval Date, then (A) One Million Five Hundred Thousand dollars & NO/100 (\$1,500,000.00), multiplied by (B) the most recent currency exchange rate for the Canadian Dollar published by the United States Federal Reserve System at https://www.federalreserve.gov/releases/h10/hist/dat00_ca.htm for the last thirty (30) calendar days immediately preceding the month of the last day of the Second Earnout Period, divided by (C) the greater of (i) the minimum price permitted by the rules of the CSE and (ii) the VWAP calculated as of the date the Second Milestone Event is achieved.

(iii) For the avoidance of doubt, the aggregate Earnout Payment if earned as provided above, shall not exceed Three Million dollars (\$3,000,000.00) as Seller shall only be entitled to either the First Earnout Period Share Consideration or the Second Earnout Period Share Consideration.

(d) Impact of a Disqualifying Event. Sellers acknowledge that, at any time prior to the end of the Second Earnout Period, if a License Owner (i) becomes a Disqualified Person or (ii) commits a Disqualifying Event, then Sellers shall not be entitled to receive any Earnout Payment.

(e) Resignation of License Owners. Sellers acknowledge that, at any time prior to the end of the Second Earnout Period if a License Owner (i) resigns (ii) has any license required by a Governmental Authority revoked, or (iii) allows any license required by a Governmental Authority to expire beyond ninety (90) days without reinstatement (“**License Owner Termination**”), except in cases where such License Owner dies, or suffers a physical or mental incapacity preventing such License Owner from materially performing his duties, then Sellers shall be deemed to have forfeited the Earnout Payment for all subsequent Milestone Events from the date of such License Owner Termination.

(f) Right of Set-off. Buyer shall have the right to withhold and set off against any amount otherwise due to be paid pursuant to this Section 2.06 the amount of any Losses to which any Buyer Indemnitee may be entitled under Article X, pursuant to Section 10.05.

(g) No Security. The parties hereto understand and agree that: (i) the contingent rights to receive any Earnout Payment shall not be represented by any form of certificate or other instrument, are not transferable, except by operation of Law relating to descent and distribution, divorce and community property, and do not constitute an equity or ownership interest in Buyer; (ii) Sellers shall have any rights as a securityholder of Buyer as a result of the Sellers’ contingent right to receive any Earnout Payment hereunder.

Section 2.07 Working Capital Adjustment.

(a) Defined Terms. As used in this Agreement, the following terms have the meanings set forth below:

(i) “**Closing Working Capital**” means Current Assets minus Current Liabilities, determined as of immediately prior to the Closing.

(1) “**Current Assets**” means cash and cash equivalents, accounts receivable, inventory and prepaid expenses, but excluding (a) the portion of any prepaid expense of which Buyer will not receive the benefit following Closing; (b) deferred Tax assets; (c) receivables from any of the Company’s Affiliates, directors, employees, officers or stockholders and any of their respective affiliates; and (d) accounts receivable exceeding ninety (90) days.

(2) “**Current Liabilities**” means accounts payable, accrued Taxes, and accrued expenses.

(3) “**Estimated Closing Adjustment**” means a USD dollar amount equal to the Estimated Closing Working Capital minus the Target Working Capital.

(4) “**Estimated Working Capital Special Warrant Consideration Adjustment**” means a number of Special Warrants equal to the Estimated Closing Adjustment multiplied by 1.22, divided by 0.15.

(b) Estimated Closing Statement. At least two (2) Business Days prior to the Closing Date, Sellers shall prepare and deliver to the Buyer a statement (the “**Estimated Closing Statement**”) prepared in accordance with past accounting practices of Sellers in a fair and consistent manner, setting forth their good faith estimate of Closing Working Capital of Sellers as of the Closing Date (the “**Estimated Closing Working Capital**”) and the Estimated Closing Adjustment. An example calculation of Estimated Closing Working Capital is attached hereto as Section 2.07(b) of the Disclosure Schedules solely for illustrative purposes.

(c) Estimated Working Capital Share Consideration Adjustment.

(i) If the Estimated Closing Adjustment is a negative number, any Special Warrants otherwise issuable at Closing pursuant to Section 2.05 shall be reduced by the Estimated Working Capital Special Warrant Consideration Adjustment.

(ii) If the Estimated Closing Adjustment is a positive number, the Acquisition Consideration shall be increased by the Estimated Working Capital Special Warrant Consideration Adjustment and Buyer shall cause Parent to issue to Seller on the Closing Date a number of Special Warrants equal to the Estimated Working Capital Special Warrant Consideration Adjustment, which issuance shall be offset by any negative adjustments as provided herein.

(d) Post-Closing Adjustment.

(i) Within ninety (90) days after the Closing Date, Buyer shall prepare and deliver to Sellers a statement setting forth its calculation of Closing Working Capital of Sellers as of the Closing Date (the “**Closing Working Capital**”), which statement shall be substantially in the form of Section 2.07(d) of the Disclosure Schedules (the “**Closing Working Capital Statement**”), prepared in accordance with past accounting practices of Sellers in a fair and consistent manner, subject to the modifications and limitations set forth on Section 2.07(d) of the Disclosure Schedules.

(ii) The “**Post-Closing Adjustment**” shall be an amount equal to the Closing Working Capital minus Estimated Closing Working Capital.

(iii) The “**Post-Closing Special Warrant Consideration Adjustment**” shall be a number of Special Warrants equal to the Post-Closing Adjustment multiplied by 1.22 divided 0.15.

(1) If the Post-Closing Adjustment is a negative number, then, at the election of the Buyer, Sellers shall forfeit a number of Special Warrants equal to the Post-Closing Special Warrant Consideration Adjustment. In connection with any such forfeiture, Sellers shall provide all such documentation and take all such actions as may be reasonably required by Parent or Buyer and in accordance with the Escrow Agreement. Sellers hereby grant a power of attorney to the manager of the Buyer (and any

individual designated by any such manager), with full power of substitution, to execute and deliver any documentation necessary in order to effectuate a Post-Closing Special Warrant Consideration Adjustment required pursuant to this Section 2.07(d).

(2) If the Post-Closing Adjustment is a positive number, the Acquisition Consideration shall be increased by the Post-Closing Special Warrant Consideration Adjustment and Buyer shall cause Parent to promptly issue to Sellers on the Closing Date a number of Special Warrants equal to the Post-Closing Special Warrant Consideration Adjustment, which issuance shall be offset by any negative adjustments as provided herein.

(3) Notwithstanding the foregoing, no Post-Closing Adjustment shall be made on either parties behalf if the Post-Closing Adjustment is less than either: (A) USD \$50,000 as a negative number in Section 2.07(d)(iii)(1) or (B) USD \$50,000 as a positive number in Section 2.07(d)(iii)(2).

(e) Examination and Review.

(i) Examination. After receipt of the Closing Working Capital Statement, Sellers shall have thirty (30) days (the "**Review Period**") to review the Closing Working Capital Statement. During the Review Period, Sellers shall have full access to the relevant books and records of Buyer, the personnel of, and work papers prepared by, Buyer and/or Buyer's accountants to the extent that they relate to the Closing Working Capital Statement and to such historical financial information (to the extent in Buyer's possession) relating to the Closing Working Capital Statement as Sellers may reasonably request for the purpose of reviewing the Closing Working Capital Statement and to prepare a Statement of Objections (defined below), *provided, that* such access shall be in a manner that does not interfere with the normal business operations of Buyer.

(ii) Objection. On or prior to the last day of the Review Period, Sellers may object to the Closing Working Capital Statement by delivering to Buyer a written statement setting forth Sellers' objections in reasonable detail, indicating each disputed item or amount and the basis for Sellers' disagreement therewith (the "**Statement of Objections**"). If Sellers fail to deliver the Statement of Objections before the expiration of the Review Period, the Closing Working Capital Statement and the Post-Closing Adjustment, as the case may be, reflected in the Closing Working Capital Statement shall be deemed to have been accepted by Sellers. If Sellers deliver the Statement of Objections before the expiration of the Review Period, Buyer and Sellers shall negotiate in good faith to resolve such objections within thirty (30) days after the delivery of the Statement of Objections (the "**Resolution Period**"), and, if the same are so resolved within the Resolution Period, the Post-Closing Adjustment and the Closing Working Capital Statement

with such changes as may have been previously agreed in writing by Buyer and Sellers, shall be final and binding.

(iii) Resolution of Disputes. If Sellers and Buyer fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then any amounts remaining in dispute ("**Disputed Amounts**" and any amounts not so disputed, the "**Undisputed Amounts**") shall be submitted for resolution to the office of an impartial nationally recognized firm of independent certified public chartered accountants mutually acceptable to Buyer and Sellers (the "**Independent Accountant**") who, acting as experts and not arbitrators, shall resolve the Disputed Amounts only and make any adjustments to the Post-Closing Adjustment, as the case may be, and the Closing Working Capital Statement. The parties hereto agree that all adjustments shall be made without regard to materiality. The Independent Accountant shall only decide the specific items under dispute by the parties and their decision for each Disputed Amount must be within the range of values assigned to each such item in the Closing Working Capital Statement and the Statement of Objections, respectively.

(iv) Fees of the Independent Accountant. The fees and expenses of the Independent Accountant shall be paid by Sellers, on the one hand, and Buyer, on the other hand, based upon the percentage that the amount actually contested but not awarded to Sellers or Buyer, respectively, bears to the aggregate amount actually contested by Sellers and Buyer.

(v) Determination by Independent Accountant. The Independent Accountant shall make a determination as soon as practicable within thirty (30) days (or such other time as the parties hereto shall agree in writing) after their engagement, and their resolution of the Disputed Amounts and their adjustments to the Closing Working Capital Statement and/or the Post-Closing Adjustment shall be conclusive and binding upon the parties hereto.

(vi) Payments of Post-Closing Adjustment. Except as otherwise provided herein, any payment of the Post-Closing Adjustment shall (A) be due (x) within five (5) Business Days of acceptance of the applicable Closing Working Capital Statement or (y) if there are Disputed Amounts, then within five (5) Business Days of the resolution described in clause (v) above; and (B) be paid Any payment of the Post-Closing Adjustment owed by Sellers to Buyer shall be paid by the Escrow Agent pursuant to the terms of the Escrow Agreement from the Acquisition Consideration Holdback Escrow Fund.

Section 2.08 Assumed Debt Adjustment. The Acquisition Consideration shall be subject to adjustment as follows:

(a) Defined Terms. As used in this Agreement, the following terms have the meanings set forth below:

(i) **“Assumed Debt Closing Amount”** means a USD dollar amount equal to the aggregate amount of the Assumed Debt that is either (1) satisfied on the Closing Date by the holder of the Assumed Debt accepting Special Warrants in settlement of the Sellers respective Liabilities related to such Assumed Debt as set forth in Section 8.20 or (2) assumed by Buyer on the Closing Date as set forth in Section 8.20.

(ii) **“Assumed Debt Special Warrant Consideration Adjustment”** means a number of Special Warrants equal to the Assumed Debt Closing Amount multiplied by 1.22, divided by 0.15.

(b) Assumed Debt Closing Amount. At least two (2) Business Days prior to the Closing, the Sellers shall prepare and deliver to the Buyer a statement setting forth the Assumed Debt Closing Amount.

(c) Assumed Debt Special Warrant Consideration Adjustment. The Acquisition Consideration shall be reduced by Assumed Debt Special Warrant Consideration Adjustment at Closing.

Section 2.09 Pending Litigation Adjustment. The Acquisition Consideration shall be subject to adjustment as follows:

(a) Defined Terms. As used in this Agreement, the following terms have the meanings set forth below:

(i) **“Pending Litigation Closing Amount”** means a USD dollar amount equal to the aggregate amount of the Pending Litigation that is either (1) settled on the Closing Date by the plaintiffs in Elan Capital Litigation accepting Special Warrants in settlement of the Pending Litigation as set forth in Section 8.21 or (2) assumed by Buyer on the Closing Date as set forth in Section 8.21.

(ii) **“Pending Litigation Special Warrant Consideration Adjustment”** means a number of Special Warrants equal to the Pending Litigation Closing Amount multiplied by 1.22, divided by 0.15.

(b) Pending Litigation Closing Amount. At least two (2) Business Days prior to the Closing, the Sellers shall prepare and deliver to the Buyer a statement setting for the Pending Litigation Closing Amount.

(c) Pending Litigation Special Warrant Consideration Adjustment. The Acquisition Consideration shall be reduced by Pending Litigation Special Warrant Consideration Adjustment at Closing.

Section 2.10 Payroll Tax Adjustment. The Acquisition Consideration shall be subject to adjustment as follows:

(a) Defined Terms. As used in this Agreement, the following terms have the meanings set forth below:

(i) **“Payroll Tax Closing Amount”** means an amount equal USD \$1,042,930.

(ii) **“Payroll Tax Special Warrant Consideration Adjustment”** means a number of Special Warrants equal to the Payroll Tax Closing Amount multiplied by 1.22, divided by 0.15.

(b) Payroll Tax Special Warrant Consideration Adjustment. The Acquisition Consideration shall be reduced by Payroll Tax Special Warrant Consideration Adjustment at Closing.

(c) Sinking Fund Trust. At Closing, Buyer shall cause Parent to direct the Payroll Tax Special Warrant Consideration Adjustment to a sinking fund trust account mutually agreeable to both Sellers and Buyers (the **“Sinking Fund Trust”**) to pay for Sellers’ Payroll Tax Liabilities. The Sinking Fund Trust shall be managed by a third-party independent manager in accordance with the terms of the Payroll Side Letter.

Section 2.11 Tax Treatment. The parties to this Agreement intend that the transactions contemplated hereby shall constitute a reorganization for purposes of the Code Section 368(a)(1)(C), provided, however, Sellers acknowledge and agree that compliance with all requirements under the Code, Treasury Regulations, or other relevant tax authorities that Sellers deem necessary or appropriate to qualify for such treatment shall be the responsibility of Sellers. The parties to this Agreement adopt this Agreement as a “plan of reorganization” for purposes of Treas. Reg. §1.368-2(g) and §1.368-3(a), and they agree to adopt the plan of reorganization and file the statement required by Treas. Reg. §1.368-3(a) with their tax returns for the taxable year in which the Closing occurs. Sellers shall liquidate consistent with the consistent with, and pursuant to, this plan or reorganization. Buyer makes no representation or warranty regarding the tax treatment of the acquisition of the Acquired Assets.

Section 2.12 Withholding Tax. Buyer shall be entitled to deduct and withhold from the Acquisition Consideration and each Earnout Payment (whether or not *pro rata*) all Taxes that Buyer may be required to deduct and withhold under any provision of Tax Law. All such withheld amounts shall be treated as delivered to Sellers hereunder.

Section 2.13 Third Party Consents. To the extent that Sellers’ rights under any Contract or Permit constituting an Acquired Asset, or any other Acquired Asset, may not be assigned to Buyer without the consent of another Person which has not been obtained, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful, and Sellers, at their expense, shall use reasonable best efforts to obtain any such required consent(s) as promptly as possible. If any such consent shall not be obtained or if any attempted assignment would be ineffective or would impair Buyer’s rights under the Acquired Asset in question so that Buyer would not in effect acquire the benefit of all such rights, Sellers, to the maximum extent permitted by Law and the Acquired Asset, shall act after the Closing as Buyer’s agent in order to obtain for it the benefits thereunder and shall cooperate, to the maximum extent permitted by Law and the Acquired Asset, with Buyer in any other reasonable arrangement designed to provide such benefits to Buyer. Notwithstanding any provision in this Section 2.13 to the contrary, Buyer shall not be deemed to have waived its rights

under Section 9.02(k) hereof unless and until Buyer either provides written waivers thereof or elects to proceed to consummate the transactions contemplated by this Agreement at Closing.

ARTICLE III CLOSING

Section 3.01 Closing. Subject to the terms and conditions of this Agreement, the consummation of the transactions contemplated by this Agreement (the “**Closing**”) shall take place remotely by exchange of documents and signatures (or their electronic counterparts), at 12:00 p.m., United States Pacific time, on the third (3rd) Business Day after all of the conditions to Closing set forth in Article IX are either satisfied or waived (other than conditions which, by their nature, are to be satisfied on the Closing Date), or at such other time, date or place as Sellers and Buyer may mutually agree upon in writing. The date on which the Closing is to occur is herein referred to as the “**Closing Date**”.

Section 3.02 Closing Deliverables.

(a) At the Closing, Sellers shall deliver to Buyer the following:

(i) a special warranty deed (the “**Deed**”), duly executed by EHP, mutually agreeable to the parties hereto conveying marketable fee simple title to the Mendo Property to Buyer, subject only to the Permitted Encumbrances or an Encumbrance mutually agreed to by the Parties prior to Closing.

(ii) a bill of sale (the “**Bill of Sale**”), duly executed by Sellers, mutually agreeable to the parties hereto, transferring the Acquired Assets and Assumed to Buyer;

(iii) an assignment and assumption agreement (the “**Assignment and Assumption Agreement**”), duly executed by Sellers, mutually agreeable to the parties hereto, effecting the assignment to and assumption by Buyer of the Acquired Assets and the Assumed Liabilities;

(iv) with respect to the DW27 Lease and SDI Lease, an assignment and assumption of lease (the “**Assignment and Assumption of Lease**”) for each of the DW27 Lease and SDI Lease, duly executed by Wing Crossen LLC (as landlord under the DW27 Lease) and T&M Real Estate Holdings, LLC (as landlord under the SDI Lease), mutually agreeable to the parties hereto, effecting the assignment of the DW27 and SDI Lease to Buyer;

(v) an employment agreement mutually agreeable to the parties hereto (each, an “**Employment Agreement**”), duly executed by the individuals described on Section 3.02(a)(v) of the Disclosure Schedules (the “**Employees**”);

(vi) an assignment substantially mutually agreeable to the parties hereto (the “**Proprietary Rights Assignment**”), duly executed by Sellers, transferring all of Sellers’ right, title and interest in and to the Businesses’ Proprietary Rights to Buyer;

(vii) the Escrow Agreement, mutually agreeable to the parties hereto (the “**Escrow Agreement**”), duly executed by Sellers;

(viii) the Payroll Side Letter, mutually agreeable to the parties hereto (the “**Payroll Side Letter**”), duly executed by Sellers;

(ix) the Litigation Side Letter, mutually agreeable to the parties hereto (the “**Litigation Side Letter**”), duly executed by Sellers;

(x) the EHW Management Services Agreement, acceptable to Buyer is in its sole discretion, duly executed by EHW and the Company;

(xi) the El Cajon Purchase Option, acceptable to Buyer is in its sole discretion, duly executed by DW27 and Wing Crossen;

(xii) a Certificate of Good Standing of each of Sellers from the Secretary of State of the State of California;

(xiii) a power of attorney over the Acquired Assets in form and substance reasonably satisfactory to Buyer and duly executed by Sellers;

(xiv) the Sellers Closing Certificate;

(xv) the certificates of the Secretary or Assistant Secretary of Sellers required by Section 9.02(r).

(xvi) any consents from third parties required to assign any of the Acquired Assets to Buyer;

(xvii) such other customary instruments of transfer, assumption, filings or documents, in form and substance reasonably satisfactory to Buyer, as may be required to give effect to this Agreement; and

(b) At Closing, License Owners shall deliver to Buyer the following:

(i) Written approval of Mr. Birch appointing John Durfy and Robert Wilson to the Board of Directors of DW27 (the “**DW27 Board Appointment**”).

(ii) The Payroll Side Letter, duly executed by Mr. Birch;

(iii) Written approval of Mr. Machulsky appointing John Durfy and Robert Wilson to the Board of Directors of SDI (the “**SDI Board Appointment**”).

(iv) Written approval of Nicholas Anderson appointing John Durfy and Robert Wilson to the Board of Directors of EHW (the “**EHW Board Appointment**”).

(v) written approval of each of (i) DW27, (ii) Mr. Birch and (iii) if required, the applicable Governmental Authorities, regarding the assignment of

rights and replacement of the DW27 Management Services Agreement and the change in management of the El Cajon License (the “**DW27 Consents**”).

(vi) written approval of each of (i) SDI, (ii) Mr. Machulsky and (iii) if required, the applicable Governmental Authorities, regarding the assignment of rights and replacement of the SDI Management Services Agreement and the change in management of the Escondido License (the “**SDI Consents**”).

(vii) written approval of each of (i) EHW, (ii) the Seller, (iii) Mr Anderson and (iv) if required, the applicable Governmental Authorities regarding the assignment of rights and replacement of the EHW Management Services Agreement and the change in management of the Mendocino Licenses (the “**EHW Consents**”).

(viii) an executed counterpart to the DW27 Option Agreement;

(ix) an executed counterpart to the SDI Option Agreement;

(x) an executed counterpart to the EHW Option Agreement;

(c) At the Closing, Buyer shall deliver to Company the following:

(i) the Ancillary Documents, acceptable to Buyer is in its sole discretion, each duly executed by Buyer;

(ii) Buyer Closing Certificate;

(iii) Buyer’s written approval of the DW27 Board Appointment, SDI Board Appointment, and EHW Board Appointment (the “**Board Appointments**”); and

(iv) the certificates of the Secretary or Assistant Secretary of Buyer required by Section 9.03(f).

(d) At the Closing, Buyer shall deliver to the Escrow Agent:

(i) the Acquisition Consideration Holdback Escrow Amount (such amount, including any interest or other amounts earned thereon and less any disbursements therefrom in accordance with the Escrow Agreement, the "**Acquisition Consideration Holdback Escrow Fund**") to an account designated by the Escrow Agent, to be held for the purpose of securing the obligations of Sellers as provided herein.

(ii) the Escrow Agreement.

Section 3.03 Release of Acquisition Consideration Holdback Escrow Amounts.

(a) As promptly as possible following the six (6) month anniversary of the Closing Date, the Escrow Agent shall release 19,316,667 of the Special Warrants subject to the terms and conditions of this Agreement and the Escrow Agreement.

(b) As promptly as possible following the twelve (12) month anniversary of the Closing Date, the Escrow Agent shall release shall release 19,316,667 of the Special Warrants subject to the terms and conditions of this Agreement and the Escrow Agreement.

(c) In accordance with the terms of Section 10.07(c), Escrow Agent shall release the remaining balance of the Acquisition Consideration Holdback Escrow Amounts no later than five (5) Business Days after the Holdback Release Date in accordance with this Agreement and the Escrow Agreement.

Section 3.04 Subject to Regulatory Approval. NOTWITHSTANDING ANYTHING TO THE CONTRARY, (A) THE CLOSING OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, (B) THE ASSIGNMENT OF THE MANAGEMENT SERVICES AGREEMENTS TO BUYER, AND (C) THE APPROVAL OF BUYER TO MANAGE THE MARIJUANA LICENSES AS PROVIDED HEREUNDER MAYBE CONTINGENT OR SUBJECT TO THE APPROVAL OF ALL APPLICABLE GOVERNMENTAL AUTHORITIES.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF SELLERS

Except as set forth in the correspondingly numbered Section of the Disclosure Schedules, Sellers jointly and severally represent and warrant to Buyer that the statements contained in this Article IV are true and correct as of the date hereof.

Section 4.01 Organization, Good Standing and Qualification. Each of the Sellers are duly organized, validly existing and in good standing under the laws of the state of California and have full power and authority to own, operate, or lease the properties and assets now owned, operated or leased by the Sellers to carry on the Businesses as currently conducted. Section 4.01 of the Disclosure Schedules sets forth each jurisdiction in which the Sellers are licensed or qualified to do business, and Sellers are duly licensed or qualified to do business and are in good standing in each jurisdiction in which the ownership of the Acquired Assets or the operation of the Businesses as currently conducted makes such licensing or qualification necessary.

Section 4.02 Authorization.

(a) All action on the part of Sellers necessary for the authorization, execution, delivery and performance of this Agreement and all documents related to consummate the transactions contemplated herein and therein have been taken by Sellers or shall be taken by them prior to Closing, subject to, in the case of the adoption of this Agreement by the affirmative vote or consent of stockholders representing a majority of the outstanding voting shares of the Company (“**Requisite Company Vote**”). Sellers have the requisite power and authority to execute and deliver this Agreement and to perform their obligations hereunder and to consummate the transactions contemplated hereby, subject to the Requisite Company Vote. This Agreement, when duly executed and delivered in accordance with its terms, will constitute a valid and binding obligation of Sellers

enforceable against Sellers in accordance with its terms. When each Ancillary Document to which Sellers will be a party have been duly executed and delivered by Sellers (assuming due authorization, execution and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of Sellers, enforceable against them in accordance with its terms. The Requisite Company Vote is the only vote or consent of the holders of any class or series of the Company's capital stock required to approve and adopt this Agreement and the Ancillary Documents, approve the other transactions contemplated hereby and thereby.

(b) The board of directors of the Company, by resolutions duly adopted by unanimous vote at a meeting of all directors of the Company duly called and held and, as of the hereof, not subsequently rescinded or modified in any way, has, as of the date hereof (i) determined that this Agreement and the transactions contemplated hereby, are fair to, and in the best interests of, the stockholders of the Company, and (ii) resolved to recommend that the stockholders of the Company adopt this Agreement (collectively, the "**Company Board Recommendation**") and directed that such matter be submitted for consideration of the stockholders at the Company stockholders meeting.

Section 4.03 No Breaches or Defaults. The execution, delivery, and performance by Sellers of this Agreement and the Ancillary Documents to which they are a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (i) conflict with, violate, or constitute a breach of or a default under any other outstanding agreements or the organizational documents of Sellers, (ii) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Sellers, the Businesses or the Acquired Assets; (iii) except as set forth in Section 4.03 of the Disclosure Schedules, require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract or Permit to which Sellers are a party or by which Sellers or the Businesses are bound or to which any of the Acquired Assets are subject (including any Assigned Contract); or (iv) result in the creation or imposition of any Encumbrance other than Permitted Encumbrances on the Acquired Assets.

Section 4.04 Consents. No permit, consent, approval or authorization of, or designation, declaration or filing with, any Governmental Authority or any other person or entity is required on the part of Sellers in connection with the execution and delivery by Sellers of this Agreement or the consummation and performance of the transactions contemplated hereby, except those required by applicable Governmental Authorities relating to the change in management of the Marijuana Licenses.

Section 4.05 Financial Statements. Complete, accurate, true and correct copies of the unaudited financial statements of Sellers consisting of the balance sheet, cash flow statement, and profit and loss statement for the year 2020 ("**Financial Statements**") have been delivered to Buyer and are set forth on Section 4.05 of the Disclosure Schedules. Except as disclosed on Section 4.05 of the Disclosure Schedules, the Financial Statements have been prepared in accordance all applicable Laws and applied on a consistent basis throughout the period involved. The Financial Statements are based on the books and records of the Businesses, and fairly present the financial

condition of the Businesses as of the respective dates they were prepared and the results of the operations of the Businesses for the periods indicated. The balance sheet of the Businesses as of December 31, 2020 are referred to herein as the “**Balance Sheets.**”

Section 4.06 Undisclosed Liabilities. Sellers have no Liabilities with respect to the Businesses, except: (a) those which are adequately reflected or reserved against in the Balance Sheets as of the December 31, 2020; and (b) those which have been incurred in the ordinary course of business consistent with past practice since December 31, 2020 and which are not, individually or in the aggregate, material in amount.

Section 4.07 Absence of Certain Changes, Events and Conditions. Since December 31, 2020, and other than in the ordinary course of business consistent with past practice, there has not been any:

- (a) event, occurrence or development that has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;
- (b) incurrence, assumption or guarantee of any indebtedness for borrowed money which could reasonably be expected to adversely affect the Acquired Assets;
- (c) transfer, assignment, sale or other disposition of any of the Acquired Assets shown or reflected in the Balance Sheets;
- (d) cancellation of any debts or claims or amendment, termination or waiver of any rights which could reasonably be expected to adversely affect the Acquired Assets;
- (e) material damage, destruction or loss, or any material interruption in use of, any Acquired Assets, whether or not covered by insurance;
- (f) entry into any Contract that would constitute a Material Contract;
- (g) transfer or assignment of or grant of any license or sublicense under or with respect to any Proprietary Rights or Proprietary Rights Agreements (except non-exclusive licenses or sublicenses granted in the ordinary course of business consistent with past practice);
- (h) abandonment or lapse of or failure to maintain in full force and effect any registration with respect to the Registered Business Proprietary Rights, or failure to take or maintain reasonable measures to protect the confidentiality or value of any trade secrets included in the Proprietary Rights;
- (i) acceleration, termination, material modification to or cancellation of any Assigned Contract or Permit;
- (j) material capital expenditures which would constitute an Assumed Liability;
- (k) imposition of any Encumbrance upon any of the Acquired Assets;

(l) (i) grant of any bonuses, whether monetary or otherwise, or increase in any wages, salary, severance, pension or other compensation or benefits in respect of any current or former employees, officers, directors, independent contractors or consultants of the Businesses, other than as provided for in any written agreements or required by applicable Law, (ii) change in the terms of employment for any employee of the Businesses or any termination of any employees for which the aggregate costs and expenses exceed \$5,000, or (iii) action to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, director, consultant or independent contractor of the Businesses;

(m) hiring or promoting any person as or to (as the case may be) an officer or hiring or promoting any employee below officer except to fill a vacancy in the ordinary course of business;

(n) adoption, modification or termination of any: (i) employment, severance, retention or other agreement with any current or former employee, officer, director, independent contractor or consultant of the Businesses, or (ii) Benefit Plan, in each case whether written or oral;

(o) any loan to (or forgiveness of any loan to), or entry into any other transaction with, any current or former directors, officers or employees of the Businesses;

(p) adoption of any plan of merger, consolidation, reorganization, liquidation or dissolution or filing of a petition in bankruptcy under any provisions of federal or state bankruptcy Law or consent to the filing of any bankruptcy petition against it under any similar Law;

(q) purchase, lease or other acquisition of the right to own, use or lease any property or assets in connection with the Businesses for an amount in excess of \$5,000, individually, or \$10,000 in the aggregate; and

(r) any Contract to do any of the foregoing, or any action or omission that would result in any of the foregoing.

Section 4.08 Material Contracts.

(a) Section 4.08(a) of the Disclosure Schedules lists each of the following Contracts: (x) by which any of the Acquired Assets are bound or affected; or (y) to which Sellers are a party or by which they are bound in connection with the Businesses or the Acquired Assets (such Contracts, together with all Proprietary Rights Agreements set forth in Section 2.01(h) of the Disclosure Schedules, being “**Material Contracts**”):

(i) all Contracts involving aggregate consideration in excess of \$5,000 and which, in each case, cannot be cancelled without penalty or without more than ninety (90) days’ notice;

(ii) all Contracts that provide for the indemnification of any Person or the assumption of any Tax, environmental or other Liability of any Person;

(iii) all Contracts that relate to the acquisition or disposition of any business, a material amount of stock or assets of any other Person (whether by merger, sale of stock, sale of assets or otherwise);

(iv) all broker, distributor, dealer, manufacturer's representative, franchise, agency, sales promotion, market research, marketing consulting and advertising Contracts;

(v) all employment agreements and Contracts with independent contractors or consultants (or similar arrangements) and which are not cancellable without material penalty or without more than ninety (90) days' notice;

(vi) except for Contracts relating to trade receivables, all Contracts relating to indebtedness (including guarantees);

(vii) all Contracts with any Governmental Authority ("**Government Contracts**");

(viii) all Contracts that limit or purport to limit the ability of Sellers to compete in any line of business or with any Person or in any geographic area or during any period of time;

(ix) all joint venture, partnership or similar Contracts;

(x) all Contracts for the sale of any of the Acquired Assets or for the grant to any Person of any option, right of first refusal or preferential or similar right to purchase any of the Acquired Assets;

(xi) all powers of attorney with respect to the Business or any Acquired Asset; and

(xii) all other Contracts that are material to the Acquired Assets or the operation of the Business and not previously disclosed pursuant to this Section 4.08.

(b) Each Material Contract is valid and binding on Sellers in accordance with its terms and is in full force and effect. None of Sellers, or to Sellers' Knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under) or has provided or received any notice of any intention to terminate, any Material Contract. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder. Complete and correct copies of each Material Contract (including all modifications, amendments and supplements thereto and waivers thereunder) have been made available to Buyer. There are no material disputes pending or threatened under any Contract included in the Acquired Assets.

Section 4.09 Title to Acquired Assets. Sellers have good and valid title to, or a valid leasehold interest in, all of the Acquired Assets. All such Acquired Assets (including leasehold interests) are free and clear of Encumbrances except for the following (collectively referred to as “Permitted Encumbrances”):

- (a) those items set forth in Section 4.09 of the Disclosure Schedules; or
- (b) mechanics’, carriers’, workmen’s, repairmen’s or other like liens arising or incurred in the ordinary course of business consistent with past practice or amounts that are not delinquent and which are not, individually or in the aggregate, material to the Businesses or the Acquired Assets.

Section 4.10 Condition and Sufficiency of Assets. The Acquired Assets are sufficient for the continued operation of the Businesses after the Closing in substantially the same manner as conducted prior to the Closing and constitute all of the rights, property and assets necessary to operate the Businesses as currently conducted. None of the Excluded Assets are material to the operation of the Businesses, as currently conducted.

Section 4.11 Real Property. Company and each of OC and SDN do not own or lease any real property. EHP owns the Mendo Property. Except as provided in Section 4.11 of the Disclosure Schedules, EHP has not subleased, assigned, or otherwise granted to any Person the right to use or occupy the Mendo Property or any portion thereof, and EHP has not pledged, mortgaged or otherwise granted any lien on its interest in the Mendo Property except as otherwise provided in the Mendo Deed.

Section 4.12 Hazardous Materials. Except as set forth in any environmental report delivered by Sellers to Buyer in connection herewith, Sellers have not, and to Sellers’ Knowledge, no other person or tenant has used, generated, processed, stored, released, discharged, transported or disposed Hazardous Materials on the Mendo Property except for use and storage in compliance with all applicable Environmental Laws. There is no Environmental Claim pending or, to Sellers’ Knowledge, threatened with regard to the Mendo Property. Sellers have provided to Buyer all written assessments, reports, data, results of investigations or audits, or other information that is in Sellers’ Possession or Reasonable Control relating to the environmental matters at or the environmental condition of the Mendo Property.

Section 4.13 Taxes and Special Assessments. Sellers have not submitted an application for the creation of any special taxing district affecting the Mendo Property or inclusion therein. Sellers have not received notice that any governmental or quasi-governmental agency or authority intends to impose or increase any special or other assessment against the Mendo Property, or any part thereof, including assessments attributable to revaluations of the Mendo Property. There is no ongoing appeal with respect to taxes or special assessments on the Mendo Property for any year, and any consultants engaged to perform work with respect to appeals of taxes or special assessments on the Mendo Property have been paid in full. All tax returns with respect to sales and use, personal property and ad valorem taxes related to the Mendo Property required to be filed by Sellers for any pre-Closing tax period have been, or will be, timely filed. Such tax returns are, or will be, true, complete and correct in all material respects. All Taxes due and owing by Sellers have been, or will be, timely paid.

Section 4.14 No Contractual or Donative Commitments. Sellers have not made any contractual or donative commitments relating to the Mendo Property to any Governmental Authority, utility company, community association, homeowners' association or to any other organization, group, or individual which would impose any obligation upon Buyer to make any contribution or dedication of money or land, or to construct, install or maintain any improvements of a public or private nature on or off the Mendo Property.

Section 4.15 Non-Foreign Status/Patriot Act. Sellers are not a foreign person, foreign corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined in (a) the Code and the corresponding income tax regulations, and (b) similar provisions of state law. Buyer has no duty to collect withholding taxes for Sellers pursuant to the Foreign Investors Real Property Tax Act of 1980, as amended, or any applicable foreign, state, or local law.

Section 4.16 Liens. To Sellers' Knowledge, there are no unpaid charges, debts, liabilities, claims, or obligations arising from the ownership or operation of the Mendo Property by Sellers, or any third party, that could give rise to any mechanics' or materialman's or other statutory liens against the Mendo Property or for which Buyer will be responsible.

Section 4.17 Development Agreements, Declarations and REAs. To Sellers' Knowledge, the Mendo Property has been constructed, developed, used, operated, maintained and owned in accordance with all applicable Development Agreements and Declarations and REAs, if any. Without limiting the foregoing, Sellers have not received any notice under any Development Agreement or Declarations and REAs that Sellers are in default of their obligations thereunder, or otherwise asserting any defenses, offsets or disputes thereunder. No letters of credit, bonds, and other surety are required to be posted by Sellers under any Development Agreement.

Section 4.18 Public Improvements. There are no existing or proposed public improvements which involve or which may result in any charge being levied or assessed against the Mendo Property or which will or could result in the creation of any Encumbrance upon the Mendo Property or any part thereof.

Section 4.19 Material Defect. There are no material defects to the Mendo Property which have not been disclosed in writing to Buyer.

Section 4.20 Certificates. All certificates of occupancy, licenses, permits, authorizations and approvals required by law or by any Governmental Authority having jurisdiction over the Premises have been obtained and are in full force and effect.

Section 4.21 Flooding. No flooding has occurred on the El Cajon Premises, Escondido Premises or Mendocino Premises.

Section 4.22 Intellectual Property. Sellers are the sole and exclusive legal and beneficial, and with respect to any intellectual property registrations, record, owner of all right, title and interest in and to all Seller Intellectual Property, and the Seller Intellectual Property represents all of the intellectual property necessary to operate the Businesses as presently conducted. All assignment and other instruments necessary to establish, record, and perfect Sellers' ownership interest in any registrations for Seller Intellectual Property have been validly

executed, delivered, and filed with the relevant Governmental Authorities and authorized registrars.

Section 4.23 Proprietary Rights.

(a) Sellers own all right, title, and interest in and to, or have the right to use pursuant to a valid and enforceable contract, all Proprietary Rights listed on Section 4.23(a) of the Disclosure Schedules and all Proprietary Rights necessary for the operation of the Businesses. The Proprietary Rights set forth on Section 4.23(a) of the Disclosure Schedules constitute all Proprietary Rights necessary for or material to the operation of the Businesses (the “**Business Proprietary Rights**”). Each item of Business Proprietary Rights owned or used by Sellers with respect to the Businesses immediately prior to the Closing will be owned or available for use by Buyer on identical terms and conditions immediately on or after the Closing.

(b) Sellers have taken all action necessary or customary in accordance with reasonable industry practice to maintain and protect all current federal, state, and foreign registrations or applications pertaining to any of the Business Proprietary Rights. Sellers follow reasonable commercial practices common in the industry to protect their proprietary and confidential information, including requiring their employees, consultants, and agents to be bound in writing by obligations of confidentiality and non-disclosure, and requiring their employees, consultants, and agents to assign to them any and all inventions and discoveries and other Proprietary Rights conceived, reduced to practice, developed, or discovered by such employees, consultants, and/or agents made within the scope of and during their employment (to the extent permitted by law) pursuant to written agreements executed by each such employee, consultant, or agent, and only disclosing proprietary and confidential information to third parties pursuant to written confidentiality and non-disclosure agreements.

(c) The conduct of the Businesses has not and, as of the Closing Date, will not interfere with, infringe upon, misappropriate, or otherwise come into conflict with any Proprietary Rights of any third parties, and except as listed on Section 4.23(c) of the Disclosure Schedules, Sellers have never received any charge, complaint, claim, demand, or notice alleging any such interference, infringement, misappropriation, or other conflict (including any claim or written notice that Sellers must license or refrain from using any Proprietary Rights of any Person) and Sellers are not aware of any basis for the same. To Sellers’ Knowledge, no third party has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Business Proprietary Rights, and no licensee or sublicensee of Sellers has provided any Person with any information of any of the foregoing by such licensee or sublicensee in connection with such licensee’s or sublicensee’s practice of any Proprietary Rights licensed or sublicensed to it by Sellers.

(d) Section 4.23(d) of the Disclosure Schedules identifies (i) each patent or registration which has been issued to Sellers with respect to any of the Business Proprietary Rights and each pending patent application or application for registration which Sellers have made with respect to any of the Business Proprietary Rights (collectively, the “**Registered Business Proprietary Rights**”), and (ii) each license, sublicense, agreement,

or other permission that Sellers have granted to any third party with respect to any of the Business Proprietary Rights (together with any exceptions). Sellers have made available to Buyer correct and complete copies of all such patents, registrations, applications, licenses, sublicenses, agreements, and permissions (as amended to date) and has made available to Buyer correct and complete copies of all other written documentation evidencing ownership and prosecution (if applicable) of each such item. Section 4.23(d) of the Disclosure Schedules also identifies each material unregistered trademark, material unregistered service mark, trade name, corporate name, or internet domain name, computer software item (other than commercially available off-the-shelf software) and each material unregistered copyright used by Sellers in connection with the Businesses. Except as otherwise set forth in Section 4.23(d) of the Disclosure Schedules, with respect to each item of the Business Proprietary Rights, including the Registered Business Proprietary Rights:

(i) Sellers own and possess all right, title, and interest in and to the item, free and clear of any lien, license, or other restriction or limitation regarding use or disclosure;

(ii) the item is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(iii) each such item is valid and enforceable and except as listed on Section 4.23(d)(iii) of the Disclosure Schedules, no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or is threatened which challenges the legality, validity, enforceability, use, or ownership of the item, and there are no grounds for the same;

(iv) Sellers have never agreed to indemnify any Person for or against any interference, infringement, misappropriation, or other conflict with respect to the item; and

(v) except as listed on Section 4.23(d)(v) the Disclosure Schedules, no loss or expiration of the item is threatened, pending, or reasonably foreseeable, except for patents expiring at the end of their statutory terms (and not as a result of any act or omission by Sellers, including, without limitation, a failure by any Person to pay any required maintenance fees).

(e) Section 4.23(e) of the Disclosure Schedules identifies each item of Proprietary Rights that any third party owns and that Sellers use or hold for use in the Businesses as currently conducted and as proposed to be conducted pursuant to license, sublicense, agreement, or permission. Sellers have delivered to Buyer correct and complete copies of all such licenses, sublicenses, agreements (including any hosting and cloud computing agreements), and permissions (as amended to date). With respect to each item of Proprietary Rights required to be identified on Section 4.23(e) of the Disclosure Schedules, except as set forth in Section 4.23(e) of the Disclosure Schedules, Sellers have not granted any sublicense or similar right with respect to the license, sublicense,

agreement, or permission. With respect to each item of Proprietary Rights required to be identified Section 4.23(e) of the Disclosure Schedules:

(i) the license, sublicense, agreement, or permission covering the item is legal, valid, binding, enforceable, and in full force and effect;

(ii) the license, sublicense, agreement, or permission will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following consummation of the transactions contemplated hereby;

(iii) no party to the license, sublicense, agreement, or permission is in breach or default, and no event has occurred which with notice or lapse of time would constitute a breach or default or permit termination, modification, or acceleration thereunder;

(iv) no party to the license, sublicense, agreement, or permission has repudiated any provision thereof;

(v) with respect to each sublicense, the representations and warranties set forth in subsections (i) through (iv) above are true and correct with respect to the underlying license;

(vi) the underlying item of Proprietary Rights is not subject to any outstanding attachment, injunction, judgment, order, decree, ruling, or charge; and

(vii) each such item is valid and enforceable and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or is threatened that challenges the legality, validity, or enforceability of the underlying item of Proprietary Rights, and there are no grounds for the same.

(f) Sellers have complied in all material respects with and are presently in compliance in all material respects with all foreign, federal, state, local, governmental, administrative or regulatory laws, regulations, guidelines, and rules applicable to any Business Proprietary Rights and the conduct of the Business. Sellers shall take all steps necessary to ensure such compliance until the Closing Date.

Section 4.24 Data Privacy.

(a) Sellers have taken commercially reasonable steps to establish and maintain policies, procedures, and controls that are designed (and otherwise comply with applicable Law) to ensure that Sellers and each of their respective directors, officers, employees, and agents, is and will continue to be in compliance in all material respects with all applicable current Data Protection Laws through the Closing.

(b) Except as set forth in Section 4.24(b) of the Disclosure Schedules, as of the date of this Agreement, Sellers: (i) have complied in all material respects with applicable Data Protection Laws and relevant Data Protection Commitments (collectively, “**Data Protection Requirements**”) and are not in violation or breach of any Data Protection

Requirements in any material respect; (ii) have not been made aware of any material loss, theft, unauthorized access to, or unauthorized acquisition, use, modification, disclosure, or destruction of any Personal Data (a “**Security Incident**”); and (iii) have not been made aware of any valid legal claim, investigation, or other enforcement action by any Person with respect to any Security Incident or alleged material violation of a Data Protection Requirement.

Section 4.25 Accounts Receivable. The Accounts Receivable reflected on the Balance Sheets and the Accounts Receivable arising after the date thereof: (a) have arisen from bona fide transactions entered into by Sellers involving the sale of goods or the rendering of services in the ordinary course of business consistent with past practice; (b) constitute only valid, undisputed claims of Sellers not subject to claims of set-off or other defenses or counterclaims other than normal cash discounts accrued in the ordinary course of business consistent with past practice; and (c) subject to a reserve for bad debts shown on the Balance Sheets or, with respect to Accounts Receivable arising after December 31, 2020, on the accounting records of the Businesses, are collectible in full within ninety (90) days after billing.

Section 4.26 Insurance. Section 4.26 of the Disclosure Schedule sets forth: (a) a true and complete list of all current policies or binders of fire, liability, product liability, umbrella liability, real and personal property, workers’ compensation, vehicular, fiduciary liability and other casualty and property insurance maintained by Sellers and relating to the Businesses, the Acquired Assets or the Assumed Liabilities (collectively, the “**Insurance Policies**”); and (b) with respect to the Businesses, the Acquired Assets or the Assumed Liabilities, a list of all pending claims and the claims history for Seller since January 1, 2020. Except as set forth on Section 4.26 of the Disclosure Schedules, there are no claims related to the Businesses, the Acquired Assets or the Assumed Liabilities pending under any such Insurance Policies as to which coverage has been questioned, denied or disputed or in respect of which there is an outstanding reservation of rights. Sellers have not received any written notice of cancellation of, premium increase with respect to, or alteration of coverage under, any of such Insurance Policies. All premiums due on such Insurance Policies have either been paid or, if not yet due, accrued. All such Insurance Policies: (a) are in full force and effect and enforceable in accordance with their terms; and (b) have not been subject to any lapse in coverage. Sellers are not in default under, or have otherwise failed to comply with, in any material respect, any provision contained in any such Insurance Policy. The Insurance Policies are of the type and in the amounts customarily carried by Persons conducting a business similar to the Businesses and are sufficient for compliance in all material respects with all applicable Laws and Contracts to which Sellers are a party or by which they are bound. True and complete copies of the Insurance Policies have been made available to Buyer.

Section 4.27 Customers and Suppliers.

(a) Section 4.27(a) of the Disclosure Schedules sets forth with respect to the Businesses (i) each customer who has paid aggregate consideration to Sellers for goods or services rendered in an amount greater than or equal to \$5,000 for the most recent fiscal year (collectively, the “**Material Customers**”); and (ii) the amount of consideration paid by each Material Customer during such periods. Except as set forth in Section 4.27(a) of the Disclosure Schedules, Sellers have not received any notice, and have no reason to believe, that any of the Material Customers have ceased, or intend to cease after the

Closing, to use the goods or services of the Businesses or to otherwise terminate or materially reduce its relationship with the Businesses.

(b) Section 4.27(b) of the Disclosure Schedules sets forth with respect to the Businesses (i) each supplier to whom Sellers have paid consideration for goods or services rendered in an amount greater than or equal to \$5,000 for the most recent fiscal year (collectively, the “**Material Suppliers**”); and (ii) the amount of purchases from each Material Supplier during such periods. Except as set forth in Section 4.27(b) of the Disclosure Schedules, Sellers have not received any notice, and have no reason to believe, that any of the Material Suppliers have ceased, or intend to cease, to supply goods or services to the Businesses or to otherwise terminate or materially reduce its relationship with the Businesses.

Section 4.28 Legal Proceedings; Governmental Orders.

(a) Except for the Pending Litigation, there are no Actions pending or threatened against or by Sellers: (a) relating to or affecting the Businesses, the Acquired Assets or the Assumed Liabilities; or (b) that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action.

(b) There are no outstanding Governmental Orders and no unsatisfied judgments, penalties or awards against, relating to or affecting the Businesses. No event has occurred or circumstances exist that may constitute or result in (with or without notice or lapse of time) a violation of any such Governmental Order.

Section 4.29 Compliance With Laws; Permits.

(a) Laws. Except with respect to Federal Cannabis Law, Sellers are, and at all times prior to the Effective Date, have been in compliance with all statutes, orders, rules, ordinances and regulations applicable to it or to the ownership of its assets or the operation of its Businesses. Except with respect to Federal Cannabis Law, Sellers do not have any basis to expect, nor have they received, any order or notice of any such violation or claim of violation of any such statute, order, rule, ordinance or regulation by Sellers.

(b) Permits. All Permits required for Sellers to operate the Businesses as currently conducted or for the ownership and use of the Acquired Assets have been obtained by Sellers and are valid and in full force and effect. All fees and charges with respect to such Permits as of the Effective Date have been paid in full. Section 4.29(b) of the Disclosure Schedules lists all current Permits issued to Sellers which are related to the operation of the Business as currently conducted or the ownership and use of the Acquired Assets, including the names of the Permits and their respective dates of issuance and expiration. No event has occurred that, with or without notice or lapse of time or both, could reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit set forth in Section 4.29(b) of the Disclosure Schedules.

Section 4.30 Environmental Matters. The operations of Sellers with respect to the Businesses and the Acquired Assets are currently and have been in compliance in all material respects with all Environmental Laws.

Section 4.31 Suitability of Assets. The Acquired Assets are, and immediately after the Closing shall, be in good condition, properly maintained, and suitable for the operation of the Businesses in accordance with the past practices of Sellers and as required by applicable law. None of the Acquired Assets are in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in cost or nature. All marijuana Inventory is non expired and of merchantable quality, and is free of rot, fungus, disease and pests (other than limited instances of rot, fungus, disease or pests that can be treated using commercially reasonable efforts and treatments allowed by applicable laws and regulations). Additionally, no marijuana Inventory contains any impermissible pesticide, chemical, or contaminant (pursuant to state-regulated Marijuana Laws); nor is restricted from sale or transfer (on hold) by any Governmental Authority.

Section 4.32 Employee Benefit Matters. Except as set forth on Section 4.32 of the Disclosure Schedule, Sellers do not employ any Person, including independent contractors or consultants, and do not maintain any pension, benefit, retirement, compensation, employment, consulting, profit-sharing, deferred compensation, incentive, bonus, performance award, phantom equity, stock or stock-based, retention, severance, vacation, paid time off, medical or fringe benefit, or any similar benefits, agreements, plan, policy program or arrangement, in each case whether or not reduced to writing and whether funded or unfunded, including each “employee benefit plan” within the meaning of Section 3(3) of ERISA, whether or not tax-qualified and whether or not subject to ERISA, which is or has been maintained, sponsored, contributed to, or required to be contributed to by Sellers for the benefit of any current or former employee, officer, member, retiree, independent contractor or consultant of the Businesses or any spouse or dependent of such individual, or under which Sellers or any of its ERISA Affiliates have or may have any Liability, or with respect to which Buyer or any of its Affiliates would reasonably be expected to have any Liability, contingent or otherwise (each, a “**Benefit Plan**”).

Section 4.33 Employment Matters. Section 4.33 of the Disclosure Schedules contains a list of all persons who are employees, independent contractors or consultants of the Businesses as of the Effective Date, including any employee who is on a leave of absence of any nature, paid or unpaid, authorized or unauthorized, and sets forth for each such individual the following: (i) name; (ii) title or position (including whether full-time or part-time); (iii) hire or retention date; (iv) current annual base compensation rate or contract fee; (v) commission, bonus or other incentive-based compensation; (vi) a description of the fringe benefits provided to each such individual as of the Effective Date; and (vii) whether such individual is an employee or an independent contractor. Except as set forth in Section 4.33 of the Disclosure Schedules, as of the Effective Date, all compensation, including wages, commissions, bonuses, fees and other compensation, payable to all employees, independent contractors or consultants of the Businesses for services performed on or prior to the Effective Date have been paid in full and there are no outstanding agreements, understandings or commitments of Sellers with respect to any compensation, commissions, bonuses or fees.

Section 4.34 Taxes.

(a) All Tax Returns required to be filed by Sellers for any Pre-Closing Tax Period have been, or will be, timely filed (taking into account any extension of time to file granted or obtained). Such Tax Returns are, or will be, true, complete and correct in all material respects. All Taxes due and owing by Sellers (whether or not shown on any Tax Return) have been, or will be, timely paid.

(b) Except as provided on Schedule 4.34(b), Sellers have withheld and paid each Tax required to have been withheld and paid in connection with amounts paid or owing to any Employee, independent contractor, creditor, customer, shareholder or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(c) No extensions outside of the ordinary course of business or waivers of statutes of limitations have been given or requested with respect to any Taxes of Sellers.

(d) All deficiencies asserted, or assessments made, against Sellers as a result of any examinations by any taxing authority have been fully paid.

(e) Except as provided on Schedule 4.34(e), Sellers are not a party to any Action by any taxing authority. There are no pending or threatened Actions by any taxing authority.

(f) Except as provided on Schedule 4.23(f), there are no Encumbrances for Taxes upon any of the Acquired Assets nor is any taxing authority in the process of imposing any Encumbrances for Taxes on any of the Acquired Assets (other than for current Taxes not yet due and payable).

(g) Sellers are not a “foreign person” as that term is used in Treasury Regulations Section 1.1445-2.

(h) Sellers have not elected at any time to be treated as an S corporation within the meaning of Sections 1361 or 1362 of the Code.

(i) Sellers are not, and have not been, a party to, or a promoter of, a “reportable transaction” within the meaning of Section 6707A(c)(1) of the Code and Treasury Regulations Section 1.6011-4(b).

Section 4.35 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder’s or other fee or commission in connection with the transactions contemplated by this Agreement or any Ancillary Document based upon arrangements made by or on behalf of Sellers.

Section 4.36 Full Disclosure. No representation or warranty by Sellers in this Agreement and no statement contained in the Disclosure Schedules to this Agreement or any certificate or other document furnished or to be furnished to Buyer pursuant to this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make

the statements contained therein, in light of the circumstances in which they are made, not misleading.

Section 4.37 Securities Laws Matter. Company is an "accredited investor" within the meaning of Rule 501(a) of Regulation D promulgated under the Securities Act. Company acknowledges that it has completed the Investor Questionnaire, substantially in the form of Exhibit B attached hereto (the "**Investor Questionnaire**") and that the information contained therein is complete and accurate as of the date thereof and is hereby affirmed as of the date hereof. Any information that has been furnished or that will be furnished by Company to evidence its status as an "accredited investor" is accurate and complete and does not contain any misrepresentation or material omission.

Section 4.38 Dissenters Rights. To the best of Sellers' Knowledge, no dissenters' rights or appraisals rights will be available with respect to the Transaction under either: (i) applicable law or (ii) under any contract, agreement or understanding in writing or orally other than those shareholders who were not a party to the Outco subscription agreement.

Section 4.39 Equipment Leases. Sellers have no equipment leases that are outstanding.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF SELLERS ON BEHALF OF THE LICENSED ENTITIES

Except as set forth in the correspondingly numbered Section of the Disclosure Schedules, Sellers, on behalf of the Licensed Entities, represent and warrant to Buyer that the statements contained in this Article V are true and correct as of the date hereof.

Section 5.01 Organization, Good Standing and Qualification of Licensed Entities. Each of the Licensed Entities are duly organized, validly existing and in good standing under the laws of the state of California and have full power and authority to own, operate, or lease the properties and assets now owned, operated or leased by the Licensed Entities to carry on the Businesses as currently conducted. The Licensed Entities are duly licensed or qualified to do business and are in good standing in each jurisdiction in which the ownership of the Acquired Assets or the operation of the Businesses as currently conducted makes such licensing or qualification necessary.

Section 5.02 Compliance With Laws; Permits.

(a) Laws. Except with respect to Federal Cannabis Law, the Licensed Entities are, and at all times prior to the Effective Date, have been in compliance with all statutes, orders, rules, ordinances and regulations applicable to it or to the ownership of its assets or the operation of its Businesses. Except with respect to Federal Cannabis Law, the Licensed Entities do not have any basis to expect, nor have they received, any order or notice of any such violation or claim of violation of any such statute, order, rule, ordinance or regulation by Sellers.

(b) Permits. All Permits required for the Licensed Entities to operate the Businesses as currently conducted or for the ownership and use of the Acquired Assets

have been obtained by the Licensed Entities and are valid and in full force and effect and have not been revoked, suspended, cancelled, rescinded, terminated, modified, and have not expired. All fees and charges with respect to such Permits as of the Effective Date have been paid in full. Section 5.02(b) of the Disclosure Schedules lists all current Permits issued to the Licensed Entities which are related to the operation of the Business as currently conducted or the ownership and use of the Acquired Assets, including the names of the Permits and their respective dates of issuance and expiration. The Marijuana Licenses are sufficient for the operation of the Businesses and shall be sufficient for the operation of the Businesses after the Closing Date. No event has occurred that, with or without notice or lapse of time or both, could reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit set forth in Section 5.02(b) of the Disclosure Schedules.

(c) Marijuana Licenses. Assuming receipt of the approvals required by the applicable Governmental Authorities, the Marijuana Licenses will not be cancelled, revoked, suspended, limited, impaired, refused renewal or otherwise adversely affected by the consummation of the transactions contemplated hereby.

Section 5.03 Consents. No permit, consent, approval or authorization of, or designation, declaration or filing with, any Governmental Authority or any other person or entity is required on the part of the Licensed Entities in connection with the execution and delivery of this Agreement or the consummation and performance of the transactions contemplated hereby, except those required by applicable Governmental Authorities relating to the change in management of the Marijuana Licenses.

ARTICLE VI REPRESENTATIONS AND WARRANTIES OF LICENSE OWNERS

License Owners hereby represent and warrant to Buyer as follows:

Section 6.01 Authority. License Owners have sole and exclusive authority to direct the actions of the Licensed Entities and cause the Licensed Entities to enter into the Option Agreements providing Buyer with the future right to acquire any and all Permits held by the Licensed Entities, including but not limited to the Marijuana Licenses, upon a change in applicable Marijuana Laws so as to permit the transfer or assignment of the El Cajon License, Escondido License, or Mendocino Licenses.

Section 6.02 Authorization. All action on the part of License Holders necessary for the authorization, execution, delivery and performance of this Agreement and all documents related to consummate the transactions contemplated herein and therein have been taken by License Holders or shall be taken by them prior to Closing. License Holders have the requisite power and authority to execute and deliver this Agreement and to perform their obligations hereunder and to consummate the transactions contemplated hereby. This Agreement, when duly executed and delivered in accordance with its terms, will constitute a valid and binding obligation of License Holders enforceable against License Holders in accordance with its terms. When each Ancillary Document to which License Holders will be a party has been duly executed and delivered by Sellers (assuming due authorization, execution and delivery by each other party thereto), such

Ancillary Document will constitute a legal and binding obligation of License Holders, enforceable against them in accordance with its terms.

Section 6.03 Consents. No permit, consent, approval or authorization of, or designation, declaration or filing with, any Governmental Authority or any other person or entity is required on the part of the License Owners in connection with the execution and delivery by License Owners of this Agreement or the consummation and performance of the transactions contemplated hereby, except those that maybe required by applicable Governmental Authorities relating to the change in management of the Marijuana Licenses.

ARTICLE VII REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers and License Owners that the statements contained in this Article VII are true and correct as of the Effective Date.

Section 7.01 Organization of Buyer. Buyer is a limited liability company duly organized, validly existing and in good standing under the Laws of Nevada.

Section 7.02 Authority of Buyer. Buyer has full corporate power and authority to enter into this Agreement and the Ancillary Documents to which Buyer is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Buyer of this Agreement and any Ancillary Document to which Buyer is a party, the performance by Buyer of its obligations hereunder and thereunder and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer, and (assuming due authorization, execution and delivery by Sellers and License Owners) this Agreement constitutes a legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms. When each Ancillary Document to which Buyer is or will be a party has been duly executed and delivered by Buyer (assuming due authorization, execution and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of Buyer enforceable against it in accordance with its terms.

Section 7.03 No Breaches or Defaults. The execution, delivery, and performance of this Agreement by Buyer does not: (i) conflict with, violate, or constitute a breach of or a default under, any provision of the certificate of incorporation, by-laws or other organizational documents of Buyer (the “**Buyer Charter Documents**”); (ii) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Buyer except for Federal Cannabis Law; or (iii) require any authorization, consent, approval, exemption, or other action by or filing with any third party or Governmental Authority, with the exception of the notification or, if required, consent and approval of applicable Governmental Authorities.

Section 7.04 Consents. No Permit, Governmental Order, consent, approval or authorization of, or designation, declaration or filing with, any Governmental Authority or any other person or entity is required on the part of Buyer in connection with the execution and delivery by Buyer of this Agreement or the consummation and performance of the transactions

contemplated hereby, except those consents required by the MED and the City of Lakewood relating to the change of ownership of a marijuana license and all such consents, approvals, Permits, Governmental Orders, declarations, filings or notices which, in the aggregate, would not have a Material Adverse Effect.

Section 7.05 Capitalization.

(a) All issued and outstanding Multiple Voting Shares and shares of Parent Common Stock are or will be, if and when issued (i) duly authorized, validly issued, fully paid and non-assessable; (ii) not subject to any preemptive rights created by statute, Buyer Charter Documents or any agreement to which Buyer is a party; and (iii) free of any Encumbrances created by the Buyer in respect thereof. All issued and outstanding multiple voting shares and shares of Parent Common Stock are or will be issued in compliance with applicable Law.

(b) All issued Class A Warrants, Class B Warrants, and Special Warrants are or will be (i) duly authorized and validly issued; and (ii) not subject to any preemptive rights created by statute, Buyer Charter Documents or any agreement to which Buyer is a party. All issued Class A Warrants, Class B Warrants, and Special Warrants were issued in compliance with applicable Law.

Section 7.06 Legal Proceedings. There are no actions, suits, claims, investigations or other legal proceedings pending or, to Buyer's knowledge, threatened against or by Buyer or any Affiliate of Buyer that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement.

Section 7.07 Independent Investigation. Buyer has conducted its own independent investigation, review and analysis of the Businesses and the Acquired Assets. Buyer acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, Buyer has relied solely upon its own investigation and the express representations and warranties of Sellers set forth in Article IV, the Licensed Entities set forth in Article V, and License Owners set forth in Article VI of this Agreement (including related portions of the Disclosure Schedules), and the certificates delivered in connection herewith, the Ancillary Documents (including the related portions of the Disclosure Schedules); and (b) neither of Sellers, License Owners, the Licensed Entities nor any other Person has made any representation or warranty as to Sellers, License Owners, the Licensed Entities, the Businesses, the Acquired Assets or this Agreement, except as expressly set forth in Article IV, Article V, and Article VI of this Agreement (including the related portions of the Disclosure Schedules) and the certificates delivered in connection herewith, the Ancillary Documents (including the related portions of the Disclosure Schedules).

**ARTICLE VIII
COVENANTS**

Section 8.01 Stand Still. To induce Buyer to proceed with this Agreement, Sellers and License Owners agree that until the Closing Date or the termination of this Agreement, whichever occurs first, neither Sellers nor License Owners nor any representatives thereof will offer to sell,

or solicit any offer to purchase, or engage in any discussions, negotiations, or other activities of any nature whatsoever, directly or indirectly involving in any manner the actual or potential sale, transfer, encumbrance, pledge, collateralization, hypothecation, or purchase of, any of the Acquired Assets, or any ownership interests in Sellers or the Licensed Entities. Sellers and License Owners hereby agree to immediately advise Buyer of any contact from any third party regarding the possible acquisition of any of the Acquired Assets or any ownership interest of or investment interest in the Sellers or Licensed Entities, the acquisition of the Mendo Property or the leasehold interest in the El Cajon Premises or Escondido Premises, or any contact which would relate to the transactions contemplated under this Agreement.

Section 8.02 Access; Due Diligence. From the Effective Date until Closing (the “**Due Diligence Review Period**”), and subject to applicable state-regulated Marijuana Laws related to access to a licensed premises, Sellers shall (a) provide Buyer and/or their authorized representatives reasonable and supervised access to the Businesses, their offices, and the Premises and to the books and records of Sellers; (b) permit Buyer and/or its authorized representatives to make inspections thereof; (c) allow Buyer and/or its authorized representatives access to conduct a physical review of Inventory at each of the Premises; and (d) cause the officers, advisors, and/or authorized representatives of Sellers, the Licensed Entities, and the Businesses to furnish Buyer with such financial and operating data and other information with respect to the Businesses and properties of Sellers, the Licensed Entities, and the Businesses and to discuss with Buyer and/or their authorized representatives the affairs of Sellers, the Licensed Entities, and the Businesses as Buyer may from time to time reasonably request.

Section 8.03 Conduct of Business Prior to the Closing. From the Effective Date until the Closing, except as otherwise provided in this Agreement or consented to in writing by Buyer (which consent shall not be unreasonably withheld, conditioned or delayed), Sellers shall: (x) operate the Businesses in the ordinary course of business consistent with past practice; and (y) use commercially reasonable efforts to maintain and preserve intact its current business organization, operations and franchise and to preserve the rights, franchises, goodwill and relationships of its employees, customers, lenders, suppliers, regulators and others having relationships with the Businesses. Without limiting the foregoing, from the Effective Date until the Closing Date, Sellers shall:

- (a) preserve and maintain all Permits required for the operation of the Businesses as currently conducted or the ownership and use of the Acquired Assets;
- (b) pay the debts, Taxes and other obligations of the Businesses when due;
- (c) continue to collect Accounts Receivable in a manner consistent with past practice, without discounting such Accounts Receivable;
- (d) maintain the Acquired Assets in the same condition as they were on the Effective Date, subject to reasonable wear and tear;
- (e) continue in full force and effect without modification all Insurance Policies, except as required by applicable Law;
- (f) defend and protect the Acquired Assets from infringement or usurpation;

(g) comply in all material respects with the Data Protection Requirements applicable to the operations of the Businesses;

(h) maintain all rights and permissions necessary to lawfully access, collect, obtain, use, retain, disclose, transfer, and otherwise process Personal Data in accordance with the Data Protection Requirements;

(i) maintain a commercially reasonable information security program with plans, policies, procedures, and other safeguards for privacy and cyber-security, including reasonable and appropriate administrative, technical and physical safeguards sufficient to protect the security, confidentiality, integrity and availability of: (1) Personal Data in accordance with applicable Data Protection Laws; and (2) the information technology systems of Sellers;

(j) perform all of its obligations under all Assigned Contracts;

(k) maintain the Books and Records in accordance with past practice;

(l) comply in all material respects with all Laws applicable to the operation of the Businesses or the ownership and use of the Acquired Assets;

(m) not take or permit any action to be taken that would cause any of the changes, events or conditions described in Section 4.07 to occur.

Section 8.04 Conduct of the Businesses Post-Closing. From and after the Closing, the License Owners shall:

(a) manage and operate the Licensed Entities in the ordinary course of business consistent with past practice and in accordance with all applicable Laws;

(b) use best efforts to maintain and preserve the current business organization, operations and franchise and to preserve the rights, franchises, goodwill and relationships of all employees, customers, lenders, suppliers, regulators and others having relationships with the Licensed Entities; and

(c) hold and preserve all Confidential Information concerning the Businesses.

Section 8.05 Preservation and Transition of Marijuana Product. Sellers and License Owners shall cause each of the Licensed Entities, through the Closing Date, to use their best efforts to maintain and preserve all marijuana Inventory and products associated with the Businesses in a good and marketable condition, including being non-expired and free from mildew, fungus, rot, spoilage, impermissible pesticides and agricultural neglect. Sellers and License Owners expressly agree to ensure that the Licensed Entities will maintain substantially similar levels of inventory of marijuana products at each of the Premises as have been maintained over the previous three (3) months prior to the Effective Date.

Section 8.06 Notice of Certain Events.

(a) From the Effective Date until the Closing, Sellers and License Owners shall promptly notify Buyer in writing (and in any event within two (2) Business Days) of:

(i) any fact, circumstance, event or action the existence, occurrence or undertaking of which: (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by Sellers or License Owners hereunder not being true and correct; or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in Section 9.02 to be satisfied;

(ii) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(iii) any notice or other communication from any Governmental Authority in connection with the transactions contemplated by this Agreement;

(iv) any Actions commenced or threatened against Sellers or the Licensed Entities relating to or involving or otherwise affecting the Businesses, the Acquired Assets or the Assumed Liabilities that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 4.28 or that relates to the consummation of the transactions contemplated by this Agreement; and

(v) any material updates or developments with respect to the Pending Litigation.

(b) From Closing Date to the day that is the 24-month anniversary of the Closing Date, Sellers and License Owners shall promptly notify Buyer in writing (and in any event within two (2) Business Days) of any fact, circumstance, event or action the existence, occurrence or undertaking of which resulted, or will result in, any License Owner:

(i) becoming a Disqualified Person; or

(ii) becoming subject to a Disqualifying Event.

(c) Buyer's receipt of information pursuant to this Section 8.06 shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Sellers in this Agreement (including Section 10.02 and Section 11.01(b)) and shall not be deemed to amend or supplement the Disclosure Schedules.

Section 8.07 Employees and Employee Benefits.

(a) Commencing on the Closing Date, Sellers shall terminate all Employees who are actively employed on the Closing Date, and Buyer will offer employment to all such employees whom Buyer and Sellers mutually agree prior to Closing.

(b) Sellers shall be solely responsible, and Buyer shall have no obligations whatsoever for, any compensation or other amounts payable to any current or former employee, officer, director, independent contractor or consultant of the Businesses, including, without limitation, hourly pay, commission, bonus, salary, accrued vacation, fringe, pension or profit sharing benefits or severance pay for any period relating to the service with Sellers at any time on or prior to the Closing Date and Sellers shall pay all such amounts to all entitled persons on or prior to the Closing Date.

(c) Sellers shall remain solely responsible for the satisfaction of all claims for medical, dental, life insurance, health accident or disability benefits brought by or in respect of current or former employees, officers, directors, independent contractors or consultants of the Businesses or the spouses, dependents or beneficiaries thereof, which claims relate to events occurring on or prior to the Closing Date. Sellers also shall remain solely responsible for all worker's compensation claims of any current or former employees, officers, directors, independent contractors or consultants of the Businesses which relate to events occurring on or prior to the Closing Date. Sellers shall pay, or cause to be paid, all such amounts to the appropriate persons as and when due.

Section 8.08 Confidentiality. From and after the Closing, Sellers and License Owners shall, and shall cause their Affiliates (including the Licensed Entities) to, hold, and shall use their reasonable best efforts to cause their respective Representatives to hold, in confidence any and all information, whether written or oral, concerning the Businesses (the “**Confidential Information**”), except to the extent that Sellers and License Owners can show that such information: (a) is generally available to and known by the public through no fault of Sellers and License Owners, or any of their Affiliates or their respective Representatives; (b) is lawfully acquired by Sellers and License Owners, or any of their Affiliates or their respective Representatives from and after the Closing from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation; or (c) is independently developed by Sellers or License Owners, or any of their Affiliates or their respective Representatives, without reference to any Confidential Information. If Sellers, License Owners, or any of their Affiliates or their respective Representatives are compelled to disclose any Confidential Information by judicial or administrative process or by other requirements of Law, Sellers or License Owners, as applicable, shall promptly notify Buyer in writing and shall disclose only that portion of such Confidential Information which the respective Sellers or License Owners are advised by counsel in writing is legally required to be disclosed, *provided that* Sellers and License Owners shall use commercially reasonable efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded to such Confidential Information.

Section 8.09 Governmental Approvals and Consents.

(a) Each party hereto shall, as promptly as possible: (i) make, or cause or be made, all filings and submissions required under any Law applicable to such party or any of its Affiliates; and (ii) use commercially reasonable efforts to obtain, or cause to be obtained, all consents, authorizations, orders and approvals from all Governmental Authorities that may be or become necessary for its execution and delivery of this Agreement and the performance of its obligations pursuant to this Agreement and the Ancillary Documents. Each party shall cooperate fully with the other party and its Affiliates in promptly seeking to obtain all such consents, authorizations, orders and approvals. The parties hereto shall not willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders and approvals.

(b) Sellers, License Owners, and Buyer shall use commercially reasonable efforts to give all notices to, and obtain all consents from, all third parties that are described in Section 4.04 of the Disclosure Schedules.

(c) Without limiting the generality of the parties' undertakings pursuant to subsections (a) and (b) above, each of the parties hereto shall use commercially reasonable efforts to:

(i) respond to any inquiries by any Governmental Authority regarding any matters with respect to the transactions contemplated by this Agreement or any Ancillary Document;

(ii) avoid the imposition of any order or the taking of any action that would restrain, alter or enjoin the transactions contemplated by this Agreement or any Ancillary Document; and

(iii) in the event any Governmental Order adversely affecting the ability of the parties to consummate the transactions contemplated by this Agreement or any Ancillary Document has been issued, to have such Governmental Order vacated or lifted.

(d) All analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals made by or on behalf of any party hereto before any Governmental Authority or Governmental Official, in connection with the transactions contemplated hereunder (but, for the avoidance of doubt, not including any interactions between Sellers or the License Owners or Buyer with Governmental Authorities in the ordinary course of business, any disclosure which is not permitted by Law or any disclosure containing confidential information) shall be disclosed to the other party hereunder in advance of any filing, submission or attendance, it being the intent that the parties will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any such analyses, appearances, meetings, discussions, presentations, memoranda, briefs, filings, arguments, and proposals. Each party shall give notice to the other parties with respect to any meeting, discussion, appearance or contact

with any Governmental Authority or Governmental Official, with such notice being sufficient to provide the other party with the opportunity to attend and participate in such meeting, discussion, appearance or contact.

(e) Notwithstanding the foregoing, nothing in this Section 8.09 shall require, or be construed to require, Buyer or any of its Affiliates to agree to: (i) sell, hold, divest, discontinue or limit, before or after the Closing Date, any assets, businesses or interests of Buyer or any of its Affiliates; (ii) any conditions relating to, or changes or restrictions in, the operations of any such assets, businesses or interests which, in either case, could reasonably be expected to result in a Material Adverse Effect or materially and adversely impact the economic or business benefits to Buyer of the transactions contemplated by this Agreement and the Ancillary Documents; or (iii) any material modification or waiver of the terms and conditions of this Agreement.

Section 8.10 Books and Records.

(a) In order to facilitate the resolution of any claims made against or incurred by Sellers prior to the Closing, or for any other reasonable purpose, for a period of two (2) years after the Closing, Buyer shall:

(i) retain the Books and Records (including personnel files) relating to periods prior to the Closing in a manner reasonably consistent with the prior practices of Sellers; and

(ii) upon reasonable notice, afford Sellers reasonable access (including the right to make, at Sellers' expense, photocopies), during normal business hours, to such Books and Records.

(b) In order to facilitate the resolution of any claims made by, against or incurred by Buyer after the Closing, or for any other reasonable purpose, for a period of two (2) years following the Closing, Sellers shall:

(i) retain the books and records (including personnel files) of Sellers which relate to the Businesses and its operations for periods prior to the Closing; and

(ii) upon reasonable notice, afford Buyer reasonable access (including the right to make, at Buyer's expense, photocopies), during normal business hours, to such books and records.

(c) Neither Buyer nor Sellers shall be obligated to provide the other party with access to any books or records (including personnel files) pursuant to this Section 8.10 where such access would violate any Law.

Section 8.11 Closing Conditions. From the Effective Date until the Closing, each party hereto shall use commercially reasonable efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in Article IX hereof.

Section 8.12 Public Announcements. Unless otherwise required by applicable Law (based upon the reasonable advice of counsel), no party to this Agreement shall make any public announcements in respect of this Agreement or the 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, conditioned or delayed), and the parties shall cooperate as to the timing and contents of any such announcement.

Section 8.13 Receivables. From and after the Closing, if Sellers or any of their Affiliates receive or collect any funds relating to any Accounts Receivable or any other Acquired Asset, Sellers or their Affiliate shall remit such funds to Buyer within five (5) Business Days after its receipt thereof. From and after the Closing, if Buyer or its Affiliate receives or collects any funds relating to any Excluded Asset, Buyer or its Affiliate shall remit any such funds to Sellers within five (5) Business Days after its receipt thereof.

Section 8.14 Additional Information.

(a) Buyer shall, as promptly as possible, provide Sellers with any additional information requested by Sellers to assure compliance with applicable Canadian or U.S. federal or state securities laws in connection with the issuance of the Special Warrants and Parent Warrants.

(b) Company and Sellers shall, as promptly as possible, provide Buyer with any additional information requested by Buyer to assure compliance with applicable Canadian or U.S. federal or state securities laws in connection with the issuance of the Special Warrants and Parent Warrants.

Section 8.15 Transfer Taxes. All transfer, documentary, sales, use, stamp, registration, value added and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement and the Ancillary Documents (including any real property transfer Tax and any other similar Tax) shall be borne and paid by Sellers when due. Sellers shall, at their own expense, timely file any Tax Return or other document with respect to such Taxes or fees (and Buyer shall cooperate with respect thereto as necessary).

Section 8.16 Further Assurances. Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and the Ancillary Documents.

Section 8.17 Tax Matters. The parties shall take reasonable action to cause the transactions contemplated herein to qualify as a reorganization within the meaning of Section 368 of the Code, and will refrain from taking such actions that may cause the transactions contemplated herein to not qualify as a reorganization within the meaning of Section 368 of the Code.

Section 8.18 C Reorganization. Sellers and Buyer intend that the transactions contemplated in this Agreement will qualify as a C reorganization under Section 368(a)(1)(C) of the Code, and that Sellers shall liquidate and dissolve following the Closing consistent with the terms of this plan of reorganization.

Section 8.19 Stockholders Consent. The Company shall use its reasonable best efforts to obtain, within ten (10) Business Days following the execution and delivery of this Agreement, the Requisite Company Vote pursuant to written consents of the stockholders of the Company, substantially in the form of Exhibit C attached hereto (the “**Written Consent**”) within ten (10) business days of the Effective Date. The materials submitted to the Stockholders in connection with the Written Consent shall include the Company Board Recommendation. Promptly following receipt of the Written Consent, the Company shall deliver a copy of such Written Consent to Buyer.

Section 8.20 Assumed Debt. Following the Effective Date, the Buyer on the one hand, and the Sellers, and their Affiliates on the other hand, shall use their commercially reasonable efforts to negotiate, prepare and execute, and cause the holders of the Assumed Debt to negotiate, prepare and execute, effective as of the Closing, either (1) the holder of the Assumed Debt accepting Special Warrants in settlement of the Sellers respective Liabilities related to such Assumed Debt or (2) assumption agreements of the Assumed Debt by Buyer on the Closing Date (“**Assumed Debt Resolution**”). The Assumed Debt Resolution shall contain customary releases of liability of Buyer and Sellers.

Section 8.21 Pending Litigation. Following the Effective Date, the Buyer on the one hand, and the Sellers, and their Affiliates on the other hand, shall use their commercially reasonable efforts to settle the Pending Litigation, at or prior to the Closing, either (1) the plaintiff in the Elan Capital Litigation accepting Special Warrants in settlement of the Pending Litigation or (2) assumption agreements of the Pending Litigation by Buyer on the Closing Date (“**Litigation Resolution**”). The Litigation Resolution shall contain customary releases of liability of Buyer and Sellers.

Section 8.22 East Hill Financial Loan. Following the Effective Date, the Sellers, on the one hand, and Buyer, on the other hand, shall use their commercially reasonable efforts to renegotiate and/or amend and restate, and cause East Hill Financial, LLC to renegotiate and/or amend and restate, effective as of the Closing, the East Hill Financial Loan and Mendo Deed, on terms acceptable to Buyer is in its sole discretion.

Section 8.23 El Cajon Purchase Option. Following the Effective Date Sellers and DW27 shall use their commercially reasonable efforts to negotiate, prepare and execute, and cause Wing Crossen to negotiate, prepare and execute, effective as of the Closing, the El Cajon Purchase Option, on terms acceptable to Buyer is in its sole discretion.

ARTICLE IX CONDITIONS TO CLOSING

Section 9.01 Conditions to Obligations of All Parties. The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

(a) Both Sellers and the Licensed Entities shall have consented to the Board Appointments.

(b) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Governmental 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.

(c) This Agreement shall have been duly adopted by the Requisite Company Vote.

(d) Pursuant to Section 8.07(a), Sellers and Buyers shall have mutually agreed to an identified list of individuals for Buyer to offer employment to on mutually acceptable terms.

Section 9.02 Conditions to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Buyer's waiver, at or prior to the Closing, of each of the following conditions:

(a) License Owners shall have provided notice or, if required, obtained the consent of (i) each of the members of the Licensed Entities and (ii) all applicable Governmental Authorities to the assignment of the Management Services Agreements;

(b) Sellers shall have assigned each of the Management Services Agreements to Buyer;

(c) Sellers shall have assigned each of the DW27 Lease and SDI Lease to Buyer;

(d) Sellers shall have caused each of the Licensed Entities to maintain, at a minimum, the Current Assets and Current Liabilities set forth on Section 9.02(d) of the Disclosure Schedules.

(e) EHP shall have delivered the Deed to the Mendo Property to Buyer;

(f) License Owners shall have caused each of the Licensed Entities to enter into the Option Agreements, mutually agreeable to the parties hereto (the "**Option Agreement**"), pursuant to which Buyer shall have the irrevocable and exclusive option to acquire the Marijuana Licenses.

(g) Other than the representations and warranties of Sellers contained in Section 4.01, Section 4.02, Section 4.05, Section 4.35, and Section 5.01, the representations and warranties of Sellers contained in this Agreement, the Ancillary Documents and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the Effective Date and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects). The representations and warranties of Sellers contained in Section 4.01, Section 4.02, Section 4.05, Section 4.35, and Section 5.01 shall be true and correct in all

respects on and as of the Effective Date and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(h) Other than the representations and warranties of License Owners contained in Section 6.01, Section 6.02 and Section 6.03, the representations and warranties of License Owners contained in this Agreement, the Ancillary Documents and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the Effective Date and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects). The representations and warranties of License Owners contained in Section 6.01, Section 6.02 and Section 6.03 shall be true and correct in all respects on and as of the Effective Date and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects).

(i) Sellers and License Owners shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the Ancillary Documents to be performed or complied with by them prior to or on the Closing Date; *provided, that*, with respect to agreements, covenants and conditions that are qualified by materiality, Sellers and License Owners shall have performed such agreements, covenants and conditions, as so qualified, in all respects.

(j) No Action shall have been commenced against Sellers which would prevent the Closing. No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any transaction contemplated hereby.

(k) All approvals, consents and waivers that are listed on Section 4.04 of the Disclosure Schedules shall have been received, and executed counterparts thereof shall have been delivered to Buyer at or prior to the Closing.

(l) From the Effective Date, there shall not have occurred any Material Adverse Effect, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect.

(m) Sellers and License Owners shall have delivered, or cause to be delivered, to Buyer duly executed counterparts to the Ancillary Documents and such other documents and deliveries set forth in Section 3.02(a) all as approved by Buyer in its sole discretion.

(n) Buyer shall have received all Permits that are necessary for it to operate the Businesses as conducted by Sellers as of the Closing Date.

(o) To the sole satisfaction of Buyer, the Assumed Debt shall have been resolved in accordance with Assumed Debt Resolution in Section 8.20.

(p) To the sole satisfaction of Buyer, the Pending Litigation shall have been resolved in accordance with the Litigation Resolution in Section 8.21.

(q) All Encumbrances relating to the Acquired Assets shall have been released in full, other than Permitted Encumbrances, and Sellers shall have delivered to Buyer written evidence, in form satisfactory to Buyer in its sole discretion, of the release of such Encumbrances.

(r) Buyer shall have received a certificate, dated the Closing Date and signed by a duly authorized officer of the Sellers, that each of the conditions set forth in Section 9.02 have been satisfied (the “**Sellers Closing Certificate**”).

(s) Buyer shall have completed its due diligence of Sellers and the Acquired Assets to its reasonable satisfaction, including having received all requested due diligence materials and resolution of any material issues disclosed during such due diligence to Buyer’s reasonable satisfaction.

(t) Sellers and License Owners shall have delivered to Buyer such other documents or instruments as Buyer reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

(u) Confirmation, to Buyer’s reasonable satisfaction, that there are no material issues related to completion of an independent audit of the Sellers, SDI, DW27 and EHW consolidated financial statements to allow for Parent to include in applicable securities filings.

Section 9.03 Conditions to Obligations of Sellers. The obligations of Sellers to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or Sellers’ waiver, at or prior to the Closing, of each of the following conditions:

(a) Other than the representations and warranties of Buyer contained in Section 7.01, Section 7.02, and Section 7.04, the representations and warranties of Buyer contained in this Agreement, the Ancillary Documents and any certificate or other writing delivered pursuant hereto shall be true and correct in all respects (in the case of any representation or warranty qualified by materiality or Material Adverse Effect) or in all material respects (in the case of any representation or warranty not qualified by materiality or Material Adverse Effect) on and as of the Effective Date and on and as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, the accuracy of which shall be determined as of that specified date in all respects). The representations and warranties of Buyer contained in Section 7.01, Section 7.02, and Section 7.04 shall be

true and correct in all respects on and as of the Effective Date and on and as of the Closing Date with the same effect as though made at and as of such date.

(b) Buyer shall have duly performed and complied in all material respects with all agreements, covenants and conditions required by this Agreement and each of the Ancillary Documents to be performed or complied with by it prior to or on the Closing Date.

(c) Buyer shall have delivered to Company duly executed counterparts to the Ancillary Documents, as applicable, and such other documents and deliveries set forth in Section 3.02(c).

(d) Buyer shall have delivered the Acquisition Consideration Holdback Escrow Amount to the Escrow Agent pursuant to Section 3.02(d).

(e) Company shall have received a certificate, dated as of the Closing Date and signed by a duly authorized officer of Buyer, that each of the conditions set forth in Section 9.01 and Section 9.03(a) have been satisfied (the “**Buyer Closing Certificate**”).

(f) Company shall have received a certificate of the Secretary or an Assistant Secretary (or equivalent officer) of Buyer certifying that attached thereto are true and complete copies of all resolutions adopted by the board of directors of Buyer authorizing the execution, delivery and performance of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby, and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby and thereby.

(g) Buyer shall have delivered to Company such other documents or instruments as Company reasonably requests and are reasonably necessary to consummate the transactions contemplated by this Agreement.

ARTICLE X INDEMNIFICATION

Section 10.01 Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein shall survive the Closing and shall remain in full force and effect until the day that is the 18-month anniversary of the Closing Date (the “**Holdback Release Date**”); *provided, that* the representations and warranties in: (i) Section 4.01, Section 4.02, Section 4.04, Section 4.05, Section 4.09, Section 4.29, Section 4.31, Section 4.35, Section 4.37, Section 4.38, Section 5.01, Section 5.02, and Section 6.01 and Section 6.02 (collectively, the “**Fundamental Representations**”) shall survive indefinitely; and (ii) Section 4.12 and Section 4.34 shall survive for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof) plus sixty (60) days. All covenants and agreements of the parties contained herein shall survive the Closing indefinitely or for the period explicitly specified therein. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching party to the breaching party prior to the expiration date of the applicable survival

period shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved.

Section 10.02 Indemnification By Sellers. Subject to the other terms and conditions of this Article X, Sellers shall, jointly and severally, indemnify and defend each of Buyer and its Affiliates and their respective Representatives (collectively, the “**Buyer Indemnitees**”) against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, Buyer Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of Sellers or the License Owners contained in this Agreement, the Ancillary Documents or in any certificate or instrument delivered by or on behalf of Sellers and the License Owners pursuant to this Agreement, as of the date such representation or warranty was made or as if such representation or warranty was made on and as of the Closing Date (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date);

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Sellers and the License Owners pursuant to this Agreement, the Ancillary Documents or any certificate or instrument delivered by or on behalf of Sellers and the License Owners pursuant to this Agreement;

(c) any Excluded Asset or any Excluded Liability;

(d) any Third Party Claim based upon, resulting from or arising out of the business, operations, properties, assets or obligations of Sellers, License Owners or any of their Affiliates (other than the Acquired Assets or Assumed Liabilities) conducted, existing or arising on or prior to the Closing Date, excluding any Third Party Claim arising pursuant to the Litigation Side Letter and including, without limitation, any claim for Taxes related to a Pre-Closing Tax Period;

(e) any intentional misrepresentation or Fraud by or on behalf of Sellers, License Owners, the Licensed Entities, or the Majority Shareholders;

(f) any License Owner becoming a Disqualified Person;

(g) any Disqualifying Event; or

(h) the Sellers’ Payroll Tax Liabilities.

Section 10.03 Indemnification By Majority Shareholders. Subject to the other terms and conditions of this Section 10.03, the Majority Shareholders shall, jointly and severally, indemnify and defend each of the Buyer Indemnitees against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, Buyer Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any intentional misrepresentation or Fraud by or on behalf of Sellers, the License Owners, the Licensed Entities, or the Majority Shareholders.

Section 10.04 Indemnification Procedures.

(a) Third Party Claims. If Buyer receives notice of the assertion or commencement of any Action made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a “**Third Party Claim**”) against such Buyer with respect to which (i) Sellers (on behalf of themselves or the Licensed Entities) or License Owners (each a “**Seller Indemnifying Party**” and, collectively, the “**Seller Indemnifying Parties**”) or (ii) the Majority Shareholders (the “**Shareholder Indemnifying Party**”, together with the Seller Indemnifying Parties, the “**Indemnifying Parties**” and, individually, an “**Indemnifying Party**”) are obligated to provide indemnification under this Agreement, Buyer shall give the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) calendar days after receipt of such notice of such Third Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party has been materially prejudiced by such delay. Such notice by Buyer shall describe the Third Party Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by Buyer. The Indemnifying Party shall have the right to participate in, or by giving written notice to Buyer, to assume the defense of any Third Party Claim at the Indemnifying Party’s expense and by the Indemnifying Party’s own counsel, and Buyer shall cooperate in good faith in such defense; *provided, that* the Indemnifying Party shall not have the right to defend or direct the defense of any such Third Party Claim that: (x) is asserted directly by or on behalf of a Person that is a supplier or customer of the Businesses; or (y) seeks an injunction or other equitable relief against Buyer. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 10.03(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of Buyer. Buyer shall have the right to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party’s right to control the defense thereof. The fees and disbursements of such counsel shall be at the expense of Buyer, *provided, that* if in the reasonable opinion of counsel to Buyer: (A) there are legal defenses available to Buyer that are different from or additional to those available to the Indemnifying Party; or (B) there exists a conflict of interest between the Indemnifying Party and Buyer that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to Buyer in each jurisdiction for which Buyer determines counsel is required. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify Buyer in writing of its election to defend as provided in this Agreement, or fails to diligently prosecute the defense of such Third Party Claim, Buyer may, subject to (b) pay, compromise, or defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. The Indemnifying Party and Buyer shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available (subject to the

provisions of Section 8.08) records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) Settlement of Third Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of Buyer, except as provided in this Section 10.03(b). If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of Buyer and provides, in customary form, for the unconditional release of each Buyer from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to Buyer. If Buyer fails to consent to such firm offer within ten (10) days after its receipt of such notice, Buyer may continue to contest or defend such Third Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If Buyer fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If Buyer has assumed the defense pursuant to Section 10.03(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld, conditioned or delayed).

(c) Direct Claims. Any Action by Buyer on account of a Loss which does not result from a Third Party Claim (a “**Direct Claim**”) shall be asserted by Buyer giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) days after Buyer becomes aware of such Direct Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party has been materially prejudiced by such delay. Such notice by Buyer shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by Buyer. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. Buyer shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and Buyer shall assist the Indemnifying Party’s investigation by giving such information and assistance (including reasonable access to Buyer’s premises and personnel and the right to examine and copy any accounts, documents or records, in each case which does not unreasonably interfere with Buyer’s business) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such thirty (30) day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case Buyer shall be free to pursue such remedies as may be available to Buyer on the terms and subject to the provisions of this Agreement.

Section 10.05 Limitations on Indemnification Obligations. The indemnification obligations provided for in Section 10.02(a) and Section 10.03(a) shall be subject to the following limitations:

(a) Notwithstanding anything to the contrary contained in this Article X (but subject to Section 10.07(b) below), each Indemnifying Party's maximum aggregate liability to Buyer for any and all Losses caused from any inaccuracy in or breach of Section 10.02(a) or Section 10.03(a) shall not exceed USD \$2,375,000.

(b) The foregoing limitations on the Indemnifying Parties' liability set forth in Section 10.05 shall not apply to (i) claims for indemnification based upon, arising out of, with respect to or by reason of any inaccuracy in or breach of any of the Fundamental Representations, or (ii) claims in Section 10.02(b)-(i) or Section 10.03(a).

(c) In the event that a claim for indemnification arises by reason of an inaccuracy in or breach as set forth in Section 10.05 and such claim exceeds USD \$2,375,000, the Shareholder Indemnifying Parties shall be severally, and not jointly, liable in accordance with their respective Pro-Rata Percentages, for any and all Losses with respect thereto.

Section 10.06 In the event that a claim for indemnification arises by reason of any Fraud on behalf of an Indemnifying Party, the Indemnifying Party liable for such Fraud shall be severally, and not jointly, liable for any and all Losses with respect thereto.

Section 10.07 Indemnification Payments.

(a) Once a Loss is agreed to by the Indemnifying Party or finally adjudicated to be payable pursuant to this Article X, the Indemnifying Party shall satisfy its obligations within fifteen (15) Business Days of such final, non-appealable adjudication by wire transfer of immediately available funds or cancellation of Special Warrants from the Acquisition Consideration Holdback Escrow Amount, as applicable. In the event the Indemnifying Party has not made full payment of any such obligations within thirty (30) days from the date that any such payment is due, any amount payable shall accrue interest from and including the date of agreement of the Indemnifying Party or final, non-appealable adjudication to and including the date such payment has been made at a rate per annum equal to six percent (6%). Such interest shall be calculated daily on the basis of a 365-day year and the actual number of days elapsed.

(b) Any Losses payable to a Buyer Indemnitee pursuant to this Article X shall be satisfied: (i) from the Acquisition Consideration Holdback Escrow Amount; (ii) to the extent the amount of Losses exceeds the Acquisition Consideration Holdback Escrow Amount, from the portions of the Earnout Payments not yet earned by Sellers at the time such Losses are incurred by such Buyer Indemnitee; and (iii) to the extent the amount of Losses exceeds the amounts described in subsections (i) and (ii), severally from the Majority Shareholders, in accordance with their respective Pro-Rata Percentages, in immediately available funds pursuant to Section 10.05.

(c) Within five (5) Business Days after the Holdback Release Date, Escrow Agent shall release to Sellers the remaining balance of the Acquisition Consideration Holdback Escrow Amount, if any, less the aggregate amount of all Losses validly asserted by a Buyer Indemnitee in good faith, but which have not been agreed to by the Indemnified Party or finally adjudicated to be payable in accordance with this Article X (“**Unresolved Claims**”) in accordance with the terms of the Escrow Agreement. Any such Unresolved Claims which are subsequently agreed to by the Indemnified Party or finally adjudicated to be payable pursuant to this Article X shall be promptly released to the applicable Buyer Indemnitee, and any amounts of the Acquisition Consideration Holdback Escrow Amount remaining after all such Unresolved Claims have been resolved pursuant to this Article X shall be released to Sellers.

Section 10.08 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Acquisition Consideration for Tax purposes, unless otherwise required by Law.

Section 10.09 Exclusive Remedy. The parties agree that the sole and exclusive remedy of any party hereto or their respective Affiliates with respect to this Agreement, the events giving rise to this Agreement and the other transactions contemplated hereby shall be limited to the indemnification provisions set forth in this Article X except with respect to (i) Fraud, and (ii) the specific performance remedies set forth in Section 12.11.

Section 10.10 Effect of Investigation. The representations, warranties and covenants of Sellers and License Owners, and Buyer’s right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of Buyer (including by any of its Representatives) or by reason of the fact that Buyer or any of its Representatives knew or should have known that any such representation or warranty is, was or might be inaccurate or by reason of Buyer’s waiver of any condition set forth in Section 9.01, Section 9.02, or Section 9.03, as the case may be.

ARTICLE XI TERMINATION

Section 11.01 Termination. This Agreement may be terminated at any time prior to the Closing:

- (a) by the mutual written consent of Sellers and Buyer;
- (b) by Buyer by written notice to Sellers if:
 - (i) there occurs a change in United States Federal controlled substance enforcement policy that results in the active enforcement of United States Federal controlled substance laws, including Federal Cannabis Law, against marijuana businesses in California (including persons associated therewith) acting in strict compliance with state-regulated Marijuana Laws;
 - (ii) there occurs a change in the laws (or interpretation of those laws by the applicable Governmental Authority) of the State of California, San Diego

County or Mendocino County that prohibits either the transfer or assignment of the Management Services Agreements as contemplated herein;

(iii) Buyer is not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Sellers or the License Owners pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article IX and such breach, inaccuracy or failure has not been cured by Sellers or the License Owners, as applicable, within ten (10) days of Sellers' or the License Owners', as applicable, receipt of written notice of such breach from Buyer; or

(iv) any of the conditions set forth in Section 9.01, Section 9.02, or Section 9.03 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by September 1, 2021, unless such failure shall be due to the failure of Buyer to perform or comply respects with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Closing;

(c) by Sellers by written notice to Buyer if:

(i) Sellers and the License Owners are not then in material breach of any provision of this Agreement and there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by Buyer pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article IX and such breach, inaccuracy or failure has not been cured by Buyer within ten (10) days of Buyer's receipt of written notice of such breach from Sellers; or

(d) by Buyer or Sellers in the event that: (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited; (ii) any Governmental Authority shall have issued a Governmental Order restraining or enjoining the transactions contemplated by this Agreement, and such Governmental Order shall have become final and non-appealable, or (iii) if within ten (10) Business Days following the execution and delivery of this Agreement by all of the parties hereto, the Company shall not have delivered to Buyer a copy of the executed Written Consent evidencing receipt of the Requisite Company Vote.

Section 11.02 Effect of Termination. In the event of the termination of this Agreement in accordance with this Article XI, this Agreement shall forthwith become void, shall have no further force or effect, and there shall be no liability on the part of any party hereto except:

(a) as set forth in this Article XI and Section 8.08, and Article XII hereof; and

(b) nothing herein shall relieve any party hereto from liability for any Fraud or willful breach of any provision hereof.

**ARTICLE XII
MISCELLANEOUS**

Section 12.01 Expenses. Except as otherwise expressly provided herein and as assumed pursuant to Section 8.20 at Closing, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

Section 12.02 Notices. All notices, requests, consents, claims, demands, waivers and other communications required or permitted hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient; or (d) on the third (3rd) day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 12.02):

If to Sellers:

OutCo Labs, Inc.
E-mail: linc@outco.com
Attention: Lincoln Fish

with a copy to:

Miltner & Mench, APC
402 West Broadway, Suite 800
San Diego, CA 92101
E-mail: bill@miltnerlaw.com
Attention: Bill Miltner

If to Buyer:

Nutritional High LLC
E-mail: rwilson@nutritionalhigh.com
Attention: Robert Wilson
Title: CFO

with a copy to:

Husch Blackwell, LLP
1801 Wewatta Street, Suite 1000
Denver, Colorado 80202
E-mail: steve.levine@huschblackwell.com
Attention: Steve N. Levine

Section 12.03 Interpretation. For purposes of this Agreement: (a) the words “include,” “includes” and “including” shall be deemed to be followed by the words “without limitation”; (b) the word “or” is not exclusive; and (c) the words “herein,” “hereof,” “hereby,” “hereto” and “hereunder” refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules and Exhibits attached to, this Agreement; (y) to an agreement,

instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof; and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

Section 12.04 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 12.05 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement 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 hereby be consummated as originally contemplated to the greatest extent possible.

Section 12.06 Entire Agreement. This Agreement and the Ancillary Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the Ancillary Documents, the Exhibits and Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

Section 12.07 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld, conditioned or delayed; *provided, however*, that prior to the Closing Date, Buyer may, without the prior written consent of Sellers, assign all or any portion of its rights under this Agreement to one or more of its Affiliates. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 12.08 No Third-party Beneficiaries. Except as provided in Article X, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 12.09 Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto *provided, however*, that after the Requisite Company Vote is obtained, there shall be no amendment or waiver that, pursuant to applicable Law, requires further approval of the

stockholders of the Company, without the receipt of such further approvals. No waiver by either party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by either party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 12.10 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be governed by and construed in accordance with the internal laws of the State of California without giving effect to any choice or conflict of law provision thereof.

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE ANCILLARY DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY MAY BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA OR THE COURTS OF THE STATE OF CALIFORNIA, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT BY MAIL TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE ANCILLARY DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE ANCILLARY DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT: (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION; (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER; (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY; AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO

THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS Section 12.10(C).

Section 12.11 Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

Section 12.12 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Signature Page Follows]

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

BUYER:

NUTRITIONAL HIGH LLC

By: /s/ "John Durfy"
Name: John Durfy
Title: Chief Executive Officer

SELLERS:

OUTCO LABS, INC.

By: /s/ "Lincoln Fish"
Name: Lincoln Fish
Title: Chief Executive Officer

OUTLIER'S COLLECTIVE, LLC

By: /s/ "Lincoln Fish"
Name: Lincoln Fish
Title: CEO, OutCo Labs

SAN DIEGO NATURALS, LLC

By: /s/ "Lincoln Fish"
Name: Lincoln Fish
Title: CEO, OutCo Labs

EAST HILL PROPERTIES, LLC

By: /s/ "Lincoln Fish"
Name: Lincoln Fish
Title: CEO, OutCo Labs

LICENSE OWNERS:

SAMUEL AUSTIN BIRCH

/s/ "Samuel Austin Birch"

DARREN MACHULSKY

/s/ "Darren Machulsky"

NICHOLAS ANDERSON

/s/ "Nicholas Anderson"

JOINDER

The Majority Shareholders hereby join in the signing of the foregoing Asset Acquisition Agreement/Plan of Reorganization solely for the purposes of Article X and XII.

MAJORITY SHAREHOLDERS:

**BIRCH-HALL FAMILY TRUST, DATED
OCTOBER 1, 2015**

By: /s/ "Samuel Austin Birch"

Name: Samuel Austin Birch

Title: Co-Trustee

By: /s/ "Lorraine-Dale Hall"

Name: Lorraine-Dale Hall

Title: Co-Trustee

**FISH FAMILY TRUST, DATED FEBRUARY
10, 2009**

By: /s/ "Lincoln Fish"

Name: Lincoln Fish

Title: Co-Trustee

By: /s/ "Virginia Bays"

Name: Virginia Bays

Title: Co-Trustee

SCHEDULE 1

OutCo Labs, Inc. Pro-Rata Percentages

Majority Shareholders	Pro-Rata Percentage
Birch-Hall Family Trust, dated October 1, 2015	26.14%
Fish Family Trust, dated February 10, 2009	11.70%

SCHEDULE 2

Balance Sheet



SCHEDULE 3

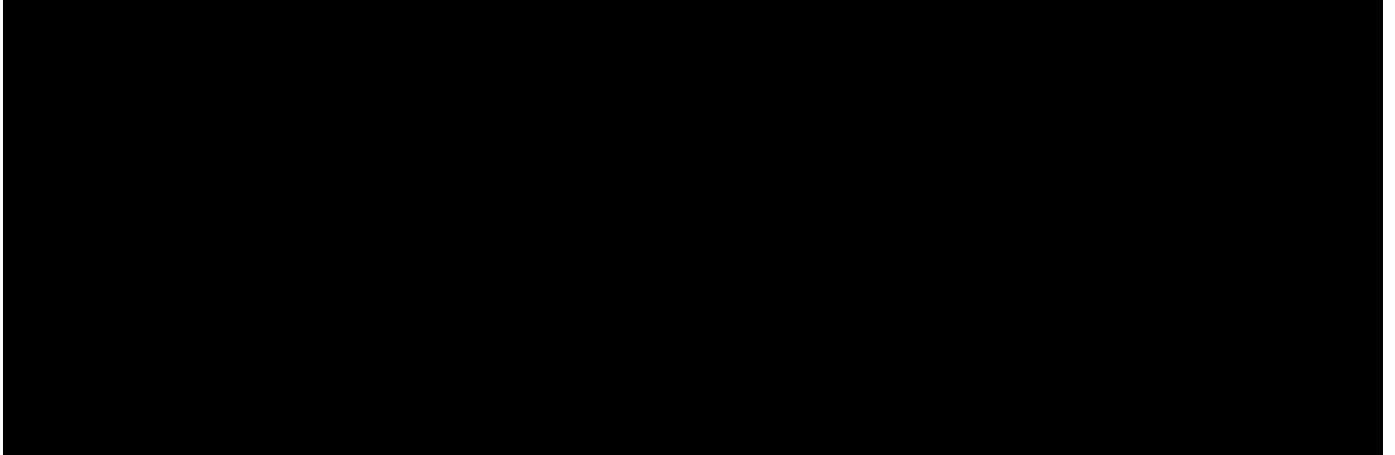
Miltner Debt



Exhibit A

Calculation of Target Working Capital

Example calculation of Estimated Closing Working Capital



Working capital has been calculated as the sum of each of OutCo Labs Inc, Wing MSC LLC, East Hill Properties LLC, Downwind 27 Inc. (both wholesale and retail) and San Diego Naturals Inc. after backing out intercompany balances.¹

Note there are no books maintained for East Hill Wellness Inc. however revenues and cost of goods sold for this entity are included in Downwind 27 (wholesale) while cost is included in Wing MSC LLC.

WILLIAM L. MILTNER
WALTER E. MENCK
ROBERT C. HARVEY
AUTUMN S. FRYE

MILTNER
& MENCK, APC

EMERALD PLAZA
402 W. Broadway
Suite 800
San Diego, CA 92101
(619) 615-5333
(619) 615-5334 Fax
WWW.MILTNERLAW.COM

May 28, 2021

*Sent Via E-Mail: rwilson@nutritionalhigh.com
jdurfy@nutritionalhigh.com*

Robert Wilson
Nutritional High International
77 King Street West, Suite 2905
Toronto, Ontario M5K1H1

John Durfy
Nutritional High International
77 King Street West, Suite 2905
Toronto, Ontario M5K1H1

Re: Proposed Addendum to the Asset Purchase Agreement

John and Rob,


Please see the attached revised draft of a proposed Addendum to the Asset Purchase Agreement as it relates to the "potential" or "threatened" litigation by Marc Lair.

Please review and response with any comments or proposed modifications.

Thanks,

MILTNER & MENCK. APC

By:



William L. Miltner, Esq.

WLM/abs

G:\06600\025 - NHII Acquisition\Correspondence\Wilson & Durfy Draft 5.28.21.wpd

**ADDENDUM TO ASSET ACQUISITION AGREEMENT/
PLAN OF REORGANIZATION**

WHEREAS, Nutritional High International Inc and its Subsidiary D27 Acquisition ("NHII") are entering into an Asset Acquisition Agreement/Plan of Reorganization ("APA") with Outco Labs, Inc. and its multiple subsidiaries, herein after referred to as ("Outco"); and

WHEREAS, Article II, and specifically, Sections 2.04(e)(g) and (j) of the "Excluded Liabilities" section of the current version of the APA relieves NHII of Post-Closing liability, and places any future liability onto Outco;

WHEREAS, Article X, and specifically Sections 10.02(d)(e), and 10.03(a)(b) and (c) provide for Outco's Indemnity of NHII for certain potential Post-Closing claims;

WHEREAS, Disclosures have been made by Outco about the threat of a possible litigation by a Founder, and by proxy, a Majority Shareholder, [REDACTED]

WHEREAS, Outco believe that the possibility exists (albeit unlikely) that [REDACTED] could initiate litigation against Outco and/or NHII, and their respective Officers and Directors Post-Closing;

WHEREAS, if such a litigation were commenced Post-Closing, then Outco would be left with no means to pay for the defense and/or settlement of the potential litigation;

WHEREAS, the parties wish to move forward with the afore-referenced APA, to not provide perceived leverage to [REDACTED] and to protect Outco and its Officers and Directors from any potential liability Post-Closing.

THEREFORE, THE PARTIES AGREE AS FOLLOWS:

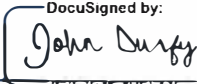
- 1) The instant Addendum shall serve as an exception to the following Sections of the APA:
 - (a) Sections 2.04(e);
 - (b) Sections 2.04(g);
 - (c) Sections 2.04(j);
 - (d) Sections 10.02(d);
 - (e) Sections 10.02(e);
 - (f) Sections 10.03(a);
 - (g) Sections 10.03(b); and
 - (h) Sections 10.03(c)
- 2) In the unlikely event that [REDACTED] commences suit against any combination of Outco, NHII, and/or their respective Officers and Directors, NHII agrees to Indemnify and Hold Harmless Outco and its Officers and Directors from any such litigation;
- 3) Said obligation in (2) above shall be limited to \$100,000, whether spent on legal fees or settlement.

- 4) Outco agrees to cooperate in all aspects of the defense of the litigation.
- 5) Outco agrees that Section 10.02 of the current version of the APA which provides for an Indemnification Holdback can be utilized to satisfy any cost and expenses for the defense and/or settlement of any litigation initiated by [REDACTED]

OUTCO LABS, INC.

By: 
Name: Lincoln Fish

NHII

By: 
Name: John Durfy

**LETTER OF AGREEMENT -
ASSET ACQUISITION AGREEMENT/PLAN OF REORGANIZATION**

THIS LETTER OF AGREEMENT (the "**Letter**") to that certain Asset Acquisition Agreement/Plan of Reorganization, dated June 17, 2021 (the "**Agreement**"), by and among OutCo Labs, Inc., a California corporation ("**Company**"), Outlier's Collective, LLC, a California limited liability company ("**OC**"), San Diego Naturals, LLC, a California limited liability company ("**SDN**"), East Hill Properties LLC, a California limited liability company ("**EHP**", together with OC and SDN, the "**Company Subsidiaries**"), and Samuel Austin Birch, an individual residing in California ("**Mr. Birch**"), Darren Machulsky, an individual residing in California ("**Mr. Machulsky**"), and Nicholas Anderson, an individual residing in California ("**Mr. Anderson**", together with Mr. Birch and Mr. Machulsky, the "**License Owners**"), Mr. Birch and Loraine-Dale Hall, as Trustees of the Birch-Hall Family Trust, dated October 1, 2015 (the "**Birch Family Trust**"), and Lincoln Fish and Virginia Bays, as Trustees of the Fish Family Trust, dated February 10, 2009 (the "**Fish Family Trust**", together with the Birch Family Trust, the "**Majority Shareholders**"), and Nutritional High LLC, a Nevada limited liability company ("**Buyer**"), is entered into as of August 31, 2021, by and among the Company, Company Subsidiaries, License Owners, Majority Shareholders, and Buyer (collectively, the "**Parties**"). All capitalized terms not herein defined shall have the meanings set forth in the Agreement.

WHEREAS, the Parties previously entered into the Agreement;

WHEREAS, Company and Nutritional High International Inc. previously entered into that certain Addendum to Asset Acquisition Agreement/Plan of Reorganization, dated on or around August 20, 2021 (the "**Addendum**");

WHEREAS, the Parties hereby acknowledge the execution of the Addendum; and

WHEREAS, in order to facilitate an orderly Closing of the Transaction, the Parties desire to amend certain terms of the Agreement pursuant to Section 12.09 and to waive certain Closing Conditions set forth therein.

NOW, THEREFORE, the parties hereby agree as follows:

1. Amendment of Terms of the Agreement. Pursuant to Section 12.09 of the Agreement, the Agreement is hereby amended as follows:

1.1 Amendment to Recitals.

1.1.1 The fifth (5th) recital is hereby deleted and replaced in its entirety as follows:

WHEREAS, Nicholas Anderson is the Director of East Hill Wellness, A Non-Profit Cooperative Corporation, a California nonprofit corporation controlled by the directors Nicholas Anderson and Austin Birch ("**EHW**").

1.2 Amendments to Article I.

1.2.1 The definition of "**Acquisition Consideration Holdback Escrow Amount**" is hereby deleted and replaced in its entirety as follows:

"Acquisition Consideration Holdback Escrow Amount" means 44,143,772 Special Warrants.

1.2.2 The definition of "**Class A Warrant**" is hereby deleted and replaced in its entirety as follows:

"Class A Warrant" means 40,666,667 warrants to purchase shares of Parent Common Stock, with each warrant exercisable for one share of Parent Common Stock at an exercise price of CAD \$0.03 per share.

1.2.3 The definition of "**Class B Warrant**" is hereby deleted and replaced in its entirety as follows:

"Class B Warrant" means 24,400,000 warrants to purchase shares of Parent Common Stock, with each warrant exercisable for one share of Parent Common Stock at an exercise price of CAD \$0.05 per share.

1.2.4 The definition of "**DW27 Option Agreement**" is hereby deleted and replaced in its entirety as follows:

"DW27 Option Agreement" means that certain license option agreement entered into by and between Company and DW27, dated July 21, 2021.

1.2.5 The definition of "**EHW Option Agreement**" is hereby deleted and replaced in its entirety as follows:

"EHW Option Agreement" means that certain license option agreement entered into by and between Company and EHW, dated July 15, 2021.

1.2.6 The definition of "**EHW Management Services Agreement**" is hereby deleted and replaced in its entirety as follows:

"EHW Management Services Agreement" means that certain Management Services Agreement, dated June 8, 2021, by and between EHW and Company, pursuant to which Company has agreed to perform management and consulting services for EHW to operate the Mendocino Licenses, and entitling Company to receive a monthly fee as consideration for such services.

1.2.7 The definition of "**SDI Option Agreement**" is hereby deleted and replaced in its entirety as follows:

"SDI Option Agreement" means that certain license option agreement entered into by and between Company and SDI, dated July 21, 2021.

1.2.8 The definition of "**El Cajon Purchase Option**" is hereby deleted in its entirety.

1.3 Amendment and Restatement of Section 2.01. Section 2.01 of the Agreement is hereby amended and restated to read in its entirety as follows:

Acquisition and Transfer of Assets. Subject to the terms and conditions set forth herein, at the Closing, Sellers shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase from Sellers, free and clear of any Encumbrances other than Permitted Encumbrances, all of Sellers' right, title and interest in, to and under all of the assets, properties and rights of every kind and nature, whether real, personal or mixed, tangible or intangible (including goodwill), wherever located and whether now existing or hereafter acquired (other than the Excluded Assets), which relate to, or are used or held for use in connection with, the Businesses (collectively, the "**Acquired Assets**"), including, without limitation, the following:

- (a) the DW27 Lease;
- (b) the SDI Lease, including the option to purchase the Escondido Premises provided thereunder as agreed to by all parties to such lease prior to Closing;
- (c) the Mendo Property;
- (d) cash and cash equivalents;
- (e) all accounts or notes receivable held by Sellers, and any security, claim, remedy or other right related to any of the foregoing ("**Accounts Receivable**");
- (f) all of the inventory of supplies, accessories and any and all other items of personal property of whatever nature utilized or relating to the operation of the Businesses (the "**Inventory**").
- (g) all supplies and other "consumable supplies" used in connection with the operation of the Businesses;
- (h) all Contracts, including all Proprietary Rights Agreements and Management Services Agreements, set forth on Section 2.01(h) of the Disclosure Schedules (the "**Assigned Contracts**");
- (i) all Business Proprietary Rights;
- (j) all furniture, fixtures, equipment, machinery, tools, vehicles, office equipment, supplies, computers, telephones and other tangible personal property, set forth on Section 2.01(j) of the Disclosure Schedules ("**Tangible Personal Property**");
- (k) all Business Proprietary Rights;

- (l) all Permits, which are held by Sellers and required for the operation of the Businesses as currently conducted or for the ownership and use of the Acquired Assets, including, without limitation, those listed on Section 4.29(b) of the Disclosure Schedules;
- (m) the Option Agreements;
- (n) all rights to any Actions of any nature available to or being pursued by Sellers to the extent related to the Businesses, the Acquired Assets or the Assumed Liabilities, whether arising by way of counterclaim or otherwise;
- (o) all prepaid expenses, credits, advance payments, claims, security, refunds, rights of recovery, rights of set-off, rights of recoupment, deposits, charges, sums and fees (including any such item relating to the payment of Taxes);
- (p) all of Sellers' rights under warranties, indemnities and all similar rights against third parties to the extent related to any Acquired Assets;
- (q) all insurance benefits, including rights and proceeds, arising from or relating to the Businesses, the Acquired Assets or the Assumed Liabilities;
- (r) originals, or where not available, copies, of all books and records, including books of account, ledgers and general, financial and accounting records, machinery and equipment maintenance files, customer lists, customer purchasing histories, marketing lists, databases, customer relationships which are derived from or related to the Businesses, price lists, distribution lists, supplier lists, production data, quality control records and procedures, customer complaints and inquiry files, research and development files, records and data (including all correspondence with any Governmental Authority), sales material and records (including pricing history, total sales, terms and conditions of sale, sales and pricing policies and practices), strategic plans, internal financial statements, marketing and promotional surveys, material and research and files relating to the Business Proprietary Rights and the Proprietary Rights Agreements; *provided*, that such records shall not include books and records that pertain to Sellers' organization, existence or capitalization ("**Books and Records**");
- (s) all Sellers' Intellectual Property;
- (t) all goodwill and the going concern value of the Businesses; and
- (u) any equity interest acquired by Sellers of a third-party.

1.4 Amendment to Section 3.02(a)(i). Section 3.02(a)(i) of the Agreement is hereby amended and restated to read in its entirety as follows:

"(i) a grant deed (the "**Deed**"), duly executed by EHP, mutually agreeable to the parties hereto conveying marketable fee simple title to the Mendo Property to Buyer, subject only

to the Permitted Encumbrances or an Encumbrance mutually agreed to by the Parties prior to Closing.”

1.5 Amendment to Section 3.02(a)(x). Section 3.02(a)(x) of the Agreement is hereby amended and restated to read in its entirety as follows:

“(x) This Section 3.02(a)(x) intentionally left blank.”

1.6 Amendment to Section 3.02(a)(xi). Section 3.02(a)(xi) of the Agreement is hereby amended and restated to read in its entirety as follows:

“(xi) This Section 3.02(a)(xi) intentionally left blank.”

1.7 Amendment and Restatement of Section 3.02(b). Section 3.02(b) of the Agreement is hereby amended and restated to read in its entirety as follows:

At Closing, License Owners shall deliver to Buyer the following:

- (i) The Payroll Side Letter, duly executed by Mr. Birch;
- (ii) Written approval of Mr. Birch appointing John Durfy and Robert Wilson to the Board of Directors of DW27 (the “**DW27 Board Appointment**”).
- (iii) Written approval of Mr. Machulsky appointing John Durfy and Robert Wilson to the Board of Directors of SDI (the “**SDI Board Appointment**”);
- (iv) Written approval of Nicholas Anderson appointing John Durfy and Robert Wilson to the Board of Directors of EHW (the “**EHW Board Appointment**”);
- (v) Written approval of each of (i) the Company, (ii) DW27, and (iii) Mr. Birch regarding the assignment of rights and replacement of the DW27 Management Services Agreement and the change in management of the El Cajon License (the “**DW27 Consents**”);
- (vi) Written approval of each of (i) the Company, (ii) SDI, and (iii) Mr. Machulsky and (iii) if required, the applicable Governmental Authorities, regarding the assignment of rights and replacement of the SDI Management Services Agreement and the change in management of the Escondido License (the “**SDI Consents**”);
- (vii) Written approval of each of (i) the Company, (ii) EHW, and (iii) Mr. Anderson regarding the assignment of rights and replacement of the EHW Management Services Agreement and the change in management of the Mendocino Licenses (the “**EHW Consents**”); and

1.8 Amendment to Section 3.3. Section 3.03 of the Agreement is hereby amended and restated to read in its entirety as follows:

“As promptly as possible following the six (6) month anniversary of the Closing Date, the Escrow Agent shall release 14,714,591 of the Special Warrants subject to the terms and conditions of this Agreement and the Escrow Agreement.

As promptly as possible following the twelve (12) month anniversary of the Closing Date, the Escrow Agent shall release 14,714,591 of the Special Warrants subject to the terms and conditions of this Agreement and the Escrow Agreement.

In accordance with the terms of Section 10.07(c), Escrow Agent shall release the remaining balance of the Acquisition Consideration Holdback Escrow Amounts no later than five (5) Business Days after the Holdback Release Date in accordance with this Agreement and the Escrow Agreement.”

1.9 Amendment and Restatement of Section 8.23. Section 8.23 of the Agreement is hereby amended and restated to read in its entirety as follows:

"This Section 8.23 is intentionally left blank."

2. Buyer Waiver of Closing Conditions. Subject to the terms and conditions set forth herein, Buyer hereby waives the following:

2.1 Sellers' delivery of the Assignment and Assumption of Lease for each of the DW27 Lease and SDI Lease, as required by Section 3.02(a)(iv).

2.2 Sellers' delivery of the Employment Agreements for each of Austin Birch and Lincoln Fish, as required by Section 3.02(a)(v).

2.3 Sellers' assignment of the DW27 Lease and SDI Lease, as required by Section 9.02(c).

2.4 Sellers' causing of each of the Licensed entities to enter into the Option Agreements, as required by Section 9.02(f).

The limited waiver set forth in this Section 2 is effective solely for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to: (i) except as expressly provided herein, be a consent to any amendment, waiver or modification of any term or condition of the Agreement or of any Ancillary Documents; (ii) prejudice any right that Buyer has or may have in the future under or in connection with the Agreement or any Ancillary Document; or (iii) establish a custom or course of dealing among Sellers and License Owners on the one hand, and Buyer, on the other hand.

3. Closing Deliverables. Subject to the terms and conditions set forth herein, Sellers hereby delivers the following to Buyer:

3.1 The Deed, attached hereto as Exhibit A;

3.2 The Bill of Sale, attached hereto as Exhibit B;

- 3.3 The Assignment and Assumption Agreement, attached hereto as Exhibit C;
- 3.4 The Proprietary Rights Assignment, attached hereto as Exhibit D;
- 3.5 The Escrow Agreement, attached hereto as Exhibit E;
- 3.6 The Payroll Side Letter, attached hereto as Exhibit F;
- 3.7 The Litigation Side Letter, attached hereto as Exhibit G;
- 3.8 A Certificate of Good Standing for each of the Sellers, attached hereto as Exhibit H;
- 3.9 The Power of Attorney, attached hereto as Exhibit I;
- 3.10 Seller's Closing Certificate, attached hereto as Exhibit J;
- 3.11 Seller's Secretary Certificate, attached hereto as Exhibit K;
- 3.12 Mr. Birch's written approval of the DW27 Board Appointment, attached hereto as Exhibit L;
- 3.13 Mr. Machulsky's written approval of the SDI Board Appointment, attached hereto as Exhibit M; and
- 3.14 Mr. Anderson's written approval of the EHW Board Appointment, attached hereto as Exhibit N.

4. Miscellaneous.

4.1 Binding Agreement. The terms and conditions of this Letter shall inure to the benefit of and be binding upon the respective successors and assigns of the Parties. Nothing in this Letter, express or implied, is intended to confer upon any third party any rights, remedies, obligations, or liabilities under or by reason of this Letter, except as expressly provided in this Letter.

4.2 Governing Law. This Letter shall be governed by and construed in accordance with the internal laws of the State of California without giving effect to any choice or conflict of law provision thereof.

4.3 Counterparts. This Letter may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

4.4 Titles and Subtitles. The titles and subtitles used in this Letter are used for convenience only and are not to be considered in construing or interpreting this Letter.

4.5 Modification; Waiver. No modification or waiver of any provision of this Letter or consent to departure therefrom shall be effective unless in writing and approved by the parties hereto.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Letter as of the date set forth in the first paragraph hereof.

BUYER:

NUTRITIONAL HIGH LLC

By: John Durfy
Name: John Durfy
Title: Chief Executive Officer

SELLERS:

OUTCO LABS, INC.

By: DocuSigned by:
line fish
Name: Lincoln Fish
Title: Chief Financial Officer

OUTLIER'S COLLECTIVE, LLC

By: DocuSigned by:
line fish
Name: AUSTIN BIRCH
Title: CEO

SAN DIEGO NATURALS, LLC

By: DocuSigned by:
line fish
Name: AUSTIN BIRCH
Title: CEO

EAST HILL PROPERTIES, LLC

By: DocuSigned by:
line fish
Name: AUSTIN BIRCH
Title: CEO

LICENSE OWNERS:

SAMUEL AUSTIN BIRCH

DocuSigned by:

Austin Birch

5C4294D98C1242A...

DARREN MACHULSKY

DocuSigned by:

Darren Machulsky

806FB10435A42B...

NICHOLAS ANDERSON

DocuSigned by:

Nicholas Anderson

46605D7435774C0...

JOINDER

The Majority Shareholders hereby join in the signing of the foregoing Asset Acquisition Agreement/Plan of Reorganization solely for the purposes of Article X and XII.

MAJORITY SHAREHOLDERS:

**BIRCH-HALL FAMILY TRUST, DATED
OCTOBER 1, 2015**

DocuSigned by:
Austin Birch
By: _____
6C4284D98C1242A...

Name: Samuel Austin Birch

Title: Co-Trustee

DocuSigned by:
Lorraine-Dale Hall
By: _____
C7C9CC8B202D4FF...

Name: Lorraine-Dale Hall

Title: Co-Trustee

**FISH FAMILY TRUST, DATED FEBRUARY
10, 2009**

DocuSigned by:
Lincoln Fish
By: _____
8E81BE9903B34E2...

Name: Lincoln Fish

Title: Co-Trustee

DocuSigned by:
Virginia Bays
By: _____
8E81BE9903B34E2...

Name: Virginia Bays

Title: Co-Trustee

Exhibit A:

Deed

(Attached)

Exhibit B:

Bill of Sale

(Attached)

Exhibit C:

Assignment and Assumption Agreement

(Attached)

Exhibit D:

Proprietary Rights Assignment

(Attached)

Exhibit E:

Escrow Agreement

(Attached)

Exhibit F:

Payroll Side Letter

(Attached)

Exhibit G:

Litigation Side Letter

(Attached)

Exhibit H:

Certificates of Good Standing

(Attached)

Exhibit I:

Power of Attorney

(Attached)

Exhibit J:

Seller's Closing Certificate

(Attached)

Exhibit K:

Seller's Secretary Certificate

(Attached)

Exhibit L:

Mr. Birch's written approval of the DW27 Board Appointment

(Attached)

Exhibit M:

Mr. Machulsky's written approval of the SDI Board Appointment

(Attached)

Exhibit N:

Mr. Anderson's written approval of the EHW Board Appointment

(Attached)

Exhibit A

Calculation of Target Working Capital

