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

FORM 1-U

Current Report Pursuant to Regulation A

Date of Report: November 1, 2022
(Date of earliest event reported)

HIGHTIMES HOLDING CORP.

(Exact name of issuer as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

81-4706993

(I.R.S. Employer
Identification No.)

2110 Narcissus Ct.
Venice, California 90291

(Full mailing address of principal executive offices)

(844) 933-3287

(Issuer's telephone number, including area code)

Title of each class of securities issued pursuant to Regulation A: Class A voting Common Stock, par value \$0.0001 per share

This Current Report on Form 1-U is issued in accordance with Rule 257(b)(4) of Regulation A, and is neither an offer to sell any securities, nor a solicitation of an offer to buy, nor shall there be any sale of any such securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

ITEM 9. OTHER EVENTS

On November 1, 2022, Hightimes Holding Corp., a Delaware corporation ("HTHC" or "Hightimes"), and HT Red LLC, a Delaware limited liability company and wholly-owned subsidiary of Hightimes (the "Buyer"), entered into a series of transactions, effective as of November 1, 2022, to acquire certain affiliates of MXY Holdings Inc., a Delaware corporation ("MXY Holdings"), an entity engaged in cultivating, producing, manufacturing, distributing and selling cannabis products in the State of California.

HTHC, Buyer and Anacapa CA LLC, a California limited liability company and an indirect, wholly-owned subsidiary of MXY Holdings ("Anacapa"), entered into: (i) a separate Membership Interest Purchase Agreement (the "Pure CA MIPA"), dated November 1, 2022, with respect to the purchase of 100% of the membership interests in Pure CA, LLC, a California limited liability company ("Pure CA"), by the Buyer; and (ii) a separate Membership Interest Purchase Agreement (the "Calaveras MIPA"), dated November 1, 2022, with respect to the purchase of 100% of the membership interests in Pure Calaveras, LLC, a California limited liability company ("Calaveras"), by the Buyer.

HTHC, Buyer and MXY Ancillary Holdings, LLC, a Nevada limited liability company and a wholly-owned subsidiary of MXY Holdings ("MXY Ancillary"), entered into a separate Membership Interest Purchase Agreement (the "MXY MIPA"), dated November 1, 2022, with respect to the purchase of 100% of the membership interests in MXY Property Holdings, LLC, a Nevada limited liability company ("MXY"), by the Buyer.

HTHC, Buyer, Anacapa and MXY License Holdings, LLC, a California limited liability company and a wholly-owned subsidiary of MXY Holdings ("MXY License") entered into a separate Membership Interest Purchase Agreement (the "Sapphire MIPA"), dated November 1, 2022, with respect to the purchase of 100% of the membership interests in Sapphire Enterprises LLC, a California limited liability company ("Sapphire"), by the Buyer.

Each of MXY Holdings, Anacapa, MXY Ancillary and MXY License is sometimes referred to herein individually as "Seller" and collectively, the "Sellers" and the Sellers, together with HTHC and the Buyer are individually referred to as a "Party" or, collectively, the "Parties." The Pure CA MIPA, the Calaveras MIPA, the MXY MIPA and the Sapphire MIPA are collectively referred to as the "Purchase Agreements" and are attached hereto as Exhibits 6.1, Exhibit 6.2, Exhibit 6.3 and Exhibit 6.4, respectively.

In addition, Hightimes entered into separate management services agreement with each of Pure CA, MXY, Sapphire and Calaveras (the "Management Services Agreements") under which Hightimes agreed to manage the businesses of each of Pure CA, Calaveras, MXY and Sapphire pending the final closing of the transactions contemplated by the Purchase Agreements and upon receipt of regulatory approvals. Pursuant to the Management Services Agreements, Hightimes will pay all of the expenses of such entities. In consideration of such services, Hightimes will receive all of the revenues and profits, if any, from such businesses during the term of such Management Services Agreements. Such Management Services Agreements are attached hereto as Exhibit 6.5, Exhibit 6.6, Exhibit 6.7 and Exhibit 6.8.

Seven Ten Holdings, LLC, a Nevada limited liability company ("Seven Ten"), entered into a 99-year brand licensing agreement ("License Agreement") with Pure CA, attached hereto as Exhibit 6.9, under which Seven Ten licensed to Pure CA the exclusive right to use the "Moxie," "MX" and "NowHigh" brands in California for cannabis flower, edibles and concentrates.

In addition, the Company entered into letter agreements with each of Anacapa (two separate letter agreements), MXY Ancillary and MXY Holdings, dated November 1, 2022, pursuant to which after the first Closing the Company agreed to indemnify and hold harmless against any and all losses each of (i) Anacapa and Pure CA, (ii) Anacapa and Calaveras, (iii) MXY Ancillary and MXY and (iv) Anacapa, MXY Holdings and Sapphire. The letter agreements between Hightimes and the companies are attached hereto as Exhibit 6.14, Exhibit 6.15, Exhibit 6.16, and Exhibit 6.17 (the "Letter Agreements").

Each of the Sellers entered into a lockup agreement with HTHC pursuant to which they each agreed not to publicly sell any of the above Equity Consideration following the first date on which HTHC Common Stock begins trading on the OTCQX Market or any other securities exchange for a period of (i) 12 months with respect to the first 25% of the Equity Consideration, (ii) 18 months with respect to the second 25% of the Equity Consideration, and (iii) 24 months for the remaining 50% of the Equity Consideration, as defined in the lockup agreement (“Lockup Agreement”), the form of which is attached hereto as Exhibit 3.1.

The Purchase Agreements, the Management Services Agreements, the License Agreement, the Letter Agreements and the Lockup Agreement are collectively referred to as the “Transaction Agreements.”

Pursuant to the Pure CA MIPA, HTHC agreed to deliver to Anacapa a total of 609,090 shares (the “Pure CA Equity Consideration”) of Hightimes Class A Common Stock, par value \$0.001 per share (“HTHC Common Stock”) into escrow with the Escrow Agent referred to below, and Anacapa has agreed to deliver a Membership Interest Assignment (the “Pure CA Interest Assignment”) with respect to 100% of the membership interests in Pure CA into escrow with the Escrow Agent, in each case pending the Closing (as defined below) under the Pure CA MIPA. The form of Pure CA Interest Assignment is attached hereto as Exhibit 6.10.

Pursuant to the Calaveras MIPA, HTHC has agreed to deliver to Anacapa a total of 27,272 shares (the “Calaveras Equity Consideration”) of HTHC Common Stock into escrow with the Escrow Agent, and Anacapa has agreed to deliver a Membership Interest Assignment with respect to 100% of the membership interests in Calaveras (the “Calaveras Interest Assignment”) into escrow with the Escrow Agent, in each case pending the Closing under the Calaveras MIPA. The form of Calaveras Interest Assignment is attached hereto as Exhibit 6.11.

Pursuant to the MXY MIPA, HTHC has agreed to deliver to MXY Ancillary a total of 363,636 shares (the “MXY Equity Consideration”) of HTHC Common Stock into escrow with the Escrow Agent, and MXY Ancillary has agreed to deliver a Membership Interest Assignment with respect to 100% of the membership interests in MXY (the “MXY Interest Assignment”) into escrow with the Escrow Agent, in each case pending the final closing under the MXY MIPA. The form of MXY Interest Assignment is attached hereto as Exhibit 6.12.

Pursuant to the Sapphire MIPA, HTHC has agreed to deliver to Anacapa and MXY License a total of 272,727 shares (the “Sapphire Equity Consideration”) of HTHC Common Stock into escrow with the Escrow Agent, and Anacapa and MXY License has agreed to deliver a Membership Interest Assignment with respect to 84.075% of the membership interests in Sapphire collectively held by Anacapa and MXY License (the “Sapphire Interest Assignment”) into escrow with the Escrow Agent, in each case pending the Second Closing under the Sapphire MIPA. The form of Sapphire Interest Assignment is attached hereto as Exhibit 6.13. At the final closing under the Sapphire MIPA, Anacapa and MXY License will cause the remaining 15.925% of the membership interests in Sapphire to be transferred to the Buyer pursuant to certain drag along rights under the operating agreement of Sapphire.

Pursuant to the License Agreement, HTHC has agreed to deliver to Seven Ten 90,909 shares (the “License Equity Consideration”) of HTHC Common Stock into escrow with the Escrow Agent pending the final closing under the Pure CA MIPA. See the Form of Escrow Agreement attached hereto as Exhibit 8.1.

The Transaction Agreements were executed effective as of November 1, 2022, at which time all of the above referenced Equity Consideration and Interest Assignments were delivered in escrow with SMB Law Group LLP, a Texas limited liability partnership, as escrow agent (the “Escrow Agent”), to hold in trust pending the final closing of the transactions contemplated by the Purchase Agreements. Subject to the parties obtaining all consents and regulatory approvals for the change of ownership of the dispensaries, including regulatory approvals from the California Bureau of Cannabis Control and the cities in which the acquired businesses are located (the “Governmental Approvals”), the final closing will be held (the “Closing”) at which time the escrowed documents and Equity Consideration will be released to the appropriate Parties. In the event and to the extent that any Governmental Approvals are not obtained for any one or more of the acquisitions under the above referenced Purchase Agreements by June 30, 2023, such Purchase Agreement shall be terminated and the Equity Consideration shall be returned to HTHC, the applicable Management Services Agreement shall be terminated, and the applicable Interest Assignment(s) returned to the applicable Seller.

The foregoing description of the terms of the Transaction Agreements do not purport to be complete and are qualified in their entirety by reference to such documents, which are filed herewith as Exhibit 3.1, Exhibit 6.1, Exhibit 6.2, Exhibit 6.3, Exhibit 6.4, Exhibit 6.5, Exhibit 6.6, Exhibit 6.7, Exhibit 6.8, Exhibit 6.9, Exhibit 6.10, Exhibit 6.8, Exhibit 6.9, Exhibit 6.10, Exhibit 6.11, Exhibit 6.12, Exhibit 6.13, Exhibit 6.14, Exhibit 6.15, Exhibit 6.16, Exhibit 6.17 and Exhibit 8.1, respectively, to this Current Report on Form 1-U and are incorporated herein by reference.

This Current Report contains forward-looking statements that involve risks and uncertainties, such as statements related to the amount of net proceeds expected from the Offering. The risks and uncertainties involved include various risks detailed in the Offering Circular on Form 1-A, Offering Circular Supplements and the Company’s other SEC filings.

On November 7, 2022, the Company issued a press release announcing the Company’s entry into the above Transaction Agreements. A copy of this press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Regulation A, the issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Hightimes Holding Corp.
a Delaware corporation

by: /s/ Adam E. Levin
Name: Adam E. Levin
Its: Executive Chairman of the Board
Date: November 7, 2022

Exhibits to Form 1-U

Index to Exhibits

<u>Exhibit No.</u>	<u>Description</u>
Exhibit 3.1	Form of Lockup Agreement, dated November 1, 2022, between Hightimes Holding Corp. and MXY Holdings Inc.

Exhibit 6.1	<u>Pure CA Membership Interest Purchase Agreement, dated November 1, 2022, between Hightimes Holding Corp., HT Red LLC and Anacapa CA LLC, HT Red LLC.</u>
Exhibit 6.2	<u>Calaveras Membership Interest Purchase Agreement, dated November 1, 2022, between Hightimes Holding Corp., HT Red LLC and Anacapa CA LLC.</u>
Exhibit 6.3	<u>MXY Membership Interest Purchase Agreement, dated November 1, 2022, between Hightimes Holding Corp., HT Red LLC and MXY Ancillary Holdings LLC.</u>
Exhibit 6.4	<u>Sapphire Membership Interest Purchase Agreement, dated November 1, 2022, between Hightimes Holding Corp., HT Red LLC, Anacapa CA LLC and MXY License Holdings, LLC.</u>
Exhibit 6.5	<u>Pure CA Management Services Agreement, dated November 1, 2022, between Hightimes Holding Corp. and Pure CA LLC</u>
Exhibit 6.6	<u>Calaveras Management Services Agreement, dated November 1, 2022, between Hightimes Holding Corp. and Pure Calaveras LLC</u>
Exhibit 6.7	<u>MXY Management Services Agreement, dated November 1, 2022, between Hightimes Holding Corp. and MXY Property Holdings, LLC</u>
Exhibit 6.8	<u>Sapphire Management Services Agreement, dated November 1, 2022, between Hightimes Holding Corp. and Sapphire Enterprises, LLC</u>
Exhibit 6.9	<u>License To Use Brand Agreement, dated November 1, 2022, between Pure CA, LLC and Seven Ten Holdings, LLC</u>
Exhibit 6.10	<u>Form of Pure CA Interest Assignment between Anacapa CA LLC and HT Red LLC</u>
Exhibit 6.11	<u>Form of Calaveras Interest Assignment between Anacapa CA LLC and HT Red LLC</u>
Exhibit 6.12	<u>Form of MXY Interest Assignment between HT Red LLC and MXY Ancillary Holdings LLC</u>
Exhibit 6.13	<u>Form of Sapphire Interest Assignment between HT Red LLC and Anacapa CA LLC</u>
Exhibit 6.14	<u>Pure CA Letter Agreement, dated November 1, 2022, between Hightimes Holding Corp., HT Red LLC and Anacapa CA LLC</u>
Exhibit 6.15	<u>Calaveras Letter Agreement, dated November 1, 2022, between Hightimes Holding Corp., HT Red LLC and Anacapa CA LLC</u>
Exhibit 6.16	<u>MXY Letter Agreement, dated November 1, 2022, between Hightimes Holding Corp., HT Red LLC and MXY Ancillary Holdings LLC</u>
Exhibit 6.17	<u>Sapphire Letter Agreement, dated November 1, 2022, between Hightimes Holding Corp., HT Red LLC, Anacapa CA LLC and MXY Holdings Inc.</u>
Exhibit 8.1	<u>Form of Escrow Agreement, dated November 1, 2022, between Hightimes Holding Corp., HT Red LLC, MXY Holdings Inc., Anacapa CA LLC, MXY Ancillary Holdings, LLC, MXY License Holdings, LLC and SMB Law</u>
Exhibit 99.1	<u>Moxie Press Release, dated November 7, 2022</u>

LOCK-UP AGREEMENT

THIS AGREEMENT is made as of November 1, 2022 (the “**Effective Date**”), between and among MXY HOLDINGS INC., a Delaware corporation (“**Stockholder**”), and HIGHTIMES HOLDING CORP., a Delaware corporation (the “**Company**”). Stockholder and the Company are hereinafter sometimes individually referred to as a “**Party**” and collectively, the “**Parties**.”

RECITALS:

WHEREAS, in connection with that certain Membership Interest Purchase Agreement, dated November 1, 2022 (the “**Purchase Agreement**”) among the Company, HT Red LLC, a Delaware limited liability company, as Buyer, and Anacapa CA LLC, a California limited liability company, as Seller (the “**Anacapa**”), related to the sale of 100% of the membership interests in Pure CA LLC, the Company has agreed to issue to Stockholder consideration consisting of 609,090 shares (the “**Pure CA Shares**”) of the Company’s Class A common stock, par value \$0.0001 per share (“**Hightimes Common Stock**”);

WHEREAS, in connection with that certain Membership Interest Purchase Agreement, dated November 1, 2022 (the “**Purchase Agreement**”) among the Company, HT Red LLC, a Delaware limited liability company, as Buyer, and Anacapa, related to the sale of 100% of the membership interests in Pure Calaveras LLC, the Company has agreed to issue to Stockholder consideration consisting of 27,272 shares (the “**Calaveras Shares**”) of Hightimes Common Stock;

WHEREAS, in connection with that certain Membership Interest Purchase Agreement, dated November 1, 2022 (the “**Purchase Agreement**”) among the Company, HT Red LLC, a Delaware limited liability company, as Buyer, and MXY Ancillary Holdings LLC, a California limited liability company, as Seller (the “**MLK Seller**”), related to the sale of 100% of the membership interests in MXY Property Holdings, LLC, the Company has agreed to issue to Stockholder consideration consisting of 363,636 shares (the “**MLK Shares**”) of Hightimes Common Stock;

WHEREAS, in connection with that certain Membership Interest Purchase Agreement, dated November 1, 2022 (the “**Purchase Agreement**”) among the Company, HT Red LLC, a Delaware limited liability company, as Buyer, and MXY License Holdings LLC, a California limited liability company, and Anacapa CA LLC, a California limited liability company, as Sellers (the “**Sapphire Sellers**” and, together with Anacapa and the MLK Seller, the “**Sellers**”), related to the sale of 84.075% of the membership interests in Sapphire Enterprises, LLC held by the MLK Sellers, the Company has agreed to issue to Stockholder consideration consisting of 255,631 shares (the “**Sapphire Shares**”) of Hightimes Common Stock;

WHEREAS, in connection with that certain License Agreement, dated November 1, 2022 (the “**Purchase Agreement**”) among Pure CA, LLC, and Seven Ten Holdings, LLC, a Delaware limited liability company, the Company has agreed to issue to Stockholder consideration consisting of 90,909 shares (the “**License Shares**” and, together with the Pure CA Shares, the Calaveras Shares, the MLK Shares, and the Sapphire Shares, the “**Subject Shares**”) of Hightimes Common Stock; and

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WHEREAS, the Sellers have agreed to cause Stockholder to have the Subject Shares locked up and restricted on Transfer (hereinafter defined) for a period of time following the Initial Trading Date (hereinafter defined);

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

1. Stockholder hereby agrees that it will not, except as otherwise provided for in Section 2 below, during the applicable Lock-up Period (defined below), directly or indirectly;
 - a. sell, offer, contract, or grant any option or right to sell, pledge, transfer, or otherwise dispose of Subject Shares, whether owned of record or beneficially;
 - b. enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of Subject Shares, whether any such swap or other agreement or transaction is to be settled by delivery of Subject Shares, in cash or otherwise; or
 - c. publicly announce an intention to do any of the foregoing (collectively a “**Transfer**”).
2. For purposes of this agreement:

“**Initial Trading Date**” means the first date that Hightimes Common Stock commences trading on the OTCQX Market or any other securities exchange.

“**Lock-up Period**” means the period commencing on the Initial Trading Date and expiring:

- a. With respect to the first 25.0% of Subject Shares (rounded down to the nearest share), the date that is twelve (12) months following the Initial Trading Date;
 - b. With respect to the second 25.0% of Subject Shares (rounded down to the nearest share), the date that is eighteen (18) months following the Initial Trading Date.
 - c. With respect to all remaining Subject Shares, the date that is twenty-four (24) months following the Initial Trading Date.
3. Notwithstanding the restrictions on Transfers of Subject Shares described above, the undersigned may undertake any of the following Transfers of Subject Shares during the applicable Lock-up Period:
 - a. by way of pledge or security interest, provided that the pledgee or beneficiary of the security interest agrees in writing with Hightimes to be bound by this agreement for the remainder of the applicable Lock-up Period;

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- b. a Transfer to any Affiliate of a Stockholder; provided, that as a condition to any such Transfer, the Affiliate shall agree in writing with Hightimes to be bound by this agreement for the remainder of the applicable Lock-up Period;
 - c. a Transfer in a private placement of the Subject Shares (not into the market) to any person, corporations, partnerships, limited liability companies or other entities (each a “**Private Transferee**”), so long as such Private Transferee agrees in writing with Hightimes to be bound by this agreement for the remainder of the applicable Lock-up Period;

- d. any transfer of Subject Shares pursuant to a bona fide third party take-over bid, merger, plan of arrangement or other similar transaction made to all holders of such Subject Shares, involving a change of control of Hightimes, provided that in the event that the take-over bid, merger, plan of arrangement or other such transaction is not completed, the Subject Shares owned by the undersigned shall remain subject to the restrictions contained in this agreement.

4. Each Stockholder hereby represents and warrants that it has full power and authority to enter into this agreement and that, upon request, it will execute any additional documents necessary or desirable in connection with the enforcement hereof.
5. This agreement is irrevocable and will be binding on each Stockholder and its successors, assigns, provided however that the Stockholders shall not assign this agreement without the prior written consent of Hightimes.
6. This agreement shall be governed and construed in accordance with the laws of the State of California applicable therein. All matters relating hereto shall be submitted to the state (but not federal) court of appropriate jurisdiction in the County of Los Angeles, State of California, for the purpose of this agreement and for all related proceedings.
7. This agreement will terminate on the close of trading of Hightimes Common Stock on the date that the last Lock-up Period expires.
8. This agreement may be executed in any number of counterparts, each of which when delivered, either in original or facsimile form, shall be deemed to be an original and all of which together shall constitute one and the same document.

[Signature page follows]

IN WITNESS WHEREOF, this Lock-Up Agreement has been duly executed by the parties set forth below as of the Effective Date.

HIGHTIMES HOLDING CORP.

By: /s/ Paul Henderson

Name: Paul Henderson

Title: Chief Executive Officer

STOCKHOLDER:

MXV HOLDINGS INC.

By: /s/ Jordan Lams

Name: Jordan Lams

Title: Chief Executive Officer

[Signature page to Lock-Up Agreement]

MEMBERSHIP INTEREST PURCHASE AGREEMENT

among

ANACAPA CA LLC,**HT RED LLC,**

and

HIGHTIMES HOLDING CORP.

dated as of

November 1, 2022**MEMBERSHIP INTEREST PURCHASE AGREEMENT**

This Membership Interest Purchase Agreement (this “**Agreement**”), dated as of November 1, 2022, is entered into between Anacapa CA LLC, a California limited liability company (the “**Seller**”), HT Red LLC, a Delaware limited liability company, and (“**Buyer**”), and Hightimes Holding Corp., a Delaware corporation and the direct owner of 100% of the equity interests of Buyer (“**Buyer Parent**”).

RECITALS

WHEREAS, the Seller owns: (i) all of the issued and outstanding membership interests (the “**Membership Interests**”) in Pure CA LLC, a California limited liability company (the “**Company**”); and (ii) all of the issued and outstanding membership interests (the “**Calaveras Membership Interests**”) in Pure Calaveras LLC, a California limited liability company (“**Calaveras**”);

WHEREAS, MXY Ancillary Holdings LLC, a Nevada limited liability company and an Affiliate of Seller (“**MXY Ancillary**”), owns all of the issued and outstanding membership interests (the “**MLK Membership Interests**”) in MXY Property Holdings, LLC, a Nevada limited liability company (“**MLK**”);

WHEREAS, the Seller wishes to sell to Buyer, and Buyer wishes to purchase from the Seller, the Membership Interests, subject to the terms and conditions set forth herein; and

WHEREAS, simultaneously with the execution hereof, (i) the Seller and the Buyer Parties (as hereinafter defined) shall enter into separate Membership Interest Purchase Agreements for the purchase by the Buyer of the Calaveras Membership Interests (the “**Calaveras MIPA**”), and (ii) MXY Ancillary and the Buyer Parties shall enter into a separate Membership Interest Purchase Agreement for the purchase by the Buyer of the MLK Membership Interests (the “**MLK MIPA**” and, together with the Calaveras MIPA and this Agreement, the “**Purchase Agreements**”), in each case pursuant to which the Buyer will consummate the acquisition of the Calaveras Membership Interests and the MLK Membership Interests, respectively, simultaneously with the purchase of the Membership Interests hereunder (the “**Contingent Transactions**”).

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**Article I.
DEFINITIONS**

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

“**Acquisition Proposal**” has the meaning set forth in Section 5.03(a).

“**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.

“**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.

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

“**Ancillary Documents**” means the Assignments, the Lock-Up Agreements, and the License Agreement.

“**Assignments**” has the meaning set forth in Section 2.03(b)(i).

“**Balance Sheet**” has the meaning set forth in Section 3.05.

“**Balance Sheet Date**” has the meaning set forth in Section 3.05.

“**Basket**” has the meaning set forth in Section 8.04(a).

“**Benefit Plan**” has the meaning set forth in Section 3.16(a).

“**Business Day**” means any day except Saturday, Sunday, or any other day on which commercial banks located in Los Angeles, California, are authorized or required

by Law to be closed for business.

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

“**Buyer Indemnitees**” has the meaning set forth in Section 8.02.

“**Buyer Parent Common Stock**” means the Class A voting Common Stock, par value \$0.0001 per share, of Buyer Parent.

“**Buyer Parent Securities**” has the meaning set forth in Section 3.19(a).

“**Buyer Parties**” has the meaning set forth in the preamble to Article IV.

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

“**Calaveras Membership Interests**” has the meaning set forth in the recitals.

“**Calaveras MIPA**” has the meaning set forth in the recitals.

“**Cap**” has the meaning set forth in Section 8.04(a).

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

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

“**Company Intellectual Property**” means all Intellectual Property that is owned by the Company.

“**Contingent Transactions**” has the meaning set forth in the recitals.

“**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.

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“**Disclosure Schedules**” means the Disclosure Schedules delivered by the Seller and Buyer concurrently with the execution and delivery of this Agreement.

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

“**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 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.

“**Equity Consideration**” has the meaning set forth in Section 2.02.

“**Escrow**” means that certain escrow materials including the Equity Consideration and the Assignments placed into escrow held by Escrow Holder at the First Closing to be released upon the Second Closing.

“**Escrow Holder**” means SMB Law Group LLP, a Texas limited liability partnership.

“**Financial Statements**” has the meaning set forth in Section 3.05.

“**First Closing**” has the meaning set forth in Section 2.04.

“**First Closing Date**” has the meaning set forth in Section 2.04.

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

“**Governmental Approval Contingency**” has the meaning set forth in Section 5.08(a).

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

“**Hazardous Materials**” means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral, or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum-derived products, radon, radioactive materials, or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation, and polychlorinated biphenyls.

“Indebtedness” means, without duplication and with respect to the Company, all (a) indebtedness for borrowed money; (b) long or short-term obligations evidenced by notes, bonds, debentures or other similar instruments, (c) capital lease obligations; (d) reimbursement obligations under any letter of credit, banker’s acceptance or similar credit transactions; (e) guarantees made by the Company or any Subsidiary on behalf of any third party in respect of obligations of the kind referred to in the foregoing clauses (a) through (d); and (f) any unpaid interest, prepayment penalties, premiums, costs and fees that would arise or become due as a result of the prepayment of any of the obligations referred to in the foregoing clauses (a) through (e).

“Indemnified Party” has the meaning set forth in Section 8.05.

“Indemnifying Party” has the meaning set forth in Section 8.05.

“Indemnity Claim Determination” has the meaning set forth in Section 8.06(a).

“Intellectual Property” means any and all rights in, arising out of, or associated with any of the following in any jurisdiction throughout the world: (a) issued patents and patent applications (whether provisional or non-provisional), including divisionals, continuations, continuations-in-part, substitutions, reissues, reexaminations, extensions, or restorations of any of the foregoing, and other Governmental Authority-issued indicia of invention ownership (including certificates of invention, petty patents, and patent utility models) (“**Patents**”); (b) trademarks, service marks, brands, certification marks, logos, trade dress, trade names, and other similar indicia of source or origin, together with the goodwill connected with the use of and symbolized by, and all registrations, applications for registration, and renewals of, any of the foregoing (“**Trademarks**”); (c) copyrights and works of authorship, whether or not copyrightable, and all registrations, applications for registration, and renewals of any of the foregoing (“**Copyrights**”); (d) internet domain names, whether or not Trademarks, all associated web addresses, URLs, websites and web pages, and all content and data thereon or relating thereto, whether or not Copyrights; (e) computer programs, operating systems, applications, firmware, and other code, including all source code, object code, application programming interfaces, data files, databases, protocols, specifications, and other documentation thereof; and (f) all other intellectual or industrial property and proprietary rights.

“IP Registrations” means all Intellectual Property that is subject to any issuance, registration, or application by, to or with any Governmental Authority or authorized private registrar in any jurisdiction, including issued patents, registered trademarks, domain names and copyrights, and pending applications for any of the foregoing.

“Knowledge of Seller” or **“Seller’s Knowledge”** or any other similar knowledge qualification, means the actual or constructive knowledge of each of Jordan Lam, Kevin Marrone, Neil Hammond, Billy Maddox, and Brett Carman, after due inquiry.

“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” has the meaning set forth in Section 3.06.

“License Agreement” has the meaning set forth in Section 2.03(b)(iii).

“Lock-Up Agreement” means the Lock-Up Agreement, to be entered by and between Buyer Parent and Seller Parent, in the form attached hereto as Exhibit A.

“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; *provided, however*, that **“Losses”** shall not include punitive damages, except to the extent actually awarded to a Governmental Authority or other third party.

“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) or assets of the Company or any of the Subsidiaries, or (b) the ability of the Seller to consummate the transactions contemplated hereby on a timely basis.

“Material Contracts” has the meaning set forth in Section 3.08.

“Membership Interests” has the meaning set forth in the recitals.

“MLK” has the meaning set forth in the recitals.

“MLK Membership Interests” has the meaning set forth in the recitals.

“MLK MIPA” has the meaning set forth in the recitals.

“Organizational Documents” means (a) in the case of a Person that is a corporation, its articles or certificate of incorporation and its by-laws, regulations or similar governing instruments required by the laws of its jurisdiction of formation or organization; (b) in the case of a Person that is a partnership, its articles or certificate of partnership, formation or association, and its partnership agreement (in each case, limited, limited liability, general or otherwise); (c) in the case of a Person that is a limited liability company, its articles or certificate of formation or organization, and its limited liability company agreement or operating agreement; and (d) in the case of a Person that is none of a corporation, partnership (limited, limited liability, general or otherwise), limited liability company or natural person, its governing instruments as required or contemplated by the laws of its jurisdiction of organization.

“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 3.09(a).

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

“Post-Closing Tax Period” means any taxable period beginning after the First Closing Date and, with respect to any taxable period beginning before and ending after the First Closing Date, the portion of such taxable period beginning after the First Closing Date.

“Price Per Share” has the meaning set forth in Section 2.02.

“Purchase Agreements” has the meaning set forth in the recitals.

“**Purchase Price**” has the meaning set forth in Section 2.02.

“**Pure CA**” has the meaning set forth in the recitals.

“**Pure CA Membership Interests**” has the meaning set forth in the recitals.

“**Real Property**” means the real property owned, leased, or subleased by the Company, together with all buildings, structures and facilities located thereon.

“**Release**” means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility, or fixture).

“**Relevant Stock Price**” means, as of any given time, if Buyer Common Stock is not then listed on a national stock exchange, the last price at which Buyer sold shares of Buyer Common Stock to third parties in a financing transaction or, if Buyer Common Stock is then listed on a national stock exchange, the average closing price for the twenty trading days immediately preceding the date of determination of the Relevant Stock Price.

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

“**Restricted Business**” means the ownership or operation of any business licensed by the State of California Bureau of Cannabis Control for the cultivation, production, distribution, delivery, or sale of cannabis and cannabis-related products within the State of California.

“**Restricted Period**” has the meaning set forth in Section 5.07(a).

“**SEC**” has the meaning set forth in Section 3.19(a).

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“**Securities Act**” has the meaning set forth in Section 3.19(a).

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

“**Seller Indemnitees**” has the meaning set forth in Section 8.03.

“**Seller Parent**” means MXY Holdings Inc., the direct owner of 100% of the equity interests of the Seller.

“**Taxes**” means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, 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.

“**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.

“**Territory**” means the State of California.

“**Third Party Claim**” has the meaning set forth in Section 8.05(a).

Article II. PURCHASE AND SALE

Section 2.01 Purchase and Sale. Subject to the terms and conditions set forth herein, at the Second Closing, the Seller shall sell to Buyer, and Buyer shall purchase from the Seller, directly or through one or more direct or indirect wholly-owned subsidiaries, all of the Seller’s right, title, and interest in and to the Membership Interests, free and clear of all Encumbrances, for the consideration specified in Section 2.02.

Section 2.02 Purchase Price. The aggregate purchase price for the Membership Interests shall be Six Million Seven Hundred Thousand dollars (\$6,700,000) (the “**Purchase Price**”), payable to Seller in the form of Buyer Parent Common Stock (the “**Equity Consideration**”) at a price per share of \$11.00 (the “**Price Per Share**”), placed into Escrow within three (3) Business Days following the First Closing and released to Seller at the Second Closing.

Section 2.03 Transactions to be Effected at the First Closing.

(a) At the First Closing, Buyer and Buyer Parent shall deliver to the Escrow:

(i) the Equity Consideration;

(ii) the Assignments, each duly countersigned by an authorized representative of the Buyer;

(iii) the Lock-Up Agreements, each duly countersigned by an authorized representative of the Buyer Parent;

(iv) the License Agreement, duly countersigned by an authorized representative of the Buyer;

(v) each of the Calaveras MIPA and the MLK MIPA, duly executed by an authorized representative of the Buyer and Buyer Parent; and

(vi) all other agreements, documents, instruments, or certificates required to be delivered by Buyer at or prior to the First Closing pursuant to Section 7.03 of this Agreement.

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(b) At the First Closing, the Seller shall cause to be delivered to the Escrow:

(i) An assignment of the Membership Interests to Buyer in the form of Exhibit B hereto (collectively, the “**Assignments**”), duly executed by the Seller within three (3) Business Days following the First Closing;

(ii) a Lock-Up Agreement with the Seller Parent, duly executed by the Seller Parent;

(iii) a License Agreement to be entered into by and among Seven Ten Holdings, LLC, and Affiliate of the Seller, and Buyer and/or one or more of its Affiliates in the form of Exhibit C (the “**License Agreement**”), duly executed by the Affiliates of the Company designated therein;

(iv) each of the Calaveras MIPA, duly executed by an authorized representative of the Seller, and the MLK MIPA, duly executed by an authorized representative of MXY Ancillary; and

(v) all other agreements, documents, instruments, or certificates required to be delivered by the Seller at or prior to the First Closing pursuant to Section 7.02 of this Agreement.

Section 2.04 First Closing. Subject to the terms and conditions of this Agreement, the First Closing contemplated hereby shall take place at a closing on October 31, 2022 (the “**First Closing**”) to be conducted remotely by exchange of documents and signatures (or their electronic counterparts), after the last of the conditions to First Closing set forth in Article VII have been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the First Closing Date), or at such other time or on such other date or at such other place as the Seller and Buyer may mutually agree upon in writing (the day on which the First Closing takes place being the “**First Closing Date**”).

Section 2.05 Transactions to be Effected at the Second Closing.

(a) At the Second Closing, Escrow shall release:

(i) to each of the Buyer and Seller those documents placed into Escrow by the other party;

(ii) to Buyer, the Assignments

(iii) to Seller, the Equity Consideration.

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Section 2.06 Second Closing. Subject to the terms and conditions of this Agreement, the Second Closing contemplated hereby shall take place at a closing within 3 days of that date upon which all approvals, consents and waivers that are listed on Section 3.04 of the Disclosure Schedules, including the Governmental Approval Contingency, shall have been received (the “**Second Closing**”).

Section 2.07 Withholding Tax. Neither Buyer nor the Company shall be entitled to deduct any withhold from the Purchase Price for Taxes.

Section 2.08 Inventory Count. No more than three (3) days prior to First Closing, a physical count of all inventory owned by the Company shall be carried out by representatives of each of the Company and the Buyer. The representatives of each of the Company and the Buyer shall attempt, in good faith, to resolve any disputes which may arise during the physical count of the inventory. Upon completion of the physical count of the inventory, the representatives of each of the Company and the Buyer shall agree upon and execute a statement setting forth the final physical count of the inventory as agreed in good faith between the Company and the Buyer.

Article III. REPRESENTATIONS AND WARRANTIES OF THE SELLER

Except as set forth in the correspondingly numbered Section of the Disclosure Schedules, and except to the extent such would have less than a Material Adverse Effect, the Seller represents and warrants to Buyer that the statements contained in this Article III are true and correct as of the date hereof.

Section 3.01 Organization and Authority of the Seller. The Seller is duly organized, validly existing and in good standing under the Laws of the state of organization of the Seller. The Seller has full power and authority to enter into this Agreement and the Ancillary Documents to which Seller 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 the Seller of this Agreement and any Ancillary Document to which each such Seller is a party, the performance by the Seller of its obligations hereunder and thereunder, and the consummation by the Seller of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of Seller. This Agreement has been duly executed and delivered by the Seller, and (assuming due authorization, execution, and delivery by Buyer) this Agreement constitutes a legal, valid, and binding obligation of the Seller enforceable against each such Seller in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity. When each Ancillary Document to which the Seller is or will be a party has been duly executed and delivered by such Seller (assuming due authorization, execution, and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of such Seller enforceable against it in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity.

Section 3.02 Organization, Authority and Qualification of the Company.

(a) The Company is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of California and has full limited liability company power and authority to own, operate or lease the properties and assets now owned, operated, or leased by it and to carry on its business as it has been and is currently conducted. The Company is licensed or qualified to do business only in the State of California. All limited liability company actions taken by the Company in connection with this Agreement and the other Ancillary Documents will be duly authorized on or prior to the First Closing.

(b) The Company has no Subsidiaries.

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Section 3.03 Capitalization.

(a) The Seller is a record owner of and has good and valid title to the Membership Interests, free and clear of all Encumbrances. The Membership Interests constitute 100% of the total issued and outstanding membership interests in the Company. The Membership Interests have been duly authorized and are validly issued, fully-paid, and non-assessable. Upon consummation of the transactions contemplated by this Agreement, Buyer shall own all of the Membership Interests, free and clear of all Encumbrances, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity.

(b) The Membership Interests were issued in compliance with applicable Laws. The Membership Interests were not issued in violation of the Organizational Documents of the Company, or any other agreement, arrangement, or commitment to which any Seller or the Company is a party and are not subject to or in violation of any

preemptive or similar rights of any Person.

(c) There are no outstanding or authorized options, warrants, convertible securities or other rights, agreements, arrangements, or commitments of any character relating to any membership interests in the Company, or obligating any Seller or the Company, to issue or sell any membership interests (including the Membership Interests), or any other interest, in the Company. Other than the Organizational Documents, there are no voting trusts, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Membership Interests.

Section 3.04 No Conflicts; Consents. Except for and subject to consents required by all applicable governmental authorities and except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity, the execution, delivery and performance by the Seller of this Agreement and the Ancillary Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the Organizational Documents of any Seller or the Company; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to any Seller or the Company; (c) except as set forth in Section 3.04 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 to which any Seller or the Company is a party or by which any Seller or the Company is bound or to which any of their respective properties and assets are subject (including any Material Contract) or any Permit affecting the properties, assets or business of the Company; or (d) result in the creation or imposition of any Encumbrance other than Permitted Encumbrances on any properties or assets of the Company. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to any Seller or the Company in connection with the execution and delivery of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby, except for and subject to consents required by all applicable governmental authorities, and such filings as may be set forth on Section 3.04 of the Disclosure Schedules.

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Section 3.05 Financial Statements. Complete copies of the Company's unaudited consolidated balance sheets and the related statements of income and retained earnings, members' equity, and cash flow as of and for the each of the fiscal years ended December 31, 2019, 2020, and 2021, and an unaudited balance sheet and related statements of income and retained earnings, members' equity, and cash flow as of the end of each fiscal quarter ended March 31, June 30, and September 30, 2022 (the "**Financial Statements**"), are included in the Disclosure Schedules. The Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved. The Financial Statements are based on the books and records of the Company, and fairly present the financial condition of the Company, on a consolidated basis, as of the respective dates they were prepared and the results of the operations of the Company for the periods indicated. The balance sheet of the Company as of August 31, 2022, is referred to herein as the "**Balance Sheet**" and the date thereof as the "**Balance Sheet Date**".

Section 3.06 Undisclosed Liabilities. The Company does not have any 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 ("**Liabilities**"), except (a) those which are adequately reflected or reserved against in the Company's Balance Sheet as of the Balance Sheet Date, and (b) those which have been incurred in the ordinary course of business consistent with past practice since the Balance Sheet Date and which are not, individually or in the aggregate, material in amount.

Section 3.07 Absence of Certain Changes, Events, and Conditions. Since the Balance Sheet Date, and other than in the ordinary course of business consistent with past practice, there has not been, with respect to the Company, 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) amendment of the Organizational Documents of the Company;
- (c) split, combination, or reclassification of any membership interests in the Company;
- (d) issuance, sale, or other disposition of, or creation of any Encumbrance on, any membership interests in the Company, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange, or exercise) any membership interests in the Company;
- (e) declaration or payment of any distributions on or in respect of any membership interests in the Company or redemption, purchase, or acquisition of the Company's outstanding membership interests;
- (f) material change in the Company's cash management practices and any of their policies, practices, and procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts, accrual of accounts receivable, inventory control, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of customer deposits;

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- (g) entry into any Contract that would constitute a Material Contract;
- (h) incurrence, assumption or guarantee of any indebtedness for borrowed money except unsecured current obligations and Liabilities incurred in the ordinary course of business consistent with past practice;
- (i) transfer, assignment, sale, or other disposition of any of the assets shown or reflected in the Balance Sheet or cancellation of any debts or entitlements;
- (j) material damage, destruction, or loss (whether or not covered by insurance) to its property;
- (k) any capital investment in, or any loan to, any other Person;
- (l) acceleration, termination, material modification to or cancellation of any Material Contract (including, but not limited to, any Material Contract) to which the Company is a party or by which it is bound;
- (m) any material capital expenditures;
- (n) imposition of any Encumbrance upon any of the properties or assets, tangible or intangible, of the Company;
- (o) 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;
- (p) purchase, lease, or other acquisition of the right to own, use or lease any property or assets for an amount in excess of \$50,000, individually (in the case of a lease, per annum), or \$100,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the ordinary course of business consistent with past practice;

(q) acquisition by merger or consolidation with, or by purchase of a substantial portion of the assets, stock, or other equity of, or by any other manner, any business or any Person or any division thereof;

(r) action by the Company to make, change, or rescind any Tax election, amend any Tax Return, or take any position on any Tax Return, take any action, omit to take any action, or enter into any other transaction that would have the effect of increasing the Tax liability or reducing any Tax asset of Buyer in respect of any Post-Closing Tax Period; or

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

Section 3.08 Material Contracts. Prior to the date hereof, the Company has provided to Buyer complete and correct copies of all material Contracts to which the Company is a party. “**Material Contract**” means, each Contract of the Company involving aggregate consideration in excess of \$50,000 and which, in each case, cannot be cancelled by the Company without penalty or without more than 90 days’ notice. Each Material Contract is valid and binding on the Company in accordance with its terms and is in full force and effect, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity. Neither the Company nor, to the Seller’s Knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under) in any material respect or has provided or received any notice of any intention to terminate, any Material Contract. To the Knowledge of the Company and the Seller, 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.

Section 3.09 Title to Assets; Real Property.

(a) The Company has good and valid title to, or a valid leasehold interest in, all Real Property and personal property and other assets reflected in the Company’s Financial Statements or acquired after the Balance Sheet Date, other than properties and assets sold or otherwise disposed of in the ordinary course of business consistent with past practice since the Balance Sheet Date. All such properties and assets (including leasehold interests) are free and clear of Encumbrances, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity and except for the following (collectively referred to as “**Permitted Encumbrances**”):

(i) liens for Taxes not yet due and payable;

(ii) 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 business of the Company;

(iii) easements, rights of way, zoning ordinances and other similar encumbrances affecting Real Property which are not, individually or in the aggregate, material to the business of the Company; or

(iv) other than with respect to owned Real Property, liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business consistent with past practice which are not, individually or in the aggregate, material to the business of the Company.

(b) Section 3.09(b) of the Disclosure Schedules lists (i) the street address of each parcel of Real Property; (ii) the landlord under the lease, the rental amount currently being paid, and the expiration of the term of such lease or sublease for each leased or subleased property; and (iii) the current use of such property. The Company is not a sublessor or grantor under any sublease or other instrument granting to any other Person any right to the possession, lease, occupancy, or enjoyment of any leased Real Property. The use and operation of the Real Property in the conduct of the Company’s business do not violate in any material respect any Law, covenant, condition, restriction, easement, license, permit or agreement. There are no Actions pending nor, to the Seller’s Knowledge, threatened against or affecting the Real Property or any portion thereof or interest therein in the nature or in lieu of condemnation or eminent domain proceedings.

(c) Except as set forth on Disclosure Schedule Section 3.09(c), neither the Company nor any of its Affiliates has engaged in or permitted any operation or activity at or upon, or any use or occupancy of, any Real Property for the purpose of manufacturing, generating, handling, storing, transferring, treating or disposing of, or in any way involving release of, any Hazardous Materials on, under, in or about any Real Property; and (ii) no Hazardous Materials have been released on, into, upon or about any Real Property, and to the Seller’s Knowledge, no Hazardous Materials have migrated from or to any adjacent properties.

Section 3.10 Condition of Assets. To the Knowledge of Seller, the buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property of the Company are structurally sound, are in good operating condition and repair, and are adequate for the uses to which they are being put, and none of such buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost.

Section 3.11 Intellectual Property. The Company does not hold any IP Registrations or any Intellectual Property other than rights in certain Intellectual Property as set forth in the License Agreement entered into in connection herewith and any and all other license agreements held by the Company from the Seller or any Affiliate of Seller are hereby and forever canceled and of no further force or effect.

Section 3.12 Inventory. All inventory of the Company, whether or not reflected in the Balance Sheet, consists of a quality and quantity usable and salable in the ordinary course of business consistent with past practice, except for obsolete, damaged, defective, or slow-moving items that have been written off or written down to fair market value or for which adequate reserves have been established. All such inventory is owned by the Company free and clear of all Encumbrances, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity, and no inventory is held on a consignment basis. The quantities of each item of inventory (whether raw materials, work-in-process or finished goods) are not excessive but are reasonable in the present circumstances of the Company.

Section 3.13 Accounts Receivable. The accounts receivable reflected on the Balance Sheet of the Company and the accounts receivable arising after the date thereof: (a) have arisen from bona fide transactions entered into by the Company involving the sale of goods or the rendering of services in the ordinary course of business consistent with past practice; and (b) to the Seller’s Knowledge constitute only valid, undisputed claims of the Company 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, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity.

Section 3.14 Legal Proceedings; Governmental Orders. Except as set forth in Section 3.14 of the Disclosure Schedules, there are no Actions pending or, to the Seller’s Knowledge, threatened (a) against or by the Company affecting any of its properties or assets (or by or against any Seller or any Affiliate thereof and relating to the Company); or (b) against or by the Company, any Seller, or any Affiliate of any Seller that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. To Seller’s Knowledge, no event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action. There are no outstanding

Section 3.15 Compliance With Laws; Permits. The Company has complied, and is now complying, in all material respects with all Laws applicable to it or its business, properties, or assets. All Permits required for the Company to conduct their business have been obtained by it and are valid and in full force and effect. All fees and charges with respect to such Permits as of the date hereof have been paid in full. Copies of all current Permits issued to the Company, including the names of the Permits and their respective dates of issuance and expiration, have been provided to Buyer prior to the date hereof. To the Seller's Knowledge, no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse, or limitation of any such Permit.

Section 3.16 Employee Benefit Matters.

(a) Prior to the date hereof, the Company has made available to Buyer true and correct copies of each pension, benefit, retirement, compensation, employment, consulting, profit-sharing, deferred compensation, incentive, bonus, performance award, phantom equity or other equity, change in control, retention, severance, vacation, paid time off (PTO), medical, vision, dental, disability, welfare, Code Section 125 cafeteria, fringe benefit and other similar agreement, plan, policy, program or arrangement (and any amendments thereto), 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 the Company for the benefit of any current or former employee, officer, manager, retiree, independent contractor or consultant of each such Company or any spouse or dependent of such individual, or under which the Company or any of their ERISA Affiliates has 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**").

(b) Each Benefit Plan can be amended, terminated, or otherwise discontinued after the First Closing in accordance with its terms, without material liabilities to Buyer Parties, the Company, or any of their Affiliates, other than ordinary administrative expenses typically incurred in a termination event. The Company has no commitment or obligation and has not made any representations to any employee, officer, manager, independent contractor, or consultant, whether or not legally binding, to adopt, amend, modify, or terminate any Benefit Plan or any collective bargaining agreement, in connection with the consummation of the transactions contemplated by this Agreement or otherwise.

(c) There is no pending or, to the Seller's Knowledge, threatened Action relating to a Benefit Plan (other than routine claims for benefits), and no Benefit Plan has within the three years prior to the date hereof been the subject of an examination or audit by a Governmental Authority or the subject of an application or filing under or is a participant in, an amnesty, voluntary compliance, self-correction, or similar program sponsored by any Governmental Authority.

(d) There has been no amendment to, announcement by any Seller, the Company or any of their Affiliates relating to, or change in employee participation or coverage under, any Benefit Plan or collective bargaining agreement that would increase the annual expense of maintaining such plan above the level of the expense incurred for the most recently completed fiscal year (other than on a de minimis basis) with respect to any manager, officer, employee, independent contractor or consultant, as applicable. None of the Seller, the Company, nor any of their Affiliates has any commitment or obligation or has made any representations to any manager, officer, employee, independent contractor, or consultant, whether or not legally binding, to adopt, amend, modify, or terminate any Benefit Plan or any collective bargaining agreement.

(e) Each Benefit Plan that is subject to Section 409A of the Code has been administered in compliance with its terms and the operational and documentary requirements of Section 409A of the Code and all applicable regulatory guidance (including notices, rulings and proposed and final regulations) thereunder. The Company does not have any obligation to gross up, indemnify, or otherwise reimburse any individual for any excise taxes, interest, or penalties incurred pursuant to Section 409A of the Code.

(f) Each individual who is classified by the Company as an independent contractor has been properly classified for purposes of participation and benefit accrual under each Benefit Plan.

(g) Section 3.16(g) of the Disclosure Schedules contains a list of all persons who are employees, independent contractors, or consultants of the Company as of the date hereof, 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; and (vi) a description of the fringe benefits provided to each such individual as of the date hereof. As of the date hereof, all compensation, including wages, commissions, bonuses, fees and other compensation, payable to all employees, independent contractors, or consultants of the Company for services performed on or prior to the date hereof have been paid in full, and there are no outstanding agreements, understandings or commitments of the Company with respect to any compensation, commissions, bonuses, or fees.

Section 3.17 Taxes.

(a) All Tax Returns required to be filed on or before the First Closing Date by the Company has been, or will be, timely filed. Such Tax Returns are, or will be, true, complete, and correct in all respects. All Taxes due and owing by the Company (whether or not shown on any Tax Return) have been, or will be, timely paid.

(b) The Company has 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, member, or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(c) The Company is a party to any Action by any taxing authority. There are no pending or threatened Actions by any taxing authority.

(d) There are no Encumbrances for Taxes (other than for current Taxes not yet due and payable) upon the assets of the Company.

(e) At all times since January 1, 2018, the Company has made an election to be treated as a C-corporation for US federal, state, local, or foreign tax purposes.

Section 3.18 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 the Seller.

Section 3.19 Equity Consideration.

(a) The Equity Consideration (collectively, the "**Buyer Parent Securities**") are or shall be restricted securities and have not been registered for resale under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be sold, transferred, hypothecated, or assigned by any of the Seller in the absence of a registration statement covering such Buyer Parent Securities that has been declared effective by the Securities and Exchange Commission ("**SEC**") or the availability of an applicable exemption therefrom. For clarity, other than the Lock-up Agreement, there are no separate restrictions other than the stock having been issued in a private transaction, thereby making the shares restricted for Rule 144 purposes. If the Buyer Parent lists its shares on any public exchange, at Seller's election, Buyer shall: (i) if

registration occurs after the First Closing, ensure Seller's Equity Consideration is registered, or (ii) if registration occurs before the First Closing, pay the Equity Consideration in registered shares.

(b) The Seller is a knowledgeable, sophisticated, and experienced investor and has sufficient knowledge and experience in evaluating and making, and is qualified to evaluate and make, decisions with respect to private investments in and dispositions of securities, including investments in and dispositions of securities issued by Buyer Parent and Persons engaged in similar activities, and is capable of evaluating the risks and merits associated with the Buyer Parent Securities.

(c) The Seller is an "accredited investor" as defined in Rule 501(a) of Regulation D under the Securities Act.

(d) The Seller has had the opportunity to seek independent legal, investment, and tax advice in connection with such Seller's decision to acquire its share of the Buyer Parent Securities.

(e) The Seller is acquiring the Buyer Parent Securities for investment purposes only and not with a view toward the immediate resale or distribution thereof. The Seller acknowledges that, as a result of the substantial restrictions on the transferability of its share of Buyer Parent Securities, such Seller will be required to bear the financial risks of an investment in such capital stock for an indefinite period of time.

(f) The Seller has reviewed the reports filed with the SEC by Buyer Parent and has received and reviewed a draft of Buyer Parent's Form 1-K for fiscal year 2019, to be filed with the SEC pending completion of the Company's audit procedures. The Seller understands the risks of its investment in Buyer Parent. The Seller acknowledges and agrees that it has had sufficient time and opportunity to ask questions and receive answers from Buyer Parent concerning the terms of the issuance of Buyer Parent Securities pursuant to this Agreement and to obtain any additional information required by or pursuant to the Securities Act.

Section 3.20 Full Disclosure. No representation or warranty by the Seller 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.

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Article IV. REPRESENTATIONS AND WARRANTIES OF BUYER AND BUYER PARENT

Except as set forth in the correspondingly numbered Section of the Disclosure Schedules, Buyer and Buyer Parent (collectively, the "**Buyer Parties**") represent and warrant to Seller, jointly and severally, that the statements contained in this Article IV are true and correct as of the date hereof.

Section 4.01 Organization and Authority of Buyer. Buyer is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware. Buyer Parent is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware. Each Buyer Party has full power and authority to enter into this Agreement and the Ancillary Documents to which such Buyer Party 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 the Buyer Parties of this Agreement and any Ancillary Document to which either is a party, the performance by either Buyer Party of its obligations hereunder and thereunder and the consummation by the Buyer Parties of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of the Buyer Parties. This Agreement has been duly executed and delivered by the Buyer Parties, and (assuming due authorization, execution, and delivery by the Seller), this Agreement constitutes a legal, valid, and binding obligation of the Buyer Parties enforceable against the Buyer Parties in accordance with its terms. When each Ancillary Document to which either Buyer Party is or will be a party has been duly executed and delivered by the applicable Buyer Party (assuming due authorization, execution, and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of such Buyer Party enforceable against it in accordance with its terms.

Section 4.02 No Conflicts; Consents. The execution, delivery, and performance by the Buyer Parties of this Agreement and the Ancillary Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the Organizational Documents of the Buyer Parties; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to the Buyer Parties; or (c) require the consent, notice, or other action by any Person under any Contract to which either Buyer Party is a party. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to the Buyer Parties in connection with the execution and delivery of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby.

Section 4.03 Investment Purpose. Buyer is acquiring the Membership Interests solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. Buyer acknowledges that the Membership Interests are not registered under the Securities Act, or any state securities laws, and that the Membership Interests may not be transferred or sold except pursuant to the registration provisions of the Securities Act or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable. Buyer is an "accredited investor" as defined in Rule 501(a) of Regulation D under the Securities Act. Buyer has had the opportunity to seek independent legal, investment, and tax advice in connection with Buyer's decision to acquire the Seller's Membership Interests. Buyer is a knowledgeable, sophisticated, and experienced investor and has sufficient knowledge and experience in evaluating and making, and is qualified to evaluate and make, decisions with respect to private investments in and dispositions of securities, including investments in and dispositions of Membership Interests of Seller's and Persons engaged in similar activities, and is capable of evaluating the risks and merits associated with the Seller's Membership Interests.

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Section 4.04 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 the Buyer Parties.

Section 4.05 Legal Proceedings. There are no Actions pending or, to the Buyer Parties' knowledge, threatened against or by the Buyer Parties or any Affiliate of the Buyer Parties 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 or serve as a basis for any such Action.

Section 4.06 Full Disclosure. No representation or warranty by the Buyer Parties 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 Seller 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.

Article V. COVENANTS

Section 5.01 Conduct of Business Prior to the First Closing. From the date hereof until the First 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), the business of the Company will be carried on by Buyer pursuant to a Management Services Agreement substantially in the form attached hereto as Exhibit D.

Section 5.02 Access to Information. From the date hereof until the Second Closing, the Seller shall (a) afford Buyer and its Representatives full and free access to and

the right to inspect all of the Real Property, properties, assets, premises, books and records, Contracts and other documents and data related to the Company; (b) furnish Buyer and its Representatives with such financial, operating and other data and information related to the Company as Buyer or any of its Representatives may reasonably request; and (c) instruct the Representatives of the Seller and the Company to cooperate with Buyer in its investigation of the Company.

Section 5.03 No Solicitation of Other Bids.

(a) The Seller shall not, and shall not authorize or permit any of its Affiliates (including the Company) or any of its or their Representatives to, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. The Seller shall immediately cease and cause to be terminated and shall cause their Affiliates (including the Company and any Subsidiary) and all of its and their Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could lead to, an Acquisition Proposal. For purposes hereof, “**Acquisition Proposal**” shall mean any inquiry, proposal or offer from any Person (other than Buyer or any of its Affiliates) concerning (i) a merger, consolidation, liquidation, recapitalization, or other business combination transaction involving the Company; (ii) the issuance or acquisition of membership interests in the Company; or (iii) the sale, lease, exchange, or other disposition of any significant portion of any of the Company’s properties or assets.

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(b) In addition to the other obligations under this Section 5.03, the Seller shall promptly (and in any event within three (3) Business Days after receipt thereof by the Company or any Seller or its or their Representatives) advise Buyer orally and in writing of any Acquisition Proposal, any request for information with respect to any Acquisition Proposal, or any inquiry with respect to or which could reasonably be expected to result in an Acquisition Proposal, the material terms and conditions of such request, Acquisition Proposal or inquiry, and the identity of the Person making the same.

(c) The Seller agrees that the rights and remedies for noncompliance with this Section 5.03 shall include having such provision specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to Buyer and that money damages would not provide an adequate remedy to Buyer.

Section 5.04 Notice of Certain Events.

(a) From the date hereof until the First Closing, the Seller shall promptly notify Buyer in writing of:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has resulted in, or could reasonably be expected to result in, any representation or warranty made by the Seller hereunder not being true and correct or (B) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in Section 7.02 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; and

(iv) any Actions commenced or, to the Seller’s Knowledge, threatened against, relating to, or involving or otherwise affecting any Seller, the Company, or any Subsidiary that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 3.14 or that relates to the consummation of the transactions contemplated by this Agreement.

(b) Buyer’s receipt of information pursuant to this Section 5.04 shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Seller in this Agreement (including Section 8.02 and Section 9.01(b)) and shall not be deemed to amend or supplement the Disclosure Schedules.

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Section 5.05 Resignations. Seller shall deliver to Buyer written resignations, effective as of the First Closing Date, of the officers and managers of the Company.

Section 5.06 Confidentiality. From and after the First Closing, the Buyer Parties, on the one hand, and the Seller, on the other hand, shall, and shall cause its or their Affiliates to, hold, and shall use its or their reasonable efforts to cause its or their respective Representatives to hold, in confidence any and all confidential information disclosed by the other party, whether written or oral, except to the extent that the such information: (a) is generally available to and known by the public through no fault of such party, any of its Affiliates, or their respective Representatives; (b) was known by such party or its Affiliates or Representatives prior to disclosure by the other party, (c) is lawfully acquired by such party, any of its Affiliates, or their respective Representatives from and after the First Closing from sources which are not prohibited from disclosing such information by a legal, contractual, or fiduciary obligation, or (d) is developed by such party, Affiliates, or their respective Representatives without reference to or use of the other party’s confidential information. If any party or any of its Affiliates or their respective Representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, such party shall promptly notify the other party in writing and shall disclose only that portion of such information that such party is advised by its counsel in writing is legally required to be disclosed; *provided, however*, that such party shall use reasonable best efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

Section 5.07 Non-Solicitation.

(a) During the Restricted Period, the Seller shall not, and shall not permit any of its Affiliates to, directly or indirectly, solicit any employee of the Company or encourage any such employee to leave such employment, except pursuant to a general solicitation which is not directed specifically to any such employees; *provided*, further that nothing in this Section 5.07(b) shall prevent any Seller or any of its Affiliates from directly soliciting (i) any employee whose employment has been terminated by the Company or Buyer, or (ii) after 180 days from the date of termination of employment, any employee whose employment has been terminated by the employee.

(b) During the Restricted Period, the Seller shall not, and shall not permit any of its Affiliates to, directly or indirectly, solicit or entice, or attempt to solicit or entice, any clients or customers of the Company or Buyer within the Territory, or potential clients or customers of the Company or Buyer within the Territory, for purposes of diverting their business or services within the Territory from the Company or Buyer.

(c) The Seller acknowledges that a breach of this Section 5.07 would give rise to irreparable harm to Buyer, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by any Seller of any such obligations, Buyer shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to seek equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

(d) The Seller acknowledges that the restrictions contained in this Section 5.07 are reasonable and necessary to protect the legitimate interests of Buyer and constitute a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated by this Agreement. In the event that any covenant contained in this Section 5.07 should ever be adjudicated to exceed the time, geographic, product or service, or other limitations permitted by applicable Law in any jurisdiction, then any court is expressly empowered to reform such covenant, and such covenant shall be deemed reformed, in such jurisdiction to the maximum time, geographic, product or

service, or other limitations permitted by applicable Law. The covenants contained in this Section 5.07 and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

Section 5.08 Governmental Approvals and Consents.

(a) Promptly following the date hereof, Buyer and the Seller shall reasonably cooperate to cause the Company, as promptly as possible, make, or cause or be made, all filings and submissions required by Law for the approval of the transactions contemplated hereby from each of the relevant jurisdictions, including the City of Lynwood, which approval shall be documented in a written instrument reasonably acceptable to Buyer (the “**Governmental Approval Contingency**”), and to provide notice following the Second Closing to the State of California Department of Cannabis Control office. Each of the parties 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) The Seller and Buyer shall use reasonable best efforts to give all notices to, and obtain all consents from, all third parties that are described in Section 3.04 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 all reasonable best efforts to:

(i) respond to any inquiries by any Governmental Authority regarding antitrust or other 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 either party before any Governmental Authority or the staff or regulators of any Governmental Authority, in connection with the transactions contemplated hereunder (but, for the avoidance of doubt, not including any interactions between the Seller or the Company 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 party with respect to any meeting, discussion, appearance or contact with any Governmental Authority or the staff or regulators of any Governmental Authority, 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 5.08 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 First Closing Date, any assets, businesses or interests of Buyer, the Company, or any of their respective 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; or (iii) any material modification or waiver of the terms and conditions of this Agreement.

Section 5.09 Books and Records.

(a) In order to facilitate the resolution of any claims made against or incurred by the Seller prior to the First Closing, or for any other reasonable purpose, for a period of five (5) years after the First Closing, Buyer shall (i) retain the books and records (including personnel files) of the Company relating to periods prior to the First Closing in a manner reasonably consistent with the prior practices of the Company; and (ii) upon reasonable notice, afford the Seller reasonable access (including the right to make, at the Seller’s expense, photocopies), during normal business hours, to such books and records.

(b) In order to facilitate the resolution of any claims made by or against or incurred by Buyer or the Company after the First Closing, or for any other reasonable purpose, for a period of five (5) years following the First Closing, the Seller shall (i) retain the books and records of such Seller that relate to the Company and its operations for periods prior to the First Closing; and (ii) upon reasonable notice, afford the Representatives of Buyer or the Company reasonable access (including the right to make, at Buyer’s expense, photocopies), during normal business hours, to such books and records.

(c) None of Buyer, on the one hand, nor the Seller, on the other hand, shall be obligated to provide the other with access to any books or records (including personnel files) pursuant to this Section 5.09 where such access would violate any Law.

Section 5.10 Closing Conditions. From the date hereof until the Second Closing, each party hereto shall, and the Seller shall cause the Company to, use reasonable best efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in Article VII hereof.

Section 5.11 Further Assurances. Following the First 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.

Article VI.
TAX MATTERS

Section 6.01 Tax Treatment. The parties intend for the transactions described herein to qualify as a tax-free reorganization under Section 368(a)(1)(B) of the Code. Each of the parties shall use its reasonable best efforts to cause the transactions to qualify as a tax-free reorganization pursuant to Section 368(a)(1)(B) of the Code, and will not take, or will not agree to take, any action that would prevent the Transaction from so qualifying. Unless otherwise required pursuant to a “determination” within the meaning of Section 1313(a) of the Code, each of the parties shall report the Transaction for U.S. federal income tax purposes as a tax-free reorganization pursuant to Section 368(a)(1)(B) of the Code.

Article VII.
CONDITIONS TO THE SECOND CLOSING

Section 7.01 Conditions to Obligations of All Parties at the Second Closing. The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Second Closing, of each of the following conditions:

(a) 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.

Section 7.02 Conditions to Obligations of the Buyer at the Second Closing. The obligations of the Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or the Buyer's waiver, at or prior to the Second Closing, of each of the following conditions:

(a) Buyer shall have received a certificate of each Company certifying that attached thereto are true and complete copies of all resolutions adopted by Company or parent of the Company 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.

(b) The representations and warranties of the Seller contained in Section 3.01, Section 3.02, Section 3.03, Section 3.05, Section 3.14 (other than with respect to the Company), and Section 3.18 shall be true and correct in all respects on and as of the date hereof and on and as of the Second Closing Date with the same effect as though made at and as of such date.

(c) No Action shall have been commenced against Buyer Parties, the Seller, the Company, or any Subsidiary that would prevent the Second 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.

(d) All approvals, consents and waivers that are listed on Section 3.04 of the Disclosure Schedules, including the Governmental Approval Contingency, shall have been received, and executed counterparts thereof shall have been delivered to Buyer at or prior to the Second Closing.

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(e) The Seller shall have delivered to Buyer a good standing certificate (or its equivalent) for the Company from the California Secretary of State or similar Governmental Authority and the Franchise Tax Board of the State of California.

(f) The Seller shall have delivered to Buyer a certificate pursuant to Treasury Regulations Section 1.1445-2(b) that the Seller is not a foreign person within the meaning of Section 1445 of the Code.

(g) The Seller 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.

Section 7.03 Conditions to Obligations of the Seller at the Second Closing. The obligations of the Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or the Seller's waiver, at or prior to the Second Closing, of each of the following conditions:

(a) No Action shall have been commenced against Buyer Parties, the Seller, the Company, or any Subsidiary that would prevent the Second Closing. No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any material transaction contemplated hereby.

(b) The representations and warranties of Buyer contained in Section 4.01, Section 4.04, Section 4.05 and Section 4.06 shall be true and correct in all respects on and as of the date hereof and on and as of the Second Closing Date with the same effect as though made at and as of such date.

(c) Seller shall have received a certificate of each of Buyer Parties certifying that attached thereto are true and complete copies of all resolutions adopted by Buyer Parties 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.

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

Article VIII.
INDEMNIFICATION

Section 8.01 Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein shall survive the First Closing and shall remain in full force and effect until the date that is twelve (12) months from the First Closing Date; *provided*, that the representations and warranties in Section 3.01, Section 3.02, Section 3.03, Section 3.18, Section 4.01, and Section 4.04 shall survive until the expiration of the applicable statute of limitations date. All covenants and agreements of the parties contained herein shall survive the First Closing for one (1) year. 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.

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Section 8.02 Indemnification By the Seller. Subject to the other terms and conditions of this Article VIII, the Seller shall indemnify and defend each of Buyer and its Affiliates (including the Company) 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, the 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 the Seller contained in this Agreement or in any certificate or instrument delivered by or on behalf of the Seller 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 First 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) having a Material Adverse Effect on Buyer Parties;

(b) any material breach or non-fulfillment of any covenant, agreement, or obligation to be performed by Seller pursuant to this Agreement having a Material Adverse Effect on Buyer Parties;

(c) any material Indebtedness of the Company outstanding as of the First Closing to the extent not paid by the Seller prior to the First Closing; or

(d) any Losses incurred by the Company in connection with any disputes with lenders of the Company that exist prior to the First Closing or disputes with lenders of the Company arising after the First Closing but only if and to the extent such disputes are derived from and based upon acts or omissions of the Seller prior to the First Closing, including the existing legal dispute with 2567423 Ontario, Inc. v. MXY Holdings, Inc., et. al.; AAA Case 01-21-0018-1992;

Section 8.03 Indemnification By Buyer Parties. Subject to the other terms and conditions of this Article VIII, Buyer Parties shall indemnify and defend each of the Seller and their Affiliates and respective Representatives (collectively, the “**Seller 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, the Seller Indemnitees based upon, arising out of, with respect to or by reason of third party claims resulting from:

(a) any inaccuracy in or breach of any of the representations or warranties of Buyer or Buyer Parent contained in this Agreement or in any certificate or instrument delivered by or on behalf of Buyer or Buyer Parent 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 First 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) having a Material Adverse Effect on the Company or the Seller;

(b) any material breach or non-fulfillment of any covenant, agreement, or obligation to be performed by Buyer Parties pursuant to this Agreement having a Material Adverse Effect on Company or the Seller.

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Section 8.04 Certain Limitations. The indemnification provided for in Section 8.02 and Section 8.03 shall be subject to the following limitations:

(a) No Seller shall be liable to the Buyer Indemnitees for indemnification under Section 8.02(a) until all Losses in respect of all of the Seller’s indemnification obligations under Section 8.02(a) of all of the Purchase Agreements exceeds, in the aggregate, \$200,000 (the “**Basket**”), in which event Seller shall be required to pay or be liable for all such Losses from the first dollar. The aggregate amount of all Losses for which Seller shall be liable pursuant to Section 8.02(a) of all of the Purchase Agreements shall not exceed, in the aggregate, \$1,800,000 (the “**Cap**”).

(b) Buyer Parties shall not be liable to the Seller Indemnitees for indemnification under Section 8.03(a) until the aggregate amount of all Losses in respect of indemnification under Section 8.03(a) exceeds the Basket, in which event Buyer Parties shall be required to pay or be liable for all such Losses from the first dollar. The aggregate amount of all Losses for which Buyer Parties shall be liable pursuant to Section 8.03(a) shall not exceed the Cap.

(c) Notwithstanding the foregoing, the limitations set forth in Section 8.04(a) and Section 8.04(b) shall not apply to Losses based upon, arising out of, with respect to or by reason of any inaccuracy in or breach of any representation or warranty in Section 3.01, Section 3.02, Section 3.03, Section 3.05, Section 3.14, Section 3.17, Section 3.18, Section 4.01, Section 4.04, and Section 4.05 for which such Losses under the same sections of all of the Purchase Agreements shall be capped, in the aggregate, at the Purchase Price; subject to Section 8.06 with respect to any claim brought by any Buyer Indemnitee against the Seller.

(d) Notwithstanding anything to the contrary herein, none of the limitations set forth in Section 8.04(a) and Section 8.04(b) shall apply to fraud or willful misconduct of any party.

Section 8.05 Indemnification Procedures. The party making a claim under this Article VIII is referred to as the “**Indemnified Party**,” and the party against whom such claims are asserted under this Article VIII is referred to as the “**Indemnifying Party**.”

(a) Third Party Claims. If any Indemnified Party 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 Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party 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 forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party 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 the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party’s expense and by the Indemnifying Party’s own counsel, and the Indemnified Party shall cooperate in good faith in such defense, unless the Indemnifying Party is a Seller, and such Third Party Claim seeks an injunction or other equitable relief against the Indemnified Party. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 8.05(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 the Indemnified Party. The Indemnified Party 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 the Indemnified Party, *provided*, that if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defenses available to an Indemnified Party 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 the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in each jurisdiction for which the Indemnified Party determines counsel is required. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, or fails to diligently prosecute the defense of such Third Party Claim, the Indemnified Party may, subject to Section 8.05(b), pay, compromise, 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 Seller 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 5.06) 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.

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(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 the Indemnified Party, except as provided in this Section 8.05(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 the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party 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 the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within ten days after its receipt of such notice, the Indemnified Party 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 the Indemnified Party 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 the Indemnified Party has assumed the defense pursuant to Section 8.05(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).

Section 8.06 Payments.

(a) Upon settlement or adjudication of any claim for indemnification brought by any Buyer Indemnitee against the Seller pursuant to this ~~Article VIII~~ (an “**Indemnity Claim Determination**”), such Losses shall be satisfied through a cancellation of such number of shares of Buyer Common Stock held by the Seller equal to the quotient obtained by dividing (i) the aggregate amount of Losses (subject to the Cap, as applicable), by (ii) the Relevant Stock Price. For Clarity, without limitation, under no circumstances shall Seller have any liability to pay cash or any other consideration over and above the Equity Consideration to satisfy any claim under this Agreement; provided, however, that in the event that there is an indemnifiable Loss hereunder and all or any of the Equity Consideration is no longer owned by Seller, Seller shall be liable to deliver shares of Buyer Parent Common Stock or cash in an amount equal to the Relevant Stock Price *multiplied by* the number of shares of Buyer Parent Common Stock no longer held by Seller. In the event that not all Sellers are found liable in connection with such Indemnity Claim Determination, such Losses shall be paid only by those Sellers found liability in connection therewith on a Pro Rata Basis. Such cancellation of Buyer Common Stock shall be effective immediately following the applicable Indemnity Claim Determination without any action required on the part of any Seller. Solely for purposes of this Section 8.06(a), the Seller hereby irrevocably constitutes and appoints Buyer, with full power of substitution and re-substitution, as its/his/her true and lawful attorney to transfer shares of Buyer Common Stock subject to this Section 8.06(a) on the books and records of Buyer.

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(b) Upon an Indemnity Claim Determination against any Buyer Indemnitee, the Indemnifying Party shall satisfy its obligations within fifteen (15) Business Days of such Indemnity Claim Determination by wire transfer of immediately available funds.

Section 8.07 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

Section 8.08 Effect of Investigation. The representations, warranties and covenants of the Indemnifying Party, and the Indemnified Party’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 the Indemnified Party (including by any of its Representatives) or by reason of the fact that the Indemnified Party 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 the Indemnified Party’s waiver of any condition set forth in Section 7.02 or Section 7.03, as the case may be.

Section 8.09 Exclusive Remedies. Subject to Section 5.07 and Section 10.11, the parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims (other than claims arising from fraud, criminal activity or willful misconduct on the part of a party hereto in connection with the transactions contemplated by this Agreement) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this Article VIII. In furtherance of the foregoing, each party hereby waives, to the fullest extent permitted under Law, any and all rights, claims, and causes of action for any breach of any representation, warranty, covenant, agreement, or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against any other parties hereto and their Affiliates and each of their respective Representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this Article VIII. Nothing in this Section 8.09 shall limit any Person’s right to seek and obtain any equitable relief to which any Person shall be entitled or to seek any remedy on account of any party’s fraudulent, criminal, or intentional misconduct.

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Article IX. TERMINATION

Section 9.01 Termination. This Agreement may be terminated at any time prior to the Second Closing:

- (a) by the mutual written consent of the Seller, on the one hand, and Buyer, on the other hand;
- (b) by Buyer by written notice to the Seller if:

- (i) 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 any Seller pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VII and such breach, inaccuracy or failure has not been cured by such Seller(s) within ten (10) days of the Seller’s receipt of written notice of such breach from Buyer; or

- (ii) any of the conditions set forth in Section 7.01 or Section 7.02 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by June 30, 2023, unless such failure shall be due to the failure of Buyer to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Second Closing;

- (c) by the Seller by written notice to Buyer if:

- (i) the Seller 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 Buyer pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VII 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 the Seller ; or

- (ii) any of the conditions set forth in Section 7.01 or Section 7.03 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by June 30, 2023, unless such failure shall be due to the failure of any Seller to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Second Closing; or

- (d) by Buyer or the Seller in the event that (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited or (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.

Section 9.02 Effect of Termination. In the event of the termination of this Agreement in accordance with this Article IX, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except as set forth in this Article IX, Section 5.06, and Article X hereof; and that nothing herein shall relieve any party hereto from liability for any willful breach of any provision hereof.

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Article X. MISCELLANEOUS

Section 10.01 Expenses. Except as otherwise expressly provided herein, 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, whether or not either of the Closings shall have occurred.

Section 10.02 Notices. All notices, requests, consents, claims, demands, waivers, and other communications 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 facsimile or 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 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 10.02):

If to Seller:	At the address set forth under such Seller's name on the Signature Pages appended hereto
If to Buyer:	Hightimes Holding Corp. 2110 Narcissus Ct. Venice, CA 90291 Phone: +1 (844) 933-3287 Email: paul@hightimes.com Attention: Chief Executive Officer
with a copy to (which shall not constitute notice):	SMB Law Group LLP Attention: Kevin Henderson, Esq. 217 S. Cedar Ave. Tampa, FL 33606 Phone: +1 (972) 845-8850 Email: kevin@smblaw.group

Section 10.03 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 10.04 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 10.05 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. Except as provided in Section 5.07(e), 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 10.06 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 10.07 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. No assignment shall relieve the assigning party of any of its obligations hereunder. Any assignment in violation of this provision shall be null and void *ab initio*.

Section 10.08 No Third-party Beneficiaries. Except as provided in Article VIII, 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 or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

Section 10.09 Amendment and Modification; Waiver. This Agreement may only be amended, modified, or supplemented by an agreement in writing signed by each party hereto. No waiver by any 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 any 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 10.10 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. This Purchase Agreement shall be governed by, and construed in accordance with, the laws and regulations of the State of California without regard to any law or principle that otherwise would cause the application of any law(s) of any other state or jurisdiction. Any dispute among the parties which cannot be settled by mutual agreement shall be subject to final and binding arbitration before a retired judge in accordance with the JAMS dispute resolution system located in Los Angeles, California. The losing party in any such arbitration shall bear 100% of the costs of such arbitration. The decision of the arbitrator shall be final and binding on the parties hereto and may be enforced by the prevailing party in any court of competent subject matter jurisdiction located in Los Angeles County, State of California. Each party consents to the venue, and the personal jurisdiction over such Party, of such court located in Los Angeles County, State of California, in (or with respect to) any such action, suit, claim, or cause of action. Further, each party waives any and all arguments, motions, and other objections that any court located in Los Angeles County, State of California, is an inconvenient forum (*forum non conveniens*) for any such action, suit, claim or cause of action.

Section 10.11 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 10.12 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 pages follow]

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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.

SELLER:

ANACAPA CA LLC,
a California limited liability company

By: /s/ Jordan Lams

Name: Jordan Lams

Title: Chief Executive Officer

[Signature page to Membership Interest Purchase Agreement]

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:

HT RED LLC.,
a Delaware limited liability company

By: /s/ Paul Henderson

Name: Paul Henderson

Title: Chief Executive Officer

BUYER PARENT:

HIGHTIMES HOLDING CORP.,
a Delaware corporation

By: /s/ Paul Henderson

Name: Paul Henderson

Title: Chief Executive Officer

[Signature page to Membership Interest Purchase Agreement]

EXHIBIT A

Form of Lock-Up Agreement

(see attached)

EXHIBIT B

Form of Assignment

(see attached)

EXHIBIT C

Form of License Agreement

(see attached)

EXHIBIT D

Form of Management Services Agreement

(see attached)

MEMBERSHIP INTEREST PURCHASE AGREEMENT

among

ANACAPA CA LLC,

HT RED LLC,

and

HIGHTIMES HOLDING CORP.

dated as of

November 1, 2022

MEMBERSHIP INTEREST PURCHASE AGREEMENT

This Membership Interest Purchase Agreement (this “**Agreement**”), dated as of November 1, 2022, is entered into between Anacapa CA LLC, a California limited liability company (the “**Seller**”), HT Red LLC, a Delaware limited liability company, and (“**Buyer**”), and Hightimes Holding Corp., a Delaware corporation and the direct owner of 100% of the equity interests of Buyer (“**Buyer Parent**”).

RECITALS

WHEREAS, the Seller owns: (i) all of the issued and outstanding membership interests (the “**Pure CA Membership Interests**”) in Pure CA LLC, a California limited liability company (“**Pure CA**”); and (ii) all of the issued and outstanding membership interests (the “**Membership Interests**”) in Pure Calaveras LLC, a California limited liability company (the “**Company**”);

WHEREAS, MXY Ancillary Holdings LLC, a Nevada limited liability company and an Affiliate of Seller (“**MXY Ancillary**”), owns all of the issued and outstanding membership interests (the “**MLK Membership Interests**”) in MXY Property Holdings, LLC, a Nevada limited liability company (“**MLK**”);

WHEREAS, the Seller wishes to sell to Buyer, and Buyer wishes to purchase from the Seller, the Membership Interests, subject to the terms and conditions set forth herein; and

WHEREAS, simultaneously with the execution hereof, (i) the Seller and the Buyer Parties (as hereinafter defined) shall enter into separate Membership Interest Purchase Agreements for the purchase by the Buyer of the Pure CA Membership Interests (the “**Pure CA MIPA**”), and (ii) MXY Ancillary and the Buyer Parties shall enter into a separate Membership Interest Purchase Agreement for the purchase by the Buyer of the MLK Membership Interests (the “**MLK MIPA**” and, together with the Pure CA MIPA and this Agreement, the “**Purchase Agreements**”), in each case pursuant to which the Buyer will consummate the acquisition of the Pure CA Membership Interests and the MLK Membership Interests, respectively, simultaneously with the purchase of the Membership Interests hereunder (the “**Contingent Transactions**”).

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Article I.
DEFINITIONS

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

“**Acquisition Proposal**” has the meaning set forth in Section 5.03(a).

“**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.

“**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.

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

“**Ancillary Documents**” means the Assignments and the Lock-Up Agreement.

“**Assignments**” has the meaning set forth in Section 2.03(b)(i).

“**Balance Sheet**” has the meaning set forth in Section 3.05.

“**Balance Sheet Date**” has the meaning set forth in Section 3.05.

“**Basket**” has the meaning set forth in Section 8.04(a).

“**Benefit Plan**” has the meaning set forth in Section 3.16(a).

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

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

“**Buyer Indemnities**” has the meaning set forth in Section 8.02.

“**Buyer Parent Common Stock**” means the Class A voting Common Stock, par value \$0.0001 per share, of Buyer Parent.

“**Buyer Parent Securities**” has the meaning set forth in Section 3.19(a).

“**Buyer Parties**” has the meaning set forth in the preamble to Article IV.

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

“**Cap**” has the meaning set forth in Section 8.04(a).

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

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

“**Company Intellectual Property**” means all Intellectual Property that is owned by the Company.

“**Contingent Transactions**” has the meaning set forth in the recitals.

“**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.

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“**Disclosure Schedules**” means the Disclosure Schedules delivered by the Seller and Buyer concurrently with the execution and delivery of this Agreement.

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

“**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 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.

“**Equity Consideration**” has the meaning set forth in Section 2.02.

“**Escrow**” means that certain escrow materials including the Equity Consideration and the Assignments placed into escrow held by Escrow Holder at the First Closing to be released upon the Second Closing.

“**Escrow Holder**” means SMB Law Group LLP, a Texas limited liability partnership.

“**Financial Statements**” has the meaning set forth in Section 3.05.

“**First Closing**” has the meaning set forth in Section 2.04.

“**First Closing Date**” has the meaning set forth in Section 2.04.

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

“**Governmental Approval Contingency**” has the meaning set forth in Section 5.08(a).

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

“**Hazardous Materials**” means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral, or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum-derived products, radon, radioactive materials, or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation, and polychlorinated biphenyls.

“**Indebtedness**” means, without duplication and with respect to the Company, all (a) indebtedness for borrowed money; (b) long or short-term obligations evidenced by notes, bonds, debentures or other similar instruments, (c) capital lease obligations; (d) reimbursement obligations under any letter of credit, banker’s acceptance or similar

credit transactions; (e) guarantees made by the Company or any Subsidiary on behalf of any third party in respect of obligations of the kind referred to in the foregoing clauses (a) through (d); and (f) any unpaid interest, prepayment penalties, premiums, costs and fees that would arise or become due as a result of the prepayment of any of the obligations referred to in the foregoing clauses (a) through (e).

“Indemnified Party” has the meaning set forth in Section 8.05.

“Indemnifying Party” has the meaning set forth in Section 8.05.

“Indemnity Claim Determination” has the meaning set forth in Section 8.06(a).

“Intellectual Property” means any and all rights in, arising out of, or associated with any of the following in any jurisdiction throughout the world: (a) issued patents and patent applications (whether provisional or non-provisional), including divisionals, continuations, continuations-in-part, substitutions, reissues, reexaminations, extensions, or restorations of any of the foregoing, and other Governmental Authority-issued indicia of invention ownership (including certificates of invention, petty patents, and patent utility models) (**“Patents”**); (b) trademarks, service marks, brands, certification marks, logos, trade dress, trade names, and other similar indicia of source or origin, together with the goodwill connected with the use of and symbolized by, and all registrations, applications for registration, and renewals of, any of the foregoing (**“Trademarks”**); (c) copyrights and works of authorship, whether or not copyrightable, and all registrations, applications for registration, and renewals of any of the foregoing (**“Copyrights”**); (d) internet domain names, whether or not Trademarks, all associated web addresses, URLs, websites and web pages, and all content and data thereon or relating thereto, whether or not Copyrights; (e) computer programs, operating systems, applications, firmware, and other code, including all source code, object code, application programming interfaces, data files, databases, protocols, specifications, and other documentation thereof; and (f) all other intellectual or industrial property and proprietary rights.

“IP Registrations” means all Intellectual Property that is subject to any issuance, registration, or application by, to or with any Governmental Authority or authorized private registrar in any jurisdiction, including issued patents, registered trademarks, domain names and copyrights, and pending applications for any of the foregoing.

“Knowledge of Seller” or **“Seller’s Knowledge”** or any other similar knowledge qualification, means the actual or constructive knowledge of each of Jordan Lam, Kevin Marrone, Neil Hammond, Billy Maddox, and Brett Carman, after due inquiry.

“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” has the meaning set forth in Section 3.06.

“Lock-Up Agreement” means the Lock-Up Agreement, to be entered by and between Buyer Parent and Seller Parent, in the form attached hereto as Exhibit A.

“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; *provided, however*, that **“Losses”** shall not include punitive damages, except to the extent actually awarded to a Governmental Authority or other third party.

“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) or assets of the Company or any of the Subsidiaries, or (b) the ability of the Seller to consummate the transactions contemplated hereby on a timely basis.

“Material Contracts” has the meaning set forth in Section 3.08.

“Membership Interests” has the meaning set forth in the recitals.

“MLK” has the meaning set forth in the recitals.

“MLK Membership Interests” has the meaning set forth in the recitals.

“MLK MIPA” has the meaning set forth in the recitals.

“Organizational Documents” means (a) in the case of a Person that is a corporation, its articles or certificate of incorporation and its by-laws, regulations or similar governing instruments required by the laws of its jurisdiction of formation or organization; (b) in the case of a Person that is a partnership, its articles or certificate of partnership, formation or association, and its partnership agreement (in each case, limited, limited liability, general or otherwise); (c) in the case of a Person that is a limited liability company, its articles or certificate of formation or organization, and its limited liability company agreement or operating agreement; and (d) in the case of a Person that is none of a corporation, partnership (limited, limited liability, general or otherwise), limited liability company or natural person, its governing instruments as required or contemplated by the laws of its jurisdiction of organization.

“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 3.09(a).

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

“Post-Closing Tax Period” means any taxable period beginning after the First Closing Date and, with respect to any taxable period beginning before and ending after the First Closing Date, the portion of such taxable period beginning after the First Closing Date.

“Price Per Share” has the meaning set forth in Section 2.02.

“Purchase Agreements” has the meaning set forth in the recitals.

“Purchase Price” has the meaning set forth in Section 2.02.

“Pure CA” has the meaning set forth in the recitals.

“**Pure CA Membership Interests**” has the meaning set forth in the recitals.

“**Pure CA MIPA**” has the meaning set forth in the recitals.

“**Real Property**” means the real property owned, leased, or subleased by the Company, together with all buildings, structures and facilities located thereon.

“**Release**” means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility, or fixture).

“**Relevant Stock Price**” means, as of any given time, if Buyer Common Stock is not then listed on a national stock exchange, the last price at which Buyer sold shares of Buyer Common Stock to third parties in a financing transaction or, if Buyer Common Stock is then listed on a national stock exchange, the average closing price for the twenty trading days immediately preceding the date of determination of the Relevant Stock Price.

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

“**Restricted Business**” means the ownership or operation of any business licensed by the State of California Bureau of Cannabis Control for the cultivation, production, distribution, delivery, or sale of cannabis and cannabis-related products within the State of California.

“**Restricted Period**” has the meaning set forth in Section 5.07(a).

“**SEC**” has the meaning set forth in Section 3.19(a).

“**Securities Act**” has the meaning set forth in Section 3.19(a).

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

“**Seller Indemnitees**” has the meaning set forth in Section 8.03.

“**Seller Parent**” means MXY Holdings Inc., the direct owner of 100% of the equity interests of the Seller.

“**Taxes**” means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, 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.

“**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.

“**Territory**” means the State of California.

“**Third Party Claim**” has the meaning set forth in Section 8.05(a).

Article II. PURCHASE AND SALE

Section 2.01 Purchase and Sale. Subject to the terms and conditions set forth herein, at the Second Closing, the Seller shall sell to Buyer, and Buyer shall purchase from the Seller, directly or through one or more direct or indirect wholly-owned subsidiaries, all of the Seller’s right, title, and interest in and to the Membership Interests, free and clear of all Encumbrances, for the consideration specified in Section 2.02.

Section 2.02 Purchase Price. The aggregate purchase price for the Membership Interests shall be Three Hundred Thousand dollars (\$300,000) (the “**Purchase Price**”), payable to Seller in the form of Buyer Parent Common Stock (the “**Equity Consideration**”) at a price per share of \$11.00 (the “**Price Per Share**”), placed into Escrow within three (3) Business Days following the First Closing and released to Seller at the Second Closing.

Section 2.03 Transactions to be Effected at the First Closing.

(a) At the First Closing, Buyer and Buyer Parent shall deliver to the Escrow:

- (i) the Equity Consideration;
- (ii) the Assignments, each duly countersigned by an authorized representative of the Buyer;
- (iii) the Lock-Up Agreement, duly countersigned by an authorized representative of the Buyer Parent;
- (iv) each of the Pure CA MIPA and the MLK MIPA, duly executed by an authorized representative of the Buyer and Buyer Parent; and
- (v) all other agreements, documents, instruments, or certificates required to be delivered by Buyer at or prior to the First Closing pursuant to Section 7.03 of this Agreement.

(b) At the First Closing, the Seller shall cause to be delivered to the Escrow:

- (i) An assignment of the Membership Interests to Buyer in the form of Exhibit B hereto (collectively, the “**Assignments**”), duly executed by the Seller within three (3) Business Days following the First Closing;
- (ii) a Lock-Up Agreement with the Seller Parent, duly executed by the Seller Parent;

(iii) each of the Pure CA MIPA, duly executed by an authorized representative of the Seller, and the MLK MIPA, duly executed by an authorized representative of MXY Ancillary; and

(iv) all other agreements, documents, instruments, or certificates required to be delivered by the Seller at or prior to the First Closing pursuant to Section 7.02 of this Agreement.

Section 2.04 First Closing. Subject to the terms and conditions of this Agreement, the First Closing contemplated hereby shall take place at a closing on October 31, 2022 (the “**First Closing**”) to be conducted remotely by exchange of documents and signatures (or their electronic counterparts), after the last of the conditions to First Closing set forth in Article VII have been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the First Closing Date), or at such other time or on such other date or at such other place as the Seller and Buyer may mutually agree upon in writing (the day on which the First Closing takes place being the “**First Closing Date**”).

Section 2.05 Transactions to be Effected at the Second Closing.

(a) At the Second Closing, Escrow shall release:

(i) to each of the Buyer and Seller those documents placed into Escrow by the other party;

(ii) to Buyer, the Assignments

(iii) to Seller, the Equity Consideration.

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Section 2.06 Second Closing. Subject to the terms and conditions of this Agreement, the Second Closing contemplated hereby shall take place at a closing within 3 days of that date upon which all approvals, consents and waivers that are listed on Section 3.04 of the Disclosure Schedules, including the Governmental Approval Contingency, shall have been received (the “**Second Closing**”).

Section 2.07 Withholding Tax. Neither Buyer nor the Company shall be entitled to deduct any withhold from the Purchase Price for Taxes.

Section 2.08 Inventory Count. No more than three (3) days prior to First Closing, a physical count of all inventory owned by the Company shall be carried out by representatives of each of the Company and the Buyer. The representatives of each of the Company and the Buyer shall attempt, in good faith, to resolve any disputes which may arise during the physical count of the inventory. Upon completion of the physical count of the inventory, the representatives of each of the Company and the Buyer shall agree upon and execute a statement setting forth the final physical count of the inventory as agreed in good faith between the Company and the Buyer.

Article III. REPRESENTATIONS AND WARRANTIES OF THE SELLER

Except as set forth in the correspondingly numbered Section of the Disclosure Schedules, and except to the extent such would have less than a Material Adverse Effect, the Seller represents and warrants to Buyer that the statements contained in this Article III are true and correct as of the date hereof.

Section 3.01 Organization and Authority of the Seller. The Seller is duly organized, validly existing and in good standing under the Laws of the state of organization of the Seller. The Seller has full power and authority to enter into this Agreement and the Ancillary Documents to which Seller 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 the Seller of this Agreement and any Ancillary Document to which each such Seller is a party, the performance by the Seller of its obligations hereunder and thereunder, and the consummation by the Seller of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of Seller. This Agreement has been duly executed and delivered by the Seller, and (assuming due authorization, execution, and delivery by Buyer) this Agreement constitutes a legal, valid, and binding obligation of the Seller enforceable against each such Seller in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity. When each Ancillary Document to which the Seller is or will be a party has been duly executed and delivered by such Seller (assuming due authorization, execution, and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of such Seller enforceable against it in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity.

Section 3.02 Organization, Authority and Qualification of the Company.

(a) The Company is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of California and has full limited liability company power and authority to own, operate or lease the properties and assets now owned, operated, or leased by it and to carry on its business as it has been and is currently conducted. The Company is licensed or qualified to do business only in the State of California. All limited liability company actions taken by the Company in connection with this Agreement and the other Ancillary Documents will be duly authorized on or prior to the First Closing.

(b) The Company has no Subsidiaries.

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Section 3.03 Capitalization.

(a) The Seller is a record owner of and has good and valid title to the Membership Interests, free and clear of all Encumbrances. The Membership Interests constitute 100% of the total issued and outstanding membership interests in the Company. The Membership Interests have been duly authorized and are validly issued, fully-paid, and non-assessable. Upon consummation of the transactions contemplated by this Agreement, Buyer shall own all of the Membership Interests, free and clear of all Encumbrances, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity.

(b) The Membership Interests were issued in compliance with applicable Laws. The Membership Interests were not issued in violation of the Organizational Documents of the Company, or any other agreement, arrangement, or commitment to which any Seller or the Company is a party and are not subject to or in violation of any preemptive or similar rights of any Person.

(c) There are no outstanding or authorized options, warrants, convertible securities or other rights, agreements, arrangements, or commitments of any character relating to any membership interests in the Company, or obligating any Seller or the Company, to issue or sell any membership interests (including the Membership Interests), or any other interest, in the Company. Other than the Organizational Documents, there are no voting trusts, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Membership Interests.

Section 3.04 No Conflicts; Consents. Except for and subject to consents required by all applicable governmental authorities and except as limited by bankruptcy,

insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity, the execution, delivery and performance by the Seller of this Agreement and the Ancillary Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the Organizational Documents of any Seller or the Company; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to any Seller or the Company; (c) except as set forth in Section 3.04 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 to which any Seller or the Company is a party or by which any Seller or the Company is bound or to which any of their respective properties and assets are subject (including any Material Contract) or any Permit affecting the properties, assets or business of the Company; or (d) result in the creation or imposition of any Encumbrance other than Permitted Encumbrances on any properties or assets of the Company. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to any Seller or the Company in connection with the execution and delivery of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby, except for and subject to consents required by all applicable governmental authorities, and such filings as may be set forth on Section 3.04 of the Disclosure Schedules.

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Section 3.05 Financial Statements. Complete copies of the Company's unaudited consolidated balance sheets and the related statements of income and retained earnings, members' equity, and cash flow as of and for the each of the fiscal years ended December 31, 2019, 2020, and 2021, and an unaudited balance sheet and related statements of income and retained earnings, members' equity, and cash flow as of the end of each fiscal quarter ended March 31, June 30, and September 30, 2022 (the "**Financial Statements**"), are included in the Disclosure Schedules. The Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved. The Financial Statements are based on the books and records of the Company, and fairly present the financial condition of the Company, on a consolidated basis, as of the respective dates they were prepared and the results of the operations of the Company for the periods indicated. The balance sheet of the Company as of August 31, 2022, is referred to herein as the "**Balance Sheet**" and the date thereof as the "**Balance Sheet Date**".

Section 3.06 Undisclosed Liabilities. The Company does not have any 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 ("**Liabilities**"), except (a) those which are adequately reflected or reserved against in the Company's Balance Sheet as of the Balance Sheet Date, and (b) those which have been incurred in the ordinary course of business consistent with past practice since the Balance Sheet Date and which are not, individually or in the aggregate, material in amount.

Section 3.07 Absence of Certain Changes, Events, and Conditions. Since the Balance Sheet Date, and other than in the ordinary course of business consistent with past practice, there has not been, with respect to the Company, 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) amendment of the Organizational Documents of the Company;
- (c) split, combination, or reclassification of any membership interests in the Company;
- (d) issuance, sale, or other disposition of, or creation of any Encumbrance on, any membership interests in the Company, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange, or exercise) any membership interests in the Company;
- (e) declaration or payment of any distributions on or in respect of any membership interests in the Company or redemption, purchase, or acquisition of the Company's outstanding membership interests;
- (f) material change in the Company's cash management practices and any of their policies, practices, and procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts, accrual of accounts receivable, inventory control, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of customer deposits;

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- (g) entry into any Contract that would constitute a Material Contract;
- (h) incurrence, assumption or guarantee of any indebtedness for borrowed money except unsecured current obligations and Liabilities incurred in the ordinary course of business consistent with past practice;
- (i) transfer, assignment, sale, or other disposition of any of the assets shown or reflected in the Balance Sheet or cancellation of any debts or entitlements;
- (j) material damage, destruction, or loss (whether or not covered by insurance) to its property;
- (k) any capital investment in, or any loan to, any other Person;
- (l) acceleration, termination, material modification to or cancellation of any Material Contract (including, but not limited to, any Material Contract) to which the Company is a party or by which it is bound;
- (m) any material capital expenditures;
- (n) imposition of any Encumbrance upon any of the properties or assets, tangible or intangible, of the Company;
- (o) 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;
- (p) purchase, lease, or other acquisition of the right to own, use or lease any property or assets for an amount in excess of \$50,000, individually (in the case of a lease, per annum), or \$100,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the ordinary course of business consistent with past practice;
- (q) acquisition by merger or consolidation with, or by purchase of a substantial portion of the assets, stock, or other equity of, or by any other manner, any business or any Person or any division thereof;
- (r) action by the Company to make, change, or rescind any Tax election, amend any Tax Return, or take any position on any Tax Return, take any action, omit to take any action, or enter into any other transaction that would have the effect of increasing the Tax liability or reducing any Tax asset of Buyer in respect of any Post-Closing Tax Period; or

Section 3.08 Material Contracts. Prior to the date hereof, the Company has provided to Buyer complete and correct copies of all material Contracts to which the Company is a party. “**Material Contract**” means, each Contract of the Company involving aggregate consideration in excess of \$50,000 and which, in each case, cannot be cancelled by the Company without penalty or without more than 90 days’ notice. Each Material Contract is valid and binding on the Company in accordance with its terms and is in full force and effect, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity. Neither the Company nor, to the Seller’s Knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under) in any material respect or has provided or received any notice of any intention to terminate, any Material Contract. To the Knowledge of the Company and the Seller, 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.

Section 3.09 Title to Assets; Real Property.

(a) The Company has good and valid title to, or a valid leasehold interest in, all Real Property and personal property and other assets reflected in the Company’s Financial Statements or acquired after the Balance Sheet Date, other than properties and assets sold or otherwise disposed of in the ordinary course of business consistent with past practice since the Balance Sheet Date. All such properties and assets (including leasehold interests) are free and clear of Encumbrances, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity and except for the following (collectively referred to as “**Permitted Encumbrances**”):

- (i) liens for Taxes not yet due and payable;
- (ii) 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 business of the Company;
- (iii) easements, rights of way, zoning ordinances and other similar encumbrances affecting Real Property which are not, individually or in the aggregate, material to the business of the Company; or
- (iv) other than with respect to owned Real Property, liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business consistent with past practice which are not, individually or in the aggregate, material to the business of the Company.

(b) Section 3.09(b) of the Disclosure Schedules lists (i) the street address of each parcel of Real Property; (ii) the landlord under the lease, the rental amount currently being paid, and the expiration of the term of such lease or sublease for each leased or subleased property; and (iii) the current use of such property. The Company is not a sublessor or grantor under any sublease or other instrument granting to any other Person any right to the possession, lease, occupancy, or enjoyment of any leased Real Property. The use and operation of the Real Property in the conduct of the Company’s business do not violate in any material respect any Law, covenant, condition, restriction, easement, license, permit or agreement. There are no Actions pending nor, to the Seller’s Knowledge, threatened against or affecting the Real Property or any portion thereof or interest therein in the nature or in lieu of condemnation or eminent domain proceedings.

(c) Except as set forth on Disclosure Schedule Section 3.09(c), neither the Company nor any of its Affiliates has engaged in or permitted any operation or activity at or upon, or any use or occupancy of, any Real Property for the purpose of manufacturing, generating, handling, storing, transferring, treating or disposing of, or in any way involving release of, any Hazardous Materials on, under, in or about any Real Property; and (ii) no Hazardous Materials have been released on, into, upon or about any Real Property, and to the Seller’s Knowledge, no Hazardous Materials have migrated from or to any adjacent properties.

Section 3.10 Condition of Assets. To the Knowledge of Seller, the buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property of the Company are structurally sound, are in good operating condition and repair, and are adequate for the uses to which they are being put, and none of such buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost.

Section 3.11 Intellectual Property. The Company does not hold any IP Registrations or any Intellectual Property and any and all other license agreements held by the Company from the Seller or any Affiliate of Seller are hereby and forever canceled and of no further force or effect.

Section 3.12 Inventory. All inventory of the Company, whether or not reflected in the Balance Sheet, consists of a quality and quantity usable and salable in the ordinary course of business consistent with past practice, except for obsolete, damaged, defective, or slow-moving items that have been written off or written down to fair market value or for which adequate reserves have been established. All such inventory is owned by the Company free and clear of all Encumbrances, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity, and no inventory is held on a consignment basis. The quantities of each item of inventory (whether raw materials, work-in-process or finished goods) are not excessive but are reasonable in the present circumstances of the Company.

Section 3.13 Accounts Receivable. The accounts receivable reflected on the Balance Sheet of the Company and the accounts receivable arising after the date thereof: (a) have arisen from bona fide transactions entered into by the Company involving the sale of goods or the rendering of services in the ordinary course of business consistent with past practice; and (b) to the Seller’s Knowledge constitute only valid, undisputed claims of the Company 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, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity.

Section 3.14 Legal Proceedings; Governmental Orders. Except as set forth in Section 3.14 of the Disclosure Schedules, there are no Actions pending or, to the Seller’s Knowledge, threatened (a) against or by the Company affecting any of its properties or assets (or by or against any Seller or any Affiliate thereof and relating to the Company); or (b) against or by the Company, any Seller, or any Affiliate of any Seller that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. To Seller’s Knowledge, no event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action. There are no outstanding Governmental Orders and no unsatisfied judgments, penalties, or awards against or affecting the Company, or any of its properties or assets.

Section 3.15 Compliance With Laws; Permits. The Company has complied, and is now complying, in all material respects with all Laws applicable to it or its business, properties, or assets. All Permits required for the Company to conduct their business have been obtained by it and are valid and in full force and effect. All fees and charges with respect to such Permits as of the date hereof have been paid in full. Copies of all current Permits issued to the Company, including the names of the Permits and their respective dates of issuance and expiration, have been provided to Buyer prior to the date hereof. To the Seller’s Knowledge, no event has occurred that, with or without notice or lapse of

time or both, would reasonably be expected to result in the revocation, suspension, lapse, or limitation of any such Permit.

Section 3.16 Employee Benefit Matters.

(a) Prior to the date hereof, the Company has made available to Buyer true and correct copies of each pension, benefit, retirement, compensation, employment, consulting, profit-sharing, deferred compensation, incentive, bonus, performance award, phantom equity or other equity, change in control, retention, severance, vacation, paid time off (PTO), medical, vision, dental, disability, welfare, Code Section 125 cafeteria, fringe benefit and other similar agreement, plan, policy, program or arrangement (and any amendments thereto), 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 the Company for the benefit of any current or former employee, officer, manager, retiree, independent contractor or consultant of each such Company or any spouse or dependent of such individual, or under which the Company or any of their ERISA Affiliates has 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**”).

(b) Each Benefit Plan can be amended, terminated, or otherwise discontinued after the First Closing in accordance with its terms, without material liabilities to Buyer Parties, the Company, or any of their Affiliates, other than ordinary administrative expenses typically incurred in a termination event. The Company has no commitment or obligation and has not made any representations to any employee, officer, manager, independent contractor, or consultant, whether or not legally binding, to adopt, amend, modify, or terminate any Benefit Plan or any collective bargaining agreement, in connection with the consummation of the transactions contemplated by this Agreement or otherwise.

(c) There is no pending or, to the Seller’s Knowledge, threatened Action relating to a Benefit Plan (other than routine claims for benefits), and no Benefit Plan has within the three years prior to the date hereof been the subject of an examination or audit by a Governmental Authority or the subject of an application or filing under or is a participant in, an amnesty, voluntary compliance, self-correction, or similar program sponsored by any Governmental Authority.

(d) There has been no amendment to, announcement by any Seller, the Company or any of their Affiliates relating to, or change in employee participation or coverage under, any Benefit Plan or collective bargaining agreement that would increase the annual expense of maintaining such plan above the level of the expense incurred for the most recently completed fiscal year (other than on a de minimis basis) with respect to any manager, officer, employee, independent contractor or consultant, as applicable. None of the Seller, the Company, nor any of their Affiliates has any commitment or obligation or has made any representations to any manager, officer, employee, independent contractor, or consultant, whether or not legally binding, to adopt, amend, modify, or terminate any Benefit Plan or any collective bargaining agreement.

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(e) Each Benefit Plan that is subject to Section 409A of the Code has been administered in compliance with its terms and the operational and documentary requirements of Section 409A of the Code and all applicable regulatory guidance (including notices, rulings and proposed and final regulations) thereunder. The Company does not have any obligation to gross up, indemnify, or otherwise reimburse any individual for any excise taxes, interest, or penalties incurred pursuant to Section 409A of the Code.

(f) Each individual who is classified by the Company as an independent contractor has been properly classified for purposes of participation and benefit accrual under each Benefit Plan.

(g) Section 3.16(g) of the Disclosure Schedules contains a list of all persons who are employees, independent contractors, or consultants of the Company as of the date hereof, 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; and (vi) a description of the fringe benefits provided to each such individual as of the date hereof. As of the date hereof, all compensation, including wages, commissions, bonuses, fees and other compensation, payable to all employees, independent contractors, or consultants of the Company for services performed on or prior to the date hereof have been paid in full, and there are no outstanding agreements, understandings or commitments of the Company with respect to any compensation, commissions, bonuses, or fees.

Section 3.17 Taxes.

(a) All Tax Returns required to be filed on or before the First Closing Date by the Company has been, or will be, timely filed. Such Tax Returns are, or will be, true, complete, and correct in all respects. All Taxes due and owing by the Company (whether or not shown on any Tax Return) have been, or will be, timely paid.

(b) The Company has 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, member, or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(c) The Company is a party to any Action by any taxing authority. There are no pending or threatened Actions by any taxing authority.

(d) There are no Encumbrances for Taxes (other than for current Taxes not yet due and payable) upon the assets of the Company.

(e) At all times since its formation, the Company has been treated as a disregarded entity for US federal, state, local, or foreign tax purposes.

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Section 3.18 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 the Seller.

Section 3.19 Equity Consideration.

(a) The Equity Consideration (collectively, the “**Buyer Parent Securities**”) are or shall be restricted securities and have not been registered for resale under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and may not be sold, transferred, hypothecated, or assigned by any of the Seller in the absence of a registration statement covering such Buyer Parent Securities that has been declared effective by the Securities and Exchange Commission (“**SEC**”) or the availability of an applicable exemption therefrom. For clarity, other than the Lock-up Agreement, there are no separate restrictions other than the stock having been issued in a private transaction, thereby making the shares restricted for Rule 144 purposes. If the Buyer Parent lists its shares on any public exchange, at Seller’s election, Buyer shall: (i) if registration occurs after the First Closing, ensure Seller’s Equity Consideration is registered, or (ii) if registration occurs before the First Closing, pay the Equity Consideration in registered shares.

(b) The Seller is a knowledgeable, sophisticated, and experienced investor and has sufficient knowledge and experience in evaluating and making, and is qualified to evaluate and make, decisions with respect to private investments in and dispositions of securities, including investments in and dispositions of securities issued by Buyer Parent and Persons engaged in similar activities, and is capable of evaluating the risks and merits associated with the Buyer Parent Securities.

(c) The Seller is an “accredited investor” as defined in Rule 501(a) of Regulation D under the Securities Act.

(d) The Seller has had the opportunity to seek independent legal, investment, and tax advice in connection with such Seller's decision to acquire its share of the Buyer Parent Securities.

(e) The Seller is acquiring the Buyer Parent Securities for investment purposes only and not with a view toward the immediate resale or distribution thereof. The Seller acknowledges that, as a result of the substantial restrictions on the transferability of its share of Buyer Parent Securities, such Seller will be required to bear the financial risks of an investment in such capital stock for an indefinite period of time.

(f) The Seller has reviewed the reports filed with the SEC by Buyer Parent and has received and reviewed a draft of Buyer Parent's Form 1-K for fiscal year 2019, to be filed with the SEC pending completion of the Company's audit procedures. The Seller understands the risks of its investment in Buyer Parent. The Seller acknowledges and agrees that it has had sufficient time and opportunity to ask questions and receive answers from Buyer Parent concerning the terms of the issuance of Buyer Parent Securities pursuant to this Agreement and to obtain any additional information required by or pursuant to the Securities Act.

Section 3.20 Full Disclosure. No representation or warranty by the Seller 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.

Article IV. REPRESENTATIONS AND WARRANTIES OF BUYER AND BUYER PARENT

Except as set forth in the correspondingly numbered Section of the Disclosure Schedules, Buyer and Buyer Parent (collectively, the **'Buyer Parties'**) represent and warrant to Seller, jointly and severally, that the statements contained in this Article IV are true and correct as of the date hereof.

Section 4.01 Organization and Authority of Buyer. Buyer is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware. Buyer Parent is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware. Each Buyer Party has full power and authority to enter into this Agreement and the Ancillary Documents to which such Buyer Party 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 the Buyer Parties of this Agreement and any Ancillary Document to which either is a party, the performance by either Buyer Party of its obligations hereunder and thereunder and the consummation by the Buyer Parties of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of the Buyer Parties. This Agreement has been duly executed and delivered by the Buyer Parties, and (assuming due authorization, execution, and delivery by the Seller), this Agreement constitutes a legal, valid, and binding obligation of the Buyer Parties enforceable against the Buyer Parties in accordance with its terms. When each Ancillary Document to which either Buyer Party is or will be a party has been duly executed and delivered by the applicable Buyer Party (assuming due authorization, execution, and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of such Buyer Party enforceable against it in accordance with its terms.

Section 4.02 No Conflicts; Consents. The execution, delivery, and performance by the Buyer Parties of this Agreement and the Ancillary Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the Organizational Documents of the Buyer Parties; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to the Buyer Parties; or (c) require the consent, notice, or other action by any Person under any Contract to which either Buyer Party is a party. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to the Buyer Parties in connection with the execution and delivery of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby.

Section 4.03 Investment Purpose. Buyer is acquiring the Membership Interests solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. Buyer acknowledges that the Membership Interests are not registered under the Securities Act, or any state securities laws, and that the Membership Interests may not be transferred or sold except pursuant to the registration provisions of the Securities Act or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable. Buyer is an "accredited investor" as defined in Rule 501(a) of Regulation D under the Securities Act. Buyer has had the opportunity to seek independent legal, investment, and tax advice in connection with Buyer's decision to acquire the Seller's Membership Interests. Buyer is a knowledgeable, sophisticated, and experienced investor and has sufficient knowledge and experience in evaluating and making, and is qualified to evaluate and make, decisions with respect to private investments in and dispositions of securities, including investments in and dispositions of Membership Interests of Seller's and Persons engaged in similar activities, and is capable of evaluating the risks and merits associated with the Seller's Membership Interests.

Section 4.04 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 the Buyer Parties.

Section 4.05 Legal Proceedings. There are no Actions pending or, to the Buyer Parties' knowledge, threatened against or by the Buyer Parties or any Affiliate of the Buyer Parties 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 or serve as a basis for any such Action.

Section 4.06 Full Disclosure. No representation or warranty by the Buyer Parties 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 Seller 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.

Article V. COVENANTS

Section 5.01 Conduct of Business Prior to the First Closing. From the date hereof until the First 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), the business of the Company will be carried on by Buyer pursuant to a Management Services Agreement substantially in the form attached hereto as Exhibit C.

Section 5.02 Access to Information. From the date hereof until the Second Closing, the Seller shall (a) afford Buyer and its Representatives full and free access to and the right to inspect all of the Real Property, properties, assets, premises, books and records, Contracts and other documents and data related to the Company; (b) furnish Buyer and its Representatives with such financial, operating and other data and information related to the Company as Buyer or any of its Representatives may reasonably request; and (c) instruct the Representatives of the Seller and the Company to cooperate with Buyer in its investigation of the Company.

Section 5.03 No Solicitation of Other Bids.

(a) The Seller shall not, and shall not authorize or permit any of its Affiliates (including the Company) or any of its or their Representatives to, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition

Proposal. The Seller shall immediately cease and cause to be terminated and shall cause their Affiliates (including the Company and any Subsidiary) and all of its and their Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could lead to, an Acquisition Proposal. For purposes hereof, “**Acquisition Proposal**” shall mean any inquiry, proposal or offer from any Person (other than Buyer or any of its Affiliates) concerning (i) a merger, consolidation, liquidation, recapitalization, or other business combination transaction involving the Company; (ii) the issuance or acquisition of membership interests in the Company; or (iii) the sale, lease, exchange, or other disposition of any significant portion of any of the Company’s properties or assets.

(b) In addition to the other obligations under this Section 5.03, the Seller shall promptly (and in any event within three (3) Business Days after receipt thereof by the Company or any Seller or its or their Representatives) advise Buyer orally and in writing of any Acquisition Proposal, any request for information with respect to any Acquisition Proposal, or any inquiry with respect to or which could reasonably be expected to result in an Acquisition Proposal, the material terms and conditions of such request, Acquisition Proposal or inquiry, and the identity of the Person making the same.

(c) The Seller agrees that the rights and remedies for noncompliance with this Section 5.03 shall include having such provision specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to Buyer and that money damages would not provide an adequate remedy to Buyer.

Section 5.04 Notice of Certain Events.

(a) From the date hereof until the First Closing, the Seller shall promptly notify Buyer in writing of:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has resulted in, or could reasonably be expected to result in, any representation or warranty made by the Seller hereunder not being true and correct or (B) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in Section 7.02 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; and

(iv) any Actions commenced or, to the Seller’s Knowledge, threatened against, relating to, or involving or otherwise affecting any Seller, the Company, or any Subsidiary that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 3.14 or that relates to the consummation of the transactions contemplated by this Agreement.

(b) Buyer’s receipt of information pursuant to this Section 5.04 shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Seller in this Agreement (including Section 8.02 and Section 9.01(b)) and shall not be deemed to amend or supplement the Disclosure Schedules.

Section 5.05 Resignations. Seller shall deliver to Buyer written resignations, effective as of the First Closing Date, of the officers and managers of the Company.

Section 5.06 Confidentiality. From and after the First Closing, the Buyer Parties, on the one hand, and the Seller, on the other hand, shall, and shall cause its or their Affiliates to, hold, and shall use its or their reasonable efforts to cause its or their respective Representatives to hold, in confidence any and all confidential information disclosed by the other party, whether written or oral, except to the extent that the such information: (a) is generally available to and known by the public through no fault of such party, any of its Affiliates, or their respective Representatives; (b) was known by such party or its Affiliates or Representatives prior to disclosure by the other party, (c) is lawfully acquired by such party, any of its Affiliates, or their respective Representatives from and after the First Closing from sources which are not prohibited from disclosing such information by a legal, contractual, or fiduciary obligation, or (d) is developed by such party, Affiliates, or their respective Representatives without reference to or use of the other party’s confidential information. If any party or any of its Affiliates or their respective Representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, such party shall promptly notify the other party in writing and shall disclose only that portion of such information that such party is advised by its counsel in writing is legally required to be disclosed; *provided, however*, that such party shall use reasonable best efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

Section 5.07 Non-Solicitation.

(a) During the Restricted Period, the Seller shall not, and shall not permit any of its Affiliates to, directly or indirectly, solicit any employee of the Company or encourage any such employee to leave such employment, except pursuant to a general solicitation which is not directed specifically to any such employees; *provided*, further that nothing in this Section 5.07(b) shall prevent any Seller or any of its Affiliates from directly soliciting (i) any employee whose employment has been terminated by the Company or Buyer, or (ii) after 180 days from the date of termination of employment, any employee whose employment has been terminated by the employee.

(b) During the Restricted Period, the Seller shall not, and shall not permit any of its Affiliates to, directly or indirectly, solicit or entice, or attempt to solicit or entice, any clients or customers of the Company or Buyer within the Territory, or potential clients or customers of the Company or Buyer within the Territory, for purposes of diverting their business or services within the Territory from the Company or Buyer.

(c) The Seller acknowledges that a breach of this Section 5.07 would give rise to irreparable harm to Buyer, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by any Seller of any such obligations, Buyer shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to seek equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

(d) The Seller acknowledges that the restrictions contained in this Section 5.07 are reasonable and necessary to protect the legitimate interests of Buyer and constitute a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated by this Agreement. In the event that any covenant contained in this Section 5.07 should ever be adjudicated to exceed the time, geographic, product or service, or other limitations permitted by applicable Law in any jurisdiction, then any court is expressly empowered to reform such covenant, and such covenant shall be deemed reformed, in such jurisdiction to the maximum time, geographic, product or service, or other limitations permitted by applicable Law. The covenants contained in this Section 5.07 and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

Section 5.08 Governmental Approvals and Consents.

(a) Promptly following the date hereof, Buyer and the Seller shall reasonably cooperate to cause the Company, as promptly as possible, make, or cause or be made, all filings and submissions required by Law for the approval of the transactions contemplated hereby from each of the relevant jurisdictions, including the City of Lynwood, which approval shall be documented in a written instrument reasonably acceptable to Buyer (the “**Governmental Approval Contingency**”), and to provide notice following the Second Closing to the State of California Department of Cannabis Control office. Each of the parties 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) The Seller and Buyer shall use reasonable best efforts to give all notices to, and obtain all consents from, all third parties that are described in Section 3.04 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 all reasonable best efforts to:

(i) respond to any inquiries by any Governmental Authority regarding antitrust or other 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 either party before any Governmental Authority or the staff or regulators of any Governmental Authority, in connection with the transactions contemplated hereunder (but, for the avoidance of doubt, not including any interactions between the Seller or the Company 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 party with respect to any meeting, discussion, appearance or contact with any Governmental Authority or the staff or regulators of any Governmental Authority, with such notice being sufficient to provide the other party with the opportunity to attend and participate in such meeting, discussion, appearance, or contact.

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(e) Notwithstanding the foregoing, nothing in this Section 5.08 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 First Closing Date, any assets, businesses or interests of Buyer, the Company, or any of their respective 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; or (iii) any material modification or waiver of the terms and conditions of this Agreement.

Section 5.09 Books and Records.

(a) In order to facilitate the resolution of any claims made against or incurred by the Seller prior to the First Closing, or for any other reasonable purpose, for a period of five (5) years after the First Closing, Buyer shall (i) retain the books and records (including personnel files) of the Company relating to periods prior to the First Closing in a manner reasonably consistent with the prior practices of the Company; and (ii) upon reasonable notice, afford the Seller reasonable access (including the right to make, at the Seller’s expense, photocopies), during normal business hours, to such books and records.

(b) In order to facilitate the resolution of any claims made by or against or incurred by Buyer or the Company after the First Closing, or for any other reasonable purpose, for a period of five (5) years following the First Closing, the Seller shall (i) retain the books and records of such Seller that relate to the Company and its operations for periods prior to the First Closing; and (ii) upon reasonable notice, afford the Representatives of Buyer or the Company reasonable access (including the right to make, at Buyer’s expense, photocopies), during normal business hours, to such books and records.

(c) None of Buyer, on the one hand, nor the Seller, on the other hand, shall be obligated to provide the other with access to any books or records (including personnel files) pursuant to this Section 5.09 where such access would violate any Law.

Section 5.10 Closing Conditions. From the date hereof until the Second Closing, each party hereto shall, and the Seller shall cause the Company to, use reasonable best efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in Article VII hereof.

Section 5.11 Further Assurances. Following the First 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.

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Article VI. TAX MATTERS

Section 6.01 Tax Treatment. The parties intend for the transactions described herein to qualify as a tax-free reorganization under Section 368(a)(1)(B) of the Code. Each of the parties shall use its reasonable best efforts to cause the transactions to qualify as a tax-free reorganization pursuant to Section 368(a)(1)(B) of the Code, and will not take, or will not agree to take, any action that would prevent the Transaction from so qualifying. Unless otherwise required pursuant to a “determination” within the meaning of Section 1313(a) of the Code, each of the parties shall report the Transaction for U.S. federal income tax purposes as a tax-free reorganization pursuant to Section 368(a)(1)(B) of the Code.

Article VII. CONDITIONS TO THE SECOND CLOSING

Section 7.01 Conditions to Obligations of All Parties at the Second Closing. The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Second Closing, of each of the following conditions:

(a) 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.

Section 7.02 Conditions to Obligations of the Buyer at the Second Closing. The obligations of the Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or the Buyer's waiver, at or prior to the Second Closing, of each of the following conditions:

(a) Buyer shall have received a certificate of each Company certifying that attached thereto are true and complete copies of all resolutions adopted by Company or parent of the Company 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.

(b) The representations and warranties of the Seller contained in Section 3.01, Section 3.02, Section 3.03, Section 3.05, Section 3.14 (other than with respect to the Company), and Section 3.18 shall be true and correct in all respects on and as of the date hereof and on and as of the Second Closing Date with the same effect as though made at and as of such date.

(c) No Action shall have been commenced against Buyer Parties, the Seller, the Company, or any Subsidiary that would prevent the Second 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.

(d) All approvals, consents and waivers that are listed on Section 3.04 of the Disclosure Schedules, including the Governmental Approval Contingency, shall have been received, and executed counterparts thereof shall have been delivered to Buyer at or prior to the Second Closing.

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(e) The Seller shall have delivered to Buyer a good standing certificate (or its equivalent) for the Company from the California Secretary of State or similar Governmental Authority and the Franchise Tax Board of the State of California.

(f) The Seller shall have delivered to Buyer a certificate pursuant to Treasury Regulations Section 1.1445-2(b) that the Seller is not a foreign person within the meaning of Section 1445 of the Code.

(g) The Seller 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.

Section 7.03 Conditions to Obligations of the Seller at the Second Closing. The obligations of the Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or the Seller's waiver, at or prior to the Second Closing, of each of the following conditions:

(a) No Action shall have been commenced against Buyer Parties, the Seller, the Company, or any Subsidiary that would prevent the Second Closing. No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any material transaction contemplated hereby.

(b) The representations and warranties of Buyer contained in Section 4.01, Section 4.04, Section 4.05 and Section 4.06 shall be true and correct in all respects on and as of the date hereof and on and as of the Second Closing Date with the same effect as though made at and as of such date.

(c) Seller shall have received a certificate of each of Buyer Parties certifying that attached thereto are true and complete copies of all resolutions adopted by Buyer Parties 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.

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

Article VIII. **INDEMNIFICATION**

Section 8.01 Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein shall survive the First Closing and shall remain in full force and effect until the date that is twelve (12) months from the First Closing Date; *provided*, that the representations and warranties in Section 3.01, Section 3.02, Section 3.03, Section 3.18, Section 4.01, and Section 4.04 shall survive until the expiration of the applicable statute of limitations date. All covenants and agreements of the parties contained herein shall survive the First Closing for one (1) year. 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.

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Section 8.02 Indemnification By the Seller. Subject to the other terms and conditions of this Article VIII, the Seller shall indemnify and defend each of Buyer and its Affiliates (including the Company) 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, the 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 the Seller contained in this Agreement or in any certificate or instrument delivered by or on behalf of the Seller 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 First 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) having a Material Adverse Effect on Buyer Parties;

(b) any material breach or non-fulfillment of any covenant, agreement, or obligation to be performed by Seller pursuant to this Agreement having a Material Adverse Effect on Buyer Parties;

(c) any material Indebtedness of the Company outstanding as of the First Closing to the extent not paid by the Seller prior to the First Closing; or

(d) any Losses incurred by the Company in connection with any disputes with lenders of the Company that exist prior to the First Closing or disputes with lenders of the Company arising after the First Closing but only if and to the extent such disputes are derived from and based upon acts or omissions of the Seller prior to the First Closing, including the existing legal dispute with 2567423 Ontario, Inc. v. MXV Holdings, Inc., et. al.; AAA Case 01-21-0018-1992.;

Section 8.03 Indemnification By Buyer Parties. Subject to the other terms and conditions of this Article VIII, Buyer Parties shall indemnify and defend each of the Seller and their Affiliates and respective Representatives (collectively, the "**Seller 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, the Seller Indemnitees based upon, arising out of, with respect to or by reason of third party claims resulting from:

(a) any inaccuracy in or breach of any of the representations or warranties of Buyer or Buyer Parent contained in this Agreement or in any certificate or instrument delivered by or on behalf of Buyer or Buyer Parent 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 First 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) having a Material Adverse Effect on the Company or the Seller;

(b) any material breach or non-fulfillment of any covenant, agreement, or obligation to be performed by Buyer Parties pursuant to this Agreement having a Material Adverse Effect on Company or the Seller.

Section 8.04 Certain Limitations. The indemnification provided for in Section 8.02 and Section 8.03 shall be subject to the following limitations:

(a) No Seller shall be liable to the Buyer Indemnitees for indemnification under Section 8.02(a) until all Losses in respect of all of the Seller's indemnification obligations under Section 8.02(a) of all of the Purchase Agreements exceeds, in the aggregate, \$200,000 (the "Basket"), in which event Seller shall be required to pay or be liable for all such Losses from the first dollar. The aggregate amount of all Losses for which Seller shall be liable pursuant to Section 8.02(a) of all of the Purchase Agreements shall not exceed, in the aggregate, \$1,800,000 (the "Cap").

(b) Buyer Parties shall not be liable to the Seller Indemnitees for indemnification under Section 8.03(a) until the aggregate amount of all Losses in respect of indemnification under Section 8.03(a) exceeds the Basket, in which event Buyer Parties shall be required to pay or be liable for all such Losses from the first dollar. The aggregate amount of all Losses for which Buyer Parties shall be liable pursuant to Section 8.03(a) shall not exceed the Cap.

(c) Notwithstanding the foregoing, the limitations set forth in Section 8.04(a) and Section 8.04(b) shall not apply to Losses based upon, arising out of, with respect to or by reason of any inaccuracy in or breach of any representation or warranty in Section 3.01, Section 3.02, Section 3.03, Section 3.05, Section 3.14, Section 3.17, Section 3.18, Section 4.01, Section 4.04, and Section 4.05 for which such Losses under the same sections of all of the Purchase Agreements shall be capped, in the aggregate, at the Purchase Price; subject to Section 8.06 with respect to any claim brought by any Buyer Indemnitee against the Seller.

(d) Notwithstanding anything to the contrary herein, none of the limitations set forth in Section 8.04(a) and Section 8.04(b) shall apply to fraud or willful misconduct of any party.

Section 8.05 Indemnification Procedures. The party making a claim under this Article VIII is referred to as the "Indemnified Party," and the party against whom such claims are asserted under this Article VIII is referred to as the "Indemnifying Party."

(a) Third Party Claims. If any Indemnified Party 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 Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party 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 forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party 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 the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defense, unless the Indemnifying Party is a Seller, and such Third Party Claim seeks an injunction or other equitable relief against the Indemnified Party. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 8.05(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 the Indemnified Party. The Indemnified Party 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 the Indemnified Party, *provided*, that if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defenses available to an Indemnified Party 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 the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in each jurisdiction for which the Indemnified Party determines counsel is required. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, or fails to diligently prosecute the defense of such Third Party Claim, the Indemnified Party may, subject to Section 8.05(b), pay, compromise, 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 Seller 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 5.06) 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 the Indemnified Party, except as provided in this Section 8.05(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 the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party 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 the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within ten days after its receipt of such notice, the Indemnified Party 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 the Indemnified Party 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 the Indemnified Party has assumed the defense pursuant to Section 8.05(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).

Section 8.06 Payments.

(a) Upon settlement or adjudication of any claim for indemnification brought by any Buyer Indemnitee against the Seller pursuant to this Article VIII (an "Indemnity Claim Determination"), such Losses shall be satisfied through a cancellation of such number of shares of Buyer Common Stock held by the Seller equal to the quotient obtained by dividing (i) the aggregate amount of Losses (subject to the Cap, as applicable), by (ii) the Relevant Stock Price. For Clarity, without limitation, under no circumstances shall Seller have any liability to pay cash or any other consideration over and above the Equity Consideration to satisfy any claim under this Agreement; provided, however, that in the event that there is an indemnifiable Loss hereunder and all or any of the Equity Consideration is no longer owned by Seller, Seller shall be liable to deliver shares of Buyer Parent Common Stock or cash in an amount equal to the Relevant Stock Price *multiplied by* the number of shares of Buyer Parent Common Stock no longer held by Seller. In the event that not all Sellers are found liable in connection with such Indemnity Claim Determination, such Losses shall be paid only by those Sellers found liability in connection therewith on a Pro Rata Basis. Such cancellation of Buyer Common Stock shall be effective immediately following the applicable Indemnity Claim

Determination without any action required on the part of any Seller. Solely for purposes of this Section 8.06(a), the Seller hereby irrevocably constitutes and appoints Buyer, with full power of substitution and re-substitution, as its/his/her true and lawful attorney to transfer shares of Buyer Common Stock subject to this Section 8.06(a) on the books and records of Buyer.

(b) Upon an Indemnity Claim Determination against any Buyer Indemnitee, the Indemnifying Party shall satisfy its obligations within fifteen (15) Business Days of such Indemnity Claim Determination by wire transfer of immediately available funds.

Section 8.07 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

Section 8.08 Effect of Investigation. The representations, warranties and covenants of the Indemnifying Party, and the Indemnified Party'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 the Indemnified Party (including by any of its Representatives) or by reason of the fact that the Indemnified Party 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 the Indemnified Party's waiver of any condition set forth in Section 7.02 or Section 7.03, as the case may be.

Section 8.09 Exclusive Remedies. Subject to Section 5.07 and Section 10.11, the parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims (other than claims arising from fraud, criminal activity or willful misconduct on the part of a party hereto in connection with the transactions contemplated by this Agreement) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this Article VIII. In furtherance of the foregoing, each party hereby waives, to the fullest extent permitted under Law, any and all rights, claims, and causes of action for any breach of any representation, warranty, covenant, agreement, or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against any other parties hereto and their Affiliates and each of their respective Representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this Article VIII. Nothing in this Section 8.09 shall limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled or to seek any remedy on account of any party's fraudulent, criminal, or intentional misconduct.

Article IX. TERMINATION

Section 9.01 Termination. This Agreement may be terminated at any time prior to the Second Closing:

(a) by the mutual written consent of the Seller, on the one hand, and Buyer, on the other hand;

(b) by Buyer by written notice to the Seller if:

(i) 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 any Seller pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VII and such breach, inaccuracy or failure has not been cured by such Seller(s) within ten (10) days of the Seller's receipt of written notice of such breach from Buyer; or

(ii) any of the conditions set forth in Section 7.01 or Section 7.02 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by June 30, 2023, unless such failure shall be due to the failure of Buyer to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Second Closing;

(c) by the Seller by written notice to Buyer if:

(i) the Seller 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 Buyer pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VII 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 the Seller; or

(ii) any of the conditions set forth in Section 7.01 or Section 7.03 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by June 30, 2023, unless such failure shall be due to the failure of any Seller to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Second Closing; or

(d) by Buyer or the Seller in the event that (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited or (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.

Section 9.02 Effect of Termination. In the event of the termination of this Agreement in accordance with this Article IX, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except as set forth in this Article IX, Section 5.06, and Article X hereof; and that nothing herein shall relieve any party hereto from liability for any willful breach of any provision hereof.

Article X. MISCELLANEOUS

Section 10.01 Expenses. Except as otherwise expressly provided herein, 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, whether or not either of the Closings shall have occurred.

Section 10.02 Notices. All notices, requests, consents, claims, demands, waivers, and other communications 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 facsimile or 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 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 10.02):

If to Seller: At the address set forth under such Seller's name on the Signature Pages appended hereto

If to Buyer: Hightimes Holding Corp.
2110 Narcissus Ct.
Venice, CA 90291
Phone: +1 (844) 933-3287
Email: paul@hightimes.com
Attention: Chief Executive Officer

with a copy to (which shall not constitute notice): SMB Law Group LLP
Attention: Kevin Henderson, Esq.
217 S. Cedar Ave.
Tampa, FL 33606
Phone: +1 (972) 845-8850
Email: kevin@smblaw.group

Section 10.03 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.

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Section 10.04 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 10.05 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. Except as provided in Section 5.07(e), 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 10.06 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 10.07 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. No assignment shall relieve the assigning party of any of its obligations hereunder. Any assignment in violation of this provision shall be null and void *ab initio*.

Section 10.08 No Third-party Beneficiaries. Except as provided in Article VIII, 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 or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

Section 10.09 Amendment and Modification; Waiver. This Agreement may only be amended, modified, or supplemented by an agreement in writing signed by each party hereto. No waiver by any 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 any 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.

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Section 10.10 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. This Purchase Agreement shall be governed by, and construed in accordance with, the laws and regulations of the State of California without regard to any law or principle that otherwise would cause the application of any law(s) of any other state or jurisdiction. Any dispute among the parties which cannot be settled by mutual agreement shall be subject to final and binding arbitration before a retired judge in accordance with the JAMS dispute resolution system located in Los Angeles, California. The losing party in any such arbitration shall bear 100% of the costs of such arbitration. The decision of the arbitrator shall be final and binding on the parties hereto and may be enforced by the prevailing party in any court of competent subject matter jurisdiction located in Los Angeles County, State of California. Each party consents to the venue, and the personal jurisdiction over such Party, of such court located in Los Angeles County, State of California, in (or with respect to) any such action, suit, claim, or cause of action. Further, each party waives any and all arguments, motions, and other objections that any court located in Los Angeles County, State of California, is an inconvenient forum (*forum non conveniens*) for any such action, suit, claim or cause of action.

Section 10.11 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 10.12 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 pages follow]

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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.

SELLER:

ANACAPA CA LLC,
a California limited liability company

By: /s/ Jordan Lams

Name: Jordan Lams

Title: Chief Executive Officer

[Signature page to Membership Interest Purchase Agreement]

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:

HT RED LLC.,
a Delaware limited liability company

By: /s/ Paul Henderson

Name: Paul Henderson

Title: Chief Executive Officer

BUYER PARENT:

HIGHTIMES HOLDING CORP.,
a Delaware corporation

By: /s/ Paul Henderson

Name: Paul Henderson

Title: Chief Executive Officer

[Signature page to Membership Interest Purchase Agreement]

EXHIBIT A

Form of Lock-Up Agreement

(see attached)

EXHIBIT B

Form of Assignment

(see attached)

EXHIBIT C

Form of Management Services Agreement

(see attached)

MEMBERSHIP INTEREST PURCHASE AGREEMENT

among

MXY ANCILLARY HOLDINGS LLC,

HT RED LLC,

and

HIGHTIMES HOLDING CORP.

dated as of

November 1, 2022

MEMBERSHIP INTEREST PURCHASE AGREEMENT

This Membership Interest Purchase Agreement (this “**Agreement**”), dated as of November 1, 2022, is entered into between MXY Ancillary Holdings LLC, a Nevada limited liability company (the “**Seller**”), HT Red LLC, a Delaware limited liability company, and (“**Buyer**”), and Hightimes Holding Corp., a Delaware corporation and the direct owner of 100% of the equity interests of Buyer (“**Buyer Parent**”).

RECITALS

WHEREAS, the Seller owns all of the issued and outstanding membership interests (the “**Membership Interests**”) in MXY Property Holdings, LLC, a Nevada limited liability company (the “**Company**”);

WHEREAS, the Anacapa CA LLC, a California limited liability company and an affiliate of Seller (“**Anacapa**”) owns: (i) all of the issued and outstanding membership interests (the “**Pure CA Membership Interests**”) in Pure CA LLC, a California limited liability company (“**Pure CA**”); and (ii) all of the issued and outstanding membership interests (the “**Calaveras Membership Interests**”) in Pure Calaveras LLC, a California limited liability company (“**Calaveras**”);

WHEREAS, the Seller wishes to sell to Buyer, and Buyer wishes to purchase from the Seller, the Membership Interests, subject to the terms and conditions set forth herein; and

WHEREAS, simultaneously with the execution hereof, (i) Anacapa and the Buyer Parties (as hereinafter defined) shall enter into separate Membership Interest Purchase Agreements for the purchase by the Buyer of the Pure CA Membership Interests (the “**Pure CA MIPA**”), and the Calaveras Membership Interests (the “**Calaveras MIPA**”) and, together with the Pure CA MIPA and this Agreement, the “**Purchase Agreements**”), in each case pursuant to which the Buyer will consummate the acquisition of the Pure CA Membership Interests and the Calaveras Membership Interests, respectively, simultaneously with the purchase of the Membership Interests hereunder (the “**Contingent Transactions**”).

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Article I.
DEFINITIONS

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

“**Acquisition Proposal**” has the meaning set forth in Section 5.03(a).

“**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.

“**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.

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

“**Ancillary Documents**” means the Assignments and the Lock-Up Agreement.

“**Assignments**” has the meaning set forth in Section 2.03(b)(i).

“**Balance Sheet**” has the meaning set forth in Section 3.05.

“**Balance Sheet Date**” has the meaning set forth in Section 3.05.

“**Basket**” has the meaning set forth in Section 8.04(a).

“**Benefit Plan**” has the meaning set forth in Section 3.16(a).

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

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

“**Buyer Indemnities**” has the meaning set forth in Section 8.02.

“**Buyer Parent Common Stock**” means the Class A voting Common Stock, par value \$0.0001 per share, of Buyer Parent.

“**Buyer Parent Securities**” has the meaning set forth in Section 3.19(a).

“**Buyer Parties**” has the meaning set forth in the preamble to Article IV.

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

“**Calaveras Membership Interests**” has the meaning set forth in the recitals.

“**Calaveras MIPA**” has the meaning set forth in the recitals.

“**Cap**” has the meaning set forth in Section 8.04(a).

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

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

“**Company Intellectual Property**” means all Intellectual Property that is owned by the Company.

“**Contingent Transactions**” has the meaning set forth in the recitals.

“**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.

“**Disclosure Schedules**” means the Disclosure Schedules delivered by the Seller and Buyer concurrently with the execution and delivery of this Agreement.

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

“**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 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.

“**Equity Consideration**” has the meaning set forth in Section 2.02.

“**Escrow**” means that certain escrow materials including the Equity Consideration and the Assignments placed into escrow held by Escrow Holder at the First Closing to be released upon the Second Closing.

“**Escrow Holder**” means SMB Law Group LLP, a Texas limited liability partnership.

“**Financial Statements**” has the meaning set forth in Section 3.05.

“**First Closing**” has the meaning set forth in Section 2.04.

“**First Closing Date**” has the meaning set forth in Section 2.04.

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

“**Governmental Approval Contingency**” has the meaning set forth in Section 5.08(a).

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

“**Hazardous Materials**” means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral, or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum-derived products, radon, radioactive materials, or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation, and polychlorinated biphenyls.

“**Indebtedness**” means, without duplication and with respect to the Company, all (a) indebtedness for borrowed money; (b) long or short-term obligations evidenced

by notes, bonds, debentures or other similar instruments, (c) capital lease obligations; (d) reimbursement obligations under any letter of credit, banker's acceptance or similar credit transactions; (e) guarantees made by the Company or any Subsidiary on behalf of any third party in respect of obligations of the kind referred to in the foregoing clauses (a) through (d); and (f) any unpaid interest, prepayment penalties, premiums, costs and fees that would arise or become due as a result of the prepayment of any of the obligations referred to in the foregoing clauses (a) through (e).

"Indemnified Party" has the meaning set forth in Section 8.05.

"Indemnifying Party" has the meaning set forth in Section 8.05.

"Indemnity Claim Determination" has the meaning set forth in Section 8.06(a).

"Intellectual Property" means any and all rights in, arising out of, or associated with any of the following in any jurisdiction throughout the world: (a) issued patents and patent applications (whether provisional or non-provisional), including divisionals, continuations, continuations-in-part, substitutions, reissues, reexaminations, extensions, or restorations of any of the foregoing, and other Governmental Authority-issued indicia of invention ownership (including certificates of invention, petty patents, and patent utility models) ("**Patents**"); (b) trademarks, service marks, brands, certification marks, logos, trade dress, trade names, and other similar indicia of source or origin, together with the goodwill connected with the use of and symbolized by, and all registrations, applications for registration, and renewals of, any of the foregoing ("**Trademarks**"); (c) copyrights and works of authorship, whether or not copyrightable, and all registrations, applications for registration, and renewals of any of the foregoing ("**Copyrights**"); (d) internet domain names, whether or not Trademarks, all associated web addresses, URLs, websites and web pages, and all content and data thereon or relating thereto, whether or not Copyrights; (e) computer programs, operating systems, applications, firmware, and other code, including all source code, object code, application programming interfaces, data files, databases, protocols, specifications, and other documentation thereof; and (f) all other intellectual or industrial property and proprietary rights.

"IP Registrations" means all Intellectual Property that is subject to any issuance, registration, or application by, to or with any Governmental Authority or authorized private registrar in any jurisdiction, including issued patents, registered trademarks, domain names and copyrights, and pending applications for any of the foregoing.

"Knowledge of Seller" or **"Seller's Knowledge"** or any other similar knowledge qualification, means the actual or constructive knowledge of each of Jordan Lam, Kevin Marrone, Neil Hammond, Billy Maddox, and Brett Carman, after due inquiry.

"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" has the meaning set forth in Section 3.06.

"Lock-Up Agreement" means the Lock-Up Agreement, to be entered by and between Buyer Parent and Seller Parent, in the form attached hereto as Exhibit A.

"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; *provided, however*, that "**Losses**" shall not include punitive damages, except to the extent actually awarded to a Governmental Authority or other third party.

"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) or assets of the Company or any of the Subsidiaries, or (b) the ability of the Seller to consummate the transactions contemplated hereby on a timely basis.

"Material Contracts" has the meaning set forth in Section 3.08.

"Membership Interests" has the meaning set forth in the recitals.

"Organizational Documents" means (a) in the case of a Person that is a corporation, its articles or certificate of incorporation and its by-laws, regulations or similar governing instruments required by the laws of its jurisdiction of formation or organization; (b) in the case of a Person that is a partnership, its articles or certificate of partnership, formation or association, and its partnership agreement (in each case, limited, limited liability, general or otherwise); (c) in the case of a Person that is a limited liability company, its articles or certificate of formation or organization, and its limited liability company agreement or operating agreement; and (d) in the case of a Person that is none of a corporation, partnership (limited, limited liability, general or otherwise), limited liability company or natural person, its governing instruments as required or contemplated by the laws of its jurisdiction of organization.

"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 3.09(a).

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

"Post-Closing Tax Period" means any taxable period beginning after the First Closing Date and, with respect to any taxable period beginning before and ending after the First Closing Date, the portion of such taxable period beginning after the First Closing Date.

"Price Per Share" has the meaning set forth in Section 2.02.

"Purchase Agreements" has the meaning set forth in the recitals.

"Purchase Price" has the meaning set forth in Section 2.02.

"Pure CA" has the meaning set forth in the recitals.

"Pure CA Membership Interests" has the meaning set forth in the recitals.

"Pure CA MIPA" has the meaning set forth in the recitals.

"Real Property" means the real property owned, leased, or subleased by the Company, together with all buildings, structures and facilities located thereon.

“**Release**” means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility, or fixture).

“**Relevant Stock Price**” means, as of any given time, if Buyer Common Stock is not then listed on a national stock exchange, the last price at which Buyer sold shares of Buyer Common Stock to third parties in a financing transaction or, if Buyer Common Stock is then listed on a national stock exchange, the average closing price for the twenty trading days immediately preceding the date of determination of the Relevant Stock Price.

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

“**Restricted Business**” means the ownership or operation of any business licensed by the State of California Bureau of Cannabis Control for the cultivation, production, distribution, delivery, or sale of cannabis and cannabis-related products within the State of California.

“**Restricted Period**” has the meaning set forth in Section 5.07(a).

“**SEC**” has the meaning set forth in Section 3.19(a).

“**Securities Act**” has the meaning set forth in Section 3.19(a).

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

“**Seller Indemnitees**” has the meaning set forth in Section 8.03.

“**Seller Parent**” means MXY Holdings Inc., the direct owner of 100% of the equity interests of the Seller.

“**Taxes**” means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, 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.

“**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.

“**Territory**” means the State of California.

“**Third Party Claim**” has the meaning set forth in Section 8.05(a).

Article II. PURCHASE AND SALE

Section 2.01 Purchase and Sale. Subject to the terms and conditions set forth herein, at the Second Closing, the Seller shall sell to Buyer, and Buyer shall purchase from the Seller, directly or through one or more direct or indirect wholly-owned subsidiaries, all of the Seller’s right, title, and interest in and to the Membership Interests, free and clear of all Encumbrances, for the consideration specified in Section 2.02.

Section 2.02 Purchase Price. The aggregate purchase price for the Membership Interests shall be Four Million dollars (\$4,000,000) (the “**Purchase Price**”), payable to Seller in the form of Buyer Parent Common Stock (the “**Equity Consideration**”) at a price per share of \$11.00 (the “**Price Per Share**”), placed into Escrow within three (3) Business Days following the First Closing and released to Seller at the Second Closing.

Section 2.03 Transactions to be Effected at the First Closing.

(a) At the First Closing, Buyer and Buyer Parent shall deliver to the Escrow:

- (i) the Equity Consideration;
- (ii) the Assignments, each duly countersigned by an authorized representative of the Buyer;
- (iii) the Lock-Up Agreement, duly countersigned by an authorized representative of the Buyer Parent;
- (iv) each of the Pure CA MIPA and the Calaveras MIPA, duly executed by an authorized representative of the Buyer and Buyer Parent; and
- (v) all other agreements, documents, instruments, or certificates required to be delivered by Buyer at or prior to the First Closing pursuant to Section 7.03 of this Agreement.

(b) At the First Closing, the Seller shall cause to be delivered to the Escrow:

- (i) An assignment of the Membership Interests to Buyer in the form of Exhibit B hereto (collectively, the “**Assignments**”), duly executed by the Seller within three (3) Business Days following the First Closing;
- (ii) a Lock-Up Agreement with the Seller Parent, duly executed by the Seller Parent;
- (iii) each of the Pure CA MIPA and the Calaveras MIPA, duly executed by an authorized representative of Anacapa; and
- (iv) all other agreements, documents, instruments, or certificates required to be delivered by the Seller at or prior to the First Closing pursuant to Section 7.02 of this Agreement.

Section 2.04 First Closing. Subject to the terms and conditions of this Agreement, the First Closing contemplated hereby shall take place at a closing on October 31, 2022 (the “**First Closing**”) to be conducted remotely by exchange of documents and signatures (or their electronic counterparts), after the last of the conditions to First Closing set forth in Article VII have been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the First Closing Date), or at such other time or on such other date or at such other place as the Seller and Buyer may mutually agree upon in writing (the day on which the First Closing takes place being the “**First Closing Date**”).

Section 2.05 Transactions to be Effected at the Second Closing.

(a) At the Second Closing, Escrow shall release:

- (i) to each of the Buyer and Seller those documents placed into Escrow by the other party;
- (ii) to Buyer, the Assignments
- (iii) to Seller, the Equity Consideration.

Section 2.06 Second Closing. Subject to the terms and conditions of this Agreement, the Second Closing contemplated hereby shall take place at a closing within 3 days of that date upon which all approvals, consents and waivers that are listed on Section 3.04 of the Disclosure Schedules, including the Governmental Approval Contingency, shall have been received (the “**Second Closing**”).

Section 2.07 Withholding Tax. Neither Buyer nor the Company shall be entitled to deduct any withhold from the Purchase Price for Taxes.

Section 2.08 Inventory Count. No more than three (3) days prior to First Closing, a physical count of all inventory owned by the Company shall be carried out by representatives of each of the Company and the Buyer. The representatives of each of the Company and the Buyer shall attempt, in good faith, to resolve any disputes which may arise during the physical count of the inventory. Upon completion of the physical count of the inventory, the representatives of each of the Company and the Buyer shall agree upon and execute a statement setting forth the final physical count of the inventory as agreed in good faith between the Company and the Buyer.

Article III.
REPRESENTATIONS AND WARRANTIES OF THE SELLER

Except as set forth in the correspondingly numbered Section of the Disclosure Schedules, and except to the extent such would have less than a Material Adverse Effect, the Seller represents and warrants to Buyer that the statements contained in this Article III are true and correct as of the date hereof.

Section 3.01 Organization and Authority of the Seller. The Seller is duly organized, validly existing and in good standing under the Laws of the state of organization of the Seller. The Seller has full power and authority to enter into this Agreement and the Ancillary Documents to which Seller 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 the Seller of this Agreement and any Ancillary Document to which each such Seller is a party, the performance by the Seller of its obligations hereunder and thereunder, and the consummation by the Seller of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of Seller. This Agreement has been duly executed and delivered by the Seller, and (assuming due authorization, execution, and delivery by Buyer) this Agreement constitutes a legal, valid, and binding obligation of the Seller enforceable against each such Seller in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity. When each Ancillary Document to which the Seller is or will be a party has been duly executed and delivered by such Seller (assuming due authorization, execution, and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of such Seller enforceable against it in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity.

Section 3.02 Organization, Authority and Qualification of the Company.

(a) The Company is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of California and has full limited liability company power and authority to own, operate or lease the properties and assets now owned, operated, or leased by it and to carry on its business as it has been and is currently conducted. The Company is licensed or qualified to do business only in the State of California. All limited liability company actions taken by the Company in connection with this Agreement and the other Ancillary Documents will be duly authorized on or prior to the First Closing.

(b) The Company has no Subsidiaries.

Section 3.03 Capitalization.

(a) The Seller is a record owner of and has good and valid title to the Membership Interests, free and clear of all Encumbrances. The Membership Interests constitute 100% of the total issued and outstanding membership interests in the Company. The Membership Interests have been duly authorized and are validly issued, fully-paid, and non-assessable. Upon consummation of the transactions contemplated by this Agreement, Buyer shall own all of the Membership Interests, free and clear of all Encumbrances, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity.

(b) The Membership Interests were issued in compliance with applicable Laws. The Membership Interests were not issued in violation of the Organizational Documents of the Company, or any other agreement, arrangement, or commitment to which any Seller or the Company is a party and are not subject to or in violation of any preemptive or similar rights of any Person.

(c) There are no outstanding or authorized options, warrants, convertible securities or other rights, agreements, arrangements, or commitments of any character relating to any membership interests in the Company, or obligating any Seller or the Company, to issue or sell any membership interests (including the Membership Interests), or any other interest, in the Company. Other than the Organizational Documents, there are no voting trusts, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Membership Interests.

Section 3.04 No Conflicts; Consents. Except for and subject to consents required by all applicable governmental authorities and except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity, the execution, delivery and performance by the Seller of this Agreement and the Ancillary Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the Organizational Documents of any Seller or the Company; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to any Seller or the Company; (c) except as set forth in Section 3.04 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 to which any Seller or the Company is a party or by which any Seller or the Company is bound or to which any of their respective properties and assets are subject (including any Material Contract) or any Permit affecting the properties, assets or business of the Company; or (d) result in the creation or imposition of any Encumbrance other than Permitted Encumbrances on any properties or assets of the Company. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to any Seller or the Company in connection with the execution and delivery of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby, except for and subject to consents required by all applicable governmental authorities, and such filings as may be set forth on Section 3.04 of the Disclosure Schedules.

Section 3.05 Financial Statements. Complete copies of the Company's unaudited consolidated balance sheets and the related statements of income and retained earnings, members' equity, and cash flow as of and for the each of the fiscal years ended December 31, 2019, 2020, and 2021, and an unaudited balance sheet and related statements of income and retained earnings, members' equity, and cash flow as of the end of each fiscal quarter ended March 31, June 30, and September 30, 2022 (the "**Financial Statements**"), are included in the Disclosure Schedules. The Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved. The Financial Statements are based on the books and records of the Company, and fairly present the financial condition of the Company, on a consolidated basis, as of the respective dates they were prepared and the results of the operations of the Company for the periods indicated. The balance sheet of the Company as of August 31, 2022, is referred to herein as the "**Balance Sheet**" and the date thereof as the "**Balance Sheet Date**".

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Section 3.06 Undisclosed Liabilities. The Company does not have any 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 ("**Liabilities**"), except (a) those which are adequately reflected or reserved against in the Company's Balance Sheet as of the Balance Sheet Date, and (b) those which have been incurred in the ordinary course of business consistent with past practice since the Balance Sheet Date and which are not, individually or in the aggregate, material in amount.

Section 3.07 Absence of Certain Changes, Events, and Conditions. Since the Balance Sheet Date, and other than in the ordinary course of business consistent with past practice, there has not been, with respect to the Company, 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) amendment of the Organizational Documents of the Company;
- (c) split, combination, or reclassification of any membership interests in the Company;
- (d) issuance, sale, or other disposition of, or creation of any Encumbrance on, any membership interests in the Company, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange, or exercise) any membership interests in the Company;
- (e) declaration or payment of any distributions on or in respect of any membership interests in the Company or redemption, purchase, or acquisition of the Company's outstanding membership interests;
- (f) material change in the Company's cash management practices and any of their policies, practices, and procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts, accrual of accounts receivable, inventory control, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of customer deposits;
- (g) entry into any Contract that would constitute a Material Contract;
- (h) incurrence, assumption or guarantee of any indebtedness for borrowed money except unsecured current obligations and Liabilities incurred in the ordinary course of business consistent with past practice;
- (i) transfer, assignment, sale, or other disposition of any of the assets shown or reflected in the Balance Sheet or cancellation of any debts or entitlements;
- (j) material damage, destruction, or loss (whether or not covered by insurance) to its property;
- (k) any capital investment in, or any loan to, any other Person;

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- (l) acceleration, termination, material modification to or cancellation of any Material Contract (including, but not limited to, any Material Contract) to which the Company is a party or by which it is bound;
- (m) any material capital expenditures;
- (n) imposition of any Encumbrance upon any of the properties or assets, tangible or intangible, of the Company;
- (o) 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;
- (p) purchase, lease, or other acquisition of the right to own, use or lease any property or assets for an amount in excess of \$50,000, individually (in the case of a lease, per annum), or \$100,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the ordinary course of business consistent with past practice;
- (q) acquisition by merger or consolidation with, or by purchase of a substantial portion of the assets, stock, or other equity of, or by any other manner, any business or any Person or any division thereof;
- (r) action by the Company to make, change, or rescind any Tax election, amend any Tax Return, or take any position on any Tax Return, take any action, omit to take any action, or enter into any other transaction that would have the effect of increasing the Tax liability or reducing any Tax asset of Buyer in respect of any Post-Closing Tax Period; or
- (s) any Material Contract to do any of the foregoing, or any action or omission that would result in any of the foregoing.

Section 3.08 Material Contracts. Prior to the date hereof, the Company has provided to Buyer complete and correct copies of all material Contracts to which the Company is a party. "**Material Contract**" means, each Contract of the Company involving aggregate consideration in excess of \$50,000 and which, in each case, cannot be cancelled by the Company without penalty or without more than 90 days' notice. Each Material Contract is valid and binding on the Company in accordance with its terms and is in full force and effect, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally

and general principles of equity. Neither the Company nor, to the Seller's Knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under) in any material respect or has provided or received any notice of any intention to terminate, any Material Contract. To the Knowledge of the Company and the Seller, 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.

Section 3.09 Title to Assets; Real Property.

(a) The Company has good and valid title to, or a valid leasehold interest in, all Real Property and personal property and other assets reflected in the Company's Financial Statements or acquired after the Balance Sheet Date, other than properties and assets sold or otherwise disposed of in the ordinary course of business consistent with past practice since the Balance Sheet Date. All such properties and assets (including leasehold interests) are free and clear of Encumbrances, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity and except for the following (collectively referred to as "**Permitted Encumbrances**"):

(i) liens for Taxes not yet due and payable;

(ii) 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 business of the Company;

(iii) easements, rights of way, zoning ordinances and other similar encumbrances affecting Real Property which are not, individually or in the aggregate, material to the business of the Company; or

(iv) other than with respect to owned Real Property, liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business consistent with past practice which are not, individually or in the aggregate, material to the business of the Company.

(b) Section 3.09(b) of the Disclosure Schedules lists (i) the street address of each parcel of Real Property; (ii) the landlord under the lease, the rental amount currently being paid, and the expiration of the term of such lease or sublease for each leased or subleased property; and (iii) the current use of such property. The Company is not a sublessor or grantor under any sublease or other instrument granting to any other Person any right to the possession, lease, occupancy, or enjoyment of any leased Real Property. The use and operation of the Real Property in the conduct of the Company's business do not violate in any material respect any Law, covenant, condition, restriction, easement, license, permit or agreement. There are no Actions pending nor, to the Seller's Knowledge, threatened against or affecting the Real Property or any portion thereof or interest therein in the nature or in lieu of condemnation or eminent domain proceedings.

(c) Except as set forth on Disclosure Schedule Section 3.09(c), neither the Company nor any of its Affiliates has engaged in or permitted any operation or activity at or upon, or any use or occupancy of, any Real Property for the purpose of manufacturing, generating, handling, storing, transferring, treating or disposing of, or in any way involving release of, any Hazardous Materials on, under, in or about any Real Property; and (ii) no Hazardous Materials have been released on, into, upon or about any Real Property, and to the Seller's Knowledge, no Hazardous Materials have migrated from or to any adjacent properties.

Section 3.10 Condition of Assets. To the Knowledge of Seller, the buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property of the Company are structurally sound, are in good operating condition and repair, and are adequate for the uses to which they are being put, and none of such buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost.

Section 3.11 Intellectual Property. The Company does not hold any IP Registrations or any Intellectual Property and any and all other license agreements held by the Company from the Seller or any Affiliate of Seller are hereby and forever canceled and of no further force or effect.

Section 3.12 Inventory. All inventory of the Company, whether or not reflected in the Balance Sheet, consists of a quality and quantity usable and salable in the ordinary course of business consistent with past practice, except for obsolete, damaged, defective, or slow-moving items that have been written off or written down to fair market value or for which adequate reserves have been established. All such inventory is owned by the Company free and clear of all Encumbrances, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity, and no inventory is held on a consignment basis. The quantities of each item of inventory (whether raw materials, work-in-process or finished goods) are not excessive but are reasonable in the present circumstances of the Company.

Section 3.13 Accounts Receivable. The accounts receivable reflected on the Balance Sheet of the Company and the accounts receivable arising after the date thereof: (a) have arisen from bona fide transactions entered into by the Company involving the sale of goods or the rendering of services in the ordinary course of business consistent with past practice; and (b) to the Seller's Knowledge constitute only valid, undisputed claims of the Company 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, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity.

Section 3.14 Legal Proceedings; Governmental Orders. Except as set forth in Section 3.14 of the Disclosure Schedules, there are no Actions pending or, to the Seller's Knowledge, threatened (a) against or by the Company affecting any of its properties or assets (or by or against any Seller or any Affiliate thereof and relating to the Company); or (b) against or by the Company, any Seller, or any Affiliate of any Seller that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. To Seller's Knowledge, no event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action. There are no outstanding Governmental Orders and no unsatisfied judgments, penalties, or awards against or affecting the Company, or any of its properties or assets.

Section 3.15 Compliance With Laws; Permits. The Company has complied, and is now complying, in all material respects with all Laws applicable to it or its business, properties, or assets. All Permits required for the Company to conduct their business have been obtained by it and are valid and in full force and effect. All fees and charges with respect to such Permits as of the date hereof have been paid in full. Copies of all current Permits issued to the Company, including the names of the Permits and their respective dates of issuance and expiration, have been provided to Buyer prior to the date hereof. To the Seller's Knowledge, no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse, or limitation of any such Permit.

Section 3.16 Employee Benefit Matters.

(a) Prior to the date hereof, the Company has made available to Buyer true and correct copies of each pension, benefit, retirement, compensation, employment, consulting, profit-sharing, deferred compensation, incentive, bonus, performance award, phantom equity or other equity, change in control, retention, severance,

vacation, paid time off (PTO), medical, vision, dental, disability, welfare, Code Section 125 cafeteria, fringe benefit and other similar agreement, plan, policy, program or arrangement (and any amendments thereto), 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 the Company for the benefit of any current or former employee, officer, manager, retiree, independent contractor or consultant of each such Company or any spouse or dependent of such individual, or under which the Company or any of their ERISA Affiliates has 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**”).

(b) Each Benefit Plan can be amended, terminated, or otherwise discontinued after the First Closing in accordance with its terms, without material liabilities to Buyer Parties, the Company, or any of their Affiliates, other than ordinary administrative expenses typically incurred in a termination event. The Company has no commitment or obligation and has not made any representations to any employee, officer, manager, independent contractor, or consultant, whether or not legally binding, to adopt, amend, modify, or terminate any Benefit Plan or any collective bargaining agreement, in connection with the consummation of the transactions contemplated by this Agreement or otherwise.

(c) There is no pending or, to the Seller’s Knowledge, threatened Action relating to a Benefit Plan (other than routine claims for benefits), and no Benefit Plan has within the three years prior to the date hereof been the subject of an examination or audit by a Governmental Authority or the subject of an application or filing under or is a participant in, an amnesty, voluntary compliance, self-correction, or similar program sponsored by any Governmental Authority.

(d) There has been no amendment to, announcement by any Seller, the Company or any of their Affiliates relating to, or change in employee participation or coverage under, any Benefit Plan or collective bargaining agreement that would increase the annual expense of maintaining such plan above the level of the expense incurred for the most recently completed fiscal year (other than on a de minimis basis) with respect to any manager, officer, employee, independent contractor or consultant, as applicable. None of the Seller, the Company, nor any of their Affiliates has any commitment or obligation or has made any representations to any manager, officer, employee, independent contractor, or consultant, whether or not legally binding, to adopt, amend, modify, or terminate any Benefit Plan or any collective bargaining agreement.

(e) Each Benefit Plan that is subject to Section 409A of the Code has been administered in compliance with its terms and the operational and documentary requirements of Section 409A of the Code and all applicable regulatory guidance (including notices, rulings and proposed and final regulations) thereunder. The Company does not have any obligation to gross up, indemnify, or otherwise reimburse any individual for any excise taxes, interest, or penalties incurred pursuant to Section 409A of the Code.

(f) Each individual who is classified by the Company as an independent contractor has been properly classified for purposes of participation and benefit accrual under each Benefit Plan.

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(g) Section 3.16(g) of the Disclosure Schedules contains a list of all persons who are employees, independent contractors, or consultants of the Company as of the date hereof, 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; and (vi) a description of the fringe benefits provided to each such individual as of the date hereof. As of the date hereof, all compensation, including wages, commissions, bonuses, fees and other compensation, payable to all employees, independent contractors, or consultants of the Company for services performed on or prior to the date hereof have been paid in full, and there are no outstanding agreements, understandings or commitments of the Company with respect to any compensation, commissions, bonuses, or fees.

Section 3.17 Taxes.

(a) All Tax Returns required to be filed on or before the First Closing Date by the Company has been, or will be, timely filed. Such Tax Returns are, or will be, true, complete, and correct in all respects. All Taxes due and owing by the Company (whether or not shown on any Tax Return) have been, or will be, timely paid.

(b) The Company has 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, member, or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(c) The Company is a party to any Action by any taxing authority. There are no pending or threatened Actions by any taxing authority.

(d) There are no Encumbrances for Taxes (other than for current Taxes not yet due and payable) upon the assets of the Company.

(e) At all times since April 5, 2019, the Company has made an election to be treated as a C-corporation for US federal, state, local, or foreign tax purposes.

Section 3.18 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 the Seller.

Section 3.19 Equity Consideration.

(a) The Equity Consideration (collectively, the “**Buyer Parent Securities**”) are or shall be restricted securities and have not been registered for resale under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and may not be sold, transferred, hypothecated, or assigned by any of the Seller in the absence of a registration statement covering such Buyer Parent Securities that has been declared effective by the Securities and Exchange Commission (“**SEC**”) or the availability of an applicable exemption therefrom. For clarity, other than the Lock-up Agreement, there are no separate restrictions other than the stock having been issued in a private transaction, thereby making the shares restricted for Rule 144 purposes. If the Buyer Parent lists its shares on any public exchange, at Seller’s election, Buyer shall: (i) if registration occurs after the First Closing, ensure Seller’s Equity Consideration is registered, or (ii) if registration occurs before the First Closing, pay the Equity Consideration in registered shares.

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(b) The Seller is a knowledgeable, sophisticated, and experienced investor and has sufficient knowledge and experience in evaluating and making, and is qualified to evaluate and make, decisions with respect to private investments in and dispositions of securities, including investments in and dispositions of securities issued by Buyer Parent and Persons engaged in similar activities, and is capable of evaluating the risks and merits associated with the Buyer Parent Securities.

(c) The Seller is an “accredited investor” as defined in Rule 501(a) of Regulation D under the Securities Act.

(d) The Seller has had the opportunity to seek independent legal, investment, and tax advice in connection with such Seller’s decision to acquire its share of the Buyer Parent Securities.

(e) The Seller is acquiring the Buyer Parent Securities for investment purposes only and not with a view toward the immediate resale or distribution thereof. The Seller acknowledges that, as a result of the substantial restrictions on the transferability of its share of Buyer Parent Securities, such Seller will be required to bear the financial risks of an investment in such capital stock for an indefinite period of time.

(f) The Seller has reviewed the reports filed with the SEC by Buyer Parent and has received and reviewed a draft of Buyer Parent's Form 1-K for fiscal year 2019, to be filed with the SEC pending completion of the Company's audit procedures. The Seller understands the risks of its investment in Buyer Parent. The Seller acknowledges and agrees that it has had sufficient time and opportunity to ask questions and receive answers from Buyer Parent concerning the terms of the issuance of Buyer Parent Securities pursuant to this Agreement and to obtain any additional information required by or pursuant to the Securities Act.

Section 3.20 Full Disclosure. No representation or warranty by the Seller 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.

Article IV. REPRESENTATIONS AND WARRANTIES OF BUYER AND BUYER PARENT

Except as set forth in the correspondingly numbered Section of the Disclosure Schedules, Buyer and Buyer Parent (collectively, the **'Buyer Parties'**) represent and warrant to Seller, jointly and severally, that the statements contained in this Article IV are true and correct as of the date hereof.

Section 4.01 Organization and Authority of Buyer. Buyer is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware. Buyer Parent is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware. Each Buyer Party has full power and authority to enter into this Agreement and the Ancillary Documents to which such Buyer Party 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 the Buyer Parties of this Agreement and any Ancillary Document to which either is a party, the performance by either Buyer Party of its obligations hereunder and thereunder and the consummation by the Buyer Parties of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of the Buyer Parties. This Agreement has been duly executed and delivered by the Buyer Parties, and (assuming due authorization, execution, and delivery by the Seller), this Agreement constitutes a legal, valid, and binding obligation of the Buyer Parties enforceable against the Buyer Parties in accordance with its terms. When each Ancillary Document to which either Buyer Party is or will be a party has been duly executed and delivered by the applicable Buyer Party (assuming due authorization, execution, and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of such Buyer Party enforceable against it in accordance with its terms.

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Section 4.02 No Conflicts; Consents. The execution, delivery, and performance by the Buyer Parties of this Agreement and the Ancillary Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the Organizational Documents of the Buyer Parties; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to the Buyer Parties; or (c) require the consent, notice, or other action by any Person under any Contract to which either Buyer Party is a party. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to the Buyer Parties in connection with the execution and delivery of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby.

Section 4.03 Investment Purpose. Buyer is acquiring the Membership Interests solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. Buyer acknowledges that the Membership Interests are not registered under the Securities Act, or any state securities laws, and that the Membership Interests may not be transferred or sold except pursuant to the registration provisions of the Securities Act or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable. Buyer is an "accredited investor" as defined in Rule 501(a) of Regulation D under the Securities Act. Buyer has had the opportunity to seek independent legal, investment, and tax advice in connection with Buyer's decision to acquire the Seller's Membership Interests. Buyer is a knowledgeable, sophisticated, and experienced investor and has sufficient knowledge and experience in evaluating and making, and is qualified to evaluate and make, decisions with respect to private investments in and dispositions of securities, including investments in and dispositions of Membership Interests of Seller's and Persons engaged in similar activities, and is capable of evaluating the risks and merits associated with the Seller's Membership Interests.

Section 4.04 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 the Buyer Parties.

Section 4.05 Legal Proceedings. There are no Actions pending or, to the Buyer Parties' knowledge, threatened against or by the Buyer Parties or any Affiliate of the Buyer Parties 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 or serve as a basis for any such Action.

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Section 4.06 Full Disclosure. No representation or warranty by the Buyer Parties 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 Seller 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.

Article V. COVENANTS

Section 5.01 Conduct of Business Prior to the First Closing. From the date hereof until the First 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), the business of the Company will be carried on by Buyer pursuant to a Management Services Agreement substantially in the form attached hereto as Exhibit C.

Section 5.02 Access to Information. From the date hereof until the Second Closing, the Seller shall (a) afford Buyer and its Representatives full and free access to and the right to inspect all of the Real Property, properties, assets, premises, books and records, Contracts and other documents and data related to the Company; (b) furnish Buyer and its Representatives with such financial, operating and other data and information related to the Company as Buyer or any of its Representatives may reasonably request; and (c) instruct the Representatives of the Seller and the Company to cooperate with Buyer in its investigation of the Company.

Section 5.03 No Solicitation of Other Bids.

(a) The Seller shall not, and shall not authorize or permit any of its Affiliates (including the Company) or any of its or their Representatives to, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. The Seller shall immediately cease and cause to be terminated and shall cause their Affiliates (including the Company and any Subsidiary) and all of its and their Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could lead to, an Acquisition Proposal. For purposes hereof, "**Acquisition Proposal**" shall mean any inquiry, proposal or offer from any Person (other than Buyer or any of its Affiliates) concerning (i) a merger, consolidation, liquidation, recapitalization, or other business combination transaction involving the Company; (ii) the issuance or acquisition of membership interests in the Company; or (iii) the sale, lease, exchange, or other disposition of any significant portion of any of the Company's properties or assets.

(b) In addition to the other obligations under this Section 5.03, the Seller shall promptly (and in any event within three (3) Business Days after receipt thereof by the Company or any Seller or its or their Representatives) advise Buyer orally and in writing of any Acquisition Proposal, any request for information with respect to any Acquisition Proposal, or any inquiry with respect to or which could reasonably be expected to result in an Acquisition Proposal, the material terms and conditions of such request, Acquisition Proposal or inquiry, and the identity of the Person making the same.

(c) The Seller agrees that the rights and remedies for noncompliance with this Section 5.03 shall include having such provision specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to Buyer and that money damages would not provide an adequate remedy to Buyer.

Section 5.04 Notice of Certain Events.

(a) From the date hereof until the First Closing, the Seller shall promptly notify Buyer in writing of:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has resulted in, or could reasonably be expected to result in, any representation or warranty made by the Seller hereunder not being true and correct or (B) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in Section 7.02 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; and

(iv) any Actions commenced or, to the Seller's Knowledge, threatened against, relating to, or involving or otherwise affecting any Seller, the Company, or any Subsidiary that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 3.14 or that relates to the consummation of the transactions contemplated by this Agreement.

(b) Buyer's receipt of information pursuant to this Section 5.04 shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Seller in this Agreement (including Section 8.02 and Section 9.01(b)) and shall not be deemed to amend or supplement the Disclosure Schedules.

Section 5.05 Resignations. Seller shall deliver to Buyer written resignations, effective as of the First Closing Date, of the officers and managers of the Company.

Section 5.06 Confidentiality. From and after the First Closing, the Buyer Parties, on the one hand, and the Seller, on the other hand, shall, and shall cause its or their Affiliates to, hold, and shall use its or their reasonable efforts to cause its or their respective Representatives to hold, in confidence any and all confidential information disclosed by the other party, whether written or oral, except to the extent that the such information: (a) is generally available to and known by the public through no fault of such party, any of its Affiliates, or their respective Representatives; (b) was known by such party or its Affiliates or Representatives prior to disclosure by the other party, (c) is lawfully acquired by such party, any of its Affiliates, or their respective Representatives from and after the First Closing from sources which are not prohibited from disclosing such information by a legal, contractual, or fiduciary obligation, or (d) is developed by such party, Affiliates, or their respective Representatives without reference to or use of the other party's confidential information. If any party or any of its Affiliates or their respective Representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, such party shall promptly notify the other party in writing and shall disclose only that portion of such information that such party is advised by its counsel in writing is legally required to be disclosed; *provided, however*, that such party shall use reasonable best efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

Section 5.07 Non-Solicitation.

(a) During the Restricted Period, the Seller shall not, and shall not permit any of its Affiliates to, directly or indirectly, solicit any employee of the Company or encourage any such employee to leave such employment, except pursuant to a general solicitation which is not directed specifically to any such employees; *provided*, further that nothing in this Section 5.07(b) shall prevent any Seller or any of its Affiliates from directly soliciting (i) any employee whose employment has been terminated by the Company or Buyer, or (ii) after 180 days from the date of termination of employment, any employee whose employment has been terminated by the employee.

(b) During the Restricted Period, the Seller shall not, and shall not permit any of its Affiliates to, directly or indirectly, solicit or entice, or attempt to solicit or entice, any clients or customers of the Company or Buyer within the Territory, or potential clients or customers of the Company or Buyer within the Territory, for purposes of diverting their business or services within the Territory from the Company or Buyer.

(c) The Seller acknowledges that a breach of this Section 5.07 would give rise to irreparable harm to Buyer, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by any Seller of any such obligations, Buyer shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to seek equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

(d) The Seller acknowledges that the restrictions contained in this Section 5.07 are reasonable and necessary to protect the legitimate interests of Buyer and constitute a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated by this Agreement. In the event that any covenant contained in this Section 5.07 should ever be adjudicated to exceed the time, geographic, product or service, or other limitations permitted by applicable Law in any jurisdiction, then any court is expressly empowered to reform such covenant, and such covenant shall be deemed reformed, in such jurisdiction to the maximum time, geographic, product or service, or other limitations permitted by applicable Law. The covenants contained in this Section 5.07 and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

Section 5.08 Governmental Approvals and Consents.

(a) Promptly following the date hereof, Buyer and the Seller shall reasonably cooperate to cause the Company, as promptly as possible, make, or cause or be made, all filings and submissions required by Law for the approval of the transactions contemplated hereby from each of the relevant jurisdictions, including the City of Lynwood, which approval shall be documented in a written instrument reasonably acceptable to Buyer (the "**Governmental Approval Contingency**"), and to provide notice following the Second Closing to the State of California Department of Cannabis Control office. Each of the parties 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) The Seller and Buyer shall use reasonable best efforts to give all notices to, and obtain all consents from, all third parties that are described in Section 3.04 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 all reasonable best efforts to:

(i) respond to any inquiries by any Governmental Authority regarding antitrust or other 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 either party before any Governmental Authority or the staff or regulators of any Governmental Authority, in connection with the transactions contemplated hereunder (but, for the avoidance of doubt, not including any interactions between the Seller or the Company 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 party with respect to any meeting, discussion, appearance or contact with any Governmental Authority or the staff or regulators of any Governmental Authority, 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 5.08 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 First Closing Date, any assets, businesses or interests of Buyer, the Company, or any of their respective 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; or (iii) any material modification or waiver of the terms and conditions of this Agreement.

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Section 5.09 Books and Records.

(a) In order to facilitate the resolution of any claims made against or incurred by the Seller prior to the First Closing, or for any other reasonable purpose, for a period of five (5) years after the First Closing, Buyer shall (i) retain the books and records (including personnel files) of the Company relating to periods prior to the First Closing in a manner reasonably consistent with the prior practices of the Company; and (ii) upon reasonable notice, afford the Seller reasonable access (including the right to make, at the Seller's expense, photocopies), during normal business hours, to such books and records.

(b) In order to facilitate the resolution of any claims made by or against or incurred by Buyer or the Company after the First Closing, or for any other reasonable purpose, for a period of five (5) years following the First Closing, the Seller shall (i) retain the books and records of such Seller that relate to the Company and its operations for periods prior to the First Closing; and (ii) upon reasonable notice, afford the Representatives of Buyer or the Company reasonable access (including the right to make, at Buyer's expense, photocopies), during normal business hours, to such books and records.

(c) None of Buyer, on the one hand, nor the Seller, on the other hand, shall be obligated to provide the other with access to any books or records (including personnel files) pursuant to this Section 5.09 where such access would violate any Law.

Section 5.10 Closing Conditions. From the date hereof until the Second Closing, each party hereto shall, and the Seller shall cause the Company to, use reasonable best efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in Article VII hereof.

Section 5.11 Further Assurances. Following the First 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.

Article VI. TAX MATTERS

Section 6.01 Tax Treatment. The parties intend for the transactions described herein to qualify as a tax-free reorganization under Section 368(a)(1)(B) of the Code. Each of the parties shall use its reasonable best efforts to cause the transactions to qualify as a tax-free reorganization pursuant to Section 368(a)(1)(B) of the Code, and will not take, or will not agree to take, any action that would prevent the Transaction from so qualifying. Unless otherwise required pursuant to a "determination" within the meaning of Section 1313(a) of the Code, each of the parties shall report the Transaction for U.S. federal income tax purposes as a tax-free reorganization pursuant to Section 368(a)(1)(B) of the Code.

Article VII. CONDITIONS TO THE SECOND CLOSING

Section 7.01 Conditions to Obligations of All Parties at the Second Closing. The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Second Closing, of each of the following conditions:

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(a) 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.

Section 7.02 Conditions to Obligations of the Buyer at the Second Closing. The obligations of the Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or the Buyer's waiver, at or prior to the Second Closing, of each of the following conditions:

(a) Buyer shall have received a certificate of each Company certifying that attached thereto are true and complete copies of all resolutions adopted by Company or parent of the Company 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.

(b) The representations and warranties of the Seller contained in Section 3.01, Section 3.02, Section 3.03, Section 3.05, Section 3.14 (other than with respect to the Company), and Section 3.18 shall be true and correct in all respects on and as of the date hereof and on and as of the Second Closing Date with the same effect as though made at and as of such date.

(c) No Action shall have been commenced against Buyer Parties, the Seller, the Company, or any Subsidiary that would prevent the Second 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.

(d) All approvals, consents and waivers that are listed on Section 3.04 of the Disclosure Schedules, including the Governmental Approval Contingency, shall have been received, and executed counterparts thereof shall have been delivered to Buyer at or prior to the Second Closing.

(e) The Seller shall have delivered to Buyer a good standing certificate (or its equivalent) for the Company from the California Secretary of State or similar Governmental Authority and the Franchise Tax Board of the State of California.

(f) The Seller shall have delivered to Buyer a certificate pursuant to Treasury Regulations Section 1.1445-2(b) that the Seller is not a foreign person within the meaning of Section 1445 of the Code.

(g) The Seller 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.

Section 7.03 Conditions to Obligations of the Seller at the Second Closing. The obligations of the Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or the Seller's waiver, at or prior to the Second Closing, of each of the following conditions:

(a) No Action shall have been commenced against Buyer Parties, the Seller, the Company, or any Subsidiary that would prevent the Second Closing. No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any material transaction contemplated hereby.

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(b) The representations and warranties of Buyer contained in Section 4.01, Section 4.04, Section 4.05 and Section 4.06 shall be true and correct in all respects on and as of the date hereof and on and as of the Second Closing Date with the same effect as though made at and as of such date.

(c) Seller shall have received a certificate of each of Buyer Parties certifying that attached thereto are true and complete copies of all resolutions adopted by Buyer Parties 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.

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

Article VIII. INDEMNIFICATION

Section 8.01 Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein shall survive the First Closing and shall remain in full force and effect until the date that is twelve (12) months from the First Closing Date; *provided*, that the representations and warranties in Section 3.01, Section 3.02, Section 3.03, Section 3.18, Section 4.01, and Section 4.04 shall survive until the expiration of the applicable statute of limitations date. All covenants and agreements of the parties contained herein shall survive the First Closing for one (1) year. 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 8.02 Indemnification By the Seller. Subject to the other terms and conditions of this Article VIII, the Seller shall indemnify and defend each of Buyer and its Affiliates (including the Company) 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, the 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 the Seller contained in this Agreement or in any certificate or instrument delivered by or on behalf of the Seller 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 First 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) having a Material Adverse Effect on Buyer Parties;

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(b) any material breach or non-fulfillment of any covenant, agreement, or obligation to be performed by Seller pursuant to this Agreement having a Material Adverse Effect on Buyer Parties;

(c) any material Indebtedness of the Company outstanding as of the First Closing to the extent not paid by the Seller prior to the First Closing; or

(d) any Losses incurred by the Company in connection with any disputes with lenders of the Company that exist prior to the First Closing or disputes with lenders of the Company arising after the First Closing but only if and to the extent such disputes are derived from and based upon acts or omissions of the Seller prior to the First Closing, including the existing legal dispute with 2567423 Ontario, Inc. v. MXV Holdings, Inc., et. al.; AAA Case 01-21-0018-1992.;

Section 8.03 Indemnification By Buyer Parties. Subject to the other terms and conditions of this Article VIII, Buyer Parties shall indemnify and defend each of the Seller and their Affiliates and respective Representatives (collectively, the "**Seller 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, the Seller Indemnitees based upon, arising out of, with respect to or by reason of third party claims resulting from:

(a) any inaccuracy in or breach of any of the representations or warranties of Buyer or Buyer Parent contained in this Agreement or in any certificate or instrument delivered by or on behalf of Buyer or Buyer Parent 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 First 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) having a Material Adverse Effect on the Company or the Seller;

(b) any material breach or non-fulfillment of any covenant, agreement, or obligation to be performed by Buyer Parties pursuant to this Agreement having a Material Adverse Effect on Company or the Seller.

Section 8.04 Certain Limitations. The indemnification provided for in Section 8.02 and Section 8.03 shall be subject to the following limitations:

(a) No Seller shall be liable to the Buyer Indemnitees for indemnification under Section 8.02(a) until all Losses in respect of all of the Seller's indemnification obligations under Section 8.02(a) of all of the Purchase Agreements exceeds, in the aggregate, \$200,000 (the "**Basket**"), in which event Seller shall be required to pay or be liable for all such Losses from the first dollar. The aggregate amount of all Losses for which Seller shall be liable pursuant to Section 8.02(a) of all of the Purchase Agreements shall not exceed, in the aggregate, \$1,800,000 (the "**Cap**").

(b) Buyer Parties shall not be liable to the Seller Indemnitees for indemnification under Section 8.03(a) until the aggregate amount of all Losses in respect of indemnification under Section 8.03(a) exceeds the Basket, in which event Buyer Parties shall be required to pay or be liable for all such Losses from the first dollar. The aggregate amount of all Losses for which Buyer Parties shall be liable pursuant to Section 8.03(a) shall not exceed the Cap.

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(c) Notwithstanding the foregoing, the limitations set forth in Section 8.04(a) and Section 8.04(b) shall not apply to Losses based upon, arising out of, with respect to or by reason of any inaccuracy in or breach of any representation or warranty in Section 3.01, Section 3.02, Section 3.03, Section 3.05, Section 3.14, Section 3.17, Section 3.18, Section 4.01, Section 4.04, and Section 4.05 for which such Losses under the same sections of all of the Purchase Agreements shall be capped, in the aggregate, at the Purchase Price; subject to Section 8.06 with respect to any claim brought by any Buyer Indemnitee against the Seller.

(d) Notwithstanding anything to the contrary herein, none of the limitations set forth in Section 8.04(a) and Section 8.04(b) shall apply to fraud or willful misconduct of any party.

Section 8.05 Indemnification Procedures. The party making a claim under this Article VIII is referred to as the "**Indemnified Party**," and the party against whom such claims are asserted under this Article VIII is referred to as the "**Indemnifying Party**."

(a) Third Party Claims. If any Indemnified Party 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 Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party 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 forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party 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 the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defense, unless the Indemnifying Party is a Seller, and such Third Party Claim seeks an injunction or other equitable relief against the Indemnified Party. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 8.05(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 the Indemnified Party. The Indemnified Party 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 the Indemnified Party, *provided*, that if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defenses available to an Indemnified Party 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 the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in each jurisdiction for which the Indemnified Party determines counsel is required. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, or fails to diligently prosecute the defense of such Third Party Claim, the Indemnified Party may, subject to Section 8.05(b), pay, compromise, 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 Seller 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 5.06) 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.

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(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 the Indemnified Party, except as provided in this Section 8.05(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 the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party 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 the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within ten days after its receipt of such notice, the Indemnified Party 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 the Indemnified Party 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 the Indemnified Party has assumed the defense pursuant to Section 8.05(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).

Section 8.06 Payments.

(a) Upon settlement or adjudication of any claim for indemnification brought by any Buyer Indemnitee against the Seller pursuant to this Article VIII (an "**Indemnity Claim Determination**"), such Losses shall be satisfied through a cancellation of such number of shares of Buyer Common Stock held by the Seller equal to the quotient obtained by dividing (i) the aggregate amount of Losses (subject to the Cap, as applicable), by (ii) the Relevant Stock Price. For Clarity, without limitation, under no circumstances shall Seller have any liability to pay cash or any other consideration over and above the Equity Consideration to satisfy any claim under this Agreement; provided, however, that in the event that there is an indemnifiable Loss hereunder and all or any of the Equity Consideration is no longer owned by Seller, Seller shall be liable to deliver shares of Buyer Parent Common Stock or cash in an amount equal to the Relevant Stock Price *multiplied by* the number of shares of Buyer Parent Common Stock no longer held by Seller. In the event that not all Sellers are found liable in connection with such Indemnity Claim Determination, such Losses shall be paid only by those Sellers found liability in connection therewith on a Pro Rata Basis. Such cancellation of Buyer Common Stock shall be effective immediately following the applicable Indemnity Claim Determination without any action required on the part of any Seller. Solely for purposes of this Section 8.06(a), the Seller hereby irrevocably constitutes and appoints Buyer, with full power of substitution and re-substitution, as its/his/her true and lawful attorney to transfer shares of Buyer Common Stock subject to this Section 8.06(a) on the books and records of Buyer.

(b) Upon an Indemnity Claim Determination against any Buyer Indemnitee, the Indemnifying Party shall satisfy its obligations within fifteen (15) Business Days of such Indemnity Claim Determination by wire transfer of immediately available funds.

Section 8.07 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

Section 8.08 Effect of Investigation. The representations, warranties and covenants of the Indemnifying Party, and the Indemnified Party'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 the Indemnified Party (including by any of its Representatives) or by reason of the fact that the Indemnified Party 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 the Indemnified Party's waiver of any condition set forth in Section 7.02 or Section 7.03, as the case may be.

Section 8.09 Exclusive Remedies. Subject to Section 5.07 and Section 10.11, the parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims (other than claims arising from fraud, criminal activity or willful misconduct on the part of a party hereto in connection with the transactions contemplated by this Agreement) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this Article VIII. In furtherance of the foregoing, each party hereby waives, to the fullest extent permitted under Law, any and all rights, claims, and causes of action for any breach of any representation, warranty, covenant, agreement, or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against any other parties hereto and their Affiliates and each of their respective Representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this Article VIII. Nothing in this Section 8.09 shall limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled or to seek any remedy on account of any party's fraudulent, criminal, or intentional misconduct.

Article IX. TERMINATION

Section 9.01 Termination. This Agreement may be terminated at any time prior to the Second Closing:

- (a) by the mutual written consent of the Seller, on the one hand, and Buyer, on the other hand;
- (b) by Buyer by written notice to the Seller if:

(i) 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 any Seller pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VII and such breach, inaccuracy or failure has not been cured by such Seller(s) within ten (10) days of the Seller's receipt of written notice of such breach from Buyer; or

(ii) any of the conditions set forth in Section 7.01 or Section 7.02 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by June 30, 2023, unless such failure shall be due to the failure of Buyer to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Second Closing;

- (c) by the Seller by written notice to Buyer if:

(i) the Seller 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 Buyer pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VII 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 the Seller ; or

(ii) any of the conditions set forth in Section 7.01 or Section 7.03 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by June 30, 2023, unless such failure shall be due to the failure of any Seller to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Second Closing; or

(d) by Buyer or the Seller in the event that (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited or (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.

Section 9.02 Effect of Termination. In the event of the termination of this Agreement in accordance with this Article IX, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except as set forth in this Article IX, Section 5.06, and Article X hereof; and that nothing herein shall relieve any party hereto from liability for any willful breach of any provision hereof.

Article X. MISCELLANEOUS

Section 10.01 Expenses. Except as otherwise expressly provided herein, 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, whether or not either of the Closings shall have occurred.

Section 10.02 Notices. All notices, requests, consents, claims, demands, waivers, and other communications 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 facsimile or 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 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 10.02):

If to Seller:

At the address set forth under such Seller's name on the Signature Pages appended hereto

If to Buyer:

Hightimes Holding Corp.
2110 Narcissus Ct.
Venice, CA 90291
Phone: +1 (844) 933-3287
Email: paul@hightimes.com
Attention: Chief Executive Officer

with a copy to (which shall not constitute notice):

SMB Law Group LLP
Attention: Kevin Henderson, Esq.
217 S. Cedar Ave.
Tampa, FL 33606
Phone: +1 (972) 845-8850
Email: kevin@smbllaw.group

Section 10.03 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 10.04 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 10.05 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. Except as provided in Section 5.07(e), 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 10.06 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.

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Section 10.07 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. No assignment shall relieve the assigning party of any of its obligations hereunder. Any assignment in violation of this provision shall be null and void *ab initio*.

Section 10.08 No Third-party Beneficiaries. Except as provided in Article VIII, 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 or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

Section 10.09 Amendment and Modification; Waiver. This Agreement may only be amended, modified, or supplemented by an agreement in writing signed by each party hereto. No waiver by any 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 any 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 10.10 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. This Purchase Agreement shall be governed by, and construed in accordance with, the laws and regulations of the State of California without regard to any law or principle that otherwise would cause the application of any law(s) of any other state or jurisdiction. Any dispute among the parties which cannot be settled by mutual agreement shall be subject to final and binding arbitration before a retired judge in accordance with the JAMS dispute resolution system located in Los Angeles, California. The losing party in any such arbitration shall bear 100% of the costs of such arbitration. The decision of the arbitrator shall be final and binding on the parties hereto and may be enforced by the prevailing party in any court of competent subject matter jurisdiction located in Los Angeles County, State of California. Each party consents to the venue, and the personal jurisdiction over such Party, of such court located in Los Angeles County, State of California, in (or with respect to) any such action, suit, claim, or cause of action. Further, each party waives any and all arguments, motions, and other objections that any court located in Los Angeles County, State of California, is an inconvenient forum (*forum non conveniens*) for any such action, suit, claim or cause of action.

Section 10.11 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 10.12 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 pages follow]

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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.

SELLER:

MYX ANCILLARY HOLDINGS LLC,
a Nevada limited liability company

By: /s/ Jordan Lams
Name: Jordan Lams
Title: Chief Executive Officer

[Signature page to Membership Interest Purchase Agreement]

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:

HT RED LLC.,
a Delaware limited liability company

By: /s/ Paul Henderson
Name: Paul Henderson
Title: Chief Executive Officer

BUYER PARENT:

HIGHTIMES HOLDING CORP.,
a Delaware corporation

By: /s/ Paul Henderson
Name: Paul Henderson
Title: Chief Executive Officer

[Signature page to Membership Interest Purchase Agreement]

EXHIBIT A

Form of Lock-Up Agreement

(see attached)

EXHIBIT B

Form of Assignment

(see attached)

EXHIBIT C

Form of Management Services Agreement

(see attached)

MEMBERSHIP INTEREST PURCHASE AGREEMENT

among

ANACAPA CA LLC,

MXY LICENSE HOLDINGS, LLC

HT RED LLC,

and

HIGHTIMES HOLDING CORP.

dated as of

November 1, 2022

MEMBERSHIP INTEREST PURCHASE AGREEMENT

This Membership Interest Purchase Agreement (this “**Agreement**”), dated as of November 1, 2022, is entered into between Anacapa CA LLC, a California limited liability company, and MXY License Holdings, LLC, a California limited liability company (collectively, the “**Majority Seller**” and wholly-owned subsidiaries of MXY Holdings, Inc., a Delaware corporation), HT Red LLC, a Delaware limited liability company, and (“**Buyer**”), and Hightimes Holding Corp., a Delaware corporation and the direct owner of 100% of the equity interests of Buyer (“**Buyer Parent**”).

RECITALS

WHEREAS, the Majority Seller collectively owns 84.075% of the issued and outstanding membership interests (the “**Membership Interests**”) in Sapphire Enterprises, LLC, a California limited liability company (the “**Company**”); and

WHEREAS, the Seller wishes to sell to Buyer, and Buyer wishes to purchase from the Seller, the Membership Interests, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Article I.
DEFINITIONS

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

“**Acquisition Proposal**” has the meaning set forth in Section 5.03(a).

“**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.

“**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.

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

“**Ancillary Documents**” means the Majority Assignments, the Minority Assignments, and the Lock-Up Agreements.

“**Assignments**” has the meaning set forth in Section 2.03(b)(i).

“**Balance Sheet**” has the meaning set forth in Section 3.05.

“**Balance Sheet Date**” has the meaning set forth in Section 3.05.

“**Basket**” has the meaning set forth in Section 8.04(a).

“**Benefit Plan**” has the meaning set forth in Section 3.16(a).

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

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

“**Buyer Indemnities**” has the meaning set forth in Section 8.02.

“**Buyer Parent Common Stock**” means the Class A voting Common Stock, par value \$0.0001 per share, of Buyer Parent.

“**Buyer Parent Securities**” has the meaning set forth in Section 3.19(a).

“**Buyer Parties**” has the meaning set forth in the preamble to Article IV.

“**Cap**” has the meaning set forth in Section 8.04(a).

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

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

“**Company Intellectual Property**” means all Intellectual Property that is owned by the Company.

“**Contingent Transactions**” has the meaning set forth in the recitals.

“**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.

“**Disclosure Schedules**” means the Disclosure Schedules delivered by the Seller and Buyer concurrently with the execution and delivery of this Agreement.

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

“**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.

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“**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.

“**Equity Consideration**” has the meaning set forth in Section 2.02.

“**Financial Statements**” has the meaning set forth in Section 3.05.

“**First Closing**” has the meaning set forth in Section 2.04.

“**First Closing Date**” has the meaning set forth in Section 2.04.

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

“**Governmental Approval Contingency**” has the meaning set forth in Section 5.08(a).

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

“**Hazardous Materials**” means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral, or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum-derived products, radon, radioactive materials, or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation, and polychlorinated biphenyls.

“**Indebtedness**” means, without duplication and with respect to the Company, all (a) indebtedness for borrowed money; (b) long or short-term obligations evidenced by notes, bonds, debentures or other similar instruments, (c) capital lease obligations; (d) reimbursement obligations under any letter of credit, banker’s acceptance or similar credit transactions; (e) guarantees made by the Company or any Subsidiary on behalf of any third party in respect of obligations of the kind referred to in the foregoing clauses (a) through (d); and (f) any unpaid interest, prepayment penalties, premiums, costs and fees that would arise or become due as a result of the prepayment of any of the obligations referred to in the foregoing clauses (a) through (e).

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“**Indemnified Party**” has the meaning set forth in Section 8.05.

“**Indemnifying Party**” has the meaning set forth in Section 8.05.

“**Indemnity Claim Determination**” has the meaning set forth in Section 8.06(a).

“**Intellectual Property**” means any and all rights in, arising out of, or associated with any of the following in any jurisdiction throughout the world: (a) issued patents and patent applications (whether provisional or non-provisional), including divisionals, continuations, continuations-in-part, substitutions, reissues, reexaminations, extensions, or restorations of any of the foregoing, and other Governmental Authority-issued indicia of invention ownership (including certificates of invention, petty patents, and patent utility models) (“**Patents**”); (b) trademarks, service marks, brands, certification marks, logos, trade dress, trade names, and other similar indicia of source or origin, together with the goodwill connected with the use of and symbolized by, and all registrations, applications for registration, and renewals of, any of the foregoing (“**Trademarks**”); (c)

copyrights and works of authorship, whether or not copyrightable, and all registrations, applications for registration, and renewals of any of the foregoing (“**Copyrights**”); (d) internet domain names, whether or not Trademarks, all associated web addresses, URLs, websites and web pages, and all content and data thereon or relating thereto, whether or not Copyrights; (e) computer programs, operating systems, applications, firmware, and other code, including all source code, object code, application programming interfaces, data files, databases, protocols, specifications, and other documentation thereof; and (f) all other intellectual or industrial property and proprietary rights.

“**IP Registrations**” means all Intellectual Property that is subject to any issuance, registration, or application by, to or with any Governmental Authority or authorized private registrar in any jurisdiction, including issued patents, registered trademarks, domain names and copyrights, and pending applications for any of the foregoing.

“**Knowledge of Seller**” or “**Seller’s Knowledge**” or any other similar knowledge qualification, means the actual or constructive knowledge of each of Jordan Lam, Kevin Marrone, Neil Hammond, Billy Maddox, and Brett Carman, after due inquiry.

“**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**” has the meaning set forth in Section 3.06.

“**Lock-Up Agreement**” means a Lock-Up Agreement, to be entered by and between Buyer Parent and each Seller, in the form attached hereto as Exhibit A.

“**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; *provided, however*, that “**Losses**” shall not include punitive damages, except to the extent actually awarded to a Governmental Authority or other third party.

“**Majority Seller**” has the meaning set forth in the preamble.

“**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) or assets of the Company or any of the Subsidiaries, or (b) the ability of the Seller to consummate the transactions contemplated hereby on a timely basis.

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“**Material Contracts**” has the meaning set forth in Section 3.08.

“**Membership Interests**” has the meaning set forth in the recitals.

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

“**MLK Membership Interests**” has the meaning set forth in the recitals.

“**Minority Sellers**” means (i) Shad Moore, who owns 6.125% of all issued and outstanding membership interests in the Company, (ii) Karolina Beata Moore, who owns 6.125% of all issued and outstanding membership interests in the Company, and (iii) Osvaldo Rodriguez, who owns 3.675% of all issued and outstanding membership interests in the Company.

“**Organizational Documents**” means (a) in the case of a Person that is a corporation, its articles or certificate of incorporation and its by-laws, regulations or similar governing instruments required by the laws of its jurisdiction of formation or organization; (b) in the case of a Person that is a partnership, its articles or certificate of partnership, formation or association, and its partnership agreement (in each case, limited, limited liability, general or otherwise); (c) in the case of a Person that is a limited liability company, its articles or certificate of formation or organization, and its limited liability company agreement or operating agreement; and (d) in the case of a Person that is none of a corporation, partnership (limited, limited liability, general or otherwise), limited liability company or natural person, its governing instruments as required or contemplated by the laws of its jurisdiction of organization.

“**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 3.09(a).

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

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

“**Price Per Share**” has the meaning set forth in Section 2.02.

“**Purchase Agreements**” has the meaning set forth in the recitals.

“**Purchase Price**” has the meaning set forth in Section 2.02.

“**Real Property**” means the real property owned, leased, or subleased by the Company, together with all buildings, structures and facilities located thereon.

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“**Release**” means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility, or fixture).

“**Relevant Stock Price**” means, as of any given time, if Buyer Common Stock is not then listed on a national stock exchange, the last price at which Buyer sold shares of Buyer Common Stock to third parties in a financing transaction or, if Buyer Common Stock is then listed on a national stock exchange, the average closing price for the twenty trading days immediately preceding the date of determination of the Relevant Stock Price.

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

“**Restricted Business**” means the ownership or operation of any business licensed by the State of California Bureau of Cannabis Control for the cultivation, production, distribution, delivery, or sale of cannabis and cannabis-related products within the State of California.

“**Restricted Period**” has the meaning set forth in Section 5.07(a).

“**SEC**” has the meaning set forth in Section 3.19(a).

“**Securities Act**” has the meaning set forth in Section 3.19(a).

“**Sellers**” means, collectively, the Majority Sellers and the Minority Sellers.

“**Escrow**” means that certain escrow materials including the Equity Consideration and the Assignments placed into escrow held by Escrow Holder at the First Closing to be released upon the Second Closing.

“**Escrow Holder**” means SMB Law Group LLP, a Texas limited liability partnership.

“**Seller Indemnitees**” has the meaning set forth in Section 8.03.

“**Taxes**” means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, 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.

“**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.

“**Territory**” means the State of California.

“**Third Party Claim**” has the meaning set forth in Section 8.05(a).

Article II. PURCHASE AND SALE

Section 2.01 Purchase and Sale. Subject to the terms and conditions set forth herein, at the Second Closing, the Majority Seller shall sell and shall cause the Minority Sellers to sell to Buyer, and Buyer shall purchase from the Sellers, directly or through one or more direct or indirect wholly-owned subsidiaries, all of the Sellers’ right, title, and interest in and to the Membership Interests, free and clear of all Encumbrances, for the consideration specified in Section 2.02.

Section 2.02 Purchase Price. The aggregate purchase price for the Membership Interests shall be Three Million dollars (\$3,000,000) (the “**Purchase Price**”), payable to Sellers in the form of Buyer Parent Common Stock (the “**Equity Consideration**”) at a price per share of \$11.00 (the “**Price Per Share**”), as set forth on Schedule 2.02, which shall be placed into Escrow within three (3) Business Days following the First Closing and released to Seller at the Second Closing.

Section 2.03 Transactions to be Effected at the First Closing.

(a) At the First Closing, Buyer and Buyer Parent shall deliver to the Escrow:

- (i) the Equity Consideration;
- (ii) the Majority Assignments, each duly countersigned by an authorized representative of the Buyer;
- (iii) the Lock-Up Agreements, each duly countersigned by an authorized representative of the Buyer Parent;
- (iv) all other agreements, documents, instruments, or certificates required to be delivered by Buyer at or prior to the First Closing pursuant to Section 7.03 of this Agreement.

(b) At the First Closing, the Majority Seller shall cause to be delivered to the Escrow:

- (i) An assignment of the Membership Interests to Buyer in the form of Exhibit B hereto (collectively, the “**Majority Assignments**”), duly executed by the Majority Seller within three (3) Business Days following the First Closing;
- (ii) a Lock-Up Agreement with the Majority Seller, duly executed by the Majority Seller;
- (iii) all other agreements, documents, instruments, or certificates required to be delivered by the Seller at or prior to the First Closing pursuant to Section 7.02 of this Agreement.

Section 2.04 First Closing. Subject to the terms and conditions of this Agreement, the First Closing contemplated hereby shall take place at a closing on October 31, 2022 (the “**First Closing**”) to be conducted remotely by exchange of documents and signatures (or their electronic counterparts), after the last of the conditions to First Closing set forth in Article VII have been satisfied or waived (other than conditions which, by their nature, are to be satisfied on the First Closing Date), or at such other time or on such other date or at such other place as the Seller and Buyer may mutually agree upon in writing (the day on which the First Closing takes place being the “**First Closing Date**”).

Section 2.05 Transactions to be Effected at the Second Closing.

(a) At the Second Closing, Majority Seller shall cause the Minority Sellers to deliver to Buyer:

- (i) an assignment of the Membership Interests of the Minority Sellers to Buyer in the form of Exhibit B hereto (collectively, the “**Minority Assignments**”), duly executed by each applicable Minority Seller; and
- (ii) a Lock-Up Agreement with each Minority Seller, duly executed by the applicable Minority Seller;

(b) At the Second Closing, Buyer shall deliver to the Sellers:

- (i) the Minority Assignments, duly countersigned by Buyer.
- (ii) the Lock-Up Agreements with each Minority Seller, duly countersigned by Buyer.

(c) At the Second Closing, Escrow shall release:

- (i) to each of the Buyer and Majority Seller those documents placed into Escrow by the other party;
- (ii) to Buyer, the Assignments
- (iii) to the Sellers, the Equity Consideration.

Section 2.06 Second Closing. Subject to the terms and conditions of this Agreement, the Second Closing contemplated hereby shall take place at a closing within 3 days of that date upon which all approvals, consents and waivers that are listed on Section 3.04 of the Disclosure Schedules, including the Governmental Approval Contingency, shall have been received (the “**Second Closing**”).

Section 2.07 Section 2.07 Withholding Tax. Neither Buyer nor the Company shall be entitled to deduct any withhold from the Purchase Price for Taxes.

Section 2.08 Inventory Count. No more than three (3) days prior to First Closing, a physical count of all inventory owned by the Company shall be carried out by representatives of each of the Company and the Buyer. The representatives of each of the Company and the Buyer shall attempt, in good faith, to resolve any disputes which may arise during the physical count of the inventory. Upon completion of the physical count of the inventory, the representatives of each of the Company and the Buyer shall agree upon and execute a statement setting forth the final physical count of the inventory as agreed in good faith between the Company and the Buyer.

Article III. REPRESENTATIONS AND WARRANTIES OF THE SELLERS

Except as set forth in the correspondingly numbered Section of the Disclosure Schedules, and except to the extent such would have less than a Material Adverse Effect, the Sellers, jointly and severally, represent and warrant to Buyer that the statements contained in this Article III are true and correct as of the date hereof.

Section 3.01 Organization and Authority of the Seller. Each Seller that is a business organization is duly organized, validly existing and in good standing under the Laws of the state of organization of such Seller. Each Seller has full power and authority to enter into this Agreement and the Ancillary Documents to which such Seller 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 each Seller of this Agreement and any Ancillary Document to which each such Seller is a party, the performance by each Seller of its obligations hereunder and thereunder, and the consummation by each Seller of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of each such Seller. This Agreement has been duly executed and delivered by each Seller, and (assuming due authorization, execution, and delivery by Buyer) this Agreement constitutes a legal, valid, and binding obligation of the Sellers enforceable against each such Seller in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity. When each Ancillary Document to which any Seller is or will be a party has been duly executed and delivered by such Seller (assuming due authorization, execution, and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of such Seller enforceable against it in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity.

Section 3.02 Organization, Authority and Qualification of the Company.

(a) The Company is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of California and has full limited liability company power and authority to own, operate or lease the properties and assets now owned, operated, or leased by it and to carry on its business as it has been and is currently conducted. The Company is licensed or qualified to do business only in the State of California. All limited liability company actions taken by the Company in connection with this Agreement and the other Ancillary Documents will be duly authorized on or prior to the First Closing.

(b) The Company has no Subsidiaries.

Section 3.03 Capitalization.

(a) The Sellers are record owners of and have good and valid title to the Membership Interests, free and clear of all Encumbrances. The Membership Interests constitute 100% of the total issued and outstanding membership interests in the Company. The Membership Interests have been duly authorized and are validly issued, fully-paid, and non-assessable. Upon consummation of the transactions contemplated by this Agreement, Buyer shall own all of the Membership Interests, free and clear of all Encumbrances, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity.

(b) The Membership Interests were issued in compliance with applicable Laws. The Membership Interests were not issued in violation of the Organizational Documents of the Company, or any other agreement, arrangement, or commitment to which any Seller or the Company is a party and are not subject to or in violation of any preemptive or similar rights of any Person.

(c) There are no outstanding or authorized options, warrants, convertible securities or other rights, agreements, arrangements, or commitments of any character relating to any membership interests in the Company, or obligating any Seller or the Company, to issue or sell any membership interests (including the Membership Interests), or any other interest, in the Company. Other than the Organizational Documents, there are no voting trusts, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Membership Interests.

Section 3.04 No Conflicts; Consents. Except for and subject to consents required by all applicable governmental authorities and except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity, the execution, delivery and performance by each Seller of this Agreement and the Ancillary Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the Organizational Documents of any Seller or the Company; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to any Seller or the Company; (c) except as set forth in Section 3.04 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 to which any Seller or the Company is a party or by which any Seller or the Company is bound or to which any of their respective properties and assets are subject (including any Material Contract) or any Permit affecting the properties, assets or business of the Company; or (d) result in the creation or imposition of any Encumbrance other than Permitted Encumbrances on any properties or assets of the Company. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to any Seller or the Company in connection with the execution and delivery of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby, except for and subject to consents required by all applicable governmental authorities, and such filings as may be set forth on Section 3.04 of the Disclosure Schedules.

Section 3.05 Financial Statements. Complete copies of the Company's unaudited consolidated balance sheets and the related statements of income and retained earnings, members' equity, and cash flow as of and for the each of the fiscal years ended December 31, 2019, 2020, and 2021, and an unaudited balance sheet and related statements of income and retained earnings, members' equity, and cash flow as of the end of each fiscal quarter ended March 31, June 30, and September 30, 2022 (the "**Financial Statements**"), are included in the Disclosure Schedules. The Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved. The Financial Statements are based on the books and records of the Company, and fairly present the financial condition of the Company, on a consolidated basis, as of the respective dates they were prepared and the results of the operations of the Company for the periods indicated. The balance sheet of the Company as of August 31, 2022, is referred to herein as the "**Balance Sheet**" and the date thereof as the "**Balance Sheet Date**".

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Section 3.06 Undisclosed Liabilities. The Company does not have any 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 ("**Liabilities**"), except (a) those which are adequately reflected or reserved against in the Company's Balance Sheet as of the Balance Sheet Date, and (b) those which have been incurred in the ordinary course of business consistent with past practice since the Balance Sheet Date and which are not, individually or in the aggregate, material in amount.

Section 3.07 Absence of Certain Changes, Events, and Conditions. Since the Balance Sheet Date, and other than in the ordinary course of business consistent with past practice, there has not been, with respect to the Company, 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) amendment of the Organizational Documents of the Company;
- (c) split, combination, or reclassification of any membership interests in the Company;
- (d) issuance, sale, or other disposition of, or creation of any Encumbrance on, any membership interests in the Company, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange, or exercise) any membership interests in the Company;
- (e) declaration or payment of any distributions on or in respect of any membership interests in the Company or redemption, purchase, or acquisition of the Company's outstanding membership interests;
- (f) material change in the Company's cash management practices and any of their policies, practices, and procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts, accrual of accounts receivable, inventory control, prepayment of expenses, payment of trade accounts payable, accrual of other expenses, deferral of revenue and acceptance of customer deposits;
- (g) entry into any Contract that would constitute a Material Contract;
- (h) incurrence, assumption or guarantee of any indebtedness for borrowed money except unsecured current obligations and Liabilities incurred in the ordinary course of business consistent with past practice;
- (i) transfer, assignment, sale, or other disposition of any of the assets shown or reflected in the Balance Sheet or cancellation of any debts or entitlements;
- (j) material damage, destruction, or loss (whether or not covered by insurance) to its property;
- (k) any capital investment in, or any loan to, any other Person;

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(l) acceleration, termination, material modification to or cancellation of any Material Contract (including, but not limited to, any Material Contract) to which the Company is a party or by which it is bound;

- (m) any material capital expenditures;
- (n) imposition of any Encumbrance upon any of the properties or assets, tangible or intangible, of the Company;
- (o) 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;
- (p) purchase, lease, or other acquisition of the right to own, use or lease any property or assets for an amount in excess of \$50,000, individually (in the case of a lease, per annum), or \$100,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of inventory or supplies in the ordinary course of business consistent with past practice;
- (q) acquisition by merger or consolidation with, or by purchase of a substantial portion of the assets, stock, or other equity of, or by any other manner, any business or any Person or any division thereof;
- (r) action by the Company to make, change, or rescind any Tax election, amend any Tax Return, or take any position on any Tax Return, take any action, omit to take any action, or enter into any other transaction that would have the effect of increasing the Tax liability or reducing any Tax asset of Buyer in respect of any Post-Closing Tax Period; or
- (s) any Material Contract to do any of the foregoing, or any action or omission that would result in any of the foregoing.

Section 3.08 Material Contracts. Prior to the date hereof, the Company has provided to Buyer complete and correct copies of all material Contracts to which the Company is a party. "**Material Contract**" means, each Contract of the Company involving aggregate consideration in excess of \$50,000 and which, in each case, cannot be cancelled by the Company without penalty or without more than 90 days' notice. Each Material Contract is valid and binding on the Company in accordance with its terms and is in full force and effect, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally

and general principles of equity. Neither the Company nor, to the Sellers' Knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under) in any material respect or has provided or received any notice of any intention to terminate, any Material Contract. To the Knowledge of the Company and the Sellers, 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.

Section 3.09 Title to Assets; Real Property.

(a) The Company has good and valid title to, or a valid leasehold interest in, all Real Property and personal property and other assets reflected in the Company's Financial Statements or acquired after the Balance Sheet Date, other than properties and assets sold or otherwise disposed of in the ordinary course of business consistent with past practice since the Balance Sheet Date. All such properties and assets (including leasehold interests) are free and clear of Encumbrances, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity and except for the following (collectively referred to as "**Permitted Encumbrances**"):

- (i) liens for Taxes not yet due and payable;
- (ii) 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 business of the Company;
- (iii) easements, rights of way, zoning ordinances and other similar encumbrances affecting Real Property which are not, individually or in the aggregate, material to the business of the Company; or
- (iv) other than with respect to owned Real Property, liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business consistent with past practice which are not, individually or in the aggregate, material to the business of the Company.

(b) Section 3.09(b) of the Disclosure Schedules lists (i) the street address of each parcel of Real Property; (ii) the landlord under the lease, the rental amount currently being paid, and the expiration of the term of such lease or sublease for each leased or subleased property; and (iii) the current use of such property. The Company is not a sublessor or grantor under any sublease or other instrument granting to any other Person any right to the possession, lease, occupancy, or enjoyment of any leased Real Property. The use and operation of the Real Property in the conduct of the Company's business do not violate in any material respect any Law, covenant, condition, restriction, easement, license, permit or agreement. There are no Actions pending nor, to the Sellers' Knowledge, threatened against or affecting the Real Property or any portion thereof or interest therein in the nature or in lieu of condemnation or eminent domain proceedings.

(c) Except as set forth on Disclosure Schedule Section 3.09(c), neither the Company nor any of its Affiliates has engaged in or permitted any operation or activity at or upon, or any use or occupancy of, any Real Property for the purpose of manufacturing, generating, handling, storing, transferring, treating or disposing of, or in any way involving release of, any Hazardous Materials on, under, in or about any Real Property; and (ii) no Hazardous Materials have been released on, into, upon or about any Real Property, and to the Sellers' Knowledge, no Hazardous Materials have migrated from or to any adjacent properties.

Section 3.10 Condition of Assets. To the Knowledge of Sellers, the buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property of the Company are structurally sound, are in good operating condition and repair, and are adequate for the uses to which they are being put, and none of such buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost.

Section 3.11 Intellectual Property. The Company does not hold any IP Registrations or any Intellectual Property and any and all other license agreements held by the Company from the Sellers or any Affiliate of Sellers are hereby and forever canceled and of no further force or effect.

Section 3.12 Inventory. All inventory of the Company, whether or not reflected in the Balance Sheet, consists of a quality and quantity usable and salable in the ordinary course of business consistent with past practice, except for obsolete, damaged, defective, or slow-moving items that have been written off or written down to fair market value or for which adequate reserves have been established. All such inventory is owned by the Company free and clear of all Encumbrances, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity, and no inventory is held on a consignment basis. The quantities of each item of inventory (whether raw materials, work-in-process or finished goods) are not excessive but are reasonable in the present circumstances of the Company.

Section 3.13 Accounts Receivable. The accounts receivable reflected on the Balance Sheet of the Company and the accounts receivable arising after the date thereof: (a) have arisen from bona fide transactions entered into by the Company involving the sale of goods or the rendering of services in the ordinary course of business consistent with past practice; and (b) to the Sellers' Knowledge constitute only valid, undisputed claims of the Company 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, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity.

Section 3.14 Legal Proceedings; Governmental Orders. Except as set forth in Section 3.14 of the Disclosure Schedules, there are no Actions pending or, to the Sellers' Knowledge, threatened (a) against or by the Company affecting any of its properties or assets (or by or against any Seller or any Affiliate thereof and relating to the Company); or (b) against or by the Company, any Seller, or any Affiliate of any Seller that challenges or seeks to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. To Seller's Knowledge, no event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action. There are no outstanding Governmental Orders and no unsatisfied judgments, penalties, or awards against or affecting the Company, or any of its properties or assets.

Section 3.15 Compliance With Laws; Permits. The Company has complied, and is now complying, in all material respects with all Laws applicable to it or its business, properties, or assets. All Permits required for the Company to conduct their business have been obtained by it and are valid and in full force and effect. All fees and charges with respect to such Permits as of the date hereof have been paid in full. Copies of all current Permits issued to the Company, including the names of the Permits and their respective dates of issuance and expiration, have been provided to Buyer prior to the date hereof. To the Sellers' Knowledge, no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse, or limitation of any such Permit.

Section 3.16 Employee Benefit Matters.

(a) Prior to the date hereof, the Company has made available to Buyer true and correct copies of each pension, benefit, retirement, compensation, employment, consulting, profit-sharing, deferred compensation, incentive, bonus, performance award, phantom equity or other equity, change in control, retention, severance,

vacation, paid time off (PTO), medical, vision, dental, disability, welfare, Code Section 125 cafeteria, fringe benefit and other similar agreement, plan, policy, program or arrangement (and any amendments thereto), 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 the Company for the benefit of any current or former employee, officer, manager, retiree, independent contractor or consultant of each such Company or any spouse or dependent of such individual, or under which the Company or any of their ERISA Affiliates has 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**”).

(b) Each Benefit Plan can be amended, terminated, or otherwise discontinued after the First Closing in accordance with its terms, without material liabilities to Buyer Parties, the Company, or any of their Affiliates, other than ordinary administrative expenses typically incurred in a termination event. The Company has no commitment or obligation and has not made any representations to any employee, officer, manager, independent contractor, or consultant, whether or not legally binding, to adopt, amend, modify, or terminate any Benefit Plan or any collective bargaining agreement, in connection with the consummation of the transactions contemplated by this Agreement or otherwise.

(c) There is no pending or, to the Sellers’ Knowledge, threatened Action relating to a Benefit Plan (other than routine claims for benefits), and no Benefit Plan has within the three years prior to the date hereof been the subject of an examination or audit by a Governmental Authority or the subject of an application or filing under or is a participant in, an amnesty, voluntary compliance, self-correction, or similar program sponsored by any Governmental Authority.

(d) There has been no amendment to, announcement by any Seller, the Company or any of their Affiliates relating to, or change in employee participation or coverage under, any Benefit Plan or collective bargaining agreement that would increase the annual expense of maintaining such plan above the level of the expense incurred for the most recently completed fiscal year (other than on a de minimis basis) with respect to any manager, officer, employee, independent contractor or consultant, as applicable. None of the Sellers, the Company, nor any of their Affiliates has any commitment or obligation or has made any representations to any manager, officer, employee, independent contractor, or consultant, whether or not legally binding, to adopt, amend, modify, or terminate any Benefit Plan or any collective bargaining agreement.

(e) Each Benefit Plan that is subject to Section 409A of the Code has been administered in compliance with its terms and the operational and documentary requirements of Section 409A of the Code and all applicable regulatory guidance (including notices, rulings and proposed and final regulations) thereunder. The Company does not have any obligation to gross up, indemnify, or otherwise reimburse any individual for any excise taxes, interest, or penalties incurred pursuant to Section 409A of the Code.

(f) Each individual who is classified by the Company as an independent contractor has been properly classified for purposes of participation and benefit accrual under each Benefit Plan.

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(g) Section 3.16(g) of the Disclosure Schedules contains a list of all persons who are employees, independent contractors, or consultants of the Company as of the date hereof, 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; and (vi) a description of the fringe benefits provided to each such individual as of the date hereof. As of the date hereof, all compensation, including wages, commissions, bonuses, fees and other compensation, payable to all employees, independent contractors, or consultants of the Company for services performed on or prior to the date hereof have been paid in full, and there are no outstanding agreements, understandings or commitments of the Company with respect to any compensation, commissions, bonuses, or fees.

Section 3.17 Taxes.

(a) All Tax Returns required to be filed on or before the First Closing Date by the Company has been, or will be, timely filed. Such Tax Returns are, or will be, true, complete, and correct in all respects. All Taxes due and owing by the Company (whether or not shown on any Tax Return) have been, or will be, timely paid.

(b) The Company has 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, member, or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(c) The Company is a party to any Action by any taxing authority. There are no pending or threatened Actions by any taxing authority.

(d) There are no Encumbrances for Taxes (other than for current Taxes not yet due and payable) upon the assets of the Company.

(e) At all times since January 1, 2020, the Company has made an election to be treated as a C-corporation for US federal, state, local, or foreign tax purposes.

Section 3.18 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 the Sellers.

Section 3.19 Equity Consideration.

(a) The Equity Consideration (collectively, the “**Buyer Parent Securities**”) are or shall be restricted securities and have not been registered for resale under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and may not be sold, transferred, hypothecated, or assigned by any of the Sellers in the absence of a registration statement covering such Buyer Parent Securities that has been declared effective by the Securities and Exchange Commission (“**SEC**”) or the availability of an applicable exemption therefrom. For clarity, other than the Lock-up Agreement, there are no separate restrictions other than the stock having been issued in a private transaction, thereby making the shares restricted for Rule 144 purposes. If the Buyer Parent lists its shares on any public exchange, at Seller’s election, Buyer shall: (i) if registration occurs after the First Closing, ensure Seller’s Equity Consideration is registered, or (ii) if registration occurs before the First Closing, pay the Equity Consideration in registered shares.

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(b) The Sellers are knowledgeable, sophisticated, and experienced investors and have sufficient knowledge and experience in evaluating and making, and are qualified to evaluate and make, decisions with respect to private investments in and dispositions of securities, including investments in and dispositions of securities issued by Buyer Parent and Persons engaged in similar activities, and is capable of evaluating the risks and merits associated with the Buyer Parent Securities.

(c) The Sellers are “accredited investors” as defined in Rule 501(a) of Regulation D under the Securities Act.

(d) The Sellers have had the opportunity to seek independent legal, investment, and tax advice in connection with each Seller’s decision to acquire its share of the Buyer Parent Securities.

(e) The Sellers are acquiring the Buyer Parent Securities for investment purposes only and not with a view toward the immediate resale or distribution thereof. The Sellers acknowledge that, as a result of the substantial restrictions on the transferability of its share of Buyer Parent Securities, each such Seller will be required to bear the financial risks of an investment in such capital stock for an indefinite period of time.

(f) The Sellers have reviewed the reports filed with the SEC by Buyer Parent and has received and reviewed a draft of Buyer Parent's Form 1-K for fiscal year 2019, to be filed with the SEC pending completion of the Company's audit procedures. The Sellers understand the risks of their investment in Buyer Parent. The Sellers acknowledge and agree that it has had sufficient time and opportunity to ask questions and receive answers from Buyer Parent concerning the terms of the issuance of Buyer Parent Securities pursuant to this Agreement and to obtain any additional information required by or pursuant to the Securities Act.

Section 3.20 Full Disclosure. No representation or warranty by the 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.

Article IV.

REPRESENTATIONS AND WARRANTIES OF BUYER AND BUYER PARENT

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

Section 4.01 Organization and Authority of Buyer. Buyer is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware. Buyer Parent is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware. Each Buyer Party has full power and authority to enter into this Agreement and the Ancillary Documents to which such Buyer Party 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 the Buyer Parties of this Agreement and any Ancillary Document to which either is a party, the performance by either Buyer Party of its obligations hereunder and thereunder and the consummation by the Buyer Parties of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of the Buyer Parties. This Agreement has been duly executed and delivered by the Buyer Parties, and (assuming due authorization, execution, and delivery by the Sellers), this Agreement constitutes a legal, valid, and binding obligation of the Buyer Parties enforceable against the Buyer Parties in accordance with its terms. When each Ancillary Document to which either Buyer Party is or will be a party has been duly executed and delivered by the applicable Buyer Party (assuming due authorization, execution, and delivery by each other party thereto), such Ancillary Document will constitute a legal and binding obligation of such Buyer Party enforceable against it in accordance with its terms.

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Section 4.02 No Conflicts; Consents. The execution, delivery, and performance by the Buyer Parties of this Agreement and the Ancillary Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the Organizational Documents of the Buyer Parties; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to the Buyer Parties; or (c) require the consent, notice, or other action by any Person under any Contract to which either Buyer Party is a party. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to the Buyer Parties in connection with the execution and delivery of this Agreement and the Ancillary Documents and the consummation of the transactions contemplated hereby and thereby.

Section 4.03 Investment Purpose. Buyer is acquiring the Membership Interests solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. Buyer acknowledges that the Membership Interests are not registered under the Securities Act, or any state securities laws, and that the Membership Interests may not be transferred or sold except pursuant to the registration provisions of the Securities Act or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable. Buyer is an "accredited investor" as defined in Rule 501(a) of Regulation D under the Securities Act. Buyer has had the opportunity to seek independent legal, investment, and tax advice in connection with Buyer's decision to acquire the Sellers' Membership Interests. Buyer is a knowledgeable, sophisticated, and experienced investor and has sufficient knowledge and experience in evaluating and making, and is qualified to evaluate and make, decisions with respect to private investments in and dispositions of securities, including investments in and dispositions of Membership Interests of Sellers' and Persons engaged in similar activities, and is capable of evaluating the risks and merits associated with the Sellers' Membership Interests.

Section 4.04 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 the Buyer Parties.

Section 4.05 Legal Proceedings. There are no Actions pending or, to the Buyer Parties' knowledge, threatened against or by the Buyer Parties or any Affiliate of the Buyer Parties 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 or serve as a basis for any such Action.

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Section 4.06 Full Disclosure. No representation or warranty by the Buyer Parties 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 Sellers 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.

Article V.

COVENANTS

Section 5.01 Conduct of Business Prior to the First Closing. From the date hereof until the First 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), the business of the Company will be carried on by Buyer pursuant to a Management Services Agreement substantially in the form attached hereto as Exhibit C.

Section 5.02 Access to Information. From the date hereof until the Second Closing, the Sellers shall (a) afford Buyer and its Representatives full and free access to and the right to inspect all of the Real Property, properties, assets, premises, books and records, Contracts and other documents and data related to the Company; (b) furnish Buyer and its Representatives with such financial, operating and other data and information related to the Company as Buyer or any of its Representatives may reasonably request; and (c) instruct the Representatives of the Sellers and the Company to cooperate with Buyer in its investigation of the Company.

Section 5.03 No Solicitation of Other Bids.

(a) The Sellers shall not, and shall not authorize or permit any of their Affiliates (including the Company) or any of its or their Representatives to, directly or indirectly, (i) encourage, solicit, initiate, facilitate or continue inquiries regarding an Acquisition Proposal; (ii) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (iii) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. The Sellers shall immediately cease and cause to be terminated and shall cause their Affiliates (including the Company and any Subsidiary) and all of its and their Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons conducted heretofore with respect to, or that could lead to, an Acquisition Proposal. For purposes hereof, "**Acquisition Proposal**" shall mean any inquiry, proposal or offer from any Person (other than Buyer or any of its Affiliates) concerning (i) a merger, consolidation, liquidation, recapitalization, or other business combination transaction involving the Company; (ii) the issuance or acquisition of membership interests in the Company; or (iii) the sale, lease, exchange, or other disposition of any significant portion of any of the Company's properties or assets.

(b) In addition to the other obligations under this Section 5.03, the Sellers shall promptly (and in any event within three (3) Business Days after receipt thereof by the Company or any Seller or its or their Representatives) advise Buyer orally and in writing of any Acquisition Proposal, any request for information with respect to any Acquisition Proposal, or any inquiry with respect to or which could reasonably be expected to result in an Acquisition Proposal, the material terms and conditions of such request, Acquisition Proposal or inquiry, and the identity of the Person making the same.

(c) The Sellers agree that the rights and remedies for noncompliance with this Section 5.03 shall include having such provision specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach shall cause irreparable injury to Buyer and that money damages would not provide an adequate remedy to Buyer.

Section 5.04 Notice of Certain Events.

(a) From the date hereof until the First Closing, the Sellers shall promptly notify Buyer in writing of:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has resulted in, or could reasonably be expected to result in, any representation or warranty made by the Sellers hereunder not being true and correct or (B) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in Section 7.02 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; and

(iv) any Actions commenced or, to the Sellers' Knowledge, threatened against, relating to, or involving or otherwise affecting any Seller, the Company, or any Subsidiary that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 3.14 or that relates to the consummation of the transactions contemplated by this Agreement.

(b) Buyer's receipt of information pursuant to this Section 5.04 shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Sellers in this Agreement (including Section 8.02 and Section 9.01(b)) and shall not be deemed to amend or supplement the Disclosure Schedules.

Section 5.05 Resignations. Sellers shall deliver to Buyer written resignations, effective as of the First Closing Date, of the officers and managers of the Company.

Section 5.06 Confidentiality. From and after the First Closing, the Buyer Parties, on the one hand, and the Sellers, on the other hand, shall, and shall cause its or their Affiliates to, hold, and shall use its or their reasonable efforts to cause its or their respective Representatives to hold, in confidence any and all confidential information disclosed by the other party, whether written or oral, except to the extent that the such information: (a) is generally available to and known by the public through no fault of such party, any of its Affiliates, or their respective Representatives; (b) was known by such party or its Affiliates or Representatives prior to disclosure by the other party, (c) is lawfully acquired by such party, any of its Affiliates, or their respective Representatives from and after the First Closing from sources which are not prohibited from disclosing such information by a legal, contractual, or fiduciary obligation, or (d) is developed by such party, Affiliates, or their respective Representatives without reference to or use of the other party's confidential information. If any party or any of its Affiliates or their respective Representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, such party shall promptly notify the other party in writing and shall disclose only that portion of such information that such party is advised by its counsel in writing is legally required to be disclosed; *provided, however*, that such party shall use reasonable best efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

Section 5.07 Non-Solicitation.

(a) During the Restricted Period, the Sellers shall not, and shall not permit any of their Affiliates to, directly or indirectly, solicit any employee of the Company or encourage any such employee to leave such employment, except pursuant to a general solicitation which is not directed specifically to any such employees; *provided*, further that nothing in this Section 5.07(b) shall prevent any Seller or any of its Affiliates from directly soliciting (i) any employee whose employment has been terminated by the Company or Buyer, or (ii) after 180 days from the date of termination of employment, any employee whose employment has been terminated by the employee.

(b) During the Restricted Period, the Majority Seller shall not, and shall not permit any of its Affiliates (other than the Minority Sellers) to, directly or indirectly, solicit or entice, or attempt to solicit or entice, any clients or customers of the Company or Buyer within the Territory, or potential clients or customers of the Company or Buyer within the Territory, for purposes of diverting their business or services within the Territory from the Company or Buyer.

(c) The Sellers acknowledge that a breach of this Section 5.07 would give rise to irreparable harm to Buyer, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by any Seller of any such obligations, Buyer shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to seek equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

(d) The Sellers acknowledge that the restrictions contained in this Section 5.07 are reasonable and necessary to protect the legitimate interests of Buyer and constitute a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated by this Agreement. In the event that any covenant contained in this Section 5.07 should ever be adjudicated to exceed the time, geographic, product or service, or other limitations permitted by applicable Law in any jurisdiction, then any court is expressly empowered to reform such covenant, and such covenant shall be deemed reformed, in such jurisdiction to the maximum time, geographic, product or service, or other limitations permitted by applicable Law. The covenants contained in this Section 5.07 and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

Section 5.08 Governmental Approvals and Consents.

(a) Promptly following the date hereof, Buyer and the Sellers shall reasonably cooperate to cause the Company, as promptly as possible, make, or cause or be made, all filings and submissions required by Law for the approval of the transactions contemplated hereby from each of the relevant jurisdictions, including the City of Lynwood, which approval shall be documented in a written instrument reasonably acceptable to Buyer (the "**Governmental Approval Contingency**"), and to provide notice following the Second Closing to the State of California Department of Cannabis Control office. Each of the parties 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) The Sellers and Buyer shall use reasonable best efforts to give all notices to, and obtain all consents from, all third parties that are described in Section 3.04 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 all reasonable best efforts to:

(i) respond to any inquiries by any Governmental Authority regarding antitrust or other 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 either party before any Governmental Authority or the staff or regulators of any Governmental Authority, in connection with the transactions contemplated hereunder (but, for the avoidance of doubt, not including any interactions between the Sellers or the Company 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 party with respect to any meeting, discussion, appearance or contact with any Governmental Authority or the staff or regulators of any Governmental Authority, 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 5.08 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 First Closing Date, any assets, businesses or interests of Buyer, the Company, or any of their respective 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; or (iii) any material modification or waiver of the terms and conditions of this Agreement.

Section 5.09 Books and Records.

(a) In order to facilitate the resolution of any claims made against or incurred by the Sellers prior to the First Closing, or for any other reasonable purpose, for a period of five (5) years after the First Closing, Buyer shall (i) retain the books and records (including personnel files) of the Company relating to periods prior to the First Closing in a manner reasonably consistent with the prior practices of the Company; and (ii) upon reasonable notice, afford the Sellers reasonable access (including the right to make, at the Sellers' expense, photocopies), during normal business hours, to such books and records.

(b) In order to facilitate the resolution of any claims made by or against or incurred by Buyer or the Company after the First Closing, or for any other reasonable purpose, for a period of five (5) years following the First Closing, the Sellers shall (i) retain the books and records of such Seller that relate to the Company and its operations for periods prior to the First Closing; and (ii) upon reasonable notice, afford the Representatives of Buyer or the Company reasonable access (including the right to make, at Buyer's expense, photocopies), during normal business hours, to such books and records.

(c) None of Buyer, on the one hand, nor the Sellers, on the other hand, shall be obligated to provide the other with access to any books or records (including personnel files) pursuant to this Section 5.09 where such access would violate any Law.

Section 5.10 Closing Conditions. From the date hereof until the Second Closing, each party hereto shall, and the Sellers shall cause the Company to, use reasonable best efforts to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in Article VII hereof.

Section 5.11 Further Assurances. Following the First 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.

Article VI. TAX MATTERS

Section 6.01 Tax Treatment. The parties intend for the transactions described herein to qualify as a tax-free reorganization under Section 368(a)(1)(B) of the Code. Each of the parties shall use its reasonable best efforts to cause the transactions to qualify as a tax-free reorganization pursuant to Section 368(a)(1)(B) of the Code, and will not take, or will not agree to take, any action that would prevent the Transaction from so qualifying. Unless otherwise required pursuant to a "determination" within the meaning of Section 1313(a) of the Code, each of the parties shall report the Transaction for U.S. federal income tax purposes as a tax-free reorganization pursuant to Section 368(a)(1)(B) of the Code.

Article VII. CONDITIONS TO THE SECOND CLOSING

Section 7.01 Conditions to Obligations of All Parties at the Second Closing. The obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Second Closing, of each of the following conditions:

(a) 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.

Section 7.02 Conditions to Obligations of the Buyer at the Second Closing. The obligations of the Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or the Buyer's waiver, at or prior to the Second Closing, of each of the following conditions:

(a) Buyer shall have received a certificate of each Company certifying that attached thereto are true and complete copies of all resolutions adopted by

Company or parent of the Company 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.

(b) The representations and warranties of the Sellers contained in Section 3.01, Section 3.02, Section 3.03, Section 3.05, Section 3.14 (other than with respect to the Company), and Section 3.18 shall be true and correct in all respects on and as of the date hereof and on and as of the Second Closing Date with the same effect as though made at and as of such date.

(c) No Action shall have been commenced against Buyer Parties, the Sellers, the Company, or any Subsidiary that would prevent the Second 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.

(d) All approvals, consents and waivers that are listed on Section 3.04 of the Disclosure Schedules, including the Governmental Approval Contingency, shall have been received, and executed counterparts thereof shall have been delivered to Buyer at or prior to the Second Closing.

(e) The Majority Seller shall have delivered to Buyer a good standing certificate (or its equivalent) for the Company from the California Secretary of State or similar Governmental Authority and the Franchise Tax Board of the State of California.

(f) The Majority Seller shall have delivered to Buyer a certificate pursuant to Treasury Regulations Section 1.1445-2(b) that the Seller is not a foreign person within the meaning of Section 1445 of the Code.

(g) The Sellers 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.

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Section 7.03 Conditions to Obligations of the Seller at the Second Closing. The obligations of the Sellers to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or the Sellers' waiver, at or prior to the Second Closing, of each of the following conditions:

(a) No Action shall have been commenced against Buyer Parties, the Sellers, the Company, or any Subsidiary that would prevent the Second Closing. No injunction or restraining order shall have been issued by any Governmental Authority, and be in effect, which restrains or prohibits any material transaction contemplated hereby.

(b) The representations and warranties of Buyer contained in Section 4.01, Section 4.04, Section 4.05 and Section 4.06 shall be true and correct in all respects on and as of the date hereof and on and as of the Second Closing Date with the same effect as though made at and as of such date.

(c) Sellers shall have received a certificate of each of Buyer Parties certifying that attached thereto are true and complete copies of all resolutions adopted by Buyer Parties 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.

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

Article VIII. INDEMNIFICATION

Section 8.01 Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein shall survive the First Closing and shall remain in full force and effect until the date that is twelve (12) months from the First Closing Date; *provided*, that the representations and warranties in Section 3.01, Section 3.02, Section 3.03, Section 3.18, Section 4.01, and Section 4.04 shall survive until the expiration of the applicable statute of limitations date. All covenants and agreements of the parties contained herein shall survive the First Closing for one (1) year. 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 8.02 Indemnification By the Sellers. Subject to the other terms and conditions of this Article VIII, the Sellers, jointly and severally, shall indemnify and defend each of Buyer and its Affiliates (including the Company) 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, the 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 the Sellers contained in this Agreement or in any certificate or instrument delivered by or on behalf of the Sellers 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 First 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) having a Material Adverse Effect on Buyer Parties;

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(b) any material breach or non-fulfillment of any covenant, agreement, or obligation to be performed by Sellers pursuant to this Agreement having a Material Adverse Effect on Buyer Parties;

(c) any material Indebtedness of the Company outstanding as of the First Closing to the extent not paid by the Sellers prior to the First Closing; or

(d) any Losses incurred by the Company in connection with any disputes with lenders of the Company that exist prior to the First Closing or disputes with lenders of the Company arising after the First Closing but only if and to the extent such disputes are derived from and based upon acts or omissions of the Sellers prior to the First Closing, including the existing legal dispute with 2567423 Ontario, Inc. v. MXY Holdings, Inc., et. al.; AAA Case 01-21-0018-1992.;

Section 8.03 Indemnification By Buyer Parties. Subject to the other terms and conditions of this Article VIII, Buyer Parties shall indemnify and defend each of the Sellers and their Affiliates and respective Representatives (collectively, the "**Seller 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, the Seller Indemnitees based upon, arising out of, with respect to or by reason of third party claims resulting from:

(a) any inaccuracy in or breach of any of the representations or warranties of Buyer or Buyer Parent contained in this Agreement or in any certificate or instrument delivered by or on behalf of Buyer or Buyer Parent 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 First 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) having a Material Adverse Effect on the Company or the Sellers;

(b) any material breach or non-fulfillment of any covenant, agreement, or obligation to be performed by Buyer Parties pursuant to this Agreement having a Material Adverse Effect on Company or the Sellers.

Section 8.04 Certain Limitations. The indemnification provided for in Section 8.02 and Section 8.03 shall be subject to the following limitations:

(a) No Seller shall be liable to the Buyer Indemnitees for indemnification under Section 8.02(a) until all Losses in respect of all of the Sellers' indemnification obligations under Section 8.02(a) exceeds \$50,000 (the "**Basket**"), in which event Sellers shall be required to pay or be liable for all such Losses from the first dollar. The aggregate amount of all Losses for which Sellers shall be liable pursuant to Section 8.02(a) shall not exceed \$450,000 (the "**Cap**").

(b) Buyer Parties shall not be liable to the Seller Indemnitees for indemnification under Section 8.03(a) until the aggregate amount of all Losses in respect of indemnification under Section 8.03(a) exceeds the Basket, in which event Buyer Parties shall be required to pay or be liable for all such Losses from the first dollar. The aggregate amount of all Losses for which Buyer Parties shall be liable pursuant to Section 8.03(a) shall not exceed the Cap.

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(c) Notwithstanding the foregoing, the limitations set forth in Section 8.04(a) and Section 8.04(b) shall not apply to Losses based upon, arising out of, with respect to or by reason of any inaccuracy in or breach of any representation or warranty in Section 3.01, Section 3.02, Section 3.03, Section 3.05, Section 3.14, Section 3.17, Section 3.18, Section 4.01, Section 4.04, and Section 4.05 for which such Losses under the same sections of all of the Purchase Agreements shall be capped, in the aggregate, at the Purchase Price; subject to Section 8.06 with respect to any claim brought by any Buyer Indemnitee against the Sellers.

(d) Notwithstanding anything to the contrary herein, none of the limitations set forth in Section 8.04(a) and Section 8.04(b) shall apply to fraud or willful misconduct of any party.

Section 8.05 Indemnification Procedures. The party making a claim under this Article VIII is referred to as the "**Indemnified Party**," and the party against whom such claims are asserted under this Article VIII is referred to as the "**Indemnifying Party**."

(a) Third Party Claims. If any Indemnified Party 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 Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party 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 forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party 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 the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defense, unless the Indemnifying Party is a Seller, and such Third Party Claim seeks an injunction or other equitable relief against the Indemnified Party. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 8.05(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 the Indemnified Party. The Indemnified Party 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 the Indemnified Party, *provided*, that if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defenses available to an Indemnified Party 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 the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in each jurisdiction for which the Indemnified Party determines counsel is required. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, or fails to diligently prosecute the defense of such Third Party Claim, the Indemnified Party may, subject to Section 8.05(b), pay, compromise, 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 Sellers 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 5.06) 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.

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(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 the Indemnified Party, except as provided in this Section 8.05(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 the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party 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 the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within ten days after its receipt of such notice, the Indemnified Party 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 the Indemnified Party 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 the Indemnified Party has assumed the defense pursuant to Section 8.05(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).

Section 8.06 Payments.

(a) Upon settlement or adjudication of any claim for indemnification brought by any Buyer Indemnitee against the Sellers pursuant to this Article VIII (an "**Indemnity Claim Determination**"), such Losses shall be satisfied through a cancellation of such number of shares of Buyer Common Stock held by the Sellers equal to the quotient obtained by dividing (i) the aggregate amount of Losses (subject to the Cap, as applicable), by (ii) the Relevant Stock Price. For Clarity, without limitation, under no circumstances shall Sellers have any liability to pay cash or any other consideration over and above the Equity Consideration to satisfy any claim under this Agreement; provided, however, that in the event that there is an indemnifiable Loss hereunder and all or any of the Equity Consideration is no longer owned by Sellers, Sellers shall be liable to deliver shares of Buyer Parent Common Stock or cash in an amount equal to the Relevant Stock Price *multiplied by* the number of shares of Buyer Parent Common Stock no longer held by Sellers. In the event that not all Sellers are found liable in connection with such Indemnity Claim Determination, such Losses shall be paid only by those Sellers found liability in connection therewith on a pro rata basis. Such cancellation of Buyer Common Stock shall be effective immediately following the applicable Indemnity Claim Determination without any action required on the part of any Seller. Solely for purposes of this Section 8.06(a), the Sellers hereby irrevocably constitute and appoint Buyer, with full power of substitution and re-substitution, as its/his/her true and lawful attorney to transfer shares of Buyer Common Stock subject to this Section 8.06(a) on the books and records of Buyer.

(b) Upon an Indemnity Claim Determination against any Buyer Indemnitee, the Indemnifying Party shall satisfy its obligations within fifteen (15) Business Days of such Indemnity Claim Determination by wire transfer of immediately available funds.

Section 8.07 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

Section 8.08 Effect of Investigation. The representations, warranties and covenants of the Indemnifying Party, and the Indemnified Party'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 the Indemnified Party (including by any of its Representatives) or by reason of the fact that the Indemnified Party 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 the Indemnified Party's waiver of any condition set forth in Section 7.02 or Section 7.03, as the case may be.

Section 8.09 Exclusive Remedies. Subject to Section 5.07 and Section 10.11, the parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims (other than claims arising from fraud, criminal activity or willful misconduct on the part of a party hereto in connection with the transactions contemplated by this Agreement) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this Article VIII. In furtherance of the foregoing, each party hereby waives, to the fullest extent permitted under Law, any and all rights, claims, and causes of action for any breach of any representation, warranty, covenant, agreement, or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against any other parties hereto and their Affiliates and each of their respective Representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this Article VIII. Nothing in this Section 8.09 shall limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled to or seek any remedy on account of any party's fraudulent, criminal, or intentional misconduct.

Article IX. TERMINATION

Section 9.01 Termination. This Agreement may be terminated at any time prior to the Second Closing:

- (a) by the mutual written consent of the Majority Seller, on the one hand, and Buyer, on the other hand;
- (b) by Buyer by written notice to the Majority Seller if:

(i) 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 any Seller pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article VII and such breach, inaccuracy or failure has not been cured by such Seller(s) within ten (10) days of the Majority Seller's receipt of written notice of such breach from Buyer; or

(ii) any of the conditions set forth in Section 7.01 or Section 7.02 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by June 30, 2023, unless such failure shall be due to the failure of Buyer to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Second Closing;

- (c) by the Majority Seller by written notice to Buyer if:

(i) the Sellers 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 VII 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 the Majority Seller; or

(ii) any of the conditions set forth in Section 7.01 or Section 7.03 shall not have been, or if it becomes apparent that any of such conditions will not be, fulfilled by June 30, 2023, unless such failure shall be due to the failure of any Seller to perform or comply with any of the covenants, agreements or conditions hereof to be performed or complied with by it prior to the Second Closing; or

(d) by Buyer or the Majority Seller in the event that (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited or (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.

Section 9.02 Effect of Termination. In the event of the termination of this Agreement in accordance with this Article IX, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except as set forth in this Article IX, Section 5.06, and Article X hereof; and that nothing herein shall relieve any party hereto from liability for any willful breach of any provision hereof.

Article X. MISCELLANEOUS

Section 10.01 Expenses. Except as otherwise expressly provided herein, 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, whether or not either of the Closings shall have occurred.

Section 10.02 Notices. All notices, requests, consents, claims, demands, waivers, and other communications 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 facsimile or 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 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 10.02):

To Majority Seller:

At the address set forth under Majority Seller's name on the Signature Pages appended hereto

If to Buyer:

Hightimes Holding Corp.
2110 Narcissus Ct.
Venice, CA 90291
Phone: +1 (844) 933-3287
Email: paul@hightimes.com
Attention: Chief Executive Officer

with a copy to (which shall not constitute notice):

SMB Law Group LLP
Attention: Kevin Henderson, Esq.
217 S. Cedar Ave.
Tampa, FL 33606
Phone: +1 (972) 845-8850
Email: kevin@smblaw.group

Section 10.03 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 10.04 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 10.05 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. Except as provided in Section 5.07(e), 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 10.06 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.

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Section 10.07 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. No assignment shall relieve the assigning party of any of its obligations hereunder. Any assignment in violation of this provision shall be null and void *ab initio*.

Section 10.08 No Third-party Beneficiaries. Except as provided in Article VIII, 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 or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

Section 10.09 Amendment and Modification; Waiver. This Agreement may only be amended, modified, or supplemented by an agreement in writing signed by each party hereto. No waiver by any 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 any 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 10.10 Governing Law; Submission to Jurisdiction; Waiver of Jury Trial. This Purchase Agreement shall be governed by, and construed in accordance with, the laws and regulations of the State of California without regard to any law or principle that otherwise would cause the application of any law(s) of any other state or jurisdiction. Any dispute among the parties which cannot be settled by mutual agreement shall be subject to final and binding arbitration before a retired judge in accordance with the JAMS dispute resolution system located in Los Angeles, California. The losing party in any such arbitration shall bear 100% of the costs of such arbitration. The decision of the arbitrator shall be final and binding on the parties hereto and may be enforced by the prevailing party in any court of competent subject matter jurisdiction located in Los Angeles County, State of California. Each party consents to the venue, and the personal jurisdiction over such Party, of such court located in Los Angeles County, State of California, in (or with respect to) any such action, suit, claim, or cause of action. Further, each party waives any and all arguments, motions, and other objections that any court located in Los Angeles County, State of California, is an inconvenient forum (*forum non conveniens*) for any such action, suit, claim or cause of action.

Section 10.11 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 10.12 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 pages follow]

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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.

MAJORITY SELLER:

ANACAPA CA LLC,
a California limited liability company

By: /s/ Jordan Lams
Name: Jordan Lams
Title: Chief Executive Officer

MXV LICENSE HOLDINGS LLC,
a California limited liability company

By: /s/ Jordan Lams
Name: Jordan Lams
Title: Chief Executive Officer

[Signature page to Membership Interest Purchase Agreement]

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:

HT RED LLC.,
a Delaware limited liability company

By: /s/ Paul Henderson
Name: Paul Henderson
Title: Chief Executive Officer

BUYER PARENT:

HIGHTIMES HOLDING CORP.,
a Delaware corporation

By: /s/ Paul Henderson
Name: Paul Henderson
Title: Chief Executive Officer

[Signature page to Membership Interest Purchase Agreement]

EXHIBIT A

Form of Lock-Up Agreement

(see attached)

EXHIBIT B

Form of Assignment

(see attached)

EXHIBIT C

Form of Management Services Agreement

(see attached)

MANAGEMENT SERVICES AGREEMENT

This Management Services Agreement (“**Agreement**”) is effective November 1, 2022 (the “**Effective Date**”) by and between Hightimes Holding Corp., a Delaware corporation, and its affiliates, subsidiaries, divisions, successors, and assigns (“**Management Service Provider**”), and Pure CA LLC, a California limited liability company (“**Company**”). Hereafter, Management and Company may each be referred to as a “**Party**” and together as the “**Parties**.”

RECITALS

WHEREAS, Company owns and operates a cannabis facility at 2990 Martin Luther King Jr. Blvd., Lynwood, CA 90262 (the “**Premises**”) pursuant to a cannabis manufacturer type-7 license CDPH-10001194, a retailer nonstorefront license C9-0000072-LIC, and a distributor license C11-0000292-LIC, in each case issued by the State of California (“**State License**”);

WHEREAS, as part of a transaction integrated with this Agreement, Management Service Provider and Anacapa CA LLC, a California limited liability company and the owner of 100% of the membership interests of Company (the “**Seller**”), have entered into that certain Membership Interest Purchase Agreement dated concurrently herewith (the “**MIPA**”), pursuant to which Management Service Provider will purchase the Company; and

WHEREAS, during the pendency of the regulatory approval process leading to the Change of Ownership (as hereinafter defined) the Company desires to retain Management Service Provider to provide certain management services to the Company, and Management Service Provider desires and is willing to provide such management services to the Company, upon the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and for other consideration, the adequacy and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Definitions.** In addition to the terms defined above, the following terms will have the following meanings when used in this Agreement:
 - 1.1. “**Cannabis Goods**” has the meaning ascribed thereto by the State Regulations.
 - 1.2. “**State Regulations**” means 3 CCR Division 8 (CDEA Regulations), 16 CCR Division 42 (BCC Regulations), 17 CCR Division 1 (MCSB Regulations), as may be amended from time to time.
 - 1.3. “**Proprietary and Confidential Information**” means all information known or intended to be known only to the disclosing Party, its subsidiaries, and its affiliates, and their employees, including any document, record, financial, or other information of the disclosing Party, or others in a confidential relationship with the disclosing Party, and further relates to specific business matters such as the disclosing Party’s financial information, identity of customers and patients, policies and procedures, fee structures, trade secrets, proprietary know-how, account information, and other information relating to other business of the disclosing Party, its subsidiaries and affiliates, and their employees. Proprietary and Confidential Information does not include information readily accessible in the public domain by no fault of the non-disclosing Party.
 - 1.4. “**Term**” means the period beginning with the Effective Date and ending as specified in Section 6 of this Agreement.

All other terms will be construed according to their ordinary and common meaning unless otherwise specified or unless otherwise required by the context of this Agreement.

MANAGEMENT SERVICES AGREEMENT

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2. **Retention of Management; Management’s Responsibilities.** The Company hereby retains Management Service Provider, and Management Service Provider hereby agrees, to provide to the Company certain management and administrative support services. Management Service Provider will have the sole and exclusive responsibility for the execution of the following management and administration functions (the “**Services**”) which include, without limitation, the following:
 - 2.1 Recruiting, hiring, investigating, paying, supervising, disciplining, terminating, and providing other human resources functions, employees to perform the type of work desired by Company, including, but not limited to, all associates, leads, supervisors, managers, and directors, (“**Assigned Employees**”) under the Company’s supervision where the Company shall have the right to approve job standards and wage rates and to approve or disapprove any Assigned Employees hired by the Management Service Provider;
 - 2.2 Payroll processing services including paying the Assigned Employees’ wages and provide them with the benefits that Management Service Provider offers to them and paying, withholding, and transmitting payroll taxes, providing unemployment insurance and workers’ compensation benefits, and handling unemployment and workers’ compensation claims involving Assigned Employees;
 - 2.3 Requiring Assigned Employees to sign agreements acknowledging that they are not entitled to holidays, vacations (including existing PTO balances), disability benefits, insurance, pensions, or retirement plans (including continuing existing 401(k) plan), or any other benefits offered or provided by Company;
 - 2.4 Requiring Assigned Employees to sign confidentiality agreements before they begin their assignments at Company;
 - 2.5 Taking any action that may be necessary to comply promptly with any and all orders, notices, or requirements affecting the Company issued by any federal, state, county, or municipal authority, and insurers; however, Management Service Provider shall not take any action as long as the Company is contesting or has affirmed its intention to contest any such order, notice, or requirement;
 - 2.6 Entering into contracts for necessary services, including water, electricity, gas, telephone, vermin extermination, and other necessary services;
 - 2.7 Contracting with manufacturers and distributors for all merchandise and other non-Cannabis Goods to be sold or used at the Premises, as permitted by the State Regulations.
 - 2.8 Placing orders for any equipment, tools, appliances, materials, and office supplies that are necessary to properly maintain the Company’s operations;

MANAGEMENT SERVICES AGREEMENT

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- 2.9 Contracting for and overseeing capital improvements to the Premises in accordance with the lease for the Premises and all applicable building codes.
 - 2.10 Contracting for and overseeing all security personnel for the Premises at a minimum as required by local law and the State Regulations.
 - 2.11 Assisting with obtaining and maintaining all forms of insurance needed to adequately protect the Company, its Members, Directors, Officers, employees, as their respective interests may appear (or as required by law), including workers' compensation insurance, liability insurance, fire and extended coverage insurance, and burglary and theft insurance.
 - 2.12 Administering all accounts payable and accounts receivable, including accrued and unpaid balances remaining as of October 31, 2022 using reasonable commercial efforts to ensuring timely collection of all amounts due and timely payment of all amounts due.
 - 2.13 Causing the expenses and existing debts of the Company to be paid including, but not limited to, rent, leases, employee-related expenses, utilities, raw materials, packaging, supplies, sales, marketing, advertising, vehicle related expenses, supplies, banking charges, licensing and compliance fees, taxes, consulting and professional fees, repairs and improvements, and waste management fees;
 - 2.14 Working in conjunction with an accountant, prepare for execution and filing by the Company of all forms, reports, exemption requests, and returns required by law in connection with unemployment insurance, workers' compensation insurance, disability benefits, Social Security, franchise tax, income tax, and other similar taxes now in effect or hereafter imposed;
 - 2.15 Reviewing and maintaining Company comprehensive system of books and records, including books of account and financial records and contracting for annual audits thereof in accordance with United States Generally Accepted Accounting Principles (GAAP);
 - 2.16 Creating, reviewing, overseeing, and administering all capital, operating, and cash flow projections and budgets;
 - 2.17 Establishing and maintaining, in a bank, savings and loan, or credit union located in this State, accounts for the deposit and disbursement of the monies of the Company;
 - 2.18 On behalf of Company, creating, contracting for, and administering all marketing, advertising, packaging, and labeling for Company; and
 - 2.19 Such other management and administrative services which the parties shall mutually determine are necessary for the efficient operation of the Company's business and affairs. The Parties agree that the Services shall be provided by the Assigned Employees of Management Service Provider or third-party providers hired by Service Provider.
3. **Relationship of the Parties.** This Agreement is not one of agency between Management Service Provider and the Company, but one in which Management Service Provider is engaged to provide management oversight and administration support services as an independent contractor. All employment arrangements are therefore solely Management Service Provider's concern, and the Company shall not have any liability with respect thereto except as otherwise expressly set forth herein.

MANAGEMENT SERVICES AGREEMENT
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4. **Company's Responsibilities.** Company will have the following responsibilities:
- 4.1. Ensuring that all of its directors, officers, employees, agents, and contractors are aware of Management Service Provider's authority and responsibilities as articulated in this Agreement and that such persons comply with the directions of the Management Service Provider in accordance with this Agreement.
 - 4.2. Ensuring that all of its directors, officers, employees, agents, and contractors who may have some responsibility under or authority on behalf of Company take any and all actions necessary to maintain Company, its licenses, permits, registrations, and other entitlements in good standing and to cause Company to comply with all laws and regulations regarding commercial cannabis businesses under State and local law.
5. **Compensation and Reports**
- 5.1. **Compensation.** As consideration for the performance of the Services, the Management Service Provider shall receive all income from the operations and be responsible for paying all expenses incurred, including all accrued and existing liabilities, but not limited to the following (collectively, the "**Expenses**"):
 - 5.1.1. Rent;
 - 5.1.2. Leases;
 - 5.1.3. Utilities;
 - 5.1.4. Security;
 - 5.1.5. State and local licensing fees;
 - 5.1.6. State and local taxes and fees, including cannabis taxes;
 - 5.1.7. Cost of goods produced including raw materials, supplies, and packaging;
 - 5.1.8. Insurance, including but not limited to property insurance, product liability, automobile, worker's compensation insurance and general liability insurance;
 - 5.1.9. Maintenance, repairs, and cleaning costs;
 - 5.1.10. All actual costs associated with payroll and payroll processing including, but not limited to health and welfare benefits and coverage, monthly base salary, commissions, associated employer payroll taxes and 401(k) plan expenses;
 - 5.1.11. Advertising, sales, promotion, and marketing expenses;
 - 5.1.12. Bank service charges;
 - 5.1.13. Dues and subscriptions;
 - 5.1.14. GPS permit fees;
 - 5.1.15. Interest expenses;
 - 5.1.16. Late fees or penalties;
 - 5.1.17. Office supplies;
 - 5.1.18. Postage and shipping;
 - 5.1.19. Professional fees, including but not limited to accounting, legal, tax, and consulting fees;
 - 5.1.20. Internet and telephone charges;
 - 5.1.21. Business software; and
 - 5.1.22. Other miscellaneous expenses directly arising from the operation of the business.

If, after payment of Expenses, there is any income, said income shall be retained by Management Service Provider. If, after payment of Expenses, there is a loss, said losses shall be paid by the Management Service Provider.

- 5.2. **Monthly Reports.** Within thirty (30) days after the end of each month, Management Service Provider shall furnish the Company with a statement showing operating costs and management fees and expenses, and the total payments made by the Management Service Provider with respect thereto during the previous month ("Monthly Statement"). Unless the Company raises any objections to Management Service Provider's Monthly Statement within five (5) days after receipt of the same, such statement shall conclusively be deemed correct and the Company shall have no right thereafter to dispute such statement or any item therein or the computation. If the Company does object to such Monthly Statement, then Management Service Provider shall provide the Company with reasonable verification of the figures shown on the statement and the parties shall negotiate in good faith to resolve any disputes. Any objection of the Company to Management Service Provider's Monthly Statement and resolution of any dispute shall not postpone the time for payment of any amounts due to the Management Service Provider from the Company, nor shall any failure of the Management Service Provider to deliver Monthly Statement in a timely manner relieve the Company from its obligation to pay any amounts due to the Management Service Provider based on Monthly Statement.
6. **Term.** This Agreement will commence on the Effective Date and shall continue until the sooner of: (a) the closing of the transactions contemplated by the MIPA, as a result of which the Company becomes an indirect wholly-owned subsidiary of the Management Service Provider ("**Change of Ownership**"), or (b) nine (9) months from the Effective Date, unless otherwise agreed in writing between the Seller and Management Service Provider ("**MSA Maximum Term**"); *provided, however*, that the MSA Maximum Term shall be extended for one month periods so long as through no fault of Management Service Provider the condition to closing set forth in Section 7.02(d) of the MIPA has not been satisfied.
7. **Representations, Warranties, and Covenants.**
- 7.1. Company hereby represents and warrants as of the Effective Date and for all times during the Term:
- 7.1.1. Company will operate in compliance with *Division 10 of the California Business and Professions Code*, the State Regulations, and all other California and local laws governing businesses regulated by *Division 10 of the California Business and Professions Code*; and
- 7.1.2. Company is a limited liability company and will remain as such, duly organized, validly existing, and in good standing under California law.
- 7.2. Management Service Provider hereby represents and warrants as of the Effective Date and for all times during the Term:
- 7.2.1. Management Service Provider will operate in compliance with *Division 10 of the California Business and Professions Code*, the State Regulations, and all other California and local laws governing businesses regulated by *Division 10 of the California Business and Professions Code*;
- 7.2.2. Management Service Provider is a limited liability company and will remain as such, duly organized, validly existing, and in good standing under California law; and
- 7.2.3. Any professionals employed by Management Service Provider to render services are and will remain duly licensed, certified, and/or registered, as applicable, to render the services for which such professionals have been employed or engaged.

8. **Disclaimer of Further Warranties.**
- 8.1. THE PARTIES MAKE NO REPRESENTATIONS, EXTEND NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, AND ASSUME NO RESPONSIBILITIES WHATSOEVER WITH RESPECT TO THE BUSINESS ACTIVITIES UNDER THIS AGREEMENT EXCEPT AS SPECIFICALLY STATED HEREIN.
- 8.2. The Parties hereby acknowledge and agree that (i) they are sophisticated business entities that have entered into this Agreement for the limited purposes set forth in this Agreement and that the rights and obligations of the Parties are contractual in nature; and (ii) they have not made any warranties or guarantees of any nature with respect to the economic, financial, or other results that may be obtained or experienced by one another.
9. **Indemnification.**
- 9.1. **Exculpation of Management Service Provider.** Neither Management Service Provider nor its officers, directors, agents and employees shall be liable to the Company for any claims, actions, losses, damages, liabilities, causes of action, fines, costs and expenses (including reasonable investigation costs and reasonable attorneys', experts' and consultants' fees) ("**Losses**") suffered or incurred by the Company, directly or indirectly, in connection with the performance of the Services, except to the extent such Losses are caused by willful misconduct or gross negligence of the Management Service Provider. No party hereto shall be liable to the other party for, and the term Losses shall not include, any lost profits, lost sales, business interruption, decline in value, lost business opportunities, or consequential, incidental, punitive or exemplary damages; provided, however, that this waiver shall not limit a party's right to indemnification for liabilities incurred by such party to a third party (other than the members of the Management Service Provider) claiming such items as damages.
- 9.2. **Company's Indemnification of Management Service Provider.** The Company shall indemnify, defend and hold harmless the Management Service Provider and its affiliates, directors, officers, members, managers, agents, and employees (the "Management Service Provider Indemnified Parties") from and against all Losses arising from the claims of any third party to the extent such claims arise directly or indirectly out of the Management Service Provider's performance of the Services, including any Losses arising out of or otherwise related to the Management Service Provider's employment of the Assigned Employees and the furnishing of such Assigned Employees to the Company; provided, however, the Company shall not be responsible for indemnifying or defending any of the Management Service Provider Indemnified Parties or otherwise be liable to any of the Management Service Provider Indemnified Parties with respect to any Losses arising from Management Service Provider's willful misconduct or gross negligence.
- 9.3. **Management Service Provider's Indemnification of Company.** The Management Service Provider shall indemnify, defend and hold harmless the Company, its members and employees and directors, officers and agents of the members (the "**Company Indemnified Parties**") from and against all Losses resulting directly or indirectly from (i) any act or omission by the Management Service Provider that constitutes willful misconduct or gross negligence and (ii) in the event that this Agreement is terminated prior to the closing of the transactions contemplated by the MIPA, (A) any and all Losses for which the Management Service Provider received any indemnification payments from the Company pursuant to Section 9.2 and (B) any material adverse change in the business or status of the Company as compared to the business or status of the Company on the date hereof, including without limitation the level of net working capital, any regulatory action or status, any and all tax obligations or standing with respect to any governmental authorities, and the value of any physical or fixed assets of the Company.

10. **Confidentiality.** As used in this Agreement, Confidential Information means information, including, without limitation, information (a) identified by the disclosing Party as confidential, or (b) is reasonably understood by the receiving Party to be confidential, and includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to a Party's business processes, owners, financial interest holders, controlling persons, practices, methods, policies, plans, publications, documents, research, operations, services, strategies, techniques, agreements, contracts, terms of agreements, transactions, potential transactions, negotiations, pending negotiations, work-in-process, databases, manuals, records, material, sources of material, supplier information, vendor information, financial information, results, accounting information, accounting records, marketing information, pricing information, design information, payroll information, personnel information, supplier lists, vendor lists, developments, reports, internal controls, security procedures, market studies, sales information, revenue, costs, formulae, product plans, designs, styles, models, ideas, specifications, customer information, customer lists, client information, client lists, manufacturing information, distributor lists, buyer lists, Intellectual Property, improvements to the Intellectual Property and both the existence and the terms of this Agreement. A Party's Confidential Information expressly includes, without limitation, the Standards and recipes for the Products, which is proprietary to and a trade secret of the Company.

10.1. **Access to Confidential Information.** The Parties agree and acknowledge that as a result of this Agreement, each party will receive and have access to information, including, without limitation, information regarding information (a) identified by the disclosing Party as confidential, or (b) is reasonably understood by the receiving Party to be confidential, and includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to a Party's business processes, owners, financial interest holders, controlling persons, practices, methods, policies, plans, publications, documents, research, operations, services, strategies, techniques, agreements, contracts, terms of agreements, transactions, potential transactions, negotiations, pending negotiations, work-in-process, databases, manuals, records, material, sources of material, supplier information, vendor information, financial information, results, accounting information, accounting records, marketing information, pricing information, design information, payroll information, personnel information, supplier lists, vendor lists, developments, reports, internal controls, security procedures, market studies, sales information, revenue, costs, formulae, product plans, designs, styles, models, ideas, specifications, customer information, customer lists, client information, client lists, manufacturing information, distributor lists, buyer lists, Intellectual Property, Improvements and both the existence and the terms of this Agreement. Each Party's Confidential Information expressly includes, without limitation, the Recipes, which is proprietary to and a trade secret of the Party and which is governed by this Section, all of which will be considered "Confidential Information." Each Party covenants and warrants to the other Party that it will not disclose or divulge Confidential Information except to the extent: (i) required by law, (ii) to protect its interests in any dispute or litigation, (iii) necessary to perform its obligations under this Agreement, or (iv) if such information becomes publicly available without breach of this Section. The Parties' obligations under this Section will survive any termination or expiration of this Agreement. Management Service Provider shall, and shall cause its officers, directors, managers, principals, members, employees (including the Assigned Employees), agents and representatives (collectively, "Representatives") to comply with these confidentiality provisions.

10.2. **Injunctive Relief.** The Parties hereby acknowledge that breach of the covenants contained in this Section will cause irreparable harm to the non-breaching party. Notwithstanding any other provision of this Agreement, a party may enforce the above-described covenants and warranties by injunction, both preliminary and permanent, it being agreed that the posting of an injunction bond of no less than \$5,000.00 to indemnify the other party against costs or damages which might be incurred by virtue of any temporary injunction. Nothing herein will be construed as prohibiting a Party from pursuing any other legal or equitable remedy available due to the breach of the provisions of this Section. The failure by either Party to adhere to any of the terms of this Section will be a material breach of this Agreement.

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11. **Miscellaneous Provisions.**

- 11.1. **Survival.** The terms and conditions stated in Section 4, 5, 6, 7, 8, 9, 10, 11, and 12 shall survive the termination of this Agreement.
- 11.2. **Counterparts.** This Agreement may be executed in one or more counterparts, including by facsimile and portable document format (.pdf) delivery, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. The Parties agree and acknowledge that delivery of a signature by facsimile or in .pdf form shall constitute execution by such signatory.
- 11.3. **Invalidity.** In the event that any one or more of the provisions contained in this Agreement or in any other instrument referred to herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other such instrument, and such invalid, illegal or unenforceable provision shall be interpreted so as to give the maximum effect of such provision allowable by law.
- 11.4. **Additional Documents.** Each of the Parties hereto agree to execute any document or documents that may be requested from time to time by the other Party to implement or complete such Party's obligations pursuant to this Agreement and to otherwise cooperate fully with such other Party in connection with the performance of such Party's obligations under this Agreement.
- 11.5. **Notices.** All notices required or permitted by this Agreement or by law will be in writing and deemed duly served, delivered, and received when personally delivered to the Party to whom directed or, instead, three (3) days after deposit in the U.S. mail, certified or registered, return receipt requested, first-class postage prepaid, addressed as indicated below. Delivery by electronic mail as indicated below will constitute personal delivery if receipt of delivery is capable of confirmation. Either Party may change this address by giving written notice of the change to the other Party as provided herein.

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As to Company:

MXV Holdings Inc.
3355 East Spring Street #300
Long Beach, CA 92618
Email: jordan@enjoymoxie.com
Attention: Chief Executive Officer

As to Management Service Provider:

Hightimes Holding Corp.
2110 Narcissus Ct.
Vernice, CA 90291
Phone: +1 (844) 933-3287

- 11.6. Waiver. The failure of either Party at any time to enforce any of the provisions of this Agreement will not be deemed or construed to be a waiver of any such provision, nor in any way to affect the validity of this Agreement, any provisions hereof, or the right of either Party to thereafter enforce each and every provision of this Agreement. No waiver of any breach of any of the provisions of this Agreement will be effective unless set forth in a written instrument executed by the waiving Party; and no waiver of any such breach will be construed or deemed to be a waiver of any other or subsequent breach except as otherwise noted therein. Failure of either Party to require the performance of any term in this Agreement will not prevent subsequent enforcement of such term nor be deemed a waiver of any subsequent breach.
- 11.7. Relevant Laws. Company operates a cannabis business in the State of California. The parties hereby acknowledge that they understand:
- 11.7.1. *Federal Law.* The sale of cannabis, which is considered a Schedule I narcotic pursuant to 21 U.S.C. § 811, et seq., short titled the Controlled Substance Act and all applicable regulations promulgated thereunder, is prohibited by Federal law.
- 11.7.2. *State Law.* Recreational and medicinal cannabis has been legalized in the State of California since January 1, 2018, pursuant to the passage of Proposition 64 and adoption of the Medicinal and Adult-Use Cannabis Regulation and Safety Act.
- 11.7.3. *Tax Liability.* As cannabis is a Schedule I narcotic, pursuant to 26 U.S. Code §280E, cannabis businesses cannot take any deduction or credit for any amount paid or incurred during the taxable year.
- 11.7.4. *Forfeiture.* The Federal government could begin forfeiture, civil, or criminal proceedings against any cannabis business, its owners, officers, directors, agents, affiliates, and/or investors.
- 11.8. Entire Agreement. This Agreement, including exhibits and appendices, along with the MIPA and Ancillary Documents (as defined in the MIPA) constitute the entire agreement and understanding between the Parties and cancels, terminates, and supersedes any prior agreement or understandings, written or oral, relating to the subject matter hereof. There are no representations, promises, agreements, warranties, covenants, or understandings other than those contained herein.

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- 11.9. Modification. No modification or amendment to this Agreement will be effective unless in a writing signed by the Parties.
- 11.10. Force Majeure. A Party will not be deemed to be in default of this Agreement or to have committed a breach if prevented from performing any obligation hereunder for any reason beyond its control, including but not limited to, acts of god, war, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor, materials, or equipment, governmental regulations or restrictions, or unusually severe weather. In any such case, the Parties agree to negotiate in good faith with the goal of preserving this Agreement and the respective rights and obligations of the Parties hereunder to the extent reasonably practicable. Lack of financial resources, insolvency, or commercial impracticability will be deemed within a Party's reasonable control.
- 11.11. Construction, Choice of Law, and Venue Selection. The headings and/or captions used in connection with this Agreement are for reference purposes only and will not be construed as part of this Agreement. This Agreement will be construed and interpreted in accordance with the laws of the State of California, without regard to the principles regarding conflict of laws, and as though drafted equally by the Parties and their attorneys. The provisions of federal law will have no bearing or effect on the construction of this Agreement except as required by the United States Constitution. The Parties agree that any action or proceeding to enforce or relating to this Agreement will be brought exclusively in the state courts located in the County of Los Angeles, State of California. The Parties hereto consent to the exercise of personal jurisdiction by the state courts of the State of California.
- 11.12. References; Headings; Interpretation. All references in this Agreement to Exhibits, Articles, Sections, subsections and other subdivisions refer to the corresponding Exhibits, Articles, Sections, subsections and other subdivisions of or to this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any Articles, Sections, subsections or other subdivisions of this Agreement are for convenience only, do not constitute any part of this Agreement, and shall be disregarded in construing the language hereof. The words "this Agreement," "herein," "hereby," "hereunder" and "hereof" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The words "this Article," "this Section" and "this subsection" and words of similar import refer only to the Article, Section or subsection hereof in which such words occur. The word "or" is not exclusive, and the word "including" (in its various forms) means "including, without limitation." Pronouns in masculine, feminine or neuter genders shall be construed to state and include any other gender, and words, terms and titles (including terms defined herein) in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.
- 11.13. Independent Contractor. Nothing herein will be construed to create any relationship of employer and employee or agent and principal, or to create a partnership or joint venture between the Parties. The Parties will be considered independent contractors of one another.

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- 11.14. Non-Assignment and Non-Transferability. Neither Party may, without written approval of the other Party, assign this Agreement or transfer its interest or any part thereof under this Agreement to any third party. Any assignment or transfer made without such prior written approval will be null and void. For purposes of this Agreement, an assignment will include a change in the majority ownership or control of a Party. Further, the assets of Company are not capable of being sold, assigned, transferred, or conveyed prior to the termination hereof without the approval, consent or waiver of Management Service Provider and such sale, assignment, transfer or conveyance shall constitute breach of this Agreement. Any purported assignment in violation of this section shall be null and void ab initio.
- 11.15. Severability. Although the restrictions contained in this Agreement are considered by the Parties to be reasonable for the purpose of contractual obligations, if any such restriction is found by a court of competent jurisdiction to be unenforceable, such provision will be modified, rewritten, or interpreted to include as much of its nature and scope as will render it enforceable. If it cannot be so modified, rewritten, or interpreted to be enforceable in any respect, it will not be given effect, and the remainder of the Agreement will be enforced as if such provision were not included.
- 11.16. Attorney's Fees. In any action or proceeding founded on the terms of this Agreement, the prevailing party will be entitled to its legal costs and reasonable attorney's fees.

- 11.17. No Third-Party Beneficiaries. This Agreement is solely for the benefit of the Parties hereto and their successors and assigns permitted under this Agreement, and no provisions of this Agreement shall be deemed to confer upon any other persons any remedy, claim, liability, reimbursement, cause of action or other right except as expressly provided herein. Notwithstanding the foregoing or any other provision hereof, for clarity and without limitation, the Seller, are intended and shall remain an intended third-party beneficiary of all Representations, Warranties and Indemnifications by Management Service Provider to Company hereunder.
- 11.18. No Presumption Against Any Party. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any Party, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the Parties and their counsel and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all Parties hereto.

[signature page follows]

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IN WITNESS WHEREOF, the Parties have each executed this Agreement to be effective as of the Effective Date.

MANAGEMENT SERVICE PROVIDER
Hightimes Holding Corp.

COMPANY
Pure CA LLC

/s/ Paul Henderson
Paul Henderson
Chief Executive Officer

/s/ Jordan Lams
Jordan Lams
Chief Executive Officer

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MANAGEMENT SERVICES AGREEMENT

This Management Services Agreement (“**Agreement**”) is effective November 1, 2022 (the “**Effective Date**”) by and between Hightimes Holding Corp., a Delaware corporation, and its affiliates, subsidiaries, divisions, successors, and assigns (“**Management Service Provider**”), and Pure Calaveras LLC, a California limited liability company (“**Company**”). Hereafter, Management and Company may each be referred to as a “**Party**” and together as the “**Parties**.”

RECITALS

WHEREAS, Company owns and operates a cannabis cultivation facility at 2341 South Ranchero Rd., Valley Springs, CA 95252 (the “**Premises**”) pursuant to a Commercial Cannabis Cultivation Permit DCC21-0008 from the Calaveras County Division of Cannabis Control (“**Local License**”) and a cannabis annual adult-use-medium outdoor cultivation license CCL21-0002593 issued by the State of California (“**State License**”);

WHEREAS, as part of a transaction integrated with this Agreement, Management Service Provider and Anacapa CA LLC, a California limited liability company and the owner of 100% of the membership interests of Company (the “**Seller**”), have entered into that certain Membership Interest Purchase Agreement dated concurrently herewith (the “**MIPA**”), pursuant to which Management Service Provider will purchase the Company; and

WHEREAS, during the pendency of the regulatory approval process leading to the Change of Ownership (as hereinafter defined) the Company desires to retain Management Service Provider to provide certain management services to the Company, and Management Service Provider desires and is willing to provide such management services to the Company, upon the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and for other consideration, the adequacy and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Definitions.** In addition to the terms defined above, the following terms will have the following meanings when used in this Agreement:
 - 1.1. “**Cannabis Goods**” has the meaning ascribed thereto by the State Regulations.
 - 1.2. “**State Regulations**” means 3 CCR Division 8 (CDFA Regulations), 16 CCR Division 42 (BCC Regulations), 17 CCR Division 1 (MCSB Regulations), as may be amended from time to time.
 - 1.3. “**Proprietary and Confidential Information**” means all information known or intended to be known only to the disclosing Party, its subsidiaries, and its affiliates, and their employees, including any document, record, financial, or other information of the disclosing Party, or others in a confidential relationship with the disclosing Party, and further relates to specific business matters such as the disclosing Party’s financial information, identity of customers and patients, policies and procedures, fee structures, trade secrets, proprietary know-how, account information, and other information relating to other business of the disclosing Party, its subsidiaries and affiliates, and their employees. Proprietary and Confidential Information does not include information readily accessible in the public domain by no fault of the non-disclosing Party.
 - 1.4. “**Term**” means the period beginning with the Effective Date and ending as specified in Section 6 of this Agreement.

All other terms will be construed according to their ordinary and common meaning unless otherwise specified or unless otherwise required by the context of this Agreement.
2. **Retention of Management; Management’s Responsibilities.** The Company hereby retains Management Service Provider, and Management Service Provider hereby agrees, to provide to the Company certain management and administrative support services. Management Service Provider will have the sole and exclusive responsibility for the execution of the following management and administration functions (the “**Services**”) which include, without limitation, the following:
 - 2.1 Recruiting, hiring, investigating, paying, supervising, disciplining, terminating, and providing other human resources functions, employees to perform the type of work desired by Company, including, but not limited to, all associates, leads, supervisors, managers, and directors, (“**Assigned Employees**”) under the Company’s supervision where the Company shall have the right to approve job standards and wage rates and to approve or disapprove any Assigned Employees hired by the Management Service Provider;
 - 2.2 Payroll processing services including paying the Assigned Employees’ wages and provide them with the benefits that Management Service Provider offers to them and paying, withholding, and transmitting payroll taxes, providing unemployment insurance and workers’ compensation benefits, and handling unemployment and workers’ compensation claims involving Assigned Employees;
 - 2.3 Requiring Assigned Employees to sign agreements acknowledging that they are not entitled to holidays, vacations (including existing PTO balances), disability benefits, insurance, pensions, or retirement plans (including continuing existing 401(k) plan), or any other benefits offered or provided by Company;
 - 2.4 Requiring Assigned Employees to sign confidentiality agreements before they begin their assignments at Company;
 - 2.5 Taking any action that may be necessary to comply promptly with any and all orders, notices, or requirements affecting the Company issued by any federal, state, county, or municipal authority, and insurers; however, Management Service Provider shall not take any action as long as the Company is contesting or has affirmed its intention to contest any such order, notice, or requirement;
 - 2.6 Entering into contracts for necessary services, including water, electricity, gas, telephone, vermin extermination, and other necessary services;
 - 2.7 Contracting with manufacturers and distributors for all merchandise and other non-Cannabis Goods to be sold or used at the Premises, as permitted by the State Regulations.
 - 2.8 Placing orders for any equipment, tools, appliances, materials, and office supplies that are necessary to properly maintain the Company’s operations;

- 2.9 Contracting for and overseeing capital improvements to the Premises in accordance with the lease for the Premises and all applicable building codes.
 - 2.10 Contracting for and overseeing all security personnel for the Premises at a minimum as required by local law and the State Regulations.
 - 2.11 Assisting with obtaining and maintaining all forms of insurance needed to adequately protect the Company, its Members, Directors, Officers, employees, as their respective interests may appear (or as required by law), including workers' compensation insurance, liability insurance, fire and extended coverage insurance, and burglary and theft insurance.
 - 2.12 Administering all accounts payable and accounts receivable, including accrued and unpaid balances remaining as of October 31, 2022 using reasonable commercial efforts to ensuring timely collection of all amounts due and timely payment of all amounts due.
 - 2.13 Causing the expenses and existing debts of the Company to be paid including, but not limited to, rent, leases, employee-related expenses, utilities, raw materials, packaging, supplies, sales, marketing, advertising, vehicle related expenses, supplies, banking charges, licensing and compliance fees, taxes, consulting and professional fees, repairs and improvements, and waste management fees;
 - 2.14 Working in conjunction with an accountant, prepare for execution and filing by the Company of all forms, reports, exemption requests, and returns required by law in connection with unemployment insurance, workers' compensation insurance, disability benefits, Social Security, franchise tax, income tax, and other similar taxes now in effect or hereafter imposed;
 - 2.15 Reviewing and maintaining Company comprehensive system of books and records, including books of account and financial records and contracting for annual audits thereof in accordance with United States Generally Accepted Accounting Principles (GAAP);
 - 2.16 Creating, reviewing, overseeing, and administering all capital, operating, and cash flow projections and budgets;
 - 2.17 Establishing and maintaining, in a bank, savings and loan, or credit union located in this State, accounts for the deposit and disbursement of the monies of the Company;
 - 2.18 On behalf of Company, creating, contracting for, and administering all marketing, advertising, packaging, and labeling for Company; and
 - 2.19 Such other management and administrative services which the parties shall mutually determine are necessary for the efficient operation of the Company's business and affairs. The Parties agree that the Services shall be provided by the Assigned Employees of Management Service Provider or third-party providers hired by Service Provider.
3. **Relationship of the Parties.** This Agreement is not one of agency between Management Service Provider and the Company, but one in which Management Service Provider is engaged to provide management oversight and administration support services as an independent contractor. All employment arrangements are therefore solely Management Service Provider's concern, and the Company shall not have any liability with respect thereto except as otherwise expressly set forth herein.

4. **Company's Responsibilities.** Company will have the following responsibilities:
- 4.1. Ensuring that all of its directors, officers, employees, agents, and contractors are aware of Management Service Provider's authority and responsibilities as articulated in this Agreement and that such persons comply with the directions of the Management Service Provider in accordance with this Agreement.
 - 4.2. Ensuring that all of its directors, officers, employees, agents, and contractors who may have some responsibility under or authority on behalf of Company take any and all actions necessary to maintain Company, its licenses, permits, registrations, and other entitlements in good standing and to cause Company to comply with all laws and regulations regarding commercial cannabis businesses under State and local law.
5. **Compensation and Reports**
- 5.1. **Compensation.** As consideration for the performance of the Services, the Management Service Provider shall receive all income from the operations and be responsible for paying all expenses incurred, including all accrued and existing liabilities, but not limited to the following (collectively, the "**Expenses**"):
 - 5.1.1. Rent;
 - 5.1.2. Leases;
 - 5.1.3. Utilities;
 - 5.1.4. Security;
 - 5.1.5. State and local licensing fees;
 - 5.1.6. State and local taxes and fees, including cannabis taxes;
 - 5.1.7. Cost of goods produced including raw materials, supplies, and packaging;
 - 5.1.8. Insurance, including but not limited to property insurance, product liability, automobile, worker's compensation insurance and general liability insurance;
 - 5.1.9. Maintenance, repairs, and cleaning costs;
 - 5.1.10. All actual costs associated with payroll and payroll processing including, but not limited to health and welfare benefits and coverage, monthly base salary, commissions, associated employer payroll taxes and 401(k) plan expenses;
 - 5.1.11. Advertising, sales, promotion, and marketing expenses;
 - 5.1.12. Bank service charges;
 - 5.1.13. Dues and subscriptions;
 - 5.1.14. GPS permit fees;
 - 5.1.15. Interest expenses;
 - 5.1.16. Late fees or penalties;
 - 5.1.17. Office supplies;
 - 5.1.18. Postage and shipping;
 - 5.1.19. Professional fees, including but not limited to accounting, legal, tax, and consulting fees;
 - 5.1.20. Internet and telephone charges;
 - 5.1.21. Business software; and
 - 5.1.22. Other miscellaneous expenses directly arising from the operation of the business.

If, after payment of Expenses, there is any income, said income shall be retained by Management Service Provider. If, after payment of Expenses, there is a loss, said losses shall be paid by the Management Service Provider.

- 5.2. **Monthly Reports.** Within thirty (30) days after the end of each month, Management Service Provider shall furnish the Company with a statement showing operating costs and management fees and expenses, and the total payments made by the Management Service Provider with respect thereto during the previous month ("Monthly Statement"). Unless the Company raises any objections to Management Service Provider's Monthly Statement within five (5) days after receipt of the same, such statement shall conclusively be deemed correct and the Company shall have no right thereafter to dispute such statement or any item therein or the computation. If the Company does object to such Monthly Statement, then Management Service Provider shall provide the Company with reasonable verification of the figures shown on the statement and the parties shall negotiate in good faith to resolve any disputes. Any objection of the Company to Management Service Provider's Monthly Statement and resolution of any dispute shall not postpone the time for payment of any amounts due to the Management Service Provider from the Company, nor shall any failure of the Management Service Provider to deliver Monthly Statement in a timely manner relieve the Company from its obligation to pay any amounts due to the Management Service Provider based on Monthly Statement.
6. **Term.** This Agreement will commence on the Effective Date and shall continue until the sooner of: (a) the closing of the transactions contemplated by the MIPA, as a result of which the Company becomes an indirect wholly-owned subsidiary of the Management Service Provider ("**Change of Ownership**"), or (b) nine (9) months from the Effective Date, unless otherwise agreed in writing between the Seller and Management Service Provider ("**MSA Maximum Term**"); *provided, however*, that the MSA Maximum Term shall be extended for one month periods so long as through no fault of Management Service Provider the condition to closing set forth in Section 7.02(d) of the MIPA has not been satisfied.
7. **Representations, Warranties, and Covenants.**
- 7.1. Company hereby represents and warrants as of the Effective Date and for all times during the Term:
- 7.1.1. Company will operate in compliance with *Division 10 of the California Business and Professions Code*, the State Regulations, and all other California and local laws governing businesses regulated by *Division 10 of the California Business and Professions Code*; and
- 7.1.2. Company is a limited liability company and will remain as such, duly organized, validly existing, and in good standing under California law.
- 7.2. Management Service Provider hereby represents and warrants as of the Effective Date and for all times during the Term:
- 7.2.1. Management Service Provider will operate in compliance with *Division 10 of the California Business and Professions Code*, the State Regulations, and all other California and local laws governing businesses regulated by *Division 10 of the California Business and Professions Code*;
- 7.2.2. Management Service Provider is a limited liability company and will remain as such, duly organized, validly existing, and in good standing under California law; and
- 7.2.3. Any professionals employed by Management Service Provider to render services are and will remain duly licensed, certified, and/or registered, as applicable, to render the services for which such professionals have been employed or engaged.

8. **Disclaimer of Further Warranties.**
- 8.1. THE PARTIES MAKE NO REPRESENTATIONS, EXTEND NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, AND ASSUME NO RESPONSIBILITIES WHATSOEVER WITH RESPECT TO THE BUSINESS ACTIVITIES UNDER THIS AGREEMENT EXCEPT AS SPECIFICALLY STATED HEREIN.
- 8.2. The Parties hereby acknowledge and agree that (i) they are sophisticated business entities that have entered into this Agreement for the limited purposes set forth in this Agreement and that the rights and obligations of the Parties are contractual in nature; and (ii) they have not made any warranties or guarantees of any nature with respect to the economic, financial, or other results that may be obtained or experienced by one another.
9. **Indemnification.**
- 9.1. **Exculpation of Management Service Provider.** Neither Management Service Provider nor its officers, directors, agents and employees shall be liable to the Company for any claims, actions, losses, damages, liabilities, causes of action, fines, costs and expenses (including reasonable investigation costs and reasonable attorneys', experts' and consultants' fees) ("**Losses**") suffered or incurred by the Company, directly or indirectly, in connection with the performance of the Services, except to the extent such Losses are caused by willful misconduct or gross negligence of the Management Service Provider. No party hereto shall be liable to the other party for, and the term Losses shall not include, any lost profits, lost sales, business interruption, decline in value, lost business opportunities, or consequential, incidental, punitive or exemplary damages; provided, however, that this waiver shall not limit a party's right to indemnification for liabilities incurred by such party to a third party (other than the members of the Management Service Provider) claiming such items as damages.
- 9.2. **Company's Indemnification of Management Service Provider.** The Company shall indemnify, defend and hold harmless the Management Service Provider and its affiliates, directors, officers, members, managers, agents, and employees (the "Management Service Provider Indemnified Parties") from and against all Losses arising from the claims of any third party to the extent such claims arise directly or indirectly out of the Management Service Provider's performance of the Services, including any Losses arising out of or otherwise related to the Management Service Provider's employment of the Assigned Employees and the furnishing of such Assigned Employees to the Company; provided, however, the Company shall not be responsible for indemnifying or defending any of the Management Service Provider Indemnified Parties or otherwise be liable to any of the Management Service Provider Indemnified Parties with respect to any Losses arising from Management Service Provider's willful misconduct or gross negligence.

9.3. Management Service Provider's Indemnification of Company. The Management Service Provider shall indemnify, defend and hold harmless the Company, its members and employees and directors, officers and agents of the members (the "**Company Indemnified Parties**") from and against all Losses resulting directly or indirectly from (i) any act or omission by the Management Service Provider that constitutes willful misconduct or gross negligence and (ii) in the event that this Agreement is terminated prior to the closing of the transactions contemplated by the MIPA, (A) any and all Losses for which the Management Service Provider received any indemnification payments from the Company pursuant to Section 9.2 and (B) any material adverse change in the business or status of the Company as compared to the business or status of the Company on the date hereof, including without limitation the level of net working capital, any regulatory action or status, any and all tax obligations or standing with respect to any governmental authorities, and the value of any physical or fixed assets of the Company.

10. Confidentiality. As used in this Agreement, Confidential Information means information, including, without limitation, information (a) identified by the disclosing Party as confidential, or (b) is reasonably understood by the receiving Party to be confidential, and includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to a Party's business processes, owners, financial interest holders, controlling persons, practices, methods, policies, plans, publications, documents, research, operations, services, strategies, techniques, agreements, contracts, terms of agreements, transactions, potential transactions, negotiations, pending negotiations, work-in-process, databases, manuals, records, material, sources of material, supplier information, vendor information, financial information, results, accounting information, accounting records, marketing information, pricing information, design information, payroll information, personnel information, supplier lists, vendor lists, developments, reports, internal controls, security procedures, market studies, sales information, revenue, costs, formulae, product plans, designs, styles, models, ideas, specifications, customer information, customer lists, client information, client lists, manufacturing information, distributor lists, buyer lists, Intellectual Property, improvements to the Intellectual Property and both the existence and the terms of this Agreement. A Party's Confidential Information expressly includes, without limitation, the Standards and recipes for the Products, which is proprietary to and a trade secret of the Company.

10.1. Access to Confidential Information. The Parties agree and acknowledge that as a result of this Agreement, each party will receive and have access to information, including, without limitation, information regarding information (a) identified by the disclosing Party as confidential, or (b) is reasonably understood by the receiving Party to be confidential, and includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to a Party's business processes, owners, financial interest holders, controlling persons, practices, methods, policies, plans, publications, documents, research, operations, services, strategies, techniques, agreements, contracts, terms of agreements, transactions, potential transactions, negotiations, pending negotiations, work-in-process, databases, manuals, records, material, sources of material, supplier information, vendor information, financial information, results, accounting information, accounting records, marketing information, pricing information, design information, payroll information, personnel information, supplier lists, vendor lists, developments, reports, internal controls, security procedures, market studies, sales information, revenue, costs, formulae, product plans, designs, styles, models, ideas, specifications, customer information, customer lists, client information, client lists, manufacturing information, distributor lists, buyer lists, Intellectual Property, Improvements and both the existence and the terms of this Agreement. Each Party's Confidential Information expressly includes, without limitation, the Recipes, which is proprietary to and a trade secret of the Party and which is governed by this Section, all of which will be considered "Confidential Information." Each Party covenants and warrants to the other Party that it will not disclose or divulge Confidential Information except to the extent: (i) required by law, (ii) to protect its interests in any dispute or litigation, (iii) necessary to perform its obligations under this Agreement, or (iv) if such information becomes publicly available without breach of this Section. The Parties' obligations under this Section will survive any termination or expiration of this Agreement. Management Service Provider shall, and shall cause its officers, directors, managers, principals, members, employees (including the Assigned Employees), agents and representatives (collectively, "Representatives") to comply with these confidentiality provisions.

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10.2. Injunctive Relief. The Parties hereby acknowledge that breach of the covenants contained in this Section will cause irreparable harm to the non-breaching party. Notwithstanding any other provision of this Agreement, a party may enforce the above-described covenants and warranties by injunction, both preliminary and permanent, it being agreed that the posting of an injunction bond of no less than \$5,000.00 to indemnify the other party against costs or damages which might be incurred by virtue of any temporary injunction. Nothing herein will be construed as prohibiting a Party from pursuing any other legal or equitable remedy available due to the breach of the provisions of this Section. The failure by either Party to adhere to any of the terms of this Section will be a material breach of this Agreement.

11. Miscellaneous Provisions.

11.1. Survival. The terms and conditions stated in Section 4, 5, 6, 7, 8, 9, 10, 11, and 12 shall survive the termination of this Agreement.

11.2. Counterparts. This Agreement may be executed in one or more counterparts, including by facsimile and portable document format (.pdf) delivery, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. The Parties agree and acknowledge that delivery of a signature by facsimile or in .pdf form shall constitute execution by such signatory.

11.3. Invalidity. In the event that any one or more of the provisions contained in this Agreement or in any other instrument referred to herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other such instrument, and such invalid, illegal or unenforceable provision shall be interpreted so as to give the maximum effect of such provision allowable by law.

11.4. Additional Documents. Each of the Parties hereto agree to execute any document or documents that may be requested from time to time by the other Party to implement or complete such Party's obligations pursuant to this Agreement and to otherwise cooperate fully with such other Party in connection with the performance of such Party's obligations under this Agreement.

11.5. Notices. All notices required or permitted by this Agreement or by law will be in writing and deemed duly served, delivered, and received when personally delivered to the Party to whom directed or, instead, three (3) days after deposit in the U.S. mail, certified or registered, return receipt requested, first-class postage prepaid, addressed as indicated below. Delivery by electronic mail as indicated below will constitute personal delivery if receipt of delivery is capable of confirmation. Either Party may change this address by giving written notice of the change to the other Party as provided herein.

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As to Company:

MXV Holdings Inc.
3355 East Spring Street #300
Long Beach, CA 92618
Email: jordan@enjoymoxie.com

Attention: Chief Executive Officer

As to Management Service Provider:
Hightimes Holding Corp.
2110 Narcissus Ct.
Vernice, CA 90291
Phone: +1 (844) 933-3287
Email: paul@hightimes.com
Attention: Chief Executive Officer

- 11.6. Waiver. The failure of either Party at any time to enforce any of the provisions of this Agreement will not be deemed or construed to be a waiver of any such provision, nor in any way to affect the validity of this Agreement, any provisions hereof, or the right of either Party to thereafter enforce each and every provision of this Agreement. No waiver of any breach of any of the provisions of this Agreement will be effective unless set forth in a written instrument executed by the waiving Party; and no waiver of any such breach will be construed or deemed to be a waiver of any other or subsequent breach except as otherwise noted therein. Failure of either Party to require the performance of any term in this Agreement will not prevent subsequent enforcement of such term nor be deemed a waiver of any subsequent breach.
- 11.7. Relevant Laws. Company operates a cannabis business in the State of California. The parties hereby acknowledge that they understand:
- 11.7.1. *Federal Law.* The sale of cannabis, which is considered a Schedule I narcotic pursuant to 21 U.S.C. § 811, et seq., short titled the Controlled Substance Act and all applicable regulations promulgated thereunder, is prohibited by Federal law.
- 11.7.2. *State Law.* Recreational and medicinal cannabis has been legalized in the State of California since January 1, 2018, pursuant to the passage of Proposition 64 and adoption of the Medicinal and Adult-Use Cannabis Regulation and Safety Act.
- 11.7.3. *Tax Liability.* As cannabis is a Schedule I narcotic, pursuant to 26 U.S. Code §280E, cannabis businesses cannot take any deduction or credit for any amount paid or incurred during the taxable year.
- 11.7.4. *Forfeiture.* The Federal government could begin forfeiture, civil, or criminal proceedings against any cannabis business, its owners, officers, directors, agents, affiliates, and/or investors.

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- 11.8. Entire Agreement. This Agreement, including exhibits and appendices, along with the MIPA and Ancillary Documents (as defined in the MIPA) constitute the entire agreement and understanding between the Parties and cancels, terminates, and supersedes any prior agreement or understandings, written or oral, relating to the subject matter hereof. There are no representations, promises, agreements, warranties, covenants, or understandings other than those contained herein.
- 11.9. Modification. No modification of or amendment to this Agreement will be effective unless in a writing signed by the Parties.
- 11.10. Force Majeure. A Party will not be deemed to be in default of this Agreement or to have committed a breach if prevented from performing any obligation hereunder for any reason beyond its control, including but not limited to, acts of god, war, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor, materials, or equipment, governmental regulations or restrictions, or unusually severe weather. In any such case, the Parties agree to negotiate in good faith with the goal of preserving this Agreement and the respective rights and obligations of the Parties hereunder to the extent reasonably practicable. Lack of financial resources, insolvency, or commercial impracticability will be deemed within a Party's reasonable control.
- 11.11. Construction, Choice of Law, and Venue Selection. The headings and/or captions used in connection with this Agreement are for reference purposes only and will not be construed as part of this Agreement. This Agreement will be construed and interpreted in accordance with the laws of the State of California, without regard to the principles regarding conflict of laws, and as though drafted equally by the Parties and their attorneys. The provisions of federal law will have no bearing or effect on the construction of this Agreement except as required by the United States Constitution. The Parties agree that any action or proceeding to enforce or relating to this Agreement will be brought exclusively in the state courts located in the County of Los Angeles, State of California. The Parties hereto consent to the exercise of personal jurisdiction by the state courts of the State of California.
- 11.12. References; Headings; Interpretation. All references in this Agreement to Exhibits, Articles, Sections, subsections and other subdivisions refer to the corresponding Exhibits, Articles, Sections, subsections and other subdivisions of or to this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any Articles, Sections, subsections or other subdivisions of this Agreement are for convenience only, do not constitute any part of this Agreement, and shall be disregarded in construing the language hereof. The words "this Agreement," "herein," "hereby," "hereunder" and "hereof" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The words "this Article," "this Section" and "this subsection" and words of similar import refer only to the Article, Section or subsection hereof in which such words occur. The word "or" is not exclusive, and the word "including" (in its various forms) means "including, without limitation." Pronouns in masculine, feminine or neuter genders shall be construed to state and include any other gender, and words, terms and titles (including terms defined herein) in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.
- 11.13. Independent Contractor. Nothing herein will be construed to create any relationship of employer and employee or agent and principal, or to create a partnership or joint venture between the Parties. The Parties will be considered independent contractors of one another.

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- 11.14. Non-Assignment and Non-Transferability. Neither Party may, without written approval of the other Party, assign this Agreement or transfer its interest or any part thereof under this Agreement to any third party. Any assignment or transfer made without such prior written approval will be null and void. For purposes of this Agreement, an assignment will include a change in the majority ownership or control of a Party. Further, the assets of Company are not capable of being sold, assigned, transferred, or conveyed prior to the termination hereof without the approval, consent or waiver of Management Service Provider and such sale, assignment, transfer or conveyance shall constitute breach of this Agreement. Any purported assignment in violation of this section shall be null and void ab initio.
- 11.15. Severability. Although the restrictions contained in this Agreement are considered by the Parties to be reasonable for the purpose of contractual obligations, if any such restriction is found by a court of competent jurisdiction to be unenforceable, such provision will be modified, rewritten, or interpreted to include as much of its nature and scope as will render it enforceable. If it cannot be so modified, rewritten, or interpreted to be enforceable in any respect, it will not be given effect, and the remainder of the Agreement will be enforced as if such provision were not included.

- 11.16. Attorney's Fees. In any action or proceeding founded on the terms of this Agreement, the prevailing party will be entitled to its legal costs and reasonable attorney's fees.
- 11.17. No Third-Party Beneficiaries. This Agreement is solely for the benefit of the Parties hereto and their successors and assigns permitted under this Agreement, and no provisions of this Agreement shall be deemed to confer upon any other persons any remedy, claim, liability, reimbursement, cause of action or other right except as expressly provided herein. Notwithstanding the foregoing or any other provision hereof, for clarity and without limitation, the Seller, are intended and shall remain an intended third-party beneficiary of all Representations, Warranties and Indemnifications by Management Service Provider to Company hereunder.
- 11.18. No Presumption Against Any Party. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any Party, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the Parties and their counsel and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all Parties hereto.

[signature page follows]

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IN WITNESS WHEREOF, the Parties have each executed this Agreement to be effective as of the Effective Date.

MANAGEMENT SERVICE PROVIDER
Hightimes Holding Corp.

/s/ Paul Henderson
Paul Henderson
Chief Executive Officer

COMPANY
Pure Calaveras LLC

/s/ Jordan Lams
Jordan Lams
Chief Executive Officer

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MANAGEMENT SERVICES AGREEMENT

This Management Services Agreement (“**Agreement**”) is effective November 1, 2022 (the “**Effective Date**”) by and between Hightimes Holding Corp., a Delaware corporation, and its affiliates, subsidiaries, divisions, successors, and assigns (“**Management Service Provider**”), and MXY Property Holdings LLC, a Nevada limited liability company (“**Company**”). Hereafter, Management and Company may each be referred to as a “**Party**” and together as the “**Parties**.”

RECITALS

WHEREAS, as part of a transaction integrated with this Agreement, Management Service Provider and MXY Ancillary Holdings, LLC, a Nevada limited liability company and the owner of 100% of the membership interests of Company (the “**Seller**”), have entered into that certain Membership Interest Purchase Agreement dated concurrently herewith (the “**MIPA**”), pursuant to which Management Service Provider will purchase the Company; and

WHEREAS, during the pendency of the regulatory approval process leading to the Change of Ownership (as hereinafter defined) the Company desires to retain Management Service Provider to provide certain management services to the Company, and Management Service Provider desires and is willing to provide such management services to the Company, upon the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and for other consideration, the adequacy and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Definitions.** In addition to the terms defined above, the following terms will have the following meanings when used in this Agreement:

- 1.1. “**Cannabis Goods**” has the meaning ascribed thereto by the State Regulations.
- 1.2. “**State Regulations**” means 3 CCR Division 8 (CDEA Regulations), 16 CCR Division 42 (BCC Regulations), 17 CCR Division 1 (MCSB Regulations), as may be amended from time to time.
- 1.3. “**Proprietary and Confidential Information**” means all information known or intended to be known only to the disclosing Party, its subsidiaries, and its affiliates, and their employees, including any document, record, financial, or other information of the disclosing Party, or others in a confidential relationship with the disclosing Party, and further relates to specific business matters such as the disclosing Party’s financial information, identity of customers and patients, policies and procedures, fee structures, trade secrets, proprietary know-how, account information, and other information relating to other business of the disclosing Party, its subsidiaries and affiliates, and their employees. Proprietary and Confidential Information does not include information readily accessible in the public domain by no fault of the non-disclosing Party.
- 1.4. “**Term**” means the period beginning with the Effective Date and ending as specified in Section 6 of this Agreement.

All other terms will be construed according to their ordinary and common meaning unless otherwise specified or unless otherwise required by the context of this Agreement.

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2. **Retention of Management; Management’s Responsibilities.** The Company hereby retains Management Service Provider, and Management Service Provider hereby agrees, to provide to the Company certain management and administrative support services. Management Service Provider will have the sole and exclusive responsibility for the execution of the following management and administration functions (the “**Services**”) which include, without limitation, the following:

- 2.1 Recruiting, hiring, investigating, paying, supervising, disciplining, terminating, and providing other human resources functions, employees to perform the type of work desired by Company, including, but not limited to, all associates, leads, supervisors, managers, and directors, (“**Assigned Employees**”) under the Company’s supervision where the Company shall have the right to approve job standards and wage rates and to approve or disapprove any Assigned Employees hired by the Management Service Provider;
- 2.2 Payroll processing services including paying the Assigned Employees’ wages and provide them with the benefits that Management Service Provider offers to them and paying, withholding, and transmitting payroll taxes, providing unemployment insurance and workers’ compensation benefits, and handling unemployment and workers’ compensation claims involving Assigned Employees;
- 2.3 Requiring Assigned Employees to sign agreements acknowledging that they are not entitled to holidays, vacations (including existing PTO balances), disability benefits, insurance, pensions, or retirement plans (including continuing existing 401(k) plan), or any other benefits offered or provided by Company;
- 2.4 Requiring Assigned Employees to sign confidentiality agreements before they begin their assignments at Company;
- 2.5 Taking any action that may be necessary to comply promptly with any and all orders, notices, or requirements affecting the Company issued by any federal, state, county, or municipal authority, and insurers; however, Management Service Provider shall not take any action as long as the Company is contesting or has affirmed its intention to contest any such order, notice, or requirement;
- 2.6 Entering into contracts for necessary services, including water, electricity, gas, telephone, vermin extermination, and other necessary services;
- 2.7 Contracting with manufacturers and distributors for all merchandise and other non-Cannabis Goods to be sold or used at the Premises, as permitted by the State Regulations.
- 2.8 Placing orders for any equipment, tools, appliances, materials, and office supplies that are necessary to properly maintain the Company’s operations;
- 2.9 Contracting for and overseeing capital improvements to the Premises in accordance with the lease for the Premises and all applicable building codes.
- 2.10 Contracting for and overseeing all security personnel for the Premises at a minimum as required by local law and the State Regulations.

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- 2.11 Assisting with obtaining and maintaining all forms of insurance needed to adequately protect the Company, its Members, Directors, Officers, employees, as their respective interests may appear (or as required by law), including workers' compensation insurance, liability insurance, fire and extended coverage insurance, and burglary and theft insurance.
 - 2.12 Administering all accounts payable and accounts receivable, including accrued and unpaid balances remaining as of October 31, 2022 using reasonable commercial efforts to ensuring timely collection of all amounts due and timely payment of all amounts due.
 - 2.13 Causing the expenses and existing debts of the Company to be paid including, but not limited to, rent, leases, employee-related expenses, utilities, raw materials, packaging, supplies, sales, marketing, advertising, vehicle related expenses, supplies, banking charges, licensing and compliance fees, taxes, consulting and professional fees, repairs and improvements, and waste management fees;
 - 2.14 Working in conjunction with an accountant, prepare for execution and filing by the Company of all forms, reports, exemption requests, and returns required by law in connection with unemployment insurance, workers' compensation insurance, disability benefits, Social Security, franchise tax, income tax, and other similar taxes now in effect or hereafter imposed;
 - 2.15 Reviewing and maintaining Company comprehensive system of books and records, including books of account and financial records and contracting for annual audits thereof in accordance with United States Generally Accepted Accounting Principles (GAAP);
 - 2.16 Creating, reviewing, overseeing, and administering all capital, operating, and cash flow projections and budgets;
 - 2.17 Establishing and maintaining, in a bank, savings and loan, or credit union located in this State, accounts for the deposit and disbursement of the monies of the Company;
 - 2.18 On behalf of Company, creating, contracting for, and administering all marketing, advertising, packaging, and labeling for Company; and
 - 2.19 Such other management and administrative services which the parties shall mutually determine are necessary for the efficient operation of the Company's business and affairs. The Parties agree that the Services shall be provided by the Assigned Employees of Management Service Provider or third-party providers hired by Service Provider.
3. **Relationship of the Parties.** This Agreement is not one of agency between Management Service Provider and the Company, but one in which Management Service Provider is engaged to provide management oversight and administration support services as an independent contractor. All employment arrangements are therefore solely Management Service Provider's concern, and the Company shall not have any liability with respect thereto except as otherwise expressly set forth herein.
4. **Company's Responsibilities.** Company will have the following responsibilities:
- 4.1. Ensuring that all of its directors, officers, employees, agents, and contractors are aware of Management Service Provider's authority and responsibilities as articulated in this Agreement and that such persons comply with the directions of the Management Service Provider in accordance with this Agreement.
 - 4.2. Ensuring that all of its directors, officers, employees, agents, and contractors who may have some responsibility under or authority on behalf of Company take any and all actions necessary to maintain Company, its licenses, permits, registrations, and other entitlements in good standing and to cause Company to comply with all laws and regulations regarding commercial cannabis businesses under State and local law.

5. **Compensation and Reports**

- 5.1. **Compensation.** As consideration for the performance of the Services, the Management Service Provider shall receive all income from the operations and be responsible for paying all expenses incurred, including all accrued and existing liabilities, but not limited to the following (collectively, the "**Expenses**"):
- 5.1.1. Rent;
 - 5.1.2. Leases;
 - 5.1.3. Utilities;
 - 5.1.4. Security;
 - 5.1.5. State and local licensing fees;
 - 5.1.6. State and local taxes and fees, including cannabis taxes;
 - 5.1.7. Cost of goods produced including raw materials, supplies, and packaging;
 - 5.1.8. Insurance, including but not limited to property insurance, product liability, automobile, worker's compensation insurance and general liability insurance;
 - 5.1.9. Maintenance, repairs, and cleaning costs;
 - 5.1.10. All actual costs associated with payroll and payroll processing including, but not limited to health and welfare benefits and coverage, monthly base salary, commissions, associated employer payroll taxes and 401(k) plan expenses;
 - 5.1.11. Advertising, sales, promotion, and marketing expenses;
 - 5.1.12. Bank service charges;
 - 5.1.13. Dues and subscriptions;
 - 5.1.14. GPS permit fees;
 - 5.1.15. Interest expenses;
 - 5.1.16. Late fees or penalties;
 - 5.1.17. Office supplies;
 - 5.1.18. Postage and shipping;
 - 5.1.19. Professional fees, including but not limited to accounting, legal, tax, and consulting fees;
 - 5.1.20. Internet and telephone charges;
 - 5.1.21. Business software; and
 - 5.1.22. Other miscellaneous expenses directly arising from the operation of the business.

If, after payment of Expenses, there is any income, said income shall be retained by Management Service Provider. If, after payment of Expenses, there is a loss, said losses shall be paid by the Management Service Provider.

- 5.2. **Monthly Reports.** Within thirty (30) days after the end of each month, Management Service Provider shall furnish the Company with a statement showing operating costs and management fees and expenses, and the total payments made by the Management Service Provider with respect thereto during the previous month ("Monthly Statement"). Unless the Company raises any objections to Management Service Provider's Monthly Statement within five (5) days after receipt of the same, such statement shall conclusively be deemed correct and the Company shall have no right thereafter to dispute such statement or any item therein or the computation. If the Company does object to such Monthly Statement, then Management Service Provider shall provide the Company with reasonable verification of the figures shown on the statement and the parties shall negotiate in good faith to resolve any disputes. Any objection of the Company to Management Service Provider's Monthly Statement and resolution of any dispute shall not postpone the time for payment of any amounts due to the Management Service Provider from the Company, nor shall any failure of the Management Service Provider to deliver Monthly Statement in a timely manner relieve the Company from its obligation to pay any amounts due to the Management Service Provider based on Monthly Statement.
6. **Term.** This Agreement will commence on the Effective Date and shall continue until the sooner of: (a) the closing of the transactions contemplated by the MIPA, as a result of which the Company becomes an indirect wholly-owned subsidiary of the Management Service Provider ("**Change of Ownership**"), or (b) nine (9) months from the Effective Date, unless otherwise agreed in writing between the Seller and Management Service Provider ("**MSA Maximum Term**"); *provided, however*, that the MSA Maximum Term shall be extended for one month periods so long as through no fault of Management Service Provider the condition to closing set forth in Section 7.02(d) of the MIPA has not been satisfied.
7. **Representations, Warranties, and Covenants.**
- 7.1. Company hereby represents and warrants as of the Effective Date and for all times during the Term:
- 7.1.1. Company will operate in compliance with *Division 10 of the California Business and Professions Code*, the State Regulations, and all other California and local laws governing businesses regulated by *Division 10 of the California Business and Professions Code*; and
- 7.1.2. Company is a limited liability company and will remain as such, duly organized, validly existing, and in good standing under California law.
- 7.2. Management Service Provider hereby represents and warrants as of the Effective Date and for all times during the Term:
- 7.2.1. Management Service Provider will operate in compliance with *Division 10 of the California Business and Professions Code*, the State Regulations, and all other California and local laws governing businesses regulated by *Division 10 of the California Business and Professions Code*;
- 7.2.2. Management Service Provider is a limited liability company and will remain as such, duly organized, validly existing, and in good standing under California law; and
- 7.2.3. Any professionals employed by Management Service Provider to render services are and will remain duly licensed, certified, and/or registered, as applicable, to render the services for which such professionals have been employed or engaged.

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8. **Disclaimer of Further Warranties.**
- 8.1. THE PARTIES MAKE NO REPRESENTATIONS, EXTEND NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, AND ASSUME NO RESPONSIBILITIES WHATSOEVER WITH RESPECT TO THE BUSINESS ACTIVITIES UNDER THIS AGREEMENT EXCEPT AS SPECIFICALLY STATED HEREIN.
- 8.2. The Parties hereby acknowledge and agree that (i) they are sophisticated business entities that have entered into this Agreement for the limited purposes set forth in this Agreement and that the rights and obligations of the Parties are contractual in nature; and (ii) they have not made any warranties or guarantees of any nature with respect to the economic, financial, or other results that may be obtained or experienced by one another.
9. **Indemnification.**
- 9.1. **Exculpation of Management Service Provider.** Neither Management Service Provider nor its officers, directors, agents and employees shall be liable to the Company for any claims, actions, losses, damages, liabilities, causes of action, fines, costs and expenses (including reasonable investigation costs and reasonable attorneys', experts' and consultants' fees) ("**Losses**") suffered or incurred by the Company, directly or indirectly, in connection with the performance of the Services, except to the extent such Losses are caused by willful misconduct or gross negligence of the Management Service Provider. No party hereto shall be liable to the other party for, and the term Losses shall not include, any lost profits, lost sales, business interruption, decline in value, lost business opportunities, or consequential, incidental, punitive or exemplary damages; provided, however, that this waiver shall not limit a party's right to indemnification for liabilities incurred by such party to a third party (other than the members of the Management Service Provider) claiming such items as damages.
- 9.2. **Company's Indemnification of Management Service Provider.** The Company shall indemnify, defend and hold harmless the Management Service Provider and its affiliates, directors, officers, members, managers, agents, and employees (the "Management Service Provider Indemnified Parties") from and against all Losses arising from the claims of any third party to the extent such claims arise directly or indirectly out of the Management Service Provider's performance of the Services, including any Losses arising out of or otherwise related to the Management Service Provider's employment of the Assigned Employees and the furnishing of such Assigned Employees to the Company; provided, however, the Company shall not be responsible for indemnifying or defending any of the Management Service Provider Indemnified Parties or otherwise be liable to any of the Management Service Provider Indemnified Parties with respect to any Losses arising from Management Service Provider's willful misconduct or gross negligence.
- 9.3. **Management Service Provider's Indemnification of Company.** The Management Service Provider shall indemnify, defend and hold harmless the Company, its members and employees and directors, officers and agents of the members (the "**Company Indemnified Parties**") from and against all Losses resulting directly or indirectly from (i) any act or omission by the Management Service Provider that constitutes willful misconduct or gross negligence and (ii) in the event that this Agreement is terminated prior to the closing of the transactions contemplated by the MIPA, (A) any and all Losses for which the Management Service Provider received any indemnification payments from the Company pursuant to Section 9.2 and (B) any material adverse change in the business or status of the Company as compared to the business or status of the Company on the date hereof, including without limitation the level of net working capital, any regulatory action or status, and any and all tax obligations or standing with respect to any governmental authorities, and the value of any physical or fixed assets of the Company.

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10. **Confidentiality.** As used in this Agreement, Confidential Information means information, including, without limitation, information (a) identified by the disclosing Party as confidential, or (b) is reasonably understood by the receiving Party to be confidential, and includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to a Party's business processes, owners, financial interest holders, controlling persons, practices, methods, policies, plans, publications, documents, research, operations, services, strategies, techniques, agreements, contracts, terms of agreements, transactions, potential transactions, negotiations, pending negotiations, work-in-process, databases, manuals, records, material, sources of material, supplier information, vendor information, financial information, results, accounting information, accounting records, marketing information, pricing information, design information, payroll information, personnel information, supplier lists, vendor lists, developments, reports, internal controls, security procedures, market studies, sales information, revenue, costs, formulae, product plans, designs, styles, models, ideas, specifications, customer information, customer lists, client information, client lists, manufacturing information, distributor lists, buyer lists, Intellectual Property, improvements to the Intellectual Property and both the existence and the terms of this Agreement. A Party's Confidential Information expressly includes, without limitation, the Standards and recipes for the Products, which is proprietary to and a trade secret of the Company.

- 10.1. **Access to Confidential Information.** The Parties agree and acknowledge that as a result of this Agreement, each party will receive and have access to information, including, without limitation, information regarding information (a) identified by the disclosing Party as confidential, or (b) is reasonably understood by the receiving Party to be confidential, and includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to a Party's business processes, owners, financial interest holders, controlling persons, practices, methods, policies, plans, publications, documents, research, operations, services, strategies, techniques, agreements, contracts, terms of agreements, transactions, potential transactions, negotiations, pending negotiations, work-in-process, databases, manuals, records, material, sources of material, supplier information, vendor information, financial information, results, accounting information, accounting records, marketing information, pricing information, design information, payroll information, personnel information, supplier lists, vendor lists, developments, reports, internal controls, security procedures, market studies, sales information, revenue, costs, formulae, product plans, designs, styles, models, ideas, specifications, customer information, customer lists, client information, client lists, manufacturing information, distributor lists, buyer lists, Intellectual Property, Improvements and both the existence and the terms of this Agreement. Each Party's Confidential Information expressly includes, without limitation, the Recipes, which is proprietary to and a trade secret of the Party and which is governed by this Section, all of which will be considered "Confidential Information." Each Party covenants and warrants to the other Party that it will not disclose or divulge Confidential Information except to the extent: (i) required by law, (ii) to protect its interests in any dispute or litigation, (iii) necessary to perform its obligations under this Agreement, or (iv) if such information becomes publicly available without breach of this Section. The Parties' obligations under this Section will survive any termination or expiration of this Agreement. Management Service Provider shall, and shall cause its officers, directors, managers, principals, members, employees (including the Assigned Employees), agents and representatives (collectively, "Representatives") to comply with these confidentiality provisions.

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- 10.2. **Injunctive Relief.** The Parties hereby acknowledge that breach of the covenants contained in this Section will cause irreparable harm to the non-breaching party. Notwithstanding any other provision of this Agreement, a party may enforce the above-described covenants and warranties by injunction, both preliminary and permanent, it being agreed that the posting of an injunction bond of no less than \$5,000.00 to indemnify the other party against costs or damages which might be incurred by virtue of any temporary injunction. Nothing herein will be construed as prohibiting a Party from pursuing any other legal or equitable remedy available due to the breach of the provisions of this Section. The failure by either Party to adhere to any of the terms of this Section will be a material breach of this Agreement.

11. **Miscellaneous Provisions.**

- 11.1. **Survival.** The terms and conditions stated in Section 4, 5, 6, 7, 8, 9, 10, 11, and 12 shall survive the termination of this Agreement.
- 11.2. **Counterparts.** This Agreement may be executed in one or more counterparts, including by facsimile and portable document format (.pdf) delivery, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. The Parties agree and acknowledge that delivery of a signature by facsimile or in .pdf form shall constitute execution by such signatory.
- 11.3. **Invalidity.** In the event that any one or more of the provisions contained in this Agreement or in any other instrument referred to herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other such instrument, and such invalid, illegal or unenforceable provision shall be interpreted so as to give the maximum effect of such provision allowable by law.
- 11.4. **Additional Documents.** Each of the Parties hereto agree to execute any document or documents that may be requested from time to time by the other Party to implement or complete such Party's obligations pursuant to this Agreement and to otherwise cooperate fully with such other Party in connection with the performance of such Party's obligations under this Agreement.
- 11.5. **Notices.** All notices required or permitted by this Agreement or by law will be in writing and deemed duly served, delivered, and received when personally delivered to the Party to whom directed or, instead, three (3) days after deposit in the U.S. mail, certified or registered, return receipt requested, first-class postage prepaid, addressed as indicated below. Delivery by electronic mail as indicated below will constitute personal delivery if receipt of delivery is capable of confirmation. Either Party may change this address by giving written notice of the change to the other Party as provided herein.

As to Company:

MXV Holdings Inc.
3355 East Spring Street #300
Long Beach, CA 92618
Email: jordan@enjoymoxie.com
Attention: Chief Executive Officer

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As to Management Service Provider:

Hightimes Holding Corp.
2110 Narcissus Ct.
Vernice, CA 90291
Phone: +1 (844) 933-3287
Email: paul@hightimes.com
Attention: Chief Executive Officer

- 11.6. Waiver. The failure of either Party at any time to enforce any of the provisions of this Agreement will not be deemed or construed to be a waiver of any such provision, nor in any way to affect the validity of this Agreement, any provisions hereof, or the right of either Party to thereafter enforce each and every provision of this Agreement. No waiver of any breach of any of the provisions of this Agreement will be effective unless set forth in a written instrument executed by the waiving Party; and no waiver of any such breach will be construed or deemed to be a waiver of any other or subsequent breach except as otherwise noted therein. Failure of either Party to require the performance of any term in this Agreement will not prevent subsequent enforcement of such term nor be deemed a waiver of any subsequent breach.
- 11.7. Relevant Laws. Company operates a cannabis business in the State of California. The parties hereby acknowledge that they understand:
- 11.7.1. *Federal Law.* The sale of cannabis, which is considered a Schedule I narcotic pursuant to 21 U.S.C. § 811, et seq., short titled the Controlled Substance Act and all applicable regulations promulgated thereunder, is prohibited by Federal law.
- 11.7.2. *State Law.* Recreational and medicinal cannabis has been legalized in the State of California since January 1, 2018, pursuant to the passage of Proposition 64 and adoption of the Medicinal and Adult-Use Cannabis Regulation and Safety Act.
- 11.7.3. *Tax Liability.* As cannabis is a Schedule I narcotic, pursuant to 26 U.S. Code §280E, cannabis businesses cannot take any deduction or credit for any amount paid or incurred during the taxable year.
- 11.7.4. *Forfeiture.* The Federal government could begin forfeiture, civil, or criminal proceedings against any cannabis business, its owners, officers, directors, agents, affiliates, and/or investors.
- 11.8. Entire Agreement. This Agreement, including exhibits and appendices, along with the MIPA and Ancillary Documents (as defined in the MIPA) constitute the entire agreement and understanding between the Parties and cancels, terminates, and supersedes any prior agreement or understandings, written or oral, relating to the subject matter hereof. There are no representations, promises, agreements, warranties, covenants, or understandings other than those contained herein.

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- 11.9. Modification. No modification of or amendment to this Agreement will be effective unless in a writing signed by the Parties.
- 11.10. Force Majeure. A Party will not be deemed to be in default of this Agreement or to have committed a breach if prevented from performing any obligation hereunder for any reason beyond its control, including but not limited to, acts of god, war, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor, materials, or equipment, governmental regulations or restrictions, or unusually severe weather. In any such case, the Parties agree to negotiate in good faith with the goal of preserving this Agreement and the respective rights and obligations of the Parties hereunder to the extent reasonably practicable. Lack of financial resources, insolvency, or commercial impracticability will be deemed within a Party's reasonable control.
- 11.11. Construction, Choice of Law, and Venue Selection. The headings and/or captions used in connection with this Agreement are for reference purposes only and will not be construed as part of this Agreement. This Agreement will be construed and interpreted in accordance with the laws of the State of California, without regard to the principles regarding conflict of laws, and as though drafted equally by the Parties and their attorneys. The provisions of federal law will have no bearing or effect on the construction of this Agreement except as required by the United States Constitution. The Parties agree that any action or proceeding to enforce or relating to this Agreement will be brought exclusively in the state courts located in the County of Los Angeles, State of California. The Parties hereto consent to the exercise of personal jurisdiction by the state courts of the State of California.
- 11.12. References; Headings; Interpretation. All references in this Agreement to Exhibits, Articles, Sections, subsections and other subdivisions refer to the corresponding Exhibits, Articles, Sections, subsections and other subdivisions of or to this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any Articles, Sections, subsections or other subdivisions of this Agreement are for convenience only, do not constitute any part of this Agreement, and shall be disregarded in construing the language hereof. The words "this Agreement," "herein," "hereby," "hereunder" and "hereof" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The words "this Article," "this Section" and "this subsection" and words of similar import refer only to the Article, Section or subsection hereof in which such words occur. The word "or" is not exclusive, and the word "including" (in its various forms) means "including, without limitation." Pronouns in masculine, feminine or neuter genders shall be construed to state and include any other gender, and words, terms and titles (including terms defined herein) in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.
- 11.13. Independent Contractor. Nothing herein will be construed to create any relationship of employer and employee or agent and principal, or to create a partnership or joint venture between the Parties. The Parties will be considered independent contractors of one another.
- 11.14. Non-Assignment and Non-Transferability. Neither Party may, without written approval of the other Party, assign this Agreement or transfer its interest or any part thereof under this Agreement to any third party. Any assignment or transfer made without such prior written approval will be null and void. For purposes of this Agreement, an assignment will include a change in the majority ownership or control of a Party. Further, the assets of Company are not capable of being sold, assigned, transferred, or conveyed prior to the termination hereof without the approval, consent or waiver of Management Service Provider and such sale, assignment, transfer or conveyance shall constitute breach of this Agreement. Any purported assignment in violation of this section shall be null and void ab initio.

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- 11.15. Severability. Although the restrictions contained in this Agreement are considered by the Parties to be reasonable for the purpose of contractual obligations, if any such restriction is found by a court of competent jurisdiction to be unenforceable, such provision will be modified, rewritten, or interpreted to include as much of its nature and scope as will render it enforceable. If it cannot be so modified, rewritten, or interpreted to be enforceable in any respect, it will not be given effect, and the remainder of the Agreement will be enforced as if such provision were not included.
- 11.16. Attorney's Fees. In any action or proceeding founded on the terms of this Agreement, the prevailing party will be entitled to its legal costs and reasonable attorney's fees.
- 11.17. No Third-Party Beneficiaries. This Agreement is solely for the benefit of the Parties hereto and their successors and assigns permitted under this Agreement, and no provisions of this Agreement shall be deemed to confer upon any other persons any remedy, claim, liability, reimbursement, cause of action or other right except as expressly provided herein. Notwithstanding the foregoing or any other provision hereof, for clarity and without limitation, the Seller, are intended and shall remain an intended third-party beneficiary of all Representations, Warranties and Indemnifications by Management Service Provider to Company hereunder.

11.18. No Presumption Against Any Party. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any Party, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the Parties and their counsel and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all Parties hereto.

[signature page follows]

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IN WITNESS WHEREOF, the Parties have each executed this Agreement to be effective as of the Effective Date.

MANAGEMENT SERVICE PROVIDER

Hightimes Holding Corp.

/s/ Paul Henderson

Paul Henderson

Chief Executive Officer

COMPANY

MXY Property Holdings LLC

/s/ Jordan Lams

Jordan Lams

Chief Executive Officer

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MANAGEMENT SERVICES AGREEMENT

This Management Services Agreement ("**Agreement**") is effective November 1, 2022 (the "**Effective Date**") by and between Hightimes Holding Corp., a Delaware corporation, and its affiliates, subsidiaries, divisions, successors, and assigns ("**Management Service Provider**"), and Sapphire Enterprises, LLC, a California limited liability company ("**Company**"). Hereafter, Management and Company may each be referred to as a "**Party**" and together as the "**Parties**."

RECITALS

WHEREAS, as part of a transaction integrated with this Agreement, Management Service Provider, Anacapa CA, LLC, a California limited liability company ("**Anacapa**"), and MXY License Holdings LLC, a California limited liability company (together with Anacapa, the owners of 84.075% of the membership interests of Company) (the "**Majority Sellers**"), have entered into that certain Membership Interest Purchase Agreement dated concurrently herewith (the "**MIPA**"), pursuant to which Management Service Provider will purchase the Company; and

WHEREAS, during the pendency of the regulatory approval process leading to the Change of Ownership (as hereinafter defined) the Company desires to retain Management Service Provider to provide certain management services to the Company, and Management Service Provider desires and is willing to provide such management services to the Company, upon the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and for other consideration, the adequacy and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. **Definitions.** In addition to the terms defined above, the following terms will have the following meanings when used in this Agreement:
 - 1.1. "**Cannabis Goods**" has the meaning ascribed thereto by the State Regulations.
 - 1.2. "**State Regulations**" means 3 CCR Division 8 (CDEA Regulations), 16 CCR Division 42 (BCC Regulations), 17 CCR Division 1 (MCSB Regulations), as may be amended from time to time.
 - 1.3. "**Proprietary and Confidential Information**" means all information known or intended to be known only to the disclosing Party, its subsidiaries, and its affiliates, and their employees, including any document, record, financial, or other information of the disclosing Party, or others in a confidential relationship with the disclosing Party, and further relates to specific business matters such as the disclosing Party's financial information, identity of customers and patients, policies and procedures, fee structures, trade secrets, proprietary know-how, account information, and other information relating to other business of the disclosing Party, its subsidiaries and affiliates, and their employees. Proprietary and Confidential Information does not include information readily accessible in the public domain by no fault of the non-disclosing Party.
 - 1.4. "**Term**" means the period beginning with the Effective Date and ending as specified in Section 6 of this Agreement.

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All other terms will be construed according to their ordinary and common meaning unless otherwise specified or unless otherwise required by the context of this Agreement.

2. **Retention of Management; Management's Responsibilities.** The Company hereby retains Management Service Provider, and Management Service Provider hereby agrees, to provide to the Company certain management and administrative support services. Management Service Provider will have the sole and exclusive responsibility for the execution of the following management and administration functions (the "**Services**") which include, without limitation, the following:
 - 2.1 Recruiting, hiring, investigating, paying, supervising, disciplining, terminating, and providing other human resources functions, employees to perform the type of work desired by Company, including, but not limited to, all associates, leads, supervisors, managers, and directors, ("**Assigned Employees**") under the Company's supervision where the Company shall have the right to approve job standards and wage rates and to approve or disapprove any Assigned Employees hired by the Management Service Provider;
 - 2.2 Payroll processing services including paying the Assigned Employees' wages and provide them with the benefits that Management Service Provider offers to them and paying, withholding, and transmitting payroll taxes, providing unemployment insurance and workers' compensation benefits, and handling unemployment and workers' compensation claims involving Assigned Employees;
 - 2.3 Requiring Assigned Employees to sign agreements acknowledging that they are not entitled to holidays, vacations (including existing PTO balances), disability benefits, insurance, pensions, or retirement plans (including continuing existing 401(k) plan), or any other benefits offered or provided by Company;
 - 2.4 Requiring Assigned Employees to sign confidentiality agreements before they begin their assignments at Company;
 - 2.5 Taking any action that may be necessary to comply promptly with any and all orders, notices, or requirements affecting the Company issued by any federal, state, county, or municipal authority, and insurers; however, Management Service Provider shall not take any action as long as the Company is contesting or has affirmed its intention to contest any such order, notice, or requirement;
 - 2.6 Entering into contracts for necessary services, including water, electricity, gas, telephone, vermin extermination, and other necessary services;
 - 2.7 Contracting with manufacturers and distributors for all merchandise and other non-Cannabis Goods to be sold or used at the Premises, as permitted by the State Regulations.
 - 2.8 Placing orders for any equipment, tools, appliances, materials, and office supplies that are necessary to properly maintain the Company's operations;
 - 2.9 Contracting for and overseeing capital improvements to the Premises in accordance with the lease for the Premises and all applicable building codes.

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- 2.10 Contracting for and overseeing all security personnel for the Premises at a minimum as required by local law and the State Regulations.
- 2.11 Assisting with obtaining and maintaining all forms of insurance needed to adequately protect the Company, its Members, Directors, Officers, employees, as their respective interests may appear (or as required by law), including workers' compensation insurance, liability insurance, fire and extended coverage insurance, and burglary and theft insurance.
- 2.12 Administering all accounts payable and accounts receivable, including accrued and unpaid balances remaining as of October 31, 2022 using reasonable commercial efforts to ensuring timely collection of all amounts due and timely payment of all amounts due.
- 2.13 Causing the expenses and existing debts of the Company to be paid including, but not limited to, rent, leases, employee-related expenses, utilities, raw materials, packaging, supplies, sales, marketing, advertising, vehicle related expenses, supplies, banking charges, licensing and compliance fees, taxes, consulting and professional fees, repairs and improvements, and waste management fees;
- 2.14 Working in conjunction with an accountant, prepare for execution and filing by the Company of all forms, reports, exemption requests, and returns required by law in connection with unemployment insurance, workers' compensation insurance, disability benefits, Social Security, franchise tax, income tax, and other similar taxes now in effect or hereafter imposed;
- 2.15 Reviewing and maintaining Company comprehensive system of books and records, including books of account and financial records and contracting for annual audits thereof in accordance with United States Generally Accepted Accounting Principles (GAAP);
- 2.16 Creating, reviewing, overseeing, and administering all capital, operating, and cash flow projections and budgets;
- 2.17 Establishing and maintaining, in a bank, savings and loan, or credit union located in this State, accounts for the deposit and disbursement of the monies of the Company;
- 2.18 On behalf of Company, creating, contracting for, and administering all marketing, advertising, packaging, and labeling for Company; and
- 2.19 Such other management and administrative services which the parties shall mutually determine are necessary for the efficient operation of the Company's business and affairs. The Parties agree that the Services shall be provided by the Assigned Employees of Management Service Provider or third-party providers hired by Service Provider.
3. **Relationship of the Parties.** This Agreement is not one of agency between Management Service Provider and the Company, but one in which Management Service Provider is engaged to provide management oversight and administration support services as an independent contractor. All employment arrangements are therefore solely Management Service Provider's concern, and the Company shall not have any liability with respect thereto except as otherwise expressly set forth herein.

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4. **Company's Responsibilities.** Company will have the following responsibilities:
- 4.1. Ensuring that all of its directors, officers, employees, agents, and contractors are aware of Management Service Provider's authority and responsibilities as articulated in this Agreement and that such persons comply with the directions of the Management Service Provider in accordance with this Agreement.
- 4.2. Ensuring that all of its directors, officers, employees, agents, and contractors who may have some responsibility under or authority on behalf of Company take any and all actions necessary to maintain Company, its licenses, permits, registrations, and other entitlements in good standing and to cause Company to comply with all laws and regulations regarding commercial cannabis businesses under State and local law.
5. **Compensation and Reports**
- 5.1. **Compensation.** As consideration for the performance of the Services, the Management Service Provider shall receive all income from the operations and be responsible for paying all expenses incurred, including all accrued and existing liabilities, but not limited to the following (collectively, the "**Expenses**"):
- 5.1.1. Rent;
 - 5.1.2. Leases;
 - 5.1.3. Utilities;
 - 5.1.4. Security;
 - 5.1.5. State and local licensing fees;
 - 5.1.6. State and local taxes and fees, including cannabis taxes;
 - 5.1.7. Cost of goods produced including raw materials, supplies, and packaging;
 - 5.1.8. Insurance, including but not limited to property insurance, product liability, automobile, worker's compensation insurance and general liability insurance;
 - 5.1.9. Maintenance, repairs, and cleaning costs;
 - 5.1.10. All actual costs associated with payroll and payroll processing including, but not limited to health and welfare benefits and coverage, monthly base salary, commissions, associated employer payroll taxes and 401(k) plan expenses;
 - 5.1.11. Advertising, sales, promotion, and marketing expenses;
 - 5.1.12. Bank service charges;
 - 5.1.13. Dues and subscriptions;
 - 5.1.14. GPS permit fees;
 - 5.1.15. Interest expenses;
 - 5.1.16. Late fees or penalties;
 - 5.1.17. Office supplies;
 - 5.1.18. Postage and shipping;
 - 5.1.19. Professional fees, including but not limited to accounting, legal, tax, and consulting fees;
 - 5.1.20. Internet and telephone charges;
 - 5.1.21. Business software; and
 - 5.1.22. Other miscellaneous expenses directly arising from the operation of the business.

If, after payment of Expenses, there is any income, said income shall be retained by Management Service Provider. If, after payment of Expenses, there is a loss, said losses shall be paid by the Management Service Provider.

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- 5.2. **Monthly Reports.** Within thirty (30) days after the end of each month, Management Service Provider shall furnish the Company with a statement showing operating costs and management fees and expenses, and the total payments made by the Management Service Provider with respect thereto during the previous month ("Monthly Statement"). Unless the Company raises any objections to Management Service Provider's Monthly Statement within five (5) days after receipt of the same, such statement shall conclusively be deemed correct and the Company shall have no right thereafter to dispute such statement or any item therein or the computation. If the Company does object to such Monthly Statement, then Management Service Provider shall provide the Company with reasonable verification of the figures shown on the statement and the parties shall negotiate in good faith to resolve any disputes. Any objection of the Company to Management Service Provider's Monthly Statement and resolution of any dispute shall not postpone the time for payment of any amounts due to the Management Service Provider from the Company, nor shall any failure of the Management Service Provider to deliver Monthly Statement in a timely manner relieve the Company from its obligation to pay any amounts due to the Management Service Provider based on Monthly Statement.
6. **Term.** This Agreement will commence on the Effective Date and shall continue until the sooner of: (a) the closing of the transactions contemplated by the MIPA, as a result of which the Company becomes an indirect wholly-owned subsidiary of the Management Service Provider ("**Change of Ownership**"), or (b) nine (9) months from the Effective Date, unless otherwise agreed in writing between the Majority Sellers and Management Service Provider ("**MSA Maximum Term**"); *provided, however*, that the MSA Maximum Term shall be extended for one month periods so long as through no fault of Management Service Provider the condition to closing set forth in Section 7.02(d) of the MIPA has not been satisfied.
7. **Representations, Warranties, and Covenants.**
- 7.1. Company hereby represents and warrants as of the Effective Date and for all times during the Term:
- 7.1.1. Company will operate in compliance with *Division 10 of the California Business and Professions Code*, the State Regulations, and all other California and local laws governing businesses regulated by *Division 10 of the California Business and Professions Code*; and
- 7.1.2. Company is a limited liability company and will remain as such, duly organized, validly existing, and in good standing under California law.
- 7.2. Management Service Provider hereby represents and warrants as of the Effective Date and for all times during the Term:
- 7.2.1. Management Service Provider will operate in compliance with *Division 10 of the California Business and Professions Code*, the State Regulations, and all other California and local laws governing businesses regulated by *Division 10 of the California Business and Professions Code*;
- 7.2.2. Management Service Provider is a limited liability company and will remain as such, duly organized, validly existing, and in good standing under California law; and
- 7.2.3. Any professionals employed by Management Service Provider to render services are and will remain duly licensed, certified, and/or registered, as applicable, to render the services for which such professionals have been employed or engaged.

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8. **Disclaimer of Further Warranties.**
- 8.1. THE PARTIES MAKE NO REPRESENTATIONS, EXTEND NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, AND ASSUME NO RESPONSIBILITIES WHATSOEVER WITH RESPECT TO THE BUSINESS ACTIVITIES UNDER THIS AGREEMENT EXCEPT AS SPECIFICALLY STATED HEREIN.
- 8.2. The Parties hereby acknowledge and agree that (i) they are sophisticated business entities that have entered into this Agreement for the limited purposes set forth in this Agreement and that the rights and obligations of the Parties are contractual in nature; and (ii) they have not made any warranties or guarantees of any nature with respect to the economic, financial, or other results that may be obtained or experienced by one another.
9. **Indemnification.**
- 9.1. **Exculpation of Management Service Provider.** Neither Management Service Provider nor its officers, directors, agents and employees shall be liable to the Company for any claims, actions, losses, damages, liabilities, causes of action, fines, costs and expenses (including reasonable investigation costs and reasonable attorneys', experts' and consultants' fees) ("**Losses**") suffered or incurred by the Company, directly or indirectly, in connection with the performance of the Services, except to the extent such Losses are caused by willful misconduct or gross negligence of the Management Service Provider. No party hereto shall be liable to the other party for, and the term Losses shall not include, any lost profits, lost sales, business interruption, decline in value, lost business opportunities, or consequential, incidental, punitive or exemplary damages; provided, however, that this waiver shall not limit a party's right to indemnification for liabilities incurred by such party to a third party (other than the members of the Management Service Provider) claiming such items as damages.
- 9.2. **Company's Indemnification of Management Service Provider.** The Company shall indemnify, defend and hold harmless the Management Service Provider and its affiliates, directors, officers, members, managers, agents, and employees (the "Management Service Provider Indemnified Parties") from and against all Losses arising from the claims of any third party to the extent such claims arise directly or indirectly out of the Management Service Provider's performance of the Services, including any Losses arising out of or otherwise related to the Management Service Provider's employment of the Assigned Employees and the furnishing of such Assigned Employees to the Company; provided, however, the Company shall not be responsible for indemnifying or defending any of the Management Service Provider Indemnified Parties or otherwise be liable to any of the Management Service Provider Indemnified Parties with respect to any Losses arising from Management Service Provider's willful misconduct or gross negligence.
- 9.3. **Management Service Provider's Indemnification of Company.** The Management Service Provider shall indemnify, defend and hold harmless the Company, its members and employees and directors, officers and agents of the members (the "**Company Indemnified Parties**") from and against all Losses resulting directly or indirectly from (i) any act or omission by the Management Service Provider that constitutes willful misconduct or gross negligence and (ii) in the event that this Agreement is terminated prior to the closing of the transactions contemplated by the MIPA, (A) any and all Losses for which the Management Service Provider received any indemnification payments from the Company pursuant to Section 9.2 and (B) any material adverse change in the business or status of the Company as compared to the business or status of the Company on the date hereof, including without limitation the level of net working capital, any regulatory action or status, any and all tax obligations or standing with respect to any governmental authorities, and the value of any physical or fixed assets of the Company.

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10. **Confidentiality.** As used in this Agreement, Confidential Information means information, including, without limitation, information (a) identified by the disclosing Party as confidential, or (b) is reasonably understood by the receiving Party to be confidential, and includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to a Party's business processes, owners, financial interest holders, controlling persons, practices, methods, policies, plans, publications, documents, research, operations, services, strategies, techniques, agreements, contracts, terms of agreements, transactions, potential transactions, negotiations, pending negotiations, work-in-process, databases, manuals, records, material, sources of material, supplier information, vendor information, financial information, results, accounting information, accounting records, marketing information, pricing information, design information, payroll information, personnel information, supplier lists, vendor lists, developments, reports, internal controls, security procedures, market studies, sales information, revenue, costs, formulae, product plans, designs, styles, models, ideas, specifications, customer information, customer lists, client information, client lists, manufacturing information, distributor lists, buyer lists, Intellectual Property, improvements to the Intellectual Property and both the existence and the terms of this Agreement. A Party's Confidential Information expressly includes, without limitation, the Standards and recipes for the Products, which is proprietary to and a trade secret of the Company.

- 10.1. **Access to Confidential Information.** The Parties agree and acknowledge that as a result of this Agreement, each party will receive and have access to information, including, without limitation, information regarding information (a) identified by the disclosing Party as confidential, or (b) is reasonably understood by the receiving Party to be confidential, and includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to a Party's business processes, owners, financial interest holders, controlling persons, practices, methods, policies, plans, publications, documents, research, operations, services, strategies, techniques, agreements, contracts, terms of agreements, transactions, potential transactions, negotiations, pending negotiations, work-in-process, databases, manuals, records, material, sources of material, supplier information, vendor information, financial information, results, accounting information, accounting records, marketing information, pricing information, design information, payroll information, personnel information, supplier lists, vendor lists, developments, reports, internal controls, security procedures, market studies, sales information, revenue, costs, formulae, product plans, designs, styles, models, ideas, specifications, customer information, customer lists, client information, client lists, manufacturing information, distributor lists, buyer lists, Intellectual Property, Improvements and both the existence and the terms of this Agreement. Each Party's Confidential Information expressly includes, without limitation, the Recipes, which is proprietary to and a trade secret of the Party and which is governed by this Section, all of which will be considered "Confidential Information." Each Party covenants and warrants to the other Party that it will not disclose or divulge Confidential Information except to the extent: (i) required by law, (ii) to protect its interests in any dispute or litigation, (iii) necessary to perform its obligations under this Agreement, or (iv) if such information becomes publicly available without breach of this Section. The Parties' obligations under this Section will survive any termination or expiration of this Agreement. Management Service Provider shall, and shall cause its officers, directors, managers, principals, members, employees (including the Assigned Employees), agents and representatives (collectively, "Representatives") to comply with these confidentiality provisions.

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- 10.2. **Injunctive Relief.** The Parties hereby acknowledge that breach of the covenants contained in this Section will cause irreparable harm to the non-breaching party. Notwithstanding any other provision of this Agreement, a party may enforce the above-described covenants and warranties by injunction, both preliminary and permanent, it being agreed that the posting of an injunction bond of no less than \$5,000.00 to indemnify the other party against costs or damages which might be incurred by virtue of any temporary injunction. Nothing herein will be construed as prohibiting a Party from pursuing any other legal or equitable remedy available due to the breach of the provisions of this Section. The failure by either Party to adhere to any of the terms of this Section will be a material breach of this Agreement.

11. **Miscellaneous Provisions.**

- 11.1. **Survival.** The terms and conditions stated in Section 4, 5, 6, 7, 8, 9, 10, 11, and 12 shall survive the termination of this Agreement.
- 11.2. **Counterparts.** This Agreement may be executed in one or more counterparts, including by facsimile and portable document format (.pdf) delivery, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. The Parties agree and acknowledge that delivery of a signature by facsimile or in .pdf form shall constitute execution by such signatory.
- 11.3. **Invalidity.** In the event that any one or more of the provisions contained in this Agreement or in any other instrument referred to herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other such instrument, and such invalid, illegal or unenforceable provision shall be interpreted so as to give the maximum effect of such provision allowable by law.
- 11.4. **Additional Documents.** Each of the Parties hereto agree to execute any document or documents that may be requested from time to time by the other Party to implement or complete such Party's obligations pursuant to this Agreement and to otherwise cooperate fully with such other Party in connection with the performance of such Party's obligations under this Agreement.
- 11.5. **Notices.** All notices required or permitted by this Agreement or by law will be in writing and deemed duly served, delivered, and received when personally delivered to the Party to whom directed or, instead, three (3) days after deposit in the U.S. mail, certified or registered, return receipt requested, first-class postage prepaid, addressed as indicated below. Delivery by electronic mail as indicated below will constitute personal delivery if receipt of delivery is capable of confirmation. Either Party may change this address by giving written notice of the change to the other Party as provided herein.

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As to Company:

MXV Holdings Inc.
3355 East Spring Street #300
Long Beach, CA 92618
Email: jordan@enjoymoxie.com
Attention: Chief Executive Officer

As to Management Service Provider:

Hightimes Holding Corp.
2110 Narcissus Ct.
Vernice, CA 90291
Phone: +1 (844) 933-3287
Email: paul@hightimes.com
Attention: Chief Executive Officer

- 11.6. Waiver. The failure of either Party at any time to enforce any of the provisions of this Agreement will not be deemed or construed to be a waiver of any such provision, nor in any way to affect the validity of this Agreement, any provisions hereof, or the right of either Party to thereafter enforce each and every provision of this Agreement. No waiver of any breach of any of the provisions of this Agreement will be effective unless set forth in a written instrument executed by the waiving Party; and no waiver of any such breach will be construed or deemed to be a waiver of any other or subsequent breach except as otherwise noted therein. Failure of either Party to require the performance of any term in this Agreement will not prevent subsequent enforcement of such term nor be deemed a waiver of any subsequent breach.
- 11.7. Relevant Laws. Company operates a cannabis business in the State of California. The parties hereby acknowledge that they understand:
- 11.7.1. *Federal Law.* The sale of cannabis, which is considered a Schedule I narcotic pursuant to 21 U.S.C. § 811, et seq., short titled the Controlled Substance Act and all applicable regulations promulgated thereunder, is prohibited by Federal law.
- 11.7.2. *State Law.* Recreational and medicinal cannabis has been legalized in the State of California since January 1, 2018, pursuant to the passage of Proposition 64 and adoption of the Medicinal and Adult-Use Cannabis Regulation and Safety Act.
- 11.7.3. *Tax Liability.* As cannabis is a Schedule I narcotic, pursuant to 26 U.S. Code §280E, cannabis businesses cannot take any deduction or credit for any amount paid or incurred during the taxable year.
- 11.7.4. *Forfeiture.* The Federal government could begin forfeiture, civil, or criminal proceedings against any cannabis business, its owners, officers, directors, agents, affiliates, and/or investors.
- 11.8. Entire Agreement. This Agreement, including exhibits and appendices, along with the MIPA and Ancillary Documents (as defined in the MIPA) constitute the entire agreement and understanding between the Parties and cancels, terminates, and supersedes any prior agreement or understandings, written or oral, relating to the subject matter hereof. There are no representations, promises, agreements, warranties, covenants, or understandings other than those contained herein.

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- 11.9. Modification. No modification of or amendment to this Agreement will be effective unless in a writing signed by the Parties.
- 11.10. Force Majeure. A Party will not be deemed to be in default of this Agreement or to have committed a breach if prevented from performing any obligation hereunder for any reason beyond its control, including but not limited to, acts of god, war, civil commotion, fire, flood or casualty, labor difficulties, shortages of or inability to obtain labor, materials, or equipment, governmental regulations or restrictions, or unusually severe weather. In any such case, the Parties agree to negotiate in good faith with the goal of preserving this Agreement and the respective rights and obligations of the Parties hereunder to the extent reasonably practicable. Lack of financial resources, insolvency, or commercial impracticability will be deemed within a Party's reasonable control.
- 11.11. Construction, Choice of Law, and Venue Selection. The headings and/or captions used in connection with this Agreement are for reference purposes only and will not be construed as part of this Agreement. This Agreement will be construed and interpreted in accordance with the laws of the State of California, without regard to the principles regarding conflict of laws, and as though drafted equally by the Parties and their attorneys. The provisions of federal law will have no bearing or effect on the construction of this Agreement except as required by the United States Constitution. The Parties agree that any action or proceeding to enforce or relating to this Agreement will be brought exclusively in the state courts located in the County of Los Angeles, State of California. The Parties hereto consent to the exercise of personal jurisdiction by the state courts of the State of California.
- 11.12. References; Headings; Interpretation. All references in this Agreement to Exhibits, Articles, Sections, subsections and other subdivisions refer to the corresponding Exhibits, Articles, Sections, subsections and other subdivisions of or to this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any Articles, Sections, subsections or other subdivisions of this Agreement are for convenience only, do not constitute any part of this Agreement, and shall be disregarded in construing the language hereof. The words "this Agreement," "herein," "hereby," "hereunder" and "hereof" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The words "this Article," "this Section" and "this subsection" and words of similar import refer only to the Article, Section or subsection hereof in which such words occur. The word "or" is not exclusive, and the word "including" (in its various forms) means "including, without limitation." Pronouns in masculine, feminine or neuter genders shall be construed to state and include any other gender, and words, terms and titles (including terms defined herein) in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.
- 11.13. Independent Contractor. Nothing herein will be construed to create any relationship of employer and employee or agent and principal, or to create a partnership or joint venture between the Parties. The Parties will be considered independent contractors of one another.

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- 11.14. Non-Assignment and Non-Transferability. Neither Party may, without written approval of the other Party, assign this Agreement or transfer its interest or any part thereof under this Agreement to any third party. Any assignment or transfer made without such prior written approval will be null and void. For purposes of this Agreement, an assignment will include a change in the majority ownership or control of a Party. Further, the assets of Company are not capable of being sold, assigned, transferred, or conveyed prior to the termination hereof without the approval, consent or waiver of Management Service Provider and such sale, assignment, transfer or conveyance shall constitute breach of this Agreement. Any purported assignment in violation of this section shall be null and void ab initio.
- 11.15. Severability. Although the restrictions contained in this Agreement are considered by the Parties to be reasonable for the purpose of contractual obligations, if any such restriction is found by a court of competent jurisdiction to be unenforceable, such provision will be modified, rewritten, or interpreted to include as much of its nature and scope as will render it enforceable. If it cannot be so modified, rewritten, or interpreted to be enforceable in any respect, it will not be given effect, and the remainder of the Agreement will be enforced as if such provision were not included.
- 11.16. Attorney's Fees. In any action or proceeding founded on the terms of this Agreement, the prevailing party will be entitled to its legal costs and reasonable attorney's fees.
- 11.17. No Third-Party Beneficiaries. This Agreement is solely for the benefit of the Parties hereto and their successors and assigns permitted under this Agreement, and no provisions of this Agreement shall be deemed to confer upon any other persons any remedy, claim, liability, reimbursement, cause of action or other right except as expressly provided herein. Notwithstanding the foregoing or any other provision hereof, for clarity and without limitation, the Majority Sellers, are intended and shall remain an intended third-party beneficiary of all Representations, Warranties and Indemnifications by Management Service Provider to Company hereunder.

11.18. No Presumption Against Any Party. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any Party, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by each of the Parties and their counsel and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all Parties hereto.

[signature page follows]

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IN WITNESS WHEREOF, the Parties have each executed this Agreement to be effective as of the Effective Date.

MANAGEMENT SERVICE PROVIDER

Hightimes Holding Corp.

/s/ Paul Henderson

Paul Henderson

Chief Executive Officer

COMPANY

MXV License Holdings LLC

/s/ Jordan Lams

Jordan Lams

Chief Executive Officer

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LICENSE TO USE BRAND AGREEMENT

This License to Use Agreement (the “Agreement”) is effective November 1, 2022,

BETWEEN: **Pure CA, LLC** (the “Licensee”), a company organized and existing under the laws of the State of California, with its head office located at:
c/o Hightimes Holding Corporation, 2110 Narcissus Ave., Venice, CA 90291

AND: **Seven Ten Holdings, LLC** (the “Licensor”), a company organized and existing under the laws of the Nevada, with its head office located at:
c/o MXY Holdings Inc., 3355 E. Spring Street, Long Beach, California 90806

Licensee and Licensor are collectively referred to herein as the “Parties” and individually as a “Party”.

WHEREAS Licensee, directly or through one or more California Affiliates (as defined below), engages in the business of cultivating, producing, manufacturing, distributing and selling cannabis products in the state of California (the “Territory”) in accordance with Applicable Law (as defined below);

WHEREAS Licensee wishes to obtain the exclusive right to use the Licensor’s brands listed on Exhibit A (the “Brands”) to sell cannabis products, in the Territory;

WHEREAS, certain affiliates of Licensee have agreed, pursuant to membership interest purchase agreements entered into on the date hereof, to acquire 100% of the equity interests in Pure CA LLC, Pure Calavaras LLC, 2990 MLK JR LLC, and Sapphire Enterprises LLC (the “Purchase Agreements”), each of which are affiliates of Licensor (the “California Affiliates”), and the execution and delivery of this Agreement is a condition to, and partial consideration for, the consummation of the transactions contemplated by the Purchase Agreements;

NOW THEREFORE in consideration of the premises, covenants and agreements contained herein, the Parties agree as follows:

1. LICENSE

1.1 Grant

(a) Subject to the terms of this Agreement, Licensor grants to Licensee a limited, revocable (solely on the terms set forth herein), exclusive, non-transferable, royalty-free, license to use the Brands and Licensor IP (as hereinafter defined) for the purpose of producing, packaging, labeling, promoting, distributing, and selling Finished Products (as hereinafter defined) in the Territory.

(b) “Finished Product” means products produced from cannabis strains approved by Licensor in each instance and of the types of products as listed on Schedule 1.1 attached hereto and incorporated herein by this reference. The Finished Products shall be manufactured, packaged, and labelled by Licensee in accordance with Licensor’s specifications (the “Licensor IP”) following Licensee’s operating procedures, from strains approved by Licensor in each instance (“Licensor Strains”). The branding, trademarks, design of packaging and labelling shall be determined by Licensor in consultation with Licensee. Further, each party’s respective quality assurance teams shall collaborate in good faith. The Brands and Licensor IP constitute “Licensors IP.”

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(c) Notwithstanding anything to the contrary herein, upon the prior written consent of Licensor (not to be unreasonably withheld, conditioned or delayed), Licensee shall have the right to sub-license the Licensed IP to any Licensee Affiliate solely for use within the Territory and solely to the extent such Licensee Affiliate agrees to be bound by terms and conditions on the use of the License IP at least as restrictive as set forth herein. “Licensee Affiliate” shall mean any other direct or indirect, wholly-owned subsidiary of Hightimes Holding Corp., a Delaware corporation.

1.2 Product Production and Branding

(a) At all times, Licensor’s IP shall remain the property, and the sole responsibility, of Licensor, and Licensee acknowledges that, subject to the license set forth in Section 1, Licensee has no right, title and interest in and to Licensor’s IP including, without limitation, any trademarks, know-how, flavor formulations, hardware, processes, information, technical specifications and copyrights of Licensor.

(b) Any intellectual property or rights that may be created, or acquired by Licensee pursuant to, or in furtherance of, this Agreement which incorporate the Licensor’s IP (including but not limited to the Brands) and related to Licensee’s advertising, marketing, branding and promotional materials designed or approved by Licensor, designs and copyrights (including, for the avoidance of doubt, the flavor formulations), shall be the sole property of Licensor to the extent that such rights relate to the Licensor’s IP. To the extent that Licensee may be entitled to claim any ownership interest in any such rights or materials, Licensee hereby transfers and assigns to Licensor and agrees to transfer and assign to Licensor, all of its right, title and interest in and to such rights and materials.

(c) Licensor acknowledges and agrees that any intellectual property developed hereunder during the Term unrelated to products produced at the direction of Licensor and independent of any use of any of Licensor’s IP, including any know-how, flavor formulations, hardware, processes, information, technical specifications, copyrights of Licensor, trademarks or tradenames developed to market, promote and sell the Finished Product that are not the Brand, shall be owned exclusively by Licensee.

(d) Any goodwill derived from the use of the Brands will inure to the benefit of Licensor. If Licensee acquires any rights in the Brands by operation of law or otherwise, such rights will be deemed and are hereby irrevocably assigned to Licensor without further action by any of the Parties. Licensee agrees to execute any documents reasonably requested by Licensor to affect any of the above provisions. Except as expressly provided herein, neither Party will have any rights, title or interest in or to any trademarks, trade names or other intellectual property or proprietary or confidential information of the other Party.

(e) Licensee will not challenge, or encourage or assist anyone to challenge, Licensor’s ownership of or the validity of the Brands or any application for registration thereof or any trademark or copyright relating to the Products or any rights of Licensor thereto. Nor will Licensee apply for, obtain or assist any Person in applying for or obtaining any registration of the Brands, or any trademark, service mark, trade name or other mark confusingly similar to the Brands.

(f) Licensee will not intentionally do, omit to do or permit to be done, any act or omission that will or may dilute the Brands, tarnish or bring into disrepute the reputation of or goodwill associated with the Brands or Licensor, or invalidate or jeopardize any registration or ownership of the Brands.

(g) Licensee will not attempt to grant a security interest in, or otherwise encumber, the Brands or record any such security interest or encumbrance against any application or registration regarding the Brands in the United States Patent and Trademark Office or elsewhere.

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(h) Apart from the Brands, no other trademark or logo may be affixed to, or used in connection with, Products that are packaged in the Packaging, except that Licensee may use its own trade name on packaging, advertising and promotional materials for such Products, if and only if, and as required by Applicable Law and subject to Licensor's approval.

(i) This Agreement does not authorize or permit any use that is not expressly set forth herein and all such other rights are expressly reserved by Licensor. No other right or license is granted to Licensee, either express or implied, with respect to any other trademark, trade name, service mark or other intellectual property right owned, possessed or licensed by Licensor.

(j) If either Party becomes aware of any existing or threatened infringement of any Licensor Mark in the Territory, or any such Brands are challenged in any action or proceeding (an "Infringement"), it shall promptly notify the other Party in writing to that effect and the Parties will consult with each other regarding any actions to be taken with respect to such Infringement. Each Party shall share with the other Party all Information available to it regarding such alleged Infringement. As between the Parties, Licensor shall have the right, but not the obligation, to bring an appropriate suit or other action against any person or entity engaged in an Infringement of the Brands.

(k) Licensee shall immediately notify Licensor of any information it receives regarding any threatened or pending action, inspection or communication regarding the infringement of any third party right resulting from the use of Licensor IP including, without limitation any Brands. Upon receipt of such information, the Parties shall consult with each other in an effort to arrive at a mutually acceptable procedure for taking appropriate action. Licensor, at its option, may: (1), modify the Licensor IP so that it is non-infringing, (2) require Licensee to cease and desist from using such Licensor IP or selling any products associated therewith, (3) immediately terminate this Agreement. Provided, Licensee complies with the preceding portions of this subsection and subject to the liability limitations set forth in this Agreement, Licensor will defend, indemnify and hold harmless Licensee from and against any and all liabilities, claims, damages, losses, actions, causes of action and costs (including reasonable attorneys' fees and court costs) (collectively, "Losses") arising out of or relating to any third party claim or action brought against Licensee to the extent resulting from the Brands infringing any valid trademarks having effect in the United States.

1.3 Product Pricing

Licensee shall sell all Finished Product at a price determined by Licensee (the "Wholesale Price"). Licensee shall reasonably determine in good faith the Wholesale Price, taking into account the applicable costs, taxes, fees, quality, market demand and any other relevant factors.

1.4 Exclusivity & Minimum Production

Licensee's right to distribute the Finished Product shall be exclusive (except as provided herein) within the Territory during the Term (as defined in Section 4.1, below), provided that the Finished Product sales shall equal ten percent (10%) of products produced and sold by the Licensee within the Territory ("Minimum Production") during any given quarter of the year (consisting of not less than six percent (6%) concentrates and four percent (4%) all other products, including without limitation flower and edibles). Each quarter (no later than fifteen (15) days following each quarter), Licensee will provide Licensor necessary records to demonstrate compliance with the foregoing including production figures for the Finished Product and other products produced and sold by the Licensee in the prior quarter. In the event Licensee fails to meet the Minimum Production requirement in any given quarter, the Licensee will have forty-five (45) days to cure any shortfall of Minimum Production by grossing up Licensor production so that it equates to the amount of Licensed Products that would have been produced had Licensee met the Minimum Production requirement in such quarter ("Minimum Exclusivity Production"). Further, in the event of Licensee's failure to Meet Minimum Production within the Territory, Licensor may upon ninety (90) days' notice, either cancel this Agreement or convert this license to non-exclusive and the Minimum Exclusivity Payment shall no longer apply.

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1.5 Taxes

Licensee shall be responsible for all applicable state taxes in connection with the Finished Product including, without limitation, all taxes of whatever kind related to the cultivation, acquisition of biomass, sale of Finished Product or any other taxes under Applicable Law.

1.6 Use of Brands.

Licensee shall not use or shall cease any use of the Brands in a manner that: (i) contravenes any Applicable Law; (ii) impairs the validity or enforceability of the Brands; (iii) impairs the quality of products and services with which the Brands is used; or (iv) violates rights of any third, party or (v) disparages the Brands or Licensor. Licensee agrees that all proprietary right and goodwill in the Brands shall inure to the benefit of Licensor, that the uses of the Brands by Licensee shall not create any interest or right, express or implied, in the Brands in Licensee except as set forth in this Agreement, and that Licensee does not and will not assert any claim to any ownership thereof. If, by operation of law, or otherwise, Licensee is deemed to or appears to own any property rights in the Brands, Licensee shall hereby assign to Licensor all right and title in such rights and agrees that at Licensor's request, Licensor shall execute any and all documents necessary to confirm or otherwise establish Licensor's rights therein. Licensee acknowledges that the License is exclusive to the Territory only and, as such, Licensor is free to use, or license others to use, the Brands outside the Territory in any manner whatsoever.

1.7 Preservation of Brands

Licensee shall take all steps necessary to preserve and protect the validity of the Brands. All displays of the Brands by Licensee shall bear such trademark and/or copyright notices or other legal notices which Licensor from time to time may prescribe, and all such notices shall be printed legibly and irremovably. Both parties agree not to take any action, or cause any action to be taken, with the effect of disparaging the Brands or otherwise diluting the goodwill of the Brands in the Territory or otherwise.

1.8 Quality Control

The quality of all Finished Product offered by Licensee using the Brands shall meet or exceed the quality of the products offered by Licensor which utilize the Brands. Licensor and its authorized representatives shall have the right to test and inspect the Finished Product provided by Licensee at any reasonable time with prior notice. Licensee shall faithfully and accurately reproduce the Brands. No partial version of the Brands, or any fragments thereof, nor any modified or derivative version of the Brands, may be used at any time for any purpose without the express written consent of Licensor in each instance. Licensee shall not use the Brands in any manner that is not approved in writing by Licensor in each instance. If Licensor reasonably determines that any material aspect of the Finished Product, or Licensee's use of the Brands in connection with the advertising or sale of the Finished Product, does not comply with Licensor's quality standards, or uses the Brands in a manner contrary to this provision then Licensor shall notify Licensee in writing specifying such deficiencies and Licensor shall cease sale of all such products. If Licensee does not correct all such deficiencies to Licensor's reasonable satisfaction within a reasonable time, then Licensor may terminate this Agreement pursuant to Section 4.3 below.

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1.9 Infringement Actions

In the event that either Party learns of any infringement, misuse or misappropriation of the Brands, it shall promptly notify the other Party thereof in writing. In such event, Licensor shall have the right to institute legal action and, at its option, and/or as may be required by law, join Licensee as plaintiff. Licensor may select counsel of its choice, and shall control the action and shall bear the entire costs of such action, and shall be entitled to retain the entire amount of any recovery by way of judgment, award, decree or settlement. If Licensor determines not to institute legal action, Licensee may, with Licensor's prior written consent, institute legal action; provided, however that Licensee agrees to indemnify and hold Licensor harmless from and against any and all liabilities, damages, judgments, penalties, losses, costs, expenses, claims, suits or demands relating to or arising out of such legal action. In such event, Licensee may select counsel of its choice, and shall control the action and shall bear the entire cost of such action, and shall be entitled to retain seventy-five percent (75%) of any recovery by way of judgment, award, decree or settlement. Each Party shall cooperate with the other Party in any such actions against third Parties, and may if such Party desires, elected to be represented by counsel of its choice, but at its own expense.

2. LICENSE FEE

2.1 Licensee Fee – Payment

On the Effective Date, the Licensee shall pay to Licensor an upfront fee of One Million Dollars (“\$1,000,000”) paid in shares of Series A Common Stock, par value \$0.0001 per share, of Hightimes Holding Corp. at a price per share of \$11.00 (the “License Fees”).

2.2 Inspection Rights

Licensor shall have the right to have one or more non-employee agent(s) or representative(s) inspect the relevant books, records, and accounts of Licensee, as the case may be, in connection with this Agreement on a quarterly basis or at such other time(s) as the Parties may agree to validate quality and Minimum Production and Minimum Exclusivity Production.

2.3. Records

(a) Licensee and its Affiliates shall create and maintain copies of accurate, complete, reliable and current (up to date) records necessary for the effective and efficient performance of its obligations under this Agreement including:

- (i) such documents, records and other information required by Applicable Law and the provisions of this Agreement;
- (ii) detailed, accurate, complete and current financial records regarding the sale of Licensed Products;
- (iii) such other additional documents, books, records and other information as may be mutually agreed to in writing from time to time by the Parties.

(b) Licensee and its Affiliates shall, and shall cause its applicable representatives to, retain accurate and complete copies of all records for such period of time: (i) as required by Applicable Law; or (ii) until two (2) years following the termination or expiration of this Agreement, whichever is longer. (the “Retention Period”).

(c) At any time, and from time to time, during the Term of this Agreement and the Retention Period, Licensor may make a written request for a copy of the records created and maintained by the other Party (a “Records Request”). The Licensee shall provide the requested Records as soon as reasonably practicable after the date of its receipt of the Records Request and, in any event, no later than thirty (30) calendar days after its receipt of the Records Request. For greater certainty, a Records Request shall not be considered an Audit for the purposes of this Agreement.

2.3 Audit Rights

(a) Subject to Applicable Law, Licensor shall have the right to have one or more employee or non-employee agent(s) or representative(s) inspect the books, records and accounts (including the Records) of the Licensee and/or relevant Affiliates up to two (2) times each fiscal year while this Agreement is in effect or at such other time(s) as the Parties may agree at Licensor's sole cost and expense to verify Minimum Production, Minimum Exclusivity Production and quality (unless a shortfall in Minimum Production, Minimum Exclusivity Production of greater than 5% is discovered in such audit in which case Licensee shall bear the cost of the audit) (each an “Audit”).

(b) With respect to an Audit to verify Minimum Production, Minimum Exclusivity Production and quality, Licensor shall provide reasonable, but no less than ten (10) calendar days prior written notice of its intention to conduct such Audit. Licensee and/or relevant Affiliates shall provide Licensor and its external advisors with reasonable access, during normal business hours, its books, records and other information (including the inspection of facilities) reasonably related to this Agreement for the purposes of conducting the Audit at Licensor's sole cost and expense (unless a shortfall in Minimum Production, Minimum Exclusivity Production of greater than 5% is discovered in such audit in which case Licensee shall bear the cost of the audit). The Audit to verify Minimum Production, Minimum Exclusivity Production and quality shall be conducted as efficiently as possible and with as little disruption to the business operations as reasonably possible. Any external advisors must first execute a confidentiality agreement in favor of Licensee which provides for obligations of confidentiality which are substantially similar to the obligations of confidentiality provided for in this Agreement.

3. WARRANTY, LIABILITY, INDEMNITY

3.1 Mutual Warranties

Each Party represents and warrants to the other Party, acknowledging that each such Party is relying on these representations and warranties, that solely as of the Effective Date:

- (a) it is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation or formation, as the case may be;
- (b) it has the power and authority, and holds all necessary regulatory approvals, licenses, permits, consents, and governmental authorizations under Applicable Law, to perform its obligations under this Agreement and it has duly authorized, executed, and delivered this Agreement;
- (c) this Agreement constitutes a valid and binding obligation enforceable against it in accordance with the terms of this Agreement and under Applicable Law, subject, however, to limitations with respect to enforcement imposed by law in connection with insolvency or similar proceedings and to the extent that equitable remedies such as specific performance and injunction are awarded in the discretion of a court from which they are sought;
- (d) there are no events or proceedings, actual or pending, before any governmental authority that impair or threaten to impair its ability to perform its obligations under the Agreement; and
- (e) it holds all regulatory approvals, licenses, permits, consents and governmental authorizations necessary or required for it to perform its obligations under this

3.2 No Warranties or Conditions on Brands

Licensor does not represent that the use of its Brands by Licensee will produce any specific results, that its Brands will be fit for any purpose, it being the intention of the Parties that no liability whatsoever will attach to Licensor out of Licensee's use or inability to use its Brands. Licensor expressly disclaims any implied warranty or condition of merchantability or fitness for a particular purpose with respect to its Brands.

3.3 No Recourse on Brands License

Licensee shall have no recourse against Licensor, whether by way of any claim, suit or action for any loss, liability, damage, or cost that Licensee may suffer or incur at any time, by reason of its use or inability to use its Brands.

3.4 Limit on Liability on Brands License

IN NO EVENT WILL LICENSOR BE LIABLE TO LICENSEE FOR ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES WHATSOEVER, INCLUDING BUT NOT LIMITED TO LOSS OF REVENUE OR PROFIT, LOST OR DAMAGED DATA OR OTHER COMMERCIAL OR ECONOMIC LOSS, ARISING OUT OF ANY BREACH OF THIS AGREEMENT, ANY USE OR INABILITY TO USE ITS BRANDS, OR ANY CLAIM MADE BY A THIRD PARTY, EVEN IF LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE OR CLAIM. UNDER NO CIRCUMSTANCES SHALL LICENSOR'S TOTAL LIABILITY OF ALL KINDS ARISING OUT OF OR RELATED TO THE SUBJECT MATTER OF THIS AGREEMENT, REGARDLESS OF THE FORUM AND REGARDLESS OF WHETHER ANY ACTION OR CLAIM IS BASED ON CONTRACT, TORT OR OTHERWISE, EXCEED ONE THOUSAND DOLLARS (\$1000). IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT EACH AND EVERY PROVISION OF THIS AGREEMENT WHICH PROVIDES FOR A LIMITATION OF LIABILITY OR EXCLUSION OF DAMAGES, IS INTENDED BY THE PARTIES TO BE SEVERABLE AND INDEPENDENT OF ANY OTHER PROVISION AND TO BE ENFORCED AS SUCH. ANY ACTION AGAINST COMPANY OR HOLDER ARISING DIRECTLY OR INDIRECTLY OUT OF THE SUBJECT MATTER OF THIS AGREEMENT, MUST BE COMMENCED WITHIN ONE (1) YEAR FROM THE DATE THE RIGHT, CLAIM, DEMAND OR CAUSE OF ACTION SHALL FIRST OCCUR, OR BE BARRED FOREVER.

3.5 Indemnity

Subject to the terms and conditions of this Agreement, Licensee shall indemnify, defend and hold harmless Licensor and its Representatives (collectively, "Licensor Indemnified Parties") and each, a "Licensor Indemnified Party") from and against any and all actually incurred losses, damages, liabilities, deficiencies, monetary judgments, settlements, interest, awards, penalties, fines, reasonable and documented and out-of-pocket costs or expenses, including reasonable legal fees, disbursements and charges, fees and the costs of enforcing any right to indemnification under this Agreement and the cost of pursuing any insurance providers (collectively, "Losses"), incurred by any Licensor Indemnified Party, to the extent arising out of or resulting from any 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, investigative, regulatory or other, whether at law, in equity or otherwise (each a "Claim") arising out of:

- (i) a breach of any of Licensee's representations or warranties;
- (ii) non-fulfillment of any of Licensee covenants set out in this Agreement;

- (i) Licensee's use of Licensor's Brands;
- (ii) Any recall of the Licensed Product;
- (iv) the willful breach or grossly negligent acts or omissions of Licensee or its Representatives in connection with Licensee's performance of its obligations under this Agreement; or
- (v) any personal injury (including death) or loss of or damage to any property caused by any act or omission of Licensee, its licensed affiliates, sub-contractors, agents or employees (collectively the "Licensee's Representatives") in connection with or related to Licensee's or Licensee's Representatives' use of the Licensor's Brands.

4. TERM & TERMINATION

4.1 Term

Provided Licensee has paid Licensor the License Fees, this Agreement shall begin on the Effective Date and shall continue for ninety-nine (99) years, unless terminated earlier in accordance with the provisions of this Agreement (the "Term").

4.2 Termination by Licensor for Cause

Licensor may terminate this Agreement by written notice to Licensee, to take effect immediately upon the receipt thereof, if:

- (a) Licensee commits or permits a breach of any of its covenants or obligations under this Agreement and Licensee has failed to remedy such breach within thirty (30) days after being required in writing to do so by Licensor;
- (b) Licensee becomes bankrupt or insolvent, or has a receiving order made against it, or makes an assignment for the benefit of creditors, or an order is made or a resolution is passed for the winding up of Licensee, or Licensee takes the benefit of any statute for the time being in force relating to bankrupt or insolvent debtors;
- (c) if Licensee or any of its Affiliates (a) is charged with, convicted of, or pleads nolo contendere to (i) a violation relating to the unlawful distribution and/or possession with intent to distribute, manufacture, import or export, cannabis in violation of any state or federal statute, (ii) to a criminal offense relating to the sale or possession of illegal drugs, narcotics or controlled substances not described in clause (a)(i), and (iii) to any felony not described in clauses (a)(i) or (a)(ii); or (b) the failure of Licensee to comply with the Licensing Requirements; or
- (d) if any of the Purchase Agreements are terminated or are not consummated by June 30, 2022.

4.3 Change in Applicable Law Termination.

Either Party may immediately terminate this Agreement if the Applicable Law, including any applicable state or municipal and/or local laws, change such that performance of the Parties' obligations under this Agreement are illegal under Applicable Law and not remedied in accordance with Section 7.7 hereof.

4.4 Consequence of Termination

Upon termination of this Agreement for any reason:

- (a) the rights and obligations under Section 2 of Warranty, Liability, Indemnity or as otherwise noted in this Agreement or by implication required to survive, will survive termination of this Agreement;
- (b) Licensee's rights under this agreement shall immediately cease;
- (c) Licensee shall deliver within 10 business days of any notice of termination a detailed statement to Licensor of the inventory of all Licensor products located in its facility (the "Remaining Products") as of the date of termination;
- (d) the Parties shall meet and determine a mutually agreeable resolution to the disposition of the remaining Licensed Products.

5. DISPUTE RESOLUTION

5.1 Disputes

(a) Unless otherwise provided for herein, any controversy, dispute or claim arising out of or relating to this Agreement (a "Dispute") that the Parties are unable to amicably resolve or settle between themselves through negotiations with the respective chief executive officers and board chairs within ten (10) business days (or such longer period as the Parties may mutually agree to in writing) of a Party being provided notice of such dispute shall be resolved by arbitration.

(b) If the Parties to the Dispute are not able to resolve their Dispute after application of Section 5.1(a), to the maximum extent allowed by applicable law, the Dispute shall be submitted to and finally resolved by, binding arbitration. Any Party may file a written Demand for Arbitration with the American Arbitration Association's Regional Office closest to the Licensee's principal office and shall send a copy of the Demand for Arbitration to the other Parties. The arbitration shall be conducted pursuant to the terms of the Federal Arbitration Act and the Commercial Arbitration Rules of the American Arbitration Association, except that discovery may be had in accordance with the Federal Rules of Civil Procedure. The venue for the arbitration shall be seated in the State of California. The arbitration shall be conducted before one arbitrator selected through the American Arbitration Association's arbitrator selection procedures. The arbitrator shall promptly fix the time, date and place of the hearing and notify the Parties. The Parties shall stipulate that the arbitration hearing shall last no longer than five (5) business days. The arbitrator shall render a decision within ten (10) days of the completion of the hearing, which decision may include an award of legal fees, costs of arbitration and interest. The arbitrator shall promptly transmit an executed copy of its decision to the Parties. The decision of the arbitrator shall be final, binding and conclusive upon the Parties. Each Party shall have the right to have the decision enforced by any court of competent jurisdiction. Notwithstanding any other provision of this Section, any Dispute in which a Party seeks equitable relief may be brought in any court within the United States which has jurisdiction over Licensee. Each Party (a) acknowledges that the other Parties would be irreparably damaged if any of the provisions of this Agreement are not performed by such Party in accordance with their specific terms and (b) agrees that the other Parties are entitled to injunctive relief to prevent breaches of this Agreement, and have the right to specifically enforce this Agreement and the terms and provisions hereof, in addition to any other remedies available at law or in equity.

(c) Notwithstanding the foregoing, in the event of any breach or threatened breach by any Party of any of its covenants or obligations set out in this Agreement, the other Party shall be entitled to injunctive relief to prevent or restrain breaches or threatened breaches of this Agreement by the other Party, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of the other under this Agreement.

6. FEDERAL GOVERNMENT ACTION

6.1 The Parties each expressly acknowledge and agree that:

(a) they are fully aware that, notwithstanding the State of California's cannabis laws, rules and Applicable Laws, all individuals involved, and entities engaged directly or indirectly in the cultivation, possession, production, sale, or transportation of cannabis or cannabis products, risk criminal or civil prosecution, or forfeiture under federal law, and face other risks associated with engaging in an industry that is illegal under federal law;

(b) the cannabis industry in California today exists in what some have called "terra incognita", in conflict between federal and state law, both of which criminalize the use, possession, cultivation, transportation, and furnishing of cannabis, but California law creates certain immunities from criminal prosecution under California law only;

(c) all individuals and entities engaged in the cultivation, possession, production, preparation, sale, or transportation of cannabis and cannabis products may still be arrested by federal officers and prosecuted under federal law, and in the event of federal arrest, seizure, and/or prosecution of a Party in connection with the services of this Agreement (each a "Federal Action" and such Party, the "Defending Party"), the Defending Party shall and hereby does waive any and all claims against the other Party in connection with such Federal Action against such Defending Party and agrees to be individually responsible for its own attorneys' fees associated with defending such actions; and

(d) the Parties also hereby mutually and expressly agree to waive federal illegality as a defense to any claim or contract enforcement action relating to or arising out of this Agreement. For clarity, any enforcement action taken against Licensee shall constitute a Force Majeure Event and Licensee shall be excused from any and all obligations under this Agreement that are impacted thereby.

6.2 Acknowledgments

The inherent risks of engaging in the industry are assumed by each Party (including its direct and indirect owners, investors, and their respective ultimate beneficial owners), and such Party has elected to assume such risks and commit to its obligations and responsibilities under this Agreement despite such risks). Any incident of Federal Action, forfeiture, suspension of operations at any level or entity, criminal or civil prosecution, or a crime of violence shall not in and of itself be indicative or determinative of gross negligence, willful misconduct, fraud, or a breach of a duty (if any) or a contract of a Party or any manager, member, director, officer, Affiliate, agent or employee of the Party; it being further acknowledged that given the risks in the industry, particularly in terms of day-to-day operations, the Parties (including their Affiliates and employees) shall only be responsible for the exercise of such care that a reasonably careful person would exercise under like circumstances in the industry, and shall only be liable in connection with the failure to exercise such standard of care.

7. GENERAL

7.1 Notice

Any notice required or permitted to be given hereunder shall be in writing and shall be effectively given if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent prepaid by telecopier, telex or other similar means of electronic communication (confirmed on the same or following day by prepaid mail) addressed, in the case of notice to the Licensor as follows:

Seven Ten Holdings, LLC
3355 E. Spring Street, Long Beach, CA 90806
Attention: Chief Executive Officer

and in the case of notice to the Licensee, as follows:

2110 Narcissus Court
Venice, CA 90291
Attention: Chief Executive Officer

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Any notice so given to the Licensor or the Licensee shall be deemed conclusively to have been given and received when so personally delivered or sent by telex, telecopier or other electronic communication or on the third business day following the sending thereof by private courier or mail. Any Party hereto or others mentioned above may change any particulars of its address for notice by notice to the others in the manner aforesaid.

7.2 Severance

In the event that any provision of this Agreement is invalid, unenforceable or illegal, then such provision shall be severed from this Agreement and this Agreement shall be read as if such provision were not part of this Agreement.

7.3 Applicable Law

This Agreement shall be construed and enforced in accordance with, and the rights of the Parties shall be governed by, the laws, rules, regulations, orders, guidance, bulletins, or other guidelines of State of California ("State Law") and with respect to the Licensor IP and taxes, relevant State Law and all applicable federal law (collectively "Applicable Law"). For the avoidance of doubt the Federal Controlled Substances Act and any other laws or regulations relating to marijuana promulgated thereunder are specifically excluded from the definition of Applicable Law.

7.4 Entire Agreement

This Agreement constitutes the entire contract between the Parties and supersedes any previous agreement or understanding between the Parties with respect to this subject matter. This Agreement may only be amended in writing, signed by both Parties, which expressly states the intention to amend this Agreement.

7.5 Assignment

Except for transfer to an Affiliate or in a change of control transaction, neither Party shall, without the other Party's prior written consent, assign, delegate, pledge or otherwise transfer this Agreement, or any of its rights or obligations hereunder.

7.6 Language

The Parties confirm that it is their wish that this Agreement as well as all other documents relating to this Agreement, including notices, be drawn up in English only.

7.7 Change in Law.

Except as otherwise provided in this Agreement, this Agreement may only be amended, supplemented or otherwise modified by written agreement signed by the Parties. If any of the terms or provisions of this Agreement are in conflict with any Applicable Law, current or future, then such terms or provisions shall be deemed to be modified to conform with such Applicable Law, to the extent necessary in order that such terms or provisions be valid and enforceable and such amendment shall apply only with respect to the operation of such terms or provisions or, if such modification is not feasible by the Parties, then such terms and provisions shall be deemed to be inoperative to the extent that such terms or provisions conflict with Applicable Law. For any such required amendment, the Parties shall promptly meet to renegotiate the terms and conditions of this Agreement to achieve the object of this Agreement, if possible.

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7.8 Independent Legal Advice.

Each Party acknowledges that it has obtained adequate and independent legal advice with respect to this Agreement prior to its execution.

7.9 Expenses.

Each Party shall bear its own expenses and costs incurred in connection with the preparation of this Agreement, included but not limited to, legal, accounting and administrative expenses.

7.10 Headings.

The headings contained in this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

7.11 Confidentiality.

(a) Confidential Information. By virtue of this Agreement, each Party ("Discloser") may disclose to the other Party ("Recipient") information that is confidential and otherwise proprietary. Unless governed by the terms of an existing or contemporaneously executed non-disclosure agreement ("NDA"), the remainder of this Section 7.11 shall apply. Subject to the exceptions listed below, a Party's "Confidential Information" shall be defined as information disclosed by the Party to the other Party under this Agreement and clearly marked or otherwise clearly designated as "confidential" or information disclosed by one Party that is reasonably

understood by the other Party to be confidential, including without limitation all information not generally known to the public, in spoken, printed, electronic or any other form or medium, relating directly or indirectly to a Party's business processes, owners, financial interest holders, controlling persons, practices, methods, policies, plans, publications, documents, research, operations, services, strategies, techniques, agreements, contracts, terms of agreements, transactions, potential transactions, negotiations, pending negotiations, work-in-process, databases, manuals, records, material, sources of material, supplier information, vendor information, financial information, results, accounting information, accounting records, marketing information, pricing information, design information, payroll information, personnel information, supplier lists, vendor lists, developments, reports, internal controls, security procedures, market studies, sales information, revenue, costs, formulae, product plans, designs, styles, models, ideas, specifications, customer information, customer lists, client information, client lists, and both the existence and terms of this Agreement, manufacturing information, distributor lists, buyer lists, intellectual property, improvements, Customer's data, and other proprietary information.

(b) Exclusions. The obligations of confidentiality described in this Section 7.11 shall not apply to information which (a) is in the public domain without fault of Recipient; (b) was known to Recipient prior to disclosure by or on behalf of Discloser; (c) is independently developed by Recipient without use or reference to of Confidential Information of Discloser; or (d) is disclosed to Recipient by a third party without restrictions on such disclosure.

(c) Confidentiality and Non-Use. Each Party agrees, for the term of this Agreement and after its expiration or termination, to hold the other Party's Confidential Information in strict confidence; not to disclose such Confidential Information to third parties not authorized by Discloser to receive such Confidential Information and not to use such Confidential Information for any purpose except as expressly permitted under this Agreement; provided, however, the Recipient may disclose Confidential Information to its directors, managers, officers, investors, potential investors, employees, consultants, and contractors who have a need to know such Confidential Information and who have executed a similarly stringent confidentiality agreement or are subject to a professional duty of confidentiality. Both Parties will take reasonable security precautions to protect the Confidential Information. Each Party will not remove, or cause to be removed from the other, any original or duplicated documents to which it may have access in the furtherance of this Agreement. The term "duplicated documents" includes, but is not limited to, any photocopies, microfilm, tape recordings, handwritings, computer disks, or mimeographed duplicates. Upon written request of the other Party, the requested Party shall promptly deliver or destroy all records, notes, and other written, printed, or tangible materials in its possession embodying or pertaining to the Confidential Information. The foregoing prohibition on disclosure of Confidential Information shall not apply to the extent certain Confidential Information is required to be disclosed by Recipient as a matter of law or by order of a court, provided that Recipient uses reasonable efforts to provide Discloser with prior notice of such obligation to disclose and reasonably assists in Discloser's lawful efforts to restrict or prevent the disclosure (at Discloser's sole cost and expense).

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(d) Both Parties hereby agree and acknowledge that no license, either express or implied, is hereby granted to either Party to use any of the Confidential Information other than in connection with the purpose of this Agreement and that all inventions, improvements, copyrightable works and designs relating to machines, methods, compositions, or products of either Party directly resulting from or relating to the Confidential Information and the right to market, use, license and franchise the Confidential Information or the ideas, concepts, methods or practices embodied therein shall be the exclusive property of the Party who has created or owns such property and the other Party has no right or title thereto.

(e) At any time prior to the expiration of two (2) years from the date of termination of this Agreement, it is expressly agreed that each Party shall not, without the prior written consent of the Disclosing Party, utilize the Confidential Information of the Disclosing Party for its own use apart from this Agreement.

(f) Both parties understand and acknowledge that any violation of this Agreement shall constitute a breach and shall be good cause for the termination of the Agreement. Further, any disclosure or misappropriation of any of the Confidential Information in violation of this Agreement may cause the non-disclosing party irreparable harm, the amount of which may be difficult to ascertain and, therefore, agrees that the non-disclosing party shall have the right to apply to a court of competent jurisdiction for an order restraining any such further disclosure or misappropriation and for such other relief as the non-disclosing party shall deem appropriate.

7.12 Independent Contractors

The Parties are independent contractors. There is no relationship of partnership, joint venture, employment, franchise, or agency between the Parties. Within this document, any terms used to describe the Parties or the nature of their activities is purely for convenience, and not of legal significance. Neither Party shall have any power to bind the other Party or incur obligations on the other Party's behalf without the other Party's prior written consent. Neither Party shall represent itself in any way that implies that it is an agent, branch or joint venture of the other Party.

7.13 Regulatory Approvals.

The Parties acknowledge that this Agreement may be subject to approval by the relevant regulatory authorities ("Regulators"). In the event such approval is required, the Parties agree to cooperate in good faith to obtain Regulators approval, and conform this Agreement to meet any conditions and/or requirements imposed by the Regulators. In the event the Parties cannot conform the Agreement to meet the conditions and/or requirements imposed by the Regulators within thirty (30) days after notice by the Regulators that the Agreement must be reformed, this Agreement shall be void and the Parties shall owe no further obligations to each other.

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7.14 Counterparts.

This Agreement may be executed by any Party in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument. The transmission by facsimile of, or e-mail transmission of a portable document format (.pdf), copy of the execution page hereof reflecting the execution of this Agreement by any Party shall be effective to evidence the Party's intention to be bound by this Agreement and that Party's agreement to the terms, provisions and conditions hereof, all without the necessity of having to produce an original copy of such execution page.

8. Rules of Construction

8.1 In this Agreement:

(a) the terms "Agreement", "this Agreement", "the Agreement", "hereto", "hereof", "herein", "hereby", "hereunder" and similar expressions refer to this Agreement in its entirety and not to any particular provision hereof;

(b) references to a, "Section" or "Schedule" followed by a number or letter refer to the specified Section of or Schedule to this Agreement;

(c) words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders and vice versa;

(d) unless otherwise indicated, any reference to a statute, regulation or rule shall be construed to be a reference thereto as the same may from time to time be amended, re-enacted or replaced, and any reference to a statute shall include any regulations or rules made thereunder;

(e) the words “include”, “includes” and “including” mean “include”, “includes” or “including”, in each case, “without limitation”;

(f) reference to any agreement or other instrument in writing means such agreement or other instrument in writing as amended, modified, replaced or supplemented from time to time;

(g) in all cases where an action is to be taken hereunder it is to be taken subject to or as permitted by all Applicable Law;

(h) unless otherwise indicated, time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends; and

(i) whenever any payment to be made or action to be taken hereunder is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next following Business Day.

[Signature page follows]

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IN WITNESS WHEREOF, each Party to this agreement has caused it to be executed on the date indicated above.

LICENSEE, PURE CA, LLC

LICENSOR, Seven Ten Holdings, LLC

/s/ Paul Henderson

/s/ Jordan Lams

Authorized Signature

Authorized Signature

Paul Henderson, CEO

Jordan Lams, Authorized Signatory

Print Name and Title

Print Name and Title

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EXHIBIT A

BRANDS

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SCHEDULE 1.1

FINISHED PRODUCT

- Concentrates
- Flower
- Edibles

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ASSIGNMENT AND ASSUMPTION OF MEMBERSHIP INTERESTS

This ASSIGNMENT AND ASSUMPTION OF MEMBERSHIP INTERESTS (this “**Assignment**”) is entered into as of the 1st day of November, 2022 (the “**Effective Date**”), by and between Anacapa CA LLC, a California limited liability company (“**Assignor**”), and HT Red LLC, a Delaware limited liability company (“**Assignee**”).

WHEREAS, Assignor is the owner of a one hundred percent (100%) membership interest (the “**Assigned Interest**”) in Pure CA LLC, a California limited liability company (the “**Company**”); and

WHEREAS, pursuant to that certain Membership Interest Purchase Agreement, dated as of November 1, 2022 (the “**Purchase Agreement**”), by and among Assignee, Assignor, and the Buyer Parent, Assignor has agreed to sell, convey, transfer, assign and deliver to Assignee, and Assignee has agreed to purchase from Assignor and assume and accept the liabilities associated with, the Assigned Interest, in each case subject to the terms and conditions of the Purchase Agreement;

WHEREAS, Assignor desires to assign, transfer, and sell to Assignee its Assigned Interest in the Company, together with all other interest of Assignor in and to the Company; and

WHEREAS, capitalized terms used but not identified herein shall have the meanings ascribed to them in the Purchase Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, terms, and conditions set forth in this Assignment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Assignment.** Assignor hereby sells, conveys, transfers, assigns and delivers to Assignee all of the Assignor’s right, title, and interest in and to the Assigned Interest, and Assignee hereby agrees to such sale, conveyance, transfer, assignment and delivery and accepts the Assigned Interest.

2. **Assumption.** Assignee hereby assumes and agrees to pay, perform, pay and discharge when due any and all liabilities based upon, arising out of or in connection with, or related in any manner to, the Assigned Interests as contemplated by the Purchase Agreement.

3. **Substitution as Member.** From and after the Effective Date, Assignee shall be substituted for Assignor as a member of the Company with respect to the Assigned Interests and shall become the sole member of the Company, and Assignor shall cease to be a member of the Company and shall cease to have or exercise any right or power as a member thereof or with respect to the Assigned Interests. Notwithstanding anything in the Company’s organizational documents to the contrary, the consummation of the transactions contemplated by this Assignment shall not cause the dissolution of the Company, and the Company’s business shall continue from and after the Effective Date.

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4. **Purchase Agreement.** This Assignment is subject to, in all respects, the terms and conditions of the Purchase Agreement, and nothing contained in this Assignment is meant to enlarge, diminish, or otherwise alter the terms and conditions of the Purchase Agreement or the Parties’ respective rights, duties, liabilities and obligations contained therein. To the extent there is a conflict between this Assignment and the Purchase Agreement, the terms of the Purchase Agreement shall control.

5. **Further Assurances.** From time to time after the Effective Date, at either Party’s written request and without further consideration, the other Party shall execute and deliver to such Party such other instruments of sale, transfer, conveyance, assignment, and confirmation and provide such materials and information and take such other actions as such Party may reasonably request in writing in order to consummate the transactions contemplated by this Assignment.

6. **Amendments and Modifications.** This Assignment may not be modified or amended in any manner other than by a written agreement signed by the party to be charged.

7. **Assignment; Binding Effect.** This Assignment shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. No Party may assign this Assignment or any of its rights, interests, or obligations hereunder without the express prior written consent of the other Party, and any attempted assignment without such consent shall be null and void *ab initio*.

8. **Governing Law.**

a. This Assignment and any controversy arising out of or relating to this Assignment shall be governed by, and construed in accordance with, the Laws of the State of California, regardless of the Laws that might otherwise govern under applicable principles of conflicts of law. Each Party (i) submits to the jurisdiction of any court sitting in Los Angeles County, State of California in any action or proceeding arising out of or relating to this Assignment (including any action or proceeding for the enforcement of any arbitral award made in connection with any arbitration of a dispute hereunder), (ii) agrees that all claims in respect of such action or proceeding may be heard and determined in any such court, (iii) waives any claim of inconvenient forum or other challenge to venue in such court, and (iv) agrees not to bring any action or proceeding arising out of or relating to this Assignment in any other court. Each Party agrees to accept service of any summons, complaint or other initial pleading made in the manner provided for the giving of notices in Section 9.1 of the Purchase Agreement; provided, that nothing in this paragraph 8 shall affect the right of any Party to serve such summons, complaint or other initial pleading in any other manner permitted by Law.

b. THE PARTIES TO THIS ASSIGNMENT EACH HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION (I) ARISING UNDER THIS ASSIGNMENT OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES IN RESPECT OF THIS ASSIGNMENT OR ANY OF THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT THE PARTIES MAY FILE A COPY OF THIS ASSIGNMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

2

9. **Counterparts.** This Assignment may be executed in several counterparts (including facsimile or other electronic transmission), each of which shall be deemed an original and all of which shall together constitute one and the same instrument. This Assignment shall become effective when each Party shall have received a counterpart hereof signed by all of the other Parties. Until and unless each Party has received a counterpart hereof signed by the other Parties, this Assignment shall have no effect and no Party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication).

10. **Defined Terms.** Capitalized terms used herein, but not otherwise defined shall have the meanings ascribed to such terms in the Purchase Agreement.

11. **Deed; Bill of Sale; Assignment.** To the extent required and permitted by applicable law, this Assignment shall also constitute a “deed,” “bill of sale” or an

“assignment” of the Assigned Interests.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date set forth above.

ASSIGNOR:

ANACAPA CA LLC

By: _____

Name: Jordan Lams

Title: Chief Executive Officer

ASSIGNEE:

HT RED LLC

By: _____

Name: Paul Henderson

Title: Chief Executive Officer

[Signature Page to Assignment and Assumption of Membership Interests]

ASSIGNMENT AND ASSUMPTION OF MEMBERSHIP INTERESTS

This ASSIGNMENT AND ASSUMPTION OF MEMBERSHIP INTERESTS (this “**Assignment**”) is entered into as of the 1st day of November, 2022 (the “**Effective Date**”), by and between Anacapa CA LLC, a California limited liability company (“**Assignor**”), and HT Red LLC, a Delaware limited liability company (“**Assignee**”).

WHEREAS, Assignor is the owner of a one hundred percent (100%) membership interest (the “**Assigned Interest**”) in Pure CA LLC, a California limited liability company (the “**Company**”); and

WHEREAS, pursuant to that certain Membership Interest Purchase Agreement, dated as of November 1, 2022 (the “**Purchase Agreement**”), by and among Assignee, Assignor, and the Buyer Parent, Assignor has agreed to sell, convey, transfer, assign and deliver to Assignee, and Assignee has agreed to purchase from Assignor and assume and accept the liabilities associated with, the Assigned Interest, in each case subject to the terms and conditions of the Purchase Agreement;

WHEREAS, Assignor desires to assign, transfer, and sell to Assignee its Assigned Interest in the Company, together with all other interest of Assignor in and to the Company; and

WHEREAS, capitalized terms used but not identified herein shall have the meanings ascribed to them in the Purchase Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, terms, and conditions set forth in this Assignment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Assignment.** Assignor hereby sells, conveys, transfers, assigns and delivers to Assignee all of the Assignor’s right, title, and interest in and to the Assigned Interest, and Assignee hereby agrees to such sale, conveyance, transfer, assignment and delivery and accepts the Assigned Interest.

2. **Assumption.** Assignee hereby assumes and agrees to pay, perform, pay and discharge when due any and all liabilities based upon, arising out of or in connection with, or related in any manner to, the Assigned Interests as contemplated by the Purchase Agreement.

3. **Substitution as Member.** From and after the Effective Date, Assignee shall be substituted for Assignor as a member of the Company with respect to the Assigned Interests and shall become the sole member of the Company, and Assignor shall cease to be a member of the Company and shall cease to have or exercise any right or power as a member thereof or with respect to the Assigned Interests. Notwithstanding anything in the Company’s organizational documents to the contrary, the consummation of the transactions contemplated by this Assignment shall not cause the dissolution of the Company, and the Company’s business shall continue from and after the Effective Date.

1

4. **Purchase Agreement.** This Assignment is subject to, in all respects, the terms and conditions of the Purchase Agreement, and nothing contained in this Assignment is meant to enlarge, diminish, or otherwise alter the terms and conditions of the Purchase Agreement or the Parties’ respective rights, duties, liabilities and obligations contained therein. To the extent there is a conflict between this Assignment and the Purchase Agreement, the terms of the Purchase Agreement shall control.

5. **Further Assurances.** From time to time after the Effective Date, at either Party’s written request and without further consideration, the other Party shall execute and deliver to such Party such other instruments of sale, transfer, conveyance, assignment, and confirmation and provide such materials and information and take such other actions as such Party may reasonably request in writing in order to consummate the transactions contemplated by this Assignment.

6. **Amendments and Modifications.** This Assignment may not be modified or amended in any manner other than by a written agreement signed by the party to be charged.

7. **Assignment; Binding Effect.** This Assignment shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. No Party may assign this Assignment or any of its rights, interests, or obligations hereunder without the express prior written consent of the other Party, and any attempted assignment without such consent shall be null and void *ab initio*.

8. **Governing Law.**

a. This Assignment and any controversy arising out of or relating to this Assignment shall be governed by, and construed in accordance with, the Laws of the State of California, regardless of the Laws that might otherwise govern under applicable principles of conflicts of law. Each Party (i) submits to the jurisdiction of any court sitting in Los Angeles County, State of California in any action or proceeding arising out of or relating to this Assignment (including any action or proceeding for the enforcement of any arbitral award made in connection with any arbitration of a dispute hereunder), (ii) agrees that all claims in respect of such action or proceeding may be heard and determined in any such court, (iii) waives any claim of inconvenient forum or other challenge to venue in such court, and (iv) agrees not to bring any action or proceeding arising out of or relating to this Assignment in any other court. Each Party agrees to accept service of any summons, complaint or other initial pleading made in the manner provided for the giving of notices in Section 9.1 of the Purchase Agreement; provided, that nothing in this paragraph 8 shall affect the right of any Party to serve such summons, complaint or other initial pleading in any other manner permitted by Law.

b. THE PARTIES TO THIS ASSIGNMENT EACH HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION (I) ARISING UNDER THIS ASSIGNMENT OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES IN RESPECT OF THIS ASSIGNMENT OR ANY OF THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT THE PARTIES MAY FILE A COPY OF THIS ASSIGNMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

2

9. **Counterparts.** This Assignment may be executed in several counterparts (including facsimile or other electronic transmission), each of which shall be deemed an original and all of which shall together constitute one and the same instrument. This Assignment shall become effective when each Party shall have received a counterpart hereof signed by all of the other Parties. Until and unless each Party has received a counterpart hereof signed by the other Parties, this Assignment shall have no effect and no Party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication).

10. **Defined Terms.** Capitalized terms used herein, but not otherwise defined shall have the meanings ascribed to such terms in the Purchase Agreement.

11. **Deed; Bill of Sale; Assignment.** To the extent required and permitted by applicable law, this Assignment shall also constitute a “deed,” “bill of sale” or an

“assignment” of the Assigned Interests.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date set forth above.

ASSIGNOR:

ANACAPA CA LLC

By: _____

Name: Jordan Lams

Title: Chief Executive Officer

ASSIGNEE:

HT RED LLC

By: _____

Name: Paul Henderson

Title: Chief Executive Officer

[Signature Page to Assignment and Assumption of Membership Interests]

ASSIGNMENT AND ASSUMPTION OF MEMBERSHIP INTERESTS

This ASSIGNMENT AND ASSUMPTION OF MEMBERSHIP INTERESTS (this “**Assignment**”) is entered into as of the 1st day of November, 2022 (the “**Effective Date**”), by and between MXV Ancillary Holdings LLC, a Nevada limited liability company (“**Assignor**”), and HT Red LLC, a Delaware limited liability company (“**Assignee**”).

WHEREAS, Assignor is the owner of a one hundred percent (100%) membership interest (the “**Assigned Interest**”) in MXV Property Holdings LLC, a Nevada limited liability company (the “**Company**”); and

WHEREAS, pursuant to that certain Membership Interest Purchase Agreement, dated as of November 1, 2022 (the “**Purchase Agreement**”), by and among Assignee, Assignor, and the Buyer Parent, Assignor has agreed to sell, convey, transfer, assign and deliver to Assignee, and Assignee has agreed to purchase from Assignor and assume and accept the liabilities associated with, the Assigned Interest, in each case subject to the terms and conditions of the Purchase Agreement;

WHEREAS, Assignor desires to assign, transfer, and sell to Assignee its Assigned Interest in the Company, together with all other interest of Assignor in and to the Company; and

WHEREAS, capitalized terms used but not identified herein shall have the meanings ascribed to them in the Purchase Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, terms, and conditions set forth in this Assignment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Assignment.** Assignor hereby sells, conveys, transfers, assigns and delivers to Assignee all of the Assignor’s right, title, and interest in and to the Assigned Interest, and Assignee hereby agrees to such sale, conveyance, transfer, assignment and delivery and accepts the Assigned Interest.

2. **Assumption.** Assignee hereby assumes and agrees to pay, perform, pay and discharge when due any and all liabilities based upon, arising out of or in connection with, or related in any manner to, the Assigned Interests as contemplated by the Purchase Agreement.

3. **Substitution as Member.** From and after the Effective Date, Assignee shall be substituted for Assignor as a member of the Company with respect to the Assigned Interests and shall become the sole member of the Company, and Assignor shall cease to be a member of the Company and shall cease to have or exercise any right or power as a member thereof or with respect to the Assigned Interests. Notwithstanding anything in the Company’s organizational documents to the contrary, the consummation of the transactions contemplated by this Assignment shall not cause the dissolution of the Company, and the Company’s business shall continue from and after the Effective Date.

1

4. **Purchase Agreement.** This Assignment is subject to, in all respects, the terms and conditions of the Purchase Agreement, and nothing contained in this Assignment is meant to enlarge, diminish, or otherwise alter the terms and conditions of the Purchase Agreement or the Parties’ respective rights, duties, liabilities and obligations contained therein. To the extent there is a conflict between this Assignment and the Purchase Agreement, the terms of the Purchase Agreement shall control.

5. **Further Assurances.** From time to time after the Effective Date, at either Party’s written request and without further consideration, the other Party shall execute and deliver to such Party such other instruments of sale, transfer, conveyance, assignment, and confirmation and provide such materials and information and take such other actions as such Party may reasonably request in writing in order to consummate the transactions contemplated by this Assignment.

6. **Amendments and Modifications.** This Assignment may not be modified or amended in any manner other than by a written agreement signed by the party to be charged.

7. **Assignment; Binding Effect.** This Assignment shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. No Party may assign this Assignment or any of its rights, interests, or obligations hereunder without the express prior written consent of the other Party, and any attempted assignment without such consent shall be null and void *ab initio*.

8. **Governing Law.**

a. This Assignment and any controversy arising out of or relating to this Assignment shall be governed by, and construed in accordance with, the Laws of the State of California, regardless of the Laws that might otherwise govern under applicable principles of conflicts of law. Each Party (i) submits to the jurisdiction of any court sitting in Los Angeles County, State of California in any action or proceeding arising out of or relating to this Assignment (including any action or proceeding for the enforcement of any arbitral award made in connection with any arbitration of a dispute hereunder), (ii) agrees that all claims in respect of such action or proceeding may be heard and determined in any such court, (iii) waives any claim of inconvenient forum or other challenge to venue in such court, and (iv) agrees not to bring any action or proceeding arising out of or relating to this Assignment in any other court. Each Party agrees to accept service of any summons, complaint or other initial pleading made in the manner provided for the giving of notices in Section 9.1 of the Purchase Agreement; provided, that nothing in this paragraph 8 shall affect the right of any Party to serve such summons, complaint or other initial pleading in any other manner permitted by Law.

b. THE PARTIES TO THIS ASSIGNMENT EACH HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION (I) ARISING UNDER THIS ASSIGNMENT OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES IN RESPECT OF THIS ASSIGNMENT OR ANY OF THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT THE PARTIES MAY FILE A COPY OF THIS ASSIGNMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

2

9. **Counterparts.** This Assignment may be executed in several counterparts (including facsimile or other electronic transmission), each of which shall be deemed an original and all of which shall together constitute one and the same instrument. This Assignment shall become effective when each Party shall have received a counterpart hereof signed by all of the other Parties. Until and unless each Party has received a counterpart hereof signed by the other Parties, this Assignment shall have no effect and no Party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication).

12. **Defined Terms.** Capitalized terms used herein, but not otherwise defined shall have the meanings ascribed to such terms in the Purchase Agreement.

12. Deed; Bill of Sale; Assignment. To the extent required and permitted by applicable law, this Assignment shall also constitute a “deed,” “bill of sale” or an “assignment” of the Assigned Interests.

[Signature Page Follows]

3

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date set forth above.

ASSIGNOR:

MXV ANCILLARY HOLDINGS LLC

By: _____

Name: Jordan Lams

Title: Chief Executive Officer

ASSIGNEE:

HT RED LLC

By: _____

Name: Paul Henderson

Title: Chief Executive Officer

[Signature Page to Assignment and Assumption of Membership Interests]

ASSIGNMENT AND ASSUMPTION OF MEMBERSHIP INTERESTS

This ASSIGNMENT AND ASSUMPTION OF MEMBERSHIP INTERESTS (this “**Assignment**”) is entered into as of the 1st day of November, 2022 (the “**Effective Date**”), by and between Anacapa CA LLC, a California limited liability company (“**Assignor**”), and HT Red LLC, a Delaware limited liability company (“**Assignee**”).

WHEREAS, Assignor is the owner of a thirty-three and seventy-five one-thousandths percent (33.075%) membership interest (the “**Assigned Interest**”) in Sapphire Enterprises, LLC, a California limited liability company (the “**Company**”); and

WHEREAS, pursuant to that certain Membership Interest Purchase Agreement, dated as of November 1, 2022 (the “**Purchase Agreement**”), by and among Assignee, Assignor, the Buyer Parent, and the other seller party thereto, Assignor has agreed to sell, convey, transfer, assign and deliver to Assignee, and Assignee has agreed to purchase from Assignor and assume and accept the liabilities associated with, the Assigned Interest, in each case subject to the terms and conditions of the Purchase Agreement;

WHEREAS, Assignor desires to assign, transfer, and sell to Assignee its Assigned Interest in the Company, together with all other interest of Assignor in and to the Company; and

WHEREAS, capitalized terms used but not identified herein shall have the meanings ascribed to them in the Purchase Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, terms, and conditions set forth in this Assignment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Assignment.** Assignor hereby sells, conveys, transfers, assigns and delivers to Assignee all of the Assignor’s right, title, and interest in and to the Assigned Interest, and Assignee hereby agrees to such sale, conveyance, transfer, assignment and delivery and accepts the Assigned Interest.

2. **Assumption.** Assignee hereby assumes and agrees to pay, perform, pay and discharge when due any and all liabilities based upon, arising out of or in connection with, or related in any manner to, the Assigned Interests as contemplated by the Purchase Agreement.

3. **Substitution as Member.** From and after the Effective Date, Assignee shall be substituted for Assignor as a member of the Company with respect to the Assigned Interests and shall become the sole member of the Company, and Assignor shall cease to be a member of the Company and shall cease to have or exercise any right or power as a member thereof or with respect to the Assigned Interests. Notwithstanding anything in the Company’s organizational documents to the contrary, the consummation of the transactions contemplated by this Assignment shall not cause the dissolution of the Company, and the Company’s business shall continue from and after the Effective Date.

1

4. **Purchase Agreement.** This Assignment is subject to, in all respects, the terms and conditions of the Purchase Agreement, and nothing contained in this Assignment is meant to enlarge, diminish, or otherwise alter the terms and conditions of the Purchase Agreement or the Parties’ respective rights, duties, liabilities and obligations contained therein. To the extent there is a conflict between this Assignment and the Purchase Agreement, the terms of the Purchase Agreement shall control.

5. **Further Assurances.** From time to time after the Effective Date, at either Party’s written request and without further consideration, the other Party shall execute and deliver to such Party such other instruments of sale, transfer, conveyance, assignment, and confirmation and provide such materials and information and take such other actions as such Party may reasonably request in writing in order to consummate the transactions contemplated by this Assignment.

6. **Amendments and Modifications.** This Assignment may not be modified or amended in any manner other than by a written agreement signed by the party to be charged.

7. **Assignment; Binding Effect.** This Assignment shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. No Party may assign this Assignment or any of its rights, interests, or obligations hereunder without the express prior written consent of the other Party, and any attempted assignment without such consent shall be null and void *ab initio*.

8. **Governing Law.**

a. This Assignment and any controversy arising out of or relating to this Assignment shall be governed by, and construed in accordance with, the Laws of the State of California, regardless of the Laws that might otherwise govern under applicable principles of conflicts of law. Each Party (i) submits to the jurisdiction of any court sitting in Los Angeles County, State of California in any action or proceeding arising out of or relating to this Assignment (including any action or proceeding for the enforcement of any arbitral award made in connection with any arbitration of a dispute hereunder), (ii) agrees that all claims in respect of such action or proceeding may be heard and determined in any such court, (iii) waives any claim of inconvenient forum or other challenge to venue in such court, and (iv) agrees not to bring any action or proceeding arising out of or relating to this Assignment in any other court. Each Party agrees to accept service of any summons, complaint or other initial pleading made in the manner provided for the giving of notices in Section 9.1 of the Purchase Agreement; provided, that nothing in this paragraph 8 shall affect the right of any Party to serve such summons, complaint or other initial pleading in any other manner permitted by Law.

b. THE PARTIES TO THIS ASSIGNMENT EACH HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION (I) ARISING UNDER THIS ASSIGNMENT OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES IN RESPECT OF THIS ASSIGNMENT OR ANY OF THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT THE PARTIES MAY FILE A COPY OF THIS ASSIGNMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

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9. **Counterparts.** This Assignment may be executed in several counterparts (including facsimile or other electronic transmission), each of which shall be deemed an original and all of which shall together constitute one and the same instrument. This Assignment shall become effective when each Party shall have received a counterpart hereof signed by all of the other Parties. Until and unless each Party has received a counterpart hereof signed by the other Parties, this Assignment shall have no effect and no Party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication).

10. **Defined Terms.** Capitalized terms used herein, but not otherwise defined shall have the meanings ascribed to such terms in the Purchase Agreement.

11. **Deed; Bill of Sale; Assignment.** To the extent required and permitted by applicable law, this Assignment shall also constitute a “deed,” “bill of sale” or an

“assignment” of the Assigned Interests.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date set forth above.

ASSIGNOR:

ANACAPA CA LLC

By: _____

Name: Jordan Lams

Title: Chief Executive Officer

ASSIGNEE:

HT RED LLC

By: _____

Name: Paul Henderson

Title: Chief Executive Officer

[Signature Page to Assignment and Assumption of Membership Interests]

HIGHTIMES HOLDING CORP

November 1, 2022

Anacapa CA, LLC
Attn: Jordan Lams (jordan@enjoymoxie.com)

Re: Letter Agreement.

Dear Jordan Lams:

This letter agreement (the "**Letter Agreement**") is being issued in connection with the transactions between HT RED LLC, a Delaware limited liability company ("**Buyer**"), HIGHTIMES HOLDING CORP., a Delaware corporation ("**Buyer Parent**" and, together with Buyer, the "**Buyer Parties**"), and ANACAPA CA LLC, a California limited liability company ("**Seller**" and together with Buyer, the "**Parties**"), with respect to the purchase by Buyer of 100% of the membership interests of Pure CA LLC, a California limited liability company (the "**Company**"), including the following:

- The transfer by Seller to Buyer of membership interests equal to a total of 100% of the fully diluted equity of the Company in the Second Closing pursuant to that certain Membership Interest Purchase Agreement dated as of November 1, 2022 (the "**ETA**");
- The engagement by the Company of Buyer to perform certain services in exchange for certain compensation pursuant to that certain Management Services Agreement dated as of November 1, 2022 (the "**MSA**" and together with this Letter Agreement and the ETA, the "**Transaction Documents**").

In addition to all other agreements, representations, warranties and obligations set forth in the Transaction Documents, the Parties hereby agree as follows:

1. Indemnification. Notwithstanding anything to the contrary in the Transaction Documents, from and after the First Closing (as defined in the ETA), Buyer Parties shall indemnify and defend Seller, Company and their Representatives (as defined in the ETA, collectively the, "**Indemnified Parties**") against, and will hold it harmless from and against, and will pay and reimburse it for, any and all losses, damages, liabilities, deficiencies, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees ("**Losses**") incurred or sustained by, or imposed upon, Indemnified Parties based upon, arising out of, with respect to or by reason of, arising from its membership interest or manager status in the Company; including, without limitation: (i) any taxes of the Company for any time period following the First Closing (as defined in the ETA) owed by Indemnified Parties arising from its continuing membership interest in the Company; (ii) any expenses or liabilities of the Company that Indemnified Parties incur solely arising from its membership interest or status as manager in the Company; and/or (iii) any actions taken by Indemnified Parties on behalf of the Company at the written direction of Buyer Parties.

2. Miscellaneous.

- Binding Agreement. The Parties agree that this Letter Agreement constitutes a valid and binding obligation of the Parties, enforceable against the Parties in accordance with its terms. The Parties hereby further agree that the other Transaction Documents are binding and enforceable agreements, and that unless otherwise provided herein, nothing in this Letter Agreement is intended to amend, waive, and/or modify any of the rights, obligations, representations, and/or warranties set forth in the other Transaction Documents. Notwithstanding the foregoing, in the event of a direct conflict between this Letter Agreement and the other Transaction Documents, the Letter Agreement shall govern and take priority.
-
- Amendments. This Letter Agreement may not be amended or modified in any respect other than pursuant to a written instrument executed by each of the Parties hereto.
 - Entire Agreement. This Letter Agreement and the Transaction Documents set forth the entire understanding of the Parties with respect to the subject matter hereof and supersede all prior agreements, written or oral, of the Parties hereto, and shall not be modified or affected by any offer, proposal, statement or representation, oral or written, made by or for any party in connection with the negotiation of the terms hereof. Except as otherwise expressly set forth herein, the Parties acknowledge and agree that each Party is liable solely for its obligations as specifically stated in this Letter Agreement and not for the obligations of any other Party hereto.
 - Reformation. If this Agreement or any resulting agreements would cause the Parties or any of their respective affiliates to face any enforcement actions from any state governmental or regulatory body, including, but not limited to, the loss or potential loss of the License (as defined in the EPA), the Parties will in good faith attempt to reform this Agreement or any resulting agreement to the extent possible to achieve the purpose and intent hereof.
 - Severability. If any provision of this Letter Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Letter Agreement will remain in full force and effect. Any provision of this Letter Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.
 - Further Actions. Subject to the terms and conditions of this Agreement, each Party hereto shall execute and deliver such certificates and other documents and take such actions as may reasonably be requested by any other party in order to effect the transactions contemplated by this Letter Agreement.
 - Assignment; Successors. No Party may assign this agreement or their rights or obligations hereunder, without the prior written consent of the other Party, and any attempt to assign this Letter Agreement without such consent shall be void and of no effect. This Letter Agreement shall inure to the benefit of, and be binding on and enforceable against, the Parties and their respective heirs, successors and permitted assigns.
 - No Strict Construction; Headings. The language used in this Letter Agreement shall be deemed to be the language chosen by the Parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any person. The headings contained in this Letter Agreement are for purposes of convenience only and shall not affect the meaning or interpretation of this Letter Agreement.
 - Expenses. Each Party will bear its respective fees and expenses incurred in connection with the preparation, negotiation, execution, and performance of this Letter Agreement and the consummation and performance of the transactions contemplated hereby.

- Governing Law; Arbitration; Attorneys' Fees.

- i. This Letter Agreement and the legal relations between the Parties hereto shall be governed by and construed in accordance with the Laws of the State of California, without giving effect to any law or rule that would cause the Laws of any jurisdiction other than the State of California to be applied.
- ii. Each Party expressly waives any defense against the enforcement of this Letter Agreement or any dispute or claim arising hereunder or thereunder which it may have by reason of (i) illegality under any federal law, or (ii) this Letter Agreement being contrary to public policy, and each party hereby agrees not to raise any such defense or any similar defense with respect to any dispute, claim or judicial proceeding arising out of this Letter Agreement.
- iii. Any dispute, controversy or claim arising out of or relating to this Letter Agreement or any of the transactions contemplated herein will be finally settled by binding arbitration in the State of California in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association by one arbitrator appointed in accordance with said rules. The arbitrator shall apply California Law to the resolution of any dispute, without reference to rules of conflicts of law or rules of statutory arbitration. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Notwithstanding the foregoing, the Parties may apply to any court of competent jurisdiction for preliminary or interim equitable relief, or to compel arbitration in accordance with this paragraph. The expenses of the arbitration, including the arbitrator's fees and expert witness fees, incurred by the Parties to the arbitration, may be awarded to the prevailing Party, in the discretion of the arbitrator, or may be apportioned between the Parties in any manner deemed appropriate by the arbitrator. Unless and until the arbitrator decides that one Party is to pay for all (or a share) of such expenses, both parties shall share equally in the payment of the arbitrator's fees as and when billed by the arbitrator. The term "prevailing party," means the party in whose favor final judgment by the arbitrator is rendered with respect to the dispute, controversy or claim asserted.
- iv. Waiver of Jury Trial. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS OPTION AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS OPTION AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.
- v. Specific Performance. The Parties acknowledge and agree irreparable damage would occur in the event that any of the provisions of this Letter Agreement were not performed in accordance with its specific terms or were otherwise breached. Accordingly, the Parties agree that, in addition to any other right or remedy to which a party may be entitled at Law or in equity, they each shall be entitled to enforce any provision of this Option Agreement by a decree of specific performance and to obtain temporary, preliminary and permanent injunctive relief.

3

- k. Confidentiality. The Parties shall, and shall cause their affiliates to, hold, and shall use commercially reasonable efforts to cause its representatives to hold, in confidence any and all information, whether written or oral, concerning the Company and this Letter Agreement, except to the extent that the disclosing party can show that such information (a) is generally available to and known by the public through no fault of such disclosing party, any of its affiliates or their respective representatives; or (b) is lawfully acquired by the disclosing party, any of its affiliates or their respective representatives from and after the date hereof from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation.
- l. Counterparts; Delivery. This Letter Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Letter Agreement may be executed and delivered by email or other electronic transmission (including portable document format (.pdf) or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) and delivery of the signature page by such method will be deemed to have the same effect as if the original signature had been delivered to the other parties.

[Signature Page Follows]

4

Sincerely,

Hightimes Holding Corp
("Buyer Parent")

By: /s/ Paul Henderson
Name: Paul Henderson
Title: Chief Executive Officer

HT Red LLC
("Buyer")

By: /s/ Paul Henderson
Name: Paul Henderson
Title: Chief Executive Officer

ACCEPTED AND AGREED TO as of the date first written above:

Anacapa CA LLC
("Seller")

By: /s/ Jordan Lams
Name: Jordan Lams
Title: Chief Executive Officer

Letter Agreement Signature Page

HIGHTIMES HOLDING CORP

November 1, 2022

Anacapa CA, LLC
 Attn: Jordan Lams (jordan@enjoymoxie.com)

Re: Letter Agreement.

Dear Jordan Lams:

This letter agreement (the "**Letter Agreement**") is being issued in connection with the transactions between HT RED LLC, a Delaware limited liability company ("**Buyer**"), HIGHTIMES HOLDING CORP., a Delaware corporation ("**Buyer Parent**" and, together with Buyer, the "**Buyer Parties**"), and Anacapa CA LLC, a California limited liability company ("**Seller**" and together with Buyer, the "**Parties**"), with respect to the purchase by Buyer of 100% of the membership interests of Pure Calaveras LLC, a California limited liability company (the "**Company**"), including the following:

- The transfer by Seller to Buyer of membership interests equal to a total of 100% of the fully diluted equity of the Company in the Second Closing pursuant to that certain Membership Interest Purchase Agreement dated as of November 1, 2022 (the "**ETA**");
- The engagement by the Company of Buyer to perform certain services in exchange for certain compensation pursuant to that certain Management Services Agreement dated as of November 1, 2022 (the "**MSA**" and together with this Letter Agreement and the ETA, the "**Transaction Documents**").

In addition to all other agreements, representations, warranties and obligations set forth in the Transaction Documents, the Parties hereby agree as follows:

1. Indemnification. Notwithstanding anything to the contrary in the Transaction Documents, from and after the First Closing (as defined in the ETA), Buyer Parties shall indemnify and defend Seller, Company and their Representatives (as defined in the ETA, collectively the, "**Indemnified Parties**") against, and will hold it harmless from and against, and will pay and reimburse it for, any and all losses, damages, liabilities, deficiencies, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees ("**Losses**") incurred or sustained by, or imposed upon, Indemnified Parties based upon, arising out of, with respect to or by reason of, arising from its membership interest or manager status in the Company; including, without limitation: (i) any taxes of the Company for any time period following the First Closing (as defined in the ETA) owed by Indemnified Parties arising from its continuing membership interest in the Company; (ii) any expenses or liabilities of the Company that Indemnified Parties incur solely arising from its membership interest or status as manager in the Company; and/or (iii) any actions taken by Indemnified Parties on behalf of the Company at the written direction of Buyer Parties.

2. Miscellaneous.

- a. Binding Agreement. The Parties agree that this Letter Agreement constitutes a valid and binding obligation of the Parties, enforceable against the Parties in accordance with its terms. The Parties hereby further agree that the other Transaction Documents are binding and enforceable agreements, and that unless otherwise provided herein, nothing in this Letter Agreement is intended to amend, waive, and/or modify any of the rights, obligations, representations, and/or warranties set forth in the other Transaction Documents. Notwithstanding the foregoing, in the event of a direct conflict between this Letter Agreement and the other Transaction Documents, the Letter Agreement shall govern and take priority.

1

- b. Amendments. This Letter Agreement may not be amended or modified in any respect other than pursuant to a written instrument executed by each of the Parties hereto.
- c. Entire Agreement. This Letter Agreement and the Transaction Documents set forth the entire understanding of the Parties with respect to the subject matter hereof and supersede all prior agreements, written or oral, of the Parties hereto, and shall not be modified or affected by any offer, proposal, statement or representation, oral or written, made by or for any party in connection with the negotiation of the terms hereof. Except as otherwise expressly set forth herein, the Parties acknowledge and agree that each Party is liable solely for its obligations as specifically stated in this Letter Agreement and not for the obligations of any other Party hereto.
- d. Reformation. If this Agreement or any resulting agreements would cause the Parties or any of their respective affiliates to face any enforcement actions from any state governmental or regulatory body, including, but not limited to, the loss or potential loss of the License (as defined in the EPA), the Parties will in good faith attempt to reform this Agreement or any resulting agreement to the extent possible to achieve the purpose and intent hereof.
- e. Severability. If any provision of this Letter Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Letter Agreement will remain in full force and effect. Any provision of this Letter Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.
- f. Further Actions. Subject to the terms and conditions of this Agreement, each Party hereto shall execute and deliver such certificates and other documents and take such actions as may reasonably be requested by any other party in order to effect the transactions contemplated by this Letter Agreement.
- g. Assignment; Successors. No Party may assign this agreement or their rights or obligations hereunder, without the prior written consent of the other Party, and any attempt to assign this Letter Agreement without such consent shall be void and of no effect. This Letter Agreement shall inure to the benefit of, and be binding on and enforceable against, the Parties and their respective heirs, successors and permitted assigns.
- h. No Strict Construction; Headings. The language used in this Letter Agreement shall be deemed to be the language chosen by the Parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any person. The headings contained in this Letter Agreement are for purposes of convenience only and shall not affect the meaning or interpretation of this Letter Agreement.
- i. Expenses. Each Party will bear its respective fees and expenses incurred in connection with the preparation, negotiation, execution, and performance of this Letter Agreement and the consummation and performance of the transactions contemplated hereby.

2

- j. Governing Law; Arbitration; Attorneys' Fees.

- i. This Letter Agreement and the legal relations between the Parties hereto shall be governed by and construed in accordance with the Laws of the State of California, without giving effect to any law or rule that would cause the Laws of any jurisdiction other than the State of California to be applied.
- ii. Each Party expressly waives any defense against the enforcement of this Letter Agreement or any dispute or claim arising hereunder or thereunder which it may have by reason of (i) illegality under any federal law, or (ii) this Letter Agreement being contrary to public policy, and each party hereby agrees not to raise any such defense or any similar defense with respect to any dispute, claim or judicial proceeding arising out of this Letter Agreement.
- iii. Any dispute, controversy or claim arising out of or relating to this Letter Agreement or any of the transactions contemplated herein will be finally settled by binding arbitration in the State of California in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association by one arbitrator appointed in accordance with said rules. The arbitrator shall apply California Law to the resolution of any dispute, without reference to rules of conflicts of law or rules of statutory arbitration. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Notwithstanding the foregoing, the Parties may apply to any court of competent jurisdiction for preliminary or interim equitable relief, or to compel arbitration in accordance with this paragraph. The expenses of the arbitration, including the arbitrator's fees and expert witness fees, incurred by the Parties to the arbitration, may be awarded to the prevailing Party, in the discretion of the arbitrator, or may be apportioned between the Parties in any manner deemed appropriate by the arbitrator. Unless and until the arbitrator decides that one Party is to pay for all (or a share) of such expenses, both parties shall share equally in the payment of the arbitrator's fees as and when billed by the arbitrator. The term "prevailing party" means the party in whose favor final judgment by the arbitrator is rendered with respect to the dispute, controversy or claim asserted.
- iv. Waiver of Jury Trial. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS OPTION AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS OPTION AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.
- v. Specific Performance. The Parties acknowledge and agree irreparable damage would occur in the event that any of the provisions of this Letter Agreement were not performed in accordance with its specific terms or were otherwise breached. Accordingly, the Parties agree that, in addition to any other right or remedy to which a party may be entitled at Law or in equity, they each shall be entitled to enforce any provision of this Option Agreement by a decree of specific performance and to obtain temporary, preliminary and permanent injunctive relief.
- k. Confidentiality. The Parties shall, and shall cause their affiliates to, hold, and shall use commercially reasonable efforts to cause its representatives to hold, in confidence any and all information, whether written or oral, concerning the Company and this Letter Agreement, except to the extent that the disclosing party can show that such information (a) is generally available to and known by the public through no fault of such disclosing party, any of its affiliates or their respective representatives; or (b) is lawfully acquired by the disclosing party, any of its affiliates or their respective representatives from and after the date hereof from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation.
- l. Counterparts; Delivery. This Letter Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Letter Agreement may be executed and delivered by email or other electronic transmission (including portable document format (.pdf) or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) and delivery of the signature page by such method will be deemed to have the same effect as if the original signature had been delivered to the other parties.

[Signature Page Follows]

3

Sincerely,

Hightimes Holding Corp
("Buyer Parent")

By: /s/ Paul Henderson
Name: Paul Henderson
Title: Chief Executive Officer

HT Red LLC
("Buyer")

By: /s/ Paul Henderson
Name: Paul Henderson
Title: Chief Executive Officer

ACCEPTED AND AGREED TO as of the date first written above:

Anacapa CA LLC
("Seller")

By: /s/ Jordan Lams
Name: Jordan Lams
Title: Chief Executive Officer

Letter Agreement Signature Page

HIGHTIMES HOLDING CORP

November 1, 2022

MXY Ancillary Holdings LLC
Attn: Jordan Lams (jordan@enjoymoxie.com)

Re: Letter Agreement.

Dear Jordan Lams:

This letter agreement (the “**Letter Agreement**”) is being issued in connection with the transactions between HT RED LLC, a Delaware limited liability company (“**Buyer**”), HIGHTIMES HOLDING CORP., a Delaware corporation (“**Buyer Parent**” and, together with Buyer, the “**Buyer Parties**”), and MXY ANCILLARY HOLDINGS LLC, a Nevada limited liability company (“**Seller**” and together with Buyer, the “**Parties**”), with respect to the purchase by Buyer of 100% of the membership interests of MXY Property Holdings LLC, a Nevada limited liability company (the “**Company**”), including the following:

- The transfer by Seller to Buyer of membership interests equal to a total of 100% of the fully diluted equity of the Company in the Second Closing pursuant to that certain Membership Interest Purchase Agreement dated as of November 1, 2022 (the “**ETA**”);
- The engagement by the Company of Buyer to perform certain services in exchange for certain compensation pursuant to that certain Management Services Agreement dated as of November 1, 2022 (the “**MSA**” and together with this Letter Agreement and the ETA, the “**Transaction Documents**”).

In addition to all other agreements, representations, warranties and obligations set forth in the Transaction Documents, the Parties hereby agree as follows:

1. Indemnification. Notwithstanding anything to the contrary in the Transaction Documents, from and after the First Closing (as defined in the ETA), Buyer Parties shall indemnify and defend Seller, Company and their Representatives (as defined in the ETA, collectively the, “**Indemnified Parties**”) against, and will hold it harmless from and against, and will pay and reimburse it for, any and all losses, damages, liabilities, deficiencies, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys’ fees (“**Losses**”) incurred or sustained by, or imposed upon, Indemnified Parties based upon, arising out of, with respect to or by reason of, arising from its membership interest or manager status in the Company; including, without limitation: (i) any taxes of the Company for any time period following the First Closing (as defined in the ETA) owed by Indemnified Parties arising from its continuing membership interest in the Company; (ii) any expenses or liabilities of the Company that Indemnified Parties incur solely arising from its membership interest or status as manager in the Company; and/or (iii) any actions taken by Indemnified Parties on behalf of the Company at the written direction of Buyer Parties.

2. Miscellaneous.

- a. Binding Agreement. The Parties agree that this Letter Agreement constitutes a valid and binding obligation of the Parties, enforceable against the Parties in accordance with its terms. The Parties hereby further agree that the other Transaction Documents are binding and enforceable agreements, and that unless otherwise provided herein, nothing in this Letter Agreement is intended to amend, waive, and/or modify any of the rights, obligations, representations, and/or warranties set forth in the other Transaction Documents. Notwithstanding the foregoing, in the event of a direct conflict between this Letter Agreement and the other Transaction Documents, the Letter Agreement shall govern and take priority.
-
- b. Amendments. This Letter Agreement may not be amended or modified in any respect other than pursuant to a written instrument executed by each of the Parties hereto.
 - c. Entire Agreement. This Letter Agreement and the Transaction Documents set forth the entire understanding of the Parties with respect to the subject matter hereof and supersede all prior agreements, written or oral, of the Parties hereto, and shall not be modified or affected by any offer, proposal, statement or representation, oral or written, made by or for any party in connection with the negotiation of the terms hereof. Except as otherwise expressly set forth herein, the Parties acknowledge and agree that each Party is liable solely for its obligations as specifically stated in this Letter Agreement and not for the obligations of any other Party hereto.
 - d. Reformation. If this Agreement or any resulting agreements would cause the Parties or any of their respective affiliates to face any enforcement actions from any state governmental or regulatory body, including, but not limited to, the loss or potential loss of the License (as defined in the EPA), the Parties will in good faith attempt to reform this Agreement or any resulting agreement to the extent possible to achieve the purpose and intent hereof.
 - e. Severability. If any provision of this Letter Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Letter Agreement will remain in full force and effect. Any provision of this Letter Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.
 - f. Further Actions. Subject to the terms and conditions of this Agreement, each Party hereto shall execute and deliver such certificates and other documents and take such actions as may reasonably be requested by any other party in order to effect the transactions contemplated by this Letter Agreement.
 - g. Assignment; Successors. No Party may assign this agreement or their rights or obligations hereunder, without the prior written consent of the other Party, and any attempt to assign this Letter Agreement without such consent shall be void and of no effect. This Letter Agreement shall inure to the benefit of, and be binding on and enforceable against, the Parties and their respective heirs, successors and permitted assigns.
 - h. No Strict Construction; Headings. The language used in this Letter Agreement shall be deemed to be the language chosen by the Parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any person. The headings contained in this Letter Agreement are for purposes of convenience only and shall not affect the meaning or interpretation of this Letter Agreement.
 - i. Expenses. Each Party will bear its respective fees and expenses incurred in connection with the preparation, negotiation, execution, and performance of this Letter Agreement and the consummation and performance of the transactions contemplated hereby.

- j. Governing Law; Arbitration; Attorneys’ Fees.

- i. This Letter Agreement and the legal relations between the Parties hereto shall be governed by and construed in accordance with the Laws of the State of California, without giving effect to any law or rule that would cause the Laws of any jurisdiction other than the State of California to be applied.
- ii. Each Party expressly waives any defense against the enforcement of this Letter Agreement or any dispute or claim arising hereunder or thereunder which it may have by reason of (i) illegality under any federal law, or (ii) this Letter Agreement being contrary to public policy, and each party hereby agrees not to raise any such defense or any similar defense with respect to any dispute, claim or judicial proceeding arising out of this Letter Agreement.
- iii. Any dispute, controversy or claim arising out of or relating to this Letter Agreement or any of the transactions contemplated herein will be finally settled by binding arbitration in the State of California in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association by one arbitrator appointed in accordance with said rules. The arbitrator shall apply California Law to the resolution of any dispute, without reference to rules of conflicts of law or rules of statutory arbitration. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Notwithstanding the foregoing, the Parties may apply to any court of competent jurisdiction for preliminary or interim equitable relief, or to compel arbitration in accordance with this paragraph. The expenses of the arbitration, including the arbitrator's fees and expert witness fees, incurred by the Parties to the arbitration, may be awarded to the prevailing Party, in the discretion of the arbitrator, or may be apportioned between the Parties in any manner deemed appropriate by the arbitrator. Unless and until the arbitrator decides that one Party is to pay for all (or a share) of such expenses, both parties shall share equally in the payment of the arbitrator's fees as and when billed by the arbitrator. The term "prevailing party" means the party in whose favor final judgment by the arbitrator is rendered with respect to the dispute, controversy or claim asserted.
- iv. Waiver of Jury Trial. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS OPTION AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS OPTION AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.
- v. Specific Performance. The Parties acknowledge and agree irreparable damage would occur in the event that any of the provisions of this Letter Agreement were not performed in accordance with its specific terms or were otherwise breached. Accordingly, the Parties agree that, in addition to any other right or remedy to which a party may be entitled at Law or in equity, they each shall be entitled to enforce any provision of this Option Agreement by a decree of specific performance and to obtain temporary, preliminary and permanent injunctive relief.

3

- k. Confidentiality. The Parties shall, and shall cause their affiliates to, hold, and shall use commercially reasonable efforts to cause its representatives to hold, in confidence any and all information, whether written or oral, concerning the Company and this Letter Agreement, except to the extent that the disclosing party can show that such information (a) is generally available to and known by the public through no fault of such disclosing party, any of its affiliates or their respective representatives; or (b) is lawfully acquired by the disclosing party, any of its affiliates or their respective representatives from and after the date hereof from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation.
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[Signature Page Follows]

4

Sincerely,

Hightimes Holding Corp
("Buyer Parent")

By: /s/ Paul Henderson
Name: Paul Henderson
Title: Chief Executive Officer

HT Red LLC
("Buyer")

By: /s/ Paul Henderson
Name: Paul Henderson
Title: Chief Executive Officer

ACCEPTED AND AGREED TO as of the date first written above:

MXV Ancillary Holdings
("Seller")

By: /s/ Jordan Lams
Name: Jordan Lams
Title: Chief Executive Officer

Letter Agreement Signature Page

HIGHTIMES HOLDING CORP

November 1, 2022

MXY Holdings Inc.
 Anacapa CA LLC
 Attn: Jordan Lams (jordan@enjoymoxie.com)

Re: Letter Agreement.

Dear Jordan Lams:

This letter agreement (the "**Letter Agreement**") is being issued in connection with the transactions between HT RED LLC, a Delaware limited liability company ("**Buyer**"), HIGHTIMES HOLDING CORP., a Delaware corporation ("**Buyer Parent**" and, together with Buyer, the "**Buyer Parties**"), ANACAPA CA LLC, a California limited liability company ("**Anacapa**"), and MXY Holdings Inc., a Delaware corporation (together with Anacapa, "**Sellers**" and together with Buyer, the "**Parties**"), with respect to the purchase by Buyer of 100% of the membership interests of Sapphire Enterprises, LLC, a California limited liability company (the "**Company**"), including the following:

- The transfer by Sellers and the other members of the Company to Buyer of membership interests equal to a total of 100% of the fully diluted equity of the Company in the Second Closing pursuant to that certain Membership Interest Purchase Agreement dated as of November 1, 2022 (the "**ETA**");
- The engagement by the Company of Buyer to perform certain services in exchange for certain compensation pursuant to that certain Management Services Agreement dated as of November 1, 2022 (the "**MSA**" and together with this Letter Agreement and the ETA, the "**Transaction Documents**").

In addition to all other agreements, representations, warranties and obligations set forth in the Transaction Documents, the Parties hereby agree as follows:

1. Indemnification. Notwithstanding anything to the contrary in the Transaction Documents, from and after the First Closing (as defined in the ETA), Buyer Parties shall indemnify and defend Seller, Company and their Representatives (as defined in the ETA, collectively the, "**Indemnified Parties**") against, and will hold it harmless from and against, and will pay and reimburse it for, any and all losses, damages, liabilities, deficiencies, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees ("**Losses**") incurred or sustained by, or imposed upon, Indemnified Parties based upon, arising out of, with respect to or by reason of, arising from its membership interest or manager status in the Company; including, without limitation: (i) any taxes of the Company for any time period following the First Closing (as defined in the ETA) owed by Indemnified Parties arising from its continuing membership interest in the Company; (ii) any expenses or liabilities of the Company that Indemnified Parties incur solely arising from its membership interest or status as manager in the Company; and/or (iii) any actions taken by Indemnified Parties on behalf of the Company at the written direction of Buyer Parties.

1

2. Miscellaneous.

- a. Binding Agreement. The Parties agree that this Letter Agreement constitutes a valid and binding obligation of the Parties, enforceable against the Parties in accordance with its terms. The Parties hereby further agree that the other Transaction Documents are binding and enforceable agreements, and that unless otherwise provided herein, nothing in this Letter Agreement is intended to amend, waive, and/or modify any of the rights, obligations, representations, and/or warranties set forth in the other Transaction Documents. Notwithstanding the foregoing, in the event of a direct conflict between this Letter Agreement and the other Transaction Documents, the Letter Agreement shall govern and take priority.
- b. Amendments. This Letter Agreement may not be amended or modified in any respect other than pursuant to a written instrument executed by each of the Parties hereto.
- c. Entire Agreement. This Letter Agreement and the Transaction Documents set forth the entire understanding of the Parties with respect to the subject matter hereof and supersede all prior agreements, written or oral, of the Parties hereto, and shall not be modified or affected by any offer, proposal, statement or representation, oral or written, made by or for any party in connection with the negotiation of the terms hereof. Except as otherwise expressly set forth herein, the Parties acknowledge and agree that each Party is liable solely for its obligations as specifically stated in this Letter Agreement and not for the obligations of any other Party hereto.
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2

j. Governing Law; Arbitration; Attorneys' Fees.

- i. This Letter Agreement and the legal relations between the Parties hereto shall be governed by and construed in accordance with the Laws of the State of California, without giving effect to any law or rule that would cause the Laws of any jurisdiction other than the State of California to be applied.
- ii. Each Party expressly waives any defense against the enforcement of this Letter Agreement or any dispute or claim arising hereunder or thereunder which it may have by reason of (i) illegality under any federal law, or (ii) this Letter Agreement being contrary to public policy, and each party hereby agrees not to raise any such defense or any similar defense with respect to any dispute, claim or judicial proceeding arising out of this Letter Agreement.
- iii. Any dispute, controversy or claim arising out of or relating to this Letter Agreement or any of the transactions contemplated herein will be finally settled by binding arbitration in the State of California in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association by one arbitrator appointed in accordance with said rules. The arbitrator shall apply California Law to the resolution of any dispute, without reference to rules of conflicts of law or rules of statutory arbitration. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Notwithstanding the foregoing, the Parties may apply to any court of competent jurisdiction for preliminary or interim equitable relief, or to compel arbitration in accordance with this paragraph. The expenses of the arbitration, including the arbitrator's fees and expert witness fees, incurred by the Parties to the arbitration, may be awarded to the prevailing Party, in the discretion of the arbitrator, or may be apportioned between the Parties in any manner deemed appropriate by the arbitrator. Unless and until the arbitrator decides that one Party is to pay for all (or a share) of such expenses, both parties shall share equally in the payment of the arbitrator's fees as and when billed by the arbitrator. The term "prevailing party" means the party in whose favor final judgment by the arbitrator is rendered with respect to the dispute, controversy or claim asserted.
- iv. Waiver of Jury Trial. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS OPTION AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS OPTION AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.
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[Signature Page Follows]

Sincerely,

Hightimes Holding Corp
("Buyer Parent")

By: /s/ Paul Henderson
Name: Paul Henderson
Title: Chief Executive Officer

HT Red LLC
("Buyer")

By: /s/ Paul Henderson
Name: Paul Henderson
Title: Chief Executive Officer

ACCEPTED AND AGREED TO as of the date first written above:

Anacapa CA LLC
("Anacapa")

By: /s/ Jordan Lams
Name: Jordan Lams
Title: Chief Executive Officer

MXV Holdings Inc.
("Seller")

By: /s/ Jordan Lams
Name: Jordan Lams
Title: Chief Executive Officer

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this “**Agreement**”), is made and entered into as of November 1, 2022, by and among Hightimes Holding Corp., a Delaware corporation (“**HTHC**”), HT Red LLC, a Delaware limited liability company and wholly-owned subsidiary of HTHC (“**Buyer**”), MXY Holdings Inc., a Delaware corporation (“**MXY Holdings**”), Anacapa CA LLC, a California limited liability company (“**Anacapa**”), MXY Ancillary Holdings, LLC, a Nevada limited liability company (“**MXY Ancillary**”); MXY License Holdings, LLC, a California limited liability company (“**MXY License**”), and SMB Law Group LLP, a Texas limited liability partnership, as escrow agent (the “**Escrow Agent**”). Each of HTHC, Buyer, MXY Holdings, Anacapa, MXY Ancillary, and MXY License shall from time to time be referred to herein individually as a “**Party**” or, collectively, the “**Parties**”.

WHEREAS, HTHC, Buyer, and Anacapa have entered into: (i) that certain Membership Interest Purchase Agreement (the “**Pure CA MIPA**”), dated November 1, 2022, with respect to the sale of 100% of the membership interests in Pure CA, LLC, a California limited liability company (“**Pure CA**”); and (ii) that certain Membership Interest Purchase Agreement (the “**Calaveras MIPA**”), dated November 1, 2022, with respect to the sale of 100% of the membership interests in Pure Calaveras, LLC, a California limited liability company (the “**Calaveras**”);

WHEREAS, HTHC, Buyer, and MXY Ancillary have entered into that certain Membership Interest Purchase Agreement (the “**MLK MIPA**”), dated November 1, 2022, with respect to the sale of 100% of the membership interests in MXY Property Holdings, LLC, a Nevada limited liability company (the “**MLK**”);

WHEREAS, HTHC, Buyer, Anacapa and MXY License have entered into that certain Membership Interest Purchase Agreement, dated November 1, 2022, with respect to the sale of 100% of the membership interests in Sapphire Enterprises LLC, a California limited liability company (the “**Sapphire MIPA**”)

WHEREAS, Pure CA and Seven Ten Holdings, LLC, a Nevada limited liability company (“**Seven Ten**”), have entered into that certain License to Use Brand Agreement, dated as of November 1, 2022 (the “**License Agreement**” and, together with the Pure CA MIPA, the Calaveras MIPA, the MLK MIPA and the Sapphire MIPA, the “**Transaction Agreements**”);

WHEREAS, pursuant to the Pure CA MIPA, HTHC has agreed to deliver 609,090 shares (the “**Pure CA Equity Consideration**”) of Series A Common Stock, par value \$0.001 per share, of HTHC (“**HTHC Common Stock**”) into escrow with the Escrow Agent, and Anacapa has agreed to deliver a Membership Interest Assignment (the “**Pure CA Interest Assignment**”) with respect to 100% of the membership interests in Pure CA into escrow with the Escrow Agent, in each case pending the Second Closing under the Pure CA MIPA;

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WHEREAS, pursuant to the Calaveras MIPA, HTHC has agreed to deliver 27,272 shares (the “**Calaveras Equity Consideration**”) of HTHC Common Stock into escrow with the Escrow Agent, and Anacapa has agreed to deliver a Membership Interest Assignment with respect to 100% of the membership interests in Calaveras (the “**Calaveras Interest Assignment**”) into escrow with the Escrow Agent, in each case pending the Second Closing under the Calaveras MIPA;

WHEREAS, pursuant to the MLK MIPA, HTHC has agreed to deliver 363,636 shares (the “**MLK Equity Consideration**”) of HTHC Common Stock into escrow with the Escrow Agent, and MXY Ancillary has agreed to deliver a Membership Interest Assignment with respect to 100% of the membership interests in MLK (the “**MLK Interest Assignment**”) into escrow with the Escrow Agent, in each case pending the Second Closing under the MLK MIPA;

WHEREAS, pursuant to the Sapphire MIPA, HTHC has agreed to deliver 272,727 shares (the “**Sapphire Equity Consideration**”) of HTHC Common Stock into escrow with the Escrow Agent, and Anacapa and MXY License has agreed to deliver a Membership Interest Assignment with respect to 84.075% of the membership interests in Sapphire collectively held by Anacapa and MXY License (the “**Sapphire Interest Assignment**”) into escrow with the Escrow Agent, in each case pending the Second Closing under the Sapphire MIPA;

WHEREAS, pursuant to the License Agreement, HTHC has agreed to deliver 90,909 shares (the “**License Equity Consideration**”) of HTHC Common Stock into escrow with the Escrow Agent pending the Second Closing under the Pure CA MIPA;

WHEREAS, the execution and delivery of this Agreement is a condition to the Parties’ obligations under the Purchase Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual and dependent covenants hereinafter set forth, the parties agree as follows:

1. Defined Terms. All capitalized terms used in this Agreement but not otherwise defined herein are given the meanings set forth in the Purchase Agreement.

2. Escrow Deposits.

(a) On the date hereof and contemporaneously with the execution hereof, HTHC shall deposit with the Escrow Agent (i) the Pure CA Equity Consideration, (ii) the Calaveras Equity Consideration, (iii) the MLK Equity Consideration, (iv) the Sapphire Equity Consideration, and (v) the License Equity Consideration (collectively, the “**Escrowed HTHC Shares**”). The Escrow Agent shall promptly acknowledge receipt of electronic copies of the Escrowed HTHC Shares on the date hereof, and thereafter promptly upon receipt of the original share certificates of the Escrowed HTHC Shares. The Escrowed HTHC Shares shall at all times during the term of this Agreement be held in a fireproof safe not accessible to the public. The Escrowed HTHC Shares shall be held by the Escrow Agent in trust and shall not be subject to any lien, attachment, trustee process or any other judicial process of any creditor of any party hereto. The Escrow Agent shall not distribute or release the Escrowed HTHC Shares except in accordance with the express terms and conditions of this Agreement.

(b) On the date hereof and contemporaneously with the execution hereof, (i) Anacapa shall deposit with the Escrow Agent the Pure CA Interest Assignment, and the Calaveras Interest Assignment; (ii) MXY Ancillary shall deposit with the Escrow Agent the MLK Interest Assignment and (iii) Anacapa and MXY License shall deposit with the Escrow Agent the Sapphire Interest Assignment reflecting the assignment of the 84.075% membership interest in Sapphire held collectively by them, with the remaining 15.925% to be delivered by the minority members of Sapphire at the Second Closing (as defined in the Sapphire MIPA) (collectively, the “**Interest Assignments**” and, together with the Escrowed HTHC Shares, the “**Escrowed Property**”). The Escrow Agent shall promptly acknowledge receipt of electronic copies of the Interest Assignments on the date hereof, and thereafter promptly upon receipt of the original Interest Assignments. The Interest Assignments shall at all times during the term of this Agreement be held in a fireproof safe not accessible to the public. The Interest Assignments shall be held by the Escrow Agent in trust and shall not be subject to any lien, attachment, trustee process or any other judicial process of any creditor of any party hereto. The Escrow Agent shall not distribute or release the Interest Assignments except in accordance with the express terms and conditions of this Agreement.

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3. Release of Escrow.

(a) Pure CA Equity Consideration. The Pure CA Equity Consideration shall be released as follows:

(i) The Pure CA Equity Consideration shall be released to the Anacapa upon the consummation of the Second Closing (as defined in the Pure CA MIPA) and in accordance with a joint written instruction in the form attached as Exhibit A signed by each applicable party, a copy of which shall be simultaneously delivered to the Escrow Agent and each of the other Parties hereto.

(ii) In the event that the Pure CA MIPA is terminated in accordance with its terms prior to the consummation of the Second Closing (as defined in the Pure CA MIPA), the Pure CA Equity Consideration shall promptly be returned to HTHC.

(b) Calaveras Equity Consideration. The Calaveras Equity Consideration shall be released as follows:

(i) The Calaveras Equity Consideration shall be released to the Anacapa upon the consummation of the Second Closing (as defined in the Calaveras MIPA) and in accordance with a joint written instruction in the form attached as Exhibit A signed by each applicable party, a copy of which shall be simultaneously delivered to the Escrow Agent and each of the other Parties hereto.

(ii) In the event that the Calaveras MIPA is terminated in accordance with its terms prior to the consummation of the Second Closing (as defined in the Calaveras MIPA), the Calaveras Equity Consideration shall promptly be returned to HTHC.

(c) MLK Equity Consideration. The MLK Equity Consideration shall be released as follows:

(i) The MLK Equity Consideration shall be released to the MXY Ancillary upon the consummation of the Second Closing (as defined in the MLK MIPA) and in accordance with a joint written instruction in the form attached as Exhibit A signed by each applicable party, a copy of which shall be simultaneously delivered to the Escrow Agent and each of the other Parties hereto.

(ii) In the event that the MLK MIPA is terminated in accordance with its terms prior to the consummation of the Second Closing (as defined in the MLK MIPA), the MLK Equity Consideration shall promptly be returned to HTHC.

(d) Sapphire Equity Consideration. The Sapphire Equity Consideration shall be released as follows:

(i) The Sapphire Equity Consideration shall be released to the Anacapa and MXY License upon the consummation of the Second Closing (as defined in the Sapphire MIPA) and in accordance with a joint written instruction in the form attached as Exhibit A signed by each applicable party, a copy of which shall be simultaneously delivered to the Escrow Agent and each of the other Parties hereto.

(ii) In the event that the Sapphire MIPA is terminated in accordance with its terms prior to the consummation of the Second Closing (as defined in the Sapphire MIPA), the Sapphire Equity Consideration shall promptly be returned to HTHC.

(e) License Equity Consideration. The License Equity Consideration shall be released as follows:

(i) The License Equity Consideration shall be released to the Anacapa upon the consummation of the Second Closing (as defined in the Pure CA MIPA) and in accordance with a joint written instruction in the form attached as Exhibit A signed by each applicable party, a copy of which shall be simultaneously delivered to the Escrow Agent and each of the other Parties hereto.

(ii) In the event that the Pure CA MIPA is terminated in accordance with its terms prior to the consummation of the Second Closing (as defined in the Pure CA MIPA), the License Equity Consideration shall promptly be returned to HTHC.

(f) Pure CA Interest Assignment. The Pure CA Interest Assignment shall be released as follows:

(i) The Pure CA Interest Assignment shall be released to Buyer upon the consummation of the Second Closing (as defined in the Pure CA MIPA) and simultaneously with the release of the Pure CA Equity Consideration to Anacapa pursuant to the joint written instruction delivered pursuant to Section 3(a)(i).

(ii) In the event that the Pure CA MIPA is terminated in accordance with its terms prior to the consummation of the Second Closing (as defined in the Pure CA MIPA), the Pure CA Interest Assignment shall promptly be returned to Anacapa.

(g) Calaveras Interest Assignment. The Calaveras Interest Assignment shall be released as follows:

(i) The Calaveras Interest Assignment shall be released to Buyer upon the consummation of the Second Closing (as defined in the Calaveras MIPA) and simultaneously with the release of the Calaveras Equity Consideration to Anacapa pursuant to the joint written instruction delivered pursuant to Section 3(b)(i).

(ii) In the event that the Calaveras MIPA is terminated in accordance with its terms prior to the consummation of the Second Closing (as defined in the Calaveras MIPA), the Calaveras Interest Assignment shall promptly be returned to Anacapa.

(h) MLK Interest Assignment. The MLK Interest Assignment shall be released as follows:

(i) The MLK Interest Assignment shall be released to Buyer upon the consummation of the Second Closing (as defined in the MLK MIPA) and simultaneously with the release of the MLK Equity Consideration to MXY Ancillary pursuant to the joint written instruction delivered pursuant to Section 3(c)(i).

(ii) In the event that the MLK MIPA is terminated in accordance with its terms prior to the consummation of the Second Closing (as defined in the MLK MIPA), the MLK Interest Assignment shall promptly be returned to MXY Ancillary.

(i) Sapphire Interest Assignment. The Sapphire Interest Assignment shall be released as follows:

(i) The Sapphire Interest Assignment shall be released to Buyer upon the consummation of the Second Closing (as defined in the Sapphire MIPA) and simultaneously with the release of the Sapphire Equity Consideration to Anacapa and MXY License pursuant to the joint written instruction delivered pursuant to Section 3(d)(i).

(ii) In the event that the Sapphire MIPA is terminated in accordance with its terms prior to the consummation of the Second Closing (as defined in the

(j) Arbitral or Court Awards. Notwithstanding any other provision in this Agreement to the contrary, the Escrow Agent shall disburse the Escrowed Property (or any portion thereof) in accordance with a notice from any party hereto of a certified copy of a final, non-appealable arbitral award or judgment from a court of competent jurisdiction, which award or judgment shall be accompanied by a written certification from counsel for the instructing Party attesting that such award or judgment is final and not subject to further proceedings or appeal, along with a written instruction from an authorized representative of the requesting party given to effectuate such award or judgment. The Escrow Agent shall be entitled to conclusively rely upon any such certification an instruction and shall have no responsibility to review the award or judgment to which such certification and instruction refers or to make any determination as to whether such award or judgment is final.

(k) Authorized Representative. Any instructions setting forth, claiming, containing, objecting to, or in any way related to the transfer or distribution of the Escrow Funds, must be in writing or set forth in a Portable Document Format (“PDF”) (including in a certificated DocuSign or other equivalent electronic signature platform), executed by the appropriate Party or Parties as evidenced by the signatures of the person or persons signing this Agreement or one of their designated persons as set forth in Exhibit D (each an “Authorized Representative”), and delivered to Escrow Agent only by confirmed facsimile or attached to an email on a Business Day only at the email address set forth in Section 13 below; *provided, however*, that the signature of any Authorized Representative may be in the form an electronic signature, including via DocuSign, so long as such electronic signature originates from the email address of the Authorized Representative set forth on Exhibit D. No instruction for or related to the transfer or distribution of the Escrow Funds shall be deemed delivered and effective unless Escrow Agent actually shall have received it on a Business Day as a PDF attached to an email only at the email address set forth in Section 13 and as evidenced by a confirmed transmittal to the Party’s or Parties’ transmitting email address and Escrow Agent has been able to satisfy any applicable security procedures as may be required hereunder. Escrow Agent shall not be liable to any Party or other person for refraining from acting upon any instruction for or related to the transfer or distribution of the Escrow Funds if delivered to any other email address, including but not limited to a valid email address of any employee of Escrow Agent.

(l) In the event transfer instructions are set forth in a permitted instruction from a Party or the Parties in accordance with Section 3, the Escrow Agent is authorized to seek confirmation of such instructions by a telephone call-back to one of the Authorized Representatives of the signing party and the Escrow Agent may rely upon the confirmation of anyone purporting to be that Authorized Representative. The Escrow Agent shall also be permitted to validate the release of Escrowed Property pursuant to Sections 3(a) through (i) with any Authorized Representative of any of the parties hereto prior to complying with the applicable joint written instruction. The persons and telephone numbers for call-backs may be changed only in a writing executed by an Authorized Representative of the applicable Party and actually received by the Escrow Agent as a PDF attached to an email.

4. Inspection Rights. Each of the parties shall have the right to inspect and obtain copies of the records of the Escrow Agent pertaining to this Agreement and to receive reports of the status of the Escrow Account as and when requested, not to exceed once per month.

5. Termination. This Agreement shall terminate when all Escrowed Property has been distributed in accordance with Section 3 of this Agreement.

6. Conditions to Escrow. The Escrow Agent agrees to hold the Escrowed Property in trust and to perform in accordance with the terms and provisions of this Agreement. The parties agree that the Escrow Agent does not assume any responsibility for the failure of the parties to perform in accordance with the Transaction Agreements. The acceptance by the Escrow Agent of its responsibilities hereunder is subject to the following terms and conditions, which the parties hereto agree shall govern and control with respect to the Escrow Agent’s rights, duties, liabilities and immunities:

(a) The Escrow Agent shall have only those duties as are specifically provided herein, which shall be deemed purely ministerial in nature, and shall under no circumstance be deemed a fiduciary for any of the other parties to this Agreement. The Escrow Agent shall not be required to take any action hereunder involving any expense unless the payment of such expense is made or provided for in a manner reasonably satisfactory to it.

(b) The Escrow Agent shall be protected in acting upon any written notice, consent, receipt or other paper or document furnished to it, not only as to its due execution and validity and effectiveness of its provisions, but also as to the truth and accuracy of any information therein contained, which the Escrow Agent in good faith believes to be genuine and what it purports to be. Should it be necessary for the Escrow Agent to act upon any instructions, directions, documents or instruments issued or signed by or on behalf of any corporation, fiduciary or individual acting on behalf of another party hereto, which the Escrow Agent in good faith believes to be genuine, it shall not be necessary for the Escrow Agent to inquire into such corporation’s, fiduciary’s or individual’s authority.

(c) The Escrow Agent shall not be liable for any error of judgment or for any act done or step taken or omitted by it in good faith, or for anything which it may do or refrain from doing in connection herewith, except for its own gross negligence or willful misconduct.

(d) The Escrow Agent may consult with, and obtain advice from, legal counsel in the event of any question as to any of the provisions hereof or the duties hereunder, and it shall incur no liability and shall be fully protected in acting in good faith in accordance with the opinion and instructions of such counsel. The reasonable and documented costs of such counsel’s services shall be paid to the Escrow Agent in accordance with Section 11 below.

(e) The Escrow Agent shall neither be responsible for, nor chargeable with knowledge of, the terms and conditions of any other agreement, instrument or document between the other parties hereto, including, without limitation, the Purchase Agreement. This Agreement sets forth all matters pertinent to the escrow contemplated hereunder, and no additional obligations of the Escrow Agent shall be inferred from the terms of this Agreement or any other agreement, instrument or document.

(f) In the event that the Escrow Agent shall be uncertain as to its duties or rights hereunder or shall receive instructions, claims or demands from any Party which, in its opinion, conflict with any of the provisions of this Agreement, it shall be entitled to refrain from taking any action and its sole obligation shall be to keep safely all property held in escrow until it shall be directed otherwise in writing by the Parties as set forth herein or by a final and non-appealable arbitral award or order of a court of competent jurisdiction as set forth in Section 4(c) above. The Escrow Agent shall have the option, after five (5) days’ notice to the Parties of its intention to do so, to file an action in interpleader requiring the Parties to answer and litigate any claims and rights among themselves.

(g) Any corporation or association into which the Escrow Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its escrow business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become the successor escrow agent hereunder and vested with all of the title to the whole property or trust estate and all of the trusts, powers, immunities, privileges, protections and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

(h) **The parties acknowledge and agree that the Escrow Agent is a law firm and not a professional financial services firm in the business of providing professional escrow agent services. Each of the parties hereto acknowledges and agrees that the Escrow Agent may have previously or may at any time hereafter have a business relationship with one or more of the Parties (or their directors, officers, or affiliates) that is unrelated to the transactions contemplated hereby. Each of the Parties irrevocably and unconditionally waives any and all claims of any conflict of interest in connection with the Escrow Agent’s professional representation of any such Party in any unrelated matter prior to, on, or after the date hereof.**

(i) **THE PARTIES ACKNOWLEDGE AND AGREE THAT THE ESCROW AGENT REPRESENTS HTHC AND BUYER IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THE TRANSACTION AGREEMENTS AND THAT, IN THE EVENT OF A DISPUTE AMONG THE PARTIES HERETO, WILL HAVE A DIRECT CONFLICT OF INTEREST AND SHALL IMMEDIATELY CEASE ANY REPRESENTATION OF EITHER PARTY. EACH OF THE PARTIES HERETO ACKNOWLEDGE AND AGREE THE POTENTIAL OR ACTUAL EXISTENCE OF SUCH CONFLICT OF INTEREST AND PROVIDES ITS INFORMED, KNOWING, AND VOLUNTARY WAIVER OF ANY SUCH APPARENT OR ACTUAL CONFLICT OF INTEREST.**

7. Resignation of Escrow Agent.

(a) The Escrow Agent reserves the right to resign at any time by giving ten (10) Business Days written notice of resignation, specifying the effective date thereof. On the effective date of such resignation, the Escrow Agent shall deliver this Agreement together with the Escrowed Property and any and all related instruments or documents to any successor escrow agent agreeable to the Parties. If a successor escrow agent has not been appointed and has not accepted such appointment prior to the expiration of ten (10) Business Days following the date of the notice of such resignation, the Escrow Agent may, but shall not be obligated to, apply to a court of competent jurisdiction for the appointment of a successor Escrow Agent. Any such resulting appointment shall be binding upon all of the parties to this Agreement. Notwithstanding anything to the contrary in the foregoing, the Escrow Agent or any successor escrow agent shall continue to act as Escrow Agent until a successor is appointed and qualified to act as Escrow Agent.

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(b) Upon delivery of the Escrowed Property to a successor escrow agent in accordance with this Section 7, the Escrow Agent shall thereafter be discharged from any further obligations hereunder. All power, authority, duties and obligations of the Escrow Agent shall apply to any successor escrow agent.

8. Indemnification of Escrow Agent. Each of the Parties shall jointly and severally indemnify, defend and hold harmless the Escrow Agent and its affiliates and their respective successors, assigns, directors, agents and employees (the “**Escrow Agent Indemnitees**”) from and against any liabilities, losses, damages, claims, penalties, judgments, settlements, litigation, investigations, costs or expense (including, without limitation, reasonable and documented attorneys’ fees and experts and their staffs) (collectively, “**Losses**”) arising out of or in connection with (i) the Escrow Agent’s execution and performance of this Agreement, tax reporting or withholding, the enforcement of any rights or remedies under or in connection with this Agreement, or as may arise by reason of any act, omission or error of the Escrow Agent Indemnitee, except in the case of any Escrow Agent Indemnitee to the extent that such Losses are finally adjudicated by a court of competent jurisdiction to have been caused by the gross negligence or willful misconduct of such Escrow Agent Indemnitee, or (ii) its following any instructions or other directions, whether joint or singular, from the Parties, except to the extent that its following any such instruction or direction is expressly forbidden by the terms hereof. The indemnity obligations set forth in this Section 8 shall survive the resignation of the Escrow Agent or the termination of this Agreement, except to the extent such liability, loss, damage or expense arises from its willful misconduct or gross negligence.

9. Taxes. The parties shall be solely responsible for any and all tax obligations, including any stamp taxes, due or owing in respect of the Escrowed Property and Escrow Agent bears no liability or obligation with respect thereto.

10. Business Days. If any date on which the Escrow Agent is required to make a delivery pursuant to the provisions hereof is not a day on which the Escrow Agent is open for business, then the Escrow Agent shall make such investment or delivery on the next succeeding Business Day.

11. Escrow Costs. The Escrow Agent agrees to serve as Escrow Agent in accordance with the fee schedule attached as **Exhibit E** hereto.

12. Force Majeure. No party shall be liable or responsible to the other parties, nor be deemed to have defaulted under or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement, when and to the extent such failure or delay is caused by or results from acts beyond the affected party’s reasonable control (“**Force Majeure Events**”), including, without limitation: (a) acts of God; (b) flood, fire or explosion; (c) war, invasion, riot or other civil unrest; (d) government order or law; (e) actions, embargoes or blockades in effect on or after the date of this Agreement; (f) action by any governmental authority; (g) national or regional emergency; and (h) strikes, labor stoppages or slowdowns or other industrial disturbances. The party suffering a Force Majeure Event shall give notice to the other party, stating the period of time the occurrence is expected to continue and shall use diligent efforts to end the failure or delay and ensure the effects of such Force Majeure Event are minimized.

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13. Notices. All notices, requests, consents, claims, demands, waivers and other communications 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 facsimile or email 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 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 addresses indicated below (or at such other address for a party as shall be specified in a notice given in accordance with this Section 14). Notwithstanding the above, in the case of communications delivered to the Escrow Agent whereby the Escrow Agent must act based on a specified number of days upon its receipt of such communication, if applicable, such communications shall be deemed to have been given on the date received by an officer of the Escrow Agent or any employee of the Escrow Agent who reports directly to any such officer at the above-referenced office.

If to the Escrow Agent:

SMB Law Group LLP
Attention: Kevin S. Henderson, Esq.
117 Sand Point Court
Coppell, Texas 75019
kevin@smblaw.group
(214) 415-9109

If to HTHC or HT Red LLC:

Hightimes Holding Corp.
Attention: Chief Executive Officer
2110 Narcissus Ct.
Venice, CA 90291
Phone: +1 (844) 933-3287
Email: paul@hightimes.com

If to MXY Holdings, Anacapa,
MXY Ancillary or MXY License

[INSERT NAME]
Attention: [INSERT NAME]
[INSERT ADDRESS]
[INSERT ADDRESS]
[INSERT EMAIL ADDRESS]
[INSERT PHONE NUMBER]

14. Entire Agreement. This Agreement, together with the Purchase Agreement and related exhibits and schedules, constitutes the sole and entire agreement of the

Parties to this Agreement with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. Notwithstanding the foregoing, in the event of any inconsistency between the statements in the body of this Agreement and those of the Purchase Agreement, (i) with respect to any inconsistency as between the Parties, the statements in the body of the Purchase Agreement shall control; and (ii) with respect to any inconsistency as between the Escrow Agent, on the one hand, and any Party, on the other hand, the statements in the body of this Agreement shall control.

15. Successor 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. No party may assign any of its rights or obligations hereunder without the prior written consent of the other parties hereto, which consent shall not be unreasonably withheld or delayed. No assignment shall relieve the assigning party of any of its obligations hereunder.

16. No Third-Party Beneficiaries. 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.

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

18. Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any rights, 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.

19. 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.

20. Governing Law; Submission to Jurisdiction. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Texas without giving effect to any choice or conflict of law provision or rule (whether of the State of Texas or any other jurisdiction). Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby may be instituted in the federal courts of the United States or the courts of the State of Texas in each case located in the city of Dallas and County of Dallas, 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.

21. Waiver of Jury Trial. Each party acknowledges and agrees that any controversy which may arise under this Agreement 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 or the transactions contemplated hereby. 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 21.

22. 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, email 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 Pages Follow]

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IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement on the date first written above.

HIGHTIMES HOLDING CORP.,
a Delaware corporation

/s/ Paul Henderson

By: Paul Henderson
Title: Chief Executive Officer

HT RED LLC,
a Delaware limited liability company

/s/ Paul Henderson

By: Paul Henderson
Title: Chief Executive Officer

MXY HOLDINGS INC.,
a Delaware corporation

/s/ Jordan Lams

By: Jordan Lams
Title: Chief Executive Officer

ANACAPA CA LLC,
a California limited liability company

/s/ Jordan Lams

By: Jordan Lams
Title: Chief Executive Officer

[Signature Page to Escrow Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement on the date first written above.

MXV ANCILLARY HOLDINGS LLC,
a Nevada limited liability company

/s/ Jordan Lams

By: Jordan Lams
Title: Chief Executive Officer

MXV LICENSE HOLDINGS LLC,
a Nevada limited liability company

/s/ Jordan Lams

By: Jordan Lams
Title: Chief Executive Officer

[Signature Page to Escrow Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Escrow Agreement on the date first written above.

ESCROW AGENT:

SMB LAW GROUP LLP,
a Texas limited liability partnership

By: K. Henderson Law PLLC, a Texas professional limited liability company,
Its: Partner

/s/ Kevin S. Henderson, Esq.

By: Kevin S. Henderson, Esq.
Title: Partner

[Signature Page to Escrow Agreement]

EXHIBIT A

Form of Joint Written Instruction

SMB Law Group LLP
117 Sand Point Court
Coppell, Texas 75019
kevin@smblaw.group

Date: [____], 202_

Re: Escrow Agreement, dated November 1, 2022

Dear Sir:

We refer to that certain Escrow Agreement, dated November 1, 2022, by and among Hightimes Holding Corp., HT Red LLC, MXV Holdings Inc., [INSERT PARTY A NAME], [INSERT PARTY B NAME], [INSERT PARTY C NAME], and SMB Law Group LLP, as Escrow Agent (the “ **Escrow Agreement**”). Capitalized terms in this letter that are not otherwise defined shall have the same meaning given to them in the Escrow Agreement.

The undersigned Authorized Representatives hereby instruct the Escrow Agent, on behalf of the Parties pursuant to Section 3(a) of the Escrow Agreement, to release the following Escrowed Property as instructed below:

To [RECIPIENT]: [IDENTIFY EQUITY CONSIDERATION TO BE RELEASED]

To HT Red LLC: [IDENTIFY INTEREST ASSIGNMENT TO BE RELEASED]

[INSERT PARTY A NAME]: HT RED LLC:

Name: Jordan Lams
Title: Chief Executive Officer

[INSERT PARTY A NAME]:

Name: Paul Henderson
Title: Chief Executive Officer

HIGHTIMES HOLDING CORP.:

Name: Jordan Lams
Title: Chief Executive Officer

Name: Paul Henderson
Title: Chief Executive Officer

EXHIBIT D

Designation of Authorized Persons

HIGHTIMES HOLDING CORP.

	Name	Telephone Number	Email	Signature
1.				
2.				

HT RED LLC

	Name	Telephone Number	Email	Signature
1.				
2.				

MXV HOLDINGS INC.

	Name	Telephone Number	Email	Signature
1.				
2.				

ANACAPA CA LLC

	Name	Telephone Number	Email	Signature
1.				
2.				

MXV ACNILLARY HOLDINGS LLC

	Name	Telephone Number	Email	Signature
1.				
2.				

MXV LICENSE HOLDINGS LLC

	Name	Telephone Number	Email	Signature
1.				
2.				

EXHIBIT E

Escrow Agent Fees

None

High Times Acquires Moxie's California Production, Cultivation and Distribution Operations To Become Vertically Integrated

Acquisition Designed to Bring Industry Leading Cannabis Production Capabilities to High Times Portfolio and Strengthen Branded Offerings and Offering Capabilities

LOS ANGELES – November 7, 2022 — Hightimes Holding Corp., the owner of High Times®, one of the most recognized brands in cannabis, announced today the signing of definitive agreements to acquire the California operations of Moxie, the first licensed cannabis company in California and a leading multi-state cannabis operator and product manufacturer. The acquisition will add Moxie's award-winning cannabis production capabilities to High Times to bolster the organization's cannabis portfolio in California, including its own branded offering.

The deal, which grants 1,363,654 shares of Hightimes voting common stock to the Moxie organization, includes Moxie's 11,000 sq. ft. manufacturing facility as well as 46,000 sq. ft. of flowering canopy cultivation, which is capable of producing up to 3,500 lbs of dry flower and more than 25,000 lbs of fresh frozen cannabis for High Times and its associated branded products per year.

As part of the transaction, the deal also includes an exclusive 99-year license to use the Moxie, MX and HighNow brands in California.

"With our current platform of stores, we believe this acquisition will be synergistic in nature for the Moxie brands and provide a good home for their branded products in California," Paul Henderson, the Chief Executive Officer of High Times, noted. "Additionally, it will provide High Times with a cultivation and production team that has won dozens of previous Cannabis Cups, and other awards across the country. We look forward to bringing High Times classics as well as some new favorites we've been working on to the masses with top quality production, both in our own stores, and to other retailers in the near future. This move opens the door to a whole new world of brands from the High Times organization."

"Moxie has been a leading brand in recreational and medical cannabis since our founding, which made it non-negotiable that any acquisition agreement was done with an organization that shares our commitment to creating the highest-quality cannabis products that are trusted by consumers and regulators," said Jordan Lams, CEO and founder of Moxie. "We believe these values are essential, especially in our current economic climate, for maintaining a strong and prosperous industry. High Times is one of the most recognizable brands in cannabis and we have the utmost confidence in their ability to continue Moxie's upward trajectory in California. This combination creates a vertically integrated business model that allows for more control and provides High Times with the freedom to make product-driven decisions that we know will help the industry and provide recreational and medical cannabis users with the highest quality cannabis products."

Recognized as a leader in the industry with over 100 industry awards, including 62 Cannabis Cups, Moxie cultivates and manufactures cannabis in California, Pennsylvania, Missouri and Utah. While this acquisition brings the California operations of the brand into High Times, MXY Holdings will retain operations in other states, as well as ownership and direction for their brands outside of California.

Over the past 3 years, High Times has expanded its market coverage far past media and events, and into the legal cannabis industry. Today owning and operating 8 retail stores in California, as well as licensing agreements for stores in Michigan and Florida, and High Times branded cannabis products currently available in 6 markets, this latest acquisition will make the most well-known brand in the sector a vertically integrated, legal cannabis operation.

About High Times:

Since its founding 46 years ago, High Times has grown to be one of the world's most well-known cannabis brands - championing the lifestyle and educating the masses on the benefits of this natural flower. From humble beginnings as a counterculture lifestyle publication, High Times has evolved into growing a network of cannabis dispensaries, the host and creator of events like the Cannabis Cup, the producer of globally distributed merchandise, participant in international licensing deals, and provider of content for a multitude of fans and supporters. In the world of cannabis, High Times is a trusted arbiter of quality.

About MOXIE™

Moxie has developed award-winning brands and a loyal customer base by producing high-quality and consistent cannabis concentrates and related products across multiple markets, including California, Utah, Pennsylvania and Missouri. By using pharmaceutical grade technology and strict safety standards in their cultivation facilities and with a library consisting of hundreds of strains, Moxie provides customers with high-quality recreational and medical cannabis products.

Moxie is recognized by its peers in cannabis, with more than 100 industry awards over the years, including Brand of the Year at the 2018 California Cannabis Association Awards. Jordan Lams was named one of the 100 Most Influential People in Cannabis by High Times two years in a row, one of the Top 100 Cannabis Leaders 2018 by Entrepreneur Magazine and is a member of the Los Angeles Forbes Business Council.

Jon Cappetta | VP, Content

516.996.4200 | @joncappetta
