



Aphria set to be Shoppers Drug Mart's cannabis supplier with new agreement

If approved, Aphria says it expects Shoppers Drug Mart will sell Aphria-branded cannabis products online

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Leamington medicinal marijuana producer Aphria says it's entered an agreement to supply Shoppers Drug Mart with medical cannabis. (Nicolas Pham/Radio-Canada)

Marijuana producer Aphria Inc. announced it has entered a five-year agreement to supply pharmacy chain Shoppers Drug Mart with medical cannabis.

The company said Monday that it will provide the pharmacy with four strains of dried marijuana flower in two different sizes and four cannabis oils. All 12 products will carry the Aphria brand name.

The deal comes after many months of discussions and is subject to Health Canada approving the application of the chain's parent company, Loblaw Companies Ltd., to dispense medical marijuana. Loblaw applied for a licence in October 2016, but neither company can say if or when that application will be approved.

If granted, Aphria said it expects Shoppers Drug Mart will sell Aphria-branded cannabis products online. Current federal regulations allow licensed producers to distribute medical marijuana direct to consumers by mail.

The agreement is expected to have a positive material impact on Aphria's medical sales revenue, said Aphria CEO Vic Neufeld during a conference call with analysts shortly after the news was announced.

"We have an opportunity to grow as Shoppers Drug Mart grows," he said, adding Aphria's committed to not entering discussions or making any business transactions with other national pharmacy banners in excess of a certain size.

"As the federal and provincial governments finalize their respective cannabis frameworks, we remain optimistic that they will allow pharmacists ... to apply their professional care to medical cannabis patients." - Catherine Thomas, Loblaw

If the federal government changes the rules to allow pharmacies to dispense medical marijuana in stores, Neufeld said, "the home run turns into a grand slam."

The company's stock closed nearly two per cent higher on the Toronto Stock Exchange on Monday. It gained 22 cents to \$11.62.

Aphria is one of several voices advocating for pharmacies to be permitted to distribute medical cannabis.

Loblaw has previously said it believes pharmacists and pharmacies should play a role in medical marijuana distribution, and posted a job ad for a medical marijuana brand manager at Shoppers Drug Mart last month.

"We have been very transparent in our view," said Catherine Thomas, a spokeswoman, in an email.

"As the federal and provincial governments finalize their respective cannabis frameworks, we remain optimistic that they will allow pharmacists in stores, in communities to apply their professional care to medical cannabis patients."

Pharmacies and pot producers teaming up

The Aphria deal is one of several recent agreements between marijuana producers and pharmacies.

Maricann Group Inc. announced last month it entered into a letter of intent with Lovell Drugs Ltd. to be its primary and exclusive provider of medical cannabis. Lovell Drugs has a dozen pharmacies across Ontario.

Aphria medical marijuana production facility in Leamington, Ont. (Nicholas Pham/Radio-Canada)

Earlier this year, CanniMed Therapeutics Inc. signed a letter of intent with member-owned co-operative PharmaChoice to be its exclusive medical cannabis distributor and to train its

pharmacists and pharmacy technicians. The deal is on hold until the first legislation change that allows pharmacies to distribute medical cannabis and will be completed within 60 days of that change.