



## Thoughtful Brands Announces Binding Letter of Intent for Reverse-Takeover of Franchise Cannabis

- *Franchise Cannabis, a leading European medical cannabis company, to complete public listing with strategic expansion into other cannabis markets.*
- *Combined company will be well positioned to expand product offerings and distribution channels in the US and Europe.*

VANCOUVER, British Columbia – January 7, 2021 – **Thoughtful Brands Inc.** (“TBI”) (CSE: TBI; FSE: 1WZ1; OTCQB: PEMTF) and **Franchise Cannabis Corp.** (“FCC”) are pleased to announce that they have entered into a binding letter of intent (the “**Letter of Intent**”), dated January 6, 2021, to consummate a going-public transaction for FCC involving the reverse-takeover of TBI (the “**Transaction**”).

The Transaction will involve the acquisition of all of the outstanding share capital of FCC by TBI, with the resulting Canadian reporting company being listed on the Canadian Securities Exchange (the “**CSE**”) under the name “**Franchise Cannabis Corp.**” (the “**Resulting Issuer**”). The Transaction is expected to be highly-accretive as both companies look to build on their complementary expertise to grow their respective businesses within the United States and Europe.

### SUMMARY OF THE TRANSACTION

Under the terms of the Letter of Intent, TBI will consolidate its outstanding share capital on a fifty-for-one basis (the “**Consolidation**”) and will issue 78,400,000 post-Consolidation common shares to the existing shareholders of FCC, valuing FCC at approximately \$196,000,000. Following completion of the Transaction, it is anticipated that current TBI shareholders will hold approximately 10% of the merged company, with the balance held by current shareholders FCC and subscribers in the financing conducted concurrently with the Transaction.

In connection with the Transaction, FCC intends to conduct a concurrent offering (the “**Concurrent Offering**”) of subscription receipts or common shares of FCC to raise a minimum of \$10,000,000. It is anticipated that the Concurrent Offering will result in subscribers receiving one post-Consolidation common share of TBI at a price of \$2.50 upon completion of the Transaction. Further information regarding the structure of the Concurrent Offering will be made available once finalized.

### RESULTING ISSUER FOOTPRINT

Following completion of the Transaction, the Resulting Issuer, through its operating subsidiaries will have two German medical cannabis distribution businesses, a registered cannabis genetics subsidiary in Denmark, cultivation and strategic supply agreements on three continents, and a rapidly growing pharmaceutical distribution business with sales to over 18 countries combined with a high revenue CBD eCommerce platform. In addition, the Resulting Issuer will have a US based CBD extraction facility. Together TBI and FCC remain devoted to building on the growing pharmaceutical distribution platform in Europe while expanding sales channels through its regulated medical cannabis business in Europe and the consumer-focused CBD eCommerce

division in North America and expansion to Europe. Management believes the combined companies' assets are synergistic as they combine expertise and access to the two largest medical cannabis and consumer CBD markets, being the United States and Europe.

"Becoming a public company will give us increased visibility and access to capital which in turn will allow us to execute on our long-term strategy of continuing to develop our European medical cannabis and genetics businesses. Since inception, we have built a portfolio of competencies with our genetics, cultivation, distribution, and now we feel poised to firmly establish our global footprint in the sector. We also intend to act on opportunities to scale both our pharmaceutical distribution capabilities and cannabis businesses, as well as potentially enter the US adult market." said Clifford Starke, CEO of FCC. "Our combination with Thoughtful Brands accelerates our vision to have a presence within the United States, while giving us the opportunity to leverage their eCommerce expertise and consumer products portfolio within the growing European market."

"Over the past year we have built a strong relationship with the management team of Franchise as we have worked on the European joint venture for expanding our CBD eCommerce business. We have complementary expertise and both Thoughtful Brands and Franchise share a mutual commitment to delivering high-quality products with a superior customer experience to distinguish us in the marketplace," said Ryan Hoggan, CEO of TBI. "We look forward to working with Franchise to combine our core competencies and drive growth within the US and Europe."

## **ABOUT THE TRANSACTION**

The Transaction constitutes a "Fundamental Change" for TBI under the policies of the CSE. Pending completion of filings with the CSE in connection with the Transaction, trading in the common shares of TBI has been halted at the request of TBI. It is anticipated that trading will remain halted until the Transaction has been completed.

Completion of the Transaction remains subject to a number of conditions, including, but not limited to: (i) negotiation of definitive documentation; (ii) receipt of any required regulatory approvals; (iii) the approval of the shareholders of TBI and FCC; (iv) completion of the Consolidation; and (v) completion of the Concurrent Offering for gross proceeds of not less than \$10,000,000. The Transaction cannot be completed until these conditions are satisfied. There can be no assurance that the Transaction will be completed as proposed or at all.

Clifford Starke, a director of TBI, is also the Chief Executive Officer and a director of FCC. Mr. Starke has abstained from voting on matters pertain to approval of the Letter of Intent, and the Transaction is not considered a "related party transaction" within the meaning of *Multilateral Instrument 61-101 – Protection of Minority Security Holdings in Special Transactions*.

Further information concerning the Transaction, including financial information for FCC, will be available in the listing statement being prepared by TBI for filing with the CSE. Once complete, a copy of the listing statement will be available for review under the profile for TBI on SEDAR ([www.sedar.com](http://www.sedar.com)).

## **Advisors**

Canaccord Genuity Corp. acted as financial advisor to FCC and its board of directors. Gowling WLG (Canada) LLP and Irwin Lowy LLP acted as legal advisors to FCC. Fiore Management & Advisory Corp. acted as financial advisor to TBI and its board of directors. Cassels Brock & Blackwell LLP acted as legal advisor to TBI.

## **About Franchise Cannabis Corp.**

Franchise Cannabis Corp. is a leading European medical cannabis company and was the first corporation to receive an import and distribution license in Germany for medical cannabis. Franchise's pharmaceutical distribution business is one of the largest exporters of prescription pharmaceutical products within the European Union delivering to over 18 countries. Franchise has developed a core strength in proprietary genetics which have won 19 Cannabis Cups and has cultivation and strategic supply agreements on three continents.

## **About Thoughtful Brands Inc.**

Thoughtful Brands Inc. is an eCommerce technology company that researches, develops, markets, and distributes natural health products including the Nature's Exclusive brand in North America.

Contacts:

Investor Contact for Franchise Cannabis Corp:  
Clifford Starke, Chief Executive Officer  
starke@franchisecannabis.com

Or

Investor Contact for Thoughtful Brands Inc.  
Ryan Hoggan, Chief Executive Officer  
ryan@thoughtful-brands.com

Or

Media Contact for Franchise Cannabis Corp.  
info@franchisecannabis.com

*The Canadian Securities Exchange has in no way passed upon the merits of the Transaction or the Concurrent Offering, and has neither approved nor disapproved the contents of this news release.*

## **Forward Looking Statements**

This press release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead

represent only the beliefs of TBI and FCC regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the control of TBI and FCC. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or may contain statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “will continue”, “will occur” or “will be achieved”. The forward-looking information and forward-looking statements contained herein may include, but are not limited to, information concerning the Transaction, expectations regarding whether the Transaction will be consummated, including whether conditions to the consummation of the Transaction will be satisfied, expectations for the effects of the Transaction or the ability of the Resulting Issuer to successfully achieve business objectives and integrate the operations of the combining companies, expectations regarding financing, and expectations for other economic, business, and competitive factors.

Although TBI and FCC believe that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward- looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. The forward-looking information and forward-looking statements contained in this press release are made as of the date of this press release, and neither TBI nor FCC undertake to update any forward-looking information or forward-looking statements that are contained or referenced herein, except as may be required in accordance with applicable securities laws. All subsequent written and oral forward- looking information and statements attributable to TBI, FCC or persons acting on their behalf are expressly qualified in their entirety by this notice regarding forward-looking information and statements.