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## **Cannabis One Holdings Inc. Enters into Agreement with Colorado-Based Itachi Advisory Group LLC to Acquire Portfolio of U.S. Cannabis Assets**

**VANCOUVER and DENVER** – April 25, 2019 – **Cannabis One Holdings Inc.** (CSE:CBIS) ("Cannabis One", "CBIS" or the "Company"), an emerging, premier "House of Brands" in North America, is pleased to announce that it has entered into a letter agreement (the "Agreement") with Colorado-based cannabis industry consulting firm Itachi Advisory Group LLC ("Itachi"), to pursue acquisitions related to a suite of portfolio assets related to cannabis retail, cultivation, and manufacturing operations from certain entities (each, a "Seller" and collectively, the "Sellers") advised by Itachi (each, a "Transaction" and collectively, the "Transactions").

On execution of the Agreement, Jeffery Mascio, CEO of Cannabis One, stated, "We believe this new partnership with Itachi will provide CBIS with a profound opportunity to explore the acquisition of a series of accretive transactions designed to rapidly expand our cannabis-related infrastructure." Mr. Mascio continued, "We believe that Neil Demers and his team at Itachi have identified a host of attractive assets for Cannabis One to consider and we look forward to evaluating each opportunity independently, on its merits, but with the express intention of moving towards a definitive agreement with each party as quickly as may be practicable."

If a definitive agreement (each, a "Definitive Agreement") is executed and closed (each, a "Closing") between the Company and each of the Sellers, the Company anticipates the potential benefits from completing the proposed Transactions may include:

- the addition of certain assets associated with seven (7) cannabis retail locations, which Itachi anticipates, based on information provided by management of each Seller to Itachi, will collectively generate an estimated US\$43,512,000 million in annualized system-wide brand revenue through fiscal 2019, and through which CBIS management projects it can achieve an estimated EBITDA margin of 20% – 30%, assuming the continued operating performance of each Seller's retail operations; the maintenance of certain management and personnel integral to the operating business of each Seller (the "Key Employees"); the successful integration of each of the Assets (as defined below) into Cannabis One's business and operating portfolio; and the successful implementation of the anticipated cost synergies Cannabis One believes it may attain;
- providing a substantial growth catalyst for the expansion of Cannabis One's consumer-centric retail concept brand, **The Joint™**, which the Company projects will include up to twenty-five (25) retail locations across five (5) states: Colorado, Washington, California, Nevada, and Oregon, through fiscal 2019;
- the addition of certain assets associated with seven (7) cannabis cultivation operations, which Itachi anticipates, based on information provided by management of each Seller to Itachi, will collectively generate an estimated US\$10,200,000 million in annualized system-wide brand revenue through fiscal 2019, with an anticipated annual production of approximately 10,200 lb, and through which

CBIS management projects it can achieve an estimated EBITDA margin of 15% – 20%, assuming the continued operating performance of each Seller's cultivation operations; the maintenance of certain Key Employees of each Seller; the successful integration of each of the Assets into Cannabis One's business and operating portfolio; and the successful implementation of the anticipated cost synergies Cannabis One believes it may attain; and

- The addition of certain assets associated with a medical and recreational cannabis manufacturing facility, contributing a combined 18,000 ft<sup>2</sup> in consolidated footprint, which the Company anticipates will provide the opportunity for expanded and accelerated throughput of Cannabis One's suite of portfolio brands, which will include: **INDVR, INDVR Fire, INDVR Strains, Fat Face Farms, Honu, Evergreen Organix, EG.O, and Fleur**, in addition to products developed through the Company's licensing and manufacturing relationship with **Cheech's Private Stash™**.

Under the terms of the Agreement, the Company and Itachi will work jointly to negotiate the purchase and sale of certain assets from each of the Sellers, inclusive of all leasehold rights, intellectual property, and tangible and intangible assets, subject to regulations and any exclusions to be further defined in detail in each proposed Definitive Agreement (collectively, the "Assets"). Cannabis One will not assume any liabilities or obligations of any Seller of any kind, contingent or otherwise. This exclusion includes but is not limited to: cash-on-hand, insurance policies, commercial business lending, and any other liabilities or obligations of any Seller. The precise structure, terms, and conditions of the understandings and obligations of Cannabis One and its counterparties in relation to each Transaction will be contained in each Definitive Agreement to be prepared between counsel to Cannabis One and counsel to each of the Sellers. In accordance with Colorado regulation and legislation, Cannabis One, nor its wholly-owned subsidiary, will acquire any interest in regulated inventory or licenses related to the cultivation, manufacture, distribution, or sale of cannabis or cannabis-related products in connection with a Transaction. The suggested terms set forth in the Agreement may differ from each Definitive Agreement.

The Company anticipates that any share-based consideration issued in connection with the proposed Transactions will be comprised of Class B Super Voting Shares in the capital of Cannabis One (the "Class B Shares") at a per Class B Share price equal to ten (10) times (given that each Class B Share is convertible into ten (10) Class A Subordinate Voting Shares in the capital of Cannabis One (the "Class A Shares")) the greater of: (i) a maximum discount of ten (10%) percent, subject to the policies of the Canadian Securities Exchange (the "CSE"), to the closing price of the Class A Shares on the last trading day immediately prior to the date of execution of each Definitive Agreement, with the announcement of the same by Cannabis One; and (ii) the volume-weighted average price of the Class A Shares for the ten (10) day period immediately preceding the Closing, converted into United States Dollars using a simple average of the USD:CAD Noon exchange rate for the ten (10) day period immediately preceding the Closing, as published on [www.federalreserve.gov](http://www.federalreserve.gov).

Any Class B Shares that would be issued in connection with the proposed Transactions will be subject to a trading restriction pursuant to applicable Canadian securities legislation of four (4) months and one (1) day, and trading restrictions pursuant to applicable United States securities legislation. Additionally, it is contemplated that each Seller shall agree to grant Cannabis One, and its wholly-owned Colorado subsidiary, a sixty (60) day right-of-first-refusal (a "ROFR") to purchase, or identify a third-party purchaser for, any such Class B Shares (or Class A Shares as may be converted therefrom) intended to be sold by the Seller.

## About Cannabis One

IF WE BRAND IT, THEY WILL COME – Cannabis One Holdings Inc. (**CSE:CBIS**) is focused on aggregating and optimizing popular cannabis brands throughout North America. With its unique, franchise-ready retail brand, The Joint™, and through targeted acquisition and partnership opportunities, Cannabis

One intends to become the premier, globally-recognized, "House of Brands", holding a client portfolio of award-winning products with an extensive market footprint. Through the Company's The Joint™ retail concept, Cannabis One intends to leverage the consumer and brand data harvested from its retail locations to bring data-driven analytics to an emerging, branded industry. For consumers, Cannabis One desires to become the definitive source for unparalleled product selection and renowned service in an otherwise fragmented market.

### **Disclaimer and Forward-Looking Information**

*Certain statements contained in this press release constitute forward-looking information. These statements relate to future events or future performance. The use of any of the words "anticipate", "could", "intend", "expect", "believe", "will", "projected", "potential", "estimated" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the parties' current belief or assumptions as to the outcome and timing of such future events. Actual future results may differ materially. These statements are only predictions. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Forward looking statements include, but are not limited to: execution of a Definitive Agreement with each of the Sellers; Closing of the Transaction contemplated in each of the Definitive Agreements; CBIS realizing the anticipated benefits of the Closing of each Transaction contemplated in the Agreement; the anticipated Itachi management-estimated annualized system-wide brand revenue and the anticipated CBIS management-projected EBITDA margins of each of the Sellers being realized by fiscal year end 2019, which depends on number of factors, including, but not limited to: the continued operating performance of each Seller's cultivation or retail operations, as the case may be; the maintenance of certain Key Employees of each Seller; the successful integration of each of the Assets into Cannabis One's business and operating portfolio; the successful implementation of the anticipated cost synergies Cannabis One believes it may attain in each case; and the planned expansion of the Company's operations and product offerings. The Company assumes no obligation to update forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.*

*The forward-looking information contained in this release is made as of the date hereof and the parties are not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward looking information. The foregoing statements expressly qualify any forward-looking information contained herein.*

*"System-wide brand revenue" and "EBITDA" (earnings before interest, tax, depreciation and amortization) do not have any standardized meaning as prescribed by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, and, therefore, are considered non-GAAP measures and may not be comparable to similar measures presented by other issuers. Cannabis One believes the non-GAAP measures of "system-wide brand revenue" and "EBITDA margin", combined with IFRS measures, such as revenue and net loss, are useful measures to its shareholders as management relies on such measures to provide insight into future operations. Readers are cautioned, however, that "system-wide brand revenue" and "EBITDA margin" should not be construed as an alternative to financial measures determined in accordance with GAAP or IFRS as an indicator of the Company's financial performance. Readers are also advised that while Cannabis One realizes certain revenue through long-term service arrangements with its client brands, current state regulatory restrictions and U.S. federal restrictions may prevent Cannabis One from consolidating the financial results of such brands*

*Cannabis is legal in certain States in the United States ("U.S."), however cannabis remains illegal under U.S. federal laws. Cannabis One intends to conduct its U.S. cannabis operations in a manner consistent with the applicable State laws and in compliance with regulatory and licensing requirements applicable in the applicable State. Unlike in Canada which has Federal legislation uniformly governing the cultivation, distribution, sale and possession of cannabis under the Cannabis Act (Federal), readers are cautioned that in the U.S., cannabis is largely regulated at the State level. To the knowledge of Cannabis One, there are to date a total of 33 states, plus the District of Columbia, that have legalized cannabis in some form. Notwithstanding the permissive regulatory environment of medical cannabis at the State level, cannabis continues to be categorized as a controlled substance under the Controlled Substances Act in the U.S. and as such, cannabis-related practices or activities, including without limitation, the manufacture, importation, possession, use or distribution of cannabis are illegal under U.S. Federal law. Strict compliance with State laws with respect to cannabis will neither absolve Cannabis One of liability under the U.S. Federal law, nor will it provide a defense to any Federal proceeding, which may be brought against Cannabis One. Any such proceedings brought against Cannabis One may materially adversely affect its operations and financial performance in the U.S. market.*

**Further Information:** For investment inquiries, please contact Scott Koyich, Investor Relations at [Scott@briscocapital.com](mailto:Scott@briscocapital.com) or (403) 619-2200.

#### **Related Links**

[www.cannabisone.life](http://www.cannabisone.life)