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Cannabis One Holdings Inc. Announces Acquisition of Cannabis Corp. Transforming to a Fully Licensed Colorado Operator with EBITDA-Positive Operations; Reprices Warrants and Options

VANCOUVER, BRITISH COLUMBIA and DENVER, COLORADO – June 8, 2020 – **Cannabis One Holdings Inc. (CSE: CBIS)** ("**Cannabis One**", "**CBIS**", or the "**Company**"), is pleased to announce that it has executed a definitive purchase agreement (the "**Definitive Agreement**") with Cannabis Corp, the Colorado-based operator that holds the licenses and cannabis inventory assets of the Fox Street and Kingston cultivation facilities, as well as the award winning "The Joint" dispensary in Denver, Colorado.

Following the closing of the transaction contemplated in the Definitive Agreement (the "**Closing**"), the Company anticipates that the acquisition will:

- give CBIS current consolidated monthly revenue of approximately USD\$880,000 (CAD\$1.2mm) and annualized revenue of USD\$10.56mm (CAD\$14.58mm) not including growth initiatives or new product launches from the pro-forma Colorado operations or revenue generated from CBIS's other brands such as INDVR and Honu;
- add impactful annualized EBITDA of approximately USD\$3.6mm (CAD\$4.97mm) to Colorado operations;
- position CBIS as one of the only publicly traded licensed operators in the Colorado space allowing it to acquire and integrate future Colorado acquisitions with ease; and
- the acquisition will be considered accretive on an EBITDA and Net Income basis.

Under the terms of the Definitive Agreement, the Company's wholly-owned Colorado subsidiary shall acquire all outstanding shares of Cannabis Corp. Consideration payable to Cannabis Corp shareholders in connection with the transaction will be USD\$1,800,000 (CAD\$2,500,000) in Class B Super Voting Shares of Cannabis One (the "**CBIS Shares**") at a per CBIS Super Voting Share price of \$1.289 (equivalent to \$0.1289 per Class A Subordinate Voting share) equaling 1,938,974 Class B Super Voting Shares of Cannabis One.

The CBIS Shares issued to Cannabis Corp shareholders in connection with the transaction shall be subject to a trading restriction, pursuant to applicable securities legislation, of four (4) months and one (1) day. Additionally, Cannabis Corp has agreed to grant Cannabis One, and its wholly-owned Colorado subsidiary, a sixty (60) day right-of-first-refusal to purchase, or identify a third-party purchaser for, any such CBIS Shares intended to be sold by Cannabis Corp and/or its affiliates.

The acquisition is expected to close in September 2020 subject to approvals from the Colorado Marijuana Enforcement Division, the City of Denver and any other regulatory agencies as appropriate.

Jeff Mascio, CEO of Cannabis One commented “this acquisition marks the culmination of a significant amount of work by the entire Cannabis One team. When we initially set out to go public, it was with the goal to aggregate licensed assets underneath our parent company. Overcoming this major hurdle will now allow investors and partners alike to see the true success of the company as we transition from a cannabis servicing company to a licensed cannabis operator. Despite the disruptions that COVID has created globally, the Colorado assets have seen growth in excess of 20% year-over-year and have become EBITDA positive creating a spring board for Cannabis One to reengage our past deal flow that was shelved during the sector wide downturn.”

Warrant and Option Repricing

Subject to acceptance by the CSE, CBIS further announces that its Board of Directors has voted to approve the necessary resolutions to authorize the following adjustments to certain of its outstanding warrants and stock options:

- i) amend the exercise price of 6,903,688 outstanding common share purchase warrants (the "**October 2018 Warrants**") of the Company. The exercise price of the October 2018 Warrants shall be amended from \$0.75 per common share to \$0.25 per common share. The October 2018 Warrants will be subject to a reduced exercise term of 30 calendar days (the "**Exercise Period**") if, for any ten (10) consecutive trading days during the unexpired term of the warrants, the closing price of the Company's shares exceeds the "trigger price" of \$0.50. If a warrant holder does not exercise their warrants, which are subject to the Exercise Period during the term of the Exercise Period, the warrants will expire at the end of the Exercise Period. The Company shall also extend the expiry of the warrants by six months with these warrants expiring on March 17, 2021;
- ii) amend the exercise price of 4,378,130 outstanding common share purchase warrants (the "**October 2019 Warrants**") of the Company. The exercise price of the October 2019 Warrants shall be amended from \$0.60 per common share to \$0.20 per common share. The October 2019 Warrants will be subject to a reduced exercise term of 30 calendar days (the "**Exercise Period**") if, for any ten (10) consecutive trading days during the unexpired term of the Warrants, the closing price of the Company's shares exceeds the "trigger price" of \$0.40. If a warrant holder does not exercise their warrants, which are subject to the Exercise Period during the term of the Exercise Period, the warrants will expire at the end of the Exercise Period; and
- iii) amend the exercise price of 3,850,000 options that were granted on February 26, 2019 from an exercise price of \$0.60 to an exercise price of \$0.30 per option. The original vesting terms remain unchanged.

Reliance on Temporary Filing Relief of its Annual Financial Statements and Related Filings

As previously disclosed, pursuant to the blanket relief granted by the Canadian Securities Administrators (as implemented under the British Columbia Securities Commission's BC Instrument 51-515 – Temporary Exemption from Certain Corporate Finance Requirements, the Alberta Securities Commission's Blanket Order 51-517 – Temporary Exemption from Certain Corporate Finance Requirements, the Ontario Securities Commission's Ontario Instrument 51-502 – Temporary Exemption from Certain Corporate Finance Requirements, and the Manitoba Securities Commission's Manitoba Blanket Order 52-502 – Temporary Exemption from Certain Corporate Finance Requirements, being the jurisdictions where the Company is a reporting issuer), that it will delay the filing of its annual financial statements (“**Annual**

Financials”), related management discussion and analysis (“**Annual MD&A**”), and related CEO and CFO certifications (“**Certifications**”), for said financial statements for the thirteen months ended January 31, 2020 (collectively, the “**Annual Filings**”) as required by parts 4 and 5 of National Instrument 51-102 — Continuous Disclosure Obligations and Part 5 of National Instrument 52-109 – Certification of Disclosure in Issuers’ Annual and Interim Filings.

The Annual Filings normally due to be filed prior to the filing deadline of May 30, 2020 are now afforded a postponement of up to a maximum 45-day extension pursuant to the aforementioned blanket relief for all market participants and reporting issuers as granted by the Canadian Securities Administrators and implemented by the relevant securities regulators. The Company expects to file its Annual Filings on or about July 10, 2020.

Other than as disclosed in the company’s news releases, the Company confirms that since the filings of its unaudited condensed interim consolidated financial statements for the ten-months ended October 31, 2019, there have not been any material business developments.

During this time, the Company’s management and insiders are subject to a trading black-out period that reflects the principles in section 9 of National Policy 11-207, Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions.

About Cannabis One

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. 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.

To the extent any forward-looking information in this press release constitutes "future-oriented financial information" or "financial outlooks" within the meaning of applicable Canadian securities laws, such information is being provided to demonstrate the anticipated product sales of the Company and the reader is cautioned that this information may not be appropriate for any other purpose and the reader should not place undue reliance on such future-oriented financial information and financial outlooks. Future-oriented financial information and financial outlooks, as with forward-looking information generally, are, without limitation, based on the assumptions and subject to the risks set out above under the heading "Disclaimer and Forward-Looking Information".

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. However, the readers should be aware that any change in federal guidance on enforcement actions could adversely affect Cannabis One's ability to access private and public capital required in order to support continuing operations and its ability to operate in the U.S.

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 or (403) 619-2200.

Related Links

www.cannabisone.life