



## Green Growth Brands to Create First '360 Degree' Cannabis Company Through a Combination with MXY Holdings LLC

- *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*
- *Moxie has a current cash balance of ~US\$39 million, allowing it to fund its business plan*
- *On closing, the combination will bring together two best-in-class cannabis operators and create a superior coast-to-coast cannabis player, with immediate access to nine key states including California, Florida, Nevada and Massachusetts, and up to 16 states total including Moxie's expansion potential (and not including GGB's CBD kiosk locations)*
- *Potential to create unparalleled vertical distribution network across the U.S. by combining GGB's expected 200+ CBD mall-based shop locations and Moxie's 250+ retail dispensary partner network*
- *Multiple potential revenue and cost synergy opportunities exist, including leveraging Moxie's relationships wholesaling to MSOs, supply chain efficiencies and cost rationalization*
- *All equity interest offer allows shareholders of both entities to participate in the potential future growth and upside of the combined company*
- *GGB will undertake a reorganization whereby it creates a new limited partnership to hold its existing assets and the acquired assets*

COLUMBUS, OH, July 9, 2019 /CNW/ - Green Growth Brands Inc. (**GGB** or the **Company**) (CSE: GGB; OTCQB: GGBXF) is pleased to announce that it has entered into a securities acquisition and contribution agreement (the **Agreement**), dated as of July 8, 2019, with, among others, MXY Holdings LLC (**Moxie**) under which a new Ontario limited partnership, of which GGB will be the general partner (**GGB LP**), will acquire the operating companies of GGB and the issued and outstanding units of Moxie, an arm's length third party, in an all-equity interest transaction (the **Transaction**). As part of the Transaction, GGB will also be directly acquiring shares of MXY C, INC. (**MXY C**) and MXY D, INC. (**MXY D**), Delaware entities within the Moxie structure, and interests in two entities, PurePenn LLC and Pure CA, LLC (collectively, the **Pure Entities**), with which Moxie has current acquisition agreements (subject to regulatory approval).

The equity purchase price of the Transaction is US\$310 million (the **Purchase Price**), and will be satisfied through the issuance of either GGB Common Shares (as defined below) or Exchangeable LP Units (as defined below), as more fully described below.

The Transaction is a part of GGB's focused growth strategy. GGB is rapidly building its cannabidiol (CBD) business, including recently securing additional distribution through Designer Brands Inc., the parent company of DSW shoe stores (NYSE: DBI) and Abercrombie & Fitch Co. (NYSE: ANF), and is expanding its footprint of Seventh Sense Botanical Therapy shops from the current 61 to an expected 200+ by the end of calendar year 2019. GGB is also building its MSO network, which now includes the potential for up to 47 dispensary licenses in three key states.

The combination of Moxie and GGB would create one of the first cannabis companies to provide consumers a comprehensive product offering, including both CBD and tetrahydrocannabinol (THC) product lines and distribution that runs from mainstream retail to cannabis dispensaries, all led by management with decades of expertise and credibility.

### ***Management Commentary***

"In the short time since we began operations, we have built a business comprised of highly experienced management and merchant teams and cannabis experts, who have created successful CBD and MSO businesses. The coming together of Moxie and Green Growth Brands is anticipated to complete the circle," said Peter Horvath, CEO of Green Growth Brands. "As a '360 degree' cannabis company, we expect to bring an expertise to each segment of the combined business: cannabis dispensaries, vertically-integrated and wholesale CBD and wholesale cannabis consumer products."

"The pairing between Moxie and Green Growth Brands is anticipated to accelerate growth for both businesses that results in a differentiated and expansive business model," said Jordan Lams, Co-Founder and CEO of Moxie. "Moxie's success comes from keeping our promise of delivering premium quality products to our consumers that creates an emotional connection with Moxie across multiple geographies. Both companies have proven track records of building customer loyalty through authenticity, and together, we are going to focus on taking steps to rapidly grow America's mainstream cannabis brands."

### ***Terms of the Transaction***

The Transaction is structured to include the formation of GGB LP, a new Ontario limited partnership of which GGB will be the general partner, with the operating companies of GGB being placed under the partnership (the **Reorganization**). Payment of the Purchase Price will be satisfied through the issuance of common shares of GGB (the **GGB Common Shares**) and exchangeable limited partnership units in GGB LP (**Exchangeable LP Units**) as follows: (i) through the issuance of GGB Common Shares to the shareholders of MXY C and MXY D; (ii) through the issuance of either GGB Common Shares or Exchangeable LP Units to the unitholders of Moxie; and (iii) through the issuance of Exchangeable LP Units to the holders of the Pure Entities. The Exchangeable LP Units are exchangeable into GGB Common Shares on a one-for-one basis for no additional consideration; however, the Exchangeable LP Units may not be exchanged for GGB Common Shares for the first year following the closing of the Transaction.

The total number of securities issuable as payment under the Transaction is equal to that number determined by dividing the Purchase Price by the 30-day volume-weighted average price (VWAP) of GGB Common Shares ending on the third trading day prior to the closing (the **Closing VWAP**) (but in no case will the Closing VWAP be less than US\$2.07 or greater than US\$3.45 (being the equivalent to CAD\$2.71

and CAD\$4.52, based on the Bank of Canada exchange rate as of July 5, 2019)), such that following the issuance of the GGB Common Shares and Exchangeable LP Units, the former Moxie members, the shareholders of MXY C and MXY D and the holders of the Pure Entities will hold between approximately 30% and 42% of the fully-diluted equity of GGB (treasury method and assuming the closing of GGB's previously announced Spring Oaks acquisition in Florida) with the majority of such securities to be subject to lock up agreements (the **Lock-Up Agreements**) for a period of 12 months from the completion of the Transaction with staggered releases.

The Agreement may be terminated in certain circumstances including by mutual agreement of the parties; by either party for a significant breach by the other party that would cause the closing conditions not to be met; by either party if the Transaction has not been effected by June 30, 2020; by Moxie, if it does not receive a legal opinion from counsel regarding the United States federal income tax consequences of the exchange of certain units of Moxie for Exchangeable LP Units (the **Opinion Termination**); or, by GGB, if GGB enters into an agreement regarding an acquisition transaction (the **Acquisition Termination**). Subject to the terms and conditions set out in the Agreement, if either party terminates as a result of a significant breach by the other party, the breaching party will pay a termination fee of US\$10 million or if the Agreement is terminated by Moxie in the event of an Opinion Termination, it will pay GGB a termination fee of US\$10 million. If the Agreement is terminated by GGB in the event of an Acquisition Termination, GGB will pay to Moxie a termination fee of US\$17.5 million. GGB will satisfy payment of its termination fee, in either case, in GGB Common Shares, and Moxie will satisfy payment of its termination fee, in either case, through forgiveness of the Loan (as defined below) and a cash payment.

The closing of the Transaction is expected to occur within the following six months, but remains subject to the satisfaction of various closing conditions, including receipt of all necessary regulatory approval for the transfer of the cannabis-related licenses of Moxie by local and state authorities in each of the markets where Moxie's assets and licenses are held; approval from the Canadian Securities Exchange for the listing of GGB Common Shares issuable in connection with the Transaction (including the GGB Common Shares issuable upon the exchange of the Exchangeable LP Units); that all required securityholder approval for Moxie, MXY C and MXY D is received and certain pre-closing transactions have been effected; that the Lock-Up Agreements have been entered into; there has been no material adverse effect in respect of either Moxie or GGB; and, that all documents required in connection with the transfer of Moxie, MXY C and MXY D securities have been delivered to GGB. There can be no assurance that the Transaction will be consummated.

On closing, the controlling members of Moxie will be entitled to nominate two directors of GGB and, in connection with the foregoing, the Company and certain shareholders of GGB, will enter into a nomination rights and voting agreement with respect to matters relating to the nomination and election of such nominees. Management of Moxie will continue to lead the company as part of GGB, with key management joining GGB.

As part of the Transaction, Moxie has agreed to make available a loan of US\$5 million (the **Loan**) to GGB in order to fund certain pending acquisitions and the parties have agreed to enter into a distribution agreement (the **Distribution Agreement**). The Loan will bear interest at 6% and, if the Transaction is

terminated, will be repaid within 12 months of termination. The Distribution Agreement provides that GGB will distribute Moxie CBD products through its kiosk and dispensary network for a period of up to thirty (30) months.

Both companies' board of directors have determined that the proposed transaction is in the best interests of their respective companies. Canaccord Genuity Corp. has delivered a fairness opinion to the board of directors of GGB, and Eight Capital has delivered a fairness opinion to the board of managers of Moxie.

The foregoing description of certain terms of the Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of such agreement to be filed by GGB under its profile at [www.sedar.com](http://www.sedar.com).

For more information on Green Growth Brands and Moxie's strategy to combine, refer to the investor deck available at [www.greengrowthbrands.com/for-investors](http://www.greengrowthbrands.com/for-investors).

### ***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. Moxie is a multistate operator (**MSO**) covering the California, Nevada, Arizona, Pennsylvania and New Jersey markets and its products are distributed in over 250 dispensaries across the United States.

Moxie is recognized by its peers in cannabis, winning close to 100 industry awards over the years, including Brand of the Year at the 2018 California Cannabis Association Awards. Moxie's newest product, the DART vaporizer, won first place at the recent 2019 High Times SoCal Cannabis Cup with its Piña Colada flavor. Jordan Lams was named 100 Most Influential People In Cannabis by High Times two years running, Top 100 Cannabis Leaders 2018 by Entrepreneur Magazine and is a member of the Forbes Business Council.

By using pharmaceutical grade technology and strict safety standards in their cultivation facilities and with a library consisting of hundreds of seeds, Moxie provides customers with high-quality recreational and medical cannabis products. Moxie offers live resin vape cartridges, CBD vape cartridges, liquid Moxie vape cartridges and pre-rolled joints. As Moxie builds out its capacity, it will be employing its know-how and genetic library to continue to strive to be a leading product innovator.

### ***Advisors***

GGB has retained Canaccord Genuity Corp. as its financial advisor and Norton Rose Fulbright Canada LLP and Akerman LLP as its legal advisor. Moxie has retained Eight Capital as its financial advisor and Dorsey & Whitney LLP, Fox Rothschild LLP and Dentons Canada LLP as its legal advisors.

### ***About Green Growth Brands Inc.***

Green Growth Brands creates remarkable experiences in cannabis and CBD. Led by CEO Peter Horvath and a leadership team of consumer-focused retail experts, the company's brands include CAMP, Seventh

Sense Botanical Therapy, The+Source, Green Lily, and Meri + Jayne. The Company also has a licensing agreement with the Greg Norman™ Brand to develop a line of CBD-infused personal care products designed for active wellness. Already driving the strongest sales per square feet in the cannabis industry, GGB is expanding its cannabis operations throughout the U.S., its CBD presence at ShopSeventhSense.com, in malls across the country, at DSW shoe stores and Abercrombie & Fitch stores—and that’s just the beginning. Learn more about the vision at GreenGrowthBrands.com.

*The securities described herein to be issued in the Transaction will be offered and sold in reliance upon available exemptions from the registration requirements under the U.S. Securities Act and have not been, and will not be, registered under the U.S. Securities Act, or any U.S. state securities laws, and may only be re-offered or re-sold in the United States pursuant to registration under the U.S. Securities Act and all applicable state securities laws or in compliance with the requirements of an applicable exemption therefrom.*

*This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.*

#### **Cautionary Statement in Forward-Looking Information**

This press release contains certain statements and information which constitute forward-looking statements or "forward-looking information" within the meaning of applicable securities laws. Wherever possible, forward-looking information can be identified by the expressions "seeks", "expects", "intends", "believes", "estimates", "will", "plans", "may", "anticipates," "target" and similar expressions (or the negative of such expressions). The forward-looking statements or forward-looking information are not historical facts, but reflect the current expectations of GGB regarding future results or events and are based on information currently available to it. The forward-looking events and circumstances discussed in this release include, but are not limited to, information concerning the completion and timing of the contemplated combination with Moxie; expectations regarding whether the contemplated Transaction, including the Reorganization, will be consummated, including whether the conditions to consummation of the proposed Transaction will be satisfied and whether the proposed Transaction, including the Reorganization, will be completed on the current terms; the timing for completing the proposed Transaction; expectations for the effects of the proposed Transaction and Reorganization, including the potential licenses to be acquired; expectations regarding the markets to entered into by GGB as a result of completing such proposed Transaction; information as to the operations of GGB and GGB LP as a result of the Reorganization; information as to the development and distribution of GGB’s brands and products; and any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, financial position, operational or financial performance or achievements.

Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management. All material assumptions used in making forward-looking statements are based on GGB's knowledge of its business and the business of Moxie, and, in some cases, information supplied by third parties. Certain material factors or assumptions include, but are not limited

to, the contemplated Transaction being completed on the current terms and current contemplated timeline; the anticipated effect of the Transaction, including the Reorganization, on GGB; development costs remaining consistent with budgets; favourable equity and debt capital markets; the ability to raise sufficient capital to advance the business of GGB; favourable operating conditions; the current business conditions and expectations of future business conditions and trends affecting GGB and Moxie, including the U.S. and Canadian economies, the cannabis industry in Canada, the United States and elsewhere, and capital markets; obtaining and maintain all required licenses and permits; receipt of governmental approvals and permits; the pricing of various cannabis products; the level of demand for cannabis products; and the availability of third party service providers and other inputs for GGB's operations. All forward-looking statements and forward-looking information in this press release are qualified by these cautionary statements. GGB believes that the expectations reflected in forward-looking statements and forward-looking information are based upon reasonable assumptions; however, GGB can give no assurance that the actual results or developments will be realized by certain specified dates or at all.

Forward-looking statements and forward-looking information are subject to a number of risks and uncertainties that could cause actual results or events to vary materially from current expectations. In addition to risks noted elsewhere in this news release, material risks include, but are not limited to, the risk that the Agreement involving GGB and Moxie will not have the anticipated effect on GGB or its business; the ability to obtain requisite regulatory approvals and third party consents and the satisfaction of other conditions to the consummation of the proposed Transaction on the proposed terms and timeline; that the Transaction will not be consummated for reason; the potential impact of the announcement or consummation of the proposed Transaction on relationships, including with regulatory bodies, employees, suppliers, customers and competitors; the diversion of management time on the proposed Transaction; risks relating to cannabis being illegal under US federal law and risks of federal enforcement actions related to cannabis; changes in general economic conditions in Canada, the United States and elsewhere; adverse industry events; marketing costs; loss of markets; changes in operating conditions (including changes in the regulatory environment) affecting the cannabis industry; fluctuations in currency and interest rates; future legislative and regulatory developments involving medical and recreational marijuana; inability to access sufficient capital from internal and external sources, and/or inability to access sufficient capital on favorable terms; availability of materials and personnel; and, the limited operating history of GGB and Moxie, increasing competition in the industry; as well as those risk factors discussed in GGB's Annual Information Form filed on SEDAR. Readers, therefore, should not place undue reliance on any such forward-looking information. Further, forward-looking statements and forward-looking information speak only as of the date hereof. GGB disclaims any intention and assumes no obligation to update or revise any forward-looking statements or forward-looking information, even if new information becomes available, as a result of future events or for any other reason, except to the extent required by applicable securities laws.

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