



## Choom Announces Closing of Prospectus Offering and Recapitalization Transactions

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Vancouver, BC – July 8, 2021– Choom Holdings Inc. (“**Choom**” or the “**Company**”) (CSE: CHOO; OTCQB: CHOOF), a fast-expanding Canadian retail cannabis company, is pleased to announce that it has completed its previously announced restructuring (the “**Debt Restructuring**”) of approximately \$25.9 million of outstanding debt, including approximately \$21.8 million owing to Aurora Cannabis Inc. (“**Aurora**”) and its public offering of units (the “**Units**”) at a price of \$0.08 per Unit (the “**Offering Price**”) for gross proceeds of \$3.5 million (the “**Offering**”).

### **Offering**

In accordance with the terms of an agency agreement dated June 28, 2021 among the Company, Canaccord Genuity Corp. (the “**Lead Agent**”) and Leede Jones Gable Inc. (together with the Lead Agent, the “**Agents**”), the Company issued 43,750,000 Units for gross proceeds of \$3.5 million. Each Unit consists of one common share in the capital of the Company (a “**Common Share**”) and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a “**Warrant**”). Each Warrant entitles the holder to purchase one additional Common Share at a price of \$0.12 per Common Share until July 8, 2024; provided that, if, at any time, the daily volume weighted average trading price of the Common Shares on the Canadian Securities Exchange (the “**CSE**”) or such other stock exchange on which the Common Shares are listed is greater than \$0.16 per Common Share over the ten (10) preceding consecutive trading days, the Company may, upon providing written notice to the holders of Warrants, accelerate the expiry date of the Warrants to the date that is thirty (30) days following the delivery of such written notice.

In connection with the Offering, the Company has paid the Agents a cash fee of \$192,500 and issued the Agents compensation options (the “**Compensation Options**”) exercisable at any time until July 8, 2024 to purchase up to 2,406,250 compensation option units (the “**Compensation Option Units**”) of the Company at the Offering Price. Each Compensation Option Unit will be comprised of one Common Share and one-half of one Common Share purchase warrant (each whole such warrant, a “**Compensation Option Warrant**”). Each Compensation Option Warrant will entitle the holder to acquire one Common Share at a price of \$0.12 per Common Share until July 8, 2024, subject to acceleration on the same terms as the Warrants. In addition, the Company has issued the Lead Agent an aggregate of 1,312,500 Units in satisfaction of a corporate finance fee.

The net proceeds of the Offering will be used by the Company to operate and construct retail locations to sell cannabis and cannabis related products and for other general corporate and working capital purposes.

## Debt Restructuring

Immediately following the closing of the Offering (the “**Effective Date**”), Choom completed the previously announced Debt Restructuring by:

- Aurora converting indebtedness owed to it into 79,754,843 Common Shares, such that following closing of the Debt Restructuring, Aurora will own approximately 19.9% of the Company’s issued and outstanding Common Shares on a post-Offering basis;
- the Company issuing to Aurora a convertible debenture in the aggregate principal amount of \$6.0 million (the “**2021 Debenture**”) maturing on December 23, 2024;
- the Company and Aurora entering into a debt restructuring fee agreement dated the Effective Date;
- the Company and Aurora entering into an amended and restated investor rights agreement dated the Effective Date (the “**Investor Rights Agreement**”) and pursuant to which (among other things) Aurora has the right to nominate up to two (2) nominees to serve as directors of the Company and to participate in future of securities offerings undertaken by the Company in order to maintain its pro-rata ownership of the Company, all in accordance with the terms of the Investor Rights Agreement; and
- amending the terms of the Company’s convertible debentures issued in December 2019 in the aggregate principal amount of \$4.1 million (the “**2019 Debentures**”) to provide, among other things, that the maturity date of the 2019 Debentures be extended to December 23, 2024. The Company has also extended the expiry date of the Common Share purchase warrants (the “**2019 Warrants**”) issued in connection with the 2019 Debentures from December 23, 2023 to December 23, 2024.

Choom and Aurora have also agreed to use commercially reasonable efforts to enter into a services agreement (the “**Services Agreement**”) pursuant to which Choom would operate retail cannabis stores on behalf of Aurora. It is anticipated that the Services Agreement will be negotiated and entered into within ninety (90) days of the Effective Date. In the event the Services Agreement is not entered into within ninety (90) days of the Effective Date, certain payments thereunder will increase.

A related party to the Company participated in the Offering and two related parties of the Company beneficially own, control or exercise direction over, directly or indirectly, the 2019 Debentures. As a result, the Offering and the amendments to the 2019 Debentures and 2019 Warrants constitute “related party transactions” within the meaning of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). The transactions are exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 in respect of related party participation as neither the fair market value (as determined under MI 61-101) of the subject matter of, nor the fair market value of the consideration for, the transactions, insofar as it involves interested parties, exceeds 25% of the Company’s market capitalization.

*The securities being offered have not been and will not be registered under the United States Securities Act of 1933 (the “1933 Act”), as amended, and may not offered or sold in the United States absent registration under the 1933 Act, as amended, or an exemption from the registration requirements*

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

### **Early Warning Disclosure**

Prior to the Effective Date, Aurora had beneficial ownership of 9,859,155 Common Shares or approximately 2.66% of the issued and outstanding Common Shares (calculated on a non-diluted basis). After the Effective Date, Aurora has beneficial ownership of 79,754,843 Common Shares or approximately 19.9% of the Company's issued and outstanding Common Shares on a post-Offering basis (calculated on a non-diluted basis).

Aurora intends to review its investment in the Company on a continuing basis and may, subject to the terms of the Investor Rights Agreement, 2019 Debentures and 2019 Warrants, purchase or sell Common Shares, either on the open market or in private transactions, in each case, depending on a number of factors, including general market and economic conditions and other factors and conditions Aurora deems appropriate.

An amended early warning report will be filed by Aurora with applicable Canadian securities regulatory authorities. To obtain a copy of the early warning report, please contact Ranjeev Dhillon at 416-601-8327.

### **Advisors and Counsel**

Canaccord Genuity Corp. acted as the lead agent and sole bookrunner for the Offering, with a syndicate comprised of Leede Jones Gable Inc.

Pushor Mitchell LLP acted as legal counsel to the Company and Borden Ladner Gervais LLP acted as legal counsel to the Agents in connection with the Offering.

Hillcrest Merchant Partners Inc. acted as a financial advisor to Choom in connection with the restructuring of Aurora's debt.

### **About Choom™**

Choom™ is a fast-expanding Canadian retail cannabis company, inspired by Hawaii's "Choom Gang"—a group of buddies in Honolulu during the 1970's who loved to smoke weed—or as the locals called it, "Choom". Evoking the spirit of the original Choom Gang, our brand caters to the Canadian market with the ethos of 'cultivating good times'. Choom™ is focused on delivering an elevated customer experience through our curated retail environments, offering a diversity of brands for Canadians across a national retail network.

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**Cautionary Statement on Forward-looking information**

*This news release contains certain "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws, including statements relating to the use of net proceeds of the Offering. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only the Company's beliefs regarding future events, plans or objectives, while considered reasonable by Choom, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies, many of which, by their nature, are outside of the Company's control. 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", "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 result", "will continue", "will occur", "will bear", or "will consist". The forward-looking events and circumstances discussed in this release may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting the Company, including and not limited to, risks and uncertainties associated with or arising as a result of delays in obtaining or an inability to obtain required regulatory approvals, access to sufficient quantities of cannabis, the results of diligence investigations, the actions of third parties, the results of negotiations with third parties, developments in the cannabis industry, the ability to access sufficient capital from internal and external sources, reliance on key personnel risks regarding the COVID-19 pandemic, regulatory risks and delays and other risks and uncertainties discussed in the management discussion and analysis section of the Company's interim and most recent annual financial statement or other reports and filings, including those made with the CSE and applicable Canadian securities regulators. The forward-looking information contained in this press release is made as of the date hereof, and the Company is 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. By identifying such information and statements in this manner, the Company is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such information and statements.*

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