

MATERIAL CHANGE REPORT

1. **Name and Address of Company**

Choom Holdings Inc. (“**Choom**” or the “**Company**”)
#208 – 1525 West 8th Avenue
Vancouver, BC V6J 1T5

2. **Date of Material Change**

July 8, 2021

3. **News Release**

The news release was disseminated on July 8, 2021 and filed on Choom’s profile on SEDAR.

4. **Summary of Material Change**

On July 8, 2021 Choom completed 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**”) and 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**”).

5. **Full Description of Material Change**

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 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.

Debt Restructuring

Immediately following the closing of the Offering (the “**Effective Date**”), the Company completed the previously announced Debt Restructuring by: (i) 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, (ii) 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; (iii) the Company and Aurora entering into a debt restructuring fee agreement dated the Effective Date; (iv) 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 (v) 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.

6. Reliance on subsection 7.1(2) of National Instrument 51-102

This report is not being filed on a confidential basis.

7. Omitted Information

No information has been omitted in respect of the material change.

8. Executive Officer

For further information, please contact:

Corey Gillon, CEO
Telephone: 604-683-2509

9. **Date of Report.**

July 13, 2021

Cautionary Statement on Forward-Looking Information

This material change report contains *certain "forward-looking information" and "forward-looking statements" within the meaning of applicable securities laws. 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, many of which, by their nature, are inherently uncertain and 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 material change report 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 material change report 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.