



CSE: TBI
FSE: 1WZ:GR
OTCQB: PEMTF

Thoughtful Brands Finalizes Deal to Acquire American CBD Extraction Corp.

*Acquisition of Kentucky-based operations and facility will enable
Thoughtful Brands to become vertically integrated while
launching new brands and proprietary products*

VANCOUVER, BRITISH COLUMBIA, CANADA (October 21, 2020) – [Thoughtful Brands Inc.](#) (CSE:TBI; FSE: 1WZ1; OTCQB: PEMTF) (the “**Company**” or “**Thoughtful Brands**”), a global natural health products and eCommerce technology company, is pleased to announce it has entered into a definitive agreement to acquire (the “**Transaction**”) *American CBD Extraction Corp.* (“**American CBD**”) and its Kentucky-based wholly owned subsidiary East Kentucky Extractions, LLC (“EKE”), a hemp derived CBD extraction company. The Transaction sets the stage for Thoughtful Brands to become a vertically integrated CBD retailer, controlling each aspect of the supply chain including production, logistics and value chain.

“The acquisition of American CBD will mark the start of a new era for Thoughtful Brands.” said CEO, Ryan Dean Hoggan. “By having the ability to produce hemp extractions ourselves, we can ensure the quality of our brands and products more confidently than ever before, while also being in a prime position to reduce operating costs, expand sales and drive product innovation.”

Upon the closing of the Transaction, the Company will gain access to an abundance of hemp biomass in Kentucky, and own a fully equipped and licensed 41,000 square foot facility that can process more than 1,200 pounds of hemp per day. This will enable several significant new focuses for Thoughtful Brands across multiple means of production, including:

- CBD brands under the Thoughtful Brands umbrella will begin to utilize hemp-derived CBD extracted by the Company’s newly acquired operations, which will reduce product costs.
- The Company will launch new superior quality CBD brands, offering products made from hemp they extract and produce themselves.
- Thoughtful Brands will develop new finished hemp-CBD products that are proprietary, as well as products formulated for future brand clients.
- Thoughtful Brands will also become a wholesale supplier of hemp biomass.

Thoughtful Brands will also be able to utilize EKE’s expertise to enhance the formulations of their various direct to consumer CBD brands, which include Nature’s Exclusive, Sativida, Golden Path and Wild Mariposa.

Acquisition Details

On October 20, 2020, the Company, and a wholly-owned subsidiary of the Company (“**Subco**”) entered into an amalgamation agreement with American CBD (the “**Amalgamation Agreement**”), pursuant to which the Company has agreed to acquire American CBD via a “three cornered” amalgamation, whereby Subco will amalgamate with American CBD to form one corporation

(“**Amalco**”) under section 269 of the *Business Corporations Act* (British Columbia). Pursuant to the Amalgamation Agreement, the Company will (i) issue 110,000,000 common shares of the Company (the “**Consideration Shares**”) to the security holders of American CBD *pro rata* to the number of securities of American CBD held by each American CBD shareholder at the effective time of the completion of the Transaction, and (ii) Amalco shall become a wholly-owned subsidiary of the Company.

The Consideration Shares will be paid upfront and subject to a voluntary pooling arrangement, from which 25% of the Consideration Shares will be released on the closing date of the Transaction, followed by an additional 25% after each subsequent 90-day period.

In connection with the closing of the Transaction, the Company also expects to enter into an operating agreement (the “**Operating Agreement**”) with 9112-7258 Quebec Inc. (the “**Operator**”) for the operation of the American CBD assets in Jenkins, Kentucky. Pursuant to the Operating Agreement, the Company will pay the Operator a bonus of Cdn\$1,300,000 upon the execution of the Operating Agreement, which shall be settled through the issuance of 13,000,000 common shares of the Company (the “**Bonus Shares**”). In addition to the Bonus Shares, the Operator will be entitled to receive a \$2,000,000 payment (“**Milestone Payment**”) from the Company upon (i) the achievement of cumulative sales of over USD\$1,000,000 produced from the Kentucky facility acquired as part of the Transaction; or (ii) the entering into of a supply agreement with a third-party to deliver finished product on a wholesale basis at a price less than the manufacturing cost of similar product by the Company. The Milestone Payment will be settled through the issuance of common shares of the Company (“**Milestone Shares**”), which shall be valued based on the five-day volume weighted average closing price of the Company’s shares on the Canadian Securities Exchange immediately prior to the milestone payments becoming payable.

Closing of the Transaction is subject to, among other things: (a) American CBD having a minimum of Cdn\$2,250,000 in immediately available cash in hand less costs related to the Transaction (which are not exceed Cdn\$40,000); (b) the debts and liabilities of American CBD not exceeding Cnd\$250,000 on a consolidated basis, other than the costs related to the Transaction (which shall not exceed Cdn\$40,000) and any audit related costs; (c) all outstanding securities of American CBD convertible into shares of American CBD having been cancelled; (d) the time period for the exercise of any dissent rights of American CBD shareholders having expired, and shareholders of American CBD not having exercised such dissent rights; (e) Cdn\$300,000 having been sent to a bank account of American CBD or a subsidiary thereof; (f) and the delivery of certain documents by each party. Readers are cautioned that completion of the Transaction remains subject to the closing conditions noted above. The Transaction cannot be completed until these conditions are satisfied.

The Company also expects to pay an administrative fee of 1,100,000 common shares to a consultant who assisted with the Transaction.

The Company is at arms-length from American CBD and its shareholders. The Transaction will not constitute a fundamental change for the Company, nor is it expected to result in a change of control of the Company, within the meaning of applicable securities laws and the policies of the Canadian Securities Exchange.

In addition to the above the Company announces that it has issued 1,327,200 common shares as repayment to settle a US\$100,000 debt to Justus Consulting Inc. (the “**Creditor**”) at a deemed price of CAD\$0.10 per share. The Creditor has agreed to accept common shares using the Bank of Canada closing rate on October 6, 2020 of CAD\$1.3272. All common shares of the Company

issued to the Creditor will be subject to a four-month-and-one-day statutory hold period in accordance with the policies of the Canadian Securities Exchange.

About American CBD Extraction Corp.

Because of its location, American CBD's subsidiary has an abundant availability of biomass at economic prices, which is then processed using CO₂ extraction to produce high-grade hemp derived CBD oil for the American market. American CBD has a fully built and licensed 41,000 sq ft facility with the ability to process over 1,200 lbs per day to produce winterized crude with the current extraction systems.

About Thoughtful Brands Inc.

Thoughtful Brands Inc. is an eCommerce technology company that researches, develops, markets, and distributes natural health products through various brands in North America and Europe. Through continuous strategic acquisitions, the Company has a strong footprint in the CBD market, as well as the burgeoning psychedelic medicine sector. Thoughtful Brands owns and operates a 110,000 square foot pharmaceutical manufacturing facility in Radebeul, Germany, where its highly skilled team conducts clinical studies utilizing naturally occurring psilocybin and other compounds found in psychedelics for the treatment of opiate addiction, while planning for future opportunities to create proprietary psilocybin products.

ON BEHALF OF THE BOARD OF DIRECTORS

THOUGHTFUL BRANDS INC.

Ryan Hoggan
Chief Executive Officer

For further information, readers are encouraged to contact Joel Shacker, President at +1.604.423.4733 or by email at info@thoughtful-brands.com

Neither the Canadian Securities Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Canadian Securities Exchange) accepts responsibility for the adequacy or accuracy of this press release, which has been prepared by management.

Cautionary Note Regarding Forward-Looking Statement

All statements in this press release, other than statements of historical fact, are "forward-looking information" with respect to the Company within the meaning of applicable securities laws, including with respect to the closing of the Transaction, the business plans and prospects of American CBD after the completion of the Transaction, the ability to create proprietary psilocybin products in the future. The Company provides forward-looking statements for the purpose of conveying information about current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. These risks and uncertainties include but are not limited to those identified and reported in the Company's public filings under the Company's SEDAR profile at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise unless required by law.