



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

Thoughtful Brands Enters Binding Term Sheet to Acquire American CBD Extraction Corp.

Agreement paves the way for Thoughtful Brands to become vertically integrated and subsequently reduce operating costs while expanding sales

VANCOUVER, BRITISH COLUMBIA, CANADA (September 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 that it has signed a binding term sheet to acquire (the “**Proposed Acquisition**”) all of the issued and outstanding shares, or all of the assets of, Kentucky-based hemp extraction company American CBD Extraction Corp. (“**American CBD**”). The Proposed Acquisition is expected to set the stage for Thoughtful Brands to become a fully vertically-integrated CBD company, controlling each aspect of the supply chain, including production, logistics and value chain.

Upon completion of the Proposed Acquisition, the Company will acquire an abundance of hemp biomass along with a fully equipped 41,000 square foot facility with the ability to process more than 1,200 pounds of hemp per day once licensed. Upon completion, Thoughtful Brands would also be able to utilize American CBD’s technological and scientific expertise to enhance the formulations of the Company’s various direct-to-consumer CBD brands, which include Nature’s Exclusive, Sativida and the recently acquired Golden Path and Wild Mariposa. Additionally, the Company plans to sell American CBD’s hemp biomass to support operations in Europe and to other clients worldwide.

“The term sheet with American CBD is an important milestone for the Company because it increases the likelihood of expanded margins and will allow us to launch innovative new products for which we control every step of the process,” said Thoughtful Brands CEO Ryan Hoggan. “Once we’re able to work directly with the team at American CBD and within their state-of-the-art Kentucky facility, we expect to be able to fine-tune and advance our cannabinoid product portfolio.”

Acquisition Details

The Company proposes to acquire all of the issued and outstanding share capital of, or all of the assets of, American CBD in consideration for Cdn\$11,000,000, which will be satisfied through the issuance of common shares of the Company (the “**Consideration Shares**”). The Consideration Shares will be issued to the existing shareholders of American CBD or, in the case of an asset acquisition, directly to American CBD, at a deemed price equivalent to the lesser of (a) Cdn\$0.18 per share or (b) the five-day volume-weighted average closing price of the Company’s common shares on the Canadian Securities Exchange for the period preceding closing of the Proposed Acquisition. The Consideration Shares shall be paid upfront and subject to an escrow arrangement, from which 25% of the Consideration Shares will be released on the closing date of the Proposed Acquisition, followed by an additional 25% after each subsequent 90-day period.

In addition to the Consideration Shares, a bonus of Cdn\$1,000,000 will be paid to the operating team of American CBD on closing and a Cdn\$2,000,000 performance milestone payment will be paid to the operating team of American CBD upon the achievement of production and cumulative online sales of over USD\$1,000,000. The bonus and milestone shares will be payable in common shares of the Company based on the five-day volume weighted average closing price of the Company's shares on the Canadian Securities Exchange immediately prior to the bonus and milestone payments becoming payable.

Closing of the Proposed Acquisition is subject to American CBD: (a) having a minimum cash balance of Cdn\$2,000,000, less closing costs related to the Proposed Acquisition (which are not exceed Cdn\$40,000); (b) having no debts or liabilities; and (c) having been granted a seat on the Company's board of directors, all on the closing of the Proposed Acquisition.

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.

Readers are cautioned that the final terms and structure for a transaction between the Company and American CBD have not yet been determined. Completion of any transaction remains subject to negotiation of definitive documentation and satisfaction of conditions set forth above, as well as customary closing conditions for a transaction of this nature. The Proposed Acquisition cannot be completed until these conditions are satisfied. The Company will provide additional information regarding the Proposed Acquisition as soon as it becomes available.

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.

About American CBD Extraction Corp.

From the rich soils of Kentucky, American CBD Extraction Corp. is a Kentucky-based company that produces cannabinoid distillates and isolates, and is positioned to become a significant supplier of hemp-derived extracts. Its location in the eastern part of Kentucky, a place that has been called "The Hemp Capital of the United States," gives American CBD the privilege to partner with the state's most experienced farmers to source the highest quality hemp for its products. American CBD is a company founded on dedication, strong work ethic and quality, fulfilling its mission to provide consistent, high-grade and clean hemp-derived CBD oil to meet the growing demand in this evolving marketplace.

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 +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 completion of the Proposed Acquisition, the synergies created by the acquisition of American CBD, plans to sell hemp biomass to support its operations in Europe and to other clients worldwide, its plans to acquire additional revenue-producing natural health product brands and operations in both Europe and North America with the goal of establishing an international distribution network utilizing its eCommerce technology platform. 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.