

# TransCanna

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## **TransCanna Signs Exclusive Agreement To Acquire 100% Of Lifestyle Delivery and CannaStrips™**

**Canadian Securities Exchange: TCAN**  
**Borse Frankfurt: TH8**

**Vancouver, BC, June 29, 2019 - TransCanna Holdings Inc.** (CSE: TCAN, XETR: TH8) (“TransCanna” or the “Company”) and Lifestyle Delivery Systems Inc. (CSE: LDS, Frankfurt: LD6, WKN: A14XHT, OTCQX: LDSYF) (“LDS”) entered into an exclusive agreement to negotiate a proposed business combination between TransCanna and LDS. The proposed business combination is expected to involve the acquisition by TransCanna of all the outstanding common shares of LDS at a price equal to the greater of \$51,660,140 payable in common shares of Transcanna and the amount resulting from a fixed exchange ratio of one (1) Transcanna common shares for every ten (10) LDS common shares.

### **Highlights:**

- LDS generated an aggregate of \$6,795,548 in gross revenue during the year ended December 31, 2018 together with Q1 ended March 31, 2019
- LDS shareholders will represent approximately 13.95 million shares out of 47.81 million shares or approximately 29.1% of TransCanna
- Combination of owning CannaStrips™ and its existing revenue stream, with one of the largest cannabis facilities in California, is a significant milestone and will help TransCanna in its goal to become a California market leader.
- Provides TransCanna with 5 operations; Annual Licensees for manufacturing (series 5 and 7), transportation and distribution and Annual License submissions for nursery and cultivation with the additional Municipal dispensary permit with Cal Cannabis annual retail (dispensary) submission.
- Combined entity will include:
  - 196,000 sq ft vertically integrated cannabis focused facility in Modesto (owned)

- 20,000 sq ft state-of-the-art laboratory, nursery and cultivation & 20,000 sq ft warehouse facility (leased)
- 25.5 acres in Adelanto, CA; majority of land in the “green zone” (owned)

- Potential for significant cost savings and synergies with additional potential for other operating efficiencies including higher profit margins and fewer taxes.
- The combined entity will be an attractive platform for further accretive growth and consolidation throughout California and beyond.
- Enhance our capital markets presence including analyst coverage, and significantly broader retail investor and shareholder base.

“This proposed transaction represents an opportunity for all of the combined shareholders to benefit from an exceptionally well integrated platform, capable of avoiding excessive industry fees and taxes creating significantly larger profit margins. Merging the revenue generating assets created by the LDS team, including the flagship CannaStrips™, with the scale oriented TransCanna team and their 196,000 sq ft vertically integrated, cannabis focused facility in central California equals, in our opinion, a California-based powerhouse,” stated Brad Eckenweiler, CEO of LDS.

“This has the potential to be a transformative acquisition by TransCanna. The combined company will expedite our processes and corporate goals by at least 24 months. TransCanna will be revenue generating, with the ability to immediately scale throughout California,” stated Jim Pakulis, CEO of TransCanna.

It is expected that the Proposed Transaction will be completed by way of a plan of arrangement, resulting in LDS becoming a wholly-owned subsidiary of TransCanna at closing. Following completion of the Proposed Transaction, it is expected that the outstanding options and warrants of LDS will be exercisable to acquire common shares of TransCanna on the basis of the exchange ratio set out above.

Completion of the Proposed Transaction remains subject to a number of conditions, including satisfactory completion by TransCanna and LDS of their respective due diligence investigations, the negotiation and execution of a definitive agreement, the receipt by LDS of an independent fairness opinion, the approval of LDS shareholders, in addition to other customary closing conditions, including the approval of the British Columbia Supreme Court and all other regulatory and stock exchange approvals. There is no assurance that the Proposed Transaction will be completed as described in this news release or at all.

LDS has agreed to certain non-solicitation and exclusivity restrictions, including a right to match in favor of TransCanna with respect to any third party debt or financings.

Certain directors and officers of LDS own shares of TransCanna, and certain directors and officers of TransCanna may own shares of LDS.

Subject to the execution of a definitive agreement and satisfaction of all closing conditions, TransCanna expects the Transaction to be completed in September 2019.

TransCanna is holding an investor conference call on Wednesday, July 3<sup>rd</sup> at 1:15pm PST. Conference call in numbers: (US) 888-585-9008, (Canada) (888) 299-2873 and (Germany) 0 800 723 5123. The Conference room pin is 477 995 281.

For further information, please visit the Company's website at [www.transcanna.com](http://www.transcanna.com).

#### **About TransCanna Holdings Inc.**

TransCanna Holdings Inc. is a Canadian-based company focused on providing integrated branding, transportation and distribution services, through its wholly-owned California subsidiaries, to a range of industries including the cannabis marketplace.

#### **About Lifestyle Delivery Systems Inc.**

Lifestyle Delivery Systems Inc. is a technology company that licenses its technology to a state-of-the-art production and packaging facility located in Southern California. The Company's technology produces infused strips (similar to breath strips) that are not only a safer, healthier option to other forms of delivery but also superior bioavailability of cannabis constituents. Some strips will also include supplemental co-active ingredients such as nutraceuticals, vitamins and peptides. The technology provides a new way to accurately meter the dosage and assure the purity of selected product. From start to finish, the production process, based on the Company's technology, tests for quality and composition of all the ingredients used in each and every strip which results in a delivery system that is safe, consistent and effective.

For further information, please visit the Company's website at [www.transcanna.com](http://www.transcanna.com) or email the Company at [info@transcanna.com](mailto:info@transcanna.com).

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*CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS: This news release contains "forward-looking statements" and "forward-looking information" as such term is defined in applicable Canadian securities laws). Except for statements of historical fact relating to Transcanna or LDS, information contained herein constitutes forward-looking statements. Forward-looking statements are characterized by words such as "plan," "expect", "budget", "target", "project", "intend," "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements in this news release include, but are not limited to, statements relating to completion of the acquisition of LDS and the expected timing of completion, statements regarding the expected benefits to Transcanna shareholders of the proposed transaction. Forward-looking statements are based on the opinions,*

*assumptions and estimates of management considered reasonable at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include (i) completion of the Proposed Transaction between TransCanna and LDS remains subject to a number of conditions , (ii) developments, whether generally or in respect of the cannabis industry specifically, in the United States, not consistent with Transcanna's current expectations, as well as those risk factors discussed or referred to in Transcanna's continuous disclosure filings available at [www.sedar.com](http://www.sedar.com). Although Transcanna has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended.*

*There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Transcanna does not undertake any obligation to update forward-looking statements if circumstances or management's estimates, assumptions or opinions should change, except as required by applicable law. The reader is cautioned not to place undue reliance on forward-looking statements. T*

*Information herein with respect to LDS has been provided by management of LDS and Transcanna does not assume any responsibility or liability with respect to LDS's information set out herein or any obligation to update such information, except as require by applicable securities laws.*

*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 release.*