



## **48North Announces Mailing of Management Information Circular for Proposed Arrangement with HEXO Corp.**

**July 21, 2021— Toronto, Ontario** - 48North Cannabis Corp. ("**48North**" or the "**Company**") (TSXV:NRTH), is pleased to announce that it has filed and mailed its management information circular (the "**Information Circular**") and related meeting and proxy materials (collectively, the "**Meeting Materials**") for the special meeting of the shareholders of the Company (the "**Company Shareholders**") to be held virtually on Tuesday, August 17, 2021 at 10:00 a.m. (Toronto time) (the "**Meeting**"). The purpose of the Meeting is to consider and, if thought advisable, to pass a special resolution, with or without variation (the "**Arrangement Resolution**"), approving the previously announced transaction pursuant to which HEXO Corp. ("**HEXO**") will acquire all of the issued and outstanding common shares of the Company (the "**Common Shares**") by way of a court-approved plan of arrangement under the *Canada Business Corporations Act* (the "**Arrangement**"). The Information Circular contains a detailed description of the Arrangement and other information relating to the Company and HEXO.

On July 14, 2021, the Company obtained an interim order (the "**Interim Order**") of the Ontario Superior Court of Justice (*Commercial List*) (the "**Court**"), which, among other things, authorizes the calling and holding of the Meeting, stipulates the dissent rights granted to the Company Shareholders, and specifies certain other matters relating to the conduct of the Meeting. The granting of the Interim Order is a condition precedent to the completion of the Arrangement in addition to a final order of the Court concluding as to the fairness of the Arrangement (the "**Final Order**") at a hearing to be held following the Meeting in the event the Company Shareholders approve the Arrangement. In accordance with the Interim Order, the Meeting Materials have been mailed to the Company Shareholders and are also available on the Company's website at <https://48nrth.com/meetingmaterial2021/> and under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

***The board of directors of the Company (the "Company Board") has determined that the Arrangement is in the best interests of the Company and fair to the Company Shareholders, and unanimously recommends that Company Shareholders vote in favour of the Arrangement Resolution at the Meeting.***

Subject to receipt of all regulatory, court, shareholder and stock exchange approvals, the satisfaction of customary conditions precedent in transactions of this nature and the satisfaction of certain other specified conditions precedent set out in the arrangement agreement dated May 17, 2021 between the Company and HEXO (the "**Arrangement Agreement**"), the Arrangement is expected to be completed at the end of August 2021 shortly following the Meeting and the granting of the Final Order.

## Voting and Participation at the Meeting

### *Attendance*

The Company remains mindful of the well-being of the Company Shareholders and other stakeholders of the Company amid the ongoing concerns regarding the Coronavirus (COVID-19) outbreak, and accordingly, the Meeting will be held exclusively as a virtual (by electronic means) shareholder meeting. Company Shareholders will not be able to attend the Meeting in person. The Meeting will be held via live audio webcast available online using the LUMI meeting platform at <https://web.lumiagm.com/418612599> on Tuesday, August 17, 2021 at 10:00 a.m. (Toronto time). A detailed summary of the information Company Shareholders will need to attend the Meeting online is provided in the Information Circular.

### *Voting*

At the Meeting, Company Shareholders will be asked to consider and, if thought advisable, approve, with or without variation, the Arrangement Resolution. To become effective, the Arrangement Resolution must be approved at the Meeting by the affirmative vote of (i) at least 66 2/3% of the votes cast by Company Shareholders virtually present or represented by proxy at the Meeting and entitled to vote thereat, and (ii) a simple majority of the votes cast by Company Shareholders virtually present or represented by proxy at the Meeting and entitled to vote thereat, excluding the votes of persons whose votes must be excluded in accordance with MI 61-101 - *Protection of Minority Security Holders in Special Transactions* (as described in greater detail in the Information Circular).

***Your vote is important regardless of the number of Common Shares you own. All Company Shareholders are encouraged to deposit their proxies before 5:00 p.m. (Toronto time) on Friday, August 13, 2021.***

### **Benefits to Company Shareholders**

In recommending that Company Shareholders vote in favour of the Arrangement, the Company Board considered a number of factors, including, among others:

- *Ownership in a Larger, Stronger Company focused on Cannabis Production.* On June 1, 2021, HEXO completed its previously announced plan of arrangement transaction with Zenabis Global Inc., following which the combined organization is one of the top-three Canadian Licensed Producers, as such term is defined in the *Cannabis Act* (Canada) ("**Licensed Producer**") in terms of combined Canadian recreational cannabis sales (based on the most recently filed quarterly financial information of the top five Licensed Producers in Canada). Assuming completion of HEXO's proposed transaction (as announced by HEXO on May 28, 2021) to acquire RedeCan, presently Canada's largest privately-owned Licensed Producer, the resulting issuer would hold the number one market share in the Canadian recreational cannabis market and the number one position in four of Canada's largest markets: Alberta, British Columbia, Quebec, and Ontario. Following completion of the Arrangement, Company Shareholders will have an ownership interest in the combined organization, which is expected to have an enhanced capital markets profile, and a robust financial profile with a strong balance sheet and financial position in terms of debt, low depreciable capital base and working capital.
- *Enhancing Shareholder Value.* In the Company Board's view, the Company and Company Shareholders should ultimately benefit from what it believes to be a lower cost of capital at HEXO

than at the Company, and following completion of the Arrangement, the addition of the Company's innovative product offerings (including topicals, bath, and intimacy products) to HEXO's existing product offerings would be expected to provide a strong base for potential future consumer packaged goods partnerships in the United States, Canada and internationally, further enhancing shareholder value.

- *Premium to Company Shareholders.* The exchange ratio (being, 0.02366 of a common share of HEXO (each whole share, a "**HEXO Share**") in exchange for each Common Share) implies a premium per Company Share of approximately 20%, based on the 10-day volume-weighted average price of the Common Shares on the TSX Venture Exchange and the HEXO Shares on the Toronto Stock Exchange as of the close of markets on May 14, 2021, and then takes into account an adjustment for 50% of the \$5,000,000 million bridge loan advanced by HEXO to the Company in June 2021 (as described in greater detail in the Information Circular).
- *Shareholders Will Participate in the Business of the Resulting Issuer.* Following the completion of the Arrangement, 48North Shareholders will hold shares of the combined organization and will participate in any future increases in value of the shares.

The foregoing summary is not intended to be exhaustive and is qualified in its entirety by the detailed discussion and description thereof in the Information Circular

### **Shareholder Questions and Assistance**

If you have questions regarding the Arrangement or require assistance with voting or delivery of your form of proxy, please contact the Company's proxy solicitation agent, Gryphon Advisors Inc., by telephone at 1.833.461.3643 (toll-free in North America) or 416-902-5565 (collect call outside North America), or by email at [inquiries@gryphonadvisors.ca](mailto:inquiries@gryphonadvisors.ca).

Company Shareholders are encouraged to carefully read the Meeting Materials, which are available on the Company's website at <https://48nrth.com/meetingmaterial2021/> and under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Meeting Materials have also been mailed to the Company Shareholders.

### **About 48North**

48North Cannabis Corp. (TSXV:NRTH) is a brand-led, consumer-centric licensed cannabis producer with an expansive portfolio of high quality, accessibly priced products available across the country. The company serves the Canadian medical and adult-use markets with its brand portfolio that includes: 48North, an innovative and high-quality cannabis brand focused on thoughtfully crafted everyday staples for passionate cannabis users; Trail Mix, an accessibly priced brand formulated with taste and aroma-first flavour profiles; and Latitude, a next generation lifestyle platform and premium, natural cannabis collection focused on wellness, beauty, and beyond. 48North operates two indoor-licensed cannabis production sites in Ontario and cultivates unique genetics through its wholly-owned subsidiary, DelShen Therapeutics Corp., and processes cannabis and manufactures next generation cannabis products through Good & Green Corp., both licensed producers under the *Cannabis Act* (Canada).

## Cautionary Statements

Certain information in this news release constitutes forward-looking statements under applicable securities laws. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are often identified by terms such as "may", "should", "anticipate", "expect", "potential", "believe", "intend" or the negative of these terms and similar expressions. Forward-looking statements in this news release include, but are not limited to, statements with respect to (i) the anticipated benefits of the Arrangement to the Company Shareholders (including, without limitation, each of the benefits described under the heading "Benefits to Company Shareholders"), (ii) HEXO holding the number one market-share in the Canadian recreational cannabis market and the number one positions in four of Canada's largest markets (being, Alberta, British Columbia, Quebec and Ontario), (iii) the effect of the Arrangement on HEXO and its strategy going forward, and (iv) the anticipated timing of the Meeting and the completion of the Arrangement, as well as the conditions for closing (including, the requisite regulatory, court, shareholder and stock exchange approvals and the satisfaction of conditions precedent). There can be no assurance that the Arrangement will be completed as proposed, or at all.

Forward-looking statements are based on certain current expectations, estimates, projections, and assumptions of the Company, including, without limitation, (i) with respect to the completion of the Arrangement, (ii) with respect to anticipated benefits from the Arrangement, (iii) with respect to the expected growth, results of operations, and performance of HEXO and the Company, as well as industry trends and growth opportunities, (ii) with respect to the ability of HEXO and the Company to receive, in a timely manner, the requisite regulatory, court, shareholder and stock exchange approvals) and satisfy, in a timely manner, all conditions precedent to the closing of the Arrangement. While the Company considers these assumptions to be reasonable, based on information currently available, they may prove to be incorrect. Readers are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements also necessarily involve known and unknown risks, including, without limitation, (i) risks associated with the delay or failure to receive regulatory approvals with respect to the Arrangement, (ii) the Arrangement not proceeding or anticipated synergies not materializing as anticipated, or at all, (iii) the ability of HEXO to implement its business strategies, (iv) the cannabis industry generally, including changing industry trends, (v) future legislative, tax and regulatory developments, (vi) competition, (vii) general business, economic, competitive, political, regulatory and social uncertainties and conditions, (viii) adverse industry events, including loss of markets, (ix) the COVID-19 pandemic nationally and globally, which could have a material adverse impact on the business, operations and financial results of the Company and/or HEXO and on public markets generally, and (x) such other risks. Readers are cautioned that the foregoing list is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated.

Forward-looking statements contained in this news release are expressly qualified by this cautionary statement and reflect the Company's expectations as of the date hereof, and thus are subject to change hereafter. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. Factors that could cause anticipated opportunities and actual results to differ materially include, but are not limited to, matters referred to above and elsewhere in the Company's public filings.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

For further information, please contact Charles Vennat, Chief Executive Officer, [investor@48nrth.com](mailto:investor@48nrth.com).