

# Sproutly



**MOOSEHEAD**  
— BREWERIES —

## SPROUTLY AND MOOSEHEAD BEVERAGE JOINT VENTURE

*Creating a Technology Enabled  
Cannabis Beverage Platform*

April 2019

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# SPROUTLY MOOSEHEAD JOINT VENTURE



- Licensed producer with state-of-the-art indoor cannabis production facility in Greater Toronto Area
- Proprietary recovery process APP Technology recovers truly naturally water soluble cannabinoids (“Infuz<sub>2</sub>O”)
- Infuz<sub>2</sub>O delivers the cannabis effect as early as 5 minutes and last up to 90 minutes
- Processing license and current capacity allows for production of up to 33 million doses<sup>(1)</sup> of Infuz<sub>2</sub>O
- Technology based on 13+ years of science-based research & development
- In-house formulation expertise including recreational and functional beverages

## Moosehead Sproutly Joint Venture



- Canada’s oldest and largest independent beer company
  - 4<sup>th</sup> largest brewery in Canada
- Over 152 years of experience in building and operating adult beverages in Canada
- More than 140 million cans/bottles of beer sold annually in every Canadian province, US state and in 15 other countries
- Moosehead’s established infrastructure will allow the Joint Venture to fast track its go-to-market strategy
  - Oland family’s proven ability in building premium adult beverage brands (Moosehead, Alpine, Hop City)

**Leveraging 152+ years of adult beverage experience with a ground breaking cannabis technology to create leading beverage platform**

(1) 10 mg doses



# JOINT VENTURE HIGHLIGHTS



## Partnership with the Oldest and Largest Independent Brewery in Canada

- Over 152 years of brewing experience through six generations of family ownership
- More than 140 million cans/bottles of beer sold annually throughout Canada, the United States and in 15 other countries around the world
- Oland family's proven ability in building, marketing and selling industry leading beers such as Moosehead Lager, Moosehead Radler, Alpine, and Hop City Barking Squirrel

## Competitive Advantage Driven By Infuz<sub>2</sub>O

- The JV beverages can deliver the cannabis effect as early as 5 minutes and last up to 90 minutes, providing an edible cannabis experience similar to traditional flower cannabis without the need to inhale smoke
- Ability to address the industry challenges of overconsumption of oil-based edibles and beverages
- Capability to produce a clear cannabis beverage that is much easier and faster to formulate than its competitors who will be using emulsifiers, encapsulation or chemical modification techniques
- Ability to deliver functional beverages that address a "need state" by producing cannabis strain specific experiences
- Natural Infuz2O process allows for a premium consumption experience and taste profile

## JV Well Positioned to Enter Cannabis Beverages Upon Legalization

- Moosehead's beverage experience and R&D formulation capabilities will ensure that the cannabis beverages produced will be premium in quality and have a great taste profile
- Moosehead's established operational infrastructure will allow the Joint Venture to fast track its go-to-market strategy
- Sproutly's cultivation facility and processing license will advance the formulation work that has already been completed to date

## Alignment of Interests

- The Joint Venture is structured as a 50/50 equity ownership
- Mathew Oland, one of Moosehead's senior executives and Oland Family member, to lead the Joint Venture as Chief Executive Officer
- Moosehead to provide infrastructure support such as R&D, operations, procurement, finance, and distribution
- Sproutly to provide proprietary custom compositions using Infuz2O for cannabis beverages in Canada
- JV will have exclusive rights to utilize Infuz2O for cannabis beverages for a period of 5 years with a possible 2-year extension
- Ability for the JV to enter the European market once recreational cannabis use is legalized

# SUMMARY JOINT VENTURE TERMS

Ownership Structure	<ul style="list-style-type: none"><li>50 / 50 ownership of joint venture with OCC Holdings Ltd., an affiliate of Moosehead Breweries Limited (“Moosehead”)</li></ul>
Governance	<ul style="list-style-type: none"><li>6 Board members<ul style="list-style-type: none"><li>3 to be appointed each of Sproutly and Moosehead</li><li>Sproutly to appoint the Chair of the Board</li></ul></li></ul>
Leadership	<ul style="list-style-type: none"><li>Matthew Oland of Moosehead to be appointed CEO</li></ul>
Supply Agreement	<ul style="list-style-type: none"><li>5-year exclusive supply agreement for Infuz<sub>2</sub>O</li><li>2-year option to extend exclusive supply agreement<ul style="list-style-type: none"><li>Subject to a revenue target in year 5</li></ul></li></ul>
Brand Agreement	<ul style="list-style-type: none"><li>Moosehead to license its brands and related intellectual property owned by Moosehead including the “Moosehead” brand to the JV (subject to Canadian branding regulations)</li></ul>
Resource Contribution	<ul style="list-style-type: none"><li>Moosehead to provide product planning, distribution logistics, financial reporting, legal, admin, information technology and other resources to the JV as required</li><li>Sproutly to provide formulation, research &amp; development, marketing and other resources to the JV as required</li></ul>
Jurisdiction	<ul style="list-style-type: none"><li>JV to operate in and serve the Canadian market initially</li><li>Ability for the JV to enter the European market once recreational cannabis use is legal</li></ul>



The joint venture is structured to ensure maximum alignment of Sproutly and Moosehead



# MOOSEHEAD CORE BRAND PORTFOLIO

## Core Brands



Moosehead Breweries has developed a strong portfolio of premium brands that cover a large degree of consumer segments

# MOOSEHEAD'S CANADIAN FOOTPRINT

## Moosehead's Canadian Footprint

15

Additional  
Countries



### Production

#### Saint John, New Brunswick

- Moosehead's Main Brewery & Small Batch Brewery
- Currently brewing/packaging 500,000 hectoliters

#### Brampton, Ontario

- Hop City Brewing Co. - Craft Brewery
- 15-20,000 hectoliter annual capacity

### Distribution

#### Etobicoke, Ontario

- Premium Beer Company; Wholly-owned subsidiary
- Distribution center for packaged products and kegs.
- Core brands as well as Partner brands.

### Marketing

#### Liberty Village, Ontario

- Sales and marketing hub

Moosehead Brand North American Distribution Territories

Moosehead's distribution network extends across 17 countries around the world, including all Canadian provinces and US States

# JOINT VENTURE LEADERSHIP



**Matthew Oland, CEO**

- 6<sup>th</sup> generation Oland family member and current Moosehead Vice President, Supply Chain
- Joined Moosehead in 2012, assuming responsibility for distribution, warehousing and draught services at Premium Beer Company.
- Two decades of experience in the CPG industry
- Bachelor of Commerce from Dalhousie University and a MBA from Queen's
- Seasoned Consumer Packaged Goods veteran with decades of experience in branding & promoting regulated products
- Experience covers a wide breadth of consumer products

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## Experience Includes:



Under the proven leadership of Mr. Oland, Moosehead Sproutly Cannabis Company plans on creating a leading cannabis beverage brand



# INFUZ<sub>2</sub>O TECHNOLOGY ADVANTAGES

## Predictable

Less than 5 mins to feel effects, less than 90 mins to wear off<sup>1</sup>

## Precise Dosing

Ability to deliver a measurable amount of cannabis

## Formulation Versatility

Numerous end-user applications



## Experience

Effects comparable to smoking/vaping

## Discrete Consumption

Odorless and smokeless

## Clear

Water-solubility prevents clouding and residue in beverage

Infuz<sub>2</sub>O delivers a truly natural water-soluble cannabis liquid without the need for formulation techniques such as emulsification or encapsulation

# KEY MATTERS & NEXT STEPS

## Key Matters & Next Steps

1. **Incorporation of Joint Venture**
2. **Material Agreements**
  - Shareholders agreement
  - Supply agreement
  - Services agreement
  - Brand agreements
3. **Closing Date**
  - Transaction to close on or about the 31<sup>st</sup> of May, 2019

## Contact Information



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Moosehead and Sproutly look forward to the legalization of cannabis-infused beverages in Canada this coming October