SPROUTLY AND MOOSEHEAD BEVERAGE JOINT VENTURE

Creating a Technology Enabled Cannabis Beverage Platform

April 2019
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**SPROUTLY MOOSEHEAD JOINT VENTURE**

**Sproutly**

- 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 (“Infuz₂O”)
- Infuz₂O 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 (1) of Infuz₂O
- 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
  - 4th 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 Infuz₂O
- 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

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<th>Ownership Structure</th>
<th>▪ 50 / 50 ownership of joint venture with OCC Holdings Ltd., an affiliate of Moosehead Breweries Limited (&quot;Moosehead&quot;)</th>
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| Governance          | ▪ 6 Board members  
                      ▪ 3 to be appointed each of Sproutly and Moosehead  
                      ▪ Sproutly to appoint the Chair of the Board |
| Leadership          | ▪ Matthew Oland of Moosehead to be appointed CEO |
| Supply Agreement    | ▪ 5-year exclusive supply agreement for Infuz₂O  
                      ▪ 2-year option to extend exclusive supply agreement  
                      ▪ Subject to a revenue target in year 5 |
| Brand Agreement     | ▪ Moosehead to license its brands and related intellectual property owned by Moosehead including the “Moosehead” brand to the JV (subject to Canadian branding regulations) |
| Resource Contribution | ▪ Moosehead to provide product planning, distribution logistics, financial reporting, legal, admin, information technology and other resources to the JV as required  
                      ▪ Sproutly to provide formulation, research & development, marketing and other resources to the JV as required |
| Jurisdiction        | ▪ JV to operate in and serve the Canadian market initially  
                      ▪ Ability for the JV to enter the European market once recreational cannabis use is legal |

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

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’s distribution network extends across 17 countries around the world, including all Canadian provinces and US States
JOINT VENTURE LEADERSHIP

Matthew Oland, CEO

- 6th 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

Experience Includes:

Under the proven leadership of Mr. Oland, Moosehead Sproutly Cannabis Company plans on creating a leading cannabis beverage brand
Infuz₂O delivers a truly natural water-soluble cannabis liquid without the need for formulation techniques such as emulsification or encapsulation.

Predictable
Less than 5 mins to feel effects, less than 90 mins to wear off

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

(1) Based on 100+ Users Feedback
Incorporation of Joint Venture

Material Agreements
- Shareholders agreement
- Supply agreement
- Services agreement
- Brand agreements

Closing Date
- Transaction to close on or about the 31st of May, 2019

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