



## AgMedica Bioscience Inc. and certain subsidiaries (“AgMedica” or the “Company”)

### SUMMARY

On December 2, 2019, AgMedica and certain of its subsidiaries were granted an initial order (as amended or amended and restated from time to time, the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (the “**CCAA**” and the “**CCAA Proceedings**”) by the Ontario Superior Court of Justice (the “**Court**”). The Initial Order appointed Ernst & Young Inc. as Monitor of the Company (the “**Monitor**”).

On January 3, 2020, AgMedica received Court approval of the sale and investment solicitation process (the “**SISP**”), to solicit interest in an acquisition or refinancing of AgMedica or a sale of the assets and/or the business of AgMedica by way of merger, reorganization, recapitalization, primary equity issuance or other similar transaction (the “**Opportunity**”). The Monitor will be overseeing, assisting and be in consultation with AgMedica throughout the SISP.

If you are interested in pursuing this opportunity, please sign back the non-disclosure agreement (“**NDA**”).

### BUSINESS OVERVIEW

AgMedica is a science-driven cannabis company focused on developing, producing and delivering optimal cannabis-derived solutions that support consumers’ daily wellness and health needs. AgMedica is a vertically integrated cultivator, processor, and seller of medical and recreational cannabis in Canada and is in full compliance with Health Canada regulations. The Company currently sells product in 8 provinces and territories in Canada. The company’s processing licence has also been amended to produce edibles, extracts, and topicals. The Company’s state-of-the-art cultivation facility is a key differentiator in their process, with operations and processes designed to mitigate risk, from seed to sale, to optimally deliver the targeted outcomes.

AgMedica has commercialized a portfolio of products in various formats to meet the needs of a broad range of consumers and medicinal clients under the Vertical and AgMedica brands, respectively. The Company has strategic alliances with accomplished industry participants across the value-chain who provide leading and valuable intellectual property to support the commercialization of value-added and differentiated products. The Company’s science and data driven approach and proprietary processes have been built for success as the market characteristics evolve to higher complexity, higher burden of proof, higher value to the consumer and medicinal clients and, ultimately, higher profitability.

### KEY INVESTMENT ATTRIBUTES

#### Company built to capitalize on massive market opportunity

- The cannabis industry continues to evolve and grow as it is still a nascent market providing a massive growth opportunity globally and in Canada. The industry has moved from dried cannabis flower and cannabis oil (“**Cannabis 1.0**”); to edibles, extracts and topicals (“**Cannabis 2.0**”); and is moving towards infused products with substantiated label claims (“**Cannabis 3.0**”); and to pharmaceutical-grade cannabis-derived products (“**Cannabis 4.0**”).
- The Company’s strategy is to grow cannabis with consistent and optimal chemotypical profiles and to process, formulate and manufacture high-quality cannabis products in varied formats. AgMedica’s operations and product innovation are focused on consistency, predictability and reliability in order to differentiate the Company’s products from its competition and to capitalize on current demand for Cannabis 1.0 and 2.0 products.
- At the same time, the Company is developing the data, processes and research necessary to back up substantiated claims and position for success with the introduction of Cannabis 3.0 and 4.0 products in the future.

### **World class cultivation facility**

- AgMedica's 102,000 sq. ft. indoor licensed facility is designed and built with GMP standards in mind and has a current production capacity of 3,820kg grams of high-quality biomass per year.
- The 6 flowering rooms in operation today leverage 3,166 sq. ft of floor space into 10,185 sq ft. of flowering space, using a 3-tier racking system.
- The custom designed indoor growing rooms provide a highly customizable and controlled environment. There are individual HVAC systems for all critical rooms in our process flow, custom designed ventilation to deliver consistent environmental conditions to plants across the length breadth and height of the room and high efficiency LED lights, ensuring a consistent, high-quality output.
- AgMedica engaged SGS, who is internationally recognized, to perform an audit on AgMedica's ability to meet GMP requirements prior to reaching out to the German Health Authority for inspection. They received this certification by SGS that they meet EU-GMP requirements in January 2019. However, the company has not yet been inspected by the German Health Authority required for EU-GMP designation.

### **Own and deliver higher value products through genetics and proprietary processes**

- Using chemistry and pharmaceutical sciences, AgMedica has developed proprietary processes to ensure consistency and maximize chemical potential. To date the Company's best-selling cultivar is testing in a tight range of 20% to 25% THC.
- AgMedica has exclusive access to genetics through a partnership that provides a platform for selective breeding, developing designer genetics and the ability to import genetics for commercial purposes.
- AgMedica has built and implemented processes to run a commercial-scale tissue culture lab, minimizing risk of crop loss and maximizing genetic stability. This lab also has potential to service other licence holders in the future.

### **Proprietary extraction technology, redefining Cannabis oil**

- AgMedica has an exclusive licence for disruptive aqueous solvent-less wet extraction technology, capable of reducing time in the drying, curing and extraction processes, and increasing extraction efficiency yield (vs. prevailing techniques), generating top-quality whole-plant and broad-spectrum derivatives.
- This system maintains the presence of volatiles (terpenes), resulting in higher and more robust molecular recovery.

### **Efficiently scalable production facility**

- There are 12 additional flowering rooms, which are fully licensed and in a staged construction implementation, requiring \$4M of additional capital to fully complete.
- The multi-tiered growing racks can be easily scaled by adding an additional 4th level, resulting in an immediate 33% capacity increase using the same footprint.
- If required, there is an additional 120,000 sq ft. of space in the owned facility, currently leased to other tenants, plus another 4.3 acres of owned adjacent vacant land.

### **Pipeline of growth opportunities supported by strategic partnerships**

- AgMedica has formed strategic alliances with accomplished industry participants across the value-chain in genetics, processing, formulation, and research and development. The Company has access to, valuable intellectual property to support the profitable commercialization of value-added products
- With plans to expand to Europe, global partnerships are integral in securing EU-GMP certification in the future and establishing distribution opportunities.
- In preparation for Cannabis 2.0, AgMedica has entered into strategic partnerships and outsourcing relationships to access valuable expertise and maintain a flexible cost-effective approach for product develop as the industry sorts out demand and product expectations.

### **Company built with Cannabis 4.0 in mind**

- As the industry evolves towards Cannabis 4.0, the food, health & wellness and pharmaceutical sectors will demand specific and high-quality cannabis-derived components with proven health benefits.
- AgMedica's focus on quality, predictability, reliability, repeatability and progression towards substantiated claims will hold as key differentiators to capitalize on Cannabis 4.0.

### **Management team with cross-specialization expertise**

- AgMedica's leadership team and industry advisors have deep experience in large-scale, commercial agriculture, pharmaceuticals, scientific research and development, consumer packaged goods and regulatory fields to drive accretive growth.

## SISP PROCESS

Recipients of this document should direct any questions or requests for additional information to the Monitor contacts on the final page and should not contact anyone at the Company other than as directed or arranged by the Monitor.

As mentioned, the Opportunity may include one or more of a restructuring, recapitalization or other form or reorganization of the business and affairs of AgMedica as a going concern or a sale of all, substantially all or one or more components of AgMedica's assets (the "**Property**") and business operations (the "**Business**") as a going concern or otherwise. The summary below outlines the SISP at a high level; full details of the SISP and copies of all court documents can be found on the Monitor's Website at [www.ey.com/ca/agmedica](http://www.ey.com/ca/agmedica). The SISP will comprise two phases ("**Phase 1**" and "**Phase 2**", respectively):

### Phase 1

1. Any party who wishes to participate in the SISP (a "**Potential Bidder**") must provide the following to AgMedica and the Monitor, to be accepted as a "**Phase 1 Qualified Bidder**":
  - a. An executed NDA and a letter setting forth the identity, contact information and direct and indirect principals of the Potential Bidder; and
  - b. Such form of financial disclosure and credit quality support, allowing the Company and Monitor to determine the Potential Bidder's financial capacity to consummate a transaction.
2. After review of documents and in consultation with the debtor-in-possession financing provider (the "**DIP Lender**") and the Monitor, and with approval of the Monitor, such Potential Bidders will be deemed a Phase 1 Qualified Bidder.
3. A confidential information memorandum ("**CIM**") will be provided to each Phase 1 Qualified Bidder. In addition, each Phase 1 Qualified Bidder shall have access to due diligence material and information relating to the Property and Business, such as management presentations, access to electronic data rooms and allowed on-site inspections.
4. A Phase 1 Qualified Bidder, who wishes to pursue the opportunity, must submit a non-binding letter of interest ("**LOI**") to the Monitor by 5:00pm on or before March 20, 2020 (the "**Phase 1 Bid Deadline**"):
  - a. An LOI may take the form of an offer to acquire all, or substantially all of the Property (a "**Sale Proposal**") or to make an investment in, restructure, reorganize or refinance the Business (an "**Investment Proposal**"); and
  - b. Specific details on the additional required contents of an LOI can be found in the SISP.

### Phase 2

1. Following the Phase 1 Bid Deadline, AgMedica, in consultation with the Monitor and the DIP Lender, will assess the LOIs and determine if the Phase 1 Qualified should be deemed a "**Phase 2 Qualified Bidder**". Some of the elements that will be considered include if the Phase 1 Qualified Bidder:
  - a. Has a bona fide interest in completing a Sale Proposal or Investment Proposal;
  - b. Has the financial capabilities to consummate such transaction;
  - c. May have a material adverse impact on operations and performance of AgMedica; and
  - d. Other factors and circumstances that are appropriate.
2. All Phase 1 Qualified Bidders will be notified if they have or have not been deemed a Phase 2 Qualified Bidder.
3. After reviewing the results of Phase 1 and in consultation with the DIP Lender and Monitor, and approval of the Monitor, AgMedica will prepare a bid process letter for Phase 2 (the "**Bid Process Letter**"), which will be sent to all Phase 2 Qualified Bidders and posted on the Monitor's website, by March 20, 2020.
4. Notwithstanding the process and deadlines outlined with respect to Phase 1 of the SISP and the process to supplement Phase 2 by way of the Bid Process Letter, the Company may, in consultation with and with the consent of the Monitor, at any time bring a motion to seek approval of a stalking horse asset purchase agreement in respect of some or all of the Property and related bid procedures in respect of such Property or to establish further or other procedures for Phase 2.
5. Formal Binding Offers must be received by 5:00pm on April 17, 2020 (the "**Phase 2 Bid Deadline**"), subject to the Bid Process Letter and any further Court order regarding the SISP.
6. Qualified Bids will be evaluated by AgMedica, in consultation with the Monitor and the DIP Lender.

7. Currently, the SISP contemplates closing the transaction on or before May 29, 2020.
8. AgMedica will seek court approval of all Successful Bids.

## KEY CONTACTS

All communication relating to this opportunity should be directed to the Monitor:

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