



## VIVO Cannabis Completes Acquisition of Canna Farms

NAPANEE, Ontario, August 31, 2018 – **VIVO Cannabis Inc. (formerly ABCann Global Corporation) (TSX-V: VIVO, OTCQB: VVCIF) (“VIVO” or the “Company”)** is pleased to announce that it has closed its previously announced acquisition of 100% of the issued and outstanding shares of Canna Farms Limited (“**Canna Farms**”) (the “**Transaction**”). Canna Farms, located in Hope, British Columbia, is a premium Licensed Producer of medical cannabis under the *Access to Cannabis for Medical Purposes Regulations*, and the first Licensed Producer in British Columbia.

### Transaction Highlights – Combining our Strengths

- **Immediately Accretive to VIVO:** The Transaction will be immediately accretive to VIVO. For the twelve months ended June 30, 2018, Canna Farms generated unaudited revenue and adjusted EBITDA<sup>(1)</sup> of \$9.4 million and \$4.3 million, respectively. For the fiscal year ended September 30, 2017, Canna Farms generated audited revenue of \$5.8 million and adjusted EBITDA of \$2.8 million.
- **Enhanced Financial and Capital Markets Profile:** VIVO’s enhanced market capitalization and strong cash position of \$110 million, combined with Canna Farms’ positive operating cash flow and trailing adjusted EBITDA margins of 46%, are expected to result in a more robust capital markets profile.
- **Increased Capacity and Scale:** Annual fully funded production capacity of 57,000 kilograms<sup>(2)</sup>, with multiple provincial supply agreements already secured.
- **International Leverage:** Canna Farms’ Dealers License, combined with VIVO’s international partnerships and expertise, are expected to expedite the Company’s expansion strategy in international markets, with a focus on Germany and Australia.

“The acquisition of Canna Farms represents further progress toward our goal of becoming a leading cannabis company,” said Barry Fishman, CEO of VIVO. “This transformational acquisition is immediately accretive to VIVO and provides significant benefits, including increased production capacity, expanded product offerings, operational synergies and a more robust financial profile to accelerate the execution of our growth strategy.”

Pursuant to a share purchase agreement dated July 30, 2018 (the “**Purchase Agreement**”), the Company has acquired 100% of the issued and outstanding shares of Canna Farms for an aggregate purchase price of approximately \$133 million, comprised of approximately \$22.5 million in cash and the issuance of 92.5 million common shares in the capital of the Company at a deemed price of \$1.20 per share (based on the 20-day volume-weighted average price of VIVO’s common shares on the TSX Venture Exchange on the day prior to the announcement of the Transaction). The cash consideration was paid to the shareholders of Canna Farms upon the closing of the Transaction and the share consideration will be released from escrow and issued to the shareholders of Canna Farms in six-month increments over 30 months from the closing. As a result of the Transaction, Canna Farms has become a wholly-owned subsidiary of the Company.

The Company is also pleased to announce that it has appointed Daniel Laflamme, co-founder and President of Canna Farms, to VIVO’s board of directors.

“I’m very excited to join the executive team and Board of VIVO and to contribute to the continued dynamic growth of a company with strong operations in both British Columbia and Ontario,” commented Daniel Laflamme, President of Canna Farms.

For further details about the Transaction, see the Company’s news release dated July 30, 2018, available on SEDAR at [www.sedar.com](http://www.sedar.com). In addition, the Company’s investor presentation on the Transaction dated July 30, 2018 and new corporate presentation are posted on [www.vivocannabis.com](http://www.vivocannabis.com).

- <sup>(1)</sup> Adjusted EBITDA is earnings before interest, taxes, depreciation and amortization, excluding any changes in fair value of biological assets.  
<sup>(2)</sup> Current capacity: Napanee, ON 1,500 kilograms; Hope, BC 2,700 kilograms; End of 2018 expected capacity: Napanee, ON 5,500 kilograms; Hope, BC 6,900 kilograms; Estimated mid-2020 expected capacity: Napanee, ON 32,500 kilograms, Hope, BC 24,500 kilograms.

### **About VIVO Cannabis™**

VIVO is recognized for trusted, high-quality products and services. It holds production and sales licenses from Health Canada, with world-class indoor cultivation facilities in Napanee, Ontario and Hope, British Columbia. The Company offers a large selection of award-winning strains and hand-trimmed cannabis flower, as well as a line of cannabis oils. VIVO is expanding its production capacity in both Ontario and BC, and pursuing partnership and product development opportunities domestically and in select international markets, including Germany and Australia.

### **More Information:**

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### **ON BEHALF OF THE BOARD OF DIRECTORS**

Barry Fishman (CEO and Director)

*Neither 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.*

### **Disclaimer for Forward-Looking Information**

Certain statements in this news release may be considered forward-looking statements, which are statements that are not purely historical, including statements regarding the beliefs, plans, expectations or intentions of VIVO and its management regarding the future. Forward-looking statements in this news release include, but are not limited to, statements relating to the future release and issuance of the common share consideration prescribed in the Purchase Agreement, the Company’s expected future production capacity, and the implied expected benefits of the Transaction. Such statements are based on management’s current assumptions regarding the combined company, derived from due diligence conducted in connection with the Transaction, and are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the forward-looking statements, including the possibility that VIVO may not be able to derive the implied expected benefits from the Transaction described in this news release. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. Readers are urged to consider these factors, and the more extensive risk factors included in the Company’s annual information form dated April 30, 2018, which is available on SEDAR, carefully in evaluating the forward-looking statements contained in this news release and are cautioned not to place undue reliance on such forward-looking statements, which are qualified in their entirety by these cautionary statements. The forward-looking statements in this news release are made as of the date hereof and the Company disclaims any intent or obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws.