

# Planet 13 to Acquire Next Green Wave Holdings, Expanding Presence in California with Premium Indoor Cultivation and an Extensive, Pheno-Hunted Cultivar Base

LAS VEGAS, NV / December 20, 2021 / Planet 13 Holdings Inc. ("**Planet 13**" or the "**Company**") (CSE:PLTH) (OTCQX:PLNHF) and Next Green Wave Holdings Inc. ("**Next Green Wave**" or "**NGW**") (CSE:NGW) (OTCQX:NXGWF) are pleased to announce that they have entered into a definitive arrangement agreement (the "**Agreement**") pursuant to which Planet 13 will acquire all of the issued and outstanding common shares (the "**NGW Shares**") of NGW, by way of a court approved plan of arrangement, for total consideration of approximately C\$91 million (the "**Transaction**").

## Proposed Transaction

Under the terms of the Agreement and based on pricing as of December 17, 2021, shareholders of Next Green Wave ("**NGW Shareholders**") will receive 0.1081 of a common share of Planet 13 (the "**Exchange Ratio**") subject to calculations as described below, and \$0.0001 in cash, for each NGW Share held. Based on Planet 13's 10-day volume weighted average price ("**VWAP**") and the Exchange Ratio as at December 17, 2021, the implied deal price per NGW Share is C\$0.465, representing a premium of approximately 52% to the closing price and 44% to the 10-day VWAP of NGW Shares on the Canadian Securities Exchange (the "**CSE**") as of December 17, 2021. The Exchange Ratio is subject to adjustment as follows:

- If the 10-day VWAP of Planet 13 common shares (the "**Planet 13 Shares**") on the CSE immediately preceding the second business day prior to the closing of the Transaction (the "**Planet 13 Closing Price**") is below C\$5.50 but above C\$4.06, then the Exchange Ratio will be calculated as C\$0.4650 divided by the Planet 13 Closing Price;
- If the Planet 13 Closing Price is less than or equal to C\$4.06, then the Exchange Ratio shall be 0.1145; and
- If the Planet 13 Closing Price is greater than or equal to C\$5.50, then the Exchange Ratio shall be 0.0845.

After giving effect to the Transaction, and based on pricing as of December 17, 2021, NGW Shareholders will hold approximately 9.2% ownership in the pro-forma company (on a fully-diluted basis).

## Transaction Rationale

- Significant premium being offered to NGW Shareholders of approximately 44% based on both company's 10-day VWAP and representing an implied offer price of approximately C\$0.465 per NGW Share as of December 17, 2021..
- Transaction is expected to be immediately accretive to 2021 and 2022 EBITDA.
- Transaction structure provides meaningful price protection against market volatility in Planet 13's share price up to the completion of the Transaction.

- NGW's operations will serve as the backbone of Planet 13's continued focus on the California market. NGW will enable Planet 13 to introduce their diverse brand portfolio of exotic, pheno-hunted cultivars to the Santa Ana SuperStore as well as across the state.
- NGW Shareholders will immediately benefit from the enhanced size, scale and liquidity of Planet 13's capital markets presence.
- NGW Shareholders will participate fully in the upside of Planet 13's upcoming expansions into Illinois and Florida.
- Planet 13 to retain NGW's management team, deepening the pro forma company's knowledge base and expertise across the California market.
- Planet 13 to benefit from NGW's highly respected cultivation techniques and pheno-hunted cultivars, greatly expanding the pro forma company's cultivation capabilities, product offerings, consistency and proficiency.
- Combined experience and expertise of the Planet 13 and NGW operational teams will drive further improvements across the pro forma company's footprint.

### **Management Commentary**

"Today's announcement is an extension of the strategy we've laid out for investors of adding cultivation and production in California to vertically integrate and bring our highly popular brands into the state. We are methodically expanding our footprint to drive topline growth and improved profitability," said Bob Groesbeck, Co-CEO and Co-founder of Planet 13. "We've been incredibly impressed by the Next Green Wave team and their ability to generate revenue and Adjusted EBITDA based on the quality of their cultivation and manufacturing in this very competitive market."

"This is an exciting day for Next Green Wave shareholders. Planet 13 has proven its ability to run incredibly productive retail locations and create manufactured products that command a significant share of sales in their home state of Nevada," said Mike Jennings, CEO of Next Green Wave. "They are a perfect fit for Next Green Wave, and being a part of their attractive growth profile and expansion in Illinois and Florida is the correct next step for NGW."

### **Further Transaction Details**

The Transaction will be effected by way of a plan of arrangement under the *Business Corporations Act* (British Columbia) and is subject to, among other things, the approval of NGW Shareholders at a special meeting of NGW Shareholders expected to be held in February 2022 (the "**NGW Special Meeting**"), receipt of all applicable CSE, regulatory and court approvals, and completion of other customary closing conditions. At the NGW Special Meeting, the Arrangement will require approval by at least two-thirds of the votes cast by NGW Shareholders present in person or represented by proxy and entitled to vote at the NGW Special Meeting. Approval of Planet 13 shareholders is not required.

The Transaction has been unanimously approved by the board of directors of both Planet 13 and Next Green Wave.

The Agreement contains customary representations, warranties and covenants for transactions of this nature, including termination fees of \$3,250,000 and \$2,000,000 payable by Next Green Wave and Planet 13, respectively, in the event the Transaction is terminated under certain circumstances. In addition, the Agreement contains an expense reimbursement fee of up to \$1,000,000 payable by Next Green Wave to Planet 13 if the Transaction is terminated in certain circumstances. Pursuant to the Agreement, upon closing, all outstanding NGW options to acquire NGW Shares will be exchanged for options of Planet 13 that will entitle the holders to receive, upon exercise thereof, Planet 13 Shares based upon the Exchange Ratio.

Additional details of the Transaction will be provided to NGW Shareholders in an information circular to be mailed in connection with the NGW Special Meeting and available under NGW's profile at [www.sedar.com](http://www.sedar.com). Copies of the Agreement and certain related documents will be filed with Canadian securities regulators and also available at [www.sedar.com](http://www.sedar.com).

It is currently anticipated that, subject to receipt of all regulatory, court, shareholder and other approvals, the Transaction is expected to close in the first quarter of 2022.

### **Recommendation of NGW Board**

The board of directors of NGW (the "**NGW Board**") formed a special committee of independent members (the "**Special Committee**") to, among other things, review and evaluate the terms of the Transaction, to make a recommendation to the NGW Board in respect of the Transaction and to negotiate the terms and conditions of the Agreement and related matters. The Special Committee obtained fairness opinions from each of INFOR Financial Inc. and Evans & Evans, Inc. stating that, as of the date of the opinions and subject to the assumptions and limitations contained in such opinions, the consideration to be received by NGW Shareholders pursuant to the Transaction is fair, from a financial point of view, to NGW Shareholders. Based on the advice and recommendation of the Special Committee, the NGW Board determined that the Transaction is fair to NGW Shareholders, that the Transaction is in the best interests of NGW and unanimously recommends that NGW Shareholders vote in favor of the resolution to approve the Transaction at the NGW Special Meeting. All of the directors and officers of NGW and a certain shareholder of NGW (who hold in the aggregate approximately 21% of the issued and outstanding NGW Shares) have executed voting and support agreements with Planet 13 pursuant to which they have agreed, among other things, to support the Transaction and vote their NGW Shares in favour of the Transaction.

### **Financial and Legal Advisors**

Beacon Securities Limited acted as financial advisor to Planet 13 and provided a fairness opinion to the Planet 13 board of directors that states that, as of the date of the opinion and subject to the assumptions and limitations contained in the opinion, the consideration to be paid by Planet 13 pursuant to the Transaction is fair, from a financial point of view, to Planet 13.

Wilbeoer Dellelce LLP and Cozen O'Connor acted as legal advisors to Planet 13.

INFOR Financial Inc. acted as the financial advisor to NGW. INFOR Financial Inc. and Evans & Evans, Inc. each provided a fairness opinion to the NGW Board and the Special Committee, respectively, as described above.

McMillan LLP and Farella Braun + Martel LLP acted as legal advisors to Next Green Wave.

## **Proxy Solicitation**

NGW has engaged Kingsdale Advisors ("**Kingsdale**") as its strategic shareholder and communications advisor and proxy solicitation agent. NGW Shareholders with questions regarding the Transaction may contact Kingsdale by email at [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com).

## **About Planet 13**

Planet 13 ([www.planet13holdings.com](http://www.planet13holdings.com)) is a vertically integrated cannabis company, with award-winning cultivation, production and dispensary operations in Las Vegas and dispensary operations in Orange County, California. Planet 13 also holds a medical marijuana treatment center license in Florida and a 49% interest in Planet 13 Illinois which won a lottery for a Social-Equity Justice Involved dispensing license in the Chicago-region of Illinois. Planet 13's mission is to build a recognizable global brand known for world-class dispensary operations and a creator of innovative cannabis products. Planet 13's shares trade on the Canadian Securities Exchange (CSE) under the symbol PLTH and OTCQX under the symbol PLNHF.

## **About Next Green Wave**

Next Green Wave is an integrated premium seed-to-shelf craft cannabis producer offering products through its in-house brand portfolio and wholesale flower for other large cannabis manufacturers. The Company owns and operates a 35,000 sq. ft. indoor facility in Coalinga, CA, which is home to its nursery, cultivation, distribution, and future packaging business.

## **Forward-Looking Statements**

*This news release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") within the meaning of applicable Canadian securities legislation and United States Securities laws. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this news release, forward looking statements include but are not limited to, information concerning the timing and completion of the Transaction and the acquisition of all*

*of the issued and outstanding NGW Shares; the timing and anticipated receipt of required regulatory, court and shareholder approvals for the Transaction and other customary closing conditions; integration of NGW's operations; the anticipated benefits of the Transaction, including the corporate, operational and financial benefits, the parties' strategic plans and expansion and expectations regarding the growth of the California cannabis market; and the availability of the exemption under Section 3(a)(10) of the U.S. Securities Act to the securities issuable in the Transaction.*

*Developing forward-looking information and forward-looking statements involves reliance on a number of assumptions and consideration of certain risks and uncertainties, some of which are specific to the Company and NGW and others that apply to the industry generally. Such assumptions include but are not limited to the ability of the combined entity to execute its business plan, the continued growth of the cannabis market in those U.S. states where the cultivation, distribution and use of medical or recreational cannabis is legal and in particular, in the State of California, that any changes in US federal or state laws will not adversely affect the businesses or operations of the parties and the ability of the Company to successfully integrate NGW into its operations.*

*The forward-looking information and forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements. Such factors include, but are not limited to: the ability of the Company and NGW to receive, in a timely manner, the necessary regulatory, court, shareholder, stock exchange and other third-party approvals to consummate the Transaction; the ability of the Company and NGW to satisfy, in a timely manner, the other conditions to the closing of the Transaction; the ability to complete the Transaction on the terms contemplated by the definitive arrangement agreement and other agreements, including the voting and support agreements, or at all; the ability of the Company to realize the anticipated benefits of the Transaction and the timing thereof; the consequences of not completing the Transaction, including the volatility of the share prices of the Company and NGW; negative reactions from the investment community and the required payment of certain costs related to the Transaction; actions taken by government entities or others seeking to prevent or alter the terms of the Transaction; potential undisclosed liabilities unidentified during the due diligence process; the interpretation of the Transaction by tax authorities; the focus of management's time and attention of both the Company and NGW on the Transaction and other disruptions arising from the Transaction; a resurgence in cases of COVID-19; risks relating to cannabis being illegal under US federal law and risks of US federal enforcement actions related to cannabis activities; negative changes in the political environment or in the regulation of cannabis in the State of California; negative shifts in public opinion and perception of the cannabis industry and cannabis consumption; the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses; crop failures; litigation; currency fluctuations; increasing competition; and loss of key management and/or employees.*

*Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking information and forward-looking statements contained in this news release are made as of the date hereof. Except as required by applicable securities law, the Company and NGW undertake*

*no obligation to update publicly or otherwise revise any forward-looking information or forward-looking statements or the foregoing lists of factors affecting those statements, whether as a result of new information, future events or changed circumstances.*

*The Company and NGW are indirectly involved in the manufacture, possession, use, sale and distribution of cannabis in the recreational and medicinal cannabis marketplace in the United States through licensed subsidiary entities in states that have legalized marijuana operations, however, these activities are currently illegal under United States federal law. Additional information regarding this and other risks and uncertainties relating to the Company's business, including COVID-19, are contained under the heading "Risk Factors" and elsewhere in the Company's annual information form dated April 5, 2021 filed on its issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com), and for NGW are contained in NGW's Management's Discussion and Analysis for the three and nine month period ended September 30, 2021 filed under NGW's profile on SEDAR.*

*EBITDA and Adjusted EBITDA are non-IFRS measures. Additional reconciliations and other disclosures concerning non-IFRS measures is provided in Planet 13's MD&A for the nine months ended September 30, 2021.*

*No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.*

## **U.S. Securities Matters**

None of the securities to be issued pursuant to the Arrangement Agreement have been or will be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws. The Planet 13 Shares to be issued in the Arrangement are anticipated to be issued in reliance upon available exemptions from such registration requirements pursuant to Section 3(a)(10) of the U.S. Securities Act and applicable exemptions under state securities laws. This news release does not constitute an offer to sell or the solicitation of an offer to buy any securities.

### **For further inquiries, please contact:**

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