

Globalive Technology Announces Agreement with Socati Corp. to Complete a Reverse Takeover Transaction

Globalive Technology today announced that it has signed a binding letter agreement to complete a reverse takeover transaction with Socati Corp., a US-based company that produces THC-free broad-spectrum hemp extracts for use in a variety of cannabinoid products.

TORONTO, June 4, 2020 /CNW/ - Globalive Technology Inc. (TSX-V: LIVE) (the "**Company**"), a technology company based in Toronto, Ontario, announced today that it has signed a binding letter of intent (the "**LOI**") with Socati Corp. ("**Socati**") dated June 3, 2020 to complete a reverse takeover pursuant to which the Company will acquire all of the issued and outstanding securities of Socati in exchange for common shares of the Company (the "**RTO**").

About Socati

Socati is a leading processor of THC-free broad-spectrum hemp extracts and ingredients for use in cannabinoid products. Leveraging investments in new technologies, Socati engages in large-scale manufacturing and has logistics in place to meet growing demand. With the ability to manufacture broad-spectrum hemp extracts at scale, Socati is built to serve the needs of large, international consumer packaged goods (CPG) companies that are seeking high quality raw materials.

Socati is a private corporation, incorporated under the laws of Delaware on August 28, 2018, with several wholly owned subsidiaries that together make up the Socati business. Its corporate headquarters is located in Austin, Texas, and it has significant assets in Woodburn, Oregon, where it operates a seed genetics, research and development and agricultural operations facility, and in Missoula, Montana, where it operates a 22,000 sq. ft. production facility and testing laboratory.

Being in a growth phase of its business cycle, Socati is incurring significant expenses, which are partially offset by revenue from the operating portion of its business and capital raised through equity offerings. Socati has raised a total of US\$42 million over two funding rounds (including, most recently, a US\$33 million Series A round completed in January 2019).

The RTO

Subject to regulatory and shareholder approval, and the satisfaction of other conditions precedent, the Company intends to acquire all of the issued and outstanding securities of Socati (collectively, the "**Socati Securities**") from the holders of the Socati Securities (collectively, the "**Socati Securityholders**") for aggregate consideration of approximately US\$25 million. The consideration will be paid by issuing common shares of the Company to the Socati Securityholders at a price per share (the "**Share Price**") calculated by dividing the value of all assets remaining in the Company on closing (including cash and cash-equivalents, investment and technology assets), plus US\$500,000, by the number of issued and outstanding common shares of the Company, on a fully-diluted basis, on the date of the closing. The Company currently holds cash and cash-equivalents of approximately US\$5,151,000 and estimates that it will hold no less than US\$4,500,000 by the closing date of the RTO.

The terms of the RTO contemplate that, with the exception of cash and cash-equivalents, the Company's existing business, assets and liabilities, including its technology venture subsidiaries and their intellectual property, its interest in Flexiti Financial Inc. and its affiliates (the "**Flexiti Group**") and some or all of its technology investments (collectively, the "**Legacy Assets**") will, subject to regulatory and shareholder approval, be transferred to a third-party that is to be determined, with

the value of the Legacy Assets captured or distributed to the shareholders of the Company immediately prior to the RTO (the "**Spin-Off**"). Any investment assets that are not transferred out of the Company prior to closing the RTO will be valued as at the closing date and included in the calculation of the Share Price as detailed above.

Socati and the Company will rationalize their equity incentive plans, any equity incentives issued under such plans and all other outstanding convertible securities to create one or more post-RTO equity incentive plans in the go-forward entity (the "**Resulting Issuer**") to properly incentivize management, directors and key employees.

Following completion of the RTO, the name of the Resulting Issuer will be changed to a name to be determined by Socati, subject to regulatory and shareholder approval.

The RTO is subject to certain conditions precedent (the "**Conditions**"), including but not limited to: (i) the Company continuing to be listed on the TSX Venture Exchange (the "**Exchange**"); (ii) director and shareholder approval for both Socati and the Company; (iii) receipt of any necessary Exchange, regulatory and third-party approvals or consents; (iv) no material adverse change in either the Company or Socati between the date of the LOI and the closing of the RTO; (v) the Company holding cash and cash-equivalents of no less than US\$4,500,000 on closing of the RTO; (vi) completion of the pre-closing matters described above, (vii) the completion of the Spin-Off on terms satisfactory to the parties, acting reasonably; and (ix) other conditions typical for a transaction of this nature.

Socati and the Company are arm's length, provided that Globalive Capital, the controlling shareholder of the Company, owns a minimal (less than 1%) equity interest in Socati.

No insider of the Company, or any of their associates or affiliates, has any material interest, direct or indirect, in the RTO other than in connection with: (i) the entitlement of such insiders who are shareholders of the Company to receive shares of the Resulting Issuer on the same basis as other shareholders of the Company; and (ii) Mr. Lacavera as a potential director of the Resulting Issuer. No finder fee will be paid in connection with the RTO.

Financing

Prior to completion of the RTO, the Company and Socati will seek to complete a private placement of subscription receipts for aggregate gross proceeds of up to US\$5 million on terms to be determined. The subscription receipts are expected to convert automatically into common shares of the Resulting Issuer on closing of the RTO at the Share Price. The conversion of the subscription receipts are expected to be subject to standard terms and conditions, including the satisfaction of the Conditions for the RTO described above.

Sponsorship

Sponsorship of the RTO is required by the policies of the Exchange unless an exemption is granted by the Exchange. The Company intends to apply for an exemption from the sponsorship requirement in accordance with Exchange policy, however, there can be no assurance that the Exchange will grant such an exemption.

Proposed Management and Board of Directors of the Resulting Issuer

Upon completion of the RTO, it is anticipated that the persons identified below will serve as directors and officers of the resulting issuer.

Josh Epstein – Chief Executive Officer and Director

As CEO of Socati, Mr. Epstein is the visionary behind the company's innovation-based mission. He was previously the President and COO of Nuvera, an international cannabis company which sold for

US\$826 million in 2018. Prior to that, he was a partner with FastForward Innovations, an early-stage venture capital firm investing globally in the healthcare, biotech, cannabis and gaming sectors. He also previously practiced law with the international law firm Baker Botts, where he focused on venture capital, mergers and acquisitions and private and public securities offerings.

Brian Goldberg – Chief Financial Officer

Mr. Brian Goldberg was formerly Chief Financial Officer, Chief Strategy Officer & Executive Vice President of Corporate Development of Amplify Snack Brands, Inc. from company formation in 2014 through successful exit to The Hershey Company in 2018 for ~US\$1.7 billion. Mr. Goldberg was previously Chief Financial Officer at Badlands Power Fuels, LLC through its successful exit to Heckmann Corporation in 2012 and served as the Chief Financial Officer and Chief Operating Officer at Sweet Leaf Tea Company through its successful exit to Nestle in 2011. He is also Co-Founder and Managing Director of Capstream Group, an investment bank based in Austin. Mr. Goldberg holds a Bachelor of Science in Management with a major in accounting from Tulane University, a Master of Accountancy with an emphasis in taxation from the University of Georgia and a Master of Business Administration from The Darden School at The University of Virginia.

Leon Ojalvo – Chief Commercial Officer

Mr. Ojalvo was previously founder and managing principal of Liberty Base Investments, a private equity and real estate development firm with strategic investments in the technology and cannabis sectors. The firm successfully developed or invested in over 2.6 million square feet of medical, storage, retail and hospitality assets. Prior to that, he was director at Ackman-Ziff Real Estate Group, a leading investment banking firm, and VP of Mergers and Acquisitions and Latin American Business Development for Mood Media, the largest global provider of in-store sensory experiences, where he led a number of strategic acquisitions and oversaw the company's Latin American expansion. He earned a B.S. degree in Economics from Duke University and a Master's in Business Administration from Columbia Business School.

Rusty Sutterlin – Chief Science Officer

Dr. Sutterlin is the Chief Science Officer at Socati, where he leads the scientific efforts that enable Socati to create high quality, consistent and compliant cannabinoid ingredients for the CPG market. Dr. Sutterlin has more than 20 years of experience as the chief science officer for multiple private companies, leading scientific discovery teams that have become leaders in their respective industries. He has managed the development of more than a dozen federal and state grants and has overseen multiple projects that evolved from an idea to large commercial production facilities. He has received organizational, local, state and federal recognition for his work, including the prestigious U.S. Presidential Green Chemistry Challenge Award. Dr. Sutterlin earned a Ph.D. in chemistry and a Post-Doctoral degree in chemical engineering from the University of Missouri-Columbia.

Brad Kelley – Chief Operating Officer

As COO of Socati, Mr. Kelley is responsible for implementing the company's strategy across the company's operations and supply chain while ensuring the highest ethics, safety, quality, and efficiency standards. Brad joined Socati with more than 25 years of executive and operational experience in flavors, ingredients, and chemicals. Over the last eleven years, as V.P. Operations, Chief Operations Officer, and President, his leadership was instrumental in the rapid growth of Mane's U.S. flavor division. Before joining Mane, he worked for Givaudan in the U.S. and in Switzerland, where he held various operations leadership positions. He started his career with Monsanto in Pensacola, Florida. Mr. Kelley holds a degree in Chemical Engineering from Florida State University.

Mark Elfenbein – Chief Revenue Officer

As Chief Revenue Officer at Socati, Mr. Elfenbein oversees the company's sales and marketing functions, building on more than 20 years of experience leading rapidly growing companies in new emerging industries. Mr. Elfenbein has previously served as Chief Revenue Officer, President or CEO of five publicly traded companies, which combined raised financing in excess of US\$1 billion.

He was most recently Chief Revenue Officer at Sentient Technologies, which raised nearly US\$150 million, the largest sum at the time for an artificial intelligence (AI) company. Prior to that, he was president and CEO of Slyce Technologies, where he led the company's effort to deploy a visual research technology that had tremendous success among Fortune 500 companies. Earlier in his career, Mark was a founder of Mood Media, the largest global provider of in-store sensory experiences, and co-founder and head of revenue for FUN Technologies, the largest online pay-to-play casual gaming business. He earned a B.B.A. degree from the University of Manitoba.

Scott Seder – SVP of Regulatory Affairs

As SVP of Regulatory Affairs for Socati, Mr. Seder is responsible for the company's regulatory, compliance and government relations activities. As a former prosecutor, regulator, legislative counsel, policymaker and attorney in private practice, Mr. Seder brings over two decades of government affairs and regulatory affairs experience to his role. Among his more notable positions, he served the State of Illinois as the General Counsel to the Illinois Department of Financial and Professional Regulation. In that role, he was responsible for all legal matters relating to the agency's regulation of over 1.2 million licensed professionals in Illinois, including physicians, pharmacists and pharmacies. As a private attorney prior to joining Socati, Mr. Seder represented some of the country's largest and most successful cannabis cultivators and dispensaries in licensure, vendor contracts, personnel, and regulatory matters. He earned a B.S. degree in history from Vanderbilt University and a J.D. from the Illinois Institute of Technology Chicago-Kent College of Law.

Lorne Abony – Chairman and Director

Mr. Abony is a prominent entrepreneur and venture capitalist. He was the co-founder and CEO of Nuuvera, a Canada-based cannabis company, which sold in 2018 for US\$826 million. Prior to that he was the CEO of Mood Media Corporation, a large publicly traded media entity which employed 3,300 people in 47 countries. He also co-founded FUN Technologies and in 2004 became the youngest-ever CEO of a listed company on the Toronto Stock Exchange. The company was sold to Liberty Media in 2006 for US\$484 million. Mr. Abony earned an honors B.A. degree from McGill University, a L.L.B. and J.D. from the Windsor University International Law Center, and a M.B.A. from Columbia Business School.

Edward Lonergan – Director

Mr. Lonergan is a proven business leader with more than 40-years of success in global consumer and B2B industries. He currently serves as the Executive Chairman of Zep, a leading innovator of cleaning solutions for retail, food and beverage, industrial and institutional, and vehicle care customers, and Chairman of DRB Systems, a leading provider of point-of-sale software and tunnel control solutions to the car wash industry. He also serves on the board of Owens Corning Company and is a Senior Advisor at New Mountain Capital. Previously, he served as President and CEO of Chiquita Brands International, President and CEO of Diversey, President of Gillette Europe, and in various roles at Procter & Gamble. He earned a B.A. degree in political science from Union College.

Eric Ball – Director

Mr. Ball is a veteran technology finance executive, investor and board member across multiple industries. He currently serves as General Partner at Impact Venture Capital, which invests in early-stage information technology start-ups with a focus on civic technology, cybersecurity, financial technology, big data, telecommunications and media. He also chairs the Audit Committee at Glu Mobile, a publicly traded leader in 3D freemium mobile gaming. Previously, Eric was CFO at C3 IoT, a leading enterprise AI software provider, and served as Treasurer at Oracle, one of the world's premier technology companies. While at Oracle, he was named one of the "100 Most Influential People" in finance by Treasury & Risk Magazine. Prior to joining Oracle, Mr. Ball served in executive roles at Flextronics International, Cisco Systems, Avery Dennison, and AT&T. He earned a Ph.D. in management from Claremont Graduate University – Peter F. Trucker and Masatoshi Ito Graduate School of Management, as well as a M.A. degree in economics and a M.B.A. from the University of Rochester and a B.A. degree in economics from University of Michigan.

Anthony Lacavera - Director

Mr. Lacavera is the founder of Globalive Capital Inc., a telecommunications and technology-focused investment company. Mr. Lacavera has made over 100 venture and private equity investments over the past 15 years, including founding WIND Mobile which became Canada's fourth largest wireless carrier before it was sold to Shaw for approximately CAD\$1.6 billion. Mr. Lacavera was named Canada's CEO of the Year by the Globe and Mail in 2010, one of the 50 Most Influential Torontonians in 2013 and one of Canada's Top Executives by Power and Influence magazine in 2014. Mr. Lacavera holds an Engineering Degree from the University of Toronto.

Additional Information

A copy of the LOI with more detailed information about the RTO is available for review on the Company's SEDAR page at www.sedar.com. The Company will disclose additional information relating to the RTO, the Spin-Off and related matters as soon as they becomes available, including additional financial information relating to Socati, the backgrounds of any other person who may constitute an insider of the Resulting Issuer, and any other relevant information.

The LOI is binding on the parties, however, the parties are continuing to negotiate the more detailed, definitive agreements that will govern the RTO, the Spin-Off and related matters. In the course of those negotiations, material terms pertaining to the RTO, including its structure, timing, the consideration payable for the Socati Securities, the calculation of the Share Price, the Financing, closing conditions and other matters may be added, amended or removed. The Company will provide an update on any material terms not already disclosed as soon as reasonably possible once that information becomes available.

Completion of the RTO is subject to a number of conditions precedent, including the Conditions described above. If the conditions precedent cannot be satisfied or (if applicable) waived, the RTO will not close. There can be no assurance that the RTO will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the RTO, any information released or received with respect to the RTO may not be accurate or complete and should not be relied upon. Trading in the Company's securities in anticipation of the RTO should be considered highly speculative.

The Exchange has not considered or made any determination on the merits of the proposed RTO and has neither approved nor disapproved of the contents of this press release.

About Globalive Technology Inc.

Globalive Technology is a next generation software company and venture partner developing innovative solutions to disrupt traditional industries by leveraging artificial intelligence and machine learning technology stacks. Globalive Technology is controlled by Globalive Capital Inc., which has founded and co-founded 12 businesses over the past 20 years with six successful exits ranging from US\$10M to US\$1.3B. It has also made over 100 venture investments and has over 45 technology companies in its portfolio. For more information, visit www.globalivetech.com.

About Socati Corp.

Socati is a leading processor of broad-spectrum hemp extracts. Leveraging investments in new technologies, Socati engages in large-scale manufacturing and has logistics in place to meet growing demand. With the ability to manufacture broad-spectrum hemp extracts at scale, Socati is built to serve the needs of large, international CPG companies that are seeking high quality raw materials.

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CAUTION REGARDING FORWARD-LOOKING INFORMATION

This news release contains forward-looking statements relating to the timing and completion of the proposed RTO and Spin-Off, the future operations of the Company and the Resulting Issuer and other statements that are not historical facts. Such forward-looking statements are often identified by terms such as "possible", "if", "would", "will", "is incurring", "subject to", "intends", "estimates", "contemplated", "following", "continuing to", "anticipates", "anticipated" and similar expressions. All statements, other than statements of historical fact included in this release, including those noted above, are forward-looking statements that involve risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations include changes to Socati or the Company's business focus, strategic plan or capital requirements; changes in market, industry and regulatory conditions for Socati or the Company; unexpected operating gains or losses in the Socati or the Company; a breakdown in the Company's relationship with Socati; the inability to satisfy the conditions precedent to complete the RTO; the inability to raise adequate financing or adequate financing on terms sufficiently favourable to Socati and the Company; the inability to obtain the necessary regulatory, shareholder and third-party approvals for the RTO; changes in Socati or the Company's assessment of the desirability of the RTO; other parties seeking to acquire an interest in Socati or the Company; competitors in the industry and other risks as set out in the Company's Filing Statement available on its SEDAR page at www.sedar.com.

The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. The Company cannot guarantee that any of the forward-looking statements contained in this press release will occur as disclosed herein or at all. The reader is cautioned not to place undue reliance on any forward-looking information.

Such information, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The forward-looking statements contained in this news release are made as of the date of this news release and the Company will only update or revise publicly the included forward-looking statements as expressly required by Canadian securities law.

*This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities of the Company, Socati or the resulting issuer in either Canada or the United States. The securities of such entities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**"), or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the US Securities Act and applicable state securities laws or an exemption from such registration is available.*

Neither the Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Exchange) accepts responsibility for the adequacy or accuracy of this release.

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