



PRIME DRINK GROUP CORP. ENTERS INTO BINDING LETTER OF INTENT TO ACQUIRE TRIANI CANADA INC.

- *Triani is a Québec-based company specialized in the production, bottling and sale of alcoholic and non-alcoholic beverages with unaudited non-IFRS annual net revenue of \$28.4 million and Adjusted EBITDA of \$4.4 million for the year ended November 30, 2023.*
- *Triani also owns a 100,000 ft² beverage processing plant, as well as the Glutenberg, Oshlag, Vox Populi and 2 Frères beer brands, and the Baron, Octane and Mojo beverage brands.*

Montreal, Québec, January 22, 2024 – Prime Drink Group Corp. (CSE: PRME) (“Prime” or the “Company”) announces that it has entered into a binding letter of intent dated January 21, 2024 (the “Letter of Intent”) with 9296-0186 Québec Inc. (“9296”) whereby the Company will acquire all of the issued and outstanding common shares of Triani Canada Inc. (“Triani”, and together with 9296, the “Vendor”) from 9296 by way of business combination (the “Proposed Transaction”). All currency references herein are in Canadian currency unless otherwise specified.

Triani is a Québec-based company specialized in the production, bottling and sale of alcoholic and non-alcoholic beverages to a large client roster including prestigious brand names across North America with unaudited non-IFRS annual net revenue of \$28.4 million and Adjusted EBITDA of \$4.4 million for the year ended November 30, 2023. Founded in 2015, Triani experienced solid growth following the company’s successful foray into Québec grocery stores with its Cantini, Ettaro, and Enjoy wine brands. Triani produces and markets Octane, Mojo, Baron, and Seagram malt-based alcoholic beverages, as well as non-alcoholic products under the Hickson brand. It also markets alcoholic and non-alcoholic microbrewery beers from Brasserie les 2 Frères (Hickson, Série Découverte, and Charles-Henri), as well as produces several other alcoholic beverages for both the Canadian and American markets.

Olivier Primeau, newly appointed Chief, Branding and Innovation of Prime, stated: “I am thrilled and deeply proud of this major transaction, which represents the culmination of a goal I have ardently pursued since my initial investment in the Company. With unwavering confidence, we believe that our combined expertise in sales, marketing, and production will serve as the catalyst to unlock Triani's full potential, propelling Prime into a new era of growth across North America.”

Prime’s CEO Alexandre Côté stated: “This is a game changer for Prime. The value of this transaction for our shareholders is unprecedented. I wish to thank Tristan and Joannie for their cooperation and commitment to this common objective. Their expertise will help us in becoming a fully integrated beverage business from production to distribution.”

“We are confident that the outcome of this transaction will lead to mutually-beneficial opportunities, capitalizing on our combined expertise, premium assets, and enhanced financial capacity through Prime’s public company status,” said Triani’s CEO, Tristan Bourgeois Cousineau. “The expansion of our processing facility to over 100,000 ft² underscores our commitment to catering to a growing clientele, which includes the production of well-established brands. Our strategic alignment with Prime is expected to facilitate the expansion of our operations and expertise across North America.”

“On behalf of the Board of Directors, I'm pleased to recognize our team's collaborative effort that led to the successful conclusion of this binding LOI to acquire Triani,” said Raimondo Messina, Chairman of the Board of Prime. “Though more work lies ahead to conclude this transaction and accelerate Prime’s goal of becoming a leading diversified beverage holding company, our ambitious and passionate Board and management team remains fully dedicated to making it happen. This is only the beginning!”

Transaction Summary

The Letter of Intent contemplates that Prime and 9296 will negotiate and enter into a definitive agreement (the “**Definitive Agreement**”), whereby the parties will complete the Proposed Transaction by way of share exchange, merger, amalgamation, arrangement, takeover bid, share purchase or other similar form of transaction or a series of transactions that have similar effect, whereby Prime will acquire from 9296 all of the issued and outstanding common shares of Triani (the “**Triani Shares**”) in exchange for the Consideration (as defined below), which will result in Triani (as the same exists at the relevant time), or such other entity that may be created for the purposes of completing the Proposed Transaction, becoming a wholly-owned subsidiary of Prime.

Pursuant to the Proposed Transaction, Prime will acquire the Triani Shares in exchange for (i) \$2,000,000 in cash; and (ii) that number of common shares in the capital of Prime (“**Prime Shares**”) having an aggregate value of \$17,500,000, with each Prime Share to be issued at a deemed price to be determined by the parties, subject to adjustment (the “**Consideration**”). In addition to the Consideration, Prime intends pay an additional amount up to \$18,500,000 (the “**Bonus Consideration**”) to 9296 payable in Prime Shares if Triani reaches certain EBITDA targets in the financial years ended 2024, 2025 and 2026. The Prime Shares payable pursuant to the Bonus Consideration shall be issued at a deemed price equal to the 10-day volume-weighted average price of the Prime Shares as traded on the CSE, or such other stock exchange as the Prime Shares are then listed.

It is intended that the Proposed Transaction will result in 9296 becoming a Control Person (as such term is defined in the policies Canadian Securities Exchange (the “**CSE**”)) of the resulting entity following completion of the Proposed Transaction (the “**Resulting Issuer**”). It is anticipated that the shareholders of 9296 will beneficially own, or exercise control or direction over, 28,547,821 common shares of the Resulting Issuer (“**Resulting Issuer Shares**”) or 49.7% of the outstanding Resulting Issuer Shares on a non-diluted basis.

Pursuant to the Letter of Intent, any intellectual property (the “**IP**”), including but not limited to the brands, currently used by the Vendor as part of its business which will not be owned by Triani at the closing of the Proposed Transaction (the “**Closing**”) will be subject to an exclusive license (the “**License**”) in favor of the Resulting Issuer for the use of the IP on commercially favorable terms (5% net revenue royalty, subject to a minimum based on the high water mark of the period between the Closing and, if applicable, the date of termination without cause of the CEO of Triani at the Closing) for a period 10 years following the Closing, plus an option for an additional 5 years. Prime will also have: (i) a right of first refusal on any disposition of the IP for the duration of the License; (ii) an exclusive option to acquire the IP based on an independent valuation for a period 3 years following the Closing at a minimum price of \$35,000,000; and (iii) an exclusive option to acquire the buildings, located in St-Jean sur Richelieu and Terrebonne, for a period 6 years following the Closing, which option can only be exercised after 3 years following the Closing, at a price equal to the higher of \$34,000,000 and fair market value at the time of exercise of the option (the “**ROFR and Options**”). The details surrounding these rights will be finalized and remain subject to the terms of the Definitive Agreement.

Prior to Closing, the Company intends to consolidate its outstanding Prime Shares on a 5:1 basis (the “**Consolidation**”) resulting in 1 Prime Share outstanding following the Consolidation for every 5 Prime Shares outstanding prior to the Consolidation. Following the Consolidation, the Company expects it will have approximately 28,835,294 Prime Shares issued and outstanding on a non-diluted basis (and

excluding the Prime Shares issued as the Consideration and pursuant to the Concurrent Financing (as defined below)).

The completion of the Proposed Transaction is subject to a number of terms and conditions, including, but not limited to: (i) the negotiation and execution of the Definitive Agreement, including the grant of the ROFR and Options; (ii) the execution of the License; (iii) completion of the Concurrent Financing; (iv) the parties obtaining all necessary consents, orders and regulatory and shareholder approvals, including the conditional approval of the CSE subject only to customary conditions of closing; (v) receipt of an opinion from 9296's legal counsel that the discharge of Triani Canada's wastewater complies with the regulations of the city of Terrebonne; (vi) satisfactory due diligence by each party of the other party; (vii) no material adverse changes occurring in respect of either Prime or Triani; (viii) completion of the Consolidation and Name Change (as defined below); (x) the Resignations (as defined below) being tendered; and (xi) receipt of approval of CSE with respect to the Proposed Transaction.

Upon completion of the Proposed Transaction, Prime intends to change its name to such name as determined by the parties (the "**Name Change**") and the parties expect that the CSE will assign a new trading symbol for the Resulting Issuer.

Board of Directors and Management of Resulting Issuer

The board of directors of the Company presently is made up of 6 members. On Closing, 2 present directors of the Company shall resign (the "**Resignations**") and be replaced on Closing by 3 nominees of 9296. Each new director shall be appointed in a manner that complies with the requirements of the CSE and applicable securities and corporate laws. Details regarding the anticipated directors and officers of the Resulting Issuer will be included in a subsequent release.

Concurrent Financing

Pursuant to the Letter of Intent, it is a condition of the Proposed Transaction that Prime shall complete an equity financing at a price per offered security to be determined by the parties in accordance with the policies of the CSE (the "**Concurrent Financing**"). Pursuant to the Concurrent Financing, Prime intends to raise gross proceeds of a minimum of \$5,000,000 and a maximum of \$7,500,000, subject to the approval of 9296.

Finder's fees may be paid in connection with the Concurrent Financing within the maximum amount permitted by the policies of the CSE.

The Resulting Issuer intends to use the net proceeds of the private placement to fund the Proposed Transaction, to develop its business and for working capital.

Shareholder Consent or Meeting

Prior to the completion of the Proposed Transaction and if required by corporate legislation or exchange policy, Prime intends seek shareholder approval for the Proposed Transaction by way of a shareholder consent resolution and will, if necessary, convene a meeting of its shareholders in accordance with applicable corporate and securities laws, to approve: (a) the Name Change; (b) the Consolidation; (c) the election of new directors to the board of Prime; and (d) to the extent required, the adoption of new by-laws, an omnibus equity incentive plan or other corporate matters.

Other Information relating to the Proposed Transaction

The Proposed Transaction is not a "**related party transaction**" as such term is defined by Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

Trading in the Prime Shares has been halted and is expected to remain halted pending the satisfaction of the listing requirements of the CSE. There can be no assurance that the trading of Prime Shares will resume prior to the completion of the Proposed Transaction.

The post-Consolidation Prime Shares to be issued pursuant to the Proposed Transaction and Concurrent Financing will be issued pursuant to exemptions from the prospectus requirements of applicable securities legislation. Resulting Issuer Shares to be issued are expected to be subject to restrictions on resale under applicable securities legislation or escrow under the policies of the CSE, including the securities to be issued to principals of the Resulting Issuer, which will be subject to the escrow requirements of the CSE.

Additional information concerning the Proposed Transaction, Prime, the Vendor, and the Resulting Issuer will be provided in a subsequent news release to be filed by Prime in connection with the Proposed Transaction and the signing of the Definitive Agreement and which is intended to be made available in due course under Prime's SEDAR+ profile at www.sedarplus.ca.

About Prime Drink Group

Prime Drink Group Corp. (CSE: PRME) is a Québec-based corporation that aims to become a leading diversified beverage holding company. The Company currently owns more than 3.4 billion litres of Québec's fresh groundwater reserves volume under permit and is strategically positioned to increase its holding. Under its new leadership team, the Company will seek to acquire, integrate and grow beverage businesses in diversified sectors, with a focus on sustainable growth.

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Neither the CSE nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Information

This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations (including negative and grammatical variations) of such words and phrases or state that certain acts, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking information in this press release may include, without limitation, statements relating to: the completion of the Proposed Transaction, the timing thereof, and on the terms described herein, the execution of the Definitive Agreement, the completion of the proposed Concurrent Financing and the use of proceeds therefrom, the proposed directors and officers of the Resulting Issuer, obtaining the appropriate approvals required with respect to the Proposed Transaction, the completion of the Consolidation, the completion of the Name Change, completion of satisfactory due diligence, shareholder and regulatory approvals, and future press releases and disclosure.

These statements are based upon assumptions that are subject to significant risks and uncertainties, including risks regarding the beverage industry, market conditions, general economic factors, and the equity markets generally. Because of these risks and uncertainties and as a result of a variety of

factors, the actual results, expectations, achievements or performance of each of Prime and the Vendor may differ materially from those anticipated and indicated by these forward-looking statements. Any number of factors could cause actual results to differ materially from these forward-looking statements as well as future results. Although each of Prime and the Vendor believes that the expectations reflected in forward-looking statements are reasonable, they can give no assurances that the expectations of any forward-looking statements will prove to be correct. Except as required by law, Prime and the Vendor disclaims any intention and assume no obligation to update or revise any forward-looking statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward-looking statements or otherwise.