



FORBIDDEN SPIRITS SIGNS LETTER OF INTENT FOR ACQUISITION OF ONTARIO DISTILLER

Kelowna, BC, March 9, 2022 — Forbidden Spirits Distilling Corp. (TSX.V: **VDKA** - the "**Company**" or "**Forbidden Spirits**"), a fast-growing craft distillery headquartered in Kelowna, British Columbia, is pleased to announce that on March 9, 2022 it entered into a non-binding letter of intent ("**LOI**") to acquire all of the issued and outstanding securities of Ontario-based Niagara Falls Craft Distillers Ltd. ("**Niagara**"), an arm's length craft distiller, for an aggregate purchase price of approximately \$4.8 million dollars payable as to approximately \$4 million in cash and as to approximately \$810,000 through the issuance of 1,124,898 common shares in the capital of the Company, representing a deemed price of \$0.72/share (the "**Proposed Transaction**").

Building Value with Immediate, Accretive Revenue and Cash Flow

"Forbidden Spirits selects its acquisitions based on anticipated ease of operational integration and continued sales and EBITDA growth rates for the forecastable immediate three-year period ahead," explains Forbidden Spirits CEO Blair Wilson. "Niagara's business model is based largely on canning and co-packing spirits and secondarily on distilling and distributing, which dovetails perfectly with Forbidden Spirits' current primary focus of distilling and distribution and secondary focus of canning and co-packing."

Wilson says, "Niagara brings with it a skilled management and operational team who will be heavily incentivized going forward to allow them to build upon the \$9 million dollars in sales they recorded in 2021 and the \$900,000 in EBITDA¹ earned that same year."

Upon completion of the Proposed Transaction, the Company anticipates investing an additional \$2 million into Niagara for the purchase and installation of a high-speed European canning line. Niagara currently operates four smaller canning lines, two of which the Company anticipates relocating to its distillery location in Kelowna, BC upon completion of the Proposed Transaction.

Mr. Andy Murison, President and CEO of Niagara, says, "the synergies these two companies have the potential to create is incredible; from the efficient utilization of our canning line assets to the enhanced access by both companies to the Liquor Control Board of Ontario and British Columbia Liquor Distribution Branch with expanded SKUs to joint and expanded online e-commerce platform management."

Definitive Agreement

Completion of the Proposed Transaction is subject to a number of conditions, including, but not limited to: (i) the entering into of a definitive agreement by April 15, 2022 (ii) the completion of satisfactory due diligence by each of the parties, (iii) the approval by the directors and shareholders (if required) of the Company and Niagara, (iv) receipt of all requisite regulatory approvals, including the approval of

¹ EBITDA is a non-IFRS measure as described in the Non-IFRS Measures section of this news release

the TSX Venture Exchange (the “**Exchange**”) and/or governmental authorizations and consents, and (v) the Company obtaining the requisite financing on terms and conditions satisfactory to the Company. Provided that all closing conditions are satisfied, the Proposed Transaction is expected to close in the summer of 2022. There can be no assurance that the Proposed Transaction will be completed on the terms contained herein or at all.

If the Proposed Transaction is completed, the Company anticipates acquiring approximately \$1,550,000 in long term debt held by Niagara. There are no finder’s fees payable by The Company in connection with the Proposed Transaction.

About Forbidden Spirits Distilling Corp:

Forbidden Spirits is a fast-growing craft distillery and trades under the ticker symbol **VDKA** on the TSX Venture Exchange.

Forbidden Spirits currently manufactures and distributes a portfolio of ultra-premium brands including:

- *REBEL Vodka,*
- *Eve’s Original Gin,*
- *Adam’s Apple Brandy,*
- *Forbidden Fire,*
- *Forbidden Spirits Vodka, and*
- *Wallace Hill Whisky.*



Additional information with respect to Forbidden Spirits and its portfolio of ultra-premium spirits can be found on Forbidden Spirits’ website at www.forbiddenspirits.ca.

About Niagara Falls Craft Distillers:

Niagara Falls Craft Distillers Ltd. is a leading Ontario-based craft distiller making award-winning craft spirits, beers, and ready-to-drink products for themselves and by contract for others since 2016.

ON BEHALF OF THE BOARD OF DIRECTORS:

Blair Wilson
Chairman and CEO
Email: blair@forbiddenspirits.ca
Phone: (250) 317-0996

Non-IFRS Measures

The Company uses non-IFRS measures to assess its operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other

companies. Accordingly, they should not be considered in isolation. The Company uses EBITDA as a measure of operating performance. Therefore, EBITDA may not be comparable to similar measures presented by other issuers. EBITDA is calculated based on results from operating activities adjusted for depreciation of property and equipment and right-of-use assets, and acquisition related restructuring costs. Management uses EBITDA to evaluate operating performance as it excludes amortization of software and intangibles (which is an accounting allocation of the cost of software and intangible assets arising on acquisition), any impact of finance and tax related activities, asset depreciation, foreign exchange gains and losses, other income and restructuring costs primarily related to acquisitions.

Forward-Looking Information

This press release contains forward-looking statements and information based on the beliefs of management and reflects the Company's current expectations. When used in this press release, the words "estimate", "project", "belief", "anticipate", "intend", "expect", "plan", "predict", "may" or "should" and the negative of these words or such variations thereon or comparable terminology are intended to identify forward-looking statements and information. Risks and uncertainties that may cause actual results to differ materially from those contemplated in those forward-looking statements and information.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on a number of assumptions including, but not limited to the economy generally; the Covid-19 pandemic; adverse industry events; the receipt of required regulatory approvals and the timing of such approvals; consumer interest in the services and products of the Company; financing; competition; and anticipated and unanticipated costs. Although the Company has attempted to identify important factors that could cause actual actions, events, or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended.

THE FORWARD-LOOKING INFORMATION CONTAINED IN THIS PRESS RELEASE REPRESENTS THE EXPECTATIONS OF THE COMPANY AS OF THE DATE OF THIS PRESS RELEASE AND, ACCORDINGLY, IS SUBJECT TO CHANGE AFTER SUCH DATE. READERS SHOULD NOT PLACE UNDUE IMPORTANCE ON FORWARD-LOOKING INFORMATION AND SHOULD NOT RELY UPON THIS INFORMATION AS OF ANY OTHER DATE. WHILE THE COMPANY MAY ELECT TO, IT DOES NOT UNDERTAKE TO UPDATE THIS INFORMATION AT ANY PARTICULAR TIME EXCEPT AS REQUIRED IN ACCORDANCE WITH APPLICABLE LAWS.

Neither the 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 press release.