

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **June 14, 2021**

**CRONOS GROUP INC.**

(Exact name of registrant as specified in its charter)

**British Columbia, Canada**

(State or other jurisdiction  
of incorporation)

**111 Peter Street, Suite 300**

**Toronto , Ontario**

(Address of principal executive offices)

**001-38403**

(Commission  
File Number)

**N/A**

(I.R.S. Employer  
Identification No.)

**M5V 2H1**

(Zip Code)

Registrant's telephone number, including area code: **(416) 504-0004**

**Not Applicable**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, no par value	CRON	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 7.01. Regulation FD Disclosure.**

On June 14, 2021, Cronos Group Inc. (the “Company”) and PharmaCann Inc. (“PharmaCann”) issued a joint press release announcing that the parties entered into an option purchase agreement, pursuant to which a wholly owned subsidiary of the Company has purchased an option to acquire an approximately 10.5% ownership stake in PharmaCann on a fully-diluted basis. A copy of the joint press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

**Item 9.01. Financial Statements and Exhibits.**

(d) *Exhibits.*

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Joint Press Release issued by Cronos Group Inc. and PharmaCann Inc. Inc., dated June 14, 2021.</a>
104	Cover Page Interactive Data File – The cover page from Cronos Group Inc.’s Current Report on Form 8-K filed on June 14, 2021 is formatted in Inline XBRL.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**CRONOS GROUP INC.**

Dated: June 14, 2021

By: /s/ Kurt Schmidt  
Name: Kurt Schmidt  
Title: President and Chief Executive Officer



## **Cronos Group Announces Strategic Investment in PharmaCann, a Leading U.S. Cannabis Company**

*Investment is Expected to Position Cronos Group to Benefit from Rapid Growth in the U.S. Cannabis Market*

*PharmaCann is Well Positioned in Limited License States Across the Midwest and Northeast*

TORONTO and CHICAGO, June 14, 2021 – Cronos Group Inc. (NASDAQ: CRON) (TSX: CRON) (“Cronos Group”) and PharmaCann Inc. (“PharmaCann”), one of the largest vertically integrated cannabis companies in the United States (“U.S.”), today announced that they have entered into an agreement under which a wholly owned subsidiary of Cronos Group has purchased an option (the “Option”) to acquire an approximately 10.5% ownership stake in PharmaCann (the “Transaction”) on a fully-diluted basis. The Option exercise will be based upon various factors, including the status of U.S. federal cannabis legalization, as well as regulatory approvals, including in the states where PharmaCann operates that may be required upon exercise.

PharmaCann has a broad geographic footprint in the U.S. and has built an efficient, effective and scalable operating model, including six production facilities and 23 dispensaries operating under the Verilife™ brand across six limited license states: New York, Illinois, Ohio, Maryland, Pennsylvania and Massachusetts. PharmaCann continues to invest in its manufacturing infrastructure and brand development to capitalize on the significant consumer retail and business-to-business wholesale opportunities.

“Our U.S. growth strategy focuses on delivering long term shareholder value by assembling a best-in-class brand and intellectual property portfolio and positioning to deploy our products in the U.S. market through investments and opportunities with U.S. leaders who share our vision and commitment to responsibly distributing disruptive cannabinoid products that improve people’s lives,” said Kurt Schmidt, President and Chief Executive Officer of Cronos Group. “We were attracted to PharmaCann as an investment because of their disciplined capital allocation, strong track-record and compelling licensed manufacturing and retail footprint. Further, we are excited to partner with PharmaCann because of our shared commitment to elevating product quality and consistency through science and best in class operations and manufacturing.”

“We are pleased to announce our strategic alliance with Cronos Group,” said Brett Novey, Chief Executive Officer of PharmaCann. “This investment validates our position as a leading vertically integrated U.S. cannabis company and highlights our ability to continue to expand and enhance our strong asset base. We are excited to work with Cronos Group as we advance PharmaCann’s mission to improve people’s lives through cannabis.”

### **Transaction Terms**

Under the terms of the Transaction, total consideration paid by Cronos Group for the Option was approximately \$110.4 million, which was deposited by Cronos Group with a third-party paying agent to

be distributed directly to PharmaCann shareholders. The Option is subject to certain anti-dilution and other adjustments.

At Cronos Group's election and following its exercise of the Option, Cronos Group and PharmaCann will enter into commercial agreements that would permit each party to offer its products through either party's distribution channels. In addition, at Cronos Group's election and following its exercise of the Option, Cronos Group and PharmaCann will enter into an investor rights agreement that would provide Cronos Group with certain governance rights, such as a board seat or board observer subject to certain conditions, and a registration rights agreement that would provide Cronos Group with customary registration rights of PharmaCann common stock.

Michael Gorenstein, Executive Chairman of Cronos Group, and Jason Adler, a director of Cronos Group, each hold an indirect interest in PharmaCann by way of their interest in a fund affiliated with Gotham Green Partners, which is a stockholder of PharmaCann. A special committee composed entirely of independent directors of Cronos Group was formed to evaluate and make recommendations to the Board of Directors of Cronos Group with respect to the Transaction and other opportunities in the U.S.

The Transaction has been approved by the PharmaCann Board of Directors and the requisite PharmaCann shareholders and approved by the Cronos Group Board of Directors (other than Mr. Gorenstein and Mr. Adler) following the unanimous recommendation of the special committee of independent directors.

Cowen served as financial advisor to the special committee of independent directors of Cronos Group and Sullivan & Cromwell LLP and McGuireWoods LLP served as legal advisors to Cronos Group. Perella Weinberg Partners LP served as financial advisor to Altria Group, Inc.

Canaccord Genuity Corp. served as financial advisor and Fox Rothschild LLP served as legal advisor to PharmaCann.

#### **About Cronos Group**

Cronos Group is an innovative global cannabinoid company with international production and distribution across five continents. Cronos Group is committed to building disruptive intellectual property by advancing cannabis research, technology and product development. With a passion to responsibly elevate the consumer experience, Cronos Group is building an iconic brand portfolio. Cronos Group's portfolio includes PEACE NATURALS™, a global wellness platform, two adult-use brands, COVE™ and Spinach™, and three U.S. hemp-derived CBD brands, Lord Jones™, Happy Dance™ and PEACE+™. For more information about Cronos Group and its brands, please visit: [thecronosgroup.com](http://thecronosgroup.com).

#### **About PharmaCann**

PharmaCann is one of the nation's largest privately held and vertically integrated cannabis companies, providing safe, reliable, and high-quality cannabis products to people in both the medical and adult-use markets. The PharmaCann geographic footprint includes PharmaCann dispensaries and cultivation and processing operations in six states. For more information about PharmaCann, please visit: [PharmaCann.com](http://PharmaCann.com).

#### **Forward-looking Statements**

This press release may contain information that may constitute "forward-looking information" or "forward-looking statements" within the meaning of applicable Canadian and U.S. securities laws (collectively, "Forward-looking Statements"). All information contained herein that is not clearly historical in nature or that necessarily depends on future or subsequent events may constitute Forward-

looking Statements. In some cases, Forward-looking Statements can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “plan”, “anticipate”, “intend”, “potential”, “estimate”, “believe” or the negative of these terms, or other similar words, expressions or phrases intended to identify Forward-looking Statements. Some of the Forward-looking Statements contained in this press release include Cronos Group’s intention to build an international iconic brand portfolio and develop disruptive intellectual property. Forward-looking Statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive risks, financial results, results, performance or achievements expressed or implied by those Forward-looking Statements. Actual results may differ materially from current expectations because of risks associated with, among other things: (i) uncertainties as to Cronos Group’s consideration and/or ability to exercise the Option, including the status and future development of federal legalization of cannabis in the U.S.; (ii) uncertainties as to Cronos Group’s anticipated benefits of the Transaction and assumptions as to the timing of exercise of the Option; (iii) possibilities that the various conditions to Cronos Group’s exercise of the Option may not be satisfied, including, without limitation, the state regulatory approvals that may be required prior to the exercise of the Option and the possibility that a governmental entity may prohibit, delay or refuse to grant any state regulatory approval in connection with the exercise of the Option; (iv) changes in U.S. federal laws regarding the cultivation, distribution or possession of marijuana, including, without limitation, the Controlled Substances Act of the U.S.; (v) assuming all conditions to exercise the Option are satisfied, possibilities that the exercise of the Option may involve unexpected costs; (vi) possibilities that the industry in which PharmaCann and its subsidiaries operates may be subject to future risks, including regulatory and license risks; (vii) response of employees, customers, suppliers, business partners, regulators, markets and the public to the announcement of the Transaction and if applicable, in connection with exercise of the Option; and (viii) other expectations and assumptions concerning the transactions contemplated between Cronos Group and PharmaCann. While the list of factors presented here is representative, no list should be considered a statement of all potential risks, uncertainties or assumptions that could have a material adverse effect on Cronos Group’s consolidated financial condition or results of operations. Investors are cautioned that Forward-looking Statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Cronos Group, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the Forward-looking Statements. Forward-looking Statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, including those discussed in Cronos Group’s Annual Report on Form 10-K for the year ended December 31, 2020, and Cronos Group’s Quarterly Report on Form 10-Q for the period ended March 31, 2021, both of which have been filed on SEDAR and EDGAR and can be accessed at [www.sedar.com](http://www.sedar.com) and [www.sec.gov/edgar](http://www.sec.gov/edgar), respectively. Any Forward-looking Statement included in this press release is made as of the date of this press release and, except as required by law, Cronos Group disclaims any obligation to update or revise any Forward-looking Statement. Readers are cautioned not to put undue reliance on any Forward-looking Statement.

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**PharmaCann**

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