SPoT Coffee Announces $500K Equity Financing

TORONTO, Jan. 25, 2021 /CNW/ - **SPOT COFFEE (CANADA) LTD.** (TSXV: SPP) **("SPoT" or the "Company")** is pleased to announce a non-brokered private placement offering of up to 10,000,000 units (each a "Unit") at a price of C$0.05 per Unit for aggregate gross proceeds of up to C$500,000. Each Unit will consist of one common share of SPoT (a "Common Share") and one-half of one common share purchase warrant (a "Warrant"). Each whole Warrant issued under this equity financing will entitle the holder to acquire one additional Common Share at a price of $0.075 for a period of twenty-four months from the initial closing date. The Warrants will include an acceleration clause to the effect that if at any time the closing trading price of the Common Shares on the TSX Venture Exchange is $0.09 or more for a period of thirty (30) consecutive days, the Company will be entitled to notify all holders of Warrants of its intention to force the exercise of the Warrants and to issue a press release to such effect, following which the holders of Warrants shall have thirty (30) days from the date of the press release to exercise the Warrants. All of the Common Shares and Warrants issued in connection with this financing will be subject to a statutory four-month hold period in accordance with applicable securities laws. Closing of this private placement is expected to occur in one or more tranches and is subject to receipt of approval from the TSX Venture Exchange.

The proceeds raised under this financing are expected to be used for the following purposes:

(i) To support and expand the Company's 2021 franchise program;
(ii) To pay off a portion of the Company's outstanding debentures; and
(iii) For general working capital purposes.

The Company also announces that each of its ten (10) US subsidiaries has applied for the Paycheck Protection Program loan (PPP-2) of the Small Business Administration (SBA) under the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* (United States). Each PPP-2 loan amount will be equal to the average monthly payroll for the year 2019, multiplied by 3.5. This multiplication factor of 3.5 has been used instead of the previous PPP-1 multiplication factor of 2.5 times and is due to the fact that SPoT falls under code 722511, which provides that full service restaurants are allowed to use this special multiplication factor that applies to the business category that has been officially recognized as the hardest hit of all small businesses.

As a follow-up, the Company will issue a separate news release upon confirmation by the SBA of the approved loan amounts to its subsidiaries.

About SPoT Coffee

SPoT Coffee has been designing, building and operating company-owned and franchise community cafés in the northeastern United States for over 25 years. SPoT's cafés provide their customers with the highest quality service, signature made-to-order meals and award-winning micro-roasted coffee. Each SPoT café is distinctively designed to suit the local neighbourhood, creating a warm and friendly gathering place for the community. SPoT's commercial business focuses on the sale of roasted coffee beans to food service and grocery chains, business offices, and resellers such as universities and hospitals.

We seek Safe Harbor.

Forward Looking Statements

Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking statements. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information.

Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The forward-looking information contained in this news release is expressly qualified by this cautionary statement. Except as required by applicable securities laws, the Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.

Neither 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 the release.

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