



Tilray® to Acquire Manitoba Harvest, the World's Largest Hemp Food Company

Feb 20, 2019

Acquisition unites cannabis pioneer with leading natural food CPG company to create hemp and CBD-infused food and wellness products for North America

NANAIMO, British Columbia--(BUSINESS WIRE)--Feb. 20, 2019-- Tilray, Inc. ("Tilray" or "the Company") (NASDAQ:TLRY), a global leader in cannabis research, cultivation, production and distribution, today announced it has entered into a definitive agreement (the "Agreement") pursuant to which Tilray will acquire all of the issued and outstanding securities of FHF Holdings Ltd. ("Manitoba Harvest"), from Compass Group Diversified Holdings, LLC ("The Compass Group") (NYSE:CODI) and other shareholders of Manitoba Harvest (the "Transaction"). Under the terms of the Agreement, Tilray will acquire Manitoba Harvest on a cash and debt-free basis, for an aggregate purchase price, including cash and class 2 Common Stock in the capital of Tilray ("Tilray Shares"), of up to C\$419 million pending the achievement of certain milestones after the closing of the Transaction.

This press release features multimedia. View the full release here: <https://www.businesswire.com/news/home/20190220005260/en/>



(Photo: Business Wire)

Founded in 1998, Manitoba Harvest is the world's largest hemp food manufacturer and a leader in the natural foods industry. It produces, manufactures, markets and distributes a broad-based portfolio of hemp-based consumer products, which are sold in over 16,000 stores at major retailers across the U.S. and Canada. Products in the Manitoba Harvest portfolio include: Hemp Hearts™, Hemp Oil™, Hemp Yeah!™ granola, Hemp Yeah!™ protein powder and Hemp Bliss™ milk. Manitoba Harvest has plans to launch a line of CBD containi Broad Spectrum Hemp Extracts as well as a line-up of Hemp Yeah! wellness bars this summer.

Together, Tilray and Manitoba Harvest plan to grow both companies' revenue while bringing nutritious hemp foods and supplements to more households across the U.S. and Canada. The acquisition will expand Tilray's product portfolio into the natural foods category and bring Manitoba Harvest expertise in working with cannabinoids, including cannabidiol (CBD). By leveraging Manitoba Harvest's established distribution network, Tilray plans to accelerate its expansion into the U.S. and Canadian markets, where legal, for CBD products. Manitoba Harvest also brings to Tilray an experienced team and manufacturing capabilities, including the addition of two high quality BRC AA+ certified manufacturing facilities as well as significant sales and distribution capabilities.

"Tilray's acquisition of Manitoba Harvest is a milestone for the cannabis industry. It builds on the strategic partnerships we have formed with consumer brand industry leaders and demonstrates our track record of disrupting the global pharmaceutical, alcohol, CPG, and functional food and beverage categories," said Brendan Kennedy, Tilray President and CEO. "We're excited to work with Manitoba Harvest to develop and distribute a diverse portfolio of branded hemp-derived CBD food and wellness products in the U.S. and Canada."

"We are excited about being an important part of the growth strategy for Tilray," said Bill Chiasson, Manitoba Harvest CEO. "By leveraging our combined strengths and capabilities, we will be able to accelerate our mission of transforming consumer health through the power of hemp."

Upon completion of the acquisition, Manitoba Harvest will operate as a wholly-owned subsidiary of Tilray, leveraging the Tilray team's global cannabis industry expertise and other strategic partners. Manitoba Harvest will continue to operate its seed-to-shelf supply chain model and leverage its retail relationships across North America. Tilray and Manitoba Harvest will also work together to develop innovative new CBD wellness products and hemp-based consumer food products.

Additional Transaction Details

Of the aggregate maximum C\$419 million purchase price, Tilray will pay C\$277.5 million at closing, comprised of C\$150 million in cash and C\$127.5 million in Tilray Shares. Six months after closing, Tilray will pay C\$92.5 million, comprised of C\$50 million in cash and C\$42.5 million in Tilray Shares. Tilray will issue an additional C\$49 million in Tilray Shares based on Manitoba Harvest achieving certain performance milestones in 2019, such amount to be reduced to the extent that some or all of the milestones are not achieved. The transaction will be subject to normal post-closing adjustments.

The closing of this Transaction is subject to customary terms and conditions as well as court approval. The Transaction will be completed by plan of arrangement under the Business Corporations Act of British Columbia. The Transaction is expected to close within the next 30 days.

Blake, Cassels & Graydon LLP acted as Canadian legal counsel to Tilray and Cooley LLP acted as Tilray's U.S. legal counsel. Cowen provided a fairness opinion to Tilray's board of directors in connection with the transaction.

Stikeman Elliott LLP acted as legal counsel to sellers. Jefferies LLC acted as financial advisor to Compass Group Diversified Holdings LLC in connection with the transaction.

About Tilray®

Tilray is a global pioneer in the research, cultivation, production and distribution of cannabis and cannabinoids currently serving tens of thousands of patients and consumers in twelve countries spanning five continents.

About Manitoba Harvest

Headquartered in Winnipeg, Manitoba, and founded in 1998, Manitoba Harvest is a pioneer and global leader in branded, hemp-based foods. The company is the world's largest vertically-integrated hemp food manufacturer and is strategically located near its supply base in Canada. Manitoba Harvest's 100% all-natural product lineup includes hemp hearts, hemp protein powder and hemp snacks and are currently carried in about 16,000 retail locations across the U.S. and Canada.

About Compass Diversified Holdings (CODI)

CODI owns and manages a diverse family of established North American middle market businesses. Each of its current subsidiaries is a leader in its niche market. CODI maintains controlling ownership interests in each of its subsidiaries in order to maximize its ability to impact long term cash flow generation and value. The Company provides both debt and equity capital for its subsidiaries, contributing to their financial and operating flexibility. CODI utilizes the cash flows generated by its subsidiaries to invest in the long-term growth of the Company and to make cash distributions to its shareholders.

Cautionary note regarding forward-looking statements:

This press release contains "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of Canadian securities laws, or collectively, forward-looking statements. Forward-looking statements in this press release may be identified by the use of words such as, "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate", "outlook" and other similar expressions and include statements relating to Tilray's acquisition of Manitoba Harvest and the expected benefits resulting therefrom, the ability of Tilray and Manitoba Harvest to satisfy the conditions pursuant to the arrangement and to close the transaction on the timeline indicated, or at all, the ability of Manitoba Harvest to achieve in the performance milestones and earn the payments associated therewith, or any future plans relating to Tilray or Manitoba Harvest, including beginning or increasing Tilray's activities as it relates to CBD and wellness products, entering into the U.S. CBD market, growing the revenue of Tilray and Manitoba Harvest and Tilray's global growth strategy. Forward-looking statements are not a guarantee of future performance and are based upon a number of estimates and assumptions of management in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, including assumptions in respect of current and future market conditions, the current and future regulatory environment and future approvals and permits. Actual results, performance or achievement could differ materially from that expressed in, or implied by, any forward-looking statements in this press release, and, accordingly, you should not place undue reliance on any such forward-looking statements and they are not guarantees of future results. Forward-looking statements involve significant risks, assumptions, uncertainties and other factors that may cause actual future results or anticipated events to differ materially from those expressed or implied in any forward-looking statements. Please see the heading "Risk Factors" in Tilray's Quarterly Report on Form 10-Q, which was filed with the Securities and Exchange Commission and Canadian securities regulators on November 14, 2018, for a discussion of the material risk factors that could cause actual results to differ materially from the forward-looking information. Tilray does not undertake to update any forward-looking statements that are included herein, except in accordance with applicable securities laws.

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