

May 1, 2019



## **Curaleaf to Acquire Select, the Leading Cannabis Wholesale Brand in the U.S.**

*Brings together two of the most well-known, fastest growing cannabis brands on the East Coast and West Coast*

*Combines the largest retail operator and the highest revenue generating wholesaler in the U.S., achieving significant operational synergies*

*Accelerates growth, diversifies product range and expands customer reach and accessibility*

WAKEFIELD, Mass., May 1, 2019 /PRNewswire/ -- Curaleaf Holdings, Inc. (CSE: CURA) (OTCQX: CURLF) ("Curaleaf"), a leading vertically integrated cannabis operator in the United States, today announced it has signed a definitive agreement to acquire the state-regulated cannabis business of Cura Partners, Inc. ("Cura"), owners of the Select brand, in an all-stock transaction valued at C\$1.27 billion or US\$948.8 million. The acquisition includes Select's manufacturing, processing, distribution, marketing and retailing operations and all adult-use cannabis products marketed under the Select brand name, including all intellectual property. Based in Portland, Oregon, Select is the most well-known cannabis wholesale brand in the country. With its THC products sold in more than 900 retailers, it is the leading cannabis brand in key Western states, including California, Arizona, Oregon and Nevada.

The highly complementary acquisition brings together two of the strongest cannabis brands, Curaleaf and Select, to offer a full-range of products across the U.S. The combination will provide immediate geographic diversification with Curaleaf's footprint on the East Coast and Select's brand strength on the West Coast.

The proposed transaction combines Curaleaf's retail locations, vertical integration, wellness brand and strong East Coast market presence with Select's wholesale model, lifestyle brand and leading West Coast market presence. Significant cost synergies are expected to be realized through operational efficiencies, greater economies of scale, supply chain efficiencies and increased vertical integration.

"The transformational acquisition of Cura and the Select brand is another step in our journey to create the most accessible cannabis brands in the U.S.," said Joseph Lusardi, CEO of Curaleaf. "The combination of Curaleaf and Select is a perfect fit. With our industry leading capacity, expansive retail distribution network and Select's impressive sales and marketing capabilities, we intend to meaningfully accelerate our topline growth trajectory with the addition of the Select Oil product range. In addition, we intend to create significant operational synergies from the integration of Select's wholesale business with our vertically-integrated cultivating, processing and retail platform. We look forward to welcoming the talented Select team who will bring superior brand marketing expertise and a culture of innovation in technology and product development."

"I could not be more excited about this transaction with Curaleaf and what it means for the Select brand and for our industry. The leading companies in the industry on the West Coast and the East Coast are now joining forces to progress the legalization and mainstream acceptance of cannabis across the country," added Cameron Forni, CEO of Cura and founder of Select. "Cura and the Select brand would not have the exceptional platform for growth that we have today without the incredible team that has built our foundation – from our production staff, to our sales and marketing teams, and our executive leadership. In partnership with Curaleaf, we will continue to uphold our standards across people, product and business innovation."

Cura is recognized as having one of the best employee cultures in the industry. In 2018, Cura was named as one of the "Top 100 Companies to Work For" in Oregon by Oregon Business Magazine and placed No. 12 in the Large Companies category. In 2019, Cura won the award again demonstrating Cura's ability to focus on its culture while growing its headcount by 400%.

### **Transaction Terms and Approvals**

At closing, Curaleaf will acquire all outstanding equity securities of Cura through the issuance of approximately 95.6 million subordinated voting shares (subject to certain adjustments), which based on Curaleaf's closing price of C\$13.30 on April 30, 2019, the last trading day prior to announcement of the transaction, represents a total purchase

price of C\$1.27 billion or US\$948.8 million. Post-transaction, Cura will have approximately 16% pro forma ownership of Curaleaf on a fully-diluted basis.

The all-stock transaction structure will enable Curaleaf to preserve financial flexibility to pursue additional M&A and other strategic opportunities.

Additionally, Cura equity holders will be eligible to receive an earn-out of up to US\$200 million (the "Earn-Out Payment") from the issuance of additional subordinated voting shares (the "Earn-Out Shares"), contingent upon Curaleaf exceeding certain 2020 revenue targets for its combined wholesale extracts business and Select-branded retail extract sales. For the purposes of paying the Earn-Out Payment, the Earn-Out Shares shall be valued according to a formula based on market value at the time they are issued.

The transaction is expected to close in 2019, subject to customary closing conditions, regulatory approvals, Cura stockholder approval, and the receipt of an agreement from the holders of Cura's convertible debentures with respect to the conversion of such debentures into equity. The transaction has been unanimously approved by independent special committees of the Boards of Directors at both companies.

The proposed transaction constitutes a "related party transaction" pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101") as a result of Mr. Boris Jordan, the Chairman and control person of Curaleaf, having an interest in the proposed transaction. Curaleaf has relied upon the exemptions provided under Sections 5.5(a) of MI 61-101 – Issuer Not Listed on Specified Markets and 5.7(a) of MI 61-101 – Fair Market Value Not More than 25% of Market Capitalization from the requirements that Curaleaf obtain a formal valuation of the proposed transaction and that the proposed transaction receive the approval of the minority shareholders of Curaleaf.

The terms of the proposed transaction were negotiated by management and advisors under guidance of, and unanimously recommended for approval by, a committee composed of members of the Board of Directors of Curaleaf free from any conflict of interest with respect to the proposed transaction (the "Special Committee"), two of which are independent members of the Board of Directors within the meaning of National Instrument 52-110 – Audit Committees. The Special Committee has received a fairness opinion from Beacon Securities Limited ("Beacon") to the effect that, in its opinion, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be paid by Curaleaf as part of the proposed transaction is fair from a financial point of view, to Curaleaf. The fee paid to Beacon in connection with the delivery of its fairness opinion is not contingent on the successful implementation of the proposed transaction.

## **Management and Board**

The acquisition strengthens Curaleaf's experienced management team and adds enhanced sales and marketing functions to the combined company.

Immediately upon close, Cameron Forni will join Curaleaf as President of Select, which he created in 2015 having had prior VC-backed exits in consumer goods. Additionally, Mr. Forni will join the Curaleaf Board of Directors, expanding the board to six members. The founder of the Select brand, with innovation at its forefront, Mr. Forni is recognized as the leading authority on vaporizer cartridges around the world. Mr. Forni was honored as one of the 100 Most Influential People in Cannabis by High Times Magazine in 2018 and 2019, and as one of the 40 Under 40 to Watch by Marijuana Venture Magazine in 2018. He also serves on the Advisory Board for the LA Cannabis Task Force. Mr. Forni has played an instrumental role in building Select's award-winning culture and is proud to have led the company to achieve a place on Oregon Business Magazine's list of 100 Best Companies to Work for in Oregon in both 2018 and 2019.

Additionally, Select's Chief Marketing Officer Jason White will be joining the Curaleaf team in the newly created role of Chief Marketing Officer. Mr. White is an experienced branding professional who has built a career around developing and spearheading culture-shaping ideas. Prior to Select, Mr. White was the Global Head of Marketing for Beats by Dr. Dre, the headphone and speaker maker that was acquired by Apple in 2014. Mr. White's 20 years of experience in business management and marketing position him well to build industry and culture-leading brands at the combined company. Mr. White was inducted into American Advertising Federation's Hall of Achievement in 2017, was recognized on the Ebony Power 100 in 2017, and was awarded with seven Cannes Lions in 2016.

## **Advisors**

GMP Securities L.P. and Eight Capital acted as co-financial advisors to Curaleaf and its board of directors and Beacon Securities Limited acted as financial advisors to the Special Committee. GMP Securities L.P. and Beacon Securities Limited have provided fairness opinions stating that in their respective opinion, and based upon and

subject to the assumptions, limitations and qualifications set forth in their respective fairness opinions, the consideration to be paid by Curaleaf as part of the proposed transaction is fair from a financial point of view, to Curaleaf. Loeb & Loeb LLP and Stikeman Elliott LLP acted as legal advisors to Curaleaf. Stikeman Elliott LLP acted as legal advisors to the Special Committee. Canaccord Genuity Corp. and Bayline Capital Partners acted as financial advisors to Cura. Canaccord Genuity Corp. provided a fairness opinion to Cura and Dentons US LLP and Goodmans LLP acted as legal advisors to Cura.

### **Conference Call and Webcast Information**

Curaleaf will host a conference call on Wednesday, May 1, 2019 at 8:30 a.m. ET to discuss the transaction. The dial-in numbers for the conference call are +1-855-327-6837 (U.S. Toll-Free) or +1-631-891-4304 (International). Please dial-in 10 to 15 minutes prior to the start time of the conference call and an operator will register your name and organization.

The conference call, which will be webcast live, and an accompanying slide presentation can be accessed through the Investor Relations section of Curaleaf's website, <https://ir.curaleaf.com/ir-calendar>.

For interested individuals unable to join the conference call, a dial-in replay of the call will be available until May 15, 2019 at 11:59 pm ET and can be accessed by dialing +1-844-512-2921 (U.S. Toll Free) or +1-412-317-6671 (International) and entering replay pin number: 10006779. The online archive of the webcast will be available on <https://ir.curaleaf.com/ir-calendar> for 30 days following the call.

### **About Curaleaf Holdings**

Curaleaf Holdings, Inc. (CSE: CURA) (OTCQX: CURLF) ("Curaleaf") is the leading vertically integrated multi-state cannabis operator in the United States. It is a high-growth cannabis company with a national brand known for quality, trust and reliability. The company is positioned in highly populated, limited license states, and currently operates in 12 states with 44 dispensaries, 12 cultivation sites and 11 processing sites. Curaleaf has the executive expertise and research and development capabilities to provide leading service, selection, and accessibility across the medical and adult-use markets, as well as the CBD category through its Curaleaf Hemp brand.

### **About Cura Partners**

Cura Partners is one of the largest cannabis companies in the world, on a mission to be the leading provider of cannabis oil in legal U.S. and international markets. The company's goal is to provide people with the cleanest high-quality cannabis and hemp oils, with the safest delivery methods available. Makers of the Select Oil and Select CBD brands, Cura was established in Portland, Oregon in 2015 under the name Cura Cannabis Solutions. In 2018 and 2019 the company was named as one of the Top 100 Companies to Work For in Oregon by Oregon Business Magazine. Cura placed no. 45 on the Inc. 5000 list and was listed by Portland Business Journal as one of the fastest-growing companies in Portland's history in 2018. In addition to the company's home state of Oregon, Cura has a large presence in Nevada, California, Arizona and soon additional states and locations across North America and around the world. Learn more at: [www.curacan.com](http://www.curacan.com)

### **FORWARD LOOKING STATEMENTS**

This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included here in are forward looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "proposed", "is expected", "budgets", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. There can be no assurance that such forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such forward-looking information. This forward-looking information reflects the current beliefs of Curaleaf and is based on information currently available to Curaleaf and on assumptions that Curaleaf believes are reasonable. These assumptions include, but are not limited to, the ability of Curaleaf to complete the transaction described above and the anticipated benefits to Curaleaf of the transaction described above. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Curaleaf to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: general business, economic, competitive, political and social uncertainties; general capital market conditions and market prices for securities; the failure of Curaleaf to complete the transaction described above; the ability of Curaleaf to successfully integrate the business of Select and their respective corporate cultures; delay or failure to receive board or regulatory approvals; the actual results of future operations;

competition; changes in legislation affecting Curaleaf; the timing and availability of external financing on acceptable terms; and lack of qualified, skilled labor or loss of key individuals and the other factors identified in Curaleaf's Listing Statement and its other public filings with the Canadian Securities Exchange. Although Curaleaf has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are further cautioned not to place undue reliance on forward-looking information as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Forward-looking information contained in this news release is expressly qualified by this cautionary statement. The forward-looking information contained in this news release represents the expectations of Curaleaf as of the date of this news release and, accordingly, is subject to change after such date. However, Curaleaf expressly disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities law.

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