

July 17, 2019



# Curaleaf to Acquire Grassroots, Creating the World's Largest Cannabis Company

*Highly Complementary Acquisition of Grassroots Expands Curaleaf's Presence from 12 to 19 States*

*Creates Unmatched National Platform and Economies of Scale, Combining Best Practices and Leading Operations Teams*

WAKEFIELD, Mass., July 17, 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 GR Companies, Inc. ("Grassroots"), the largest private vertically-integrated multi-state operator, in a cash and stock deal valued at approximately \$875 million. This transaction solidifies Curaleaf's position as the world's largest cannabis company by revenue and the largest in the U.S. across key operating metrics.

The highly complementary acquisition brings together the largest public and largest private multi-state operators in the U.S. to offer a full range of products to consumers in states across the country. As a market leader throughout the Midwest, Grassroots has a portfolio of 61 dispensary licenses, with 20 operating today, and 17 cultivation and processing licenses that will substantially accelerate Curaleaf's continued expansion across the nation.

Grassroots has a leading presence in large markets in which Curaleaf presently does not operate, including Illinois, which in June became the 11th state to legalize adult-use cannabis, and Pennsylvania, the fifth most populous state in the U.S. The proposed transaction will expand Curaleaf's presence from 12 to 19 states, and the combined company will have 131 dispensary licenses, 68 operational locations, 20 cultivation sites and 26 processing facilities<sup>1</sup>. With the acquisition, Curaleaf will also add new markets in Arkansas, Michigan, North Dakota, Oklahoma, and Vermont, and build on its existing businesses in Connecticut, Maryland, Nevada and Ohio. Upon completion of the proposed transaction, Curaleaf will be the largest medical and adult-use cannabis company with access to a total population of approximately 177 million people.

"With the acquisition of Grassroots and the pending acquisition of Select, Curaleaf is the world's largest cannabis company by both revenue and operating presence," said Joseph Lusardi, CEO of Curaleaf. "With a combined 68 open dispensaries, this transaction significantly accelerates our expansion strategy and strengthens our reach across the medical and adult-use markets. In addition, it enhances the depth of our retail and wholesale platform across the country. By leveraging our scale, as well as our market leading capabilities and expertise, we will continue to deliver value for our shareholders."

Mitch Kahn, co-founder and CEO of Grassroots, said, "Today's announcement is a testament to the hard work of the many employees that helped make Grassroots the leading cannabis company in the Midwest. This acquisition will enable us to give our patients and retail partners greater access to products that adhere to the highest standards of quality and reliability, and our employees the opportunity to be part of a best-in-class operator."

This transaction builds on the numerous strategic transactions announced to date in 2019 which expanded Curaleaf's footprint in Arizona, California, Nevada and Ohio, continuing to differentiate the company as the most accessible cannabis brand across the U.S. The combined entity's geographic reach, purchasing power, economies of scale and joint best practices solidifies its top position amongst U.S. multi-state operators.

## Transaction Terms and Approvals

Curaleaf will acquire Grassroots for total consideration of approximately \$875 million, composed of \$75 million in cash, 102.8 million subordinate voting shares of Curaleaf<sup>2</sup>, and \$40 million in Curaleaf shares priced at the 10-day volume-weighted average price prior to closing of the transaction. At closing, securityholders in Grassroots will have approximately 16% pro forma ownership of Curaleaf on a fully-diluted basis after giving effect for the Select acquisition.

The proposed transaction is expected to close in early 2020, subject to customary closing conditions, Grassroots'

stockholders' approval and regulatory approvals. The transaction has been unanimously approved by the Boards of Directors at both companies.

## **Management and Board**

The Grassroots management team brings deep experience in the Midwest market, elevating the combined entity's expertise in retail, real estate, legal and licensing, finance, marketing, brand development, sales and logistics.

At closing of the proposed transaction, the core securityholders of Grassroots will have, as a group, the right to appoint one person to serve on the Curaleaf Board of Directors. Mitch Kahn, co-founder and CEO of Grassroots, will fill the allotted board seat. Kahn co-founded Grassroots in 2014 and brings with him more than 20 years of executive experience.

Additionally, co-founders Matt Darin and Steve Weisman will join Curaleaf's senior management team. Darin, Chief Operating Officer of Grassroots, has more than 15 years of experience as an entrepreneur and executive in the cannabis and commercial real estate industries. Weisman, Chief Strategy Officer of Grassroots, has extensive entrepreneurial and corporate governance experience as an attorney at Kirkland & Ellis in Chicago.

## **Advisors**

Eight Capital acted as financial advisor to Curaleaf and its board of directors. Eight Capital also provided Curaleaf with a fairness opinion. Loeb & Loeb LLP and Stikeman Elliott LLP acted as legal advisors to Curaleaf. Canaccord Genuity Corp. and Stoic Advisory Inc. acted as financial advisors to Grassroots. Canaccord Genuity Corp. also provided a fairness opinion to Grassroots, and Katten Muchin Rosenman LLP acted as legal advisor to Grassroots.

## **Conference Call and Webcast Information**

Curaleaf will host a conference call on Wednesday, July 17, 2019 at 9:00 a.m. ET to discuss the transaction. The dial-in numbers for the conference call are +1-877-407-9039 (U.S. Toll-Free) or +1-201-689-8470 (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 Sunday, July 28, 2019 at 11:59 p.m. 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: 13692786. 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. 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 48 dispensaries, 13 cultivation sites and 12 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 in the CBD category through its Curaleaf Hemp brand and Bido brand for pets. On May 1, 2019, Curaleaf announced the acquisition of the Select brand from Cura Partners for \$948 million.

## **About Grassroots**

Grassroots is a cannabis company dedicated to serving, advancing and respecting the cannabis movement. Through its unique, vertically integrated business model, Grassroots grows, processes and sells trusted cannabis products that enhance life's moments for people from all backgrounds. Its retail brand, Herbology, offers a unique, wellness and education-focused dispensary experience.

Grassroots has built its portfolio at an unprecedented pace, with facilities in highly competitive markets, including Illinois, Nevada, Pennsylvania, Michigan, Maryland, Oklahoma, Ohio, Vermont, North Dakota, Arkansas and Connecticut. The executive management team is composed of a group of highly skilled business leaders united by a common belief: Cannabis inspires us to live deeply. For more information, visit [grassrootscannabis.com](http://grassrootscannabis.com)

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**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 herein 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 Grassroots and their respective corporate cultures; delay or failure to receive board, shareholder 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 Management's Discussion and Analysis of Financial Condition and Results of Operations for the Year Ended December 31, 2018 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.

The subordinate voting shares issuable in connection with the proposed transaction have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration under the Securities Act and applicable state securities laws or an applicable exemption from those registration requirements.

<sup>1</sup> These figures assume completion of the acquisition of Cura Partners, Inc. ("Select")

<sup>2</sup> Representing approximately \$756 million based on the 30-day volume-weighted average price of Curaleaf's subordinate voting shares on the Canadian Securities Exchange of US \$7.35 as of July 16, 2019, the last trading day prior to announcement of the proposed transaction.

View original content: <http://www.prnewswire.com/news-releases/curaleaf-to-acquire-grassroots-creating-the-worlds-largest-cannabis-company-300886523.html>

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