

Canopy Growth Corporation

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Canopy Growth acquires assets of Colorado-based Ebbu to speed up cannabis research programs

Canopy Growth Corporation (TSX:WEED) (NYSE:CGC) announced on Monday it has agreed to acquire the assets of Ebbu Inc, a Colorado-based hemp researcher which will complement and accelerate several initiatives under its group of companies.

Intellectual property and R&D advancements achieved by Ebbu's team will flow directly to Canopy Growth's hemp and THC-rich cannabis genetic breeding program and its cannabis-infused beverage capabilities, the company said in a statement.

In addition, Ebbu's IP portfolio will contribute to the clinical formulations program being executed by Canopy Health Innovations, a wholly owned subsidiary of the company. Canopy Growth operates a field-scale hemp operation based in Saskatchewan. By applying Ebbu's IP, that will have the potential to vastly reduce the cost of CBD production, a sought-after cannabinoid in both the wellness and medical spaces.

"Beyond the technological edge this transaction provides, we are pursuing this acquisition because Canopy shares Ebbu's core ethos of building consumer trust," said Mark Zekulin, the Co-CEO and president of Canopy Growth.

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Canopy Growth, through a newly formed subsidiary, will employ Ebbu's assets and personnel to conduct R&D. There will be no production or sale of products resulting from such R&D in the United States unless and until it would be federally legal to do so.

At closing, Canopy Growth will pay C\$25 million in cash and issue 6,221,210 of the company's common shares to ebbu in exchange for the assets being acquired. A further C\$100 million in purchase price shall be payable if certain scientific related milestones are achieved within two years following the closing.

Canopy Growth will have the option of satisfying such milestone payments in cash, shares or a combination of cash and shares. If such payments are satisfied in shares, the number of shares shall be calculated based on the volume weighted average price of the shares on the TSX for the 20 trading days immediately prior to the date of achievement of the applicable milestone.

Shares of Canopy Growth in Canada were up 9.78% to C\$71.25. The shares in New York gained 10.09% to US\$54.82.

The transaction requires regulatory approval by the Toronto Stock Exchange and New York Stock Exchange. The acquisition is expected to close in November 2018.

Canopy Growth is a diversified cannabis and hemp company, offering distinct brands and curated cannabis varieties in

Price: 26.6

Market Cap: \$9.27 billion

1 Year Share Price Graph



December 2018 June 2019 December 20

Share Information

Code: WEED

Listing: TSX

52 week High Low
70.98 18.23

Sector: Cannabis

Website: canopygrowth.com

Company Synopsis:

Our vision is to be the number one cannabis company in the world. From product and process innovation to market execution and everything in between, we are driven by a passion for leadership, a commitment to drive the industry forward, and above all else, providing medical and recreational cannabis consumers the best possible experience.

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dried, oil and Softgel capsule forms.

Canopy Growth is based in Smiths Falls, Ontario.

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