

Clearwater Seafoods Incorporated to be Acquired by Premium Brands Holdings Corporation and a Mi'kmaq First Nations Coalition

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Clearwater (CNW Group/Clearwater Seafoods Incorporated)



Mi'kmaq Coalition (CNW Group/Clearwater Seafoods Incorporated)

All amounts in Canadian dollars unless otherwise stated

- ***Clearwater shareholders to receive \$8.25 in cash per Clearwater common share***
- ***The transaction price represents a premium of 60.2% to Clearwater's average volume-weighted average price for the 20 day period preceding the strategic review announcement on March 5, 2020***
- ***The transaction delivers significant and immediate value to Clearwater's shareholders and reflects Clearwater's unique assets and global leadership in premium, wild caught and sustainable seafood***
- ***The transaction has received the unanimous approval of Clearwater's Board of Directors and is subject to approval by Clearwater shareholders***
- ***The Mi'kmaq First Nations Coalition and Premium Brands each acquire 50% ownership in Atlantic Canada's largest fishing company***
- ***Clearwater to continue to operate as a distinct entity thereby ensuring continuity for its brand, employees and significant community involvement***

HALIFAX, NS, Nov. 9, 2020 /CNW/ - Clearwater Seafoods Incorporated ("Clearwater" or the "Company") (TSX: CLR) is pleased to announce they entered into a definitive arrangement agreement (the "Arrangement Agreement") with FNC Holdings Limited Partnership ("FNC Holdings"), representing a coalition of Mi'kmaq First Nations (the "Participating Communities") and Premium Brands Holdings Corporation ("Premium Brands")(TSX:PBH). Pursuant to the Arrangement Agreement, Premium Brands and FNC Holdings, through a new equally owned

company (the "Purchaser"), have agreed to acquire all of the issued and outstanding common shares of Clearwater and the units issued under various equity compensation plans for \$8.25 per share (subject to adjustment as described below) in a transaction valued at approximately \$1.0 billion, including debt (the "Transaction"). A transaction price of \$8.25 per share represents a 15% premium to the closing price of Clearwater shares on the TSX on November 6, 2020, the last trading day prior to the announcement of the Transaction, and a 60.2% premium to Clearwater's average volume-weighted average price for the 20 day period preceding the strategic review announcement on March 5, 2020. This strategic investment represents a transformational change in Canadian fisheries, catapulting First Nations into a leading global position in the seafood industry with the largest holdings of shellfish licences and quotas in Canadian fisheries.

"I am very pleased to recommend this transaction. It represents great value for shareholders, leverages the expertise within the company while advancing Reconciliation in Canada," said Colin MacDonald, Chair of the board of directors of Clearwater "I am confident that this transaction will enhance the culture of diversity and sustainable seafood excellence that exists at Clearwater."

"Clearwater is a world class seafood company with a great management team, best-in-class products and a globally respected brand. Premium Brands will use its value-add expertise, brand development capabilities and extensive customer relationships to continue to grow this leading global seafood company," says George Paleologou, President and CEO of Premium Brands. "We are proud to partner with the Mi'kmaq First Nations communities in this unique opportunity to enhance First Nations' participation in commercial fisheries at the same time building the seafood portfolio within the Premium Brand ecosystem."

"This is a transformational opportunity for the Mi'kmaq to become significant participants in the commercial fishery through the investment in existing infrastructure, management expertise, and a global market presence." said Chief Terry Paul, Membertou First Nation. "Mi'kmaq not only become 50% owners of the company but expect to hold Clearwater's Canadian fishing licences within a fully Mi'kmaq owned partnership. This collective investment by First Nations in Clearwater represents the single largest investment in the seafood industry by any Indigenous group in Canada. Each of Paqtnkek, Pictou Landing, Potlotek, Sipekne'katik, and We'koqma'q have confirmed their intention to participate with Membertou and Miawpukek in this historic investment."

"We are very excited about working with Premium Brands and the Participating Communities to continue to grow and strengthen our business while preserving our culture and community presence," said Ian Smith, President and CEO of Clearwater. "Furthermore, this partnership ideally positions us to continue building on the legacy created by Clearwater's founders Colin MacDonald and John Risley" added Mr. Smith.

Recommendation of the Clearwater Board of Directors

On March 5, 2020, Clearwater announced that it had initiated a formal strategic process to identify, review and evaluate a broad range of potential strategic alternatives available to it with a view to continuing to enhance shareholder value (the "Strategic Review"). In conjunction with the Strategic Review, Clearwater formed a special committee of independent directors, chaired by Brendan Paddick, to solicit, consider and evaluate various strategic alternatives available to the Company (the "Special Committee"). After an extensive review of strategic alternatives, the Special Committee provided its unanimous recommendation of the Transaction to the Clearwater board of directors. The Clearwater board of directors, having received and considered the recommendation of the Special Committee, and in consultation with its financial and legal advisors, determined that the Transaction is in the best interests of Clearwater shareholders and unanimously recommends that Clearwater shareholders vote in favour of the Transaction at the special meeting of shareholders to be held to approve the Transaction.

Each of the directors and the Chief Executive Officer and Chief Financial Officer of Clearwater has entered into a voting support agreement pursuant to which each has committed to vote in favour of the Transaction. In the aggregate, parties holding or controlling 63.91% of the total number of issued and outstanding Clearwater common shares have agreed to vote in favour of the Transaction.

Additional Transaction Details

The Transaction will be completed by way of a plan of arrangement under the *Canada Business Corporations Act*. Completion of the Transaction is subject to a number of conditions, including court and shareholder approvals and compliance with the *Competition Act* (Canada). The Transaction is not subject to a financing condition and is expected to close in the

first half of 2021. Clearwater expects to mail an information circular in December 2020 for a special meeting of its shareholders expected to be held in early January 2021 to approve the Transaction.

Where the Transaction closes on or before January 29, 2021 Clearwater shareholders will receive \$8.25 in cash per Clearwater common share. Where the Transaction closes after January 29, 2021 but on or before April 30, 2021 Clearwater shareholders will receive \$8.30 in cash per Clearwater common share. Where the Transaction closes after April 30, 2021 but on or before June 30, 2021 (the outside date for the Transaction) Clearwater shareholders will receive \$8.35 in cash per Clearwater common share.

The Arrangement Agreement includes customary provisions relating to non-solicitation, subject to customary "fiduciary out" provisions that entitle Clearwater to consider and accept a superior proposal if the Purchaser does not match the superior proposal. Clearwater has agreed to pay a fee of \$22,000,000 to the Purchaser upon the termination of the Arrangement Agreement in certain circumstances including if Clearwater terminates the Arrangement Agreement to accept a superior proposal. The Purchaser has agreed to pay a fee of up to \$26,000,000 to Clearwater under certain circumstances which is jointly and severally guaranteed by each of Premium Brands and Membertou First Nation ("Membertou").

Further details regarding the terms of the Transaction are set out in the Arrangement Agreement, which will be publicly filed by Clearwater under its profile at www.sedar.com. Additional information regarding the terms of the Arrangement Agreement and the background of the Transaction will be provided in the information circular for the special meeting of shareholders.

Advisors

RBC Capital Markets and Antarctica Advisors LLC are acting as financial advisors and Stewart McKelvey and McCarthy Tétrault LLP (competition law matters) are serving as legal advisors to the Special Committee. McInnes Cooper is acting as legal advisor to the Company. Scotiabank has provided a verbal opinion to the Special Committee and Clearwater's board of directors that, subject to certain assumptions, limitations and qualifications which will be set out in its

written fairness opinion to be included in the Company's circular for the special meeting, the consideration to be received by shareholders of Clearwater pursuant to the Transaction is fair, from a financial point of view, to shareholders of Clearwater.

Bryan & Co., Davies, Ward, Phillips and Vineberg LLP and Bennett Jones LLP (competition law matters) are acting as legal advisors to Premium Brands. Cormark Securities Inc. is acting as financial advisor to Premium Brands.

The Breton Law Group is acting as legal advisor to FNC Holdings and the Participating Communities. Grant Thornton is acting as financial advisor to FNC Holdings and the Participating Communities.

About Clearwater

Clearwater is one of North America's largest vertically-integrated seafood companies and the largest holder of shellfish licenses and quotas in Canada. It is recognized globally for its superior quality, food safety, diversity of species and reliable worldwide delivery of premium wild, eco-certified seafood, including scallops, lobster, clams, coldwater shrimp, langoustine, whelk and crab.

Since its founding in 1976, Clearwater has invested in science, communities, people and technological innovation, as well as resource management to sustain and grow its seafood resource. This commitment has allowed it to remain a leader in the global seafood market and in sustainable seafood excellence. Further information is available on Clearwater's website at www.clearwater.ca and at InvestorInquiries@clearwater.ca.

About the Participating Communities

FNC Holdings is a new legal entity formed for the purpose of this investment in Clearwater. FNC Holdings was legally formed by Membertou and Miawpukek First Nation, who have taken a leading role in the Transaction. Given the importance of this investment opportunity to the future prosperity of Mi'kmaq communities, all First Nations in Nova Scotia along with Miawpukek First Nation from Newfoundland and Labrador were provided the opportunity to participate in the collective investment.

The collective investment of the First Nations in Clearwater represents the single largest investment in the seafood industry by any Indigenous group in Canada. Commercial investments in the seafood sector are a strategic investment to advance the prosperity of First Nations communities, and position First Nations as equal participants in the commercial economy. In addition to ongoing advancement in the implementation of Treaty Rights, this historic commercial investment will benefit Mi'kmaq communities in Nova Scotia and Newfoundland and Labrador for generations to come.

Forward Looking Statements

This news release may contain "forward-looking information" as defined in applicable Canadian securities legislation. Such forward-looking statements typically contain statements with words such as "anticipate", "expect", "intend", "estimate", "propose", or similar words suggesting future outcomes or statements regarding an outlook. More particularly and without limitation, this news release contains forward-looking information and statements concerning the Company's Strategic Review, the review of strategic alternatives that may be available to it, the anticipated benefits of the Transaction, the anticipated timing for the special meeting of shareholders to approve the Transaction, the timing and anticipated receipt of required regulatory approvals and anticipated timing for closing the Transaction. All statements other than statements of historical fact, included in this release, including, without limitation, statements regarding future plans and objectives of Clearwater, constitute forward-looking information that involve various known and unknown risks, uncertainties, and other factors outside management's control. Forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect including, but not limited to, total allowable catch levels, selling prices, weather, exchange rates, fuel and other input costs.

Forward-looking statements and information are provided for the purpose of providing information about the current expectations and plans of management of the Company relating to the future. Readers are cautioned that reliance on such statements and information may not be appropriate for other purposes, such as making investment decisions. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. There can be no assurance that such information will prove to be accurate and actual results and future events could differ materially from those anticipated in such forward-looking information.

For additional information with respect to risk factors applicable to Clearwater, reference should be made to Clearwater's continuous disclosure materials filed from time to time with securities regulators, including, but not limited to, Clearwater's Annual Information Form. The forward-looking information contained in this release is made as of the date of this release and Clearwater does not undertake to update publicly or revise the forward-looking information contained in this release, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

No regulatory authority has approved or disapproved the adequacy or accuracy of this news release.

SOURCE Clearwater Seafoods Incorporated

For further information: Further information on Clearwater is available on Clearwater's website at www.clearwater.ca and at InvestorInquiries@clearwater.ca; Further information on FNC Holdings or the Participating Communities is available at Kelseamacneil@membertou.ca or by contacting Chief Terrance Paul at 902-578-4858.

Related Links

<http://www.clearwater.ca>