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Aphria forms special committee to review its Latin American acquisitions

The board of Canadian cannabis company Aphria Inc (TSX:APHA) (NYSE:APHA) has appointed a special committee of independent directors to review its takeover of LATAM Holdings in a bid to address "inaccurate and misleading" accusations by short-sellers.

The move comes after shares of Aphria tumbled this week in response to a report by the short-seller Quintessential Capital Management, which calls Aphria a "black hole" and takes aim at Aphria's recent C\$280 million worth of Latin American acquisitions.

In Thursday's morning trading session, Aphria shares kept sliding, falling by another 13.5% to \$3.90.

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Released on Monday, the report by Quintessential Capital Management and Hindenburg Research says Aphria's Latin American acquisitions "raise major red flags" and that the transactions appear to be largely worthless based on extensive "on-the-ground" research.

The Quintessential analysts went so far as to accuse Aphria of being "a shell game with a cannabis business on the side".

"We are of the strong opinion that Aphria is part of a scheme orchestrated by a network of insiders to divert funds away from shareholders into their own pockets," the analysts wrote.

On Thursday, Aphria again backed its Latin American operations and strategy and reiterated its confidence in the process leading to its acquisitions there.

But in the face of the criticism by the short sellers, Aphria is undertaking a comprehensive review, led by John Herhalt, Shlomo Bibas and Tom Looney. Herhalt, the lead independent director and chair of the audit committee, will chair the committee.

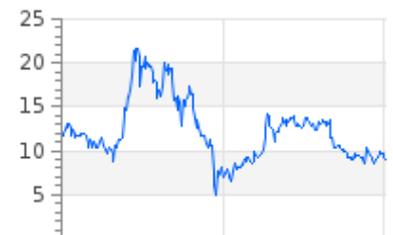
"We are committed to protecting our shareholders and restoring market confidence by confirming all the facts through an independent process to rebut innuendo and deception," said Vic Neufeld, Aphria's CEO in a statement.

Contact Ellen Kelleher at ellen@proactiveinvestors.com

Price: C\$9.11

Market Cap: C\$2282.8M

1 Year Share Price Graph



June 2018 December 2018 June 2019

Share Information

Code: APHA

Listing: TSX

52 week High Low
C\$22.00 C\$4.76

Sector: Cannabis

Website: aphria.com

Company Synopsis:

Aphria, Inc. is a Canada-based company, which is engaged in greenhouse growing business. The Company is a medical marijuana producer. It provides medical marijuana to help reduce muscle spasms, appetite, or symptoms of anxiety and depression.

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