

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 5, 2020

Tilray, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

1100 Maughan Rd.
Nanaimo, BC, Canada
(Address of Principal Executive Offices)

001-38594

(Commission File Number)

82-4310622
(IRS Employer
Identification No.)

V9X 1J2
(Zip Code)

Registrant's Telephone Number, Including Area Code: (844) 845-7291

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class 2 Common Stock, \$0.0001 par value per share	TLRY	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On August 10, 2020, Tilray, Inc. (“Tilray”) issued a press release announcing financial results for its second quarter ended June 30, 2020. A copy of the press release is furnished herewith as Exhibit 99.1.

The information in Item 2.02 of this current report on Form 8-K, including the press release attached as Exhibit 99.1 hereto, is being furnished, but shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. The information contained herein and in the accompanying Exhibit 99.1 shall not be incorporated by reference into any filing with the U.S. Securities and Exchange Commission made by Tilray, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(b) *Resignation of Director*

On August 5, 2020, Maryscott Greenwood announced her intention to resign as a member of our board of directors and all committees thereof, effective as of September 30, 2020. Ms. Greenwood indicated that her decision to resign was not a result of any disagreement with us on any matter relating to our operations, policies or practices.

(d) *Appointment of Director*

On August 6, 2020, Tilray’s board of directors appointed, effective as of August 6, 2020, Soren Schroder to serve on the board of directors as a Class III Board member for the balance of the term expiring at Tilray’s 2021 Annual Meeting of Stockholders (which is the Class III term) and until his successor has been duly elected and qualified, or until his earlier death, resignation or removal. The board of directors has determined that Mr. Soren meets the requirements for independence under the applicable listing standards of The Nasdaq Stock Market LLC and the Securities Exchange Act of 1934, as amended, for his role on the Board and each committee, as applicable.

Mr. Schroder was the CEO and a member of the Board of Directors of Bunge Limited from 2013 to 2018. He was employed in a variety of leadership roles at Bunge from 2000 to 2013. Prior to joining Bunge in 2000, he worked for over 15 years at Continental Grain and Cargill. He received a B.A. in Economics from Connecticut College. Mr. Schroder brings to the Board significant experience in agribusiness industries, as well as operational, risk management, and general management experience.

Mr. Schroder will be entitled to receive cash and equity compensation in accordance with our non-employee director compensation policy. For the remainder of the current director term, Mr. Schroder will receive a pro rata portion of the annual cash retainer of \$40,000 for serving on the board of directors, in addition to restricted stock unit grants equal to \$250,000. Mr. Schroder’s restricted stock units will vest as of the earlier of the one-year anniversary of the vesting commencement date and the date of the next annual meeting of stockholders.

Mr. Schroder will enter into Tilray’s form of indemnification agreement, which is filed as Exhibit 10.1 to this current report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
10.1	Form of Tilray Director and Officer Indemnification Agreement
99.1	Press Release of Tilray, Inc., dated August 10, 2020
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Tilray, Inc.

Date: August 10, 2020

By: _____
/s/ Brendan Kennedy
Brendan Kennedy
President and Chief Executive Officer

TILRAY, INC.
INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT (this "**Agreement**") dated as of _____, 2020, is made by and between TILRAY, INC., a Delaware corporation (the "**Company**"), and _____ ("**Indemnitee**").

RECITALS

- A. The Company desires to attract and retain the services of highly qualified individuals as directors, officers, employees and agents.
- B. The Company's bylaws (the "**Bylaws**") require that the Company indemnify its directors, and empowers the Company to indemnify its officers, employees and agents, as authorized by the Delaware General Corporation Law, as amended (the "**Code**"), under which the Company is organized and such Bylaws expressly provide that the indemnification provided therein is not exclusive and contemplates that the Company may enter into separate agreements with its directors, officers and other persons to set forth specific indemnification provisions.
- C. Indemnitee does not regard the protection currently provided by applicable law, the Company's governing documents and available insurance as adequate under the present circumstances, and the Company has determined that Indemnitee and other directors, officers, employees and agents of the Company may not be willing to serve or continue to serve in such capacities without additional protection.
- D. The Company desires and has requested Indemnitee to serve or continue to serve as a director, officer, employee or agent of the Company, as the case may be, and has proffered this Agreement to Indemnitee as an additional inducement to serve in such capacity.
- E. Indemnitee is willing to serve, or to continue to serve, as a director, officer, employee or agent of the Company, as the case may be, if Indemnitee is furnished the indemnity provided for herein by the Company.

AGREEMENT

Now THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties hereto, intending to be legally bound, hereby agree as follows:

1. DEFINITIONS.

(a) **Agent.** For purposes of this Agreement, the term "agent" of the Company means any person who: (i) is or was a director, officer, employee or other fiduciary of the Company or a subsidiary of the Company; or (ii) is or was serving at the request or for the convenience of, or representing the interests of, the Company or a subsidiary of the Company, as a director, officer, employee or other fiduciary of a foreign or domestic corporation, partnership, joint venture, trust or other enterprise.

(b) **Change in Control.** For purposes of this Agreement, a "**Change in Control**" shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of

the Securities Exchange Act of 1934, as amended), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 50% or more of the total voting power represented by the Company's then outstanding Voting Securities, (ii) individuals who on the date of this Agreement are members of the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the members of the Board (*provided, however*, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall be considered as a member of the Incumbent Board), or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 80% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of transactions) all or substantially all of the Company's assets.

(c) **Expenses.** For purposes of this Agreement, the term "expenses" shall be broadly construed and shall include, without limitation, all direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys', witness, or other professional fees and related disbursements, and other out-of-pocket costs of whatever nature), actually and reasonably incurred by Indemnitee in connection with the investigation, defense or appeal of a proceeding or establishing or enforcing a right to indemnification under this Agreement, the Code or otherwise, and amounts paid in settlement by or on behalf of Indemnitee, but shall not include any judgments, fines or penalties actually levied against Indemnitee for such individual's violations of law. The term "expenses" shall also include reasonable compensation for time spent by Indemnitee for which he or she is not compensated by the Company or any subsidiary or third party (i) for any period during which Indemnitee is not an agent, in the employment of, or providing services for compensation to, the Company or any subsidiary; and (ii) if the rate of compensation and estimated time involved is approved by the directors of the Company who are not parties to any action with respect to which expenses are incurred, for Indemnitee while an agent of, employed by, or providing services for compensation to, the Company or any subsidiary.

(d) **Proceedings.** For purposes of this Agreement, the term "proceeding" shall be broadly construed and shall include, without limitation, any threatened, pending, or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, and whether formal or informal in any case, in which Indemnitee was, is or will be involved as a party or otherwise by reason of: (i) the fact that Indemnitee is or was a director or officer of the Company; (ii) the fact that any action taken by Indemnitee or of any action on Indemnitee's part while acting as director, officer, employee or agent of the Company; or (iii) the fact that Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, and in any such case described above, whether or not serving in any such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses may be provided under this Agreement.

(e) **Subsidiary.** For purposes of this Agreement, the term "subsidiary" means any corporation or limited liability company of which more than 50% of the outstanding voting securities or equity interests are owned, directly or indirectly, by the Company and one or more of its subsidiaries, and

any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary.

(f) **Independent Counsel.** For purposes of this Agreement, the term "Independent Counsel" means a law firm, or a partner (or, if applicable, member) of such a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party, or (ii) any other party to the proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(g) **Voting Securities.** For purposes of this Agreement, "**Voting Securities**" shall mean any securities of the Company that vote generally in the election of directors.

2. **AGREEMENT TO SERVE.** Indemnitee will serve, or continue to serve, as a director, officer, employee or agent of the Company or any subsidiary, as the case may be, faithfully and to the best of his or her ability, at the will of such corporation (or under separate agreement, if such agreement exists), in the capacity Indemnitee currently serves as an agent of such corporation, so long as Indemnitee is duly appointed or elected and qualified in accordance with the applicable provisions of the bylaws or other applicable charter documents of such corporation, or until such time as Indemnitee tenders his or her resignation in writing; provided, however, that nothing contained in this Agreement is intended as an employment agreement between Indemnitee and the Company or any of its subsidiaries or to create any right to continued employment of Indemnitee with the Company or any of its subsidiaries in any capacity.

The Company acknowledges that it has entered into this Agreement and assumes the obligations imposed on it hereby, in addition to and separate from its obligations to Indemnitee under the Bylaws, to induce Indemnitee to serve, or continue to serve, as a director, officer, employee or agent of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director, officer, employee or agent of the Company.

3. **INDEMNIFICATION.**

(a) **Indemnification in Third Party Proceedings.** Subject to Section 10 below, the Company shall indemnify Indemnitee to the fullest extent permitted by the Code, as the same may be amended from time to time (but, only to the extent that such amendment permits Indemnitee to broader indemnification rights than the Code permitted prior to adoption of such amendment), if Indemnitee is a party to or threatened to be made a party to or otherwise involved in any proceeding, for any and all expenses, actually and reasonably incurred by Indemnitee in connection with the investigation, defense, settlement or appeal of such proceeding.

(b) **Indemnification in Derivative Actions and Direct Actions by the Company.** Subject to Section 10 below, the Company shall indemnify Indemnitee to the fullest extent permitted by the Code, as the same may be amended from time to time (but, only to the extent that such amendment permits Indemnitee to broader indemnification rights than the Code permitted prior to adoption of such amendment), if Indemnitee is a party to or threatened to be made a party to or otherwise involved in any proceeding by or in the right of the Company to procure a judgment in its favor, against any and all expenses actually and reasonably incurred by Indemnitee in connection with the investigation, defense, settlement, or appeal of such proceedings.

4. **INDEMNIFICATION OF EXPENSES OF SUCCESSFUL PARTY.** Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any proceeding or in defense of any claim, issue or matter therein, including the dismissal of any action without prejudice, the Company shall indemnify Indemnitee against all expenses actually and reasonably incurred in connection with the investigation, defense or appeal of such proceeding.

5. **PARTIAL INDEMNIFICATION.** If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any expenses actually and reasonably incurred by Indemnitee in the investigation, defense, settlement or appeal of a proceeding, but is precluded by applicable law or the specific terms of this Agreement to indemnification for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

6. **EXPENSES OF A WITNESS.** Notwithstanding any other provision of this Agreement, to the extent that Indemnitee, by reason of Indemnitee's status as an Agent, has prepared to serve or has served as a witness in any Proceeding, or has participated in discovery proceedings or other trial preparation, Indemnitee shall be held harmless and indemnified against all expenses actually and reasonably incurred by or for him or her in connection therewith.

7. **ADVANCEMENT OF EXPENSES.** To the extent not prohibited by law, the Company shall advance the expenses incurred by Indemnitee in connection with any proceeding, and such advancement shall be made within 20 days after the receipt by the Company of a statement or statements requesting such advances (which shall include invoices received by Indemnitee in connection with such expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditures made that would cause Indemnitee to waive any privilege accorded by applicable law shall not be included with the invoice) and upon request of the Company, an undertaking to repay the advancement of expenses if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. Advances shall be unsecured, interest free and without regard to Indemnitee's ability to repay the expenses. Advances shall include any and all expenses actually and reasonably incurred by Indemnitee pursuing an action to enforce Indemnitee's right to indemnification under this Agreement, or otherwise, and this right of advancement, including expenses incurred preparing and forwarding statements to the Company to support the advances claimed. Indemnitee acknowledges that the execution and delivery of this Agreement shall constitute an undertaking providing that Indemnitee shall, to the fullest extent required by law, repay the advance if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. The right to advances under this Section shall continue until final disposition of any proceeding, including any appeal therein. This Section 7 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 11(b).

8. **NOTICE AND OTHER INDEMNIFICATION PROCEDURES.**

(a) **Notification of Proceeding.** Indemnitee will notify the Company in writing promptly upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any proceeding or matter which may be subject to indemnification or advancement of expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise.

(b) **Request for Indemnification and Indemnification Payments.** Indemnitee shall notify the Company promptly in writing upon receiving notice of any demand, judgment or other requirement for payment that Indemnitee reasonably believes to be subject to indemnification under the

terms of this Agreement and shall request payment thereof by the Company. Indemnification payments requested by Indemnitee under Section 3 hereof shall be made by the Company no later than 60 days after receipt of the written request of Indemnitee. Claims for advancement of expenses shall be made under the provisions of Section 7 herein.

(c) **Determination of Right to Indemnification Payments.** Upon written request by Indemnitee for indemnification pursuant to Section 8(b) hereof, a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following four methods, which shall be at the election of the Board of Directors: (1) by a majority vote of the disinterested directors, even though less than a quorum, (2) by a committee of disinterested directors designated by a majority vote of the disinterested directors, even though less than a quorum, (3) if there are no disinterested directors or if the disinterested directors so direct, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the Indemnitee, or (4) if so directed by the Board of Directors, by the stockholders of the Company; *provided, however*, that if there has been a Change in Control, then if Indemnitee so requests in such request for indemnification pursuant to Section 8(b) hereof, such determination shall be made by Independent Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld). For purposes hereof, disinterested directors are those members of the board of directors of the Company who are not parties to the action, suit or proceeding in respect of which indemnification is sought by Indemnitee.

(d) **Application for Enforcement.** In the event the Company (i) fails to make timely payments as set forth in Sections 7 or 8(b) above (ii) makes no determination of entitlement to indemnification pursuant to Section 8(c) within 90 days after receipt by the Company of the request, or (iii) or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee shall have the right to apply to any court of competent jurisdiction for the purpose of enforcing Indemnitee's right to indemnification or advancement of expenses pursuant to this Agreement. In making a determination with respect to entitlement to indemnification hereunder, the persons or persons or entity making such determination, shall, to the fullest extent not prohibited by law, presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Sections 7 or 8(b) above. In such an enforcement hearing or proceeding, the burden of proof shall be on the Company to prove that indemnification or advancement of expenses to Indemnitee is not required under this Agreement or permitted by applicable law. Any determination by the Company (including its Board of Directors, stockholders or Independent Counsel), or lack thereof, that Indemnitee is not entitled to indemnification hereunder, shall not be a defense by the Company to the action nor create any presumption that Indemnitee is not entitled to indemnification or advancement of expenses hereunder.

(e) **Termination of Proceeding.** The termination of any Proceeding or any claim, issue or matter therein, by judgment, order, settlement or conviction or upon a plea of nolo contendere or its equivalent, will not (except as otherwise expressly provided in this Agreement) or itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company, or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

(f) **Reliance as Safe Harbor.** For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Company or other corporation, limited liability company, partnership, joint venture, trust employee benefit plan or other enterprise of which Indemnitee was serving as a director, officer, employee, agent or fiduciary, including financial statements, or on information supplied to Indemnitee by

the officers of the Company or other corporation, limited liability company, partnership, joint venture, trust employee benefit plan or other enterprise of which Indemnitee was serving as a director, officer, employee, agent or fiduciary in the course of their duties, or on the advice of legal counsel for the enterprise or on information or records given or reports made to the Company or other corporation, limited liability company, partnership, joint venture, trust employee benefit plan or other enterprise of which Indemnitee was serving as a director, officer, employee, agent or fiduciary by an independent certified public accountant or by an appraiser or other expert selected with the reasonable care by the Company or other corporation, limited liability company, partnership, joint venture, trust employee benefit plan or other enterprise of which Indemnitee was serving as a director, officer, employee, agent or fiduciary. The provisions of this Section 8(f) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(g) Actions of Others. The knowledge and/or actions, or failure to act, of any other director, officer, agent or employee of the Company or other corporation, limited liability company, partnership, joint venture, trust employee benefit plan or other enterprise of which Indemnitee was serving as a director, officer, employee, agent or fiduciary shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

(i) Remedies:

(i) In the event that a determination has been made pursuant to Section 8(c) of this Agreement that Indemnitee is not entitled to indemnification, the judicial proceeding commenced pursuant to this Section 8 will be conducted in all respects as a de novo trial on the merits, and Indemnitee will not be prejudiced by reason of the adverse determination under Section 8(c).

(ii) If a determination has been made pursuant to Section 8(c) that Indemnitee is entitled to indemnification, the Company will be bound by such determination in any judicial proceeding commenced pursuant to this Section 8, absent (x) a misstatement by Indemnitee of a material fact or an omission of a material fact necessary to make Indemnitee's misstatement not materially misleading in connection with the application for indemnification, or (y) a prohibition of such indemnification under applicable law.

(iii) In the event that Indemnitee, pursuant to this Section 8, seeks a judicial adjudication of his or her rights under, or to recover damages for breach of, this Agreement, or to recover under any directors and officers liability insurance policies maintained by the Company, the Company will pay on his or her behalf, in advance, any and all expenses (of the types described in the definition of Expenses) actually and reasonably incurred by him or her in such judicial adjudication, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of expenses, or insurance recovery.

(h) Indemnification of Certain Expenses. The Company will be precluded from asserting in any judicial proceeding commenced pursuant to this Section 8 that the procedures and presumptions of this Agreement are not valid, binding, and enforceable, and will stipulate in any such court that the Company is bound by all the provisions of this Agreement. The Company shall indemnify Indemnitee against all expenses incurred in connection with any hearing or proceeding under this Section 8 unless the Company prevails in such hearing or proceeding on the merits in all material respects.

9. **ASSUMPTION OF DEFENSE.** In the event the Company shall be obligated to pay the expenses of Indemnitee in respect of any proceeding, the Company, if appropriate, shall be entitled to assume the defense of such proceeding, or to participate to the extent permissible in such proceeding, with counsel reasonably acceptable to Indemnitee, upon delivery of written notice of its election to do so. Upon assumption of the defense by the Company and the retention of such counsel by the Company, the Company shall not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same proceeding, provided that Indemnitee shall have the right to employ separate counsel in such proceeding at Indemnitee's sole cost and expense. Notwithstanding the foregoing, if Indemnitee's counsel or Indemnitee delivers a written notice to the Company stating that such counsel or Indemnitee has reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of any such defense or the Company shall not, in fact, have employed counsel or otherwise actively pursued the defense of such proceeding within a reasonable time, then in any such event the fees and expenses of Indemnitee's counsel to defend such proceeding shall be subject to the indemnification and advancement of expenses provisions of this Agreement.

10. **INSURANCE.** The Company shall obtain and maintain a policy or policies of directors and officers liability insurance customary for similarly situated companies in a sufficient amount as determined by the Board of Directors, with reputable insurance companies providing the Indemnitee, other officers of the Company and members of the Board of Directors with coverage for losses from wrongful acts, and to ensure the Company's performance of its indemnification obligations under this Agreement. At the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies. If, for any reason, the Company ceases to maintain the insurance required by this Section 10, the Company, at its own expense, shall purchase "tail" directors and officers liability coverage for the benefit of past, present, and future directors, officers, and employees of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise which such person serves at the request of the Company. The tail coverage shall be in effect for a policy period of no less than six (6) years from the date that directors and officers' coverage is no longer maintained. The "tail" policy shall provide full prior acts coverage and shall provide policy limits, terms, conditions, and scope of coverage that are at least as favorable as the Company's directors' and officers' liability insurance policies in effect as of the effective date of this Agreement.

11. **EXCEPTIONS.**

(a) **Certain Matters.** Any provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee on account of any proceeding with respect to (i) remuneration paid to Indemnitee if it is determined by final judgment or other final adjudication that such remuneration was in violation of law (and, in this respect, both the Company and Indemnitee have been advised that the Securities and Exchange Commission believes that indemnification for liabilities arising under the federal securities laws is against public policy and is, therefore, unenforceable and that claims for indemnification should be submitted to appropriate courts for adjudication, as indicated in Section 11(d) below); (ii) a final judgment rendered against Indemnitee for an accounting, disgorgement or repayment of profits made from the purchase or sale by Indemnitee of securities of the Company or in connection with a settlement by or on behalf of Indemnitee to the extent it is acknowledged by Indemnitee and the Company that such amount paid in settlement resulted from Indemnitee's conduct from which Indemnitee received monetary personal profit, pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended, or other provisions of any federal, state or local statute or rules and regulations thereunder; (iii) a final judgment or other final adjudication that Indemnitee's conduct was in bad faith, knowingly fraudulent or deliberately dishonest or

constituted willful misconduct (but only to the extent of such specific determination); or (iv) on account of conduct that is established by a final judgment as constituting a breach of Indemnitee's duty of loyalty to the Company or resulting in any personal profit or advantage to which Indemnitee is not legally entitled. For purposes of the foregoing sentence, a final judgment or other final adjudication may be reached in either the underlying proceeding or action in connection with which indemnification is sought or a separate proceeding or action to establish rights and liabilities under this Agreement.

(b) Claims Initiated by Indemnitee. Any provision herein to the contrary notwithstanding, the Company shall not be obligated to indemnify or advance expenses to Indemnitee with respect to proceedings or claims initiated or brought by Indemnitee against the Company or its directors, officers, employees or other agents and not by way of defense, except (i) with respect to proceedings brought to establish or enforce a right to indemnification under this Agreement or under any other agreement, provision in the Bylaws or Certificate of Incorporation or applicable law, (ii) with respect to any and all expenses actually and reasonably incurred by any directors or officer in pursuing recovery under any directors and officers liability insurance policies maintained by the Company to the extent that the Company fails or refuses to acknowledge or accept the director's or officer's coverage rights under such policy or (iii) with respect to any other proceeding initiated by Indemnitee that is either approved by the Board of Directors or Indemnitee's participation is required by applicable law. However, indemnification or advancement of expenses may be provided by the Company in specific cases if the Board of Directors determines it to be appropriate.

(c) Unauthorized Settlements. Any provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee under this Agreement for any amounts paid in settlement of a proceeding effected without the Company's written consent. Neither the Company nor Indemnitee shall unreasonably withhold, condition or delay consent to any proposed settlement; *provided, however*, that the Company may in any event decline to consent to (or to otherwise admit or agree to any liability for indemnification hereunder in respect of) any proposed settlement if the Company is also a party in such proceeding and determines in good faith that such settlement is not in the best interests of the Company and its stockholders. The Company shall not enter into any settlement of any action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

(d) Securities Act Liabilities. Any provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee or otherwise act in violation of any undertaking appearing in and required by the rules and regulations promulgated under the Securities Act of 1933, as amended (the "**Act**"), or in any registration statement filed with the SEC under the Act. Indemnitee acknowledges that paragraph (h) of Item 512 of Regulation S-K currently generally requires the Company to undertake in connection with any registration statement filed under the Act to submit the issue of the enforceability of Indemnitee's rights under this Agreement in connection with any liability under the Act on public policy grounds to a court of appropriate jurisdiction and to be governed by any final adjudication of such issue. Indemnitee specifically agrees that any such undertaking shall supersede the provisions of this Agreement and to be bound by any such undertaking.

12. NONEXCLUSIVITY AND SURVIVAL OF RIGHTS. The provisions for indemnification and advancement of expenses set forth in this Agreement shall not be deemed exclusive of any other rights which Indemnitee may at any time be entitled under any provision of applicable law, the Company's Certificate of Incorporation, Bylaws or other agreements, both as to action in Indemnitee's official capacity and Indemnitee's action as an agent of the Company, in any court in which a proceeding is brought, and Indemnitee's rights hereunder shall continue after Indemnitee has ceased acting as an agent of the Company and shall inure to the benefit of the heirs, executors, administrators and assigns of Indemnitee. The

obligations and duties of the Company to Indemnitee under this Agreement shall be binding on the Company and its successors and assigns until terminated in accordance with the terms of this Agreement. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her corporate status prior to such amendment, alteration or repeal. To the extent that a change in the Code, whether by statute or judicial decision, permits greater indemnification or advancement of expenses than would be afforded currently under the Company's Certificate of Incorporation, Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, by Indemnitee shall not prevent the concurrent assertion or employment of any other right or remedy by Indemnitee.

13. TERM. This Agreement shall continue until and terminate upon the later of: (a) five years after the date that Indemnitee shall have ceased to serve as a director, officer, employee or agent of the Company; or (b) one year after the final termination of any proceeding, including any appeal then pending, in respect to which Indemnitee was granted rights of indemnification or advancement of expenses hereunder.

No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against an Indemnitee or an Indemnitee's estate, spouse, heirs, executors or personal or legal representatives after the expiration of five years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such five-year period; *provided, however*, that if any shorter period of limitations is otherwise applicable to such cause of action, such shorter period shall govern.

14. SUBROGATION. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who, at the request and expense of the Company, shall execute all papers required and shall do everything that may be reasonably necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

15. INTERPRETATION OF AGREEMENT. It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification to Indemnitee to the fullest extent now or hereafter permitted by law.

16. SEVERABILITY. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (a) the validity, legality and enforceability of the remaining provisions of the Agreement (including without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraph of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not

themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable and to give effect to Section 14 hereof.

17. AMENDMENT AND WAIVER. No supplement, modification, amendment, or cancellation of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

18. NOTICE. Except as otherwise provided herein, any notice or demand which, by the provisions hereof, is required or which may be given to or served upon the parties hereto shall be in writing and, if by telegram, teletype or telex, shall be deemed to have been validly served, given or delivered when sent, if by overnight delivery, courier or personal delivery, shall be deemed to have been validly served, given or delivered upon actual delivery and, if mailed, shall be deemed to have been validly served, given or delivered three business days after deposit in the United States mail, as registered or certified mail, with proper postage prepaid and addressed to the party or parties to be notified at the addresses set forth on the signature page of this Agreement (or such other address(es) as a party may designate for itself by like notice). If to the Company, notices and demands shall be delivered to the attention of the Secretary of the Company.

19. CONTRIBUTION.

(a) Whether or not the indemnification provided for in this Agreement is available, in respect of any threatened, pending, or completed action, suit, or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit, or proceeding), the Company will pay, in the first instance, the entire amount of any judgment or settlement of such action, suit, or proceeding without requiring Indemnitee to contribute to such payment, and the Company waives and relinquishes any right of contribution it may have against Indemnitee. The Company will not enter into any settlement of any action, suit, or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit, or proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee. The Company will not settle any action or claim in a manner that would impose any penalty or admission of guilt or liability on Indemnitee without Indemnitee's written consent.

(b) The Company agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by the Company's officers, directors, or employees, other than Indemnitee, who may be jointly liable with Indemnitee.

(c) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s)

20. GOVERNING LAW. This Agreement shall be governed exclusively by and construed according to the laws of the State of Delaware, as such laws are applied by Delaware courts to contracts made and to be performed entirely in Delaware by residents of that state.

21. **COUNTERPARTS.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

22. **HEADINGS.** The headings of the sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

23. **ENTIRE AGREEMENT.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings and negotiations, written and oral, between the parties with respect to the subject matter of this Agreement; *provided, however*, that this Agreement is a supplement to and in furtherance of the Company's Certificate of Incorporation, Bylaws, the Code and any other applicable law, and shall not be deemed a substitute therefor, and does not diminish or abrogate any rights of Indemnitee thereunder.

[Remainder of page intentionally left blank]

The parties hereto have entered into this Agreement effective as of the date first above written.

COMPANY:

TILRAY, INC.

By: _____

Name: Brendan Kennedy
Title: President & CEO

INDEMNITEE:

Name:

By: _____

(Signature)

PRESS RELEASE

August 10, 2020

Tilray, Inc. Reports 2020 Second Quarter Results

Revenue Increased 10% to \$50.4 Million (C\$69.4 Million) versus Q2 2019

Cost Savings of \$13.0 Million Realized in Q2 2020 – on Pace for Total Annualized Savings of Approximately \$55 Million

Net Loss of (\$81.7) Million increased \$45.4 Million versus Q2 2019 Partially Due to Facilities Closure and Inventory Adjustments

Adjusted EBITDA Loss of (\$12.3) Million Represents 32% Improvement compared to both Q2 2019 and Q1 2020

\$137 Million Q2 2020 Ending Cash Balance and \$250 Million Remaining on ATM

NANAIMO, BRITISH COLUMBIA – Tilray, Inc. (“Tilray” or the “Company”) (Nasdaq: TLRV), a global pioneer in cannabis research, cultivation, production and distribution, reports financial results for the second quarter ended June 30, 2020. All financial information in this press release is reported in U.S. dollars, unless otherwise indicated.

“Since the beginning of 2020 we have taken bold and significant actions to position Tilray for future growth and success. We have focused on reducing costs, driving international revenue growth, mitigating COVID-19 related challenges, and improving our net loss and reported Adjusted EBITDA. Today’s results demonstrate significant progress in all these areas.

Despite a challenging business environment, we generated healthy year-over-year revenue growth, we significantly reduced our cost structure and cash burn, and we improved our Adjusted EBITDA and net loss compared to both the prior quarter of 2019 and the first quarter of 2020. We are particularly encouraged by the revenue growth of our International Medical business during the second quarter. International Medical revenues now exceed those of our Canadian Medical business and we anticipate growth in this segment to outpace our other segments in the coming quarters.

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With our significant cost cutting and balance sheet actions behind us, we have positioned Tilray to enter the second half of 2020 in a stronger position so we can remain focused on achieving profitable growth in all our markets and deliver break-even or positive Adjusted EBITDA in the fourth quarter of 2020." said Brendan Kennedy, Tilray's Chief Executive Officer.

Second Quarter 2020 Financial Highlights

- Revenue increased 10.0% to \$50.4 million (C\$69.4 million), compared to the second quarter of 2019. Growth was driven by a 16.2% increase in cannabis sales, particularly from ongoing improvement in International Medical, while Manitoba Harvest hemp products sales increased 1.6%.
- Revenue decreased 3.2% compared to the first quarter of 2020 generally driven by a 15.8% decrease in Adult Use sales, a 5.3% decrease in Canada Medical sales, and a 5.1% decrease in Hemp sales, partially offset by a 43.2% increase in International Medical sales. Sequential sales declines in Adult Use and Canada Medical were largely attributable to the impact of COVID-19, specifically; pantry-loading in March, the temporary closure of stores in Ontario, changes in purchasing behavior by the provinces, the shift to curbside pickup or delivery, and the limited number of retail locations added during the second quarter of 2020.

(in thousands of United States dollars)

	Three months ended June 30,				Six months ended June 30,			
	2020	2019	\$ Change	% Change	2020	2019	\$ Change	% Change
Cannabis								
Adult Use	\$ 17,621	\$ 15,043	\$ 2,578	17%	\$ 38,540	\$ 22,923	\$ 15,617	68%
Canada - medical	3,835	2,326	1,509	65%	7,886	5,324	2,562	48%
International Medical	8,313	1,851	6,462	349%	14,119	3,662	10,457	286%
Bulk	402	6,749	(6,347)	(94)%	402	11,516	(11,114)	(97)%
Total Cannabis revenue	30,171	25,969	4,202	16%	\$ 60,947	\$ 43,425	17,522	40%
Hemp	20,243	19,935	308	2%	41,569	25,517	16,052	63%
Total	\$ 50,414	\$ 45,904	\$ 4,510	10%	\$ 102,516	\$ 68,942	\$ 33,574	49%
Excise duties included in revenue	\$ 4,140	\$ 3,862	\$ 278	7%	\$ 9,112	\$ 5,776	\$ 3,336	58%

- Total cannabis kilogram equivalents sold increased 105% to 11,430 kilograms from 5,588 kilograms in the second quarter of 2019. Total cannabis kilogram equivalents sold increased 84% to 10,294 kilograms from 5,588 kilograms in the second quarter of 2019.

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The increase was primarily due to a one-time Bulk transaction associated with the termination of a supply contract.

- Average cannabis net selling price per gram decreased to \$2.64 (C\$3.59) compared to \$4.61 (C\$6.26) in the second quarter of 2019 and \$5.28 in the first quarter of 2020. The decrease was driven by a one-time Bulk transaction associated with the termination of a supply contract. Excluding the one-time transaction, average net selling price increased to \$5.03. The increase was due to a continued shift towards International Medical sales, and higher potency and higher priced products in the Adult Use market.
- Average cannabis net cost per gram decreased to \$2.06 (C\$2.80) compared to \$3.86 (C\$5.24) in the second quarter of 2019 and \$3.97 (C\$5.39) in the first quarter of 2020. The decrease was driven by a one-time Bulk transaction associated with the termination of a supply contract. Excluding the one-time transaction, net cost per gram decreased to \$3.42. The year over year decrease is primarily a result of reduced cost structures at our facilities due to our cost cutting efforts, better throughput and cost absorption at our High Park Holdings processing facility, and partially due to the availability of low cost product available from third parties.
- Gross margin decreased to (10.7)% from 27% in the second quarter of 2019 and 21% in the first quarter of 2020. In the second quarter of 2020, we took an inventory write-down of \$18.6 million.
- Gross margin, excluding inventory valuation adjustments, decreased to 26% from 27% in the second quarter of 2019 and 29% in the first quarter of 2020. The decrease was partially due to introductory shipments made at lower margins in International Medical and a one-time Bulk transaction associated with the termination of a supply contract.
 - Gross margins for cannabis, excluding inventory valuation adjustments, decreased to 10% from 14% in the second quarter of 2019 and 20% in the first quarter of 2020.
 - Gross margin for hemp, excluding inventory valuation adjustments, decreased to 50% from 51% in the second quarter of 2019 and increased from 41% in the first quarter of 2020. The sequential increase in gross margin is largely attributable to the timing of discount programs offered to Tilray's largest customer.
- Net loss increased \$45.4 million to (\$81.7) million, or (\$0.66) per share, compared to net loss of (\$36.3) million, or (\$0.37) per share, in the second quarter of 2019. The increased net loss was primarily due to a \$18.6 million inventory valuation adjustment, a charge of \$28.4 million for impairment of assets, \$11.2 million impact of the change in fair value of warrant liability, offset by \$13.3 million of foreign exchange gains due to the strengthening of the Canadian dollar.

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- Adjusted EBITDA loss of (\$12.3) million was 32% better than the (\$18.0) million loss in the second quarter of 2019. The Adjusted EBITDA improvement was largely due to higher revenues in all channels, and reduced expenses.
- Adjusted EBITDA loss in the second quarter of 2020 was a 34% improvement compared to the (\$18.7) million loss in the first quarter of 2020. The reduced loss was generally due to significant cost reductions and operating efficiencies despite moderately lower revenues attributable to COVID-19 impacts.
- We ended the second quarter of 2020 with \$137.2 million in cash and cash equivalents. We believe our existing cash balance, reduced cash burn, and our access to the remaining \$250 million on our ATM provide sufficient capital and access to capital to manage operations and execute our plans for the remainder of 2020 and well into 2021.

Update to Board of Directors

Maryscott Greenwood intends to resign as a member of our board of directors and all committees thereof, effective as of September 30, 2020. The Company is grateful for Ms. Greenwood's contributions to Tilray.

Effective August 6, 2020, Soren Schroder has been appointed as a Director on the Tilray Board. Soren has served in a variety of agribusiness leadership roles in the United States and Europe. After working for more than 15 years at Continental Grain and Cargill, he joined Bunge Ltd in 2000. Soren served as CEO of Bunge North America, leading Bunge's business operations in the United States, Canada, and Mexico. In June 2013, he was named CEO of Bunge Ltd, serving in this role until 2019. Soren is active in board and advisory roles for emerging companies in the agribusiness and food sectors. His experience lies in building global supply chains, managing risk, logistics, industrial and value-added activities, and executing on strategy via acquisitions and partnerships on a global scale. Soren is a Danish National and earned a BA in Economics from Connecticut College.

COVID-19 Business Continuity Measures

Since the outset of the global health pandemic, we have remained committed to the health of our employees. We continue to adhere to the regulations outlined by governments and health regulators in all markets in which we do business. Our business continuity plan remains in effect across all offices and facilities to ensure the health and safety of its workforce, consumers, and the communities in which it operates.

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We have experienced moderate impacts to our Adult Use revenue and Canadian medical, but no material impact to our operations as a result of the COVID-19 pandemic. While we remain committed to serving our patients and consumers around the world, due to the uncertainty presented by COVID-19 and its potential impact on the our patients, customers, supply chain, markets, employees, and the potential broader ramifications to the global economy, financial markets, and government institutions, we may experience material effects to our business, results of operations and financial condition.

Conference Call

The Company will host a conference call today, August 10, 2020, to discuss these results at 5:00 p.m. ET. Investors interested in participating in the live call can dial 877-407-0792 from the U.S. and 201-689-8263 internationally.

There will also be a simultaneous, live webcast available on the Investors section of the Company's website at www.tilray.com. The webcast will also be archived after the call concludes.

About Tilray®

Tilray (Nasdaq: TLR) is a global pioneer in the research, cultivation, production and distribution of cannabis and cannabinoids currently serving tens of thousands of patients and consumers in 15 countries spanning five continents.

Forward Looking Statements

This press release contains "forward-looking statements", which may be identified by the use of words such as, "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intend", "plan", "forecast", "project", "estimate", "outlook" and other similar expressions, including statements regarding our growth potential, the sustainability of growth, the optimization of our facilities and estimated net savings, our ability to become Adjusted EBITDA positive by the end of 2020, demand for our products and the medical and Adult Use cannabis markets, anticipated plans for strategic partnerships and acquisitions, and future sales of our common stock. Forward-looking statements are not a guarantee of future performance and are based upon a number of estimates and assumptions of management in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, including assumptions in respect of current and future market conditions. Actual results, performance or achievement could differ materially from that expressed in, or implied by, any forward-looking statements in this press release, and, accordingly, you should not place undue reliance on any such forward-looking statements and they are not guarantees of future results. Forward-looking statements involve significant risks, assumptions, uncertainties and other factors that may cause actual future results or anticipated events to differ materially from those expressed or implied in any forward-looking statements. Please see the heading "Risk Factors" in Tilray's Quarterly Report on Form 10-Q, which was filed with the Securities and Exchange Commission on August 10, 2020, for a discussion of the material

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risk factors that could cause actual results to differ materially from the forward-looking information. Tilray does not undertake to update any forward-looking statements that are included herein, except in accordance with applicable securities laws.

Use of Non-U.S. GAAP Financial Measures

To supplement its financial statements, the Company provides investors with information related to Adjusted EBITDA and Gross margin, excluding inventory valuation adjustments, which are financial measures which are not calculated in accordance with generally accepted accounting principles in the United States ("U.S. GAAP").

Adjusted EBITDA is calculated as net income (loss) before inventory valuation adjustments; interest expenses, net; other expenses (income), net; deferred income tax (recoveries) expenses, current income tax expenses (benefit); foreign exchange gain (loss), net; depreciation and amortization expenses; other stock-based related compensation expenses; loss from equity method investments; finance income from ABG; loss on disposal of property and equipment; acquisition-related (income) expense; amortization of inventory step-up; severance costs; impairment of assets; and change in fair value of warrant liability. A reconciliation of Adjusted EBITDA to net loss, the most directly comparable GAAP measure, has been provided in the financial statement tables included below in this press release. Gross margin, excluding inventory valuation adjustments, is calculated as revenue less cost of sales adjusted to add back inventory valuation adjustments and amortization of inventory step-up, divided by revenue. A reconciliation of Gross margin, excluding inventory valuation adjustments, to gross margin, the most directly comparable GAAP measure, has been provided in the financial statement tables included below in this press release.

The Company believes these non-GAAP financial measures provide useful information to management and investors regarding certain financial and business trends relating to the Company's financial condition and results of operations. Management uses these non-GAAP financial measures to compare the Company's performance to that of prior periods for trend analyses and planning purposes. These non-GAAP financial measures are also presented to the Company's Board of Directors.

Non-U.S. GAAP measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with U.S. GAAP. Non-U.S. GAAP measures exclude significant expenses that are required by U.S. GAAP to be recorded in the Company's financial statements and are subject to inherent limitations.

For further information:

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August 10, 2020

TILRAY, INC.
Condensed Consolidated Statements of Net Loss and Comprehensive Loss
 (in thousands of United States dollars, except for share and per share data, unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Revenue	\$ 50,414	\$ 45,904	\$ 102,516	\$ 68,942
Cost of sales				
Product costs	37,204	33,430	74,392	50,759
Inventory valuation adjustments	18,629	201	22,673	525
Gross (loss) profit	(5,419)	12,273	5,451	17,658
General and administrative expenses	14,444	16,562	32,220	29,496
Sales and marketing expenses	12,833	14,366	30,709	22,187
Research and development expenses	652	1,528	1,910	2,576
Stock-based compensation expenses	7,647	7,923	15,324	13,659
Depreciation and amortization expenses	3,337	2,392	6,928	4,257
Impairment of assets	28,371	—	58,210	—
Acquisition-related expenses, net	1,790	2,464	4,145	6,888
Loss from equity method investments	1,327	—	3,075	—
Operating loss	(75,820)	(32,962)	(147,070)	(61,405)
Foreign exchange (gain) loss, net	(13,326)	(1,611)	14,743	(1,432)
Change in fair value of warrant liability	11,210	—	83,188	—
Interest expenses, net	10,564	8,581	19,710	17,325
Finance income from ABG	—	(212)	—	(347)
Other expense (income), net	333	(1,224)	4,983	(5,069)
Loss before income taxes	(84,601)	(38,496)	(269,694)	(71,882)
Deferred income tax recoveries	(2,875)	(2,642)	(4,147)	(6,419)
Current income tax expenses (benefit)	(39)	447	262	207
Net loss	\$ (81,687)	\$ (36,301)	\$ (265,809)	\$ (65,670)
Net loss per share - basic and diluted	(0.65)	(0.37)	(2.30)	(0.68)
Weighted average shares used in computation of net loss per share - basic and diluted	124,763,445	97,231,839	115,593,533	96,037,142
Net loss	\$ (81,687)	\$ (36,301)	\$ (265,809)	\$ (65,670)
Foreign currency translation gain (loss), net	7,184	2,924	(9,449)	2,449
Unrealized gain (loss) on available-for-sale debt securities	35	50	(39)	69
Other comprehensive income (loss)	7,219	2,974	(9,488)	2,518
Comprehensive loss	\$ (74,468)	\$ (33,327)	\$ (275,297)	\$ (63,152)

In the fourth quarter of 2019, the Company adopted ASU 2016-01, ASC 842, ASC 606 and ASU 2018-07. The first quarter of 2019 has been recast to reflect the effects of this adoption.

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TILRAY, INC.
Condensed Consolidated Balance Sheets
 (in thousands of United States dollars, except for share and par value data, unaudited)

	June 30, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	\$ 137,211	\$ 96,791
Accounts receivable, net of allowance for credit losses of \$889 and provision for sales returns of \$1,302 (December 31, 2019 - \$615 and \$1,400, respectively)	26,614	36,202
Inventory	93,089	87,861
Prepayments and other current assets	26,217	38,173
Assets held for sale	6,664	—
Total current assets	<u>289,795</u>	<u>259,027</u>
Property and equipment, net	176,080	184,217
Operating lease, right-of-use assets	17,921	17,514
Intangible assets, net	179,773	228,828
Goodwill	156,371	163,251
Equity method investments	8,743	11,448
Other investments	22,545	24,184
Other assets	4,500	7,861
Total assets	<u>\$ 855,728</u>	<u>\$ 896,330</u>
Liabilities		
Current liabilities		
Accounts payable	22,203	39,125
Accrued expenses and other current liabilities	34,532	50,829
Accrued lease obligations	3,383	2,473
Warrant liability	103,549	—
Total current liabilities	<u>163,667</u>	<u>92,427</u>
Accrued lease obligations	28,522	29,407
Deferred tax liability	46,866	53,363
Convertible notes, net of issuance costs	435,454	430,210
Senior Facility, net of transaction costs	44,638	—
Other liabilities	5,094	5,652
Total liabilities	<u>\$ 724,241</u>	<u>\$ 611,059</u>
Commitments and contingencies (refer to Note 18)		
Stockholders' equity		
Class 1 common stock (\$0.0001 par value, 250,000,000 shares authorized; 15,751,745 and 16,666,665 shares issued and outstanding, respectively)	2	2
Class 2 common stock (\$0.0001 par value; 500,000,000 shares authorized; 110,179,667 and 86,114,560 shares issued and outstanding, respectively)	11	9
Additional paid-in capital	856,083	705,671
Accumulated other comprehensive income	231	9,719
Accumulated deficit	(724,840)	(430,130)
Total stockholders' equity	<u>131,487</u>	<u>285,271</u>
Total liabilities and stockholders' equity	<u>\$ 855,728</u>	<u>\$ 896,330</u>

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August 10, 2020

(in thousands of United States dollars)

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Adjusted EBITDA reconciliation:				
Net loss	\$ (81,687)	\$ (36,301)	\$ (265,809)	\$ (65,670)
Inventory valuation adjustments	18,629	201	22,673	525
Severance costs	1,475	—	3,337	—
Depreciation and amortization expenses	4,325	2,992	8,886	5,764
Stock-based compensation expenses	7,647	7,923	15,324	13,659
Impairment of assets	28,371	—	58,210	—
Acquisition-related expenses, net	1,790	2,464	4,145	6,888
Loss from equity method investments	1,327	—	3,075	—
Foreign exchange (gain) loss, net	(13,326)	(1,611)	14,743	(1,432)
Change in fair value of warrant liability	11,210	—	83,188	—
Interest expenses, net	10,564	8,581	19,710	17,325
Finance income from ABG	—	(212)	—	(347)
(Gain) Loss from disposal of property and equipment	(21)	1	436	112
Other expense (income), net	333	(1,224)	4,983	(5,069)
Amortization of inventory step-up	—	1,360	—	2,041
Deferred income tax recoveries	(2,875)	(2,642)	(4,147)	(6,419)
Current income tax expenses (benefit)	(39)	447	262	207
Adjusted EBITDA	\$ (12,277)	\$ (18,021)	\$ (30,984)	\$ (32,416)

The Company revised its Adjusted EBITDA reconciliation for the six months ended June 30, 2020 to reflect a correction in depreciation and amortization expense amount applied to this non-GAAP financial measures. Non-cash depreciation and amortization expenses includes depreciation expense related to both manufacturing and non-manufacturing assets. In the three months ended March 31, 2020, we incorrectly reported \$3.6 million which excluded the portion of the depreciation expense related to the Company's manufacturing assets. The corrected amount in Adjusted EBITDA reconciliation for the three months ended March 31, 2020 is \$4.6 million and is correct as reported above within the six months results.

(in thousands of United States dollars, except percentages)

	For the three months ended June 30,							
	2020		2019		2020		2019	
	Cannabis		Hemp		Total			
Gross margin, excluding inventory valuation adjustments reconciliation:								
Revenue	\$ 30,171	\$ 25,969	\$ 20,243	\$ 19,935	\$ 50,414	\$ 45,904		
Cost of sales								
Product costs	27,181	22,401	10,023	11,029	37,204	33,430		
Inventory valuation adjustments	15,062	201	3,567	—	18,629	201		
Gross profit	(12,072)	3,367	6,653	8,906	(5,419)	12,273		
Inventory valuation adjustments	15,062	201	3,567	—	18,629	201		
Amortization of inventory step-up	—	—	—	1,360	—	1,360		
Gross profit, excluding inventory valuation adjustments	\$ 2,990	\$ 3,568	\$ 10,220	\$ 10,266	\$ 13,210	\$ 13,834		
Gross margin, excluding inventory valuation adjustments	10%	14%	50%	51%	26%	30%		

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Gross margin, excluding inventory valuation adjustments reconciliation:	For the six months ended June 30,											
	2020		2019		2020		2019					
	Cannabis		Hemp		Total							
Revenue	\$	60,947	\$	43,425	\$	41,569	\$	25,517	\$	102,516	\$	68,942
Cost of sales												
Product costs		51,784		35,912		22,608		14,847		74,392		50,759
Inventory valuation adjustments		18,309		525		4,364		—		22,673		525
Gross profit		(9,146)		6,988		14,597		10,670		5,451		17,658
Inventory valuation adjustments		18,309		525		4,364		—		22,673		525
Amortization of inventory step-up		—		—		—		2,041		—		2,041
Gross profit, excluding inventory valuation adjustments	\$	9,163	\$	7,513	\$	18,961	\$	12,711	\$	28,124	\$	20,224
Gross margin, excluding inventory valuation adjustments		15%		17%		46%		50%		27%		29%

In the fourth quarter of 2019, the Company adopted ASU 2016-01, ASC 842, ASC 606 and ASU 2018-07. The first quarter of 2019 has been recast to reflect the effects of this adoption.