

POSSIBLE (RE)DEFINED

# Should I Stay or Should I Go: Financing or Sale Options for Cannabis Operators

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WELCOME

# Today's Presenters



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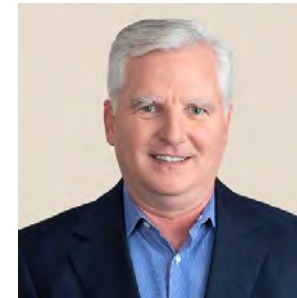
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# What We'll Discuss

- The state of M&A and capital in cannabis
- How to decide what to do next
- So...what are your options?
  - Raise capital (equity/debt)
  - Divest noncore assets
  - Sale leaseback
  - Sell company
  - Go public

Financing or Sale Options for Cannabis Operators

# The State of M&A and Capital



# Year-Over-Year Capital Markets Trends

In Millions USD

Mergers and acquisitions	2019	2020	2021	2022
# of deals	259	86	222	158
\$ amount	\$5,905.8	\$3,727.5	\$17,455.4	\$4,675.7

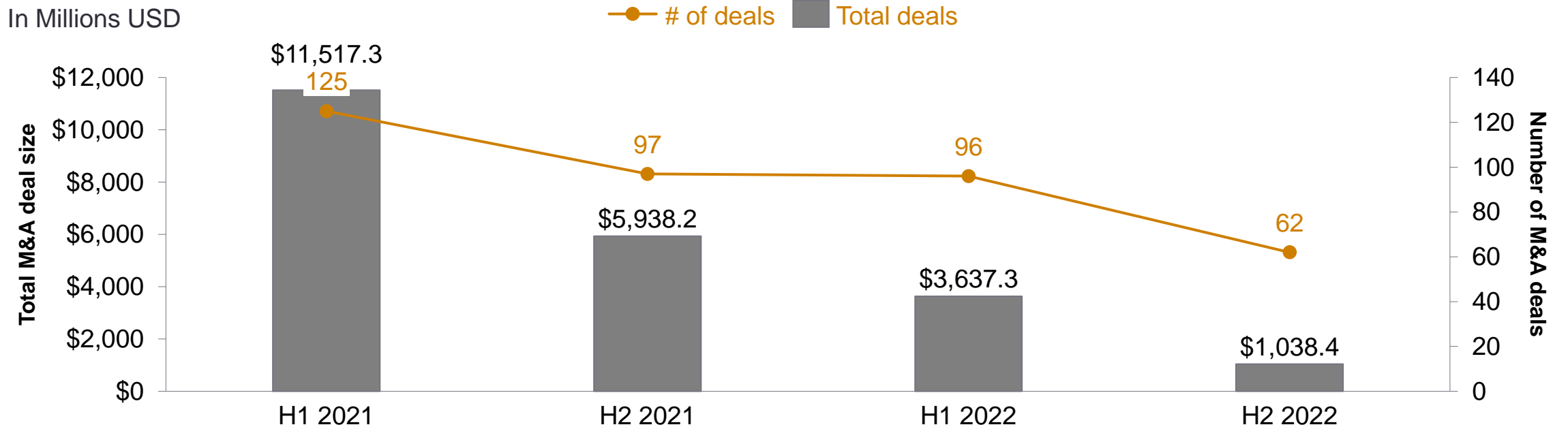
Capital raises – Equity raises	2019	2020	2021	2022
# of raises	339	211	316	132
\$ amount	\$7,772.9	\$2,584.9	\$7,004.1	\$1,649.3

Capital raises – Debt raises	2019	2020	2021	2022
# of raises	148	75	118	110
\$ amount	\$3,117.0	\$1,558.9	\$5,395.9	\$2,362.1

Data from Viridian Capital Advisors Deal Tracker

# North American M&A Activity Declined in 2022

Total M&A activity (2021-2022)



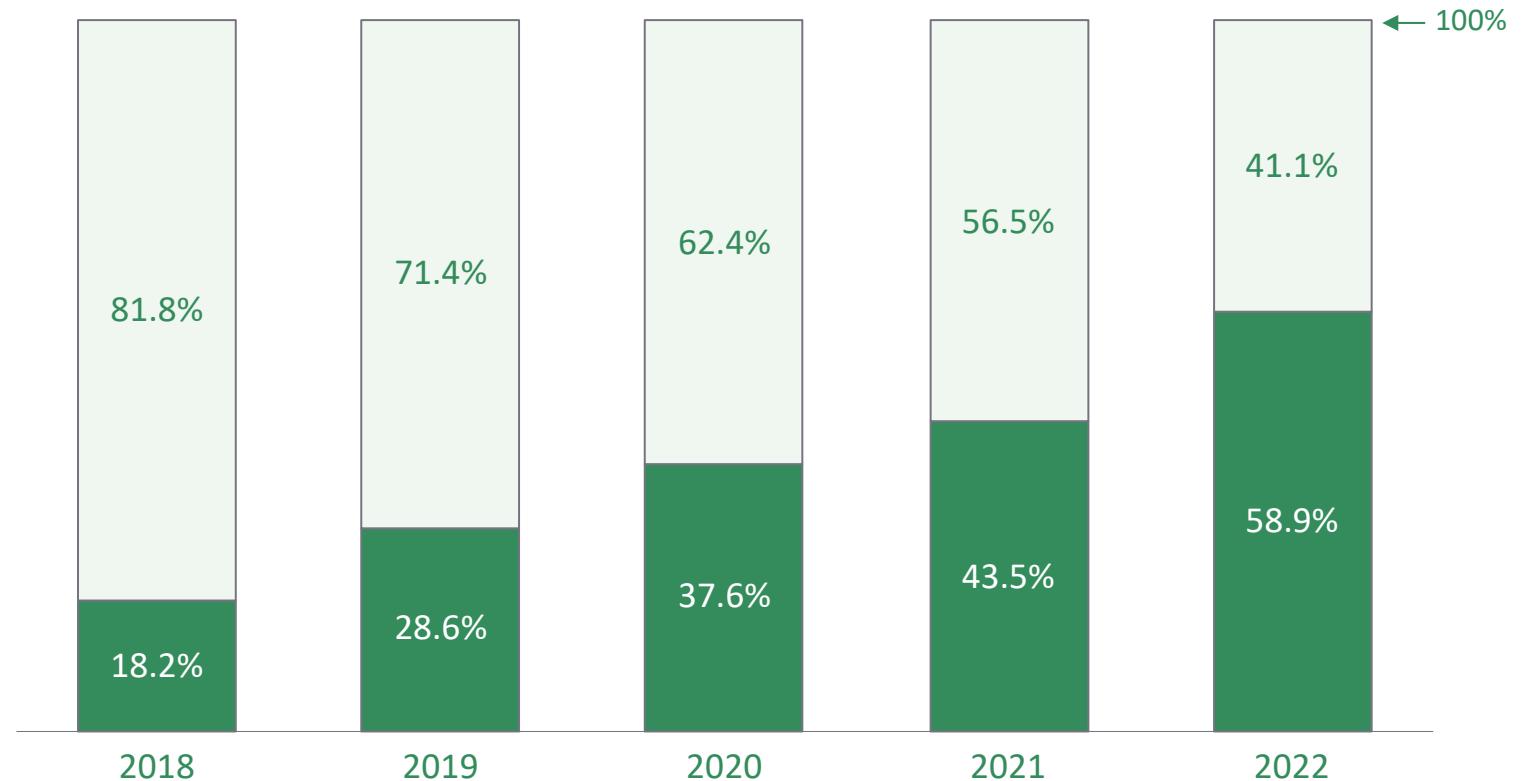
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# Debt has Become the Primary Source of Growth Capital

Equity vs. debt capital raises (2018-2022)

In Millions USD

Equity raises Debt raises



Data from Viridian Capital Advisors Deal Tracker

## Capital Raises by Industry Sector

Sector	# of Capital Raises for LTM Ended			\$Mils of Capital Raises for LTM Ended		
	02/17/23	02/17/22	% change	02/17/23	02/17/22	% change
Total	245	425	-42.4%	\$ 3,752.22	\$ 10,972.52	-65.8%
Cultivation & Retail	98	188	-47.9%	\$ 1,871.70	\$ 6,422.83	-70.9%
Real Estate	7	14	-50.0%	\$ 534.16	\$ 1,134.36	-52.9%
Psychedelics	26	1	2500.0%	\$ 398.56	\$ 6.23	6299.2%
Software/Media	31	45	-31.1%	\$ 367.85	\$ 880.01	-58.2%
Hemp	12	28	-57.1%	\$ 180.89	\$ 214.39	-15.6%
Biotech/Pharma	35	46	-23.9%	\$ 175.25	\$ 307.42	-43.0%
Infused Products & Extracts	23	58	-60.3%	\$ 72.71	\$ 271.20	-73.2%
Agriculture Technology	5	12	-58.3%	\$ 68.88	\$ 542.20	-87.3%
Investments/M&A	6	23	-73.9%	\$ 59.73	\$ 1,066.99	-94.4%
Consumption Devices	2	4	-50.0%	\$ 22.50	\$ 47.93	-53.1%
Miscellaneous Ancillary	0	5	-100.0%	\$ -	\$ 58.97	-100.0%
Consulting Services	0	1	-100.0%	\$ -	\$ 20.00	-100.0%
Non-Cannabis-Related	0	0		\$ -	\$ -	
Physical Security	0	0		\$ -	\$ -	

Data from Viridian Capital Advisors Deal Tracker



## Capital Raises by State

States	# of Capital Raises for LTM Ended			\$Mils of Capital Raises for LTM Ended		
	02/17/23	02/17/22	% change	02/17/23	02/17/22	% change
USA	107	185	-42.2%	\$ 2,707.03	\$ 7,990.23	-66.1%
California	27	56	-51.8%	\$ 791.83	\$ 1,786.90	-55.7%
Illinois	9	17	-47.1%	\$ 613.58	\$ 1,404.34	-56.3%
New York	17	14	21.4%	\$ 520.67	\$ 1,210.38	-57.0%
Florida	14	22	-36.4%	\$ 238.89	\$ 1,221.03	-80.4%
Massachusetts	7	10	-30.0%	\$ 194.60	\$ 758.33	-74.3%
Colorado	7	16	-56.3%	\$ 100.90	\$ 251.12	-59.8%
Michigan	3	4	-25.0%	\$ 80.30	\$ 123.00	-34.7%
Arkansas	1	0		\$ 56.51	\$ -	
Pennsylvania	1	3	-66.7%	\$ 0.15	\$ 62.30	-99.8%
Minnesota	0	2	-100.0%	\$ -	\$ 78.50	-100.0%

Data from Viridian Capital Advisors Deal Tracker

## M&A Transactions by Industry Sector

Sector	# of M&A Transactions for LTM Ended			\$Mils of M&A Transactions for LTM Ended		
	02/17/23	02/17/22	% change	02/17/23	02/17/22	% change
Total	162	330	-50.9%	\$ 3,801.53	\$ 25,870.81	-85.3%
Cultivation & Retail	97	177	-45.2%	\$ 2,713.27	\$ 14,038.14	-80.7%
Agriculture Technology	6	23	-73.9%	\$ 366.17	\$ 671.68	-45.5%
Consulting Services	4	2	100.0%	\$ 226.97	\$ 9.49	2291.7%
Software/Media	11	24	-54.2%	\$ 195.23	\$ 2,264.13	-91.4%
Hemp	8	32	-75.0%	\$ 94.57	\$ 456.13	-79.3%
Infused Products & Extracts	10	26	-61.5%	\$ 67.29	\$ 242.13	-72.2%
Biotech/Pharma	7	19	-63.2%	\$ 63.05	\$ 7,385.92	-99.1%
Psychedelics	8	2	300.0%	\$ 23.68	\$ 7.96	197.4%
Real Estate	1	4	-75.0%	\$ 23.50	\$ 10.03	134.3%
Non-Cannabis-Related	3	8	-62.5%	\$ 15.59	\$ 118.41	-86.8%
Miscellaneous Ancillary	7	3	133.3%	\$ 12.22	\$ 1.98	517.6%
Investments/M&A	0	3	-100.0%	\$ -	\$ 437.71	-100.0%
Consumption Devices	0	7	-100.0%	\$ -	\$ 227.10	-100.0%
Physical Security	0	0		\$ -	\$ -	

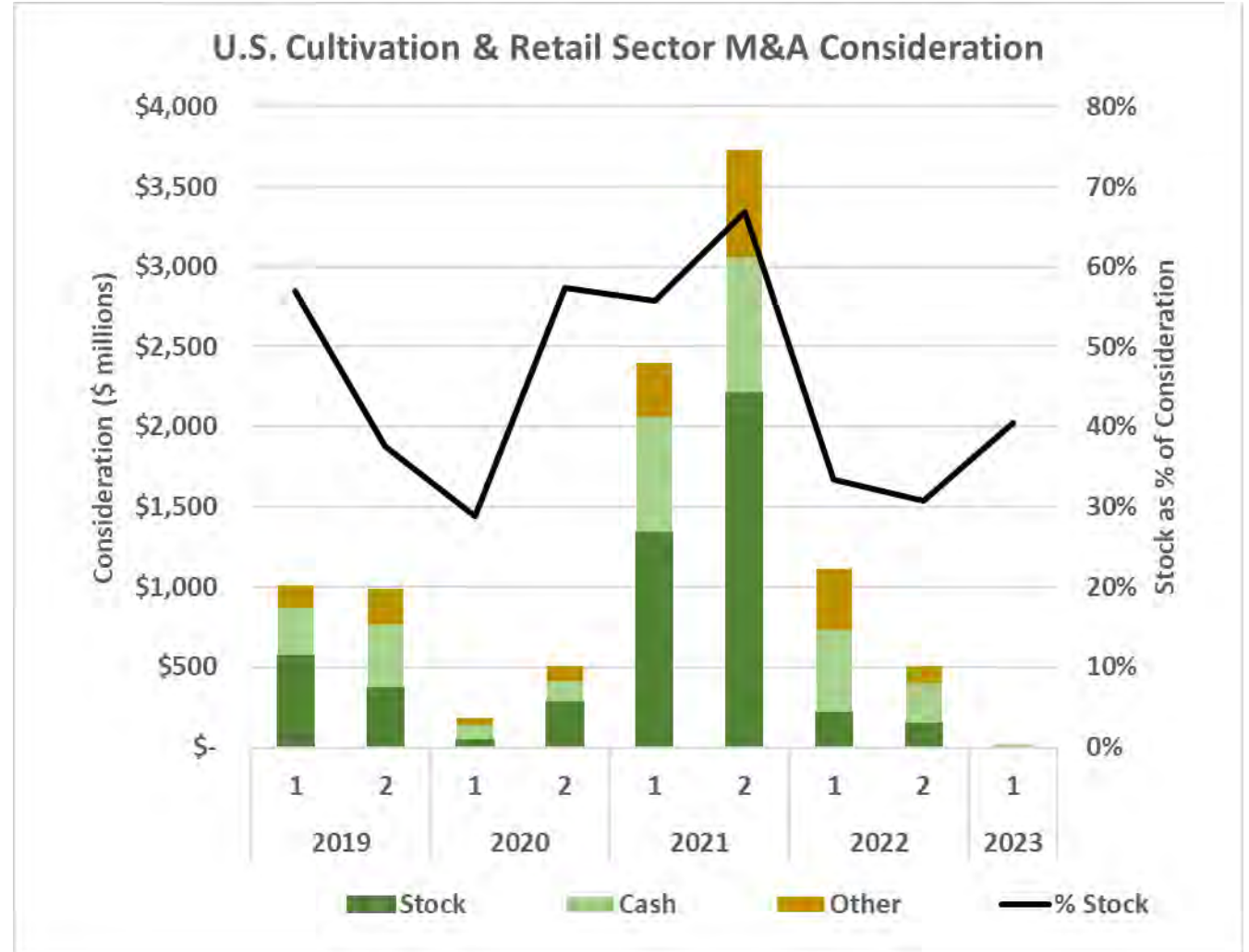
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## M&A Transactions by State

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USA	93	226	-58.8%	\$ 2,080.95	\$ 10,836.76	-80.8%
<i>New York</i>	8	6	33.3%	\$ 344.39	\$ 105.20	227.4%
<i>Nevada</i>	8	9	-11.1%	\$ 322.51	\$ 314.95	2.4%
<i>Florida</i>	9	9	0.0%	\$ 304.64	\$ 771.25	-60.5%
<i>Texas</i>	3	2	50.0%	\$ 290.10	\$ 27.57	952.2%
<i>Colorado</i>	11	32	-65.6%	\$ 231.17	\$ 1,008.53	-77.1%
<i>California</i>	22	56	-60.7%	\$ 192.16	\$ 3,126.97	-93.9%
<i>Pennsylvania</i>	5	12	-58.3%	\$ 167.16	\$ 919.19	-81.8%
<i>Massachusetts</i>	2	11	-81.8%	\$ 61.50	\$ 385.02	-84.0%
<i>Michigan</i>	3	10	-70.0%	\$ 28.50	\$ 160.14	-82.2%
<i>Washington</i>	-	6	-100.0%	\$ -	\$ 481.65	-100.0%

Data from Viridian Capital Advisors Deal Tracker

# Stock is Poised to Rise as a Percentage of M&A Consideration



Data from Viridian Capital Advisors Deal Tracker

Financing or Sale Options for Cannabis Operators

# What Do You Do Next?

## Financing or Sale Options for Cannabis Operators

# How to Decide What to Do Next



- Financial modeling
- Financial forecasting
- Run valuation assessment
- Operations assessment
- Identify risk issues and responses

Financing or Sale Options for Cannabis Operators

# So...What Are Your Options?

- Raise capital (equity, debt)
- Sale leaseback
- Divest noncore assets
- Sell company
- Go public

Thank you for  
attending

## Additional Questions?

Reach out to us:

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