

# The cannabis capital flow

A full-year 2022 review of capital  
market transactions



# About Viridian

Viridian Capital Advisors, LLC ([www.viridianca.com](http://www.viridianca.com)) was established in 2014 as one of the first, and now leading, corporate finance, M&A and research practices in the legal cannabis and CBD industries, and now covering the Psychedelics sector. We represent companies, investors, lenders, sellers and acquirers. Through our broker-dealer, Bradley Woods & Co. Ltd., our investment banking practice raises capital, executes M&A transactions and provides corporate restructuring services for our clients. Our strategic advisory practice prepares clients to access the capital markets by building a proper Board of Directors, financial models, sophisticated valuation analyses, M&A strategies and business development opportunities.

Viridian is widely recognized as the industry leader in research, capital markets data, and financial market intelligence on cannabis/CBD/Psychedelics companies. We recently won the Best Industry Research award from Benzinga, the leading financial marketplace for the industry. This was awarded for the Viridian Cannabis Deal Tracker, which launched in January 2015 as the leading proprietary data service that monitors and analyzes investment, M&A, and buy-side trends in the industry. The Deal Tracker has become the trusted and valuable source for cannabis companies, investors, lenders and sellers/acquirers to make informed capital allocation decisions.

# About EY

EY exists to build a better working world, helping create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY's Cannabis Centre of Excellence (CoE) is designed to assist cannabis clients with their greatest business challenges. The CoE serves cannabis operators in federally permissible jurisdictions, regulatory bodies and adjacent industry players (CPG, beverage/alcohol, tobacco, pharma) and provides specialized knowledge across the cannabis value chain.

The CoE aims to be the sector's preeminent thought leader, further professionalize the industry and help clients grow and become global leaders.



# Executive summary: 2022 review

↑ **+24%**

Canadian legal cannabis market growth (2021 vs 2022)

↑ **+23%**

US legal cannabis market growth (2021 vs. 2022)\*

↓ **-68%**

Change in total value of capital raised (2022 vs. 2021)

↓ **-73%**

Change in total value of M&A activity (2022 vs. 2021)

## US cannabis market at a glance

**The US is the cannabis world leader** – US legal cannabis sales reached \$26b in 2021, up from \$20b in 2020. Sales are projected to reach \$47b by 2025, with expectations that federal legalization will occur in 2026 or later.

**Cannabis market growth outperforms adjacent industries** – In comparison to other comparable US markets such as alcohol (\$74b in 2021) and tobacco (\$142b in 2021), the legal cannabis market is smaller (\$26b in 2021), but is showing faster growth rates, with a CAGR of 35.4% since 2016, compared to -0.4% for tobacco and -1.7% for alcohol.

## North American cannabis M&A activity

**M&A activity is decreasing** – The quantity and size of deals have decreased since 2021, as companies are saving cash and avoiding purchases that would decrease the value of their stock. However, the fall in the value of public and private companies is still attracting strategic buyers from within the cannabis sector and potential buyers from adjacent sectors.

**Cultivation and retail is the leading market segment** – Even though M&A activity has decreased, the cultivation and retail segments are still the most desirable areas for investment and lending, resulting in the highest concentration of deals throughout the cannabis value chain.

Source: Viridian Capital Advisors, New Frontier Data, MJBiz, EY analysis.

3 – The Cannabis Capital Flow – 2022



## North American cannabis capital raises & financing

**Capital raising activity is decreasing** – The total value of equity raises declined by 76% in 2022, followed by the total value of debt raises decreasing by 56% in 2022. Recent industry losses and slow political developments have rendered capital raising more challenging.

**While total activity is decreasing, debt financing activity has now surpassed equity** – The fall in stock prices has made it difficult to raise capital through large equity offerings, which are mostly limited to non-plant-touching segments. As a result, debt financing has become a more practical way to obtain funding for expansion, contributing to the number of debt raises surpassing equity raises for the first time.

**California and New York remain leaders for capital raises** – Even though capital raise rates have decreased, mature states like California and nascent states like New York, New Jersey and Missouri continue to attract a significant share of investment interest.

\* New Frontier Data estimates the size of the unregulated cannabis market in 2021 to be approximately \$70b.



# Executive summary: year-over-year trends

In US\$m

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

Source: Viridian Capital Advisors, EY analysis.

4 – The Cannabis Capital Flow – 2022



**Scott Greiper**  
President, Viridian

“In the nine years since launching Viridian Capital, we have witnessed the evolution of the cannabis market into what has become one of the largest global consumer packaged goods industries. Still in the early stages of growth, the past year has seen continued evolution in the capital markets for investors, lenders and operators. We believe the decline in capital availability and valuations presents lower-risk entry points for investors and acquirers.”

# Executive summary: 2023 outlook

**Financing will remain key to business vitality in 2023** – Downward margin pressure and inflationary pressure affecting both businesses' COGS and consumers are contributing to decreasing liquidity levels. Given the state of capital markets, 2023 will see a growing number of distressed businesses and assets.

**Commodification-based wholesale pricing declines will continue** – Wholesale pricing in California has slightly improved in the past month, but the increase has not been sufficient for cultivators to realize profits. This trend is likely to continue in 2023 as production capacity decreases following consolidations and operators' sector exits. The study of newly established markets reveals that wholesale prices are initially high, when retailer and consumer demand exceeds cultivation supply. However, as operators and multi-state operators (MSOs) gain more experience in developing capabilities, the period of good pricing seems to be getting shorter in each new market.

**Few regulatory developments expected in 2023** – The results of the 2022 midterm elections in the US indicate that cannabis is not an influential-enough issue to determine voting decisions. As a result, legislators do not feel pressured to take action on cannabis matters and focus their efforts elsewhere. Moreover, little progress is expected in regards to federal legalization, reclassification of cannabis, tax issues such as 280E and/or banking reforms, which will also lead to a slower rate of new investors entering the cannabis market in light of the recent financial losses.

**2023 will witness a decreasing number of operators due to exits and/or consolidation** – A great number of both Canadian and US cannabis businesses will no longer be able to rely on initial funding from their investors to sustain operations due to repeated cycles of challenging financial performance. The lack of access to bankruptcy courts in the US will contribute to the difficulties with restructuring distressed businesses. Conversely, operators that are close to being financially stable will focus their efforts on cost-saving measures, such as reducing capital expenditure and tighter working capital management. Belt-tightening and consolidation will lead to a healthier industry, with a stronger standing to face the challenges of federal legalization.

**M&A could increase due to slower capital markets and tighter operating budgets** – MSOs will likely find it more cost effective to acquire struggling companies rather than expanding internally. The advantage in negotiations will shift to larger, financially stable companies compared to their smaller, struggling competitors. For investors, this remains an opportunity to conduct thorough credit analysis and identify companies with strong operations that show growth potential for 2023.



**Rami El-Cheikh**  
Partner, EY-Parthenon

“Despite the current challenges, cannabis presents a viable growth opportunity for adjacent sectors in the mid to long term, if properly entered. Market entrants need to have a laser-focused business strategy with clear fields of play where the capabilities, knowhow and IP are relevant and transferrable. With the current valuation conditions, there is an opportunity to enter this next-generation consumer product category and make a meaningful return.”

# How can we support you?

	Business & Commercial Strategy Advisory		Risk Management Advisory		Capital Planning & Raising
	Operational Excellence Advisory		Transactions & Financial Advisory		Financial & Operational Restructuring
	People & Workforce Advisory		Tax Advisory		Working Capital Optimization
	Technology Advisory		Financial Accounting & Reporting Advisory		Management & Board Development

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# Table of contents

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**08** US cannabis market at a glance



---

**12** North American cannabis M&A activity



---

**17** North American cannabis capital raises & financing



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**22** Appendix

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1



# US cannabis market at a glance



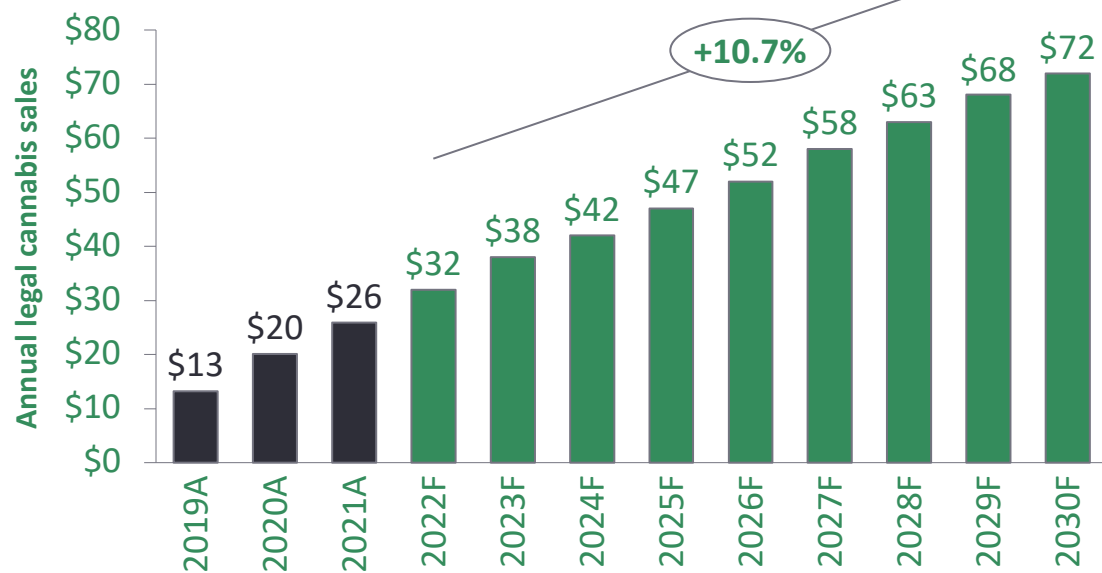




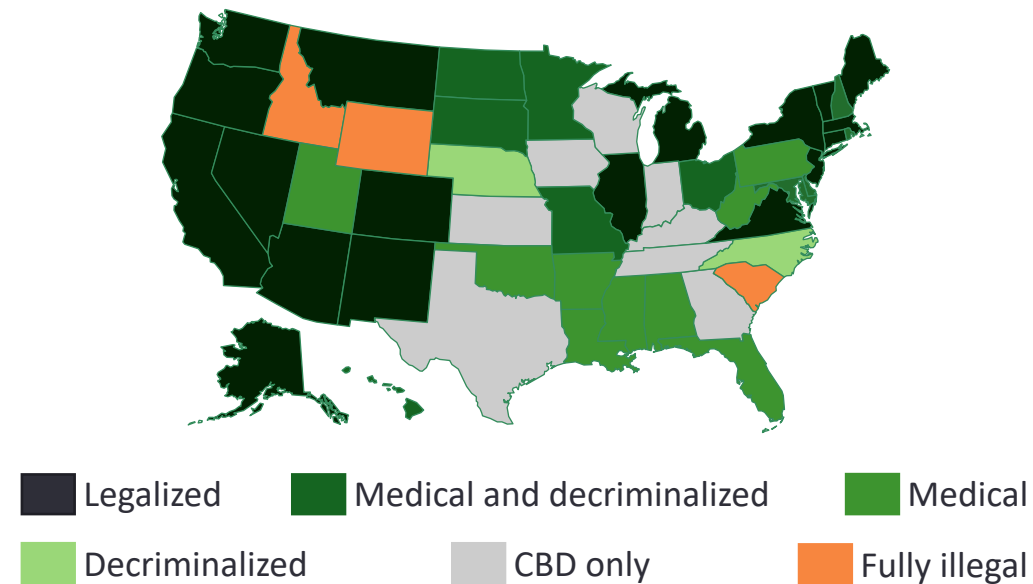
# US legal cannabis sales are estimated at \$32b for 2022, representing a ~2.5x increase from 2019 sales levels

Legal cannabis sales growth (actual vs. forecasted; 2019-30)

In Billions USD



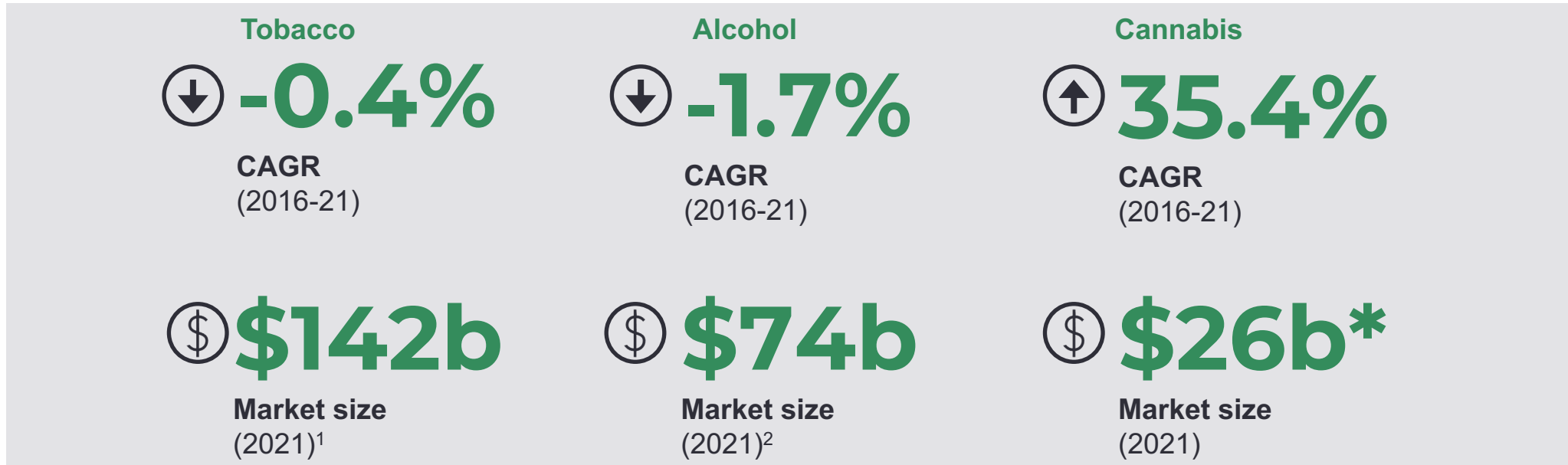
State legalization progress (2022)



- ▶ New Frontier Data predicts the market will grow by 10.7% year over year, reaching \$72b by 2030 (assuming continued expansion of the legal market).
- ▶ As of 2022, 39 states had a medical cannabis framework and 19 states (including DC) had also adopted an adult-use cannabis framework.



# The regulated segment of the cannabis market is smaller than adjacent industries, but shows strong growth with a 35.4% CAGR since 2016



- ▶ A Gallup poll reports that there are more cannabis consumers than tobacco users, and negative growth rates from 2016 to 2021 show that both the tobacco and alcohol industries are in decline.
- ▶ The cannabis industry achieved a sustained growth of 35.4% from 2016 to 2021, despite regulatory limitations and unregulated market forces.

1. IBISWorld US industry report 42494 Cigarette - Tobacco Products Wholesaling in the US.

2. IBISWorld US industry reports 31212 Breweries in the US, 31213 Wineries in the US, OD4611 RTD Mixed Spirit Production in the US, 31214 Distilleries in the US.

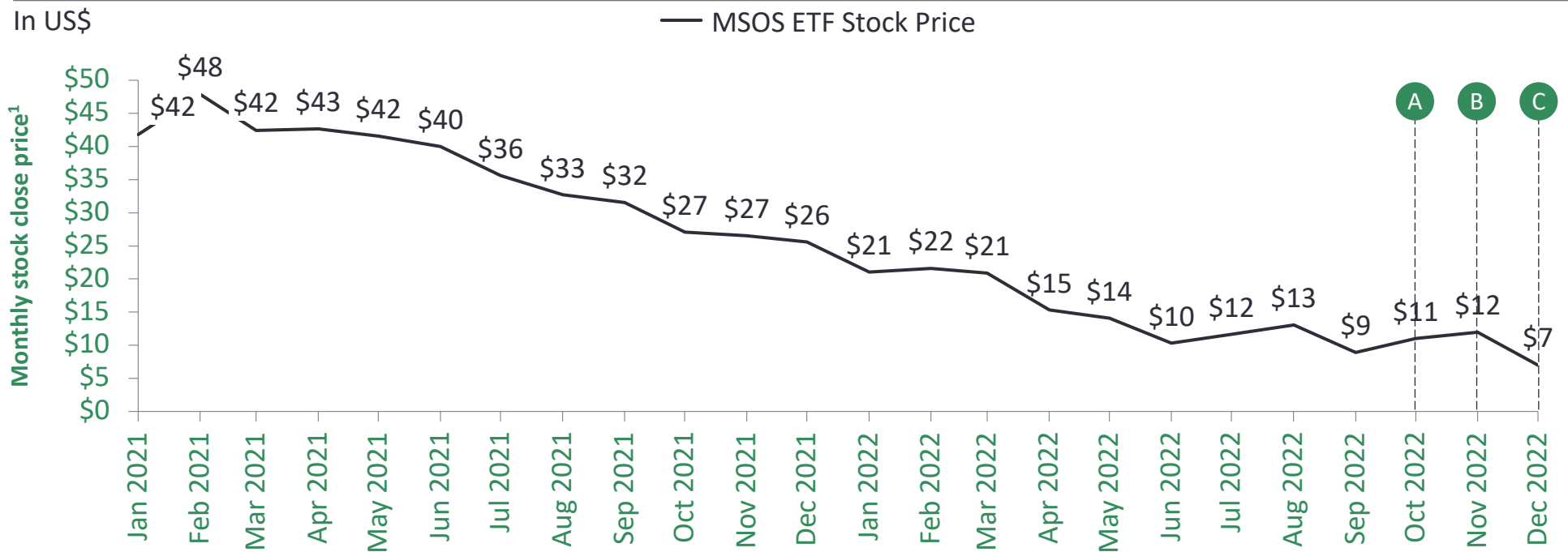
Sources: IBISWorld, New Frontier Data, MjBiz, Gallup, Viridian Capital Advisors and EY analysis.





# Cannabis equity prices declined ~85.5% since the February 2021 peak due to a lack of legislative developments and macroeconomic adjustments

MSOs (leading cannabis ETF) stock performance (2021–22)



**A: Biden's announcement**

On October 6, 2022, US President Joe Biden pardoned all federal cannabis possession charges and called for a review of cannabis scheduling.

**B: FDA warning letters**

In November 2022, the US Food and Drug Administration (FDA) issued warning letters about CBD, labeling it an unsafe food additive and not authorized for interstate commerce.

**C: SAFE Banking**

In December 2022, the SAFE banking provision that would have granted cannabis businesses access to financial services did not pass the US senate.

1. Price represents monthly close price adjusted for splits.

Sources: Yahoo Finance, MJBiz, Viridian Capital Advisors and EY analysis.



2



## North American cannabis M&A activity







# Business verticals forming the “business of cannabis”

Viridian and EY categorize the cannabis industry into 12 sectors that comprise the “business of cannabis.”



## Agriculture technology

Providers of controlled environment agriculture (CEA) and other cultivation technologies



## Infused products & extracts

Companies that extract and refine cannabis oils and develop and sell cannabis-infused foods, drinks, cosmetics and other products



## Biotech/pharma

Companies pursuing clinical development of cannabinoid-based drug candidates through the FDA, the EMA or a similar regulatory body



## Investments/M&A

Financial services firms, investment funds, holding companies and other capital providers targeting the cannabis industry



## Consulting services

Providers of various consulting services, including management, operations, strategy, compliance, licensing and others



## Miscellaneous ancillary

Service or product companies, such as testing laboratories, specialized packaging, branding, labelling companies and cannabis-focused recruitment firms



## Consumption devices

Manufacturers and downstream sellers of various consumption devices, such as vaporizers, rigs, glassware and more



## Psychedelics

Believed to be useful in the management and treatment of a wide range of mental health issues, including addiction, anxiety, depression and distress



## Cultivation & retail

Companies that grow, distribute or sell cannabis or cannabis-derived products



## Real estate

Companies that own, lease, develop or license commercial properties for cannabis operators



## Hemp

Cultivators of hemp, sellers of industrial hemp products and producers of hemp-derived CBD products



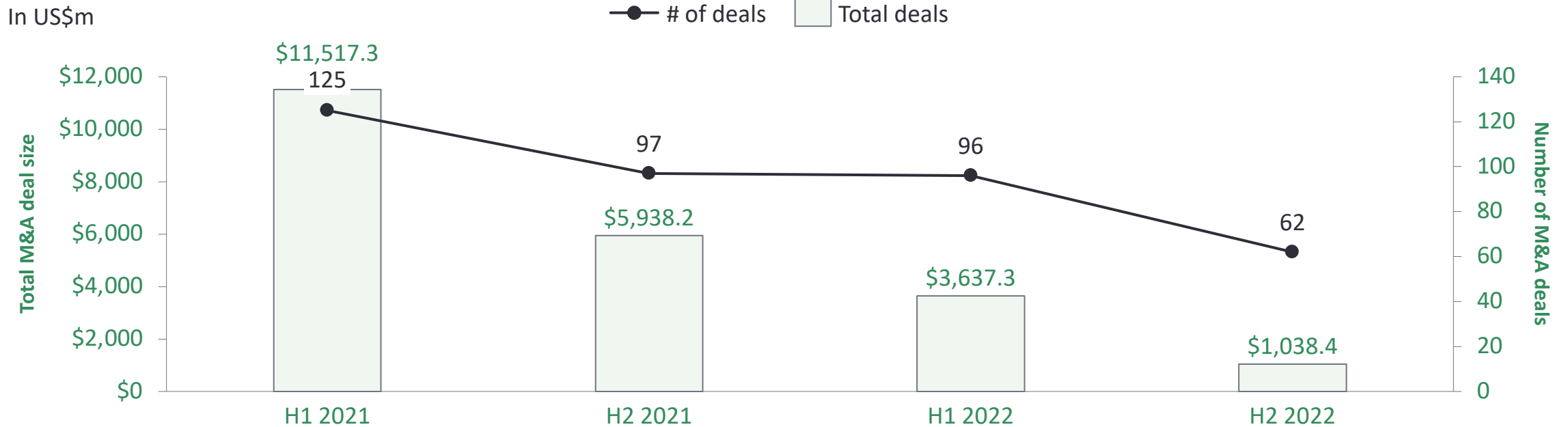
## Software/media

Companies that develop and provide technology, software, data and media solutions, such as seed-to-sale tracking, delivery, enterprise software



# North American M&A activity declined due to macroeconomic headwinds...

Total M&A activity by sector type (2021-2022)

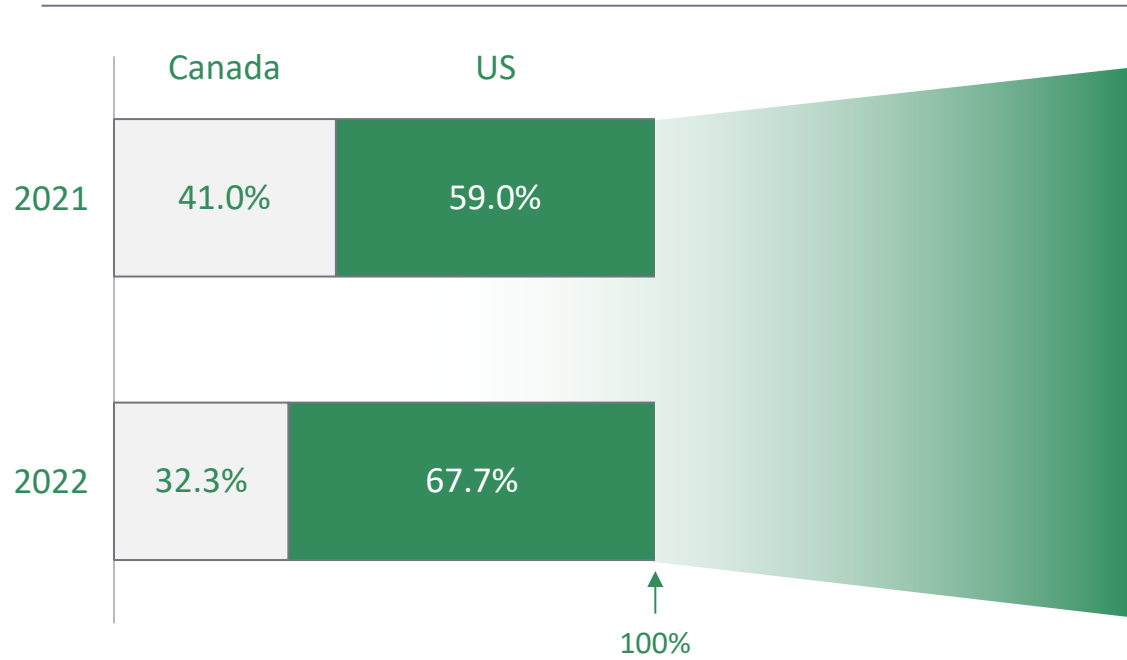


- ▶ M&A deal value decreased sequentially every half-year, from H1 2021 to H2 2022, representing a decline of 91% from H1 2021 to H2 2022.
- ▶ On a full-year basis, M&A deal value decreased by 73% from \$17,455m in 2021 to \$4,676m in 2022, driven by a 29% decline in the number of deals and a 62% decline in average value per deal over that same period.
- ▶ There are other factors causing the decline in M&A activity besides macroeconomic headwinds, including the preference to forgo equity-structured deals to avoid further diluting low stock prices, difficulty accessing financing, and current regulatory restrictions affecting valuations.

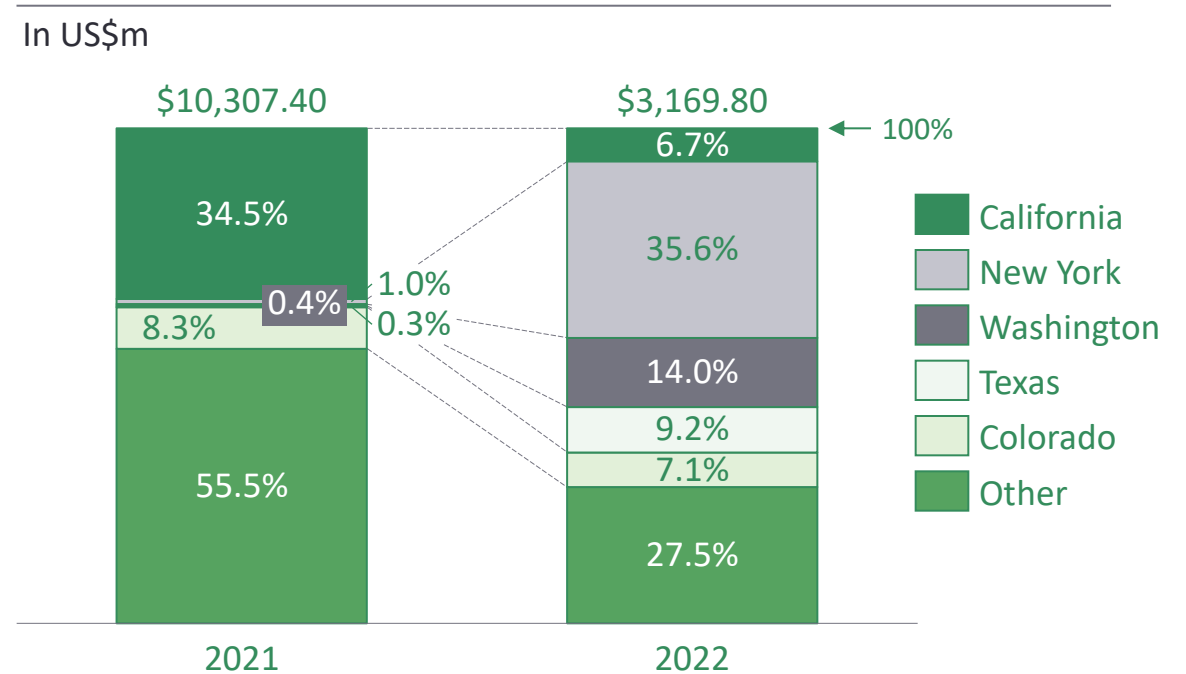


# ... however, M&A activity has sustained momentum in some US states based on regulatory changes, such as legalization and consolidation trends

Total M&A activity in Canada vs. US (2021 & 2022)



M&A activity by US state (2021 & 2022)



- ▶ The US continued to drive the majority of M&A activity in 2022, growing as a percentage of total M&A activity from 59.0% in 2021 to 67.7% in 2022.
- ▶ Major events have led to increases in the share of M&A activity by state (e.g., New York went from 1.0% in 2021 to 35.6% in 2022, and Texas went from 0.3% in 2021 to 9.2% in 2022), whereas more mature markets have experienced declines in the share of total M&A value (e.g., California went from 34.5% in 2021 to 6.7% in H1 2022).

1. "Other" includes Arkansas, Minnesota, Michigan, Pennsylvania, Massachusetts, etc.

Sources: Viridian Capital Advisors, EY analysis.

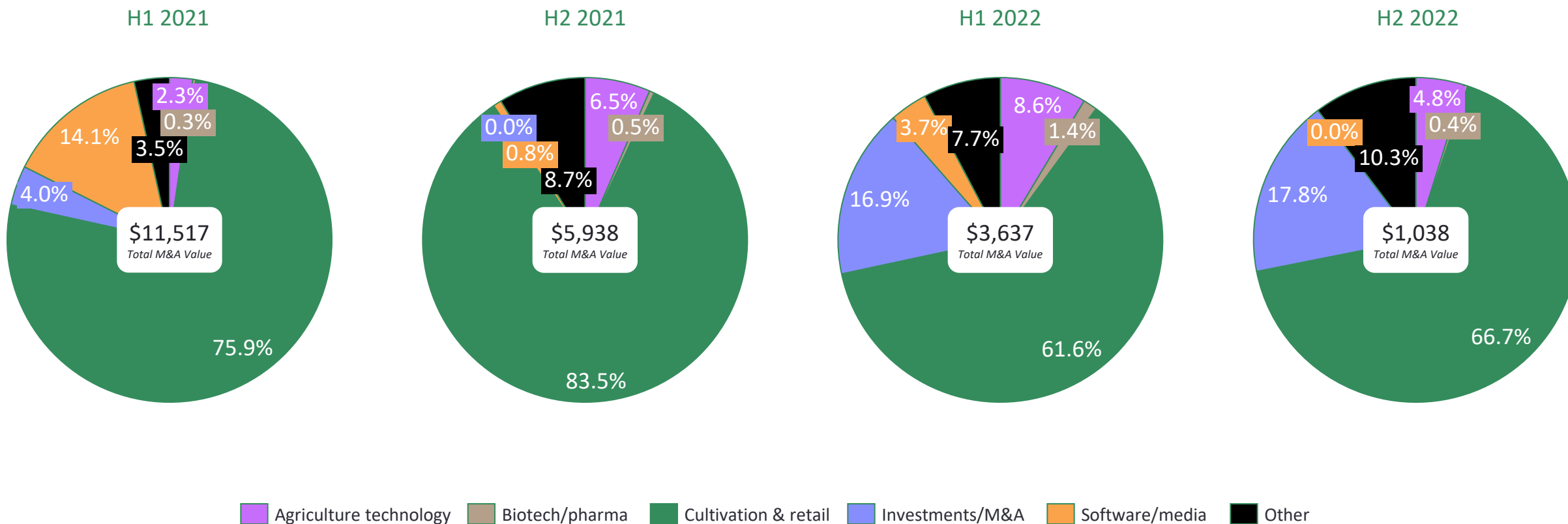




# Cultivation and retail remain the leading sectors for M&A activity, capturing the majority of deals across the cannabis market

Total M&A activity by sector type (H1 2021 – H2 2022)

In US\$m



1. "Other" includes consulting services, consumption devices, hemp, infused products and extracts, biotech/pharma, miscellaneous ancillary, psychedelics.

Sources: Viridian Capital Advisors, EY analysis



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## North American cannabis capital raises & financing



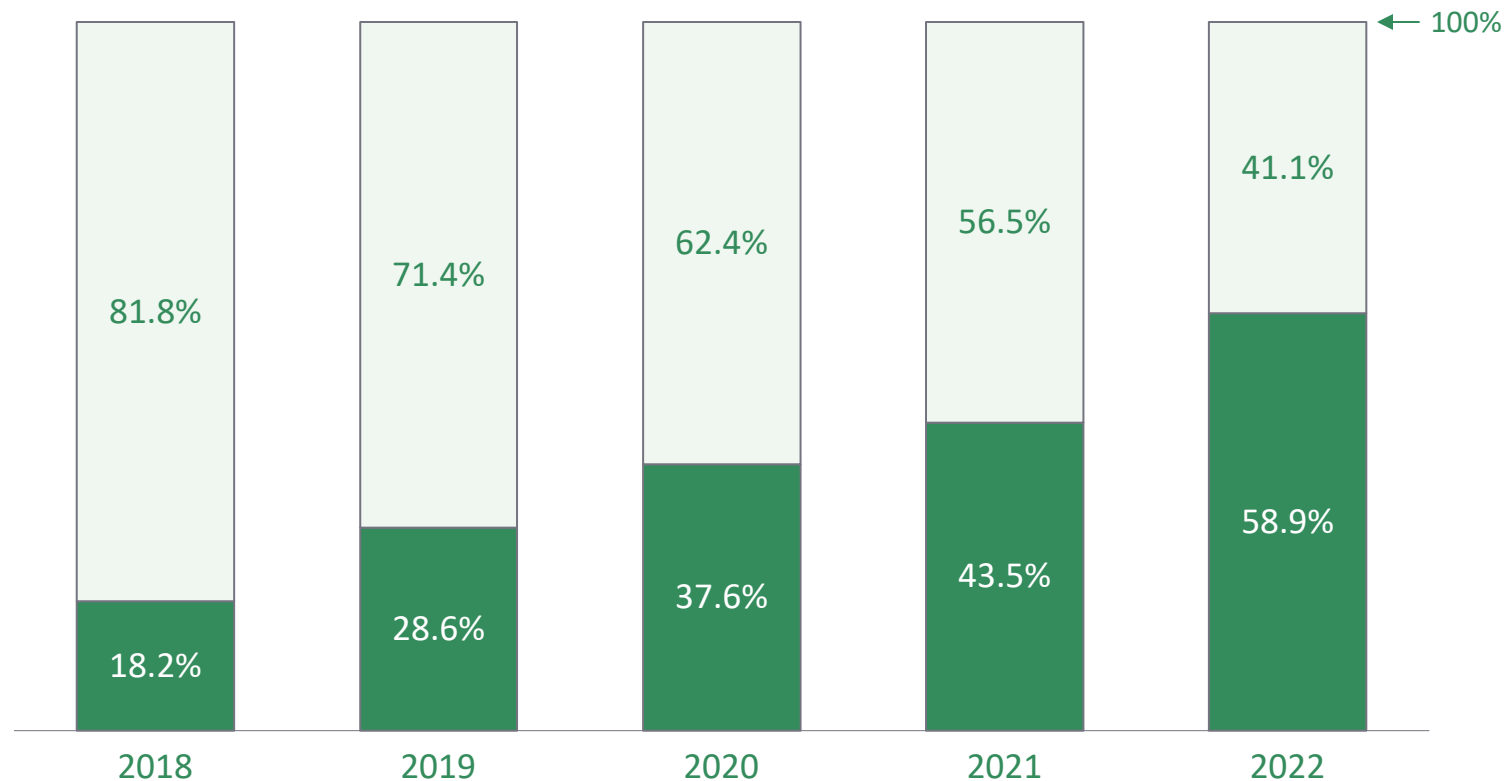


# As the industry continues to mature, debt has become the primary source of growth capital in light of falling equity prices

Equity vs. debt capital raises (2018–22)

In US\$m

Equity raises Debt raises



Sources: Viridian Capital Advisors, EY analysis.

18 – The Cannabis Capital Flow – 2022

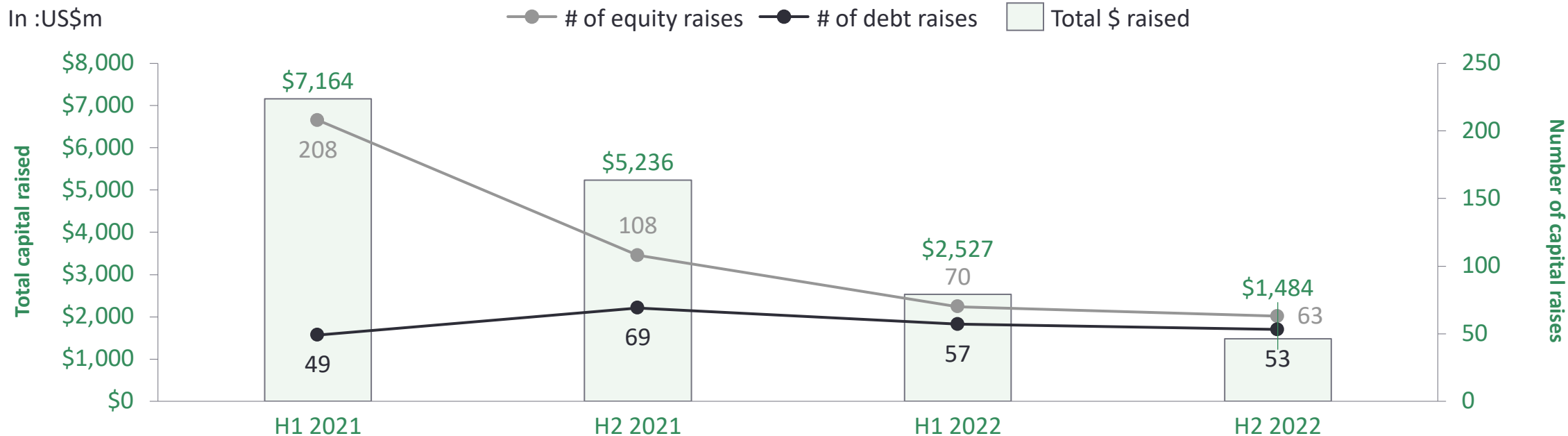
**Scott Greiper**  
President, Viridian

“As a growth industry, cannabis has traditionally attracted growth-oriented equity investors. However, debt financing has become an important source of capital as lenders are drawn to the underlying real estate collateral and visible cash flows of better-performing companies.”



# Macroeconomic conditions and the current regulatory framework have led to the decrease of the size and number of capital raises

Equity vs. debt capital raises: total amount raised and number of raises by type (H1 2021 – H2 2022)

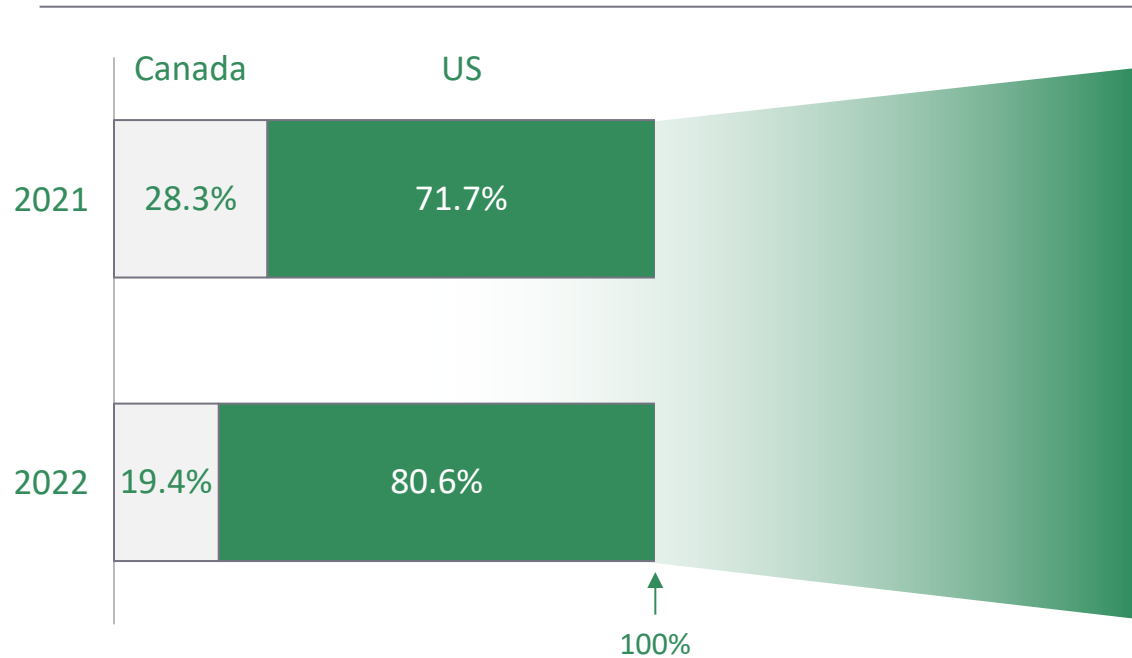


- ▶ Total capital raised decreased sequentially every half-year, from H1 2021 to H2 2022, representing a decline of 79% from H1 2021 to H2 2022.
- ▶ On a full-year basis, total capital raised decreased by 68% from \$12,400m in 2021 to \$4,011m in 2022, including a 58% decline in the number of equity raises and a 7% decline in debt raises over that same period.
- ▶ The average size of equity raises decreased from \$22.17m in 2021 to \$12.40m in 2022 (44% decrease), whereas the average size of debt raises decreased from \$45.72m in 2021 to \$21.48m in 2022.



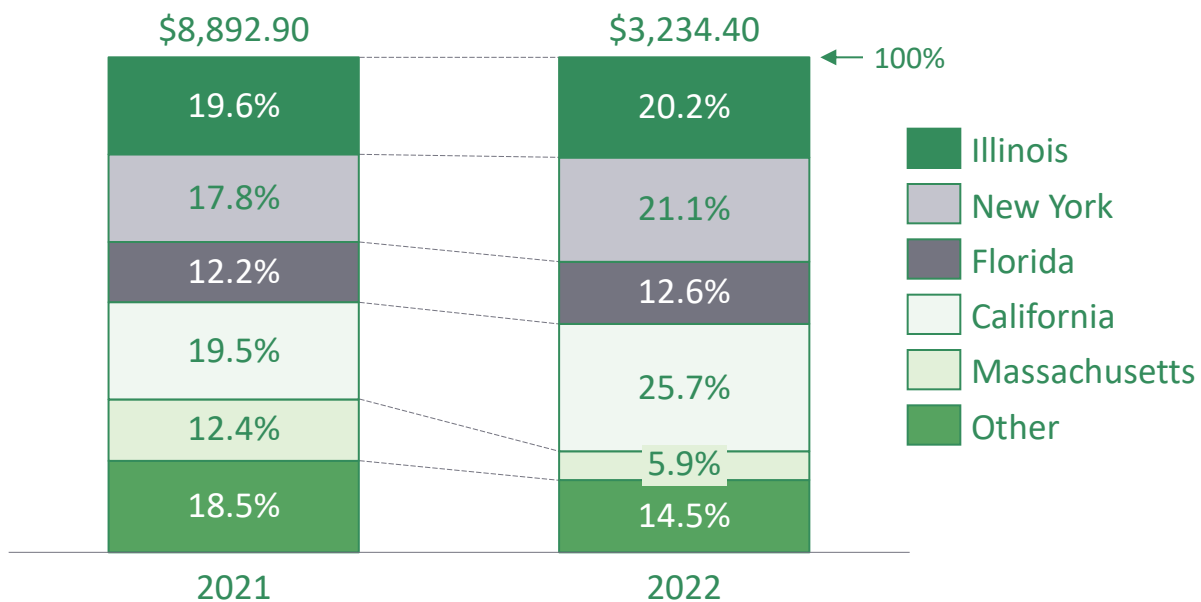
# Despite a decrease in overall capital raises, certain markets, such as California and New York, continue to see strong demand for funding

Total capital raise activity in Canada vs. US (2021 & 2022)



Capital raise activity by US state (2021 & 2022)

In US\$m



- ▶ The US continued to attract the majority of investor capital in 2022, growing as a percentage of total capital raised from 71.7% in 2021 to 80.6% in 2022.
- ▶ Major events have led to increases in the share of capital raising by state (e.g., New York went from 17.8% in 2021 to 21.1% in 2022), whereas more mature markets continue to require capital raises to support operations (e.g., California went from 19.5% in 2021 to 25.7% in 2022).

1. "Other" includes Arkansas, Minnesota, Michigan, Pennsylvania, Massachusetts.

Sources: Viridian Capital Advisors, EY analysis.



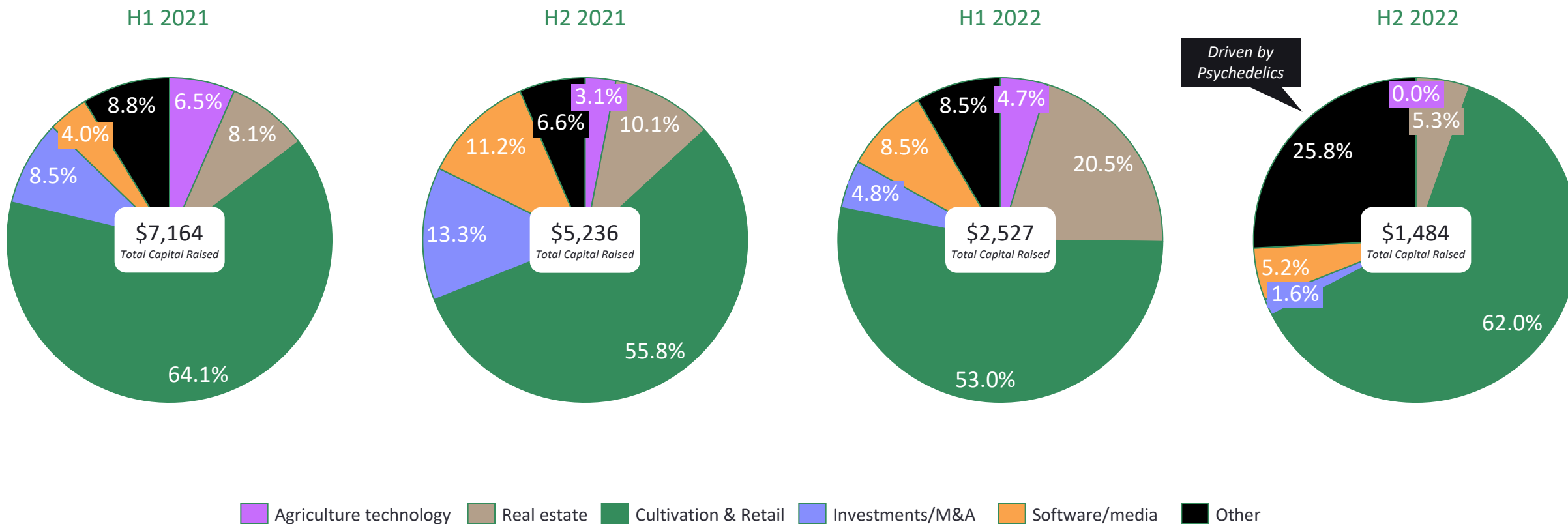




# As capital raises decreased, we continued to see the largest amount of capital directed towards cultivation and retail

Total capital raise activity by sector type (H1 2021 – H1 2022)

In US\$m



1. "Other" includes biotech / pharma, consulting services, consumption devices, hemp, infused products and extracts, miscellaneous ancillary, psychedelics.

Sources: Viridian Capital Advisors, EY analysis.



4



## Appendix

- a) US cannabis market at a glance
- b) North American cannabis M&A activity
- c) North American cannabis capital raises & financing





4a



## Appendix

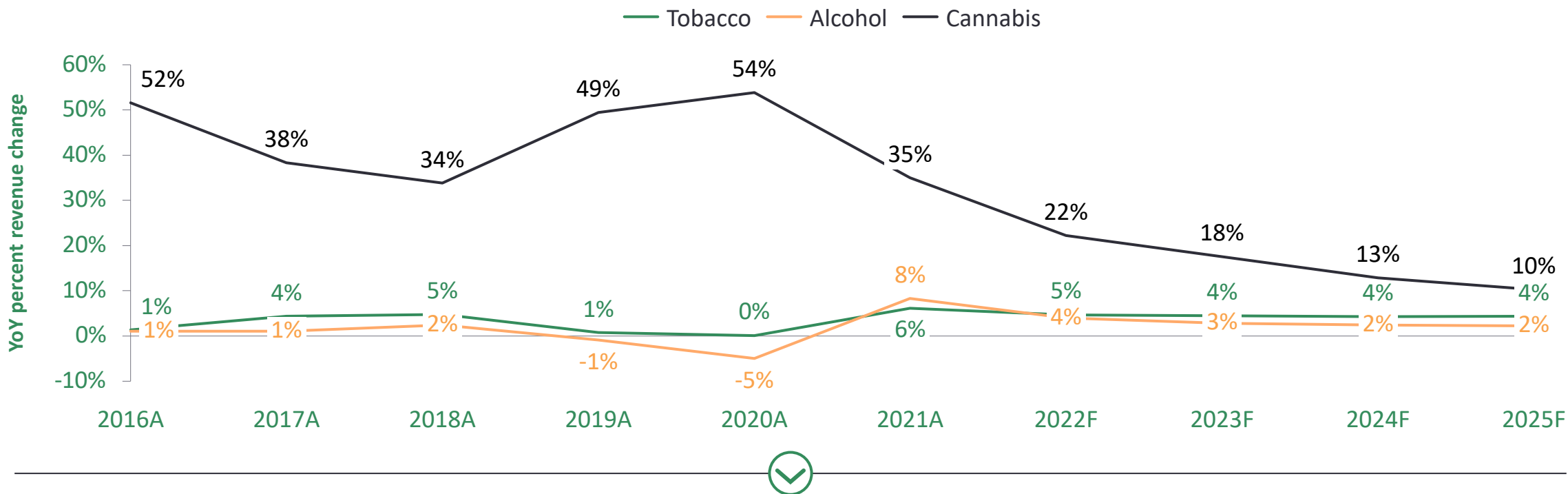
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# Cannabis performance vs. adjacent sectors

Percentage change in annual revenue across cannabis, tobacco<sup>1</sup> and alcohol<sup>2</sup> in the US (2016-25)



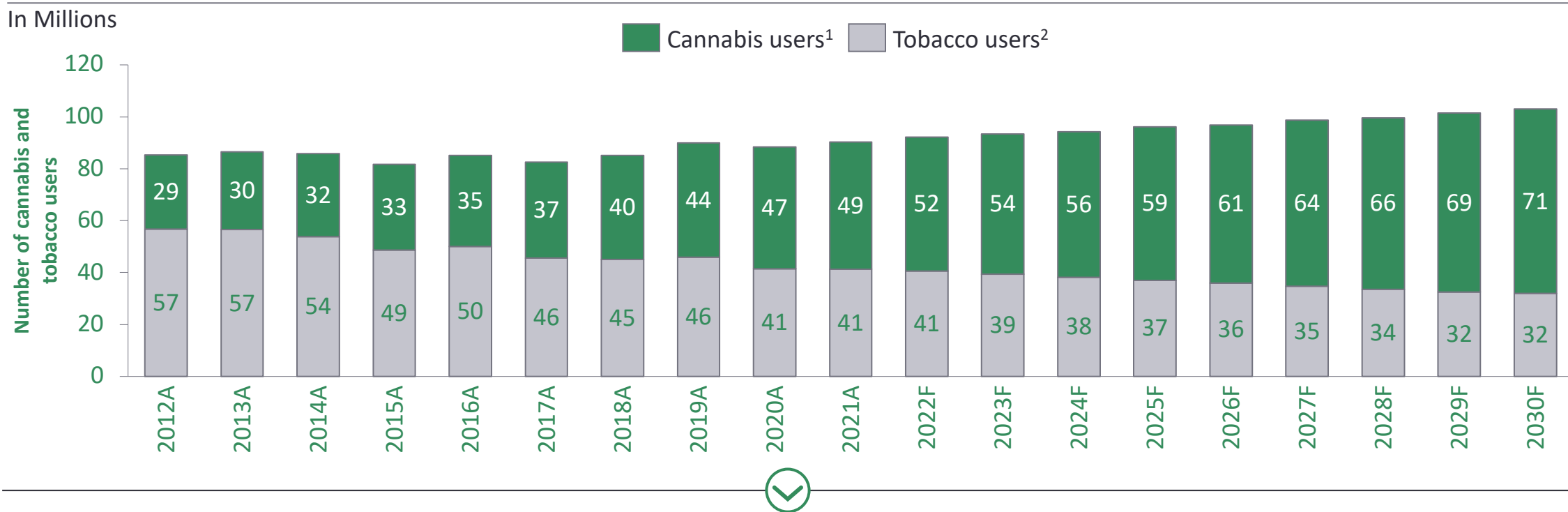
- ▶ The cannabis industry has outperformed adjacent industries (i.e., alcohol and tobacco) and forecasts indicate the faster growth trend will continue.
- ▶ The growth rate for alcohol and tobacco is expected to stay between 2%-4%, whereas cannabis is expected to grow at 10% from 2024 to 2025.

1. IBISWorld US industry report 42494 Cigarette - Tobacco Products Wholesaling in the US.  
 2. IBISWorld US industry reports 31212 Breweries in the US, 31213 Wineries in the US, OD4611 RTD Mixed Spirit Production in the US, 31214 Distilleries in the US.  
 Sources: IBISWorld, MJBiz, Viridian Capital Advisors and EY analysis.



# Consumption trends in the cannabis industry vs. adjacent sectors

Number of cannabis and tobacco users in the US (2012–30)



- ▶ As of 2020, there were more cannabis users than tobacco users in the US.
- ▶ The number of cannabis users is expected to grow to 71m by 2030 (21% of the population), while the number of tobacco users is expected to decline further and reach 32m by 2030.

1. New Frontier Data defines a cannabis user as an individual who has consumed cannabis, in any format, in the last 12 months.

2. IBISWorld uses the CDC definition of tobacco smoker, which refers to an adult who has smoked 100 cigarettes in his or her lifetime and who currently smokes cigarettes.

Sources: New Frontier Data, IBISWorld, Gallup, Viridian Capital Advisors and EY analysis.

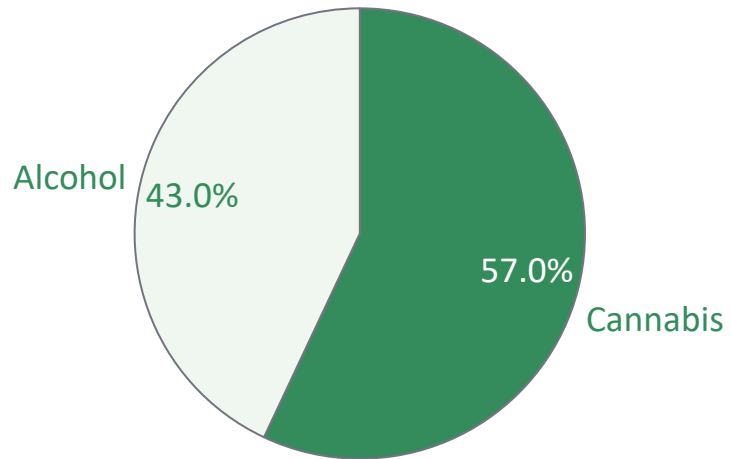




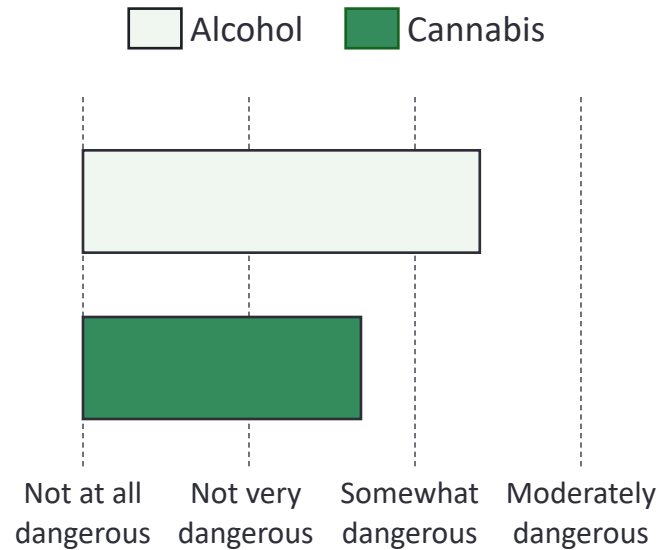


# Perception of the cannabis industry vs. adjacent sectors

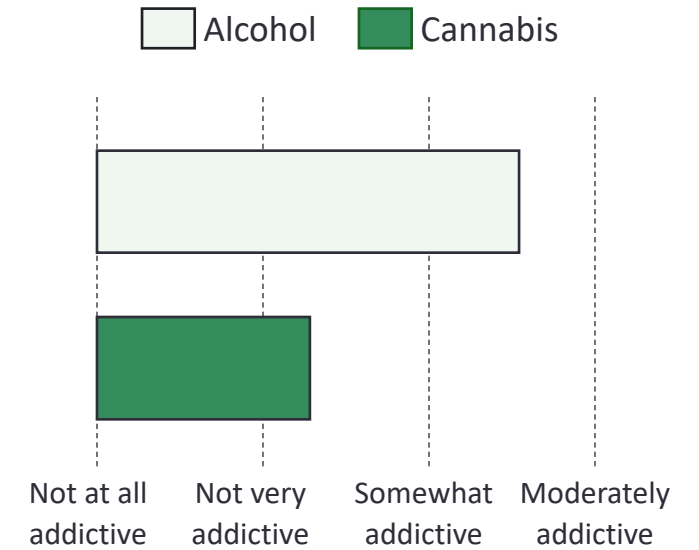
Preference for legalization of alcohol vs. cannabis



Perceived danger of alcohol vs. cannabis



Perceived addictiveness of alcohol vs. cannabis



- ▶ Based on a survey conducted by American Addiction Centers (AAC), if only one substance could be legal between alcohol and cannabis, the majority (57%) of respondents would choose cannabis.
- ▶ The survey also revealed that alcohol is perceived to be a more dangerous and more addictive substance than cannabis.

4b



## Appendix

- a) US cannabis market at a glance
- b) North American cannabis M&A activity
- c) North American cannabis capital raises & financing



# M&A activity by target sector

US\$m

Sector	H1 2021	H2 2021	2021	H1 2022	H2 2022	2022
<b>Agriculture technology</b>	\$265.0	\$387.1	\$652.1	\$314.1	\$50.0	\$364.1
<b>Biotech/pharma</b>	\$35.4	\$29.3	\$64.7	\$51.2	\$3.8	\$55.0
<b>Consulting services</b>	\$9.5	-	\$9.5	\$10.0	\$31.9	\$41.9
<b>Consumption devices</b>	\$8.0	\$187.6	\$195.6	-	-	-
<b>Cultivation &amp; retail</b>	\$8,736.4	\$4,957.1	\$13,693.5	\$2,240.2	\$692.6	\$2,932.8
<b>Hemp</b>	\$182.5	\$207.5	\$390.0	\$89.2	\$3.8	\$93.0
<b>Infused products &amp; extracts</b>	\$155.5	\$9.9	\$165.4	\$151.6	\$25.8	\$177.4
<b>Investments/M&amp;A</b>	\$456.5	-	\$456.5	\$614.6	\$185.0	\$799.6
<b>Miscellaneous ancillary</b>	\$11.0	-	\$11.0	-	\$12.2	\$12.2
<b>Physical security</b>	\$37.2	\$108.0	\$145.2	-	-	-
<b>Psychedelics</b>	-	-	\$0.0	\$22.0	\$9.7	\$31.7
<b>Real estate</b>	-	\$2.0	\$2.0	\$8.1	\$23.5	\$31.6
<b>Software/media</b>	\$1,620.2	\$49.6	\$1,669.8	\$136.3	-	\$136.3
<b>Total M&amp;A activity (North America)</b>	\$11,517.2	\$5,938.2	\$17,455.4	\$3,637.3	\$1,038.4	\$4,675.7



# M&A activity by location

US\$m

State	H1 2021	H2 2021	2021	H1 2022	H2 2022	2022
Washington	\$32.2	\$7.5	\$39.7	\$443.7	-	\$443.7
Colorado	\$369.7	\$487.6	\$857.3	\$188.3	\$221.2	\$409.5
New York	\$42.5	\$62.7	\$105.2	\$296.0	\$48.4	\$344.4
Nevada	\$220.7	\$94.3	\$315.0	\$109.8	\$209.9	\$319.7
Arizona	\$294.0	\$1,431.2	\$1,725.2	\$317.4	\$0.8	\$318.1
Texas	\$27.6	-	\$27.6	\$284.0	\$6.1	\$290.1
Florida	\$722.9	\$56.9	\$779.8	\$188.6	\$86.0	\$274.6
California	\$2,886.5	\$670.7	\$3,557.2	\$134.1	\$77.6	\$211.6
Pennsylvania	\$418.8	\$502.0	\$920.8	\$108.2	\$59.0	\$167.2
Massachusetts	\$60.3	\$259.2	\$319.5	\$105.6	\$21.5	\$127.1
Other	\$443.6	\$1,216.7	\$1,660.3	\$201.8	\$62.0	\$263.8
<b>Total M&amp;A Activity (US)</b>	<b>\$5,518.6</b>	<b>\$4,788.8</b>	<b>\$10,307.4</b>	<b>\$2,377.3</b>	<b>\$792.5</b>	<b>\$3,169.8</b>



# M&A activity by deal size

US\$m

Size	H1 2021	H2 2021	2021	H1 2022	H2 2022	2022
Less than \$25m or not disclosed	\$226.8	\$144.5	\$371.3	\$124.5	\$90.0	\$214.5
\$25m - \$100m	\$1,680.8	\$1,812.6	\$3,493.4	\$967.9	\$427.4	\$1,395.3
\$100m - \$500m	\$3,089.7	\$1,836.5	\$4,926.2	\$2,544.9	\$521.0	\$3,065.9
Over \$500m	\$6,519.9	\$2,144.5	\$8,664.4	-	-	-
<b>Total transaction value (North America)</b>	<b>\$11,517.2</b>	<b>\$5,938.2</b>	<b>\$17,455.4</b>	<b>\$3,637.3</b>	<b>\$1,038.4</b>	<b>\$4,675.7</b>





# M&A activity

## H1 2022



US\$m

Buyer/acquirer	Acquirer						Target					
	Public/private	Ticker	Sector	Country	Date	Transaction type	Target	Public/private	Ticker	Sector	Country	Transaction value
<b>Sundial Growers Inc.</b>	Public	SNDL - Nasdaq	Cultivation & retail	Canada	3/31/2022	Acquisition	Alcanna	Public	CLIQ – TSX	Cultivation & Retail	Canada	\$453.4
<b>Merida Merger Corp. I</b>	Public	MCMJ- Nasdaq	Investments/ M&A	US	2/4/2022	Reverse takeover	Leafly Holdings, Inc.	Private	-	Software / Media	US	\$443.7
<b>TerrAscend Corp.</b>	Public	TER - CSE	Cultivation & retail	US	3/10/2022	Acquisition	Gage Growth Corp. Fluence	Public	GAGE – CSE	Cultivation & Retail	Canada	\$337.9
<b>Signify N.V.</b>	Public	LIGHT – ENXTAM	Investments/ M&A	Netherlands	5/2/2022	Acquisition	Bioengineering, Inc.	Private	-	Agriculture Technology	US	\$272.0
<b>RIV Capital Inc.</b>	Public	RIV - CNSX	Investments/ M&A	Canada	4/21/2022	Acquisition	Etain, LLC	Private	-	Cultivation & Retail	US	\$247.0
<b>Curaleaf Holdings, Inc.</b>	Public	CURA - CSE	Cultivation & retail	US	1/19/2022	Acquisition	Bloom Dispensaries	Private	-	Cultivation & Retail	US	\$211.0
<b>Tilray, Inc.</b>	Public	TLRY - Nasdaq	Cultivation & retail	Canada	3/3/2022	Acquisition	Hexo Corp.	Public	HEXO - Nasdaq	Cultivation & Retail	Canada	\$200.5
<b>Tuatara Capital Acquisitions Corp.</b>	Private	-	Investments/ M&A	US	6/14/2022	Reverse takeover	Springbig, Inc.	Private	-	Software / Media	US	\$155.6
<b>Emerald X, LLC</b>	Private	-	Non-cannabis-related	US	1/3/2022	Acquisition	MJBiz	Private	-	Software / Media	US	\$120.0
<b>Harborside</b>	Public	HBOR - CSE	Cultivation & retail	US	4/5/2022	Acquisition	Loudpack Inc. and UL Holdings Inc.	Private	-	Cultivation & Retail	US	\$103.9

Source: Viridian Capital Advisors, EY analysis



# M&A activity

## H2 2022



US\$m

Buyer/Acquirer	Acquirer						Target					
	Public/Private	Ticker	Sector	Country	Date	Transaction Type	Target	Public/Private	Ticker	Sector	Country	Transaction Value
<b>Northern Lights Acquisition Corp.</b>	Public	NLIT - Nasdaq	Investments/M&A	USA	9/27/2022	Reverse Takeover	Safe Harbor Financial, LLC	Private	-	Consulting Services	USA	\$185.0
<b>Curaleaf Holdings, Inc.</b>	Public	CURA - CSE	Cultivation & Retail	USA	10/5/2022	Acquisition	Tryke Companies	Private	-	Cultivation & Retail	USA	\$181.0
<b>Tilray Brands</b>	Public	TLRY - Nasdaq	Cultivation & Retail	USA	7/12/2022	Strategic Investment	HEXO Corp.	Public	HEXO - Nasdaq	Cultivation & Retail	Canada	\$155.0
<b>Green Sentry Holdings, LLC</b>	Private	-	Cultivation & Retail	USA	8/26/2022	Acquisition of Assets	Substantially All Assets of MedMen's Florida Operations	Private	-	Cultivation & Retail	USA	\$67.0
<b>RIV Capital Inc.</b>	Public	RIV - CNSX	Investments/M&A	Canada	12/15/2022	Acquisition	Etain, LLC	Private	-	Cultivation & Retail	USA	\$48.4
<b>Aurora Cannabis Inc.</b>	Public	ACB - Nasdaq	Cultivation & Retail	Canada	8/25/2022	Acquisition of 50.1% Stake	Bevo Agtech Inc.	Private	-	Agriculture Technology	Canada	\$43.9
<b>TPCO Holding Corp.</b>	Public	GRAM.F - OTCfPK	Cultivation & Retail	USA	11/14/2022	Acquisition	Coastal Holding Company, LLC	Private	-	Cultivation & Retail	USA	\$41.7
<b>SHF Holdings, Inc.</b>	Public	SHFS - Nasdaq	Investments/M&A	USA	11/16/2022	Acquisition	Abaca	Private	-	Consulting	USA	\$30.0
<b>TerrAscend Corp.</b>	Public	TER - CSE	Cultivation & Retail	USA	8/24/2022	Sale-Leaseback	KISA Enterprises MI, LLC/KISA Holdings, LLC	Private	-	Cultivation & Retail	USA	\$28.5
<b>Bloomios, Inc.</b>	Public	BLMS - OTC	Hemp	USA	10/27/2022	Acquisition	Infusionz, LLC	Private	-	Infused Products & Extracts	USA	\$23.5

Sources: Viridian Capital Advisors, EY analysis.



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## Appendix

- a) US cannabis market at a glance
- b) North American cannabis M&A activity
- c) North American cannabis capital raises & financing





# Debt Financing's Dominance in Cannabis

US\$m

Capital raises – Equity raises	H1 2021	H2 2021	2021	H1 2022	H2 2022	2022
# Raises	208	108	316	70	62	132
\$Amount	\$5,190.5	\$1,813.6	\$7,004.2	\$1,198.1	\$451.2	\$1,649.3
% Amount	72%	35%	56%	47%	30%	41%

Capital raises – Debt raises	H1 2021	H2 2021	2021	H1 2022	H2 2022	2022
# Raises	49	69	118	57	53	110
\$Amount	\$1,973.4	\$3,422.5	\$5,395.9	\$1,329.0	\$1,033.1	\$2,362.1
% Amount	28%	65%	44%	53%	70%	59%



# Capital raises by sector

US\$m

Sector	H1 2021	H2 2021	2021	H1 2022	H2 2022	2022
<b>Agriculture technology</b>	\$468.3	\$160.0	\$628.3	\$119.6	\$0.6	\$120.2
<b>Biotech/pharma</b>	\$142.4	\$79.0	\$221.4	\$60.6	\$88.1	\$148.7
<b>Consulting services</b>	-	\$20.0	\$20.0	-	-	-
<b>Consumption devices</b>	\$4.2	\$44.0	\$48.2	-	\$22.5	\$22.5
<b>Cultivation &amp; retail</b>	\$4,591.1	\$2,923.0	\$7,514.1	\$1,339.5	\$920.3	\$2,259.8
<b>Hemp</b>	\$153.9	\$70.0	\$223.9	\$60.5	\$61.7	\$122.2
<b>Infused products &amp; extracts</b>	\$269.2	\$78.0	\$347.2	\$85.6	\$17.0	\$102.6
<b>Investments/M&amp;A</b>	\$609.4	\$694.0	\$1,303.4	\$121.4	\$24.4	\$145.8
<b>Miscellaneous ancillary</b>	\$18.9	\$53.0	\$71.9	-	-	-
<b>Physical security</b>	-	-	-	-	-	-
<b>Psychedelics</b>	\$39.2	-	\$39.2	\$7.9	\$193.8	\$201.7
<b>Real estate</b>	\$580.6	\$529.0	\$1,109.6	\$516.8	\$79.0	\$595.8
<b>Software/media</b>	\$286.7	\$587.0	\$873.7	\$215.2	\$76.9	\$292.1
<b>Total capital raised (North America)</b>	\$7,163.9	\$5,236.1	\$12,400.0	\$2,527.1	\$1,484.3	\$4,011.4





# Capital raises by location

In Millions USD

State	H1 2021	H2 2021	2021	H1 2022	H2 2022	2022
Illinois	\$988.2	\$752.1	\$1,740.3	\$215.1	\$437.5	\$652.6
New York	\$1,030.1	\$549.8	\$1,579.9	\$466.0	\$216.2	\$682.2
Florida	\$458.7	\$623.9	\$1,082.6	\$235.8	\$172.2	\$408.0
California	\$875.0	\$863.2	\$1,738.2	\$698.1	\$133.9	\$832.0
Massachusetts	\$621.6	\$483.7	\$1,105.3	\$97.4	\$92.0	\$189.4
Colorado	\$161.0	\$130.0	\$291.0	\$78.4	\$88.9	\$167.3
Michigan	\$50.0	\$123.0	\$173.0	\$48.0	\$32.3	\$80.3
Arizona	\$1.3	\$19.0	\$20.3	\$0.0	\$28.1	\$28.1
Washington, DC	\$0.0	\$0.0	\$0.0	\$0.0	\$5.0	\$5.0
Nevada	\$56.9	\$4.4	\$61.3	\$2.3	\$2.0	\$4.3
Other	\$565.5	\$535.4	\$1,100.9	\$183.8	\$1.5	\$185.3
<b>Total M&amp;A activity (US)</b>	<b>\$4,808.3</b>	<b>\$4,084.6</b>	<b>\$8,892.9</b>	<b>\$2,024.9</b>	<b>\$1,209.5</b>	<b>\$3,234.4</b>



# Capital raises by deal size

US\$m

Size	H1 2021	H2 2021	2021	H1 2022	H2 2022	2022
Less than \$10m	\$434.2	\$242.5	\$676.7	\$165.3	\$167.4	\$332.7
\$10m - \$25m	\$734.2	\$460.4	\$1,194.6	\$265.2	\$345.2	\$610.4
\$25m - \$100m	\$1,585.1	\$816.0	\$2,401.1	\$1,124.2	\$621.7	\$1,745.9
Over \$100m	\$4,410.5	\$3,717.3	\$8,127.8	\$972.5	\$350.0	\$1,322.5
<b>Total capital raised (North America)</b>	<b>\$7,163.9</b>	<b>\$5,236.1</b>	<b>\$12,400.0</b>	<b>\$2,527.1</b>	<b>\$1,484.3</b>	<b>\$4,011.4</b>



# Capital raise activity

## H1 2022



US\$m

### Top 5 equity raises

	Public/private	Ticker	Sector	Country	Date	Transaction type	Transaction value
<b>Innovative Industrial Properties</b>	Public	IIPR – NYSE	Real estate	US	4/6/2022	Follow-on equity offering	\$345.0
<b>Aurora Cannabis</b>	Public	ACB – Nasdaq	Cultivation & retail	Canada	5/27/2022	Bought deal units offering	\$172.5
<b>Silver Spike Investment Corp.</b>	Public	SSIC – Nasdaq	Investments / M&A	US	2/4/2022	Initial public offering	\$85.0
<b>Lev, Inc.</b>	Private	-	Software / media	US	5/5/2022	Series B funding round	\$70.0
<b>AFC Gamma, Inc.</b>	Public	AFCG – Nasdaq	Real estate	US	1/5/2022	Follow-on equity offering	\$61.5
<b>Good Day Farm Arkansas, LLC</b>	Private	-	Cultivation & retail	Hemp	3/22/2022	Venture funding round	\$56.1

### Top 5 debt raises

	Public/Private	Ticker	Sector	Country	Date	Transaction type	Transaction value
<b>Columbia Care Inc.</b>	Public	CCHW – CSE	Cultivation & Retail	USA	2/2/2022	Private Placement	\$185.0
<b>Shryne Group</b>	Private	-	Cultivation & Retail	USA	6/2/2022	Senior Secured Term Loan	\$170.0
<b>Verano Holdings Corp.</b>	Public	VRNO – CSE	Cultivation & Retail	USA	3/1/2022	Upsized Credit Facility	\$100.0
<b>Trulieve Cannabis Corp.</b>	Public	TRUL – CSE	Cultivation & Retail	USA	1/28/2022	Private Placement	\$75.0
<b>Agrify Corporation</b>	Public	AGFY – Nasdaq	Agriculture Technology	USA	3/14/2022	Senior Secured Promissory Note	\$65.0
<b>AFC Gamma, Inc.</b>	Public	AFCG – Nasdaq	Real Estate	USA	5/2/2022	Senior Secured Revolving Credit Facility	\$60.0



# Capital raise activity

## H2 2022



US\$m

### Top 5 equity raises

	Public/private	Ticker	Sector	Country	Date	Transaction type	Transaction value
<b>Lusaris Therapeutics</b>	Private	-	Psychedelics	US	11/2/2022	Series A funding round	\$60.0
<b>Alleaves Incorporated</b>	Private	-	Software/media	US	7/19/2022	Series A funding round	\$40.0
<b>HEXO Corp.</b>	Public	HEXO - Nasdaq	Cultivation & retail	Canada	7/12/2022	Follow-on equity offering	\$40.0
<b>Gilgamesh Pharmaceuticals, Inc.</b>	Private	-	Psychedelics	US	12/19/2022	Series B funding round	\$39.0
<b>22nd Century Group, Inc.</b>	Public	XXII - Nasdaq	Biotech/pharma	US	7/30/2022	Registered direct offering	\$35.0

### Top 5 debt raises

	Public/private	Ticker	Sector	Country	Date	Transaction type	Transaction value
<b>Verano Holdings Corp.</b>	Public	VRNO - CSE	Cultivation & retail	US	10/27/2022	Refinanced credit facility	\$350.0
<b>Charlotte's Web Holdings, Inc.</b>	Public	CWEB - TSXV	Hemp	US	11/15/2022	Private placement of unsecured convertible debentures	\$56.7
<b>Trulieve Cannabis Corp.</b>	Public	TRUL - CSE	Cultivation & retail	US	12/21/2022	Commercial secured loan	\$71.5
<b>Jushi Holdings Inc.</b>	Public	JUSH - CSE	Cultivation & retail	Canada	12/8/2022	Private placement	\$69.0
<b>NewLake Capital Partners, Inc.</b>	Public	NLCP - OTCQX	Real estate	US	8/2/2022	Upsized credit facility	\$60.0

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