

Verano Valued At \$2.8B In Go-Public Merger

By Jack Queen

Law360 (December 15, 2020, 5:57 PM EST) -- Multistate cannabis operator Verano Holdings LLC said Tuesday it will go public at a \$2.8 billion valuation through a reverse takeover of a Canadian shell company, a deal that would coincide with a stock offering to raise up to \$100 million.

Illinois-based Verano said the deal will include the closing of its merger with Florida-based operator AltMed announced last month. That transaction, which is another sign of brightening capital markets in the marijuana industry, will cement Verano as one of the three largest cannabis companies in the U.S., with 48 retail locations in 14 states.

The company that will emerge from the reverse takeover of Majesta Minerals Inc. — Verano Holdings Corp. — will pay AltMed shareholders a total of \$35 million in cash installments, according to a press release. It will also look to sell between \$50 million and \$100 million worth of stock in a concurrent offering.

The deal comes on the heels of cannabis advertising and tech company Weedmaps' \$1.5 billion go-public transaction with a blank check company last week.

Burns & Levinson LLP partner Frank A. Segall, who was not involved in the deals but works extensively in cannabis financing, told Law360 that the transactions indicate public marijuana equity markets have rebounded from a prolonged drought that began last year.

"Markets go down and markets come back, and cannabis stocks have come back in a big way," he said. "It's creating that euphoria to tap into big markets again."

Verano's canceled acquisition of multistate operator Harvest Health & Recreation in March was one of several casualties of the marijuana bear market that began in 2019, which slashed sticker prices that were based largely on equity. When announced last year, that deal valued Verano at \$850 million.

Verano and AltMed on Tuesday said they will continue developing products for the "discerning high-end customer" and touted both companies' premium brands in the medical and lifestyle cannabis products sector.

Verano CEO George Archos said in a statement Tuesday that the "transformative" combination with AltMed and the go-public transaction will accelerate his company's path to profitability.

"Becoming a public company will give us access to capital to execute our long-term strategy of expanding into limited-license, high-growth markets and scaling both our wholesale and retail operations into new and existing markets," he said.

--Editing by Adam LoBelia.

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