
PROPRIETARY

SLANG Worldwide closing in on Colorado deal, looking at targets in Oregon, execs say

24 SEP 2020

SLANG Worldwide [CNSX:SLNG] [OTCQB:SLGWF], a Toronto, Ontario-based cannabis packaged goods company, is in talks to acquire Carbondale, Colorado-based Pleasant Valley Ranch, said CEO Chris Driessen and general counsel/COO John Moynan.

The deal will be announced "imminently," both said. Pleasant Valley, which has indoor and outdoor growing facilities, Driessen noted. SLANG is currently Pleasant Valley's landlord, he added. ²After SLANG closes on the ranch and two other acquisitions, the company will have between CAD 50m (USD 37.35m) to CAD 60m (USD 44.8m) in annual revenue, Driessen projected.

The company is seeking similar facilities in Oregon, that can grow around 10,000 cannabis plants, Driessen added. Pleasant Valley currently has the capacity to grow 3,600 plants, with plans to double next year and incrementally increase from there.

In early September, the company announced it acquired Denver-based Peoria Partners, a cannabis products manufacturer and distributor. It also expects to close soon on the acquisition of LBA Global Corporation and its brand portfolio Lunchbox Alchemy, which was announced in May 2019.

SLANG recently received approval from the Oregon Liquor Control Commission for the LBA deal and the Colorado Department of Revenue's Marijuana Enforcement Division also recently approved the company's application for suitability.

Moynan and Driessen said that past and future M&A activity are part of a plan to consolidate SLANG's supply chain in its core markets of Colorado and Oregon. It wants to be vertically integrated in both states, up to the retail level. The executives said the company has no plans to acquire or open retail locations.

SLANG currently owns six brands, which are all infused cannabis products like vapes and edibles. Driessen said that while the company isn't seeking any more brands, it would look at all acquisition opportunities that come its way.

"I never say no to an M&A conversation," he maintained.

Outside of Colorado and Oregon, SLANG has partnerships with companies to manufacture and distribute its brands. It also offers consulting services to many of those partners. Currently, SLANG's products are sold at over 2,600 dispensaries in 12 US states, Canada, Jamaica and Puerto Rico, Driessen said.

It has licensing and distribution agreements with Cookies and Strain Hunters, to sell those companies' cannabis flower products in Colorado and Oregon and Canada, respectively, he noted.

In March, when restrictions to combat the coronavirus pandemic took hold, SLANG saw a significant decrease in revenue for a few weeks, Driessen acknowledged. Many of its retail partners are in tourism-heavy areas of Colorado and when resorts closed, traffic there declined sharply, he added. Sales rebounded in June, however, and in July and August were up more than 40% compared to the same period in 2019, he said.

SLANG has used Philadelphia-based Ballard Spahr and Dentons' Toronto office for legal advice on M&A, Moynan said. The company has worked with and maintains relationships with several investment banks, he added.

SLANG's market cap is about USD 27.7m.

by Alan Burdziak

Grade: Confirmed

BIDDERS

[SLANG Worldwide Inc.](#)

Lawyer

[Ballard Spahr LLP](#)

[Dentons](#)

Countries

Canada

USA

States

Colorado (CO)

Ontario

Sectors

Agriculture

Consumer: Other

Consumer: Retail

Sub-Sectors

Chemists/health
Crop cultivation
Manufacture and
supply of other
consumer products
Other retailing of
consumer products and
services

Topics

Bolt on/Opportunistic
Other M&A Intelligence

Intelligence ID:
intelcms-s23vw9

© 2020 MERGERMARKET LIMITED. ALL RIGHTS RESERVED

To be used for the internal business of the assigned users only. Sharing, distributing or forwarding the entirety or any part of this article in any form to anyone that does not have access under your agreement is strictly prohibited and doing so violates your contract and is considered a breach of copyright. Any unauthorised recipient or distributor of this article is liable to Mergermarket for unauthorised use and copyright breach.