

TSX VENTURE EXCHANGE

INTRODUCTION TO PUBLIC VENTURE CAPITAL



Flashback to 2013



Smith Falls Hershey Factory



Bruce Linton (co-founder, CEO) holds the ribbon on the left while Chuck Rifci (co-founder and then-CEO) and Mayor Dennis Staples during the grand opening of Tweed in Smiths Falls June 16, 2014

RTO Creates the First Public Cannabis Company

LW Capital Pool Inc.
(TSXV - CPC)

LW Capital issues 135.5M shares to Tweed shareholders in exchange for 100% of Tweed's privately held shares – LW now operates as Tweed.





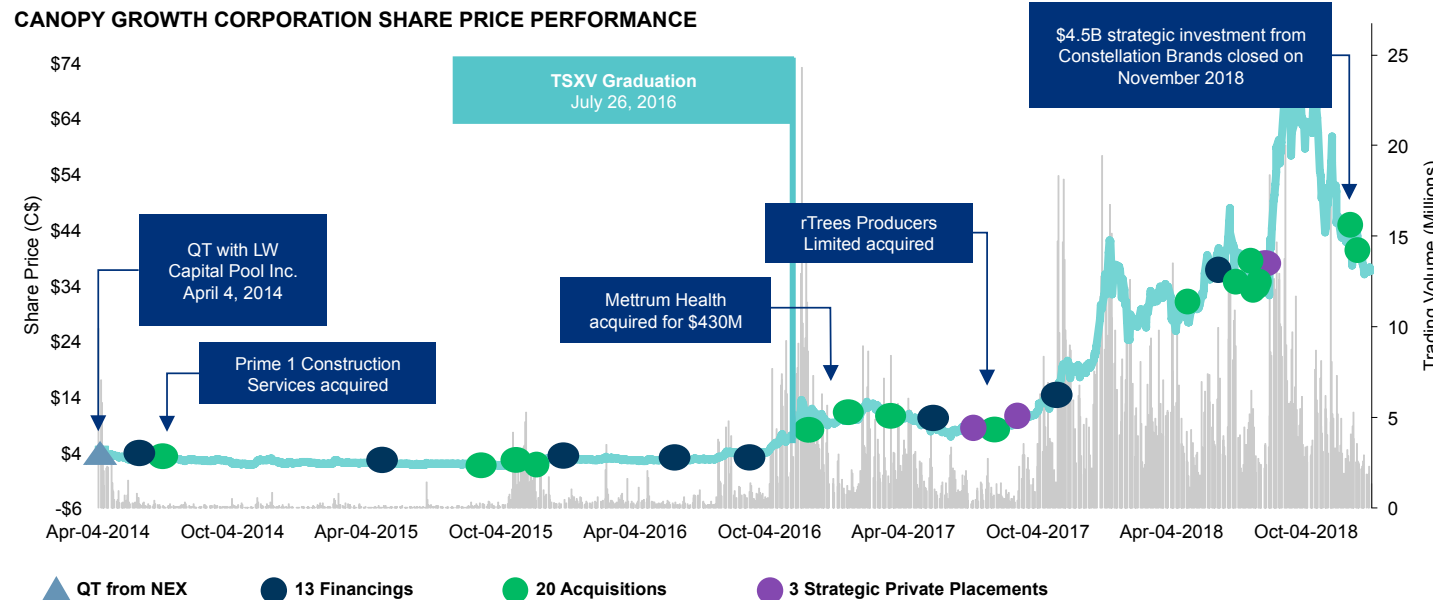
CANOPY GROWTH CORPORATION

TSX: WEED

Canopy Growth is a world-leading diversified cannabis and hemp company, offering distinct brands and curated cannabis varieties in dried, oil and Softgel capsule forms.

BY THE NUMBERS

CANOPY GROWTH CORPORATION SHARE PRICE PERFORMANCE



\$12.5B
MARKET CAPITALIZATION

\$5.7B
EQUITY CAPITAL RAISED
SINCE LISTING

1,314%
SHARE PRICE
PERFORMANCE SINCE
LISTING





3,608%
MARKET CAP. GROWTH SINCE
TSXV GRADUATION

+2,700
Employees at YE 2018

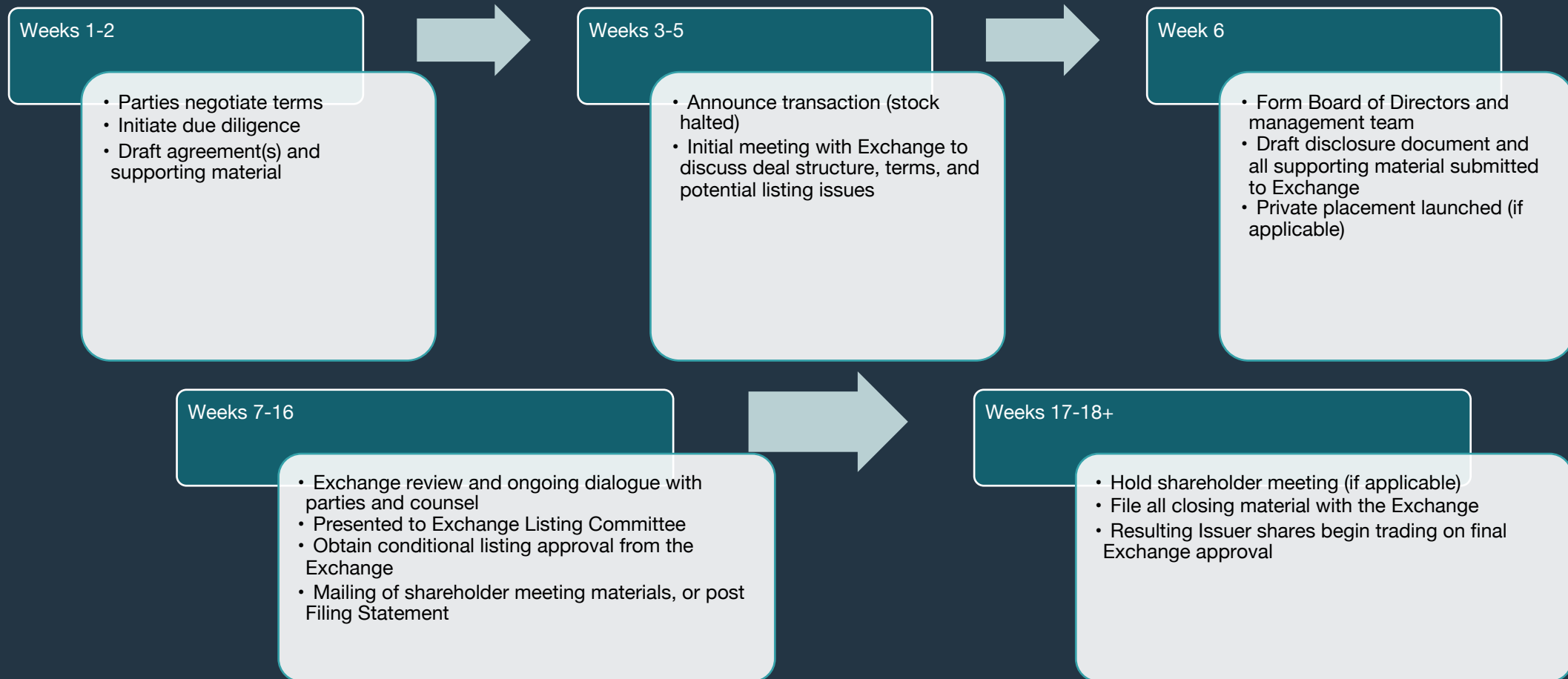


Source: TSX/TSXV Market Intelligence Group and S&P Global Market Intelligence.
As at or YTD December 31, 2018.

GOING PUBLIC ON TSX VENTURE

	Initial Public Offering (IPO)	Reverse Takeover (RTO)	Qualifying Transaction (QT)	Capital Pool Company© (CPC)
Options	The traditional route. It requires the completion of an application for listing and the filing of a prospectus with the applicable Canadian Securities Commission(s).	An RTO allows a private company to vend into an existing listed company or shell, providing the private company with distribution, potentially key management, capital, shareholders, and other intangibles	Similar to an RTO, but completed with a CPC that has been listed on the TSXV, with the sole purpose of completing a QT, providing a private company with certain transactional and structural considerations.	The CPC program is a unique RTO listing vehicle, listed on the TSXV by way of IPO. The CPC has a qualified board of directors, defined amount of capital, and public distribution with the sole purpose of identifying a suitable private company, and providing an efficient listing mechanism
Examples				

Sample RTO Timeline



RTO Considerations

Exchange Regulated

- No arbitrage in listing method - same Exchange requirements and review for all (RTO = QT = IPO)

Key items reviewed

- Disclosure document and company financials (conform to 41-101)
- Capital structure (unique terms, all prior issuances)
- Security compensation plans
- Director / officer / suitability (PIFs and background searches)
- Material agreements, business plan, etc.

Audited Financials

- Disclosure document includes financial statements of both entities (+ pro forma) - conform to 41-101, no Exchange waivers

Capital Structure

- Detailed capital structure review - past issuances and consideration; restricted shares; prohibit ratchet-down provisions

Escrowed Shares

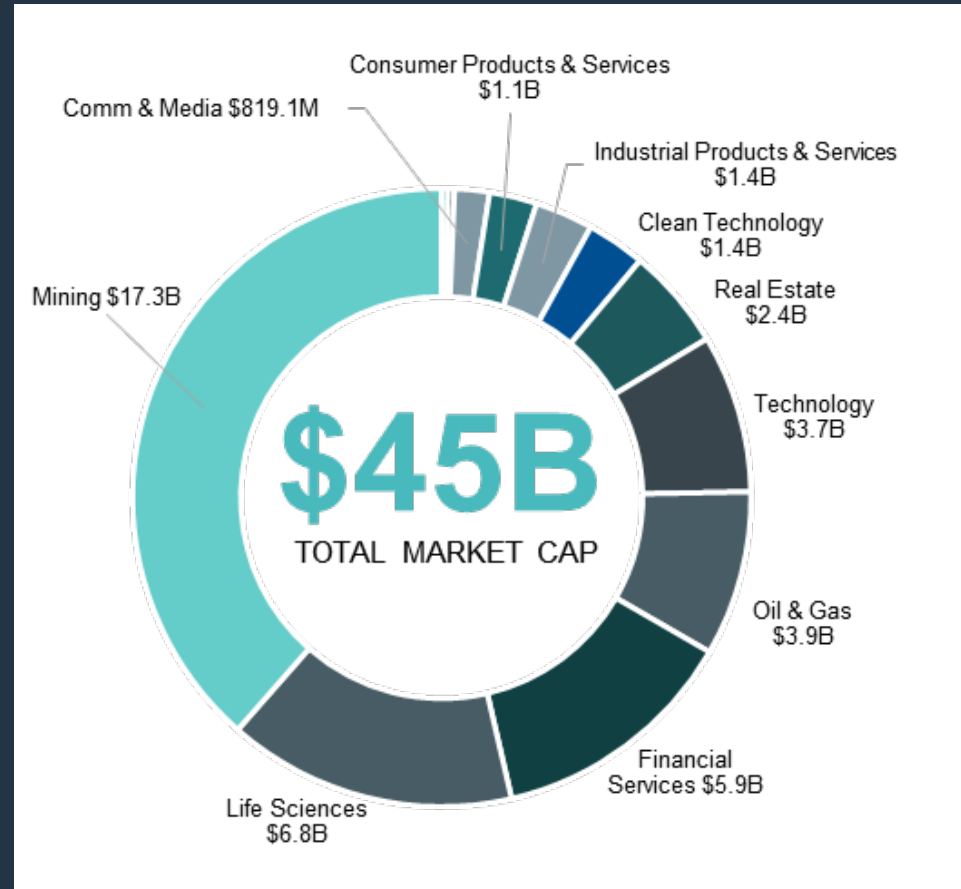
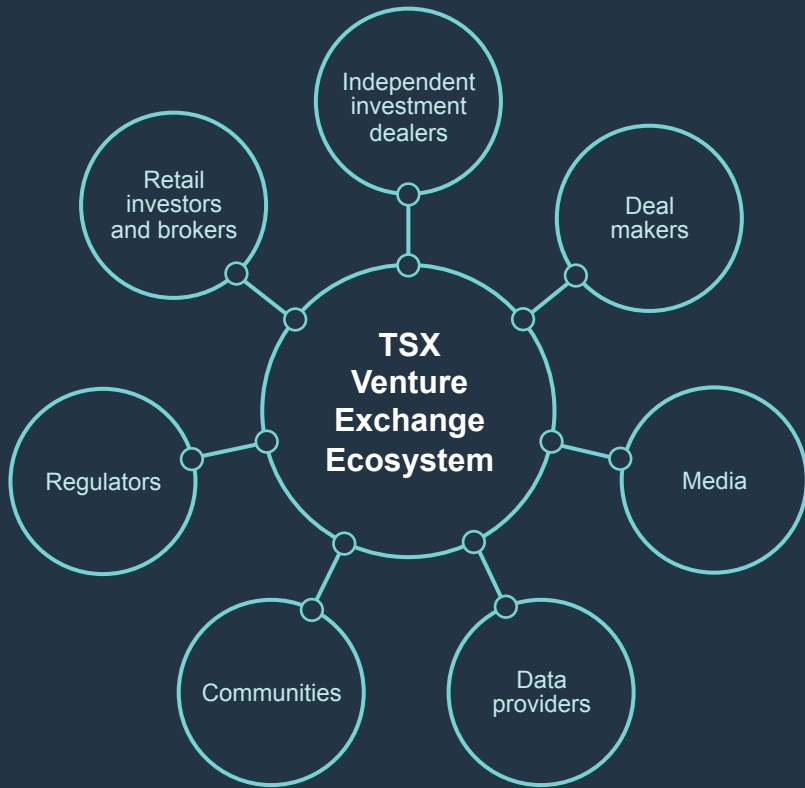
- Escrow (more onerous than 46-201) for all Principals of Resulting Issuer; resale restrictions on non-Principal 'cheap' shares

Directors & Management

- Directors and management subject to the eligibility requirements and minimum qualifications outlined by the Exchange

TSX Venture Exchange

The Original Crowdfunding Model



1,707

COMPANIES

12

SECTORS

\$6.8B

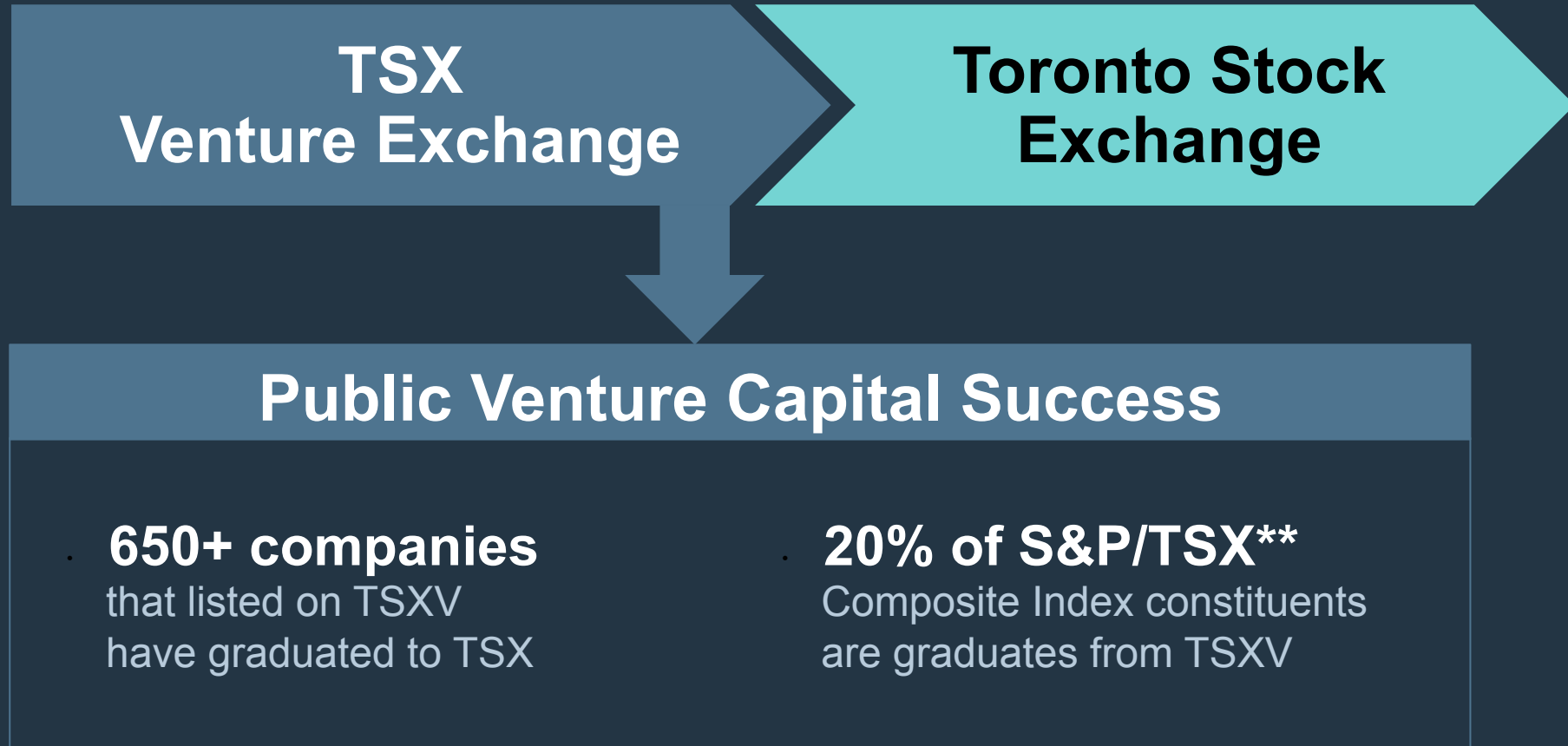
EQUITY CAPITAL
RAISED

1,701

FINANCINGS
IN 2018

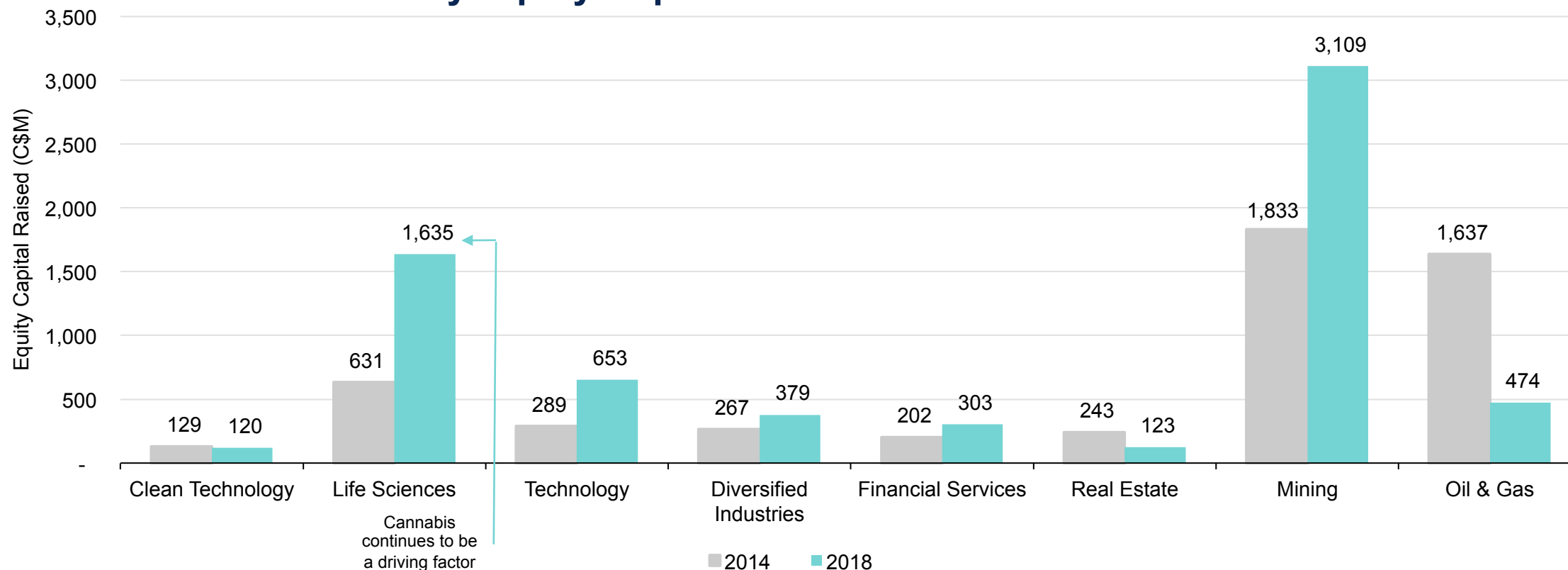
Source: TSX/TSXV Market Intelligence Group. As at December 31, 2018.

Globally Unique Two Tiered Markets



Public Venture Capital Fostering Innovation

Sector Diversification by Equity Capital Raised

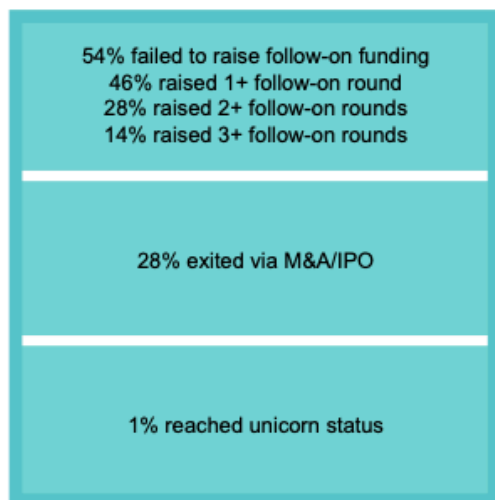


Best Access to Follow On Funding Rounds

TRADITIONAL VENTURE CAPITAL

1,098

US TECHNOLOGY COMPANIES
THAT RAISED SEED ROUNDS
IN 2008-10



Access
to Funding

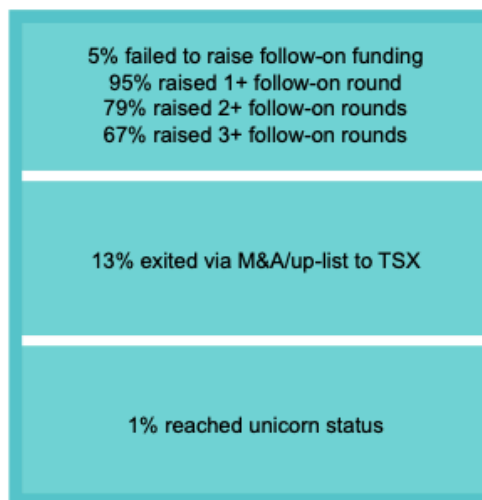
Exit

Unicorns

PUBLIC VENTURE CAPITAL

97

GLOBAL TECHNOLOGY
COMPANIES THAT WENT
PUBLIC ON TSXV IN 2009-13



TAKEAWAYS

- 1 Raising multiple funding rounds is more common with public venture capital
- 2 Early-stage M&A exits are more common with traditional venture capital
- 3 The likelihood of reaching unicorn status is the same

TSXV Growing Innovation Sector Leaders

7

“UNICORNS”
(CURRENT)

46

“CENTAURS”
(CURRENT)

49

“GRADUATES”
(CURRENT)

78%

RAISED CAPITAL
(2016-18)

AASTRA

TECHNOLOGY

1996 – RTO on TSXV (CPC)
2014 - Acquired by Mitel (\$400M)



LIFE SCIENCES

2014 – RTO on TSXV (CPC)
2018 – December 31 Valuation of \$12.5B



LIFE SCIENCES

2014 – Spin-Out on TSXV
2018 – December 31 Valuation of \$1.1B



CLEAN TECHNOLOGY

1996 – RTO on TSXV (CPC)
2018 – Acquired by Xylem (\$510M)

Solium

TECHNOLOGY

2001 - \$2M IPO on TSXV
2018 – June 30 Valuation of \$640M



TECHNOLOGY

2010 - \$5M IPO on TSXV
2018 – December 31 Valuation of \$6.2B



TECHNOLOGY

1999 - \$1M IPO on TSXV
2017 – Acquired by PayPal (\$300M)

Westport

CLEAN TECHNOLOGY

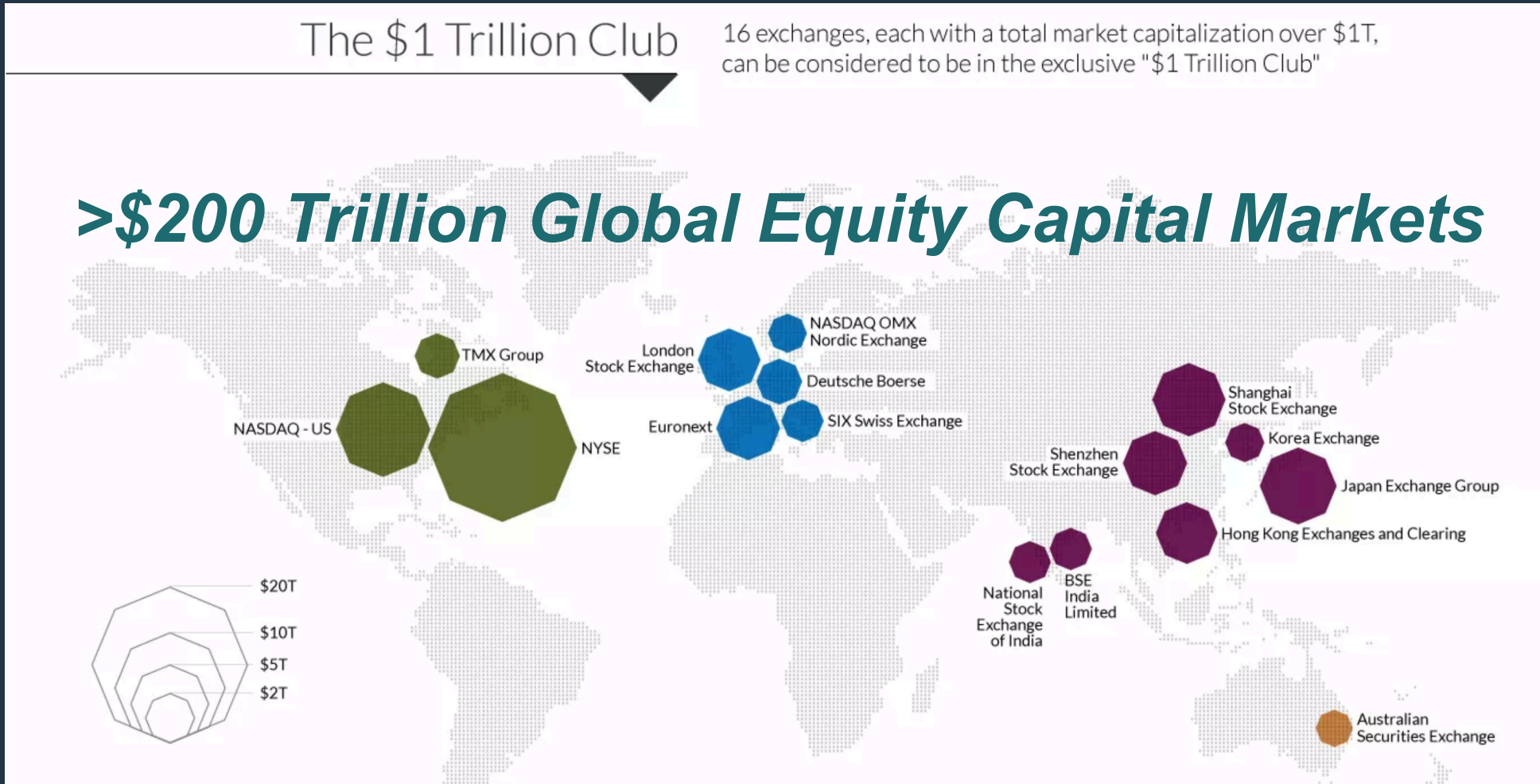
1996 – RTO on TSXV (CPC)
2018 – December 31 Valuation of \$241M

TSXV Provides Access to Global Capital Markets

The \$1 Trillion Club

16 exchanges, each with a total market capitalization over \$1T, can be considered to be in the exclusive "\$1 Trillion Club"

>\$200 Trillion Global Equity Capital Markets



TMX

**THE FUTURE
IS YOURS TO SEE.**