

Ascend Seeks Financial Flexibility with \$235M Private Placement

Ascend Wellness Holdings Secures \$235 Million in Private Placement to Enhance Financial Flexibility

New York-based cannabis multistate operator Ascend Wellness Holdings has announced a significant financial milestone, securing commitments to raise \$235 million in a private placement. The funds will be used to prepay existing term loans, thereby enhancing the company's financial flexibility and strengthening its balance sheet.

Details of the Private Placement

The senior secured notes, expected to price at 94.75% of their face value, will carry a 12.75% interest rate and are due in 2029. This private placement, handled by New York-headquartered Seaport Global Securities, is set to close by Tuesday. Ascend Wellness Holdings revealed these details in a news release on Monday.

Utilization of Proceeds

Proceeds from this private placement, combined with cash, will be used to prepay \$215 million of principal under an existing term loan. This strategic move aims to enhance Ascend's financial flexibility and strengthen its balance sheet. The remaining \$60 million principal under the loan can be carried through to the due date at a 9.5% interest rate.

Significance of the Refinancing

The refinancing marks a critical milestone for Ascend Wellness Holdings. CEO John Hartmann highlighted the importance of this financing, stating, "The 5-year notes financing reflects the confidence our lenders have in our business and growth prospects, while enhancing our financial stability and flexibility." He further emphasized that the support from a majority of the existing term loan lenders, including all four of the largest lenders, underscores their trust in Ascend's strategic vision.

Financial Performance and Growth Prospects

In May, Ascend Wellness Holdings reported gross revenue of \$174.2 million for the first quarter, marking a 23.4% year-over-year increase. Despite posting a net loss of \$18.2 million during the quarter, compared to an \$18.5 million loss a year earlier, the company demonstrated positive financial momentum. Ascend generated \$3.9 million in cash flow from operations, marking its fifth consecutive quarter of positive operating cash flow.

Tax Refunds and Future Outlook

In addition to the positive financial performance, Ascend Wellness Holdings has filed amended federal tax returns for several years, expecting to receive refunds from Section 280E. This potential influx of funds could further bolster the company's financial position.

The successful private placement of \$235 million signifies a pivotal step for Ascend Wellness Holdings, reflecting strong lender confidence and enhancing the company's financial stability.

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