

Slang Worldwide to Cease Cannabis Operations in Colorado

SLANG Worldwide Announces Formal Wind-Down of Operations and Assets

Cannabis brand SLANG Worldwide has officially announced a wind-down plan in response to mounting financial challenges, with the company unable to meet debt obligations under its credit and guaranty agreement dated November 15, 2021. SLANG Worldwide confirmed that it does not anticipate being able to repay amounts owed under the agreement, which reaches maturity on November 15, 2024.

In a press release, SLANG disclosed that its assets, including those in Colorado, would be placed in receivership as part of this process. Additionally, the company expects to pursue an assignment into bankruptcy under Canada's Bankruptcy and Insolvency Act, and it may proceed with the sale of assets within its Vermont subsidiaries as it winds down operations.

Receivership of Colorado Assets

Under the wind-down plan, SLANG Worldwide's assets in Colorado are set to be placed in receivership. This measure allows a court-appointed receiver to take control of these assets, managing or liquidating them to satisfy outstanding debts. For SLANG, the receivership signals an urgent step to address financial obligations, particularly as it struggles to meet its upcoming debt deadline.

This move represents the latest in a series of efforts to navigate the company's financial challenges. Despite previous restructuring attempts, SLANG's financial conditions necessitated more drastic measures, including liquidating its valuable Colorado-based assets to address secured lenders' claims.

Anticipated Bankruptcy Filing in Canada

In addition to the receivership, SLANG Worldwide has indicated plans to file for bankruptcy under Canada's Bankruptcy and Insolvency Act. This filing would allow the company to formally wind down operations in Canada, where SLANG is headquartered, while providing a structured process to address its liabilities and manage creditor claims.

By pursuing bankruptcy, SLANG aims to handle its debts in an organized manner while fulfilling legal obligations to creditors and investors. The bankruptcy filing would also mark the end of the company's active operations in Canada, as it seeks to dissolve under the protection of Canadian bankruptcy law.

Potential Sale of Vermont Subsidiaries

As part of the wind-down strategy, SLANG is also exploring the sale of assets within its Vermont subsidiaries. The company may sell these assets to generate cash, which would contribute to debt repayment and help settle obligations under the credit agreement. SLANG's Vermont operations represent a portion of

its U.S. footprint, and a potential sale could attract interest from other cannabis operators looking to expand in the state.

The sale of the Vermont assets would also align with SLANG's strategy to liquidate non-essential holdings, focusing on meeting debt obligations and completing an orderly dissolution of its business operations. However, any sale would depend on market conditions and regulatory approval, as well as potential buyers' interest in these assets.

Financial Challenges Prompt SLANG's Wind-Down Decision

In a news release, SLANG Worldwide stated that "despite the best efforts of the company, it has been unable to attract a viable transaction to restructure its debts and/or seek any sales of the company or of its assets in the normal course." According to SLANG, ongoing financial constraints and the inability to pay its liabilities as they become due were major factors in the decision to implement the wind-down plan.

SLANG's secured lenders, who hold claims under the existing credit and guaranty agreement, have been engaged in negotiations with the company. The lenders and SLANG ultimately decided that a formal wind-down, including the receivership and bankruptcy filings, was the most feasible approach to addressing SLANG's financial obligations while safeguarding the interests of creditors.

Background: SLANG Worldwide's Struggles in the Cannabis Market

SLANG Worldwide, once a prominent brand in the cannabis industry, has faced significant financial difficulties in recent years. Like many cannabis companies, SLANG encountered challenges from regulatory pressures, fluctuating market conditions, and increasing competition within the cannabis sector. These factors, combined with high operating costs and limited access to capital, made it increasingly difficult for SLANG to sustain profitable operations.

The company previously attempted to restructure its business and pursue strategic transactions to resolve debt obligations, yet it was ultimately unable to secure viable offers or investment partners. SLANG's financial struggles are reflective of broader challenges within the cannabis industry, as many companies in the sector experience financial strain due to shifting market dynamics and regulatory hurdles.

What's Next for SLANG Worldwide?

As SLANG Worldwide embarks on its wind-down plan, the company's future now hinges on receivership and bankruptcy proceedings. The receivership of its Colorado assets will involve a court-appointed party overseeing asset management, while the bankruptcy filing in Canada will facilitate the company's formal dissolution.

For SLANG's creditors and investors, the winding down of the company is expected to provide a structured process to settle outstanding debts. However, with limited assets available, the extent to which SLANG will be able to meet all obligations remains uncertain. The sale of Vermont assets may offer a potential source of repayment, but market interest in these assets will play a crucial role in determining their value.

The Broader Impact on the Cannabis Industry

SLANG Worldwide's exit underscores the financial challenges faced by many cannabis operators, especially those with multi-state operations. Industry insiders note that the lack of traditional financing options, coupled with costly compliance requirements, has left many cannabis companies vulnerable to financial instability.

For SLANG, the decision to wind down reflects the harsh realities of the cannabis market, where profitability is often constrained by limited funding sources and regulatory complexities. SLANG's experience may serve as a cautionary example for other cannabis operators navigating similar financial difficulties, highlighting the importance of sustainable growth strategies and financial resilience in the evolving cannabis landscape.

Conclusion: A Cautionary Chapter for SLANG Worldwide

SLANG Worldwide's decision to wind down its business marks a somber chapter for the once-promising cannabis brand. With receivership and bankruptcy proceedings underway, the company is taking the final steps to meet obligations to creditors and resolve its outstanding debts. As SLANG's assets are liquidated and its operations cease, the case serves as a stark reminder of the challenges within the cannabis industry.

As the company prepares to close its doors, the focus shifts to how its assets will be managed and whether other cannabis companies might acquire its remaining holdings. For SLANG Worldwide, this wind-down marks the end of its journey, but it leaves an important lesson about the complexities and risks involved in the cannabis market.

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