



# CANADIAN CANNABIS

Growing a Successful Business  
in an Emerging Market

CANADA'S CANNABIS INDUSTRY IS YOUNG,  
ENTREPRENEURIAL, RAPIDLY EVOLVING AND  
BRIMMING WITH POTENTIAL

Since 2013, Canada has established a sophisticated commercial system for the production and distribution of medicinal cannabis. New entrants have surged over the years, creating an entrepreneurial industry, and MNP has been there every step of the way.

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## INTRODUCTION

While having exceptional long-term growth prospects, this burgeoning market is still in its infancy and experiencing constant change. Some industry players are focusing on vertical integration while others are looking to become wholesalers and suppliers. Over time, as the industry matures and stabilizes, opportunities across the value chain will expand.

Along with the potential for major rewards, however, there are also major risks involved when venturing into uncharted territory. On the path to becoming a commercial success, cannabis entrepreneurs face numerous challenges.



During planning and start-up: conducting informative market research, preparing an effective business plan, securing a license to cultivate and distribute from Health Canada.



Establishing the business: obtaining financing, valuing assets, meeting regulatory requirements, forming key partnership, generating cash flow, minimizing taxes.



Expanding and scaling: building profitability, expanding, going public and managing risks.



Offering vast potential, for those wishing to capitalize on business opportunities in Canada's fast-growth, rapid-change regulated cannabis industry, knowledgeable advice and guidance is crucial for successfully navigating the path forward.





## KNOWLEDGE AND TRUSTED GUIDANCE FOR SUCCESS AND SUSTAINABILITY

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Faced with intense regulatory and market pressures, leaders of cannabis businesses need to feel confident the professionals they work with will provide clear insights and deliver effective solutions that enable them to succeed.

### TAKING THE LEAD

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For years, the professionals of MNP have been working with mid-market licensed producers, entrepreneurs and investors in the cannabis sector to establish successful enterprises. We work with a significant number of pre- and licensed producers and have assisted more than half a dozen cannabis clients in going public. Understanding the accounting, audit, tax, financial and regulatory issues that are integral to the success of these businesses, MNP has become an industry leader.



### DEDICATED INDUSTRY TEAM

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In fact, MNP has one of the country's most experienced teams dedicated to this sector. Moreover, focusing on the needs of each client, we collaborate across industry niches and service lines to assemble multi-disciplinary teams of professionals with leading-edge skills. Offering deep industry knowledge and valuable connections, we work with applicants, licensed producers, business leaders launching initial public offerings, and investors, providing support with best practices that deliver competitive advantages.

### AN EXPANSIVE NETWORK OF CONTACTS TO SUPPORT CLIENTS

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As an active participant in the regulated cannabis sector, MNP has also established close working relationships with lawyers, insurers, lenders, investors, trade associations such as the Cannabis Canada Association, and key representatives of federal, provincial and municipal governments. We are involved in the industry domestically and internationally, attending and sponsoring conferences, participating in discussions with Health Canada, hosting roundtable discussions with producers, and sharing benchmarking data to provide our clients with valued insights into the performance of the sector.

### ACCESS TO EXPERIENCED SPECIALISTS ACROSS THE COUNTRY

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Dedicated to providing business leaders with a rich resource of expertise and solutions to address their toughest challenges and most promising opportunities, our cannabis industry team works closely with 4,000 MNP team members in over 80 offices across the country. These experienced practitioners provide specialized business and compliance knowledge to address all of our clients' needs.



## SOLUTIONS FOR UNCOMMON CHALLENGES, PIONEERING OPPORTUNITIES

MNP has become one of Canada's leading accounting and consulting firms because all of us value hard work, honesty and true concern for our clients. Being mid-market entrepreneurs ourselves, we're ready to roll up our sleeves and get things done for you. Here's what we can offer to help you launch, build and expand a thriving cannabis business.

## SUPPORT IN ADVANTAGEOUSLY ENTERING A NEW MARKET

Entering a highly regulated, unpredictable industry requires an ability to transform complex business issues into opportunities for growth and prosperity. With unparalleled experience in this emerging sector, MNP helps new cannabis producers establish a foundation of best practices for governance, systems and processes that supports bottom-line performance.

- Assistance developing a business plan to meet the requirements for a production licence under the Access to Cannabis for Medical Purposes Regulations program
- Business structuring to minimize taxes payable today and in the future
- Strategic tax planning and preparation of returns and filings to meet compliance requirements and minimize tax liabilities
- Bookkeeping, accounting, audits, reviews and financial statements that meet Health Canada's stringent record keeping requirements and producers' needs for reliable financial information
- Enhance organizational performance with best practices, internal controls and benchmarking
- Risk management strategies that identify threats, avoid surprises and enable the enterprise to thrive amid volatility and disruption
- Identify beneficial government tax incentives including the Scientific Research and Experimental Development (SR&ED) Investment Tax Credit Program
- Tax risk management strategies to address scrutiny from tax authorities





## HELPING TO DRIVE BUSINESS GROWTH AND PERFORMANCE

When pursuing growth in an ever-changing market, mid-market cannabis operations must be proactive to stay competitive. MNP's skilled professionals have guided numerous organizations in identifying growth targets and developing strategies to seize opportunities and reduce risks.

- Business plans and strategies that produce a clear roadmap for achieving goals
- Evaluate and execute strategic transactions to drive sustainable growth including mergers, acquisitions and initial public offerings
- Tax-effective structuring of acquisitions and dispositions
- Corporate financing support to access targeted funding for liquidity, expansion and sustainability
- Cyber security strategies that protect operations, assets and the bottom line
- Change management support for mergers, acquisitions and helping organizations transition to higher levels of operational efficiency and quality
- Risk mitigation strategies that build organizational resilience
- Performance improvement strategies to achieve sustainable competitive advantage
- People and human resource practices that enhance productivity
- Leverage information technology to transform challenges into productive results





## READY TO REDUCE RISKS, REAP REWARDS?

Client satisfaction is the foundation of MNP's business. Our long-term relationships as trusted advisors to start-up, growing and public companies in the cannabis industry attests to our track record that we deliver what we promise. We are ready to help you reduce risks, increase rewards and build sustainable returns for your cannabis business. Contact us to discuss your opportunities in this entrepreneurial industry with untapped potential.



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As the leader of MNP's team providing support to licensed cannabis producers, Glenn helps producers and applicants to become established and profitable. For more than 25 years he has been providing strategic advice and practical support in the areas of business planning, assurance, tax and Scientific Research and Experimental Development (SR&ED). Glenn has an expansive network of connections among industry leaders and, to best serve his clients, stays abreast of evolving business trends and opportunities in Canada, North America and overseas.



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David has extensive expertise in public market transactions. He has assisted businesses in a broad range of industries, including several in the cannabis sector, with direct public offerings, reverse mergers and other financings. David provides clients with insightful, pragmatic counsel gained over many years serving as a director for public companies listed on the TSX, the TSX Venture, the CSE and the New York Stock Exchange.



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Maruf provides consulting and auditing services to public companies and private businesses planning on going public through direct initial public offerings or reverse mergers. For more than a decade he has helped companies in many industry sectors, including licensed cannabis producers, to secure seed financing, scrutinize complex transactions and analyze International Financial Reporting Standards to effectively structure deals.



ACCOUNTING > CONSULTING > TAX

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