

BUSINESS INSIDER

A biotech makes a \$7.2 billion bet on medical marijuana

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Happy Friday readers,

This week, the cannabis industry's news cycle was dominated by Jazz Pharmaceuticals' \$7.2 billion acquisition of GW Pharma.

I'll admit — the deal took me by surprise. I had long expected the oft-predicted pharmaceutical incursion into cannabis, but I didn't expect a neuroscience-focused company like Jazz to spend \$7.2 billion, and not to mention, a 50% premium on GW's share price to close the deal.

You can [read our report on the deal here](#), outlining GW's 20-year path from upstart to getting the first (and still only) CBD-based drug approved by the FDA.

What else?

Lawmakers in Virginia and New Mexico are marching quickly toward legalization as New Jersey stalls. Progressive New York lawmakers savaged Gov. Cuomo's legalization plan and pledged to flex the state legislature's Democratic supermajority to propose their own plan that puts social justice and equity aims first.

-Jeremy (@jberke) and Yeji (@jesse_yeji)

Here's what we wrote about this week:

A biotech known for its sleep and brain drugs just made a \$7.2 billion bet that medical cannabis is crucial to its neuroscience ambitions

Jazz Pharmaceuticals is making a \$7.2 billion bet on the future of medical cannabis. The drugmaker said on Wednesday it will acquire GW Pharma, the maker of CBD-based epilepsy treatment Epidiolex, in a cash-and-stock deal. It's the largest cannabis-industry deal so far.

17 top cannabis investors lay out how the spread of legal marijuana will fuel a deal boom and drive investment in the upstart industry

We asked 17 of the [top cannabis-industry investors](#) for their 2021 predictions. They said they expect more states to legalize marijuana, a boom in dealmaking, and the return of investor confidence in the industry, among other predictions.

Meet the top 14 psychedelics startups raising the most cash to develop new ways of treating depression, addiction, and more

Insider identified the top 14 startups that are working to turn psychedelics into approved medicines for conditions like depression, opioid use disorder, and anxiety. To put together this article, we reached out to companies on [our list from last year](#), used data provided by PitchBook, and talked to VCs in the space.

The 14 private companies on this list alone raised over \$222 million in 2020. Some told Insider that they're preparing to go public.

Executive Moves

- Tilray's chief corporate development officer, Andrew Pucher, will step down from his role as of March 31, according to securities filings. [Tilray merged with Aphria in December](#).
- Tom Grillea is [joining California cannabis distributor HERBL](#) as chief revenue officer. Grillea was formerly the CEO of Threshold Enterprises, a dietary supplements distributors.
- Organigram Holdings [announced on Tuesday](#) that Matt Rogers, SVP of operations, will be leaving the company at the end of May 2021.
- Psilocybin company CannaGlobal announced on Monday it is rebranding its name to GoodCap Wellness and made [a slew of new board appointments](#).

Deals, launches, and IPOs

- Tuscan Holdings, originally a cannabis-focused SPAC, announced that it would merge with [EV battery maker Microvast](#). Read our [explainer of the cannabis SPAC landscape here](#).
- Bexson Biomedical, an early-stage startup working on developing ketamine-based drugs for pain management, closed a \$4.8 million Series A led by Noetic Psychedelic Fund.
- Cannabis marketing platform Springbig [announced on Tuesday](#) that it acquired Canadian cannabis tech company BudTender. The companies did not disclose the financial terms of the transaction.
- Jazz Pharmaceuticals [acquired cannabis drugmaker GW Pharmaceuticals](#) in a \$7.2 billion deal. The purchase price represents a 50% premium on GW's Tuesday close.
- US cannabis company Green Thumb Industries [filed an S-1](#) with the Securities and Exchange Commission, in preparation for an uplisting to a major US Exchange.

Policy moves

- Senate Majority Leader Chuck Schumer, Sen. Cory Booker, and Sen. Ron Wyden [released a joint statement](#) pledging to release a draft discussion of a comprehensive cannabis reform bill that puts restorative justice and public health first. It's the first concrete step Senate Democrats have taken on cannabis reform.

- New Mexico lawmakers filed two separate marijuana legalization bills this week. Some lawmakers expect a third bill, addressing social equity issues, to be filed this month as well.
- Virginia lawmakers are voting today on a bill that would legalize marijuana in the state, becoming the first formerly Confederate state to do so. Gov. Ralph Northam has said legalizing marijuana is a priority for his administration.
- Oregon state representatives introduced the Cannabis Equity Act into the state's legislature. The bill, if passed, would provide a free, automatic expungement process and would divert cannabis tax revenue to invest in housing, job training, child care, and health for Black, Latinx, and Indigenous people.

Science and research

- Recreational marijuana legalization is not associated with a rise in adolescent substance abuse disorder, according to new research published in the *Journal of Substance Abuse Treatment*.
- A new study published in the *Journal of Psychoactive Drugs* found that cannabis consumers tend to choose different products depending on their age. Older consumers are less likely to use products like pre-rolled joints, vape pens, edibles, and concentrates when compared with younger users.
- A new report from the Cato Institute, led by Harvard economist Jeffrey Miron, found that state marijuana legalization generally had "minor effects" on issues like adolescent use, traffic safety, crime, and more. The authors note that "the strong claims made by both advocates and critics are substantially overstated and in some cases entirely without support from existing legalizations."

Earnings preview

It's earnings season starting next week. We have the Canadian LPs on tap, and then the US companies will start reporting the week after:

- Canopy Growth will report its Q3 earnings next Tuesday (Feb 9). The call will be at 10 am ET.
- Canopy Rivers will report its Q3 earnings next Wednesday (Feb 10). The call will be at 9 am ET.
- Aurora Cannabis will report its Q2 earnings next Thursday (Feb 11). The call will be at 5 pm ET.
- MedMen and Green Thumb Industries will be holding earnings the week afterward.

Chart of the week

Hemp-derived CBD sales are expected to increase threefold between 2020 and 2025, according to Nielsen and Hemp Industry Daily. The predicted increase is in part due to the increasing popularity of CBD as a dietary supplement and the likelihood of favorable guidance from the FDA and Congress: