



Why Alcanna Jumped 11% on Thursday

Description

Alcohol retailer **Alcanna** (TSX:CLIQ) saw shares climb 11% on Jan. 6 after the company announced a vote would move forward on Jan. 7 in a deal with **Sundial Growers** ([NASDAQ:SNDL](#)).

What happened?

This is the latest in an agreement between Sundial and Alcanna that started back on Oct. 7, 2021. The new consideration includes a cash component, where Alcanna shareholders would receive 8.85 common shares of Sundial for every Alcanna share, along with \$1.50 in cash. As of the [announcement](#), that would convert to \$8.43 per Alcanna share, with Alcanna trading at \$7.34 as of writing.

This value represents a premium of about 15% as of writing, leading shareholders to flock towards the alcohol retailer ahead of Friday's vote. In the vote, shareholders will be asked to vote for the acquisition.

So what?

This is the latest in a string of revisions from when the original deal was announced last October. In it, Calgary-based Sundial proposed to acquire Alcanna for about \$346 million. This would give Sundial access to 176 locations in Alberta and British Columbia, and 53 cannabis retail stores in Alberta, Ontario, and Saskatchewan.

Through the deal, Sundial believes it will deliver more than \$15 million in additional EBITDA annually through both synergies and strategic initiatives.

The deal came as a bit of a surprise to analysts, though it seems like a strategic fit. It was almost immediately met with the question as to why cash was not included, which the company has now [remedied](#) through this recent amendment.

Now what?

Given the premium expected from the deal, shareholders seem interested in getting in on Alcanna before the deal goes through. They would therefore receive more cash and more Sundial shares afterwards. Shares of Alcanna soared to \$10 per share back in November, when it looked like the deal was done, only to fall back after the vote didn't go through.

This is a second shot at the top, though investors should be careful. There could be another pullback, so I would only consider it if it remains under that premium.

Votes are due before 6:30 AM EST on Jan. 7, 2022. Shares of Alcanna are up 21% in the last year.

CATEGORY

1. Cannabis Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:SNDL (SNDL)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. alegatewolf
2. kduncombe

Category

1. Cannabis Stocks
2. Investing

Date

2025/08/13

Date Created

2022/01/06

Author

alegatewolf

default watermark

default watermark