

# The State of Legal Cannabis Markets

**Presented by:**

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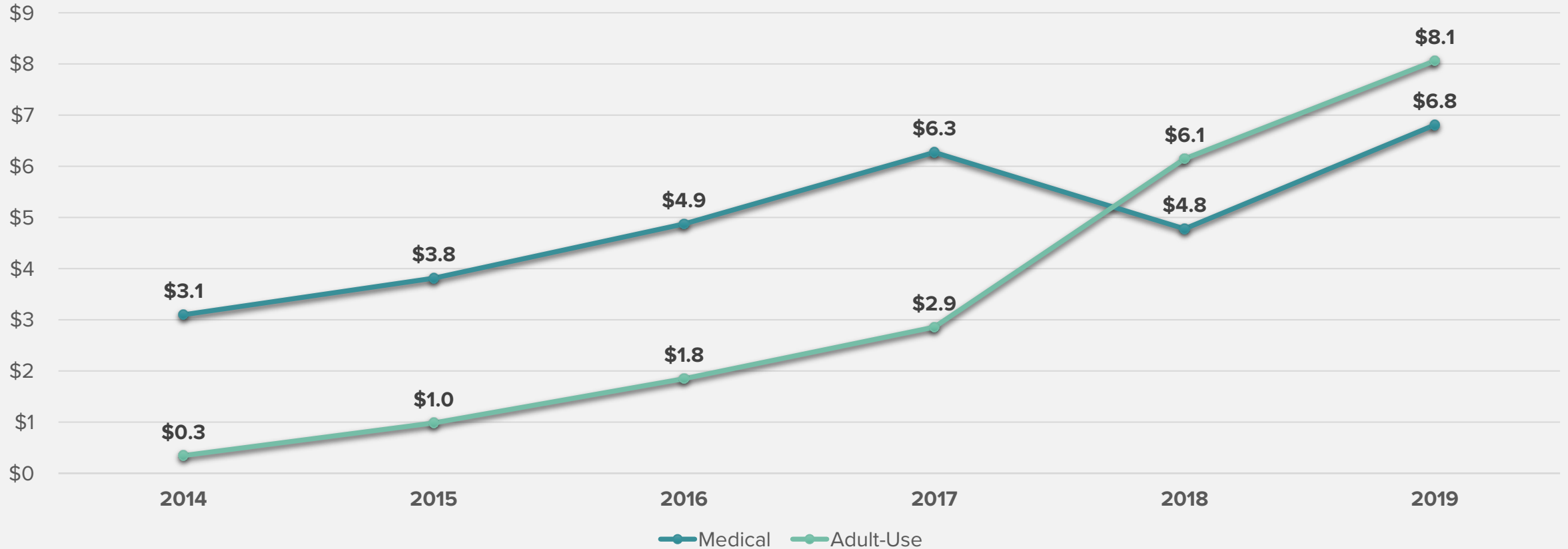
**ARCVIEW**  
Market Research



***Analytics***

# Adult Use Has Now Overtaken Medical

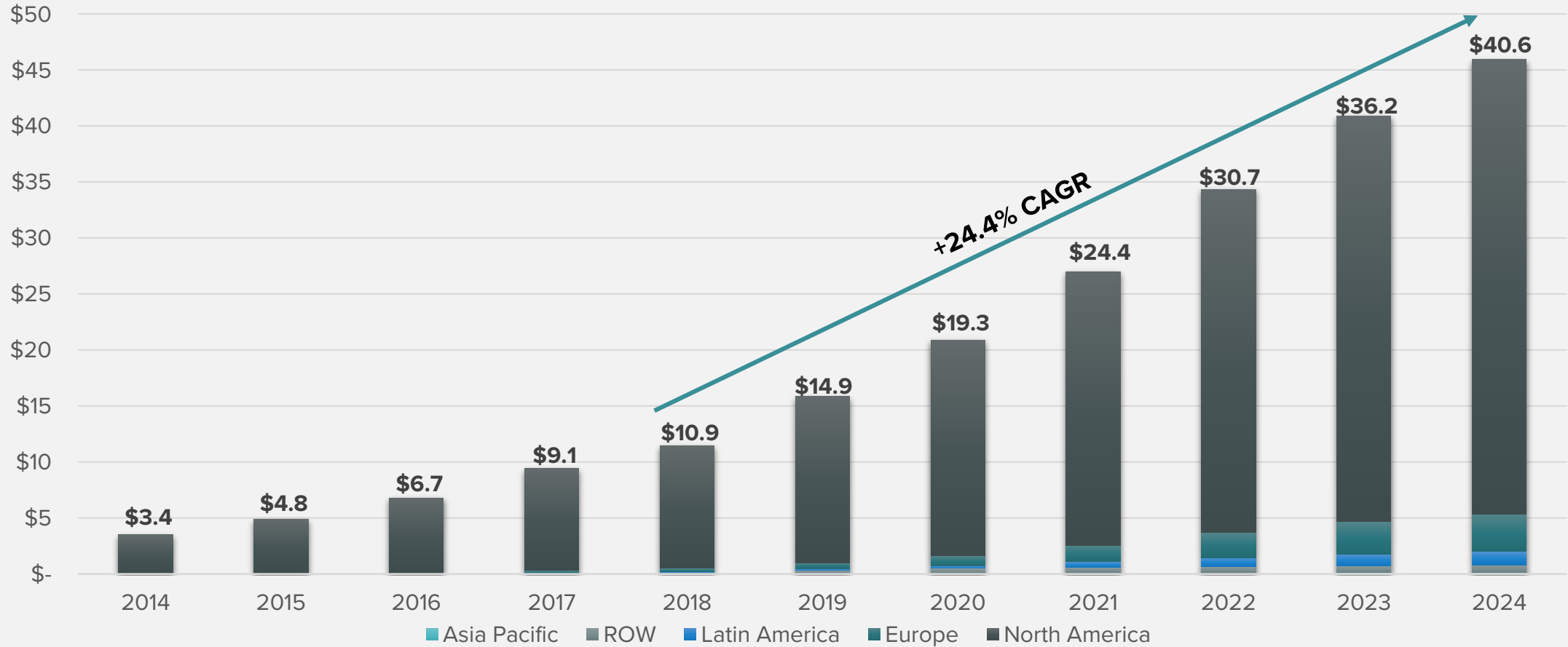
## Medical vs. Adult Worldwide Legal Spending (\$ billions)



Source: Arcview Market Research/BDS Analytics

# Growth Will Reaccelerate Going Forward

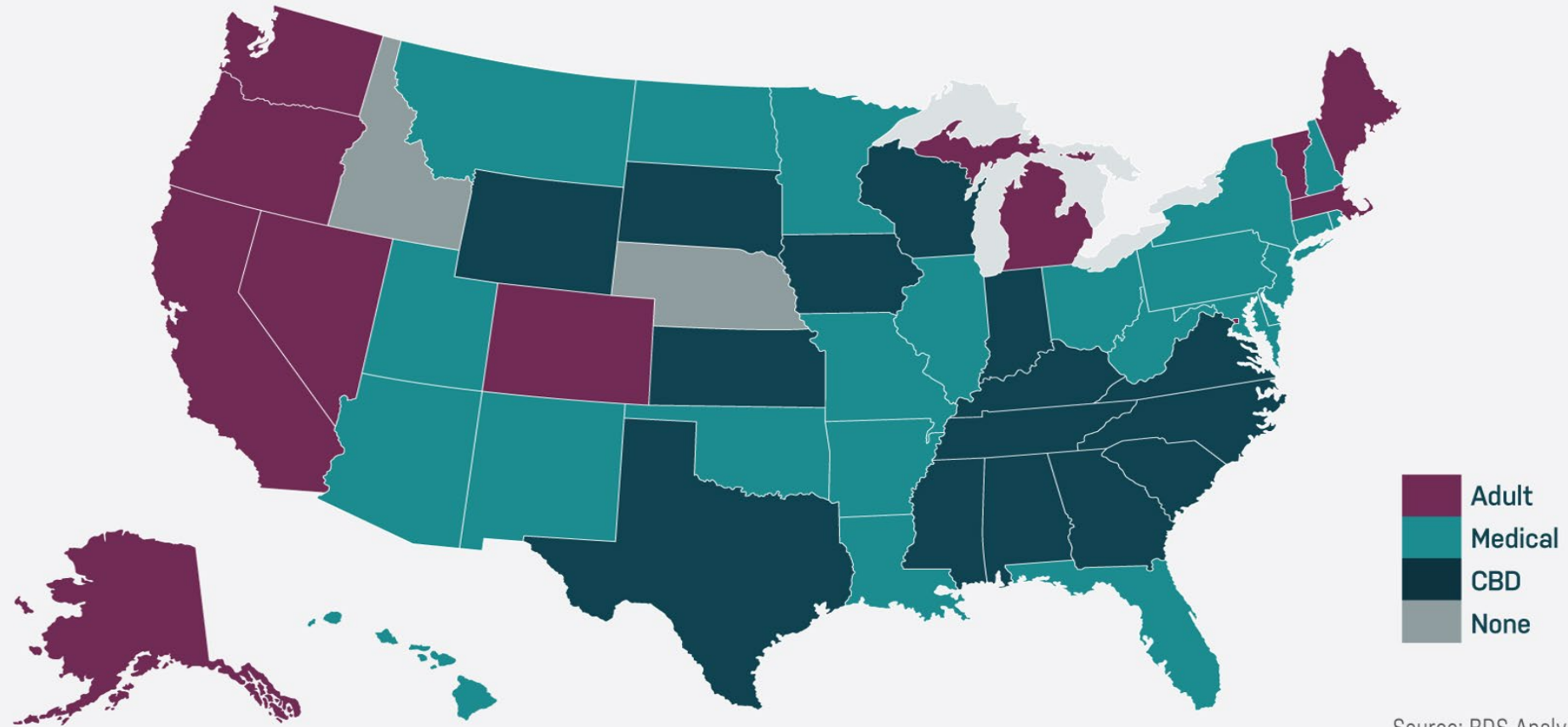
## Global Legal Spending by Continent (\$ billions)



Source: Arcview Market Research/BDS Analytics

# The Rising Tide of Legalization Cannot Be Stopped

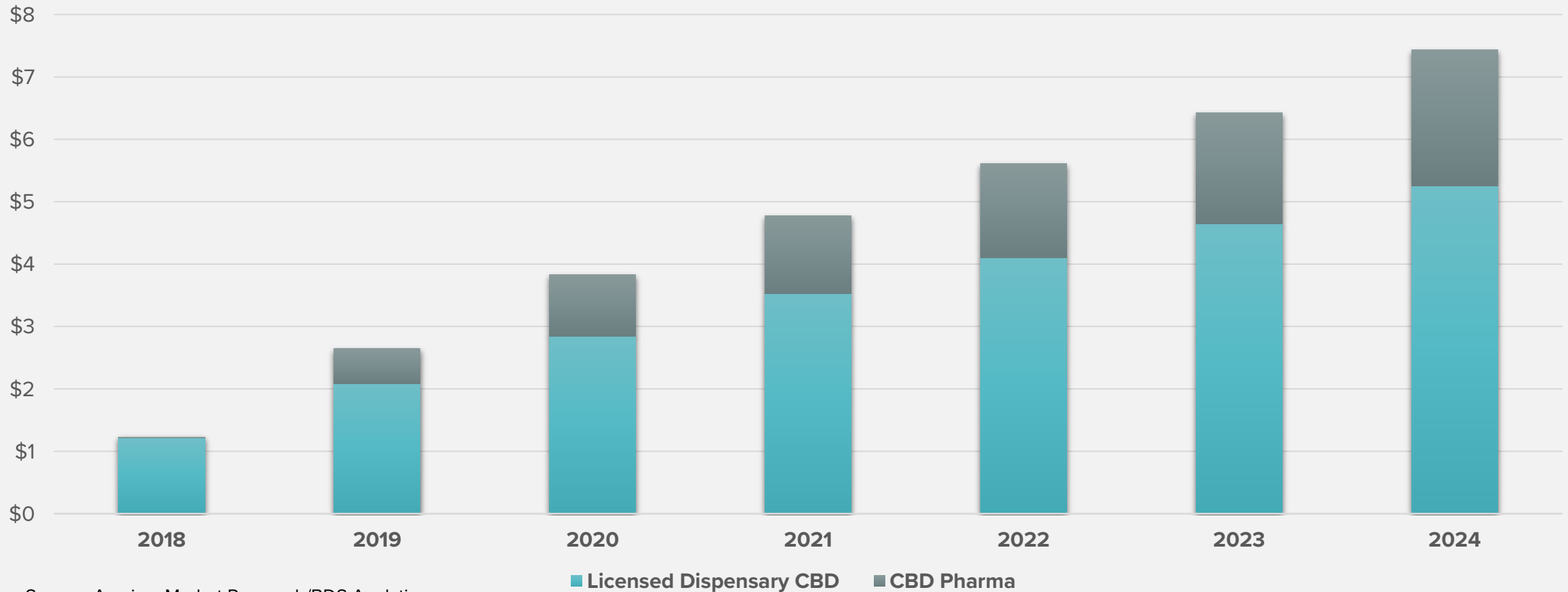
## US 2018 Legal Status



Source: BDS Analytics

# Epidiolex Takes Cannabinoids Beyond Dispensaries

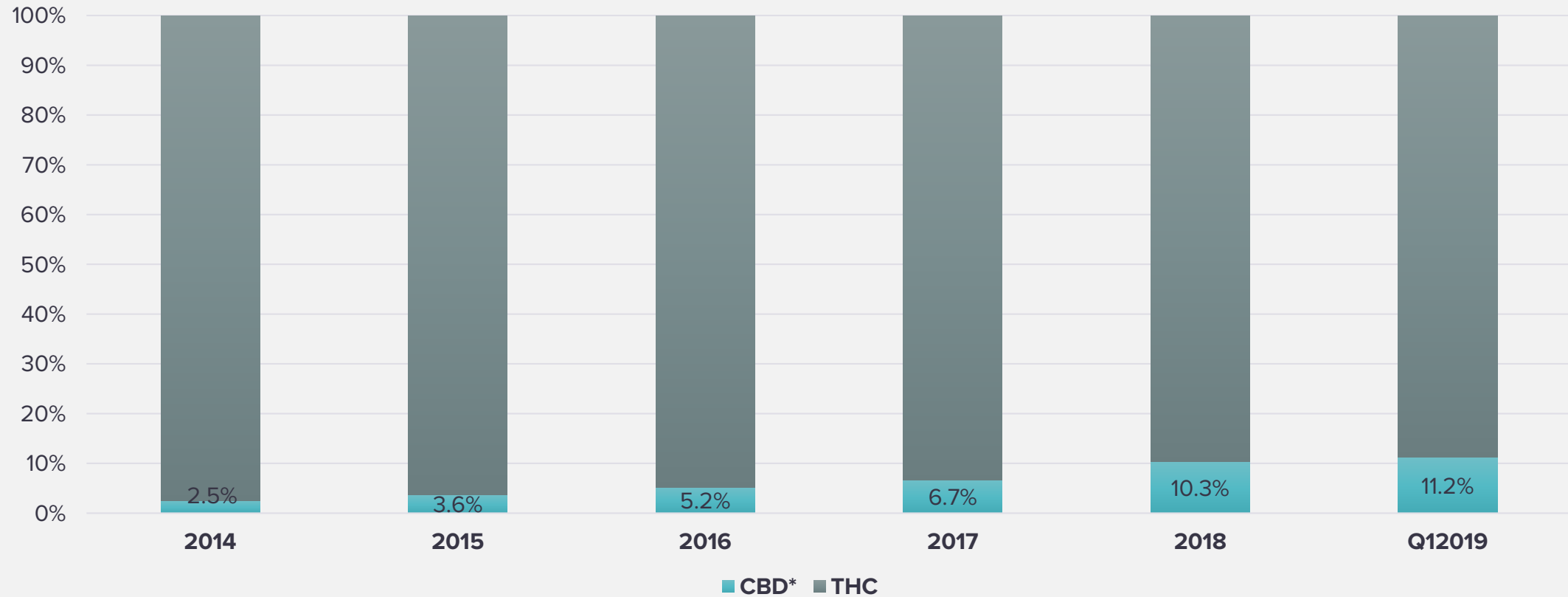
## U.S. CBD Spending Licensed Dispensaries vs. Pharmaceuticals (\$ millions)



Source: Arcview Market Research/BDS Analytics

# Dispensaries Created the CBD Phenomenon

## U.S. CBD vs. THC Share of Licensed Dispensary Sales Tracked by GreenEdge™

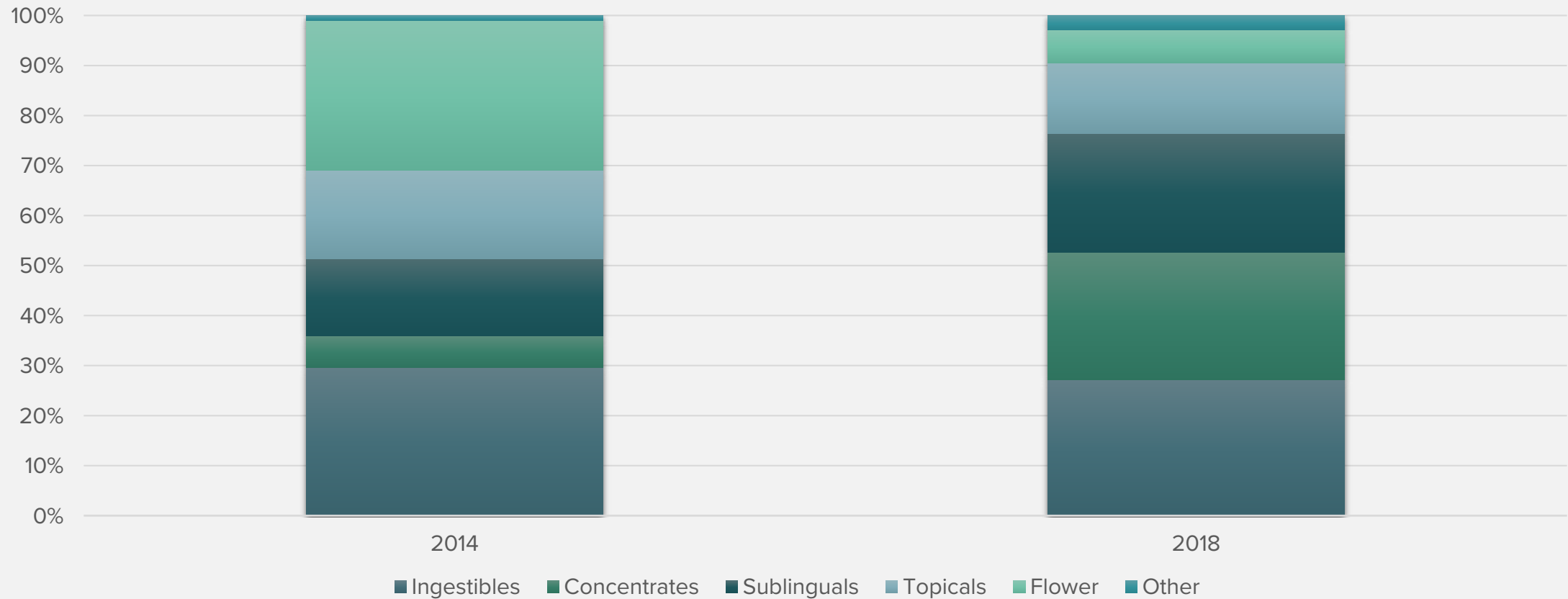


Source: Arcview Market Research/BDS Analytics

\*Products containing a substantial proportion of CBD

# What Started With Flower is Now 95% Other Products

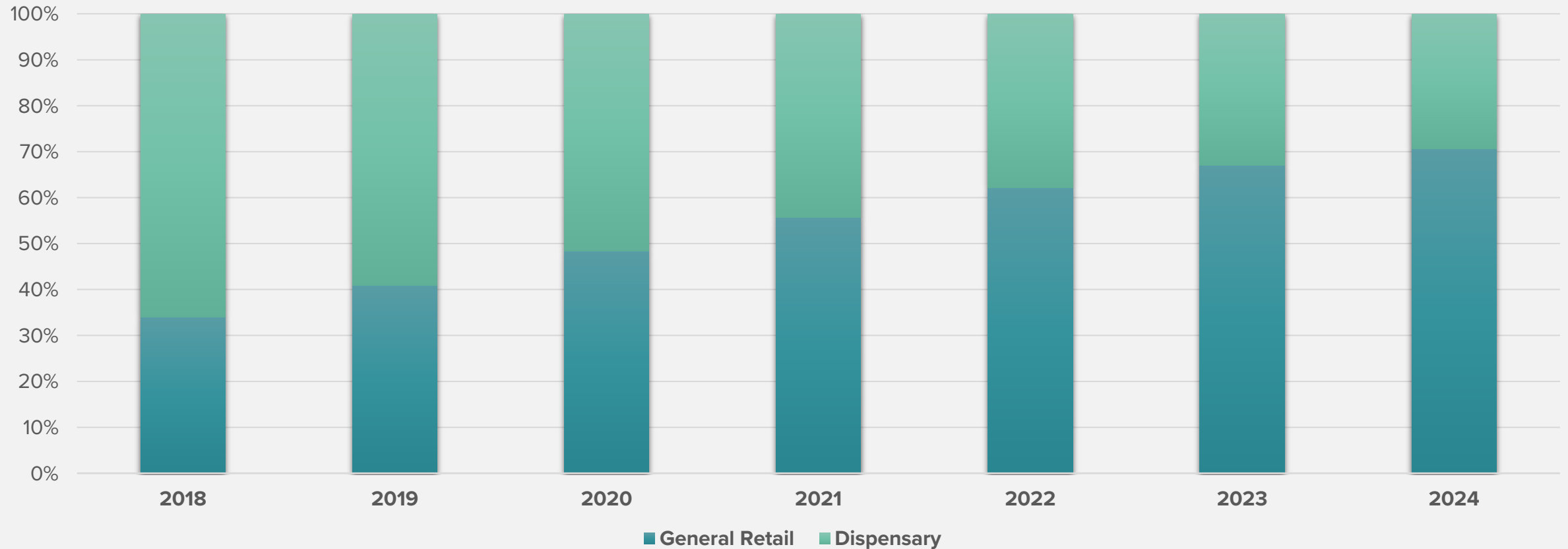
## U.S. Dispensary High CBD Product Mix, GreenEdge™ Tracked Stores 2014 vs. 2018



Source: Arcview Market Research/BDS Analytics

# The CBD Retail Battle to Come: Dispensaries Against The World

## U.S. CBD Spending Licensed Dispensary vs. General Retail Channels 2018-2024

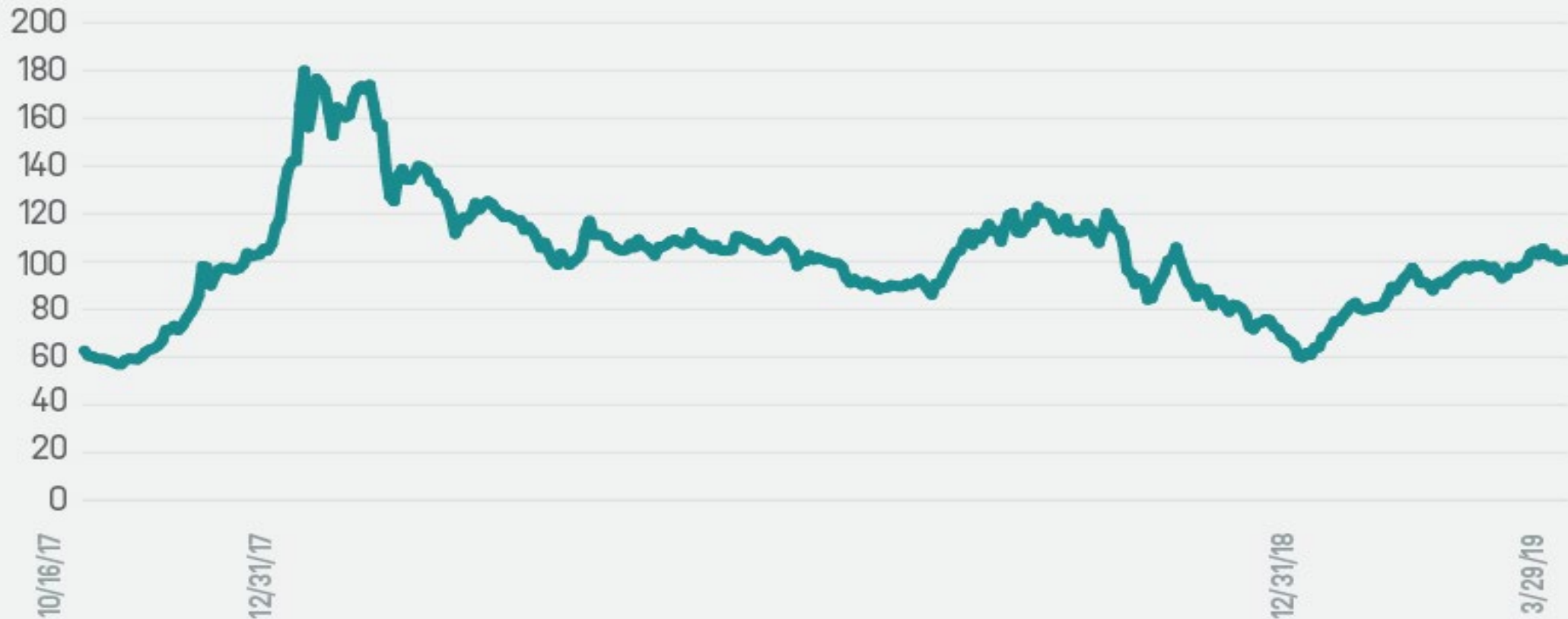


Source: Arcview Market Research/BDS Analytics



# Constellation Investment Wakes up Wall Street

## NCV Global Cannabis Stock Index



Source: New Cannabis Ventures

# Triggering a Flood of New Money Into Cannabis

## Annual Capital Raised: Public vs. Private (In Billions)



\* Data through April 26, 2019.

Source: Viridian Capital Advisors, Viridian Cannabis Deal Tracker

# Sparking an M&A Explosion

## 2018 Top 10 Mergers/Acquisitions

ACQUIRER	TARGET	DATE	APPROX CONSIDERATION*
Aurora Cannabis Inc	MedReleaf Corp	7/25/18	\$ 1,975
Aurora Cannabis Inc	CanniMed Therapeutics Inc	5/1/18	\$ 750
Canopy Growth Corp	Hiku Brands Company Ltd	9/5/18	\$ 455
Aphria Inc	Nuuvera Inc	3/23/18	\$ 370
Aurora Cannabis Inc	ICC Labs	10/23/18	\$ 220
Aphria Inc	LATAM Holdings Inc	9/27/18	\$ 215
Canopy Growth Corp	ebbu Inc	10/15/18	\$ 215
Aphria Inc	Broken Coast Cannabis Inc	1/15/18	\$ 165
Canopy Growth Corp	Storz & Bickel GmbH & Co	12/6/18	\$ 165
Mjardin Group Inc	GrowForce Holdings Inc	10/15/18	\$ 135

\* In millions of US dollars. Does not include earn-outs or contingent consideration.

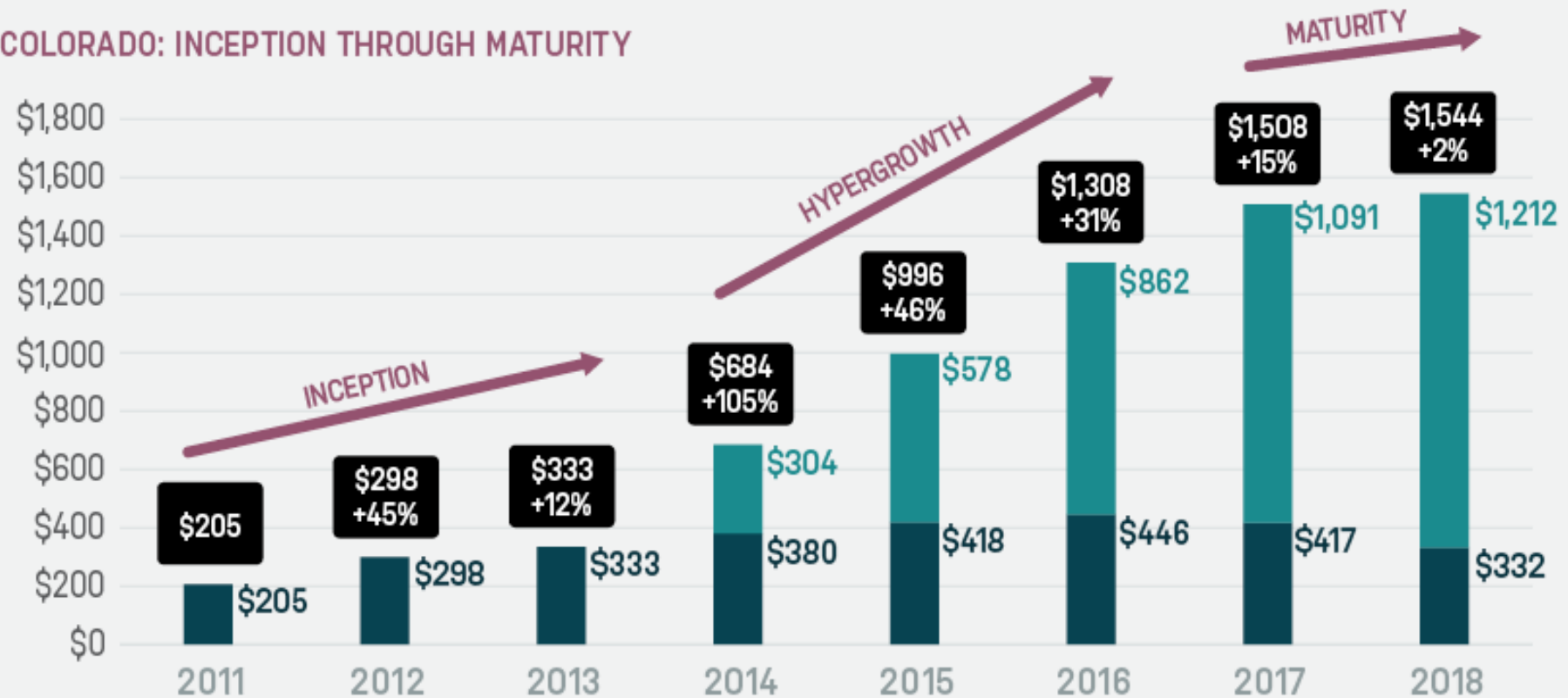
Source: Viridian Capital Advisors

# Market Lifecycle in Colorado

## How Does a New Market Grow? Three Phases of Growth

■ Medical Spending ■ Adult-use Spending

COLORADO: INCEPTION THROUGH MATURITY



Source: BDS Analytics GreenEdge™

# Retail Tracking Shows What Drives (or Kills) Growth

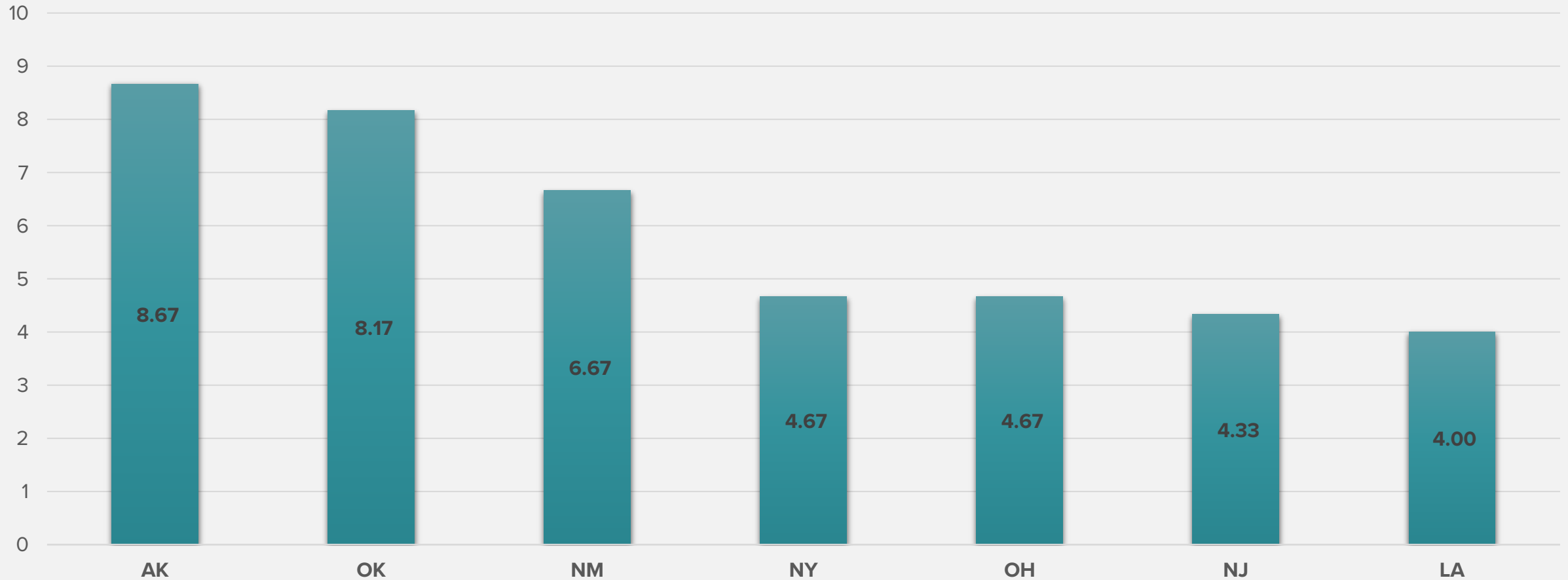
## Growth Indicator Matrix



Source: Arcview Market Research/BDS Analytics

# Huge Range of Index Values Driven by Regulator Approach

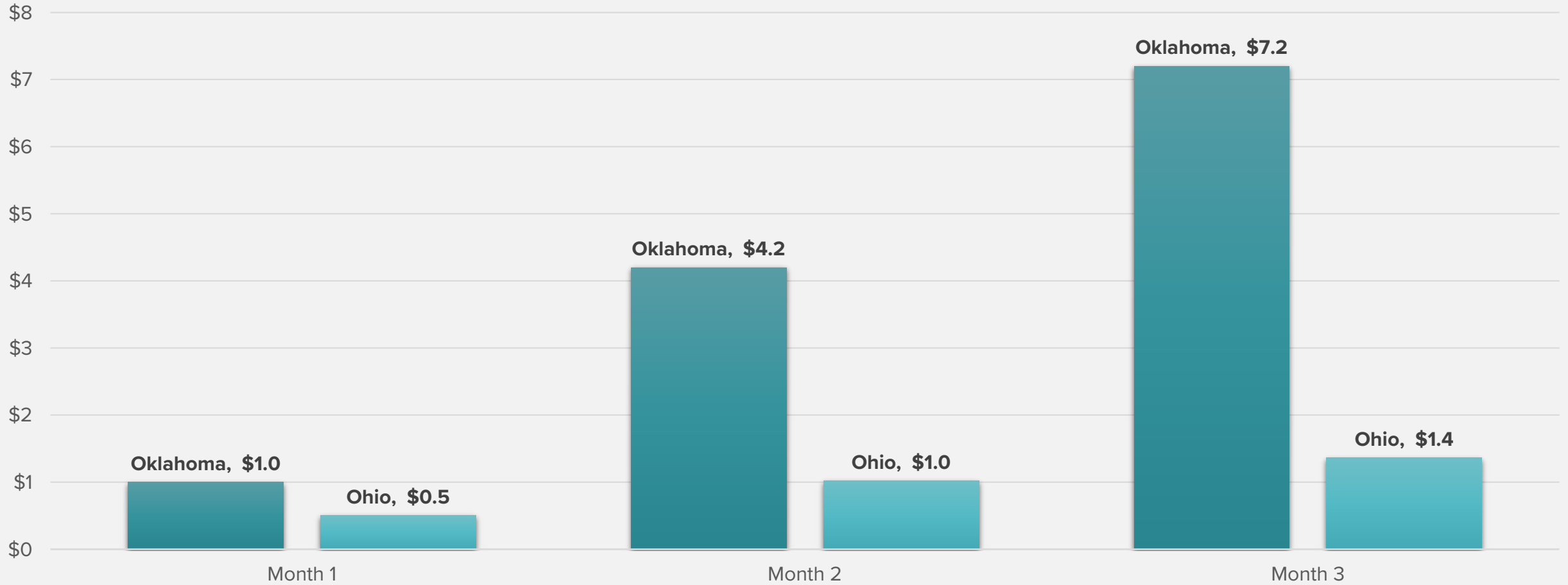
## Growth Indicator Matrix: Top and Bottom State Markets



Source: Arcview Market Research/BDS Analytics

# Case Study: Oklahoma versus Ohio

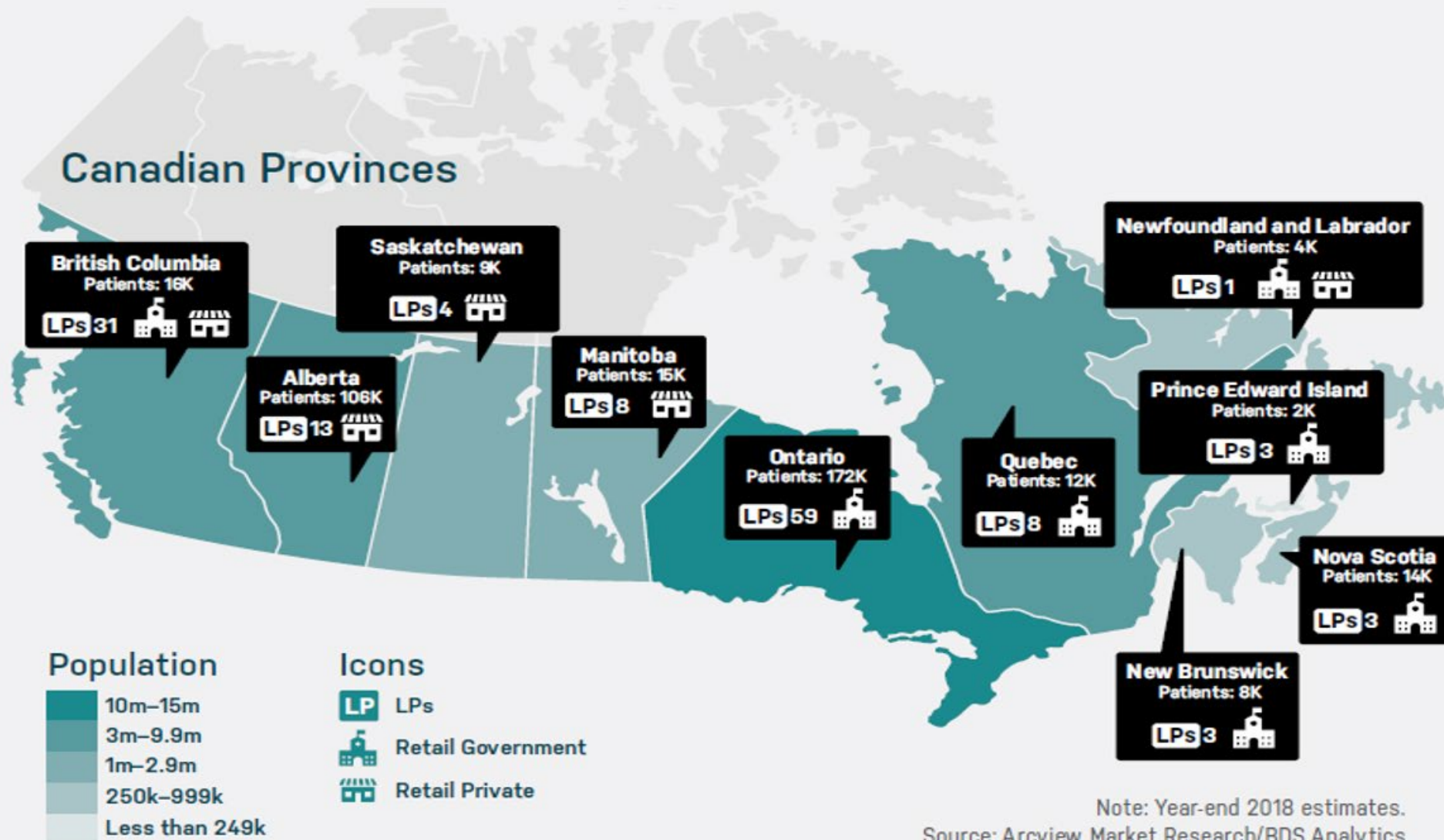
## Medical Cannabis Sales: Months 1-3 (\$ millions)



Source: Arcview Market Research/BDS Analytics

■ Oklahoma ■ Ohio

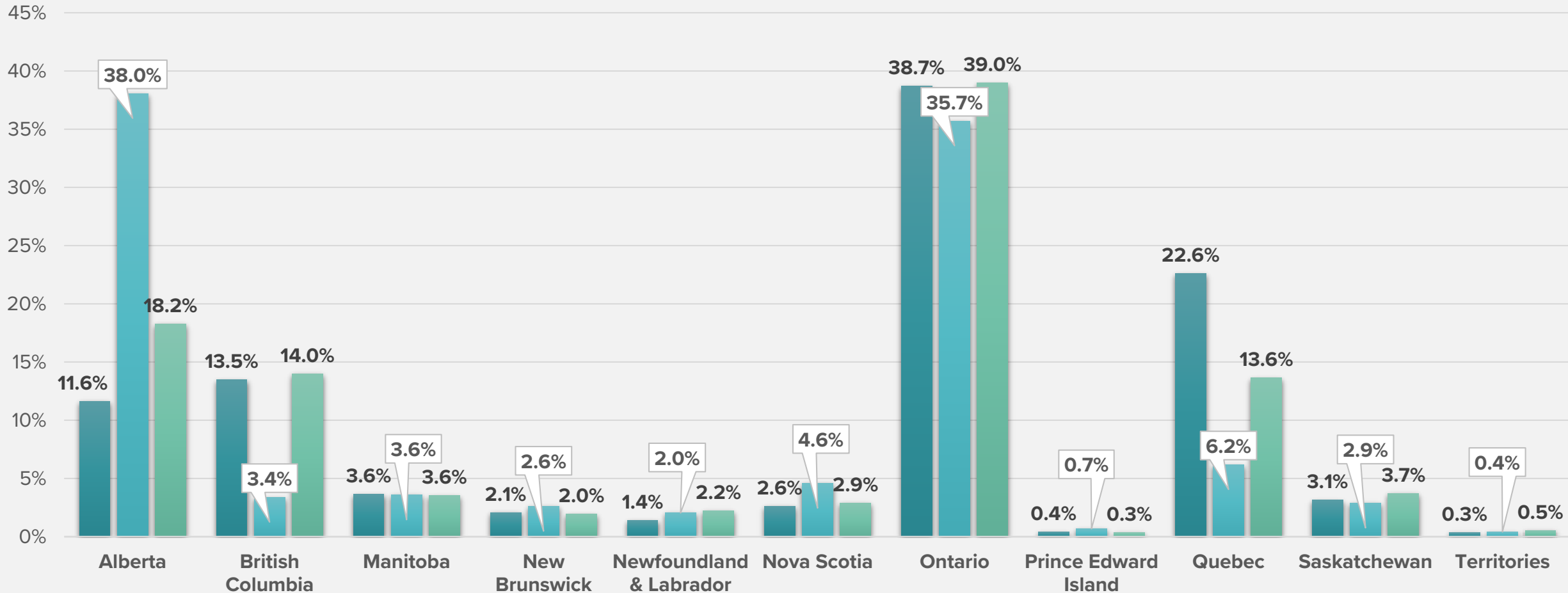
# First-Ever Provincial-Level Forecast





# Similar Growth Indicators Applied to Canadian Provinces

## The Canadian Provinces: Population versus Cannabis Revenue (\$ millions)



Source: Arcview Market Research/BDS Analytics

■ % of 2018 Population   ■ % of 2018 Revenue   ■ % of 2024 Revenue



# Illinois Market Summary

2018 Legal Status	Medical
2018 Population	12.8 Million
2018 Medical Spending	\$145 Million
2018 Adult-use Spending	—
2024 Medical Spending	\$213 Million
2024 Adult-use Spending	\$928 Million

Source: Arcview Market Research/BDS Analytics

# Case Study: Illinois Goes Adult Use

## Illinois Market Summary



No history of unlicensed competition



Vertical integration permitted

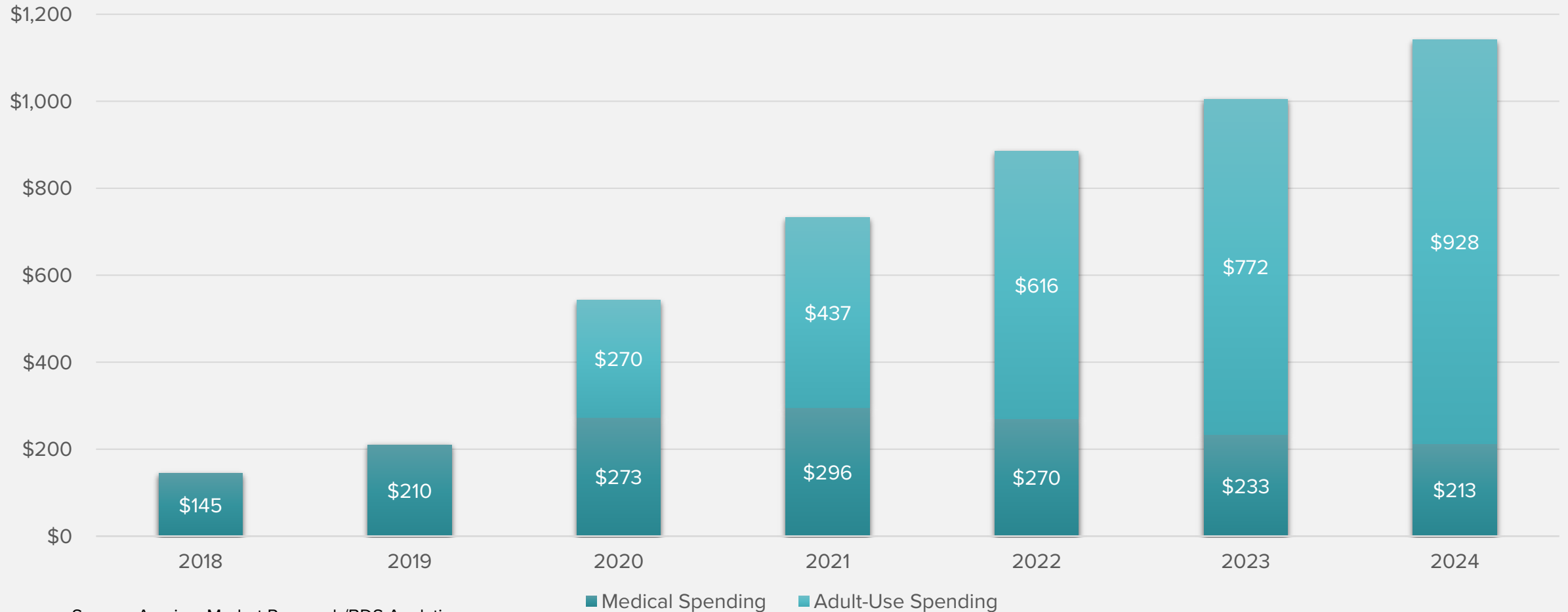


No product restrictions

Source: Arcview Market Research/BDS Analytics

# Quickly Turning State Into Fifth Largest U.S. Market

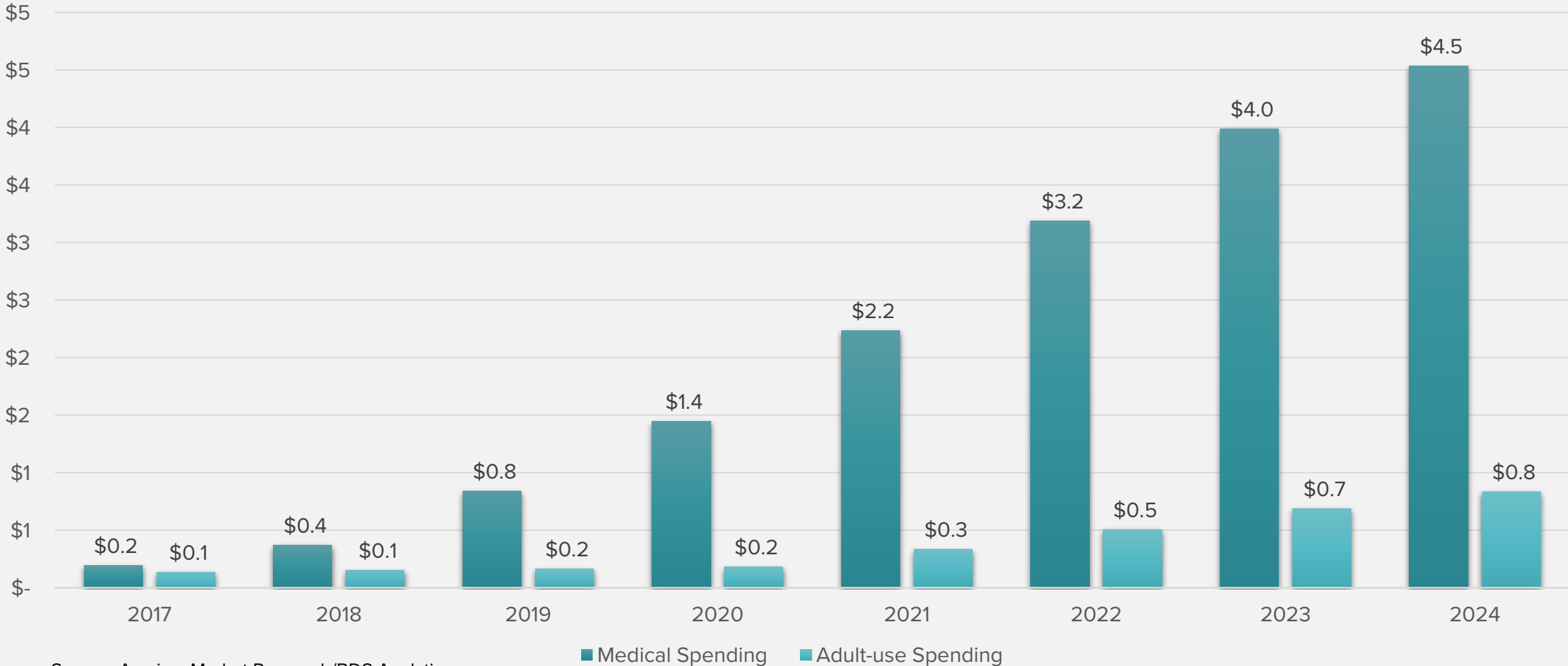
## Illinois Legal Spending (\$ millions)



Source: Arcview Market Research/BDS Analytics

# The Seeds of an Enormous Worldwide Opportunity

## International Markets Legal Spending (\$ billions)



Source: Arcview Market Research/BDS Analytics

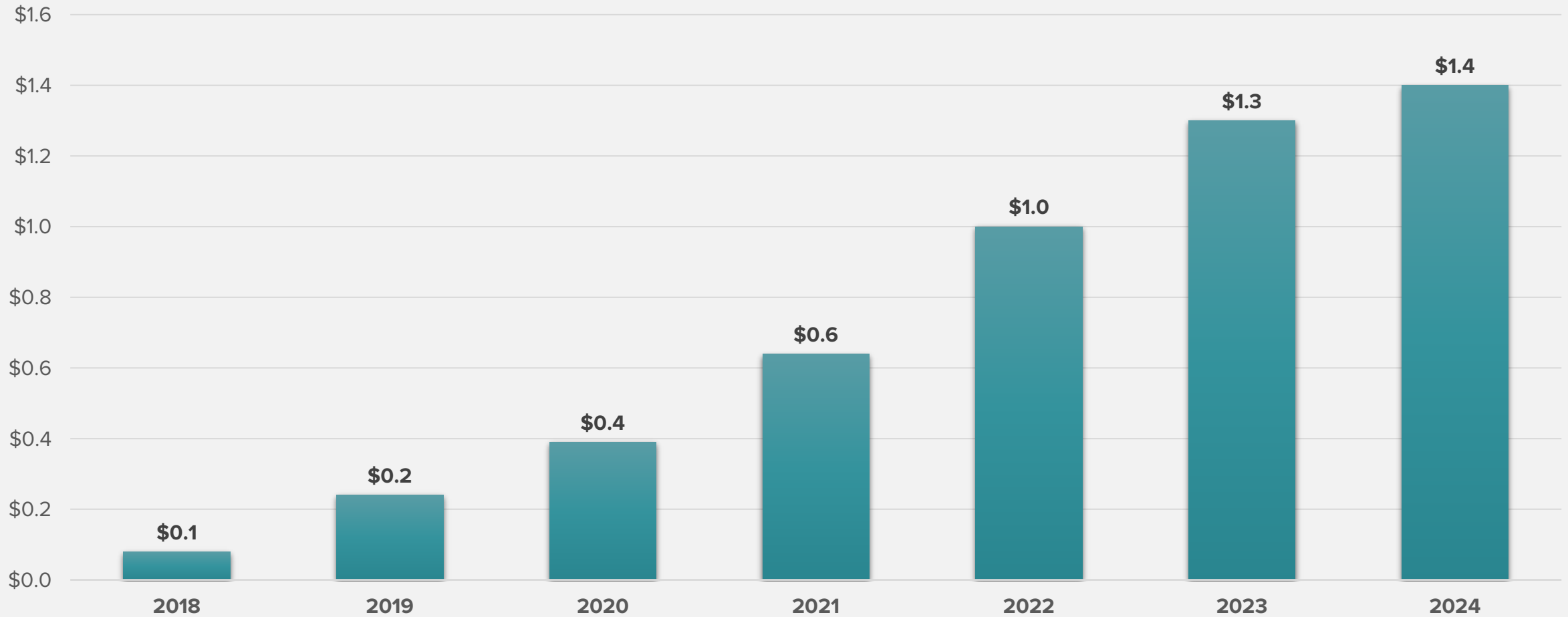
# Germany Market Summary

2018 Legal Status	Medical
2018 Population	82.3 Million
2018 Medical Spending	\$79 Million
2018 Adult-use Spending	—
2024 Medical Spending	\$1.4 Billion
2024 Adult-use Spending	—

Source: Arcview Market Research/BDS Analytics

# Case Study: German Medical Market

## Germany Legal Spending (\$ billions)

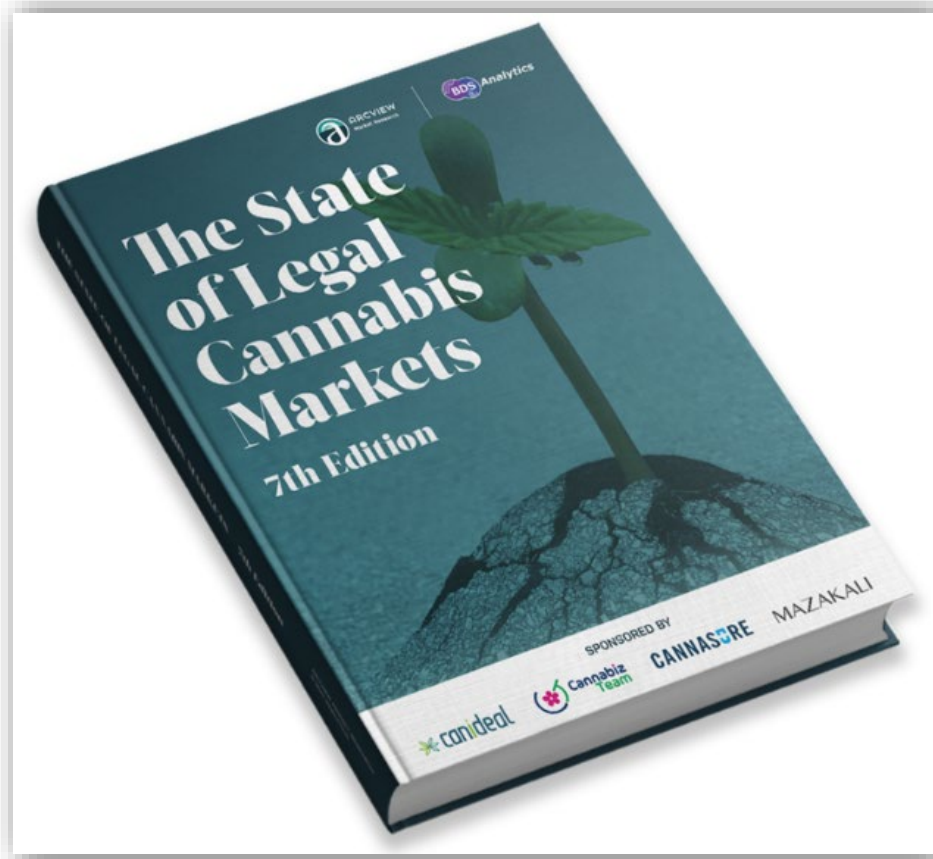


Source: Arcview Market Research/BDS Analytics





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# Q&A



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