

Cannabis Investing Trends & The Future of Regulatory Reform



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Capital Raises down 67% YoY....

Summary of Year-to-Date Transactions Capital Raises

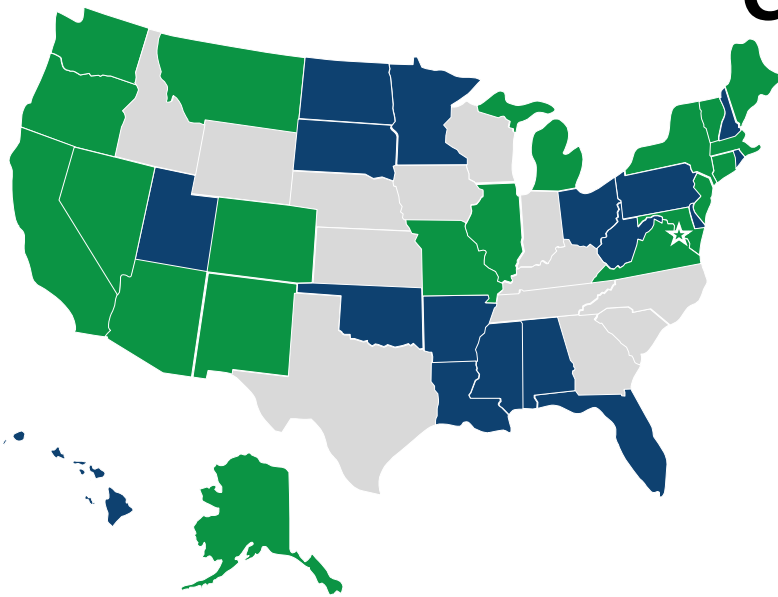
Through Week 42
\$ in USD Millions

		Public Companies			Private Companies			Overall		
		Equity	Debt	Total	Equity	Debt	Total	Equity	Debt	Total
2022	# of Raises	80	74	154	45	18	63	125	92	217
	Total Raised	\$ 1,098.0	\$ 1,498.7	\$ 2,596.8	\$ 516.0	\$ 399.6	\$ 915.6	\$ 1,614.0	\$ 1,848.3	\$ 3,462.3
	Average Raise	\$ 13.7	\$ 20.3	\$ 16.9	\$ 11.5	\$ 22.2	\$ 14.5	\$ 12.9	\$ 20.1	\$ 16.0
2021	# of Raises	228	69	297	60	21	81	288	90	378
	Total Raised	\$ 4,908.9	\$ 3,366.8	\$ 8,275.7	\$1,667.5	\$ 540.1	\$2,207.7	\$ 6,576.5	\$ 3,906.9	\$10,483.3
	Average Raise	\$ 21.5	\$ 48.8	\$ 27.9	\$ 27.8	\$ 25.7	\$ 27.3	\$ 22.8	\$ 43.4	\$ 27.7

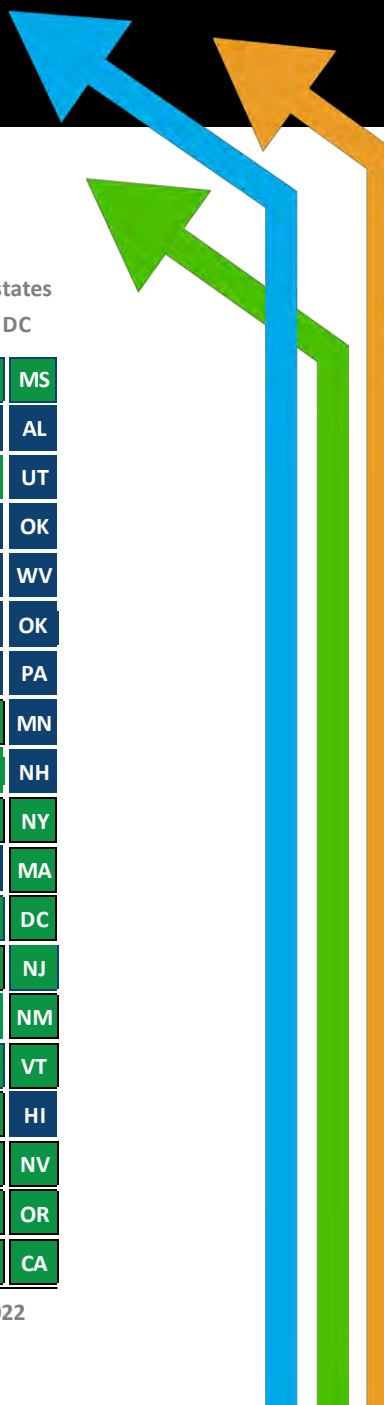
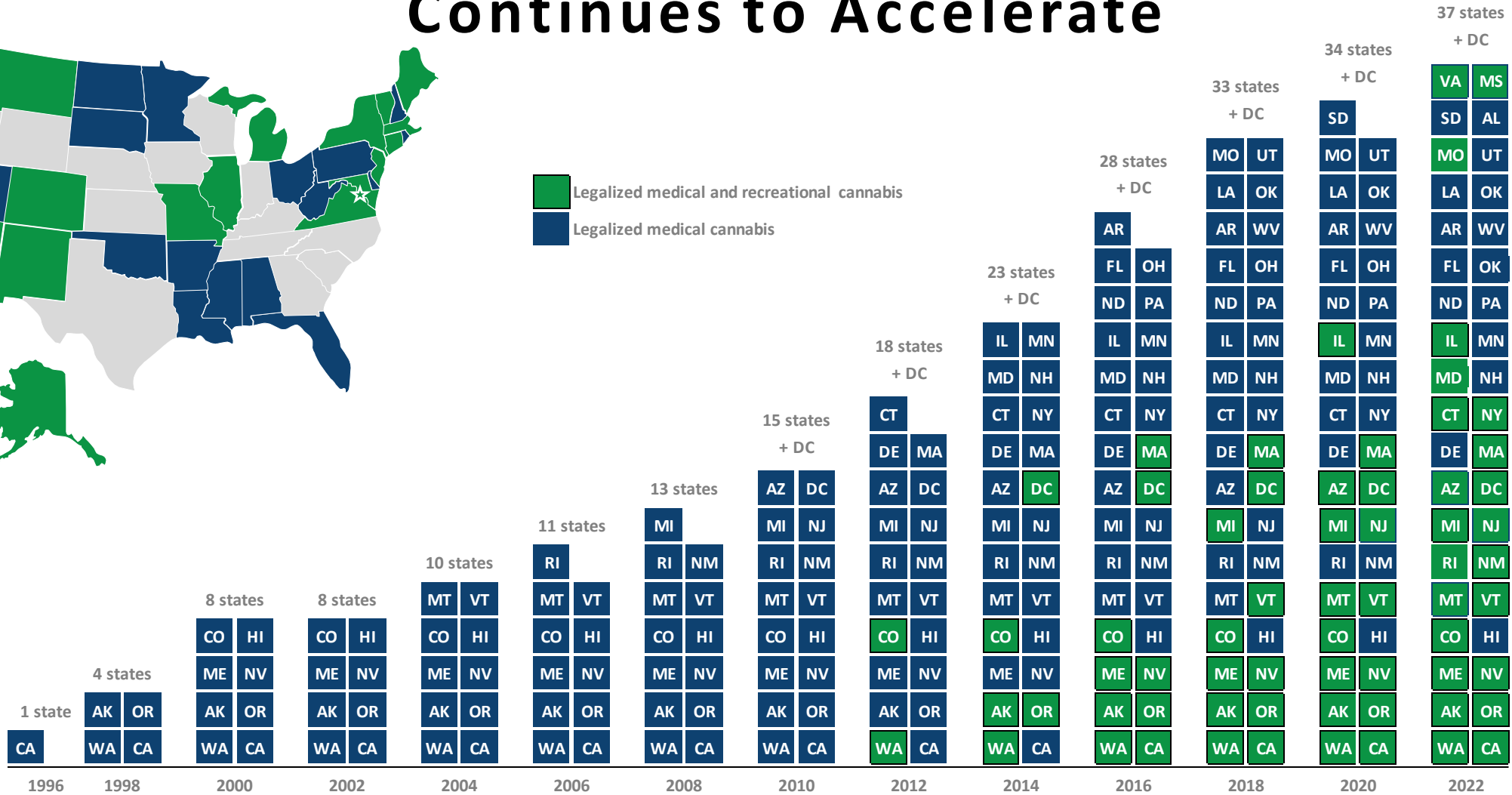
Source: Viridian Capital Advisors



... While Regulatory Momentum Continues to Accelerate



■ Legalized medical and recreational cannabis
■ Legalized medical cannabis



Capital Markets Remain Disconnected from Industry Growth

CNBS (Cannabis ETF)
Performance Since Inception vs. US Legal Cannabis Sales



Significant Discount for Cannabis Multiples Despite Stronger Sales Growth

Company	Exchange	Ticker	Stock Price	Market Cap. (USDm)	YoY Sales Growth	P/Sales FY'22E	EV/EBITDA FY'22E
US Cannabis MSOs							
Curaleaf	CSE	CURA	CAD 7.33	3,759	16.7%	2.7x	13.0x
Green Thumb Industries	CSE	GTII	CAD 13.25	2,380	14.4%	2.3x	8.9x
Trulieve	CSE	TRUL	CAD 15.10	2,060	42.9%	1.5x	6.7x
Verano Holdings	CSE	VRNO	CAD 7.25	1,688	27.6%	1.8x	5.1x
Cresco Labs	CSE	CL	CAD 4.31	1,020	10.5%	1.1x	6.8x
Median				\$ 2,060	14.4%	1.8x	6.8x

Source: Google Finance as of 11/03/22

hpp	Exchange	Ticker	Stock Price	Market Cap. (USDm)	YoY Sales Growth	P/Sales FY'22E	EV/EBITDA FY'22E
Alcohol & Tobacco							
Annheuser-Busch	NYSE	BUD	\$ 49.16	99,266	8.1%	1.7x	9.7x
Constellation Brands	NYSE	STZ	\$ 241.41	45,394	2.4%	5.1x	16.6x
Molson Coors	NYSE	TAP	\$ 49.48	10,760	4.2%	1.0x	8.9x
Phillip Morris	NYSE	PM	\$ 88.34	136,945	-6.8%	4.7x	13.1x
Altria Group	NYSE	MO	\$ 44.91	80,486	-1.2%	3.9x	8.3x
Median				\$ 80,486	-1.2%	3.9x	9.7x

Higher Cannabis Sales Growth Rate **1560bps**

	P/Sales	EV/EBITDA
Cannabis Valuation Discount	53.5%	29.7%



Significant Valuation Growth Expected As More Institutions Access Cannabis

Company	Exchange	Ticker	Market Cap. (USDm)	Institutional Ownership	Institutional Notional	10% of Notional
Alcohol & Tobacco						
Annheuser-Busch	NYSE	BUD	99,266	20%	19,853	1,985
Constellation Brands	NYSE	STZ	45,394	74%	33,528	3,353
Molson Coors	NYSE	TAP	10,760	79%	8,524	852
Phillip Morris	NYSE	PM	136,945	76%	104,078	10,408
Altria Group	NYSE	MO	80,486	60%	48,090	4,809
Median			\$ 80,486	266%	214,074	21,407

Source: Google Finance as of 11/03/22

10% of Institutional Investment in 5 Largest Alc/Tobacco Companies >10x Market Cap of 5 largest Public US MSOs

Highly Attractive Valuations & Terms For Investors in Cannabis Today

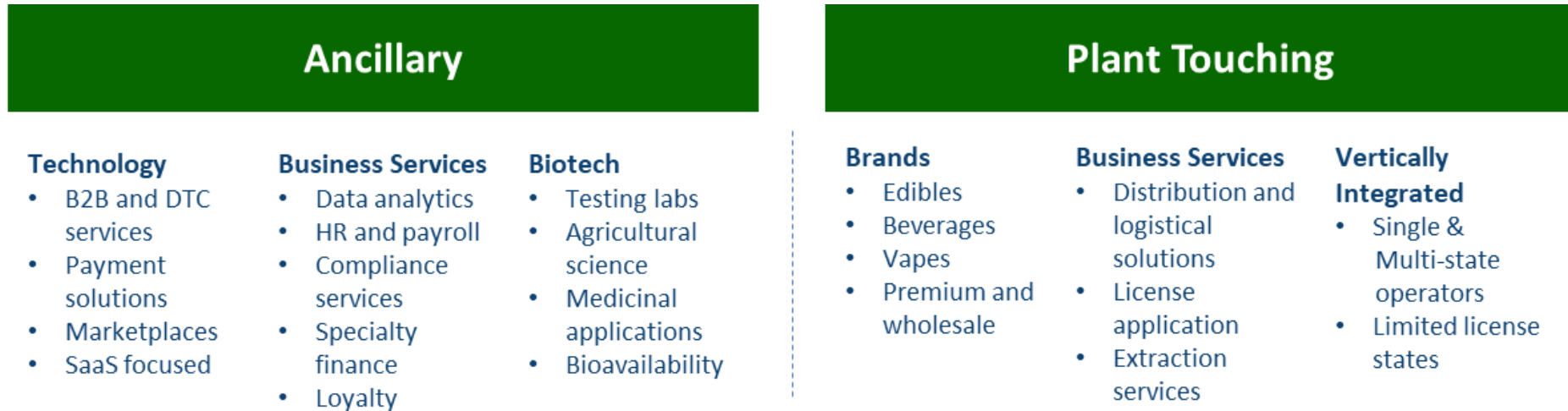
- Capital markets are tighter than ever despite the most mature, legal cannabis industry ever.
- Constraints prevalent across both equity and debt markets. Therefore, we are focused on investments with:
 - Principal Protection
 - Current Income
 - Equity-like Upside
- Cost of capital exceptionally high today

Private Companies Fundraising Need to Reference Public Valuations and Adjust Expectations Accordingly



Investing in Cannabis, Diversification is Critical

The Entire Cannabis Ecosystem (Plant & Non-Plant Touching)



What We Look For



Proprietary transactions lead, structure, & gain board representation



Experienced, proven, & accountable management teams



Superior risk-adjusted returns with clear paths towards exits



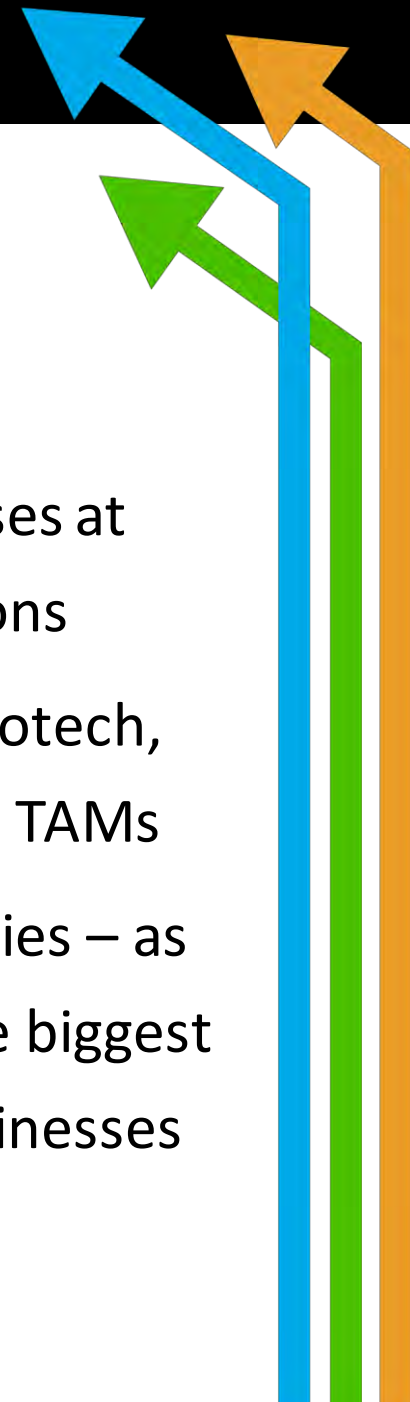
Where We are Focused Today

- **Plant-touching Investments**

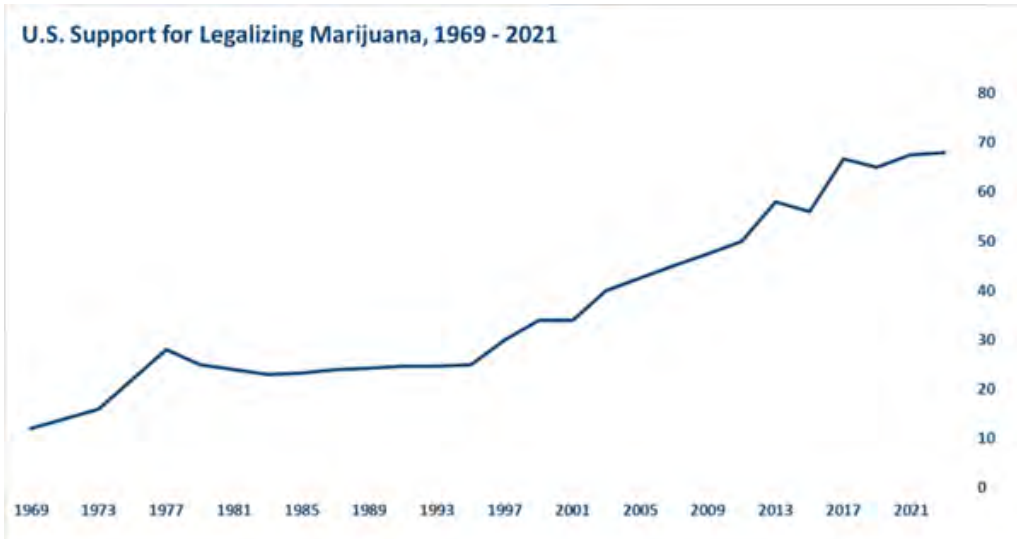
- CF positive businesses in competitive/mature markets led by exceptional management
- Repeat Founders in emerging states with attractive supply-side licensing dynamics
- Branded products with customer loyalty and differentiation

- **Ancillary Investments**

- Niche, cash flowing businesses at attractive terms and valuations
- Scalable businesses (tech, biotech, business services) with large TAMs
- Specialty finance opportunities – as access to capital remains the biggest issue for many cannabis businesses



The Future of Cannabis is Bright! Despite LTM Market Turbulence



Recent Momentum

- Biden cannabis reform announcement
- Canopy Growth potential pathway to consolidate US assets
- Germany legalizes adult-use cannabis
- Nov. 8th elections – 2 new states legalized adult-use
- Colorado – Decriminalized psychedelics

Future Growth Drivers

- SAFE Banking+: Reduces opex burden. Lame duck potential?
- CLIMB Act: Permits uplisting. Lame duck potential?
- Descheduling/Rescheduling: below Schedule 2 fixes 280E. Potential for interstate?

Thank you!



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