



Cannabis Universe Construction

TSX Inc. (TSX) is responsible for compiling the cannabis stock selection universe from which the **S&P/TSX Cannabis Index** and **S&P/MX International Cannabis Index** (the “Indices”) are constructed. Based on the criteria and process outlined below, TSX will determine what issuers (listed on the applicable exchanges as set out below) meet the eligibility criteria for the cannabis universe for each Index. Once the cannabis universe for each Index are compiled by TSX, S&P Dow Jones Indices LLC (S&P) will use this information as the basis for applying the Index methodology to determine the constituents of the Indices.

The TSX Market Intelligence Group, made up of TSX research analysts, is responsible for overseeing initial and continuous research and selection on the cannabis universes for the Indices.

To be eligible for the **S&P/TSX Cannabis Index**, constituents must be issuers listed on Toronto Stock Exchange and TSX Venture Exchange. To be eligible for the **S&P/MX International Cannabis Index**, constituents must be issuers listed on Toronto Stock Exchange, TSX Venture Exchange, NYSE and/or Nasdaq.

Selection Process

TSX’s research and selection process to select issuers that meet the eligibility criteria for the cannabis universe involves a review of publicly available documents and information sources (further described below) to ensure that the listed issuers meet the market capitalization thresholds and eligibility criteria set out below. Companies for cannabis universe consideration are identified, researched and selected based on a wide variety of publicly available documents and information source. These publicly available sources are also culled and monitored on a quarterly basis to ensure that Index constituents continue to meet the eligibility criteria for the cannabis universe.

Publicly available sources

Publicly available sources include, but are not limited to:

- Company sources and regulatory filings
 - Annual and Interim Financial Statements
 - Management's Discussion and Analysis
 - Annual Information Forms
 - Management Information Circulars
 - Press releases
- Industry sources such as trade associations and professional journals

TSX evaluates revenues and investments based on the portion of a company's business driven by cannabis activity. Data is standardized for comparative analysis whenever possible.

Market Capitalization Threshold

The TSX Market Intelligence Group applies a threshold market capitalization of CAD\$90M for vetting issuers listed on Toronto Stock Exchange or TSX Venture Exchange: listed issues with a market cap of over CAD\$90M are vetted while listed issuers with a market cap of under CAD \$90M are not.

The TSX Market Intelligence Group applies a threshold market capitalization of US\$60M for vetting issuers listed on NYSE or Nasdaq: listed issues with a market cap of over US\$60M are vetted while listed issues with a market cap of under US\$60M are not.

Eligibility criteria for the cannabis universe

Using publicly available information sources, TSX will apply the following eligibility criteria with respect to the universe for the Indices: constituents of the Indices shall be issuers whose publicly available information demonstrates to a high degree of confidence that more than half of: business operations in; net income/ EBITDA; or cash flow are from products and services in: cannabis, hemp, CBD, cannabinoids across all business activities including but not limited to cultivation, production, distribution, sales, research, medical research, medical applications, medical extraction, and ancillary services and products (defined as products and services that support cannabis, hemp, CBD, and cannabinoids business activities, including manufacturing, equipment manufacturing, hardware products and software products).



The research supports four critical elements of index management:

1. **Qualification.** Determining which companies meet the standards to be considered eligible.
2. **Scanning.** Monitoring a pool of candidate companies for future addition to the Indices.
3. **Selection.** Choosing constituents from the universe of qualified companies that satisfy the eligibility criteria of the Indices, as set out above.
4. **Monitoring.** Tracking and monitoring eligibility criteria for issuers listed on the Indices to ensure that they continue to meet the criteria for inclusion.

Disclaimers:

TSX Inc and its affiliates do not make any representations regarding the Cannabis stock selection universe, nor do they have any liability for any errors or omissions with respect to such universe.

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