

Craig-Hallum's Curated Cannabis

Curaleaf Holdings (CURLF - \$11.89)	Rating: Buy	Price Target: \$19
Green Thumb Industries Inc. (GTBIF - \$22.31)	Rating: Buy	Price Target: \$35
Trulieve Cannabis Corp. (TCNNF - \$30.80)	Rating: Buy	Price Target: \$50
TerrAscend Corp. (TRSSF - \$8.78)	Rating: Buy	Price Target: \$10.50
Vireo Health International (VREOF - \$1.16)	Rating: Buy	Price Target: \$2.25

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State Of Cannabis Markets Into 2021: Outperformance Set To Continue With New Markets And Continued Operating Leverage Driving Fundamentals While New Catalysts And New ETF Could Drive Multiple Expansion.

OUR CALL

In this note, we update our US model, categorize the top industry players into tiers, examine financials and stock performance, discuss catalysts, and—as requested by many clients—present upside potential for our covered stocks.

Market Summary: In 2019, Canadian oversupply demonstrated to cannabis investors that top line growth did not always equal profitable growth. US multistate operators (MSOs) were in early buildout stages, their stocks traded in lockstep with Canadians', and the vape crisis further soured sentiment.

In 2020, COVID hit, cannabis was deemed “essential”, growth accelerated, buildouts reached scale, and investors found—in the US—top-line growth could indeed drive significant EBITDA, net income and cash flow profitability. MSOs with scale, efficient operations, high capacity utilization and prudent capital allocation saw their stocks vastly outperform benchmarks, with most up 100%+ compared to the Russell 2000 +15%, S&P500 +13% and NASDAQ +38%.

In the election, voters approved a clean sweep of cannabis proposals via ballot referenda, with 5 states now set to open new cannabis markets. In 2021, more states are expected to follow suit via the legislature.

2021 Outlook: We expect US cannabis stocks to outperform benchmarks again in 2021. New markets should drive further top-line growth, and buildouts should continue to exhibit strong operating leverage and profitability.

Despite their strong run in 2020, valuations of US cannabis stocks still do not reflect their decades-long secular growth trends, which we largely attribute to pervasive custody and trading issues associated with the plant's federally illegal status. However, a new NYSE Arca-listed ETF (MSOS) is quickly becoming a primary vehicle for investors to navigate these issues; AUM is exploding, and inflows are positively impacting constituent stock prices, which should improve their valuation disconnect.

We recommend investors overweight Tier 1 MSOs (and/or MSOS), which have the scale and profitability to drive outperformance; be selective with Tier 2 MSOs, which may have higher beta to upcoming catalysts but will likely be more volatile than Tier 1's; and leave Tier 3 MSOs, which may have higher upside potential but come with less attractive risk/rewards, to only the most cannabis-savvy investors.

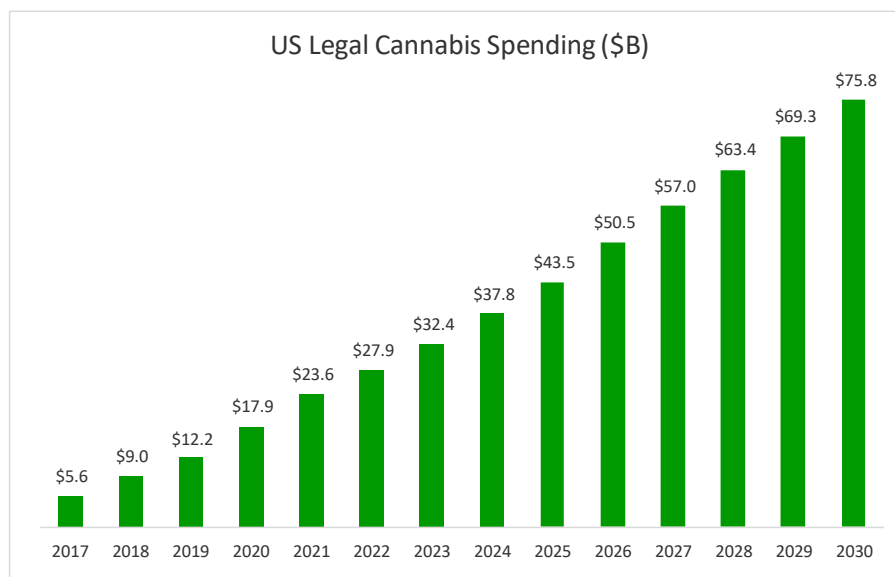
Bottom Line Takeaways For Covered Stocks: **CURLF** - Scale and liquidity make shares a name to own for when institutional capital enters the space – 3.5x+ *upside potential by 2022*; **GTBIF** - Most well-rounded MSO & best capital allocators – a name you can trust for the long term – 2.5x+ *upside potential by 2022*; **TCNNF** – Highest beta to FL legalization – 80%+ *upside potential by 2022*; **TRSSF** – Highest beta to NJ legalization – 3.5x+ *upside potential by 2022*; **VREOF** – Highest beta to NY legalization – not given credit for likely legislative changes – 7x+ *upside potential by 2022*.



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US MODEL UPDATE



Source: Craig-Hallum

We are increasing our estimates for the US legal cannabis market for several reasons that we detail in this report. First, Covid proved to be an accelerator of legal revenues; all medical markets were deemed “essential” in the spring, and consumers hastened their transition from illicit to legal sources in search of safe, tested product. Second, even the most mature markets experienced 30%+ growth, proving cannabis demand is much higher than we previously estimated. Third, voters overwhelmingly approved new cannabis markets in a clean sweep of proposals in the November election, demonstrating the decades long trend of state legalizations is continuing to gain momentum. Lastly, the US House of Representatives and the UN passed monumental reform, showing legalization momentum is not only accelerating at the state level but also at federal and international levels.

2020 has far exceeded our expectations—new estimate: \$17.9B; previous estimate: \$14.6B.

2022 will be fueled by new legalizations—new estimate: \$27.9B; previous estimate: \$21.5B.

2025 growth driven by continued growth from legal markets, with meaningful federal reform likely by this point—new estimate: \$43.5B; previous estimate: \$33.5B.

By 2030 we expect the US cannabis market will reach \$75B+ in legal spend.



TOP INDUSTRY PLAYERS

Tier 1 MSOs			Tier 2 MSOs			Tier 3 MSOs		
<i>Covered Stocks:</i>			<i>Covered Stocks:</i>			<i>Non-Covered Stocks:</i>		
Ticker	Name	Rating	Ticker	Name	Rating	Ticker	Name	Rating
CURLF	Curaleaf Holdings	BUY	VREOF	Vireo Health	BUY	ACRDF	Acreage Holdings	N/A
GTBIF	Green Thumb Industries	BUY	<i>Non-Covered Stocks:</i>			ITHUF	iAnthus Capital Holdings	N/A
TCNNF	Trulieve Cannabis	BUY	Ticker	Name	Rating	LHSIF	Liberty Health Sciences	N/A
TRSSF	TerrAscend	BUY	FFNTF	4Front Ventures	N/A	MRMD	MariMed	N/A
<i>Non-Covered Stocks:</i>			CXXIF	C21 Investments	N/A	MMNNF	MedMen	N/A
Ticker	Name	Rating	HRVSF	Harvest Health & Rec	N/A	RWBYF	Red White & Bloom	N/A
CRLBF	Cresco Labs	N/A	JUSHF	Jushi Holdings	N/A	VEXTF	Vext Science	N/A
CCHWF	Columbia Care	N/A	PLNHF	Planet 13 Holdings	N/A			
AYRSF	AYR Strategies	N/A						

Source: Craig-Hallum

We currently classify US cannabis stocks into three tiers. Tier 1 MSOs have the best combination of scale, profitability, balance sheet strength and management skill (operational efficiency and capital allocation). We think Tier 1 stocks have the clearest path to price appreciation through steady execution and exposure to wide-ranging state legalizations. Tier 1s should outperform again in 2021, and we recommend investors overweight these stocks.

Tier 2 MSOs may have higher beta to upcoming catalysts like state legalizations and banking reform but lack the scale/profitability/balance sheet strength/management skill compared to their Tier 1 peers. We think many of these stocks will also outperform in 2021, possibly more than Tier 1s if catalysts go their way, but think the path will be more volatile.

Tier 3 MSOs often lack scale/profitability/balance sheet strength/management skills, and while some may have higher upside potential, we think Tier 1s and Tier 2s offer better risk/reward. We recommend only the most cannabis-savvy investors take positions here, and even then be very selective.

YTD FINANCIALS – TIER 1 AND TIER 2 OPERATORS

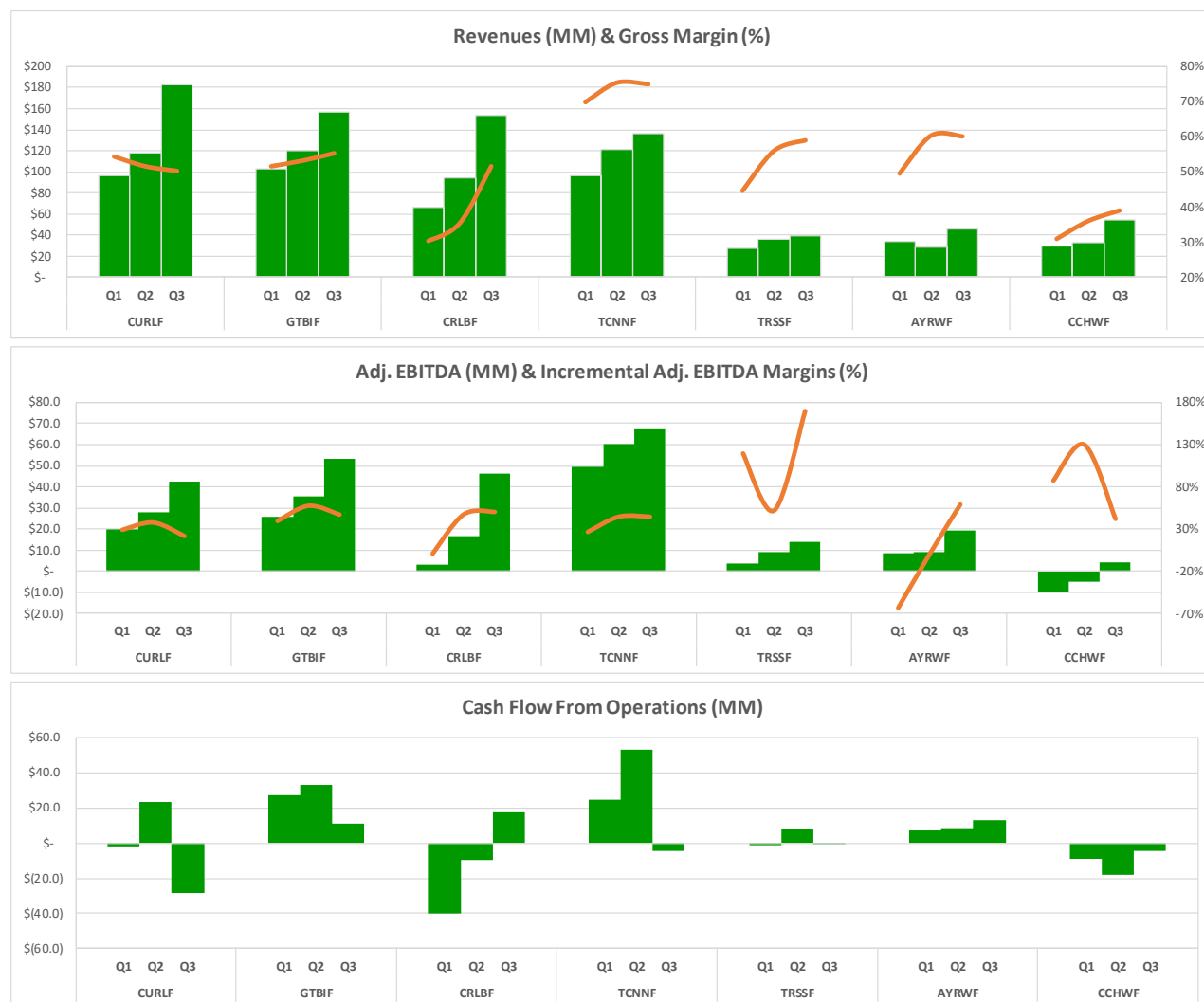
In this section we examine various financial metrics of Tier 1 and Tier 2 MSOs. While investors are familiar with these metrics, through the lens of the cannabis industry, we view them as follows:

Financial Analysis	
Metric	Meaning Within Cannabis Industry
Revenue	scale
Gross Margin	capacity utilization, operational efficiency vertical integration & pricing also impact
Adj. EBITDA	profitability
Incremental EBITDA Margins	operating leverage
Cash Flow From Operations	capital allocation: utilization, efficiencies & operating leverage importantly, lowers cost of capital

Source: Craig-Hallum



Tier 1 Financials YTD:



Source: Craig-Hallum, Company Reports, FactSet

Note: TRSSF metrics assume 1.30 CAD/USD conversion.

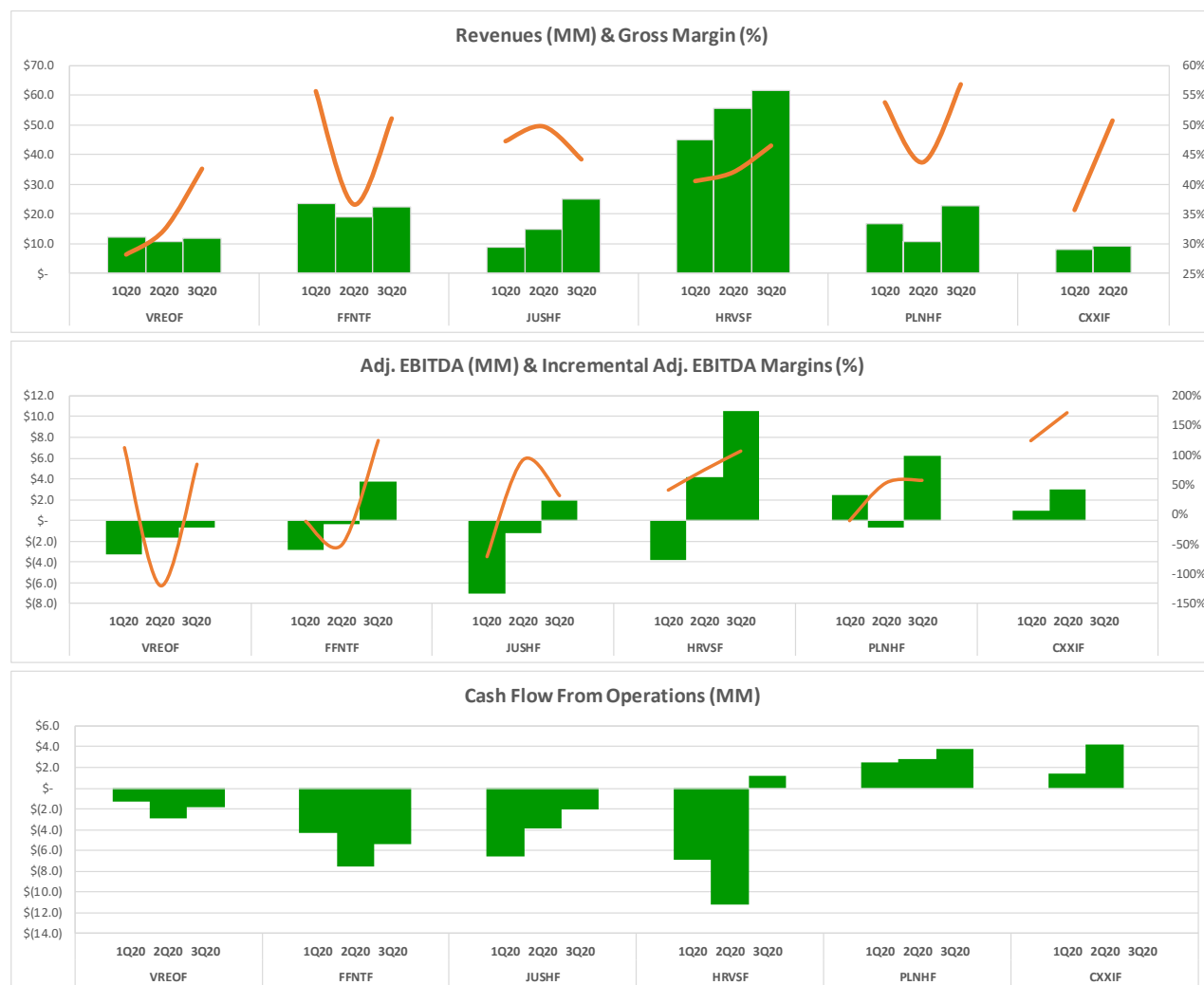
Chart 1: All Tier 1's have exhibited steady revenue increases throughout the year (with the exception of AYRWF in Q2, where their outsized exposure to NV and MA—the only two markets to temporarily suspend adult-use sales—caused a q/q decline). All exhibited strong and/or improving gross margins; CURLF saw modest declines as they absorbed overhead from large acquisitions, and CCHWF saw increasing capacity utilization from their significant buildouts.

Chart 2: Without exception, all Tier 1's also demonstrated increasing profitability. TCNNF, TRSSF and AYRWF—three of the strongest price performers YTD—saw significant improvements in profitability and operating leverage, supporting our thesis that these two metrics are the biggest drivers of outperformance as investors reward stocks that prove “the Canadian way”—top-line growth with no profitability—is not the only way.

Chart 3: Tier 1's are becoming adept at allocating capital, with most either solidly cash flow positive YTD or showing steady increases. We note Q3 is somewhat of an outlier for MSOs given onerous 280E tax bills are due that quarter. Similar to our gross margin analysis, CURLF was (temporarily) negatively impacted by large acquisitions, and CCHWF was increasing capacity utilization throughout the year.



Tier 2 Financials YTD:



Source: Craig-Hallum, Company Reports, FactSet

Chart 1: Similar to Tier 1's, Tier 2's are demonstrating steady revenue increases as they scale. We note VREOF's Q1 and part of Q2 reflect operations that have since been divested, and FFNTF and PLNHF were negatively impacted by the temporary shutdown of adult-use operations in MA and NV, respectively (we also note CXXIF has a January year-end and thus has not yet reported Q3 results). Due to lower capacity utilization during the MA and NV shutdowns, gross margins of FFNTF and PLNHF were also temporarily impacted in Q2.

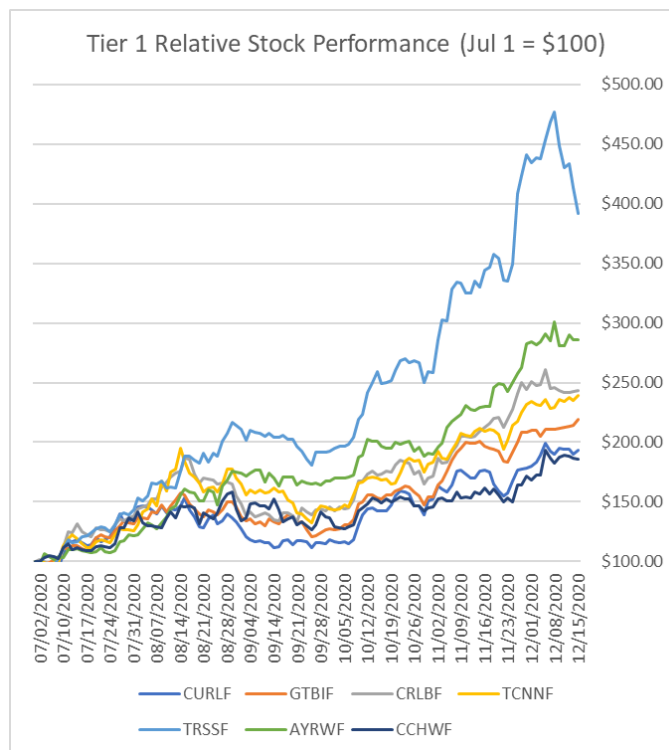
Chart 2: Tier 2's are also exhibiting strong increases in profitability and operating leverage as the broad trend of state market expansions is truly a tide lifting all boats. Investments made to supply increasing patient/consumer demand are continuing to bear fruit with little additional overhead (we note VREOF's and FFNTF's negative operating leverage in Q2 is a statistical anomaly with EBITDA improving amid a sequential decrease in revenues).

Chart 3: Perhaps the biggest difference between Tier 2's and Tier 1's is their cash flow profitability, which we attribute mostly to their smaller scale. PLNHF and CXXIF have bucked this trend, with management proving to be prudent capital allocators despite their smaller scale.



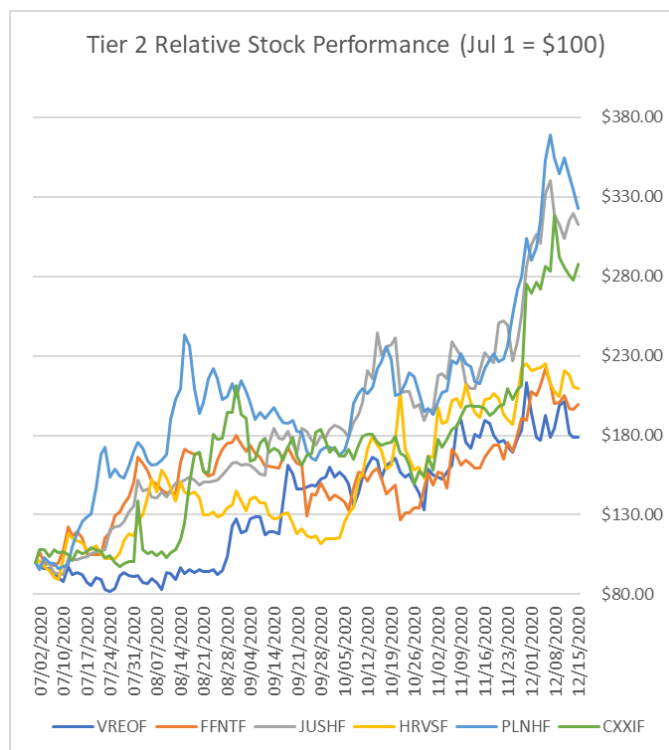
STOCK PERFORMANCE – 2H

Here we analyze 2H stock performance, which encapsulates Q2 and Q3 earnings and the election but excludes COVID market volatility in March. Tier 1 operators are up an average of 151% in this timeframe with outperformance from TRSSF and AYRWF—the two stocks with the biggest improvement in operating leverage. We think TRSSF is getting an extra benefit from its relationship with Canopy Growth/Canopy Rivers (~27% ownership), which have provided >US\$80M in debt financing to the company in 2020 at 6.1% interest—half the cost of capital of most Tier 1's (~12%). We think Tier 1's have the clearest path to price appreciation in 2021 with significant exposure to attractive adult-use markets like IL, strong medical markets like PA and FL, new adult-use markets like AZ and NJ, and likely-to-legalize states like NY and CT. With significant buildouts either completed or underway, Tier 1's should continue to put up impressive operating leverage in these markets, resulting in even greater cash flow profitability and lowered effective costs of capital.



Source: Craig-Hallum, FactSet

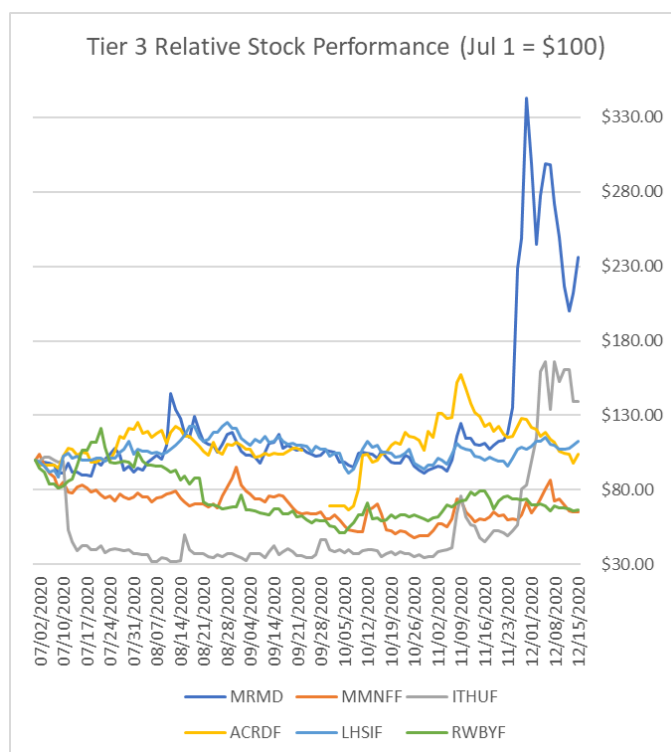
Tier 2 operators have likewise shown strong growth in 2H – up 152% on average with outperformance from PLNHF and JUSHF. PLNHF is steadily cash flow positive and has exhibited strong operating leverage thanks to their depth in NV. JUSHF started at a smaller base and has demonstrated near perfect “up and to the right” metrics across the board. We think many of these names have higher beta to potential catalysts like SAFE Banking (bank debt/lower cost of capital, while good for all, could benefit smaller operators more as they go from “survival” to “growth” mode) and state legalizations. VREOF, for example, has a relatively small 5-state footprint but is one of 10 license holders in NY, which we expect will pass adult-us legislation by April 2021; we currently estimate 2022 revs of \$99M but as we detail on page 15 could do \$100M+ from NY alone if it legalizes. We are bullish overall on Tier 2 MSOs, but with higher beta to potential catalysts Tier 2's have a riskier/more volatile path to price appreciation than Tier 1's in our view.



Source: Craig-Hallum, FactSet



Tier 3 operators have on average significantly lagged their Tier 1 and Tier 2 peers—up 21% in 2H. MRMD has proved an outlier, having cleaned up much of its balance sheet and reported positive EBITDA and cash flow from operations the past two quarters. Despite having attractive assets (such as in NY), ITHUF saw debtholders acquire 97.5% of equity this year, and we speculate the significant price movement in the past month is largely due to the prospect of NY legalizing adult-use sales. MMNFF and ACRDF have very high cost structures/low profitability, and LHSIF and RWBYF have not reached the scale necessary for significant profitability. Tier 3 stocks generally come with significant scale/profitability/balance sheet/management risks, and while some may have significant upside potential, we think the risk/reward for Tier 1's and Tier 2's is much more attractive. We would leave these stocks for only the most cannabis-savvy investors.



Source: Craig-Hallum, FactSet

CATALYSTS – YTD

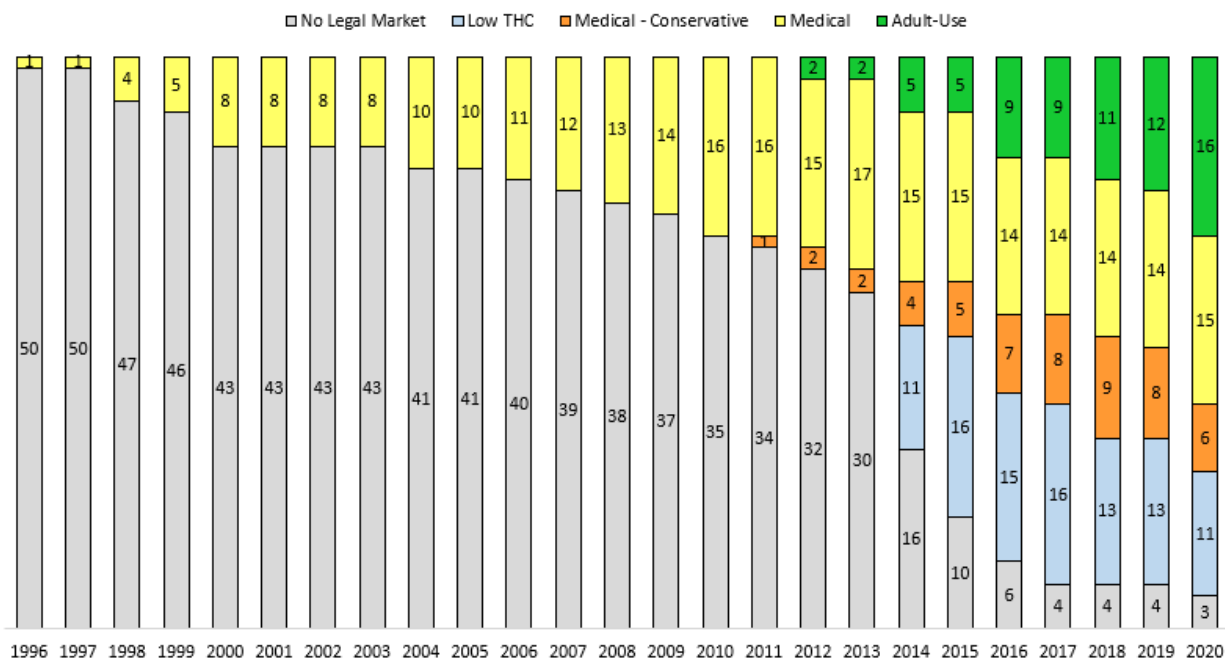
The US cannabis market experienced significant catalysts in 2020 that have helped push MSOs higher. Below, we highlight some of the main market movers in 2020 that helped get us to this point:

- Cannabis Deemed Essential In Covid-19 Environment** – When the Covid-19 pandemic started closing businesses in March, the status of cannabis was called into question. The answer to this question was a resounding “essential”. All medical cannabis operations were deemed essential, which allowed them to continue operations and we think woke many investors up to the prospect that the US cannabis industry is legitimate and here to stay. MA and NV were the only partial exceptions, having temporarily suspended adult-use operations, which both resumed in May. For more detail, visit: [States Deem Cannabis Essential](#), [Adult-Use Sales Resume In MA](#)
- MA & NV Rebound From Covid-19** – While almost every cannabis market experienced increased demand through the early days of Covid, NV and MA were negatively impacted by the aforementioned temporary suspension of operations. NV sales were thought to be doubly impacted by the Covid-driven reduction in tourism. However, both markets rebounded strongly after adult-use sales resumed in May, with both now up significantly y/y: NV Q3 sales were up 30% y/y while MA adult-use sales were up 67% y/y. We think the strong rebound in the NV and MA markets highlights the resiliency of cannabis spending, which is quickly resembling a consumer staple. For more detail, visit: [MA Sales Rebound, Total \\$1B](#), [NV Market Regains Footing](#)
- Mature Markets Find No Ceiling** – With stay at home orders and job loss weighing on consumer spending and tourism, we find it impressive that even the most mature markets experienced 30%+ cannabis sales growth in October. We think these strong sales metrics underscore the significant, decades-long growth that remains in legal US cannabis markets, fueled by state legalizations and more consumers switching from illicit to legal sources. For more detail, visit: [CA Sales "Very Strong" Despite Covid](#), [Cannabis Sales In Western Mature Markets Grow 30%+](#)



- **Clean Sweep Of Cannabis Proposals In November Elections** – All five states with cannabis referendums on the ballot saw overwhelming support from voters, including deep-red states like MT, MS and SD. We think the election proved beyond a doubt that cannabis is a bipartisan issue and that federal reform is a matter of when—not if. AZ and NJ were the other two states that approved (adult-use) legalization, and we believe NJ will be the domino that causes neighboring states like NY, CT and PA to legalize adult-use in short order. Beyond the northeast region of the country, we think the trend of state legalizations/dominos falling is in full swing, as shown in the below chart, and we think further state legalizations across the country, like federal reform, are simply a matter of time. For more detail, visit: [2020 Election Results](#)

Dominos Falling: States with Legal Cannabis Markets



Source: Craig-Hallum

- **House Passes MORE Act, Medical Research** – On December 4, the House passed the Marijuana Opportunity, Reinvestment and Expungement (MORE) Act, which would remove cannabis completely from the Controlled Substances Act. This would effectively legalize marijuana federally, leaving states to set their own policies. While we recognize that the MORE Act will not pass the Senate, we believe it is a monumental step in the right direction and symbolic for future cannabis reform. The following week, the House passed the Medical Marijuana Research Act, which would allow research on cannabis sold in dispensaries instead of from the single entity licensed to produce cannabis for federal research, which is of a vastly lower quality compared to cannabis that is actually consumed today. For more detail, visit: [House Passes MORE Act](#), [House Approves Marijuana Research Bill](#)
- **United Nations Reclassifies Cannabis** – In early December, the UN voted to remove medical cannabis from Schedule IV (the most restrictive schedule) of the Single Convention on Narcotic Drugs where it sat alongside more far more dangerous drugs like heroin. We believe this was an historic and symbolic vote that will open the door for more medical cannabis research and cause other countries to open medical cannabis markets as they look to the UN for guidance. Given that the US voted in favor of this resolution, we believe it also bodes well for US legalization down the road. For more detail, visit: [UN Reclassifies Medical Marijuana](#)

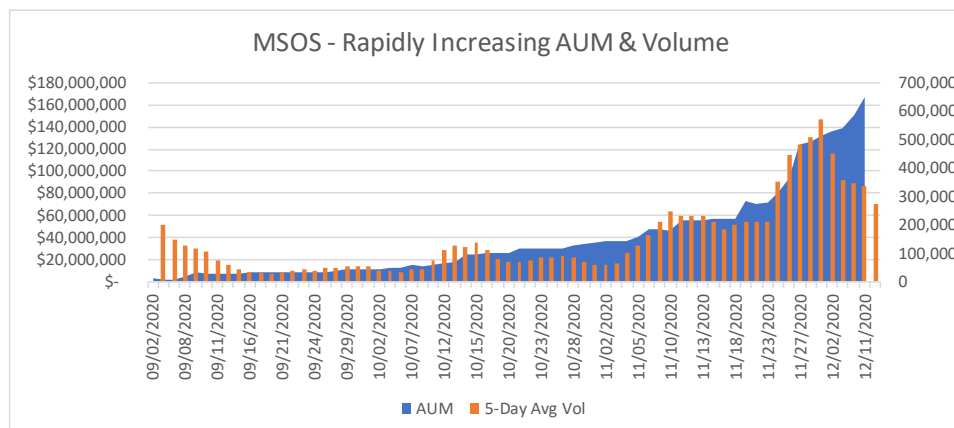


UPCOMING CATALYSTS – 2021

While the US cannabis market has made substantial strides in 2020, we believe there are significant catalysts ahead in 2021 that will cause cannabis stocks to re-rate to higher levels. Below are the major catalysts we are expecting in the next year:

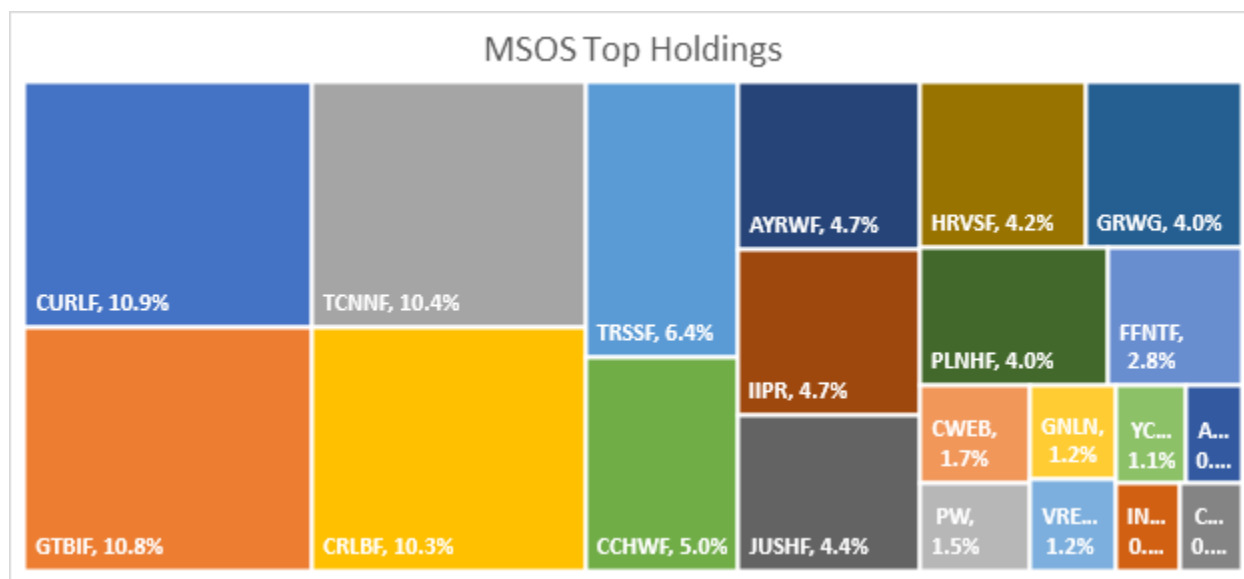
- **Georgia Senate Runoff Elections** – In January, Georgia will be holding run-off elections for their two Senate seats, both of which are held by Republican incumbents. As it currently stands, Republicans hold a 50-48 majority in the Senate excluding Georgia's two seats, meaning Democrats could split the Senate (with VP Harris casting a potential tie-breaker vote). While the races look too-close-to-call, we note that with Biden as President and Democrats controlling the House, more Democratic seats in the Senate means cannabis legislation could face fewer roadblocks over the next several years. For the latest polls, visit: [Georgia 2020 Senate Runoff Election Polls](#)
- **SAFE Banking Act** – We think the SAFE Banking Act has a 60%+ chance of passing in 2021, especially with Pat Toomey expected to take over the chair of the Senate Banking Committee if Republicans maintain control. The SAFE Banking Act, which passed the House in May 2020 would allow cannabis companies to open checking accounts, process credit cards and, importantly, access bank debt, which would significantly lower MSOs' cost of capital. For more detail, visit: [Pot Banking Could Get New Life On Toomey Led Senate Panel](#), [House Approves Marijuana Banking Bill For Third Time](#)
- **Descheduling / Removal of 280E** – We think there is a ~20% chance cannabis gets descheduled and/or rescheduled in the Controlled Substances Act in 2021. Cannabis could be descheduled without approval of Congress (DEA and HHS both have authority to do so) and note Biden's pick to run HHS, former California AG Xavier Becerra, has a long track record of pro-cannabis reform. Biden's pick for AG could further improve prospects of federal reform, especially if Doug Jones, who supports descheduling, is selected. Descheduling (or rescheduling to Sched. III or IV) would no longer subject MSOs to onerous 280E taxes (which taxes MSOs on gross profit instead of pretax income) that would result in tens to hundreds of millions of FCF savings for MSOs. For more detail, visit: [Biden's Health Secretary Pick Could Help Reclassify Marijuana](#), [Jones: Time To Take Marijuana Off Controlled Substances List](#)
- **STATES / MORE Act** – While less likely than the passing of SAFE Banking, we believe there is still potential (~10% chance) for Congress to pass the STATES Act and/or MORE Act in 2021. Both would allow states to decide their own cannabis laws, while the MORE Act would expunge records and reinvest in communities disproportionately harmed by the failed war on drugs. For more detail, visit: [Republicans Support MORE Act](#), [Marijuana Regulators Demand Congress Prioritize Federal Legalization](#)
- **NJ, AZ & Future State Legalizations** – NJ and AZ beginning sales will be a big catalyst for MSOs with exposure to those markets (TRSSF, CURLF, CRLBF, GTBIF, CCWHF in NJ; HRVSF, CURLF, VREOF, AYRWF in AZ). As dominoes continue to fall and more states continue to legalize, we identify NY, CT, RI, NM, MD, PA and VA as states that could all legalize adult-use cannabis in 2021. The opening of any or all of these markets would significantly expand the TAM for MSOs and provide further top-line growth potential. We've seen significant momentum from state legislators and governors supporting adult-use cannabis, especially as states look to offset lost tax revenues from Covid and demonstrate support for social and racial injustice. For more detail, visit: [PA Governor Calls For Legalization](#), [Legalization Inevitable In CT](#), [Regulators From 19 States Coordinate On Legalization](#), [RI To Consider Legalization In 2021](#), [VA Governor Calls For Legalization](#), [Top Republican Lawmaker Says NY Legalization Will Happen In 2021](#), [NM Voters Strongly Favor Legalization](#)
- **Mexico Legalization** – Mexico has been making steady progress towards legalizing cannabis for adult-use following a mandate from its Supreme Court. While the deadline has been extended to Spring 2021, we think legalization south of the border is all but inevitable in 2021. With cannabis legal for adult-use in both Canada and Mexico, we expect even greater pressure on the US federal government to enact reform. For more detail, visit: [Mexico Legalization Advancing](#), [Mexico Hits Snooze Button On Cannabis Legalization Until Next Spring](#)

MSOS ETF – BECOMING PRIMARY CONDUIT FOR US CANNABIS EXPOSURE



Source: Craig-Hallum, AdvisorShares, FactSet

With so many catalysts in 2020, potential catalysts in 2021 and MSOs demonstrating significant growth and profitability, investors are looking for exposure to this long-term, secular growth story. Custody and trading issues persist, meaning US cannabis stocks are both difficult to own directly and, in our view, meaningfully undervalued. We think AdvisorShares has solved the riddle with their US Cannabis ETF, ticker MSOS, which trades on the NYSE Arca and is the only ETF that provides exposure to US-only cannabis stocks via total return swaps. MSOS began trading on NYSE on September 1, 2020 with just over \$2M in AUM but over the last three and a half months has seen rapid increases in both trading volume and AUM, which is up 68x to >\$160M. ETF inflows have already begun to impact stock prices, and we expect this trend to continue. We are often asked by clients, “Could MSOS be a billion dollar ETF?”—we see no reason why not.



Source: Craig-Hallum, AdvisorShares

We believe the MSOS ETF is well constructed as it gives investors exposure to all Tier 1 and Tier 2 operators with some Tier 3 exposure as well. The top holdings are the “Big 4” MSOs: CURLF, GTBIF, TCNNE and CRLBF, which all constitute ~10% of the ETF, with substantial positions in other Tier 1 and Tier 2 operators as well as ancillary cannabis companies like IIPR (Hold-Rated) and GRWG (Buy-Rated).



UPSIDE TO COVERED STOCK ESTIMATES

CURLF	2020E	2022E	2022 Bull/Min/Max			2025 Bull/Min/Max		
	Revs	Revs	Rev - Bull	Rev - Min	Rev - Max	Rev - Bull	Rev - Min	Rev - Max
AZ	\$ 73	\$ 208	\$ 315	\$ 140	\$ 345	\$ 435	\$ 185	\$ 475
AR	\$ 1	\$ 5	\$ 10	\$ 5	\$ 18	\$ 15	\$ 8	\$ 20
CA	\$ 21	\$ 55	\$ 100	\$ 20	\$ 160	\$ 168	\$ 30	\$ 260
CO	\$ 9	\$ 16	\$ 24	\$ 8	\$ 30	\$ 60	\$ 10	\$ 80
CT	\$ 15	\$ 39	\$ 223	\$ 28	\$ 270	\$ 246	\$ 40	\$ 270
FL	\$ 87	\$ 196	\$ 300	\$ 150	\$ 420	\$ 1,200	\$ 400	\$ 1,800
IL	\$ 85	\$ 285	\$ 538	\$ 260	\$ 600	\$ 383	\$ 200	\$ 525
ME	\$ 10	\$ 25	\$ 50	\$ 8	\$ 70	\$ 136	\$ 16	\$ 90
MD	\$ 48	\$ 82	\$ 190	\$ 70	\$ 245	\$ 294	\$ 110	\$ 400
MA	\$ 73	\$ 127	\$ 203	\$ 63	\$ 280	\$ 192	\$ 75	\$ 308
MI	\$ 5	\$ 9	\$ 44	\$ 2	\$ 100	\$ 134	\$ 20	\$ 160
MO	\$ -	\$ -	\$ 9	\$ -	\$ 21	\$ 24	\$ -	\$ 30
NV	\$ 32	\$ 71	\$ 141	\$ 40	\$ 240	\$ 285	\$ 106	\$ 295
NJ	\$ 42	\$ 121	\$ 206	\$ 80	\$ 270	\$ 447	\$ 155	\$ 800
NY	\$ 33	\$ 51	\$ 288	\$ 40	\$ 340	\$ 696	\$ 40	\$ 380
ND	\$ 6	\$ 20	\$ 20	\$ 14	\$ 48	\$ 28	\$ 16	\$ 60
OH	\$ 11	\$ 19	\$ 60	\$ 10	\$ 80	\$ 80	\$ 14	\$ 160
OK	\$ -	\$ -	\$ 15	\$ -	\$ 30	\$ 15	\$ -	\$ 30
OR	\$ 30	\$ 40	\$ 30	\$ 20	\$ 40	\$ 60	\$ 20	\$ 60
PA	\$ 41	\$ 160	\$ 375	\$ 115	\$ 450	\$ 413	\$ 168	\$ 775
UT	\$ -	\$ 4	\$ 6	\$ 3	\$ 10	\$ 10	\$ 5	\$ 20
VT	\$ 1	\$ 5	\$ 12	\$ 2	\$ 18	\$ 24	\$ 5	\$ 30
TOTAL REVS	\$ 637	\$ 1,532	\$ 3,157	\$ 1,078	\$ 4,085	\$ 5,344	\$ 1,623	\$ 7,028

Source: Craig-Hallum

CURLF Bull Cases	2022	2025
Revenues (MM)	\$ 3,157	\$ 5,344
GP	\$ 1,751	\$ 2,972
GM%	55%	56%
Cash OpEx	\$ 450	\$ 700
280E Net Income	\$ 610	\$ 1,115
Normalized Net Income	\$ 792	\$ 1,402
280E FCF Savings	\$ 182	\$ 287
Shares Out (MM)	700	800
280E EPS	\$ 0.70	\$ 1.04
Normalized EPS	\$ 1.13	\$ 1.75
Adj. EBITDA	\$ 1,301	\$ 2,272
Current EV/EBITDA Multiple	22x	22x
Share Price	\$41	\$62
Est. Uplisting EV/EBITDA	30x - 40x	20x - 30x
Share Price	\$54 - \$72	\$56 - \$84

Source: Craig-Hallum

In our 2022 bull case scenario for CURLF, we assume CT, MD, NY and PA legalize adult-use sales, and the company expands production capacity in those states as well as in AZ, FL and IL. We assume the company maxes out their retail licenses in all states where applicable (excl. NV and clinical research dispensaries in PA) and generates \$20-30M per store in recently legalized markets (excl. ME--\$8M/store).

By 2025, we assume FL legalizes adult-use sales, and CURLF expands production capacity in most markets, doubles its store count in CT FL, NY and NJ, opens its 3 clinical research locations in PA and maxes out retail in NV.

Assuming \$450M in cash OpEx and 700M shares in 2022, CURLF shares would be worth \$41 (~3.4x upside) on current 21x EBITDA multiples, or \$54-\$72 (~4.5x-6.1x upside) on an estimated uplisting multiple of 30x-40x. We also estimate the company would save \$182M in 280E tax savings in this scenario.

With \$700M in cash OpEx and 800M shares in 2025, CURLF shares in this case would be worth \$62 (~5.2x upside) on current multiples and \$56-\$84 (~4.7x-7.1x upside) on 20x-30x estimated uplisting multiples, with \$287M in potential 280E FCF savings.



GTBIF	2020E	2022E	2022 Bull Case			2025 Bull/Min/Max		
	Revs	Revs	Rev - Bull	Rev - Min	Rev - Max	Rev - Bull	Rev - Min	Rev - Max
CA	\$ 3	\$ 7	\$ 50	\$ -	\$ 110	\$ 95	\$ -	\$ 260
CO	\$ 3	\$ 9	\$ 20	\$ 5	\$ 50	\$ 50	\$ 5	\$ 100
CT	\$ 19	\$ 20	\$ 71	\$ 19	\$ 100	\$ 192	\$ 60	\$ 220
FL	\$ 22	\$ 40	\$ 96	\$ 30	\$ 120	\$ 300	\$ 100	\$ 500
IL	\$ 171	\$ 259	\$ 389	\$ 230	\$ 565	\$ 570	\$ 350	\$ 750
MD	\$ 45	\$ 60	\$ 128	\$ 55	\$ 200	\$ 189	\$ 85	\$ 325
MA	\$ 14	\$ 35	\$ 125	\$ 25	\$ 205	\$ 159	\$ 65	\$ 220
NV	\$ 96	\$ 181	\$ 162	\$ 96	\$ 258	\$ 206	\$ 140	\$ 460
NJ	\$ 6	\$ 96	\$ 186	\$ 95	\$ 300	\$ 552	\$ 160	\$ 830
NY	\$ 8	\$ 15	\$ 188	\$ 14	\$ 360	\$ 576	\$ 47	\$ 940
OH	\$ 20	\$ 43	\$ 75	\$ 32	\$ 95	\$ 220	\$ 40	\$ 330
PA	\$ 136	\$ 218	\$ 465	\$ 178	\$ 650	\$ 670	\$ 276	\$ 850
Hemp	\$ 1	\$ 1	\$ 5	\$ 1	\$ 10	\$ 5	\$ 2	\$ 20
TOTAL REVS	\$ 545	\$ 983	\$ 1,960	\$ 775	\$ 3,023	\$ 3,784	\$ 1,345	\$ 5,805

Source: Craig-Hallum

GTBIF Bull Cases	2022	2025
Revenues (MM)	\$ 1,960	\$ 3,784
GP	\$ 1,085	\$ 2,007
GM%	55%	53%
Cash OpEx	\$ 350	\$ 450
280E Net Income	\$ 306	\$ 755
Normalized Net Income	\$ 439	\$ 948
280E FCF Savings	\$ 133	\$ 193
Shares Out (MM)	250	300
280E EPS	\$ 1.22	\$ 1.87
Normalized EPS	\$ 1.76	\$ 3.16
Adj. EBITDA	\$ 735	\$ 1,557
Current EV/EBITDA Multiple	18x	18x
Share Price	\$53	\$93
Est. Uplisting EV/EBITDA	30x - 40x	20x - 30x
Share Price	\$88 - \$118	\$104 - \$156

Source: Craig-Hallum

In our 2022 bull case scenario for GTBIF, we assume CT, MD, NY and PA legalize adult-use sales, and the company expands production in those states as well as in CA, CO and FL. We assume the company maxes out their retail licenses in all states where applicable (excl. CA) and generates \$20-30M per store in recently legalized markets.

By 2025, we assume FL legalizes adult-use sales, and GTBIF expands production capacity in most markets, triples its store count in FL (to 30) and doubles store count CT, NY and NJ.

Assuming \$350M in cash OpEx and 250M shares in 2022, GTBIF shares in this scenario would be worth \$53 (~2.4x upside) on current 18x EBITDA multiples, or \$88-\$118 (~3.9x-5.3x upside) on estimated uplisting multiples of 30x-40x. We also estimate the company would save \$133M in 280E tax savings in this scenario.

With \$450M in cash OpEx and 300M shares in 2025, GTBIF shares in this scenario would be worth \$93 (~4.2x upside) on current multiples and \$104-\$156 (~4.7x-7.0x upside) on 20x-30x estimated uplisting multiples, with \$193M in potential 280E FCF savings.



TCNNF	2020E	2022E	2022 Bull/Min/Max			2025 Bull/Min/Max		
	Revs	Revs	Revs - Bull	Rev - Min	Rev - Max	Revs - Bull	Rev - Min	Rev - Max
CA	\$ 9	\$ 11	\$ 15	\$ 7	\$ 18	\$ 15	\$ 8	\$ 20
CT	\$ 15	\$ 16	\$ 25	\$ 10	\$ 30	\$ 156	\$ 15	\$ 210
FL	\$ 484	\$ 731	\$ 1,300	\$ 665	\$ 1,500	\$ 2,625	\$ 1,200	\$ 3,000
MA	\$ -	\$ 54	\$ 135	\$ 37	\$ 210	\$ 180	\$ 61	\$ 258
WV	\$ -	\$ -	\$ 15	\$ -	\$ 40	\$ 40	\$ -	\$ 55
PA	\$ 10	\$ 96	\$ 207	\$ 70	\$ 260	\$ 580	\$ 100	\$ 800
TOTAL REVS	\$ 518	\$ 908	\$ 1,697	\$ 789	\$ 2,058	\$ 3,596	\$ 1,384	\$ 4,343

Source: Craig-Hallum

TCNNF Bull Cases	2022	2025
Revenues (MM)	\$ 1,697	\$ 3,596
GP	\$ 1,136	\$ 2,078
GM%	67%	58%
Cash OpEx	\$ 300	\$ 450
280E Net Income	\$ 448	\$ 946
Normalized Net Income	\$ 552	\$ 1,100
280E FCF Savings	\$ 104	\$ 154
Shares Out (MM)	150	200
280E EPS	\$ 2.12	\$ 2.91
Normalized EPS	\$ 3.68	\$ 5.50
Adj. EBITDA	\$ 836	\$ 1,628
Current EV/EBITDA Multiple	10x	10x
Share Price	\$56	\$81
Est. Uplisting EV/EBITDA	30x - 40x	20x - 30x
Share Price	\$164 - \$219	\$163 - \$244

Source: Craig-Hallum

In our 2022 bull case scenario for TCNNF, we assume CT and PA legalize adult-use sales, and the company expands production in those states as well as in FL and WV. We assume the company acquires 3 additional retail locations in PA and that PA and CT fetch \$20-25M per store. We also assume the company continues its current 30 store openings per year in FL for a total of 130 by 2022, each generating \$10M in average revenues (which also assumes continued production expansion).

By 2025, we assume FL legalizes adult-use sales, and TCNNF expands to 175 stores, each generating \$15M in annual sales (again this assumes continued production expansion). We also assume the company opens a second retail location and opens a production facility in CT. In PA, we assume TCNNF gets to 12 stores, each doing \$20M in annual revs and expands production.

Assuming \$300M in cash OpEx and 150M shares in 2022, TCNNF shares in this scenario would be worth \$56 (~80% upside) on current 10x EBITDA multiples, or \$164-\$219 (~5.3x-7.1x upside) on estimated uplisting multiples of 30x-40x. We also estimate the company would save \$104M in 280E tax savings in this scenario.

With \$450M in cash OpEx and 200M shares in 2025, TCNNF shares would be worth \$73 (~2.4x upside) on current multiples and \$163-\$244 (~5.3x-7.9x upside) on 20x-30x estimated uplisting multiples, with \$154M in potential 280E FCF savings.



TRSSF	2020E	2022E	2022 Bull/Min/Max			2025 Bull/Min/Max		
	Revs	Revs	Rev - Bull	Rev - Min	Rev - Max	Rev - Bull	Rev - Min	Rev - Max
CA	\$ 29	\$ 49	\$ 132	\$ 41	\$ 160	\$ 207	\$ 96	\$ 260
MD	\$ -	\$ 19	\$ 70	\$ 15	\$ 80	\$ 159	\$ 30	\$ 300
NJ	\$ 2	\$ 107	\$ 302	\$ 75	\$ 353	\$ 534	\$ 120	\$ 548
PA	\$ 92	\$ 134	\$ 234	\$ 116	\$ 290	\$ 472	\$ 245	\$ 600
Hemp	\$ 6	\$ 8	\$ 20	\$ 5	\$ 40	\$ 40	\$ 10	\$ 75
Canada	\$ 16	\$ 22	\$ 31	\$ 20	\$ 40	\$ 46	\$ 30	\$ 60
TOTAL REVS (USD)	\$ 146	\$ 338	\$ 789	\$ 272	\$ 963	\$ 1,458	\$ 531	\$ 1,843

Source: Craig-Hallum

Note: assumes 1.30 CAD/USD conversion

TRSSF Bull Cases	2022	2025
Revenues (MM)	\$ 789	\$ 1,458
GP	\$ 512	\$ 839
GM%	65%	58%
Cash OpEx	\$ 100	\$ 150
280E Net Income	\$ 229	\$ 394
Normalized Net Income	\$ 268	\$ 453
280E FCF Savings	\$ 39	\$ 59
Shares Out (MM)	320	360
280E EPS	\$ 0.45	\$ 0.65
Normalized EPS	\$ 0.84	\$ 1.26
Adj. EBITDA	\$ 412	\$ 689
Current EV/EBITDA Multiple	23x	23x
Share Price	\$30	\$44
Est. Uplisting EV/EBITDA	30x - 40x	20x - 30x
Share Price	\$38 - \$51	\$38 - \$57

Source: Craig-Hallum

In our 2022 bull case scenario for TRSSF, we assume MD and PA legalize adult-use sales, and the company expands production in those states and in NJ. We also assume the company adds 3 retail locations in CA for a total of 8, generating \$15M each.

By 2025, we assume the company opens 3 retail locations in MD, increases CA retail to 12 locations, and doubles its store count in NJ and PA to 6 each, with TRSSF's stores each generating \$15-20M in revenues. We also assume the company expands production capacity in each of its markets.

Assuming \$100M in cash OpEx and 320M shares in 2022, TRSSF shares in this scenario would be worth \$30 (~3.4x upside) on current 23x EBITDA multiples, or \$38-\$51 (~4.3x-5.8x upside) on estimated uplisting multiples of 30x-40x. We also estimate the company would save \$39M in 280E tax savings in this scenario.

With \$150M in cash OpEx and 360M shares in 2025, TRSSF shares would be worth \$44 (~5.0x upside) on current multiples and \$38-\$57 (~4.3x-6.5x upside) on 20x-30x estimated uplisting multiples, with \$59M in potential 280E FCF

savings.



VREOF	2020E	2022E	2022 Bull/Min/Max			2025 Bull/Min/Max		
	Revs	Revs	Total Revs	Total - Min	Total - Max	Total Revs	Total - Min	Total - Max
AZ	\$ 7	\$ 21	\$ 22	\$ 7	\$ 33	\$ 71	\$ 27	\$ 110
MD	\$ 4	\$ 24	\$ 40	\$ 19	\$ 58	\$ 66	\$ 35	\$ 100
MN	\$ 16	\$ 34	\$ 48	\$ 24	\$ 64	\$ 308	\$ 56	\$ 588
NM	\$ 2	\$ 9	\$ 32	\$ 6	\$ 40	\$ 40	\$ 12	\$ 68
NY	\$ 11	\$ 13	\$ 115	\$ 17	\$ 180	\$ 276	\$ 34	\$ 500
TOTAL REVS	\$ 41	\$ 101	\$ 258	\$ 73	\$ 375	\$ 761	\$ 164	\$ 1,366

Source: Craig-Hallum

VREOF Bull Cases	2022	2025
Revenues (MM)	\$ 258	\$ 761
GP	\$ 132	\$ 381
GM%	51%	50%
Cash OpEx	\$ 50	\$ 125
280E Net Income	\$ 30	\$ 120
Normalized Net Income	\$ 48	\$ 163
280E FCF Savings	\$ 18	\$ 43
Shares Out (MM)	175	225
280E EPS	\$ 0.21	\$ 0.47
Normalized EPS	\$ 0.28	\$ 0.72
Adj. EBITDA	\$ 82	\$ 256
Current EV/EBITDA Multiple	17x	17x
Share Price	\$8	\$19
Est. Uplisting EV/EBITDA	30x - 40x	20x - 30x
Share Price	\$14 - \$19	\$23 - \$34

Source: Craig-Hallum

In our 2022 bull case scenario for VREOF, we assume NY, MD and NM legalize adult-use sales, and the company expands production in NY. We also assume their AZ and MD retail locations generate \$15M each, their 8 MN stores generate \$6M each, their 4 NM stores generate \$8M each, and their 4 NY stores generate \$25M each.

By 2025, we assume MN legalizes adult-use, and the company expands production in each of its states. We also assume the company expands to 3 AZ stores (each \$15M in sales), 2 MD stores (\$15M each), 16 MN stores (\$15M each) and 8 NY stores (\$20M each), with their 4 NM locations doing \$10M each.

Assuming \$50M in cash OpEx and 175M shares in 2022, VREOF shares in this scenario would be worth \$8 (~7.0x upside) on current 17x EBITDA multiples, or \$14-\$19 (~12x-16.5x upside) on estimated uplisting multiples of 30x-40x. We also estimate the company would save \$18M in 280E tax savings in this scenario.

With \$120M in cash OpEx and 225M shares in 2025, VREOF shares in this scenario would be worth \$19 (~16.5x upside) on current multiples and \$23-\$34 (~20x-30x upside) on 20x-30x

estimated uplisting multiples, with \$43M in potential 280E FCF savings.

BOTTOM-LINE TAKEAWAYS FOR COVERED STOCKS

CURLF – Scale and liquidity make shares a name to own for when institutional capital enters the space. 3.5-6x upside potential by 2022.

GTBIF – Most well-rounded MSO & best capital allocators – a name you can trust for the long term. 2.5-5.3x upside potential by 2022.

TCNNF – Highest beta to FL legalization. 80%-7x upside potential by 2022; 2.5-8x upside potential after FL legalizes.

TRSSF – Highest beta to NJ legalization. 3.5-6x potential upside by 2022.

VREOF – Highest beta to NY legalization – not given credit for likely legislative changes. 7-16.5x upside potential by 2022.



COMPS TABLE

Comps	Ticker	Share Price 12/15/2020	Enterprise Value (\$M)	2021 Revenue Estimate (\$M)	EV/Rev	2021 EBITDA Estimate (\$M)	EV/EBITDA	2022 Revenue Estimate (\$M)	EV/Rev	2022 EBITDA Estimate (\$M)	EV/EBITDA
Tier 1 US MSOs											
AYR Strategies	AYRWF	\$ 21.37	\$ 900	\$ 314.8	2.9x	\$ 131.5	6.8x	\$ 426.4	2.1x	\$ 187.4	4.8x
Cresco Labs	CRLBF	\$ 10.01	\$ 3,618	\$ 801.9	4.5x	\$ 259.0	14.0x	\$ 973.8	3.7x	\$ 318.8	11.3x
Curaleaf Holdings	CURLF	\$ 11.89	\$ 8,213	\$ 1,219.6	6.7x	\$ 380.9	21.6x	\$ 1,531.8	5.4x	\$ 522.2	15.7x
Columbia Care	CCHWF	\$ 4.70	\$ 1,213	\$ 443.8	2.7x	\$ 86.4	14.0x	\$ 589.1	2.1x	\$ 148.8	8.2x
Green Thumb Industries	GTBIF	\$ 22.31	\$ 4,821	\$ 803.3	6.0x	\$ 268.7	17.9x	\$ 984.0	4.9x	\$ 326.7	14.8x
TerrAscend Corporation	TRSSF	\$ 8.78	\$ 2,577	\$ 290.6	8.9x	\$ 112.0	23.0x	\$ 378.6	6.8x	\$ 140.2	18.4x
Trulieve Cannabis	TCNNF	\$ 30.80	\$ 3,732	\$ 773.6	4.8x	\$ 376.0	9.9x	\$ 907.7	4.1x	\$ 411.3	9.1x
TIER 1 MEAN				\$ 663.9	5.2x	\$ 230.6	15.3x	\$ 827.3	4.2x	\$ 293.6	11.7x
TIER 1 MEDIAN				\$ 773.6	4.8x	\$ 259.0	14.0x	\$ 907.7	4.1x	\$ 318.8	11.3x
Tier 2 US MSOs											
4Front Ventures	FFNTF	\$ 0.82	\$ 505	\$ 153.3	3.3x	\$ 46.3	10.9x	\$ 235.0	2.1x	\$ 77.0	6.6x
C21 Investments	CXIF	\$ 1.04	\$ 117	NA	NM	NA	NM	NA	NM	NA	NM
Harvest Health & Recreation	HRVSF	\$ 1.92	\$ 880	\$ 357.0	2.5x	\$ 77.8	11.3x	\$ 429.7	2.0x	\$ 100.8	8.7x
Jushi Holdings	JUSHF	\$ 4.16	\$ 779	\$ 213.0	3.7x	\$ 44.3	17.6x	\$ 339.6	2.3x	\$ 103.5	7.5x
Planet 13 Holdings	PLNHF	\$ 5.32	\$ 868	\$ 144.5	6.0x	\$ 43.4	20.0x	\$ 192.6	4.5x	\$ 64.2	13.5x
Vireo Health	VREOF	\$ 1.16	\$ 142	\$ 75.0	1.9x	\$ 8.5	16.8x	\$ 98.7	1.4x	\$ 17.4	8.2x
TIER 2 MEAN				\$ 188.6	3.5x	\$ 44.1	15.3x	\$ 259.1	2.5x	\$ 72.6	8.9x
TIER 2 MEDIAN				\$ 153.3	3.3x	\$ 44.3	16.8x	\$ 235.0	2.1x	\$ 77.0	8.2x
Total MSO MEAN				\$ 465.9	4.5x	\$ 152.9	15.3x	\$ 590.6	3.5x	\$ 201.5	10.6x
Total MSO MEDIAN				\$ 335.9	4.1x	\$ 99.2	15.4x	\$ 428.1	3.0x	\$ 144.5	8.9x
Canadian LPs											
Aphria	APHA	\$ 8.12	\$ 2,370	\$ 523.6	4.5x	\$ 51.9	45.7x	\$ 655.7	3.6x	\$ 105.4	22.5x
Aurora Cannabis	ACB	\$ 10.21	\$ 1,117	\$ 233.2	4.8x	\$ (26.2)	NM	\$ 325.1	3.4x	\$ 41.2	27.1x
Canopy Growth	CGC	\$ 26.75	\$ 9,819	\$ 425.4	23.1x	\$ (233.7)	NM	\$ 613.5	16.0x	\$ (92.8)	NM
Cronos Group	CRON	\$ 8.12	\$ 1,968	\$ 86.9	22.6x	\$ (81.9)	NM	\$ 148.1	13.3x	\$ (43.3)	NM
OrganiGram	OGI	\$ 1.42	\$ 347	\$ 83.4	4.2x	\$ 3.3	105.1x	\$ 112.7	3.1x	\$ 18.5	18.8x
Tilray	TLRY	\$ 7.87	\$ 1,425	\$ 279.9	5.1x	\$ 7.7	185.1x	\$ 365.6	3.9x	\$ 27.7	51.4x
Village Farms	VFF	\$ 9.68	\$ 731	\$ 252.6	2.9x	\$ 28.8	25.4x	\$ 298.4	2.5x	\$ 44.8	16.3x
MEAN				\$ 269.3	9.6x	\$ (35.7)	90.3x	\$ 359.9	6.5x	\$ 14.5	27.2x
MEDIAN				\$ 252.6	4.8x	\$ 3.3	75.4x	\$ 325.1	3.6x	\$ 27.7	22.5x
Ancillary/Service Providers											
Greenlane Holdings	GNLN	\$ 4.08	\$ 145	\$ 168.3	0.9x	\$ (3.0)	NM	NA	NM	NA	NM
GrowGeneration	GRWG	\$ 34.70	\$ 1,800	\$ 302.1	6.0x	\$ 35.9	50.2x	\$ 363.7	5.0x	\$ 44.1	40.8x
Hydrofarm	HYFM	\$ 48.13	\$ 1,764	NA	NM	NA	NM	NA	NM	NA	NM
Innovative Industrial Properties	IIPR	\$ 176.90	\$ 3,447	\$ 197.0	17.5x	NA	NM	\$ 217.8	15.8x	NA	NM
KushCo	KSHB	\$ 0.92	\$ 127	\$ 139.0	0.9x	\$ 7.6	16.8x	\$ 191.3	0.7x	\$ 24.7	5.2x
MEAN				\$ 201.6	6.3x	\$ 13.5	33.5x	\$ 257.6	7.1x	\$ 34.4	23.0x
MEDIAN				\$ 182.7	3.4x	\$ 7.6	33.5x	\$ 217.8	5.0x	\$ 34.4	23.0x

Source: Craig-Hallum, FactSet

Note: Financials For TRSSF, ACB, APHA, OGI Assume 1.3 CAD/USD Conversion

STOCK OPPORTUNITY – CURALEAF HOLDINGS

Curaleaf is the largest cannabis company in the world by revenues. With the broadest footprint in the industry, a focus on vertical integration, winning brands and strong access to capital, we expect robust growth and profitability expansion over the next several years. CURLF shares are also the most liquid of any US cannabis stock, which we think will make the stock a top pick for institutional capital once federal reform clears up the persistent custody/trading issues surrounding US cannabis. We are reiterating our Buy rating and \$19 price target, or 25x our 2022 adj. EBITDA estimate of \$522.2M.

RISKS

We believe an investment in Curaleaf involves the following risks.

- **Federal illegality.** While the Federal Government has not shown an appetite to prosecute state-sanctioned cannabis operations, they still run afoul of Federal Law. If legalization momentum slows or reverses, or if the Federal Government were to decide to prosecute state-sanctioned cannabis programs, Curaleaf's outlook would be negatively impacted.
- **280E Tax Treatment.** As a Schedule 1 controlled substance, cannabis receives unfavorable tax treatment. Originally intended to prosecute organized crime for tax evasion, 280E tax policy effectively taxes cannabis operators on gross profit instead of pretax income. This tax treatment negatively impacts cash flows from operations and hinders profitability.
- **Illicit market competition.** The biggest competitive threat to legal US cannabis operators comes not from each other but from the illicit market. Our estimates assume a steady decline in the illicit market due to safer, better quality products. Curaleaf's outlook would be negatively impacted if the illicit market declines more slowly than anticipated or even grows.
- **Limited financial services.** The US cannabis industry is largely excluded from the country's mainstream banking system. This exclusion can create financial problems, including higher effective taxes, higher costs of capital, and physically handling large amounts of cash. If the US cannabis industry continues to experience significant financial services limitation, it could dampen growth and profitability prospects.
- **Fragmented market.** The cannabis industry moves at a fast pace, and the CPG brand space is fragmented. Companies like Curaleaf could end up spending heavily to compete for market share, which would negatively impact earnings.
- **Acquisition Integration.** Curaleaf has acquired multiple companies across a variety of their lines of business, most notably Select and Grassroots closing in 2020. If Curaleaf cannot effectively integrate these assets into their portfolio or there are other unforeseen complications with these businesses, their revenue and growth potential could be negatively impacted, and it could detract management's attention from the rest of the business.
- **Increasing supply.** In general, an increasing supply of legal products are entering the market. While the likely result of decreasing prices should help to lure consumers away from the illicit market, it could also negatively impact margins of cannabis companies, including Curaleaf.
- **Licensing uncertainty.** Regulators are often slow to award new and amended licenses. Any licensing delays could negatively impact Curaleaf's financials.
- **OTC Listing & Limited Liquidity.** CURLF is listed on the OTC exchange. The OTC markets are more volatile, have lower liquidity, and many investors cannot accumulate large or any positions in OTC-listed stocks.

STOCK OPPORTUNITY – GREEN THUMB INDUSTRIES

Green Thumb Industries is developing industry-leading cannabis operations through trademark execution, disciplined capital allocation and brands that resonate with consumers. Long-term, we think GTI is best positioned to create the top cannabis product brands through their differentiated strategy of distributing brands at scale. Near term, production expansion and state legalizations should drive robust growth through 2022, while the prospect for Federal reform and NASDAQ/NYSE uplisting could warrant a sector-wide revaluation. We are



reiterating our Buy rating and \$35 price target, which represents 23x our 2022 adjusted EBITDA estimate of \$326.7 million.

RISKS

We believe an investment in Green Thumb Industries involves the following risks.

- **Federal illegality.** While the Federal Government has not shown an appetite to prosecute state-sanctioned cannabis operations, they still run afoul of Federal Law. If legalization momentum slows or reverses, or if the Federal Government were to decide to prosecute state-sanctioned cannabis programs, GTI's outlook would be negatively impacted.
- **280E Tax Treatment.** As a Schedule 1 controlled substance, cannabis receives unfavorable tax treatment. Originally intended to prosecute organized crime for tax evasion, 280E tax policy effectively taxes cannabis operators on gross profit instead of pretax income. This tax treatment negatively impacts cash flows from operations and hinders profitability.
- **Illicit market competition.** The biggest competitive threat to legal US cannabis operators comes not from each other but from the illicit market. Our estimates assume a steady decline in the illicit market due to safer, better quality products. GTI's outlook would be negatively impacted if the illicit market declines more slowly than anticipated or even grows.
- **Limited financial services.** The US cannabis industry is largely excluded from the country's mainstream banking system. This exclusion can create financial problems, including higher effective taxes, higher costs of capital, and physically handling large amounts of cash. If the US cannabis industry continues to experience significant financial services limitation, it could dampen growth and profitability prospects.
- **Fragmented market.** The cannabis industry moves at a fast pace, and the CPG brand space is fragmented. Companies like GTI could end up spending heavily to compete for market share, which would negatively impact earnings.
- **Increasing supply.** In general, an increasing supply of legal products are entering the market. While the likely result of decreasing prices should help to lure consumers away from the illicit market, it could also negatively impact margins of cannabis companies, including GTI.
- **Licensing uncertainty.** Regulators are often slow to award new and amended licenses. Any licensing delays could negatively impact GTI's financials.
- **OTC Listing & Limited Liquidity.** GTBIF is listed on the OTC exchange. The OTC markets are more volatile, have lower liquidity, and many investors cannot accumulate large or any positions in OTC-listed stocks.

STOCK OPPORTUNITY – TRULIEVE CANNABIS CORP.

Trulieve is the most profitable US cannabis company, with 75% gross margins and 50% EBITDA margins thanks to its large scale, efficient operations in FL. Despite leading profitability, >100% CAGR since inception, geographical diversification and FL adult-use legalization in the medium term, the company trades at just 8.5x 2021 EBITDA, which we think is far too cheap. We think there are structural reasons for the discount—cannabis's federal illegality creates custody issues that prevent many institutions from buying US cannabis stocks thereby suppressing volumes and bids. We think cannabis reform is a matter of "when" not "if" and expect these structural issues to be temporary. We recommend aggressively buying shares to those who can in order to take advantage of this massive fundamental disconnect. We are reiterating our Buy rating and \$50 price target, which represents 15x our 2022 EBITDA estimate of \$411M.

RISKS

We believe an investment in Trulieve Cannabis involves the following risks.

- **Federal illegality.** While the Federal Government has not shown an appetite to prosecute state-sanctioned cannabis operations, they still run afoul of Federal Law. If legalization momentum slows or reverses, or if



the Federal Government were to decide to prosecute state-sanctioned cannabis programs, Trulieve's outlook would be negatively impacted.

- **280E Tax Treatment.** As a Schedule 1 controlled substance, cannabis receives unfavorable tax treatment. Originally intended to prosecute organized crime for tax evasion, 280E tax policy effectively taxes cannabis operators on gross profit instead of pretax income. This tax treatment negatively impacts cash flows from operations and hinders profitability.
- **Illicit market competition.** The biggest competitive threat to legal US cannabis operators comes not from each other but from the illicit market. Our estimates assume a steady decline in the illicit market due to safer, better quality products. Trulieve's outlook would be negatively impacted if the illicit market declines more slowly than anticipated or even grows.
- **Limited financial services.** The US cannabis industry is largely excluded from the country's mainstream banking system. This exclusion can create financial problems, including higher effective taxes, higher costs of capital, and physically handling large amounts of cash. If the US cannabis industry continues to experience significant financial services limitation, it could dampen growth and profitability prospects.
- **Fragmented market.** The cannabis industry moves at a fast pace and the CPG brand space is fragmented. Companies like Trulieve could end up spending heavily to compete for market share, which would negatively impact earnings.
- **Increasing supply.** In general, an increasing supply of legal products are entering the market. While the likely result of decreasing prices should help to lure consumers away from the illicit market, it could also negatively impact margins of cannabis companies, including Trulieve.
- **Licensing uncertainty.** Regulators are often slow to award new and amended licenses. Any licensing delays could negatively impact Trulieve's financials.
- **Integration risk.** Trulieve has yet to prove it can generate similarly profitable operations outside of FL. If it cannot, its Massachusetts operations and any future M&A operations would be negatively impacted.
- **OTC Listing & Limited Liquidity.** TCNNF is listed on the OTC exchange. The OTC markets are more volatile, have lower liquidity, and many investors cannot accumulate large or any positions in OTC-listed stocks.
- **Acquisition Integration.** TCNNF has acquired multiple companies and is integrating them together in the same markets. If TCNNF cannot effectively integrate these assets into their portfolio or there are other unforeseen complications with these businesses, their revenue and growth potential could be negatively impacted, and it could detract management's attention from the rest of the business.

STOCK OPPORTUNITY – TERRASCEND CORP.

We think TerrAscend is poised to become a major player in the cannabis industry with a best-in-class management team, high-quality assets and strong access to capital and deal flow. As the only cannabis company with sales in the US, Canada and Europe, TRSSF has a longer runway for growth compared to its peers, and we think the company is just beginning to demonstrate its potential to investors. Under new management led by FreshDirect founder Jason Ackerman, TerrAscend is transitioning from more of a holding company to a bona-fide operating company, and the first three quarters have demonstrated impressive growth and operating leverage. With leading wholesale operations in Pennsylvania and award-winning retail operations under The Apothecarium brand, we think TRSSF is poised to succeed in any new market it enters. We're most excited by the launch of adult-use sales in NJ which we think will come in Q4 and note management expects to enter additional state markets within the next 12 months, which could be a source of future upward revisions. We are reiterating our Buy rating and \$10.50 price target, which represents 20x our 2022 adjusted EBITDA estimate of C\$182.3M.



RISKS

We believe an investment in TerrAscend Corp. involves the following risks.

- **Federal illegality.** While the Federal Government has not shown an appetite to prosecute state-sanctioned cannabis operations, they still run afoul of Federal Law. If legalization momentum slows or reverses, or if the Federal Government were to decide to prosecute state-sanctioned cannabis programs, TRSSF's outlook would be negatively impacted.
- **280E Tax Treatment.** As a Schedule 1 controlled substance, cannabis receives unfavorable tax treatment. Originally intended to prosecute organized crime for tax evasion, 280E tax policy effectively taxes cannabis operators on gross profit instead of pretax income. This tax treatment negatively impacts cash flows from operations and hinders profitability.
- **Licensing uncertainty.** We view regulatory uncertainty around licenses as one of the biggest risks to the company's near-term financial outlook. The cannabis and hemp industries have so far been notable for slower than expected action by licensing bodies, and any delay of licenses for TerrAscend or its joint ventures could negatively impact the stock.
- **FDA and USDA regulations.** The FDA and USDA are tasked with creating hemp/CBD regulations, and some states are waiting for clarity from these bodies before developing their own regulations. The two bodies could take longer than expected or come out with stricter than expected interstate commerce regulations, which could negatively impact the company's financial outlook.
- **Limited Financial Services.** The US cannabis industry is largely excluded from the country's mainstream banking system. This exclusion can create financial problems, including higher effective taxes, higher cost of capital, and physically handling large amounts of cash. If the US cannabis industry continues to experience significant financial services limitation, it could dampen growth and profitability prospects.
- **Production risks.** TRSSF grows cannabis, hemp, and produce in greenhouses and outdoor operations, both of which are subject to variable weather conditions, which could decrease the company's expected yields and/or product quality. Decreased yields and quality would both have a negative impact on the company's financial performance.
- **Illicit market competition.** The majority of the Canadian cannabis industry still operates illicitly. Legal prices are higher than the illicit market, causing a headwind to legal adoption. A slower than expected transition from illicit to legal markets could negatively impact the company's financials.
- **Increasing supply.** In general, an increasing supply of legal products is entering the market. While the likely result of decreasing prices should help to lure consumers away from the illicit market, it could also negatively impact margins of cannabis companies, including TRSSF.
- **OTC Listing & Limited Liquidity.** TRSSF is listed on the OTC exchange. The OTC markets are more volatile, have lower liquidity, and many investors cannot accumulate large or any positions in OTC-listed stocks.

STOCK OPPORTUNITY – VIREO HEALTH INTERNATIONAL

Vireo Health is a US cannabis Multistate Operator (MSO) that currently operates in medical-only markets, with over 50% of its sales coming from the restrictive MN and NY markets. As such, revenue growth and profitability have trailed those of peers that have high exposure to adult-use markets and markets that sell flower. However, we think MN and NY will permit flower sales in the next 12-24mo and will permit adult-use sales by 2023. Vireo owns 1 of only 2 licenses in MN (a \$1-\$2B cannabis market) and 1 of only 10 licenses in NY (a \$6-\$10B cannabis market). We value these licenses at ~\$180-300M combined—1.2x-1.9x VREOF's current \$156M enterprise value. Beyond these base markets, we think the company's AZ, MD and NM operations are worth \$70-\$150M (based on 2x-4x sales), and non-core assets (MA, RI, OH, PR, PA retail, MD sale-leaseback) are worth \$20-40M. The company also has significant IP that provides long term optionality. No matter how you cut it, we think VREOF is vastly undervalued. When cash was an immediate concern, we think a discount was



warranted. However, the company recently received \$16M cash from divesting PA wholesale operations, has \$20-40M in non-dilutive financing options available, and has virtually no debt. We think a 75% discount is far too conservative and think the market will soon appreciate its new cash position and the inherent value of its rare licenses. We are reiterating our Buy rating and \$2.25 price target, representing 16.4x our 2022 EBITDA estimate of \$17.4M.

RISKS

We believe an investment in Vireo Health involves the following risks.

- **Federal illegality.** While the Federal Government has not shown an appetite to prosecute state-sanctioned cannabis operations, they still run afoul of Federal Law. If legalization momentum slows or reverses, or if the Federal Government were to decide to prosecute state-sanctioned cannabis programs, Vireo's outlook would be negatively impacted.
- **Illicit market competition.** The biggest competitive threat to legal US cannabis operators comes not from each other but from the illicit market. Our estimates assume a steady decline in the illicit market due to safer, better quality products. Vireo's outlook would be negatively impacted if the illicit market declines more slowly than anticipated or even grows.
- **Limited Financial Services.** The US cannabis industry is largely excluded from the country's mainstream banking system. This exclusion can create financial problems, including higher effective taxes, higher cost of capital, and physically handling large amounts of cash. If the US cannabis industry continues to experience significant financial services limitation, it could dampen growth and profitability prospects.
- **Fragmented market.** The cannabis industry moves at a fast pace, and the CPG brand space is fragmented. Companies like Vireo could end up spending heavily to compete for market share, which would negatively impact earnings.
- **Increasing supply.** In general, an increasing supply of legal products is entering the market. While the likely result of decreasing prices should help to lure consumers away from the illicit market, it could also negatively impact margins of cannabis companies, including Vireo.
- **Licensing uncertainty.** Regulators are often slow to award new and amended licenses. Any licensing delays could negatively impact Vireo's financials.
- **Dilution risk.** We estimate the company will need to raise capital within the next 3-6 months.
- **OTC Listing & Limited Liquidity.** VREOF is listed on the OTC exchange. The OTC markets are more volatile, have lower liquidity, and many investors cannot accumulate large or any positions in OTC-listed stocks.



CRAIG-HALLUM
CAPITAL GROUP LLC

December 16, 2020

Curaleaf Holdings Inc. Eric Des Lauriers, CFA (617-275-5177) eric.deslauriers@craig-hallum.com	FY2017 Dec-17	FY2018 Dec-18	FY2019 Dec-19	1Q20 Mar-20	2Q20 Jun-20	3Q20 Sep-20	4Q20E Dec-20	FY2020E Dec-20	1Q21E Mar-21	2Q21E Jun-21	3Q21E Sep-21	4Q21E Dec-21	FY2021E Dec-21	FY2022E Dec-22
INCOME STATEMENT														
Total Revenue	\$ 19,313	\$ 77,057	\$ 221,017	\$ 96,496	\$ 117,480	\$ 182,408	\$ 240,463	\$ 636,847	\$ 260,688	\$ 289,921	\$ 328,296	\$ 340,656	\$ 1,219,560	\$ 1,531,821
Sequential Growth				27.9%	21.7%	55.3%	31.8%		8.4%	11.2%	13.2%	3.8%		
Year/Year Growth	167.7%	299.0%	186.8%	173.7%	142.3%	195.1%	218.7%	188.1%	170.2%	146.8%	80.0%	41.7%	91.5%	25.6%
Cost of sales	7,840	31,172	102,387	44,013	56,844	90,633	111,501	302,991	118,763	128,653	143,257	147,022	537,695	669,592
Gross Profit	11,473	45,885	118,630	52,483	60,636	91,775	128,962	333,856	141,925	161,268	185,039	193,634	681,866	862,229
% of Rev	59.4%	59.5%	53.7%	54.4%	51.6%	50.3%	53.6%	52.4%	54.4%	55.6%	56.4%	56.8%	55.9%	56.3%
Change in FV of inventory and biological asset	4,124	402	22,981	15,556	20,591	24,008		60,155					-	-
Adj. Gross Profit	15,597	46,287	141,611	68,039	81,227	115,783	128,962	394,011	141,925	161,268	185,039	193,634	681,866	862,229
% of Rev	80.8%	60.1%	64.1%	70.5%	69.1%	63.5%	53.6%	61.9%	54.4%	55.6%	56.4%	56.8%	55.9%	56.3%
SG&A (excl. Stock-based comp)	16,385	65,312	121,021	45,857	40,466	72,664	70,000	228,987	72,000	74,000	75,000	80,000	301,000	340,000
Stock-Based Comp	2,547	2,229	16,607	4,501	4,833	5,430	5,000	19,764	5,000	5,000	5,000	5,000	20,000	20,000
Depreciation & Amortization	3,210	7,427	31,701	12,688	14,237	21,318	21,000	69,243	22,000	23,000	24,000	25,000	94,000	100,000
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating expenses	22,142	74,968	169,329	63,046	59,536	99,412	96,000	317,994	99,000	102,000	104,000	110,000	415,000	460,000
Operating Income	(6,545)	(28,681)	(27,718)	4,993	21,691	16,371	32,962	76,017	42,925	59,268	81,039	83,634	266,866	402,229
% of Rev	-33.9%	-37.2%	-12.5%	5.2%	18.5%	9.0%	13.7%	11.9%	16.5%	20.4%	24.7%	24.6%	21.9%	26.3%
Interest income (expense)	1,400	(2,504)	(14,816)	(9,804)	(9,916)	(12,317)	(10,000)	(42,037)	(10,000)	(10,000)	(10,000)	(10,000)	(40,000)	(40,000)
Other income (expense)	1,169	(25,049)	(3,256)	2,608	(77)	5,760		8,291					-	-
Total other income (expense)	2,569	(27,553)	(18,072)	(7,196)	(9,993)	(6,557)	(10,000)	(33,746)	(10,000)	(10,000)	(10,000)	(10,000)	(40,000)	(40,000)
Pretax income	(3,976)	(56,234)	(45,790)	(2,203)	11,698	9,814	22,962	42,271	32,925	49,268	71,039	73,634	226,866	362,229
Income tax benefit (expense)	(1,068)	(5,643)	(24,059)	(13,249)	(13,534)	(18,745)	(32,241)	(77,769)	(35,481)	(40,317)	(46,260)	(48,408)	(170,466)	(215,557)
Tax Rate as % of GP	9.3%	12.3%	20.3%	25.2%	22.3%	20.4%	25.0%	23.3%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Net Income Attributable to CURA	(\$2,818)	(\$56,467)	(\$68,146)	(\$15,089)	(\$2,029)	(\$9,343)	(\$9,278)	(\$35,739)	(\$2,556)	\$8,951	\$24,779	\$25,225	\$56,399	\$146,672
EPS	(\$0.02)	(\$0.16)	(\$0.15)	(\$0.03)	(\$0.00)	(\$0.01)	(\$0.01)	(\$0.06)	(\$0.00)	\$0.01	\$0.04	\$0.04	\$0.08	\$0.21
Diluted shares	322,835	396,498	461,848	507,700	533,193	625,229	672,000	584,530	674,000	676,000	678,000	680,000	677,000	685,000
Adjusted EBITDA	\$ (788)	\$ (12,252)	\$ 14,739	\$ 20,006	\$ 27,994	\$ 42,295	\$ 58,962	\$ 149,257	\$ 69,925	\$ 87,268	\$ 110,039	\$ 113,634	\$ 380,866	\$ 522,229
% of Rev	-4.1%	-15.9%	6.7%	20.7%	23.8%	23.2%	24.5%	23.4%	26.8%	30.1%	33.5%	33.4%	31.2%	34.1%



Green Thumb Industries Inc. Eric Des Lauriers, CFA (617-275-5177) eric.deslauriers@craig-hallum.com	FY2017 Dec-17	FY2018 Dec-18	FY2019 Dec-19	1Q20 Mar-20	2Q20 Jun-20	3Q20 Sep-20	4Q20E Dec-20	FY2020E Dec-20	1Q21E Mar-21	2Q21E Jun-21	3Q21E Sep-21	4Q21E Dec-21	FY2021E Dec-21	FY2022E Dec-22
INCOME STATEMENT														
Revenue	\$ 16,529	\$ 62,494	\$ 216,433	\$ 102,603	\$ 119,640	\$ 157,104	\$ 165,279	\$ 544,625	\$ 176,418	\$ 191,785	\$ 208,117	\$ 226,974	\$ 803,294	\$ 983,964
<i>Year/Year Growth</i>	129.1%	278.1%	246.3%	267.6%	167.5%	131.1%	118.0%	151.6%	71.9%	60.3%	32.5%	37.3%	47.5%	22.5%
Cost of sales	10,447	33,991	104,693	49,615	55,946	70,147	74,314	250,022	80,177	88,077	97,115	108,234	373,603	472,311
Gross Profit	6,082	28,502	111,740	52,987	63,694	86,957	90,964	294,603	96,241	103,708	111,002	118,740	429,692	511,653
<i>% of Rev</i>	36.8%	45.6%	51.6%	51.6%	53.2%	55.4%	55.0%	54.1%	54.6%	54.1%	53.3%	52.3%	53.5%	52.0%
Change in biological asset	1,146	4,204	919	-	-	-	-	-	-	-	-	-	-	-
Adj. Gross Profit	7,228	32,706	112,659	52,987	63,694	86,957	90,964	294,603	96,241	103,708	111,002	118,740	429,692	511,653
<i>% of Rev</i>	43.7%	52.3%	52.1%	51.6%	53.2%	55.4%	55.0%	54.1%	54.6%	54.1%	53.3%	52.3%	53.5%	52.0%
G&A	11,493	60,228	141,369	45,435	49,643	49,746	56,000	200,825	60,000	62,500	65,000	68,500	256,001	295,001
Operating Income	(4,265)	(27,521)	(28,709)	7,552	14,050	37,211	34,964	93,778	36,241	41,208	46,002	50,240	173,691	216,652
<i>% of Rev</i>	-25.8%	-44.0%	-13.3%	7.4%	11.7%	23.7%	21.2%	17.2%	20.5%	21.5%	22.1%	22.1%	21.6%	22.0%
Interest income (expense)	(432)	(326)	(14,365)	(4,953)	(4,718)	(4,455)	(5,000)	(19,127)	(5,000)	(5,000)	(5,000)	(5,000)	(20,000)	(20,000)
Other income (expense)	544	56,417	(10,319)	6,786	(5,717)	6,433	-	7,502	-	-	-	-	-	-
Total other income (expense)	112	56,092	(24,683)	1,833	(10,436)	1,978	(5,000)	(11,625)	(5,000)	(5,000)	(5,000)	(5,000)	(20,000)	(20,000)
Pretax income	(4,153)	28,570	(53,393)	9,385	3,615	39,189	29,964	82,153	31,241	36,208	41,002	45,240	153,691	196,652
Income tax provision (benefit)	214	8,625	9,072	13,149	15,379	28,436	27,289	84,253	26,947	29,038	31,081	33,247	120,314	143,263
<i>Taxes as % of GP</i>	3.5%	30.3%	8.1%	24.8%	24.1%	32.7%	30.0%	28.6%	28.0%	28.0%	28.0%	28.0%	28.0%	27.9%
Net Income Attributable to GTI	(\$3,745)	(\$7,866)	(\$62,034)	(\$4,207)	(\$12,910)	\$9,644	\$2,675	(\$4,798)	\$4,293	\$7,170	\$9,921	\$11,993	\$33,377	\$53,389
EPS	N/M	\$0.14	(\$0.32)	(\$0.02)	(\$0.06)	\$0.05	\$0.01	(\$0.01)	\$0.02	\$0.03	\$0.05	\$0.05	\$0.15	\$0.24
Diluted shares	N/A	146,048	196,278	208,468	209,903	214,212	215,000	211,896	217,000	219,000	220,000	221,000	219,250	225,000
Adjusted EBITDA	\$ (3,167)	\$ 21,192	\$ 33,608	\$ 25,545	\$ 35,412	\$ 53,182	\$ 55,964	\$ 170,103	\$ 59,241	\$ 64,708	\$ 70,002	\$ 74,740	\$ 268,691	\$ 326,652
<i>% of Rev</i>	-19.2%	33.9%	15.5%	24.9%	29.6%	33.9%	33.9%	31.2%	33.6%	33.7%	33.6%	32.9%	33.4%	33.2%



Trulieve Cannabis Corp. Eric Des Lauriers, CFA (617-275-5177) eric.deslauriers@craig-hallum.com	FY2017 Dec-17	FY2018 Dec-18	FY2019 Dec-19	1Q20 Mar-20	2Q20 Jun-20	3Q20 Sep-20	4Q20E Dec-20	FY2020E Dec-20	1Q21E Mar-21	2Q21E Jun-21	3Q21E Sep-21	4Q21E Dec-21	FY2021E Dec-21	FY2022E Dec-22
INCOME STATEMENT														
Total Revenue	\$ 19,778	\$ 102,817	\$ 252,819	\$ 96,057	\$ 120,765	\$ 136,274	\$ 158,751	\$ 517,647	\$ 171,141	\$ 191,891	\$ 202,206	\$ 208,405	\$ 773,644	\$ 907,655
Sequential Growth				20.5%	25.7%	12.8%	16.5%		7.8%	12.1%	5.4%	3.1%		
Year/Year Growth	174.2%	419.8%	145.9%	116.0%	108.5%	92.7%	99.2%	104.8%	78.2%	58.9%	48.4%	31.3%	49.5%	17.3%
Cost of sales	11,095	34,195	89,808	28,929	29,677	34,099	43,393	136,098	48,374	53,139	55,769	57,747	215,029	253,993
Gross Profit	8,684	68,621	163,010	67,128	91,088	102,175	115,358	375,749	122,767	138,752	146,437	150,659	558,615	653,661
% of Rev	43.9%	66.7%	64.5%	69.9%	75.4%	75.0%	72.7%	72.6%	71.7%	72.3%	72.4%	72.3%	72.2%	72.0%
Change in FV of inventory and biological asset	9,738	36,941	199,275	(4,420)	(16,796)	(16,787)		(38,003)					-	-
Adj. Gross Profit	18,422	105,563	362,285	62,707	74,292	85,388	115,358	337,745	122,767	138,752	146,437	150,659	558,615	653,661
% of Rev	93.1%	102.7%	143.3%	65.3%	61.5%	62.7%	72.7%	65.2%	71.7%	72.3%	72.4%	72.3%	72.2%	72.0%
G&A	1,211	4,136	14,071	6,259	7,936	8,501	10,500	33,196	11,000	12,000	14,000	15,000	52,000	76,000
Sales & Marketing	7,096	25,050	53,936	22,039	25,117	29,446	33,000	109,602	35,000	39,000	41,000	44,000	159,000	196,000
Depreciation & Amortization	198	1,138	8,398	3,282	3,740	4,015	4,500	15,537	5,000	5,500	6,000	6,500	23,000	31,000
Total operating expenses	8,505	30,324	76,405	31,580	36,793	41,963	48,000	158,336	51,000	56,500	61,000	65,500	234,000	303,000
% of Rev	43.0%	29.5%	30.2%	32.9%	30.5%	30.8%	30.2%	30.6%	29.8%	29.4%	30.2%	31.4%	30.2%	33.4%
Operating Income	9,917	75,239	285,880	31,127	37,499	43,425	67,358	179,409	71,767	82,252	85,437	85,159	324,615	350,661
% of Rev	50.1%	73.2%	113.1%	32.4%	31.1%	31.9%	42.4%	34.7%	41.9%	42.9%	42.3%	40.9%	42.0%	38.6%
Interest income (expense)	(860)	(2,184)	(12,816)	(6,875)	(6,810)	(6,421)	(6,900)	(27,007)	(6,900)	(6,900)	(6,900)	(6,900)	(27,600)	(28,000)
Other income (expense)	(765)	(1,328)	(594)	4,899	(4,963)	(10,692)		(10,757)					-	-
Total other income (expense)	(1,626)	(3,512)	(13,410)	(1,977)	(11,774)	(17,113)	(6,900)	(37,763)	(6,900)	(6,900)	(6,900)	(6,900)	(27,600)	(28,000)
Pretax income	8,291	71,727	272,470	29,150	25,725	26,312	60,458	141,646	64,867	75,352	78,537	78,259	297,015	322,661
Income tax benefit (expense)	(4,718)	(28,759)	(94,437)	(15,152)	(19,165)	(21,569)	(28,840)	(84,726)	(30,692)	(34,688)	(36,609)	(37,665)	(139,654)	(163,415)
Effective Tax Rate as % of GP	25.6%	27.2%	26.1%	24.2%	25.8%	25.3%	25.0%	25.1%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Net Income	\$3,573	\$42,968	\$178,033	\$13,999	\$6,560	\$4,742	\$31,619	\$56,920	\$34,175	\$40,664	\$41,928	\$40,594	\$157,361	\$159,246
EPS	NM	\$0.43	\$1.54	\$0.12	\$0.06	\$0.04	\$0.26	\$0.48	\$0.27	\$0.32	\$0.33	\$0.31	\$1.22	\$1.20
Diluted shares	NM	100,297	115,318	115,236	115,307	117,949	123,000	117,873	127,000	128,000	129,000	130,000	128,500	132,500
Adjusted EBITDA	\$ 711	\$ 50,385	\$ 132,531	\$ 49,427	\$ 60,535	\$ 67,500	\$ 78,358	\$ 255,820	\$ 83,867	\$ 94,852	\$ 98,537	\$ 98,759	\$ 376,015	\$ 411,261
% of Rev	3.6%	49.0%	52.4%	51.5%	50.1%	49.5%	49.4%	49.4%	49.0%	49.4%	48.7%	47.4%	48.6%	45.3%



TerrAscend Corp. Eric Des Lauriers, CFA (617-275-5177) eric.deslauriers@craig-hallum.com		FY2018	FY2019	1Q20	2Q20	3Q20	4Q20E	FY2020E	1Q21E	2Q21E	3Q21E	4Q21E	FY2021E	FY2022E
		Dec-18	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Dec-21	Dec-22
INCOME STATEMENT														
Revenue (C\$'000)		\$ 6,826	\$ 84,868	\$ 34,798	\$ 47,230	\$ 50,968	\$ 62,955	\$ 195,951	\$ 79,117	\$ 90,087	\$ 97,660	\$ 110,970	\$ 377,834	\$ 492,194
<i>Sequential Growth</i>				34.4%	35.7%	7.9%	23.5%		25.7%	13.9%	8.4%	13.6%		
<i>Year/Year Growth</i>			1143.3%	138.6%	168.8%	90.0%	143.2%	130.9%	127.4%	90.7%	91.6%	76.3%	92.8%	30.3%
Cost of sales		9,635	81,295	19,252	20,766	20,880	25,552	86,450	32,420	37,195	40,378	47,366	157,359	214,667
Gross Profit		(2,809)	3,573	15,546	26,464	30,088	37,403	109,501	46,697	52,892	57,282	63,604	220,475	277,527
<i>% of Rev</i>		-41.2%	4.2%	44.7%	56.0%	59.0%	59.4%	55.9%	59.0%	58.7%	58.7%	57.3%	58.4%	56.4%
Change in biological asset		1,061	4,755	8,645	4,189	4,474		17,308					-	-
Adj. Gross Profit		(1,748)	8,328	24,191	30,653	34,562	37,403	126,809	46,697	52,892	57,282	63,604	220,475	277,527
<i>% of Rev</i>		-25.6%	9.8%	69.5%	64.9%	67.8%	59.4%	64.7%	59.0%	58.7%	58.7%	57.3%	58.4%	56.4%
G&A (excl. Stock-based comp)		9,129	50,073	14,600	15,706	13,736	16,500	60,542	16,500	17,000	17,000	18,000	68,500	84,000
Stock-Based Comp		6,558	11,604	1,637	3,439	4,164	3,000	12,240	3,000	3,000	3,000	3,000	12,000	12,000
Sales and Marketing		1,532	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortization		533	5,499	207	3,164	2,550	3,500	9,421	3,700	3,900	4,000	4,100	15,700	17,400
Other		7,594	709	2,817	168	20		3,005					-	-
Total operating expenses		25,346	67,885	19,261	22,477	20,470	23,000	85,208	23,200	23,900	24,000	25,100	96,200	113,400
Operating Income		(27,094)	(59,557)	4,930	8,176	14,092	14,403	41,601	23,497	28,992	33,282	38,504	124,275	164,127
<i>% of Rev</i>		-396.9%	-70.2%	14.2%	17.3%	27.6%	22.9%	21.2%	29.7%	32.2%	34.1%	34.7%	32.9%	33.3%
Interest income (expense)		415	(5,675)	(3,304)	(3,143)	(3,301)	(1,300)	(11,048)	(3,300)	(3,300)	(3,300)	(3,300)	(13,200)	(13,200)
Other income (expense)		5,239	(152,096)	(7,132)	(8,386)	(30,135)		(45,653)					-	-
Total other income (expense)		5,654	(157,771)	(10,436)	(11,529)	(33,436)	(1,300)	(56,701)	(3,300)	(3,300)	(3,300)	(3,300)	(13,200)	(13,200)
Pretax income		(21,440)	(217,328)	(5,506)	(3,353)	(19,344)	13,103	(15,100)	20,197	25,692	29,982	35,204	111,075	150,927
Income tax provision (benefit)		704	1,624	8,358	10,272	(1,794)	9,351	26,187	11,674	13,223	14,320	15,901	55,119	69,382
<i>Taxes as % of GP</i>		-40.3%	19.5%	34.6%	33.5%	-5.2%	25.0%	20.7%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Net Income Attributable to TerrAscend		(\$22,260)	(\$214,886)	(\$13,206)	(\$12,731)	(\$16,917)	\$3,752	(\$39,102)	\$8,523	\$12,469	\$15,661	\$19,303	\$55,956	\$81,545
EPS		(\$0.24)	(\$2.18)	(\$0.09)	(\$0.09)	(\$0.12)	\$0.02	(\$0.28)	\$0.05	\$0.08	\$0.10	\$0.12	\$0.35	\$0.50
Diluted shares		93,956	100,377	146,469	149,031	149,493	152,000	149,248	158,000	159,000	160,000	161,000	159,500	163,500
Adjusted EBITDA (C\$'000)		\$ (7,170)	\$ (26,557)	\$ 4,941	\$ 11,430	\$ 17,786	\$ 20,819	\$ 54,976	\$ 29,191	\$ 34,507	\$ 38,606	\$ 43,311	\$ 145,615	\$ 182,273
<i>% of Rev</i>		-105.0%	-31.3%	14.2%	24.2%	34.9%	33.1%	28.1%	36.9%	38.3%	39.5%	39.0%	38.5%	37.0%



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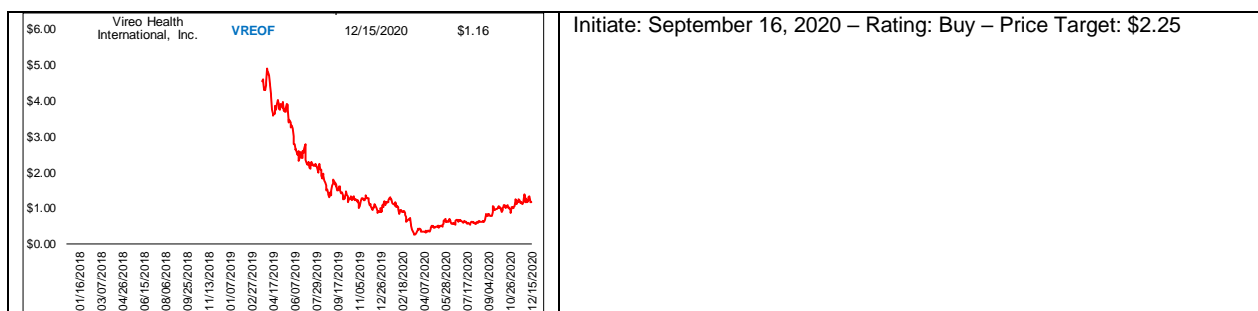
December 16, 2020

Vireo Health International, Inc. Eric Des Lauriers, CFA (617-275-5177) eric.deslauriers@craig-hallum.com	FY2017	FY2018	FY2019	1Q20	2Q20	3Q20	4Q20E	FY2020E	1Q21E	2Q21E	3Q21E	4Q21E	FY2021E	FY2022E
	Dec-17	Dec-18	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Dec-21	Dec-22
INCOME STATEMENT														
Revenue	\$ 10,867	\$ 18,459	\$ 29,956	\$ 12,119	\$ 10,763	\$ 11,943	\$ 11,614	\$ 46,438	\$ 14,538	\$ 16,610	\$ 20,326	\$ 23,505	\$ 74,979	\$ 98,686
Sequential Growth				34.8%	-11.2%	11.0%	-2.8%		25.2%	14.3%	22.4%	15.6%		
Year/Year Growth	155.1%	69.9%	62.3%	109.7%	49.6%	49.4%	29.2%	55.0%	20.0%	54.3%	70.2%	102.4%	61.5%	31.6%
Cost of sales	5,104	9,519	21,754	8,702	7,283	6,846	6,466	29,297	7,981	8,997	10,936	12,792	40,706	53,331
Gross Profit	5,763	8,940	8,202	3,417	3,480	5,096	5,148	17,141	6,557	7,614	9,390	10,713	34,273	45,355
% of Rev		48.4%	27.4%	28.2%	32.3%	42.7%	44.3%	36.9%	45.1%	45.8%	46.2%	45.6%	45.7%	46.0%
Fair value adjustments	603	7,845	2,640	7,957	11,382	(2,971)		16,368					-	-
Adj. Gross Profit	6,366	16,784	10,841	11,374	14,862	2,126	5,148	33,509	6,557	7,614	9,390	10,713	34,273	45,355
% of Rev	58.6%	90.9%	36.2%	93.9%	138.1%	17.8%	44.3%	72.2%	45.1%	45.8%	46.2%	45.6%	45.7%	46.0%
Salaries	3,019	4,145	10,340	3,565	2,834	3,347	2,950	12,696	3,000	3,100	3,200	3,300	12,600	14,000
SG&A (excl. Stock-based comp)	2,159	3,832	9,994	2,314	2,363	2,171	2,400	9,247	2,500	2,500	2,500	2,500	10,000	10,800
Stock-Based Comp	-	2,073	3,303	2,736	8,985	524	2,000	14,245	1,000	1,000	1,000	2,000	5,000	5,000
Depreciation	213	274	1,369	315	498	355	600	1,769	700	700	750	750	2,900	2,900
Professional Fees	1,013	1,862	4,036	729	755	546	600	2,630	800	800	800	800	3,200	3,200
Total operating expenses	6,405	12,186	29,042	9,659	15,436	6,944	8,550	40,588	8,000	8,100	8,250	9,350	33,700	35,900
Operating Income	(39)	4,599	(18,201)	1,715	(574)	(4,818)	(3,402)	(7,079)	(1,443)	(486)	1,140	1,363	573	9,455
% of Rev	-0.4%	24.9%	-60.8%	14.2%	-5.3%	-40.3%	-29.3%	-15.2%	-9.9%	-2.9%	5.6%	5.8%	0.8%	9.6%
Interest income (expense)	(381)	(2,390)	(5,131)	(1,713)	(1,207)	(1,357)	(1,200)	(5,476)	(1,200)	(1,200)	(1,200)	(1,200)	(4,800)	(4,800)
Other income (expense)	(11)	(86)	(33,977)	718	(3,380)	11,893		9,231					-	-
Total other income (expense)	(392)	(2,476)	(39,108)	(995)	(4,586)	10,536	(1,200)	3,755	(1,200)	(1,200)	(1,200)	(1,200)	(4,800)	(4,800)
Pretax income	(431)	2,123	(57,309)	720	(5,160)	5,718	(4,602)	(3,324)	(2,643)	(1,686)	(60)	163	(4,227)	4,655
Income tax provision (benefit)	-	5,201	(299)	2,744	3,718	6,065	2,000	14,527	2,250	2,250	2,250	2,250	9,000	9,000
Tax Rate as % of GP	0.0%	58.2%	-3.6%	80.3%	106.8%	119.0%	38.9%	84.8%	34.3%	29.6%	24.0%	21.0%	26.3%	19.8%
Net Income Attributable to Vireo	(\$431)	(\$3,078)	(\$57,010)	(\$2,024)	(\$8,878)	\$122	(\$6,602)	(\$17,851)	(\$4,893)	(\$3,936)	(\$2,310)	(\$2,087)	(\$13,227)	(\$4,345)
EPS	N/M	(\$0.06)	(\$0.71)	(\$0.02)	(\$0.09)	\$0.00	(\$0.07)	(\$0.19)	(\$0.05)	(\$0.04)	(\$0.02)	(\$0.02)	(\$0.13)	(\$0.04)
Diluted shares	N/A	52,500	80,822	88,520	98,871	98,871	99,100	96,340	99,200	99,300	99,400	99,500	99,350	99,350
Adjusted EBITDA	\$ 98	\$ (488)	\$ (15,492)	\$ (3,301)	\$ (1,671)	\$ (676)	\$ (802)	\$ (6,449)	\$ 257	\$ 1,214	\$ 2,890	\$ 4,113	\$ 8,473	\$ 17,355
% of Rev	0.9%	-2.6%	-51.7%	-27.2%	-15.5%	-5.7%	-6.9%	-13.9%	1.8%	7.3%	14.2%	17.5%	11.3%	17.6%



REQUIRED DISCLOSURES

<p>Curaleaf Holdings, Inc. CURLF 12/15/2020 \$11.89</p>	<p>Initiate: December 3, 2020 – Rating: Buy – Price Target: \$19</p>
<p>Green Thumb Industries Inc. GTBIF 12/15/2020 \$22.31</p>	<p>Initiate: July 22, 2019 – Rating: Buy – Price Target: \$18 August 13, 2020 – Rating: Buy – Price Target: \$25 November 12, 2020 – Rating: Buy – Price Target: \$35</p>
<p>Trulieve Cannabis Corp. TCNNF 12/15/2020 \$30.80</p>	<p>Initiate: December 16, 2019 – Rating: Buy – Price Target: \$20 August 12, 2020 – Rating: Buy – Price Target: \$40 September 28, 2020 – Rating: Buy – Price Target: \$45 November 18, 2020 – Rating: Buy – Price Target: \$50</p>
<p>TerraAscend Corp. TRSSF 12/15/2020 \$8.78</p>	<p>Initiate: June 8, 2020 - Rating: Buy - Price Target: \$3.50 August 7, 2020 – Rating: Buy – Price Target: \$5.50 November 3, 2020 – Rating: Buy – Price Target: \$9 November 20, 2020 – Rating: Buy – Price Target: \$10.50</p>



Source: FactSet

Ratings definitions:

Buy rated stocks generally have twelve month price targets that are more than 20% above the current price. **Hold** rated stocks generally have twelve month price targets near the current price. **Sell** rated stocks generally have no price target and we would sell the stock.

Fundamental trend definitions:

Improving means growth rates of key business metrics are generally accelerating. **Stable** means growth rates of key business metrics are generally steady. **Mixed** means growth rates of some key business metrics are positive but others are negative. **Declining** means growth rates of key business metrics are generally decelerating.

Ratings Distribution (9/30/2020)		
Rating	% Of Companies Covered	% With Investment Banking Relationships
Buy	81%	21%
Hold	19%	8%
Sell	1%	0%
Total	100%	18%

Information about valuation methods and risks can be found in the “STOCK OPPORTUNITY” and “RISKS” sections, respectively, of this report.

Analysts receive no direct compensation in connection with the firm's investment banking business. Analysts may be eligible for bonus compensation based on the overall profitability of the firm, which takes into account revenues from all of the firm's business, including investment banking.

OTHER DISCLOSURES

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