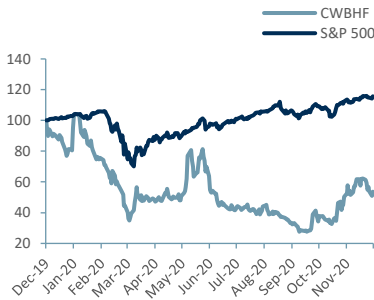


# SPOTLIGHT

## Up 103%



CWBHF (lighter line) vs. S&P 500 price rel.

Wednesday, 16 December 2020

### Charlotte's Web Key Metrics

Ticker	CWBHF
Market Index	OTC QX
Close Price	4.55
52 wk Range Low	2.10
52 wk Range High	9.17
MCAP (m)	\$631.95
EV (m)	\$558.81
Public Market	OTC
Financial YE	31-Dec
Currency	USD
<b>Business Activity</b>	
Nutraceuticals	
<b>Key Metrics</b>	
Gross debt (m)	\$24.4
Cash (m)	\$65.9
Net Debt (Cash) (m)	-\$41.5
Net Operating Cash	-\$52.2
Revenue (m)	\$91.1
Net Income (loss) (m)	-\$51.3
<b>Key Ratios</b>	
(Net Cash) /	-6.57%
Shareholder Equity %	
<b>Cannabis Sector Research</b>	
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# The Future of Cannabis

## Cannabis Market Overview – Index up 103%

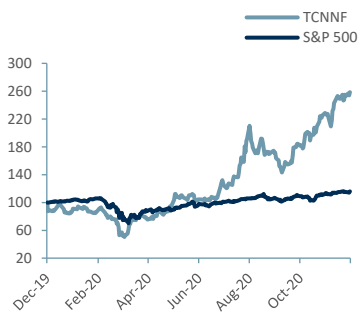
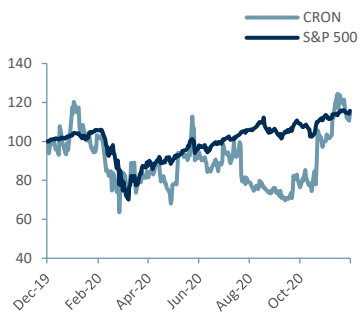
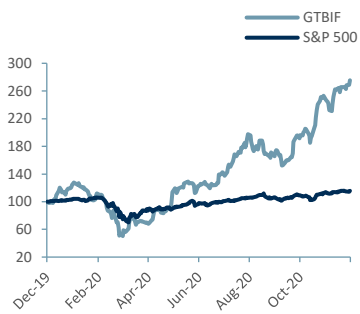
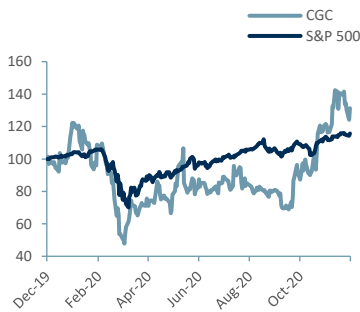
The marijuana plant, *cannabis sativa*, has been around for over 4,000 years. Its history is coloured with evidence of medical benefits. The growing demand is supported by liberal regulations, with the US and Canada leading the way. ACF forecasts a global legal cannabis market 2027E of US\$ 75bn. ~260m people consume cannabis globally (medically / recreationally) and we expect this figure to increase in the short and medium term. This is a significant investment opportunity as we expect recreational use to surpass medicinal due to its 'ease' of acquisition and the ongoing regulatory restrictions.

- The global legal cannabis market will reach US\$ 75bn by 27E;
- ~260m people consume cannabis globally every year;
- The cannabis index high is up 103% from its lowest point in Mar 20;
- Cannabis use continues to face restrictions and heavy regulations;
- Online distribution will be the future of recreational and medical.

BITA Global Cannabis Giants Index (USD)



## Investment Case



- Liberal government regulations and legalisation of cannabis for both medical and recreational use in the US and Canada are supporting the demand growth in North America. Other countries are following in the US' and Canada's footsteps.
- Once the current market distortions are relieved in the US, cannabis companies will experience a significant uptick in their valuation multiples over and above recent climbs in share prices.
- Investor perceptions of cannabis have been tainted as an asset class due to significant failures, write-offs, poor management, high volatility in stock prices and valuations, and slower than projected deregulation.
- Both the sector at large and companies individually will have to re-educate the market and set more realistic expectations that they can easily go on to outperform to rebuild investor trust and support.
- The requirement to rebuild trust in the cannabis investment market applies to both the broader retail market as well as to institutional PMs.
- Covid-19 lockdowns have created accelerated change of behaviour - consumers are more inclined to revert to online shopping. Online ordering for both medical and recreational cannabis, seems inevitable.
- Given our expectations for the direction of travel - moral acceptances, decriminalisation, demand growth for medical, growth in indications, removal of barriers to trade, online ordering - we infer that by most measures cannabis companies are significantly undervalued, particularly large-scale cannabis companies.

## Catalysts

Liberal government regulations; Improved investor and markets perception of the industry; Moral acceptances; Demand growth for medical; US Bill H.R. 8179 (Hemp and Hemp-Derived CBD Consumer Protection and Market Stabilization Act of 2020).

## Investment Sub-sectors - Legal Cannabis

- **Medical cannabis** – Use of marijuana as a physician recommended therapy for treating conditions and symptoms such as epilepsy, Parkinson’s, and depression.
- **Nutraceutical (Wellness) cannabis** - The use of cannabis derived products and chemicals that bring benefits based upon observation, anecdote, or read-through.
- **Recreational cannabis** – The use of cannabis without medical justification, much like the use of recreational alcohol.

An example of read-through is the use of glucosamine in horses - glucosamine for joint aid in humans has regulatory approval backed by scientific studies.

*We separate the market into three distinct sectors:*

Glucosamine's use in horses is approved but there are no or few compelling scientifically recognised trials or studies demonstrating its efficacy in horses.

*Medical, Nutraceutical and Recreational*

And yet anecdotally and by observation, glucosamine is as effective in horses as it is in humans, according to most equine vets.

It is this read-through characteristic that Nutraceutical/Wellness *sativa* products rely upon for credibility and marketability.

## Commercial, Medical & Morality Pendulum

*For 5,000 years humanity appears to have used marijuana for medical and recreational purposes.*

*For 100 years it stopped, now it is returning slowly to cannabis.*

*The anomaly is non-use.*

The marijuana plant, also known as *cannabis sativa*, is thought to have originated as a medical plant ~4,000 years ago. First evidence dates back to the Chinese Emperor Shen Nung in 2727 BC and records indicate that medicinal cannabis was widely used throughout Asia up until 500 BC.

Early applications for medicinal marijuana appear to include treatment of inflammation, malaria, gout, depression and nausea. There is suggestive evidence that *sativa* was also used as an anaesthetic and to suppress the libido.

There is also evidence that *tetrahydrocannabinol* (THC), which is the psychoactive substance in *sativa*, was used in religious ceremonies and rituals.

*Sativa* made its way to the US in the late 1500s.

**During the 20<sup>th</sup> century** – the marijuana plant becomes more mainstream and its modern history of controversy takes on life, primarily in the US.

**The tide turns:** From 1906 the US government began placing restrictions on the sale of cannabis following increased use. States began prohibition of cannabis in the 1920s.

By the mid-1930s every state had imposed prohibitions on cannabis as a narcotic. 35 US states also enacted the 1937 Marijuana Tax Act, which placed a tax on the production of *sativa*.

The 1937 tax caused a fall in hemp fibre production to a low of 500 tons p.a. In 1970, under the Controlled Substances Act (CSA), cannabis was outlawed and criminalised (including medical use).

**The tide rolls back:** State laws remained that conflicted with the Federal law CSA '70. In 1996, California's Proposition 215 began the wholesale unstitching of the criminalisation of cannabis for medical use.

By 2012, US states were beginning to legalise recreational use of cannabis and by 2016 most states had legalised the medical use of cannabis.

The swing of the medical and morality pendulum changing the drug prohibition rules on THC and CBD has paved the way for so-called 'alternative' sources of treatment. *Sativa* appears to have recognised medical uses particularly in patients with chronic or terminal illnesses.

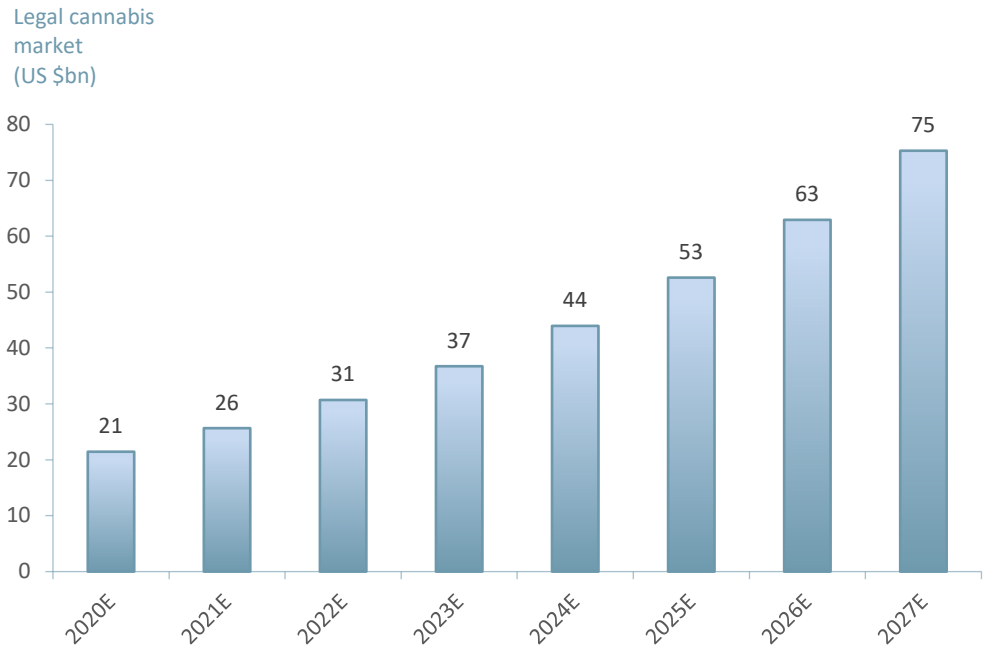
*Sativa* has also created a market that can compete with big pharma. Arguably, *sativa* provides patients with alternative options for treatment - that is good for medicinal drugs markets and governments and health providers alike.

## The Global Legal Marijuana Industry

US\$ 75bn market by 27E.

In our forecasts the global legal cannabis (marijuana) industry (medical and recreational) is **set to grow at a 19.65% CAGR, to reach US\$ 75bn by 2027** from a market consensus of \$18bn in 2019. (see exhibit 1)

Exhibit 1: **Global legal cannabis market forecast 2020E – 2027E**



Source: ACF Equity Research Forecast.

It is all about legalisation momentum.

The *sativa* medical and recreational market has been propelled by the increased number of countries legalising its use.

With increasing decriminalisation, commercially regulated cannabis products are finding their way into consumer markets (e.g. beverages, edibles and vapes). The pitch is three-fold: medical, nutraceutical (wellness) and recreational.

In our view, there is an accelerated near term, as well as a continued long-term, growth trajectory for the cannabis market.

## Cannabis Market Breakdown

*Invest sustainably.*

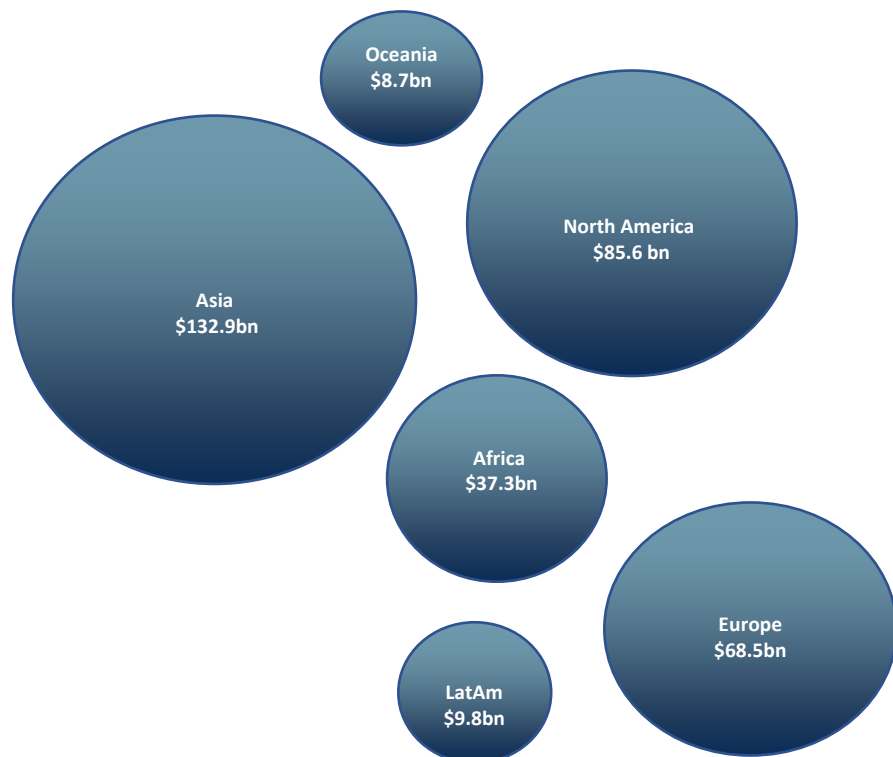
Investing sustainably and carrying out sustainable business practices is a must for all industries. We are seeing increased pressure from Global, US, European and UK large fund managers for companies to have an Environmental, Social, and Governance (ESG) policy (sustainability) as part of their core business.

~260m people are estimated to consume cannabis globally every year based on sales values. *Sativa's* recreational use is still viewed negatively amongst many cohorts around the world. However, with a shift in moral values towards ever greater acceptance, we are expecting the 263m pops cannabis usage figure to increase in both the short and mid-term.

Data from New Frontier showed that the global cannabis market, both regulated and illicit, reached **US\$ 344bn in 2019**; with Asia taking the lead at about US\$ ~133bn, followed by North America (US\$ ~86bn), Europe (US\$ 68.5bn), Africa (US\$ 37.3bn) and Latin America (US\$ 9.8bn). We have represented the estimated market value data in Exhibit 4 below.

Exhibit 2: **Global cannabis (regulated and illicit) market 2019**

*North America is by far the most attractive market followed by Europe, but the scale of Asia must be tempting to executives.*



Sources: ACF Equity Research; New Frontier Data.

*Our market value estimate is US\$ 45bn by 25E – others forecast a higher value.*

We expect global spending on legal cannabis to grow at a rate above 35% year-on-year to over \$19bn in 2020 from \$14.8bn in 2019. We project legal cannabis revenues will **exceed \$45bn in 2025**, a CAGR above 15%. Arcview Market Research and BDSA project higher revenues.

On a regional level, Asia accounted for about 39% of the cannabis industry (both legal and illicit) in 2019, followed by North America (24%), Europe (20%), and Africa (11%). Moreover, North America dominated the legal cannabis market in 2019, taking about 88.4% of the total revenue generated during that period.

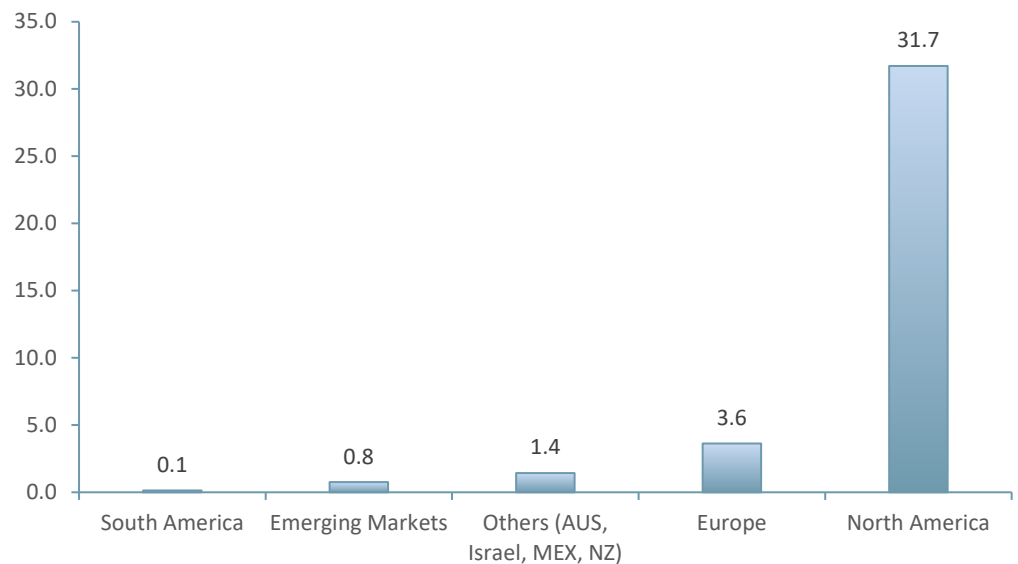
Globally, about **50 countries** (including UK, Germany, Netherlands, US, Canada, Thailand and Sir Lanka) have legalised some form of cannabis; however only four countries have legalised cannabis for recreational use - Canada, Uruguay, Columbia and some states in the US.

In Exhibit 5 below we have provided our own forecast as to the market expectations for global legal cannabis spending in 2024. Globally, we forecast the total spend to reach US\$ 31.7 billion in 2024.

Exhibit 3: **Global legal cannabis spending 2024E**

*We expect the market value to exceed US\$ 37bn by 24E.*

(Legal cannabis spending US\$ bn)



Sources: ACF Equity Research Forecasts.

Even though cannabis use is heavily regulated and restricted in most countries the industry has shown resilience and continues to grow. Certain notable restrictions include:

*US – illegal at the Federal level, legal at the State level.*

- **US** - Cannabis is still illegal at the federal level, prohibiting even its medical use. However, the Rohrabacher-Farr amendment introduced in 2001 prevents federal enforcement in states that have legalised cannabis use. In addition, cannabis products cannot be exported between states. This legal situation leads to a great deal of commercial inefficiency.
- **UK** - Cannabis-derived medicines have been legal since November 2018. However, in the UK medicinal cannabis can only be prescribed by a specialist consultant (not by GPs). In the UK, cannabis-derived medicine can only be prescribed when all other treatment options have been exhausted and when there is published evidence of its benefit.

*UK – technically legal since 2018 but highly restricted to the extent almost no one prescribes.*

The accepted indications in the UK for cannabis are extremely limited. Consequently the number of patients prescribed cannabis in the UK can be counted below 20, as far as we can determine.

*UK – 90% of the UK populace believes medical cannabis should be on prescription from the local doctor.*

Nevertheless, there have been high-profile cases picked up by the media and some surveys suggest that 90% of the UK population believes a GP should be able to prescribe cannabis and issue an NHS prescription.

In the UK market for medicinal cannabis the tide is turning socially. The authorities will inevitably be behind the curve but greater openness and awareness within the medical profession appears to be around the corner.

- **Germany** - Cannabis-derived medicines are legal only when alternative treatments cannot be applied to a medical condition.
- **Netherlands** - Consumption and sale is only allowed in licensed coffeeshops and personal possession is decriminalised for up to 5g of marijuana.
- **LatAm** - In 2013 Uruguay became the first country to legalize marijuana outside the US - followed by Canada, where complete usage (medical and recreational) of marijuana was legalised in 2018.
- **Asia** - There has also been a domino effect in the Asian markets where the legalisation of medical cannabis use in Thailand in December 2018 has prompted similar cannabis reforms in the Philippines, South Korea, Japan, Guam, Malaysia and in some provinces of India and China.



## Medical Marijuana's Future

Cannabis’s therapeutic potential is fuelling its market growth. ~1.2bn people globally have medical conditions (chronic pain, depression, cancer) which marijuana can treat.

Clinical research and validation from organisations (e.g. Harvard Medical School) propel sales and garner support for regulatory change for marijuana usage.

Studies are still ongoing, but the consensus is that patients are opting to use marijuana instead of other large cap pharma drugs. Patient choices are underpinned by marijuana's 'natural' medicinal benefits and less severe side effects.

Patients are contrasting marijuana with pharma industry lab manufactured/synthetic drugs that have a greater range of adverse side effects and are less trusted.

The indications for marijuana have expanded - cancer, arthritis, and neurological conditions (anxiety, depression, epilepsy, Parkinson’s, and Alzheimer’s).

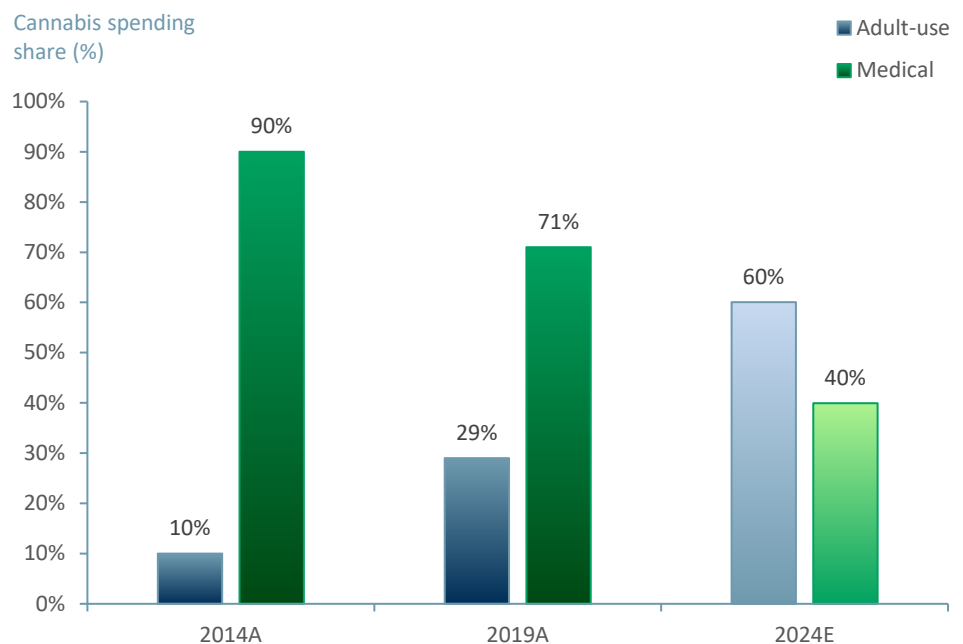
Chronic pain management (for arthritis, fibromyalgia etc.) has gained market traction. Marijuana used in chronic pain management in 2019 accounted for ~44% of total medicinal marijuana revenue (Grand View Research, 2019).

In addition, cancer is still a major driver for demand in legal marijuana. The WHO newly diagnosed cancer cases 20E is 18.1m - the US accounts for 1.8m of new cases.

The medical marijuana segment accounted for ~71% of total revenue YE19A. We expect robust growth in this segment owing to an increased patient pool suffering from medical conditions that medical marijuana can treat.

*The range of potential indications is very broad. Insurers and Health Services around the world stand to save costs both on short and long-term care.*

Exhibit 4: Cannabis spending – adult and medical use 2014A – 2024E



Sources: ACF Equity Research Forecasts; New Frontier Data (2014); Grand View Research (2019).

## Recreational Market - Medical's Big Brother?

The restrictions on the prescribing of medical marijuana suggest that in the medium term the recreational segment will surpass the medical segment in market value.

*We like the margin potential for medical and nutraceutical.*

There is an increase in the number of small and mid-cap companies that target the recreational market specifically, providing online shopping and delivery services.

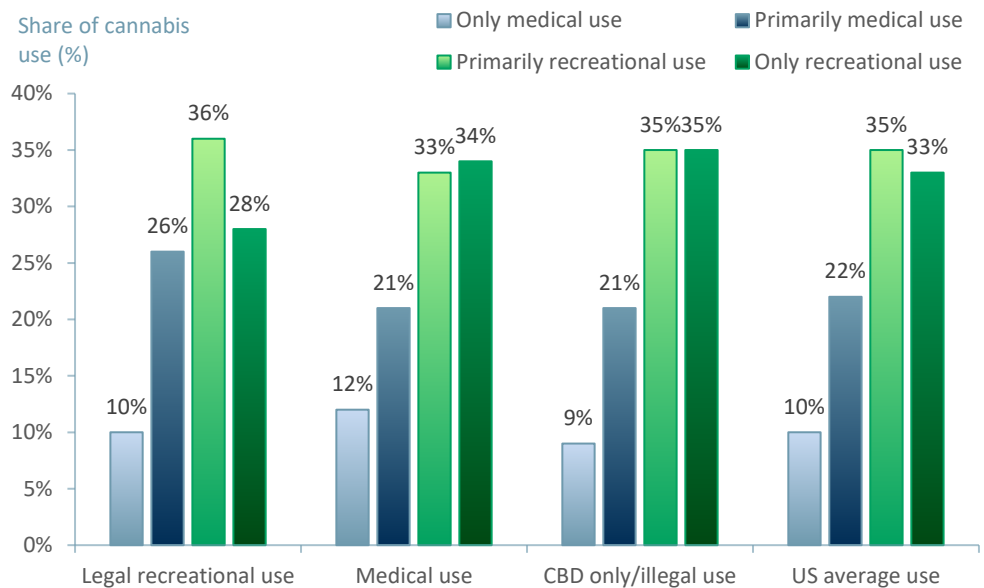
*We concede that recreational is likely to be by far the biggest market by US\$ value.*

Legalisation, increased distribution, a wider variety, consistency through brand development, and lower prices have all contributed to propelling sales. Legal consumer consumption of recreational cannabis suggests that the recreation sector will expand faster than the medical segment.

**Barriers remain** - In the near to midterm, growth in the recreational segment is capped by regulatory prohibition of recreational use, even in countries where medical marijuana use is legal. Only Canada, Uruguay, Colombia and some states in the US have legalised the recreational use of cannabis.

But where the US goes, the world has a tendency to follow. In the US, 33 out of 50 states (over two-thirds) have legalised recreational cannabis. We expect the band wagon to keep rolling.

Exhibit 5: US medical vs. recreational use by market type 2019



Sources: ACF Equity Research; New Frontier Data.

This is a significant investment opportunity from a market perspective. Recreational use surpasses medical due to its 'ease' of acquisition, despite strict regulations. The online retail cannabis market is a cash cow. Management teams however, need to step up their game and show they can generate value from this opportunity.

## Online Distribution

*Online distribution seems the most likely future.*

*There are future online margin implications for the cannabis companies in retail.*

*We conclude the margin implications for bricks and mortar that potentially no one wants to visit in the future are worse.*

**The future of distribution for recreational and medical cannabis markets** - As a result of Covid-19 and the lockdown measures, consumers have been forced to look to their computers for all their shopping needs (accelerated change of behaviour). As we enter into the new normal, this online-trend will, most likely, only continue to accelerate.

We expect the medical marijuana segment to follow the online trend. Covid-19 has caused a sea-change. We have already seen a market changing increase in digital and telehealth as a result of the pandemic.

Whether using recreational or medical marijuana, why leave the house for the shops and hospitals when you can have everything delivered?

The answer to the online driver question above is not overly complicated. Staying at home, pandemic or no pandemic, is safer (risk). Economically, online distribution allows consumers to avoid 'shoe leather costs' and suppliers to reduce operational costs (labour and capital). Finally, for the consumer it frees up perhaps the world's most valuable commodity – time (utility).

## Peer Group – ‘Mid-Cap’

*North American, recreational, nutraceutical and all in retail – our mid-cap peers.*

*Once bitten twice shy but the baths have been taken, politics has changed, global momentum is picking up and the investment case is re-building.*

Our ‘mid-cap’ peer group is made up of North American companies (Canada and the US) – they operate in the recreational and nutraceutical (wellbeing) markets (unlike our small-cap peer group below, which includes medical cannabis companies). Our mid-cap peers are reliant on retail distribution either bricks and mortar or on-line. We expect the recreational market to exceed the medical and nutraceutical markets in time. Three of the companies, Charlotte’s Web (CWBHF), Green Thumb (GTBIF) and Trulieve (TCNNF) are listed on the US OTC. Canopy Growth (CGC) and Cronos Group (CRON) are listed on Nasdaq. All the peers are also listed in Canada.

Exhibits 6 and 7 below showcase a peer group of leading Cannabis players.

### Exhibit 6: ‘Mid-cap’ trailing peer group metrics – Income Statement

TTM Metrics / Company Name	Market	EV (m)	Div %	EBITDA/ M%	EV/ REVS	EV/ EBITDA	EV/ NI
Charlotte's Web	OTCQX	559	N/A	N/M	6.13	N/M	N/M
Green Thumb Industries	OTCQX	4,770	N/A	23.28	10.48x	45.02x	N/M
Trulieve Cannabis	OTCQX	3,700	N/A	47.91	8.55x	17.85x	52.24x
Cronos Group	NasdaqGS	1,510	N/A	N/M	40.83x	N/M	15.02x
Canopy Growth	NasdaqGS	7,383	N/A	N/M	81.83x	N/M	N/A
Average			N/A	35.59%	29.56x	31.43x	33.63x
Median			N/A	35.59%	10.48x	31.43x	33.63x

Source: ACF Equity Research Estimates.

### Exhibit 7: ‘Mid-cap’ Trailing peer group metrics – Balance Sheet

TTM Metrics / Company Name	Market	MCAP (m)	Gross Debt/ Assets	Gross Debt/ Equity	RoA %	RoE %	RoI %
Charlotte's Web	OTCQX	632	22.87	9.14	-15.26	-25.91	-0.20
Green Thumb Industries	OTCQX	4,740	17.29	23.19	2.86	-2.3	N/A
Trulieve Cannabis Corp.	OTCQX	3,610	42.81	65.63	19.82	22.09	0.28
Cronos Group	NasdaqGS	2,890	15.93	0.56	-5.72	5.82	0.06
Canopy Growth	NasdaqGS	7,822	10.55	13.13	-6.85	-30.83	-25.12
Average			21.89%	22.33%	-1.03%	-6.23%	-6.25%
Median			17.29%	13.13%	-5.72%	-2.30%	-0.07%

Source: ACF Equity Research Estimates.

*We have identified the characteristics that help us select each company as a relevant peer.*

Charlotte's Web Holdings, Inc. (CWEB) is headquartered in **Boulder, Colorado**. The company produces and sells hemp-based cannabidiol products across the United States. The company offers tinctures, capsules, gummies, topicals, and pet products which it distributes through its ecommerce website, third party websites and bricks and mortar stores.

Canopy Growth Corporation (CGC) is based in **Smiths Falls, Canada** and is in the medical and recreational cannabis markets primarily in Canada, the US, Germany, and the UK. The company's products include dried cannabis flowers, oils, and concentrates, and softgel capsules. Products are under the Tweed, Quatreau, Deep Space, Spectrum Therapeutics, First & Free, TWD, This Works, BioSteel, DNA Genetics CraftGrow, Tokyo Smoke, DOJA, Van der Pop, and Bean & Bud brands. As of Feb 2020, CGS operated 28 cannabis retail stores under the Tweed or Tokyo Smoke name.

Green Thumb Industries Inc. (GTBIF) is based **Chicago, Illinois**. The company manufactures and sells various cannabis products for medical and adult-use in the US. The company offers processed and packaged products, including concentrates, edibles, topical and other cannabis products. GTBIF's brand portfolio includes: Rythm, Dogwalkers, The Feel Collection, Incredibles, Dr. Solomon's, Beboe, and other brands. The Company distributes its products through its Rise retail stores and through third-party retail stores. As of 21 Oct 2020, GTBIF owns and operates 49 retail stores.

Cronos Group Inc. (CRON) is based in **Toronto, Canada** and operates mainly in the US. It manufactures, markets, and distributes hemp-derived supplements and cosmetic products through ecommerce, retail, and hospitality partner channels. In addition, CRON is involved in the cultivation, manufacture, and marketing of cannabis and cannabis-derived products for medical and adult-use. It owns several brands including peace naturals, cove and spinach, Lord Jones, and peace+.

Trulieve Cannabis Corp.'s (TCNNF) HQ is in **Quincy, Florida** and operates as a medical cannabis company. The company cultivates and produces products and distributes them through their Trulieve branded stores in Florida, California, Massachusetts, and Connecticut, as well as directly to patients via home delivery. It produces approximately 155 stock keeping units, including smokable flower, flower pods for vaporizing, concentrates, topicals, capsules, tinctures, and vape cartridges. As of Nov 2020, TCNNF had 72 bricks and mortar retail stores.

## Peer Group – ‘Small-Cap’

*We like the medicinal applications in particular. The possible indications for variants of two groups of chemicals seem if not boundless, certainly broad – are we looking at another aspirin?*

Our second peer group is made up of small-cap North American companies (Canada and the US) working in the cannabis sector. Both Tetra Bio-Pharma Inc. (TBPMF) and The Supreme Cannabis Company, Inc. (FIRE) are focused on the medical cannabis industry, while Kaya Holdings, Inc. (KAYA), WEED, Inc. (BUDZ) and Auxly Cannabis Group Inc. (CBWTF) focus primarily on the recreational cannabis market. All the peers minus FIRE are listed on the OTCQX market and have a similar market cap to BUDZ with the largest of the group being CBWTF.

Exhibits 8 and 9 below showcase a peer group of small-cap Cannabis players.

### Exhibit 8: ‘Small-cap trailing peer group metrics – Income Statement

TTM Metrics / Company Name	Market	EV (m)	Div %	EBITDA / M%	EV / REVS	EV / EBITDA	EV / NI
Kaya Holdings	OTCQX	109	N/A	N/M	101.54	N/M	N/M
Supreme Cannabis	TSX	118	N/A	N/M	3.75x	N/M	N/M
Auxly Cannabis	OTCQX	138	N/A	N/A	21.10x	N/A	N/A
Tetra Bio-Pharma	OTCQX	39	N/A	121.85	N/M	N/M	N/M
WEED	OTCQX	27	N/A	N/A	N/A	N/M	N/M
Average			N/A	121.85%	42.13x	N/A	N/A
Median			N/A	121.85%	21.10x	N/A	N/A

Source: ACF Equity Research Estimates.

### Exhibit 9: Trailing peer group metrics – Balance Sheet

TTM Metrics / Company Name	Market	MCAP (m)	Gross Debt / Assets	Gross Debt / Equity	RoA %	RoE %	RoI %
Kaya Holdings	OTCQX	7	473.11	N/A	-62.97	N/A	-25.12
Supreme Cannabis	TSX	67	13.52	42.8	-12.43	-42.13	0.28
Auxly Cannabis	OTCQX	145	30.58	56.23	-7.28	-48.35	N/A
Tetra Bio-Pharma	OTCQX	41	15.93	N/A	-30.24	-57.77	0.06
WEED	OTCQX	28	38.46	43.5	-187.75	-487.84	-0.20
Average			114.32%	47.51%	-60.13%	-159.02%	-6.25%
Median			30.58%	43.50%	-30.24%	-53.06%	-0.07%

Source: ACF Equity Research Estimates.

*We have identified the characteristics that help us select each company as a relevant peer.*

WEED, Inc. (BUDZ) is an American company (headquartered in **Tucson, Arizona**) working on the development and application of cannabis-derived compounds for the treatment of human diseases. The company is also focused on developing cultivation centres to be leased to other licensed dispensary owners.

Kaya Holdings, Inc. (KAYA) is based in **Florida, USA**. Through its subsidiary, Marijuana Holdings Americas, Inc., KAYA engages in the recreational and medical cannabis markets across the United States. The company manufactures, packages and sell its own products through four retail outlets under the Kaya Shack brand name.

Auxly Cannabis Group Inc. (CBWTF) is based in **Vancouver, Canada**, and engages in the manufacturing, and sale of several cannabis products. These include soft chews, vape cartridges, vape pens, pre-rolled cannabis, chocolates, and cannabis oil spray and oil drops. CBWTF sells its products through retail stores under the Kolab Project, Foray, and Dosecan brand names.

Tetra Bio-Pharma Inc. (TBPMF) is headquartered in **Orleans, Canada**. It is a development stage biopharmaceutical company, engaging in creation of cannabinoid-based medicines. Its products include serenity, reborn and plenitude, which are currently undergoing clinical trials. The company also develops PPP003, drug for painful dry eye and uveitis pain, which is in clinical phase 1 trials.

The Supreme Cannabis Company, Inc. (FIRE) is a **Canada** based company engaging in the production of medical cannabis products. The Company is focused on developing businesses in the cannabis market, with a specific focus on the wholesale sector of the medical cannabis market in Canada.

## Glossary

<b>BITA</b>	BITA is an index provider specialising in independent enterprise-grade indices. The index is made up of global cannabis giants and captures gross total return performance of the 20 largest with direct revenue exposure to the cannabis industry.
<b>CAGR</b>	Compounded Annual Growth Rate – Average annual growth rate of an investment over a period longer than one year.
<b>CBD</b>	Cannabidiol – A phytocannabinoid and one of the 113 cannabinoids in the cannabis plant.
<b>Covid-19</b>	An infectious disease caused by the SARS-Cov-2 virus that created a pandemic in 2020.
<b>CSA</b>	Controlled Substances Act – 1970 US legislation that outlawed and criminalised cannabis, including medical use.
<b>ESG</b>	Environmental, Social, and Governance – Metrics that measure the sustainability of a company or business.
<b>GP</b>	General Practitioner – A medical doctor that treats acute and chronic illnesses and provides preventative care.
<b>M&amp;A</b>	Mergers and Acquisitions – The consolidation of companies or assets through financial transactions.
<b>THC</b>	Tetrahydrocannabinol – The psychoactive substance in the marijuana plant.



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