



Key Takeaways

Key Trends

- Capital Scarcity Accelerates Consolidation: In Q3, mid-tier cannabis operators increasingly saw consolidation as a strategic response to ongoing capital constraints and limited financing. Larger MSOs aimed to leverage this environment by acquiring distressed assets at attractive valuations to build scale and strengthen their market position.
- ICE Deportations Affecting Cannabis Industry: Throughout the summer of 2025, ICE deportations increased, affecting operators in states with large cannabis markets and high levels of foreign immigrants, such as California. This caused labor shortages and disruptions in the sector.

Market Overview

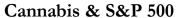
- Many leading publicly traded cannabis stocks and ETFs posted their strongest quarterly gains of the year, fueled by investor optimism around potential federal cannabis reclassification and renewed interest in the sector.
- The Amplify Seymour Cannabis ETF (CNBS), which focuses on U.S.-based cannabis and hemp companies, gained approximately 91.8% during the quarter.

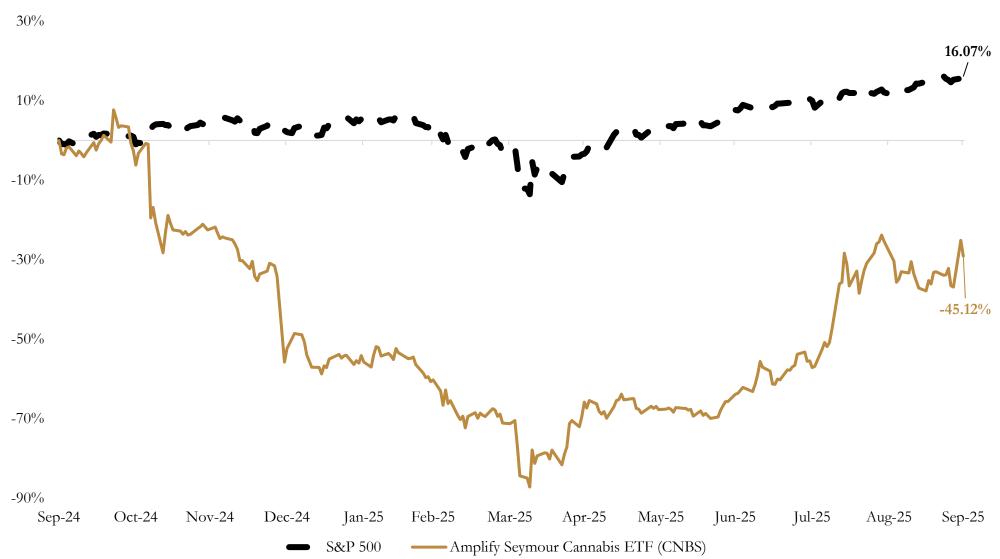
State Legalization

- **Delaware** began its first recreational cannabis sales on August 1, 2025, following 2023 legislation that created a legal framework for adult-use cannabis.
- On September 25, 2025, the **Michigan House** passed HB 4951, a bill imposing a 24% wholesale cannabis tax starting January 1, 2026, with revenue mostly for local roads; it still requires Senate approval and the Governor's signature.

Sources: Cannabis Business Times, Varnum

Public Market Performance Sector ETF vs. S&P 500





Source: Capital IQ

Public Market Performance Key Financial and Valuation Metrics for Large Industry Operators

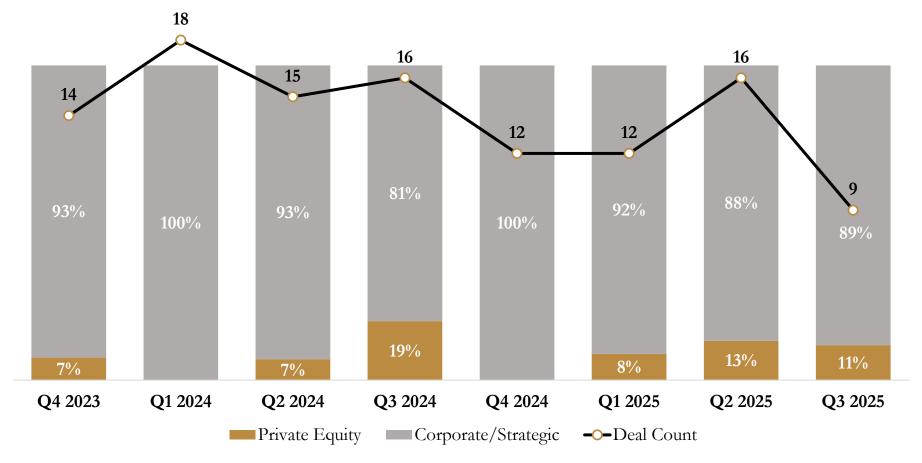
(USD in millions, except per share data)

	Ticker	Valuation Metrics					Financial Metrics			
Company Name		TEV	Price at 09/30/25	% of 52 Week High	TEV / LTM Revenue	TEV / LTM EBITDA	LTM Revenue	LTM EBITDA	Revenue Growth	EBITDA Margin
Cannabis										
Curaleaf Holdings, Inc.	CURA	\$3,307	\$2.75	76.6%	2.6x	13.8x	\$1,286	\$240	-5.4%	18.6%
Green Thumb Industries Inc.	GTII	\$2,243	\$7.98	69.9%	1.9x	7.5x	\$1,154	\$299	4.0%	25.9%
Tilray Brands, Inc.	TLRY	\$1,931	\$1.73	93.0%	2.3x	66.9x	\$831	\$29	2.3%	3.5%
Trulieve Cannabis Corp.	TRUL	\$1,910	\$8.05	59.0%	1.6x	7.5x	\$1,185	\$254	1.9%	21.5%
Cresco Labs Inc.	CL	\$862	\$1.31	75.8%	1.3x	6.0x	\$677	\$143	-7.8%	21.2%
SNDL Inc.	SNDL	\$595	\$2.68	96.1%	0.9x	-228.3x	\$692	-\$3	3.5%	-0.4%
Canopy Growth Corporation	WEED	\$559	\$1.46	25.2%	2.8x	-39.8x	\$202	-\$14	-4.2%	-7.0%
Aurora Cannabis Inc.	ACB	\$298	\$5.97	83.9%	1.1x	34.2x	\$262	\$9	28.6%	3.3%
Organigram Global Inc.	OGI	\$282	\$2.02	97.7%	1.7x	-178.2x	\$164	-\$2	0.0%	-1.0%
WM Technology, Inc.	MAPS	\$168	\$1.16	70.3%	0.9x	6.2x	\$184	\$27	0.1%	14.6%
MariMed Inc.	MRMD	\$159	\$0.15	64.8%	1.0x	12.6x	\$157	\$13	0.7%	8.0%
Planet 13 Holdings Inc.	PLTH	\$115	\$0.25	40.7%	1.0x	-11.9x	\$117	-\$10	15.3%	-8.3%

Source: Capital IQ

M&A TrendsQuarterly M&A Volume (Strategic vs. Private Equity)

The Cannabis M&A market remained subdued in Q3 2025, with total transactions falling to nine – the lowest level in the past two (2) years. Corporate and strategic buyers continued to dominate, accounting for nearly 90% of activity. Despite sporadic interest from financial investors, deal flow has been constrained by ongoing federal inaction on SAFE Banking legislation and persistent state-level pricing volatility. Oversupply, uneven consumer demand, and regulatory uncertainty continue to pressure profitability and deter larger-scale consolidation across the sector.



Source: PitchBook

M&A TrendsRecent M&A Transactions

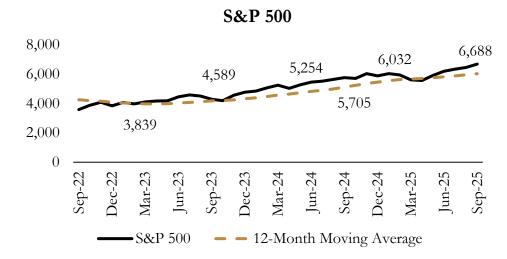
(USD in millions)

Close Date	Target	Acquirer	Implied TEV
Jan-25	Gynesonics, Inc.	Hologic, Inc.	\$341
Oct-24	Mountain High Products, LLC	Canopy USA, LLC	\$298
Dec-24	Acreage Holdings, Inc.	Canopy USA, LLC	\$251
Oct-24	Certain assets of Greenpeak Industries Inc.	Tropics LP	\$109
Jun-25	New Growth Horizon, LLC	Vireo Growth Inc.	\$73
Jun-25	Deep Roots Harvest, Inc.	Vireo Growth Inc.	\$64
May-25	Certain Assets and Operations of the Fresh Produce Segment of Village	Vanguard Food LP	\$40
Feb-25	Three dispensaries and two processing in Arizona of iAnthus Capital	Pitchfork Enterprises, LLC	\$37
May-25	WholesomeCo Cannabis	Vireo Growth Inc.	\$34
Oct-24	Dasera, Inc.	Netskope, Inc.	\$21
Jul-24	Tahoe Hydroponics Company, LLC/NV Green, Inc.	Ayr Wellness Inc.	\$17
Jun-25	The Headquarters Group, Inc.	THC Therapeutics, Inc.	\$11
May-25	Assets of Ratio Cannabis LLC	Ohio Dispensing 1, LLC	\$10
Aug-25	Columbia Care Pennsylvania LLC	N/A	\$10
Apr-25	Property in Michigan	N/A	\$9
Mar-25	Sounding Board Labs, Inc.	BTS Group AB (publ)	\$9
Feb-25	22,000 square foot Maryland Property	Innovative Industrial Properties, Inc.	\$8
Oct-24	23,000 square feet Industrial Property in Maryland	Innovative Industrial Properties, Inc.	\$6
Nov-24	14 Cannabist dispensaries in Florida & cultivation & manufacturing facilities	Shango Holdings Inc.; The Mint Cannabis	\$5
Jun-25	High Times and its associated assets	N/A	\$4
Jun-25	Trans-High Corporations	N/A	\$4
Jul-25	ST Holdings Group, LLC.	THC Therapeutics, Inc.	\$3
Jun-25	Cannabis beverage business of Jones Soda Co	MJ Reg Disrupters LLC	\$3
Mar-25	15,000 square feet of cannabis cultivation property in Oklahoma	UC Asset, LP	\$3
Feb-25	United Beverage Distribution Inc	Flora Growth Corp.	\$2
Jul-25	J Street Capital Partners, LLC	CFN Enterprises Inc.	\$2
Nov-24	Black Oak Gallery	VLPS, LLC	\$2
Jun-25	Nevada Medical Group, LLC	Vegas Brazil LLC	\$2
Aug-25	Substantially all the assets of Commonwealth Alternative Care Inc.	In Good Health, Inc.	\$2

Source: Capital IQ

Macroeconomic Environment

Macroeconomic Indicators

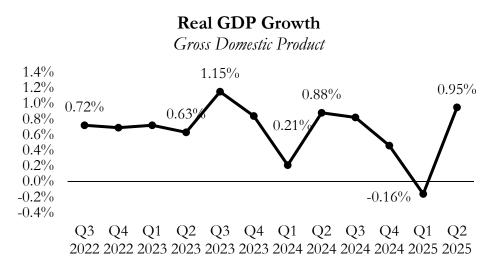


A leading equity index tracking the performance of 500 large U.S. companies.

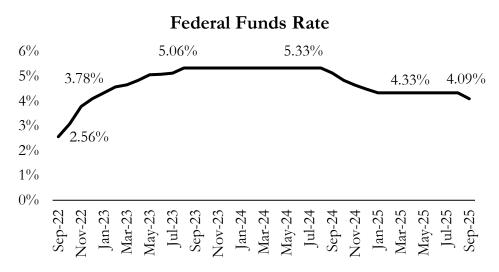
Core PCE

Personal Consumption Expenditures 5.2% 6% 5% 3.7% 3.3% 4% 2.6% 3% 2% 1% 0%Dec-22 Feb-23 Dec-23 Apr-24 Aug-24 Jun-23 Aug-23 Oct-23 Feb-24 Jun-24 Oct-24

A key inflation gauge that tracks consumer spending, excluding volatile food and energy prices.



Tracks inflation-adjusted economic output, typically reported quarterly.



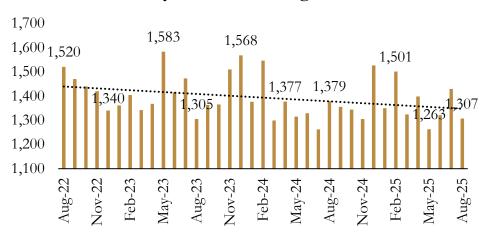
The Fed's benchmark interest rate that influences borrowing costs throughout the economy.

Source: Capital IQ, St. Louis Fed – FRED Economic Data

Macroeconomic Environment

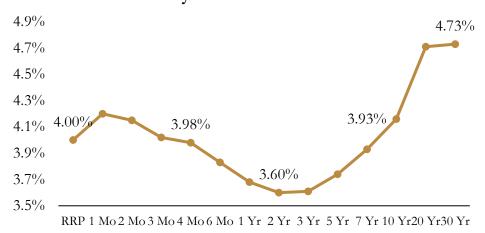
Macroeconomic Indicators (Cont.)

New Privately-Owned Housing Units Started¹



Measures the number of new residential construction projects begun each month.

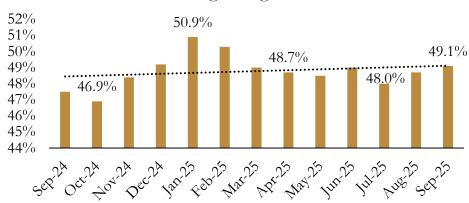
Treasury Par Yield Curve Rates



Displays yields across Treasury maturities, reflecting market expectations for future interest rates.

Manufacturing PMI

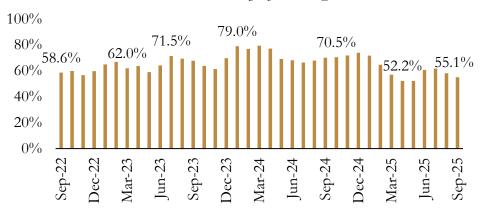
Purchasing Manager's Index



A monthly survey signaling manufacturing sector activity; readings above 50 indicate expansion.

Consumer Sentiment

From the University of Michigan



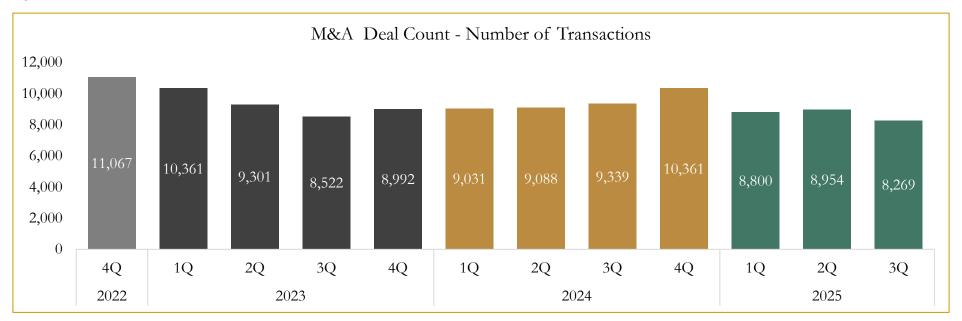
Measures consumer confidence in the economy based on monthly survey data.

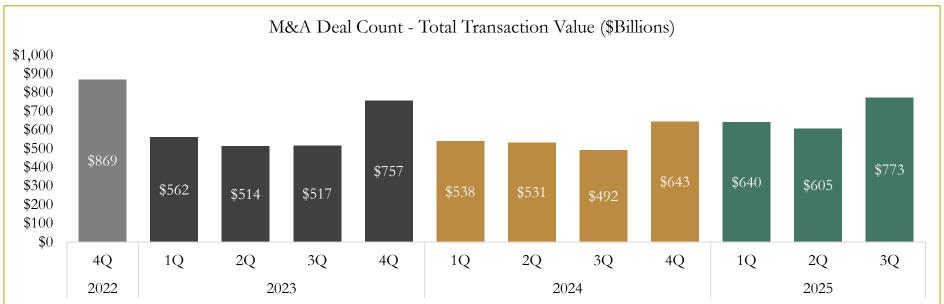
Source: St. Louis Fed – FRED Economic Data, Institute for Supply Management, ¹Figures in Thousands

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Macroeconomic Environment

Total M&A Volume (Past Three (3) Years)





Source: Capital IQ; Data derived from M&A activity over the past three years.

Houlihan Capital

About Us

Company Overview

- Founded in 1996, Houlihan Capital is an employeeowned valuation and investment banking firm
- As a member of FINRA and SIPC, our team of 40+ professionals are committed to the highest levels of quality and professionalism

Divisions & Core Offerings

- Valuation & Financial Advisory Portfolio Valuations and Transaction Advisory (i.e., Fairness Opinions) for Funds, with an industry specialization in cryptocurrency
- Investment Banking M&A Advisory for Founders and Family-Owned businesses in the lower middle market

Houlihan Capital Locations



Chicago, IL



Cleveland, OH



