

Professional Services for

**CANNABIS
COMPANIES**

Firm Overview

ABOUT US

Houlihan Capital is an employee-owned, solutions-driven, valuation, financial advisory and investment banking firm. We pride ourselves on being thought leaders in an ever-changing landscape. Houlihan Capital is a FINRA and SIPC member, committed to the highest levels of professional ethics and standards.

OUR HISTORY

Houlihan Capital's origins date back to 1996 when Andrew Smith and Richard Houlihan founded a valuation and investment banking firm to serve small to middle-market companies. Over the years, the firm organically grew to accommodate the needs of an increasingly complex client base.

Today, Houlihan Capital continues that rich tradition through our Valuation & Financial Advisory and Investment Banking groups. We serve some of the largest corporations, hedge funds, private equity funds, venture capital funds, and sovereign wealth funds in the world. We pride ourselves on being solutions-driven and delivering superior client value.

OUR SERVICES

Valuation

- Fairness & Solvency Opinions
- Valuation of Illiquid Securities (Level 3 – ASC 820)
- Purchase Price Allocation (ASC 805)
- Fair Value of Stock Based Compensation (ASC 718, IRC 409A)
- Valuations for Estate & Gift Tax/Succession Planning
- Goodwill Impairment Testing (ASC 350)



Investment Banking

M&A Advisory

- Sell-Side
- Buy-Side

Capital Advisory

- Acquisition Financing
- Growth Financing
- Dividend Recap

Strategic Advisory

- Pre-Sale Planning
- Valuation Analysis
- Growth Advisory
- Investor Deck Creation

Cannabis Industry - Experience



Houlihan Capital has completed over 75+ valuation engagements for cannabis clients that include many of the industry's leaders. With the industry's transformation to a regulated and complex market, Houlihan Capital understands the importance its clients place on timely decision-making that impacts business strategy on a daily basis. As a service provider with extensive experience working with both public and private cannabis companies, Houlihan Capital is flexible in structuring its Growth Financial Service engagements to support its clients' needs.

CANNABIS INDUSTRY HIGHLIGHTS

100 +

DOMESTIC & INTERNATIONAL
ENGAGEMENTS

WE DEVELOPED A
DYNAMIC PRO FORMA
FINANCIAL VALUATION
MODEL THAT IS AIMED
TOWARDS MEETING OUR
CLIENTS' NEEDS

SERVING CANNABIS
CLIENTS AND TOP TIER
MULTI STATE OPERATORS
SINCE

2013

CLIENT AREAS OF EXPERIENCE

Plant Touching

- Cultivation
- Extraction & Processing

Dispensaries

- Medical
- Recreational

CBD-Only Products

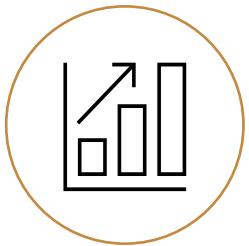
- Pharmaceutical
- Health & Wellness
- Sports & Fitness
- Consumer Discretionary

Ancillary Services

- Media
- Manufacturers
- Business Solutions

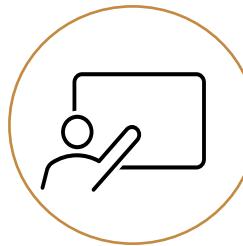
Growth Financial Services (“GFS”) Overview

SERVICES OVERVIEW



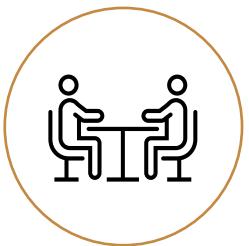
FINANCIAL MODELING

Creation of dynamic financial models to validate future company performance.



INVESTOR PRESENTATION

Assembly of customized investor decks, detailing client's business operations.



STRATEGIC ADVISORY

Expert advisory to help clients navigate an ever-changing regulatory landscape.

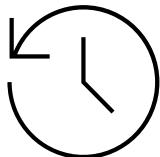


VALUATION ANALYSIS

Utilization of income and market-based approaches to issue defensible valuations.

Financial Modeling for Cannabis Clients:

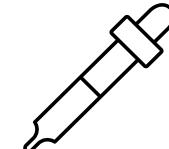
Houlihan Capital provides a suite of financial modeling and advisory services aimed at independently critiquing assumptions, valuation methodologies, and conclusions for today's dynamic market environment. Houlihan builds detailed, ground-up, financial models that incorporate Unit Volumes, Revenues, Margins, and Expenses that are easily updated as inputs and assumptions are revised (the “Model”). The Model helps clients validate their revenue forecasts and business models, ultimately leading to more efficient operations. Our valuation experts create a solution tailored specifically for each engagement.



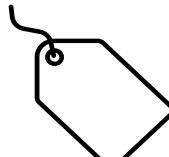
Detailed Historical Analysis



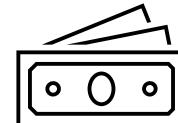
Projected Monthly Production



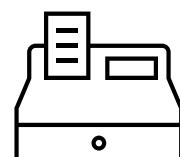
Oil Extraction Processes & Yields



Pricing Schedules



Unit Volume & Margin Assumptions



COGs and G&A Expenses

GFS Overview - Continued

Valuation Services for Cannabis Clients:

Houlihan has access to industry tools to help evaluate the regulatory environment, state-by-state legislation, maturity of the market, and company-specific factors, such as granted licenses and competitive advantages. The cannabis market is rapidly evolving as states enact legislation to legalize medical and adult-use cannabis. Houlihan Capital's team of cannabis experts are constantly informed on the ever-changing cannabis market, allowing us to provide timely, research-backed valuations for clients.

Houlihan Capital has experience valuing operating and non-operating cannabis businesses and has also been routinely engaged to provide valuations for provisional and granted cannabis licenses, for both vertically integrated and standalone operations

Income-Based Valuation Approaches

Discounted Cash Flow (DCF) Modeling

Terminal value determined by using a long-run growth rate and/or a future simulated buyout of the company.

Discount Rate

Each revenue stream is discounted at its own rate to reflect inherent risks and probability. Risk premiums are adjusted for modeling medical vs adult-use markets.

Market-Based Valuation Approaches

Precedent Transactions

Utilize market-based evidence such as previously closed transactions for comparable analysis of the subject company.

Guideline Public Company (GPC)

Analysis of forward-looking multiples from public companies within the subject company's industry for use in deriving valuation (TEV / Revenue or TEV / EBITDA).



Representative Clients

