



**HOULIHAN
CAPITAL**

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Valuation & Financial Advisory | Investment Banking

**INDUSTRY UPDATE
CANNABIS MARKET
Q1 2026**

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Key Trends

- **Schedule III Implementation & 280E Relief:** The DOJ's April 2026 final order reclassifying medical cannabis to Schedule III is the most significant federal cannabis reform since 1970, eliminating IRC Section 280E for medical operations and unlocking material tax savings, expanded research access, and improved banking optionality for U.S. MSOs.
- **Post-Rescheduling M&A Acceleration:** Capital markets are reopening as MSO consolidation picks up, headlined by Vireo Growth's all-stock acquisition of FLUENT Corp. (with \$30M debt equitization), creating a combined Florida operator with ~74 stores and 144,000 sq. ft. of cultivation. Investors are rotating back into U.S. cannabis names with cleaner balance sheets and scale advantages.

Market Overview

- Q1 2026 marked a **turning point for the U.S. cannabis industry**, with the DOJ issuing a final order reclassifying state-licensed medical marijuana to Schedule III and an expedited June hearing set to determine the path for adult-use.
- Multi-state operators including **Verano, Curaleaf, Green Thumb, and Trulieve** are positioned as primary beneficiaries via 280E tax relief, with Verano reporting \$208M in Q1 revenue and announcing a \$20M buyback alongside its earnings.

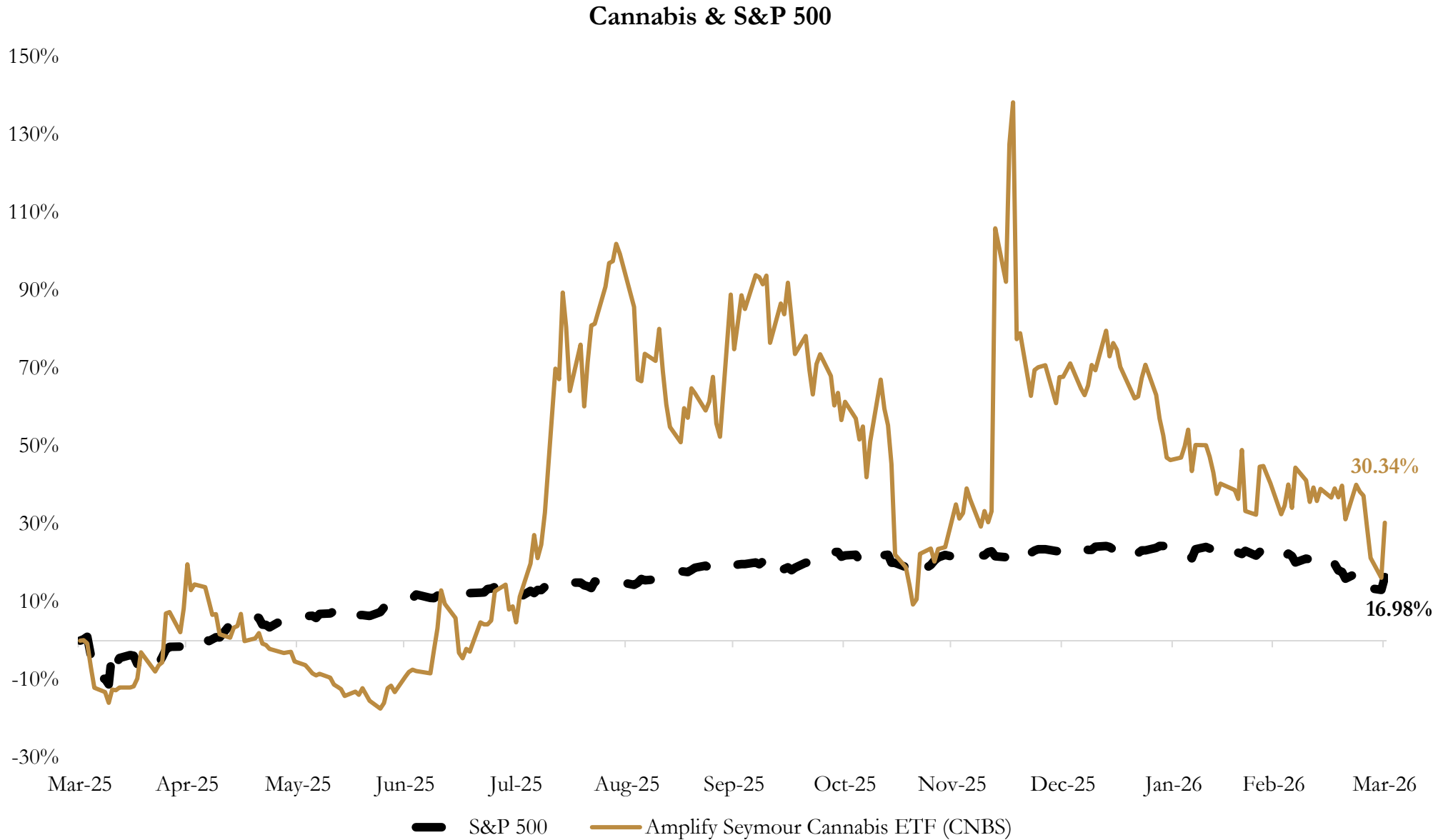
State Legalization

- The **Florida** 2026 adult-use ballot collapsed in February after ~71,000 signatures were invalidated and the FL Supreme Court declined review 6-1, pushing the next shot to 2028.
- **Pennsylvania** remains the largest medical market with adult-use upside; Gov. Shapiro again included legalization in his budget, targeting retail sales by Jan. 1, 2027.
- **Virginia** is the strongest 2026 candidate as Gov. Spanberger backs retail legislation.

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Public Market Performance

Sector ETF vs. S&P 500



Source: Capital IQ

2 Public Market Performance

Key Financial and Valuation Metrics for Large Industry Operators

(USD in millions, except per share data)

Company Name	Ticker	Valuation Metrics					Financial Metrics			
		TEV	Price at 03/31/26	% of 52 Week High	TEV / LTM Revenue	TEV / LTM EBITDA	LTM Revenue	LTM EBITDA	Revenue Growth	EBITDA Margin
Cannabis										
Curaleaf Holdings, Inc.	CURA	\$3,674	\$2.15	43.0%	2.9x	16.5x	\$1,268	\$222	-5.0%	17.5%
Trulieve Cannabis Corp.	TRUL	\$2,163	\$5.54	47.3%	1.8x	6.7x	\$1,181	\$322	-0.4%	27.2%
Green Thumb Industries Inc.	GTHI	\$2,065	\$6.36	61.7%	1.8x	7.3x	\$1,175	\$283	3.4%	24.1%
Cresco Labs Inc.	CL	\$849	\$0.87	39.1%	1.3x	6.7x	\$656	\$126	-9.5%	19.2%
Tilray Brands, Inc.	TLRY	\$800	\$6.47	27.9%	0.9x	45.1x	\$858	\$18	3.8%	2.1%
Ascend Wellness Holdings, Inc.	AAWH	\$655	\$0.48	40.0%	1.3x	15.6x	\$501	\$42	-10.9%	8.4%
Verano Holdings Corp.	VRNO	\$403	\$1.11	56.9%	0.5x	2.0x	\$820	\$198	-5.4%	24.1%
Canopy Growth Corporation	WEED	\$341	\$0.95	40.2%	1.7x	-53.4x	\$203	-\$6	0.6%	-3.1%
SNDL Inc.	SNDL	\$333	\$1.32	45.7%	0.5x	29.3x	\$672	\$11	1.1%	1.7%
Organigram Global Inc.	OGI	\$241	\$1.33	59.9%	1.2x	60.7x	\$204	\$4	68.6%	1.9%
Aurora Cannabis Inc.	ACB	\$223	\$3.28	49.1%	0.8x	-9.4x	\$272	-\$24	16.5%	-8.8%
MariMed Inc.	MRMD	\$125	\$0.07	30.0%	0.8x	13.6x	\$160	\$9	1.3%	5.7%
Planet 13 Holdings Inc.	PLTH	\$102	\$0.15	30.9%	1.0x	-5.6x	\$103	-\$18	-11.2%	-17.5%

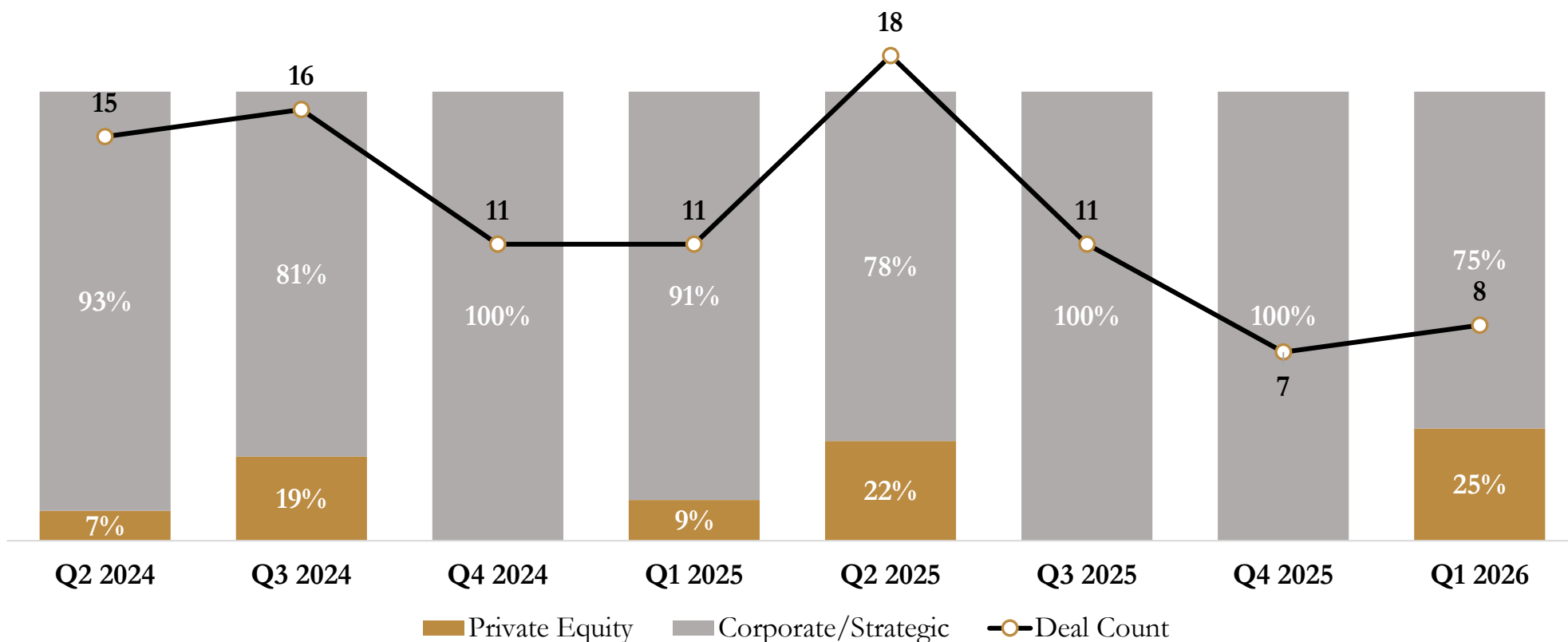
Source: Capital IQ

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M&A Trends

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

The Cannabis M&A market showed a modest uptick in Q1 2026, with total transactions rising to eight from seven in Q4 2025 – though activity remains well below the eighteen deals recorded in Q2 2025. Corporate and strategic buyers continued to dominate, accounting for approximately 75% of activity, while private equity re-entered the space with a 25% share – the first PE participation since Q2 2025. Despite renewed financial investor interest, deal flow remains 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

Note: Transaction data reflects completed U.S. transactions involving Strategic M&A, PE-backed Companies, and Buyout/LBO platform transactions

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M&A Trends

Recent M&A Transactions

(USD in millions)

Close Date	Target	Acquirer	Implied TEV
Feb-26	Six retail locations and production facility in Richmond	Millstreet Capital Management LLC; Millstreet Credit Fund LP	\$130
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
May-25	WholesomeCo Cannabis	Vireo Growth Inc.	\$34
Dec-25	Union Chill Cannabis Company LLC	TerrAscend Corp.	\$13
Dec-25	Pennsylvania Operations of FLUENT Corp.	Hive Holdings, Inc.	\$13
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
Jul-25	Foxfire Golf Club/Country Club of Whispering Pines	Rolling Pines LLC	\$4
Jun-25	High Times and its associated assets	N/A	\$4
Jun-25	Trans-High Corporations	N/A	\$4
Jun-25	Cannabis beverage business of Jones Soda Co	MJ Reg Disrupters LLC	\$3
Jul-25	J Street Capital Partners, LLC	CFN Enterprises Inc.	\$2
Aug-25	Substantially all the assets of Commonwealth Alternative Care Inc.	In Good Health, Inc.	\$2
Mar-25	Additional Eight Oil Interest in West Texas Permian Basin	Mentor Capital, Inc.	\$1
Sep-25	GreenBud, LLC	Standard Wellness Holdings, LLC	\$1
Mar-26	Bloom Brothers dispensary on Larch Street	Perpetual Brands	NA
Mar-26	Precisio Business Solutions, Corp.	The Danville Group, Inc.	NA
Mar-26	Certain Assets of Medicine Man Technologies, Inc.	Vireo Growth Inc.	NA
Mar-26	Arkifi.ai Inc.	S&P Global Market Intelligence Inc.	NA
Feb-26	STUPPY, INC.	Atlas Manufacturing, Inc.	NA
Feb-26	Flash Sports & Media, Inc.	urban-gro, Inc.	NA
Feb-26	365 vertical/365 Cannabis	Innovia Consulting, Inc.	NA
Feb-26	US Pro Insurance Services	R . E . Chaix & Associates Insurance Brokers, Inc.	NA
Feb-26	Non-Core Orange County Store of Planet 13 Holdings Inc.	N/A	NA
Feb-26	ASZ International, Inc	Sterling & Sterling, LLC	NA
Jan-26	Trym, Inc.	Entrc, Inc	NA

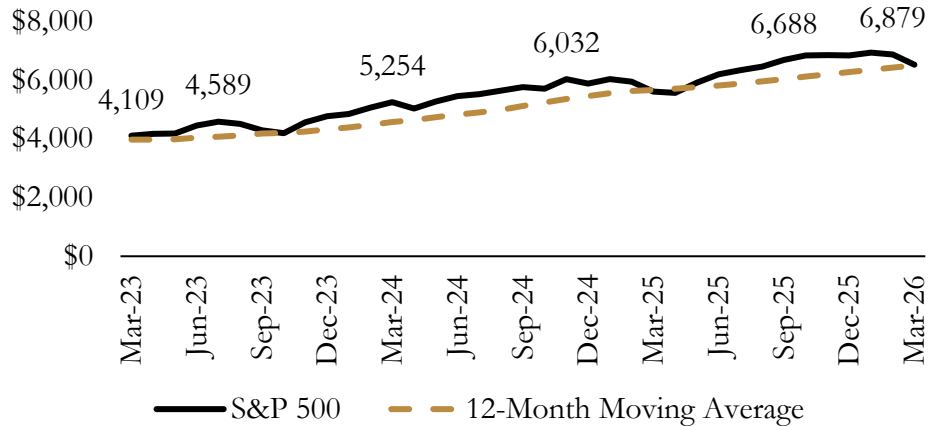
Source: Capital IQ

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Macroeconomic Environment

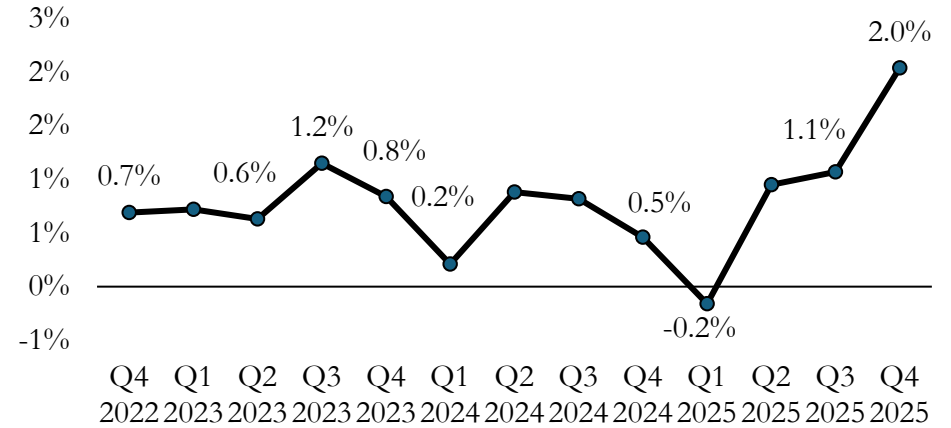
Macroeconomic Indicators

S&P 500



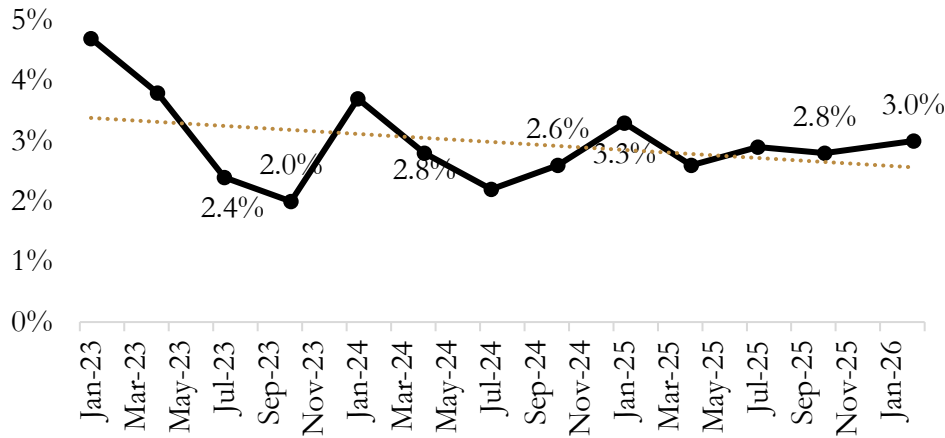
A leading equity index tracking the performance of 500 large U.S. companies.

Real GDP Growth



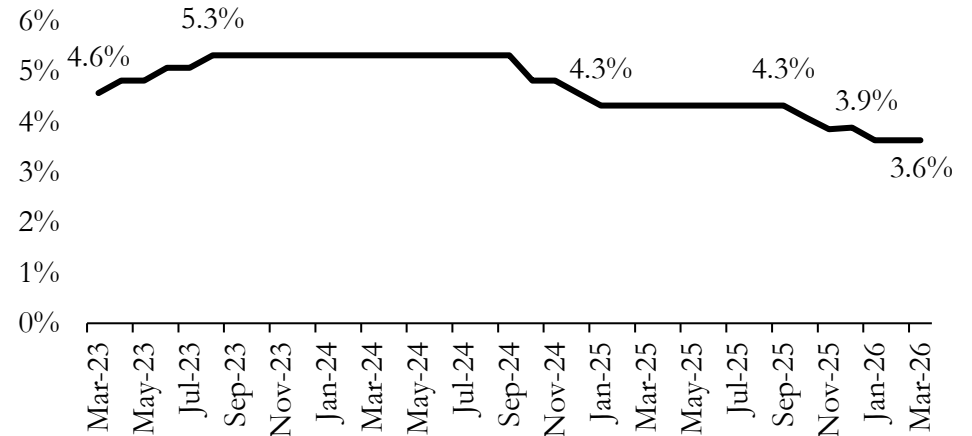
Tracks inflation-adjusted economic output, typically reported quarterly.

Core PCE



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

Federal Funds Rate



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

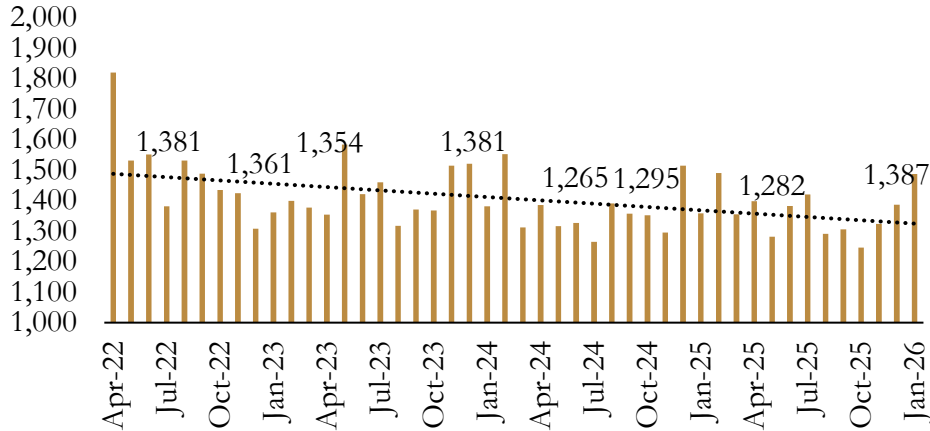
Source: Capital IQ, St. Louis Fed – FRED Economic Data

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Macroeconomic Environment

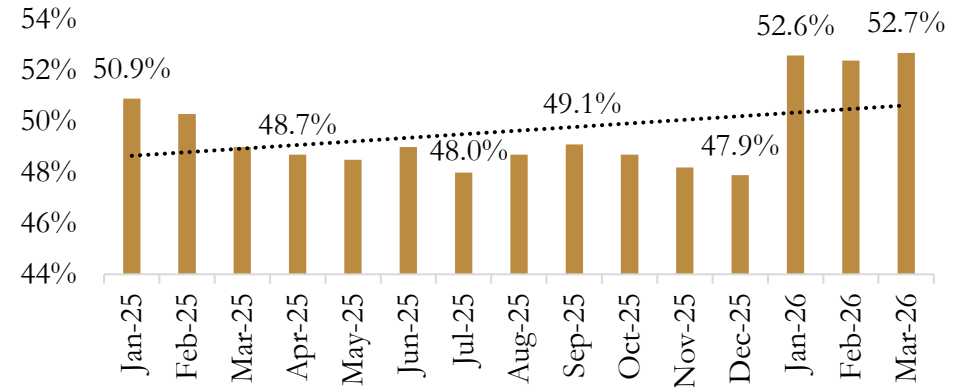
Macroeconomic Indicators (Cont.)

New Privately-Owned Housing Units Started¹



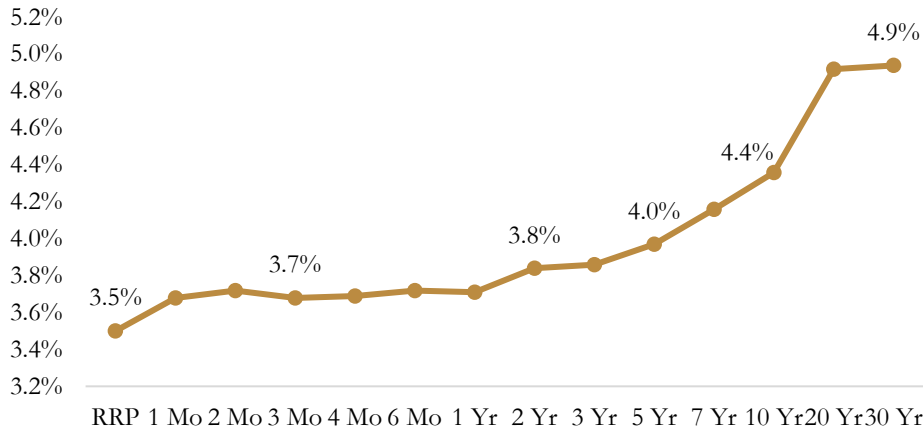
Measures the number of new residential construction projects begun each month.

Manufacturing PMI *Purchasing Manager's Index*



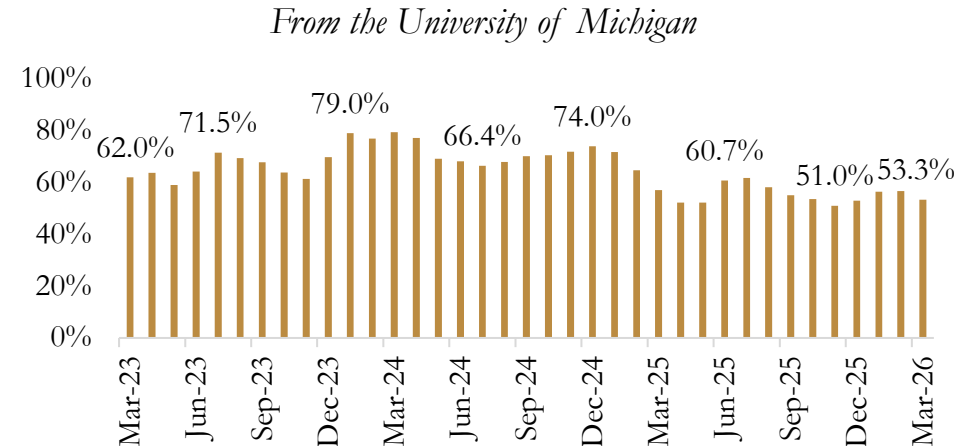
A monthly survey signaling manufacturing sector activity; readings above 50 indicate expansion.

Treasury Par Yield Curve Rates



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

Consumer Sentiment *From the University of Michigan*



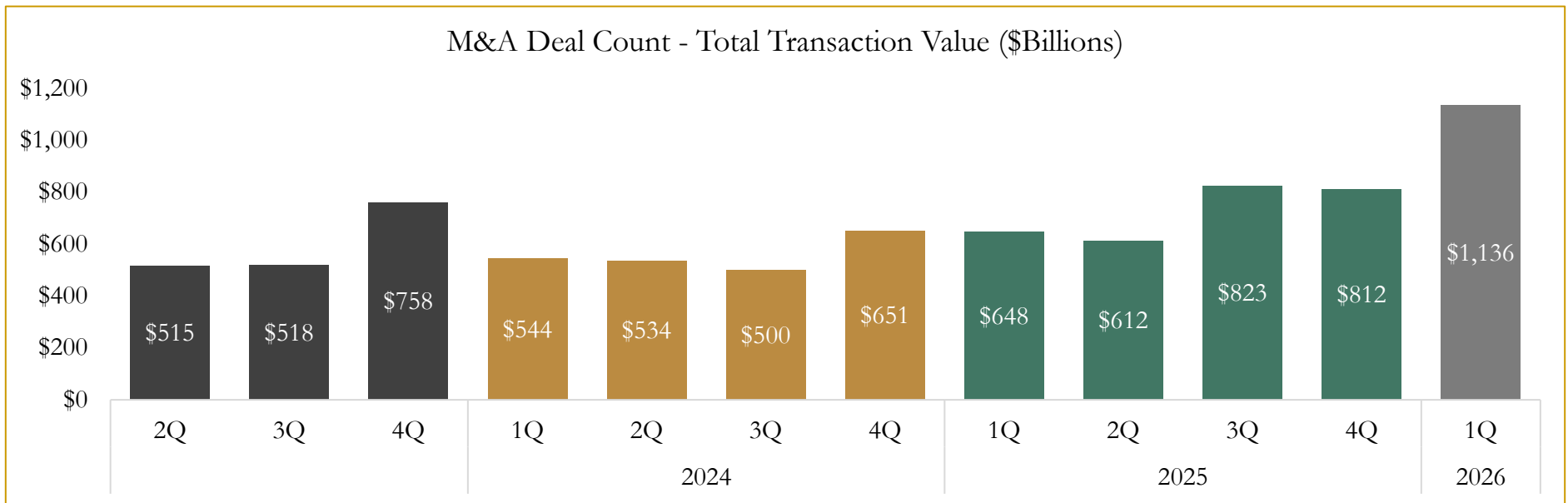
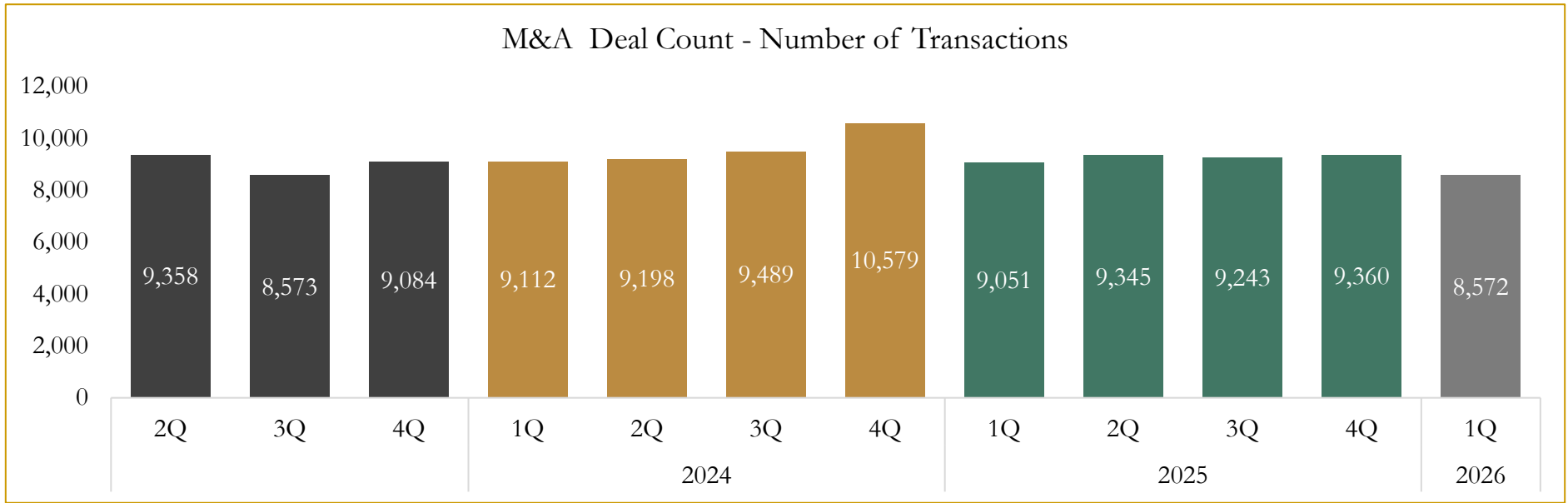
Measures consumer confidence in the economy based on monthly survey data.

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. Q1 2026 consisted of 22 megadeals valued at over \$10 billion each

Company Overview

- Founded in 1996, Houlihan Capital is an employee-owned 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

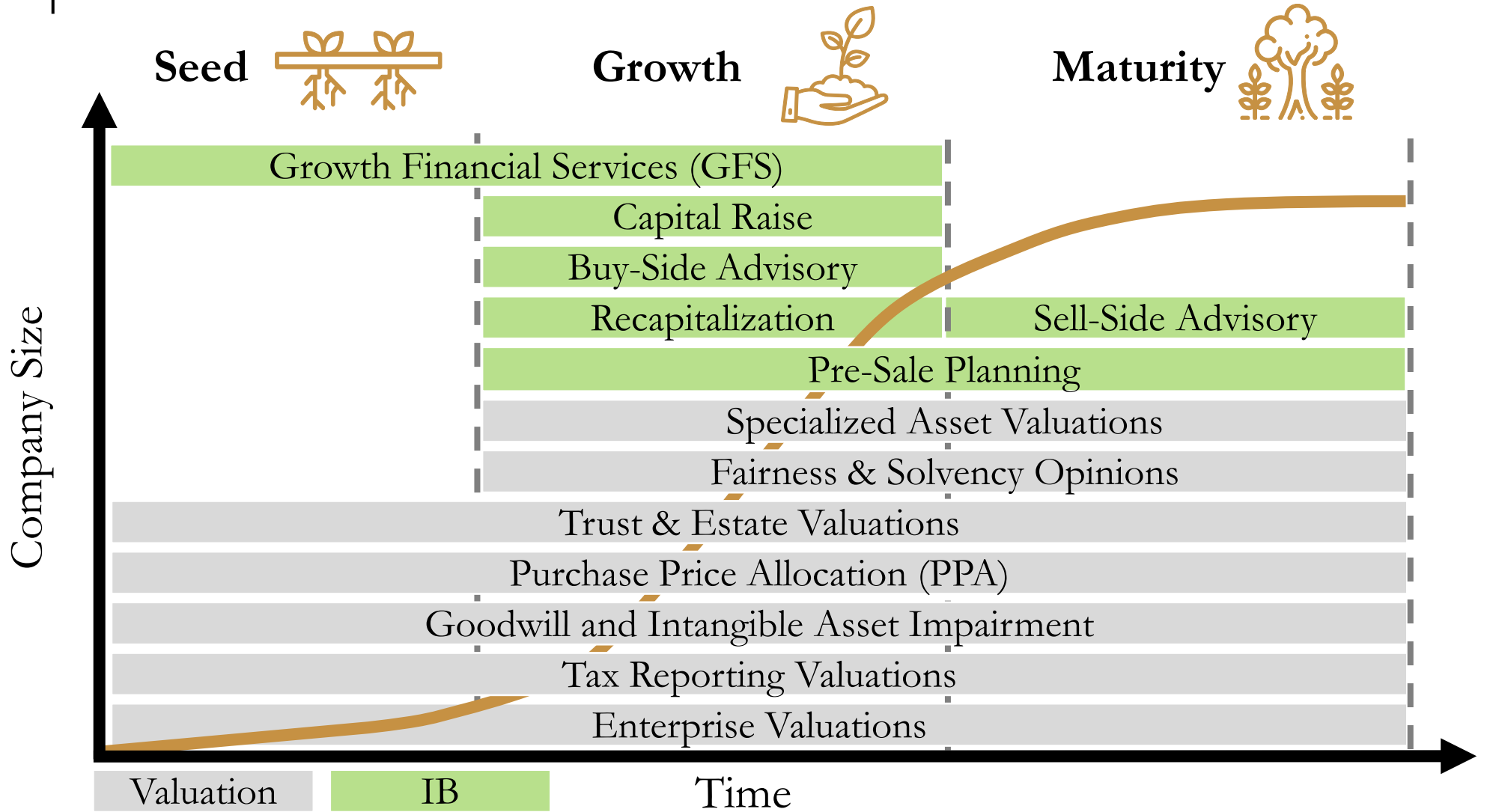


Cleveland, OH

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Houlihan Capital

Houlihan's services along the business lifecycle



For questions or inquiries regarding our services, please contact:

info@houlihancapital.com