

HOULIHAN CAPITAL

Valuation & Financial Advisory | Investment Banking

INDUSTRY UPDATE
CANNABIS MARKET
Q3 2026

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01 EXECUTIVE SUMMARY

Key Takeaways

KEY TRENDS

- **Cannabis Stocks Lag the Market:** Cannabis stocks fell about 10% in Q3 while the S&P 500 rose, leaving the sector down 18% over the past year.
- **Vireo Leads Consolidation:** Vireo Growth has been the most active buyer in 2026, with six deals so far. Strategic buyers continue to drive most M&A.
- **Rescheduling Stalls:** The DEA paused its broader rescheduling review in late September. Medical marijuana remains Schedule III, which ends 280E for qualifying operators.

MARKET OVERVIEW

- **Revenue Holding Steady:** The largest multi-state operators reported roughly flat revenue over the past year and continue to trade at modest valuations.
- **Deal Activity Ticks Up:** Q3 saw ten transactions, slightly more than Q2 but fewer than a year ago. Deals remained small, all under $75M.

EXTERNAL DRIVERS

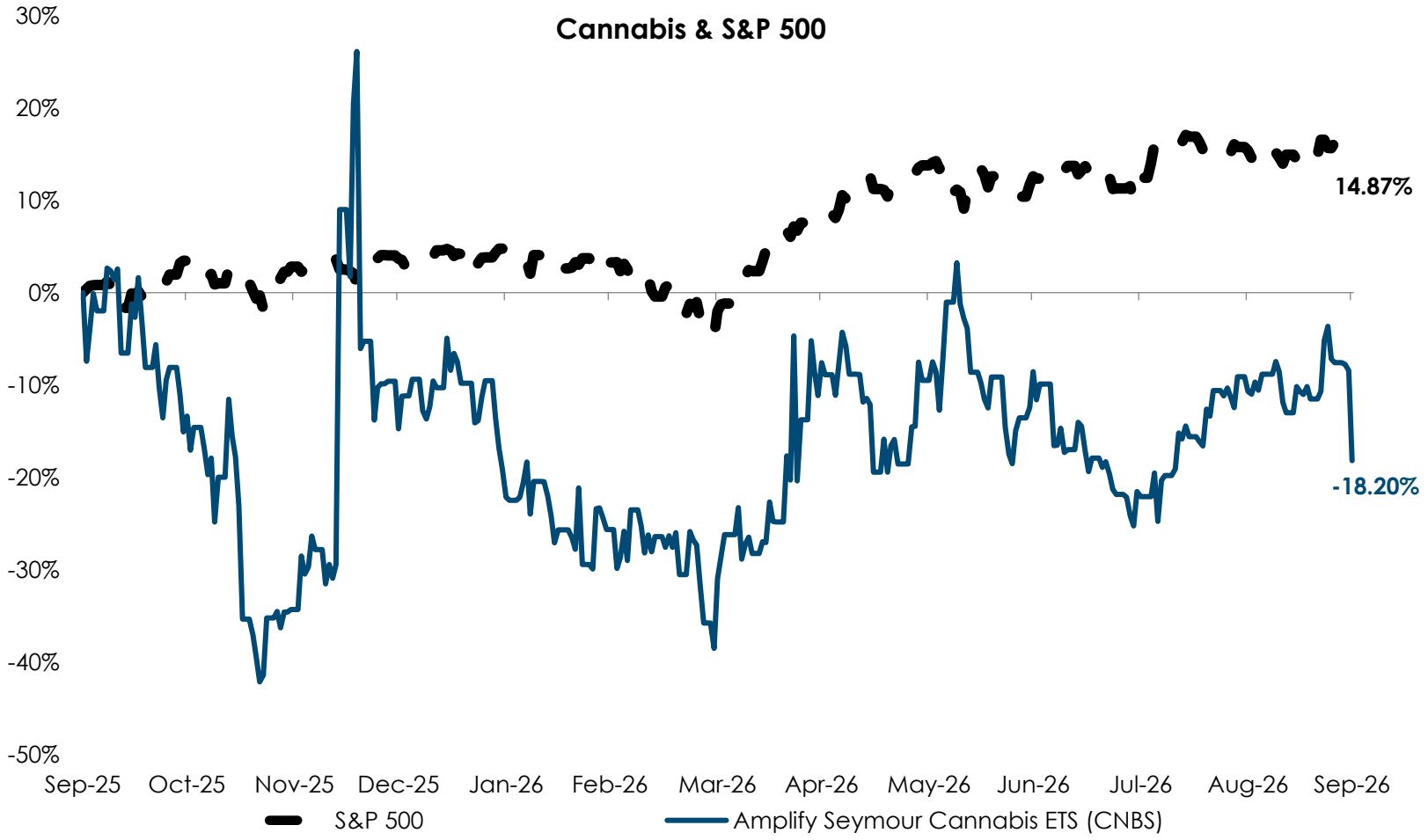
- **Interest Rates:** Rates held steady in Q3, keeping borrowing costs high for a sector with limited access to bank lending.
- **Inflation:** Inflation remains above the Fed's target, making near-term rate cuts less likely.
- **Consumer:** Consumer confidence dropped sharply over the summer, which could weigh on cannabis spending.

Sources: DEA.gov, Federal Register, DOJ, Vicente LLP, Marijuana Moment, Cannabis Business Times, MJBizDaily, Spotlight PA, VPM, Virginia Mercury



02 PUBLIC MARKET PERFORMANCE

Sector ETF vs. S&P 500



Source: Capital IQ



02 PUBLIC MARKET PERFORMANCE

Key Financial and Valuation Metrics for Large Industry Operators

(USD in millions, except per share data)

		Valuation Metrics					Financial Metrics			
Company Name	**Ticker**	**TEV**	**Price at 09/30/26**	**% of 52 Week High**	**TEV / LTM Revenue**	**TEV / LTM EBITDA**	**LTM Revenue**	**LTM EBITDA**	**Revenue Growth**	**EBITDA Margin**
Cannabis										
Curaleaf Holdings, Inc.	CURA	$3,172	$10.30	69.9%	2.4x	15.1x	$1,315	$210	3.5%	16.0%
Trulieve Cannabis Corp.	TRLV	$2,369	$10.90	82.1%	2.1x	7.9x	$1,139	$301	-3.9%	26.4%
Green Thumb Industries Inc.	GTII	$1,719	$6.62	65.3%	1.4x	6.4x	$1,209	$268	4.8%	22.2%
Verano Holdings Corp.	VRNO	$805	$5.34	54.8%	1.0x	4.6x	$836	$174	-1.4%	20.9%
Cresco Labs Inc.	CL	$711	$0.66	29.8%	1.1x	6.4x	$651	$111	-5.0%	17.1%
Ascend Wellness Holdings, Inc.	AAWH	$673	$0.54	45.0%	1.4x	14.0x	$488	$48	-8.4%	9.9%
Tilray Brands, Inc.	TLRY	$565	$3.75	16.2%	0.6x	44.6x	$963	$13	15.9%	1.3%
SNDL Inc.	SNDL	$300	$1.29	44.6%	0.5x	-45.4x	$654	-$7	-1.7%	-1.0%
Canopy Growth Corporation	WEED	$240	$0.89	38.7%	1.2x	-13.0x	$207	-$18	6.8%	-8.9%
Aurora Cannabis Inc.	ACB	$206	$3.92	59.6%	0.9x	-9.8x	$221	-$21	12.3%	-9.5%
Organigram Global Inc.	OGI	$197	$1.00	46.0%	0.9x	17.0x	$218	$12	38.1%	5.3%
MariMed Inc.	MRMD	$112	$0.07	39.3%	0.7x	11.4x	$164	$10	4.5%	6.0%
Planet 13 Holdings Inc.	PLTH	$82	$0.11	29.1%	0.9x	-5.1x	$92	-$16	-21.2%	-17.3%

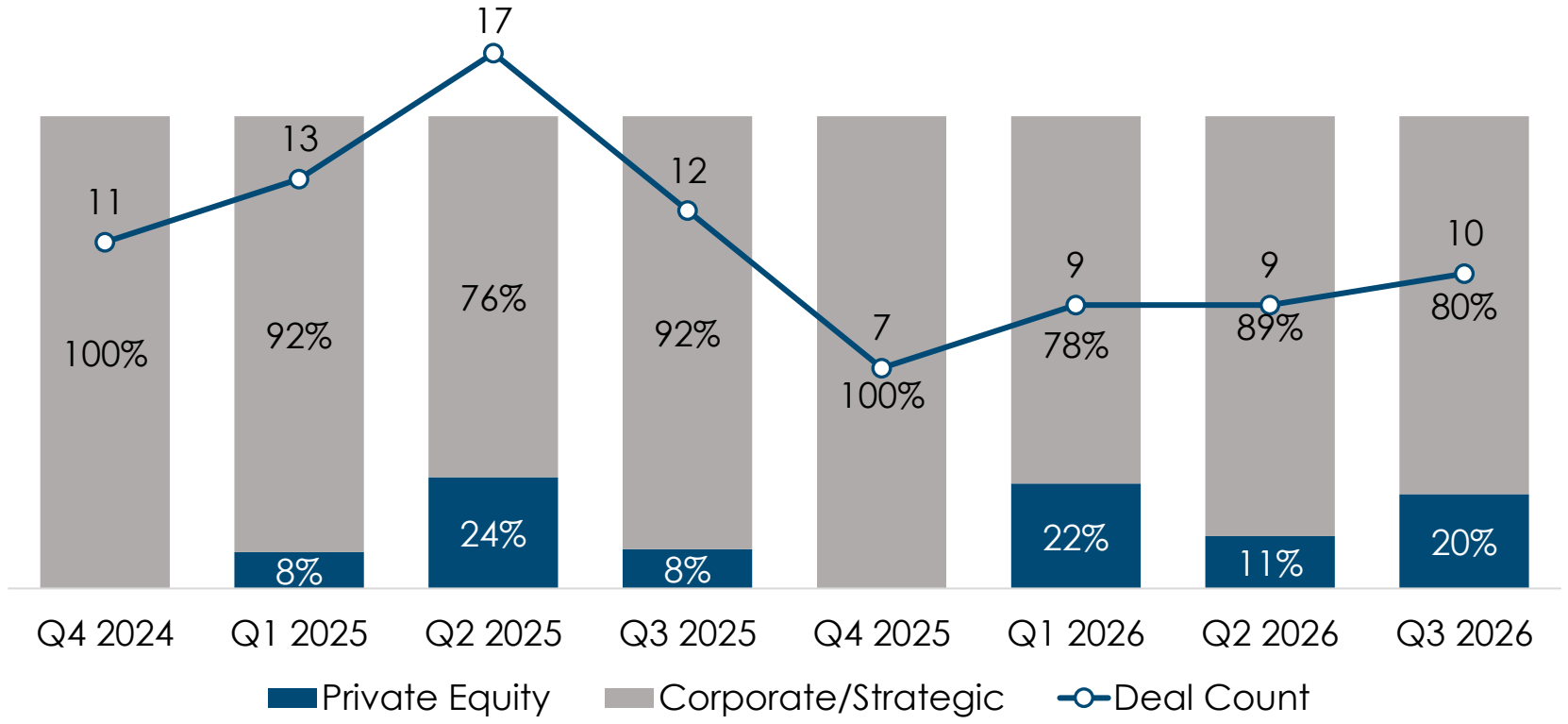
Source: Capital IQ



03 M&A TRENDS

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

Cannabis M&A activity increased modestly in Q3 2026, with total transactions rising to ten from nine in Q3 2026, though volume remained below the 12 deals recorded in Q3 2025. Corporate and strategic buyers continued to dominate, accounting for ~80% of activity, while private equity participation increased to 20% from 11% in the prior quarter, representing two financial sponsor transactions.



Sources: PitchBook

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



04 M&A TRENDS

Recent M&A Transactions

(USD in millions)

Close Date	Target	Acquirer	Implied TEV
May-26	Black Buffalo Inc.	Imperial Brands PLC	$150
Feb-26	Six retail locations and production facility in Richmond	Millstreet Capital Management LLC; Millstreet Credit Fund LP	$130
May-26	389,000 square foot cannabis cultivation and production facility of IIP-NY	Vireo Growth Inc.	$89
Jul-26	Lixte Biotechnology Holdings, Inc.	NOMAD Power Solutions, Inc.	$72
Apr-26	The Hawthorne Gardening Company LLC	Vireo Growth Inc.	$50
Aug-26	Certain retail assets and properties of PharmaCann Inc.	Vireo Growth Inc.	$49
Apr-26	Eaze, Inc.	Vireo Growth Inc.	$49
Jun-26	Bridgewell Agribusiness LLC	Vireo Growth Inc.	$40
Jul-26	FarmX, LLC	Vireo Growth Inc.; Vive Penn, LLC	$20
Dec-25	Union Chill Cannabis Company LLC	TerrAscend Corp.	$13
Dec-25	Pennsylvania Operations of FLUENT Corp.	Hive Holdings, Inc.	$13
Apr-26	Standard Holdings Inc.	Leef Brands Inc.	$2
Aug-26	a dispensary located in Kentucky	NewLake Capital Partners, Inc.	$1
Sep-26	Korotkin Insurance Group, Inc.	Edgewood Partners Insurance Center	NA
Sep-26	Tegeler and Associates	Crest Insurance Group, LLC	NA
Aug-26	Vitrek Corporation	Industrial Physics, Inc.	NA
Aug-26	Pando HR Inc.	Degree, Inc.	NA
Aug-26	Petalfast, Inc.	Kiva Brands, Inc.	NA
Aug-26	Steeplechase Advisors, LLC	J.S. Held, LLC	NA
Aug-26	Turner Laboratories, Inc.	Amspec Services, Inc.	NA
Aug-26	American Barcode and RFID LLC	DecisionPoint Technologies, Inc.	NA
Aug-26	Scarsdale Security Systems Inc.	Everon, LLC	NA
Aug-26	Security Pest Control, Inc.	Catseye Pest Control, Inc.	NA
Aug-26	Biologic Pest Control, Inc.	Catseye Pest Control, Inc.	NA
Jul-26	Retail operations of NR Parentco, LLC	Verdant Capital Partners, Inc.	NA
Jul-26	Repfabric LLC	FISHBOWL SOLUTIONS, LLC	NA
Jul-26	Relativity Acquisition Corp.	Instinct Bio Technical Company Holdings Inc.	NA
Jul-26	Sriven Labs LLC	ACT Laboratories, Inc.	NA
Jul-26	RWB Florida LLC/Florida Cannabis Operations of Red White & Bloom	M&V Investment One LLC	NA

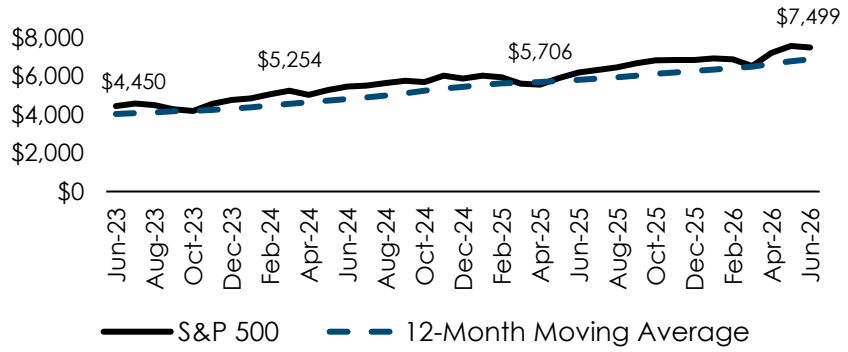
Source: Capital IQ



04 MACROECONOMIC ENVIRONMENT

Macroeconomic Indicators

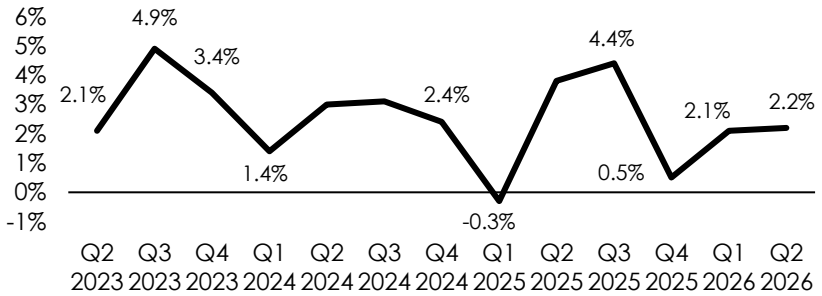
S&P 500



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

Real GDP Growth

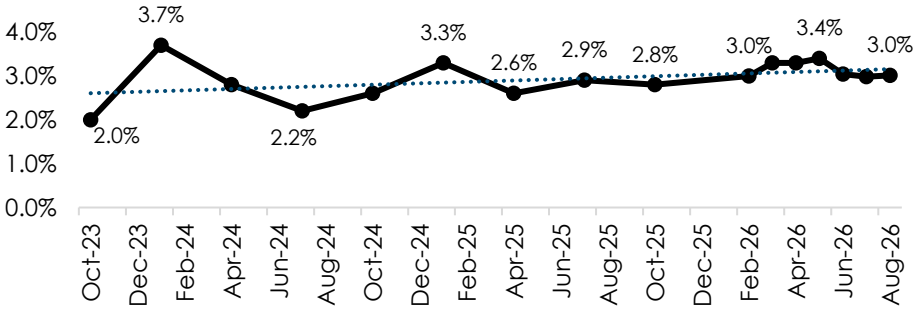
Gross Domestic Product



Tracks inflation-adjusted economic output, typically reported quarterly.

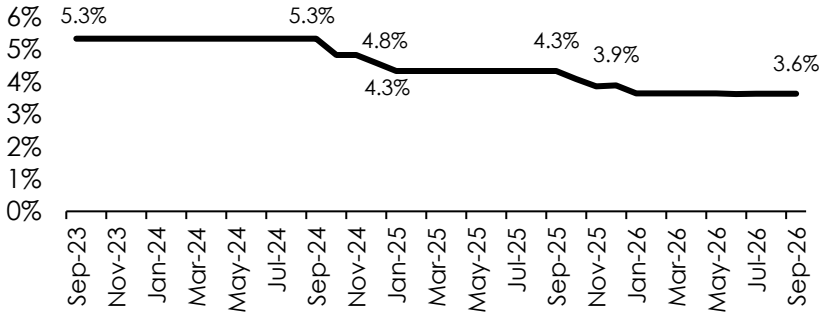
Core PCE

Personal Consumption Expenditures



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.

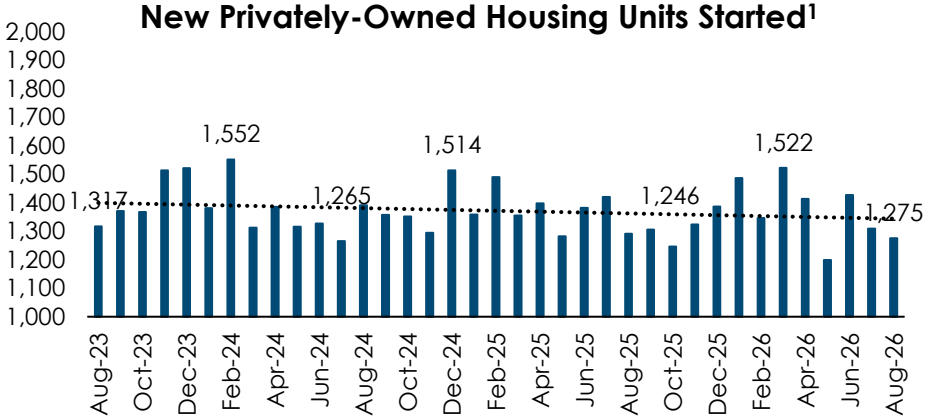
Sources: Capital IQ, St. Louis Fed – FRED Economic Data



04 MACROECONOMIC ENVIRONMENT (cont.)

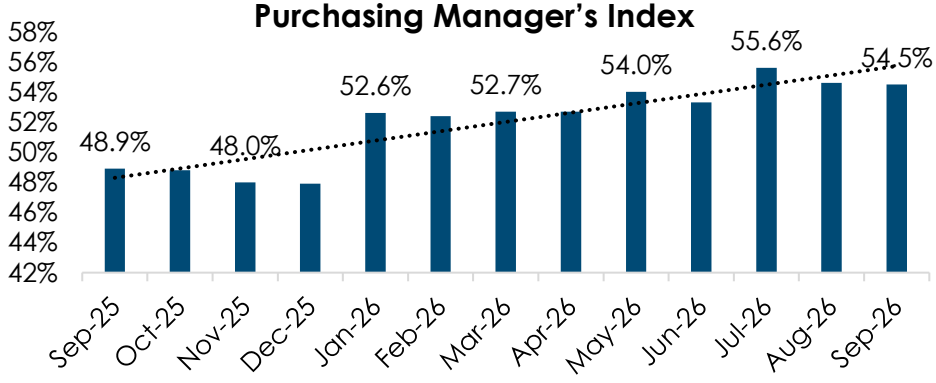
Macroeconomic Indicators

New Privately-Owned Housing Units Started[1]



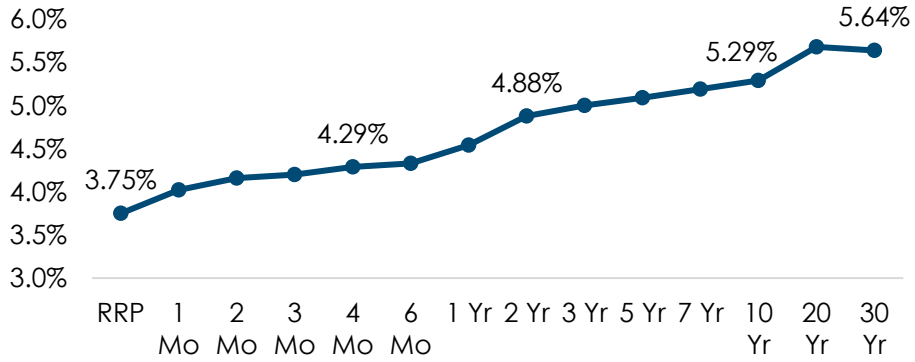
Measures the number of new residential construction projects begun each month.

Manufacturing PMI Purchasing Manager's Index



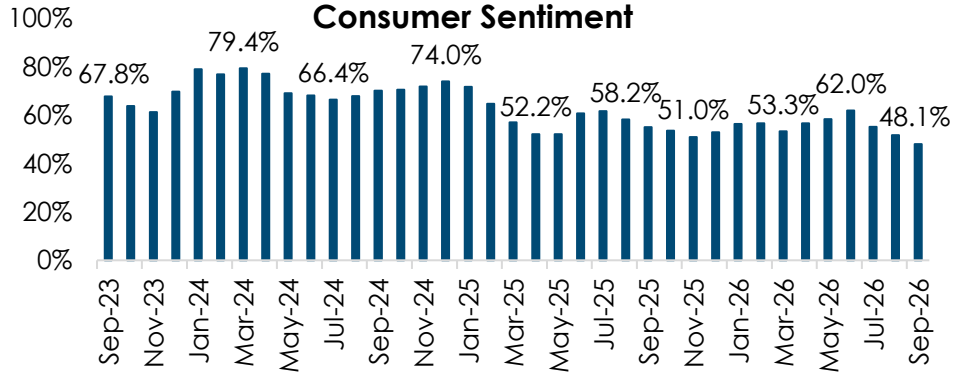
A monthly survey signaling manufacturing sector activity; readings above 50 indicate expansion.

Treasury Par Yield Curve Rates



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

Consumer Sentiment

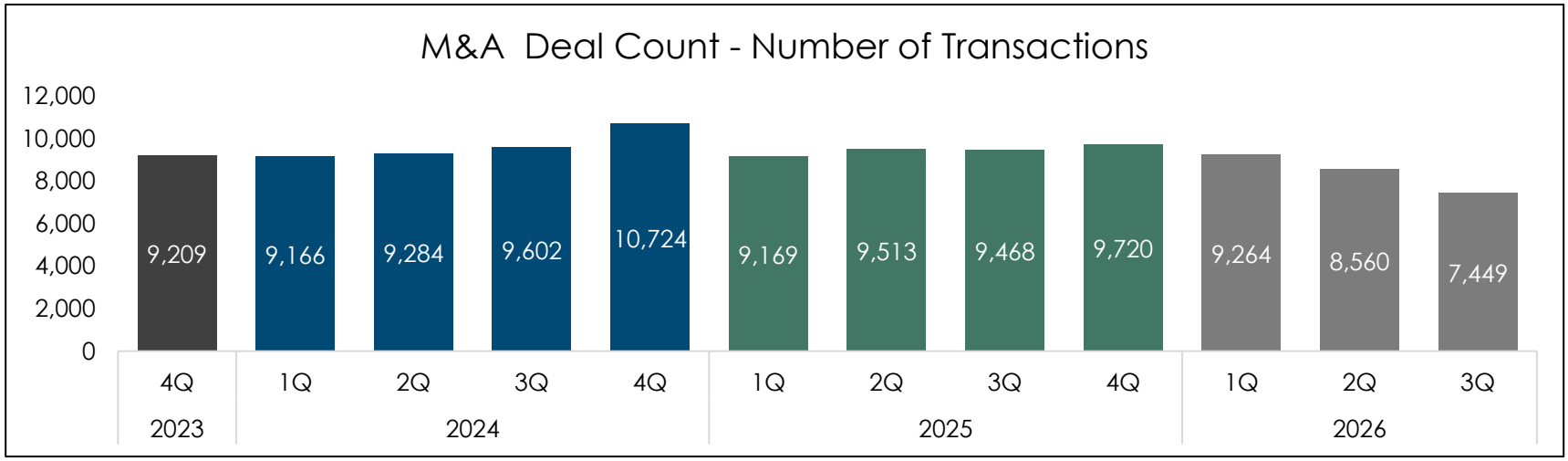


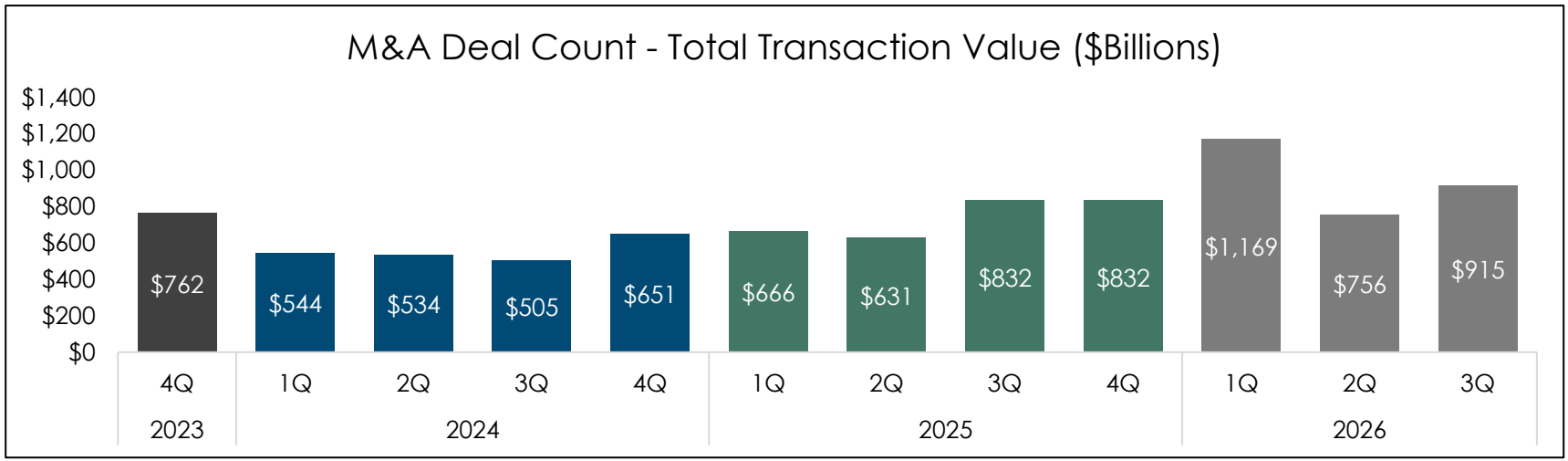
Measures consumer confidence in the economy based on monthly survey data from the University of Michigan.

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

04 MACROECONOMIC ENVIRONMENT (cont.)

Total M&A Volume (Past 3 years)





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



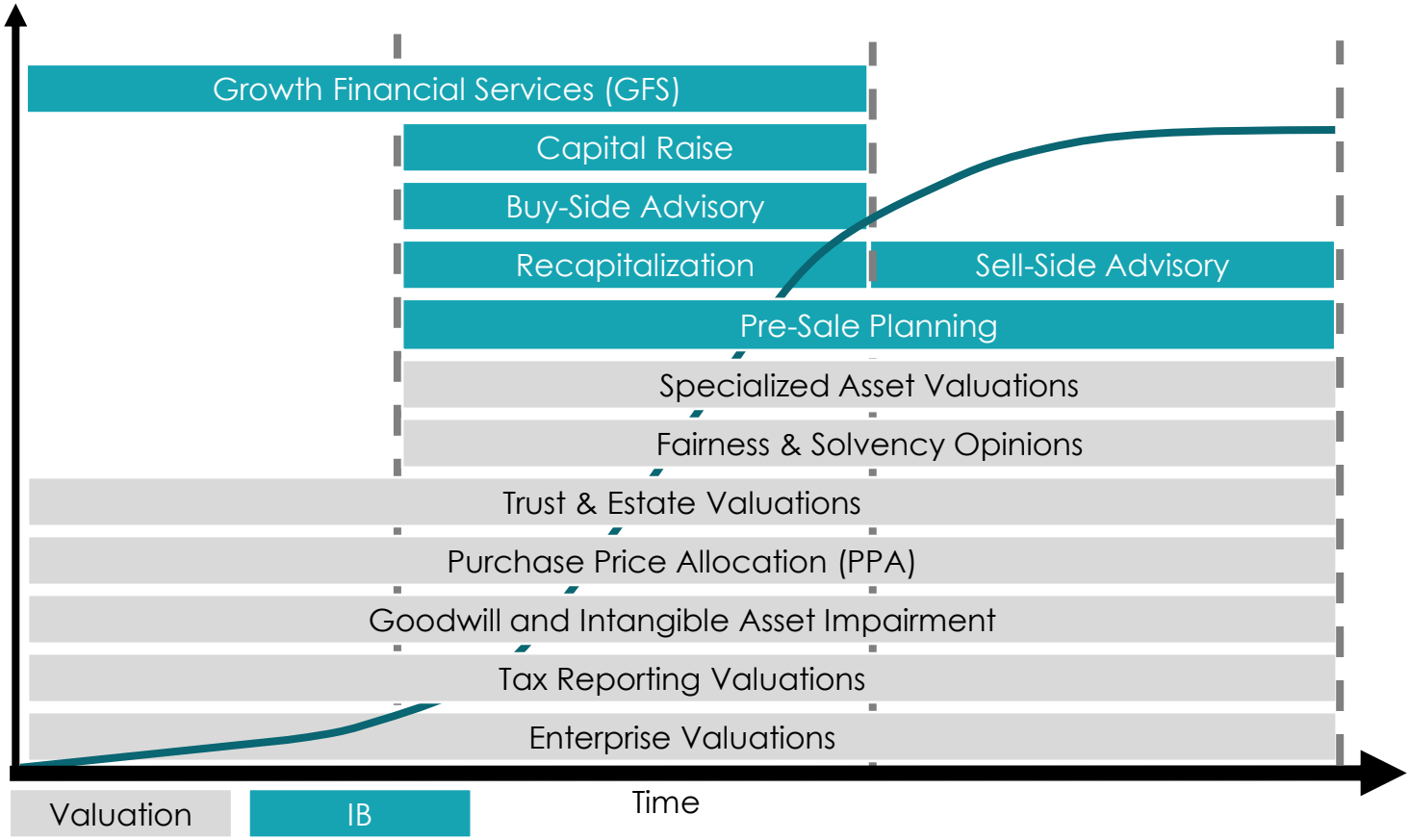
05 HOULIHAN CAPITAL

Houlihan's services along the business lifecycle

SEED

GROWTH

MATURITY



For questions or inquiries regarding our services, please contact: info@houlihancapital.com

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ABOUT US

Houlihan Capital is an employee-owned valuation and investment banking firm.

We pride ourselves on delivering exceptional client value and trusted advisory in a dynamic marketplace.

As a FINRA registered broker-dealer, SIPC member, and SOC-compliant firm, we are committed to the highest standards of integrity and professionalism.

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.

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