1. ABOUT NEW FRONTIER DATA

New Frontier Data is an independent, technology-driven analytics company specializing in the global cannabis industry. It offers vetted data, actionable business intelligence and risk management solutions for investors, operators, researchers and policymakers. New Frontier Data’s reports and data have been cited in over 80 countries around the world to inform industry leaders. Founded in 2014, New Frontier Data is headquartered in Washington, D.C. with additional offices in Denver, CO, and London, UK.

New Frontier Data does not take a position on the merits of cannabis legalization. Rather, its mission and mandate are to inform cannabis-related policy and business decisions through rigorous, issue-neutral and comprehensive analysis of the legal cannabis industry worldwide.

MISSION

New Frontier Data’s mission is to elevate the discussion around the legal cannabis industry globally by providing unbiased vetted information and educating stakeholders to make informed decisions.

For more information about New Frontier Data, please visit: www.newfrontierdata.com.
2. ABOUT OUR STOCK DATA OFFERING

**New Frontier Data® Industry Database** – New Frontier Data has created and maintains a unique database ("Industry Database") of public companies across the globe that have a significant or distinct proportion of their revenues derived from, and/or a significant or distinct proportion of their expenditures associated with the global cannabis industry. The Industry Database has over 5 years of history and is designed to capture the full spectrum of cannabis-focused businesses and ancillary activities. At New Frontier Data, our research is wholly dedicated to the business of cannabis. This, together with the insights and expertise of our in-house coverage team, comprised of cannabis industry experts, sector analysts and financial professionals, allows us to identify, classify and comprehensively understand the business activities of existing and potential database members that make up the Industry Database.

**New Frontier Data® Sector Classifications** – The Industry Database is subdivided into seven sector classifications (each, a "sector" and, together, the "Sector Classifications") which each reflect a unique segment of the cannabis industry. The classification methodology is a first-of-its-kind, benchmark methodology for identifying, segmenting and mapping public companies in the global cannabis space. The Sector Classifications are designed for the investment and research communities, with the aim of helping identify, define and unpack the sectors within the cannabis industry that best reflect the overall industry structure and its growth prospects.

The Industry Database and Sector Classifications are maintained by the New Frontier Data® Capital Markets Team (the "Capital Markets Team") which reviews constituents based on their public filings and disclosures and engages in regular dialogue with the New Frontier Data® Research Team (the "Research Team").

Please visit [www.newfrontierdata.com](http://www.newfrontierdata.com) for further information.
3. OUR METHODOLOGY

Sourcing

Our team consolidates data from a variety of partners, providers and exchanges. The raw data collected is reviewed and non-cannabis related companies are systematically excluded. The remaining companies are then subject to our inclusion criteria and business activity reviews, information in respect of which is collected through a combination of direct company engagement and a review of public filings and disclosures (including but not limited to all press releases, audited and unaudited financial statements, directors’ reports and management's public statements).

We currently track nearly 300 companies (as of February 2021) and more are added to the Industry Database as it is refreshed and the constituents periodically reviewed on a semi-annual basis.

*New Frontier Data does not accept payments from companies or third parties to include their stocks within the Industry Database.*

Inclusion Criteria

For companies to qualify for initial inclusion in the Industry Database, a systematic review is conducted on the business activities of each company on a semi-annual basis.

For existing companies within the Industry Database, a systematic review is conducted on the business activities of the company on a semi-annual basis.

The below criteria apply both to companies being considered for inclusion and existing companies which are being reviewed:

- Companies must be publicly traded.
- Companies must be domiciled in a jurisdiction where public disclosures of their business activities are required and accessible.
- Companies must fall into one of the seven Sector Classifications as defined in detail later in this document.
- Companies must have exposure to cannabis-related business activities, as per the following:
  - A significant or distinct proportion of their operating revenues derived from cannabis-related business activities. Such activities may vary, from the sale
of pharmaceutical medicine to wellness products, agri-tech equipment, and even financing solutions. As a rule, there is generally no more than one degree of separation between a company and the cannabis industry. For example, a company producing carbon dioxide enrichment systems for greenhouse growers would be included, whereas producers from which such company buys its system sub-components would be excluded.

- A significant or distinct proportion of their expenditures associated with cannabis-related business activities. This criterion is in place to capture companies that fall into one or more of the following categories:
  - Companies that are start-up ventures.
  - Companies that are awaiting revenue growth post investment, research and development, regulatory approvals and/or clinical trials.
  - Companies that are in the process of pivoting into the cannabis space.

**Additional Considerations**

For companies that present difficulty in identifying existing business activities within the cannabis space, an objective review of their planned business direction is conducted to establish their projected revenues and expenses. This may be done via direct engagement, a review of public information (including, but not limited to, all press releases, audited and unaudited financial statements, directors' reports and management's public statements) or any other sources of public information that are found to be reliable. This allows us to further include/exclude companies based on their business development intent.

Furthermore, established companies in other industries which have a distinct, but not necessarily significant, proportion of their revenues derived from and/or a distinct, but not necessarily significant, proportion of their expenditures associated with the cannabis industry will also be reviewed for inclusion within the Industry Database. Such companies may be added to the most relevant sectors of the Industry Database provided that they do not skew the dataset as a result of the proportions of their revenues and expenditures related to non-cannabis industries, or, they may be added to one or more specifically defined sectors within the Industry Database which recognize the distinct, but not necessarily significant, involvement of such companies in the cannabis sector (for example, the "Big Pharma" sector).

Companies which are large shareholders of subsidiaries operating within the cannabis space will not be included provided those subsidiaries have some sort of public float. In such cases, the subsidiary will be included instead. Should the parent company in question be the majority shareholder and its share of the subsidiary results in the parent company
meeting our inclusion criteria, then a decision is made on a case-by-case basis on which entity should be included.

**Allocation of constituents to Sectors**

The constituents of the Industry Database will be classified into one of the seven Sector Classifications once the review of their business activities and public filings is completed.

The allocation decision is made by the Capital Markets Team and is subject to approval by the Chief Knowledge Officer who leads the Research Team. If revenue information is unavailable or insufficient, or where a company is new or in the course of changing its line of business, the company shall be allocated to that sector whose definition most closely coincides with the description of the company’s business activities as stated in the relevant company’s annual report, or if unavailable, its listing prospectus, other regulatory filings or public announcements.

Should a company operate in several sectors, it will be allocated to the sector in which it conducts the largest proportion of its business.

**GOVERNANCE**

**Changes to Methodology**

Changes to the methodology described above may be proposed by the Capital Markets Team and are subject to review and joint approval by the CEO as well as the Chief Knowledge Officer who leads the Research Team.

While New Frontier Data does not have an advisory board surrounding changes to the methodology used in determining Sector Classifications, it remains open to requests and suggestions from clients, provided that such proposed changes serve to improve the Industry Database for all clients and do not jeopardize the integrity nor objectivity of the Sector Classifications.

New Frontier Data will notify all clients of any changes in its classification methodology 3 months prior to the changes taking effect.

**Changes to Sector Classifications of constituents**

Sector Classifications of constituents may be subject to change in light of newly available public information. This may include any and all press releases, audited and unaudited financial statements, directors' reports or other sources of public information such as its website or management's public statements.
If new public information becomes available which indicates a change in a company’s business activities, New Frontier Data will re-assess the company’s Sector Classification in light of such information on an ad-hoc basis, and communicate any change in its determination of a company’s Sector Classification to the relevant users of the Industry Database. It should be noted that, in order to allow for an effective review, it may take up to 3 months for a company’s Sector Classification to be reviewed, updated and communicated by New Frontier Data after such new public information initially becomes available.

If a corporate event, such as a merger or acquisition, results in a significant change in a company's business structure, New Frontier Data will reassess its Sector Classification in line with its sector definitions and criteria on the basis of the next audited financials published by the company. Such reclassifications will take effect within 3 months from the date of the financials being publicized.

**Challenges and Appeals**

Should a constituent company wish to challenge its Sector Classification, it may do so by contacting the team at info@newfrontierdata.com. Any such communication should include the reasons for the challenge and/or appeal, supporting evidence and reference to New Frontier Data's classification methodology.

In considering any challenges or appeals, New Frontier Data will only take into consideration publicly available information. Unless explicitly stated otherwise, information submitted as part of a challenge or appeal will not be covered by a Non-Disclosure Agreement.

Should a constituent otherwise undergo a major change in business operations which might warrant a change of Sector Classification, it should note that it may take up to 3 months for its Sector Classification to be reviewed and updated after such changes are made public. Any challenges or appeals submitted within this 3-month review window will not be considered.

**Periodic Reviews**

The Sector Classifications of all constituents will be reviewed semi-annually and on an ad hoc basis in circumstances where new public information is made available which may impact the Sector Classification.

Clients will be notified of any changes to the Sector Classifications of companies on a periodic basis. Clients will be notified of Sector Classification changes due to corporate events at the earlier possible time and may fall between the aforementioned dates.
4. SECTOR CLASSIFICATION DESCRIPTIONS

A description of each of the seven Sector Classifications within the Industry Database is provided below. The number of sectors is expected to increase as the global cannabis industry continues to evolve.

COMPANY COUNT PER SECTOR

- Biotechnology/Pharma [47]
- Big Pharma [4]
- Hemp and CBD [26]
- Agriculture Technology and Supplies [12]
- Ancillary Products [23]
- Ancillary Services [60]
- Cultivation and Retail [88]

DESCRIPTIONS

Biotechnology/Pharma – Companies in this sector have a significant proportion of their revenues derived from, and/or a significant proportion of their expenditures associated with the research of cannabinoids, the endocannabinoid system and the development and sale of medical cannabis and/or pharmaceutical products that treat a variety of medical symptoms and conditions. Such companies use synthetic or biological processes, organisms, cells or cellular components to create new medical breakthroughs and technologies, or to improve old ones. Companies in this category may engage in a variety of activities but many will have a strong research and development focus on activities such as new delivery methods, novel formulations, patent generation, and similar end-goals which have medical applications.

This sector also includes vertically-integrated companies which cultivate cannabis and/or produce and sell cannabis and/or cannabis-derived products predominantly for medical / therapeutic use, biotech research and/or the production of pharmaceutical products. However, unless the relevant companies cultivate cannabis and/or produce and sell cannabis and/or cannabis-derived products predominantly for medical / therapeutic use, biotech research and/or the production of pharmaceutical products, they will be classified under the Cultivation and Retail sector, even if a significant proportion of their revenues or expenditures relate to the Biotechnology/Pharma sector.

1 As of February 2021
This is the largest cannabis sector in the US and is gaining attention as governments, universities and private companies invest more into researching cannabinoids, the endocannabinoid system and the potential of cannabis-derived medications.

**Big Pharma** – For the most part, Big Pharma has watched the industry from the sidelines, but is now recognizing that further legalization of cannabis and cannabis-derived products for medical / therapeutic use and pharmaceutical products may challenge their bottom lines. Accordingly, companies in this sector are "Big Pharma" companies that are making forays into the sector through the development or acquisition of patents, distribution partnerships and sponsored clinical trials and therefore have a distinct, but not necessarily significant, proportion of their revenues derived from and/or a distinct, but not necessarily significant, proportion of their expenditures associated with the global cannabis industry. Many anticipate that Big Pharma will inevitably enter the space more directly in the near future. Such moves would further accelerate public understanding and confidence in the use and application of cannabis and cannabis-derived products for medical / therapeutic use and pharmaceutical products.

**Hemp and CBD** – Companies in this sector are primarily involved in the industrial application of hemp, and/or in the retail consumer CBD market geared toward sectors such as health and wellness. Hemp (sometimes referred to as "industrial hemp") is a strain of the *Cannabis sativa* plant that is defined as cannabis with less than 0.30% THC. Hemp has a higher concentration of CBD. Hemp has myriad commercial applications that include but are not limited to paper, textiles, clothing, biofuel, biodegradable plastics, building materials, car parts, food and beverages.

**Agriculture Technology and Supplies** – Companies in this sector use modern technologies to increase cannabis yields or enhance the quality of the plant. These technologies include automated growing systems, greenhouses, farming products, nutrients, hydroponics, fertilization systems, information technology, soils, temperature and moisture sensors, aerial images and GPS technology. These systems can help reduce the impact of natural ecosystems, increase worker safety and decrease the need to use water, fertilizer and pesticides.

**Ancillary Products** – Companies in this sector provide a variety of infused cannabis products including, but not limited to, food products, drinks, oils, extracts, lotions and other topicals. Other products may include consumption devices such as glass pieces, pre-rolls, handheld vaporizers, desktop vaporizers and inhalers. Companies in this sector may also specialize in extraction technologies.

**Ancillary Services** – Companies in this sector perform myriad services and provide necessary support solutions to cannabis companies. This sector includes companies that specialize in plant-touching services related to the extraction and purification of cannabinoids for use in branded consumer products and/or medical products. This includes companies that are focused on investing, acquiring or merging with businesses in the
cannabis industry. This sector also includes holding companies that own and/or manage portfolios of cannabis companies. Companies in this sector may also run cannabis medical clinics, dispensaries and hospitality and tourism services. They may also offer professional services such as branding, packaging, physical security, transportation, lab testing, distribution, and insurance. Companies in this sector also provide professional consulting support services to improve a business performance, efficiency and management. Other companies in this sector provide technological support to cannabis companies in the form of delivery services, enterprise software, ecommerce platforms, communication services, mapping services, trading platforms and seed-to-sale systems to track cannabis from cultivation to sale. Companies in this sector also help cannabis companies improve their social media presence and online content delivery. Due to US federal laws that force cannabis companies to mainly use only cash currency there is a great need for physical security to protect liquid assets as well as the cultivated product and/or derivatives thereof. As such, this sector may also include companies that specialize in electronic surveillance, cash and product tracking, IT services, and asset protection. There is also a special need in the cannabis industry for real estate support services to find locations to cultivate cannabis on a large scale. There is a high degree of difficulty in finding, acquiring, and managing commercial real estate for legal cannabis companies. This has led to the creation of companies specializing in commercial real estate, and who have built up the expertise to navigate local cannabis regulation and licensing laws.

**Cultivation and Retail** — Companies in this sector are mainly vertically-integrated companies that grow and sell cannabis directly to consumers, or dispensary operators who purchase product to on-sell to consumers. Currently, Canadian companies with Canadian federal licenses dominate this sector. Despite the US market having wildly varying laws from one state to the next, companies in the US are increasingly beginning to list on the OTC market.

Cultivation and Retail makes up one of the largest sectors within the emerging legal cannabis industry. The vast majority of companies in this sector are involved in cultivation, processing, packaging, retail as well as various other stages of the supply chain. Whilst some companies may state that they operate within the medicinal sector, many are materially involved in, or may over time become materially involved in, the recreational sector as well. However, unless the relevant companies cultivate cannabis and/or produce and sell cannabis and/or cannabis-derived products predominantly for medical / therapeutic use, biotech research and/or the production of pharmaceutical products, they will be classified under the Cultivation and Retail sector, even if a significant proportion of their revenues or expenditures relate to the Biotechnology/Pharma sector. This sector may also include large holding companies which own majority stakes in Cultivation and Retail subsidiaries, but otherwise have no operations of their own.
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