

# CANNABIS 2.0: WHAT'S NEXT?

InSue Kim, **cannabis investor and Wall-Street guru**, and Jason Crosby, **attorney and cannabis consultant**, answer your burning questions about the second coming of cannabis

1

## WHAT IS THE GLOBAL OUTLOOK FOR THIS INDUSTRY?

### US IMPACT ON GLOBAL POLICY

- ✦ Global community moving in step in North America
  - CANADA has **FIRST MOVER** advantage
  - US has **OPERATIONAL** advantage
- ✦ As more countries legalize, barriers to entry will lower
- ✦ Over time, scale & operational efficiencies will win out, as with any other consumer good

2

## WHAT IS THE FUTURE OF THE NON-THC CBD OR HEMP INDUSTRY?

### RESEARCH NEEDED, VERY NASCENT CURRENTLY

- ✦ Approximately 90 identified cannabinoid compounds naturally produced in the plant
  - **All but one** (delta-9 THC) can be legally produced under "industrial hemp" regulatory regime
- ✦ Vast untapped potential for **health, cosmetic, pharmaceutical**, etc. applications.
  - Industrial hemp plants can be bred and cultivated to **maximize output of different compounds**, just like marijuana plants

3

## WHAT IS THE PATH TO PROFITABILITY IN THE US?

### US PROFITABILITY IMPACTS CANADA VALUE GROWTH

- ✦ Support continues to grow for rescheduling/ legalizing marijuana. Biden/ Harris's election **projected to facilitate**
  - If successful, this will repeal **IRS TAX CODE 280 (e)**: the biggest **barrier to profitability** in the US, which does not allow for general business tax deductions
- ✦ Without 280 (e), taxes normalised, operating profits grow 50+% overnight and MJ companies get access to banking, capital etc.
- ✦ In Canada, valuation of Canadian holding companies increase as free cash flow & profits increase