

New Frontier[®] data



THE INTERNATIONAL CANNABIS MARKETPLACE: NEW OPPORTUNITIES & CHALLENGES IN LATIN AMERICA

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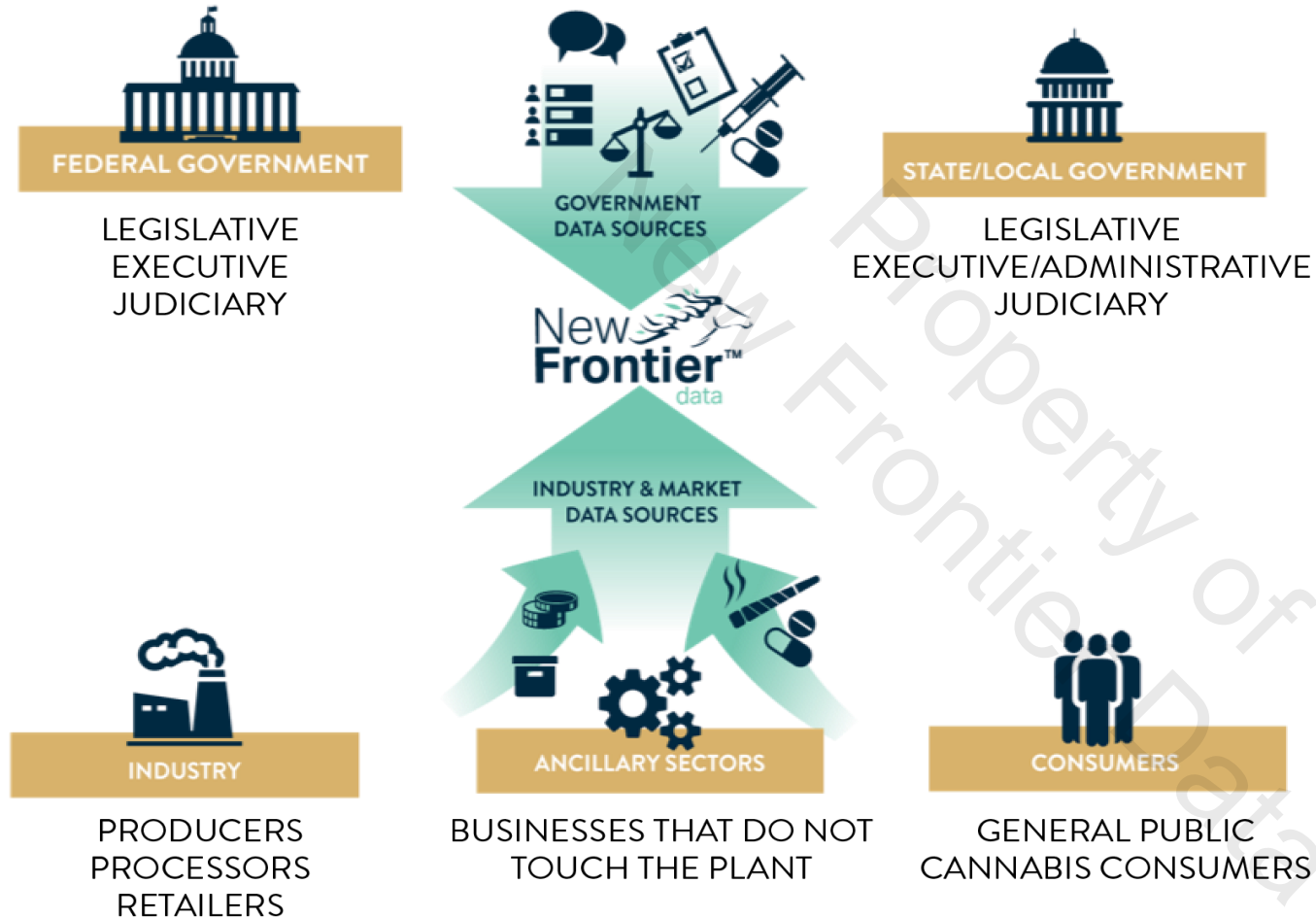
MISSION

New Frontier Data strives to be the cannabis data analysis and industry reporting authority by collecting reliable data, applying rigorous analysis, and producing actionable intelligence. We are committed to the highest level of objectivity and transparency as we endeavor to equip our customers with the knowledge necessary to increase profits, identify opportunities, and navigate this nascent and still underserved market space.

VISION

To be the World's Big Data Authority for the Cannabis Industry.

FIVE DIMENSIONS OF CANNABIS DATA

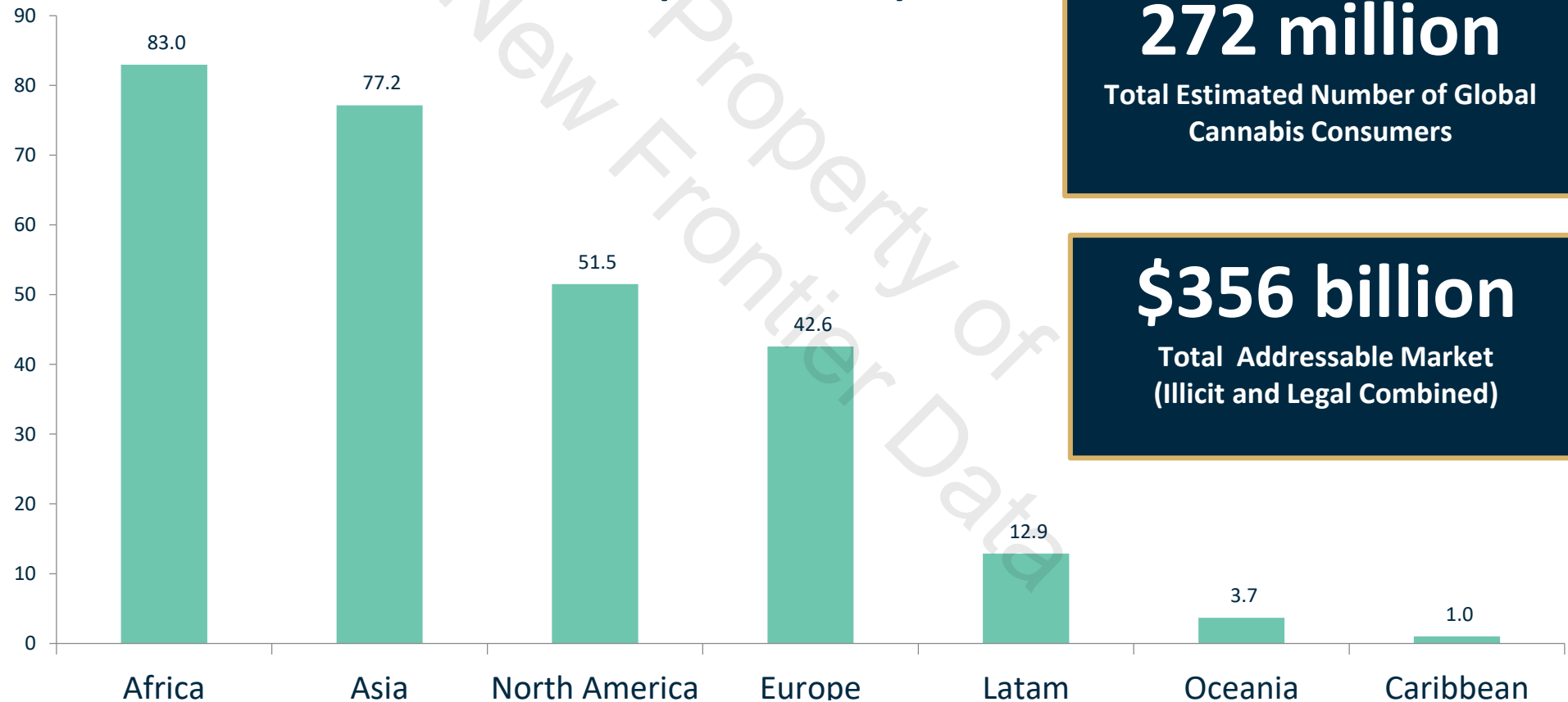


DATA ACROSS ALL
FIVE DIMENSIONS IS
CRITICAL TO
UNDERSTAND AND
EVALUATE THIS NEW
SECTOR.



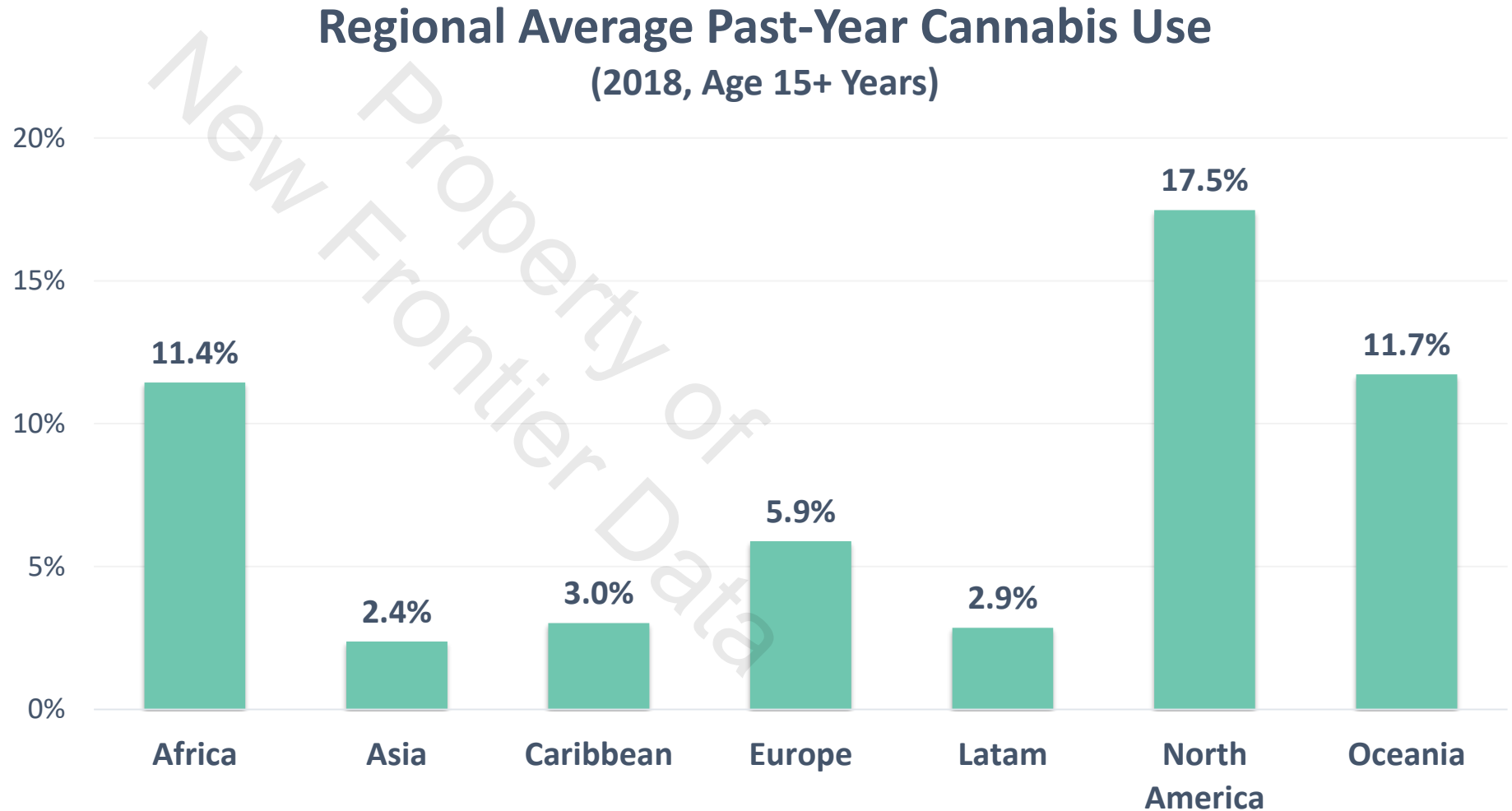
A GROWING NUMBER OF GLOBAL CANNABIS CONSUMERS

**Estimated Number of Cannabis Consumers by Region
(in millions)**



THERE ARE MILLIONS OF CANNABIS CONSUMERS, BUT USE VARIES WIDELY ACROSS REGIONS

6.2%
Global average past-year cannabis users
(15+ years)



NORTH AMERICA IS LAYING THE FOUNDATION FOR A GLOBAL INDUSTRY

CANADA

Population: 36.3 million

Cannabis Consumers: 4.2 million

2018 Legal Market: USD \$1.3 billion

U.S.

Population: 325.7 million

Cannabis Consumers: 22.4 million

2018 Legal Market: USD \$ 10.3 billion

**TOTAL
LEGAL MARKET
2018-2025**

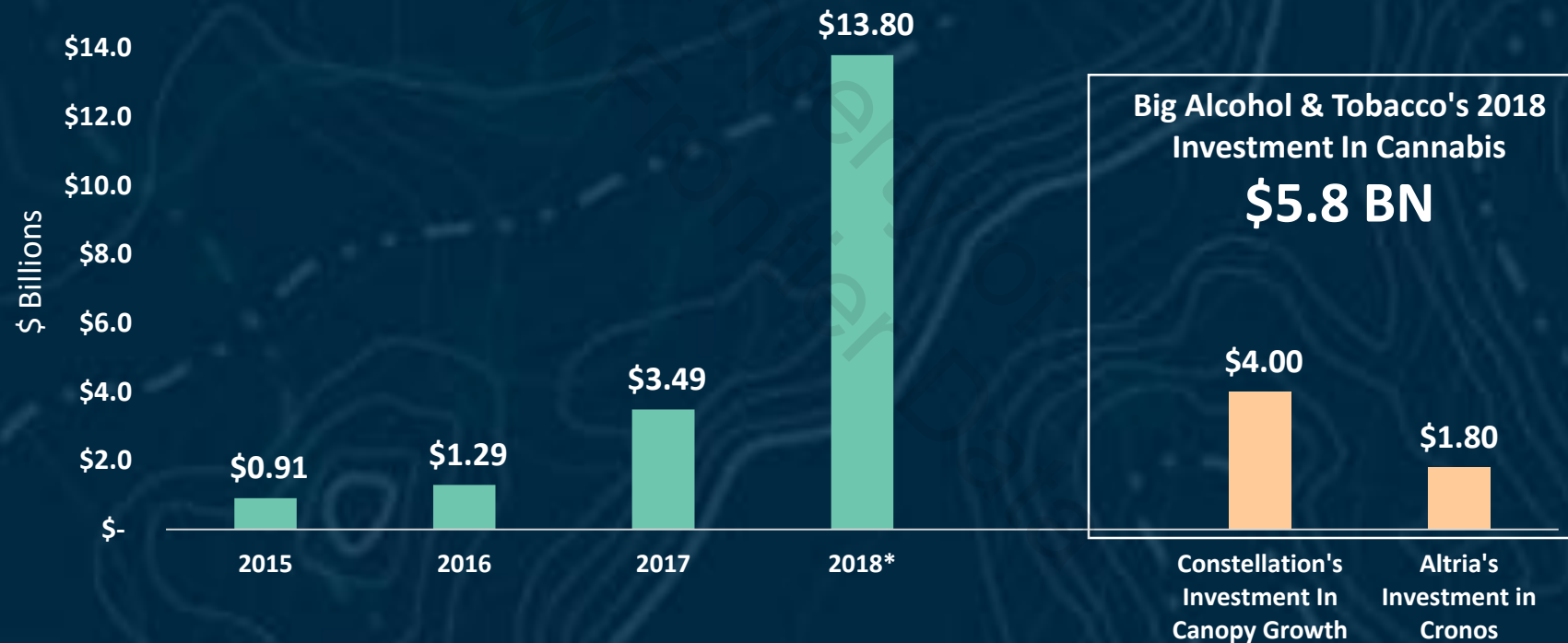
Canada: \$36 Billion

US: \$136 Billion

Total: \$173 Billion

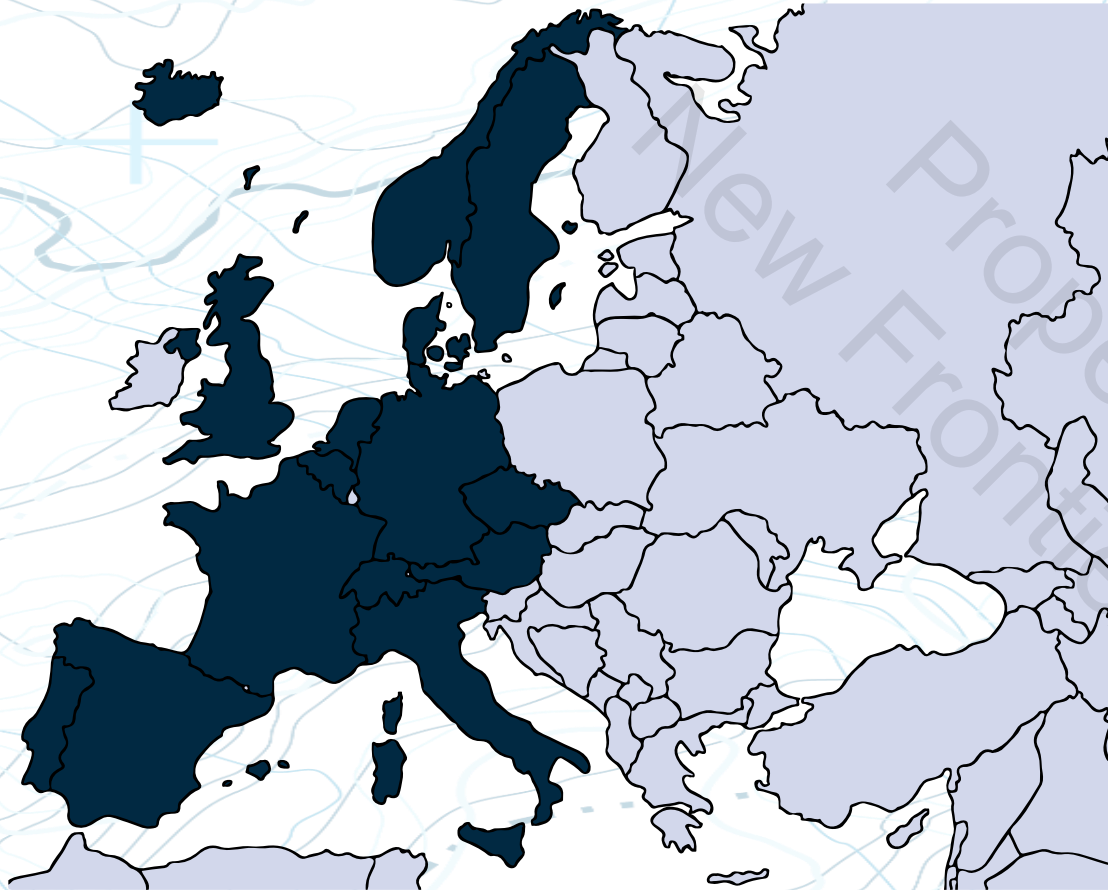
SURGING INVESTMENT IS FUNDING EXPANSION & SCALE

Big Alcohol & Tobacco's Accounted for Nearly Half of 2018's Total Cannabis Investments



SOURCE: VIRIDIAN CAPITAL ADVISORS

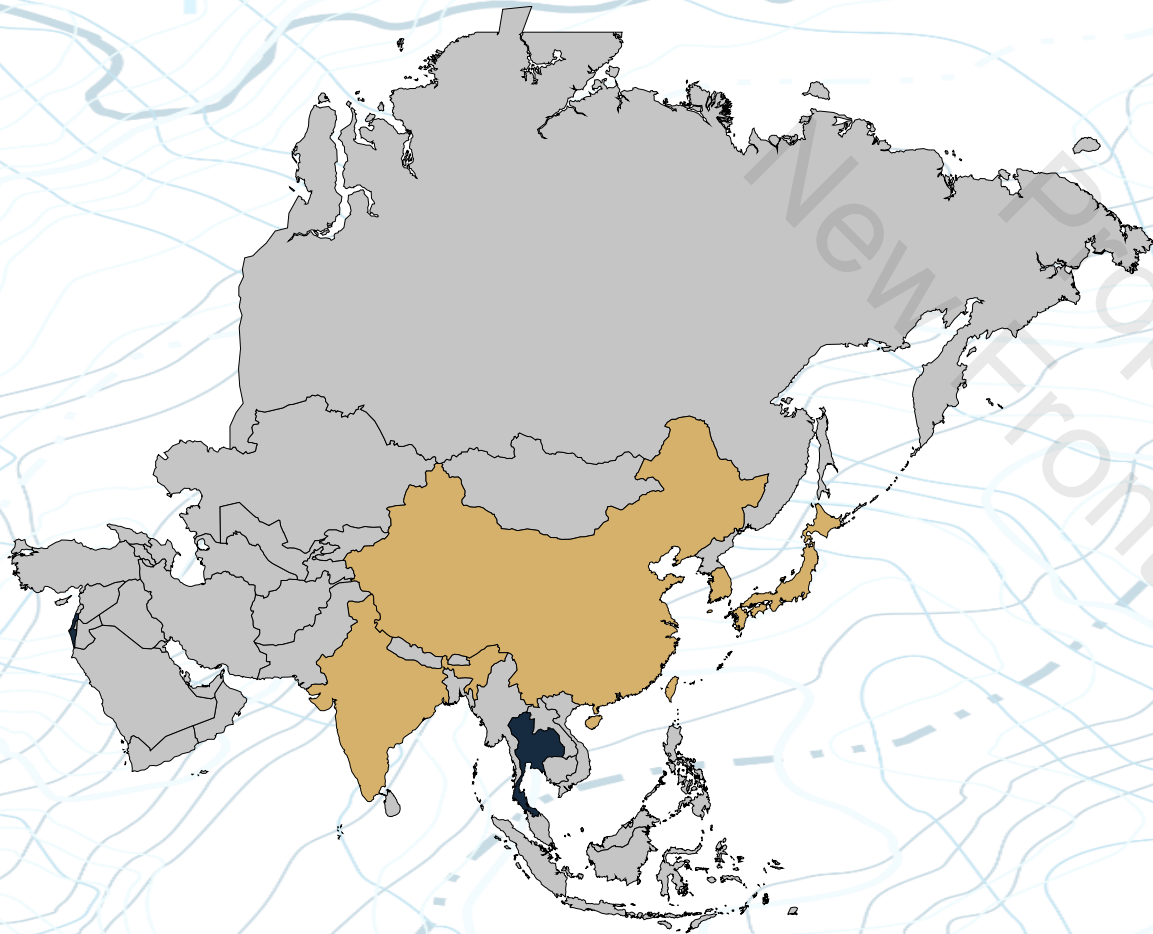
EUROPE: IS A CENTRAL FOCUS OF CANNABIS EXPORTS



■ Medical Use

- Largest wave of cannabis reform & legalization in the world.
- 29 countries allow some form of medical cannabis use, but rules vary widely
- Products allowed range from flower to Sativex & Epidiolex
- Pharmacies (not dispensaries) are the primary distribution channel

ASIA: THE EPICENTER OF GLOBAL HEMP PRODUCTION



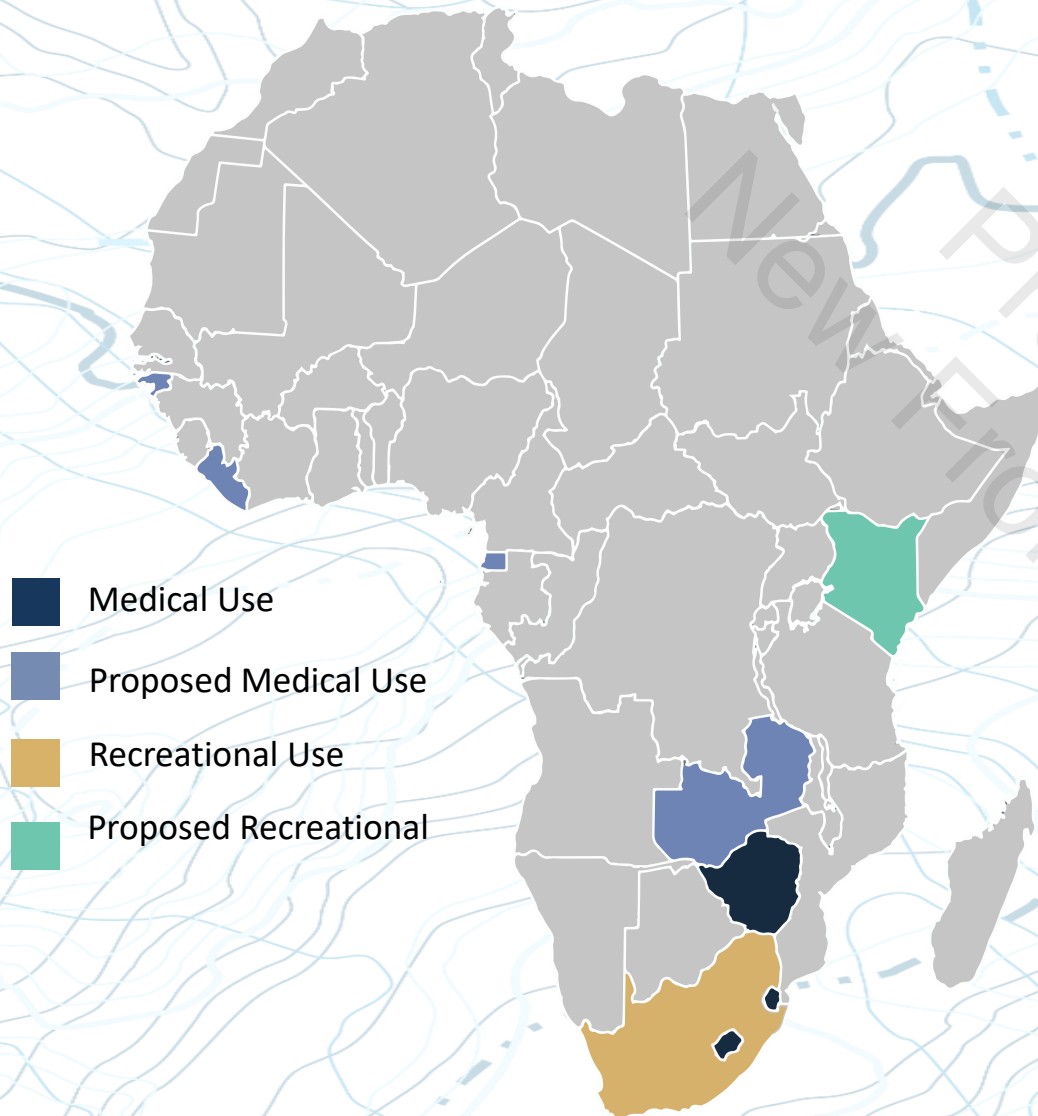
Medical Use



CBD/Hemp

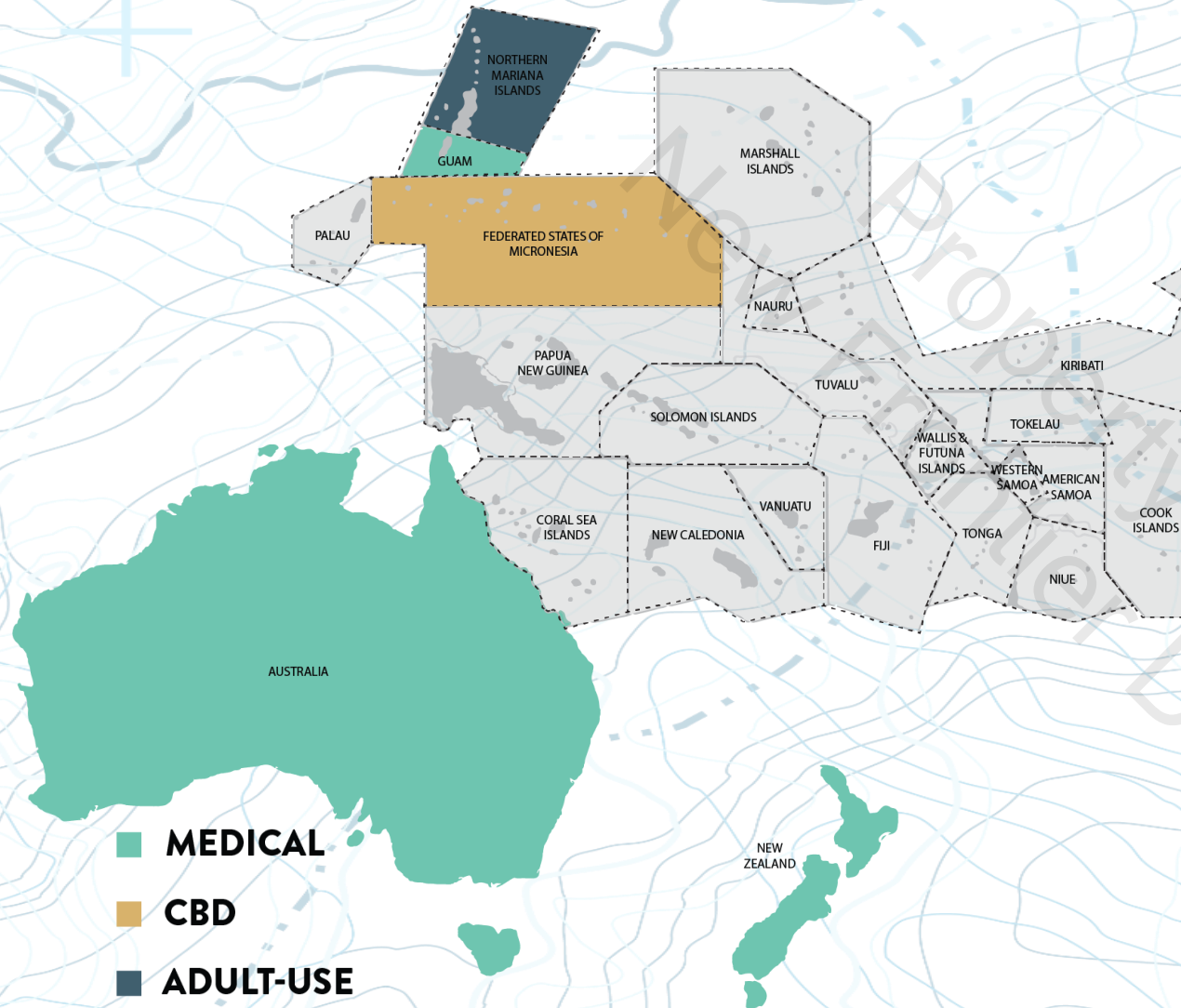
- The world's most populous nations, India and China, are major hemp producers
- Thailand is developing a medical cannabis program; aims to be a leading low-cost high quality cannabis exporter
- The CBD markets in Japan in Korea will represent significant opportunities for nutraceuticals and cosmetics

AFRICA: BUILDING MOMENTUM FOR LOW COST PRODUCTION



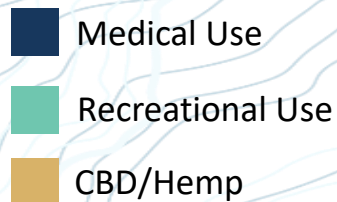
- Southern Africa is leading cannabis legalization in Africa
- The South African Supreme Court ruled cannabis prohibition violates South Africans' human rights. Laws and regulations due by October 2020.
- Lesotho and Zimbabwe have legalized medical use.
- A bill to legalize adult use in Kenya was just introduced
- Zambia, Equatorial Guinea, Liberia, Guinea Bissau are all exploring industrial hemp/medical use

OCEANIA: A REGIONAL HUB FOR LEGALIZATION IN THE PACIFIC



- Australia and New Zealand anchor Oceania's cannabis markets, with the highest usage rates in the region.
- Australia is a leading importer, but wants to become a global exporter
- New Zealand is on track to be the next Oceanic nation to legalize adult use

LATIN AMERICA: A STRATEGIC CENTER FOR CANNABIS TRADE



- Latin American is at the forefront of cannabis legislation reform.
- Uruguay was the first nation to fully legalize recreational use
- Many countries in the region, including Columbia, Panama, and Uruguay are investing heavily in building export capacity
- Brazil, Latin America's highest Total Addressable Market, remains an import only, CBD-only market

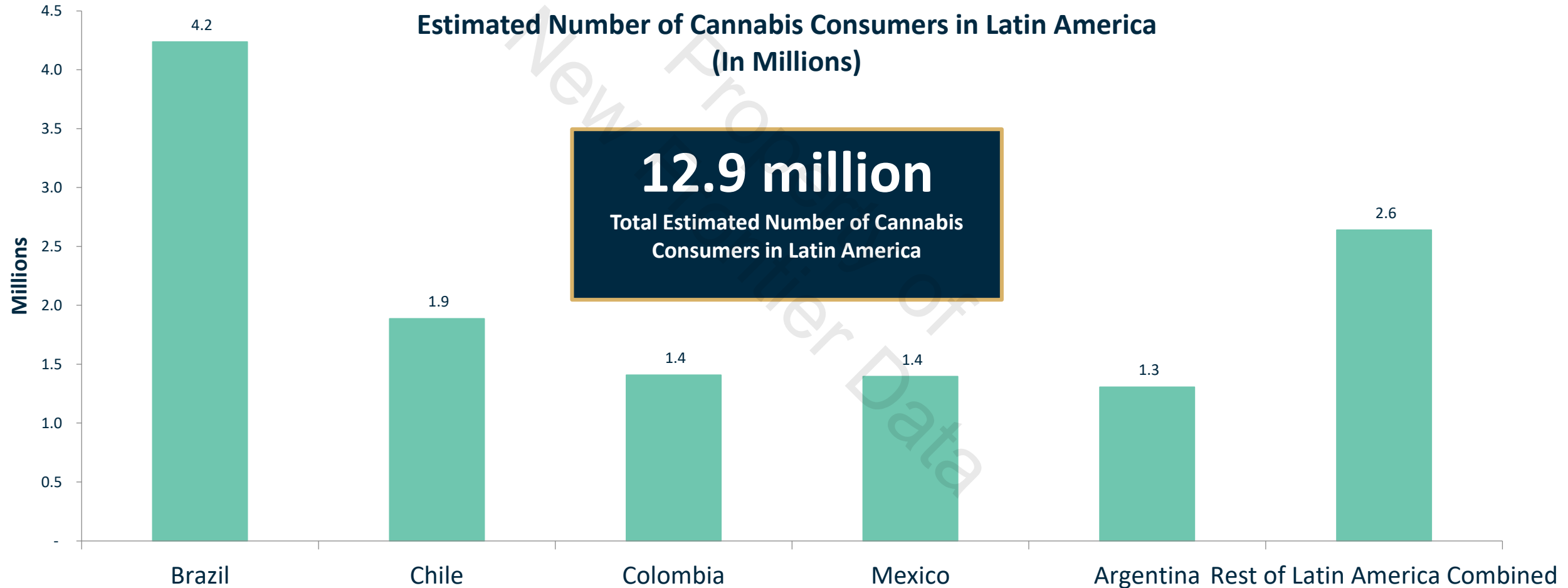
LATIN AMERICA: AN EMERGING FORCE IN GLOBAL CANNABIS EXPANSION

- **With its progressive rules on medical cannabis, Latin America is well positioned to support, not only domestic markets but drive international trade as well.**
- **Lower barriers to participation are driving investment and greater participation in the region.**
- **The region is well balanced between industrial development (GMP) and low cost production.**

Latin America: Top 5 Largest Cannabis Consumer Nations

The total estimated number of cannabis consumers in 6 countries: Brazil, Chile, Colombia, Mexico, and Argentina account for roughly 80% of **all** cannabis consumers in Latin America

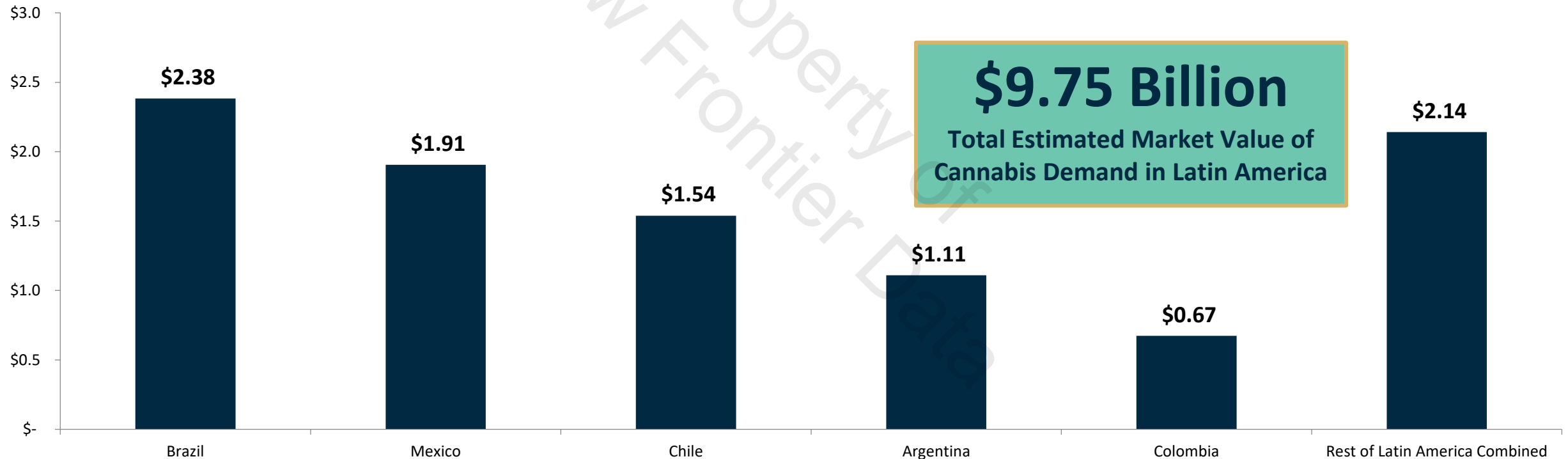
Estimated Number of Cannabis Consumers in Latin America
(In Millions)



Estimated Total Addressable Market Values

The estimated 12.9 million consumers in Latin America represent a market value in demand of just under \$10 Billion USD.

Market Value of Top 5 Countries in Latin America (mid-point estimate, \$USD in billions)



WHY PANAMA, WHY NOW?

- Although Panama has a small domestic market, it is considered a strategic center in the global cannabis space
- It serves as a link between east and west, and north and south
- As a physical bridge between two continents, it also serves as a cultural bridge between Latin America, North America and Europe
- Panama also is a strategic location as a center of commerce, a hub for trade and finance

PANAMA



24k

**Total Estimated
Number of Cannabis
Consumers in Panama**

\$31.4 Million

**Estimated Market
Value of Cannabis
Demand in Panama**

- Lowest concentration of cannabis consumers in Latin America (0.2% of the all of the cannabis consumers in the Latin American region reside in Panama).
- Cannabis is illegal in Panama - use and possession are heavily enforced - although a draft bill is being advanced in Parliament that, if passed, would authorize and regulate the cannabis for medical purposes.

BRAZIL



4.2 Million
Total Estimated
Number of Cannabis
Consumers in Brazil

\$2.38 Billion
Estimated Market
Value of Cannabis
Demand in Brazil

- Highest concentration of cannabis consumers in Latin America (33%).
- Currently, the only access to legal medical cannabis in Brazil is through case-by-case import authorization from the Ministry of Health.
- Patent Access is opening: Brazil's Senate Committee of Social Affairs approved a bill in November 2018 that would legalize home growing of medical cannabis.

CHILE

A stylized map of Chile is shown on the left side of the slide, with a blue outline and a light blue crosshair indicating a specific location.

1.9 Million
Total Estimated
Number of Cannabis
Consumers in Chile

\$1.54 Billion
Estimated Market
Value of Cannabis
Demand in Chile

- Chile has the most cannabis consumers per capita in Latin America.
- Chile was the first nation in Latin America to cultivate cannabis strictly for medical purposes in 2014 and is a global top producer of hemp behind China and France.
- A bill is currently awaiting approval from the Health department and Senate to grant Chileans the right to possess 10 grams and self-cultivate six plants for personal use.

COLOMBIA



1.4 Million
Total Estimated
Number of Cannabis
Consumers in Colombia

\$672.9 Million
Estimated Market
Value of Cannabis
Demand in Colombia

- Although medical cannabis is legal, products are not currently available in this nascent market.
- Low cost production will make it very challenging for other markets to compete in the export market.
- Cannabis is increasingly viewed as a substitution crop for transition of illicit coca leaf farms to legal operations.
- Colombia is implementing safeguards to protect small growers: 10% quota of raw materials to be purchased from small to medium sized growers.

MEXICO



1.4 Million
Total Estimated
Number of Cannabis
Consumers in Mexico

\$1.91 Billion
Estimated Market Value
of Cannabis Demand in
Mexico

- In Fall of 2018, Mexico's Supreme Court ruled the law prohibiting cannabis use was unconstitutional on the grounds that adults have a "fundamental right to free development of the personality"
- Mexico has one of the lowest consumption rates in the region; the low usage rate is in line with the strong conservative nature of the culture
- Cartel resistance could pose a significant obstacle to regulatory deployment, particularly given U.S. legalization has dramatically reduced demand for Mexican cannabis. Regulatory deployment will need to balance public safety with growth of the industry.

URUGUAY



\$281, 177
Total Estimated
Number of Cannabis
Consumers in Uruguay

\$196 Million
Estimated Market Value
of Cannabis Demand in
Uruguay

- Uruguay was the first nation to legalize adult use cannabis in 2014.
- There are three ways to obtain recreational cannabis: pharmacies, cannabis clubs, and home cultivation.
- Adults may only purchase 10g per week/40g per month from pharmacies.
- Cannabis clubs are limited in membership, number of plants, and grams dispensed.
- The only medicinal product available in pharmacies is Epifractan, a 10 ml CBD oil extract with 2% CBD.

WHILE LATIN AMERICA IS POSITIONED FOR SUCCESS, IT IS NOT WITHOUT RISKS

- **Illicit competition will remain a force in the foreseeable future**
- **Lack of banking services still impacts investments, operations and trade.**
- **Licensing requirements vary from country to country, making investments and scale more challenging.**
- **While Latin America has a competitive advantage in terms of cost, low cost Asia countries (Thailand, Vietnam) are positioned to compete as global cannabis policies are reformed.**

KEY TAKEAWAYS

- Cannabis legislative reform in Latin America Calls will reshape the global cannabis debate.
- There will be multiple ways in which cannabis business operations will be established in Latin America, including vertical integration and cooperative farms.
- Significant investment by well-capitalized Canadian companies will accelerate the scaling and professionalization of Latin American operators
- Even with lower labor costs, Latin American producers must focus on cost-containment.
- In an increasingly global cannabis industry, brand will be king.
- Due to lower average cannabis prices in Latin America compared to the U.S. and Canada, cannabis retail revenues will be significantly lower in the region than in equivalent North American or European markets.
- Companies targeting international cannabis markets will need to meet Good Manufacturing Practices standards to export into most major markets.

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**Strength
in
Knowledge™**

