

EIGHTH REVOLUTION

MONTHLY PLAYBOOK

CANNABIS & HEMP

P L A T I N U M



AUGUST 2021

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DEAR READER,

We want to thank you for your trust, and most importantly, your time. With the endless amount of resources at your disposal, we appreciate you leaning on us as your guide through the muddy waters of this industry's limitless news and intelligence. We at Eighth Revolution initially created this document to help our partners understand how their short-term decisions were having long-term effects on the success of their businesses. In an industry that changes as aggressively as ours, we can't stress the importance of effective decision making enough.

Though the information in the report is never meant to dictate specific actions or guarantee certain outcomes, we hope that we're able to provide another voice in the room, one that illuminates, simplifies, and supports you.

If you find one area more helpful than others and want us to expand on it, please never hesitate to reach out. For any suggestions or questions, we can be reached directly at bryan@8threv.com.

Welcome to the revolution.

Bryan Fields

CEO, CO-FOUNDER



Kellan Finney

CSO, CO-FOUNDER



AUGUST 2021

A Note from Your Partners

The cannabinoid industry continues to gain steam as Schumer rolled out his plan which would end cannabis prohibition and regulate the industry similar to tobacco. Pair this news with several other states legalizing adult use cannabis and the industry is on the precipice of extraordinary growth. The hemp CBD industry continues to consolidate as wholesale prices drop for most product categories including smokable flower. Lack of legislation surrounding the safety and legality of the molecule CBD has created obstacles that have challenged investors looking for short term gains. Given the rescheduling of CBD and classification as a nutraceutical, the industry is poised for considerable growth over the next decade. However, we must be patient, and that's what we are here for. We look forward to being there with you every step of the way.

- Kellan Finney

The draft of Cannabis Administration & Opportunity Act has been released and with it comes a multitude of potential insights for the future. While the details are likely to change, the major framework is clear for the future of the industry. Use the draft as an opportunity to alter future roadmaps and to be ahead of these changes.

- Bryan Fields



//

The
Rules Are The Rules
and


Everybody
Knows

What the Rules were Going in. //

¹

LETTER FROM THE TEAM

Another month in the books and progress continues on all fronts. It wouldn't be possible to summarize the current state of the industry without mentioning the Schumer draft of a mega bill which was recently introduced. While many have dissected the draft and discussed ad nauseum the positives and negatives, we'll take a reoccurring theme for this monthly piece forward. The introduction of the bill shows the magnitude of the numerous issues



Opportunities
such as the
cannabis industry
require
a strong
mental fortitude
to continue
to paddle
against the flow,
time
and time
again

Congress must address but these are necessary steps to unleash the industry. While I'm optimistic, I've recently found myself becoming impatient. Is it possible, given the speed of the industry, that we've normalized this fast-paced train? Is it possible for any reduction in speed of the freight train that is cannabis that will not make me and others like myself feel frustrated or impatient? Recently, we found ourselves in a conversation with a well-known company that does NOT have any





Remember,
we are still in the infancy of a
billion-dollar industry
and you have to
be in it to win it



immediate channels into the cannabis industry. We've been helping them identify opportunities and entry point strategies so they can position themselves for success.

What caught me off guard was their collective negativity of the bill and the hesitation to proceed into the space. Opportunities such as the cannabis industry require a strong mental fortitude to continue to paddle against the flow time and time again. These steps, as hard as they are now, will allow many to reap tremendous rewards if they can continue paddling.

It's easy to get impatient and discouraged at the lack of progress. As we analyze the space month to month, the various uphill battles, and the need for banking, social justice, etc., it's easy to say maybe we should wait this out. Remember, we're still in the infancy of a billion-dollar industry, and you have to be in it to win it!



DOMESTIC NEWS



South Dakota Marijuana Activists Unveil Four Legalization Initiatives for 2022 Ballot, Pending Supreme Court Decision

"South Dakotans support cannabis legalization. If Amendment A is repealed, then we need to be prepared to put legalization on the ballot again." ⁶

Michigan Governor Moves to Regulate Delta-8 THC Products

"Michigan is the first to change the law to regulate the products under its state cannabis regulatory agency" ⁷

Georgia Marijuana Regulator Inches Toward Issuing Licenses

"As a trade association, one of the things we're trying to do is make sure that the commission has the resources to adequately to their job and all the businesses have an environment where they can actually thrive and excel" ⁸



INTERNATIONAL REGULATIONS

ARGENTINA



“Argentine senate began today to debate the new bill aimed at regulating the chain of production, industrialization, and commercialization of cannabis seeds and derived products for industrial and medicinal use.”

ISRAEL



“Curaleaf International, Europe’s largest vertically integrated cannabis company, Exports Over a Ton of Medical Cannabis Flower to Israel; One of the First Companies to Do so Under New Regulatory Regime.”

MEXICO



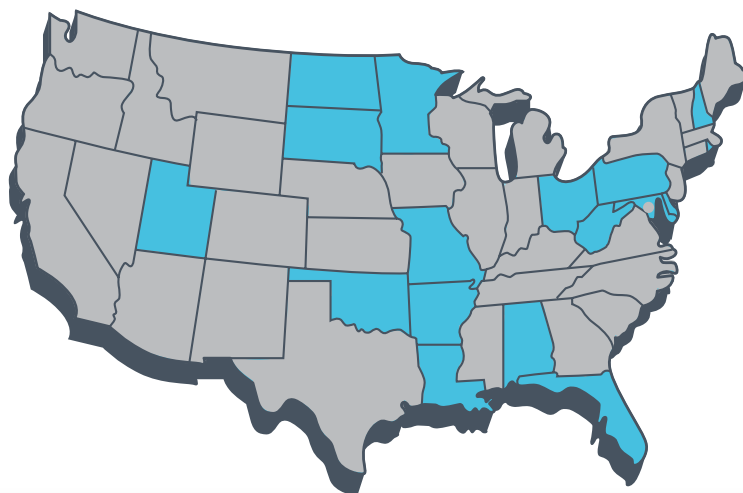
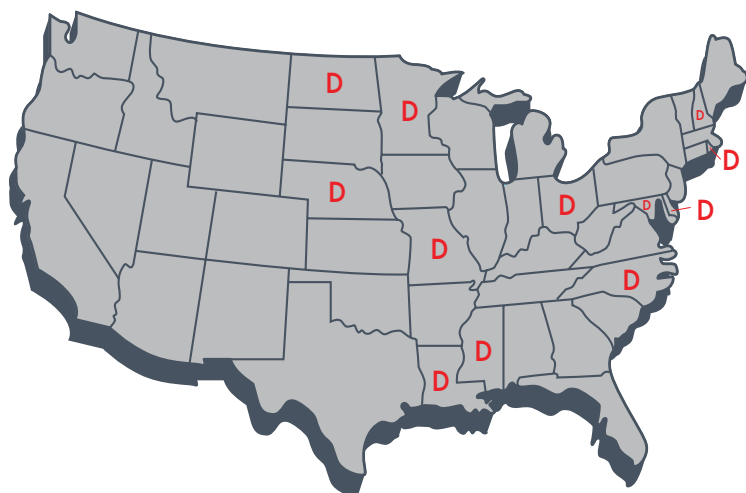
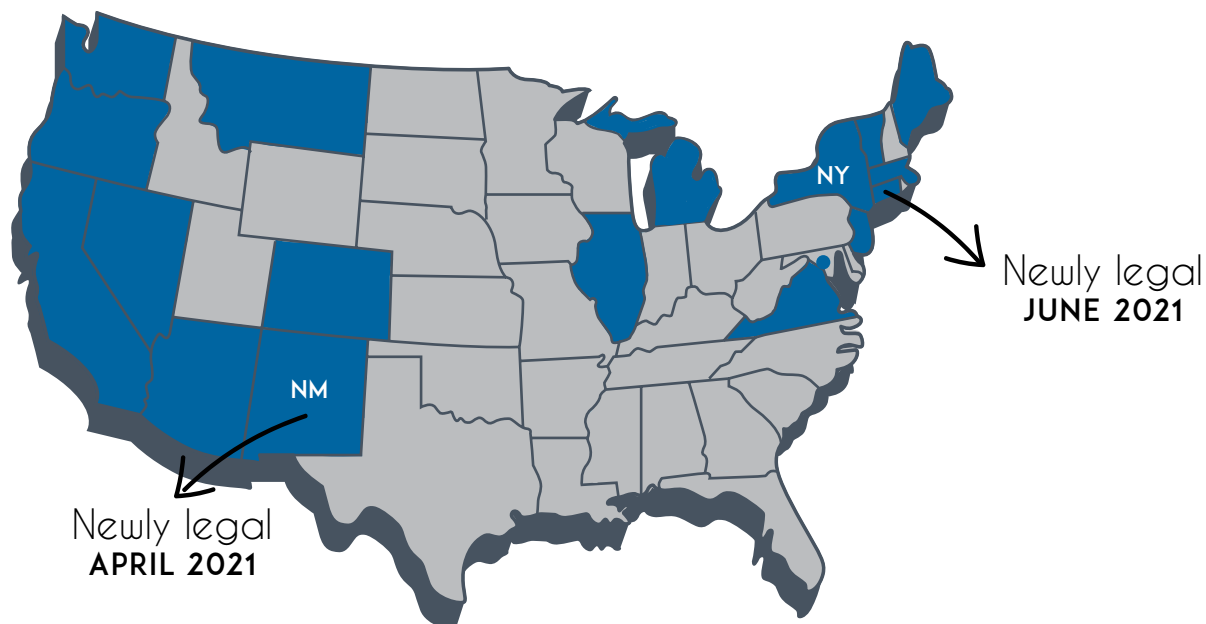
“Mexico’s watershed court decision to authorize recreational marijuana even before regulations for the market have been settled gives cannabis entrepreneurs even more reason to make business plans to enter what could soon be the world’s biggest adult-use market..”

LEGALITY OF CANNABIS *IN THE UNITED STATES*



Did you notice?

We've added some new brothers and sisters to our growing family!



Adult-Use



DECRIMINALIZED

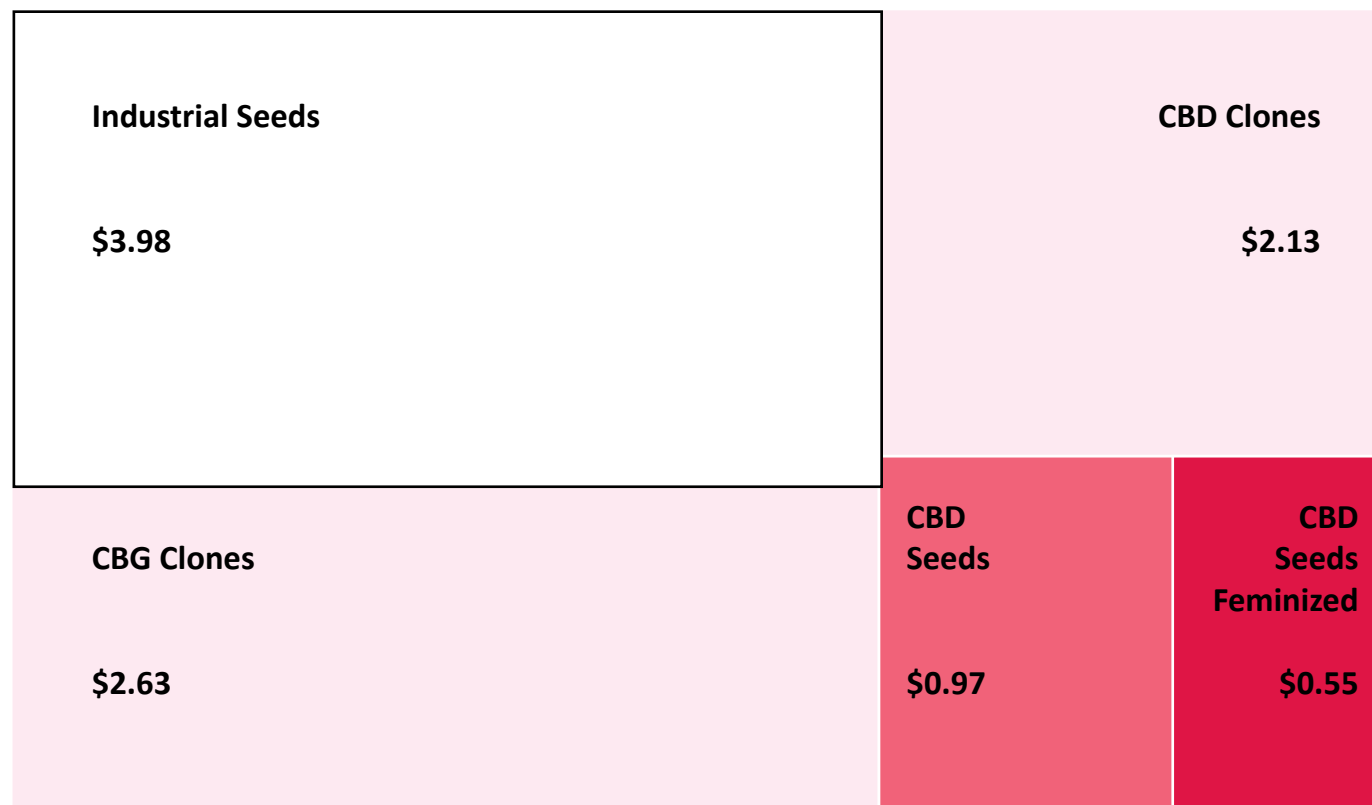


MEDICALLY LEGAL



WHOLESALE DATA

WHOLESALE HEMP GENETICS PRICING



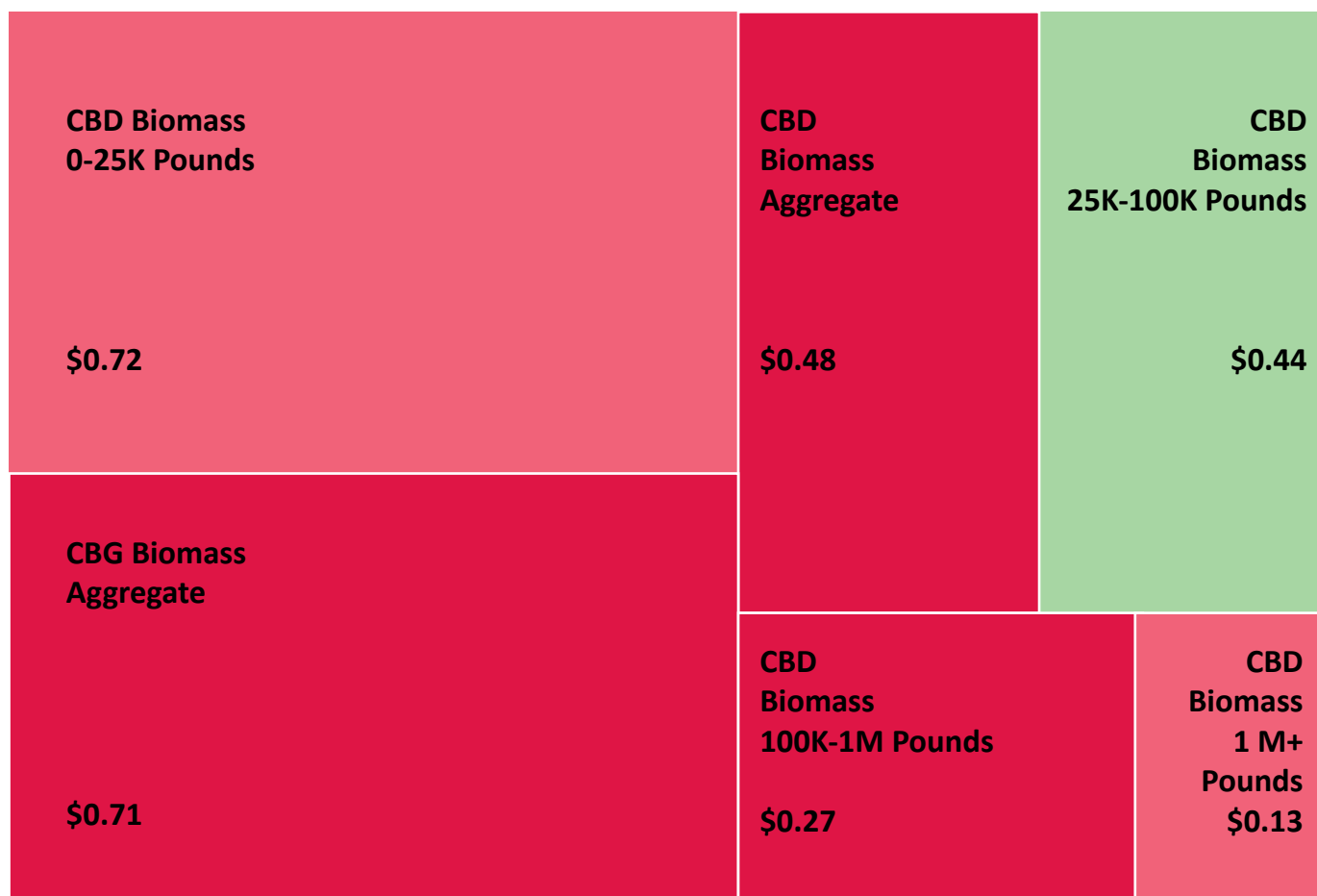
Note:

The color represents the percent change in price from the previous month.
The dollar amount refers to the price of the product in \$ / unit.

Most genetic prices fell from last month as planting has come to a halt based on the time of year. Industrial seeds, however, did not see a price decrease from last month. The remaining product categories all saw significant price drops from last month, with feminized seeds seeing the largest decrease, down 23%. The decrease in price is due to two factors including less planted acres and change of seasons as most farmers were hoping to have their crop in the ground before the hot summer months of June, July, and August. With less acres being planted this year, we hope to see a price increase in the next 12 months as the supply post-harvest is likely to be significantly lower than last year.⁹



WHOLESALE HEMP BIOMASS PRICING



-10%

10%

Note:

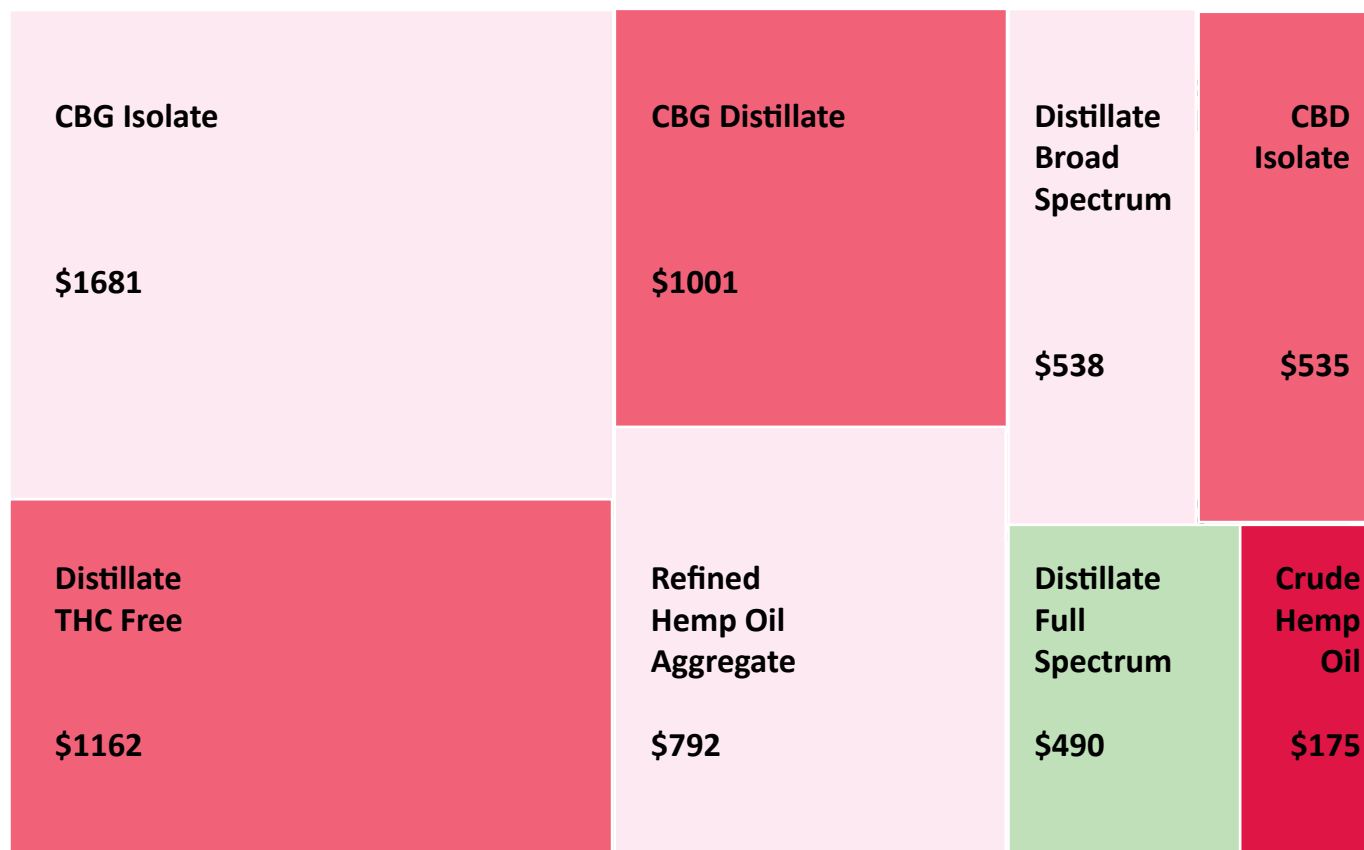
The color represents the percent change in price from the previous month.
 The dollar amount refers to the price of product in \$ / % CBD or CBG / lbs.

CBD biomass deals ranging from 25,000 lbs. – 100,000 lbs. saw a 2% price increase from last month, suggesting medium-sized operations are continuing to operate. The remaining product categories for biomass all saw significant decreases in price from last month. CBG biomass led the way with a 22% price drop from last month, followed by CBD biomass lots ranging from 0 – 25,000 lbs. which decreased 12%.

The abundance of biomass and inventory of derivative products is the main factor contributing to the price drop. ⁹



WHOLESALE HEMP DERIVATIVE PRICING



-10%

10%

Note:

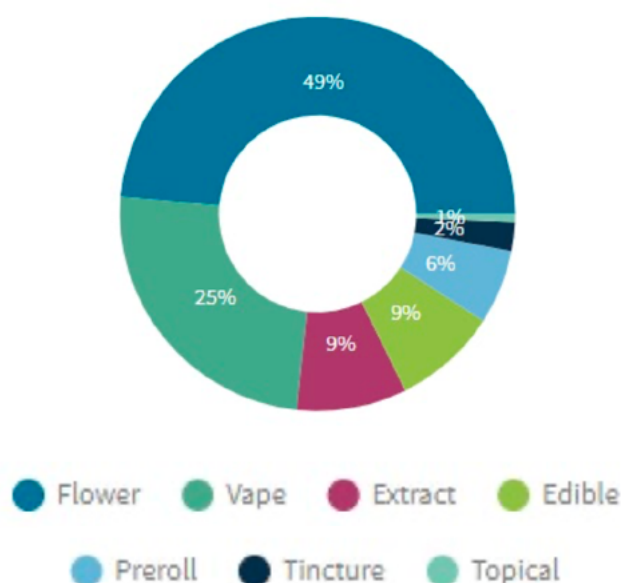
The color represents the percent change in price from the previous month.
The dollar amount refers to the price of the product in \$ / unit.

CBD distillate – Full spectrum wholesale products increased by 1% from last month on average. The remaining derivative product categories all saw price decreases, with crude CBD hemp oil dropping 16%. The price decrease in derivative products can be attributed to lack of regulations regarding how CBD is scheduled at a federal level. If CBD is reclassified, expect to see large price increases due to a surging demand. The move towards vertical integration is becoming a bigger part of the conversation, as companies launch branded products and focus on profit margins. Although public health departments across multiple states are questioning the safety of manufacturing Delta-8 products, Delta-8 THC continues to provide financial support for the industry. ⁹



Launching a Brand? Here's Some Data to Consider





Flower continues to dominate as the leading category of products, making up over 50% of all products sold at dispensaries. According to New Frontier data, Maui Wowie, OG Kush, and Gorilla Glue are among the top three strains. Vape pens are a close second, and topicals and tinctures come in last, making up 3% of the market share for THC products. Topicals and tinctures only hold 3% of the market share for THC products. This is in stark contrast to the CBD industry where the top product for all consumers is tinctures. We believe the difference in consumer preference is tied to the demographic of individuals consuming THC vs CBD. CBD does not have any psychoactive effects and is currently viewed as a supplement / vitamin / wellness alternative. Due to this divergence, we advise our clients to understand which industry they want to focus on when launching a brand. If your company's goal is to own a brand which can acquire market share in both the THC and CBD industry, then we recommend launching an edible brand. Edible products show great promise and have a significant market share across both THC and CBD industries.



Note:


Figure 1. 2021 retail cannabis sales data by product category from New Frontiers and Headset data.

Table 1. Consumer Survey data displaying preferences of CBD sorted by use case and product type.

					
	MEDICAL	PAIN	UNWINDING	GENERAL WELLNESS	AVERAGE CONSUMER
Oil/Tincture	45%	40%	38%	32%	38%
Topicals	18%	29%	9%	13%	19%
Infused Food or Drink	11%	11%	24%	25%	18%
Flower or Vape Pen	9%	11%	21%	17%	15%
Pills/Capsules	14%	6%	5%	9%	7%




Sector Analysis*

	INDICES	3 MONTH	6 MONTH
	S&P 500	13.6%	20.96%
	DOW JONES	5.27%	14.83%
	NASDAQ	9.18%	15.97%
	GLOBAL CANNABIS INDEX	-17.06%	28.9%
	AMERICAN CANNABIS STOCK INDEX	-21.47%	28.22%



“We believe this is a
generational wealth opportunity,
with the potential average expected
12-month gains
across our coverage to be
over 100 percent”¹¹

*This text expresses the opinion solely of the writer. The thoughts expressed are independently formed and the writer is not compensated by any third party.

	SECTOR	3 MONTH	6 MONTH
	HEALTHCARE	21.94%	22.83%
	TECHNOLOGY	6.76%	15.5%
	INDUSTRIALS	3%	14.49%
	FINANCIALS	3.21%	15.14%
	CONSUMER CYCLICAL	4.45%	13.56%
	CONSUMER NON-CYCLICAL	2.36%	8.71%
	BASIC MATERIALS	3.6%	11.01%
	ENERGY	5.47%	15.81%
	UTILITIES	-1.74%	2.6%
	ALTERNATIVE HARVEST ETF (MJ)	-11.44%	-5.9%
	MULTI-STATE OPERATORS (MSOS)	-2.63%	-13.28%

*Information retrieved from NCV and E*trade.





RAW MATERIALS



TESTING



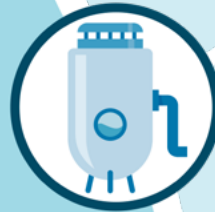
AUGUST 2021

What's this month's
broken link in the supply chain?

Manufacturing, Retail, & Distribution

The delta variant of COVID-19 has raised concerns around the world that the pandemic may continue. This fear has already affected other commodity prices such as oil and gas, while increasing government bond buying. We caution companies to keep their eye on local COVID-19 news as well as stock inventory of essential items for their business to head off any potential breaks in the supply chain that may result if the economy shuts down due to the delta variant of COVID-19.

MANUFACTURING



THE
BREAKING
POINT



DISTRIBUTION



RETAIL



CUSTOMER

Brand Spotlight



Price Range	\$40-50
Target	Women and Men, All Users
Availability	California and Colorado
Ownership Status	Private

Why We Love Them:
From the packaging to the pitch,
they know what they're doing.

Our Rating: 8.3 / 10

Sell the feeling, not the product.



Associating moods with the product formulation is a smart, clever way of communicating complicated information in a clear message. First-time consumers will likely be drawn to the different product types. Using words such as "Loving," "Luscious," or "Lively" is also a great way to build anticipation of the product and explain how it may effect you without accidentally making any medical claims.

LucidMood crushes this by calling out any concerns or doubts. "Formulated with love by some of the biggest science geeks in the industry, we marry cannabis and science to create products that work precisely with your body and mind to deliver just the right sensation. LucidMood has continually refined their products to what they are today – designer highs for everyone – even the skeptics."¹⁰

Visit LucidMood at lucidmood.net





HOT in the News

A Apple Now Allows
Marijuana
Businesses

On Its App Store

B

California Cannabis
Companies Capitalize on
All-Star Game

with events, sales
and a Willy Wonka-Style
Giveaway

C

Schumer
Proposes

Federal Decriminalization of Marijuana

D

Biden Suggests Anti-Marijuana Rules
for Athletes Could Change
Following Sha'Carri Richardson
Suspension

E

"Curaleaf is projecting
\$1.2 to \$1.3 billion
in revenue
for 2021, growth of nearly 100 percent
compared to last year..."

G

"For the third year in a row,
the FDA is again
recognizing that people
are increasingly using CBD for pets
who get anxiety from fireworks..."

How the SAFE Banking Act

F

Could Ignite
Global
Cannabis

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