

Price Target Change — June 22, 2022

## Household & Personal Care Hydroponics

# Inaugural Cannabis Cultivator Survey—This Recovery Will Take Longer Downgrade SMG to Equal Weight; Lower Targets on HYFM, GRWG

## Our Call

Over the past the 5 months (January through May), we conducted, in partnership with Cannabiz Media ([www.cannabiz.media](http://www.cannabiz.media)), what we believe is one of the most comprehensive outreach programs to cannabis cultivators done anywhere to date, reaching out to thousands of growers to ultimately develop a list of ~500 licensed cannabis cultivators responding across 6 states, via online surveys and hours of phone conversations—establishes a direct feed to a community critical to a large cannabis economy historically difficult to reach, and a foundation from which to scale even more going forward.

**The result of this inaugural effort?** We're even more cautious on the recovery of the hydroponic sector into 2H CY22, are **downgrading shares of SMG** to Equal Weight (see separate note) with our target to \$85 (from \$115) and are lowering price targets on **HYFM** (to \$4 from \$7) and **GRWG** (to \$3.50 from \$4.00).

**Sentiment low across the board, some variation by state.** Overall, 62% of cultivators feel "bad" or "terrible" about their current markets vs only 8% that feel "good" or "great". When asked "what is going well for you business today?" ~20% responded with the equivalent of "nothing." California was by far the state with the lowest sentiment with 70% of cultivators feeling "terrible" about the market, 16% feeling "bad" and only 5% "good" or "great". Excluding CA, the split improves slightly, but remains overwhelmingly negative with 52% feeling "bad" or "terrible" and 9% feeling "good" or "great". **Regardless of grow environment.** Wide variety of grows—indoor, mixed, outdoor, etc.

**CA fared worst in the survey in our view = a key drag.** Keep in mind, California accounts for ~30% of sales for GRWG, ~35% for HYFM, and ~45-50% for SMG's Hawthorne.

**There is some capacity exit, but maybe not as much as needed.** 27% of respondents said they were planning on a partial or full exit vs 37% not considering exiting and 37% that have thought about it but haven't taken any steps to exit. Further, 18% expect to reduce cultivation next 12 months, but 67% expect to *increase* or keep production *the same*. There's give and take here, but we come away with a feeling of "stick it out" mentality amongst many despite the challenges. Simply put: the market may not see the capacity reduction it needs = recovery could take longer (current oversupply issues and downward trend in wholesale pricing was indicated as the biggest frustration amongst cultivators).

**Consumables over durables.** Cultivators indicated intentions to purchase soil (61%) and nutrients (73%) next 6 months, but just 32% have plans to buy lighting.

**Last survey in May? No improvement, some deterioration.** We conducted a follow-up survey with 57 cultivators from our original survey. Our calls with growers show significant issues and a high degree of frustration remains (*see Exhibit 3 and page 11*) with some cultivators exiting, and pricing still under pressure (well below \$1,000/lb).

**It's hard to see positives in the near term.** Most growers we surveyed are not expecting things to improve in the near term, with only 14% expecting improvement in 6 months or less. Interestingly, 46% of respondents don't know when things might improve underscoring the lack of visibility that has plagued the industry. While some capacity exiting is one of the few bright spots for the industry, we would likely need to see a higher level of exits or reduction in production to become more constructive.

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This document is for [lfswartz@cannabiz.media](mailto:lfswartz@cannabiz.media) and should not be distributed further.

## Financials

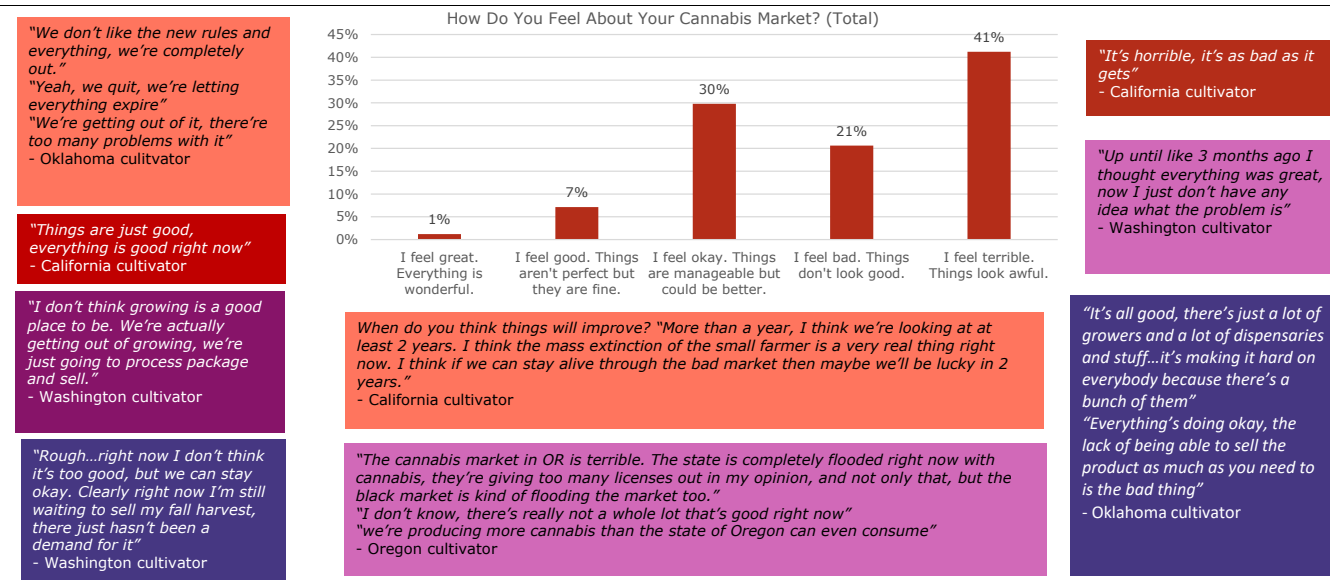
| \$<br>Company Name (Ticker)           | Rating |       | Price<br>06/21/22 | 2021A | 2022E  | FY EPS |        | 2023E | 2023E | FY P/E |         | Price Target |      |
|---------------------------------------|--------|-------|-------------------|-------|--------|--------|--------|-------|-------|--------|---------|--------------|------|
|                                       | Curr.  | Prior |                   |       |        | 2022E  | Prior  |       |       | 2022   | 2023    | To           | From |
| Household & Personal Care             |        |       |                   |       |        |        |        |       |       |        |         |              |      |
| The Scotts Miracle-Gro Company (SMG)  | 2      | 1     | \$76.34           | 9.22  | 4.65   | NC     | 5.75   | NC    | 16.4x | 13.3x  | \$85.00 | \$115.00     |      |
| Hydroponics                           |        |       |                   |       |        |        |        |       |       |        |         |              |      |
| GrowGeneration Corp. (GRWG)           | 2      | NC    | \$3.90            | 0.21  | (0.34) | NC     | (0.05) | NC    | NM    | NM     | \$3.50  | \$4.00       |      |
| Hydrofarm Holdings Group, Inc. (HYFM) | 2      | NC    | \$4.26            | 0.63  | 0.14   | NC     | 0.39   | NC    | 31.3x | 10.9x  | \$4.00  | \$7.00       |      |

Source: Company data and Wells Fargo Securities, LLC estimates, and Refinitiv.  
 1 = Overweight, 2 = Equal Weight, 3 = Underweight, NR = Not Rated, SR = Suspended  
 NA = Not Available, NC = No Change, NE = No Estimate, NM = Not Meaningful

## Key Takeaways

### 1) Sentiment remains largely negative among cultivators.

#### Exhibit 1 - How Do You Feel About Your Cannabis Market? (Total)

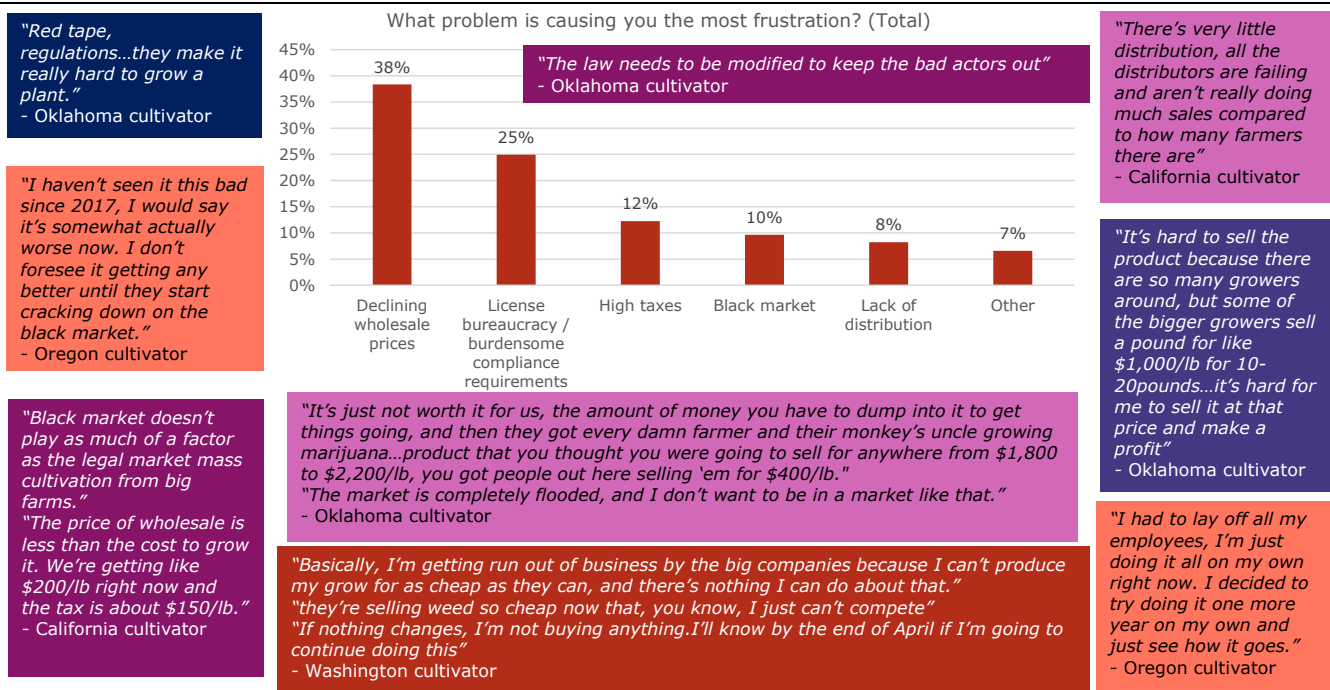


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 490

### 2) Declining pricing is the most prevalent issue facing cultivators today.

#### Exhibit 2 - What problem is causing you the most frustration? (Total)

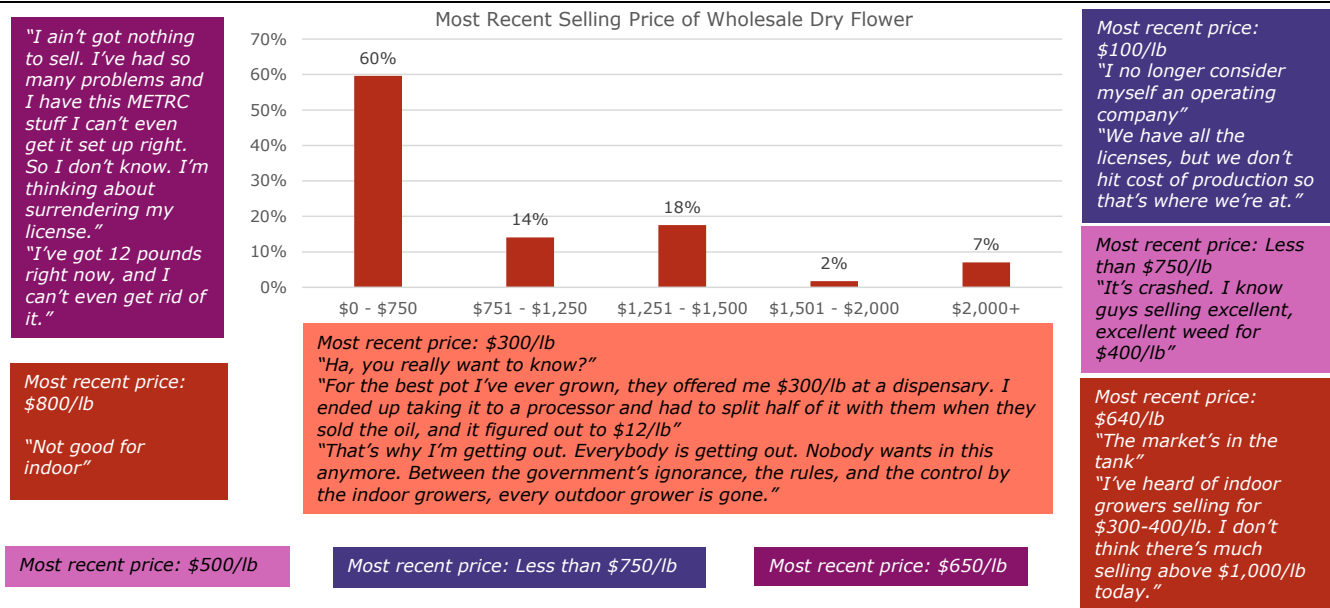


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 425

### 3) Conditions and pricing did not improve in May.

Exhibit 3 - Most Recent Selling Price of Wholesale Dry Flower



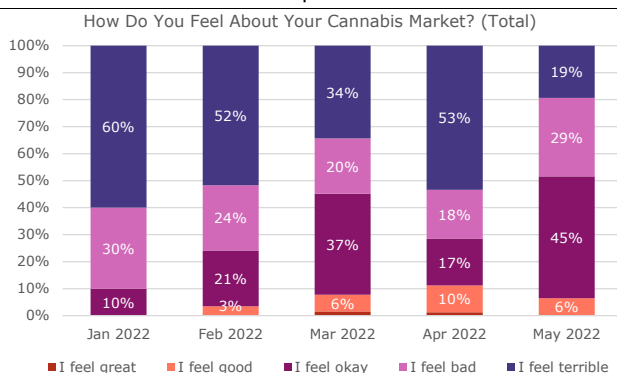
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 57

### Survey Methodology

**What did we do?** We partnered with Cannabiz Media ([www.cannabiz.media](http://www.cannabiz.media)) to conduct a survey outreach program to thousands of growers, ultimately connecting with 490 licensed cannabis cultivators in 6 key US states including California, Colorado, Michigan, Oklahoma, Oregon, and Washington. The survey was conducted via email and direct calling over the course of January to May 2022 and across a wide array of grow environments (indoor, outdoor, greenhouse etc.) and cultivation sizes (several hundred sqft to more than 100 thousand sqft). Of the 490 total responses received, 145 were from CA, 17 from CO, 6 from MI, 209 from OK, 51 from OR, and 62 from WA—representative of the largest cannabis markets today.

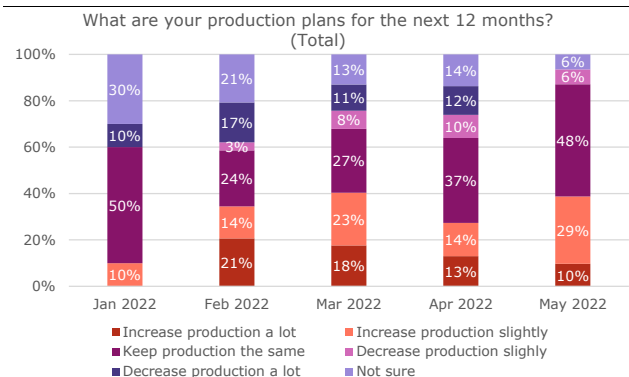
Exhibit 4 - How Do You Feel About Your Cannabis Market? (Total)  
 We note May included no responses from California so this flattered results relative to April



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

**Sentiment is low across the board, but there is some variation by state.** Overall, 62% of cultivators feel "bad" or "terrible" about their current markets compared to only 8% that feel "good" or "great".

Exhibit 5 - What are your production plans for the next 12 months? (Total)

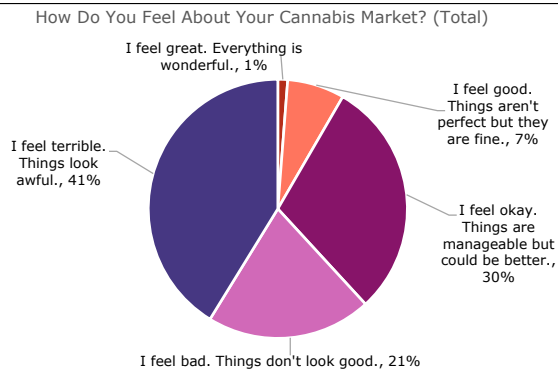


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses: Jan = 10; Feb = 29; Mar = 255; Apr = 161; May = 31

When asked "what is going well for you business today?" ~20% responded with the equivalent of "nothing." California was by far the state with the lowest sentiment with 70% of cultivators feeling "terrible" about the market, another 16% feeling "bad" and only 5% feeling "good" or "great". Excluding CA, the split improves slightly, but remains overwhelmingly negative with 52% feeling "bad" or "terrible" and 9% feeling "good" or "great".

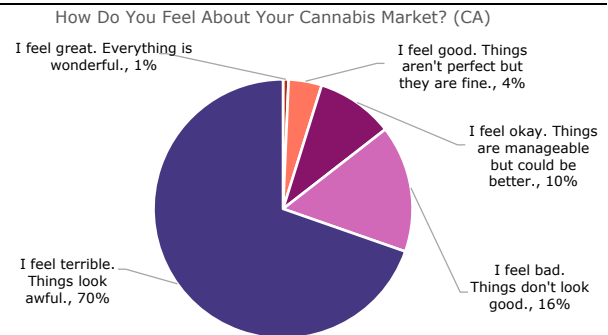
#### Exhibit 6 - How Do You Feel About Your Cannabis Market? (Total)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 490

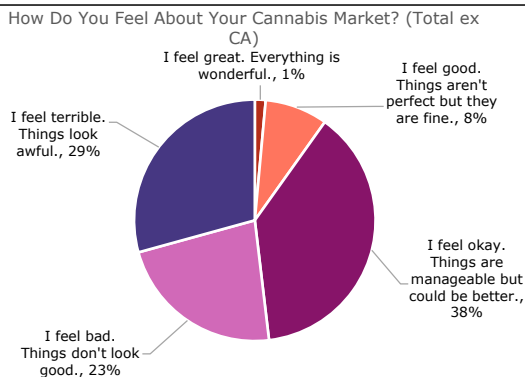
#### Exhibit 7 - How Do You Feel About Your Cannabis Market? (CA)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 145

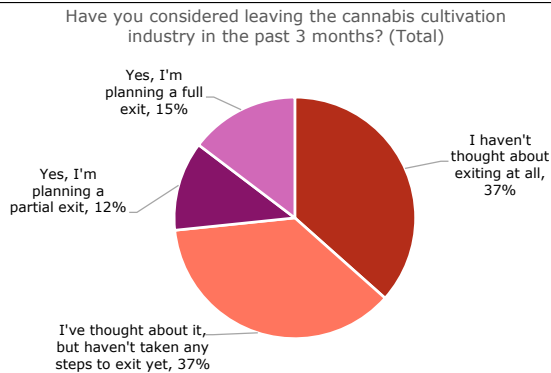
#### Exhibit 8 - How Do You Feel About Your Cannabis Market? (Total ex CA)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 345

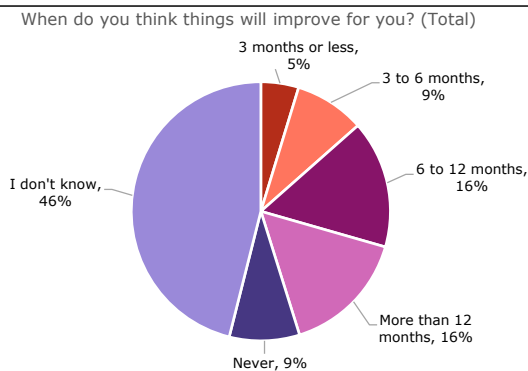
**With a majority of cultivators having a negative sentiment towards their markets, a portion has indicated intentions to either partially (12%) or fully (15%) exit the industry.** Another, 37% noted they have thought about leaving the industry but haven't taken any steps to exit yet. Capacity exit should be viewed positively for the industry, in our opinion. The oversupply and declining pricing issues facing many states right now are likely to continue until a substantial amount of production/cultivation capacity leaves the market. With only 18% of respondents describing plans to decrease cultivation in the next 12 months compared to 35% planning to increase, more capacity exit is likely needed in order to see improvement in these markets.

**Exhibit 9 - Have you considered leaving the cannabis cultivation industry in the past 3 months? (Total)**

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 443

**There is a distinct lack of visibility in the industry, and most cultivators don't expect to see improvement in the near term.** This lack of visibility is underscored by 46% of cultivators being unsure of when conditions could improve and only 14% expecting improvement in the next 6 months or less. The primary issues causing the most frustration are declining wholesale prices (38%), burdensome regulations (25%), and high taxes (12%). Surprisingly to us, the black market was 4<sup>th</sup> at 10%.

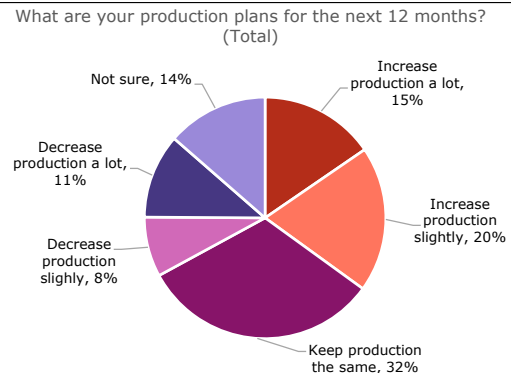
**Exhibit 11 - When do you think things will improve for you? (Total)**

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 445

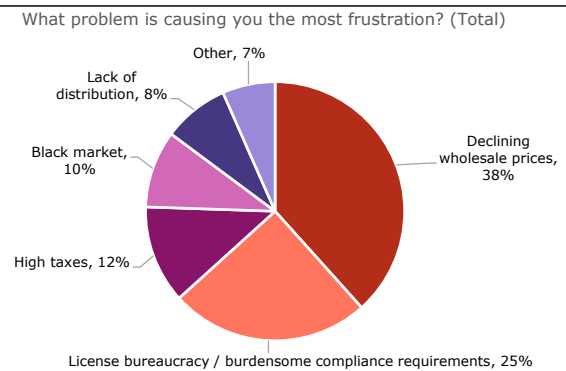
**Cultivators still shop primarily with their local suppliers.** GrowGeneration appears to be the most shopped chain with 26% of growers making purchases at the hydroponics retailer in the past 6 months vs 66% for local suppliers.

**Consumables are better positioned than durables in 2H22.** A majority of cultivators indicated intentions to continue to buy soil (61%) and nutrients (73%) over the next 6 months compared to purchases of irrigation at 35% and lighting at 32%.

**Exhibit 10 - What are your production plans for the next 12 months? (Total)**

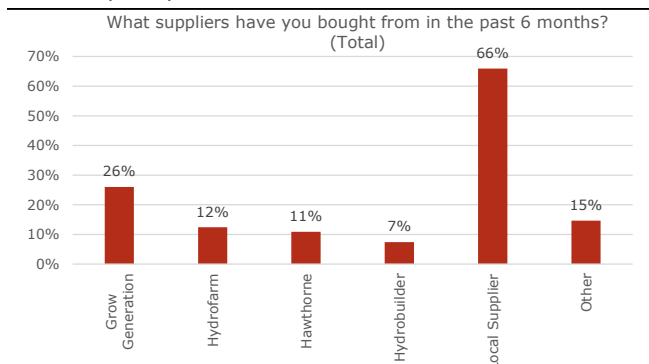
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 486

**Exhibit 12 - What problem is causing you the most frustration? (Total)**

Source: What problem is causing you the most frustration? (Total)

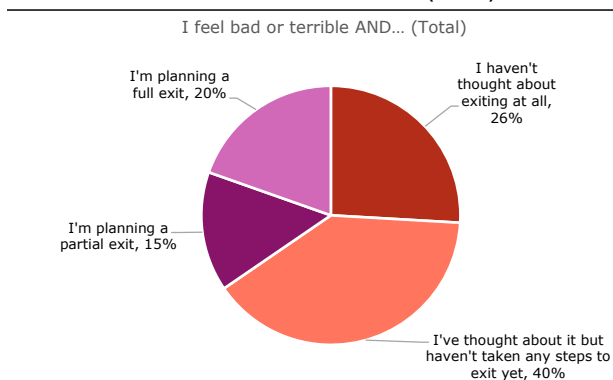
Total Number of Responses = 425

**Exhibit 13 - What suppliers have you bought from in the past 6 months? (Total)**

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 458

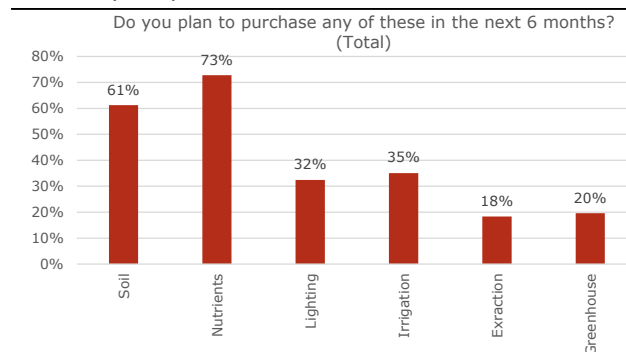
**Cultivators that feel bad or terrible about their markets are more likely to be planning to exit the industry (35%) or decrease production (28%).**

**Exhibit 15 - I feel bad or terrible AND... (Total)**

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

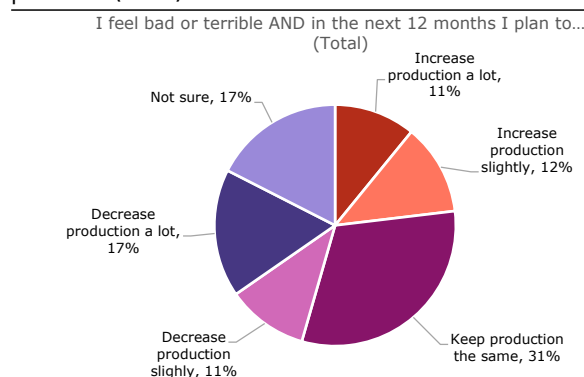
Total Number of Responses = 301

**Indoor growers are likely to fare better than outdoor growers.** Of growers who feel negative, the grow environment is fairly evenly split with 59% having indoor grows and 54% having outdoor grows. However, of cultivators who feel okay or positive, 81% have indoor vs 29% outdoor indicating to us that indoor grows have fared better under current conditions. We would primarily attribute this to indoor cultivation typically producing higher quality product than outdoor grows, therefore being able to command higher pricing, although the costs associated with indoor growing are higher as well. That in mind, the "good" or "great" responses were few, so "indoor" screening positive here is on a small number of responses.

**Exhibit 14 - Do you plan to purchase any of these in the next 6 months? (Total)**

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

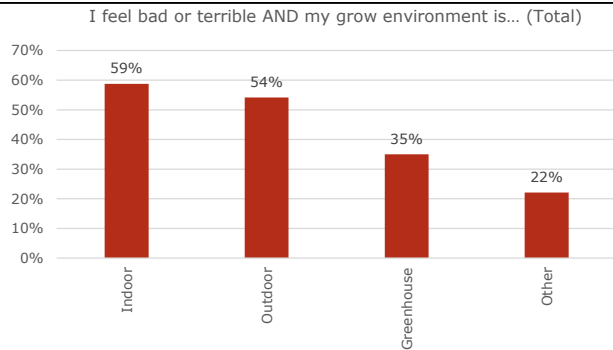
Total Number of Responses = 382

**Exhibit 16 - I feel bad or terrible AND in the next 12 months I plan to... (Total)**

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 303

Exhibit 17 - I feel bad or terrible AND my grow environment is... (Total)

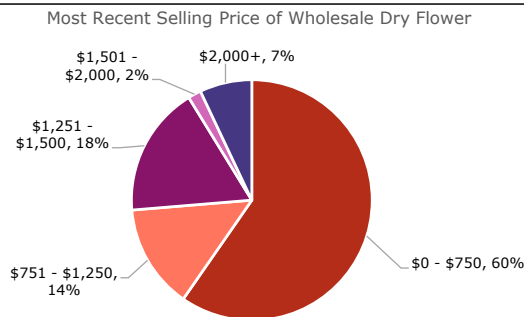


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 303

**Cannabis pricing has been falling in many states since Fall 2021 and pricing seems to be solidly below \$1,000/lb for a majority of cultivators today.** ~75% of cultivators reported selling wholesale flower most recently for \$1,250/lb or below.

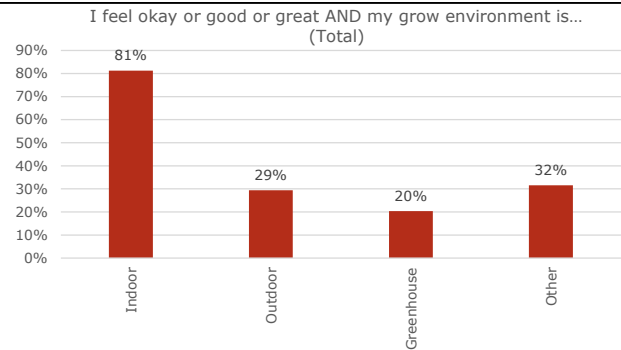
Exhibit 19 - Most Recent Selling Price of Wholesale Dry Flower



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 57

Exhibit 18 - I feel okay or good or great AND my grow environment is... (Total)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 187



## March Survey Quotes

We conducted direct calls with numerous cultivators from various states over the January to May period. We provide insights from calls with several cultivators in Oklahoma from March below.

### Cultivator 1: Oklahoma

“Think market will level itself out within the next 12 to 18 months”

“Red tape, regulations...they make it really hard to grow a plant”

“Black market is always going to be an issue”

“Nothing’s going...I’m completely shut down at the moment, I don’t have any plants going...in limbo sitting there with an empty building right now”

### Cultivator 3: Oklahoma

“We don’t like the new rules and everything, we’re completely out.”

“Yeah, we quit, we’re letting everything expire”

“We’re getting out of it, there’re too many problems with it”

“It’s just not worth it for us, the amount of money you have to dump into it to get things going, and then they got every damn farmer and their monkey’s uncle growing marijuana...product that you thought you were going to sell for anywhere from \$1,800 to \$2,200/lb, you got people out here selling ‘em for \$400/lb”

“The market is completely flooded, and I don’t want to be in a market like that”

### Cultivator 2: Oklahoma

“It’s all good, there’s just a lot of growers and a lot of dispensaries and stuff...it’s making it hard on everybody because there’s a bunch of them”

“It’s hard to sell the product because there are so many growers around, but some of the bigger growers sell a pound for like \$1,000/lb for 10-20pounds...it’s hard for me to sell it at that price and make a profit”

“Everything’s doing okay, the lack of being able to sell the product as much as you need to is the bad thing”

### Cultivator 4: Oklahoma

“The law needs to be modified to keep the bad actors out”

## April Survey Quotes

We provide insights from direct calls with several cultivators from various states during April below.

### Cultivator 1: Oregon

"The cannabis market in OR is terrible. The state is completely flooded right now with cannabis, they're giving too many licenses out in my opinion, and not only that, but the black market is kind of flooding the market too."

"I haven't seen it this bad since 2017, I would say it's somewhat actually worse now. I don't foresee it getting any better until they start cracking down on the black market"

"Oh 100%, I almost listed my business for sale. I had to lay off all my employees, I'm just doing it all on my own right now. I decided to try doing it one more year on my own and just see how it goes"

"we're producing more cannabis than the state of Oregon can even consume"

"I don't know, there's really not a whole lot that's good right now"

### Cultivator 3: California

"Things are just good, everything is good right now"

### Cultivator 5: Washington

When do you think things will improve? "I'm hoping 3 months or less otherwise I'm done"

"Basically, I'm getting run out of business by the big companies because I can't produce my grow for as cheap as they can, and there's nothing I can do about that"

"Up until like 3 months ago I thought everything was great, now I just don't have any idea what the problem is"

"I'm going to decrease production by about a third, I've already done that"

"they're selling weed so cheap now that, you know, I just can't compete"

"If nothing changes, I'm not buying anything. I'll know by the end of April if I'm going to continue doing this"

"I have no idea why and that's the problem we have. I have no idea why, it's not my product"

### Cultivator 7: California

"There's very little distribution, all the distributors are failing and aren't really doing much sales compared to how many farmers there are"

### Cultivator 2: California

"It's horrible, it's as bad as it gets"

When do you think things will improve? "More than a year, I think we're looking at at least 2 years. I think the mass extinction of the small farmer is a very real thing right now. I think if we can stay alive through the bad market then maybe we'll be lucky in 2 years."

Have you thought about exiting the industry? "Absolutely, yes. We still maintain our license, but we're taking the rest of the year off."

"Black market doesn't play as much of a factor as the legal market mass cultivation from big farms"

"The price of wholesale is less than the cost to grow it. We're getting like \$200/lb right now and the tax is about \$150/lb"

### Cultivator 4: Oregon

"In the state of Oregon we have an oversupply"

### Cultivator 6: Washington

How do you feel about the market currently? "I would say bad"

Have you thought about exiting the industry? "Oh yeah, crosses my mind every day"

"We have more product than we can sell"

On plans to switch to extraction vs cultivation - "Profits are pretty slim, but it's more business for us, more variety"

### Cultivator 8: Washington

"Rough...right now I don't think it's too good, but we can stay okay. Clearly right now I'm still waiting to sell my fall harvest, there just hasn't been a demand for it"

Have you thought about exiting the industry? "No. No, not at all. As a matter of fact, I'm looking to transition my outdoor grow to an indoor grow"

"I'm going to keep production about the same"

**Cultivator 9: Washington**

When do you think things will improve? “6-12 months, but it depends on banking”

“We continue to make a profit despite the poor market”

“We’ll be expanding production a lot”

**May Follow-Up Calls**

We conducted follow-up calls in May with a number of the cultivators we spoke to in the prior few months. We provide insights from the calls with these cultivators below.

We asked cultivators: “What is the most recent price you’ve received for selling wholesale flower?”

**Cultivator 1:**

“I ain’t got nothing to sell. I’ve had so many problems and I have this METRC stuff I can’t even get it set up right. So I don’t know. I’m thinking about surrendering my license.”

“I’ve got 12 pounds right now, and I can’t even get rid of it”

**Cultivator 3:**

Most recent price: \$500/lb

**Cultivator 5:**

Most recent price: \$800/lb

“Not good for indoor”

**Cultivator 7:**

Most recent price: \$650/lb

On contract with a couple places to get 3-4 pounds per place per week

**Cultivator 9: Oklahoma**

Most recent price: \$300/lb

“ha you really want to know?”

“For the best pot I’ve ever grown, they offered me \$300/lb at a dispensary. I ended up taking it to a processor and had to split half of it with them when they sold the oil, and it figured out to \$12/lb”

“That’s why I’m getting out. Everybody is getting out. Nobody wants in this anymore. Between the government’s ignorance, the rules, and the control by the indoor growers, every outdoor grower is gone.”

**How Do You Feel About Your Cannabis Market?****Cultivator 10: Washington**

How do you feel about the market currently? “Overbuilt. Bad”

“I don’t think growing is a good place to be. We’re actually getting out of growing, we’re just going to process package and sell.”

“We don’t want to have the risk of growing”

**Cultivator 2:**

Most recent price: \$100/lb

“I no longer consider myself an operating company”

“We have all the licenses, but we don’t hit cost of production so that’s where we’re at”

**Cultivator 4:**

Most recent price: Less than \$750/lb

**Cultivator 6:**

Most recent price: Less than \$750/lb

“It’s crashed. I know guys selling excellent, excellent weed for \$400/lb”

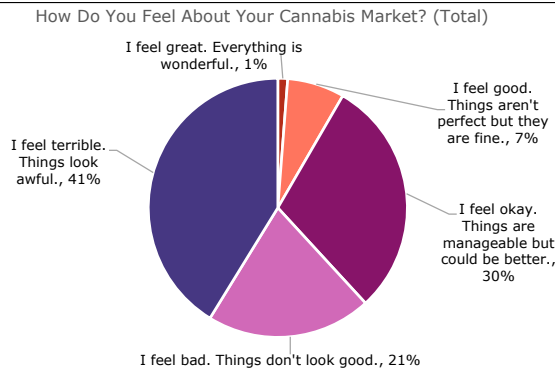
**Cultivator 8:**

Most recent price: \$640/lb

“The market’s in the tank”

“I’ve heard of indoor growers selling for \$300-400/lb. I don’t think there’s much selling above \$1,000/lb today”

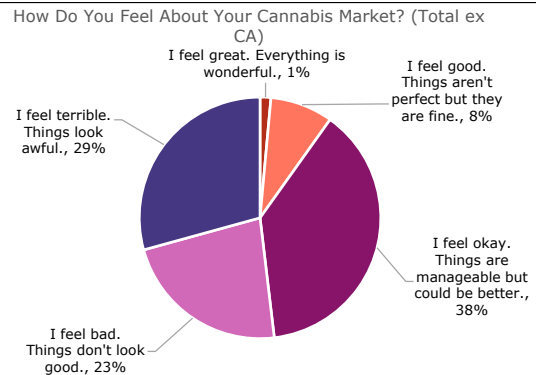
**Exhibit 20 - How Do You Feel About Your Cannabis Market? (Total)**



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 490

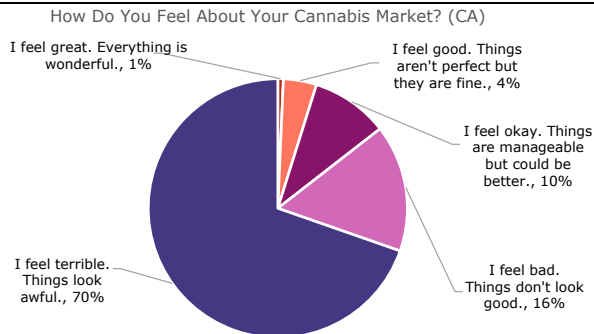
**Exhibit 21 - How Do You Feel About Your Cannabis Market? (Total ex CA)**



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 345

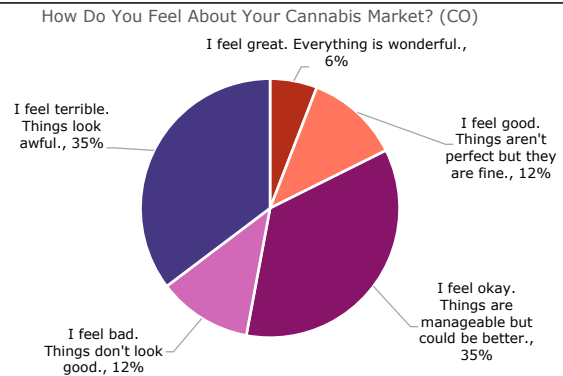
**Exhibit 22 - How Do You Feel About Your Cannabis Market? (CA)**



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 145

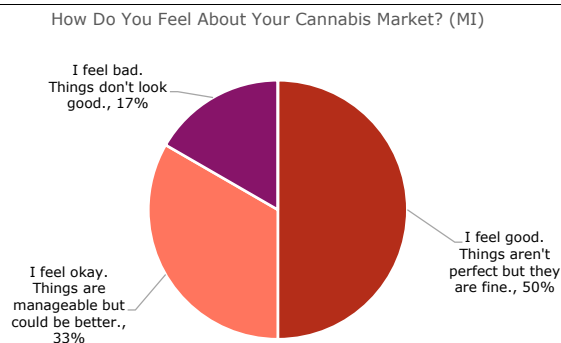
**Exhibit 23 - How Do You Feel About Your Cannabis Market? (CO)**



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 17

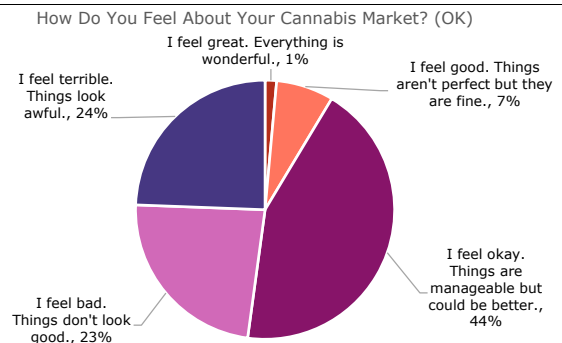
**Exhibit 24 - How Do You Feel About Your Cannabis Market? (MI)**



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 6

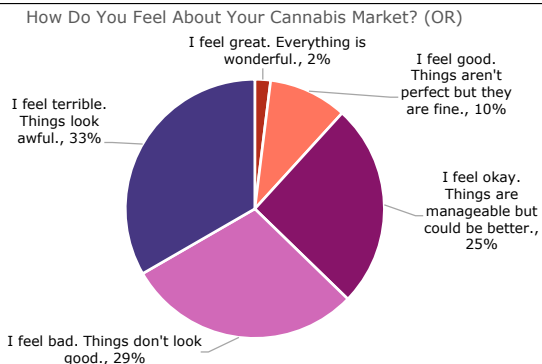
**Exhibit 25 - How Do You Feel About Your Cannabis Market? (OK)**



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 209

Exhibit 26 - How Do You Feel About Your Cannabis Market? (OR)

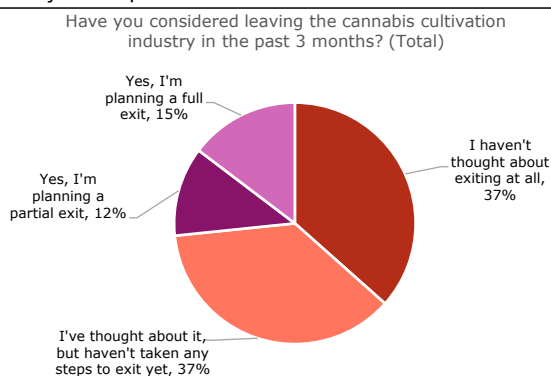


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 51

## Have you considered leaving the cannabis cultivation industry in the past 3 months?

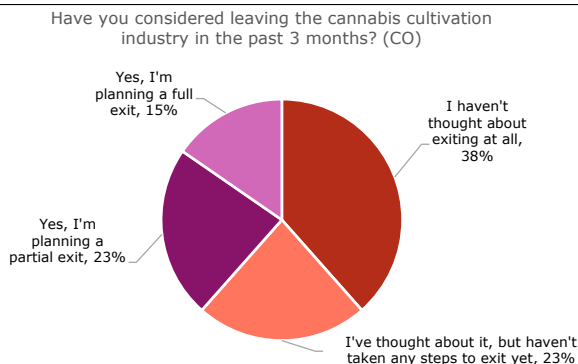
Exhibit 28 - Have you considered leaving the cannabis cultivation industry in the past 3 months? (Total)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 443

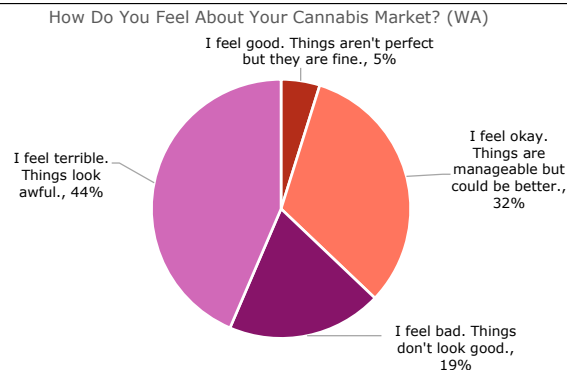
Exhibit 30 - Have you considered leaving the cannabis cultivation industry in the past 3 months? (CO)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 13

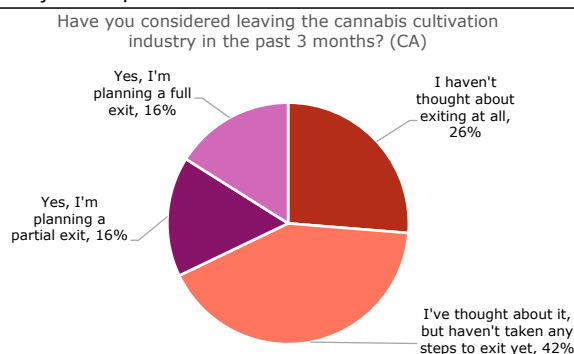
Exhibit 27 - How Do You Feel About Your Cannabis Market? (WA)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 62

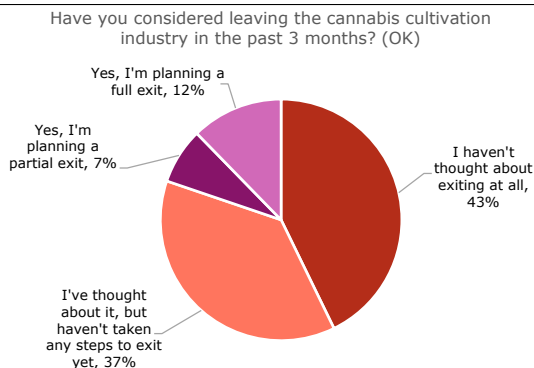
Exhibit 29 - Have you considered leaving the cannabis cultivation industry in the past 3 months? (CA)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

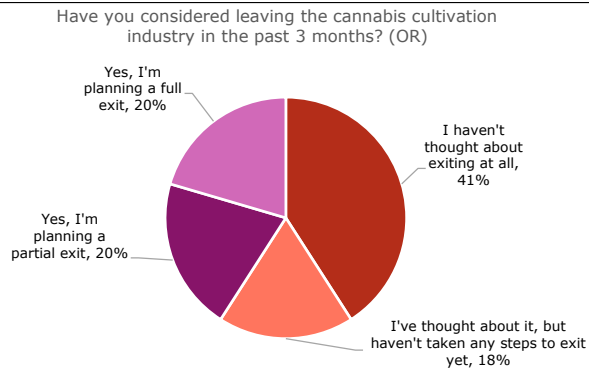
Total Number of Responses = 137

Exhibit 31 - Have you considered leaving the cannabis cultivation industry in the past 3 months? (OK)



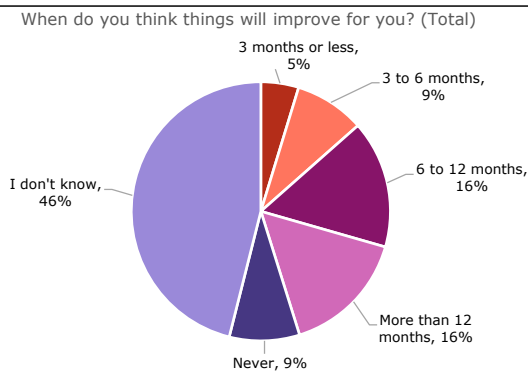
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 187

**Exhibit 32 - Have you considered leaving the cannabis cultivation industry in the past 3 months? (OR)**

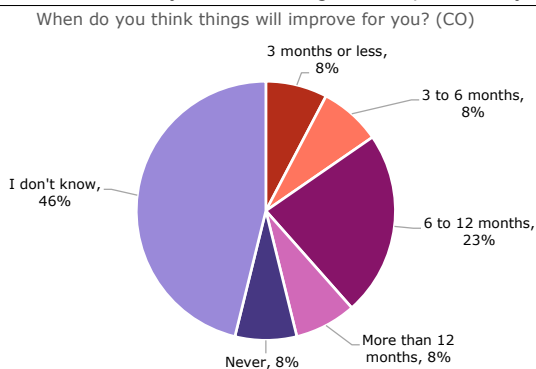
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 44

**When do you think things will improve for you?****Exhibit 34 - When do you think things will improve for you? (Total)**

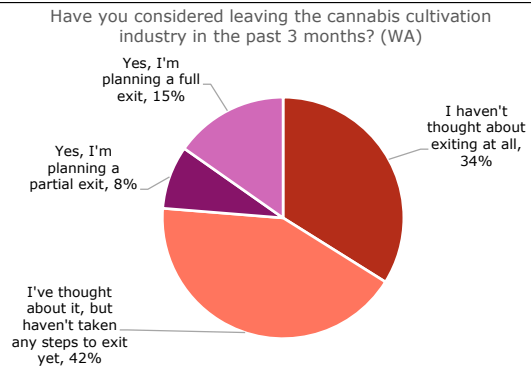
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 445

**Exhibit 36 - When do you think things will improve for you? (CO)**

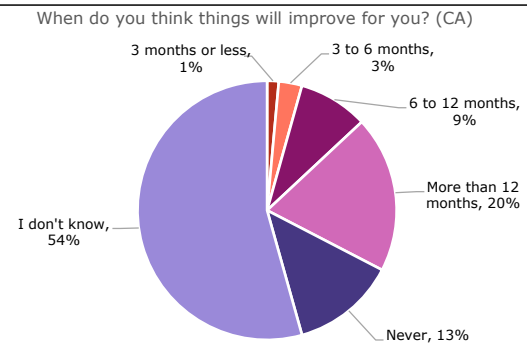
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 13

**Exhibit 33 - Have you considered leaving the cannabis cultivation industry in the past 3 months? (WA)**

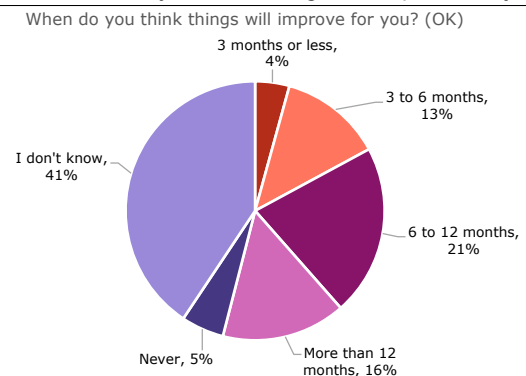
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 59

**Exhibit 35 - When do you think things will improve for you? (CA)**

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

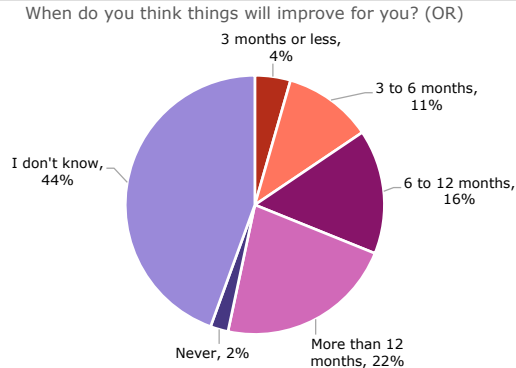
Total Number of Responses = 138

**Exhibit 37 - When do you think things will improve for you? (OK)**

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 187

Exhibit 38 - When do you think things will improve for you? (OR)

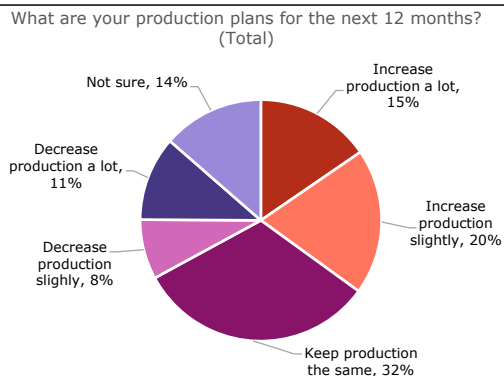


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 45

### What are your production plans for the next 12 months?

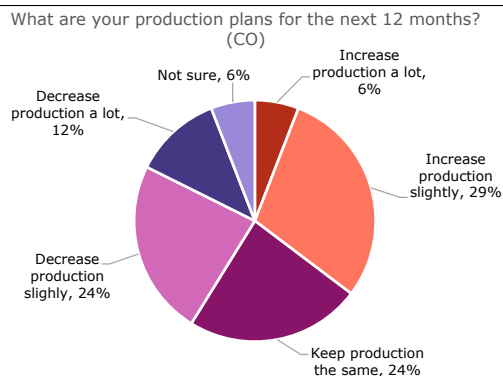
Exhibit 40 - What are your production plans for the next 12 months? (Total)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 486

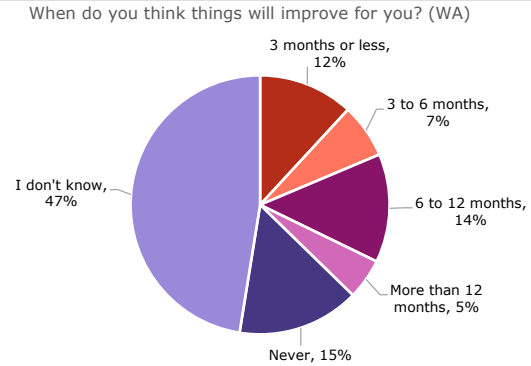
Exhibit 42 - What are your production plans for the next 12 months? (CO)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 17

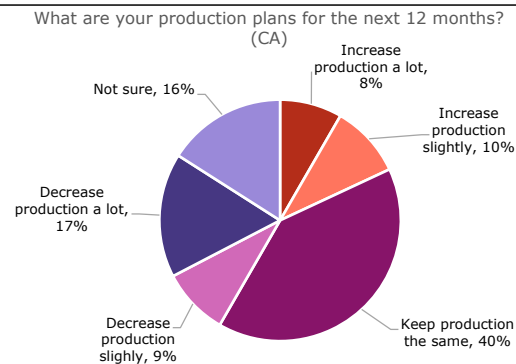
Exhibit 39 - When do you think things will improve for you? (WA)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 59

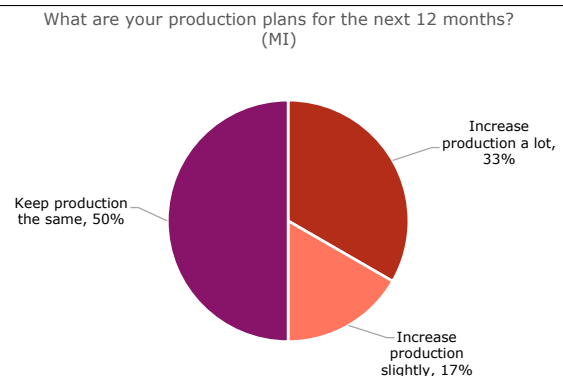
Exhibit 41 - What are your production plans for the next 12 months? (CA)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 144

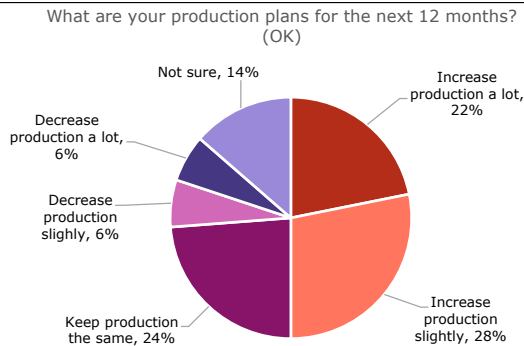
Exhibit 43 - What are your production plans for the next 12 months? (MI)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 6

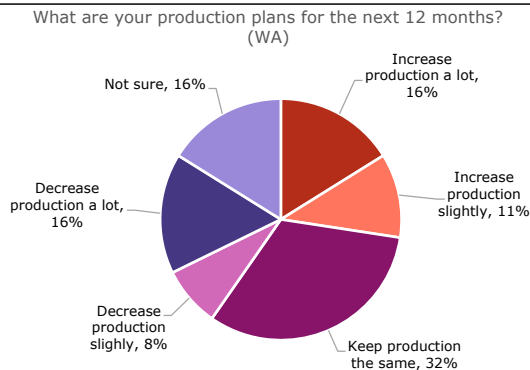
**Exhibit 44 - What are your production plans for the next 12 months? (OK)**



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 206

**Exhibit 46 - What are your production plans for the next 12 months? (WA)**

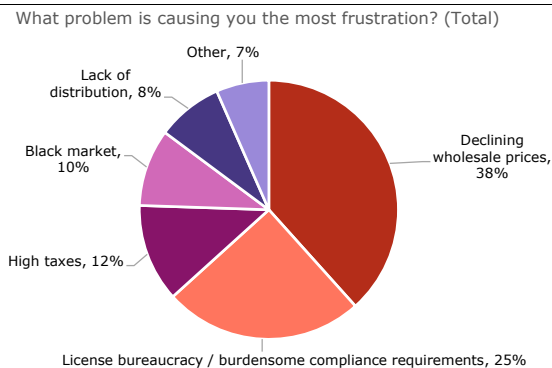


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 62

## What problem is causing you the most frustration?

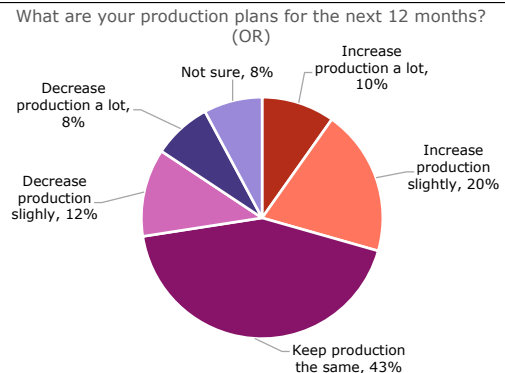
**Exhibit 47 - What problem is causing you the most frustration? (Total)**



Source: What problem is causing you the most frustration? (Total)

Total Number of Responses = 425

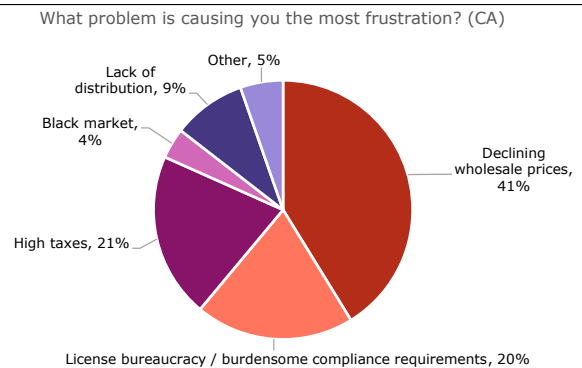
**Exhibit 45 - What are your production plans for the next 12 months? (OR)**



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 51

**Exhibit 48 - What problem is causing you the most frustration? (CA)**



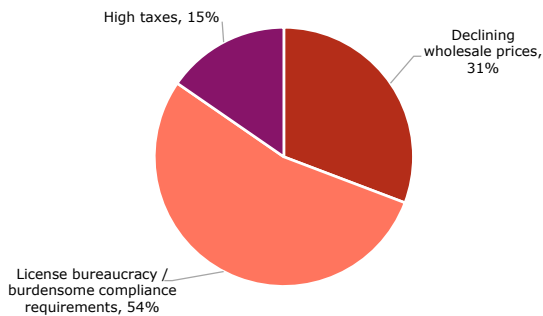
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 131



**Exhibit 49 - What problem is causing you the most frustration? (CO)**

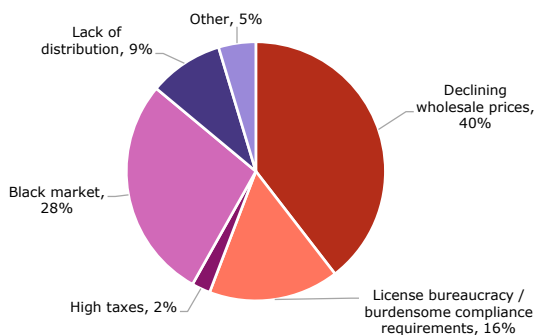
What problem is causing you the most frustration? (CO)

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 13

**Exhibit 51 - What problem is causing you the most frustration? (OR)**

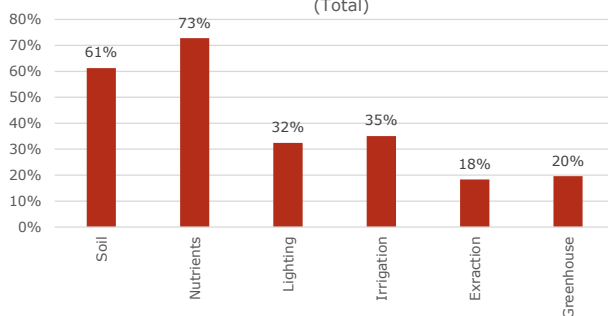
What problem is causing you the most frustration? (OR)

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 43

**Do you plan to purchase any of these in the next 6 months?****Exhibit 53 - Do you plan to purchase any of these in the next 6 months? (Total)**

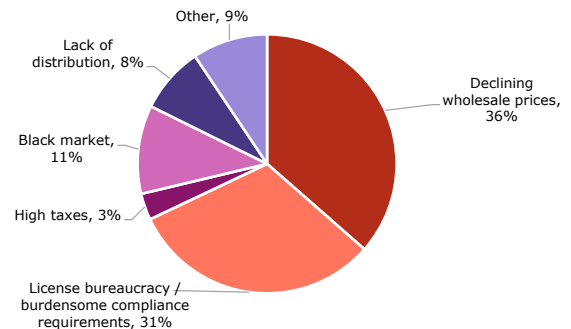
Do you plan to purchase any of these in the next 6 months? (Total)

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 382

**Exhibit 50 - What problem is causing you the most frustration? (OK)**

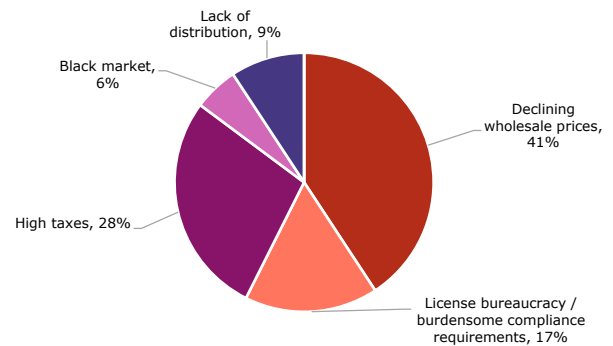
What problem is causing you the most frustration? (OK)

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 181

**Exhibit 52 - What problem is causing you the most frustration? (WA)**

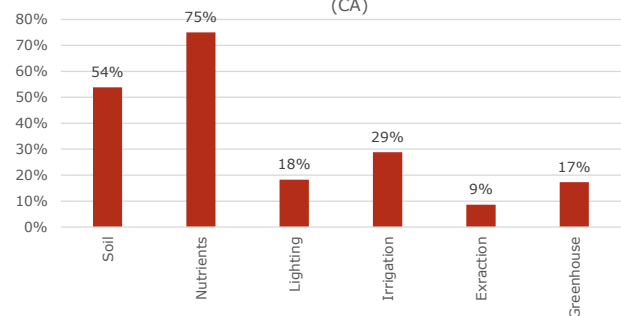
What problem is causing you the most frustration? (WA)

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

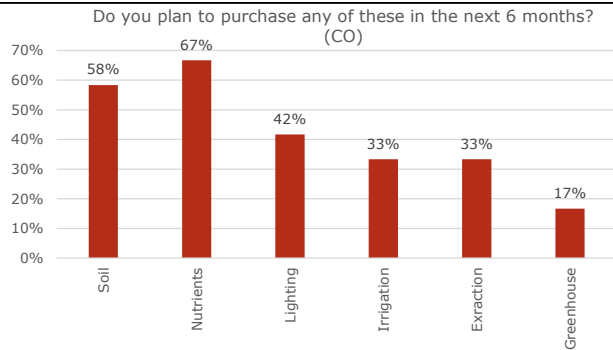
Total Number of Responses = 54

**Exhibit 54 - Do you plan to purchase any of these in the next 6 months? (CA)**

Do you plan to purchase any of these in the next 6 months? (CA)

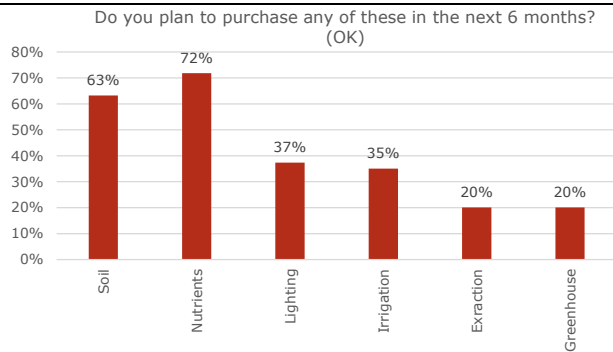
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 104

**Exhibit 55 - Do you plan to purchase any of these in the next 6 months? (CO)**

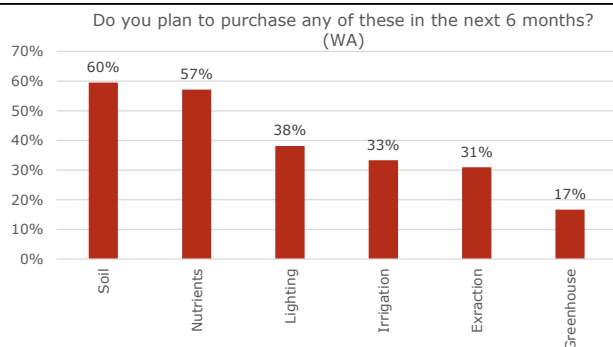
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 12

**Exhibit 57 - Do you plan to purchase any of these in the next 6 months? (OK)**

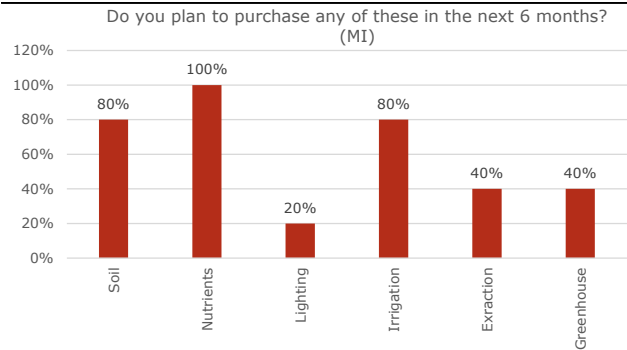
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 174

**Exhibit 59 - Do you plan to purchase any of these in the next 6 months? (WA)**

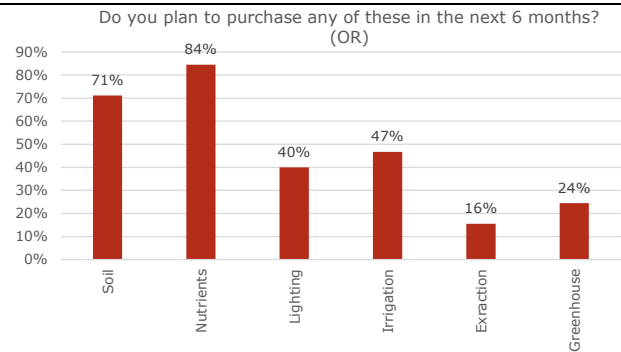
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 42

**Exhibit 56 - Do you plan to purchase any of these in the next 6 months? (MI)**

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

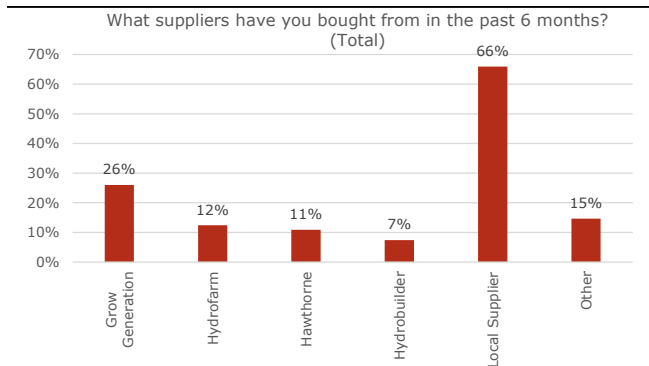
Total Number of Responses = 5

**Exhibit 58 - Do you plan to purchase any of these in the next 6 months? (OR)**

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

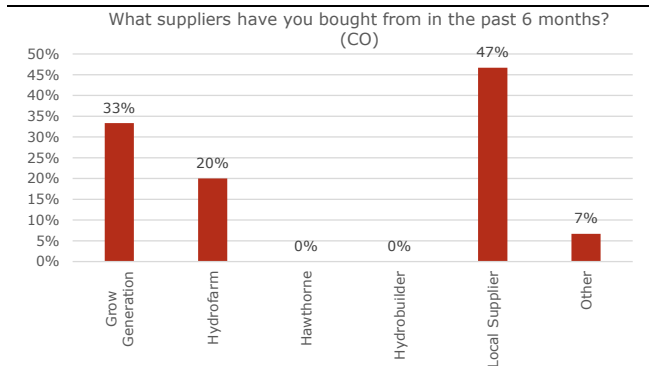
Total Number of Responses = 45

What suppliers have you bought from in the past 6 months?

**Exhibit 60 - What suppliers have you bought from in the past 6 months? (Total)**

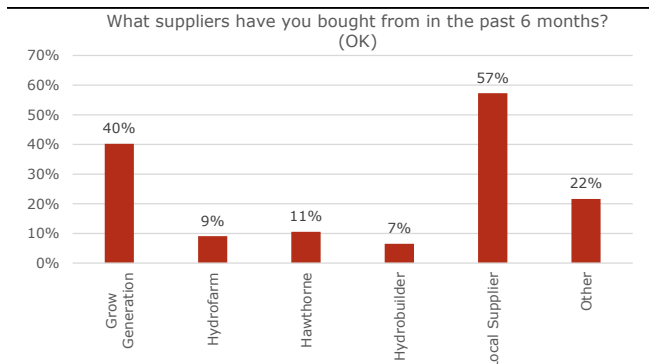
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 458

**Exhibit 62 - What suppliers have you bought from in the past 6 months? (CO)**

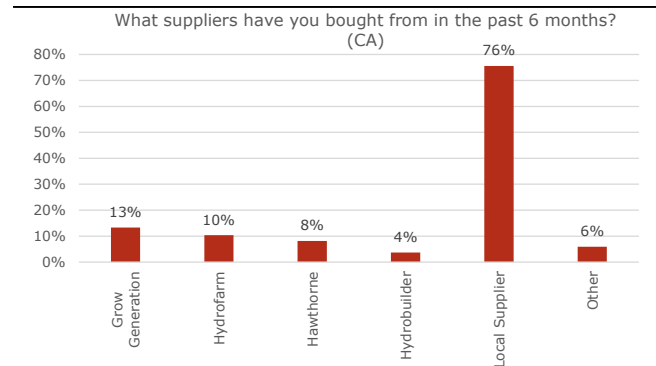
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 15

**Exhibit 64 - What suppliers have you bought from in the past 6 months? (OK)**

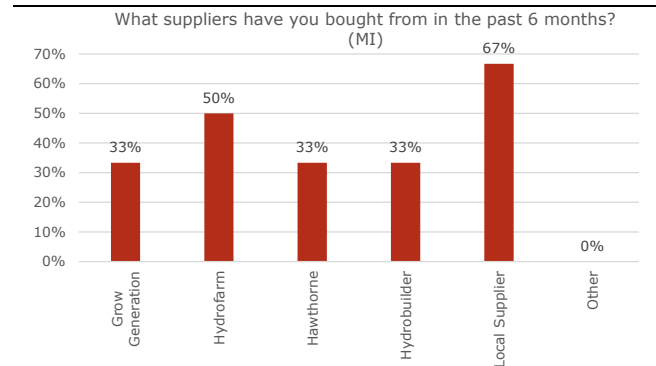
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 199

**Exhibit 61 - What suppliers have you bought from in the past 6 months? (CA)**

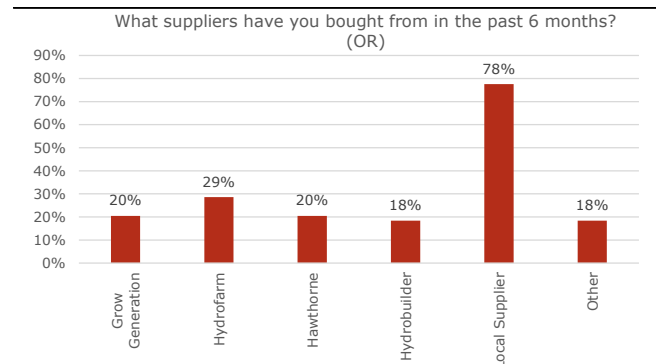
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 135

**Exhibit 63 - What suppliers have you bought from in the past 6 months? (MI)**

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

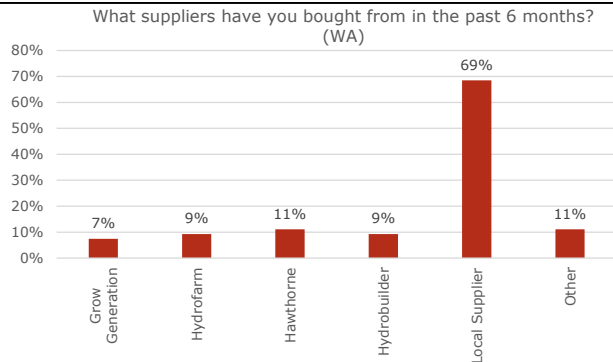
Total Number of Responses = 6

**Exhibit 65 - What suppliers have you bought from in the past 6 months? (OR)**

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 49

## Exhibit 66 - What suppliers have you bought from in the past 6 months? (WA)

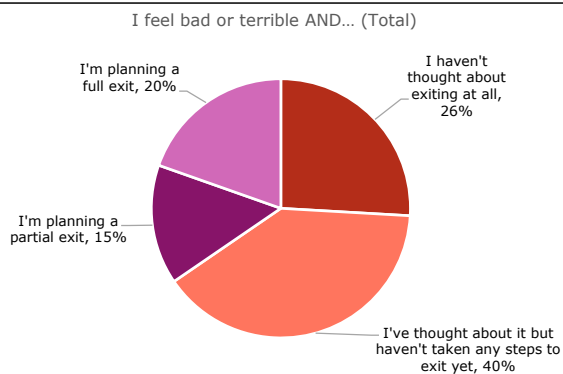


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 54

## I feel bad or terrible AND...

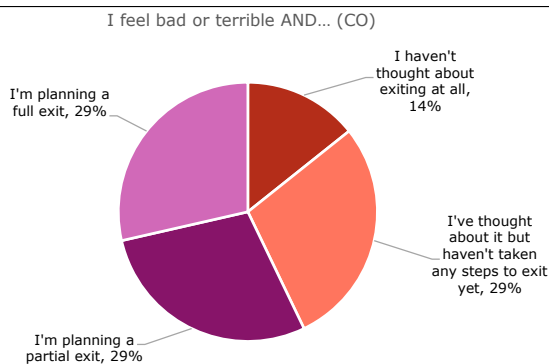
### Exhibit 67 - I feel bad or terrible AND... (Total)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 301

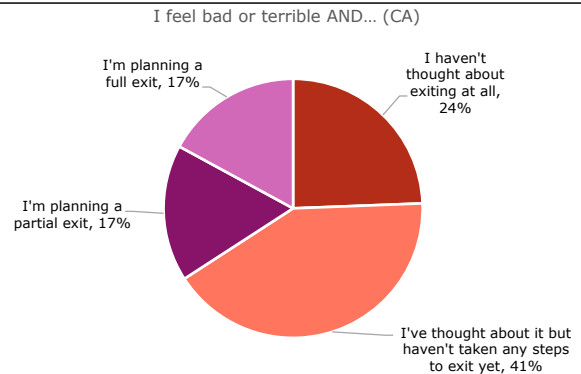
### Exhibit 69 - I feel bad or terrible AND... (CO)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 7

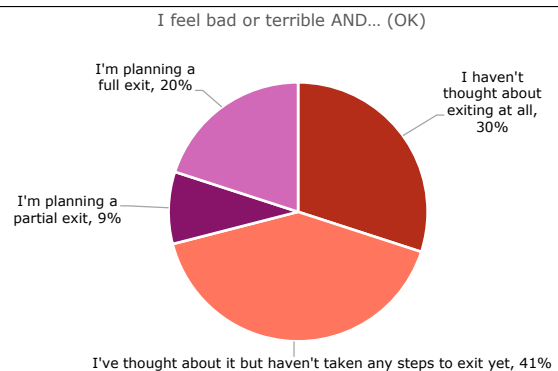
### Exhibit 68 - I feel bad or terrible AND... (CA)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 123

### Exhibit 70 - I feel bad or terrible AND... (OK)

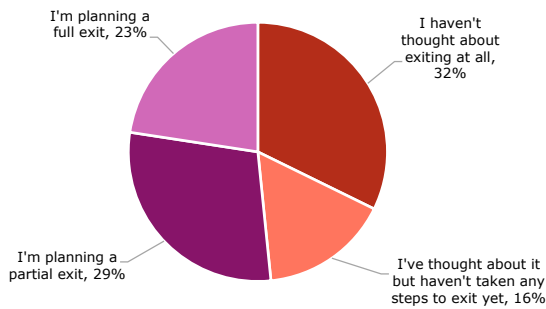


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 100

## Exhibit 71 - I feel bad or terrible AND... (OR)

I feel bad or terrible AND... (OR)

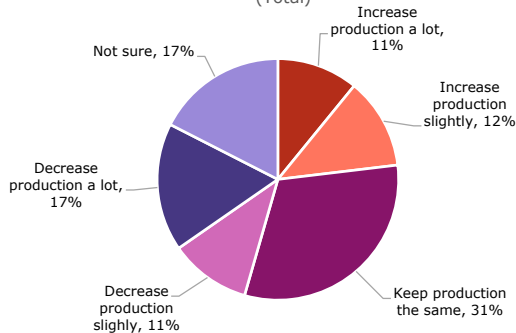
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 31

## I feel bad or terrible AND in the next 12 months I plan to...

## Exhibit 73 - I feel bad or terrible AND in the next 12 months I plan to... (Total)

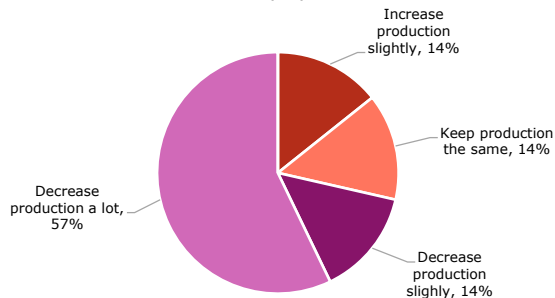
I feel bad or terrible AND in the next 12 months I plan to... (Total)

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 303

## Exhibit 75 - I feel bad or terrible AND in the next 12 months I plan to... (CO)

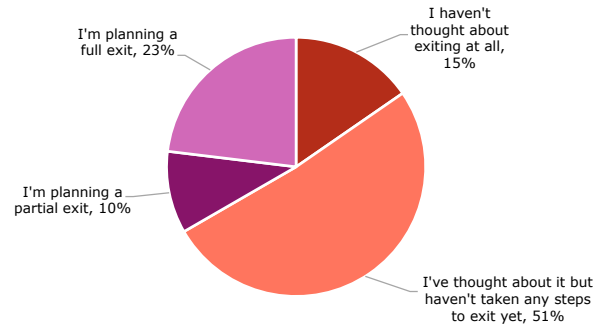
I feel bad or terrible AND in the next 12 months I plan to... (CO)

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 7

## Exhibit 72 - I feel bad or terrible AND... (WA)

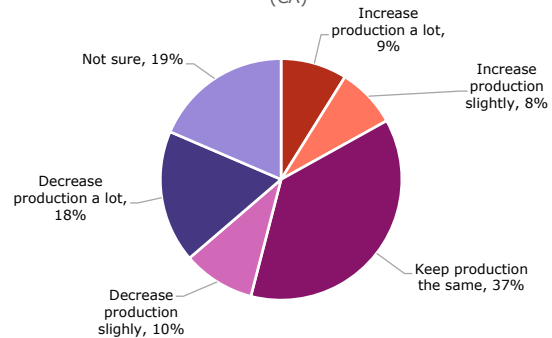
I feel bad or terrible AND... (WA)

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 39

## Exhibit 74 - I feel bad or terrible AND in the next 12 months I plan to... (CA)

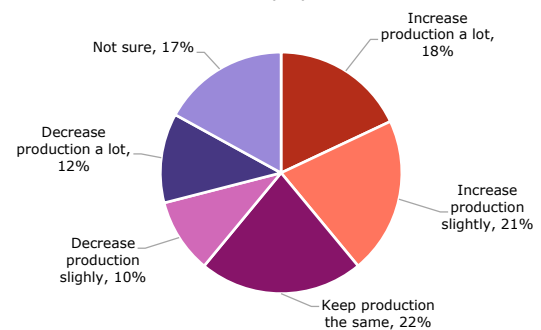
I feel bad or terrible AND in the next 12 months I plan to... (CA)

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 124

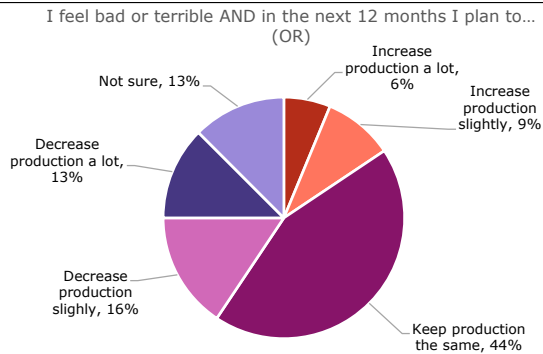
## Exhibit 76 - I feel bad or terrible AND in the next 12 months I plan to... (OK)

I feel bad or terrible AND in the next 12 months I plan to... (OK)

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 100

### Exhibit 77 - I feel bad or terrible AND in the next 12 months I plan to... (OR)

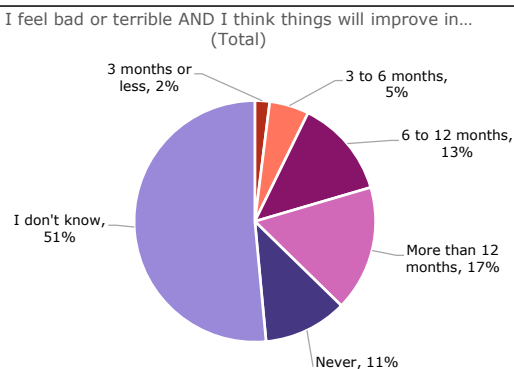


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 32

### I feel bad or terrible AND I think things will improve in...

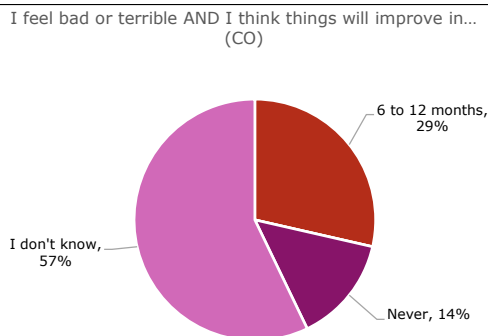
#### Exhibit 79 - I feel bad or terrible AND I think things will improve in... (Total)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 303

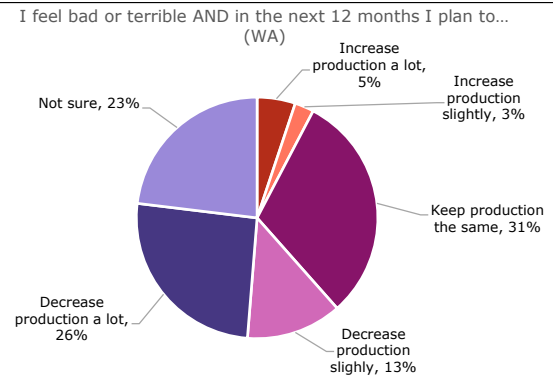
#### Exhibit 81 - I feel bad or terrible AND I think things will improve in... (CO)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 7

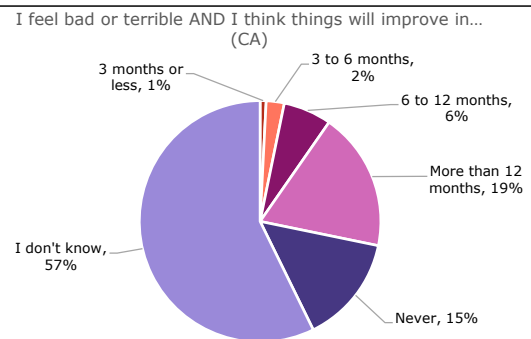
### Exhibit 78 - I feel bad or terrible AND in the next 12 months I plan to... (WA)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 39

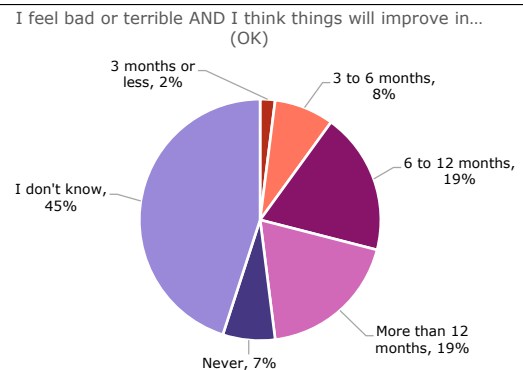
#### Exhibit 80 - I feel bad or terrible AND I think things will improve in... (CA)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 124

#### Exhibit 82 - I feel bad or terrible AND I think things will improve in... (OK)

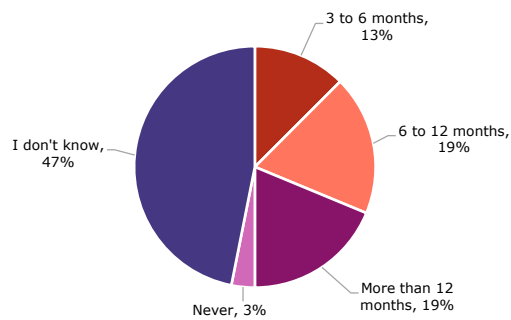


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 100

**Exhibit 83 - I feel bad or terrible AND I think things will improve in... (OR)**

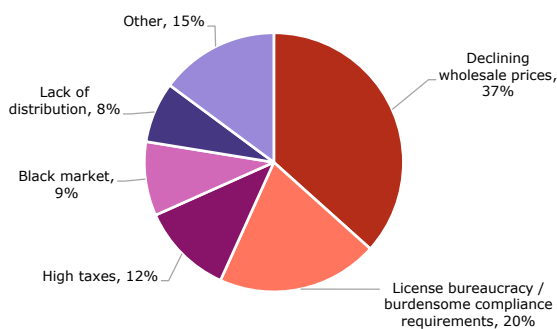
I feel bad or terrible AND I think things will improve in... (OR)

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 32

**I feel bad or terrible AND my biggest frustration is...****Exhibit 85 - I feel bad or terrible AND my biggest frustration is... (Total)**

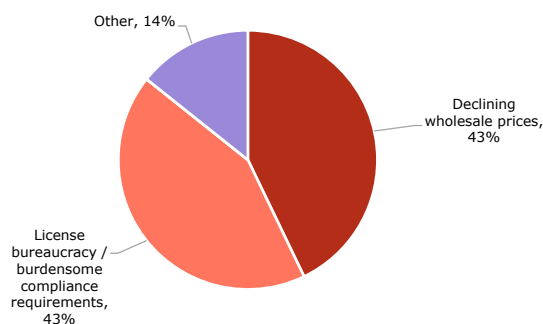
I feel bad or terrible AND my biggest frustration is... (Total)

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 303

**Exhibit 87 - I feel bad or terrible AND my biggest frustration is... (CO)**

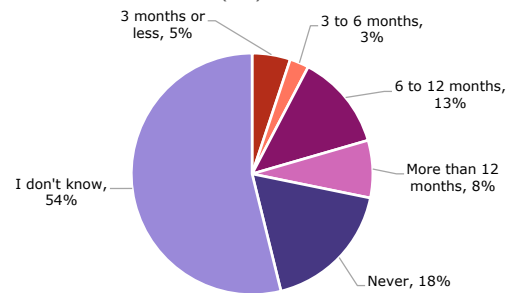
I feel bad or terrible AND my biggest frustration is... (CO)

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 7

**Exhibit 84 - I feel bad or terrible AND I think things will improve in... (WA)**

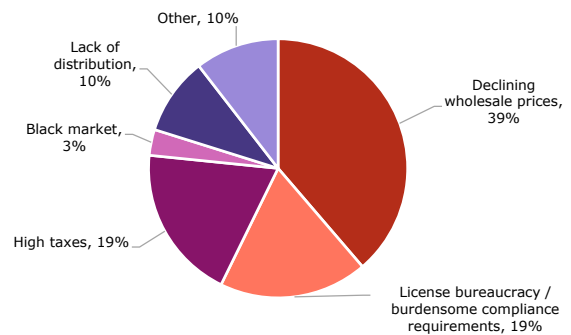
I feel bad or terrible AND I think things will improve in... (WA)

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 39

**Exhibit 86 - I feel bad or terrible AND my biggest frustration is... (CA)**

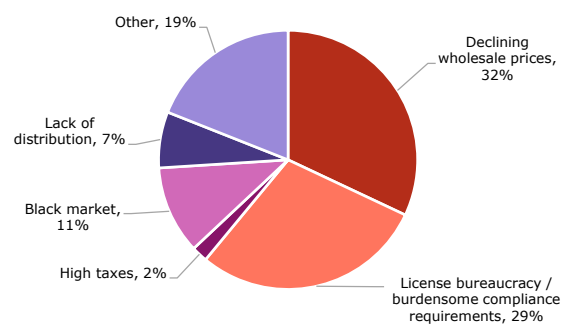
I feel bad or terrible AND my biggest frustration is... (CA)

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 124

**Exhibit 88 - I feel bad or terrible AND my biggest frustration is... (OK)**

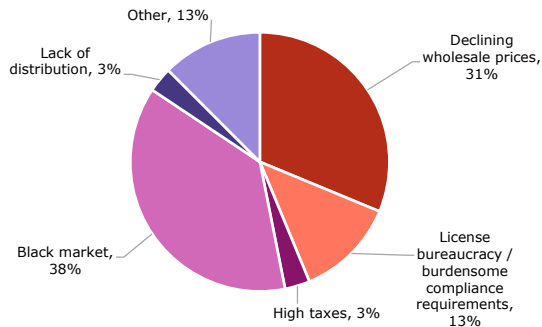
I feel bad or terrible AND my biggest frustration is... (OK)

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 100

**Exhibit 89 - I feel bad or terrible AND my biggest frustration is... (OR)**

I feel bad or terrible AND my biggest frustration is... (OR)



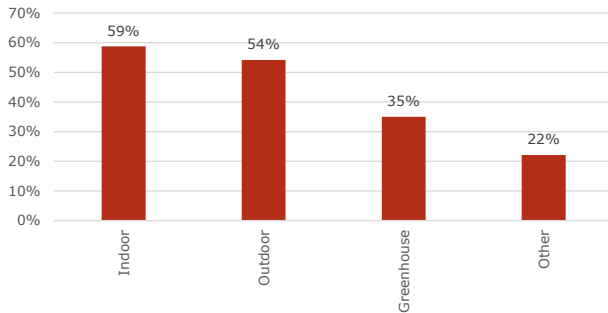
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 32

### I feel bad or terrible AND my grow environment is...

**Exhibit 91 - I feel bad or terrible AND my grow environment is... (Total)**

I feel bad or terrible AND my grow environment is... (Total)

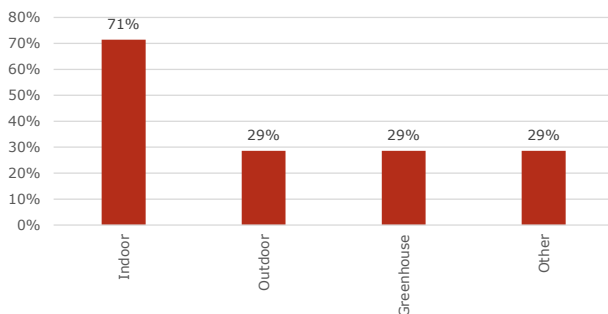


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 303

**Exhibit 93 - I feel bad or terrible AND my grow environment is... (CO)**

I feel bad or terrible AND my grow environment is... (CO)

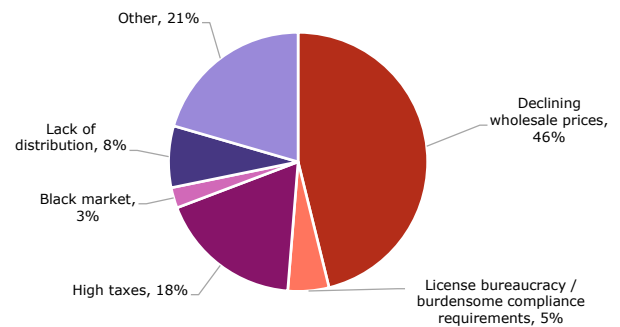


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 7

**Exhibit 90 - I feel bad or terrible AND my biggest frustration is... (WA)**

I feel bad or terrible AND my biggest frustration is... (WA)

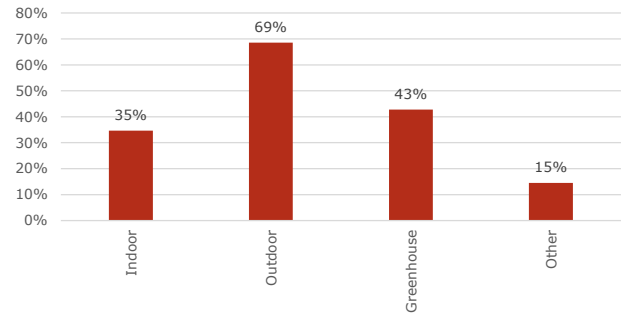


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 39

**Exhibit 92 - I feel bad or terrible AND my grow environment is... (CA)**

I feel bad or terrible AND my grow environment is... (CA)

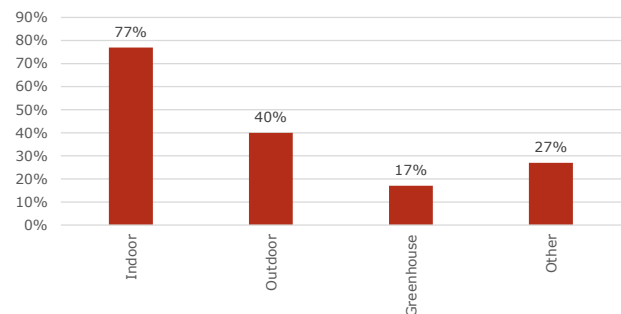


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 124

**Exhibit 94 - I feel bad or terrible AND my grow environment is... (OK)**

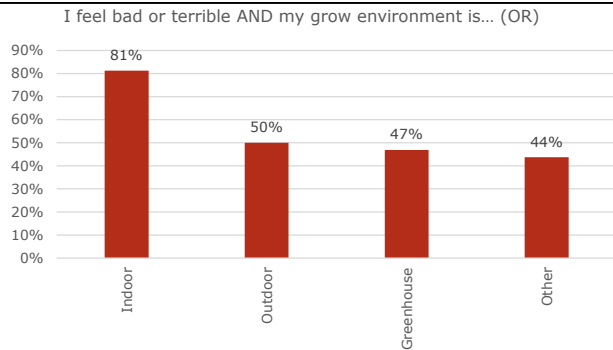
I feel bad or terrible AND my grow environment is... (OK)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 100

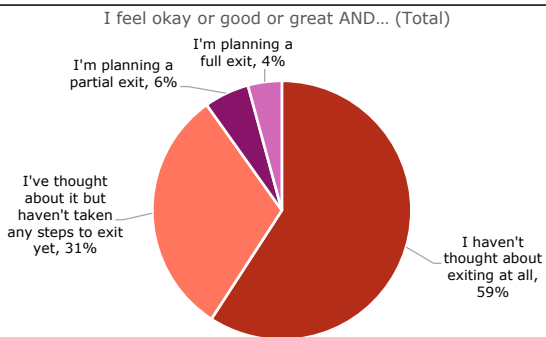


**Exhibit 95 - I feel bad or terrible AND my grow environment is... (OR)**

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

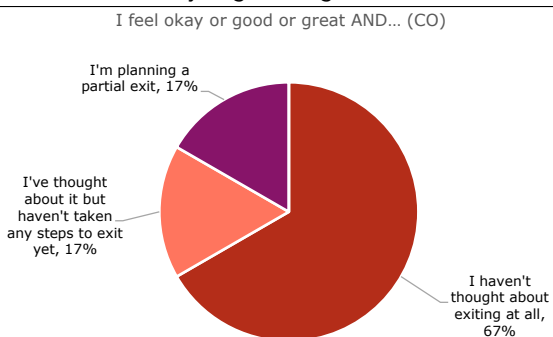
Total Number of Responses = 32

### I feel okay or good or great AND...

**Exhibit 97 - I feel okay or good or great AND... (Total)**

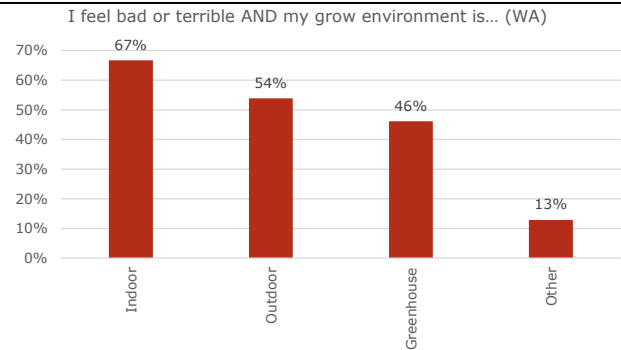
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 142

**Exhibit 99 - I feel okay or good or great AND... (CO)**

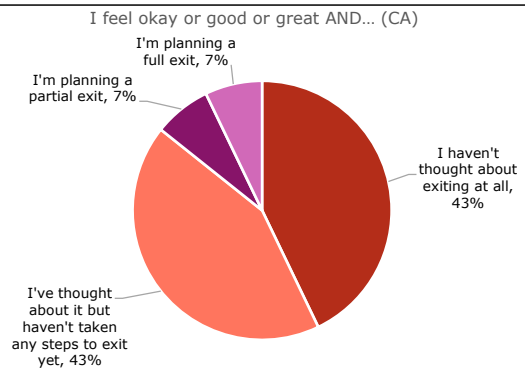
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 6

**Exhibit 96 - I feel bad or terrible AND my grow environment is... (WA)**

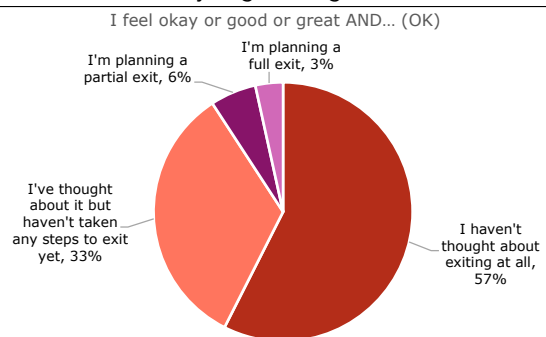
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 39

**Exhibit 98 - I feel okay or good or great AND... (CA)**

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

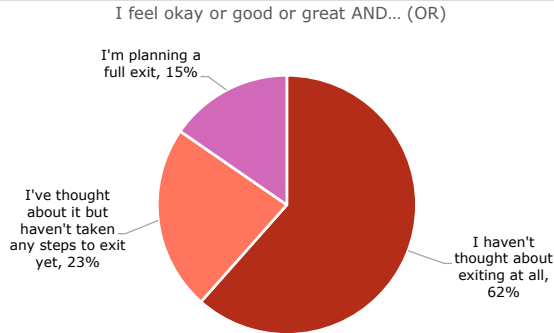
Total Number of Responses = 14

**Exhibit 100 - I feel okay or good or great AND... (OK)**

Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 87

### Exhibit 101 - I feel okay or good or great AND... (OR)

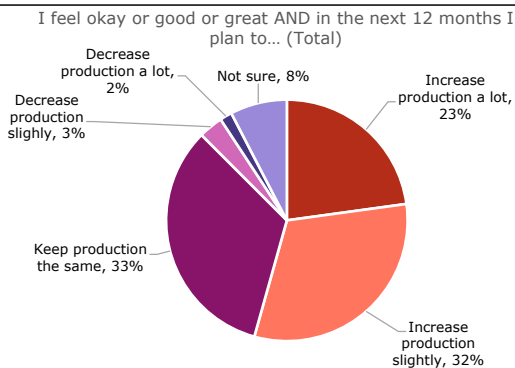


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 13

### I feel okay or good or great AND in the next 12 months I plan to...

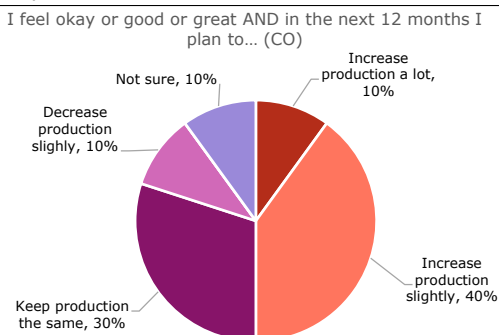
#### Exhibit 103 - I feel okay or good or great AND in the next 12 months I plan to... (Total)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 184

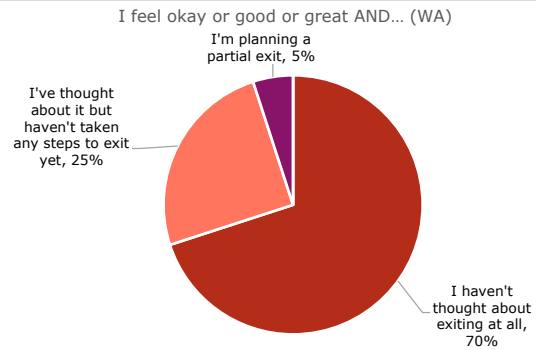
#### Exhibit 105 - I feel okay or good or great AND in the next 12 months I plan to... (CO)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 10

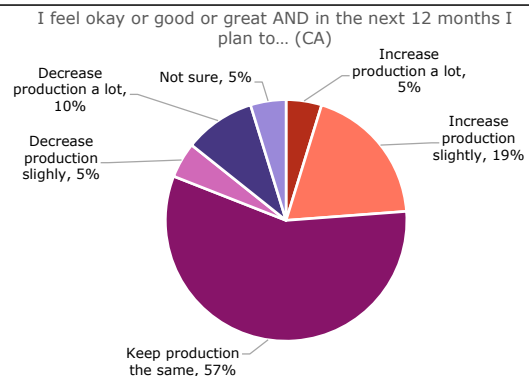
### Exhibit 102 - I feel okay or good or great AND... (WA)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 20

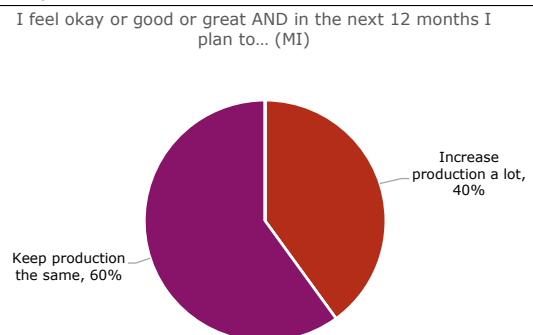
#### Exhibit 104 - I feel okay or good or great AND in the next 12 months I plan to... (CA)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 21

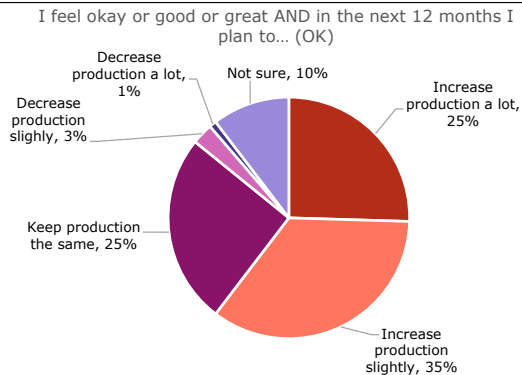
#### Exhibit 106 - I feel okay or good or great AND in the next 12 months I plan to... (MI)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 5

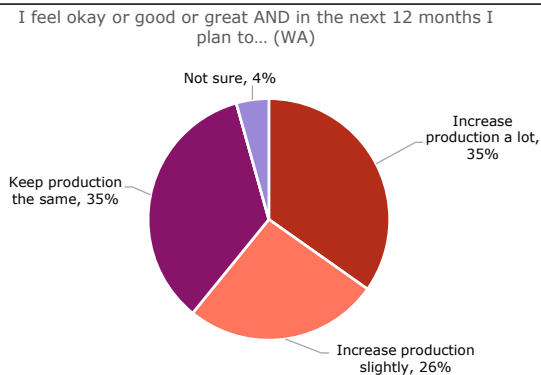
### Exhibit 107 - I feel okay or good or great AND in the next 12 months I plan to... (OK)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 106

### Exhibit 109 - I feel okay or good or great AND in the next 12 months I plan to... (WA)

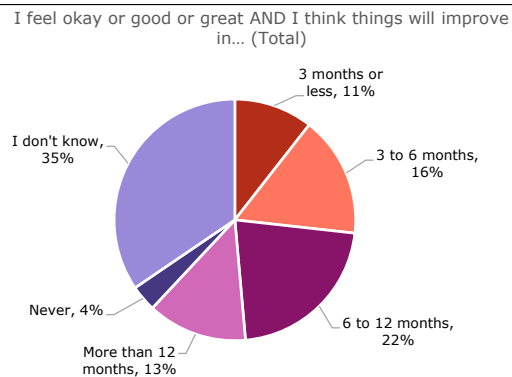


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 23

### I feel okay or good or great AND I think things will improve in...

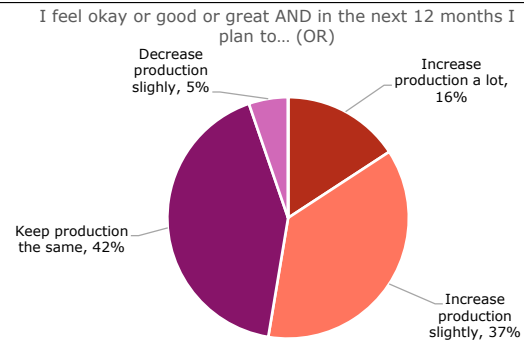
#### Exhibit 110 - I feel okay or good or great AND I think things will improve in... (Total)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 142

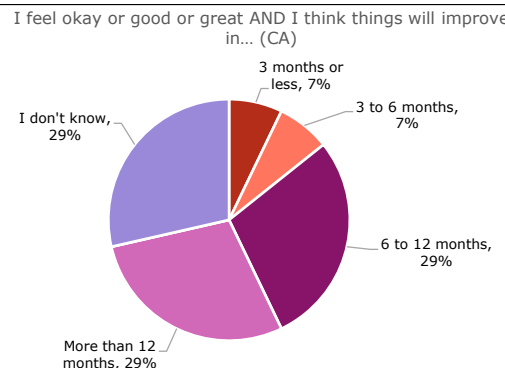
### Exhibit 108 - I feel okay or good or great AND in the next 12 months I plan to... (OR)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 19

#### Exhibit 111 - I feel okay or good or great AND I think things will improve in... (CA)

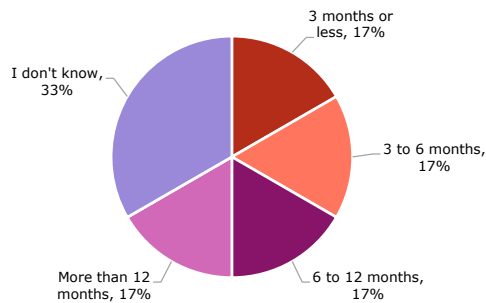


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 14

Exhibit 112 - I feel okay or good or great AND I think things will improve in... (CO)

I feel okay or good or great AND I think things will improve in... (CO)

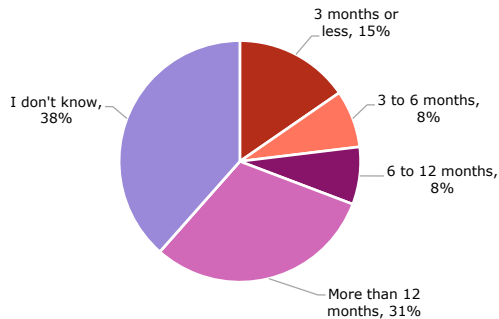


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 6

Exhibit 114 - I feel okay or good or great AND I think things will improve in... (OR)

I feel okay or good or great AND I think things will improve in... (OR)



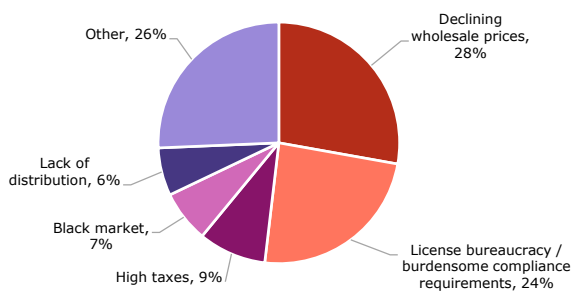
Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 13

I feel okay or good or great AND my biggest frustration is...

Exhibit 116 - I feel okay or good or great AND my biggest frustration is... (Total)

I feel okay or good or great AND my biggest frustration is... (Total)

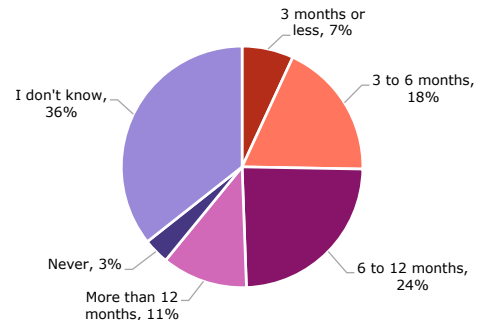


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 187

Exhibit 113 - I feel okay or good or great AND I think things will improve in... (OK)

I feel okay or good or great AND I think things will improve in... (OK)

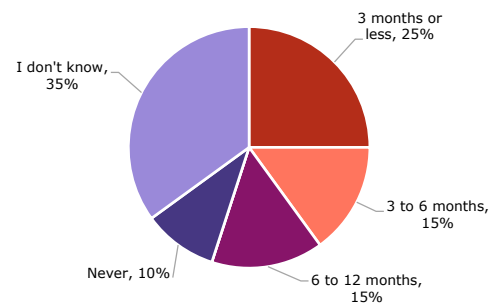


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 87

Exhibit 115 - I feel okay or good or great AND I think things will improve in... (WA)

I feel okay or good or great AND I think things will improve in... (WA)

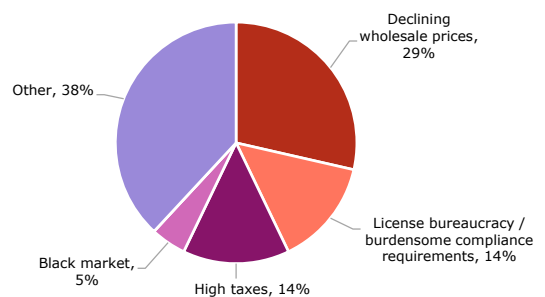


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 20

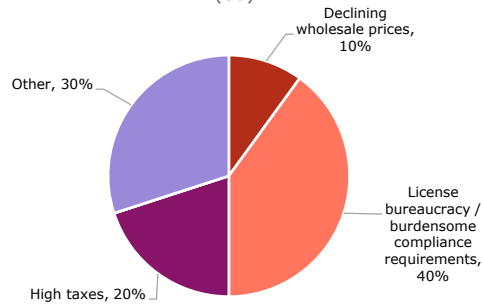
Exhibit 117 - I feel okay or good or great AND my biggest frustration is... (CA)

I feel okay or good or great AND my biggest frustration is... (CA)

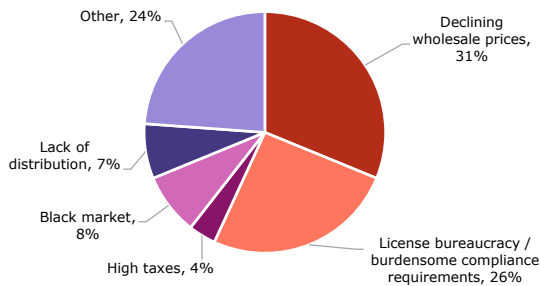


Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

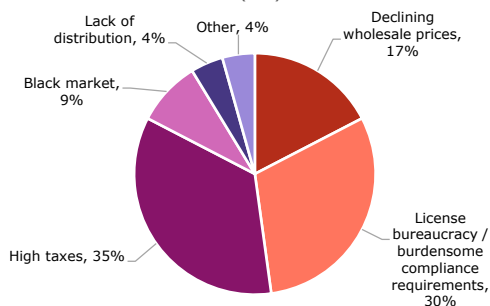
Total Number of Responses = 21

**Exhibit 118 - I feel okay or good or great AND my biggest frustration is... (CO)**I feel okay or good or great AND my biggest frustration is...  
(CO)Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 10

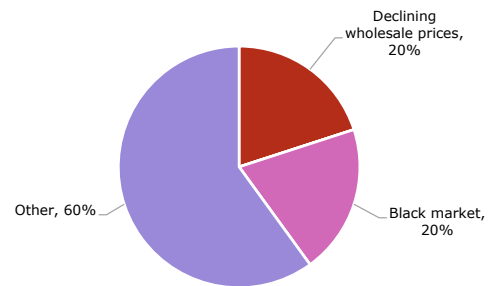
**Exhibit 120 - I feel okay or good or great AND my biggest frustration is... (OK)**I feel okay or good or great AND my biggest frustration is...  
(OK)Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 109

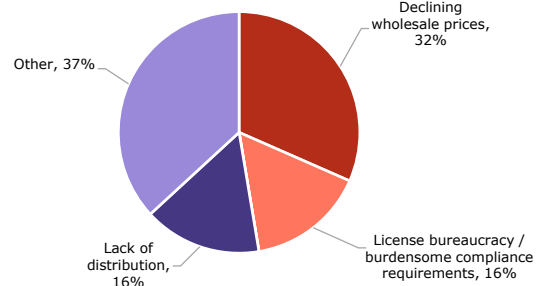
**Exhibit 122 - I feel okay or good or great AND my biggest frustration is... (WA)**I feel okay or good or great AND my biggest frustration is...  
(WA)Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 23

I feel okay or good or great AND my grow environment is...

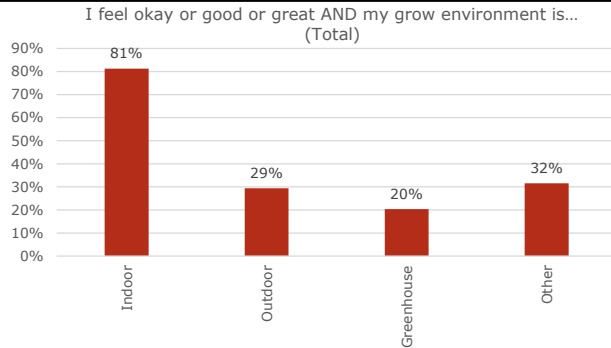
**Exhibit 119 - I feel okay or good or great AND my biggest frustration is... (MI)**I feel okay or good or great AND my biggest frustration is...  
(MI)Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 5

**Exhibit 121 - I feel okay or good or great AND my biggest frustration is... (OR)**I feel okay or good or great AND my biggest frustration is...  
(OR)Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 19

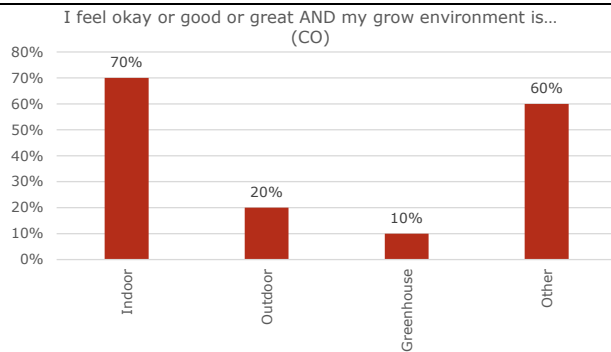
**Exhibit 123 - I feel okay or good or great AND my grow environment is... (Total)**



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 187

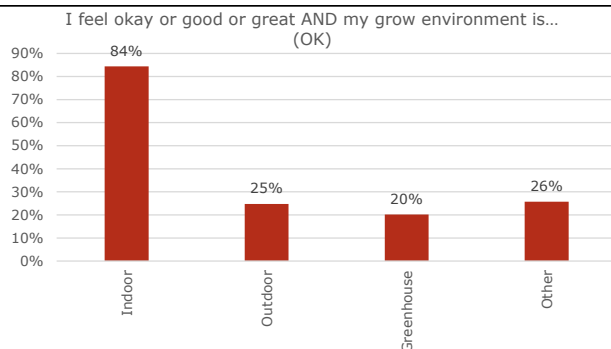
**Exhibit 125 - I feel okay or good or great AND my grow environment is... (CO)**



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 10

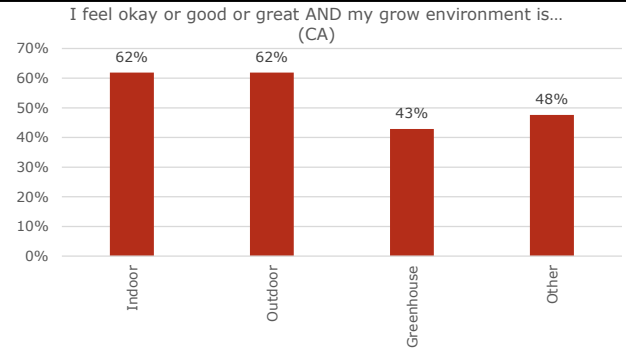
**Exhibit 127 - I feel okay or good or great AND my grow environment is... (OK)**



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 109

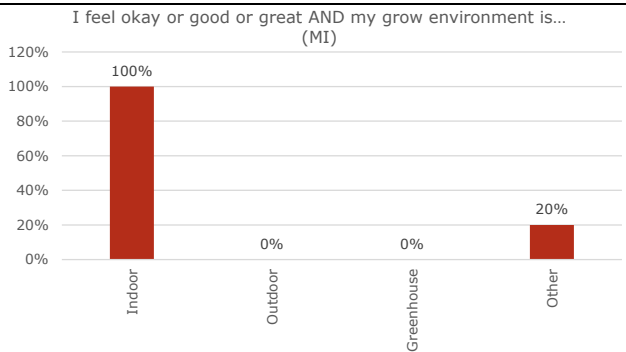
**Exhibit 124 - I feel okay or good or great AND my grow environment is... (CA)**



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 21

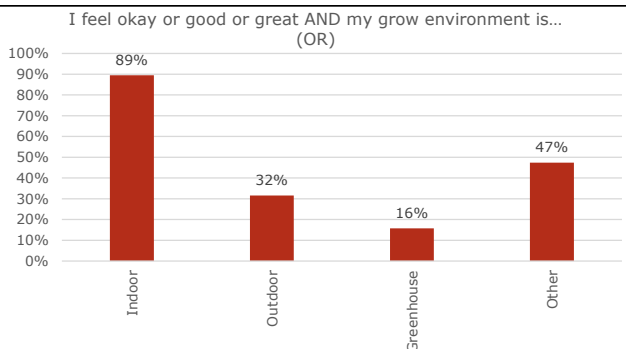
**Exhibit 126 - I feel okay or good or great AND my grow environment is... (MI)**



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 5

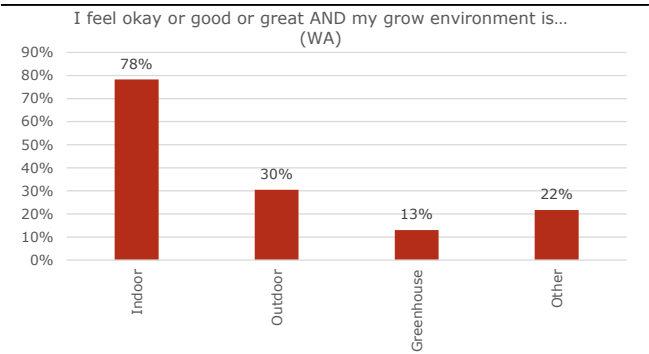
**Exhibit 128 - I feel okay or good or great AND my grow environment is... (OR)**



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 19

Exhibit 129 - I feel okay or good or great AND my grow environment is... (WA)



Source: Cannabiz Media - [www.cannabiz.media](http://www.cannabiz.media) and Wells Fargo Securities, LLC

Total Number of Responses = 23

## Investment Thesis, Valuation and Risks

### GrowGeneration Corp. (GRWG)

#### Investment Thesis

GRWG is the top hydroponic retailer in North America. While the company delivered significant growth namely through 2021, a challenging hydroponic backdrop has introduced notable volatility into the business, and the 'growth' story has become one of potential 'recovery.' The challenge in our view is that visibility on recovery in the hydroponics market is low currently, meaning GRWG is likely range-bound at best. We are Equal Weight.

#### Target Price Valuation for GRWG: \$3.50 from \$4.00

Our \$3.50 price target is based on 7x CY23e EV/EBITDA, a discount to fast growth retail reflecting near-term visibility challenges. This price target reflects 0.5x CY23e sales.

#### Risks to Our Price Target and Rating for GRWG

Upside risks are (1) improving conditions of US West Coast hydroponic category volatility, (2) faster delivery on GRWG's strategy through 2023 than what we expect, including store buildout and other initiatives like private label and e-commerce; (3) better sentiment due to macro or company-specific developments which could drive upside to GRWG's valuation. Downside risks are: (1) worsening of US West Coast hydroponic category volatility; (2) inflation; (3) execution on M&A; (4) supply chain.

### Hydrofarm Holdings Group, Inc. (HYFM)

#### Investment Thesis

HYFM generates all of its revenue and profit in the hydroponic sector. As a pure-play, this means HYFM fundamentals track the hydroponic category, one which experiences cyclical peaks and troughs. The hydroponic market is currently in a period of cyclical pressure as the market digests oversupply and low pricing. This is impacting HYFM results, and we see little visibility on a turn near term. We rate shares Equal Weight.

#### Target Price Valuation for HYFM: \$4.00 from \$7.00

Our \$4 price target is based on 6x our CY23E EBITDA, implying 0.5x EV/sales. The fact is that HYFM's business has low visibility amidst a hydroponic category which we expect to remain under pressure potentially into 2023. This means that profit is at risk, which we feel should be embedded in a multiple well below a double-digit rate afforded to other consumer products companies.

#### Risks to Our Price Target and Rating for HYFM

Risks are (1) worsening of US West Coast hydroponic category trends; (2) inflation; (3) execution on M&A; and (4) supply chain.

### The Scotts Miracle-Gro Company (SMG)

#### Investment Thesis

While SMG offers potential to own a recovery story which has been impacted by a host of headwinds in FY22, we don't think this recovery takes shape until at least FY23 with the new lawn/garden season, and an eventual improvement in the Hawthorne (hydroponic business). Until then, we think the focus for investors will be the balance sheet which is levered. This is not ideal amidst GDP growth continuing to slow, and increasing concern around the state of the consumer. We are Equal Weight.

#### Target Price Valuation for SMG: \$85.00 from \$115.00

Our \$85 price target is 11.5x our CY23 EV/EBITDA. This is a half turn above SMG's 10-year average, reflecting the positives resulting from debt paydown, and prospects for a fundamental recovery into FY23.

#### Risks to Our Price Target and Rating for SMG

Downside risks include: (1) US hydroponic market volatility persists longer than anticipated; (2) SMG is taking significant pricing in its lawn/garden business to counter inflation, but this could cause greater volume declines than what the company is anticipating.

Upside risks are: (1) a quicker-than-expected recovery in Hawthorne, (2) faster-than-expected balance sheet de-levering, (3) overall risk appetite in the stock market more accepting of levered balance sheets, and able to embrace SMG's recovery story into FY23.



## Required Disclosures

I, Chris Carey, certify that:

- 1) All views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers discussed; and
- 2) No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this research report.

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## Additional Information Available Upon Request

### GrowGeneration Corp. Rating History as of 06-21-2022

powered by: BlueMatrix



Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

### Hydrofarm Holdings Group, Inc. Rating History as of 06-21-2022

powered by: BlueMatrix



Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

## The Scotts Miracle-Gro Company Rating History as of 06-21-2022

powered by: BlueMatrix



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Wells Fargo Securities, LLC, maintains a market in the common stock of Hydrofarm Holdings Group, Inc..

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**1=Overweight:** Total return on stock expected to be 10%+ over the next 12 months. BUY

**2=Equal Weight:** Total return on stock expected to be -10% to +10% over the next 12 months. HOLD

**3=Underweight:** Total return on stock expected to lag the Overweight- and Equal Weight-rated stocks within the analyst's coverage universe over the next 12 months. SELL

**As of June 21, 2022**

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36.0% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Equal Weight.

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