



10/31/2024

# Decibel Cannabis Co. (DB-CA)

## Company Update

C\$Mn								
Sales	CY22a	CY23a	CY24e	Prev	CY25e	Prev	CY26e	Prev
1Q	16.7	24.9	21.0 A		26.6	21.9	35.5	24.6
2Q	18.6	30.9	22.2 A		30.2	23.6	37.6	27.1
3Q	18.3	30.2	23.7 E	22.6	34.6	26.0	41.3	29.8
4Q	<u>25.8</u>	<u>29.9</u>	<u>26.1</u> E	<u>22.8</u>	<u>35.9</u>	<u>22.8</u>	<u>40.1</u>	<u>26.6</u>
FY	79.3	116.0	92.8	88.5	127.3	94.3	154.5	108.1
EBITDA	CY22a	CY23a	CY24e	Prev	CY25e	Prev	CY26e	Prev
1Q	2.5	6.8	3.6 A		3.5	4.2	6.1	5.0
2Q	3.2	7.3	3.9 A		4.7	4.6	6.6	5.4
3Q	4.3	6.7	4.5 E	3.3	5.9	5.1	7.1	6.0
4Q	<u>7.1</u>	<u>5.2</u>	<u>5.3</u> E	<u>3.6</u>	<u>4.6</u>	<u>5.1</u>	<u>6.5</u>	<u>6.1</u>
FY	17.0	25.9	17.3	14.5	18.7	19.0	26.3	22.5

Share price (C\$)	0.07	Perf.	<b>DB-CA</b>	<b>YOLO</b>	<b>S&amp;P500</b>	Stance: <b>Overweight</b>
Share count (mn)	581.9	30d	15%	-1%	1%	no price target
Market Cap (C\$Mn)	38.5	90d	14%	-7%	5%	FY=Dec
Ticker	DB-CA	1yr	-53%	32%	40%	



\$Mn	FY24	FY25	FY26
Projected EV	69	51	18
EV/Sales	0.7x	0.4x	0.1x
EV/EBITDA	4.0x	1.9x	0.5x
	FY24	FY25	FY26
Net debt/Sales	-0.3x	-0.1x	na
Net debt/EBITDA	-1.8x	-0.7x	na
Free Cash Flow	3.7	18.5	33.0
Net (debt) cash	-31.5	-12.9	20.1
Consensus	FY24	FY25	FY26
Sales	92.6	107.2	110.9
EBITDA	16.9	22.5	25.4
<b>Guidance CY25:</b>			<b>130.0</b>
			<b>25.0</b>

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## AgMedica Deal Bolsters International Upside

**We remain Overweight.** Decibel made three major announcements this week: via the acquisition of AgMedica it bolstered its international presence, ranking 4<sup>th</sup> (proforma) among Canadian MMJ exporters as per our estimates; it strengthened the B/S via \$3.5Mn private placement; and it announced CY proforma guidance (as well as 3Q24) ahead of our estimates. On FCF guidance of \$20Mn for CY25, the stock offers 50% FCF yield (on the proforma count) and, based on the latest proforma CY25 guidance, it trades at only 0.5x sales and 2.9x EBITDA. With a leading franchise in Canadian pre-rolls (the category is as big as flower in Canada rec now), a top 3 position in vape, and now a top 4 position among the exporters, we believe DB should trade more in line with the larger market cap LP stocks (especially with debt leverage projected below 1.4x for next year). Although we do not set price targets, at 1-2x our CY26 sales estimates, the stock could be 6-9x higher by Dec'25 vs. current levels (C\$0.066 close as of 10/30). Note: All numbers are in C\$ unless noted otherwise.

### The Transaction

Sometimes a deal can transform a company either because of very favorable financial metrics (how near term accretive) and or strategic impact (how does it reshape a company? How does it improve its long-term outlook?). In the case of Decibel, both arguments apply.

#### The deal math (all in C\$).

- The all-share deal was valued at C\$6.3Mn.
- Decibel will issue 114.5mn shares for AgMedica (the Decibel common share count as of 6/30/24 was 409mn), valued at C\$0.055. As per DB management, the new shareholders will own 21.85% of the new fully diluted share count of 524mn.
- Decibel projects AgMedica will generate CY25 revenues of \$30Mn and EBITDA of \$4Mn. So, on CY25 the deal is valued at 0.21x sales and 1.6x EBITDA. Clearly, these are attractive multiples.
- If we annualize Decibel's 2Q24 sales (\$88.6Mn, or \$0.217/share) and EBITDA (\$15.8Mn, or \$0.039), the deal would be accretive on a per share basis to sales (\$118.6Mn, or \$0.226) and a share of neutral to EBITDA (\$19.8Mn, or \$0.038). But scale matters overseas (i.e., in the form of having a credible platform) so we focus more on how the deal transforms Decibel's international business than on EBITDA per share accretion.
- The transaction closed on 10/28/24, so it will be reflected in the DB books since then.

**The strategic benefits.** According to management, the deal significantly bolsters DB's presence in the international markets and boost its ability to enter new markets. AgMedica already has an EU GM cultivation facility as well as an EU GMP oil license (Decibel had neither), and presently sells in Germany, Australia, UK, Israel, Spain, Denmark, and Norway (adding four new markets to Decibel's



current base of three: Israel, UK, Australia). AgMedica will add 5.1 tons of EU GMP capacity to DB's 7.1 ton of GACP capacity. We understand at present, AgMedica is at a \$15Mn sales run rate (almost all international) with a >13% EBITDA margin. If so, that would put AgMedica in the 4<sup>th</sup> place among Canadian exporters (at least based on the ones that disclosed data), only behind Aurora (C\$80Mn, 4x last qtr), Tilray C\$67Mn, and Canopy Growth C\$40Mn. Importantly, based on agreed contracts and overseas markets growth, Decibel management is confident that AgMedica can double sales in CY25 to \$30Mn. Importantly, the larger contribution to sales from exports should boost gross margins over time. *Note: according to management, despite the challenges faced by Atlas Global Brands (parent company of AgMedica), relationships and agreements with the overseas customer base have not been impacted.*

Management also noted these additional benefits from the deal:

- Further potential growth in export extract products to meet growing consumer trends.
- Support for Decibel's recent vape launches in Australia and United Kingdom markets and new product launches.
- Flexibility to utilize Thunderchild or third-party good agricultural and collecting practice (GACP) production to supply certain international markets.
- Potential to grow contract manufacturing operations to provide partners access to international markets.
- EU GMP validation of bubble hash and edibles.
- Expand AgMedica production by an additional 4.7 TPA with additional investment.
- Improve AgMedica production yields which are below Decibel's current operated cultivation facilities.
- Optimization of production and automation to enhance profitability.
- See [corporate slide presentation](#) regarding the transaction.

## New Guidance (CY25 and 3Q24)

Decibel now expects CY25 proforma revenues of \$130Mn and EBITDA of \$25Mn. If we take out the AgMedica projections (\$30Mn and \$4Mn EBITDA), that means the DB base business will generate sales of \$100Mn in CY25 vs. a current run rate of \$89Mn, and EBITDA of \$21Mn vs. the current run rate of \$15.8mn). In our last published [DB report on 8/26](#), we had modelled CY25 sales of \$94.4Mn and EBITDA of \$18.7Mn, so guidance is above our estimates. In addition, DB is guiding for \$20Mn in FCF for CY25 and expects to reach debt to EBITDA below 1.4x by next year.

DB plans to report 3Q24 results on 11/21 and gave guidance of \$23-25Mn sales (we had \$22.6Mn) and EBITDA \$4-6Mn (\$3.3Mn) for the quarter.



We have updated our model to reflect the new guidance (proforma and base) for CY25 and 3Q24. For current Canadian rec market trends and Decibel's performance, see our recent report [3Q24 Hifyre Trends](#).

## Private Placement

In addition to the AgMedica transaction, Decibel announced it will raise up to C\$3.5Mn through a non-brokered private placement. The company will issue up to 58.33 million shares at \$0.06 each. Per management, proceeds will be used to assist with the integration of AgMedica BioScience and its business, which was acquired on October 28, into Decibel's overall business. The offering is expected to close in one or more tranches by November 30.

## Valuation and Upside

**Valuation.** We calculate a proforma EV of \$72.2Mn. On CY25 guidance that implies 0.55x sales and 2.9x EBITDA. If DB can reach \$20Mn FCF next year, that would be equivalent to a massive 52% FCF yield.

- Market cap: To the 6/30 common share count of 409mn we add the 114.5mn from the AgMedica deal plus 58.3mn from the private placement. Besides the proforma share count of 581.8mn we also factor 16.3mn in RSUs/DSUs (options and other derivatives are out of the money). We take the share price as of the close on 10/30 of C\$0.0661. So, proforma market cap, as per our definition is C\$38.5Mn.
- Net debt: We take proforma net debt as defined by the 6/30 net debt of \$37.2Mn minus the \$3.5Mn private placement
- So proforma EV is \$72.2Mn

**Upside?** With a leading franchise in Canadian pre-rolls (the category is as big as flower in Canada rec now), a top 3 position in vape, and now a top 4 position among the exporters, we believe DB should trade more in line with the larger market cap LP stocks (especially with debt leverage projected below 1.4x for next year). Although we do not set price targets, at 1-2x our CY26 sales estimates, the stock could be 6-9x higher by Dec'25 vs. current levels (C\$0.066 close as of 10/30).

See link to our [initiation of coverage report](#) from 12/18/24, and our prior [update report](#) from 7/18.



Table 1: Stocks Mentioned in this Report

Company name	Ticker	Ticker	Rating
<b>US MSOs</b>			
4Front Ventures		FFNTF	Not rated
Acreage Holdings		ACRDF	will cover
Ascend Wellness		AAWH	Not rated
AYR Wellness		AYRWF	Not rated
Cannabist		CCHWF	Not rated
Cansortium		CNTMF	will cover
Cresco Labs		CRLBF	Overweight
Curaleaf Holdings		CURLF	will cover
GlassHouse Brands		GLASF	Not rated
Gold Flora		GRAM	Overweight
Goodness Growth		GDNSF	Not rated
Green Thumb Industries		GTBIF	Overweight
Grown Rogue		GRUSF	Not rated
Jushi Holdings		JUSHF	Overweight
MariMed		MRMD	Overweight
Planet 13 Holdings		PLNHF	Overweight
Schwazze		SHWZ	Not rated
StateHouse Holdings Inc		STHZF	Neutral
TerrAscend		TSNDF	Not rated
TILT Holdings		TLLTF	Neutral
Trulieve Cannabis		TCNNF	will cover
Verano Holdings		VRNOF	Overweight
Vext Science, Inc.		VEXTF	Overweight
<b>Tech</b>			
Leafly		LFLY	Not rated
Springbig		SBIG	Not rated
WM Technology		MAPS	Neutral

Source: Z&amp;A estimates

Company name	Ticker	Rating
<b>Canada LPs</b>		
Aurora Cannabis	ACB	Neutral
Auxly Cannabis Group	CBWTF	not rated
Avant Brands	AVTBF	not rated
Avicanna	AVCN	will cover
BZAM	BZAMF	not rated
Cannara Biotech	LOVFF	not rated
Canopy Growth Corporation	CGC	will cover
Cronos Group	CRON	not rated
Decibel Cannabis Co	DBCCF	Overweight
Organigram Holdings	OGI	will cover
Rubicon Organics	ROMJF	not rated
SNDL	SNDL	not rated
Tilray Brands	TLRY	Neutral
Village Farms Intl	VFF	Overweight
<b>Finance Companies</b>		
AFC Gamma	AFCG	Overweight
Chicago Atlantic REFC	REFI	Overweight
Innovative Industrial Properties	IIPR	will cover
New Lake Capital Partners	NLCP	Overweight
RIV Capital	CNPOF	not rated
SHF Holdings	SHFS	not rated
Silver Spike Inv Corp	SSIC	will cover
<b>Other</b>		
Intercure	INCR	Overweight
LFTD Partners Inc.	LIFD	Overweight
Ispire Technology	ISPR	will cover
Smooore International	SMORF	will cover



## Appendix I: From the Deal Press Release

- AgMedica was acquired by the Company from Callisto pursuant to the assignment agreement whereby Callisto assigned all of its rights and obligations pursuant to a subscription agreement dated October 28, 2024 between, *inter alia*, Callisto, Atlas Global Brands Inc. (“Atlas”) and AgMedica, in connection with an Approval and Reverse Vesting Order granted pursuant to Atlas’ CCAA process involving Atlas and its subsidiaries (including AgMedica) in exchange for the Convertible Debenture.
- If the Convertible Debenture converts into Common Shares in accordance with its terms, Callisto may become a “Control Person” (as such term is defined in the rules and policies of the TSXV) of the Company. The conversion price per Common Share under the Convertible Debenture is \$0.055, which was determined based on the closing price of the Common Shares on the TSXV on October 25, 2024. In the event the Control Person approval is not obtained, the Convertible Debenture will no longer be convertible, will begin accruing interest at a rate of 15% per annum, and the principal amount plus interest accrued thereon will be repayable on April 28, 2025. All of the directors and officers of the Company, together with certain shareholders of the Company, who collectively own approximately 20% of the outstanding Common Shares, have entered into voting and support agreements pursuant to which they have agreed to vote their Common Shares at the Meeting in favour of the conversion feature of the Convertible Debenture and the potential creation of Callisto as a Control Person.
- Decibel projects that AgMedica could contribute \$30MM of net revenue and \$4MM of EBITDA in 2025, totalling an anticipated \$130MM of net revenue and \$25MM of adjusted EBITDA<sup>[1]</sup> in 2025 on a pro-forma basis.
- The Company estimates a ~1.6x EBITDA multiple paid based on management’s 2025 projections prior to further optimization and automation initiatives.
- The Transaction is expected to materially expand Decibel’s international footprint with EU GMP certification that enables export of flower and a variety of extract products, with proven sales to 7 different countries including Australia, Denmark, Germany, Israel, Norway, Spain, and the United Kingdom.
- Adds EU GMP and IMC-GAP certified annual flower production of 5.1 metric tonnes per annum (“TPA”), when combined with Decibel’s GACP facility, expands total TPA of exportable flower to more than 12.
- Decibel anticipates AgMedica to contribute free cash flow generation in 2025 with limited working capital requirements in the near term as a result of AgMedica being sold free and clear of certain historical liabilities.
- In connection with, and directly following completion of the Transaction, AgMedica entered into a 5 year industrial lease for the AgMedica facility in Chatham, Ontario, as



well as a sale and leaseback agreement with Callisto pursuant to which certain equipment of AgMedica was transferred to Callisto and leased back to AgMedica for a nominal cost for the term of the AgMedica facility lease. AgMedica has the option to repurchase the equipment at the end of the term of the lease for a nominal value.

- In connection with the Transaction, Decibel also acquired GreenSeal Nursery Ltd., a licensed nursery that holds and maintains certain cannabis genetics.
- The Transaction is subject to the receipt of the final approval of the TSXV following the filing of all final documentation in accordance with the TSXV's conditional approval letter dated October 16, 2024.



# Appendix II: Company Financials

Zuanic & Associates



Exhibit 1: Financial highlights

C\$ 000s	CY22	CY23	1Q24	2Q24	3Q24e	4Q24e	CY24e	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
<b>Sales</b>	79.3	116.0	21.0	22.2	23.7	26.1	92.8	26.6	30.2	34.6	35.9	127.3	154.5	172.6
qoq ch %	na	na	-30%	6%	7%	10%	na	2%	14%	14%	4%	na	na	na
yoy ch %	51%	46%	-16%	-28%	-22%	-13%	-20%	27%	36%	46%	38%	37%	21%	12%
guidance consensus					23.6	25.4	92.6	24.7	25.8	27.9	28.6	107.2	110.9	na
<b>Profit margins</b>														
Gross profit before FV adj	34.0	51.6	10.0	9.3	10.4	11.7	41.5	12.0	13.6	15.6	16.2	57.3	71.1	81.1
as % of sales	42.9%	44.5%	47.9%	41.9%	44.0%	45.0%	44.7%	45.0%	45.0%	45.0%	45.0%	45.0%	46.0%	47.0%
Gross profit after FV adj	26.4	41.9	10.2	8.8	10.4	11.7	41.1	12.0	13.6	15.6	16.2	57.3	71.1	81.1
as % of sales	33.3%	36.1%	48.5%	39.7%	44.0%	45.0%	44.3%	45.0%	45.0%	45.0%	45.0%	45.0%	46.0%	47.0%
Op exp	27.1	40.4	8.5	7.8	8.1	8.7	33.1	8.8	9.8	10.9	11.3	40.7	46.6	51.1
as % of sales	34.2%	34.9%	40.4%	35.4%	34.3%	33.3%	35.7%	33.0%	32.4%	31.5%	31.3%	32.0%	30.1%	29.6%
EBIT	-0.7	1.4	1.7	1.0	2.3	3.1	8.0	3.2	3.8	4.7	4.9	16.6	24.5	30.0
as % of sales	-0.9%	1.2%	8.1%	4.3%	9.7%	11.7%	8.6%	12.0%	12.6%	13.5%	13.7%	13.0%	15.9%	17.4%
adj EBITDA	17.0	25.9	3.6	3.9	4.5	5.3	17.3	5.6	6.2	7.1	7.3	26.1	34.2	39.9
as % of sales	21.4%	22.3%	17.1%	17.8%	19.1%	20.3%	18.7%	21.0%	20.4%	20.5%	20.3%	20.5%	22.1%	23.1%
Consensus EBITDA					3.9	4.4	16.9	3.9	4.5	5.6	5.9	22.5	25.4	na
as % of sales					16.4%	17.3%	18.3%	15.6%	17.2%	20.0%	20.5%	21.0%	22.9%	na
<b>EPS</b>														
Pre tax income	-4.5	-1.8	0.2	0.1	1.6	2.3	4.1	2.5	3.1	4.0	4.3	14.0	22.2	28.0
Tax rate assumption	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	-4.5	-1.8	0.2	0.1	1.6	2.3	4.1	2.5	3.1	4.0	4.3	14.0	22.2	28.0
Share count (FD) Mn	404.2	408.1	424.0	419.0	419.0	419.0	420.2	419.0	419.0	419.0	419.0	419.0	419.0	419.0
EPS	-0.01	0.00	0.00	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.03	0.05	0.07
<b>BS &amp; CF highlights</b>														
Operating cash flow	8.3	7.1	0.9	1.0	1.3	1.3	4.5	4.0	8.3	2.5	4.6	19.4	34.0	37.7
(-) Capex	-3.3	-1.5	-0.3	-0.1	-0.2	-0.2	-0.8	-0.2	-0.2	-0.3	-0.3	-0.9	-1.0	-2.0
Free cash flow	5.0	5.6	0.6	0.9	1.1	1.1	3.7	3.8	8.1	2.2	4.4	18.5	33.0	35.7
Ending net cash (debt)	-40.8	-37.5	-37.6	-37.2	-36.1	-31.5	-31.5	-27.7	-19.6	-17.3	-12.9	-12.9	20.1	55.8
LTM EBITDA	17.0	25.9	22.7	19.4	17.2	17.3	17.3	19.3	21.6	24.1	26.1	26.1	34.2	39.9
Net debt/Sales	-0.5	-0.3	-0.4	-0.4	-0.4	-0.3	-0.3	-1.0	-0.6	-0.5	-0.4	-0.1	0.1	0.3
Net debt/EBITDA	-2.4	-1.4	-1.7	-1.9	-2.1	-1.8	-1.8	-1.4	-0.9	-0.7	-0.5	-0.5	0.6	1.4
Equity	47.2	46.2	42.9	43.1	44.6	56.8	56.8	59.3	62.4	66.4	70.7	70.7	92.9	120.9

Source: Z&A estimates, company reports



Exhibit 2: Sales

C\$Mn	CY22	CY23	1Q24	2Q24	3Q24e	4Q24e	CY24e	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
<b>Net Sales</b>	<b>79.3</b>	<b>116.0</b>	<b>21.0</b>	<b>22.2</b>	<b>23.7</b>	<b>26.1</b>	<b>92.8</b>	<b>26.6</b>	<b>30.2</b>	<b>34.6</b>	<b>35.9</b>	<b>127.3</b>	<b>154.5</b>	<b>172.6</b>
Domestic rec	68.6	105.8	20.6	22.1	23.4	23.6	89.6	21.6	22.7	25.7	24.9	95.0	107.8	121.3
Exports	1.9	3.7	0.4	0.0	0.3	2.5	3.2	5.0	7.5	8.9	11.0	32.4	46.7	51.4
Retailing	8.9	6.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Sales and market share assumptions</b>														
Canada rec sales	4,518	5,163	1,196	1,258	1,391	1,370	5,214	1,255	1,321	1,460	1,386	5,423	5,640	5,865
market (0.4x)	1,807	2,065	478	503	556	548	2,086	502	528	584	554	2,169	2,256	2,346
total market % share	4.2%	5.1%	4.3%	4.4%	4.2%	4.3%	4.3%	4.3%	4.3%	4.4%	4.5%	4.4%	4.8%	5.2%

Source: Z&A estimates, company reports



## Exhibit 3: Cash Flow

C\$ 000s	CY22	CY23	1Q24	2Q24	3Q24e	4Q24e	CY24e	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
Net earnings	-4,462	-1,770	156	58	1,567	2,326	4,107	2,504	3,123	4,044	4,280	13,951	22,171	27,979
(+) D&A	3,669	3,110	1,243	1,179	1,111	1,115	4,648	1,185	1,190	1,194	1,199	4,768	4,849	4,964
<b>Cash earnings</b>	<b>-793</b>	<b>1,340</b>	<b>1,399</b>	<b>1,237</b>	<b>2,678</b>	<b>3,441</b>	<b>8,755</b>	<b>3,690</b>	<b>4,312</b>	<b>5,238</b>	<b>5,479</b>	<b>18,719</b>	<b>27,020</b>	<b>32,943</b>
(-) Working capital changes	-1,214	-6,077	-2,023	-3,056	-1,357	-2,142	-8,578	327	4,006	-2,744	-861	728	7,004	4,780
(-) Other operating flows	10,276	11,836	1,529	2,774	0	0	4,303	0	0	0	0	0	0	0
<b>Net cash used in operating activities</b>	<b>8,269</b>	<b>7,099</b>	<b>905</b>	<b>955</b>	<b>1,321</b>	<b>1,299</b>	<b>4,480</b>	<b>4,016</b>	<b>8,318</b>	<b>2,494</b>	<b>4,618</b>	<b>19,447</b>	<b>34,024</b>	<b>37,724</b>
(-) net capex	-3,266	-1,453	-284	-90	-200	-200	-774	-200	-200	-250	-250	-900	-1,000	-2,000
<b>Free cash flow</b>	<b>5,003</b>	<b>5,646</b>	<b>621</b>	<b>865</b>	<b>1,121</b>	<b>1,099</b>	<b>3,706</b>	<b>3,816</b>	<b>8,118</b>	<b>2,244</b>	<b>4,368</b>	<b>18,547</b>	<b>33,024</b>	<b>35,724</b>
(-) acquisitions	-556	-704	-239	0	0	-6,300	-6,539	0	0	0	0	0	0	0
(-) divestitures	47	0	0	0	0	0	0	0	0	0	0	0	0	0
(+) other	-1,702	-2,014	-543	-793	0	0	-1,336	0	0	0	0	0	0	0
(+) share issuance	0	0	0	0	0	9,800	9,800	0	0	0	0	0	0	0
(-) stock options/warrants	1	356	0	356	0	0	356	0	0	0	0	0	0	0
<b>Change in net</b>	<b>2,793</b>	<b>3,284</b>	<b>-161</b>	<b>428</b>	<b>1,121</b>	<b>4,599</b>	<b>5,987</b>	<b>3,816</b>	<b>8,118</b>	<b>2,244</b>	<b>4,368</b>	<b>18,547</b>	<b>33,024</b>	<b>35,724</b>
<b>Ending net (debt)</b>	<b>-40,767</b>	<b>-37,483</b>	<b>-37,644</b>	<b>-37,216</b>	<b>-36,095</b>	<b>-31,496</b>	<b>-31,496</b>	<b>-27,680</b>	<b>-19,561</b>	<b>-17,317</b>	<b>-12,949</b>	<b>-12,949</b>	<b>20,076</b>	<b>55,799</b>
Cash/inv/sec	2,966	3,481	2,636	2,404	3,545	8,144	8,144	11,960	20,079	22,323	26,691	26,691	59,716	95,439
Gross debts/loans/bonds	43,733	40,964	40,280	39,620	39,640	39,640	39,640	39,640	39,640	39,640	39,640	39,640	39,640	39,640

Source: Z&A estimates, company reports

Exhibit 4: Projected EV

C\$ 000s	CY22	CY23	1Q24	2Q24	3Q24e	4Q24e	CY24e	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
<b>EV calculation (C\$Mn)</b>	<b>68</b>	<b>64</b>	<b>64</b>	<b>64</b>	<b>63</b>	<b>69</b>	<b>69</b>	<b>66</b>	<b>57</b>	<b>55</b>	<b>51</b>	<b>51</b>	<b>18</b>	<b>-18</b>
<b>Market cap (C\$Mn)</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>	<b>38</b>
Share price (C\$)	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Share price (US\$)	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
FD share count (Mn)	409.0	409.0	409.0	409.0	409.0	581.9	581.9	581.9	581.9	581.9	581.9	581.9	581.9	581.9
common shares	409.0	409.0	409.0	409.0	409.0	581.9	581.9	581.9	581.9	581.9	581.9	581.9	581.9	581.9
RSU/DSUs	17.2	17.7	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3
derivatives in the money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Broadly defined net debt</b>	<b>-41</b>	<b>-37</b>	<b>-37</b>	<b>-37</b>	<b>-35</b>	<b>-31</b>	<b>-31</b>	<b>-27</b>	<b>-19</b>	<b>-17</b>	<b>-12</b>	<b>-12</b>	<b>21</b>	<b>56</b>
net financial debt	-41	-37	-38	-37	-36	-31	-31	-28	-20	-17	-13	-13	20	56
leases	0	1	1	1	1	1	1	1	1	1	1	1	1	1
other debt/deferred taxes														
warrant/option/convert inflow														
<i>Note: our comp tables use a static definition of EV (i.e. the current one); but in this table we used projected EV</i>														
<b>Multiples (Z&amp;A)</b>														
EV/Sales	0.9x	0.6x	0.8x	0.7x	0.7x	0.7x	0.7x	0.6x	0.5x	0.4x	0.4x	0.4x	0.1x	-0.1x
EV/EBITDA	4.0x	2.5x	4.5x	4.0x	3.5x	3.3x	4.0x	2.9x	2.3x	2.0x	1.7x	1.9x	0.5x	-0.4x

Source: Z&A estimates, company reports

Note: The common shares of Decibel ("Common Shares") trade on the TSX-Venture Exchange ("TSX-V") under the ticker symbol "DB" and on the OTCQB Venture Market under the symbol "DBCCF". The Company's warrants trade on the TSX-V under the trading symbol "DB.WT.A".



# Appendix III: Valuation Comps

Zuanic & Associates



## Exhibit 5: LPs Valuation Multiples

Multiples 31-Oct-24	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			Financial Net Debt				Broadly Defined Net Debt			
							Sales		EBITDA		Sales		EBITDA	
	Current	2024	2025	Current	2024	2025	Current	CY24	Current	CY24	Current	CY24	Current	CY24
Aurora Cannabis Inc.	1.4x	1.5x	1.4x	6.0x	21.2x	13.5x	na	na	na	na	0.0x	na	0.2x	na
Auxly Cannabis Group Inc.	0.5x	na	na	2.8x	na	na	-0.4x	na	-2.0x	na	-0.5x	na	-2.8x	na
Avant Brands Inc	0.7x	na	na	2.0x	na	na	-0.1x	na	-0.4x	na	-0.4x	na	-1.2x	na
BZAM Ltd	0.4x	na	na	3.4x	na	na	-0.2x	na	-2.4x	na	-0.3x	na	-3.4x	na
Cannara Biotech	0.8x	na	na	6.0x	na	na	0.0x	na	0.0x	na	0.0x	na	0.0x	na
Canopy Growth Corporation	4.1x	3.7x	3.5x	-51.1x	-62.8x	367.1x	-1.4x	-1.3x	17.3x	21.3x	-1.4x	-1.3x	17.3x	21.3x
Cronos Group Inc	-2.3x	-2.2x	-1.8x	5.7x	6.8x	432.2x	na	na	na	na	7.7x	7.4x	-19.3x	-23.1x
Decibel Cannabis Company Inc	0.8x	0.8x	0.6x	4.6x	4.3x	3.1x	-0.4x	-0.4x	-2.1x	-2.0x	-0.4x	-0.4x	-2.1x	-2.0x
Nova Cannabis Inc	0.4x	na	na	12.0x	na	na	0.0x	na	-0.1x	na	0.0x	na	-0.9x	na
OrganiGram Holdings Inc	1.2x	1.1x	0.9x	21.2x	33.0x	13.1x	na	na	na	na	0.5x	0.5x	9.7x	15.1x
Rubicon Organics, Inc.	0.5x	na	na	6.8x	na	na	0.0x	na	-0.4x	na	0.0x	na	-0.4x	na
SNDL Inc.	0.7x	0.7x	0.7x	17.1x	78.7x	na	na	na	na	na	0.2x	0.2x	4.4x	20.5x
Tilray Brands, Inc.	1.4x	1.3x	1.2x	13.0x	17.0x	12.6x	0.0x	0.0x	-0.3x	-0.4x	-0.1x	-0.1x	-0.9x	-1.2x
Village Farms International, Inc.	0.3x	0.3x	0.3x	-6.8x	14.9x	4.7x	0.0x	0.0x	1.0x	-2.1x	0.0x	0.0x	1.0x	-2.2x

1) We take FactSet consensus estimates for CY24e and CY25e multiples

2) By "current", we mean the latest reported qtr annualized

Source: FactSet and company reports

Exhibit 6: LPs EV Calculations

C\$Mn 31-Oct-24	FactSet Spot EV	Z&A Spot EV	C\$ price	mn shares	mn deriv	Total Mkt Cap	Financial net debt	Net leases	ST income tax liab.	Conting Cons.	ITM deriv inflow	Total BDND	Pref Stock Min Int
Aurora Cannabis Inc.	376	466	7.84	54.7	1.3	439	63	-50		0		13	41
Auxly Cannabis Group Inc.	170	58	0.04	0.0	0.0	0	-41	-15		-2		-58	
Avant Brands Inc	237	23	0.88	10.5	0.3	10	-5	-8				-13	
BZAM Ltd	112	45	0.00	180.8	0.2	0	-31	-14				-45	
Cannara Biotech	85	66	0.74	90.0	0.0	66	0	0	0			0	
Canopy Growth Corporation	na	1,078	6.83	102.5	1.8	712	-366					-366	
Cronos Group Inc	-40	-343	2.91	277.0	6.4	825	1,170	-2				1,168	
Decibel Cannabis Company Inc	65	73	0.07	581.9	16.3	40	-34	0				-33	
Nova Cannabis Inc	1	118	1.76	62.1		109	-1	-8				-9	
OrganiGram Holdings Inc	175	175	2.46	103.8	0.0	255	80		0			80	
Rubicon Organics, Inc.	25	23	0.37	56.2	4.3	22	-1	0				-1	
SNDL Inc.	521	657	2.95	264.3	16.2	828	209	-38				171	
Tilray Brands, Inc.	1,538	1,626	2.33	634.4	0.0	1,480	-42	-49		-21		-112	35
Village Farms International, Inc.	157	133	1.22	81.0		98	-19	-1				-19	15

Source: FactSet and company reports

## Exhibit 7: MSOs Valuation Multiples

US\$Mn 31-Oct-24	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			Financial Net Debt				Broadly Defined Net Debt			
							Sales		EBITDA		Sales		EBITDA	
	Current	CY24e	CY25e	2023	2024	2025	CY24	Current	CY24	Current	CY24	Current	CY24	Current
<b>US MSOs</b>	<b>0.8x</b>	<b>1.7x</b>	<b>1.5x</b>	<b>12.3x</b>	<b>11.3x</b>	<b>7.5x</b>								
Acreage Holdings	0.5x	1.3x	na	11.2x	6.6x	na	-1.0x	-1.6x	-4.9x	-33.2x	-1.2x	-2.0x	-6.1x	-40.9x
Ascend Wellness	1.3x	1.2x	1.1x	6.4x	5.9x	5.2x	-0.4x	-0.4x	-2.0x	-2.0x	-0.8x	-0.9x	-4.2x	-4.3x
Ayr Wellness	1.3x	1.3x	1.1x	5.5x	5.6x	4.2x	-0.7x	-0.8x	-3.2x	-3.1x	-0.6x	-0.7x	-2.8x	-2.7x
Cannabist Co	0.9x	1.0x	0.9x	6.8x	7.0x	5.5x	-0.6x	-0.6x	-4.1x	-3.9x	-0.7x	-0.7x	-5.5x	-5.2x
Cansortium	5.3x	na	na	18.9x	na	na	na	na	na	na	na	na	na	na
Cresco Labs	1.6x	1.7x	1.6x	7.3x	6.0x	5.6x	-0.5x	-0.5x	-1.9x	-1.8x	-0.8x	-0.8x	-2.8x	-2.7x
Curaleaf	3.1x	3.0x	2.7x	13.6x	13.0x	10.4x	0.0x	0.0x	0.0x	0.0x	-1.3x	-1.3x	-5.7x	-6.2x
4Front Ventures	1.8x	na	na	17.0x	na	na	na	-1.1x	na	-7.6x	na	-1.8x	na	-12.8x
Glass House	4.6x	3.5x	na	30.1x	17.8x	na	-0.2x	na	-1.0x	na	-0.4x	-0.4x	-2.0x	-1.5x
Gold Flora	1.1x	1.0x	0.8x	na	54.7x	6.2x	na	-0.3x	na	na	na	-0.9x	na	na
Goodness Growth	1.8x	1.6x	na	9.4x	7.0x	na	-0.6x	-0.6x	-2.7x	-1.9x	-1.0x	-1.0x	-4.3x	-3.0x
Green Thumb	2.5x	2.3x	2.2x	8.0x	7.2x	6.9x	-0.1x	-0.1x	-0.3x	-0.3x	-0.1x	-0.1x	-0.4x	-0.3x
Grown Rogue	-26.1x	na	na	19.0x	na	na	na	na	na	na	na	na	na	na
iAnthus	1.3x	na	na	na	na	na	na	-0.9x	na	-4.4x	na	-0.9x	na	-4.5x
Jushi	1.5x	1.5x	1.3x	9.6x	6.9x	6.0x	-0.6x	-0.7x	-3.0x	-2.9x	-1.1x	-1.2x	-5.2x	-5.1x
MariMed	1.1x	1.0x	0.8x	6.6x	8.1x	4.5x	-0.4x	-0.4x	-3.2x	-3.6x	-0.5x	-0.5x	-4.0x	-4.6x
Planet 13	1.8x	1.4x	1.0x	-7.5x	15.5x	6.6x	0.1x	0.1x	1.6x	-14.8x	0.0x	0.0x	0.2x	-1.9x
Schwazze	1.1x	1.1x	na	3.6x	5.3x	na	-0.9x	-0.9x	-4.1x	na	-1.1x	-1.1x	-5.1x	na
StateHouse	1.8x	na	na	na	na	na	na	-1.0x	na	-10.6x	na	-1.7x	na	-17.9x
TerrAscend	3.0x	3.1x	3.0x	14.0x	15.2x	13.1x	-0.9x	-0.9x	-4.6x	-4.7x	-1.9x	-1.9x	-9.2x	-9.3x
TILT	0.7x	0.9x	0.7x	53.6x	na	18.1x	-0.5x	-0.6x	20.8x	12.4x	-0.9x	-1.0x	37.1x	22.2x
Trulieve	2.5x	2.4x	2.3x	8.7x	7.2x	7.3x	-0.2x	-0.2x	-0.7x	-0.8x	-0.5x	-0.5x	-1.6x	-2.0x
Verano	1.8x	1.8x	1.7x	5.5x	5.9x	5.2x	-0.3x	-0.3x	-0.9x	-0.9x	-0.6x	-0.6x	-1.9x	-1.9x
Vext	1.9x	1.8x	na	12.0x	8.9x	na	-0.9x	-0.9x	-4.3x	-7.4x	-0.9x	-1.0x	-4.3x	-7.4x

1) We take FactSet consensus estimates for CY24e and CY25e multiples

2) By "current", we mean the latest reported qtr annualized

Source: FactSet and company reports

Exhibit 8: MSOs EV Calculations

US\$m	FactSet	Z&A	US\$	mn	mn	Total	Financial	Net	Income	Conting	ITM deriv	Total	Pref Stock
31-Oct-24	Spot EV	Spot EV	price	shares	deriv	Mkt Cap	net debt	leases	tax liab.	Cons.	inflow	BDND	Min Int
<b>US MSOs</b>													
Acreage Holdings	245	339	0.18	125.0	34.6	28	-252	-2	-57			-311	
Ascend Wellness	678	677	0.86	213.9	13.3	195	-226	-134	-123			-483	
Ayr Wellness	723	625	2.16	114.0	31.1	314	-359	4	-11	0	55	-311	
Cannabist Co	600	471	0.21	469.6	20.0	104	-276	-27	-65	0		-367	
Cansortium	140	145	0.16	304.9	5.6	48	-59	-9	-29			-97	
Cresco Labs	1,055	1,266	1.50	442.6	9.2	678	-395	-56	-128	-9		-588	
Curaleaf	2,894	4,138	2.95	742.3	11.2	2,223	8	-1,115	-672	-18		-1,796	119
4Front Ventures	249	170	0.04	915.2	3.8	37	-79	-8	-40	-6	0	-134	
Glass House	516	739	7.63	74.8	1.7	583	-42	0	-8	-33		-83	72
Gold Flora	130	135	0.08	287.6	0.0	22	-37	-31	-41	-4		-113	
Goodness Growth	112	159	0.43	144.7		62	-61	-9	-27			-97	
Green Thumb	2,524	2,610	10.08	237.0	9.3	2,482	-114	-26	-25	0	37	-128	
Grown Rogue	75	95	0.66	143.5		95	0	0	0	0		0	
iAnthus	61	223	0.01	6,615.3		62	-156	-6				-162	
Jushi	364	393	0.48	196.6	1.9	95	-170	0	-128			-298	
MariMed	145	162	0.16	380.6	5.0	62	-63	-1	-16			-80	19
Planet 13	133	178	0.56	325.2	0.3	181	18	-6	-5	-5		2	
Schwazze	180	195	0.11	80.2		9	-151	-2	-33	0		-186	
StateHouse	144	200	0.02	256.4	138.6	6	-114	-10	-54	-22	7	-192	2
TerrAscend	528	962	1.04	351.2	15.3	381	-293	-169	-6	-114		-581	
TILT	110	110	0.01	390.5	4.4	4	-59	-44	-3			-106	
Trulieve	2,074	2,813	11.58	186.0	3.3	2,192	-264	-20	-333	-5		-622	
Verano	1,486	1,681	3.25	346.4	8.7	1,154	-266	-6	-251	-4		-527	
Vext	48	66	0.14	245.5	3.4	34	-32	0				-32	

Source: FactSet and company reports

## Exhibit 9: Stock Performance

31-Oct-24 Ticker	Stock Performance		
	Last 30d	Last 90d	Last 12mo
<b>US MSOs</b>			
Ascend	1%	-21%	-8%
Ayr	27%	1%	101%
Cannabist	-6%	-17%	-46%
Cansortium	-10%	30%	86%
Cresco	-9%	-6%	36%
Curaleaf	-3%	-26%	13%
4Front	-16%	-61%	-81%
GlassHouse	-17%	-8%	106%
Gold Flora	-13%	-44%	-29%
Vireo	-10%	0%	126%
Grown Rogue	0%	10%	118%
Green Thumb	-4%	-10%	29%
iAnthus	-25%	-40%	-61%
Jushi	-10%	-16%	20%
MariMed	-5%	-9%	-52%
Planet13	-7%	19%	6%
Schwazze	0%	-44%	-82%
StateHouse	0%	1400%	-50%
Trulieve	-2%	15%	190%
TerrAscend	-22%	-26%	-32%
Vext	-25%	-25%	-34%
Verano	-2%	-18%	7%

Ticker	Stock Performance		
	Last 30d	Last 90d	Last 12mo
<b>Canadian LPs</b>			
Aurora	-3%	-8%	30%
Avant	-20%	-44%	-82%
Auxly	10%	17%	178%
Cannara	12%	12%	-23%
Canopy	8%	-35%	-4%
Cronos	-3%	-14%	19%
Decibel	15%	14%	-53%
Entourage	1%	-2%	-45%
High Tide	42%	56%	106%
Nova	0%	23%	150%
OGI	1%	6%	71%
Rubicon	-19%	-24%	-6%
SNDL	6%	-6%	59%
Tilray	-3%	-17%	-2%
VFF	-3%	-22%	30%
<b>CBD</b>			
CVSI	0%	-10%	25%
CWEB	-6%	-16%	-44%
LFID	-8%	-26%	-70%
<b>International</b>			
InterCure	-8%	-10%	25%
PharmaCielo	-51%	24%	131%

Ticker	Stock Performance		
	Last 30d	Last 90d	Last 12mo
<b>MJ Fincos</b>			
AFCG	-6%	11%	-7%
CNPOF	4%	58%	63%
IIPR	-3%	7%	88%
NLCP	-7%	-4%	52%
SHFS	-20%	-37%	-44%
SSIC	20%	8%	39%
REFI	-5%	-4%	10%
<b>Tech</b>			
LFLY	-19%	-22%	-71%
SBIG	13%	-29%	-17%
MAPS	-12%	-27%	-28%
<b>Vape parts</b>			
GNLN	-40%	2%	-50%
ISPR	-10%	-22%	-24%
SMORF	9%	9%	78%
TLLTF	-12%	-42%	-69%
<b>Index</b>			
S&P 500	1%	5%	40%
S&P 477	-3%	3%	21%
Nasdaq	4%	12%	54%
MSOS ETF	-5%	-11%	32%
YOLO ETF	-1%	-7%	32%

Source: FactSet



# Appendix IV: Bio and Disclaimers

Zuanic & Associates



## Analyst Bio

Pablo Zuanic is a well-known and highly rated equity analyst following the broader cannabinoids (THC cannabis, hemp derivatives, CBD) and consumer sectors. Over the past six years he has launched coverage of over 40 companies in the US, Canada, and overseas; plant-touching as well as service providers (tech; finance); and has also worked with several private companies. He follows closely the reform process in the US, Canada, Germany, Australia, and elsewhere, and relies on a fundamental and data-driven approach to keep track of sectoral trends. His firm Zuanic & Associates publishes equity research, both from a macro/sectoral level in a thematic manner, as well as on listed stocks. The research service is aimed at institutional investors, corporations, and regulators. The firm is also available for short-term consulting and research advisory projects. Approaching the third year since its inception, the firm has collaborated with over 25 companies (in North America and overseas; plant touching and service providers; public and private), both on an on-going basis as well for specific projects. At various points in his career, Pablo Zuanic was ranked in the Institutional Investor magazine surveys, and called as expert witness in industry investigations. He has a deep global background having covered stocks over the past 20 years in the US, Europe, Latin America, and Asia, across consumer sub sectors. Prior employers include JP Morgan, Barings, and Cantor Fitzgerald. An MBA graduate of Harvard Business School, he started his career as a management consultant, which brings a strategic mindset to his approach to equity research. *He can be contacted via the company's portal [www.zuanicassociates.com](http://www.zuanicassociates.com); via email at [pablo.zuanic@zuanicgroup.com](mailto:pablo.zuanic@zuanicgroup.com); or via X @420Odysseus.*



## Disclosures and Disclaimers

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