



2/6/2025

Aurora Cannabis (ACB)

Company Update

C\$ Mn								
Sales	FY24a	FY25e		Prev	FY26e	Prev	FY27	Prev
1Q	75.1	83.4	A	83.4	113.1	96.0	123.6	101.7
2Q	63.1	81.1	A	81.1	102.4	81.6	109.5	86.8
3Q	63.1	88.2	A	79.2	106.3	81.6	112.1	86.6
4Q	<u>67.7</u>	<u>93.9</u>	E	<u>83.3</u>	<u>108.2</u>	<u>86.2</u>	<u>117.7</u>	<u>92.4</u>
FY	269.0	346.7	E	327.1	430.0	345.4	462.9	367.5
EBITDA	FY24a	FY25e		Prev	FY24e	Prev	FY25e	Prev
1Q	2.6	4.9	A	4.9	27.1	12.1	22.1	14.9
2Q	3.3	10.1	A	10.1	21.6	14.1	26.9	18.2
3Q	3.3	23.1	A	10.3	23.0	15.4	28.3	19.5
4Q	<u>2.3</u>	<u>18.1</u>	E	<u>11.9</u>	<u>22.9</u>	<u>15.3</u>	<u>29.1</u>	<u>19.3</u>
FY	11.5	56.2	E	37.2	94.7	56.9	106.5	71.9

Share price (C\$)	7.72	Perf.		ACB		YOLO		S&P500		Stance:		Neutral
Share count (mn)	54.5	30d		15%		-7%		1%				no price target
Market Cap (C\$Mn)	421	90d		6%		-17%		1%				FY=Mar
Ticker	ACB	1yr		34%		-39%		22%				



C\$Mn	FY25e	FY26e	FY27e
Projected EV	467	373	267
EV/Sales	1.3x	0.9x	0.6x
EV/EBITDA	8.3x	3.9x	2.5x
	FY25e	FY26e	FY27e
Net debt/Sales	na	na	na
Net debt/EBITDA	na	na	na
Free Cash Flow	5	94	105
Net (debt) cash	51	131	236
Consensus	FY25e	FY26e	FY27e
Sales	329	356	368
EBITDA	33	50	54
Guidance FY25e:	n/a		

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Company Update Post Dec Qtr Print

We attach our updated estimates post the release of ACB's Dec qtr results (strong beat and implied Mar qtr guidance ahead of consensus; we took our sales and EBITDA estimates up, especially the latter). While investor focus remains on US reform news flow (the group was up on Wed 2/5 on "debanking" hearings in Congress), favorable regulatory changes in overseas medical cannabis (MMJ) markets (Germany being the most notable case last year; others will likely follow) should lead to strong growth for Canadian LPs, especially those with route to market capabilities. In this sense, the ACB Dec print showed the benefits of the company's focused strategy on global MMJ, and the stock was rewarded (up ~50% on Wed). More importantly, the data shows LPs like ACB may be able to sustain overseas market share even as those markets expand (besides assets on the ground, they are well equipped to deal with the complexity: GMP certification, testing, registration, stability), despite the growth in importers/distributors and expanding supply base (LatAm, Africa, others). So, while we keep the Neutral stance for now, we are becoming more constructive on ACB and other LPs with strong overseas presence. Note: All numbers are in C\$ unless otherwise noted.

Dissecting the beat. Sales of \$88Mn vs FactSet consensus of \$80Mn; EBITDA of \$23Mn vs. \$9Mn. Record EBITDA margins. Positive operating cash flow and free cash flow (for the first time). While there is no guidance, management pointed to continued growth (consensus sales were at \$83Mn for the Mar'25 qtr, so will need to move up) and margin expansion potential, in addition to positive FCF. We would not ascribe all to Germany, but certainly the company's focus on medical (especially in international), the pivot away from domestic rec (began >4 years ago), and cost discipline, are all finally starting to pay dividends. More importantly, ACB is showing that it can maintain market share as overseas medical market start to develop, and maybe even gain (as it can tap different sources of supply, and benefit from its integrated local assets [feet on the ground] in key markets). Indeed, while not straight apples to apples, we note C\$ total flower exports grew 55% between calendar 4Q24 and 2Q24 (\$90Mn vs. \$58Mn), ACB's international business doubled.

About the Dec qtr (fiscal 3Q25).

- International sales were up 17% QoQ to \$40.9Mn, with Australia slightly down to \$14.6M (-4%) and Europe up 32% to \$26.3Mn (on top of 86% seq growth in the Sep qtr). Europe had been steady at \$10Mn thru the June quarter, but reg changes in Germany since 4/1 have led to substantial growth (Poland is ACB's 2nd market in Europe, followed by the UK). ACB's European growth is consistent with total Canadian total flower export trends – per StatCan, Canada's total flower \$ shipments to Germany were up 2.2x in 4Q24 vs. 2Q24.
- Revenues for the other businesses were mostly steady seq, with domestic med at \$27.3Mn (+4%), domestic rec \$9.9Mn (-5%), and non-MJ (plant propagation) at \$8.9Mn (+3%).



- The higher margins of the international med business drove overall margin expansion. Reported consolidated gross margins increased seq to 54% from 48%; consolidated cash margins (ex dep) ex items reached 61% (a record), up from 52% in the Sep qtr and from Dec'23. Total medical cash margins were 74% in the Dec qtr vs. 68% in Sep and 63% in Dec'23. The company does not split margins between international and domestic med, but we understand international carries high margin at present, and we estimate they have been increasing (in a [12/6 note](#) we argued C\$ export growth to Germany was price and margin accretive). So, yes, it is all about med (rec cash margins were 3%; plant propagation 29%).
- Recurring cash SGA has remained steady in the mid \$30Mn range for most of the last six quarters (\$36.5Mn in the Dec'24 qtr). ABC disclosed adj EBITDA margins of 26% in the Dec qtr (another record) vs. 12% in Sep and 9% in Dec'23.
- Operating cash flow of \$29Mn was a significant improvement vs. negative figures in the recent past (-\$25Mn in Sep), in part due to working capital improvements besides the EBITDA gains mentioned above. Capex has remained steady at \$5Mn per qtr. So, positive FCF pushed net cash to \$51Mn (\$109Mn in cash; \$58Mn financial debt) vs. \$27Mn in Sep.

Valuation. ACB shares jumped almost 50% on Wed 2/5 (to US\$5.37) following the earnings beat ("debanking hearings in the US also pushed the overall MJ sector up, with CGC up 20%, but certainly ACB outperformed). We calculate a spot EV of C\$475Mn, with 54.9mn shares outstanding (we add 1.2mn in RSU type grants), net cash of \$27Mn, \$43Mn in net leases, \$10Mn in contingent debt, and \$40Mn in minority interest. The stock trades at 1.3x EV to current sales (annualizing the Dec qtr sales figure) and 5x current EBITDA. That is slightly below tier 1 MSOs like Curaleaf and Green Thumb; comparisons with other large Canadian LPs are not straightforward given different business models. All that said, we realize comp analysis is an academic exercise given the sector's depressed valuations (vs. historicals and the industry's growth potential). Surely, as international med markets continue to grow (due to "reg unlocks"), the stock could have upside (management, conservatively, estimates the TAM opportunity outside NA at C\$5Bn), both from rerating of the multiple as well as increased sales and EBITDA base.

[Link to our prior note on ACB](#) (from 11/6/24).

Table 1: Stocks Mentioned in this Report

Stocks mentioned:

Company name	Ticker	Ticker	Rating
US MSOs			
4Front Ventures		FFNTF	not rated
Ascend Wellness		AAWH	will cover
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
Green Thumb Industries		GTBIF	Overweight
Grown Rogue		GRUSF	not rated
Jushi Holdings		JUSHF	Overweight
MariMed		MRMD	Overweight
Planet 13 Holdings		PLNHF	Overweight
Schwazze		SHWZ	will cover
TerrAscend		TSNDF	not rated
TILT Holdings		TLLTF	Neutral
Trulieve Cannabis		TCNNF	not rated
Verano Holdings		VRNOF	Overweight
Vext Science, Inc.		VEXTF	Overweight
Vireo Growth		VREOF	will cover
Finance (MJ) Companies			
AFC Gamma		AFCG	Overweight
Chicago Atlantic BDC		LIEN	will cover
Chicago Atlantic REAF		REFI	Overweight
Innovative Industrial Properties		IIPR	not rated
New Lake Capital Partners		NLCP	Overweight
SHF Holdings		SHFS	not rated

Company name	Ticker	Rating
Canada LPs		
Aurora Cannabis	ACB	Neutral
Auxly Cannabis Group	CBWTF	will cover
Avant Brands	AVTBF	will cover
Avicanna	AVCN	not rated
Ayurcann Holdings	AYURF	will cover
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
Other		
Agrify	AGFY	not rated
Cannapresso	TBD	not rated
Cantourage AG	HIGH:FF	not rated
Flora Growth	FLGC	not rated
Grow Generation	GRWG	not rated
Intercure	INCR	not rated
Ispire Technology	ISPR	will cover
Leafly	LFLY	not rated
LFTD Partners Inc.	LIFD	Overweight
Smooore International	SMORF	will cover
Springbig	SBIG	not rated
Urban-gro	UGRO	not rated
WM Technology	MAPS	Neutral

Source: Z&A ratings



Appendix I: Company Financials

Zuanic & Associates

Exhibit 1: Financial Highlights

C\$ Mn	Mar FY23	Mar FY24	Jun 1Q25	Sep 2Q25	Dec 3Q25	Mar 4Q25e	Mar FY25e	Jun 1Q26e	Sep 2Q26e	Dec 3Q26e	Mar 4Q26e	Mar FY26e	Mar FY27e
Sales (\$ Mn)	225.1	270.3	83.4	81.1	88.2	93.9	346.7	113.1	102.4	106.3	108.2	430.0	462.9
qoq ch %	na	na	23%	-3%	9%	6%	na	20%	-10%	4%	2%	na	na
yoy ch %	-1%	20%	11%	29%	37%	39%	28%	36%	26%	21%	15%	24%	8%
<i>consensus</i>						83.5	328.8	95.9	82.6	82.2	87.7	356.4	368.0
P&L													
Gross profit before FV adj	29	78	30	39	47	52	169	61	60	63	63	247	270
as % of sales	13%	29%	36%	48%	54%	55%	49%	54%	58%	59%	59%	57%	58%
EBIT	-218	-46	1	-2	37	9	45	18	14	15	15	61	73
as % of sales	-97%	-17%	1%	-3%	42%	10%	13%	16%	13%	14%	14%	14%	16%
adj EBITDA	-10	14	5	10	23	18	56	27	22	23	23	95	106
as % of sales	-4%	5%	6%	12%	26%	19%	16%	24%	21%	22%	21%	22%	23%
<i>consensus EBITDA</i>						10.9	33.2	10.6	10.6	10.7	12.1	49.8	53.7
<i>as % of sales</i>						13.0%	10.1%	11.0%	12.8%	13.0%	13.8%	14.0%	14.6%
EPS													
Pre tax income	-840	-60	8	1	32	8	48	17	13	14	14	58	71
Tax rate assumption	1%	-10%	41%	2097%	1%	3%	34%	3%	3%	3%	3%	3%	3%
Net income after min int	-831	-66	5	-12	32	8	32	16	12	14	14	56	69
Share count (FD) Mn	277.0	255.9	54.6	54.6	56.3	55.8	55.3	54.9	55.5	54.9	54.9	55.0	54.9
EPS	3.75	-1.25	0.08	-0.21	0.57	0.14	0.58	0.30	0.23	0.25	0.25	1.02	1.25
<i>consensus</i>						0.11	-0.16	0.01	0.03	0.02	0.09	0.17	0.16
BS and CF highlights													
Operating cash flow	-142	-41	8	-25	29	9	22	19	41	20	25	106	119
(-) Capex	-18	-13	-5	-5	-5	-2	-17	-2	-3	-3	-3	-12	-14
Free cash flow	-161	-54	3	-29	24	7	5	17	38	17	21	94	105
Ending net cash (debt)	83	89	63	63	27	51	51	75	75	114	131	131	236
Net cash (debt)/Sales	0.4x	0.3x	0.2x	0.2x	0.1x	0.1x	0.1x	0.2x	0.2x	0.3x	0.3x	0.3x	0.5x
Net cash (debt)/EBITDA	-8.3x	6.5x	3.2x	1.6x	0.3x	0.7x	0.9x	0.7x	0.9x	1.2x	1.4x	1.4x	2.2x
Equity	559	516	562	562	543	573	573	597	597	609	623	623	686

Source: Z&A estimates, company reports

Exhibit 2: Cannabis Sales Trends

C\$ Mn	Mar FY23	Mar FY24	Jun 1Q25	Sep 2Q25	Dec 3Q25	Mar 4Q25e	Mar FY25e	Jun 1Q26e	Sep 2Q26e	Dec 3Q26e	Mar 4Q26e	Mar FY26e	Mar FY27e
Net sales	225.1	270.3	83.4	81.1	88.2	93.9	346.7	113.1	102.4	106.3	108.2	430.0	462.9
Canada Rec	55.5	48.6	11.5	10.4	9.9	9.1	41.0	9.6	10.5	10.1	9.6	39.8	41.9
Canada bulk	1.0	1.5	1.6	0.8	1.2	1.0	4.6	1.0	1.0	1.0	1.0	4.0	4.0
Canada Med	97.0	101.4	27.1	26.3	27.3	27.4	108.1	27.5	27.5	27.6	27.7	110.3	111.7
International Med	47.3	68.9	20.1	35.0	40.9	45.7	141.7	51.3	54.4	58.4	58.9	223.0	251.4
Other/Propagation	20.7	44.8	23.1	8.6	8.9	10.7	51.3	23.8	8.9	9.2	11.1	52.9	53.9
Seq ch	na	20%	23%	-3%	9%	6%	28%	20%	-10%	4%	2%	24%	8%
Canada Rec	na	-12%	-3%	-10%	-5%	-8%	-16%	5%	10%	-4%	-6%	-3%	5%
Canada Med	na	5%	9%	-3%	4%	0%	7%	0%	0%	0%	0%	2%	1%
International Med	na	45%	28%	75%	17%	12%	106%	12%	6%	7%	1%	57%	13%
Canada rec assumptions (C\$ Mn)													
Market size C\$ rsp	4,671	5,176	1,258	1,380	1,381	1,255	5,274	1,321	1,449	1,398	1,318	5,485	5,785
QoQ ch %	na	na	5%	10%	0%	-9%	na	5%	10%	-4%	-6%	na	na
YoY ch %	15%	11%	-1%	0%	4%	5%	2%	5%	5%	1%	5%	4%	5%
Market size C\$ ex factory	2,335	2,588	629	690	690	628	2,637	660	724	699	659	2,743	2,892
Co rec market share	2%	2%	2%	2%	1%	1%	2%	1%	1%	1%	1%	1%	1%
Co sales C\$Mn	55	49	12	10	10	9	41	10	11	10	10	40	42
Med intl assumptions (C\$ Mn)													
Market size C\$ rsp (CF est)	2,702	3,663	838	891	935	1,076	3,740	1,237	1,361	1,497	1,571	5,665	7,112
QoQ ch %	na	na	-14%	6%	5%	15%	na	15%	10%	10%	5%	na	na
YoY ch %	63%	36%	0%	0%	-3%	10%	2%	48%	53%	60%	46%	51%	26%
Market size C\$ ex factory	1,351	1,832	419	445	468	538	1,870	618	680	748	786	2,833	3,556
Co market share	4%	4%	5%	8%	9%	9%	8%	8%	8%	8%	8%	8%	7%
Co sales C\$Mn	47	69	20	35	41	46	142	51	54	58	59	223	251

Source: Z&A estimates, company reports

Exhibit 3: Gross Profits by Division

C\$ Mn	Mar FY23	Mar FY24	Jun 1Q25	Sep 2Q25	Dec 3Q25	Mar 4Q25e	Mar FY25e	Jun 1Q26e	Sep 2Q26e	Dec 3Q26e	Mar 4Q26e	Mar FY26e	Mar FY27e
REPORTED													
Gross profit bef fv adj	40.4	74.4	37.0	39.2	47.4	52.0	175.6	61.2	59.7	62.7	63.4	246.9	270.1
Canada Rec	-17.5	-5.4	1.0	0.5	-0.6	0.5	1.5	0.8	1.1	1.0	1.0	3.8	5.3
Medical (Canada + exports)	58.2	76.4	30.3	39.7	46.1	49.7	165.8	54.4	57.4	60.2	60.6	232.6	254.1
Bulk/Bevo	-0.3	3.4	5.8	-1.0	1.9	1.7	8.3	6.0	1.3	1.5	1.8	10.5	10.8
As % of sales	18%	28%	44%	48%	54%	55%	51%	54%	58%	59%	59%	57%	58%
Canada Rec	-32%	-11%	8%	5%	-6%	6%	4%	8%	10%	10%	10%	10%	13%
Medical (Canada + exports)	40%	45%	64%	65%	68%	68%	66%	69%	70%	70%	70%	70%	70%
Bulk/Bevo	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
As % of total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Canada Rec	-43%	-7%	3%	1%	-1%	1%	1%	1%	2%	2%	2%	2%	2%
Medical (Canada + exports)	144%	103%	82%	101%	97%	96%	94%	89%	96%	96%	96%	94%	94%
Bulk/Bevo	-1%	5%	16%	-3%	4%	3%	5%	10%	2%	2%	3%	4%	4%
ADJ CASH GP													
Gross profit ex dep and ex ir	32.6	36.0	134.9	42.6	53.6	55.7	64.9	214.6	62.8	65.9	66.5	72.0	80.0
Canada Rec	3.3	2.8	0.0	1.4	0.3	1.3	1.5	4.5	1.7	1.7	1.6	1.7	2.3
Medical (Canada + exports)	25.1	32.8	0.0	41.7	50.5	51.5	56.2	199.8	58.9	61.7	62.2	63.2	70.4
Bulk/Bevo	4.2	0.4	134.9	-0.5	2.9	2.9	7.2	10.3	2.2	2.4	2.7	7.2	7.3
As % of sales	14.5%	13.3%	161.7%	52.5%	60.8%	59.3%	18.7%	189.7%	61.4%	62.0%	61.5%	16.8%	17.3%
Canada Rec	26.2%	23.8%	26.0%	13.5%	26.0%	14.2%	15.8%	17.4%	16.2%	16.5%	16.9%	16.6%	21.2%
Medical (Canada + exports)	59.6%	69.5%	63.9%	68.0%	74.1%	70.5%	71.3%	71.0%	71.9%	71.8%	71.8%	71.8%	71.6%
Bulk/Bevo	na	na	na	na	na	na	na	na	na	na	na	na	na
As % of total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Canada Rec	10%	8%	0%	3%	0%	2%	2%	2%	3%	3%	2%	2%	3%
Medical (Canada + exports)	77%	91%	0%	98%	94%	93%	87%	93%	94%	94%	93%	88%	88%
Bulk/Bevo	13%	1%	100%	-1%	5%	5%	11%	5%	4%	4%	4%	10%	9%

Source: Z&A estimates, company reports

Exhibit 4: Summary Cash Flow

SUMMARY CASH FLOW	Mar FY24	Jun 1Q25	Sep 2Q25	Dec 3Q25	Mar 4Q25e	Mar FY25e	Jun 1Q26e	Sep 2Q26e	Dec 3Q26e	Mar 4Q26e	Mar FY26e	Mar FY27e
C\$ 000s												
Net earnings	-59,045	4,844	1,675	31,228	7,669	45,416	16,441	12,415	13,745	13,623	56,224	68,598
(+) D&A	33,071	5,740	5,424	5,430	6,936	23,530	6,960	5,865	5,896	5,928	24,649	24,051
Cash earnings	-25,974	10,584	7,099	36,658	14,605	68,946	23,401	18,280	19,641	19,550	80,873	92,650
(-) Working capital changes	-15,627	10,682	-29,588	15,805	-5,196	-8,297	-3,991	23,098	962	5,252	25,321	27,079
(-) Other operating flows	-26,907	-12,891	-2,402	-23,624	-77	-38,994	-166	-125	-139	-138	-568	-693
Net cash used in operating activities	-68,508	8,375	-24,891	28,839	9,332	21,655	19,244	41,253	20,464	24,665	105,626	119,036
(-) net capex	-16,956	-5,153	-4,543	-4,858	-2,000	-16,554	-2,000	-3,071	-3,189	-3,247	-11,507	-13,886
Free cash flow	-85,464	3,222	-29,434	23,981	7,332	5,101	17,244	38,182	17,276	21,417	94,119	105,149
(-) acquisitions/divestitures	-2,539	0	0	0	0	0	0	0	0	0	0	0
(-) other (inc bond conversion)	106,257	3,704	117	354	0	4,175	0	0	0	0	0	0
(+) other proceeds	0	0	-6,504	-940	0	-7,444	0	0	0	0	0	0
(+) share issuance	37,926	0	126	0	0	126	0	0	0	0	0	0
(-) stock options/warrants	0	0	0	0	0	0	0	0	0	0	0	0
Change in net	56,180	6,926	-35,695	23,395	7,332	1,958	17,244	38,182	17,276	21,417	94,119	105,149
Ending Net debt	56,180	63,106	27,411	50,806	58,138	58,138	75,383	113,564	130,840	152,258	152,258	257,407
Cash/inv/sec	113,439	115,487	84,921	108,711	92,910	92,910	110,155	148,336	165,612	187,030	187,030	292,179
Gross debts/loans/bonds	57,259	52,381	57,510	57,905	34,772	34,772	34,772	34,772	34,772	34,772	34,772	34,772

Source: Z&A estimates, company reports

Exhibit 5: Projected EV Multiples and Share Price “Scenarios”

C\$Mn	Mar FY23	Mar FY24	Jun 1Q25	Sep 2Q25	Dec 3Q25	Mar 4Q25e	Mar FY25e	Jun 1Q26e	Sep 2Q26e	Dec 3Q26e	Mar 4Q26e	Mar FY26e	Mar FY27e	Upside
Current valuation														
EV (C\$Mn)		424	449	490	475	467	467	450	412	394	373	373	267	
Market cap (\$Mn)		421	422	434	433	433	433	433	433	433	433	433	433	
Share price (CAD\$)		7.72	7.72	7.72	7.72	7.72	7.72	7.72	7.72	7.72	7.72	7.72	7.72	
Share price (US\$)		5.37	5.37	5.37	5.37	5.37	5.37	5.37	5.37	5.37	5.37	5.37	5.37	
FD share count (Mn)		54.5	54.6	56.2	56.1	56.1	56.1	56.1	56.1	56.1	56.1	56.1	56.1	
common shares (proforma)		54.5	54.6	54.9	54.9	54.9	54.9	54.9	54.9	54.9	54.9	54.9	54.9	
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	
RSUs/other		0.0	0.0	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	
Broadly defined net cash (debt)		39	13	-16	-2	5	5	23	61	78	99	99	205	
net financial debt (proforma)		56	63	27	51	58	58	75	114	131	152	152	257	
leases		-17	-50	-43	-43	-43	-43	-43	-43	-43	-43	-43	-43	
other debt														
warrant/derivatives inflow														
Minority interest		42	41	40	39	39	39	39	39	39	39	39	38	
Multiples (Z&A)														
EV/Sales		1.6x	1.3x	1.5x	1.3x	1.2x	1.3x	1.0x	1.0x	0.9x	0.9x	0.9x	0.6x	
EV/EBITDA		30.8x	23.0x	12.1x	5.1x	6.5x	8.3x	4.1x	4.8x	4.3x	4.1x	3.9x	2.5x	
C\$ Mn														
Projected share price under various MJ multiple scenarios														
Total EV												422.2	454.0	
Bevo EV												45	45	
Cannabis EV		1.0x										377	409	
		1.5x										566	613	
		2.0x										754	818	
		3.0x										1,131	1,227	
		5.0x										1,886	2,045	
		10.0x										3,772	4,090	
Implied PT (on 1yF estimates)												by Mar'25	by Mar'26	
		1.0x										\$8.61	\$11.06	43%
		1.5x										\$11.97	\$14.70	90%
		2.0x										\$15.33	\$18.35	138%
		3.0x										\$22.05	\$25.64	232%
		5.0x										\$35.50	\$40.22	421%
		10.0x										\$69.11	\$76.67	893%

Source: Z&A estimates, company reports



Appendix II: Valuation Comps

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Exhibit 6: LPs Valuation Multiples

Multiples 6-Feb-25	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			Financial Net Debt				Broadly Defined Net Debt			
	Current	2024	2025	Current	2024	2025	Sales		EBITDA		Sales		EBITDA	
							Current	CY24	Current	CY24	Current	CY24	Current	CY24
Aurora Cannabis	1.3x	1.4x	1.3x	5.1x	14.2x	9.9x	na	na	na	na	na	na	na	na
Auxly Cannabis Group	1.2x	na	na	26.2x	na	na	-0.3x	na	-6.9x	na	-0.4x	na	-10.1x	na
Avant Brads	2.9x	na	na	34.8x	na	na	-0.1x	na	-1.8x	na	-0.4x	na	-4.7x	na
Cannara Biotech	1.4x	na	na	40.6x	na	na	0.0x	na	0.0x	na	0.0x	na	0.0x	na
Canopy Growth	3.2x	2.9x	2.7x	-152.8x	-48.0x	395.6x	-1.3x	-1.2x	61.1x	19.2x	-1.3x	-1.2x	61.1x	19.2x
Cronos Group	-3.0x	-2.6x	-2.2x	30.0x	9.5x	-360.3x	na	na	na	na	8.1x	7.1x	-81.9x	-26.0x
Decibel Cannabis	0.9x	0.9x	0.7x	20.8x	4.7x	3.4x	-0.4x	-0.4x	-8.6x	-1.9x	-0.4x	-0.4x	-8.4x	-1.9x
Organigram Holdings	1.1x	na	na	-380.0x	na	na	na	na	na	na	1.1x	na	-382.8x	na
Rubicon Organics	0.6x	na	na	31.8x	na	na	0.0x	na	-1.6x	na	0.0x	na	-1.5x	na
SNDL	0.6x	0.6x	0.6x	60.1x	394.1x	na	na	na	na	na	0.2x	0.2x	17.8x	116.5x
Tilray Brands	1.4x	1.3x	1.2x	32.5x	18.6x	13.6x	-0.1x	-0.1x	-1.5x	-0.8x	-0.1x	-0.1x	-3.2x	-1.8x
Village Farms International	0.3x	0.3x	0.3x	4.3x	10.8x	4.6x	-0.1x	-0.1x	-0.9x	-2.2x	-0.1x	-0.1x	-0.9x	-2.3x

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 7: LPs EV Calculations

C\$Mn 6-Feb-25	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	382	475	7.72	54.9	1.2	433	51	-43		-10		-2	39
Audy Cannabis Group	194	136	0.06	1,285.7	133.4	84	-36	-14		-2		-52	
Avant Brads	2,028	97	7.72	10.5	0.3	83	-5	-8				-13	
Cannara Biotech	85	113	1.25	90.0	0.0	113	0	0	0			0	
Canopy Growth	na	807	3.64	131.6	1.5	484	-323					-323	
Cronos Group	-25	-454	2.95	265.8	0.0	784	1,240	-2				1,238	
Decibel Cannabis	71	82	0.08	576.7	16.3	49	-34	0				-33	
High Tide	na	324	4.06	80.7	0.7	330	8	-2				6	
Organigram Holdings	176	176	2.33	133.6	17.7	352	177		0			177	
Rubicon Organics	29	27	0.43	56.2	4.3	26	-1	0				-1	
SNDL	451	579	2.68	264.3	16.2	750	209	-38				171	
Tilray Brands	1,552	1,686	1.54	937.7	26.1	1,483	-76	-69		-22		-167	36
Village Farms International	148	132	1.14	77.7		88	-27	-1				-28	15

Source: FactSet and company reports

Exhibit 8: Stock Performance

6-Feb-25 Ticker	Stock Performance		
	Last 30d	Last 90d	Last 12mo
US MSOs			
Ascend	-12%	-38%	-74%
Ayr	-4%	-46%	-84%
Cannabist	-14%	-51%	-82%
Consortium	-10%	-24%	-69%
Cresco	16%	-12%	-55%
Curaleaf	1%	-27%	-71%
4Front	1%	-65%	-87%
GlassHouse	-5%	-29%	-18%
Gold Flora	80%	-23%	-83%
Vireo Growth	-6%	31%	19%
Grown Rogue	-5%	-2%	49%
Green Thumb	-12%	-22%	-48%
iAnthus	21%	-6%	-72%
Jushi	23%	-3%	-60%
MarlMed	5%	-13%	-66%
Planet13	-6%	-24%	-56%
Schwazze	-100%	-100%	-100%
StateHouse	na	na	-78%
Trulieve	-5%	-35%	-56%
TerrAscend	-3%	-26%	-70%
Vext	-7%	-18%	-65%
Verano	-13%	-41%	-82%

Ticker	Stock Performance		
	Last 30d	Last 90d	Last 12mo
Canadian LPs			
Aurora	15%	6%	34%
Avant	127%	51%	-69%
Auxly	22%	20%	204%
Ayurcann	79%	-44%	42%
Cannara	61%	81%	33%
Canopy	-13%	-44%	-45%
Cronos	1%	0%	-5%
Decibel	1%	3%	-37%
Entourage	-45%	-50%	-65%
High Tide	-15%	4%	53%
OGI	-4%	-2%	-24%
Rubicon	-12%	6%	-10%
SNDL	-2%	-10%	33%
Tilray	-24%	-31%	-46%
VFF	-7%	-11%	-7%
CBD			
CVSI	16%	-9%	13%
CWEB	-6%	-21%	-38%
LFID	14%	-33%	-81%
Tech			
LFLY	-77%	-75%	-91%
SBIG	15%	-22%	-44%
MAPS	-3%	87%	44%

Ticker	Stock Performance		
	Last 30d	Last 90d	Last 12mo
MJ Fincos			
AFCG	2%	-13%	-26%
IIPR	9%	-33%	-19%
NLCP	-3%	-7%	2%
SHFS	23%	36%	-50%
LIEN	-7%	-9%	45%
REFI	0%	-2%	-2%
International			
InterCure	4%	-9%	13%
PharmaCielo	-12%	25%	163%
Vape parts			
GNLN	-11%	-37%	-71%
ISPR	-5%	-23%	-51%
SMORF	0%	-6%	99%
TLLTF	46%	-18%	-70%
Index			
S&P 500	1%	1%	22%
S&P 477	4%	2%	12%
Nasdaq	8%	6%	47%
MSOS ETF	-4%	-29%	-64%
YOLO ETF	-7%	-17%	-39%
Simple Group Averages			
Large Canada LP:	-5%	-15%	-10%
Tier 1 MSOs	-2%	-27%	-63%

Source: FactSet and company reports



Appendix III: 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 was 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; via email at pablo.zuanic@zuanicgroup.com; or via X @420Odysseus.*



Disclosures and Disclaimers

About the firm: Zuanic & Associates is a domestic limited liability company (LLC) registered in the state of New Jersey. The company's registered address is Five Greentree Centre, 525 Route 73, N Suite 104, Marlton, New Jersey 08053, USA. Pablo Zuanic is the registered agent. The firm publishes equity research on selected stocks in the cannabis and psychedelics sector, as well as thematic macro industry notes. The firm also provides consulting, research, and advisory services. Potential conflicts of interest are duly reflected in the respective specific company reports.

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