



3/11/2025

# Jushi Holdings (JUSHF)

Company Update: Overweight

Sales	CY23a	CY24e	Prev	CY25e	Prev	CY26e	Prev	CY27e
1Q	69.9	65.5 A	65.5	65.2	65.4	68.2	71.6	86.4
2Q	66.4	64.6 A	64.6	67.1	68.4	70.1	73.2	91.9
3Q	65.4	61.6 A	61.6	68.5	71.0	80.6	83.2	118.1
4Q	<u>67.8</u>	<u>65.9</u> A	<u>64.3</u>	<u>68.7</u>	<u>77.5</u>	<u>85.0</u>	<u>87.1</u>	<u>130.1</u>
FY	269.4	257.5 A	256.0	269.5	282.3	303.9	315.1	426.5
EBITDA	CY23a	CY24e	Prev	CY25e	Prev	CY26e	Prev	CY27e
1Q	7.6	13.3 A	13.3	13.1	12.8	16.2	16.9	21.9
2Q	12.1	14.5 A	14.5	14.3	14.3	16.9	17.6	23.3
3Q	9.7	10.3 A	10.3	15.5	16.0	19.2	19.8	32.7
4Q	<u>11.3</u>	<u>8.0</u> A	<u>11.7</u>	<u>15.6</u>	<u>16.4</u>	<u>20.4</u>	<u>20.8</u>	<u>36.8</u>
FY	40.8	46.2 A	49.9	58.4	59.5	72.7	75.1	114.7

Share price (US\$)	0.27	Perf.	JUSHF	MSOS ETF	S&P500	Stance:	Overweight
Share count (mn)	198.0	30d	-29%	-26%	-7%		no price target
Market Cap (US\$m)	53	90d	-13%	-33%	-8%		FY=Dec
Ticker	JUSHF	1yr	-56%	-64%	9%		



\$Mn	FY24	FY25	FY26
Projected EV	367.9	364.1	351.9
EV/Sales	1.4x	1.4x	1.2x
EV/EBITDA	8.0x	6.2x	4.8x

	FY24	FY25	FY26
Net debt/Sales	-0.6x	-0.6x	-0.5x
Net debt/EBITDA	-3.6x	-2.8x	-2.1x
Free Cash Flow	16.9	2.0	12.2
Net debt	-166.7	-162.9	-150.7

Consensus	FY25	FY26
Sales	274.6	296.9
EBITDA	54.5	62.7

<b>Guidance CY25:</b>	n/a
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## Company Outlook and 4Q Review

*We rate Jushi Overweight. Jushi is the MSO with the most EBITDA torque to PA and VA going rec. Management is confident retail expansion plans (14 new stores by mid 2026 on the base of 34 as of Sep'24) and prudent cultivation expansion will help expand EBITDA by ~50% exiting CY26 (not factoring the PA/VA rec upside). EBITDA north of \$200Mn (vs. the current \$32Mn run rate) is likely exiting CY27 with PA/VA flipping rec.*

**Outlook and expansion plans:** While Jushi did not end the year well (4Q sales -3% yoy; EBITDA margins down yoy and ~800bp below the Jan-Sep'24 average; net debt still high at 63% of sales), plans for a 40% expansion of the store network (from the 3Q24 base), and the potential for PA and VA to flip rec in the coming 1-2 years, make company management confident about the outlook.

- From one store in OH back in 3Q24 (Cincinnati), it consolidated two more stores in 4Q24 that were under MSA (Oxford and Toledo), and one more in Feb'25 (Warrant) and expect to also consolidate a 5<sup>th</sup> store under MSA (Mansfield). It could potentially add 3 more (to get to the cap of 8) by mid 2026. Yes, OH could potentially account for half of the 14 stores it plans to add by then.
- Re the "7&7" plan, of the 7 new stores to be opened by mid 2025, 5 will be in OH (see above), one will be in PA, and one was already opened in 4Q in IL (Peoria). Regarding the other 7, this will depend on reg changes (but it could include another 3 in OH, plus new stores in IL, PA, and NJ). Management is confident it can acquire paper licenses (or via successful applications) for attractive rates
- On the reg front, like other MSOs with operations in PA, management is confident this time around the Governor and the two chambers will agree on a final bill (the distraction from the presidential election, both for the Governor as well as the two chambers, cannot be understated. If so, rec sales could start as early as 7/1/26 (this is what we model). In the case of VA, the potential Democratic candidate for Governor is ahead in the polls; we model Va rec starting mid 2027. Per our math, on base EBITDA, Jushi has the most EBITDA torque (and valuation upside) to rec legalization in PA and VA (see our [initiation report on Jushi](#)). Although there is no official guidance, we estimate Jushi could generate north of \$200Mn annualized EBITDA with PA/VA flipping rec (current 4Q24 annualized run rate is \$32Mn).



**About 4Q24.** Sales of \$65.9Mn (-3% yoy) were ahead of FactSet consensus of \$64.2Mn, but profit margins disappointed.

- Retail revenue (88% of sales; 38 stores YE24 including 17 in PA and 6 in VA) was down 1% yoy, as growth in VA (organic on the base of six stores) and OH (two stores under MSA were consolidated starting in 4Q24) was offset by the rest of the footprint (PA, IL, MA, NV). Given yoy total market growth in PA, IL, and MA, this would imply share loss for the Jushi stores (Jushi opened its 5<sup>th</sup> IL store in Peoria in 4Q24). Own brands accounted for 55% of retail sales in 4Q in the company's 5 vertical markets (it does not have production in CA and IL).
- Wholesale revenue fell 13% in all states ex VA (up 20% in 4Q24, and +48% for CY24) and OH, with management highlighting ongoing production issues in PA and MA. Based on company disclosure (that 55% of its retail sales came from own brands), we calculate that in 4Q24 Jushi allocated 46% of own production to its own stores and 54% to 3<sup>rd</sup> party stores. The net wholesale arm is still small for Jushi (less than 12% of total 4Q24 sales vs. 42% for MRMD and 28% for Green Thumb). The company is rolling out a new premium flower brand (first in VA) and entering the "chews" segment in edibles (MA, PA, VA).
- Profit margins took a dent given continued deflation and production issues. Gross margins of 39% in 4Q24 were ~600bp below 3Q24 and 11pt below 1H24. So, despite cash SGA in 4Q24 of \$17.6Mn being \$1.4Mn below the 9mo average, EBITDA margins in 4Q24 of 12.2% were ~5pt below 3Q24 and 9pt below 1H24.
- Reported operating cash flow of \$7.2Mn in 4Q24 (\$21.6Mn for the year) marked a seq and yoy improvement (4Q23 \$4.5Mn; CY23 -\$3.3Mn). But in part this is distorted by the company's actions re 280e (like for pretty much all MSOs ex one or two). While it paid income taxes for \$2.8Mn in CY23 (\$11.7Mn in CY22), it reported "negative" payments of -\$4.4Mn (i.e., refunds) for CY24. Long term tax liabilities (booked as "unrecognized tax benefits) increased from \$100M at YE23 to \$144Mn at YE24.
- Jushi closed the year with \$167Mn in net debt (\$19.5Mn cash), down from \$183Mn at YE24 (proceeds from ERC claims as well as factoring of pending ERC claims helped). Net debt is 63% of 4Q sales annualized and 5.2x EBITDA; the company's debt load is above average (net interest in 4Q was equivalent to >14% of total company revenues). About 70% of the company's financial debt matures between Sep'26 and Dec'26. Management says it will be ready to expand capacity in PA and VA by the time rec begins (it also expects to raise \$3Mn from asset sales).
- *Note: If we include the tax debt, Jushi's combined "debt" load would be 118% of sales and almost 10x EBITDA. Yes, we realize this tax "debt" (essentially claims on the burden from the 280e policy) does not have a maturity date, per se, and litigation may delay the eventual payment day by a few years as well as eventual repayment terms (if any) relating to discounts (cents on the \$?) and potential interest and penalties.*



**Valuation.** Cannabis stocks fell again on Monday given new disclosure the DEA may have worked behind the scenes against the Biden-mandated rescheduling process (of course, it is unclear what new guidelines the new President will give new DOJ and DEA heads); the sector was also dragged down by the overall market sell-off. Jushi was down 8% for the day (MSOS ETF -4.5%; S&P500 -2.7%). At 27c, we calculate a spot EV of US\$368Mn for Jushi (14% market cap), taking the share count at 196.7mn (plus 1.3mn RSUs), net debt of \$167Mn, tax debt of \$146Mn, and net leases of \$2Mn. On current sales, Jushi trades at 1.4x sales vs. 1.3x for the MSO average, and at 11.5x EBITDA (MSO average 6.2x). While we think there are other MSOs more attractively valued, we remain Overweight given the company's optionality to PA and VA going rec. *Note: We do not think of Jushi as a distressed credit (relative to other tier 2-3 MSOs with tough B/S predicament), and expect the stock to rerate as OH, PA, and VA growth helps the company's overall profit margin and cash flow mix, and as we get more visibility on the start of rec in PA and VA (and new AU rules for OH). While we do not set price targets, in the appendix we show various forward valuation scenarios.*

Table 1: Companies mentioned in this report.

Company name	Ticker	Ticker	Rating	Company name	Ticker	Rating
<b>US MSOs</b>				<b>Canada LPs</b>		
4Front Ventures		FFNTF	not rated	Aurora Cannabis	ACB	Neutral
Ascend Wellness		AAWH	will cover	Auxly Cannabis Group	CBWTF	not rated
AYR Wellness		AYRWF	not rated	Avant Brands	AVTBF	not rated
Cannabist		CCHWF	not rated	Avicanna	AVCN	not rated
Cansortium		CNTMF	not rated	Ayurcann Holdings	AYURF	not rated
Cresco Labs		CRLBF	Overweight	Cannara Biotech	LOVFF	not rated
Curaleaf Holdings		CURLF	will cover	Canopy Growth Corporation	CGC	will cover
GlassHouse Brands		GLASF	not rated	Cronos Group	CRON	not rated
Gold Flora		GRAM	Overweight	Decibel Cannabis Co	DBCCF	Overweight
Green Thumb Industries		GTBIF	Overweight	Organigram Holdings	OGI	not rated
Grown Rogue		GRUSF	not rated	Rubicon Organics	ROMJF	will cover
Jushi Holdings		JUSHF	Overweight	SNDL	SNDL	not rated
MariMed		MRMD	Overweight	Tilray Brands	TLRY	Neutral
Planet 13 Holdings		PLNHF	Overweight	Village Farms Intl	VFF	Overweight
Schwazze		SHWZ	not rated	<b>Other</b>		
TerrAscend		TSNDF	will cover	Agrify	AGFY	not rated
TILT Holdings		TLLTF	Neutral	Cannapresso	TBD	not rated
Trulieve Cannabis		TCNNF	will cover	Cantourage AG	HIGH:FF	not rated
Verano Holdings		VRNOF	Overweight	Flora Growth	FLGC	not rated
Vext Science, Inc.		VEXTF	Overweight	Grow Generation	GRWG	not rated
Vireo Growth		VREOF	will cover	Intercure	INCR	not rated
<b>Finance (MJ) Companies</b>				Ispire Technology	ISPR	will cover
AFC Gamma		AFCG	Overweight	Leafly	LFLY	not rated
Chicago Atlantic BDC		LIEN	will cover	LFTD Partners Inc.	LIFD	Overweight
Chicago Atlantic REAF		REFI	Overweight	Smooore International	SMORF	will cover
Innovative Industrial Properties		IIPR	will cover	Springbig	SBIG	not rated
New Lake Capital Partners		NLCP	Overweight	Urban-gro	UGRO	not rated
SHF Holdings		SHFS	not rated	WM Technology	MAPS	Neutral

Source: Z&amp;A



# Appendix I: Company Financials

Zuanic & Associates

Exhibit 1: Financial highlights

US\$ Mn	CY22	CY23	1Q24	2Q24	3Q24	4Q24	CY24	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
<b>Sales</b>	284.3	269.4	65.5	64.6	61.6	65.9	257.5	65.2	67.1	68.5	68.7	269.5	303.9	426.5
qoq ch %	na	na	-3%	-1%	-5%	7%	na	-1%	3%	2%	0%	na	na	na
yoy ch %	36%	-5%	-6%	-3%	-6%	-3%	-4%	0%	4%	11%	4%	5%	13%	40%
<i>guidance consensus</i>								65.9	68.3	70.1	71.4	274.6	296.9	na
<b>Profit margins</b>														
Gross profit before FV adj	95.5	116.2	32.3	32.6	28.0	25.4	118.3	31.6	32.9	34.0	34.1	132.5	153.4	224.6
as % of sales	33.6%	43.1%	49.4%	50.4%	45.4%	38.6%	45.9%	48.4%	49.0%	49.6%	49.6%	49.2%	50.5%	52.7%
Op exp	315.8	119.0	28.2	24.2	27.8	27.2	107.4	24.8	24.9	24.8	24.8	99.3	106.1	134.9
as % of sales	111.1%	44.2%	43.1%	37.4%	45.2%	41.4%	41.7%	38.0%	37.1%	36.2%	36.2%	36.9%	34.9%	31.6%
EBIT	-220.3	-2.8	4.1	8.4	0.2	-1.8	10.9	6.8	8.0	9.1	9.3	33.2	47.2	89.6
as % of sales	-77.5%	-1.0%	6.3%	13.0%	0.3%	-2.8%	4.2%	10.4%	11.9%	13.3%	13.5%	12.3%	15.5%	21.0%
adj EBITDA	7.1	40.8	13.3	14.5	10.3	8.0	46.2	13.1	14.3	15.5	15.6	58.4	72.7	114.7
as % of sales	2.5%	15.1%	20.4%	22.4%	16.8%	12.2%	17.9%	20.0%	21.3%	22.6%	22.7%	21.7%	23.9%	26.9%
<i>adj EBITDA - consensus as % of sales</i>								18.7%	20.0%	20.8%	20.1%	19.8%	21.1%	na
<b>EPS</b>														
Pre tax income	-193.9	-33.3	-8.6	7.4	-7.1	-8.9	-17.1	0.8	1.9	3.0	3.2	8.9	22.9	65.4
Tax rate on gross profit	-36%	-27%	-30%	-29%	-32%	-14%	-27%	-20%	-20%	-20%	-20%	-299%	-134%	-69%
Net income	-202.3	-65.1	-18.4	-1.9	-16.0	-12.5	-48.8	-5.6	-4.7	-3.8	-3.7	-17.7	-7.8	20.5
Share count (for EPS purposes) M	204.2	194.8	195.1	195.1	195.2	195.2	195.2	195.2	195.2	195.2	195.2	195.2	195.2	195.2
EPS	-0.99	-0.33	-0.09	-0.01	-0.08	-0.06	-0.25	-0.03	-0.02	-0.02	-0.02	-0.09	-0.04	0.10
<i>consensus</i>								-0.28	-0.06	-0.05	-0.05	-0.20	-0.17	na
<b>BS &amp; CF highlights</b>														
Operating cash flow	-21.4	-3.3	6.5	5.5	2.4	7.2	21.6	11.8	-12.9	-0.7	9.7	8.0	18.2	46.3
(-) Capex	-56.9	-10.7	-1.1	-0.7	-0.8	-2.2	-4.7	-1.5	-1.5	-1.5	-1.5	-6.0	-6.0	-6.0
Free cash flow	-78.3	-14.1	5.4	4.9	1.6	5.0	16.9	10.3	-14.4	-2.2	8.2	2.0	12.2	40.3
Ending net cash (debt)	-163.1	-183.4	-178.6	-169.6	-164.8	-166.7	-166.7	-154.5	-169.0	-171.1	-162.9	-162.9	-150.7	-110.4
LTM EBITDA	7.1	40.8	46.5	48.9	49.5	46.2	46.2	45.9	45.7	50.8	58.4	58.4	72.7	114.7
Net debt/EBITDA	-23.1x	-4.5x	-1.0x	-0.9x	-0.8x	-0.9x	-3.6x	-0.8x	-0.9x	-0.8x	-0.7x	-2.8x	-2.1x	-1.0x
Net debt/Sales	-0.6x	-0.7x	-0.7x	-0.7x	-0.7x	-0.6x	-0.6x	-0.6x	-0.6x	-0.6x	-0.6x	-0.6x	-0.5x	-0.3x
Equity	47.3	-6.2	-22.2	-23.8	-38.7	-50.2	-50.2	-55.7	-60.4	-64.1	-67.7	-67.7	-75.4	-55.1
Income taxes paid	11.7	2.8	-1.5	-2.3	0.0	-0.6	-4.4	na	na	na	na	na	na	na

Source: Z&A estimates, company reports

Exhibit 2: Sales projections

JS\$ 000s	Dec CY22	Dec CY23	Mar 1Q24	Jun 2Q24	Sep 3Q24	Dec 4Q24	Dec CY24	Mar 1Q25e	Jun 2Q25e	Sep 3Q25e	Dec 4Q25e	Dec CY25e	Dec CY26e	Dec CY27e
<b>Consolidated sales</b>	<b>284,344</b>	<b>269,450</b>	<b>65,459</b>	<b>64,595</b>	<b>61,611</b>	<b>65,860</b>	<b>257,526</b>	<b>65,220</b>	<b>67,059</b>	<b>68,528</b>	<b>68,719</b>	<b>269,526</b>	<b>303,883</b>	<b>426,468</b>
Other rev	108	0	0	0	0	0	0	0	0	0	0	0	0	0
Retail	261,042	239,355	57,369	56,992	55,441	58,128	227,930	57,475	59,194	60,719	60,798	238,185	261,791	351,668
Wholesale	23,194	30,094	8,090	7,603	6,170	7,732	29,596	7,746	7,865	7,809	7,921	31,341	42,092	74,800
<b>YoY chg %</b>	<b>38%</b>	<b>-5%</b>	<b>-6%</b>	<b>-3%</b>	<b>-6%</b>	<b>-3%</b>	<b>-4%</b>	<b>0%</b>	<b>4%</b>	<b>11%</b>	<b>4%</b>	<b>5%</b>	<b>13%</b>	<b>40%</b>
Retail	34%	-8%	-8%	-4%	-5%	-1%	-5%	0%	4%	10%	5%	4%	10%	34%
Wholesale	109%	30%	7%	12%	-10%	-13%	-2%	-4%	3%	27%	2%	6%	34%	78%
<b>QoQ chg %</b>	<b>na</b>	<b>na</b>	<b>-3%</b>	<b>-1%</b>	<b>-5%</b>	<b>7%</b>	<b>na</b>	<b>-1%</b>	<b>3%</b>	<b>2%</b>	<b>0%</b>	<b>na</b>	<b>na</b>	<b>na</b>
Retail	na	na	-3%	-1%	na	5%	na	-1%	3%	3%	0%	na	na	na
Wholesale	na	na	-9%	-6%	-19%	25%	na	0%	2%	-1%	1%	na	na	na
PA	126,936	90,675	18,913	19,905	20,247	17,819	76,883	17,761	17,200	15,377	14,800	65,139	66,092	112,581
retail	112,099	77,826	16,446	17,882	17,260	14,781	66,369	14,768	14,301	12,786	12,306	54,161	54,242	90,817
wholesale	14,837	12,850	2,467	2,022	2,987	3,038	10,514	2,994	2,899	2,592	2,494	10,979	11,850	21,764
IL	71,392	55,248	13,308	12,777	9,631	9,580	45,296	9,277	9,532	9,413	9,605	37,828	38,343	38,817
retail	71,392	55,248	13,308	12,777	9,631	9,580	45,296	9,277	9,532	9,413	9,605	37,828	38,343	38,817
wholesale	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MA	43,089	50,833	10,725	10,168	9,858	9,608	40,359	9,240	9,413	9,494	9,271	37,418	34,943	35,564
retail	37,422	44,866	9,417	9,095	9,398	9,128	37,038	8,778	8,943	9,007	8,783	35,510	33,002	33,589
wholesale	5,667	5,967	1,308	1,073	460	480	3,321	462	471	487	488	1,907	1,941	1,976
VA	20,285	44,993	15,402	15,397	14,602	17,260	62,661	17,358	17,868	18,419	18,942	72,587	88,403	149,855
retail	18,062	33,715	11,421	11,089	12,132	13,326	47,969	13,352	13,666	13,980	14,296	55,295	61,429	100,297
wholesale	2,223	11,278	3,981	4,307	2,470	3,934	14,693	4,006	4,202	4,439	4,646	17,293	26,974	49,559
CA	8,090	8,255	1,833	1,657	1,531	1,565	6,586	1,377	1,248	1,306	1,333	5,264	5,257	5,376
retail	8,090	8,255	1,833	1,657	1,531	1,565	6,586	1,377	1,248	1,306	1,333	5,264	5,257	5,376
wholesale	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NV	12,971	16,314	4,426	3,873	3,687	3,650	15,636	3,723	3,872	3,756	3,681	15,032	15,124	15,413
retail	12,971	16,314	4,153	3,714	3,531	3,496	14,894	3,566	3,709	3,597	3,525	14,397	14,485	14,761
wholesale	0	0	273	159	156	154	742	157	164	159	156	635	639	651
OH	1,234	3,133	852	820	2,055	6,377	10,104	6,484	7,925	10,762	11,087	36,257	55,721	68,862
retail	767	3,133	791	778	1,957	6,252	9,778	6,357	7,795	10,629	10,950	35,730	55,033	68,012
wholesale	467	0	61	42	98	125	326	127	130	133	137	527	688	850

Source: Z&A estimates, company reports



Exhibit 3: Market growth assumptions

US\$ Mn	CY19	CY20	CY21	CY22	CY23	CY24e	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e	CY28e	CY29e	CY30e	rec began
Total (med/rec)	12,068	18,712	24,821	25,968	28,794	30,838	7,949	8,131	8,287	8,354	32,721	35,021	37,704	39,845	42,717	45,890	
AZ	841	801	1,359	1,426	1,419	1,244	316	301	278	300	1,193	1,195	1,217	1,239	1,262	1,285	Jan'21
CA	2,804	4,704	5,780	5,393	5,177	5,020	1,251	1,248	1,306	1,333	5,139	5,257	5,376	5,495	5,613	5,732	Oct'16
CO	1,748	2,191	2,229	1,769	1,529	1,375	339	330	340	299	1,309	1,284	1,298	1,311	1,324	1,338	Jan'14
CT	84	117	150	150	277	294	79	84	88	93	344	368	381	394	408	423	Jan'23
FLA	506	1,308	1,603	1,708	1,862	1,813	397	398	399	399	1,593	1,599	1,605	1,611	2,640	4,279	Jul'29
GA		0	1	16	49	109	34	34	34	34	136	156	216	355	475	530	med
IL	251	1,035	1,776	1,907	1,960	1,998	488	502	495	506	1,991	2,018	2,043	2,069	2,095	2,122	Jan'20
MA	677	962	1,644	1,755	1,806	1,848	462	471	487	488	1,907	1,941	1,976	2,011	2,047	2,084	Nov'18
MD	252	453	551	509	787	1,146	296	313	331	340	1,280	1,420	1,527	1,621	1,683	1,706	Jul'23
ME	9	16	93	171	229	265	63	69	84	74	290	304	318	334	350	367	Oct'20
MI	289	985	1,793	2,294	3,029	3,317	808	855	869	853	3,385	3,458	3,465	3,472	3,479	3,486	Dec'19
MN	20	20	25	36	66	125	26	25	23	23	96	397	632	775	889	1,004	Jan'26
MO	20	21	210	390	1,338	1,452	377	395	401	407	1,580	1,721	1,877	2,049	2,238	2,445	Feb'23
MT				304	319	304	78	82	67	83	310	316	324	332	341	351	Jan'22
NH	10	13	17	20	24	27	8	8	8	8	30	34	37	40	44	47	med
NJ	95	196	217	556	800	1,046	268	280	292	304	1,143	1,252	1,373	1,506	1,652	1,813	Apr'22
NM	119	119	119	358	556	603	150	148	151	149	597	598	609	609	609	609	Apr'22
NV	702	780	1,042	882	825	844	210	218	212	207	847	852	868	885	902	919	Jul'17
NY	173	200	250	265	431	1,148	505	554	603	652	2,312	3,071	3,195	3,327	3,470	3,621	Dec'22
OH	56	223	379	467	482	687	254	260	266	274	1,054	1,376	1,700	1,773	1,848	1,928	Aug'24
OK	428	831	941	780	728	714	179	185	175	175	714	724	735	746	757	769	med
OR	840	1,111	1,184	994	955	968	236	245	252	244	978	987	997	1,007	1,017	1,028	Oct'15
PA	671	823	1,353	1,457	1,530	1,653	399	387	346	333	1,464	1,429	2,311	2,663	2,781	2,905	Jul'26
RI	40	47	44	53	108	117	30	30	31	31	123	132	142	151	161	170	Dec'22
VA	0	10	27	100	167	237	67	68	70	71	276	307	501	995	1,245	1,403	Jul'27
VT	5	6	8	9	11	12	3	3	3	3	14	15	17	19	20	22	May'22
WA	1,200	1,280	1,422	1,294	1,259	1,265	306	315	327	320	1,268	1,270	1,273	1,275	1,278	1,281	Jul'14
WV	0	0	0	22	66	85	23	24	25	26	99	116	129	129	129	129	med
Other states	229	459	603	883	1,005	1,120	295	300	326	327	1,248	1,419	1,563	1,653	1,960	2,094	

Source: Z&A estimates, Headset, state official data

## Exhibit 4: Cash Flow

SUMMARY CASH FLOW	CY22	CY23	1Q24	2Q24	3Q24	4Q24	CY24	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
<i>US\$000s</i>														
Net earnings	-202,324	-65,102	-18,355	-1,938	-16,016	-12,468	-48,777	-5,502	-4,646	-3,713	-3,618	-17,480	-7,695	20,267
(+) D&A	26,492	26,588	6,836	7,377	7,768	7,908	29,889	6,256	6,286	6,316	6,346	25,205	25,416	25,092
<b>Cash earnings</b>	<b>-175,832</b>	<b>-38,514</b>	<b>-11,519</b>	<b>5,439</b>	<b>-8,248</b>	<b>-4,560</b>	<b>-18,888</b>	<b>754</b>	<b>1,640</b>	<b>2,603</b>	<b>2,728</b>	<b>7,725</b>	<b>17,720</b>	<b>45,358</b>
(-) Working capital changes	31,266	-11,460	3,804	-3,692	-415	6,491	6,188	11,038	-14,628	-3,316	6,977	70	400	1,105
(-) Other operating flows	123,150	46,656	14,208	3,801	11,037	5,223	34,269	56	47	38	37	177	78	-205
<b>Operating cash flow</b>	<b>-21,416</b>	<b>-3,318</b>	<b>6,493</b>	<b>5,548</b>	<b>2,374</b>	<b>7,154</b>	<b>21,569</b>	<b>11,847</b>	<b>-12,941</b>	<b>-676</b>	<b>9,742</b>	<b>7,972</b>	<b>18,198</b>	<b>46,259</b>
(-) net capex	-56,881	-10,743	-1,077	-687	-770	-2,174	-4,708	-1,500	-1,500	-1,500	-1,500	-6,000	-6,000	-6,000
<b>Free cash flow</b>	<b>-78,297</b>	<b>-14,061</b>	<b>5,416</b>	<b>4,861</b>	<b>1,604</b>	<b>4,980</b>	<b>16,861</b>	<b>10,347</b>	<b>-14,441</b>	<b>-2,176</b>	<b>8,242</b>	<b>1,972</b>	<b>12,198</b>	<b>40,259</b>
(-) acquisitions	-20,978	0	0	0	0	0	0	0	0	0	0	0	0	0
(-) divestitures	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(-) other	-47,657	-6,273	-661	4,222	3,169	-6,916	-186	1,825	0	0	0	1,825	0	0
(+) share issuance/warrants exercise	13,680	0	0	0	0	0	0	0	0	0	0	0	0	0
(-) stock options/warrants	1,203	0	2	5	32	0	39	0	0	0	0	0	0	0
<b>Change in net</b>	<b>-132,049</b>	<b>-20,334</b>	<b>4,757</b>	<b>9,088</b>	<b>4,805</b>	<b>-1,936</b>	<b>16,714</b>	<b>12,172</b>	<b>-14,441</b>	<b>-2,176</b>	<b>8,242</b>	<b>3,797</b>	<b>12,198</b>	<b>40,259</b>
<b>Ending net (debt)</b>	<b>-163,066</b>	<b>-183,400</b>	<b>-178,643</b>	<b>-169,555</b>	<b>-164,750</b>	<b>-166,686</b>	<b>-166,686</b>	<b>-154,514</b>	<b>-168,955</b>	<b>-171,131</b>	<b>-162,889</b>	<b>-162,889</b>	<b>-150,691</b>	<b>-110,433</b>
Cash/inv/sec	26,196	29,155	28,414	32,880	20,741	19,521	19,521	33,935	19,494	17,318	25,560	25,560	37,758	78,016
Gross debts/loans/bonds	189,262	212,555	207,057	202,435	185,491	186,207	186,207	188,449	188,449	188,449	188,449	188,449	188,449	188,449
<i>Net debt / Sales</i>	<i>-0.6x</i>	<i>-0.7x</i>	<i>-0.7x</i>	<i>-0.7x</i>	<i>-0.7x</i>	<i>-0.6x</i>	<i>-0.6x</i>	<i>-0.6x</i>	<i>-0.6x</i>	<i>-0.6x</i>	<i>-0.6x</i>	<i>-0.6x</i>	<i>-0.5x</i>	<i>-0.3x</i>
<i>Net debt / Adj EBITDA</i>	<i>-23.1x</i>	<i>-4.5x</i>	<i>-3.3x</i>	<i>-2.9x</i>	<i>-4.0x</i>	<i>-5.2x</i>	<i>-3.6x</i>	<i>-3.0x</i>	<i>-3.0x</i>	<i>-2.8x</i>	<i>-2.6x</i>	<i>-2.8x</i>	<i>-2.1x</i>	<i>-1.0x</i>

Source: Z&amp;A estimates, company reports

Exhibit 5: Share Price Scenarios

US\$ Mn	CY22	CY23	CY24	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e	
<b>EV (US\$Mn)</b>	<b>293</b>	<b>341</b>	<b>368</b>	<b>356</b>	<b>370</b>	<b>372</b>	<b>364</b>	<b>364</b>	<b>352</b>	<b>312</b>	
<b>Market cap</b>	<b>53</b>	<b>54</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>	
Share price (US\$)	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	0.27	
FD share count	197.6	198.5	198.0	198.0	198.0	198.0	198.0	198.0	198.0	198.0	
common shares	195.8	196.6	196.7	196.7	196.7	196.7	196.7	196.7	196.7	196.7	
derivatives in the money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
RSUs	1.9	1.9	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	
<b>Broadly defined net debt</b>	<b>-240</b>	<b>-288</b>	<b>-314</b>	<b>-302</b>	<b>-317</b>	<b>-319</b>	<b>-311</b>	<b>-311</b>	<b>-298</b>	<b>-258</b>	
net financial cash (debt)	-163	-183	-167	-155	-169	-171	-163	-163	-151	-110	
leases, net of right of use assets	0	1	-2	-2	-2	-2	-2	-2	-2	-2	
income tax payable	-77	-106	-146	-146	-146	-146	-146	-146	-146	-146	
<b>Current forward multiples (Z&amp;A)</b>											
EV/Sales			1.4x					1.4x	1.2x	0.7x	
EV/EBITDA			8.0x					6.2x	4.8x	2.7x	
<b>Price scenarios</b>											
								by Dec'25	by Dec'26	upside by Dec'25	upside by Dec'26
EV/Sales		1.0x						0.03	0.85	10%	315%
EV/Sales		1.5x						0.79	1.93	294%	714%
EV/Sales		2.0x						1.56	3.00	579%	1112%
EV/Sales		3.0x						3.10	5.16	1147%	1910%
EV/Sales		5.0x						6.17	9.46	2284%	3505%
EV/Sales		7.0x						9.23	13.77	3420%	5100%
EV/EBITDA		4.0x						-0.04	1.01	-14%	375%
EV/EBITDA		5.0x						0.33	1.59	121%	590%
EV/EBITDA		7.5x						1.25	3.04	461%	1126%
EV/EBITDA		15.0x						4.00	7.38	1480%	2735%
EV/EBITDA		25.0x						7.67	13.18	2839%	4880%
EV/EBITDA		40.0x						13.17	21.87	4878%	8098%

Source: Z&A estimates, company reports

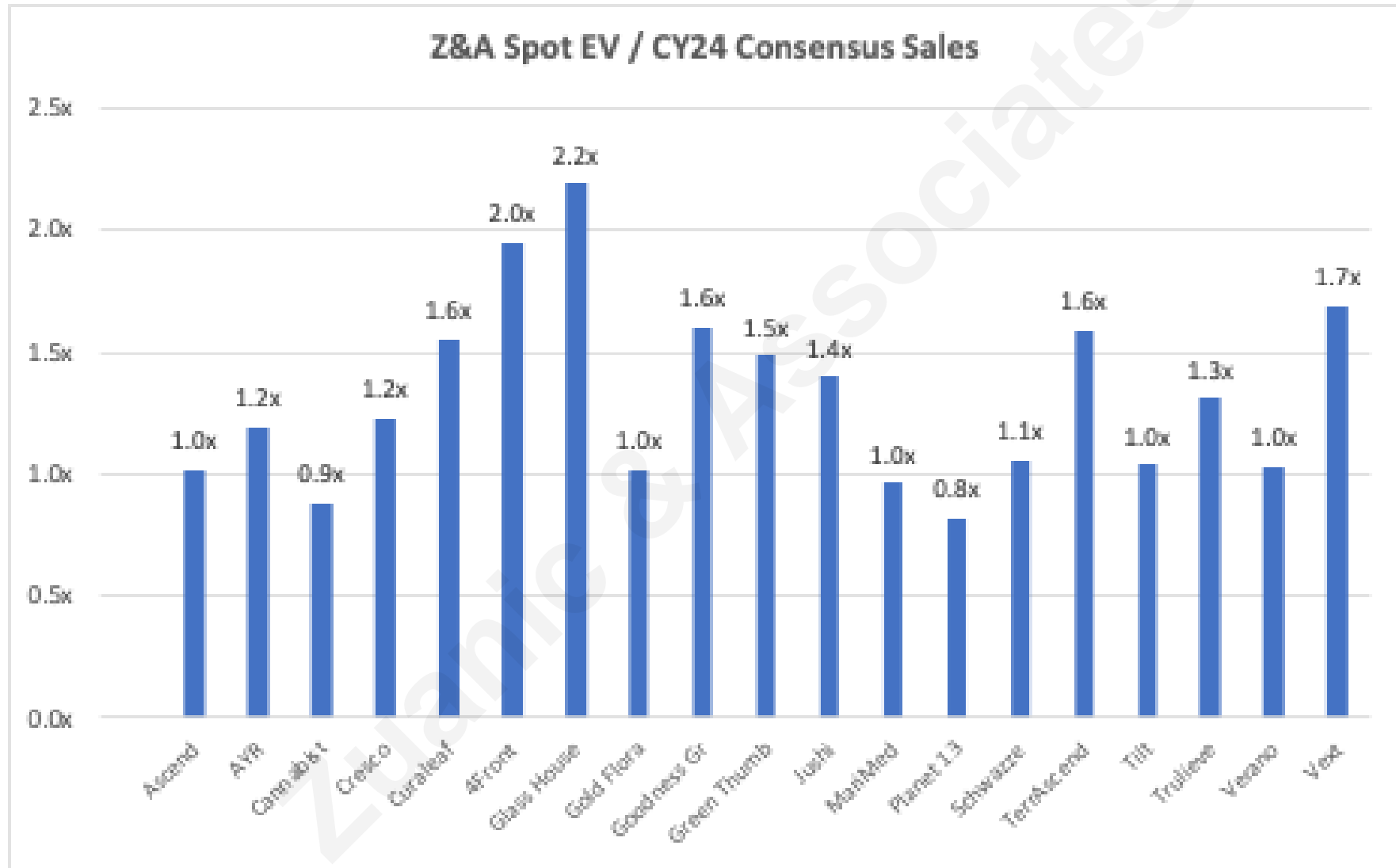


# Appendix II: MSO Valuation Comps

Zuanic & Associates



Exhibit 6: Valuation Comps – MSOs



Source: FactSet; company reports

## Exhibit 7: Valuation Comps – MSOs

US\$m	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			NET DEBT RATIOS				BROADER DEFINITION OF NET DEBT				
							Net Debt/Sales		Net Debt/EBITDA		BDND/Sales		BDND/EBITDA		
	10-Mar-25	Current	CY25e	CY26e	Current	CY25e	CY26e	Current	CY25	Current	CY25	Current	CY25	Current	CY25
<b>US MSOs</b>	<b>1.3x</b>	<b>1.0x</b>	<b>0.9x</b>	<b>6.2x</b>	<b>5.1x</b>	<b>3.9x</b>									
Ascend Wellness	1.0x	1.0x	1.0x	5.7x	4.8x	4.5x	-0.4x	-0.4x	-2.4x	-2.0x	-0.9x	-0.9x	-5.1x	-4.3x	
Ayr Wellness	1.2x	1.2x	1.2x	7.1x	5.7x	5.5x	-0.9x	-0.9x	-5.2x	-4.1x	-1.1x	-1.2x	-6.8x	-5.5x	
Cannabist Co	0.9x	0.9x	0.9x	6.8x	5.8x	4.7x	-0.6x	-0.6x	-4.5x	-3.8x	-0.8x	-0.8x	-6.4x	-5.4x	
Consortium	1.0x	na	na	3.7x	na	na	-0.5x	na	-1.9x	na	-0.9x	na	-3.1x	na	
Cresco Labs	1.2x	1.2x	1.2x	4.3x	4.5x	4.5x	-0.5x	-0.5x	-1.8x	-1.9x	-0.8x	-0.8x	-2.7x	-2.9x	
Curaleaf	1.6x	1.5x	1.4x	6.8x	6.7x	6.1x	-0.5x	-0.5x	-2.2x	-2.2x	-0.9x	-0.9x	-3.9x	-3.8x	
4Front Ventures	2.0x	na	na	7.3x	na	na	-1.0x	na	-3.9x	na	-1.8x	na	-6.7x	na	
Glass House	2.2x	2.7x	2.1x	6.9x	14.2x	8.7x	-0.1x	-0.1x	-0.3x	-0.6x	-0.2x	-0.3x	-0.8x	-1.6x	
Gold Flora	1.0x	0.8x	0.7x	12.0x	7.8x	4.4x	-0.3x	-0.2x	-3.6x	-2.4x	-0.9x	-0.7x	-11.0x	-7.2x	
Goodness Growth	1.6x	1.6x	na	6.6x	6.6x	na	-0.5x	-0.5x	-2.1x	-2.1x	-0.9x	-0.9x	-3.7x	-3.6x	
Green Thumb	1.5x	1.5x	1.4x	4.5x	5.0x	4.6x	-0.1x	-0.1x	-0.2x	-0.2x	-0.1x	-0.1x	-0.3x	-0.3x	
Grown Rogue	2.7x	na	na	3.6x	na	na	0.2x	na	0.3x	na	0.0x	na	0.1x	na	
iAnthus	1.3x	na	na	10.0x	na	na	-1.0x	na	-7.3x	na	-1.0x	na	-7.5x	na	
Jushi	1.4x	1.3x	1.3x	11.5x	7.1x	6.1x	-0.6x	-0.6x	-5.2x	-3.2x	-1.2x	-1.2x	-9.8x	-6.1x	
MariMed	1.0x	0.8x	0.7x	6.3x	5.0x	3.7x	-0.4x	-0.4x	-2.8x	-2.2x	-0.6x	-0.5x	-3.8x	-3.0x	
Planet 13	0.8x	0.7x	0.6x	20.3x	8.5x	4.8x	0.1x	0.1x	3.7x	1.5x	-0.1x	-0.1x	-1.5x	-0.6x	
Schwazze	1.1x	1.0x	na	4.6x	3.2x	na	-0.9x	-0.8x	-3.8x	-2.6x	-1.1x	-1.0x	-4.6x	-3.2x	
TerrAscend	1.6x	1.6x	1.5x	8.6x	7.5x	6.7x	-0.6x	-0.6x	-3.1x	-2.7x	-1.0x	-1.0x	-5.7x	-4.9x	
TILT	1.0x	1.0x	1.0x	-17.9x	88.5x	5.6x	-0.6x	-0.6x	9.9x	-49.0x	-1.0x	-1.0x	17.3x	-85.6x	
Trulieve	1.3x	1.3x	1.3x	3.5x	3.9x	3.9x	-0.3x	-0.3x	-0.7x	-0.8x	-0.7x	-0.7x	-1.8x	-2.0x	
Verano	1.0x	1.0x	1.0x	3.6x	3.5x	3.3x	-0.4x	-0.4x	-1.3x	-1.3x	-0.8x	-0.8x	-2.6x	-2.6x	
Vext	1.7x	1.2x	1.0x	5.3x	3.9x	3.2x	-0.9x	-0.7x	-2.9x	-2.2x	-0.9x	-0.7x	-2.9x	-2.2x	

1) Current is based on the latest reported qtr annualized (Sales and EBITDA); 2) We take FactSet consensus estimates for CY25e and CY26e multiples

Source: FactSet and company reports

Exhibit 8: Spot EV calculation - MSOs

US\$m	FactSet	Z&A	US\$	mn	mn	Total	Financial	Net	Income	Conting	ITM deriv	Total	Pref Stock
10-Mar-25	Spot EV	Spot EV	price	shares	deriv	Mkt Cap	net debt	leases	tax liab.	Cons.	inflow	BDND	Min Int
<b>US MSOs</b>													
Ascend Wellness	560	577	0.29	214.5	13.3	65	-241	-134	-137			-512	
Ayr Wellness	597	545	0.19	116.2	3.4	23	-394	-5	-123	0	0	-522	
Cannabist Co	532	405	0.05	472.7	8.2	25	-269	-26	-86			-380	
Cansortium	140	113	0.05	304.9	5.6	16	-59	-9	-29			-97	
Cresco Labs	805	885	0.72	441.0	8.9	324	-365	-56	-130	-10		-561	
Curaleaf	1,605	2,059	0.99	750.1	11.0	753	-670	-46	-416	-41		-1,173	132
4Front Ventures	232	152	0.01	915.2	3.8	13	-81	-11	-42	-5	0	-139	
Glass House	355	560	5.04	81.0	3.5	426	-25	0	-4	-32		-61	72
Gold Flora	130	133	0.04	287.7	0.1	10	-40	-34	-44	-4		-123	
Goodness Growth	103	162	0.31	230.3	4.1	73	-51	-10	-29			-89	
Green Thumb	1,774	1,747	6.70	235.9	7.7	1,632	-83	-29	-2	0	0	-115	
Grown Rogue	75	73	0.52	143.5		74	5	-2	-2			1	
iAnthus	52	214	0.01	6,615.3		53	-157	-5				-161	
Jushi	305	368	0.27	196.7	1.3	53	-167	-2	-146			-314	
MariMed	140	150	0.11	382.2	7.7	41	-68	-1	-22			-90	19
Planet 13	77	106	0.30	325.2	0.3	98	19	-7	-16	-5		-8	
Schwazze	173	187	0.01	80.2		1	-151	-2	-33	0		-186	
StateHouse	144	200	0.02	256.4	138.6	6	-114	-10	-54	-22	7	-192	2
TerrAscend	349	472	0.45	356.7	3.1	162	-172	-5	-128	-4		-310	
TILT	110	112	0.01	390.6	4.4	4	-62	-44	-2			-108	
Trulieve	1,204	1,579	4.05	191.0	3.2	786	-318	-23	-445	-6		-793	
Verano	665	899	0.64	358.7	6.3	234	-326	-9	-329	-1		-666	
Vext	44	61	0.11	247.4	0.4	27	-33	0				-34	

Source: FactSet and company reports

Exhibit 9: Stock Performance

10-Mar-25	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
<b>US MSOs</b>			
Ascend	-30%	-35%	-75%
Ayr	-62%	-64%	-90%
Cannabist	-26%	-47%	-83%
Consortium	-28%	-42%	-71%
Cresco	-36%	-33%	-53%
Curaleaf	-40%	-42%	-76%
4Front	-1%	-42%	-84%
GlassHouse	-9%	-25%	-19%
Gold Flora	-28%	16%	-85%
Vireo Growth	-42%	-11%	-8%
Grown Rogue	-15%	-27%	2%
Green Thumb	-7%	-22%	-42%
iAnthus	19%	78%	-58%
Jushi	-29%	-13%	-56%
MarlMed	-18%	-27%	-55%
Planet13	-17%	-25%	-41%
Schwazze	699900%	-88%	-99%
StateHouse	na	na	-68%
Trulieve	-20%	-26%	-57%
TerrAscend	-33%	-41%	-72%
Vext	0%	-21%	-42%
Verano	-46%	-53%	-86%
<b>International</b>			
InterCure	-8%	-9%	5%
PharmaCielo	-11%	-9%	113%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
<b>Canadian LPs</b>			
Aurora	22%	46%	114%
Avant	-17%	77%	-69%
Auxly	28%	91%	319%
Ayurcann	-28%	28%	12%
Cannara	0%	61%	19%
Canopy	-57%	-69%	-63%
Cronos	-6%	-5%	-2%
Decibel	-11%	8%	-37%
Entourage	0%	-57%	-61%
High Tide	-18%	-33%	41%
OGI	-38%	-38%	-50%
Rubicon	0%	7%	0%
SNDL	-19%	-21%	14%
Tilray	-39%	-49%	-60%
VFF	-14%	-12%	-6%
<b>Tech</b>			
LFLY	-36%	-81%	-91%
SBIG	14%	13%	-50%
MAPS	-12%	-9%	45%
<b>Vape parts</b>			
GNLN	-62%	-67%	-89%
ISPR	-14%	-31%	-59%
SMORF	0%	-7%	90%
TLTTF	-7%	34%	-77%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
<b>MJ Fincos</b>			
AFCG	-2%	-12%	-28%
IIPR	-3%	-33%	-26%
NLCP	-7%	-18%	-6%
SHFS	-35%	-24%	-65%
LIEN	-2%	-11%	16%
REFI	4%	0%	-1%
<b>Pix &amp; Shovel</b>			
AGFY	-34%	-43%	141%
GRWG	-19%	-40%	-49%
HYFM	-48%	-50%	-60%
SMG	-11%	-18%	-8%
UGRO	-5%	-34%	-62%
<b>CBD</b>			
CVSI	-21%	-9%	5%
CWEB	-13%	-21%	-37%
LFID	-25%	-40%	-88%
<b>Index</b>			
S&P 500	-7%	-8%	9%
S&P 477	2%	1%	12%
Nasdaq	-12%	-10%	23%
MSOS ETF	-26%	-33%	-64%
YOLO ETF	-18%	-25%	-41%
<b>Simple Group Averages</b>			
Large Canada LP:	-25%	-25%	-9%
Tier 1 MSOs	-30%	-35%	-63%

Source: FactSet



# Appendix III: Bio and Disclaimers

Zuanic & Associates



## Analyst Bio

Pablo Zuanic is a well-known and highly rated equity analyst following the cannabis and psychedelics sector. Over the past five years he launched coverage of over 40 companies in the US, Canada, and overseas (MSOs, LPs, CBD, ancillary, psychedelics), kept close track of sectoral trends, and followed the reform process in the US and elsewhere. His firm Zuanic & Associates publishes equity research on the cannabis and psychedelics sectors, both from a macro/sectoral level in a thematic manner, as well as specific reports on listed stocks. The research service is aimed at institutional investors and corporations. The firm is also available for short-term consulting and research advisory projects. At various points in his career, Pablo was II ranked 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. *Pablo Zuanic can be contacted via the company's portal [www.zuanicassociates.com](http://www.zuanicassociates.com); via email [pablo.zuanic@zuanicgroup.com](mailto:pablo.zuanic@zuanicgroup.com); or via X @420Odysseus.*



## Disclosures and Disclaimers

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