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Holland: Bull Case on the Pilot

Cannabis Sector Equity Research



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Summary

The big picture: With four licensed suppliers already shipping to the 80 “coffeeshops” (essentially take-out cannabis stores) in the Dutch Pilot (VFF’s Leli Holland, one of 10 licensed suppliers, should start shipping by 1Q25), and the government’s goal for all 80 shops to only buy from licensed suppliers starting 1/1/25 (and no longer from the “grey” market), we are starting to be more appreciative of the opportunity the Dutch Pilot may represent. Of listed stocks, so far only Village Farms International (NASDAQ:VFF) has exposure. As more cities are added to the pilot, we calculate VFF could be generating EBITDA in the Netherlands in the US\$10-20Mn range by 2026 (see math inside). If we take a 10x EV/EBITDA multiple, this would be equivalent to as much as US\$150Mn in value creation for VFF (taking the mid-point of the range). For context, the current VFF market cap is US\$100Mn. *Note: Yes, certainly, our survey of various Dutch “coffeeshops” this past weekend was an eye opener. The traffic on a Saturday evening at two of the stores in the little town of Almere (Amsterdam Genetics; Coffee & Dreams aka “The Boat”) was impressive.*

About the Dutch Market and the “Pilot”

Background: What the market looks like (ex the Pilot Program).

- There are 565 licensed retail shops in the Netherlands legally selling cannabis (in US lingo this would be called “rec” or “adult use”). Before the pilot program began, the stores were buying from the “grey” market (a mix of illegally produced and illegally imported product). All these stores (they pay taxes) can be easily found in Google and various websites (inc. [this one](#)) and are spread across the country. *Note: The Netherlands has a population of 18.2mn people, in a geographic area one fourth of FL.*
- The ease of purchase is a plus. For example, IDs/names are not registered in the system, as would be the case in US dispensaries. Many of these stores are opened for >14 hours, have well-trained staff and decent assortment (with popular strains such as Amnesia G13 and White Widow Haze). We are told products are generally safe (although being illegal, they are not 3rd party tested). *Note: We have gotten mixed feedback on the quality itself of the illegal sourced cannabis (from “just not good enough” to “great stuff”).*
- Prices vary, but we would take the average at >10 euros per gram at retail (or about US\$38.50 for an 1/8 oz), which is well above most of the competitive US states (wholesale prices would be 50% of retail, roughly). Coffeeshop prices are competitive with the illegal retail trade (meaning your neighborhood dealer all the way to the 2am peddler in some dark street). Yes, users still buy from illegal dealers, but given the prevalence of the stores, local experts believe the illegal retail trade is less than 30% of the total market. Anecdotal visits to some stores on a Saturday afternoon and evening showed a constant stream of shoppers, not unlike well performing US dispensaries in rec markets (perhaps, even more, on average).



- There are 31 stores per 1mn people (565 over 18.2mn), which is a ratio similar to CA and MO, half of MA and WA, and well above new US rec markets like AZ, CT, IL, MD, and NJ (in the US, the outliers in rec are MI at 97 stores per 1mn people; CO 190; OR 196; NM 310). Canada is now at over 100 stores per 1mn people (not counting illegal dispensaries). Importantly, given the high population density, Dutch stores are closer to shoppers on average (Netherlands 16,041 sq ml vs. 65,758 sq ml in Florida; 565 “coffeeshops” vs. 676 medical dispensaries).
- We mention the metrics above (“the 3 As” meaning: affordability, assortment, access) to try to quantify the size of the “legal” retail market (i.e., total sales through the 565 coffee shops). So, how big is the market? In terms of its true potential, we would take a range of US\$175 to \$200 per capita (CO \$244; MA \$262; MI \$316; MO \$224; OR \$223), probably closer to \$200 given how well Holland scores on the “three As”. If so, we put the market potential in a range of US\$3.2Bn to US\$3.6Bn. We do not adjust for tourism (about 20mn tourists per annum visit the country).
- Now, that is what we see as the market potential. In terms of actual sales, we would say estimates vary, with various sources putting the existing market in a 1.1-to-1.5-billion-euro range, or about 40% of what we quantify as the market potential. If those estimates are right, taking the mid-point, they would imply annual per cap spend of <US\$80 only – well below US markets. We think this may be explained by perhaps, a) quality and safety issues (perceived or real); b) stores only allowed to stock 500 grams of total merchandise at once, c) above average prices compared with our US rec comps.
- The “coffeeshops” on average sell 2.3Mn euros annually, as per our estimates, but there are significant outliers with sales north of 20Mn euro pa. The coffeeshops vary in size and amenities, but they are mostly set up for retail takeaway purchases (not a lot of actual coffee is sold, really, with 85% of MJ sales done for take-out). They also sell paraphernalia. In terms of the market itself, we understand about 60% is flower, 20% hash, pre-rolls 15%, and edibles and others the rest. While many are mom-and-pops, some stores seem to be quite sophisticated. Yes, we are starting to see consolidation of coffeeshops.

On the “Pilot”: Ten municipalities are in the Pilot, with a total of 80 coffeeshops.

- The program was first proposed in 2017, but disagreements and infighting among the various political parties involved, delayed the program start until late 2023. As per the pilot, all coffeeshops in towns included in the pilot (10 towns; 80 coffeeshops) will have to buy cannabis only from (legal) licensed producers (imports are not allowed). In total, ten licenses have been issued (including one to Leli Holland, now 100% owned by Village Farms International).
- In late 2023, only two towns were in the pilot (Breda and Tilburg), but in June 2024 eight more towns were added (Groningen, Zaanstad, Almere, Arnhem, Nijmegen, Voorne aan Zee, Heerlen, and Maastricht). The 10 cities in the pilot have a combined population of

1.46mn people, or 10% of the Netherlands’ population. It remains unclear if and when more towns will be added to the pilot. Given this is a 5-year pilot, we assume more towns will be added over time. *Note: the country’s largest cities are not in the pilot (Amsterdam, Rotterdam, The Hague, Utrecht, and Eindhoven) at present.*

- There will be a transition phase (as licensed suppliers ramp), in which shops in the pilot towns will be allowed to buy both, from the new licensed suppliers and the unlicensed (illegal) vendors they have been buying from for years. Stores we visited had a mix of grey market supply and SKUs from the three current licensed suppliers in the market.
- That said, staff in the stores we visited (in pilot towns) told us that after 12/31/24, they will only sell products from the licensed suppliers. In fact, in one store in Almere (see picture), the price menu already highlights the three licensed suppliers currently active in the market (Aardachtig; Canadelaar; Fyta).
- Whether all 80 stores in the pilot abide by the YE24 deadline remains to be seen. Also, we shall see about the level of government enforcement... Presumably, with more active licensed suppliers in the market, it will be easier for the shops to comply. In fact, just this past week, a 4th supplier began shipping (products from Hollandse Hoogtes began to be sold at Club 69, a coffeeshop in Maastricht). Of the 10 licensed suppliers, we expect about seven to be in market by 1Q25 (VFF being one of them).

Table 1: “Coffee & Dreams” (aka The Boat) in Almere already highlights the three licensed suppliers

Wiet/Weed	1 gram	5 gram	Wiet/Weed	1 gram	5 gram
Mac	12,00	60,00	Haze Classic	9,00	45,00
Bazkittle	11,50	57,50	Red	8,50	42,50
Race Fuel OG	11,50	57,50	Super Silver Haze	8,00	40,00
3Chem	11,50	57,50	Wedding Cake	8,00	35,00
Cali Crystal Runtz	10,00	50,00	Skywalker Kush	8,00	35,00
White Widow	10,00	50,00	Holy Grail Kush	8,00	35,00
Santa Maria	*7,50*	*37,50*	Droommix (gruis)	7,50	35,00
Amnesia	10,00	50,00	CBD	5,00	25,00
Bio Amnesia	10,00	47,50		5,00	25,00
Amnesia	9,50	47,50			

Prijzen in € per verpakking/package of gram

Source: FactSet; Z&A



Table 2: Municipalities in the Pilot and the 10 Licensed Suppliers

Municipality	000s population	# of coffee shops	# of stores per 1mn pop	Region	Licensed Supplies
Cities in the "Pilot"	1,455,169	80	55		
Breda	167,673	8	48	"south"	Fyta Group
Tilburg	199,613	11	55	"south"	Aardachtig ("Earthly")
Groningen	181,194	12	66	"north"	CanAdelaar
Zaanstad	140,085	3	21	"north"	Linsboer B.V. ("The Plug")
Almere	176,432	3	17	"north"	Integrated Agricultural Concepts (Cookies)
Arnhem	141,674	12	85	"central"	Hollandse Hoogtes (acq by Kenzoll Capital)
Nijmegen	158,732	12	76	"central"	The Growerry (acq by Essence Investments)
Voorne aan Zee	74,304	2	27	"central"	Q-Farms (QAT)
Heerlen	93,084	1	11	"south"	Holigram ("Grassmeijers"/"Join Us Foundation")
Maastricht	122,378	16	131	"south"	Leli Holland (100% owned by VFF)

Note: 1) We heard mixed messages whether these 10 municipalities will be able to add more licensed coffeeshops; 2) Aardachtig, CanAdelaar, Fyta, and Hollandse Hoogtes, are the only one already supplying coffeeshops. Source: Dutch government, Google, Z&A research

Calculating the upside: In this report we look at the "bull case" (politics could get in the way).

- Based on what we know at this stage, we doubt residents from cities not in the pilot will commute (bike) for legally sourced cannabis to the cities in the pilot. That said, however, if the quality is superior, lab-tested, and the assortment is wider, shoppers may indeed flock to the pilot towns (that could be part of the bull case, say, for a Cookies or VFF, with folks biking a few miles for VFF/Leli's Pink Kush). Also, of relevance, the 10 cities have higher store density (55 stores per 1mn people vs. 30 for the national average). Some of these 10 cities are also near the border with Belgium and Germany.
- In short, and to keep things simple, we will assume these 1.46mn people will consume what we think is the potential national average of US\$200 per capita (as we said, actual per capita is probably below US\$80, but in a well-stocked, well-stored, well-priced, and well-regulated market, we believe US\$200 per capita is a fair assumption. So, the market size of the pilot towns would be >US\$290Mn. If we take 0.5x wholesaler adjustor, take 15-20% share for Leli Holland (we are doubtful all 10 licensees will be up and running by late 2025), VFF could generate sales of \$25Mn (\$290Mn x 0.5x 17.5%).
- Even accounting for start-up costs, given robust pricing (> 10 euros per gram at retail), we would assume a 20% EBITDA margin, or \$5Mn. For context, 1H24 consolidated EBITDA for VFF was break-even (vs. US\$7.6Mn in 2023); the cannabis unit did \$8.9Mn in EBITDA for 1H24 (and \$14.8Mn in CY23). So, Holland could add almost 30% EBITDA to the cannabis division and certainly fuel consolidated EBITDA.
- Importantly, although it remains uncertain if (and how many) more towns will be added to the pilot in 2025 and in the coming years, we expect more towns will be added over time. We assume this will be a function of how well the supply-side performs (i.e., combined, the 10 licensed suppliers). In other words, by 2026, the Dutch EBITDA



contribution for VFF could be in the \$10-20Mn range (assuming sales of US\$50-100Mn). If we take a 10x multiple, this would be equivalent to \$150Mn in value creation (taking the mid-point) of market cap. For context, the current VFF market cap is \$100Mn.

- *Note 1: We would not be surprised to see consolidation among the 10 licensed suppliers (some have already changed hands, although the number remains at 10), given the Pilot rules do not prevent it. Apparently, the rules would also allow the suppliers to buy licensed coffeeshops.*

Note 2: For more color, see our recent [video call on the "Dutch Pilot"](#) with the Chairwoman of the Union of Coffee Retailers, the Leli Holland President, and the Bedrocan CEO.

Table 3: Stock Universe

Company name	Ticker	Ticker	Rating
US MSOs			
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
Tech			
Leafly		LFLY	Not rated
Springbig		SBIG	Not rated
WM Technology		MAPS	Neutral
Canada LPs			
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
Finance Companies			
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
Other			
Intercure		INCR	Overweight
LFTD Partners Inc.		LIFD	Overweight
Ispire Technology		ISPR	will cover
Smooore International		SMORF	will cover

Source: FactSet; Z&A



Appendix I: Retail Prices

Zuanic & Associates

Exhibit 1: Prices at "Coffee & Dreams" (aka The Boat) in Almere

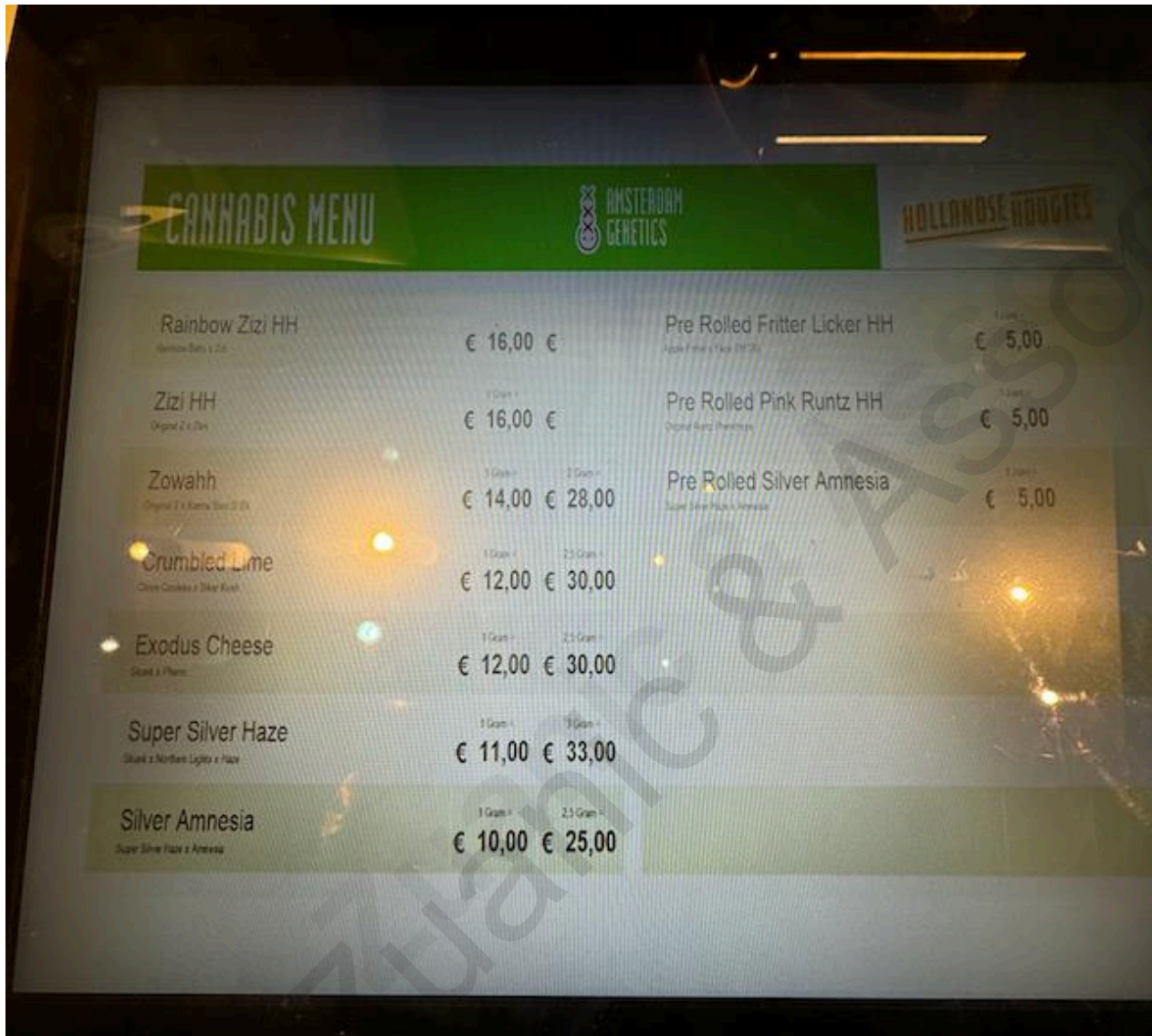
Wiet/Weed			Wiet/Weed		
	1 gram	5 gram		1 gram	5 gram
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Amnesia	10,00	50,00	CBD	5,00	25,00
Bio Amnesia	10,00	47,50		5,00	25,00
Amnesia	9,50	47,50			

AARDACHTIG
 CANADELAAR
 FYTA
 Koffie&Dromen

Prijzen in € per verpakking/package of gram

Source: Z&A proprietary surveys

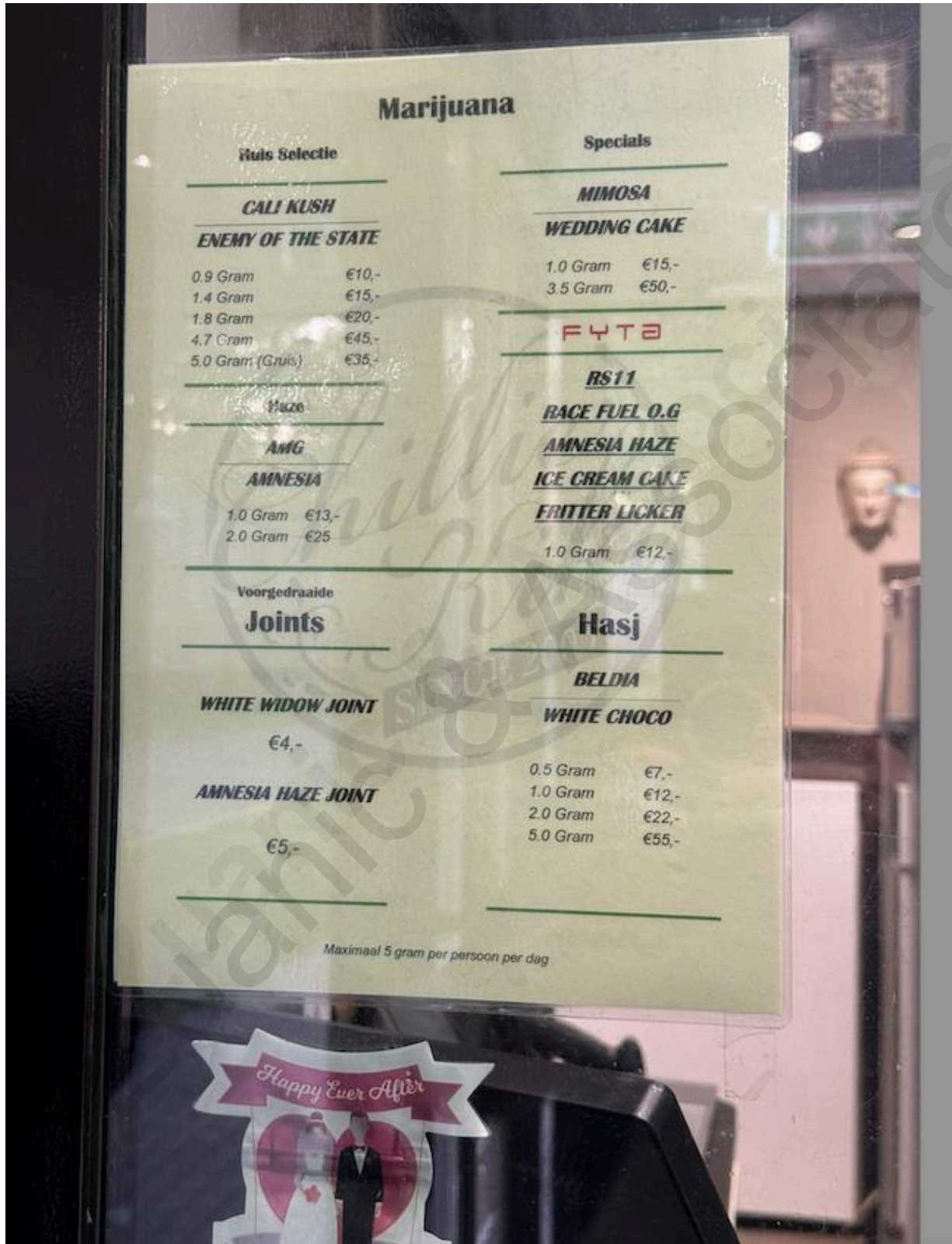
Exhibit 2: Prices at “Amsterdam Genetics” in Almere



Product Name	1 Gram	2.5 Gram
Rainbow Zizi HH	€ 16,00	€ 16,00
Zizi HH	€ 16,00	€ 16,00
Zowahh	€ 14,00	€ 28,00
Crumbled Lime	€ 12,00	€ 30,00
Exodus Cheese	€ 12,00	€ 30,00
Super Silver Haze	€ 11,00	€ 33,00
Silver Amnesia	€ 10,00	€ 25,00
Pre Rolled Fritter Licker HH	€ 5,00	€ 5,00
Pre Rolled Pink Runtz HH	€ 5,00	€ 5,00
Pre Rolled Silver Amnesia	€ 5,00	€ 5,00

Source: Z&A proprietary surveys

Exhibit 3: Prices at "Chillie Kiki" in Almere



Source: FactSet, company reports, and Z&A estimates

Exhibit 4: Five SKUs of Fyta Flower at “Chillie Kiki” in Almere (the only SKUs from licensed suppliers available there at the time of our visit)



Source: FactSet, company reports, and Z&A estimates

Exhibit 5: Prices at “Amsterdam Genetics” in Amsterdam (not part of the Pilot)

Product Name	Effect	Strain	Price
Old Genetics			
Zilver Call Genetics			
White Widow	Relaxing Body Effect	Zest - Arom	€ 12.50
Chunky Cookies (OG)	Relaxing Body Effect	Knobby	€ 11.50
Machery (OG)	Relaxing Body Effect	Circle - Arom	€ 10.50
One (OG)	Relaxing Body Effect	Zest - Zest	€ 10.50
	Relaxing Body Effect	Overcast - Zest	€ 9.50
Native Genetics			
Amnesia DTJ	Uplifting Head Effect	Fruity - Citrus	€ 14.00
Strawberry Cough	Uplifting Head Effect	Zest - Citrus	€ 13.00
Pink Panther (OG) Call Genetics	Uplifting Head Effect	Zest - Citrus	€ 12.00
Amnesia Haze	Uplifting Head Effect	Fruity - Citrus	€ 11.00
Sweet Sour Haze	Uplifting Head Effect	Zest - Fruity	€ 10.00
Zweedse Haze	Uplifting Head Effect	Citrus - Knobby	€ 11.00
White Widow Haze	Uplifting Head Effect	Fruity - Citrus	€ 10.00
Newer OG's			
Alon Dutch Fresh Fruit			€ 30.00
Papaya OG Fresh Fruit			€ 30.00
Random Starburst Fresh			€ 30.00
Exotic			
Swamp Citrus			€ 10.00
Red Velvet Cake			€ 10.50
Yehoi Candy Cane			€ 10.00
Secrets New Jersey			€ 10.00
New			
Pink Red Fanta			€ 1.00
Tout			€ 1.00
Strawberry Fanta			€ 1.00
Mari			€ 1.00
Shrimpout			€ 1.00
Tee			€ 1.00
Specialty			
White Widow			€ 4.50
Tee			€ 0.50
No Gas Citrus			€ 2.00
Beurrement			€ 4.00
No Strawberry			€ 4.00
No Raspberry			€ 4.00
Assorted Fruit			€ 3.00

Source: FactSet, company reports, and Z&A estimates



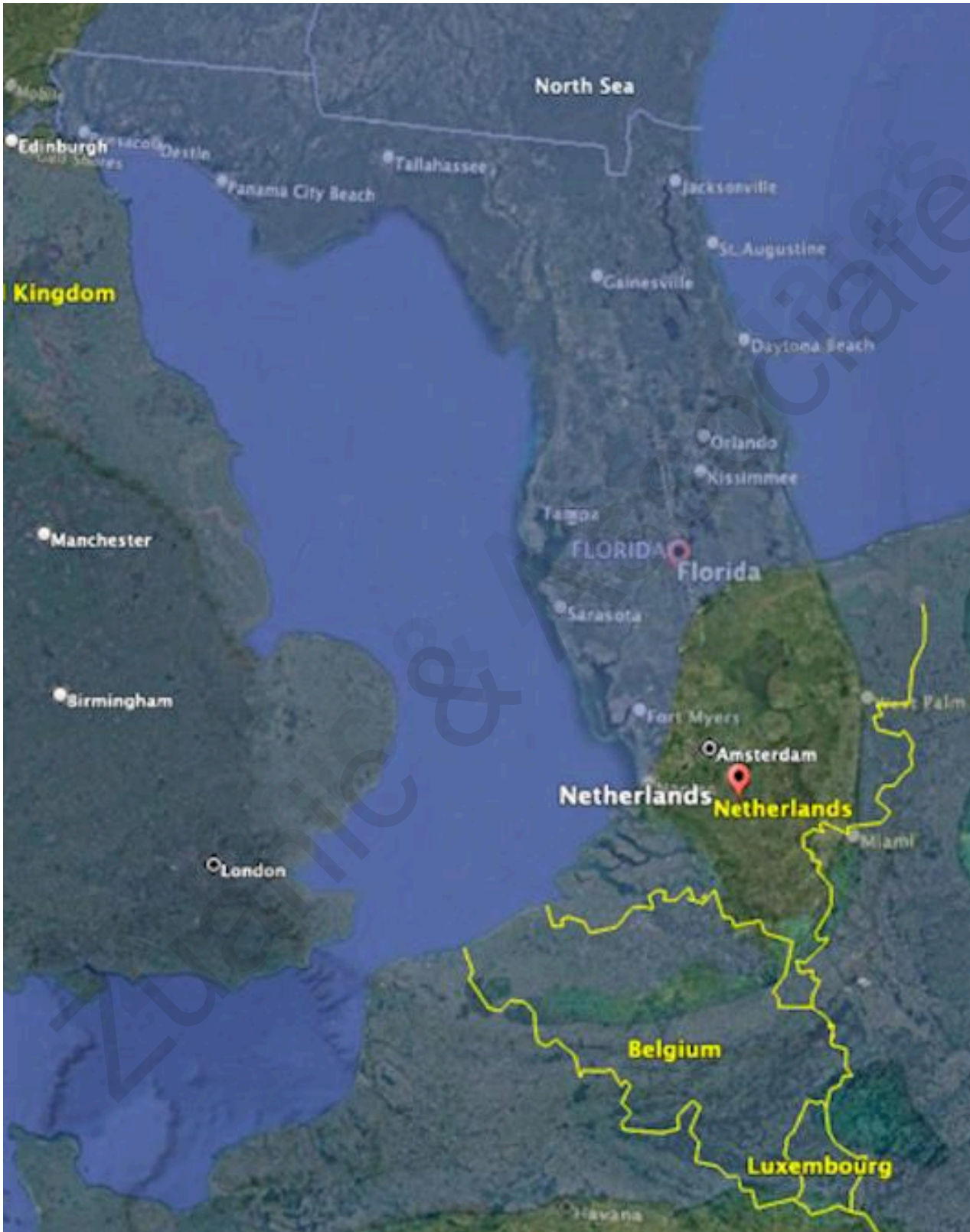
Appendix II: Relevant Maps

Exhibit 6: The ten towns in the Dutch Pilot



Source: Company reports, Maptive

Exhibit 7: FL has 676 dispensaries vs. 565 coffeeshops in Holland, but FL is 4x time bigger in surface area



Source: Google



Appendix III: Valuation Comps

Exhibit 8: US MSOs - Valuation Multiples

US\$Mn 25-Sep-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
US MSOs	0.8x	1.8x	1.6x	12.9x	11.8x	7.8x								
Acreage Holdings	0.5x	1.3x	na	11.2x	6.7x	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	6.0x	5.3x	-0.4x	-0.4x	-2.0x	-1.5x	-0.8x	-0.8x	-4.2x	-3.3x
Ayr Wellness	1.2x	1.2x	1.0x	4.9x	5.0x	4.0x	-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	5.6x	-0.6x	-0.5x	-4.1x	-2.7x	-0.7x	-0.7x	-5.4x	-3.7x
Consortium	5.5x	na	na	19.4x	na	na	na	na	na	na	na	na	na	na
Cresco Labs	1.7x	1.8x	1.7x	7.7x	6.3x	6.1x	-0.5x	-0.5x	-1.9x	-1.8x	-0.8x	-0.8x	-2.8x	-2.7x
Curaleaf	3.1x	3.0x	2.8x	13.7x	13.1x	10.7x	0.0x	0.0x	0.0x	0.0x	-1.3x	-1.3x	-5.6x	-6.2x
4Front Ventures	1.9x	na	na	18.7x	na	na	na	-1.0x	na	-1.4x	na	-1.7x	na	-2.3x
Glass House	5.4x	4.1x	na	35.2x	20.9x	na	-0.2x	na	-1.0x	na	-0.4x	-0.4x	-2.0x	-1.5x
Gold Flora	1.1x	1.0x	0.8x	na	55.6x	6.3x	na	-0.3x	na	na	na	-0.9x	na	na
Goodness Growth	1.9x	1.7x	na	9.7x	7.3x	na	-0.6x	-0.6x	-2.7x	-1.9x	-1.0x	-1.0x	-4.3x	-3.0x
Green Thumb	2.5x	2.4x	2.2x	8.2x	7.3x	7.0x	-0.1x	-0.1x	-0.3x	-0.3x	-0.1x	-0.1x	-0.4x	-0.3x
Grown Rogue	-26.9x	na	na	19.6x	na	na	na	na	na	na	na	na	na	na
iAnthus	1.4x	na	na	na	na	na	na	-0.9x	na	-5.3x	na	-0.9x	na	-5.4x
Jushi	1.5x	1.5x	1.4x	9.9x	7.1x	6.2x	-0.6x	-0.7x	-3.0x	-2.9x	-1.1x	-1.2x	-5.2x	-5.1x
MariMed	1.1x	1.0x	0.8x	6.7x	8.3x	4.6x	-0.4x	-0.4x	-3.2x	-3.6x	-0.5x	-0.5x	-4.0x	-4.6x
Planet 13	2.0x	1.5x	1.2x	-8.3x	16.9x	7.2x	0.1x	0.1x	1.6x	2.0x	0.0x	0.0x	0.2x	0.3x
Schwazze	1.1x	1.1x	na	3.6x	5.2x	na	-0.9x	-0.8x	-4.1x	na	-1.1x	-1.0x	-5.0x	na
StateHouse	1.9x	na	na	na	na	na	na	-1.1x	na	-12.3x	na	-1.8x	na	-20.8x
TerrAscend	3.3x	3.4x	3.3x	15.4x	16.7x	14.5x	-0.9x	-0.9x	-4.6x	-4.7x	-1.9x	-1.9x	-9.1x	-9.3x
TILT	0.7x	0.9x	0.7x	53.9x	na	18.2x	-0.5x	-0.4x	20.8x	688.6x	-0.9x	-0.8x	37.1x	1228.7x
Trulieve	2.6x	2.4x	2.3x	9.0x	7.4x	7.4x	-0.2x	-0.2x	-0.7x	-0.8x	-0.5x	-0.5x	-1.6x	-1.8x
Verano	1.8x	1.9x	1.7x	5.6x	6.1x	5.4x	-0.3x	-0.3x	-0.9x	-0.9x	-0.6x	-0.6x	-1.9x	-1.9x
Vext	2.2x	2.0x	na	13.9x	9.8x	na	-0.8x	-1.0x	-4.1x	-4.5x	-0.8x	-1.0x	-4.1x	-4.5x

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 9: US MSOs - EV Calculations

US\$m	FactSet	Z&A	US\$	mn	mn	Total	Financial	Net	Income	Conting	ITM deriv	Total	Pref Stock
25-Sep-24	Spot EV	Spot EV	price	shares	deriv	Mkt Cap	net debt	leases	tax liab.	Cons.	inflow	BDND	Min Int
US MSOs													
Acreage Holdings	246	342	0.19	125.0	34.6	31	-252	-2	-57			-311	
Ascend Wellness	685	685	0.89	213.9	13.3	202	-226	-134	-123			-483	
Ayr Wellness	694	558	1.70	114.0	31.1	247	-359	4	-11	0	55	-311	
Cannabist Co	601	473	0.22	469.6	20.0	105	-276	-27	-65	0		-367	
Cansortium	140	149	0.17	304.9	5.6	53	-59	-9	-29			-97	
Cresco Labs	1,110	1,343	1.67	442.6	9.2	754	-395	-56	-128	-9		-588	
Curaleaf	2,926	4,176	3.00	742.3	11.2	2,261	8	-1,115	-672	-18		-1,796	119
4Front Ventures	262	188	0.06	915.2	3.8	54	-79	-8	-40	-6	0	-134	
Glass House	616	863	9.25	74.8	1.7	707	-42	0	-8	-33		-83	72
Gold Flora	130	137	0.08	287.6	0.0	24	-37	-31	-41	-4		-113	
Goodness Growth	117	166	0.48	144.7		69	-61	-9	-27			-97	
Green Thumb	2,581	2,677	10.35	237.0	9.3	2,549	-114	-26	-25	0	37	-128	
Grown Rogue	75	98	0.68	143.5		98	0	0	0	0		0	
iAnthus	82	245	0.01	6,615.3		83	-156	-6				-162	
Jushi	376	405	0.54	196.6	1.9	107	-170	0	-128			-298	
MariMed	149	166	0.17	380.6	5.0	66	-63	-1	-16			-80	19
Planet 13	146	197	0.61	325.2	0.3	200	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	607	1,062	1.31	351.2	15.3	482	-293	-169	-6	-114		-581	
TILT	111	111	0.01	390.5	4.4	5	-59	-44	-3			-106	
Trulieve	2,135	2,885	11.96	186.0	3.3	2,264	-264	-20	-333	-5		-622	
Verano	1,521	1,717	3.35	346.4	8.7	1,190	-266	-6	-251	-4		-527	
Vext	55	77	0.18	245.5	3.4	45	-32	0				-32	

Source: FactSet and company reports

Exhibit 10: Canada LPs - Valuation Multiples (consolidated multiples)

Multiples 25-Sep-24	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 Inc.	2.8x	12.4x	11.3x	191.9x	173.5x	110.1x	na	na	na	na	0.0x	na	1.5x	na
Auxly Cannabis Group Inc.	0.2x	na	na	7.2x	na	na	-0.1x	na	-3.0x	na	-0.1x	na	-4.1x	na
Avant Brands Inc	2.4x	na	na	28.8x	na	na	0.0x	na	-0.4x	na	-0.1x	na	-1.1x	na
BZAM Ltd	0.1x	na	na	3.6x	na	na	-0.1x	na	-2.4x	na	-0.1x	na	-3.4x	na
Cannara Biotech	0.2x	na	na	5.2x	na	na	0.0x	na	0.0x	na	0.0x	na	0.0x	na
Canopy Growth Corporation	0.9x	3.4x	3.2x	-46.9x	-66.1x	315.6x	-0.3x	-1.3x	17.3x	24.4x	-0.3x	-1.3x	17.3x	24.4x
Cronos Group Inc	-0.1x	-0.4x	-0.3x	0.9x	1.2x	-1.9x	na	na	na	na	1.9x	7.7x	-19.5x	-25.1x
Decibel Cannabis Company Inc	0.2x	0.7x	0.6x	4.0x	3.7x	2.8x	-0.1x	-0.4x	-2.4x	-2.2x	-0.1x	-0.4x	-2.3x	-2.1x
High Tide, Inc.	0.1x	0.4x	0.4x	6.1x	5.7x	5.1x	na	na	na	na	0.0x	0.0x	0.1x	0.1x
Nova Cannabis Inc	0.1x	0.4x	0.4x	12.0x	5.9x	4.0x	0.0x	0.0x	-0.1x	-0.1x	0.0x	0.0x	-0.9x	-0.5x
OrganiGram Holdings Inc	0.3x	1.0x	0.9x	20.1x	31.7x	12.6x	na	na	na	na	0.1x	0.5x	9.7x	15.3x
Rubicon Organics, Inc.	0.0x	na	na	0.9x	na	na	0.0x	na	-0.9x	na	0.0x	na	-0.9x	na
SNDL Inc.	0.2x	0.6x	0.6x	15.5x	70.1x	na	na	na	na	na	0.0x	0.2x	4.4x	20.1x
Tilray Brands, Inc.	0.4x	1.7x	1.6x	14.6x	19.7x	15.6x	0.0x	-0.1x	-0.6x	-0.8x	0.0x	-0.1x	-1.2x	-1.6x
Village Farms International, Inc.	0.1x	0.4x	0.4x	-9.3x	21.3x	6.4x	0.0x	-0.1x	1.3x	-3.0x	0.0x	-0.1x	1.4x	-3.1x

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 11: Canada LPs - EV Calculations

C\$Mn 25-Sep-24	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.	3,710	7.60	475.1	16.9	3,739	89	-48	0	-11	0	30	
Auxly Cannabis Group Inc.	107	0.04	1,250.3	0.0	47	-45	-16	0	0	0	-61	
Avant Brands Inc	321	1.07	285.8	1.6	308	-4	-8	0	0	0	-13	
BZAM Ltd	47	0.01	180.8	0.2	2	-31	-14	0	0	0	-45	
Cannara Biotech	58	0.65	90.0	0.0	58	0	0	0	0	0	0	
Canopy Growth Corporation	991	6.00	102.5	1.8	625	-366	0	0	0	0	-366	
Cronos Group Inc	-54	2.83	382.3	8.8	1,106	1,163	-2	0	0	0	1,160	
Decibel Cannabis Company Inc	63	0.06	409.0	15.8	26	-37	1	0	0	0	-37	
High Tide, Inc.	219	2.72	80.4	0.8	221	5	-3	0	0	0	2	
Nova Cannabis Inc	118	1.75	62.1	0.0	109	-1	-8	0	0	0	-9	
OrganiGram Holdings Inc	166	2.37	103.8	0.0	246	80	0	0	0	0	80	
Rubicon Organics, Inc.	3	0.44	0.0	0.0	0	-3	0	0	0	0	-3	
SNDL Inc.	595	2.73	264.3	16.2	767	209	-38	0	0	0	171	
Tilray Brands, Inc.	2,166	2.28	831.9	26.6	1,961	-83	-67	0	-20	0	-171	34
Village Farms International, Inc.	179	1.24	111.7	0.0	138	-26	-1	0	0	0	-26	15

Source: FactSet and company reports

Exhibit 12: Stock Performance

25-Sep-24	Stock Performance		
Ticker	Last 30d	Last 90d	Last 12mo
US MSOs			
Ascend	-23%	-6%	-19%
Ayr	-10%	-23%	-39%
Cannabist	-23%	17%	-81%
Cansortium	13%	25%	55%
Cresco	-7%	-2%	-22%
Curaleaf	-7%	-26%	-29%
4Front	-2%	-37%	-75%
GlassHouse	-2%	28%	93%
Gold Flora	5%	-44%	-47%
Vireo	-6%	2%	188%
Grown Rogue	10%	1%	162%
Green Thumb	-3%	-17%	-3%
iAnthus	-17%	-30%	-49%
Jushi	-7%	-18%	-24%
MariMed	-23%	-7%	-62%
Planet13	-5%	18%	-26%
Schwazze	0%	-73%	-88%
StateHouse	-35%	50%	-70%
Trulieve	25%	21%	91%
TerrAscend	-11%	-12%	-35%
Vext	1%	11%	-10%
Verano	-14%	-15%	-27%

Stock Performance			
Ticker	Last 30d	Last 90d	Last 12mo
Canadian LPs			
Aurora	-14%	18%	-25%
Avant	-32%	-47%	-81%
Auxly	-16%	45%	127%
Cannara	-9%	-8%	-35%
Canopy	-29%	-33%	-53%
Cronos	-11%	-10%	-5%
Decibel	-10%	3%	-63%
Entourage	-8%	-16%	-51%
High Tide	2%	-9%	-3%
Nova	-1%	53%	148%
OGI	-14%	14%	18%
Rubicon	-8%	12%	-15%
SNDL	-5%	5%	-3%
Tilray	-13%	-1%	-35%
VFF	-15%	-8%	1%
CBD			
CVSI	-3%	-20%	4%
CWEB	-1%	-19%	-64%
LFID	16%	-7%	-49%
International			
InterCure	-11%	-20%	4%
PharmaCielo	58%	29%	78%

Stock Performance			
Ticker	Last 30d	Last 90d	Last 12mo
MJ Fincos			
AFCG	5%	-8%	-14%
CNPOF	39%	74%	52%
IIPR	8%	23%	64%
NLCP	1%	2%	47%
SHFS	-16%	0%	-30%
SSIC	-7%	-9%	13%
REFI	-1%	0%	3%
Tech			
LFLY	18%	3%	-68%
SBIG	27%	-39%	-34%
MAPS	-16%	-10%	-29%
Vape parts			
GNLN	-22%	28%	-36%
ISPR	-22%	-20%	-35%
SMORF	0%	-3%	36%
TLLTF	-32%	-42%	-80%
Index			
S&P 500	2%	4%	32%
S&P 477	1%	7%	20%
Nasdaq	4%	22%	50%
MSOS ETF	-2%	-10%	-11%
YOLO ETF	-5%	-6%	-8%

Source: FactSet



Appendix IV: Bio and Disclaimers



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, Canada, Germany, Australia, 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 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. Now, more than a 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 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; 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 and advisory services. Potential conflicts of interest are duly reflected in the respective specific company reports.

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