

8/28/2023

C\$ Flower Winners and Losers

Cannabis Sector Equity Research



Key Highlights:

- Canada flower prices seem to be stabilizing.
- But we do not see a rebound for now and wonder about LP profits at these levels.
- Interestingly, prices for LPs outside the top 18 are 51% higher than for the top 18.
- VFF and ACB show greater price resilience vs. larger LP peers.

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Dear reader: On Tue 7/18, we launched our cannabis equity research service (see [Sector Launch report](#)). We will publish thematic/macro reports during the first few weeks, and then follow with equity stock coverage. A full list of our recent reports is shown at the end of this report.

Summary

- Canada flower prices may be stabilizing at C\$5.32/gram (down 51% since 1Q20).
- But we do not see a rebound for now and wonder about LP profits at these levels.
- Interestingly, as of 2Q23 prices for LPs outside the top 18 are 51% higher than for the top 18 (which have a combined flower share of 75%).
- Among the top six flower players (proforma, as per Hifyre), prices between 1Q21 and 2Q23, fell 62% for Auxly, 46% for Cronos, 41% for BZAM, 37% for Tilray, and 26% for Organigram, while at VFF they only fell 3%.
- Prices also fell for the #7 to #18 players in the double-digits (see appendix) in the same period; Aurora was the exception at +7%.

Canada Rec Macro Trends

Canada top-down view: decent growth pace, low per cap. StatCan reported June retail sales of C\$426.6Mn, up 6% MoM in day adjusted terms, and up 13% yoy. The yoy pace for 2Q (+11.6% yoy) is mostly consistent with 1Q23 (+13.2%), and like the yoy growth pace seen in 3Q22 and 4Q22. Still, while the growth pace is encouraging, on a rec spend \$ per capita basis (39.9mn pop), Canada lags most US states. If take June as the annual run rate (C\$426.6Mn x 12), Canada rec spend of US\$95 (C\$128) is well below MI (US\$317) and states like CO/MA, both well into the US\$200s, and even CA (US\$135), a state that faces its own structural challenges.

Med is not any better in Canada. With total med sales of C\$407Mn in 2022, the med per cap equivalent in Canada is US\$8 (taking the entire population), well below some of the best performing US med programs (yes, which are often helped by tax advantages for patients), such as MO (US\$54 med per cap equivalent) and AZ (US\$45). We note this is an apples-to-apples comp as both of these states also have rec programs (in PA, a state without rec, the med per capita spend equivalent is US\$114).



Flower Trends

Flower in the context of the overall market. Back in 1Q20, flower accounted for 61% of rec sales (all stats based on Hifyre scanner data and or StatCan), compared with 38.5% in 2Q23. During those 39 months, flower C\$ sales grew cumulatively by 62% while the rest of the market grew by a factor of 4x. That said, price deflation has been a theme in flower (more so than in other categories). In fact, during those 39 months, flower volumes grew by 4.2x to 91 tons (dried equivalent), but average flower prices fell from C\$10.54/grams in 1Q20 to C\$5.32 in 2Q23, at retail before taxes. Have they bottomed out? Not exactly, although the QoQ drops have lessened (2Q23 -2% QoQ; 1Q23 C\$5.41; 4Q21 C\$5.52; 3Q22 \$5.71; 2Q22 C\$5.98; 1Q22 \$6.15).

Flower segment leaders. In 2Q23, Tilray (inc. HEXO) had 14.0% flower share, VFF 13.1%, Organigram 8.6%, BZAM (inc. TGOD) 5.8%, Cronos 5.5%, and Auxly 5.0%, Canopy Growth 4.5% (others: Sundial 3.9%; Cannara Biotech 2.8%; Weed Me 2.7%; Aurora 2.3%). Importantly, of these top 8 players, only BZAM and VFF were at or above the average market prices, while the rest were below (some quite below).

Below we discuss these companies' flower business in more detail.

Tilray (#1)

Now the sum of Aphria, Tilray, and HEXO's portfolio.

- It had 14.0% \$ segment share in 2Q23, with an average price of \$4.23/gram (20% below the market average).
- According to Hifyre, 58% of TLRY flower sales came from Aphria legacy brands in 2Q23, and 12% from Tilray (High Park, others). The balance of 30% was all HEXO brands, including 10% from Original Stash (while this brand started at the low end of the market, its average price of \$4.49 is above the total TLRY average now), and 9% from Redecan (average price \$4.57).
- For context, the Aphria legacy portfolio went from 13.2% flower segment share in 1Q21 (average price of \$6.23 vs. the market average of \$7.65), to 6.0% share in 1Q22 (\$5.11 vs. \$6.15), and >8% in 2Q23; some of that share recovery came from phasing out components of Tilray's own legacy flower sales.
- In fact, Tilray legacy flower share dropped from 4.2% in 1Q20, to 2.2% in 1Q21, and to 1.7% now. The question now is whether the acquired HEXO brands will be able to sustain share.
- At present, the Aphria portfolio splits as follows: Good Supply 82% (\$4.00/per gram average retail price); Broken Coast 11% (avg price \$8.90); Riff 5% (\$5.86), and several other brands accounting for 2% (B!ngo, Papa's Herb, Solei).



VFF (#2)

The Hifyre data includes a Quebec deal plus the recently launched Original Fraser Valley.

- It had 13.1% \$ segment share in 2Q23, with an average price of \$5.28/gram.
- VFF has almost tripled segment share in the last three years, in part organically and also via M&A (QC). Total VFF segment share, as per Hifyre, went from 5.2% in 1Q20, to 7.9% in 1Q21, 9.9% in 1Q22, and 14.1% in 1Q23.
- While VFF's market share has more than doubled, the mix has changed. All sales came from Pure Sunfarms in 1Q20. Now, Pure Sunfarms is 47% of VFF's flower sales, Rose Bioscience 26% (a business in Quebec), The Original Fraser Valley Weed (more of a value line) 20%, and the balance comes from Soar, Cookies, Favours, and Lemonnade.
- The company's flower prices have dropped from \$8.56/gram in 1Q20 to \$5.28 in 2Q23 (+3% QoQ), but this is less than the market. The latter fell from \$10.90 in 1Q20 to \$5.32 in 2Q23). In other words, during that period, VFF went from being 22% below the market (-14% in 1Q22), to now being only 0.7% below.
- That said, VFF average prices are partly distorted by QC, with the Rose portfolio having an average price of \$14.73/gram (as per Hifyre) vs. \$4.74 for Pure Sunfarms and \$3.25 for TOFWW.

Organigram (#3)

More dependent on ground flower blends.

- Organigram had 8.6% \$ segment share in 2Q23, with an average price of \$4.73/gram.
- In total, OGI flower share has gone from 7.2% in 1Q20 (\$9.57 average price per gram), 4.8% in 1Q21 (\$6.39), 10.1% in 1Q22 (\$4.73), to 8.6% now (\$4.73).
- So, over the 1Q22 to 2Q23, company flower prices were flat, while the segment overall fell 13% from \$6.15 to \$5.32.
- As per Hifyre, 60% of the company's flower sales came from "pre-ground" blends (PGB), all under the Shred brand. On average, these had an average price of \$4.82. Notably, PGB went from 2% of sales in 1Q20, to 29% in 1Q21, and 61% in 1Q22 (60% now)



The #4 to # 6 players

As of 2Q23, the \$4 to 6 players were BZAM, Cronos, and Auxly.

- BZAM, now includes The Green Organic Dutchman portfolio. As per Hifyre, the combined company had 5.8% flower share, with an average price of \$5.39 (above the segment average of \$5.32). The portfolio is 74% legacy The Green Organic Dutchman (\$5.38 avg price), 25% BZAM (\$5.31), and 1% Galaxie brands.
- Cronos had 5.5% segment share, with average price of \$4.58. Cronos segment share has gradually increased, going from 1.6% in 1Q20 (avg price of \$9.57/gram), to 3.7% in 1Q21 (\$8.49), 5.1% in 1Q22 (\$7.22), and 5.5% now. So, while the company's prices were above market in 1Q21 and 1Q22, they are now 14% below.
- Auxly had 5.0% share with average prices of \$4.17 (22% below the segment average), the lowest among the top six players. The company did not have flower in the market in 1Q20. Segment share went from 0.8% in 1Q21 (average price \$11.10) to 5% in 1Q22 (\$5.29). Over 80% of sales come from the Back Forty Brand (average price \$4.47/gram). 17% from Parcel (a new value line, with average price of \$3.11), and the balance from Kolab and Robinsons

Tidbits from Other players

- Of the top 11 flower players (six discussed above), Cannara Biotech (2.8% share) and Aurora (2.3% share) had the highest prices in 2Q23, respectively, at \$9.19 and \$6.27 per gram. In fact, of the top 11 flower players, all were below the segment average price except for these two. Of the top 11, Sundial had the lowest prices at \$3.84 per gram, as per Hifyre.
- Of those between #12 and #18, all but two had prices above the segment average in 2Q23: Avant had the highest average prices (\$10.63), followed by Atlas Global Brands at \$7.86, Rubicon \$8.36, Weed Me \$7.35, Greentone \$7.32, and Decibel \$6.47. Below the market average: Sensi at \$4.35 and Emblem at \$4.09.
- Interestingly, outside the top 18 players (the top 18 together account for 75% flower segment share), the other companies (25% share combined) had an average price of \$7.35/gram compared with for the top 18 at \$4.86.
- Clearly market share trends have evolved since 1Q20. Back then, on a proforma basis (including acquisitions done since then), the new Tilray had 24% share (14% now), Aurora 17% (2.3% now), and Canopy Growth 17% (4.5% now). In 1Q20, the average price for those companies (proforma, as per Hifyre) was, respectively, \$9.44 (\$4.23 now), \$8.44 (\$6.27), and \$11.20 (\$4.56).



Links to our recent publications

[Roadmap to Dec 2024](#) (July 18)

[2Q23 US MSO Trends](#) (July 21)

[Canadian LP Dynamics](#) (Jul 25)

[On the Rescheduling Question](#) (July 28)

[Canada Pre-Rolls: Deep Dive](#) (Aug 7)

[Benchmarking the Start of Maryland's Rec Sales](#) (Aug 16)

Table 1: Stocks mentioned in this report.

Name	US	US	Rating
	Ticker	Listed?	
Aurora Cannabis Inc.	ACB	NASDAQ	not rated
Auxly Cannabis Group Inc.	CBWTF	US OTC	not rated
Avant Brands Inc	AVTBF	US OTC	not rated
BZAM Ltd	BZAMF	US OTC	not rated
Canopy Growth Corporation	CGC	NASDAQ	not rated
Cronos Group Inc	CRON	NASDAQ	not rated
Decibel Cannabis Company Inc	DBCCF	US OTC	not rated
OrganiGram Holdings Inc	OGI	NASDAQ	not rated
Rubicon Organics, Inc.	ROMJF	US OTC	not rated
SNDL Inc.	SNDL	NASDAQ	not rated
Tilray Brands, Inc.	TLRY	NASDAQ	not rated
Village Farms International, Inc.	VFF	NASDAQ	not rated

Note: others mentioned are either brands or private companies

Source: FactSet; Z&A



Appendix I: Supporting Data

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Exhibit 1: Flower Segment Market Share and Price Trends

	Flower Segment Share				1Q20	1Q21	1Q22	2Q23	ch from	ch from	ch from	2Q23 vs average
	1Q20	1Q21	1Q22	2Q23					1Q20	1Q21	1Q22	
FLOWER	100%	100%	100%	100%	\$10.90	\$7.65	\$6.15	\$5.32	-51%	-31%	-13%	na
Top 18 as 2Q23	na	na	na	74.8%	na	na	na	\$4.86	na	na	na	-9%
Tilray	24.0%	27.3%	13.5%	14.0%	\$9.44	\$6.73	\$4.92	\$4.23	-55%	-37%	-14%	-20%
Village Farms	5.2%	7.9%	9.9%	13.1%	\$8.56	\$5.45	\$5.30	\$5.28	-38%	-3%	0%	-1%
Organigram	7.2%	4.8%	10.1%	8.6%	\$9.57	\$6.39	\$4.73	\$4.73	-51%	-26%	0%	-11%
BZAM	17.1%	1.5%	5.1%	5.8%	\$11.20	\$9.16	\$7.22	\$5.39	-52%	-41%	-25%	1%
Cronos	1.6%	3.7%	5.1%	5.5%	\$11.03	\$8.49	\$7.22	\$4.58	-59%	-46%	-37%	-14%
Auxly	na	0.8%	5.0%	5.0%	na	\$11.10	\$5.29	\$4.17	na	-62%	-21%	-22%
Canopy Growth Corporation	17.1%	16.3%	7.1%	4.5%	\$11.20	\$6.03	\$4.70	\$4.56	-59%	-24%	-3%	-14%
Sundial	4.0%	2.9%	1.5%	3.9%	\$10.50	\$8.00	\$9.94	\$3.84	-63%	-52%	-61%	-28%
Cannara Biotech	na	na	0.1%	2.8%	na	na	\$8.76	\$9.19	na	na	5%	73%
Weed Me	0.3%	0.8%	1.2%	2.7%	\$9.98	\$9.86	\$10.65	\$4.86	-51%	-51%	-54%	-9%
Aurora Cannabis	16.8%	6.7%	2.6%	2.3%	\$8.44	\$5.89	\$5.29	\$6.27	-26%	7%	19%	18%
Emblem Cannabis	0.2%	0.1%	1.6%	1.0%	\$10.13	\$9.86	\$4.57	\$4.09	-60%	-59%	-11%	-23%
Sensi Brands	na	na	0.7%	1.0%	na	na	\$5.00	\$4.35	na	na	na	-18%
Greentone Enterprises	na	na	0.1%	0.8%	na	na	\$6.82	\$7.32	na	na	7%	38%
Atlas Global Brands Inc.	1.5%	0.8%	1.9%	0.7%	\$11.66	\$12.09	\$10.13	\$7.86	-33%	-35%	-22%	48%
Decibel Cannabis Company	0.4%	2.4%	1.4%	0.6%	\$17.55	\$16.73	\$8.80	\$6.47	-63%	-61%	-26%	22%
Avant Craft Cannabis Inc	na	na	na	0.5%	na	na	na	\$10.63	na	na	na	100%
Rest	na	na	na	25.2%	na	na	na	\$7.35	na	na	na	38%

Source: Hifyre



Exhibit 2: Market Growth

Mn	2020	2021	1Q22	2Q22	3Q22	4Q22	2022	1Q23	2Q23	3Q23e	4Q23e	2023e	2024e	2025e
Our projections														
Rec (US\$)	1,955	3,092	813	880	901	877	3,470	862	933	981	1,006	3,782	4,187	4,606
Rec (C\$)	2,620	3,875	1,030	1,123	1,175	1,190	4,518	1,166	1,253	1,304	1,337	5,060	5,567	6,123
yoy ch %	121%	48%	23%	20%	12%	13%	17%	13%	12%	11%	12%	12%	10%	10%
qoq ch %	na	na	-2%	9%	5%	1%	na	-2%	7%	4%	3%	na	na	na
FX	0.746	0.798	0.789	0.783	0.767	0.737	0.762	0.739	0.744	0.752	0.752	0.747	0.752	0.752
Total			1,030	1,123	1,175	1,190	4,518	1,166	1,253	1,304	1,337	5,060	5,567	6,123
Flower pre-rolls			718	806	833	837	3,195	821						
derivatives (inc oil)			312	317	342	354	1,324	345						
Sales by province	2,620	3,875	1,030	1,123	1,175	1,190	4,518	1,166	1,253	1,304	1,337	5,060	5,567	6,123
Ontario	722	1,423	412	451	467	474	1,803	456						
Alberta	575	717	182	199	205	211	797	206						
British Columbia	370	551	153	162	178	177	670	181						
Quebec	496	601	132	151	151	153	586	145						
Rest	457	583	151	161	174	176	662	178						

Source: StatCan; Z&A estimates



Exhibit 3: Financials for the Larger Public LPs

C\$Mn	CY20	1Q21	2Q21	3Q21	4Q21	CY22	1Q22	2Q22	3Q22	4Q22	CY22	1Q23
SALES												
Aleafia	44.5	7.1	10.7	9.6	8.8	36.1	43.1	12.0	10.6	10.8	76.5	42.8
Aurora	285.0	55.2	55.7	60.1	60.6	231.6	50.4	50.1	49.3	61.7	211.5	64.0
Auxly	50.8	10.0	20.9	24.5	28.5	83.8	22.6	27.3	19.8	24.7	94.5	24.0
Avant	7.9	2.0	2.5	2.7	2.3	9.5	4.2	4.1	4.0	7.9	20.1	7.0
BZAM	12.7	5.4	8.1	7.3	9.5	30.2	10.6	11.6	9.9	17.2	49.4	24.1
Canopy Growth	506.1	148.4	136.2	131.4	141.0	557.0	101.8	105.9	105.4	104.0	417.1	87.5
Cronos	62.6	16.0	19.2	25.7	54.5	115.2	31.7	29.4	27.3	31.1	120.6	27.2
Decibel	29.9	12.6	12.4	13.4	14.0	52.5	16.7	18.6	18.3	25.8	79.3	27.1
Hexo	106.4	26.0	33.4	46.4	51.9	157.8	47.9	43.6	38.0	28.0	157.5	22.4
Fire & Flower	128.1	44.1	43.3	45.4	42.7	175.5	40.9	40.7	43.8	30.5	156.0	na
High Tide	98.7	39.5	45.7	52.0	66.2	203.3	78.1	90.6	104.0	114.8	387.6	118.1
Nova Cannabis	63.3	18.4	29.7	38.7	47.6	134.4	49.8	56.3	58.9	61.4	226.4	60.2
Organigram	82.9	16.2	18.4	23.4	28.6	86.6	31.4	36.0	43.0	44.0	154.5	40.8
Rubicon	9.4	4.1	4.6	7.1	6.8	22.6	5.1	8.8	10.5	11.0	35.5	8.8
SNDL	60.9	9.9	9.2	14.4	22.7	56.1	17.6	223.7	230.5	240.4	712.2	202.5
Tilray	440.7	159.2	167.3	200.9	200.9	728.1	193.7	195.1	199.9	199.8	795.3	196.3
Village Farms	228.0	66.4	86.4	91.3	91.7	336.0	88.9	105.8	92.7	94.3	385.2	87.5

Source: FactSet, company reports



Appendix II: Valuation Comps

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Exhibit 4: Valuation Comps – Part I

Company name	Ticker	Listing	8/28/2023		(mn) Shares	Net (Debt)	Ent Value	EV/Sales 1yF	EV/EBITDA 1yF	US\$ Mn			
			Price US\$	Mkt Cap						1yF Estimates		EBITDA mgn %	Net debt EBITDA
										Sales	EBITDA		
Canada													
Aleafia Health, Inc.	ALEAF	US OTC	0.02	6	403	-34	40	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Aurora Cannabis Inc.	ACB	NASDAQ	0.48	166	345	54	112	0.5x	7.5x	205	15	7%	3.6x
Auxly Cannabis Group Inc.	CBWTF	US OTC	0.01	11	906	-132	143	1.4x	-57.5x	105	-2	-2%	52.9x
Avant Brands Inc	AVTBF	US OTC	0.14	28	206	3	26	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
BZAM Ltd	BZAMF	US OTC	0.13	21	157	0	21	0.2x	11.2x	113	2	2%	0.0x
Canopy Growth Corporation	CGC	NASDAQ	0.42	216	517	-459	676	2.1x	-6.0x	322	-112	-35%	4.1x
Cronos Group Inc	CRON	NASDAQ	1.77	674	381	874	-200	-2.1x	5.2x	97	-39	-40%	-22.6x
Decibel Cannabis Company Inc	DBCCF	US OTC	0.12	49	405	-34	82	0.6x	2.3x	135	35	26%	-1.0x
Entourage Health Corp	ETRGF	US OTC	0.01	4	307	-91	95	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
High Tide, Inc.	HITI	NASDAQ	1.28	91	71	-33	124	0.2x	3.7x	526	33	6%	-1.0x
Nova Cannabis Inc	NVACF	US OTC	0.38	22	57	-40	62	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
OrganiGram Holdings Inc	OGI	NASDAQ	1.45	114	78	73	41	0.3x	4.5x	124	9	7%	7.9x
Rubicon Organics, Inc.	ROMJF	US OTC	0.36	20	56	-1	21	0.4x	2.3x	50	9	19%	-0.2x
SNDL Inc.	SNDL	NASDAQ	1.72	405	235	116	288	0.4x	13.7x	714	21	3%	5.5x
Tilray Brands, Inc.	TLRY	NASDAQ	2.49	1,635	657	-142	1,777	2.3x	22.9x	758	77	10%	-1.8x
Village Farms International, Inc.	VFF	NASDAQ	0.88	96	110	-49	145	0.5x	18.5x	289	8	3%	-6.2x

Source: FactSet, company reports

Exhibit 5: Valuation Comps – Part II

Company name	Ticker	Listing	8/28/2023		(mn) Shares	Net (Debt)	Ent Value	EV/Sales 1yF	EV/EBITDA 1yF	US\$ Mn			
			Price	Mkt						<u>1yF Estimates</u>		EBITDA mgn %	Net debt EBITDA
			US\$	Cap						Sales	EBITDA		
US MSOs													
4Front Ventures Corp.	FFNTF	US OTC	0.10	64	643	-226	290	2.2x	10.7x	133	27	20%	-8.3x
Acreage Holdings, Inc. Class D	ACRDF	US OTC	0.22	8	34	-215	223	0.9x	5.7x	235	39	17%	-5.5x
Ascend Wellness Holdings LLC Class A	AAWH	US OTC	0.53	99	188	-489	588	1.1x	5.2x	540	113	21%	-4.3x
Ayr Wellness, Inc.	AYRWF	US OTC	0.86	52	60	-577	629	1.2x	4.8x	521	131	25%	-4.4x
C21 Investments Inc	CXXIF	US OTC	0.24	29	120	0	29	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Columbia Care, Inc.	CCHWF	US OTC	0.42	163	391	-519	682	1.2x	6.7x	554	102	18%	-5.1x
Cresco Labs, Inc.	CRLBF	US OTC	1.06	297	281	-549	846	1.1x	5.2x	769	163	21%	-3.4x
Curaleaf Holdings, Inc.	CURLF	US OTC	2.84	1,771	624	-988	2,758	2.0x	8.3x	1,406	334	24%	-3.0x
Glass House Brands Inc	GLASF	US OTC	3.70	206	56	-59	265	1.6x	9.2x	168	29	17%	-2.1x
Gold Flora Corporation	GRAMF	US OTC	0.12	13	108	30	-17	-0.2x	0.4x	76	-43	-57%	-0.7x
Goodness Growth Holdings, Inc.	GDNSF	US OTC	0.11	10	87	-124	134	1.4x	7.7x	94	17	18%	-7.1x
Green Thumb Industries Inc.	GTBIF	US OTC	6.88	1,424	207	-358	1,782	1.7x	5.5x	1,073	325	30%	-1.1x
Grown Rogue International Inc.	GRUSF	US OTC	0.18	31	171	-3	34	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Jushi Holdings Inc Class B	JUSHF	US OTC	0.40	80	197	-295	375	1.3x	6.4x	296	59	20%	-5.0x
Lowell Farms Inc	LOWLF	US OTC	0.03	4	122	-55	58	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
MariMed Inc	MRMD	US OTC	0.29	100	341	-26	126	0.8x	3.0x	167	42	25%	-0.6x
Planet 13 Holdings, Inc.	PLNHF	US OTC	0.47	104	220	25	79	0.6x	5.5x	129	14	11%	1.7x
Red White & Bloom Brands, Inc.	RWBIF	US OTC	0.01	5	470	-142	146	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Schwazze	SHWZ	US OTC	0.71	39	55	-114	153	0.7x	2.2x	208	70	34%	-1.6x
StateHouse Holdings Inc	STHZF	US OTC	0.03	6	252	-140	147	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
TerrAscend Corp.	TSNDF	US OTC	1.75	454	260	-216	671	2.0x	8.9x	344	76	22%	-2.9x
The Greenrose Holding Company Inc	GNRS	US OTC	0.02	0	16	-98	98	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
TILT Holdings, Inc.	TLLTF	US OTC	0.03	11	390	-102	114	0.6x	13.9x	180	8	5%	-12.6x
Trulieve Cannabis Corp.	TCNNF	US OTC	3.73	596	160	-269	865	0.8x	2.8x	1,128	314	28%	-0.9x
Verano Holdings Corp. Class A	VRNOF	US OTC	2.69	879	327	-414	1,292	1.3x	4.0x	1,007	321	32%	-1.3x
Vext Science, Inc.	VEXTF	US OTC	0.16	13	82	-30	43	0.8x	2.2x	53	19	37%	-1.5x

Source: FactSet, company reports

Exhibit 6: Valuation Comps – Part III

Company name	Ticker	Listing	8/28/2023							US\$ Mn			
			Price	Mkt	(mn)	Net	Ent	EV/Sales	EV/EBITDA	1yF Estimates		EBITDA	Net debt
			US\$	Cap	Shares	(Debt)	Value	1yF	1yF	Sales	EBITDA	mgn %	EBITDA
Service Providers													
AFC Gamma, Inc.	AFCG	NASDAQ	12.95	264	20	-17	280	4.1x	#N/A	69	#N/A	#N/A	#N/A
Chicago Atlantic Real Estate Finance, Ir	REFI	NASDAQ	14.19	252	18	-52	304	4.9x	#N/A	62	#N/A	#N/A	#N/A
GrowGeneration Corp.	GRWG	NASDAQ	2.65	162	61	23	139	0.6x	-38.1x	227	-4	-2%	-6.3x
Hydrofarm Holdings Group, Inc.	HYFM	NASDAQ	0.99	45	45	-165	210	0.9x	25.9x	239	8	3%	-20.4x
Innovative Industrial Properties Inc	IIPR	NYSE	78.14	2,186	28	-14	2,200	7.2x	9.0x	303	246	81%	-0.1x
Leafly Holdings, Inc.	LFLY	NASDAQ	0.33	14	43	-4	18	0.4x	-7.4x	46	-2	-5%	1.5x
NewLake Capital Partners, Inc.	NLCP	US OTC	12.69	272	21	42	230	4.8x	#N/A	48	#N/A	#N/A	#N/A
RiverNorth Opportunities Fund, Inc.	RIV	NYSE	11.42	211	18	18	193	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
SHF Holdings Inc Class A	SHFS	NASDAQ	0.42	10	24	7	2	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Scotts Miracle-Gro Company Class A	SMG	NYSE	51.31	2,848	56	-3,183	6,031	1.7x	11.9x	3,571	509	14%	-6.3x
Silver Spike Investment Corp.	SSIC	NASDAQ	9.50	59	6	85	-26	-1.8x	#N/A	15	#N/A	#N/A	#N/A
SpringBig Holdings, Inc.	SBIG	NASDAQ	0.23	6	27	-6	12	0.4x	11.3x	33	1	3%	-5.3x
urban-gro Inc	UGRO	NASDAQ	1.10	12	11	6	6	0.1x	-3.9x	107	-2	-2%	-3.4x
WM Technology, Inc. Class A	MAPS	NASDAQ	1.14	105	92	-11	116	0.6x	4.5x	203	26	13%	-0.4x
CBD, CPG, Pharma, International													
Cardiol Therapeutics Inc. Class A	CRDL	NASDAQ	1.00	64	64	44	20	#DIV/0!	-1.1x	0	-18	#DIV/0!	-2.4x
Charlotte's Web Holdings, Inc.	CWBHF	US OTC	0.21	32	152	9	23	0.3x	-3.1x	80	-8	-9%	-1.2x
Clever Leaves Holdings, Inc.	CLVR	NASDAQ	0.21	9	44	9	0	0.0x	0.0x	26	-7	-26%	-1.3x
CV Sciences, Inc.	CVSI	US OTC	0.04	6	152	-1	7	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Hempfusion Wellness, Inc.	CBDHF	US OTC	0.00	0	100	0	0	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
IM Cannabis Corp	IMCC	NASDAQ	0.75	6	8	-7	12	0.3x	7.9x	45	2	3%	-4.3x
InterCure Ltd.	INCR	NASDAQ	1.55	71	46	-2	73	0.5x	2.9x	149	26	17%	-0.1x
Jazz Pharmaceuticals Public Limited Cc	JAZZ	NASDAQ	139.18	8,798	63	-4,936	13,734	3.5x	7.3x	3,976	1,879	47%	-2.6x
Little Green Pharma Ltd.	LGPPF	US OTC	#N/A	#N/A	298	0	#N/A	#N/A	#N/A	39	4	9%	0.0x
PharmaCielo Ltd.	PCLOF	US OTC	0.09	14	155	-9	23	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Turning Point Brands Inc	TPB	NYSE	24.62	430	17	-314	745	1.8x	8.0x	419	93	22%	-3.4x

Source: FactSet, company reports

Exhibit 7: Stock Performance

Stock Performance			
Ticker	Last 30d	Last 90d	Last 12mo
US MSOs			
FFNTF	-27%	-41%	-81%
ACRDF	6%	-46%	-79%
AAWH	-19%	-35%	-79%
AYRWF	-7%	-24%	-77%
CXXIF	-13%	-2%	-14%
CCHWF	-9%	-11%	-76%
CRLBF	-34%	-44%	-70%
CURLF	-14%	3%	-51%
GLASF	23%	5%	77%
GNRS	-90%	-94%	-99%
GRAMF	-24%	-26%	-84%
GDNSF	-15%	-37%	-91%
GTBIF	1%	-6%	-40%
GRUSF	-5%	33%	260%
JUSHF	-10%	-18%	-75%
LOWLF	-9%	-15%	-85%
MRMD	-25%	-28%	-52%
PLNHF	-14%	-15%	-68%
RWBYF	-78%	nm	-90%
SHWZ	-21%	-32%	-51%
STHZF	-21%	-30%	-93%
TSNDF	21%	6%	6%
TLLTF	-5%	-36%	-83%
TCNNF	-7%	-13%	-70%
VRNOF	-2%	-10%	-54%
VEXTF	-17%	-23%	-49%

Stock Performance			
Ticker	Last 30d	Last 90d	Last 12mo
Canada			
ALEAF	0%	-36%	-70%
ACB	-4%	-14%	-66%
CBWTF	-13%	4%	-73%
AVTBF	-8%	25%	-19%
BZAMF	-1%	-21%	-79%
CGC	6%	-53%	-88%
CRON	-4%	-2%	-39%
DBCCF	21%	17%	50%
ETRGF	-19%	-16%	-68%
HITI	8%	-4%	-7%
NVACF	-12%	-29%	-51%
OGI	7%	-18%	-65%
ROMJF	-3%	6%	-50%
SNDL	22%	10%	-38%
TLRY	47%	6%	-30%
VFF	37%	23%	-67%
CBD, CPG, Pharma, International			
CBDHF	na	-90%	-100%
CRDL	9%	47%	-10%
CLVR	7%	-15%	-74%
CVSI	-19%	2%	24%
CWBHF	-27%	-4%	-62%
GNLN	-18%	-76%	-97%
IMCC	-14%	-25%	-85%

Stock Performance			
Ticker	Last 30d	Last 90d	Last 12mo
Service Providers			
AFCG	-1%	13%	-28%
AGFY	-7%	-38%	-99%
CXXIF	-13%	-2%	-14%
REFI	-7%	-1%	-8%
GRWG	-26%	-26%	-42%
HYFM	-12%	0%	-69%
IIPR	-1%	17%	-18%
LFLY	9%	-3%	-83%
NLCP	-8%	4%	-21%
PW	-37%	-46%	-94%
RIV	1%	4%	-20%
SMG	-25%	-21%	-31%
SSIC	21%	12%	3%
SBIG	-31%	-24%	-84%
UGRO	-20%	-17%	-71%
MAPS	17%	28%	-55%
CBD, CPG, Pharma, International			
INCR	-2%	-24%	-72%
JAZZ	6%	9%	-11%
LGPPF	na	na	na
PCLOF	-22%	-37%	-73%
TPB	0%	15%	2%
YCBD	-19%	-38%	-94%

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 four years he launched coverage of over 35 companies (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 (www.zuanicassociates.com). 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 can be contacted at pablo.zuanic@zuanicgroup.com.



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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