



6/2/2025

Rubicon Organics

Initiating Coverage: Overweight

C\$ Mn					
Sales	CY23	CY24	CY25e	CY26e	CY27e
1Q	8.80	8.89	12.38	14.58	22.06
2Q	11.28	12.11	13.21	16.10	24.28
3Q	10.04	13.50	14.49	19.11	28.30
4Q	<u>9.99</u>	<u>14.20</u>	<u>15.25</u>	<u>20.90</u>	<u>25.77</u>
FY	40.12	48.70	55.32	70.69	100.42
EBITDA	CY23	CY24	CY25e	CY26e	CY27e
1Q	0.17	-0.42	0.72	1.28	3.81
2Q	1.77	0.86	1.20	1.91	4.11
3Q	1.14	1.96	0.54	2.96	4.64
4Q	<u>1.29</u>	<u>1.63</u>	<u>0.75</u>	<u>3.96</u>	<u>4.32</u>
FY	4.37	4.03	3.20	10.12	16.88
Share price (C\$)		C\$0.39	Rating		Overweight
Share count (mn)		73.3	Price target		No PT
Market Cap (C\$Mn)		28.6	Fiscal Year		Dec
Ticker		ROMJF			

OCF	CY23	CY24	CY25e	CY26e	CY27e
1Q	0.19	-0.86	-0.96	-2.91	-3.78
2Q	2.37	1.05	3.68	4.23	7.53
3Q	1.39	0.94	0.10	1.32	2.68
4Q	<u>1.10</u>	<u>2.26</u>	<u>1.52</u>	<u>4.50</u>	<u>8.59</u>
FY	5.05	3.40	4.34	7.14	15.02
Net Debt	CY23	CY24	CY25e	CY26e	CY27e
1Q	-2.82	-2.54	-1.90	-2.66	1.10
2Q	-1.19	-1.75	0.81	0.93	7.91
3Q	-1.21	-1.31	0.16	1.68	9.74
4Q	-0.86	0.00	0.83	5.55	17.56
Performance					
	RUBICON	YOLO ETF	S&P500		
30d	-19%	6%	7%		
90d	2%	-7%	1%		
1yr	-4%	-48%	11%		

Key Highlights:

- Leader in Canada's premium segment. Grew sales by 39% in 1Q25 sales in a market up 5%.
- Expanding capacity by 40%, for pent-up demand in Canada, and to tap the export markets.
- Profitable, cash flow positive; minimal net debt.
- Trades at 0.4x sales and 2.3x EBITDA our CY26 #s.



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Investment Summary

We initiate coverage of Rubicon Organics (TSXV: ROMJ and US OTC: ROMJF) with an Overweight rating. Rubicon is the leader in the premium segment of Canada's rec cannabis market and has averaged annual sales growth of 51% over the past four years - it reported sales growth of 39% in 1Q25, in a market growing at 5%. Profitable and cash flow positive, with minimal net debt, the company is expanding capacity by 40% (via an acquisition), mainly for pent-up demand in Canada, while taking a "test & learn" approach to the overseas markets. Consumer brand loyalty (Rubicon's premium brands are 1964 and Simply Bare), innovation (it launched 14 new genetics in the last 12 months), and consistent execution with retailers and provincial boards, underpin management's confidence (few cannabis operators are expanding capacity in Canada). The stock trades at 0.4x our CY26 sales estimates and 2.3x EBITDA, on projected EV. We do not set price targets but note upside could be 4x to 7.5x by Dec'26 at 1-2x EV/sales. Importantly, in an industry context, we see Rubicon as a strategic asset, as the company continues to consolidate its leadership position in Canada's premium segment. *Note: The stock trades in Canada in the TSX Ventures Exchange (TSXV: ROMJ) and over the counter in the US (OTC: ROMJF).*

Table 1: Rubicon's Edge, per Management

 <p>PREMIUM PORTFOLIO</p> <ul style="list-style-type: none"> Rubicon Organics ranks #1 in Premium Cannabis sales across Canada¹ A house of premium brands built on national psychographic segmentation research surveying 3,000 Cannabis consumers; standard CPG industry practice A diversified portfolio of products designed to recruit and retain all premium cannabis consumers 	 <p>BRAND LOYALTY</p> <ul style="list-style-type: none"> Simply Bare™ Organic and 1964 Supply Co.™ both consistently ranked in the top 5 "Most recommended and favourite to consume" brands in Canada voted by budtenders.² 11 awards across our 3 brands voted by budtenders at the 2024 KIND AWARDS including key categories such as: <ul style="list-style-type: none"> Craft Brand of the Year and Budtenders Choice Award for Simply Bare™ Organic Brand of the Year, Best Flower, Best Vapes and Best Edibles for 1964 Supply Co.™ Wellness Brand of the Year for Wildflower™ 	 <p>PROFITABILITY</p> <ul style="list-style-type: none"> Focus on high margin premium brands driving profitability for our retailers and investors Cost reduction strategies driving increases in gross margin (2025+) Delivered two fiscal years of positive AEBITDA, one of the few profitable publicly traded cannabis companies
 <p>GENETICS</p> <ul style="list-style-type: none"> World class genetic portfolio of both unique and legacy cultivars. Rigorous pheno hunting for long term genetic leadership Strategically launching 3 new genetics per quarter to generate consumer and retailer excitement across our brands 	 <p>PRODUCT INNOVATION</p> <ul style="list-style-type: none"> Enviably product portfolio driven by CPG innovation process Consistent innovation meeting true consumer needs and whitespace opportunities Innovation philosophy to be best to market 	 <p>OPERATIONAL EXCELLENCE</p> <ul style="list-style-type: none"> Plants are handled with care at every touchpoint (living soil, hang dried, hand trimmed, cold cure) resulting in superior quality and flavour profiles. World's leading scaled, certified organic (FVOPA) cannabis facility IMC – GAP certification meeting high quality standards for international export Trusted and top ranked supplier with provincial distributors and retailers

Source: Company reports

Profitable growth on the back of a premium brand strategy. Among publicly listed Canadian LPs, Rubicon posted the best yoy sales growth in 1Q25 (+39%). For the 4-year period 2020-2024, the company averaged a CAGR of 51%, based on reported C\$ sales. All company sales are generated in the Canadian rec market, where according to Hifyre the company had reached the #11 slot by 1Q25, narrowing the gap with the market leaders. For context, back in Mar'21, the #1 player was



36x larger than Rubicon, compared with only ~5x in Mar'25, per Hifyre. Importantly, this has been achieved with a focus on the premium segment (with brands like 1964 and Simply Bare), and by following organic cultivation principles. Indeed, Rubicon is #1 in the premium flower segment (see [our report from 4/7](#)). In 1Q25, the 1964 brand realized flower retail prices of C\$9.72/gram vs. the industry average of C\$5, according to Hifyre data. In 4Q24, Rubicon had 6.6% overall premium share, per management's analysis, with 26% share in premium edibles. Per our definition of the premium segment (SKUs priced above C\$7 per gram), it was #1 in premium flower with 11% share in 1Q25. In addition, it has 27% share of the total topicals segment, and it is #2 in live resin vape sales. All this allowed for gross margins near 40% and EBITDA margins ~10% in CY24 (both well above average in the competitive Canadian rec market).

One of the few LPs expanding capacity. According to management, capacity constraints resulted in lost sales in CY24. It had to supplement its own 11-ton production from its Delta (BC) facility with biomass from contract growers and co-manufacturers (it will need to buy an incremental 2ton in CY25). As a result, Rubicon is in the process of acquiring a 47.5K sq ft facility (4.5tons, in Hope BC) for C\$4.5Mn, which should start contributing to sales next year. The capacity expansion will be allocated first to tap pent-up demand in the Canadian rec market, with Rubicon expecting to ramp exports after that. Indeed, management says that owing to increasing international demand, it has seen "many mainstream and premium LPs shifting their sales abroad". In this context, Rubicon sees "a prime opportunity to strengthen its brand presence in Canada". Also per management, "with SKU rationalization underway across several provinces, suppliers are being evaluated on reliability and sales performance, and this shift is raising the bar for market entry, making it increasingly challenging for new brands and products to secure shelf space". Rubicon believes its "award-winning brands and diverse product portfolio will continue to resonate with Canadian consumers, which are becoming more brand loyal". With the overseas medical markets still in the early stages of adopting premium cannabis products, according to management, Rubicon aims to meet small amounts of the international demand with "a test and learn strategy in 2025, making sure to meet its Canadian customer needs as a priority".

Our read of recent performance, taking the Hifyre scanner data. Per Hifyre, company sales were up 33% yoy in 1Q25, in a market that grew 5%. In 1Q25, flower accounted for 32% of company sales, pre-rolls for 28%, concentrates for 13%, and vape for 12%. Rubicon's entry into the live resin vape segment has been a key driver of recent sales growth (contributing half of the company's yoy absolute C\$ sales growth in 1Q25, per Hifyre); it is now launching all-in-one (AIO) live resin vapes. Consumer macro pressures have impacted premium segments in general, and this has been partly reflected in the company's flower trends (with sales down 5% yoy in 1Q25, per Hifyre); we estimate the premium flower segment (defined by SKUs priced above C\$7/gram) fell 22% yoy in 1Q25. Rubicon has pulled back from its entry to infused joints (see inside for details), but it has made inroads in regular joints; total company pre-roll sales were up 19% in 1Q25 vs. total category growth of 10%. Company sales in concentrates (where Rubicon is #5 with ~6% share) were up almost 70% yoy. All this said, management is confident it can continue to gain market share in Canada with a multi-brand multi-format strategy. Hence, the capacity expansion.

Financial estimates. Management is guiding for growth both in sales and underlying EBITDA in CY25, ex start-up costs related to the new Hope facility (estimated at \$3Mn this year). For 2025,

Rubicon will plan to buy 2ton of incremental biomass from contract growers, to supplement growth at its Delta facility. Key growth catalysts this year: full year of eight live resin vape SKUs (it began with two in July last year); entry into the AIO vape live resin segment; QB starting to allow vape formats later this year. The 40% capacity expansion (new Hope facility) will add to revenues only starting in CY26 (and will take time to ramp up to a full a run rate). With increased capacity, management sees room to gain share in premium flower, especially with larger formats. On our assumption of underlying Canadian rec market annual growth of ~5% for the next three years, we believe Rubicon is well positioned to continue to gain market share and deliver double-digit sales growth. Also, notwithstanding the company's "test and learn" strategy for the overseas markets, we believe markets like Germany/Australia are starting to segment by tiers (value, mainstream, premium), and we see opportunities for Rubicon's brands there (we model international growth starting next year). The company has decided to fund the acquisition of new capacity (C\$4.5Mn for the Hope BC facility) mostly via new equity. In early May, it raised C\$4.5Mn in gross proceeds from a private placement (~10.3mn units valued at C\$0.44 consisting of one common share and a half warrant with a strike price of 70c). On the prior share count of 56.8mn (ex out of the money derivatives and RSUs), this represented about 15% dilution (at the current price of 39c, the stock trades at an 11% discount to the offering price; the private placement was completed on 5/6/25).

Valuation (all numbers in C\$). At C\$0.39, the EV is C\$31Mn (market cap is C\$29Mn; we take the share count at 67mn plus 6.3mn in RSU/PSU/DFUs). Factoring the recent placement in the share count, the stock trades at 0.4x sales and 2.3x EBITDA, taking our CY26 estimates (on projected EV). Given projected EBITDA and free cash flow growth for 2026-2027, and the valuation multiples moving closer to the peer group, upside could be significant. While we do not set price targets, the stock could move up by 4x to 7.5x by Dec'26, if taking at 1-2x on our projected sales. The stock pulled back after the recent placement (partly as participants clipped the stock/warrant units) and is down 19% in the last 30 days vs. +6% for the YOLO ETF. We would make use of the recent decline. Key short-term catalysts: closing the Hope deal; launch of AIOs; QB opening to vape; after that, with investors getting more clear visibility of sales and EBITDA ramp up in 2026 and 2027 (on the capacity expansion), and Hope start-up costs being absorbed, we see significant upside here. *Note: All \$ figures in this report are in C\$ unless noted otherwise.*

Table 2: Canada LP Valuation Comps (based on spot EV; not on projected EV)

Multiples 30-May-25	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			Financial Net Debt				Stock Performance		
	Current	2025	2026	Current	2025	2026	to Sales		to EBITDA		30-day	90-day	1-year
							Current	CY25	Current	CY25			
Aurora Cannabis	1.3x	1.2x	1.1x	7.4x	6.9x	6.1x	na	na	na	na	14%	4%	-14%
Auxly Cannabis Group	1.5x	na	na	6.6x	na	na	-0.4x	na	-2.0x	na	4%	2%	113%
Avant Brands	0.7x	na	na	3.6x	na	na	-0.2x	na	-0.8x	na	-10%	-25%	-62%
Cannara Biotech	1.4x	na	na	5.4x	na	na	-0.4x	na	-1.5x	na	-15%	-10%	58%
Canopy Growth	2.2x	2.0x	1.8x	-15.4x	-1515.1x	84.5x	-0.7x	-0.6x	4.7x	457.8x	-3%	-3%	-84%
Cronos Group	-2.3x	-2.2x	-2.0x	-32.8x	-126.9x	na	na	na	na	na	7%	-3%	-22%
Decibel Cannabis	0.9x	0.6x	0.5x	5.3x	3.3x	2.6x	-0.4x	-0.3x	-2.4x	-1.5x	-1%	-2%	-7%
Organigram Holdings	0.9x	1.0x	0.8x	25.1x	12.2x	7.5x	na	s	na	na	17%	16%	-23%
Rubicon Organics	0.6x	0.6x	0.4x	10.6x	9.5x	3.0x	0.0x	na	-0.7x	na	-22%	2%	-4%
SNDL	0.3x	0.3x	0.3x	32.4x	16.3x	na	na	na	na	na	-15%	-21%	-42%
Tilray Brands	0.7x	0.6x	0.6x	14.5x	7.1x	5.9x	0.0x	0.0x	-0.8x	-0.4x	-11%	-41%	-76%
Village Farms International	0.5x	0.5x	0.6x	513.3x	10.3x	4.8x	-0.1x	-0.1x	-61.5x	-1.2x	64%	67%	3%

1) We take FactSet consensus estimates for CY25e and CY26e (or our estimates if there is no consensus); 2) By "current", we mean the latest reported qtr annualized; 3) several LPs have net

Source: FactSet, company reports, Z&A calculations

Rubicon's Performance in Canadian Rec

Rubicon Organics Inc. is Canada's leading premium licensed producer focused on cultivating and selling organic certified, premium and super-premium cannabis products.

Table 3: Company Description per Management

WHO IS RUBICON?

- Founded in 2015 and #1 premium¹ licensed producer in Canada
- Located in Delta, British Columbia
- Portfolio of premium brands: Simply Bare™ Organic, 1964 Supply Co™, Wildflower™ & Homestead Supply Co™.
- Products across all key categories designed for premium cannabis consumers
- Experienced management and board of directors with a balance of CPG leadership and legacy experience
- Production capacity: 11,000kg of premium flower from a state-of-the-art organic certified greenhouse and 4,500kg of premium flower from an anticipated facility acquisition²
- Q1 2025 Net Revenue \$12.4M (+39% YOY)
- Four consecutive quarters of positive Adjusted EBITDA³



Source: Company reports

Rubicon's total retail sales were up 33% yoy in 1Q25, per Hifyre data, in an overall market that grew by only 5%. During CY24 the company also outperformed, especially in 2H24, with average growth (per Hifyre) of 17% vs. 6% for the market at large.

Briefly on Canada's Rec Market

Both StatCan and Hifyre point to market growth deceleration from the mid-teens CY22-23 pace, to low/mid-single digits in CY24.

- StatCan has reported rec cannabis retail sales through January 2025 (Feb should be out around 4/19). Sales in CY24 reached C\$5.23Bn, per StatCan, up only +1% yoy growth, a marked deceleration from +14% in CY23 and +17% in CY22 (+48% in CY22). That said, after flattish yoy trends for the first three quarters, sales increased 5% yoy in 4Q24 (StatCan). Jan'25 sales were up 4% yoy.
- In the past, Hifyre (out thru Mar'25) would correct its own historical data to match that of StatCan, but now it claims the sample size at StatCan has been reduced, which might make the StatCan numbers less accurate and reliable. So, while StatCan estimates CY24

growth of +1%, Hifyre, on the other hand, points to CY24 sales growth of 6.4% (8% yoy growth for 1Q and 4Q, and +5% for 2Q and 3Q). For 1Q25 (Jan-Mar), Hifyre estimates growth at +4% yoy.

- If we take the Hifyre numbers as the more accurate ones, this would mean the Canadian rec market amounted to C\$5.55Bn (vs. C\$5.23Bn per StatCan in CY24) for the trailing 12 months thru Mar'25 (or US\$4Bn, taking the FX rate at 0.721). The latter implies rec per capita of \$100 (39.7mn population), or US\$106 including medical sales (taking the medical market at C\$325Mn). In short, after 6.5 years since rec was legalized (10/17/18), total per capita (med+rec) in Canada remains well below states in the US where rec/med is legal: MI >US\$300; above US\$200 CO, MA, MO, NV, OR; above US\$150 AZ, IL, MD, WA (CA is at US\$130). All this despite generally lower prices and store density above the US average.

Market growth trends by formats. Compared with the larger US market, vape and edibles are under indexed in Canada, while pre-rolls are over indexed (flower is only slightly under indexed).

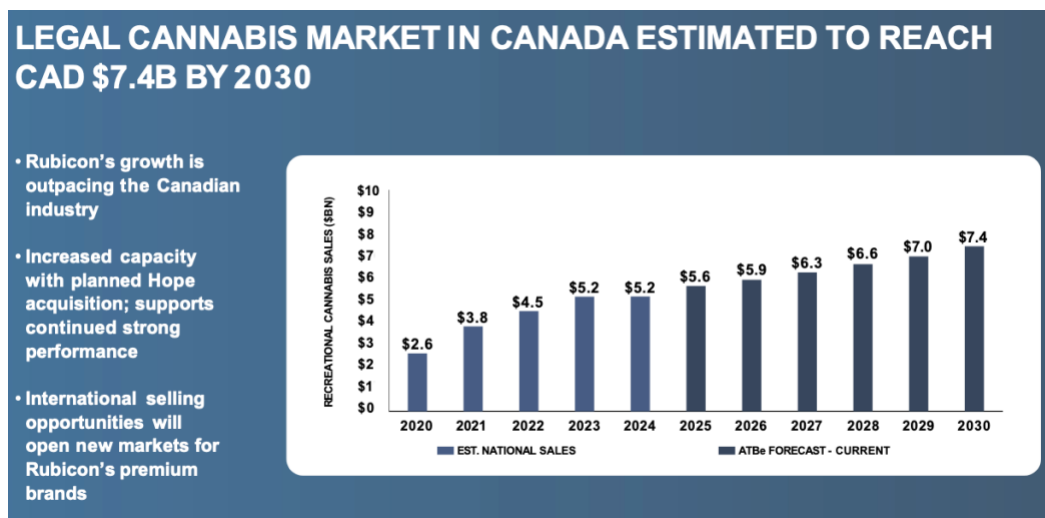
- The three largest categories in 1Q25 were flower (36% of industry sales), pre-rolls 32%, and vape 18%. Compared with 1Q23, flower dropped from 41% of sales (38% in 1Q24), while pre-rolls grew from 27% (30%), and vape from 16% (17%). The pattern in mix change has been similar in recent qtrs.
- The other categories are smaller, with edibles and concentrates each at 5%, and drinks and oils are 2%. For the most part these four categories have maintained their weight of industry sales. Topicals are only 0.3% of sales in Canada.
- Compared with the total 4% yoy market growth estimated by Hifyre for 1Q25, among the three main formats, flower sales fell 2% yoy, while pre-rolls and vape both grew 10%. Re other formats, edible sales were up 2% yoy, and concentrates fell 3%

Table 4: Trends by Format

	2022 1Q	2022 2Q	2022 3Q	2022 4Q	2023 1Q	2023 2Q	2023 3Q	2023 4Q	2024 1Q	2024 2Q	2024 3Q	2024 4Q	2025 1Q
YoY ch %	23%	23%	15%	14%	15%	13%	16%	12%	8%	5%	5%	8%	4%
Flower	3%	0%	-6%	-5%	-2%	1%	7%	1%	1%	0%	-3%	2%	-2%
Pre-roll	64%	63%	48%	42%	40%	33%	29%	26%	19%	11%	14%	20%	10%
Oil	-7%	-2%	-6%	-4%	-2%	-10%	0%	14%	1%	5%	-2%	-15%	-5%
Vape	34%	37%	26%	26%	24%	20%	24%	19%	14%	11%	8%	11%	10%
Edibles	76%	65%	36%	27%	28%	17%	10%	-1%	-8%	-9%	-3%	3%	2%
Beverages	34%	37%	14%	-1%	16%	10%	17%	29%	9%	8%	7%	6%	8%
Concentrates	74%	51%	19%	33%	30%	23%	37%	18%	12%	11%	2%	-6%	-3%
Topicals	29%	18%	-9%	-6%	4%	-9%	-1%	1%	-13%	12%	14%	2%	12%
Cultivation	-1%	19%	-32%	-46%	-35%	-49%	-52%	-59%	-47%	-23%	-22%	-4%	-18%
Mix %													
Flower	48%	44%	42%	41%	41%	39%	38%	37%	38%	37%	35%	35%	36%
Pre-roll	22%	26%	29%	28%	27%	31%	32%	31%	30%	32%	35%	35%	32%
Oil	3%	3%	3%	3%	3%	2%	2%	3%	2%	2%	2%	2%	2%
Vape	15%	15%	15%	16%	16%	15%	16%	17%	17%	16%	16%	17%	18%
Edibles	5%	5%	5%	6%	6%	6%	5%	5%	5%	5%	5%	5%	5%
Beverages	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Concentrates	5%	4%	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Topicals	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Cultivation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Source: Hifyre; Z&A calculations

Table 5: Management's Take on Domestic Rec Market Growth Potential



Source: Company reports

Summary of Rubicon's Recent Sales Performance

Rubicon reported 1Q25 (Mar) net sales of \$12.4Mn, up 39% yoy and down 13% qoq on seasonality, according to management. The analysis below is mostly based on the Hifyre scanner data.

Cross referencing recent growth with Hifyre. Growth trends can vary due to several reasons: as Hifyre is sample-based scanner data; there could be pipeline fill as companies launch new products and shipments to boards and retailers are not initially aligned with what moves at the store level; or in some cases a company could gain disproportionate distribution in regions/chains not measured by Hifyre. In the case of Rubicon, the ratio of domestic rec net sales to Hifyre sales was in the 46% to 49% range in 2Q24 to 4Q24 compared with 39-42% from 3Q23 to 1Q24. In other words, per Hifyre, Rubicon sales at retail grew 20% yoy in 4Q24 vs. 42% reported (on the other hand, qoq, reported sales were up 5% vs. +7% per Hifyre). For 1Q25, Hifyre pointed to +33% growth yoy (vs. +20% for 4Q24) and -8% qoq.

Other highlights,

- **Format mix.** Per Hifyre, in 1Q25, 32% of Rubicon sales came from flower, 28% pre-rolls, 13% concentrates, 12% vape, and 8% edibles (4% topicals; 2% oils). Back in 1Q23, flower and pre-rolls 78% of sales (41% and 37%, resp.) and 75% in 1Q24 (44% and 31%), vs. 60% now. Back in 1Q23, the company did not have vape or edibles in the portfolio (in fact, as recently as 1Q24, Hifyre showed zero vape sales for Rubicon).
- **Growth drivers by formats.** Although Hifyre shows 33% sales growth for Rubicon in 1Q25, the company's flower sales fell 4% and pre-rolls grew 19%. In absolute \$ yoy terms, vape accounted for 64% of total \$ growth and pre-rolls for close to 29% (concentrates 24%, edibles 18%). Per Hifyre, the yoy drop in \$ sales (-\$2.4Mn) was offset by the growth in vape (\$3.3Mn).

- **Brand mix.** Per Hifyre, 68% of Rubicon sales in 1Q25 came from the 1964 brand, 21% from Simply Bare, 6% from Wildflower, and 5% from Homestead. The first two are premium brands. For example, in ON in 1Q25 1964 flower retailed on average at \$8.73 per gram and Simply Bare at \$9.01, while Homestead flower sold at \$3.17. The Wildflower brand is mostly for topicals and edibles.
- **Province mix.** Rubicon over indexes in BC (its home province). Per Hifyre, while Rubicon had 2.1% national share in 4Q24 (full province data is out only thru Feb, so here we use 4Q24), it had 4% in BC, 2.1% both in ON and QC, 1.8% in AB, and 0.3% in the rest of the country. During CY24, BC accounted for 16% of total national sales vs. 31% for Rubicon. All this said, per Hifyre, Rubicon gained ground in ON, BC, and AB (its QC share dropped from 2.5% in 1Q23), with ON share up from 1.6% in 1Q23 (so, thru 4Q24, it gained 0.5pt), AB 1.1% (+0.7pt), and BC 3.3% (+0.7pt). In yoy terms \$ growth terms in 4Q24, Rubicon grew sales +28% vs. +8% for the market, with ON +41% vs. +3%; AB +65% vs. +7%; BC +30% vs. +7%; and QC -14% vs. +29% market growth (for the rest of the country, Rubicon was down -7% vs. +8% market growth). *Note: We do not use StatCan in this section as we think that data may be flawed (StatCan estimated CY24 sales up 1% only vs. +6.4% by Hifyre: with ON -5%; AB -16%; BC -21%, QC +25%, rest +45%).*

Table 6: Company Sales vs. the Market, and Company Format Mix

	CY21	CY22	1Q23	2Q23	3Q23	4Q23	CY23	1Q24	2Q24	3Q24	4Q24	CY24	1Q25
Co. vs. Market													
Co. total sales		85.5	20.8	22.2	25.4	25.5	93.9	21.2	24.6	28.7	30.6	105.2	28.2
yoy ch %			43%	3%	-4%	11%	10%	2%	11%	13%	20%	12%	33%
qoq ch %		na	-9%	7%	14%	0%	na	-17%	-74%	35%	24%	na	-8%
Market	4,518		1,182	1,277	1,377	1,327	5,163	1,196	1,258	1,380	1,396	5,230	1,255
share %	1.9%		1.8%	1.7%	1.8%	1.9%	1.8%	1.8%	2.0%	2.1%	2.2%	2.0%	2.2%
Company sales mix													
Concentrates	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Edibles	14%	17%	16%	10%	10%	10%	13%	11%	11%	10%	12%	11%	13%
Flower	0%	0%	1%	4%	5%	3%	8%	8%	8%	7%	8%	8%	8%
Oils	46%	41%	44%	50%	49%	46%	44%	41%	41%	35%	33%	38%	32%
Pre-rolls	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%	1%	1%	2%
Topicals	35%	37%	34%	31%	31%	33%	31%	31%	31%	31%	30%	31%	28%
Vapes	3%	4%	4%	4%	5%	4%	6%	5%	5%	5%	5%	5%	4%
	1%	0%	0%	0%	0%	0%	0%	0%	3%	11%	11%	7%	12%

Source: Hifyre; Z&A calculations

Rubicon: Flower

As mentioned before, Rubicon's flower sales fell 4% yoy in 1Q25, according to the Hifyre data. It had 2% total flower share in 1Q25, but it led in the premium segment. Average price per gram for Rubicon flower was \$7.50, as per Hifyre, compared with \$5/gram for the category at large.

- **Brands and Performance.** During 1Q25, 65% of Rubicon's flower sales came from 1964 (65% too in 1Q24), 24% from Simply Bare (19%), and 11% from Homestead (16%). Per the Hifyre data, Simply Bare sales were up 21%, while 1964 fell 3% and Homestead sales fell 33%. *Note: Simply Bare is the company's brand for the super-premium niche, while 1964 is for the premium segment (hence 1964 being 3x larger).*

- **Pack Sizes.** During 1Q25, 58% of Rubicon's flower sales came from 3.5g pack sizes followed by 7g at 21% (28g 13%; 14g 5%, 1g 2%, 35g 1%). In total, it had 107 SKUs (17 in 28g and 9 in 35g). With the new capacity, management expects to better tap the larger format premium segment (28g; 14g).
- **Top selling SKUs.** Five SKUs accounted for 49% of Rubicon's flower sales: 1964's Comatose 3.5g (11%); 1964's LA Kush Cake 3.5g (11%); 1964's Bleu Nuit 3.5g (10%); 1964's Stinky Pinky 7g (9%); and 1964's Blue Dream 3.5g (8%).
- **Prices realized.** The flower portfolio on average had a price of \$7.50/gram in 1Q25, with 1964 at \$9.67, per Hifyre.

Market context: Key players in flower

- Five companies had >5% flower segment share in 1Q25 (all as per Hifyre scans). Tilray was #1 in the segment in 1Q25 (it recouped the #1 position in flower in 4Q24) and led with 13.3% share in 1Q25 (4Q24 13.3%; 1Q24 13.1%). Village Farms was #2 with 13.2% (12.7%; 16.6%); OGI including Motif had 10.4% (11.5%; 9.1%); Auxly 6.8% (5.7%; 4.0%); Cronos 5.4% (5.8%; 6.6%). So, in yoy terms, of the top five, three gained share yoy and two (VFF and CRON) lost.
- There were seven LPs with 2-5% flower share in 1Q25: Canopy 3.3% (1Q24 3.2%); Cannara 3.0% (2.3%); Canadian Clinical Cannabinoids (CCC) 2.8% (2.5%); Sundial 2.3% (2.8%); Canada's Island Garden 2.1% (2.5%), and both Rubicon and Atlantic Cultivation each with 2% (1Q24: 1.9% and 2.0%, respectively). So, of this group, in yoy terms, only Cannara and CCC made hefty share gains vs. their base.
- Average flower prices in 1Q25 were C\$5.09/gram compared with \$4.88 in 4Q24 and \$4.89 in 1Q24. Retail flower prices have mostly stabilized over the past year. However, this varies by operator. Of the top 5 in flower (re % share), while overall category prices increased 4%, yoy, Auxly prices were up only 3% and VFF +1%; on the hand, average price at TLRY was up 12%, +9% at CRON, and +5% at OGI. For Tilray, average flower prices were \$4.15 in 1Q25 vs. \$3.83 in 4Q24 and \$3.72 in 1Q24. For VFF ex Quebec (QC price data seems distorted), prices were \$4.00 vs. \$4.05 in 4Q24 and \$3.96 in 1Q24. About the rest of the top 5: OGI \$4.42 (\$4.48; \$4.20); Cronos \$4.94 (\$4.69; \$4.54); Auxly \$4.07 (\$4.08; \$3.96).
- Other interesting nuggets per Hifyre for the flower segment: Quebec province accounted for 40% of VFF's total flower retail sales in 1Q25 vs. 30% in 4Q23; in 1Q25, outside QC, 42% of Pure Sunfarms sales came from the Pure Sunfarms brand (C\$4.71 avg price) and 34% from The Original Fraser Valley line (\$3.24) vs. 42% for each in 1Q24. Three brands accounted for the bulk of Tilray's flower sales (Good Supply 47%; Redecan 20%; Bake Sale 14%; avg prices for these brands respectively were \$3.33, \$5.60, and \$3.83. At OGI, Shred accounted for 45% of its total flower sales in 1Q25 (avg price \$4.13), followed by Big Bag O'Buds at 39% (\$4.33), and Holy Mountain 8% (\$3.98).



- Of the 16 companies with flower share of 1.5% or more, five had flower prices above the category average of \$5.09/gram: Cannara \$8.24 (Tribal is one of their brands); Rubicon \$8.30 (1964; Simply Bare); Montreal Cannabis \$7.34 (MTL Cannabis); Aurora \$7.68. Later in this report we discuss more specifically the premium flower segment (defined as SKUs priced >\$7/gram).

Rubicon: Pre-Rolls

While some companies have specialized on the infused segment (Decibel; OGI's Motif; BZAM), Rubicon has not. Per Hifyre, 73% of Rubicon's pre-roll sales came from regular joints in 1Q25 (vs. 51% for the total category) and 9% from what Hifyre calls regular pre-rolled (10% for the category). The infused segment accounted for 34% of total category sales (joints 27%; variety pre-rolled 5%, blunts 2%) in 1Q25, compared with 15% for Rubicon (14% infused joints). That said, a year earlier in 1Q24, infused joints were 28% of Rubicon's pre-roll sales, but the company is less focused on infused now. While Rubicon's total pre-roll sales were up 19% yoy, its infused joint sales fell 39%; Rubicon's regular joint sales were up 39% (a new 5x0.5g pack size has been a key driver of growth).

During 1Q25, 60% of Rubicon's pre-roll sales came from 1964 and 36% from Simply Bare (the rest was Homestead). The company's top 8 SKUs were all regular joints and only SKU #9 was an infused joint. The #1 SKU was Simply Bare's BC Organic Fuit Loopz 1.5g; #2 1964's Comatose (2.5g); #3 1964's Blue Dream (2.5g).

Market context: Key players in pre-rolls

- The top 5 companies in pre-rolls had 34% share in 1Q25 (41% in 1Q24) vs. 49% in flower and 57% in vape. Five companies had >5% segment share in 1Q25. OGI including Motif had 8.5% share in 1Q25 (4Q24 8.6% proforma; 1Q24 6.8%), followed by Decibel 7.7% (8.2%; 14.1%), Tilray 7.1% (7.4%; 10.9%), Weed Me 5.8% (4.8%; 4.4%), and Cannara 5.2% (6.3%; 2.9%). So, yoy, of the top 5, OGI (key brands, in order: Shred 37%; Shreds 16%, Rizzlers 13%, Boxhot 12%), Weed Me, and Cannara gained.
- There were six companies between 2-5% share in 1Q25: BZAM had 4.6% (1.9% in 1Q24), VFF 4.4% (4.9%), Canopy 4.4% (2%), Auxly 3.8% (3.6%), Cronos 2.6% (2.5%), and Stigma Grow 2.0% (2.1%). So, of this group the biggest gainers were BZAM (Jeeter accounts for 87% of BZAM's total pre-roll sales) and Canopy Growth (Claybourne is 70% of total sales). In the case of Canopy Growth, infused formats were 74% of its total pre-roll sales in 1Q25 compared with 7% in 1Q24, while at BZAM they were 95% vs 78% in 1Q24.
- Re category structure, in 1Q25 infused formats accounted for 34% of all pre-roll category sales (infused joints 27%, variety infused pre-rolled 5%, infused blunts 2%); the total infused segment peaked in 4Q23 and has remained stable since then in terms of mix (33% for all infused varieties and 27% for infused joints).
- Decibel's market share in the infused joint segment was 26% in 1Q25, down from 30% in 4Q24 and 48% in 1Q24 (Decibel infused share peaked at 57% in 2Q23). OGI proforma



infused share was 12.2% (13% in 4Q24; 9.4% in 1Q24). BZAM (inc. Final Bell/Jeeter) was #3 with 9% (9.3%; 3.7%). Canopy Growth is now #4 in infused joints with 8.3% share (vs. 0.5% in 1Q24), followed by Cannara with 7.5% share (1% in 1Q24), and Stigma Grow with 6.2% (5.2%).

- Company sales mix by subsegment varies. For example, of the top 5 in the total pre-roll category: infused in total accounted for 56% of OGI proforma's total pre-roll sales (infused joints 38%); 97% at Decibel (90%); Tilray 13% (11%); Weed Me 2% (1%); Cannara 39% (38%).

Rubicon: Vape

Rubicon entered the live resin vape segment in July 2024 with two SKUs at first, then had five SKUs by YE24, and it is at eight now. In total, it had 1.5% vape share in 1Q25, per Hifyre, and it was #15 among LPs (vape was led by OGI/Motif with 22% share in 1Q25, followed by Auxly with 12% and Decibel 10%). That said, if we only look at the live resin segment, Rubicon is #2. Rubicon derived all its vape sales from live resin 510 carts (all 1ml) in 1Q25, and it is now in the process of launching all-in-ones (AIOs) live resin SKUs. As we discuss below, the live resin subsegment accounted for 10% of total vape market sales, but it carries a premium price vs. regular distillate 510 carts (\$10.24/ml vs. \$7.85/ml, at the category level in 1Q25, respectively), and Rubicon also realized a premium to the live resin average (\$10.87/ml vs. \$10.24/ml). Per management, it is #2 in live resin vapes and only six months since launch it has garnered 56% distribution.

Market context: Key players in vape

- There were five companies with >5% segment share in 1Q25. OGI (all from Motif Labs) had 21.6% share (4Q24 22.2%; 1Q24 20.2%), followed by Auxly 12.2% (13.1%; 10.3%), Decibel 9.7% (9.1%; 9.3%), Ayurcann 6.4% (6.3%; 5.5%), and Cronos 6.0% (6.4%; 7.9%). Back in 1Q24, Tilray and BZAM were top 5 and 6 with 6.3% and 6.2% share, respectively, but their respective vape share has fallen to 4% and 1.2%.
- Outside those with >5% share, in 1Q25 there were six companies between 2-5% share: Weed Me 4.1% (2.7% in 1Q24), Tilray 4% (6.3%), Heritage 3.9% (2.8%), Cannara 3.9% (4.0%), Adastra 2.3% (3.9%), and Mera 2.3% (1.1%). So, in yoy terms, the biggest gainers were Weed Me and Heritage.
- Re the category mix, in 1Q25 64% of sales came from 510 cartridges (1ml 41%, 1.20ml 13%, 0.95ml 7%; rest 3%) compared with 77% back in 4Q23. Disposables accounted for 25% of sales (1ml 11%; 0.95ml 8%; 1.20ml 2%; 2ml 1%; rest 3%) vs. 12% back in 4Q23. Live resin 510 carts 10% (1m 10%) vs. 8%; closed loop systems have not made inroads and only accounted for 1% of total vape sales in 1Q25 (2% in 4Q23). Overall sizes above 1ml (i.e., not including 1ml) account for 19% of the total vape segment.
- Mix varies among the top 5 LPs in vape: 510 carts account for 77% of OGI (including Motif) vape sales and disposables for 22%; at Auxly, the mix is 32% and 68%, respectively; Decibel

67% and 28%; Ayurcann 90% and 10%; Cronos 88% and 8%. In terms of total vape sales from formats above 1ml: OGI 43%; Auxly 1%; Decibel 22%; Ayurcann 0%; Cronos 58%.

Rubicon: Concentrates

As mentioned before, concentrates accounted for 13% of Rubicon sales in 1Q25, mostly in line with recent quarters. The company over indexes in the category (concentrates only account for 5% of total market sales), and it had 5.6% segment share in 1Q25. Of the company's 26 SKUs, the top 5 were all under the 1964 brand and accounted for 91% of Rubicon's concentrate sales in 1Q25; the top two were hash-based (1964 Organic Hash was 38% of sales; 1964 Lebanese Hash was 20% of sales); SKUs #3-#5 were resin-based.

The market leaders in concentrates in 1Q25 were OGI/Motif with 13.1% share (10.5% in 1Q24); Adastra Labs 9.4% (8.5%); Cannara Biotech 7.5% (10%), and Vortex Cannabis with 6.8% (7.1%). Rubicon ranked #5 in 1Q25 with 5.6% share vs. #11 in 1Q24 with 3.3% share.



Company management on its advantage in genetics. We quote verbatim, "We possess valuable and unique intellectual property in cannabis genetics, which we consider a critical asset in maintaining our position as a leading innovator within the industry. Our extensive genetics library is central to our strategy of delivering consistent, high-quality genetics and new product offerings for the premium and super-premium markets. While we maintain confidentiality around our specific genetics strategy, we view this as a significant competitive advantage and anticipate introducing exciting new genetic launches in 2025."


Table 7: New Genetics



CONSISTENTLY BRINGING WORLD CLASS GENETICS TO PREMIUM CONSUMERS

Simply Bare Organic

Q3 2024	Q4 2024	Q1 2025	Q2 2025
 KRAKEN CEMENT SHOES	 FIRE OG PINEAPPLE SOUR	 STRAWBERRY GUAVA GRAPE CREAM CAKE	 PINK DRIP SUNSET RUNTZ

Q2 2024	Q3 2024	Q4 2024	Q1 2025
 STINKY PINKY	 LA KUSH CAKE	 SOUR TANGIE	 LEMON DIESEL

Source: Company reports

A Closer Look at Premium Flower

The premium flower segment (defined as C\$7/gram and above), has lost overall C\$ share, but not due to consumer weakness, and more owing to some LPs allocating a larger share of production to the export markets. On the other hand, brands like 1964 (Rubicon) and Broken Coast (Tilray) grew premium flower C\$ sales and gained segment share.

Table 8: Leading Premium Flower Brands

PREMIUM FLOWER C\$ SALES (defined as SKUs with prices >C\$7/gram)											
C\$ Mn	AB		BC		ON		Total C\$Mn		Total \$ Share		1Q25 yoy chg %
	1Q25	1Q24	1Q25	1Q24	1Q25	1Q24	1Q25	1Q24	1Q25	1Q24	
TOTAL	7.15	7.64	9.15	12.61	33.76	43.95	50.06	64.19	100%	100%	-22%
1964	0.50	0.54	1.39	1.31	2.49	2.49	4.38	4.34	8.8%	6.8%	1%
Tribal	0.48	0.61	0.49	0.34	2.19	2.51	3.16	3.46	6.3%	5.4%	-9%
Mtl Cannabis	0.17	0.14	0.89	1.64	1.92	3.52	2.99	5.30	6.0%	8.3%	-44%
Blk Mkt	0.00	0.00	0.49	0.75	1.78	2.48	2.27	3.22	4.5%	5.0%	-30%
Carmel	0.41	0.61	0.00	0.20	1.68	2.87	2.08	3.68	4.2%	5.7%	-43%
Broken Coast	0.72	0.62	0.64	0.16	0.64	0.50	2.00	1.28	4.0%	2.0%	56%
Woody Nelson	0.00	0.00	0.75	0.45	1.22	0.49	1.97	0.94	3.9%	1.5%	109%
Volo	0.14	0.00	0.00	0.00	1.59	0.39	1.73	0.39	3.5%	0.6%	346%
The Loud Plug	0.00	0.00	0.37	0.00	1.00	1.23	1.37	1.23	2.7%	1.9%	11%
Sixty Seven Sins	0.00	0.00	0.00	0.00	1.37	0.00	1.37	0.00	2.7%	0.0%	na
Skosha	0.27	0.00	0.00	0.00	1.03	0.85	1.30	0.85	2.6%	1.3%	52%
Highxotic	0.00	0.00	0.00	0.00	1.15	0.01	1.15	0.01	2.3%	0.0%	19776%
Simply Bare	0.36	0.54	0.34	0.42	0.40	0.50	1.10	1.45	2.2%	2.3%	-24%
Eastcann	0.00	0.00	0.00	0.00	0.59	0.68	0.59	0.68	1.2%	1.1%	-13%
Flgr	0.00	0.00	0.15	0.00	0.43	0.28	0.57	0.28	1.1%	0.4%	107%
Bold	0.19	0.15	0.38	0.80	0.00	0.53	0.57	1.49	1.1%	2.3%	-62%

Source: Hifyre, Z&A calculations

Key highlights

- Flower pricing (in total) has remained stable over the last 12 months in the provinces reviewed in this report (AB, BC, ON). We believe this is due to some capacity coming off the industry, the European “pull” (more operators allocating production to exports), and the larger LPs pivoting away from the value end (generally speaking). *Note: flower as a category has shed some share, and it is now #2 to pre-rolls in AB and BC.*
- In this context, in the future, in a more stable environment, as the rec market continues to consolidate, we would expect the premium segment to grow. However, that is not the case at present. While the premium flower segment’s \$ has remained stable in AB, it has lost share in BC and ON (comparing 1Q25 vs. 1Q24). If defined by SKUs selling at or above \$7/gram, the premium segment accounts for 11% of flower C\$ sales in AB, for 16% in BC (22% in 1Q24), and for 18% in ON (22% in 1Q24). During the period, premium flower sales fell 23% in ON vs. -7% for the flower category in total; in BC premium flower sales dropped -27% vs. -4% for total flower (combined for the 3 provinces, C\$ sales of premium flower fell 22% vs. -6% for flower at large).
- The larger LPs tend to operate in most price brackets, but few derive a large chunk of their sales from the premium segment. In fact, among the largest LPs by revenues, Tilray is the



only one to rank among the top 5 players in premium flower, in all three provinces (albeit premium flower for Tilray at most accounts for low teens as % of its total flower sales). Mid-size companies like Avant, Cannara, Carmel, and Rubicon, tend to consistently rank among the top 5 operators in premium, and derive a large share of their flower sales from premium.

- Indeed, in 1Q25 Rubicon was #1 in premium in all three provinces, with >20% premium share in BC, 12% in AB, and 8% in ON, and it gained share yoy in all three provinces. On a combined basis in the three provinces, Rubicon's share in premium flower increased from 8.6% in 1Q24 to 11.6% in 1Q25. Although premium \$ flower sales fell at Cannara, the company gained premium \$ share on a combined basis in the three provinces (from 6.2% to 6.7%) and ranked #2 in premium. Tilray's premium share climbed from 5.2% to 6.1%. On the other hand, Avant and Carmel lost premium share (apparently as they allocated more production overseas). Avant's 3-province premium flower share dropped from 5.4% to 4.8% in the period, while Carmel's dropped from 5.7% to 4.8%. *Note: Rubicon recently announced a 40% increase in capacity.*
- In terms of brands, Rubicon's 1964 was #1 with 8.8% premium flower share in 1Q25 (sales +1%) in the three provinces combined. Cannara's Tribal was #2 with 6.3% (up from 5.4% in 1Q24), followed by Mtl Cannabis 6% (8.3%); Avant's Blk Mkt 4.5% (5%); Carmel 4.2% (5.7%); Tilray's Broken Coast 4% (2%); Woody Nelson 3.9% (1.5%); Volo 3.5% (0.6%); and The Loud Plug 2.7% (1.9%). Both Rubicon and Tilray have SKUs from more than one brand in premium (Simply Bare for Rubicon; Redecan and Riff for Tilray). *Note: We realize some of the brands highlighted here may have SKUs selling below C\$7/gram (esp. 28g pack sizes), and we do not count their sales from SKUs retailing below our threshold; but this is more the exception than the rule, most notably with CCC's The Loud Plug (SKUs sold above \$7/gram only account for 12% of this brand's flower sales), and to a lesser extent with Tilray (73%); for the rest SKUs sold above C\$7/gram account for 90-100% of the respective brands' sales.*

Our analysis here is chiefly based on the Hifyre data, which is survey/sample-based scanner data (i.e., not 100% comprehensive), and reflects sales for 1Q25 (no monthly nuance), and can be distorted by lingering inventories in dispensaries from companies now focusing more overseas. Also note that for the purposes of this report, our definition of premium applies to any SKU with prices of \$7/gram or higher; we realize this is different from Hifyre, which calls "premium" brands with prices 20% above the average market price and "value" brands with prices 20% below (mainstream is anything in between). All that said, we think that our key takeaways are valid.

Note: per the company's own definitions and calculations, management estimates that Rubicon had 6.1% share of premium flower and pre-rolls in CY24 (vs. 6.9% in CY23), and 26.5% in premium edibles (vs. 4.3% in CY23). The company's 'wildflower' premium brand is focused on topicals, oils, edibles, and capsules.

Sales Growth for the LP Peer Set in Rec

According to Hifyre, there were 11 companies with >2% total market share in 1Q25. OGI was #1 (inc. Motif) with 11.6% share, and this was mostly stable proforma vs. 1Q24. Both TLRY and VFF have highlighted greater focus on profitability (not seeking deep discounts and or relying too much on the value end per se; as well as not paying excessive data/slotting fees at retail, in the case of VFF). As a result, TLRY share was down almost 2pt yoy to 9.1% (#2) and VFF dropped 1.8pt to 6.2% (#3); Cronos and Decibel also lost share. Market share yoy gainers include Auxly, Cannara Biotech, Canopy Growth, Weed Me, and Rubicon. Of those between 1-2% share, we note CCC (key brand being The Loud Plug) more than doubled share over the past two years.

Table 9: Top Canadian LP Trends in the Domestic Rec Market

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2025 Jan	2025 Feb	2025 Mar
Market Share %	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Organigram	9.9%	10.1%	11.3%	11.5%	11.7%	11.4%	11.9%	11.9%	11.6%	11.8%	11.5%	11.5%
Tilray	13.6%	13.4%	13.2%	12.1%	11.0%	10.3%	9.8%	9.2%	9.1%	9.0%	9.0%	9.4%
Village Farms	7.1%	6.3%	6.3%	6.8%	8.0%	8.4%	7.3%	6.2%	6.2%	6.3%	6.2%	6.1%
Auxly	5.2%	4.8%	4.5%	4.4%	4.7%	4.5%	5.2%	5.7%	5.9%	5.9%	6.1%	5.8%
Cronos	4.4%	4.3%	4.5%	5.2%	5.4%	5.2%	5.2%	5.0%	4.8%	4.9%	4.8%	4.8%
Decibel	6.5%	7.2%	7.2%	6.7%	6.0%	5.5%	5.2%	4.7%	4.5%	4.5%	4.6%	4.5%
Cannara Biotech	1.8%	2.0%	2.5%	2.7%	2.9%	3.0%	3.4%	4.1%	3.8%	3.9%	3.7%	3.8%
Canopy Growth	4.6%	4.3%	3.8%	2.9%	2.6%	2.5%	2.4%	2.5%	3.2%	3.0%	3.4%	3.3%
Weed Me	3.1%	3.0%	2.7%	2.5%	2.5%	2.3%	2.5%	2.8%	3.1%	3.1%	3.2%	3.2%
BZAM	5.3%	4.6%	4.3%	3.5%	2.9%	3.4%	3.0%	3.1%	3.0%	3.0%	3.0%	2.9%
Rubicon	1.7%	1.8%	1.8%	1.7%	1.7%	1.8%	1.9%	2.1%	2.1%	2.0%	2.1%	2.1%
SNDL	3.4%	3.1%	2.4%	2.1%	2.0%	1.8%	1.8%	1.6%	1.7%	1.7%	1.8%	1.8%
Ayurcann	0.9%	1.2%	1.6%	1.8%	1.8%	1.7%	1.8%	1.8%	1.7%	1.7%	1.7%	1.7%
Aurora Cannabis	2.7%	2.7%	2.1%	2.0%	1.9%	1.7%	1.5%	1.7%	1.5%	1.5%	1.5%	1.4%
Indiva	1.0%	0.9%	1.0%	1.4%	1.6%	1.4%	1.3%	1.4%	1.4%	1.4%	1.4%	1.4%
Canadian Clinical Cannabinoids	0.6%	0.7%	0.8%	1.1%	1.2%	1.3%	1.3%	1.2%	1.3%	1.4%	1.3%	1.3%
Others	28.3%	29.5%	30.1%	31.7%	32.2%	33.6%	34.5%	35.0%	34.9%	35.0%	34.7%	35.0%
3mo yoy growth %	15%	13%	17%	12%	8%	5%	5%	8%	4%	8%	0%	4%
Organigram	42%	27%	35%	38%	28%	19%	10%	12%	3%	7%	-1%	3%
Tilray	-11%	-5%	2%	-6%	-13%	-19%	-23%	-18%	-14%	-15%	-20%	-7%
Village Farms	26%	17%	15%	-7%	21%	40%	22%	-1%	-19%	-11%	-21%	-25%
Auxly	-11%	1%	14%	5%	-3%	-1%	21%	40%	32%	40%	31%	26%
Cronos	27%	26%	35%	50%	31%	27%	22%	4%	-6%	-3%	-8%	-7%
Decibel	103%	98%	90%	29%	0%	-19%	-25%	-25%	-22%	-19%	-26%	-21%
Cannara Biotech	1882%	604%	483%	105%	75%	53%	43%	68%	37%	46%	29%	35%
Canopy Growth	-32%	-29%	-28%	-36%	-39%	-38%	-34%	-9%	28%	18%	34%	35%
Weed Me	46%	32%	13%	-13%	-13%	-20%	-3%	22%	30%	28%	25%	38%
BZAM	na	na	na	na	-41%	-21%	-26%	-4%	6%	14%	5%	0%
Rubicon	48%	8%	0%	12%	7%	7%	11%	28%	30%	34%	24%	32%
SNDL	6%	-6%	-28%	-29%	-35%	-38%	-23%	-16%	-11%	-15%	-17%	-1%
Ayurcann	370%	350%	449%	298%	124%	57%	20%	8%	0%	4%	-3%	0%
Aurora Cannabis	21%	64%	47%	-4%	-24%	-33%	-24%	-11%	-20%	-17%	-24%	-20%
Indiva	105%	130%	185%	117%	77%	58%	37%	6%	-6%	0%	-8%	-11%
Canadian Clinical Cannabinoids	91%	45%	27%	88%	131%	99%	70%	24%	13%	32%	4%	5%
Others	-6%	-9%	-5%	3%	23%	20%	20%	20%	13%	17%	8%	13%

Source: Hifyre; Z&A calculations

Key highlights for those with >2% share,

- **\$ Sales growth:** Companies with double-digit sales growth (at retail) in yoy terms in 1Q25, include Auxly +32%, Cannara +37%, Canopy +28%, Weed Me +30%, and Rubicon +30%. LPs with double-digit declines include Tilray -14%, VFF -19%, and Decibel -22%. Of these last three, relative to recent qtrs, the pace of decline at TLRY has lessened, it is similar at



Decibel, and it marks a shift from recent growth trends at VFF (same at CRON). At Auxly, the 20-30% yoy growth pace began in 3Q24; Weed Me and Rubicon show accelerating trends; for Canopy this was the first double digit yoy growth qtr in quite some time.

- **March monthly share trends:** We realize month to month data can be volatile, and not so indicative of sustained trends. That said, we look for shifts or confirmation of trends when looking at monthly data. Of those with >4% share, Jan-Mar trends are consistent, with the only exception being TLRY (March up 0.4pt since Jan-Feb). Of those between 1-3%, trends are also mostly consistent, with the exceptions being Canopy Growth (+0.3pt).
- **Fragmentation vs. consolidation.** CPG industries (beer, CSDs, tobacco) are typically quite consolidated, with 2-3 companies holding combined 70-80% share. Almost seven years into rec legalization, and despite M&A at the top (Tilray/Aphria/HEXO/Redcan; OGI and Motif; etc.), the top 3 companies in Canada rec only had 27% share in 1Q25 vs. ~31% in 1Q23 and 1Q24. All that said, the Canada rec market is more concentrated than most US states (at a total market level).

Highlighting the “Up and Comers”

As mentioned before, the Canadian rec market is rather fragmented (compared with other CPG industries), with the top 3 players holding only 27% share combined (the top 20 had 70% combined share, and the top 30 had 78%). Importantly, companies outside the top 30 hold 22% market share. Smaller/mid-size LPs have been gaining share. While the overall market grew 12% between 1Q25 and 1Q23, several up-and-coming LPs outperformed.

- Among the top 10 (combined share of 55%), the best performer was Cannara Biotech (#7, with 3.8% national share in 1Q25) with +140% growth vs. 12% for the whole market.
- Among those between #11 to #20 (15% combined share), Rubicon (#11) grew sales by 28%; Ayurcann (#13) grew +125%; Canadian Clinical Cannabinoids (#16) +161%; Montreal Cannabis Medical (#17) +198%; Atlantic Cultivation Limited (#18) +615%; Canada’s Island Garden (#19) +177%; Mera Cannabis (#20) +117%.
- Among those ranked #21 to #30 (8% combined share), all grew above the market pace except for Stigma Grow. Some of these have been allocating a greater share of production to overseas markets, so their domestic growth could have been higher (Carmel being one example).
- In fact, several smaller/mid-size Canadian LPs were featured as “sponsors/exhibitors” at the recent ICBC Berlin conference: Carmel Cannabis; Decibel Cannabis; The Loud Plug (CCC); Muskoka Grown; Origin Nature; Rubicon Organics; Weed Me. Several other LPs were also there, even if they were not sponsors or exhibitors (Canada’s Island Garden being one example).



- Quite a few of these companies operate in the premium flower tier in Canada's market and in some cases, they have been able to increase prices in Canada given the pull of the export markets. While the average flower price at retail in 1Q25 was C\$5.07/gram, as per Hifyre, the price for Cannara was \$8.24 (+17% yoy); Rubicon \$8.30 (+13%); Montreal Cannabis \$7.34 (flat); Carmel \$6.76 (-34%). In the case of Carmel, the company has been allocating more of their premium output to the export markets. Note: flower prices for other LPs mentioned above are closer to the market average (CCC \$4.69; CIG \$5.02; Muskoka \$5.11), and some play in the value end (ACL \$3.99; Ayurcann \$3.52; Weed Me \$4.09).

Background on Canada's Rec Market

Canada began adult-use sales on 20 October 2018, but it continues to lag most US markets on a per capita basis. That can be seen as a source of upside, but as mentioned before, market growth has been slowing.

Benchmarking with the US adult-use market. CY23 yoy growth of 14% was above the US adult-use pace (+9%), and only slightly below the +17% growth the Canadian adult-use market posted for all of 2022. Importantly, US growth is driven mostly by new markets opening adult-use sales, while in the case of Canada, the base of legal provinces is the same, so 14% growth in CY23 is good in that context. That said, the Canadian market has developed more slowly than the US (Canada rec capita spend is below the state of California, not a leading state in US per caps by any means), so we could argue the "faster" growth in Canada is off a lower base. Canada underperforms the US in adult-use spending per capita metrics. At about US\$100 per person, adult-use consumption is well below that of even less matured US states (that legalized adult-use after Canada): Michigan \$316 (it began rec sales in December 2019); Massachusetts \$253 (November 2018 first stores); Missouri \$224 (February 2023); Maryland \$180 (July 2019); Arizona \$173 (January 2022); Illinois \$155 (January 2020). Why the difference, if Canada has as many dispensaries per 1mn people as Michigan, and low prices in line with states like Colorado and Oregon? We believe this is explained in part by a larger illicit market (compared with the US average); by steeper taxes; by marketing, advertising, and packaging restrictions; by restrictions on THC per unit (that particularly impact sales of edibles, but also of vape and drinks); and by retail stores that, on average, are below US standards, in our view. Interestingly, the minimum age in Canada is 19 vs. with 21 in the US.

Several factors make it difficult for operators to be cash flow positive and profitable. As a result, several have diversified away from cannabis, and or been forced to merge (or sell), to garner better economics. Still, regulators seem to be getting the message, although at a macro level there is no clear line of sight on regulatory relief for now, despite intense lobbying by industry operators. A recent attempt to change the excise tax did not make it in the government's final annual budget. Still, garnishment of balances owed by the boards to the operators (receivables) to recover unpaid government excise taxes (collected in part by the operators) has started to put pressure on smaller producers. Note: see our [June 3 report](#) for the latest market trends in Canada rec thru May.



We would highlight the following factors impacting the economics of Canadian LPs compared with their US counterparts,

- Retail prices are well below US averages. Unrestricted licensing (of stores and producers) has impacted economics. There are now over 3,600 retail dispensaries open (implying only C\$1.2Mn sales per store annually) and more than 900 licensed cultivators and processors. Retail prices are now in line with some of the lowest prices seen in US markets like Colorado, Oregon, and Washington. Flower prices now average C\$5.32 per gram (US\$4.00) in Canada (down -13% yoy and -32% in 2-year stacked terms), which is well below most US states. True, Canada's flower prices are above those seen in US states like Colorado, Michigan, Oregon, and Washington (all between \$3-4 per gram), but California is at \$5.45 and Massachusetts at \$6.20.
- High excise taxes. The minimum tax in Canada is C\$1 per gram (on flower), which means average prices paid by the consumer are \$6.32 (C\$5.32 + C\$1) per gram for flower. But if we assume an LP only keeps 30-40% of the C\$5.32 retail price, this implies excise taxes can be as much as 35% of total gross revenue generated at the LP level, and in the case of extracts (vape, other) this can be over 40% (see Decibel's high excise tax line in the P&L vs. reported gross revenues). When Canadian flower prices were at C\$11/gram back in 1Q20, a minimum tax of C\$1/gram was less of an issue. But not now, with retail prices down more than 50%, this is a much larger burden.
- Three tier-system. In Canada, licensed producers sell to provincial boards that act as the sole wholesalers in their respective provinces and then these sell to retailers. Combined with high sales excise taxes at the point of sale, this means a typical LP only accounts for ~25% of the final all-in price (including taxes) paid by the consumer. In contrast, in a vertically integrated state like Florida (where there are no taxes on medical cannabis), a producer gets to keep 100% of the total amount paid by the consumer. The three-tier system (producers, wholesalers, retailers) does not allow for vertical integration in most of the provinces. Moreover, the government in most provinces owns the wholesalers ("boards" act as the only wholesaler in provinces like AB, BC, ON, and QC), and in the case of Quebec province, the government owns all retail stores.
- Marketing rules. Restrictions on advertising, packaging, and omni-channel services (in some provinces), plus a minimum tax of C\$1/gram on flower (excise taxes account for more than 30% of gross revenues for most licensed producers, and close to 40% on extracts), exacerbate the pressure on operators.



International Markets Overview

Rubicon does not participate in the export markets at present, but it plans to expand capacity by 40% to make use of opportunities both in domestic rec and outside Canada (the latter will become a greater focus next year, with 2025 more of a “test and learn” phase). Per Margaret Brodie, the company’s CEO “shifting market dynamics are driving a supply shortage in Canada, creating significant opportunities for established operators. At the same time, international markets are increasingly opening up to top Canadian producers. We are excited to accelerate our expansion strategy and meet the growing demand for our premium brands both at home and abroad.”

International Upside for Canada and Modelling Rubicon’s Exports

Taking PA/FL MMJ population penetration metrics (3-4%) only on markets like Australia, Germany, and Israel, we estimate a total addressable market (“international TAM”) of US\$10Bn, assuming US\$200 in monthly spend per patient. Our TAM may be understated as it only includes three countries, but on the other hand we realize overseas MMJ markets require an Rx physician-issued prescription, whereas as in the US, Drs are issuing rather general “recommendations” (not always specifying amounts, dosage, or formats), so we think the US\$10Bn number is a fair estimate.

Projecting international sales for Rubicon is tricky given the company’s unproven strategy. For base case purposes, this is how we model international revenues for Rubicon.

Table 10: Modelling Rubicon’s International Sales

C\$ 000s	CY23	CY24	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	1Q26e	2Q26e	3Q26e	4Q26e	CY26e	CY27e
Canadian reported C\$ DF exports	164,918	261,002	108,354	124,607	137,067	148,033	518,061	170,238	190,666	213,546	239,172	813,622	1,220,996
Rubicon share of exports	0.0%	0.0%					0.0%	0.2%	0.3%	0.4%	0.5%	0.4%	0.8%
Rubicon International MMJ sales			0	0	0	0	0	340	572	854	1,196	2,963	10,260
Avg price (C\$/gram)			C\$5.00	C\$5.00	C\$5.00	C\$5.00	C\$5.00	C\$5.00	C\$5.00	C\$5.00	C\$5.00	C\$5.00	C\$5.00
Volume (kgs)			0	0	0	0	0	68	114	171	239	593	2,052
% of capacity (annualized)			0%	0%	0%	0%	0%	2%	3%	4%	6%	4%	13%
Total annual capacity (tons)			11.0	11.0	11.0	11.0	11.0	15.5	15.5	15.5	15.5	15.5	15.5

Source: Z&A calculations

Canada’s Exports of MMJ at Present

Canada’s exports of medical cannabis continue to grow (esp. flower), with the German market being the key driver of growth in 2H24.

Flower exports. Dried flower C\$ exports from Canada grew 2x yoy in 4Q24 (>C\$90Mn) and reached record levels in the month of December. At \$34.8Mn, Dec was 22% above Nov, 29% above Oct, 41% above Sep, and 2.5x above the \$14Mn monthly average of 1Q24. For CY24, DF exports reached >\$261Mn in CY24 vs. \$160Mn in CY23 and \$128Mn in CY22. On a monthly basis, the ramp began in May’24 (\$25.4Mn), with June/July around \$21Mn, Aug/Sep \$24Mn, and Oct/Nov \$28Mn. *Note: Numbers are in C\$ unless noted otherwise.*

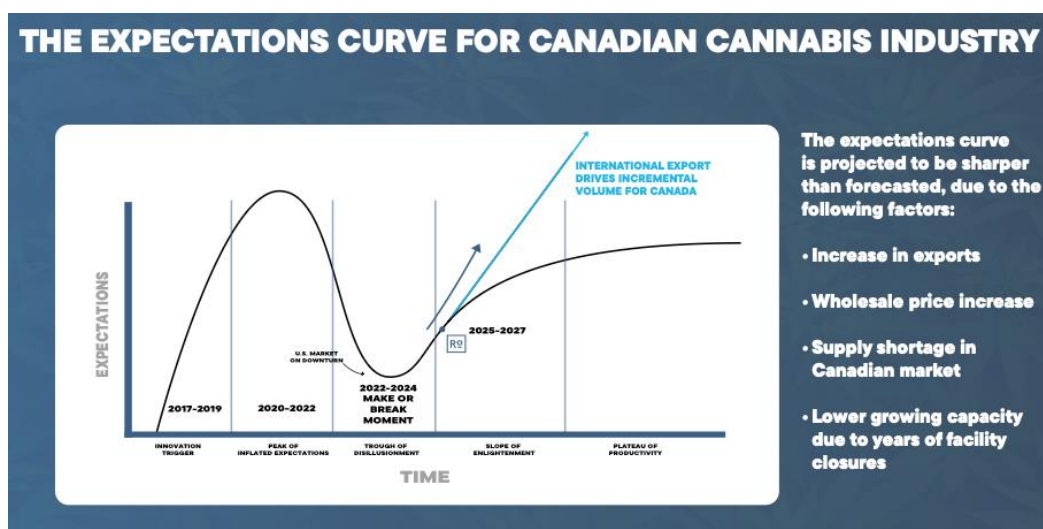


- Destinations:** In 4Q24, Germany surpassed Australia as the main destination for Canadian dry flower C\$ exports, accounting for 34% (17% in 1Q24) of total DF exports vs. 31% for Australia (57% in 1Q24). The next markets were Portugal at 15% (2%), Israel 10% (11%), and UK 5% (0%). In terms of the absolute C\$ growth delta between 1Q24 and 4Q24 of \$47Mn (\$90Mn vs. \$43Mn), Germany accounted for half of that and Portugal for 27%. Most of the exports to Portugal are reshipped to Germany after EU GMP processing, so we calculate Germany could have accounted for close to 80% of the absolute C\$ growth between 1Q24 and 4Q24. The rest of the C\$ growth was driven by the UK (9%), Israel (8%), and Australia (6%).
- Momentum by markets:** DF C\$ exports to Germany were up 3.1x in 4Q24 yoy (and 4x if we include Portugal). Growing domestic production in Australia and imports from other countries may explain the “slowdown” in DF C\$ exports to Australia (in CY23 Canada accounted for 81% of all MMJ import volumes in Australia; CY24 Aussie data is not out yet), with 4Q24 up 11% yoy vs. 26% in 4Q23. Israel remains a key market, but C\$ exports of C\$9Mn in 4Q24 (up only 15% yoy) are well below the \$31Mn peak of 4Q21. The rapid rise of telemedicine platforms in the UK (100,000 patients now and counting) helped make that market the 4th destination for Canadian dried flower exports. *Note: Yes, we realize quarterly trends can be volatile (no shipments to Denmark in 4Q24 after \$6Mn in 3Q24; we see Denmark also as a reshipping point).*
- Pricing:** Average DF export prices in 4Q24 were C\$2.39/gram vs. \$2.11 in 3Q24, with mix accounting for the increase. Average prices to Germany were \$3.03/gram in 4Q24 vs. \$2.48 to Australia (Portugal \$1.51; Israel \$1.84; UK \$3.48). Given robust demand growth trends, it is surely too early to expect any signs of deflation. That said, prices to Germany at \$3.03 in 4Q24 were off 3Q24 (\$3.40), and Australia is down from the \$2.80 of 4Q23 (\$2.53 1Q24). *Note: What some of the Canadian LPs report includes “route to market”, so their C\$ numbers are not comparable with FOB prices from Canada. For example, Aurora reported \$41Mn in international sales for the Dec qtr (see [our review](#)), but that number is not comparable with the total DF C\$ exports of \$90Mn, as the ACB figures reflect “prices to pharmacy” in markets like Australia and Germany.*
- Company implications:** We will not delve in this report into detailed company read, but in principle most Canadian LPs with export capabilities (EU GMP certified manufacturing and processing facilities; overseas distribution capabilities and route to market, or at least established distribution partnerships; know-how to navigate the regulatory complexities), should benefit from the rise of the overseas MMJ markets. In C\$ scale, the largest (in alphabetical order) are Aurora, Canopy Growth, and Tilray. Both CRON and OGI also have arrangements overseas. Companies like Avant, Decibel (see our note on the [AgMedica deal](#)), Rubicon, SNDL, and Village Farms, are also gearing up for export growth (in fact, VFF says about a third of its B2B sales in Canada end up being reexported). *Note: VFF is one of ten licensees in the Dutch rec pilot – see [our report](#).*

Extracts growth is more muted. Extracts export growth (here we include oils, extracts, vape, pastilles, as reported by StatCan) has been more erratic quarter to quarter, with 4Q24 at \$4.5Mn vs. \$13.4Mn in 3Q24, \$18.8Mn in 2Q24, and \$10.4Mn in 1Q24. That said, C\$ exports of extracts have been stable when comparing 12mo periods (CY24 \$47Mn; CY23 \$48Mn; CY22 \$45Mn).

- Our read of the export markets is that, generally, as med is “deregulated” more of the demand growth starts to come from dried flower (the consumer-led segment), while oils/extracts tend to flatten out or even fall (C\$ extracts exports to Australia fell 3% when comparing calendar 2H24 with 1H24). But this may vary by market. Indeed, as more doctors are willing to prescribe MMJ, extracts could also see some growth.
- In the case of Germany, Canadian C\$ extracts exports doubled between 2H24 vs. 1H24 (and 2H24 was up 64% yoy vs. 2H23). Companies with strong presence in extracts should benefit (Tilray is #1 in Germany in extracts with 40-50% share, as per our estimates). But given the volatility in extract qtr to qtr figures, we will reserve judgment on the growth potential of this format overseas (extracts are the #1 format in the reimbursed segment, while flower is #1 in the cash payer segment). *Note: Data for the reimbursed market in Germany is out only thru calendar 2Q24, and it had pointed to muted growth trends (that data shows 2Q24 reimbursed sales were up only 1% vs. 4Q23).*
- In short, we would expect Canada’s MMJ export growth to be mostly driven by flower, for the time being. For context, average monthly extracts exports in 2H24 were \$3Mn/mo (\$4Mn/mo in 2H23) compared with \$27Mn for dried flower (\$14Mn/mo in 2H23). In CY23, flower exports were more than 2x C\$ exports of extracts figure, but in 2H24 dried flower exports were 9x larger. *Note: most of the “extract” export data relates to “oils” with tablets and vape being a much smaller segment (vape was only recently allowed in the Australia MMJ market, so vape remains a small part of the total “extract” export data). Our databases are available upon request to our clients.*

Table 11: Management’s Take on How International Could Drive Industry Growth



Source: Company reports



A Closer Look at Australia, Germany, Israel

Australia, Germany, and Israel are the largest MMJ markets outside of North America (US med is a ~US\$7Bn; Canada US\$300Mn).

Australia: We estimate the medical cannabis market in Australia in CY23 reached US\$460Mn at retail, or about 3x the size of the German medical market, despite population of almost one third (26.6mn people vs. 83.2mn in Germany). As per Australia's Office of Drug Control, imports reached 25 tons in CY22 (vs. 7 tons in CY21), with growth driven by a change in prescribing rules in late 2021 (2H23 new category 5 patients up 77% vs. 2H22 and 13.5x vs 2H21, per authorized prescribers approval reports). In CY22, Canada accounted for 85% of imports. Domestic production added another 25 tons in CY22 (as per the ODC), with only 1.5 tons exported, and total inventories down 2.3 tons. If correct, these numbers would imply domestic consumption in CY23 was almost 51 tons. At A\$10/gram, that would imply a market size of A\$510Mn or US\$337Mn. The ODC has not issued 2023 data, but Canada's flower exports to Australia increased by close to 70% in value. If we assume, Canada accounted for 80% of imports in CY23 in Australia (for total imports of 45 tons) and domestic production held steady at 25 tons (a conservative assumption), then domestic consumption in CY23 amounted to 70 tons in Australia, or A\$700Mn, or >US\$460Mn. If we take our base case spend of \$200/mo per patient, this would mean there were about 193,000 active patients in Australia in 2023, or about 0.7% of the population. If correct, this would mean the MMJ market in Australia has room to grow. Taking 3-4% penetration, this would equate to a future TAM of US\$1.9-2.6Bnm (or 4x to 6x larger).

Germany: Medical cannabis (MMJ) imports reached 31 tons in CY23 (source: BfArM), up 26% yoy after 20% growth in CY22 and +70% in CY21. About 50% of MMJ imports came from Canada, 14% from Portugal, and 8% each from Denmark and the Netherlands (3% each from Colombia and Denmark). Of the total volume imported, part gets re-exported and part is destroyed as it does not meet German variance standards. As per the same source, purchases by pharmacies are at about 5 tons per quarter, so we estimate the market at present is at a 20-ton annual run rate. If we take a price of 7-8 euros (at retail) per gram, we would estimate Germany is about a US\$160Mn market. We calculate that the cash market (not reimbursed) accounted for more than half of sales in CY23, up from almost nothing back in 2018. Until 4/1/24, MMJ had been prescribed a narcotic as per German law, which meant it could be prescribed by doctors only as a last resort (whether in the reimbursed or cash market), and doctors had to go through an onerous/complex prescription process, and pharmacies could only stock minimum quantities and lock the product in a safe vault. As a result, the German MMJ market was rather underdeveloped. If we assume average patient spend of \$200 per month, this would mean population penetration of less than 0.1%. But now MMJ has been removed from the narcotics list and we expect prescribing to ramp. Anecdotally, clinics and pharmacies note about a doubling of sales in the month of April. Conservatively, if we assume 1% population penetration by end of 2025 (and \$200/mo spend), by then the market could be at an annual run rate of almost \$2Bn (if we took 3-4%, the market could be \$6-8Bn). Our report from 2/26, discusses the market in greater detail. [Germany: Fact, Fiction, MMJ Upside](#).

Israel: We calculate the domestic MMJ market is at a run rate of \$350Mn (60ton), with about 1.4% of the population prescribed. Until end of 2018, cannabis was prescribed as a last resort



medication, and there were only about 30,000 active patients. But changes to the narcotics law (80% of conditions allowed since then) resulted in exponential growth (80,000 patients by Dec'20; 125,000 by Dec'22). Post the 10/7/23 attacks and the Israel/Hamas war, the number grew to >140,000 (it was back at 135,000 by Mar'24). Now, further changes, as per an MOH reform announced on 8/7/23 and being implemented since 3/28/24 (in a phased-in manner) should result in exponential demand growth: 1) more doctors will be able to prescribe cannabis and will not require a special license to prescribe (this will include all doctors in the HMO system, Israel's public health care); 2) more conditions will be allowed, but this will be phased and dependent on age; 3) importantly, medical prescriptions for patients will be similar to those for other narcotics and patients will not require a special "permit" (i.e., patients will not to enter a registry and pay for a special medical card); 4) prescriptions costs for patients will come down significantly (in part due to HMO involvement), roughly from 200-300 NIS for a new prescription plus 100-200 NIS for refills, to new combined costs of 40-50 NIS. The IMCA (unit within the MOH overseeing PHC) changes began this April and will be fully implemented (in phases) by end of 2025. As a result, local companies like InterCure expect the market to at least double by end of 2026. But that may be conservative. If we use FL/PA penetration metrics, this could be a \$1.2Bn market (3.5x). See our recent initiation report on [InterCure](#) (the market leader in Israel). As per StatCan, Canadian MMJ exports to Israel in CY23 fell by 60% in C\$, and only accounted for 12% of Canadian flower C\$ exports (vs. 51% in CY21 and 54% in CY20).

Other markets: Poland and UK. We are keeping a close eye on other emerging MMJ markets (UK, Poland), but so far sales seem small relative to their populations and market potential. Canadian exports to countries outside of the three mentioned above accounted for only 1% of export revenues in CY23, but we realize markets such as Poland, Czech Republic, or UK, may be served from Portugal, Denmark, and other parts of Europe.

- **Poland:** This is one of ACB's key international markets, and the company already has the #2 market position there. Rapid growth combined with high barriers to entry make ACB's existing presence in Poland a significant strategic advantage, according to management. As per the [talkingdrugs.org](#) website, "Poland has undergone a political and societal shift in drug-related attitudes in the past few years, and there are growing indications that cannabis is increasingly accepted as a medicine. The Polish Centre for Investigating Public Opinions (CBOS) revealed that 73.4% of Poles support the decriminalization of cannabis. Underlying this interest in ending criminal sanctions for cannabis is a burgeoning desire for medical cannabis. As per Poland's Ministry of Health, the medical cannabis market has grown significantly since the policy enactment in 2017. In 2019, only 2,909 prescriptions were issued for medical cannabis in Poland. This number increased to 27,687 prescriptions in 2023. A substantial growth can also be seen in the overall volume of medical cannabis that has been issued (33.2kg of medical cannabis was dispensed in 2019, compared to 4.6 tons in 2023". If we take an average price of 10 euros per gram, the Polish MMJ market could now be at a run rate of US\$50Mn taking the 10 euro price point.
- **UK:** Curaleaf claims to have 50% share in the UK and reported retail revenues of US\$6.6Mn for 4Q23, which would imply market size of US\$53Mn. But we think the UK market is more around \$140-150Mn (implying Curaleaf share of ~18%). At the end of



2023, there were 30,000 patients in the UK and this number is expected to reach 60,000 (<1% of the population) by year-end 2024. At US\$200/mo, this would imply a market of US\$144Mn.

Benchmarking the Larger Canadian LPs

First, a caveat, it is not so straightforward discussing LPs on a apples-to-apples basis. Unlike US MSOs, which tend to have similar business models, although with different levels of profitability (mainly due to respective footprint and efficiencies), the Canadian LPs are for the most part quite different from each other. Some have diversified away from cannabis, and even when it comes to cannabis revenues, they are different depending on the mix of domestic rec, domestic med, and exports. Also, we think scale does matter, which limits comparisons between the larger LPs and the mid-size operators. Here we review financials for the larger LPs.

- Total sales: The largest LPs (we exclude retailers like High Tide and Nova) in terms of total revenues (latest reported qtr, all converted to C\$Mn) are SNDL with \$238Mn and Tilray with \$227Mn. The next ones are Village Farms (\$93Mn), Canopy Growth (\$70Mn) and Aurora (\$63Mn). But, for SNDL cannabis revenues only account for 9% of total sales; and for 31% for Tilray and Village Farms (and 69% at Canopy Growth; this figure used to be lower, but the company has divested several businesses, including retail and BioSteel).
- Cannabis sales: In terms of cannabis sales (all in C\$Mn, latest qtr), Tilray is the largest with \$94Mn, followed by Aurora (\$56Mn), Canopy Growth (\$48Mn), and Village Farms (\$39Mn). After that, there is a cluster of companies within a close range: Cronos \$33Mn, Organigram \$33Mn, Decibel \$28Mn, and Auxly \$28Mn (we would also put here BZAM/Final Bell proforma with \$30Mn).
- Cannabis revenue mix by channel: The mix varies in terms of domestic (rec, med, B2B), and international.
 - TLRY: rec \$60Mn, med \$8Mn, B2B \$7Mn, and exports \$19Mn
 - ACB: rec \$12Mn, med \$25Mn, exports \$18Mn
 - CGC: rec \$24Mn, med \$15Mn, exports \$9Mn
 - CRON: rec \$25Mn, exports \$8Mn
 - OGI: rec \$29Mn, med \$0.5Mn, B2B \$1.3Mn, exports \$1.8Mn
 - VFF: rec \$31Mn, B2B \$6Mn, exports \$1Mn
 - DECI: rec \$27.5Mn, exports \$0.5Mn
 - XLV: rec \$28Mn

Cannabis gross margins: The leader in cannabis gross margins is Aurora, given its focus on medical (domestic and exports) although rec volatility tends to be an offset. ACB's gross margins (including depreciation but ex impairments) were in the low 40s at the consolidated level, with adjusted cash gross margins for its global medical business (domestic and exports) in the 60% range. Decibel is in the 43% range, which is remarkable, given the bulk of its sales come from the domestic rec market. Both, Tilray and Village Farms generated 35% cannabis gross margins in the latest qtr. Auxly and Cronos were in the high teens. OGI was only 2%, and CGC was -35% (inc. impairments).

Cannabis EBITDA: Not all companies split EBITDA by division, so this is harder to compare. Without allocating part of its corporate overheads (these are 3.3% of consolidated sales), Village Farms reported cannabis EBITDA margins of 16% for the Sep qtr. YTD EBITDA margins have been in the 16-17% range vs. 12% in CY22 (24% in CY21). Tilray does not split EBITDA by division. Given companies have different methodologies, we do not believe EBITDA numbers are comparable. That said, at a consolidated level, we look at total SGA to gross profits for the entire company.

SGA/sales (consolidated). Recurring cash SGA (ex-one-off items and excluding non-cash items) was larger than gross profits for most of the Canadian LPs in 2022 and YTD23. Decibel (80%) and Rubicon (88%) were the exceptions. For Village Farms this ratio was 108% in 3Q23, which was better than the rest: Tilray 128%, Auxly 145%, Aurora 195%, OGI 237%, CGC 246%, CRON 527%.

Operating cash flow (consolidated). For the Jan-Sep period, Village Farms generated OCF of \$9Mn, which was an improvement vs. -\$26Mn for 2022. Others: Tilray +\$21Mn (-\$98Mn); Decibel +\$5Mn (+\$8Mn); Auxly has break even OCF YTD (-\$3Mn in CY22); OGI -\$24Mn (-\$28Mn); ACB YTD was -\$66Mn (CY22 -\$157Mn); CRON -\$80Mn (-\$117Mn); CGC -\$367Mn (-\$544Mn).

Balance sheet. As of the latest reported qtr, leverage was high for Canopy Growth and Auxly, with net debt to sales (latest qtr annualized) of 1.5x and 1.1x, respectively. Both companies lag the group in EBITDA metrics. CRON had a net cash position of C\$1.13Bn (8.5x sales), and so did ACB (0.2x sales) and OGI (0.4x). Village Farms has net debt <0.1x of sales. Decibel and Tilray had low net debt, equivalent to 0.3x and 0.1x sales, respectively.

Table 12: Debt Leverage Comps

C\$ Mn	Aurora	Auxly	Avant	Cannara	Canopy	Cronos	Decibel	Organigram	Rubicon	SNDL	Tilray	Village
Per Sep/Dec reported qtrs	Cannabis	Cannabis	Brands	Biotech	Growth	Group	Cannabis	Holdings	Organics	Inc.	Brands	Farms Intl
Debt structure												
Financial debt, net	50.8	-38.2	-4.9	-41.1	-263.2	1,201.5	-35.9	36.4	0.1	287.4	-62.9	-25.3
Financial debt, gross	57.9	57.3	8.1	47.7	441.6	0.0	38.9	34.8	9.8	0.0	414.0	64.4
ST	53.1	16.0	4.4	9.2	3.2	0.0	8.7	0.0	1.3	0.0	42.4	17.3
LT	4.8	41.2	3.7	38.5	438.4	0.0	30.2	34.8	8.5	0.0	371.6	47.2
cash	108.7	19.1	3.1	6.6	178.3	1,201.5	3.0	71.2	9.9	287.4	351.1	39.1
Ratios under various debt definitions using last 12mo sales, EBITDA, and cash flow												
Net debt broader definition (1)	3.3	-54.6	-13.2	-41.1	-263.2	1,200.6	-35.4	2.5	0.1	248.2	-155.8	-26.6
to sales	0.01x	-0.54x	-0.50x	-0.62x	-0.76x	10.20x	-0.31x	0.02x	0.00x	0.27x	-0.16x	-0.07x
to adj EBITDA	0.2x	-37.1x	-3.0x	-2.2x	na	na	-1.4x	na	0.0x	8.5x	-2.1x	-2.6x
to OCF	na	-6.6x	-2.4x	-6.7x	na	na	-5.0x	na	0.0x	na	na	-3.7x
to FCF	na	-8.3x	-7.1x	-7.3x	na	na	-6.3x	na	0.0x	na	na	na
Note: 1) broader definition of net debt includes financial net debt, income tax payables, leases net of rights of use, and contingent consideration												
Note: 2) "na" if EBITDA, OCF, and/or FCF negative												

Source: Company reports; Z&A estimates

Financial Projections

We show our estimates in detail in the appendix. There is no specific sales or EBITDA guidance range for CY25 (other than management pointing to growth in both, ex \$3Mn in Hope-related start-costs impacting reported EBITDA). We see 2025 as a transition year (new capacity; start-up costs), with 2H26 and 2027 reaping the benefits from increased output, operating leverage, and ramp in exports.

Table 13: Our Projections

C\$ Mn	CY23	CY24	1Q25	2Q25e	3Q25e	4Q25e	CY25e	1Q26e	2Q26e	3Q26e	4Q26e	CY26e	CY27e
Sales (\$ Mn)	40.1	48.7	12.4	13.2	14.5	15.2	55.3	14.6	16.1	19.1	20.9	70.7	100.4
qoq ch %	na	na	-13%	7%	10%	5%	na	-4%	10%	19%	9%	na	na
yoy ch %	13%	21%	39%	9%	7%	7%	14%	18%	22%	32%	37%	28%	42%
guidance consensus				12.6	13.0	13.3	51.3	na	na	na	na	65.0	na
Profit margins													
Gross profit before FV adj	14.1	15.3	3.8	4.5	4.5	4.7	17.5	5.2	5.9	7.1	8.2	26.3	39.2
as % of sales	35.1%	31.4%	30.6%	34.0%	31.0%	31.0%	31.6%	35.5%	36.5%	37.0%	39.0%	37.2%	39.0%
Gross profit after FV adj	13.1	15.4	4.2	4.5	4.5	4.7	17.9	5.2	5.9	7.1	8.2	26.3	39.2
as % of sales	32.8%	31.7%	34.2%	34.0%	31.0%	31.0%	32.4%	35.5%	36.5%	37.0%	39.0%	37.2%	39.0%
Op exp	14.2	16.6	4.3	4.1	4.9	4.9	18.3	4.9	4.9	5.1	5.2	20.1	26.4
as % of sales	35.5%	34.1%	35.0%	31.3%	33.7%	32.3%	33.1%	33.3%	30.7%	26.6%	24.8%	28.4%	26.3%
EBIT	-1.1	-1.2	-0.1	0.4	-0.4	-0.2	-0.3	0.3	0.9	2.0	3.0	6.2	12.8
as % of sales	-2.7%	-2.4%	-0.9%	2.7%	-2.7%	-1.3%	-0.6%	2.2%	5.8%	10.4%	14.2%	8.8%	12.7%
adj EBITDA	4.4	4.0	0.7	1.2	0.5	0.7	3.2	1.3	1.9	3.0	4.0	10.1	16.9
as % of sales	10.9%	8.3%	5.8%	9.1%	3.7%	4.9%	5.8%	8.8%	11.9%	15.5%	19.0%	14.3%	16.8%
Consensus EBITDA				1.0	0.8	0.8	3.4	na	na	na	na	9.2	na
as % of sales				7.9%	6.2%	6.0%	6.6%	na	na	na	na	14.2%	na
EPS													
Pre tax income	-1.8	-2.6	-0.3	0.4	-0.4	-0.2	-0.5	0.3	1.0	2.0	3.0	6.3	13.0
Tax rate assumption	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	-1.8	-2.6	-0.3	0.4	-0.4	-0.2	-0.5	0.3	1.0	2.0	3.0	6.3	13.0
Share count (FD) Mn	56.4	58.5	60.2	67.0	67.0	67.0	65.3	67.0	67.0	67.0	67.0	67.0	67.0
EPS	-0.03	-0.04	-0.01	0.01	-0.01	0.00	-0.01	0.01	0.01	0.03	0.04	0.09	0.19
consensus			na	na	na	na	na	na	na	na	na	na	na
BS & CF highlights													
Operating cash flow	5.0	3.4	-1.0	3.7	0.1	1.5	4.3	-2.9	4.2	1.3	4.5	7.1	15.0
(-) Capex	-2.6	-1.5	-0.7	-0.8	-0.8	-0.9	-3.1	-0.6	-0.6	-0.6	-0.6	-2.4	-3.0
Free cash flow	2.5	1.9	-1.7	2.9	-0.6	0.7	1.3	-3.5	3.6	0.7	3.9	4.7	12.0
Ending net cash (debt)	-0.9	0.0	-1.9	0.8	0.2	0.8	0.8	-2.7	0.9	1.7	5.5	5.5	17.6
Net debt/Sales	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.1x	0.0x	0.0x
Net debt/EBITDA	0.0x	0.0x	-0.7x	0.2x	0.1x	0.3x	0.1x	-0.5x	0.1x	0.1x	0.3x	0.1x	0.3x
Equity	37.9	37.4	37.6	42.2	41.9	41.7	41.7	42.0	43.0	45.0	48.0	48.0	61.0

Source: Company reports; Z&A estimates

Management Outlook Commentary

Regarding CY25 guidance. Rubicon is forecasting growth in both net revenue and adjusted EBITDA, excluding acquisition-related and start up operational costs (estimated at \$3Mn) associated with the Hope Facility, driven by its ongoing expansion and strategic initiatives. While it anticipates strong underlying performance in 2025, management expects Hope-related costs will impact its reported overall financial results. Despite the potential short-term impact of these on profitability, management is confident that continued growth in net revenue and improved like-for-like adjusted EBITDA will position Rubicon for long-term success and value creation. With Hope only expected to generate revenues by 2026, Rubicon will supplement its own capacity (11.5ton) with ~2ton of incremental biomass

Other forward announcements,

- The company entered into a purchase and sale agreement for a 47.5K sq ft facility in BC (Hope), which will expand company capacity by 40% (adding 4.5 tons of production). The deal should close in 2Q25 and start generating revenues in 2026.
- Strategic partnerships with co-manufacturers and contract growers should provide up to 2 tons of incremental biomass to Rubicon's business in 2025. Per management, Rubicon plans to continue to collaborate with its "trusted partners and explore additional partnerships" as it strives to meet the growing demand for its high-quality premium products.
- Rubicon also secured key international certification for its Delta BC facility (CUMCS Equivalency IMC-GAAP) and delivered its first international shipment in 1Q25. The Delta facility produces 11 tons.
- While the expanded capacity from the Hope facility will be allocated first to tap pent-up demand in the domestic Canadian rec market, Rubicon expects to ramp exports in the future. Per the latest company press release, Rubicon's "strong reputation in Canada has attracted an increasing number of inquiries from international medical cannabis buyers. The international cannabis market has experienced significant growth in recent years, with continued expansion anticipated. While the market is still in the early stages of adopting premium cannabis products, Rubicon aims to meet small amounts of the international demand with a test and learn strategy in 2025 making sure to meet its Canadian customer needs as a priority".

On market developments. According to Rubicon management, owing to increasing international demand, it has seen "many mainstream and premium licensed producers shifting their sales abroad". In this context, Rubicon sees this as a prime opportunity to strengthen its brand presence in Canada. Also, per management, "with SKU rationalization underway across several provinces, suppliers are being evaluated on reliability and sales performance. This shift is raising the bar for market entry, making it increasingly challenging for new brands and products to secure shelf space. At the same time, Canadian consumers are becoming more brand-loyal, prioritizing trust and value in their purchasing decisions. Rubicon believes its award-winning brands and diverse product portfolio will continue to resonate with them. Looking ahead, it anticipates a more competitive retail landscape. However, Rubicon's strong brand recognition, consumer loyalty, high supplier ratings, and strategic positioning provide a solid foundation for long-term success in Canada".

Table 14: Our Projections for Domestic and International Sales

	CY23	CY24	1Q25	2Q25e	3Q25e	4Q25e	CY25e	1Q26e	2Q26e	3Q26e	4Q26e	CY26e	CY27e
C\$000s													
Total net sales	40,116	48,696	12,376	13,208	14,489	15,248	55,320	14,577	16,104	19,110	20,900	70,691	100,418
domestic	40,116	48,696	12,376	13,208	14,489	15,248	55,320	14,236	15,532	18,256	19,704	67,729	90,158
international	0	0	0	0	0	0	0	340	572	854	1,196	2,963	10,260

Source: Company reports; Z&A estimates



1Q25 Results Highlights

Key highlights from the Mar'25 qtr (reported on 5/28).

- Net sales of \$12.4Mn were up 39% yoy (in line with the 4Q24 yoy pace of +42%), but down 13% qoq (due to seasonality, per management). For context, the Canadian rec market, per Hifyre, fell 10% qoq in 1Q25. All revenues were generated in Canada's rec market.
- The company does not split sales by formats or brands. Per the MD&A, 1964 delivered strong growth in both the vape and flower segments (live resin vape launch in May last year; new flower genetics). Pre-rolls saw a marked improvement in part due to a revised pack format.
- Gross margins fell qoq to 30.6% from 35.8% in part due to less operating leverage, price competition, and mix. What we deem recurring cash opex fell seq to \$3.8Mn from \$4.2Mn in 4Q24. EBITDA margins for 1Q25 were +4.5% vs. 8.9% in 4Q24 and 11% in 3Q24.
- Operating cash flow (OCF) dropped seq to -\$1Mn from +\$2.2Mn in 4Q24, and capex was up (\$731K vs. \$417K in 4Q24). All in, FCF for 1Q25 of -\$1.7Mn compares with +\$1.8Mn in 4Q24 (and \$1.9Mn for all CY24).
- Net debt of \$1.9Mn (Cash \$7.8Mn) is low vs. the LP peer group at only 4% of sales.

Market context. The Hifyre scanner data pointed to 33% yoy growth in Canada rec for Rubicon sales in 1Q25, and for an 8% qoq drop (vs. the -13% reported). We realize Hifyre is survey/sample based. The ratio of reported sales vs. Hifyre had been in the high 40s in recent prior quarters (in a 46% to 49% range for 2Q24 to 4Q24) vs. low 40s for the 3Q23 to 1Q24 period. We believe the high ratio was partly explained by new product launches (pipeline fill). For 1Q25 the ratio was 44%.

Table 15: Crossing StatCan and Hifyre with Rubicon's Reported Sales Data

C\$ 000s	CY22	1Q23	2Q23	3Q23	4Q23	CY23	1Q24	2Q24	3Q24	4Q24	CY24	1Q25
Domestic Sales projections (C\$ Mn)												
Canada rec market	4,518	1,182	1,277	1,377	1,327	5,163	1,196	1,258	1,380	1,396	5,230	1,255
at wholesale (0.4x)	1,807	473	511	551	531	2,065	478	503	552	559	2,092	502
Rubicon net sales	36	9	11	10	10	40	9	12	13	14	49	12
implied market share	2.0%	1.9%	2.2%	1.8%	1.9%	1.9%	1.9%	2.4%	2.4%	2.5%	2.3%	2.5%
Gross sales	46	12	15	13	13	52	11	16	18	18	63	16
excise tax	-10.8	-2.8	-3.6	-2.9	-2.8	-12.2	-2.5	-3.8	-4.3	-4.1	-14.7	-3.7
as % of gross	-30.4%	-32.2%	-31.8%	-29.3%	-28.2%	-30.3%	-27.8%	-31.0%	-31.8%	-29.2%	-30.1%	-29.7%
Reconciliation with Hifyre (C\$ 000s)												
reported domestic sales	35,518	8,800	11,282	10,042	9,993	40,116	8,890	12,106	13,499	14,200	48,696	12,376
retail sales per Hifyre	85,460	20,846	22,223	25,359	25,480	93,909	21,217	24,642	28,738	30,647	105,235	28,174
ratio (reported/Hifyre)	42%	42%	51%	40%	39%	43%	42%	49%	47%	46%	46%	44%
seq growth reported		-20%	28%	-11%	0%	na	-11%	36%	12%	5%	na	-13%
seq growth per Hifyre		-9%	7%	14%	0%	na	-17%	16%	17%	7%	na	-8%
yoy growth reported		71%	28%	-5%	-9%	13%	1%	7%	34%	42%	21%	39%
yoy growth per Hifyre		43%	3%	-4%	11%	10%	2%	11%	13%	20%	12%	33%

Source: Company reports; Z&A estimates

Table 16: Management's Financial Highlights for 1Q25

FOR THE 3 MONTHS ENDING MARCH 31, 2025		Q1 2024	DEBT: Q4 2024, RUBICON CLOSED \$10M IN CREDIT AGREEMENTS FOR 5 YEARS (10 YEAR AMORTIZATION) AT 6.75% ANNUAL INTEREST <i>Adjusted EBITDA is a non-GAAP measure that is calculated as earnings (losses) from operations before interest, tax, depreciation and amortization, share-based compensation expense, and fair value changes.</i>
\$16.1M	Total Revenue	\$11.4M	
\$12.4M	Net Revenue	\$8.9M	
\$3.8M	GP Before FV Adjustments	\$2.2M	
31%	Gross Margin	25%	
\$0.7M	Adjusted EBITDA	(\$0.4M)	
\$0.1M	Net Loss from Operations	\$1.7M	
(\$1.7M)	Free Cashflow	(\$1.2M)	
(\$1.0M)	Operating Cash Flow	(\$0.9M)	
\$7.8M	Cash On Hand		
\$20.1M	Working Capital		

Source: Company Reports

Management comments (taken verbatim) about achievements in CY24. “2024 marked another record year for Rubicon Organics growing 21% year-over-year, dramatically outpacing market growth. Our vape launch, the fastest and widest in our company history, underscores the strength of our industry leading premium brands and our ability to drive growth through reputation and high-quality innovation.” said Margaret Brodie, CEO. “We successfully navigated early 2024 challenges, delivering a strong rebound in the second half,” said Janis Risbin, CFO. “Additionally, refinancing our debt at industry-leading rates reinforces our financial strength as we continue to focus on sustainable, long-term growth.”

State of the B/S and Recent Capital Raise

On 4/30, Rubicon announced it was upsizing (due to market demand) a non-brokered private placement by 50% to C\$4.5Mn (first announced disclosed on 4/15 for C\$3Mn). The offering is for 10,227,272 units at a price of C\$0.44. Each Unit will consist of one common share in the company's authorized share structure and one-half of one common share purchase warrant (24-month and right to buy the stock at C\$0.70; if the VWAP is above \$1 for 20 days, Rubicon can accelerate the conversion). All the members of the company's Board of Directors have committed for an aggregate amount of over C\$1.55Mn of the offering. More details [here](#).

Rubicon intends to use the net proceeds from the offering for the start-up and acquisition costs of a facility in Hope, BC, pre-roll automation, and other capital investments and general working capital purposes. The offering closed on 5/6 (we model C\$4.3Mn in net proceeds).

Note: The stock trades in Canada in the TSX Venture Exchange (TSXV: ROMJ) and over the counter in the US (OTC: ROMJF).

Valuation

On our CY26 estimates, Rubicon trades at 0.4x projected EV/Sales and 2.3x EBITDA, which is well below the peer average. Taking sales multiples of 1-2x on our CY27 estimates, the stock upside could be up 4x to 7.5x by Dec'26.

Stock Performance

Recent performance is distorted by the early May private placement (equity and warrants). That said, we see the pull back as an opportunity.

Rubicon shares are down 22% in the last 30 days (-1% last 90 days), compared with +6% for the YOLO ETF (-7%) and +23% (+10%) for the seven largest LPs average. That said, in 2H24 Rubicon outperformed the peer set on the back of its superior operational and financial results. In general, the Canadian group has decoupled from US sentiment, and within the Canadian group we now see a much wider dispersion of stock performance.

Table 17: Rubicon vs. the YOLO ETF



Source: FactSet

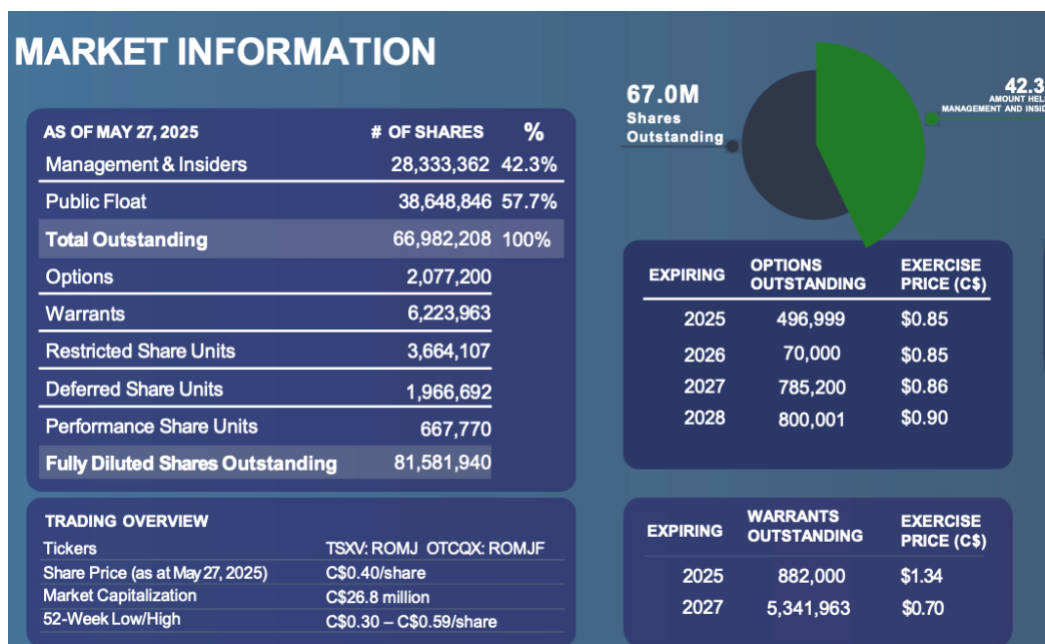


Our EV Math (and Multiples)

For spot EV purposes (all numbers in C\$), we take the common share count of 67mn (disclosed as of 5/27/25) plus 6.7mn RSU/PSU/DFUs. We do not count out-of-the-money derivatives (the 5.1mn warrants issued, as part of the private placement, have a strike price of C\$0.70. At the share price of C\$0.39, this implies market cap (proforma) of C\$29Mn. The company ended 1Q25 with net debt of \$2Mn. So, spot EV is C\$31Mn.

Annualizing 1Q25 results, on our spot EV calculation, Rubicon trades at 0.6x EV to current sales and 11x EBITDA (but we see 1Q25 as a depressed base). On our projected 2026 estimates, Rubicon trades at 0.4x sales and 2.3x EBITDA, taking projected EV. We realize EBITDA comps are distorted given divergence in LP profitability, but ex-CRON on EV/Sales (negative EV), Rubicon is towards the bottom of the LP valuation range. All this, despite Rubicon posting well above average sales growth momentum, ongoing capacity expansion (international optionality), consistent positive EBITDA (to this we should add the unlevered balance sheet), and strategic value (#1 in premium cannabis).

Table 18: Share Information



Source: Company reports Note: We do not factor out of the money derivatives in our EV calculations.

Top-Down Comps

Thin analyst coverage of the LP group (meaning lack of consensus estimates), and very different business models among the LPs (i.e., several generate less than 50% of sales from cannabis sales), makes valuation “comps” not so comparable. On a top-down basis, most of these stocks trade below 1x sales, with Canopy Growth, Tilray, and ACB being the exceptions (again this is top down; not stripping out the cannabis units for more apples-to-apples comps).

Table 19: EV/Sales and EV/EBITDA multiples (on spot EV)

Multiples 30-May-25	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			Financial Net Debt				Stock Performance		
	Current	2025	2026	Current	2025	2026	to Sales	to EBITDA	Current	CY25	30-day	90-day	1-year
Aurora Cannabis	1.3x	1.2x	1.1x	7.4x	6.9x	6.1x	na	na	na	na	14%	4%	-14%
Auxly Cannabis Group	1.5x	na	na	6.6x	na	na	-0.4x	na	-2.0x	na	4%	2%	113%
Avant Brands	0.7x	na	na	3.6x	na	na	-0.2x	na	-0.8x	na	-10%	-25%	-62%
Cannara Biotech	1.4x	na	na	5.4x	na	na	-0.4x	na	-1.5x	na	-15%	-10%	58%
Canopy Growth	2.2x	2.0x	1.8x	-15.4x	-1515.1x	84.5x	-0.7x	-0.6x	4.7x	457.8x	-3%	-3%	-84%
Cronos Group	-2.3x	-2.2x	-2.0x	-32.8x	-126.9x	na	na	na	na	na	7%	-3%	-22%
Decibel Cannabis	0.9x	0.6x	0.5x	5.3x	3.3x	2.6x	-0.4x	-0.3x	-2.4x	-1.5x	-1%	-2%	-7%
Organigram Holdings	0.9x	1.0x	0.8x	25.1x	12.2x	7.5x	na	s	na	na	17%	16%	-23%
Rubicon Organics	0.6x	0.6x	0.4x	10.6x	9.5x	3.0x	0.0x	na	-0.7x	na	-22%	2%	-4%
SNDL	0.3x	0.3x	0.3x	32.4x	16.3x	na	na	na	na	na	-15%	-21%	-42%
Tilray Brands	0.7x	0.6x	0.6x	14.5x	7.1x	5.9x	0.0x	0.0x	-0.8x	-0.4x	-11%	-41%	-76%
Village Farms International	0.5x	0.5x	0.6x	513.3x	10.3x	4.8x	-0.1x	-0.1x	-61.5x	-1.2x	64%	67%	3%

1) We take FactSet consensus estimates for CY25e and CY26e (or our estimates if there is no consensus); 2) By "current", we mean the latest reported qtr annualized; 3) several LPs have net

Source: Company reports, FactSet, Z&A estimates

How to Think About the Long-Term Valuation

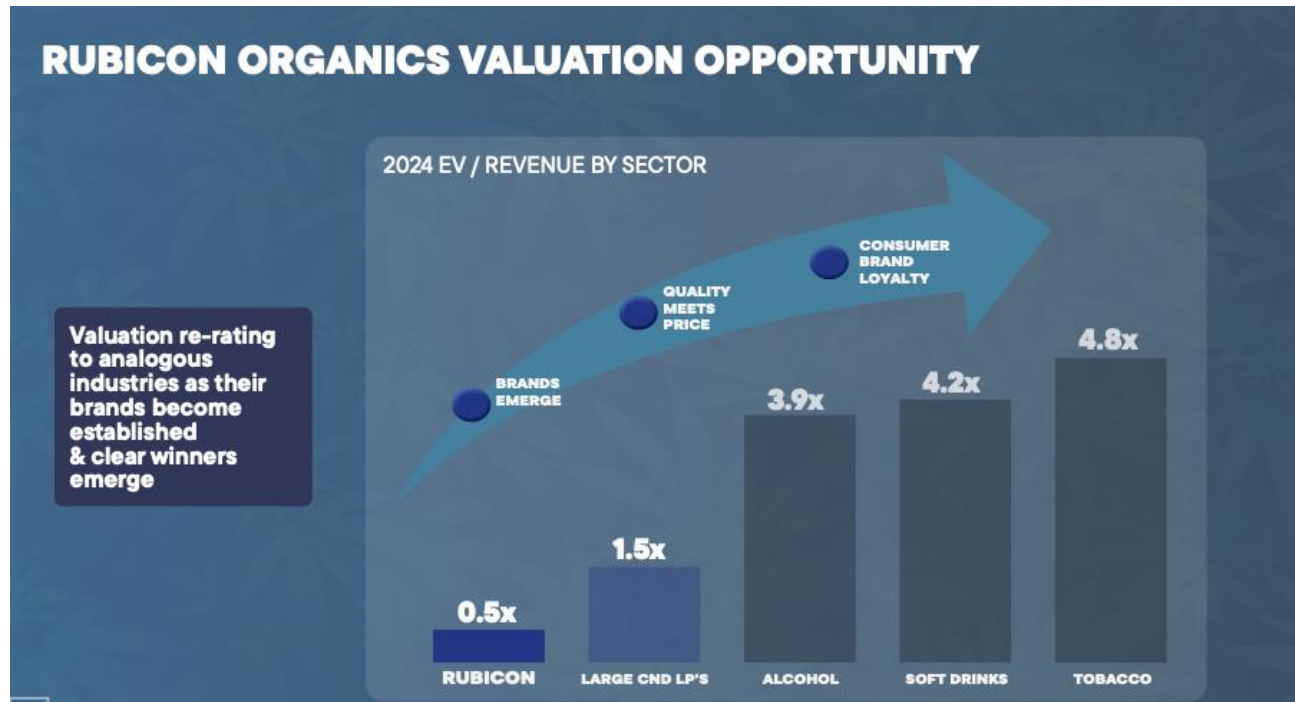
We do not set price targets, but if we took 1-2x on our projected EV (different from spot EV) and sales estimates, the stock could be in a \$1-\$2 range by end of Dec'25, and a \$1.6-\$3 range by Dec'26 on our CY27 estimates. In short, in about 18 months the stock could have as much as 7.5x upside if valued at 2x projected EV/sales by then.

Table 20: Forward Share Price Scenarios (based on projected EV, which is different from spot EV used for peer comps)

C\$Mn	CY23	CY24	1Q25	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
EV calculation (C\$Mn)	30	29	31	28	29	28	28	23	11
Market cap (C\$Mn)	29	29	29	29	29	29	29	29	29
Share price (C\$)	C\$0.39	C\$0.39	C\$0.39	C\$0.39	C\$0.39	C\$0.39	C\$0.39	C\$0.39	C\$0.39
Share price (US\$)	\$0.28	\$0.28	\$0.28	\$0.28	\$0.28	\$0.28	\$0.28	\$0.28	\$0.28
FD proforma share count	73.3	73.3	73.3	73.3	73.3	73.3	73.3	73.3	73.3
common shares	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0
RSUs	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3
Broadly defined net debt	-1	0	-2	1	0	1	1	5	17
net financial debt	-1	0	-2	1	0	1	1	6	18
leases	0	0	0	0	0	0	0	0	0
other debt/deferred tax	0	0	0	0	0	0	0	0	0
warrant/option/convert inflow									
Note: our comp tables use a static definition of EV (i.e. the current one); but in this table we used projected EV									
Forward Valuation Multiples									
EV/Sales		0.6	0.6	0.5	0.5	0.5	0.5	0.4	0.1
EV/EBITDA		7.2	10.7	5.9	13.3	9.4	8.8	2.3	0.7
Share price scenarios							by Dec'25	by Dec'26	upside
at EV/Sales of	0.5x						C\$0.56	C\$0.92	134%
at EV/Sales of	1.0x						C\$1.04	C\$1.61	308%
at EV/Sales of	1.5x						C\$1.52	C\$2.29	482%
at EV/Sales of	2.0x						C\$2.00	C\$2.98	656%
at EV/Sales of	3.0x						C\$2.97	C\$4.35	1004%
at EV/Sales of	5.0x						C\$4.90	C\$7.09	1700%

Source: Company reports, FactSet, Z&A estimates

Table 21: Management's Take on the Valuation Upside



Source: Company reports

Table 22: Companies mentioned in this report

Company name	Ticker	Ticker	Rating
US MSOs			
4Front Ventures		FFNTF	not rated
Ascend Wellness		AAWH	not rated
AYR Wellness		AYRWF	not rated
Cannabist		CCHWF	not rated
Consortium		CNTMF	not rated
Cresco Labs		CRLBF	Overweight
Curaleaf Holdings		CURLF	will cover
GlassHouse Brands		GLASF	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
TerrAscend		TSNDF	not rated
TILT Holdings		TLLTF	Neutral
Trulieve Cannabis		TCNNF	will cover
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	Overweight
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	not rated
Avant Brands	AVTBF	not rated
Avicanna	AVCN	not rated
Ayurcann Holdings	AYURF	not rated
Cannara Biotech	LOVFF	not rated
Canopy Growth Corporation	CGC	Neutral
Cronos Group	CRON	not rated
Decibel Cannabis Co	DBCCF	Overweight
Organigram Holdings	OGI	not rated
Rubicon Organics	ROMJF	Overweight
SNDL	SNDL	not rated
Tilray Brands	TLRY	Neutral
Village Farms Intl	VFF	Overweight
Other		
Canify AG	TBD	private
Cantourage AG	HIGH:FF	not rated
Flora Growth	FLGC	not rated
Grow Generation	GRWG	not rated
IM Cannabis	IMCC	not rated
Intercure	INCR	Overweight
Ispire Technology	ISPR	will cover
Leafly	LFLY	not rated
LFTD Partners Inc.	LIFD	Overweight
Smoores International	SMORF	will cover
Urban-gro	UGRO	not rated
WM Technology	MAPS	Neutral

Source: Z&A



Appendix I: Company Financials

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Exhibit 1: Financial Highlights

C\$ Mn	CY23	CY24	1Q25	2Q25e	3Q25e	4Q25e	CY25e	1Q26e	2Q26e	3Q26e	4Q26e	CY26e	CY27e
Sales (\$ Mn)	40.1	48.7	12.4	13.2	14.5	15.2	55.3	14.6	16.1	19.1	20.9	70.7	100.4
qoq ch %	na	na	-13%	7%	10%	5%	na	-4%	10%	19%	9%	na	na
yoy ch %	13%	21%	39%	9%	7%	7%	14%	18%	22%	32%	37%	28%	42%
guidance consensus				12.6	13.0	13.3	51.3	na	na	na	na	65.0	na
Profit margins													
Gross profit before FV adj	14.1	15.3	3.8	4.5	4.5	4.7	17.5	5.2	5.9	7.1	8.2	26.3	39.2
as % of sales	35.1%	31.4%	30.6%	34.0%	31.0%	31.0%	31.6%	35.5%	36.5%	37.0%	39.0%	37.2%	39.0%
Gross profit after FV adj	13.1	15.4	4.2	4.5	4.5	4.7	17.9	5.2	5.9	7.1	8.2	26.3	39.2
as % of sales	32.8%	31.7%	34.2%	34.0%	31.0%	31.0%	32.4%	35.5%	36.5%	37.0%	39.0%	37.2%	39.0%
Op exp	14.2	16.6	4.3	4.1	4.9	4.9	18.3	4.9	4.9	5.1	5.2	20.1	26.4
as % of sales	35.5%	34.1%	35.0%	31.3%	33.7%	32.3%	33.1%	33.3%	30.7%	26.6%	24.8%	28.4%	26.3%
EBIT	-1.1	-1.2	-0.1	0.4	-0.4	-0.2	-0.3	0.3	0.9	2.0	3.0	6.2	12.8
as % of sales	-2.7%	-2.4%	-0.9%	2.7%	-2.7%	-1.3%	-0.6%	2.2%	5.8%	10.4%	14.2%	8.8%	12.7%
adj EBITDA	4.4	4.0	0.7	1.2	0.5	0.7	3.2	1.3	1.9	3.0	4.0	10.1	16.9
as % of sales	10.9%	8.3%	5.8%	9.1%	3.7%	4.9%	5.8%	8.8%	11.9%	15.5%	19.0%	14.3%	16.8%
Consensus EBITDA				1.0	0.8	0.8	3.4	na	na	na	na	9.2	na
as % of sales				7.9%	6.2%	6.0%	6.6%	na	na	na	na	14.2%	na
EPS													
Pre tax income	-1.8	-2.6	-0.3	0.4	-0.4	-0.2	-0.5	0.3	1.0	2.0	3.0	6.3	13.0
Tax rate assumption	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	-1.8	-2.6	-0.3	0.4	-0.4	-0.2	-0.5	0.3	1.0	2.0	3.0	6.3	13.0
Share count (FD) Mn	56.4	58.5	60.2	67.0	67.0	67.0	65.3	67.0	67.0	67.0	67.0	67.0	67.0
EPS	-0.03	-0.04	-0.01	0.01	-0.01	0.00	-0.01	0.01	0.01	0.03	0.04	0.09	0.19
consensus			na	na	na	na	na	na	na	na	na	na	na
BS & CF highlights													
Operating cash flow	5.0	3.4	-1.0	3.7	0.1	1.5	4.3	-2.9	4.2	1.3	4.5	7.1	15.0
(-) Capex	-2.6	-1.5	-0.7	-0.8	-0.8	-0.9	-3.1	-0.6	-0.6	-0.6	-0.6	-2.4	-3.0
Free cash flow	2.5	1.9	-1.7	2.9	-0.6	0.7	1.3	-3.5	3.6	0.7	3.9	4.7	12.0
Ending net cash (debt)	-0.9	0.0	-1.9	0.8	0.2	0.8	0.8	-2.7	0.9	1.7	5.5	5.5	17.6
Net debt/Sales	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.1x	0.0x	0.0x
Net debt/EBITDA	0.0x	0.0x	-0.7x	0.2x	0.1x	0.3x	0.1x	-0.5x	0.1x	0.1x	0.3x	0.1x	0.3x
Equity	37.9	37.4	37.6	42.2	41.9	41.7	41.7	42.0	43.0	45.0	48.0	48.0	61.0

Source: Z&A estimates, company reports

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Exhibit 2: Sales Projections

C\$ 000s	CY23	CY24	1Q25	2Q25e	3Q25e	4Q25e	CY25e	1Q26e	2Q26e	3Q26e	4Q26e	CY26e	CY27e
Total net sales	40,116	48,696	12,376	13,208	14,489	15,248	55,320	14,577	16,104	19,110	20,900	70,691	100,418
domestic	40,116	48,696	12,376	13,208	14,489	15,248	55,320	14,236	15,532	18,256	19,704	67,729	90,158
international	0	0	0	0	0	0	0	340	572	854	1,196	2,963	10,260

Source: Z&A estimates, company reports

Exhibit 3: Domestic Sales Projections

	CY23	CY24	1Q25	2Q25e	3Q25e	4Q25e	CY25e	1Q26e	2Q26e	3Q26e	4Q26e	CY26e	CY27e
Domestic Sales projections (C\$ Mn)	14%												
Canada rec market	5,163	5,230	1,255	1,321	1,449	1,466	5,491	1,318	1,387	1,521	1,539	5,766	6,054
at wholesale (0.4x)	2,065	2,092	502	528	580	586	2,196	527	555	609	616	2,306	2,422
Rubicon net sales	40.1	48.7	12.4	13.2	14.5	15.2	55.3	14.2	15.5	18.3	19.7	67.7	90.2
implied market share	1.9%	2.3%	2.5%	2.5%	2.5%	2.6%	2.5%	2.7%	2.8%	3.0%	3.2%	2.9%	3.7%
Gross sales	52.3	63.4	16.1	18.7	20.6	21.6	77.0	20.2	22.0	25.9	27.9	96.1	127.9
excise tax	-12.2	-14.7	-3.7	-5.5	-6.1	-6.4	-22	-6.0	-6.5	-7.6	-8.2	-28	-38
as % of gross	-30.3%	-30.1%	-29.7%	-29.5%	-29.5%	-29.5%	-28.1%	-29.5%	-29.5%	-29.5%	-29.5%	-29.5%	-29.5%

Source: Z&A estimates, company reports

Exhibit 4: International Projections

C\$ 000s	CY23	CY24	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	1Q26e	2Q26e	3Q26e	4Q26e	CY26e	CY27e
Canadian reported C\$ DF exports	164,918	261,002	108,354	124,607	137,067	148,033	518,061	170,238	190,666	213,546	239,172	813,622	1,220,996
Rubicon share of exports	0.0%	0.0%					0.0%	0.2%	0.3%	0.4%	0.5%	0.4%	0.8%
Rubicon International MMU sales			0	0	0	0	0	340	572	854	1,196	2,963	10,260
Avg price (C\$/gram)			C\$5.00	C\$5.00	C\$5.00	C\$5.00	C\$5.00	C\$5.00	C\$5.00	C\$5.00	C\$5.00	C\$5.00	C\$5.00
Volume (kgs)			0	0	0	0	0	68	114	171	239	593	2,052
% of capacity (annualized)			0%	0%	0%	0%	0%	2%	3%	4%	6%	4%	13%
Total annual capacity (tons)			11.0	11.0	11.0	11.0	11.0	15.5	15.5	15.5	15.5	15.5	15.5

Source: Z&A estimates, company reports

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Exhibit 5: Cash Flow

C\$000s													
SUMMARY CASHFLOW STATEMENT	CY23	CY24	1Q25	2Q25e	3Q25e	4Q25e	CY25e	1Q26e	2Q26e	3Q26e	4Q26e	CY26e	CY27e
Net earnings	-1,824	-2,562	-322	377	-367	-175	-487	337	963	2,010	3,006	6,316	12,967
(+) D&A	3,124	3,271	764	844	933	946	3,487	960	970	981	991	3,902	4,079
Cash earnings	1,300	708	442	1,221	566	771	3,000	1,297	1,933	2,991	3,997	10,218	17,046
(-) Working capital changes	551	-578	-1,646	2,461	-463	747	1,100	-4,202	2,301	-1,675	499	-3,077	-2,023
(-) Other operating flows	3,198	3,269	242	0	0	0	242	0	0	0	0	0	0
Net cash used in operating activities	5,050	3,399	-962	3,682	103	1,518	4,341	-2,905	4,234	1,317	4,496	7,142	15,023
(-) net capex	-2,583	-1,545	-731	-750	-750	-850	-3,081	-583	-644	-573	-627	-2,428	-3,013
Free cash flow	2,467	1,854	-1,693	2,932	-647	668	1,260	-3,488	3,590	743	3,869	4,714	12,011
(-) acquisitions	-150	0	0	-4,500	0	0	-4,500	0	0	0	0	0	0
(-) divestitures	0	0	0				0					0	0
(+) other	-960	-992	-202	0	0	0	-202	0	0	0	0	0	0
(+) share issuance (net)	0	0	0	4,275	0	0	4,275	0	0	0	0	0	0
(-) stock options/warrants	0	0	0				0					0	0
Change in net	1,357	861	-1,895	2,707	-647	668	833	-3,488	3,590	743	3,869	4,714	12,011
Ending net (debt)	-861	0	-1,895	812	165	833	833	-2,655	935	1,678	5,547	5,547	17,558
Cash/inv/sec	9,784	9,857	7,781	10,163	9,516	10,185	10,185	6,697	10,286	11,030	14,899	14,899	26,909
Gross debts/loans/bonds	10,645	9,857	9,676	9,352	9,352	9,352	9,352	9,352	9,352	9,352	9,352	9,352	9,352

Source: Z&A estimates, company reports



Appendix II: Valuation Comps

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Exhibit 6: Canada LPs - Valuation Multiples (consolidated multiples), based on spot EV

Multiples 30-May-25	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			Financial Net Debt				Stock Performance		
	Current	2025	2026	Current	2025	2026	to Sales	to EBITDA	Current	CY25	30-day	90-day	1-year
Aurora Cannabis	1.3x	1.2x	1.1x	7.4x	6.9x	6.1x	na	na	na	na	14%	4%	-14%
Auxly Cannabis Group	1.5x	na	na	6.6x	na	na	-0.4x	na	-2.0x	na	4%	2%	113%
Avant Brands	0.7x	na	na	3.6x	na	na	-0.2x	na	-0.8x	na	-10%	-25%	-62%
Cannara Biotech	1.4x	na	na	5.4x	na	na	-0.4x	na	-1.5x	na	-15%	-10%	58%
Canopy Growth	2.2x	2.0x	1.8x	-15.4x	-1515.1x	84.5x	-0.7x	-0.6x	4.7x	457.8x	-3%	-3%	-84%
Cronos Group	-2.3x	-2.2x	-2.0x	-32.8x	-126.9x	na	na	na	na	na	7%	-3%	-22%
Decibel Cannabis	0.9x	0.6x	0.5x	5.3x	3.3x	2.6x	-0.4x	-0.3x	-2.4x	-1.5x	-1%	-2%	-7%
Organigram Holdings	0.9x	1.0x	0.8x	25.1x	12.2x	7.5x	na	s	na	na	17%	16%	-23%
Rubicon Organics	0.6x	0.6x	0.4x	10.6x	9.5x	3.0x	0.0x	na	-0.7x	na	-22%	2%	-4%
SNDL	0.3x	0.3x	0.3x	32.4x	16.3x	na	na	na	na	na	-15%	-21%	-42%
Tilray Brands	0.7x	0.6x	0.6x	14.5x	7.1x	5.9x	0.0x	0.0x	-0.8x	-0.4x	-11%	-41%	-76%
Village Farms International	0.5x	0.5x	0.6x	513.3x	10.3x	4.8x	-0.1x	-0.1x	-61.5x	-1.2x	64%	67%	3%

1) We take FactSet consensus estimates for CY25e and CY26e (or our estimates if there is no consensus); 2) By "current", we mean the latest reported qtr annualized; 3) several LPs have net

Source: FactSet and company reports

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Exhibit 7: Canada LPs – Spot EV Calculations

C\$Mn 30-May-25	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 BOND	Pref Stock Min Int
Aurora Cannabis	453	7.33	54.9	1.2	411	51	-43	0	-10	0	-2	39
Auxly Cannabis Group	196	0.08	1,285.7	133.4	120	-59	-14	0	-2	0	-75	
Avant Brands	25	0.84	10.6	0.2	9	-6	-10	0	0	0	-16	
Cannara Biotech	152	1.20	90.0	0.0	108	-43	0	-1	0	0	-44	
Canopy Growth	571	1.87	211.5	1.4	399	-173	0	0	0	0	-173	
Cronos Group	-431	2.74	276.5	0.0	759	1,192	-2	0	0	0	1,190	
Decibel Cannabis	73	0.07	576.9	7.7	40	-33	0	0	0	0	-33	
Organigram Holdings	198	1.84	133.8	19.3	281	83	0	0	0	0	83	
Rubicon Organics	31	0.39	67.0	6.3	29	-2	0	0	0	0	-2	
SNDL	277	1.75	263.0	12.4	482	242	-37	0	0	0	205	
Tilray Brands	723	0.60	1,006.2	26.1	624	-40	-71	0	-21	0	-132	-33
Village Farms International	230	1.65	112.3	0.7	187	-28	-2	0	0	0	-29	14

Source: FactSet and company reports

Exhibit 8: US MSOs - Valuation Multiples (consolidated multiples), based on spot EV

US\$Mn 30-May-25	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	
	Current	CY25e	CY26e	Current	CY25e	CY26e	Current	CY25	Current	CY25	Current	CY25	Current	CY25
US MSOs	1.4x	1.1x	0.9x	6.7x	6.1x	4.3x								
Ascend Wellness	1.1x	1.1x	1.0x	5.4x	5.1x	4.7x	-0.5x	-0.5x	-2.2x	-2.1x	-1.0x	-1.0x	-4.7x	-4.5x
Ayr Wellness	2.3x	1.2x	1.2x	8.3x	6.0x	5.6x	-1.6x	-0.9x	-6.0x	-4.3x	-2.2x	-1.2x	-7.9x	-5.7x
Cannabist Co	1.2x	1.2x	1.2x	12.2x	11.2x	8.3x	-0.8x	-0.8x	-8.1x	-7.4x	-1.1x	-1.1x	-11.5x	-10.5x
Consortium	1.1x	na	na	3.7x	na	na	-0.6x	na	-2.0x	na	-0.9x	na	-3.2x	na
Cresco Labs	1.4x	1.3x	1.3x	6.7x	5.6x	5.1x	-0.5x	-0.5x	-2.5x	-2.1x	-1.0x	-0.9x	-4.5x	-3.7x
Curaleaf	1.6x	1.5x	1.4x	7.6x	7.0x	6.1x	-0.5x	-0.5x	-2.6x	-2.4x	-0.9x	-0.9x	-4.5x	-4.2x
4Front Ventures	1.9x	na	na	12.3x	na	na	-1.1x	na	-7.1x	na	-1.9x	na	-12.3x	na
Glass House	3.1x	3.0x	2.4x	19.0x	15.8x	10.1x	-0.1x	-0.1x	-0.6x	-0.5x	-0.3x	-0.3x	-1.8x	-1.5x
Vireo Growth (pf)	1.3x	1.2x	0.9x	4.4x	4.6x	2.9x	0.0x	na	-0.1x	na	-0.2x	na	-0.7x	na
Green Thumb	1.2x	1.2x	1.1x	4.1x	4.0x	3.7x	0.0x	0.0x	-0.1x	-0.1x	-0.1x	-0.1x	-0.3x	-0.3x
Grown Rogue	1.6x	na	na	2.3x	na	na	0.2x	na	0.3x	na	0.0x	na	0.1x	na
iAnthus	1.1x	na	na	6.5x	na	na	-0.9x	na	-5.1x	na	-0.9x	na	-5.4x	na
Jushi	1.5x	1.5x	1.3x	7.4x	8.8x	7.0x	-0.7x	-0.6x	-3.3x	-3.9x	-1.3x	-1.2x	-6.3x	-7.4x
MariMed	0.9x	0.9x	0.8x	13.8x	7.0x	4.6x	-0.4x	-0.4x	-6.5x	-3.3x	-0.6x	-0.6x	-9.0x	-4.6x
Planet 13	0.9x	0.8x	0.7x	na	28.2x	7.4x	0.1x	0.1x	na	2.6x	-0.2x	-0.2x	na	-6.4x
TerrAscend	1.6x	1.5x	1.4x	7.2x	7.0x	6.0x	-0.6x	-0.6x	-2.8x	-2.7x	-1.1x	-1.1x	-5.1x	-4.9x
TILT	1.4x	na	na	-32.1x	na	na	-0.8x	na	18.7x	na	-1.4x	na	31.6x	na
Trulieve	1.4x	1.4x	1.3x	3.8x	4.0x	4.0x	-0.2x	-0.2x	-0.7x	-0.7x	-0.7x	-0.7x	-1.9x	-2.0x
Verano	1.1x	1.1x	1.0x	4.2x	3.8x	3.5x	-0.4x	-0.4x	-1.5x	-1.4x	-0.8x	-0.8x	-3.1x	-2.8x
Vext	1.1x	1.0x	0.7x	3.8x	3.3x	1.4x	-0.6x	-0.5x	-2.2x	-1.8x	-0.6x	-0.5x	-2.2x	-1.8x

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

Source: FactSet and company reports

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Rubicon Organics: Initiation of Coverage Report

Exhibit 9: US MSOs – Spot EV Calculations

US\$Mn 30-May-25	FactSet Spot EV	Z&A Spot EV	US\$ price	mn shares	mn deriv	Total Mkt Cap	Financial net debt	Net leases	Income tax liab.	Conting Cons.	ITM deriv inflow	Total BDND	Pref Stock Min Int
US MSOs													
Ascend Wellness	562	588	0.34	214.5	13.3	76	-241	-134	-137			-512	
Ayr Wellness	611	549	0.23	116.2	3.4	27	-394	-5	-123	0	0	-522	
Cannabist Co	470	406	0.05	472.7	8.2	26	-269	-26	-86			-380	
Cansortium	140	112	0.05	304.9	5.6	15	-59	-9	-29			-97	
Cresco Labs	723	905	0.68	441.2	8.9	305	-332	-56	-202	-10		-600	
Curaleaf	1,531	1,973	0.88	750.1	11.0	667	-670	-46	-416	-41		-1,173	132
4Front Ventures	223	140	0.00	915.2	3.8	0	-81	-11	-42	-5	0	-139	
Glass House	447	679	5.93	82.1	6.9	527	-21	0	-23	-20		-65	86
Vireo Growth (pf)	128	427	0.39	924.9	12.7	361	-8		-60		2	-66	
Green Thumb	1,467	1,384	5.25	235.9	7.7	1,279	-42	-31	-33	0	0	-105	
Grown Rogue	75	49	0.35	143.5		50	5	-2	-2			1	
iAnthus	35	199	0.01	6,745.7	0.3	35	-157	-7				-164	
Jushi	310	387	0.30	196.7	0.0	58	-171	-3	-155			-329	
MariMed	133	141	0.09	389.2	11.1	34	-67	-1	-25			-93	15
Planet 13	105	96	0.23	325.4	0.3	74	9	-10	-21			-22	
Schwazze	174	188	0.02	80.2		2	-151	-2	-33	0		-186	
TerrAscend	326	443	0.37	356.7	3.1	133	-172	-5	-128	-4		-310	
TILT	127	125	0.01	391.3	0.7	2	-73	-47	-3			-123	
Trulieve	1,217	1,640	4.13	191.1	7.6	820	-289	-25	-501	-6		-820	
Verano	672	906	0.66	359.7	6.3	242	-336	-8	-319	-1		-664	
Vext	50	52	0.09	247.6	0.2	22	-29	0				-29	

Source: FactSet and company reports

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Rubicon Organics: Initiation of Coverage Report

Exhibit 10: Stock Performance

30-May-25	Stock Performance		
Ticker	Last 30d	Last 90d	Last 12mo
US MSOs			
Ascend	-12%	-14%	-68%
Ayr	17%	-37%	-90%
Cannabist	-14%	-7%	-78%
Cansortium	-6%	-18%	-70%
Cresco	-13%	-23%	-63%
Curaleaf	-1%	-34%	-81%
4Front	-82%	-98%	-100%
GlassHouse	-5%	2%	-28%
Gold Flora	na	35%	-80%
Grown Rogue	-23%	-44%	-50%
Green Thumb	-6%	-27%	-52%
iAnthus	32%	-28%	-73%
Jushi	-7%	-15%	-52%
MariMed	-15%	-29%	-63%
Planet13	-17%	-37%	-60%
Schwazze	na	na	-96%
StateHouse	na	na	0%
Trulieve	-4%	-5%	-59%
TerrAscend	12%	-27%	-76%
Verano	-9%	-27%	-83%
Vext	9%	-18%	-51%
Vireo Growth	-6%	-10%	-41%
International			
InterCure	3%	-14%	-54%
PharmaCielo	-48%	5%	122%

	Stock Performance		
Ticker	Last 30d	Last 90d	Last 12mo
Canadian LPs			
Aurora	18%	7%	-13%
Avant	-9%	-34%	-60%
Auxly	3%	22%	88%
Ayurcann	0%	-15%	-46%
Cannara	-14%	-9%	62%
Canopy	28%	21%	-80%
Cronos	12%	2%	-24%
Decibel	-7%	-13%	-25%
Entourage	na	na	na
High Tide	-8%	-12%	-8%
OGI	23%	21%	-22%
Rubicon	-19%	2%	-4%
SNDL	-12%	-19%	-41%
Tilray	-3%	-39%	-74%
VFF	70%	63%	2%
Tech			
LFLY	-21%	-25%	-90%
SBIG	55%	-3%	-52%
MAPS	-11%	-19%	11%
Vape parts			
GNLN	-48%	-99%	-100%
ISPR	-13%	-46%	-67%
SMORF	0%	2%	14%
TLLTF	-19%	-35%	-85%

	Stock Performance		
Ticker	Last 30d	Last 90d	Last 12mo
MJ Fincos			
AFCG	-9%	-41%	-59%
IIPR	3%	-23%	-48%
NLCP	3%	-5%	-22%
SHFS	-31%	-61%	-82%
LIEN	-4%	-17%	-10%
REFI	3%	-9%	-5%
Pix & Shovel			
AGFY	95%	52%	518%
GRWG	7%	-5%	-57%
HYFM	56%	-24%	-51%
SMG	13%	4%	-6%
UGRO	-23%	-57%	-78%
CBD			
CVSI	-4%	-14%	-54%
CWEB	10%	-6%	-43%
LFID	-3%	-33%	-57%
Index			
S&P 500	7%	1%	11%
S&P 477	2%	0%	11%
Nasdaq	11%	3%	39%
MSOS ETF	-4%	-22%	-69%
YOLO ETF	6%	-7%	-48%
Simple Group Averages			
Large Canada LPs	23%	9%	-42%
Tier 1 MSOs	-7%	-23%	-68%

Source: FactSet



Appendix III: Company Slides

Exhibit 11: Management

LEADERSHIP TEAM



Margaret Brodie, CPA, CA
Chief Executive Officer & Director
20+ years in finance
Over 8 years in cannabis industry.
10 years with KPMG & experienced
CFO of public companies



Melanie Ramsey
Chief Operating Officer
25+ years in brand development &
innovation
Former Senior Executive of Diageo &
Beiersdorf



Glen Ibbott
Interim Chief Financial Officer
25+ years in publicly-traded life sciences
and cannabis companies
Former CFO at Aurora Cannabis



Monika Mascitti
VP People
20+ years in recruitment & HR
Experienced in helping start ups scale
quickly while maintaining company
culture



Mathieu Aubin
VP of Marketing & New Business
15+ years in highly regulated CPG
companies
Former Marketing Director at Northam
Beverages and over a decade of
experience at Sleeman Breweries



Chris Still
VP of Sales
20+ years in retail, CPG, and DSD
Over a decade in leadership roles at
PepsiCo before navigating early days of
cannabis legalization in Canada at Tilray



Tyler Perkins
VP Operations
6+ years in the cannabis industry
With Rubicon since inception in
multiple areas of the business including
operations, quality assurance, regulatory
affairs and compliance.



Mikhael Ramberg
Cannabis Counsel
20+ years in the cannabis industry
Has helped see the industry evolve
through legalization, consulting with top
brands while becoming an innovator in
the solventless extraction space.

INDEPENDENT DIRECTORS



Len Boggio
Chair
40+ years as auditor, advisor, and
independent director of public, private,
and government corporations
Former Partner at PwC



John Pigott
Director
35+ years in food and beverage
CEO of Morrison Lamothe Inc. and
Former CEO of Club Coffee



Doris Blitz
Director
30+ years building, scaling, and
growing companies in food, CPG, and
Manufacturing
Retired President of Dessert Holdings



Karen Proud
Director
20+ years experience in government
relations, policy development, and
regulatory and legislative affairs.
President & Adjudicator, Office of the
Grocery Sector Code of Conduct



Michael Detlefsen
Director
30+ years in corporate strategy and
executive management, agriculture &
manufacturing
Managing Director at Pomegranate
Capital



Jesse McConnell
Director and Insider
Co-Founder of Rubicon Organics. Co-
Founder of Whistler Medical Cannabis
(acquired by Aurora) with 20+ years in
cannabis industry



Ian Gordon
Director
35+ years in sales, marketing, innovation,
and development in CPG
Retired of Senior Vice President Loblaw's

Source: Company reports

Exhibit 12: Rubicon Increasing Capacity

INCREASING CAPACITY TO FILL OUR DEMAND



DELTA FACILITY

125,000 square foot hybrid organic greenhouse
5 large independent flowering compartments + 1 large nursery
Dedicated packaging and processing rooms
Dedicated extraction space
Capacity of 11,000kg



HOPE FACILITY

47,500 square foot premium indoor cultivation facility
27 independent flowering rooms
1st licensed facility in British Columbia
Dedicated processing rooms
Capacity of 4,500kg
Expect facility acquisition to close Q2 2025.
Purchase price \$4.5M

Source: Company reports

Exhibit 13: Brand Portfolio

CANADA'S LEADING HOUSE OF PREMIUM BRANDS



SIMPLY BARE™ ORGANIC

Simply Bare is crafted to respect the land it was grown in. Always certified organic and handled with utmost care.

For Simply Bare, we pheno hunt exotic genetics that are award winning cuts with unique flavour profiles.

Simply Bare is the super premium, highest quality option for the discerning consumer.



1964 SUPPLY CO™

1964, is all about delivering genuine, quality cannabis that evokes the good times, just the way it used to be.

1964, is designed to offer its consumers the best cuts of classic legacy genetics.

1964 shows cannabis how it's meant to be enjoyed—casual and without shame. Inspired by the rebellious, carefree vibes of 1964.



WILDFLOWER™

Wildflower mission is to connect people with the healing power of plants.

Wildflower has built a wellness portfolio of products designed to help with pain, sleep and anxiety issues.

These products are crafted with a combination of CBD, THC, CBN and CBG to aid in the relief of the daily wellness routines.



HOMESTEAD CANNABIS SUPPLY™

Homestead delivers uncomplicated, consistent cannabis at a competitive price.

Quality products that fit the budget without cutting corners, providing consumers what they desire at a fair price.

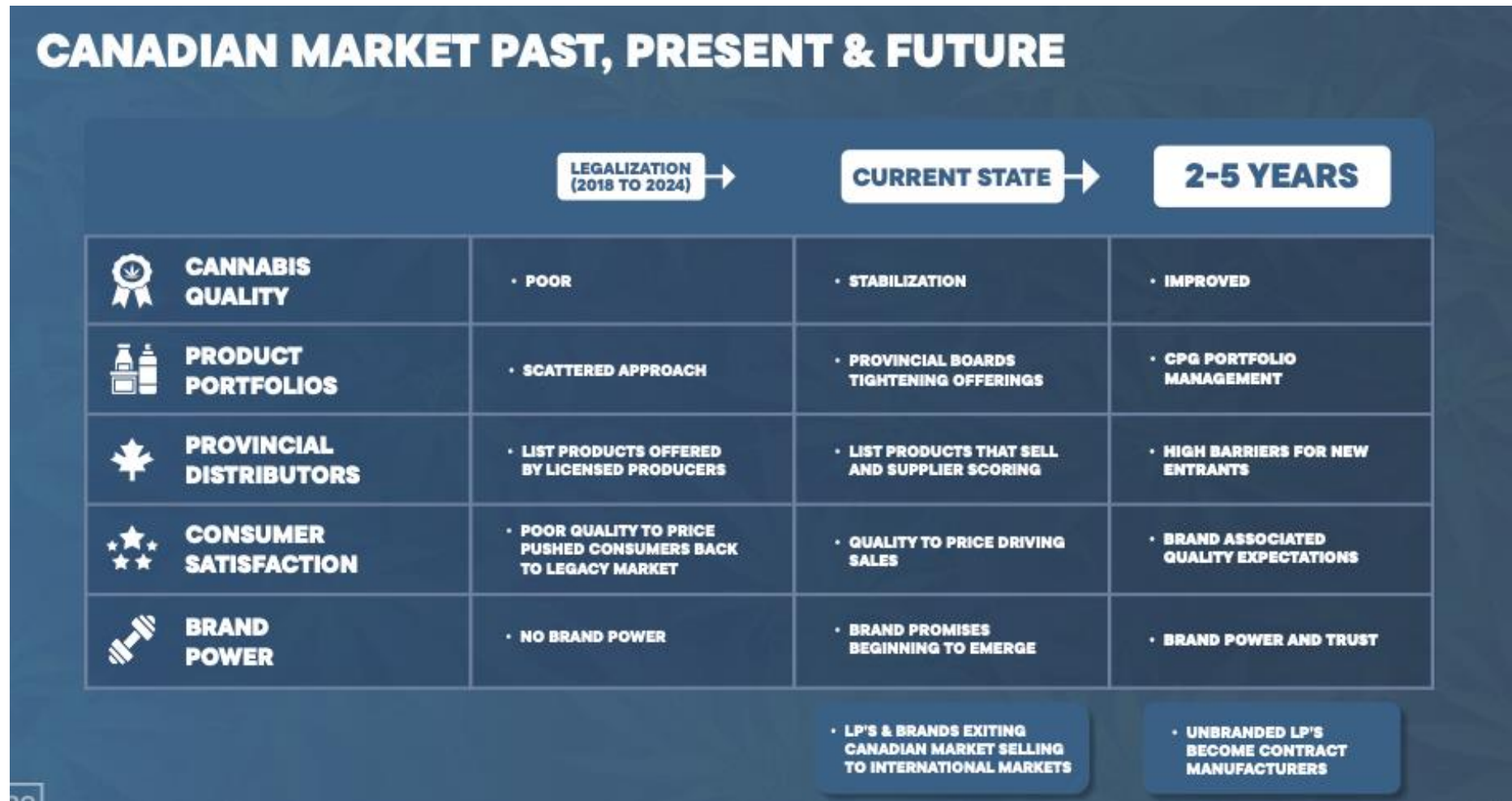
Source: Company reports

Exhibit 14: Brand Positioning



Source: Company reports

Exhibit 15: How the Canadian Market May Evolve, Per Management



Source: Company reports



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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