



6/19/2025

Aurora Cannabis (ACB)

Company Update: Neutral

C\$ Mn							
Sales	FY24a	FY25a	Prev	FY26e	Prev	FY27	Prev
1Q	75.1	83.4	A	83.4	94.4	108.2	116.5
2Q	63.1	81.1	A	81.1	88.0	100.0	103.4
3Q	63.1	88.2	A	88.2	91.2	103.1	106.7
4Q	67.0	90.5	A	88.7	98.2	112.1	110.6
FY	268.4	343.3	A	341.5	371.9	423.4	437.2
EBITDA	FY24a	FY25a	Prev	FY26e	Prev	FY27	Prev
1Q	2.6	4.9	A	4.9	15.0	21.1	22.1
2Q	3.3	10.1	A	10.1	14.3	25.4	26.9
3Q	3.3	19.4	A	19.4	16.4	26.4	28.3
4Q	2.3	15.3	A	15.3	18.8	27.2	29.1
FY	11.5	49.7	A	49.7	64.5	100.2	106.4

Share price (C\$)	6.33	Perf.	ACB	YOLO	S&P500	Stance:	Neutral
Share count (mn)	54.5	30d	-9%	-4%	0%		no price target
Market Cap (C\$Mn)	345	90d	7%	-4%	5%		FY=Mar
Ticker	ACB	1yr	-19%	-47%	9%		



C\$Mn	FY25a	FY26e	FY27e
Projected EV	322	278	200
EV/Sales	0.9x	0.7x	0.5x
EV/EBITDA	6.5x	4.3x	2.0x
	FY25a	FY26e	FY27e
Net debt/Sales	na	na	na
Net debt/EBITDA	na	na	na
Free Cash Flow	23	45	77
Net (debt) cash	122	165	235
Consensus	FY26e	FY27e	
Sales	387	410	
EBITDA	70	80	
Guidance FY26e:	n/a		

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Company Update Post Mar Qtr Print

We realize that trading on the few liquid NASDAQ-listed cannabis stocks will be volatile (given the prevalence of short-term traders and retail investors). ACB shares jumped 50% in Feb after strong Dec qtr results, and fell 20% yesterday given muted international MMJ growth in the March qtr and guidance for a temporary drop for the June qtr. At 0.9x current sales (taking spot EV), the stock is attractively valued given its franchise strength and long-term growth outlook, so investors taking the long view might want to make use of the pullback. In fact, on our forward EV/EBITDA estimates (not the same as spot EV), the stock trades at 2x CY27 EBITDA. All this said, we will remain Neutral until we have more visibility on changes the Merz-led government may make to CanG rules (especially on telehealth); on a rebound in Poland; and on how other EU markets (plus the UK) develop. Note: all \$ figures are in C\$ unless noted otherwise.

What should be celebrated. ACB is a much better place now financially-speaking compared with just two years ago, with double-digit positive EBITDA margins, a net cash position (>C\$120Mn), and guiding for positive FCF. Importantly, the size of the company's international MMJ business (C\$165Mn annualized), its regulatory expertise, ability to roll out new formats/strains, and feet on the ground (whether dealing with distributors, doctors/clinics, pharmacies, and indirectly with patients), give us confidence ACB will be a direct beneficiary of future MMJ growth overseas. If 1% of the population of the EU were to become medical patients (assuming more countries follow the German CanG model, at least phase 1) someday, we estimate the EU market could reach US\$17Bn (15x upside). The company is also well-placed to adapt as price tiers emerge (premium, core, and value) and new formats are allowed. Also, stiffer GMP standards in various European markets (see permit delays in Portugal affecting those using that country as a transshipment point; *note: ACB does not operate in Portugal*) would benefit the likes of ACB. But growth will not be linear. Not long ago, Israel was a key export market. New rules on telehealth in Poland (impacting scripts and sales) resulted in no qoq growth for ACB's total European unit (so, despite continued growth in Germany, European sales were flat qoq).

Also, scale matters. ACB is the largest player in global MMJ, with #1 position in Canada; sharing the lead in Europe with Curaleaf; and a #2 position in Australia, according to management. Not all companies disclose sales by region (only ACB and TLRY), but based on available data and our estimates, we calculate ACB is among the leaders in Europe. For the March 2025 qtr, Aurora disclosed MMJ sales of C\$26.3Mn in Europe (it reported another C\$14.7Mn in Australia). TLRY for the Feb 2025 qtr disclosed European MMJ sales of US\$10.9Mn (or C\$15Mn). CGC reported March qtr international MMJ sales of C\$7.6Mn (down qoq from C\$12Mn), of which we estimate Europe was <C\$6Mn. Curaleaf ex UK, disclosed US\$22Mn (C\$30Mn) in international revenues (the bulk in Europe) for the March qtr. So, in terms of global MMJ scale in Europe, it would seem ACB and Curaleaf lead. On a global basis, including other regions as well as Canada (where Aurora is #1 with >25% share), ACB would be the largest player in global MMJ (Curaleaf reported US\$11Mn in retail sales in the UK).



About the Mar qtr.

- Sales increased 3% qoq to \$90.5Mn (vs. our \$88.7Mn estimate), or \$87.6Mn if we adjust for a one-time issue in propagation (reported at \$13.8Mn, but \$10.9Mn after adjusting). The international MMJ business was flat at \$41Mn (flat both in Europe at \$26.3Mn and in Australia at \$14.7Mn), while domestic MMJ eased a tad (\$26.8Mn vs. \$27.3Mn). Rec is not a significant focus, with profitability a priority (sales fell to \$8.2Mn from \$9.9Mn). In the context of ongoing international market growth (on the available data), especially in Europe, flat sales were somewhat disappointing. For context, ACB's MMJ sales in Europe were up 32% in the Dec qtr, but in the Mar qtr reg changes in Poland (crackdown on tele health) offset growth in Germany.
- Reported gross margins fell seq to 47.5% from 53.7% in Dec (48.3% in Sep). But what the company calls cash adjusted GM (ex-depreciation and ex one-off items) were up to 59.8% from 59.2% (MMJ was up to 70.4% from 68.6%). Cash SGA increased to \$44.7Mn from \$36.5Mn in the prior qtr. As a result, EBITDA margins dropped to 17% from 22% seq. All this said, we should remember 17% EBITDA margins are the 2nd highest in the company's history.
- Net cash was mostly stable seq at \$124Mn (cash of \$185Mn). Reported free cash flow was break-even compared with +\$24Mn in the Dec qtr.

Company outlook. Guidance calls for total global cannabis sales to be down seq, with the domestic MMJ business up and international down (in the Mar qtr, the mix for global MMJ was 40/60). Growth in Germany will be partly offset by lingering pressure in Poland. Rec MJ is seen stable, and propagation up on seasonality. Given international MMJ margins are higher than domestic, there will be a negative mix effect on gross margins. That said, management is confident about overseas growth past fiscal 1Q. The introduction of new strains/cultivars and formats in the core/premium segments as well as tactical entries into value SKUs (albeit not the main focus), as well as increased marketing push on the cash-payer segment (going beyond doctors, with greater emphasis on the pharmacy channel). Management expects to see growth in EBITDA and FCF (positive, although guide is based on maintenance capex, and does not factor development capex).

Valuation. We believe the stock is attractively valued on a spot basis, but even more so on a forward basis if we factor the company's projections for positive free cash flow and continued expansion of the international market. For example, on our FY27 estimates (Mar'27), the stock trades at 0.5x sales and 2x EBITDA (taking projected EV and projected sales and EBITDA). If we took the current 6x multiple on our 2027 numbers, that would imply a share price north of C\$13 by Mar'26 (1-year forward basis on FY27 estimates). But we will stay Neutral for now until we get better visibility on the development of key overseas markets, and of Aurora's own ability to grow with those markets.

- Stock performance. ACB shares fell 20% on Wed 6/18 to US\$4.66 (C\$6.33) given flat seq sales trends in the international MMJ business and guidance for these to be down in the June qtr. Back in Feb, when it reported Dec qtr, the stock was up 50% to US\$5.37,

following strong international sales and well above expectations profit margin and cash flow. Altogether, for the last 90 days, ACB is up 7% vs. a 4% in the YOLO ETF (MSOS ETF down 18%).

- **EV math and multiples.** Based on the latest share price, we calculate an EV of C\$371Mn (market cap \$363Mn, net cash of \$76Mn, \$43Mn in leases net of right of use assets, and \$41Mn in minority interest); for the market cap, we take the latest disclosed share count of 56.2mn and 1.1mn in RSU/DPU/PSUs. On current sales (Mar qtr annualized), ACB trades at 0.9x EV to sales and 5.3x EBITDA. Other than CGC (2.1x) and domestic-focused LPs Auxly and Cannara (both 1.4x), all other Canada LPs trade below 1x sales.
- **Outlook.** We realize comp analysis in this space at present is somewhat of an academic exercise given the sector's depressed valuations (vs. historicals and vs. the industry's growth potential on projected TAM). As international med markets continue to grow (due to "reg unlocks"), the stock could have upside (management, conservatively, estimates the TAM opportunity outside NA at C\$5Bn), both from rerating of the multiple as well as increased sales and EBITDA base.

Table 1: Canada LP Valuation Comps (taking spot EV)

Multiples 19-Jun-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
Aurora Cannabis	0.9x	0.9x	0.8x	5.3x	4.7x	4.2x	na	na	na	na	-9%	7%	-19%
Auxly Cannabis Group	1.4x	na	na	6.3x	na	na	-0.4x	na	-2.0x	na	-9%	-3%	149%
Avant Brands	0.7x	na	na	3.5x	na	na	-0.2x	na	-0.8x	na	-9%	-21%	-61%
Cannara Biotech	1.4x	na	na	5.3x	na	na	-0.4x	na	-1.5x	na	-8%	-5%	67%
Canopy Growth	2.1x	2.0x	1.9x	-14.7x	-54.2x	na	-0.7x	-0.6x	4.7x	17.2x	-23%	12%	-82%
Cronos Group	-2.4x	-2.2x	-2.1x	-33.5x	-131.7x	na	na	na	na	na	-11%	3%	-18%
Decibel Cannabis	0.8x	0.6x	0.5x	5.1x	3.2x	2.5x	-0.4x	-0.3x	-2.4x	-1.5x	-1%	-7%	-5%
Organigram Holdings	0.9x	0.9x	0.8x	24.5x	12.1x	7.5x	na	s	na	na	-3%	23%	-12%
Rubicon Organics	0.6x	0.6x	0.4x	11.1x	9.9x	3.1x	0.0x	na	-0.7x	na	-6%	-15%	-8%
SNDL	0.3x	0.3x	0.3x	31.9x	16.0x	na	na	na	na	na	-6%	-19%	-33%
Tilray Brands	0.6x	0.5x	0.5x	12.9x	6.3x	5.3x	0.0x	0.0x	-0.8x	-0.4x	-22%	-40%	-77%
Village Farms International	0.5x	0.6x	0.7x	503.4x	9.6x	4.6x	-0.1x	-0.1x	-89.7x	-1.7x	3%	53%	11%

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 ca

Source: Z&A ratings

Table 2: Stocks 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
Cansortium		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	Overweight
Finance (MJ) Companies			
AFC Gamma		AFCG	Neutral
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 ratings



Appendix I: Company Financials

19 June 2025

Aurora Cannabis: Updated Views and Estimates Post Mar'25 Qtr Results

Exhibit 1: Financial Highlights

C\$ Mn	Mar FY23	Mar FY24	Jun 1Q25	Sep 2Q25	Dec 3Q25	Mar 4Q25	Mar FY25	Jun 1Q26e	Sep 2Q26e	Dec 3Q26e	Mar 4Q26e	Mar FY26e	Mar FY27e
Sales (\$ Mn)	225.1	269.6	83.4	81.1	88.2	90.5	343.3	94.4	88.0	91.2	98.2	371.9	423.4
qoq ch %	na	na	24%	-3%	9%	3%	na	4%	-7%	4%	8%	na	na
yoy ch %	-1%	20%	11%	29%	37%	35%	27%	13%	9%	3%	9%	8%	14%
consensus								100.7	91.1	95.1	97.7	386.5	409.5
P&L													
Gross profit before FV adj	29	78	30	39	47	43	160	48	46	50	55	199	248
as % of sales	13%	29%	36%	48%	54%	48%	47%	51%	53%	55%	56%	54%	58%
EBIT	-218	-45	1	-2	37	-25	11	6	7	9	11	32	67
as % of sales	-97%	-17%	1%	-3%	42%	-27%	3%	7%	8%	10%	11%	9%	16%
adj EBITDA	-10	14	5	10	19	15	50	15	14	16	19	65	100
as % of sales	-4.4%	5.1%	5.9%	12.5%	22.0%	16.9%	14.5%	15.9%	16.2%	18.0%	19.1%	17.4%	23.7%
consensus EBITDA								17.4	17.0	18.4	18.9	70.4	80.4
as % of sales								17.3%	18.7%	19.4%	19.4%	18.2%	19.6%
EPS													
Pre tax income	-840	-58	8	1	32	-14	26	4	5	7	9	25	60
Tax rate assumption	1%	-14%	41%	2097%	1%	-13%	70%	3%	3%	3%	3%	3%	3%
Net income after min int	-831	-66	5	-12	32	-16	8	4	5	7	9	24	59
Share count (FD) Mn	277.0	261.4	54.6	54.6	56.3	55.8	55.3	54.9	55.7	54.9	54.9	55.1	54.9
EPS	3.75	-1.25	0.08	-0.21	0.57	-0.29	0.15	0.08	0.08	0.12	0.16	0.44	1.07
consensus								0.13	0.06	0.22	0.19	0.28	0.00
BS and CF highlights													
Operating cash flow	-142	-41	8	-25	29	29	42	13	24	14	8	60	94
(-) Capex	-18	-13	-5	-5	-5	-4	-19	-4	-4	-4	-4	-15	-17
Free cash flow	-161	-54	3	-29	24	25	23	10	21	10	4	45	77
Ending net cash (debt)	148	150	130	130	94	122	122	134	134	154	165	165	235
Net cash (debt)/Sales	0.7x	0.6x	0.4x	0.4x	0.3x	0.3x	0.4x	0.4x	0.4x	0.4x	0.4x	0.4x	0.6x
Net cash (debt)/EBITDA	-14.9x	10.9x	6.6x	3.2x	1.2x	2.0x	2.5x	2.2x	2.3x	2.3x	2.2x	2.5x	2.3x
Equity	559	516	562	562	543	573	573	571	571	576	583	583	633

Source: Z&A estimates, company reports

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Aurora Cannabis: Updated Views and Estimates Post Mar'25 Qtr Results

Exhibit 2: Divisional Sales Trends

C\$ Mn	Mar FY23	Mar FY24	Jun 1Q25	Sep 2Q25	Dec 3Q25	Mar 4Q25	Mar FY25	Jun 1Q26e	Sep 2Q26e	Dec 3Q26e	Mar 4Q26e	Mar FY26e	Mar FY27e
Net sales	225.1	269.6	83.4	81.1	88.2	90.5	343.3	94.4	88.0	91.2	98.2	371.9	423.4
Canada Rec	55.5	47.0	11.5	10.4	9.9	8.2	40.0	8.1	8.7	8.8	7.9	33.5	35.5
Canada bulk	1.0	2.4	1.6	0.8	1.2	0.8	4.4	0.8	1.0	1.0	1.0	3.8	4.0
Canada Med	97.0	103.1	27.1	26.3	27.3	26.8	107.4	27.3	27.4	27.4	27.5	109.6	111.0
International Med	47.3	72.4	20.1	35.0	40.9	41.0	137.0	38.3	42.1	44.8	47.6	172.7	219.8
Other/Propagation	20.7	44.8	23.1	8.6	8.9	13.8	54.4	20.0	8.9	9.2	14.2	52.2	53.2
Seq ch	na	20%	24%	-3%	9%	3%	27%	4%	-7%	4%	8%	8%	14%
Canada Rec	na	-15%	13%	-10%	-5%	-18%	-15%	-1%	7%	1%	-10%	-16%	6%
Canada Med	na	6%	3%	-3%	4%	-2%	4%	2%	0%	0%	0%	2%	1%
International Med	na	53%	5%	75%	17%	0%	89%	-7%	10%	6%	6%	26%	27%
Canada rec assumptions (C\$ Mn)													
Market size C\$ rsp	4,671	5,176	1,258	1,380	1,396	1,255	5,289	1,321	1,449	1,466	1,318	5,554	5,911
QoQ ch %	na	na	5%	10%	1%	-10%	na	5%	10%	1%	-10%	na	na
YoY ch %	15%	11%	-1%	0%	5%	5%	2%	5%	5%	5%	5%	5%	6%
Market size C\$ ex factory	2,335	2,588	629	690	698	628	2,645	660	724	733	659	2,777	2,955
Co rec market share	2%	2%	2%	2%	1%	1%	2%	1%	1%	1%	1%	1%	1%
Co sales C\$Mn	55	47	12	10	10	8	40	8	9	9	8	34	35
Med intl assumptions (C\$ Mn)													
Market size C\$ rsp (CF est)	2,702	3,663	838	891	935	970	3,634	1,020	1,122	1,178	1,237	4,557	5,598
QoQ ch %	na	na	-14%	6%	5%	4%	na	5%	10%	5%	5%	na	na
YoY ch %	63%	36%	0%	0%	-3%	0%	-1%	22%	26%	26%	28%	25%	23%
Market size C\$ ex factory	1,351	1,832	419	445	468	485	1,817	510	561	589	619	2,279	2,799
Co market share	4%	4%	5%	8%	9%	8%	8%	8%	8%	8%	8%	8%	8%
Co sales C\$Mn	47	72	20	35	41	41	137	38	42	45	48	173	220

Source: Z&A estimates, company reports

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Aurora Cannabis: Updated Views and Estimates Post Mar'25 Qtr Results

Exhibit 3: Gross Profits by Division

C\$ Mn	Mar FY23	Mar FY24	Jun 1Q25	Sep 2Q25	Dec 3Q25	Mar 4Q25	Mar FY25	Jun 1Q26e	Sep 2Q26e	Dec 3Q26e	Mar 4Q26e	Mar FY26e	Mar FY27e
REPORTED													
Gross profit bef fv adj	40.4	78.1	37.4	39.2	47.4	43.0	167.0	48.5	46.3	49.7	54.9	199.5	247.6
Canada Rec	-17.5	-7.0	1.0	0.5	-0.6	-1.6	-0.6	1.2	1.3	1.3	1.2	5.0	5.3
Medical (Canada + exports)	58.2	81.7	30.3	39.7	46.1	42.0	158.1	42.6	43.7	46.9	51.1	184.4	231.6
Bulk/Bevo	-0.3	3.4	6.2	-1.0	1.9	2.6	9.5	4.7	1.3	1.5	2.7	10.1	10.7
As % of sales	18%	29%	45%	48%	54%	48%	49%	51%	53%	55%	56%	54%	58%
Canada Rec	-32%	-15%	8%	5%	-6%	-19%	-2%	15%	15%	15%	15%	15%	15%
Medical (Canada + exports)	40%	47%	64%	65%	68%	62%	65%	65%	63%	65%	68%	65%	70%
Bulk/Bevo	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
As % of total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Canada Rec	-43%	-9%	3%	1%	-1%	-4%	0%	3%	3%	3%	2%	3%	2%
Medical (Canada + exports)	144%	105%	81%	101%	97%	98%	95%	88%	94%	94%	93%	92%	94%
Bulk/Bevo	-1%	4%	16%	-3%	4%	6%	6%	10%	3%	3%	5%	5%	4%
ADJ CASH GP													
Gross profit ex dep and ex impa	32.6	36.0	134.9	42.6	52.3	54.2	51.8	189.9	49.3	52.7	58.0	64.3	73.6
Canada Rec	3.3	2.8	0.0	1.4	2.6	2.2	1.8	8.0	1.9	1.9	1.8	1.8	2.0
Medical (Canada + exports)	25.1	32.8	0.0	41.7	46.8	47.7	44.4	180.6	45.3	48.5	52.7	56.4	65.4
Bulk/Bevo	4.2	0.4	134.9	-0.5	2.9	4.2	5.6	1.4	2.1	2.4	3.5	6.1	6.2
As % of sales	14.5%	13.3%	161.7%	52.5%	59.2%	59.8%	15.1%	201.2%	56.0%	57.9%	59.0%	17.3%	17.4%
Canada Rec	26.2%	23.8%	23.4%	13.5%	26.0%	27.2%	21.7%	21.8%	21.5%	21.5%	22.2%	21.9%	21.5%
Medical (Canada + exports)	59.6%	69.5%	64.9%	68.0%	74.1%	70.4%	67.8%	70.1%	65.2%	67.2%	70.1%	72.0%	71.8%
Bulk/Bevo	na	na	na	na	na	na	na	na	na	na	na	na	na
As % of total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Canada Rec	10%	8%	0%	3%	5%	4%	3%	4%	4%	4%	3%	3%	3%
Medical (Canada + exports)	77%	91%	0%	98%	89%	88%	86%	95%	92%	92%	91%	88%	89%
Bulk/Bevo	13%	1%	100%	-1%	6%	8%	11%	1%	4%	4%	6%	10%	8%

Source: Z&A estimates, company reports

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Exhibit 4: Summary Cash Flow

SUMMARY CASH FLOW	Mar FY24	Jun 1Q25	Sep 2Q25	Dec 3Q25	Mar 4Q25	Mar FY25	Jun 1Q26e	Sep 2Q26e	Dec 3Q26e	Mar 4Q26e	Mar FY26e	Mar FY27e
C\$ 000s												
Net earnings	-59,045	4,844	1,675	31,228	-16,238	21,509	4,195	4,569	6,607	8,719	24,089	58,603
(+) D&A	33,071	5,740	5,424	5,430	8,267	24,861	6,979	5,896	5,931	5,967	24,773	24,278
Cash earnings	-25,974	10,584	7,099	36,658	-7,971	46,370	11,173	10,465	12,538	14,686	48,862	82,881
(-) Working capital changes	-15,627	10,682	-29,588	15,805	37,769	34,668	2,282	13,934	1,311	-6,249	11,278	11,982
(-) Other operating flows	-26,907	-12,891	-2,402	-23,624	-573	-39,490	-42	-46	-67	-88	-243	-592
Net cash used in operating activities	-68,508	8,375	-24,891	28,839	29,225	41,548	13,413	24,353	13,782	8,349	59,897	94,271
(-) net capex	-16,956	-5,153	-4,543	-4,858	-4,305	-18,859	-3,500	-3,521	-3,647	-3,930	-14,598	-16,937
Free cash flow	-85,464	3,222	-29,434	23,981	24,920	22,689	9,913	20,831	10,134	4,419	45,299	77,335
(-) acquisitions/divestitures	-2,539	0	0	0	0	0	0	0	0	0	0	0
(-) other (inc bond conversion)	128,913	4,602	117	354	-23,572	-18,499	0	0	0	0	0	0
(+) other proceeds	0	0	-6,506	3,849	0	-2,657	0	0	0	0	0	0
(+) share issuance	37,926	0	126	0	0	126	0	0	0	0	0	0
(-) stock options/warrants	0	0	0	0	0	0	0	0	0	0	0	0
Change in net	78,836	7,824	-35,697	28,184	1,348	1,659	9,913	20,831	10,134	4,419	45,299	77,335
Ending Net debt	78,836	129,786	94,089	122,273	123,621	123,621	133,534	154,366	164,500	168,920	168,920	246,254
Cash/inv/sec	136,095	182,167	151,599	180,178	185,328	185,328	203,728	224,560	234,694	239,114	239,114	316,448
Gross debts/loans/bonds	57,259	52,381	57,510	57,905	61,707	61,707	70,194	70,194	70,194	70,194	70,194	70,194

Source: Z&A estimates, company reports

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Exhibit 5: Projected EV Multiples and Share Price "Scenarios"

C\$Mn	Mar FY23	Mar FY24	Jun 1Q25	Sep 2Q25	Dec 3Q25	Mar 4Q25	Mar FY25	Jun 1Q26e	Sep 2Q26e	Dec 3Q26e	Mar 4Q26e	Mar FY26e	Mar FY27e	Upside
Current valuation														
EV (C\$Mn)	282	306	345	325	322	322	314	293	283	278	278	200		
Market cap (\$Mn)	345	346	355	355	362	362	363	363	363	363	363	363	363	
Share price (CAD\$)	6.33	6.33	6.33	6.33	6.33	6.33	6.33	6.33	6.33	6.33	6.33	6.33	6.33	
Share price (US\$)	4.66	4.66	4.66	4.66	4.66	4.66	4.66	4.66	4.66	4.66	4.66	4.66	4.66	
FD share count (Mn)	54.5	54.6	56.2	56.1	57.2	57.2	57.4	57.4	57.4	57.4	57.4	57.4	57.4	
common shares (proforma)	54.5	54.6	54.9	54.9	54.9	54.9	56.2	56.2	56.2	56.2	56.2	56.2	56.2	
derivatives in the money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
RSUs/other	0.0	0.0	1.3	1.2	2.3	2.3	1.1	1.1	1.1	1.1	1.1	1.1	1.1	
Broadly defined net cash (debt)	105	80	51	69	81	81	91	111	122	126	126	203		
net financial debt (proforma)	122	130	94	122	124	124	134	154	165	169	169	246		
leases	-17	-50	-43	-43	-43	-43	-43	-43	-43	-43	-43	-43	-43	
other debt														
warrant/derivatives inflow														
Minority interest	42	41	40	39	41	41	41	41	41	41	41	41	41	
Multiples (Z&A)														
EV/Sales	1.0x	0.9x	1.1x	0.9x	0.9x	0.9x	0.8x	0.8x	0.8x	0.7x	0.7x	0.5x		
EV/EBITDA	20.5x	15.7x	8.5x	4.2x	5.3x	6.5x	5.2x	5.1x	4.3x	3.7x	4.3x	2.0x		
C\$ Mn														
Implied PT (on 1yF estimates)											by Mar'25	by Mar'26		
1.0x											\$7.84	\$10.08	59%	
1.5x											\$10.62	\$13.30	110%	
2.0x											\$13.41	\$16.53	161%	
3.0x											\$18.98	\$22.98	263%	
5.0x											\$30.12	\$35.89	467%	
10.0x											\$57.98	\$68.16	977%	

Source: Z&A estimates, company reports



Appendix II: Valuation Comps

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Exhibit 6: LPs Valuation Multiples

Multiples 19-Jun-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
Aurora Cannabis	0.9x	0.9x	0.8x	5.3x	4.7x	4.2x	na	na	na	na	-9%	7%	-19%
Auxly Cannabis Group	1.4x	na	na	6.3x	na	na	-0.4x	na	-2.0x	na	-9%	-3%	149%
Avant Brands	0.7x	na	na	3.5x	na	na	-0.2x	na	-0.8x	na	-9%	-21%	-61%
Cannara Biotech	1.4x	na	na	5.3x	na	na	-0.4x	na	-1.5x	na	-8%	-5%	67%
Canopy Growth	2.1x	2.0x	1.9x	-14.7x	-54.2x	na	-0.7x	-0.6x	4.7x	17.2x	-23%	12%	-82%
Cronos Group	-2.4x	-2.2x	-2.1x	-33.5x	-131.7x	na	na	na	na	na	-11%	3%	-18%
Decibel Cannabis	0.8x	0.6x	0.5x	5.1x	3.2x	2.5x	-0.4x	-0.3x	-2.4x	-1.5x	-1%	-7%	-5%
Organigram Holdings	0.9x	0.9x	0.8x	24.5x	12.1x	7.5x	na	s	na	na	-3%	23%	-12%
Rubicon Organics	0.6x	0.6x	0.4x	11.1x	9.9x	3.1x	0.0x	na	-0.7x	na	-6%	-15%	-8%
SNDL	0.3x	0.3x	0.3x	31.9x	16.0x	na	na	na	na	na	-6%	-19%	-33%
Tilray Brands	0.6x	0.5x	0.5x	12.9x	6.3x	5.3x	0.0x	0.0x	-0.8x	-0.4x	-22%	-40%	-77%
Village Farms International	0.5x	0.6x	0.7x	503.4x	9.6x	4.6x	-0.1x	-0.1x	-89.7x	-1.7x	3%	53%	11%

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 ca

Source: FactSet and company reports

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Exhibit 7: LPs EV Calculations

C\$Mn 19-Jun-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 BDND	Pref Stock Min Int
Aurora Cannabis	324	6.33	56.2	1.1	363	124	-43	0	0	0	81	41
Auxly Cannabis Group	188	0.08	1,285.7	133.4	112	-59	-14	0	-2	0	-75	
Avant Brands	24	0.77	10.6	0.2	8	-6	-10	0	0	0	-16	
Cannara Biotech	151	1.18	90.0	0.0	106	-43	0	-1	0	0	-44	
Canopy Growth	543	1.74	211.5	1.4	370	-173	0	0	0	0	-173	
Cronos Group	-440	2.60	281.2	0.0	730	1,172	-2	0	0	0	1,170	
Decibel Cannabis	70	0.06	576.9	7.7	38	-33	0	0	0	0	-33	
Organigram Holdings	192	1.80	133.8	19.3	276	83	0	0	0	0	83	
Rubicon Organics	32	0.41	67.0	6.3	30	-2	0	0	0	0	-2	
SNDL	272	1.73	263.0	12.4	477	242	-37	0	0	0	205	
Tilray Brands	636	0.52	1,006.2	26.1	539	-39	-70	0	-20	0	-130	-32
Village Farms International	222	1.47	112.3	0.7	166	-40	-3	0	0	0	-43	13

Source: FactSet and company reports

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Exhibit 8: Stock Performance

19-Jun-25	Stock Performance		
Ticker	Last 30d	Last 90d	Last 12mo
US MSOs			
Ascend	-8%	-19%	-67%
Ayr	-13%	27%	-89%
Cannabist	-11%	7%	-72%
Cansortium	-2%	-23%	-65%
Cresco	-30%	-33%	-71%
Curaleaf	-1%	-16%	-79%
4Front	-79%	-97%	-99%
GlassHouse	-15%	8%	-26%
Gold Flora	na	9%	-78%
Grown Rogue	-10%	-33%	-49%
Green Thumb	-10%	-19%	-57%
iAnthus	22%	-21%	-74%
Jushi	-9%	1%	-48%
MariMed	-13%	-33%	-63%
Planet13	-27%	-40%	-61%
Schwazze	na	na	-93%
StateHouse	na	na	50%
Trulieve	-19%	-11%	-59%
TerrAscend	-21%	-36%	-79%
Verano	-21%	-24%	-85%
Vext	31%	-14%	-42%
Vireo Growth	-2%	-3%	-5%
International			
InterCure	-1%	-10%	-54%
PharmaCielo	16%	29%	134%

	Stock Performance		
Ticker	Last 30d	Last 90d	Last 12mo
Canadian LPs			
Aurora	-9%	7%	-19%
Avant	-9%	-21%	-61%
Audly	-9%	-3%	149%
Ayurcann	3%	-13%	-47%
Cannara	-8%	-5%	67%
Canopy	-23%	12%	-82%
Cronos	-11%	3%	-18%
Decibel	-1%	-7%	-5%
Entourage	na	na	na
High Tide	-7%	2%	-10%
OGI	-3%	23%	-12%
Rubicon	-6%	-15%	-8%
SNDL	-6%	-19%	-33%
Tilray	-22%	-40%	-77%
VFF	3%	53%	11%
Tech			
LFLY	-1%	-25%	-91%
SBIG	-22%	-29%	-56%
MAPS	0%	-12%	5%
Vape parts			
GNLN	67%	-98%	-100%
ISPR	-8%	-21%	-66%
SMORF	0%	-25%	0%
TLLTF	21%	-43%	-81%

	Stock Performance		
Ticker	Last 30d	Last 90d	Last 12mo
MJ Fincos			
AFCG	-13%	-28%	-63%
IIPR	2%	-9%	-46%
NLCP	-3%	-4%	-27%
SHFS	13%	-56%	-79%
LIEN	-1%	-13%	-14%
REFI	-5%	-8%	-10%
Pix & Shovel			
AGFY	-22%	20%	456%
GRWG	-2%	-9%	-54%
HYFM	5%	26%	-51%
SMG	-3%	1%	-6%
UGRO	-14%	-52%	-76%
CBD			
CVSI	7%	-10%	-54%
CWEB	0%	-7%	-38%
LFID	5%	0%	-60%
Index			
S&P 500	0%	5%	9%
S&P 477	-2%	2%	7%
Nasdaq	6%	13%	48%
MSOS ETF	-13%	-18%	-69%
YOLO ETF	-4%	-4%	-47%
Simple Group Averages			
Large Canada LPs	-12%	7%	-39%
Tier 1 MSOs	-16%	-20%	-70%

Source: FactSet and company reports



Appendix III: Bio and Disclaimers



Analyst Bio

Pablo Zuanic is a well-known and highly rated equity analyst following the broader cannabinoids (THC cannabis, hemp derivatives, CBD) and consumer sectors. Over the past six years he has launched coverage of over 40 companies in the US, Canada, and overseas; plant-touching as well as service providers (tech; finance); and has also worked with several private companies. He follows closely the reform process in the US, Canada, Germany, Australia, and elsewhere, and relies on a fundamental and data-driven approach to keep track of sectoral trends. His firm Zuanic & Associates publishes equity research, both from a macro/sectoral level in a thematic manner, as well as on listed stocks. The research service is aimed at institutional investors, corporations, and regulators. The firm is also available for short-term consulting and research advisory projects. Approaching the third year since its inception, the firm has collaborated with over 25 companies (in North America and overseas; plant touching and service providers; public and private), both on an on-going basis as well for specific projects. At various points in his career, Pablo Zuanic was ranked in the Institutional Investor magazine surveys and was called as expert witness in industry investigations. He has a deep global background having covered stocks over the past 20 years in the US, Europe, Latin America, and Asia, across consumer sub sectors. Prior employers include JP Morgan, Barings, and Cantor Fitzgerald. An MBA graduate of Harvard Business School, he started his career as a management consultant, which brings a strategic mindset to his approach to equity research. *He can be contacted via the company's portal www.zuanicassociates.com; via email at pablo.zuanic@zuanicgroup.com; or via X @420Odysseus.*



Disclosures and Disclaimers

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

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