

6/17/2024

Rescheduling: What's Next

Cannabis Sector Equity Research



Pablo Zuanic
ZUANIC & ASSOCIATES
pablo.zuanic@zuanicgroup.com
[420Odysseus](http://420Odysseus.com); www.zuanicassociates.com



Summary

We hosted a call on 6/10/24 with Kelly Fair (Partner at Dentons), David Culver (SVP Public Affairs at the US Cannabis Council), and John Sullivan (EVP Public Affairs at Cresco Labs), to discuss the latest on the rescheduling process and timeline. Key take-aways,

- The three speakers believe the Final Rule will be completed and published in the Federal Register before November. Even though the timing and length of the hearings (quite likely to take place), of the Administrative Law Judge report, and the time the DEA/DOJ take to write the Final Rule report, are not set as per statute, they are confident the process is moving in such a way this will be completed before the election (at least in regard to the Final Rule being published).
- Supposedly, the DEA's concerns (DEA had not signed the draft rule) will be assuaged with new evidence coming through in the public comment period. But given the OLC Opinion gave deference to the DOJ over the DEA in the rescheduling process, our speakers said the DEA signature is not necessary (and this would have no bearing on a hypothetical judicial review, which would take place during the 30 days after the publication of the Final Rule).
- Our speakers also expect that together with rescheduling, the DOJ will issue some form of memorandum that will provide safe harbor from enforcement (given the fact that cannabis would remain federally illegal, even with rescheduling as drafted) to financial institutions and various federal agencies. While this is separate and not required as part of the administrative process of rescheduling, our speakers believe the DOJ will act on the matter. The timing here is unclear to us, but we assume it is done before Inauguration Day.
- Regarding the Trump factor (will he opine on the subject before the election? as soon as the 6/27 debate?), in case he wins the election, a) a Congressional Review (as per the CRA) could be triggered in the new session after 1/20/25, if a member of Congress calls for a "resolution of disapproval", but it is unlikely both chambers would agree via majority vote to reverse the rescheduling rule, according to our speakers; b) if he wants to reverse rescheduling, then his AG would have to begin an entire rescheduling review process all over again (the current one will take about two years), which would be unlikely to succeed based on scientific and legal grounds, according to our speakers.
- With the MSOS ETF closing at 6.99 on Friday 6/14 (down 38% from the 11.26 peak of 4/30, when AP reported the DOJ had started the rulemaking process), the markets seem to be saying nothing will happen this year. We disagree and see this as a buying opportunity. But technical factors (short term traders, liquidity issues, limited institutional capital) and lack of very near-term catalysts probably cap the "30-day" upside.
- Key next catalysts: a) time to request hearings ends on 6/20 (are there "valid" requests?), b) DEA decision to grant hearings and appoint an ALJ (we assume sometime post 7/22,



when the public comment period ends); c) tone of hearings (August?) and time of when ALJ send his/her report to DOJ/DEA; d) publication of Final Rule in the Federal Register (Sep/Oct?)

- For the entire 70-minute call, here is the [video link to our 6/10 call](#). Also, see our two most recent reports on the subject: [Rescheduling: Next Catalysts](#) (5/6) and [Rescheduling: Assessing the Timeline](#) (5/17).

Notes from Our 70-Minute Call

On the hearing process and the ALJ report.

- The deadline to request a hearing closes on June 20th (public comment period ends on 7/22), and the DEA decides who can be granted a hearing. Only “interested persons” can request a hearing; these are people/groups that can state with “particularity” that they are an “interested person” and that they are adversely impacted by the proposed rule. The DEA Director has discretion on deciding in which case to grant a hearing.
- As of the time of our call on 6/10, there had been two requests only. In the view of Kelly Fair, only one was well written and had a shot at getting a hearing: this request claims that the definition of THC, as per the proposed rule, is too broad, and that it could bring unscheduled cannabinoids into schedule III.
- Once the hearing is granted, an Administrative Law Judge (ALJ) is assigned. The ALJ mandate is to ensure the hearing process is done “as efficiently as possible”. The ALJ has great discretion in terms of consolidating issues into one hearing, ensuring evidence is not unduly duplicative (to avoid filibustering), and truncating matters to speed up the process (i.e., issues that can be adjudicated together).
- There is no exact timeline (not per statute) as to how long the hearing process can take. Kelly Fair opined it could take days, as well as 30-60 days, but it is not a process that should stall and take “months and months”. It will depend partly on how many requests are accepted, and about what are “the issues of law and fact”.
- It is unclear when the hearings would begin; they could be held as early as July (as the deadline to request a hearing is 6/20), or they might wait until the public comment period ends on 7/22. The latter is more likely, so the ALJ can have a full docket of comments.
- Once the hearings are done (by August, potentially), the ALJ reviews the record and makes a final recommendation (not binding) to the DEA, which has the final discretion to write the final rule. Again, there is no exact timeline by when the ALJ must have written its final opinion, but we assume the ALJ would be done sometime in August.



Once the ALJ has submitted the report, then the DEA/DOJ will need to write the final rule; our speakers believe this would be out before November (by Sep/Oct).

- The overarching assumption is that the Executive branch wants to have the process done expeditiously as well as deliberately, covering all the bases. The latter means the process can stand up to legal challenges (not “arbitrary or capricious”), and that all interested parties get due process.
- Supposedly, the preamble is already in place. While the ALJ report, hearings, and public comment period, will produce new information, the final rulemaking report is already partly written. Hence, our speakers believe the final rule could be out before the Nov election.
- Once the Final Rule is published in the Federal Register, 30 days must pass before it is fully implemented. During that time judicial challenges may come forward (judicial review period; but a “stay” is unlikely, in our view).

DEA signature required?

- The assumption is that the public comment period will provide further information and proof (of the medical benefits of cannabis) to assuage any concerns the DEA may have.
- Some of the DEA concerns revolve around the need for a 5 or 8-factor approach vs. the 2-factor approach used by the HHS, in regard to proving the medical benefits of cannabis and of limited potential for abuse.
- But given the OLC gave deference to the AG in the rescheduling process, our speakers stated the DEA signature is not needed.
- The speakers do not believe the lack of a DEA signature would have bearing on the judicial review period – the assumption is that lack of a DEA signature does not weaken the standing of the rescheduling review process.

Potential for a Cole Memo II and the Office of Legal Counsel’s (OLC) call for “additional regulatory actions” (as per the proposed draft rule).

- The OLC call is about ensuring rescheduling does not impact US law or the US being compliant with international treaty obligations. The example was raised of the eight companies authorized by the DEA to cultivate cannabis for research purposes.
- But this does not mean the OLC is calling for additional regulations (or for a so-called Cole Memo II). Whether there is a Cole Memo II is a separate matter – this is not what the OLC is calling for per se.



- All that said, David Culver and John Sullivan, expect the DOJ will produce some form of memorandum to provide safe harbor to financial institutions serving the industry, as well as for other agencies working in matters related to cannabis (immigration policy, federal housing policy). The industry is calling for these safe harbor guidelines. Both feel confident that the administration will pass this memorandum, once Schedule III is passed.
- While the benefits from rescheduling are multiple (less stigma for medical cannabis users; it opens a new lane for THC pharmaceuticals to be approved in the future; it provides tax relief for the state-regulated cannabis industry; normalizes future cannabis legislation reform discussions at the state and federal level), cannabis would remain federally illegal. Hence the need for safe harbor provisions and guidance.

Congressional Review Act (CRA).

- The CRA law was passed to prevent any outgoing administration from implementing any dramatic new rules (especially if these were at odds with the new incoming Congress and Administration).
- The cut-off date is based on when the congressional session ends (this year the cut-off is in early August; potentially 8/6). So, to avoid a review, it would have to be announced and shared with Congress before that cutoff date.
- While opinions vary, we are doubtful the final rule will be out before the cutoff date. But ultimately, the new Senate and House would have to vote against the rescheduling rule (majority vote needed), and this may be unlikely given positive polling around cannabis in general (medical cannabis polls at 90%). Still, it is a risk to keep in mind post 1/20/25.
- Any member of Congress can call for a “resolution of disapproval” (ROD) and have an expedited vote (within 60 legislative days). But whether this gets passed is a separate matter. Both chambers would need to have a majority vote supporting the ROD. So, the CRA matter may be a non-issue, even if the final rule is published after the cutoff date.
- The timing of the Final Rule being implemented is unrelated to the CRA. We could have a situation where the Final Rule is implemented in Sep or Oct, and the CRA does not come into play until after Inauguration date (1/20/25). But as already mentioned, even in the case of a CRA vote in Feb/Mar 2025, our speakers believe it would be unlikely a resolution of disapproval would get the votes needed).

Table 1: Companies mentioned in this report.

| Company name | Ticker | Ticker | Rating |
|-------------------------|--------|--------|------------|
| US MSOs | | | |
| 4Front Ventures | | FFNTF | Not rated |
| Acreage Holdings | | ACRDF | 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 |
| Gold Flora | | GRAM | Overweight |
| Goodness Growth | | GDNSF | Not rated |
| Greenlane Holdings | | GNLN | 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 | will cover |
| StateHouse Holdings Inc | | STHZF | Neutral |
| TerrAscend | | TSNDF | Not rated |
| TILT Holdings | | TLLTF | Overweight |
| Trulieve Cannabis | | TCNNF | will cover |
| Verano Holdings | | VRNOF | Overweight |
| Vext Science, Inc. | | VEXTF | will cover |

Source: Z&A

| Company name | Ticker | Rating |
|---------------------------|--------|------------|
| Canada LPs | | |
| Aurora Cannabis | ACB | will cover |
| Auxly Cannabis Group | CBWTF | not rated |
| Avant Brands | AVTBF | not rated |
| Avicanna | AVCN | will cover |
| BZAM | BZAMF | not rated |
| Cannara Biotech | LOVFF | not rated |
| Canopy Growth Corporation | CGC | will cover |
| Cronos Group | CRON | not rated |
| Decibel Cannabis Co | DBCCF | Overweight |
| Organigram Holdings | OGI | will cover |
| Rubicon Organics | ROMJF | will cover |
| SNDL | SNDL | will cover |
| Tilray Brands | TLRY | will cover |
| Village Farms Intl | VFF | Overweight |
| Other | | |
| Chicago Atlantic REFC | REFI | Overweight |
| Intercure | INCR | Overweight |
| Irwin Naturals | IWINF | Not rated |
| Ispire Technology | SMORF | will cover |
| Leafly | LFLY | Not rated |
| New Lake Capital Partners | NLCP | Overweight |
| Smooore International | SMORF | will cover |
| Springbig | SBIG | Not rated |
| WM Technology | MAPS | Neutral |



Appendix I: Valuation Comps

Zuanic & Associates

Exhibit 1: MSOs Valuation Multiples

| US\$Mn 14-Jun-24 | Z&A Spot EV / Sales | | | Z&A Spot EV / EBITDA | | | Financial Net Debt | | | | Broadly Defined Net Debt | | | | |
|---------------------|---------------------|-------------|-------------|----------------------|-------------|-------------|--------------------|---------|--------|---------|--------------------------|---------|--------|---------|--|
| | 2023 | 2024 | 2025 | 2023 | 2024 | 2025 | Sales | | EBITDA | | Sales | | EBITDA | | |
| | | | | | | | CY24 | Current | CY24 | Current | CY24 | Current | CY24 | Current | |
| US MSOs | 1.8x | 1.6x | 1.4x | 11.2x | 8.8x | 7.0x | | | | | | | | | |
| Acreage Holdings | 0.3x | 1.2x | na | 2.8x | 5.9x | na | -0.8x | -0.9x | -4.2x | -8.1x | -1.0x | -1.1x | -4.9x | -9.5x | |
| Ascend Wellness | 1.3x | 1.2x | 1.1x | 6.4x | 5.3x | 4.7x | -0.4x | -0.4x | -1.9x | -2.0x | -0.8x | -0.8x | -3.7x | -4.0x | |
| Ayr Wellness | 1.3x | 1.2x | 1.1x | 5.3x | 4.9x | 4.2x | -0.8x | -0.8x | -3.1x | -3.4x | -0.7x | -0.7x | -2.7x | -3.0x | |
| Cannabist Co | 0.8x | 0.8x | 0.7x | 6.0x | 5.8x | 4.1x | -0.5x | -0.5x | -3.8x | -3.3x | -0.7x | -0.7x | -4.7x | -4.2x | |
| Cansortium | 1.2x | na | na | 3.5x | na | na | na | na | na | na | na | na | na | na | |
| Cresco Labs | 1.7x | 1.7x | 1.6x | 7.4x | 6.2x | 5.8x | -0.5x | -0.5x | -1.9x | -2.0x | -0.7x | -0.7x | -2.7x | -2.8x | |
| Curaleaf | 3.1x | 3.0x | 2.8x | 13.9x | 12.4x | 10.7x | -0.5x | -0.5x | -2.0x | -3.2x | -0.8x | -0.8x | -3.3x | -5.3x | |
| 4Front Ventures | 2.2x | 2.4x | na | 21.6x | 13.3x | na | -0.9x | -0.9x | -4.8x | -5.7x | -1.5x | -1.5x | -8.2x | -9.7x | |
| Glass House | 4.3x | 3.2x | na | 28.1x | 13.6x | na | -0.1x | na | -0.5x | na | -0.4x | -0.4x | -1.5x | -1.8x | |
| Gold Flora | 1.1x | 1.0x | 0.9x | na | 23.0x | 4.7x | na | -0.2x | na | na | na | -0.6x | na | na | |
| Goodness Growth | 0.9x | 0.8x | na | 4.7x | 3.7x | na | -0.5x | -0.5x | -2.3x | -1.8x | -0.6x | -0.6x | -2.7x | -2.1x | |
| Green Thumb | 2.8x | 2.6x | 2.5x | 9.1x | 8.4x | 8.0x | -0.1x | -0.1x | -0.4x | -0.4x | -0.2x | -0.2x | -0.6x | -0.6x | |
| Grown Rogue | 4.7x | na | na | 20.0x | na | na | na | na | na | na | na | na | na | na | |
| iAnthus | 1.5x | na | na | na | na | na | na | -0.8x | na | -7.5x | na | -0.9x | na | -8.0x | |
| Jushi | 1.5x | 1.5x | 1.4x | 9.9x | 7.3x | 6.3x | -0.7x | -0.7x | -3.2x | -8.4x | -1.1x | -1.1x | -5.3x | -13.9x | |
| MariMed | 1.1x | 1.0x | 0.8x | 6.6x | 6.6x | 4.0x | -0.3x | -0.3x | -2.1x | -2.2x | -0.4x | -0.5x | -2.8x | -2.9x | |
| Planet 13 | 1.6x | 1.2x | 0.9x | -6.8x | 14.5x | 5.6x | 0.1x | 0.1x | 0.9x | 10.4x | 0.0x | -0.1x | -0.5x | -6.6x | |
| Schwazze | 1.3x | 1.3x | na | 4.3x | 5.6x | na | -0.8x | -0.7x | -3.4x | -2.4x | -0.9x | -0.8x | -3.9x | -2.8x | |
| StateHouse | 1.9x | na | na | na | na | na | na | -1.1x | na | -57.5x | na | -1.8x | na | -92.6x | |
| TerrAscend | 2.3x | 2.2x | 2.0x | 10.7x | 10.5x | 9.0x | -0.6x | -0.5x | -2.7x | -1.9x | -0.8x | -0.7x | -3.7x | -2.7x | |
| TILT | 0.7x | 0.8x | 0.6x | 55.8x | na | 20.0x | -0.4x | -0.3x | -41.9x | -6.7x | -0.7x | -0.6x | -76.4x | -12.1x | |
| Trulieve | 2.0x | 1.9x | 1.8x | 7.0x | 6.0x | 5.9x | -0.5x | -0.5x | -1.4x | -1.7x | -0.5x | -0.6x | -1.7x | -2.1x | |
| Verano | 1.7x | 1.8x | 1.6x | 5.4x | 5.7x | 5.1x | -0.3x | -0.3x | -0.9x | -0.8x | -0.6x | -0.5x | -1.8x | -1.5x | |
| Vext | 2.1x | 1.8x | na | 13.2x | 7.5x | na | -0.9x | -1.1x | -3.6x | -8.1x | -0.9x | -1.1x | -3.6x | -8.1x | |

1) By "current", we mean the latest reported qtr annualized; 2) Multiples calculated using FactSet consensus (when available) for 2023, 2024, and 2025

3) As there are no consensus estimates for Cansortium, Grown Rogue, iAnthus, and StateHouse, we take "current" sales for each of them

Source: FactSet and company reports



17 June 2024

Rescheduling: Next Catalysts and Key Dates

Exhibit 2: MSOs EV Calculations

| US\$Mn 14-Jun-24 | 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 | | | | | | | | | | | | | |
| Acreage Holdings | 249 | 299 | 0.29 | 139.9 | 29.7 | 49 | -214 | -2 | -34 | | | -250 | |
| Ascend Wellness | 692 | 677 | 0.92 | 211.5 | 13.3 | 207 | -238 | -134 | -99 | | | -470 | |
| Ayr Wellness | 702 | 600 | 1.82 | 114.0 | 31.1 | 264 | -382 | 5 | -13 | 0 | 55 | -336 | |
| Cannabist Co | 585 | 417 | 0.18 | 429.3 | | 76 | -272 | -23 | -45 | 0 | | -340 | |
| Cansortium | 140 | 124 | 0.14 | 298.3 | 6.3 | 43 | -49 | -7 | -26 | | | -81 | |
| Cresco Labs | 1,094 | 1,282 | 1.62 | 438.2 | 9.8 | 726 | -395 | -56 | -98 | -7 | | -556 | |
| Curaleaf | 3,572 | 4,226 | 4.01 | 738.1 | 7.9 | 2,991 | -672 | -18 | -345 | -81 | | -1,115 | 119 |
| 4Front Ventures | 282 | 217 | 0.09 | 916.2 | 20.2 | 83 | -79 | -8 | -40 | -6 | 0 | -134 | |
| Glass House | 467 | 688 | 6.85 | 75.7 | 3.2 | 540 | -26 | 0 | -21 | -29 | | -76 | 72 |
| Gold Flora | 130 | 136 | 0.19 | 287.6 | 0.2 | 54 | -32 | -33 | -13 | -4 | | -82 | |
| Goodness Growth | 117 | 80 | 0.48 | 45.3 | | 22 | -50 | -8 | | | | -58 | |
| Green Thumb | 2,801 | 2,978 | 11.40 | 236.1 | 7.1 | 2,772 | -147 | -23 | -11 | -33 | 9 | -206 | |
| Grown Rogue | 75 | 118 | 0.69 | 170.8 | | 118 | 4 | -3 | 0 | 0 | | 0 | |
| iAnthus | 110 | 265 | 0.02 | 6,510.5 | | 110 | -146 | -9 | | | | -155 | |
| Jushi | 378 | 404 | 0.55 | 196.6 | 1.1 | 109 | -179 | 1 | -117 | | | -295 | |
| MariMed | 157 | 164 | 0.19 | 379.6 | 5.7 | 74 | -53 | -1 | -16 | | | -70 | 19 |
| Planet 13 | 118 | 162 | 0.48 | 321.8 | 0.3 | 156 | 10 | -6 | -5 | -5 | | -6 | |
| Schwazze | 203 | 230 | 0.42 | 171.3 | | 71 | -138 | -3 | -18 | 0 | | -159 | |
| StateHouse | 143 | 190 | 0.01 | 255.6 | 141.0 | 4 | -114 | -13 | -39 | -24 | 7 | -184 | 2 |
| TerrAscend | 607 | 739 | 1.31 | 351.2 | 15.3 | 481 | -186 | -7 | -59 | -6 | | -258 | |
| TILT | 117 | 115 | 0.03 | 384.8 | 10.9 | 12 | -56 | -43 | -3 | | | -102 | |
| Trulieve | 1,581 | 2,247 | 8.50 | 186.0 | 3.3 | 1,609 | -537 | -16 | -81 | -4 | | -639 | |
| Verano | 1,452 | 1,640 | 3.15 | 343.5 | 9.8 | 1,113 | -271 | -4 | -248 | -4 | | -527 | |
| Vext | 54 | 73 | 0.17 | 217.5 | 0.4 | 38 | -35 | 0 | | | | -35 | |

Source: FactSet and company reports

Exhibit 3: Canada LPs Valuation Multiples

| Multiples 14-Jun-24 | Z&A Spot EV / Sales | | | Z&A Spot EV / EBITDA | | | Financial Net Debt | | | | Broadly Defined Net Debt | | | | |
|-----------------------------------|---------------------|------|------|----------------------|--------|---------|--------------------|-------|---------|-------|--------------------------|-------|---------|-------|--------|
| | | | | | | | Sales | | EBITDA | | Sales | | EBITDA | | |
| | Current | 2024 | 2025 | Current | 2024 | 2025 | Current | CY24 | Current | CY24 | Current | CY24 | Current | CY24 | |
| Aurora Cannabis Inc. | 1.6x | na | na | 23.7x | na | na | na | na | na | na | na | 0.1x | na | 1.7x | na |
| Auxly Cannabis Group Inc. | 0.7x | na | na | 8.3x | na | na | -0.1x | na | -1.6x | na | na | -0.3x | na | -3.5x | na |
| Avant Brands Inc | 1.8x | na | na | -36.5x | na | na | -0.4x | na | 7.6x | na | na | -0.9x | na | 18.0x | na |
| BZAM Ltd | 0.6x | na | na | 5.3x | na | na | -0.3x | na | -3.1x | na | na | -0.5x | na | -4.6x | na |
| Cannara Biotech | 0.6x | na | na | 2.2x | na | na | -0.6x | na | -2.2x | na | na | -0.6x | na | -2.2x | na |
| Canopy Growth Corporation | 1.5x | 1.9x | 1.6x | -13.4x | -22.9x | 1691.6x | -1.4x | -1.7x | 11.8x | 20.3x | na | -1.2x | -1.5x | 10.5x | 18.0x |
| Cronos Group Inc | 0.8x | 0.7x | 0.5x | -0.3x | -2.1x | -5.5x | na | na | na | na | na | 9.2x | 8.2x | -3.8x | -23.8x |
| Decibel Cannabis Company Inc | 0.6x | 0.7x | 0.6x | 3.3x | 3.4x | 2.5x | -0.3x | -0.4x | -1.8x | -1.9x | na | -0.3x | -0.4x | -1.8x | -1.8x |
| High Tide, Inc. | 0.5x | 0.5x | 0.4x | 15.9x | 7.2x | 5.3x | 0.0x | 0.0x | -0.7x | -0.3x | na | 0.0x | 0.0x | -0.9x | -0.4x |
| Nova Cannabis Inc | 0.3x | 0.3x | 0.3x | 3.2x | 3.7x | 2.5x | 0.0x | 0.0x | 0.0x | -0.1x | na | 0.0x | 0.0x | -0.4x | -0.4x |
| OrganiGram Holdings Inc | 0.9x | 0.9x | 0.8x | -7.9x | 68.1x | 14.2x | na | na | na | na | na | 0.5x | 0.5x | -4.3x | 36.5x |
| Rubicon Organics, Inc. | 0.8x | na | na | 6.1x | na | na | -0.1x | na | -0.6x | na | na | -0.1x | na | -0.6x | na |
| SNDL Inc. | 0.6x | 0.6x | 0.6x | 39.8x | 22.1x | na | na | na | na | na | na | 0.2x | 0.2x | 12.7x | 7.1x |
| Tilray Brands, Inc. | 2.1x | 1.9x | 1.7x | 40.2x | 18.7x | 12.1x | -0.2x | -0.2x | -4.1x | -1.9x | na | -0.3x | -0.3x | -6.0x | -2.8x |
| Village Farms International, Inc. | 0.5x | 0.5x | 0.4x | -55.7x | 11.4x | 7.2x | -0.1x | -0.1x | 7.0x | -1.4x | na | -0.1x | -0.1x | 7.4x | -1.5x |

Source: FactSet and company reports

Exhibit 4: Canada LPs EV Calculations

| C\$Mn 14-Jun-24 | Z&A Spot EV | C\$ price | mn shares | mn deriv | Total Mkt Cap | Financial net debt | Net leases | ST income tax liab. | Conting Cons. | ITM deriv inflow | Total BDND | Pref Stock Min Int |
|-----------------------------------|----------------|--------------|--------------|-------------|------------------|-----------------------|---------------|------------------------|------------------|---------------------|---------------|-----------------------|
| Aurora Cannabis Inc. | 412 | 7.85 | 54.5 | 1.6 | 441 | 89 | -48 | 0 | -11 | 0 | 30 | |
| Auxly Cannabis Group Inc. | 76 | 0.03 | 1,250.3 | 249.9 | 44 | -15 | -17 | 0 | 0 | 0 | -32 | |
| Avant Brands Inc | 36 | 0.07 | 258.3 | 3.4 | 18 | -7 | -10 | 0 | 0 | 0 | -18 | |
| BZAM Ltd | 52 | 0.04 | 180.8 | 0.2 | 7 | -31 | -14 | 0 | 0 | 0 | -45 | |
| Cannara Biotech | 46 | 0.69 | 0.0 | 0.0 | 0 | -45 | 0 | -1 | 0 | 0 | -46 | |
| Canopy Growth Corporation | 482 | 9.91 | 9.1 | 1.4 | 104 | -426 | 0 | 0 | 0 | 48 | -378 | |
| Cronos Group Inc | 102 | 3.26 | 382.0 | 7.8 | 1,269 | 1,170 | -2 | 0 | 0 | 0 | 1,168 | |
| Decibel Cannabis Company Inc | 67 | 0.07 | 409.0 | 15.8 | 30 | -38 | 1 | 0 | 0 | 0 | -37 | |
| High Tide, Inc. | 270 | 3.37 | 75.1 | 0.5 | 254 | -12 | -4 | 0 | 0 | 0 | -16 | |
| Nova Cannabis Inc | 81 | 1.26 | 57.2 | 0.0 | 72 | -1 | -8 | 0 | 0 | 0 | -9 | |
| OrganiGram Holdings Inc | 135 | 2.09 | 94.5 | 5.0 | 208 | 72 | 0 | 0 | 0 | 0 | 72 | |
| Rubicon Organics, Inc. | 31 | 0.47 | 56.2 | 4.1 | 29 | -3 | 0 | 0 | 0 | 0 | -3 | |
| SNDL Inc. | 554 | 2.67 | 263.2 | 10.9 | 731 | 217 | -40 | 0 | 0 | 0 | 177 | |
| Tilray Brands, Inc. | 2,221 | 2.33 | 799.0 | 0.0 | 1,859 | -224 | -85 | 0 | -19 | 0 | -329 | 34 |
| Village Farms International, Inc. | 199 | 1.36 | 110.2 | 0.0 | 150 | -25 | -1 | 0 | 0 | 0 | -26 | 22 |

Source: FactSet and company reports

Exhibit 5: Other MJ Related Stocks

| US\$m | Company name | Ticker | Listing | 6/14/24 | Mkt | Net | Ent | Last Qtr Annualized | 1yr Forward Consensus | Consensus | | Cons | Net debt | | |
|--|--|--------|--------------|---------|--------|---------|--------|---------------------|-------------------------|-----------|-----------|--------|----------|-------|------------|
| | | | | Price | Cap | | | | | (mn) | (Debt) | | | Value | EV/Sales |
| | | | US\$ | US\$ MN | Shares | | | EV/Sales | EV/EBITDA | EV/Sales | EV/EBITDA | Sales | EBITDA | mgn % | 1yF EBITDA |
| Service Providers | | | | | | | | | | | | | | | |
| | AFC Gamma, Inc. | AFCG | NASDAQ | 12.40 | 254 | 20.5 | -8 | 262 | <i>finco</i> | 3.8x | #N/A | 70 | #N/A | #N/A | #N/A |
| | Agrify Corp. | AGFY | NASDAQ | 0.27 | 0 | 1.7 | -23 | 23 | <i>finco</i> | #N/A | #N/A | #N/A | #N/A | #N/A | #N/A |
| | Chicago Atlantic Real Estate Finance, Inc. | REFI | NASDAQ | 15.76 | 287 | 18.2 | -58 | 345 | <i>finco</i> | 5.8x | #N/A | 60 | #N/A | #N/A | #N/A |
| | Innovative Industrial Properties Inc | IIPR | NYSE | 106.62 | 3,000 | 28.1 | -139 | 3,139 | <i>finco</i> | 9.9x | 12.4x | 318 | 254 | 80% | -0.5x |
| | NewLake Capital Partners, Inc. | NLCP | US OTC | 19.99 | 410 | 20.5 | 24 | 386 | <i>finco</i> | 7.7x | #N/A | 50 | #N/A | #N/A | #N/A |
| | Power REIT | PW | NYSE America | 0.71 | 2 | 3.4 | -32 | 34 | <i>finco</i> | #N/A | #N/A | #N/A | #N/A | #N/A | #N/A |
| | RIV Capital, Inc. Class A | CNPOF | US OTC | 0.11 | 14 | 136.2 | -42 | 57 | <i>finco</i> | #N/A | #N/A | #N/A | #N/A | #N/A | #N/A |
| | SHF Holdings Inc Class A | SHFS | NASDAQ | 0.61 | 33 | 54.6 | -12 | 45 | <i>finco</i> | #N/A | #N/A | #N/A | #N/A | #N/A | #N/A |
| | Silver Spike Investment Corp. | SSIC | NASDAQ | 11.85 | 74 | 6.2 | 33 | 41 | <i>finco</i> | 3.4x | #N/A | 12 | #N/A | #N/A | #N/A |
| | Leafly Holdings, Inc. | LFly | NASDAQ | 2.38 | 5 | 2.2 | -14 | 19 | <i>tech</i> | 0.5x | -5.5x | 36 | -3 | -10% | 4.0x |
| | SpringBig Holdings, Inc. | SBIG | US OTC | 0.15 | 7 | 45.3 | -6 | 13 | <i>tech</i> | 0.4x | 2.4x | 32 | 5 | 17% | -1.2x |
| | WM Technology, Inc. Class A | MAPS | NASDAQ | 1.00 | 55 | 55.5 | 0 | 55 | <i>tech</i> | 0.3x | 1.6x | 191 | 34 | 18% | 0.0x |
| | Greenlane Holdings, Inc. Class A | GNLN | NASDAQ | 0.51 | 1 | 1.6 | -8 | 8 | <i>vape parts</i> | #N/A | #N/A | #N/A | #N/A | #N/A | #N/A |
| | GrowGeneration Corp. | GRWG | NASDAQ | 2.42 | 149 | 61.5 | 23 | 126 | <i>pix & shovel</i> | 0.6x | -267.5x | 216 | 0 | 0% | -47.7x |
| | Hydrofarm Holdings Group, Inc. | HYFM | NASDAQ | 0.78 | 36 | 45.8 | -154 | 189 | <i>pix & shovel</i> | 0.9x | 25.1x | 202 | 8 | 4% | -20.3x |
| | Scotts Miracle-Gro Company Class A | SMG | NYSE | 66.38 | 3,750 | 56.5 | -2,874 | 6,625 | <i>pix & shovel</i> | 1.8x | 11.6x | 3,592 | 573 | 16% | -5.0x |
| | urban-gro Inc | UGRO | NASDAQ | 1.35 | 16 | 12.1 | -4 | 20 | <i>pix & shovel</i> | 0.2x | 31.1x | 91 | 1 | 1% | -6.3x |
| CBD, CPG, Pharma, International | | | | | | | | | | | | | | | |
| | Charlotte's Web Holdings, Inc. | CWBHF | US OTC | 0.16 | 25 | 154.3 | -13 | 37 | <i>CBD</i> | 0.6x | -2.4x | 58 | -16 | -27% | 0.8x |
| | Clever Leaves Holdings, Inc. | CLVR | US OTC | 3.17 | 5 | 1.7 | 4 | 2 | <i>CBD</i> | #N/A | #N/A | #N/A | #N/A | #N/A | #N/A |
| | CV Sciences, Inc. | CVSI | US OTC | 0.08 | 14 | 161.7 | 1 | 13 | <i>CBD</i> | #N/A | #N/A | #N/A | #N/A | #N/A | #N/A |
| | Turning Point Brands Inc | TPB | NYSE | 30.75 | 541 | 17.6 | -260 | 801 | <i>CPG</i> | 2.0x | 7.9x | 395 | 101 | 26% | -2.6x |
| | IM Cannabis Corp | IMCC | NASDAQ | 0.46 | 6 | 13.4 | -9 | 15 | <i>Intl</i> | 0.4x | -8.6x | 42 | -2 | -4% | 5.1x |
| | InterCure Ltd. | INCR | NASDAQ | 2.36 | 108 | 45.6 | -24 | 131 | <i>Intl</i> | 1.3x | 11.4x | 99 | 11 | 12% | -2.1x |
| | Ispire Technology, Inc. | ISPR | NASDAQ | 7.14 | 387 | 54.2 | 45 | 342 | <i>Intl</i> | 1.5x | 20.4x | 228 | 17 | 7% | 2.7x |
| | Little Green Pharma Ltd. | LGPPF | US OTC | #N/A | #N/A | 300.1 | 0 | #N/A | <i>Intl</i> | #N/A | #N/A | 31 | 1 | 3% | 0.0x |
| | PharmaCielo Ltd. | PCLOF | US OTC | 0.11 | 17 | 155.0 | -9 | 26 | <i>Intl</i> | #N/A | #N/A | #N/A | #N/A | #N/A | #N/A |
| | Smooere International Holdings Limited | SMORF | US OTC | 1.22 | 7,444 | 6,101.8 | 2,171 | 5,273 | <i>Intl</i> | 0.4x | 2.0x | 14,164 | 2,675 | 19% | 0.8x |
| | Jazz Pharmaceuticals Public Limited Con | JAZZ | NASDAQ | 112.91 | 7,029 | 62.3 | -4,170 | 11,200 | <i>pharma</i> | 2.7x | 6.1x | 4,190 | 1,822 | 43% | -2.3x |

Source: FactSet and company reports

Exhibit 6: Stocks Performance

| 14-Jun-24 | Stock Performance | | |
|----------------|-------------------|----------|-----------|
| Ticker | Last 30d | Last 90d | Last 12mo |
| US MSOs | | | |
| AAWH | -32% | -21% | 32% |
| ACRDF | -34% | 24% | -15% |
| AYRWF | -29% | -10% | 114% |
| CBSTF | -37% | -30% | -62% |
| CNTMF | -20% | -27% | 71% |
| CRLBF | -20% | -14% | -2% |
| CURLF | -32% | -19% | 34% |
| CXXIF | -34% | -23% | -5% |
| FFNTF | -20% | -11% | -36% |
| GLASF | -29% | -6% | 77% |
| GRAMF | -19% | -19% | 3% |
| GDNSF | -13% | 13% | 219% |
| GRUSF | -6% | 29% | 360% |
| GTBIF | -12% | -11% | 49% |
| ITHUF | -10% | 0% | 19% |
| JUSHF | -20% | -22% | 35% |
| LOWLF | -40% | -61% | -84% |
| MRMD | -24% | -26% | -52% |
| PLNH | -19% | -9% | -14% |
| SHWZ | -8% | -56% | -59% |
| STHZF | -64% | -80% | -76% |
| TCNNF | -28% | -22% | 108% |
| TLTFF | -11% | 6% | 21% |
| TSNDF | -26% | -23% | -19% |
| VEXTF | -26% | -15% | -13% |
| VRNOF | -44% | -41% | 15% |

| Stock Performance | | | |
|---------------------------------|----------|----------|-----------|
| Ticker | Last 30d | Last 90d | Last 12mo |
| Canadian LPs | | | |
| ACB | -18% | 81% | 6% |
| AVTBF | -13% | -32% | -53% |
| BZAMF | 94% | -25% | -84% |
| CBWTF | -43% | 81% | 79% |
| CGC | -25% | 135% | 8% |
| CRON | -19% | 13% | 38% |
| DBCCF | -38% | -36% | -48% |
| ETRGF | 0% | 14% | -33% |
| HITI | 7% | 35% | 89% |
| LOVFF | -12% | -29% | -32% |
| NVACF | 2% | -29% | 103% |
| OGI | -17% | -26% | -6% |
| ROMJF | 29% | 25% | 7% |
| SNDL | -26% | 39% | 39% |
| TLRY | -19% | -2% | 4% |
| VFF | -24% | 36% | 58% |
| Cannabis - International | | | |
| CLVR | 29% | 13% | -27% |
| IMCC | -36% | -5% | -57% |
| INCR | -27% | 149% | 101% |
| LGPPF | na | na | na |
| PCLOF | -15% | 11% | 35% |
| Tech | | | |
| LFLY | 31% | 8% | -63% |
| SBIG | -10% | -3% | -72% |
| MAPS | -9% | 8% | 1% |

| Stock Performance | | | |
|-------------------------|----------|----------|-----------|
| Ticker | Last 30d | Last 90d | Last 12mo |
| MJ Fincos | | | |
| AFCG | 0% | -1% | -1% |
| CNPOF | 9% | 37% | 17% |
| IIPR | -3% | 10% | 47% |
| NLCP | -2% | 18% | 67% |
| PW | 32% | 19% | -60% |
| SHFS | -21% | -31% | 1% |
| SSIC | 4% | 20% | 46% |
| REFI | 0% | -3% | 1% |
| Pix & Shovel | | | |
| AGFY | -9% | -29% | -93% |
| GRWG | -15% | 21% | -35% |
| HYFM | -17% | -1% | -22% |
| SMG | -6% | -3% | 5% |
| UGRO | -27% | -39% | 0% |
| Vape parts | | | |
| GNLN | -5% | 16% | -74% |
| ISPR | 20% | -31% | -3% |
| SMORF | 36% | 43% | 17% |
| TLLTF | -11% | 6% | 21% |
| Index | | | |
| S&P 500 | 4% | 6% | 24% |
| S&P 477 | -1% | 2% | 6% |
| Nasdaq | -3% | -2% | 15% |
| MSOS ETF | -28% | -21% | 28% |
| YOLO ETF | -17% | -3% | 29% |

Source: FactSet and company reports



Appendix II: Bio and Disclaimers

Zuanic & Associates



Analyst Bio

Pablo Zuanic is a well-known and highly rated equity analyst following the cannabis and psychedelics sector. Over the past four years he launched coverage of over 35 companies (MSOs, LPs, CBD, ancillary, psychedelics), kept close track of sectoral trends, and followed the reform process in the US and elsewhere. His firm Zuanic & Associates publishes equity research on the cannabis and psychedelics sectors, both from a macro/sectoral level in a thematic manner, as well as specific reports on listed stocks. The research service is aimed at institutional investors and corporations. The firm is also available for short term consulting and research advisory projects (www.zuanicassociates.com). At various points in his career, Pablo was II ranked and called as expert witness in industry investigations. He has a deep global background having covered stocks over the past 20 years in the US, Europe, Latin America, and Asia, across consumer sub sectors. Prior employers include JP Morgan, Barings, and Cantor Fitzgerald. An MBA graduate of Harvard Business School, he started his career as a management consultant, which brings a strategic mindset to his approach to equity research. Pablo can be contacted at pablo.zuanic@zuanicgroup.com.



Disclosures and Disclaimers

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

Analyst Certification: The publishing analyst, whose name appears on the front page of this report, certifies that the views expressed in this research report accurately reflects his personal views about the subject securities or issuers discussed in this report. His opinions and estimates are based on his best judgement at the time of publication and are subject to change without notice. As per the company's policy, the author of this report does not own shares in any company he covers.

Other: This report is for use by professional and or institutional investors only, and it is deemed impersonal investment advice, published on a bona fide and regular basis. This report is for informational purposes only and is based on publicly available data believed to be reliable, but no representation is made that such data are accurate or complete. As such, this report should not be regarded by its recipients as a substitute for obtaining independent investment advice and/or exercise of their own judgement. When making an investment decision this information should be viewed as just one factor in the investment decision process. Neither the publishing analyst, nor any of the company's officers and directors, accept any liability for any loss or damage arising out of the use of all or any part of the analyst's research.

Risks: The financial instruments mentioned in this report may not be suitable for all investors and investors must make their own investment decisions based on their specific investment objectives. Past performance should not be taken as an indication or guarantee of future performance. The price, value of and income from, any of the financial instruments featured in this report can rise as well as fall and be affected by changes in political, financial, and economic factors. If a financial instrument is denominated in a currency other than the investor's currency, a change in exchange rates may adversely affect the price or value of, or income derived from, the financial instrument, and such investors effectively assume currency risk.

Disclosure: Zuanic & Associates offers advisory and research services, and it also organizes investor events and conferences. The firm is often engaged by various operators in the cannabis industry (both plant touching companies and those providing services, private and public, in North America and overseas) on an ongoing or ad hoc basis. Several of the companies discussed in this report are paying customers of the services provided by the firm.

Copyright: No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the author.