



1/10/2024

Gold Flora (GRAM)

Initiation of coverage: Overweight

Key Highlights:

- California is the largest cannabis market in the US, and it is ripe for consolidation
- Few companies are as well-placed as Gold Flora to benefit from that trend
- The company already has the 3rd largest retail chain in the state and is top 9 in brands
- On our 2025 estimates, the stock only trades at 0.7x sales and 4x EBITDA
- We do not assign price targets, but 10-20x upside is not an unreasonable expectation

US\$Mn					
Sales	FY22	FY23	FY24	FY25	
1Q	nm	nm	35.3 E	45.7 E	
2Q	nm	nm	37.4 E	48.9 E	
3Q	nm	32.0 A	39.3 E	51.4 E	
4Q	nm	31.3 E	43.0 E	53.5 E	
FY	nm	nm	155.0 E	199.5 E	
EBITDA	FY22	FY23	FY24	FY25	
1Q	nm	nm	-0.1 E	6.3 E	
2Q	nm	nm	1.3 E	7.5 E	
3Q	nm	-1.7 A	2.8 E	9.5 E	
4Q	nm	-2.3 E	5.1 E	10.8 E	
FY	nm	nm	9.1 E	34.1 E	
Share price (US\$) \$0.21					
Share count (mn) 288.6					
Market Cap (C\$Mn) 60					
Ticker GRAM					
Rating Overweight					
Price target No PT					
Fiscal Year Dec					

FCF	FY22	FY23	FY24	FY25	
1Q	nm	nm	-6.0 E	-1.6 E	
2Q	nm	nm	-7.4 E	-0.2 E	
3Q	nm	-25.6 A	-6.3 E	0.6 E	
4Q	nm	-12.9 E	-2.1 E	1.0 E	
FY	nm		-21.8 E	-0.3 E	
Net Debt	FY22	FY23	FY24	FY25	
1Q	nm	nm A	-35.3 E	-52.7 E	
2Q	nm	nm A	-42.7 E	-52.9 E	
3Q	nm	-16.5 A	-48.9 E	-52.3 E	
4Q	nm	-29.3 E	-51.1 E	-51.4 E	
Performance	GRAM	MSOS	S&P500		
30d	73%	1%	3%		
90d	43%	5%	9%		
1yr	-4%	7%	22%		

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Investment Summary

We initiate coverage of Gold Flora with an Overweight rating. Whether one takes the bull or bear case regarding California's cannabis market, we believe the state is ripe for consolidation, and the more efficient operators, with strong brands, well-performing stores, true vertical integration, and strong balance sheets, should be well-placed to benefit. With MSOs having mostly exited the state, we expect consolidation to be led by the larger cannabis groups within CA. Few companies are as well-placed as Gold Flora to benefit from that trend, in our view. The company (the result of a merger between The Parent company and Gold Flora) already has the 3rd largest retail chain in the state, is in the top 9 in brands, is truly integrated with strong cultivation, and has \$32Mn cash in the balance sheet. On our 2025 estimates, the stock only trades at 0.7x sales and 4x EBITDA. We do not assign price targets, but 10-20x upside is not an unreasonable expectation.

California is the largest cannabis market in the US, despite per cap spend of one third that of Michigan. At >\$5Bn in retail sales (before factoring sales taxes), CA is the largest cannabis market in the US. But the state lags most other rec states in per capita spend (\$130 vs. \$330 in MI and \$270 in MA; and even states that only recently went rec: MO \$230, MD \$180). High sales taxes (as much as 40% in some cases), low store density vs. other matured states (partly due to municipal restrictions), lax enforcement of illicit retail stores, and generally more red tape, all in part explain the state's low per capita spend. In theory, we could argue the state has significant runway for growth, provided change comes, but we note YTD CA sales (as per official state data) are down 4.3%, after a 7% drop in 2022 (sales peaked in 2021 at \$5.8Bn); Headset projects a 4% QoQ drop for 4Q23. Wholesale prices of \$730/lb (mid Dec, as per Cannabis Benchmarks) are the lowest in the US. All this said, we see CA as a more sophisticated market, with a wide range of brands and price points. Also, retail prices and retailer spreads are higher than in other western states, which makes for better retailer economics (even adjusting for red tape and other costs), both in terms of margins and revenue per store. Importantly, the drop in CA \$ sales is mainly deflation related, and operators say they are starting to see some price recovery. All in, we believe the state is ripe for consolidation, with companies with the right balance of brands, well-located storefronts, and vertically integrated operations, being in a good position to benefit and expand. For the latter, balance sheet strength and capital access will be key. Gold Flora ended Sep with \$32Mn in cash and net debt is only 0.1x sales.

The retail landscape in California. As per the official state data, there were 1,241 active storefront licenses at the end of 2023. Relative to the state's population of 39mn, store density in CA (32 stores per 1mn people) was much lower than states like CO (182) and OR (196), and lower than MI (84) and MA (57). In part, this is explained by several municipalities still banning cannabis retail stores or setting low caps (there are only 11 stores per 1mn people in San Bernardino and 17 in Orange). As a result, despite lower per cap spend in CA vs. MI, revenue per store is in line with MI at \$4Mn. Importantly, given different degrees of restrictions by towns and counties, revenue per store can vary widely vs. the state average of \$4Mn: in Santa Clara county the average is \$21Mn, and north of \$8Mn in counties like San Diego and San Luis Obispo. Also, retail prices (pre-excise taxes) and spreads are higher in CA compared with other western states (and even MI). In short owning, a store in CA with sales of \$8Mn can be quite an attractive proposition (especially, if the

operator can benefit from a degree of vertical integration). Gold Flora is well positioned in the state's retail sector having the predominance of its stores in limited license municipal jurisdictions. The retail market could also consolidate over time; at present, the CA cannabis retail market remains quite fragmented with the two largest operators only accounting for 4% of active licenses (STIIIZY 31; Catalyst 20).

On the company strategy. The company will seek to expand strategically (organically and via M&A) its retail network and the brand portfolio, while optimizing margins through integration and purchasing power. Margins should also improve due to synergies from the merger with The Parent Company, benefits from expanded cultivation scale, more own brands sold through the company's store network, plus fine tuning of the store network and brand portfolio. Gold Flora has the 3rd largest store network in the state and is also one of the largest indoor growers (in CA, indoor growth accounts for only 6% of total cultivation licenses). Retail accounted for 88% of sales in 3Q23, with the balanced comprised of wholesale (own brands and 3rd party brands). The company has a portfolio of 10 "in house brands", which it distributes to about 300 stores across the state, together with another eight 3rd party brands (leveraging the company's logistics platform and contributing profitability albeit at lower margins). As with retail, we expect the company to acquire brands over time (as well as fine tune the existing portfolio). While retail will likely remain over 80% of sales, by mid 2024, the company should have total canopy of 107,000 sq ft of indoor cultivation (62K at its flagship Desert Hot Springs facility and another 45K at two San Jose facilities), with expected annual production of 44K lbs (harvested). For context, flower grown indoor sells for \$1,260/lb in CA compared with \$650 for greenhouse, and \$460 for outdoor (as per Cannabis Benchmarks).

The Gold Flora retail franchise. The company has 17 stores in various CA locations, operating under eight different banners (Airfield, Caliva, Calma, Coastal, Deli, Higher Level, King's Crew, and Varda). It aims to expand the store network, especially in license-restricted municipalities and the coastal/touristic areas. Store performance varies widely (from \$4Mn annual revenue per store to almost \$30Mn), in part, depending on location; we estimate the company's top 5 stores (including two in the San Jose area) account for three quarters of its retail sales. There are no plans to bring all the stores under one banner, as they have been acquired at various points and already have name recognition in their respective communities. Together with expansion, we expect some pruning too (it recently sold an underperforming store in Stanislaus county, while acquiring one in Pasadena); seven of the 17 company stores are in counties with rev/store below the state average. Gold Flora aims for own brands to account for ~30% of its store sales (led by flower). At present, on average, 50% of the flower SKUs at Gold Flora stores are comprised of the company's brands, while own brands account for only 3% of edibles and vape SKUs at its stores.

Brands in CA, and how the Gold Flora portfolio stands. In total, the Gold Flora portfolio of brands is the 9th largest in the state (the top 8 are: STIIIZY, Jeeter, Kiva, West Coast Cure, WYLD, Raw Garden, StateHouse, Heavy Hitters). Of the top eight brands, the Gold Flora portfolio posted the best growth for the Jan-Sep period (only West Coast Cure did better), according to Headset. The breadth of the company's brand portfolio (resulting from the merger) provides good self-space opportunities but can reasonably be expected to be rationalized as price and customer fit are optimized. At present, Cruisers accounts for almost half of the company's own brands sales sold

across the state, followed by Jetfuel (about a fifth of Cruisers), Aviation, and Gold Flora. These four brands operate in flower, pre-roll, and vape (Cruisers also sells edibles; Aviation is in extracts too). We believe the company has room to gain share in flower, a category that remains quite fragmented (Cruisers already has 1.4% share in flower vs. 0% a year ago), but it could also reach a top 5 position in other categories (Cruisers is top 15 in flower and vape). California has shown brands matter, especially in the case of manufactured products like edibles and vape. Respectively, the top two brands account for 54% and 31% of those two categories, compared with less than 7% for flower (context: in CA, flower accounts for 34% of sales, vape 26%, pre-rolls 18%, edibles 11%, and concentrates 6%). In vape, STIIIZY has 24% share (3Q23, up from 9% in 1Q20, as per Headset), followed by Raw Garden with 7%. In edibles, Kiva has 29% and WYLD 25%. In pre-rolls, Jeeter has 17% and STIIIZY >6%. In concentrates, Raw Garden has 14% and 710 Labs 10%.

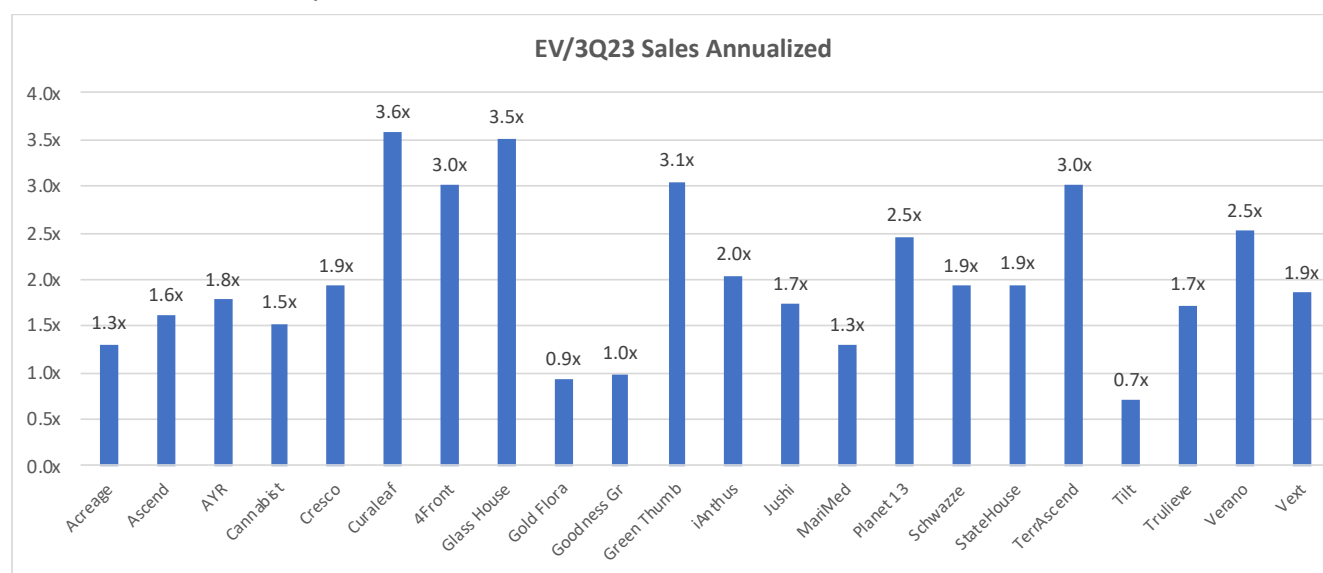
Financial position and earnings growth outlook. With \$32Mn in cash (net debt is only 0.1x sales) and aiming to be FCF positive over the next two years (on improving margins and a softer capex cycle), Gold Flora is arguably one of few operators in CA well-placed to consolidate the state market, especially regarding brands and retail stores (attrition will also play a role). Large MSOs have exited the state, and some of the larger private operators in the state may not be so well-placed to attract new capital given various controversies (alleged dealings with the grey market, inside and outside the state; allegations of pocketing retail excise taxes) and financial issues (some have focused on top line and market share at the expense of profitability and cash burn). Non-integrated competitors also risk impairment from third party suppliers or vendors particularly as the industry matures and rationalizes. By mid-2024, the company will have quadrupled indoor growth capacity, funneling more product to its own stores. According to management, the company's industry leading cultivation costs also allow for profitable bulk wholesale of any excess production as well as for contract opportunities. Gains in scale, merger synergies, increased verticality, fine tuning the brand portfolio (adding/cutting in house and 3rd party brands), plus store network expansion (especially in the coastal areas and license-restricted municipalities), will all contribute to margin expansion. Adjusted cash gross margins are seen going from the mid/high 50s to 65% by end of 2024, with even higher EBITDA margin expansion on cash opex leverage and economies of scale. Medium term capex investment will relate mostly to new store openings. Not surprisingly, CA at present is somewhat of a buyer's market, which bodes well for Gold Flora's financially disciplined management team.

Valuation. We calculate an EV of \$118Mn taking market cap of \$60Mn (288mn shares and RSUs, at \$0.21; we exclude 69mn in out of the money warrants and convertible debt) and broadly defined net debt of \$58Mn (financial net debt of \$16Mn, including \$5Mn in litigation; \$32Mn in leases net of right of use assets; \$5Mn in ST tax debt net of ST deferred tax liabilities; \$5Mn in contingent consideration). That implies 0.9x current sales. On our projected 2025 estimates, taking spot EV (i.e., not the same as projected EV), the stock is valued at a compelling 0.6x sales and 3.4x EBITDA. We do not assign price targets, but if we took 15-20x 2025 EBITDA, then by Dec'24 (on CY25 numbers) the stock would be at \$1.40-2.00 (approximately 10x current levels, taking the high end of the range). Over time, with more institutions involved in the space, better understanding of the CA market, and Gold Flora growing top line both organically and via M&A, we would expect the

stock to re-rate. Also, the company may opportunistically enter other states in accretive fashion, which would help increase visibility.

- **The bull case:** If CA were “only” to close half of the per capita gap with Michigan, it would be a \$9Bn market (for modelling purposes, we project \$5.5Bn by 2026). The largest player in CA (STIIIZY) has a combined ~8% market share. In our projections, we assume Gold Flora’s brands only garner retail share of 1.85% by 2026, and we assume the company’s stores (70% 3rd party brands; 30% owned brands) reach 3.9% retail share by 2026. But if on the \$9Bn assumption, we took 5% blended retail/wholesale market share for Gold Flora (i.e., \$450Mn), 20% EBITDA margins, and 15x EBITDA, then the company’s EV would be \$1.35Bn (10x the current EV), or more than \$4 per share (>20x current levels).
- **The bear case:** From a technical perspective, the stock runs the risk of being overlooked among the myriad of US plant touching stocks, given investors’ focus on license restricted states, concerns (on the surface) about the structure of the CA market, and Gold Flora’s negative EBITDA. From a fundamental perspective, the main risk is that the CA market worsens as more stores open but are not additive to market growth (damaging retailer economics) and prices come down further (due to increased legal competition, more legal product finding its way to the illicit market, and increased supply of hemp derivatives). We assign low probability to poor deal making or dilutive investments, as management has proved to be disciplined so far in curating the brand and retail portfolio, and efficiently maximizing the use of its production facilities. Also, the company’s presence in mostly limited license jurisdictions mitigates the risk of retail overexpansion.

Table 1: EV to current sales as per FactSet



Source: FactSet

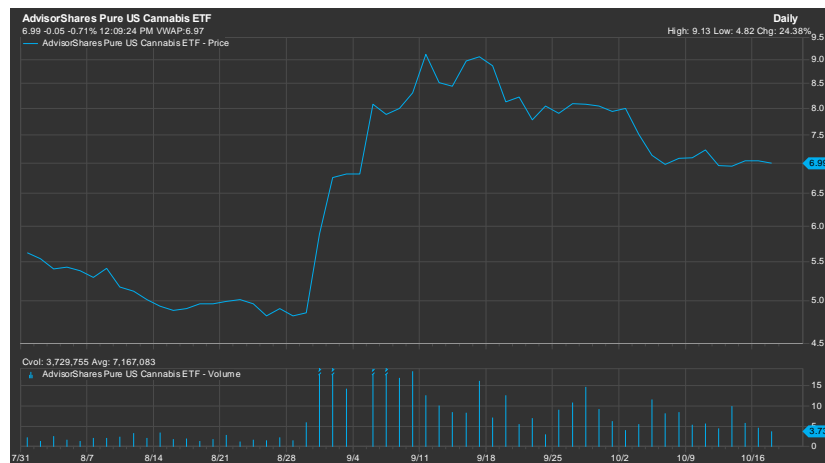
Table 2: Investment highlights, as per Gold Flora



Source: Company reports

All this is in a context of no new news in terms of federal level reform (i.e., upside could be greater. The MSOS ETF almost doubled over a 2-week period in the first half of September 2023, following the “HHS leaked memo” to the DEA recommending rescheduling of cannabis. Even though the ETF has given back about half of those gains, we expect the DEA to abide by the HHS recommendation. Rescheduling is part of the President’s reelection platform, and we expect positive headlines coming out of the DEA in late 2Q24. In fact, we assign 90% probability to such a scenario. But the devil will be in the details: the DEA reply may go from only a positive response but with no implementation framework (or timeline) before the election, to a full-blown framework enacted by the DOJ in the summer (setting the FDA role; phasing out 280e for rec and med; even including safe harbor language for the US exchanges to uplist plant touching cannabis companies). We think the former is more likely (leaving a lot up in the air), but even in that scenario cannabis stocks would rally. Note: *Certainly, stocks in this group are quite sensitive to federal reform news flow (stocks jumped in the first half of Sep’23 following news the HHS recommended to the DEA to reschedule cannabis).*

Table 3: MSOS ETF in Sep’23




Source: FactSet

Current Footprint and Brand Portfolio

Gold Flora has the 3rd largest store network in the state and is also one of the largest indoor growers (in CA, indoor growth accounts for only 6% of total cultivation licenses). Retail accounted for 88% of sales in 3Q23, with the balanced comprised of wholesale (own brands and 3rd party brands). The company has a portfolio of 10 “in house brands”, which it distributes to about 300 stores across the state, together with another eight 3rd party brands.

Table 4: Vertically Integrated

VERTICALLY-INTEGRATED PLATFORM IN DETAIL FULLY OPTIMIZED CANNABIS POWERHOUSE TO BUILD FLY WHEEL GROWTH				
CULTIVATION	MANUFACTURING	DISTRIBUTION	HOUSE BRANDS	RETAIL OPERATIONS
 <p>Location: Desert Hot Springs, San Jose Footprint: 107,000 sq. Feet* Licenses: 6</p> <p><i>*Options to expand</i></p>	 <p>Location: Desert Hot Springs Footprint: 18,000 sq. Feet Licenses: (2) Type 6A Non-Volatile Manufacturing</p>	 <p>Location: Desert Hot Springs & Costa Mesa Footprint: 15,000 sq. Feet Licenses: (2) Type 11 Distro. Total Number of Distributed Brands in Catalog: 18</p> <p>3C Farms, Aviation, Caliva, Cronja, Cruisers, Current, Gold Flora, Habit, Henry's Original, Jetfuel Cannabis, Leisuretown, Liquid Joint, Mirayo by Santana, Monogram, Opi-Not, Roll Bleezy, Sword & Stoned, Tabs</p>	 <p>Headquarters: Costa Mesa In-House Brands: 10</p> <p>Aviation Caliva Cruisers Current Gold Flora Jetfuel Roll Bleezy Sword & Stoned Mirayo by Santana Monogram</p>	 <p>Licenses: Type 10 Adult-use and Medicinal Retail Storefront and Delivery Locations: 15 open; 2 under construction</p> <p>Long Beach, Costa Mesa, Corona, Seaside, Hollister, San Jose (3), Bellflower, Hanford, West Hollywood, Santa Barbara, Stockton, Vallejo, Pasadena, Los Angeles, Concord</p>

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Source: Company reports

Table 5: Company Highlights

AT A GLANCE: GOLD FLORA CALIFORNIA SCALED AND SITUATED TO WIN			
107,000 Sq. Ft. of Indoor Canopy	18,000 Sq. Ft. of Manufacturing	17 Retail Licenses *15 Operating as of Q3 '23	3 Distribution Hubs Serving the State
5,800+ Average Customers Seen Per Day *Combined Retail Stores	#9 Shelf Space in California *Combined House Brands	355+ Retailers Sold Into	10 House Brands

Source: Company reports

Gold Flora will seek to expand strategically (organically and via M&A) its retail network and brand portfolio, while driving margin expansion. The latter should come from synergies from the merger with The Parent Company, benefits from expanded cultivation scale, increasing the share of owned brands sold through the company's store network, plus fine tuning of its store network and brand portfolio. Besides adding more stores, we expect the company to acquire brands over time (as well as curate/prune the existing portfolio).

Gold Flora's store network

Gold Flora has 17 stores in various CA locations, operating under eight different banners (Airfield, Caliva, Calma, Coastal, Deli, Higher Level, King's Crew, and Varda). It aims to expand the store network, especially in license-restricted municipalities and the coastal/touristic areas. The company aims for own brands to account for ~30% of its retail sales (led by flower). At present, on average, 50% of the flower SKUs at Gold Flora stores are comprised by the company's brands, while owned brand only make 3% of edibles and vape SKUs.

Table 6: Gold Flora retail network in CA



Source: Company reports

Store performance varies widely (from \$4Mn annual revenue per store to almost \$30Mn), in part depending on location; we estimate the top five stores (including two in the San Jose area) account for three quarters of retail sales. There are no plans to bring all the stores under one banner, as they have been acquired at various points and already have name recognition in their respective communities. Together with expansion, we expect some pruning too (it recently sold an underperforming store in Stanislaus county, while acquiring one in Pasadena); seven of the 17 company stores are in counties with rev/store below the state average.



Table 7: Gold Flora retail network in CA (see appendix for more details)

Gold Flora store network			Data for the county (not for the company)				Implied Rev \$Mn
Municipality	# of co. stores	County	revenue / store	total stores	population 000s	stores per 1mn pop	
Vallejo	1	Solano	4.8	16	466	34	4.8
Concord	1	Contra Costa	5.7	20	1201	17	5.7
Stockton	1	San Joaquin	4.9	12	807	15	4.9
San Jose	3	Santa Clara	21.2	9	1983	5	63.6
Hollister	1	San Benito	5.0	1	67	15	5.0
Seaside	1	Monterey	2.9	23	446	52	2.9
Hanford	1	Kings	5.8	5	152	33	5.8
Santa Barbara	1	Santa Barbara	2.8	22	456	48	2.8
Long Beach	1	Los Angeles	3.5	384	10073	38	3.5
Pasadena	1	Los Angeles	3.5	384	10073	38	3.5
Los Angeles	1	Los Angeles	3.5	384	10073	38	3.5
Bellflower	1	Los Angeles	3.5	384	10073	38	3.5
West Hollywood	1	Los Angeles	3.5	384	10073	38	3.5
Costa Mesa	1	Orange	5.2	53	3268	16	5.2
Corona	1	Riverside	2.9	131	2487	53	2.9
Total stores	17						
Implied total rev ->							121.3
Implied rev per qtr ->							30.3
Implied rev/store ->							7.1

Source: Company reports; state data; Z&A calculations

Market analysis by county. At the end of Dec 2023, Gold Flora was operating 17 stores in 11 different counties (north: San Joaquin, Contra Costa, Santa Clara, San Benito, Monterey; center: Kings; south: Santa Barbara, Los Angeles, Orange, Riverside). Of these, revenue per store at the county level was highest in Santa Clara (\$21Mn), with several other counties above the state rev per store average (in order, Kings, Contra Costa, Orange, San Benito, San Joaquin, and Solano). In terms of YTD sales growth, only San Joaquin, Orange, and Contra Costa outperformed, with the rest declining more than the state YTD average of -4.3%. We discuss each county here,

- Los Angeles (5 Gold Flora stores: Calma, Coastal, Deli by Caliva, Varda, King's Crew).** Sales in the county are down 10% YTD compared with -4% for the state; we believe this is explained by more store openings in nearby counties (Orange) and municipalities. Per cap spend remains mostly in line with the state average (\$135 vs. \$132). Rev per store is only \$3.5Mn (store density is 38 per 1mn people). That said, we note of the company's five stores in LA County, only one is in the Los Angeles municipality (where there are 194 stores), with the other stores in locations less dense. In Pasadena, there are only 3 stores and 4 in Bellflower (16 in West Hollywood and 29 in Long Beach).
- Santa Clara (3 stores: Airfield, Caliva, Deli by Caliva).** Sales are down 8% YTD. Santa Clara is one of most license restricted counties, with only nine stores open (i.e., 5 stores per 1mn people vs. the state average of 32), all of which are in the San Jose municipality (one



of three stores is more of a satellite store). Rev/store of \$21Mn in Santa Clara is the state's highest. The low number of stores is reflected in subpar per cap spend (\$96).

- **San Joaquin (1 store: Coastal).** This is one of the few CA counties where sales are up YTD (+3%). There are 12 stores in the county, with six in Stockton (where the company store is located). Per cap spend of \$73 is well below the state average. Rev per store is at \$4.9Mn, slightly above the state average of \$4.2Mn.
- **San Benito (1: Higher Level).** There is only store license allowed in the county (in Hollister) at present. We estimate Gold Flora's store here generates ~\$5Mn in sales per annum.
- **Orange (1: King's Crew).** Sales are down only 1% YTD. In addition to Santa Ana, Costa Mesa and Stanton now allow rec stores in the county (with Huntington Beach supposed to be next). At present, there are 21 stores in Costa Mesa (and 53 in total in OC). Rev per store in OC of \$5.2Mn is above the state average of \$4.2Mn.
- **Contra Costa (1: Coastal).** Sales are down 2% YTD (vs. -4.3% for the state). There are only 17 stores per 1mn people, and rev/store of \$5.7Mn is above the state average. Like San Joaquin, per cap spend in Contra Costa (\$94) is below the state average.
- **Santa Barbara (1: Coastal).** There are 22 stores licensed in the county, and rev/store of \$2.8Mn is well below the state average of \$4.2Mn. YTD sales are down 8%. Per cap spend of \$135 is in line with the state average.
- **Riverside (1: King's Crew).** YTD sales are down 9%, but per cap spend remains above the state average (\$148 vs. \$130). The county has greater store density than the average (53 stores per 1mn people vs. 32 for the state); as a result, revenue per store is well below the state average (\$2.9M vs. \$4Mn). The company store is in Corona, where there are 12 stores only.
- **Monterey (1: Higher Level).** Sales are down 11% YTD (per cap spend is \$150). Store density is an issue at 52 stores per 1mn people, and revenue per store is only \$2.9Mn. The company store is in Seaside, where there are only 5 stores.
- **Kings (1: Deli by Caliva).** YTD sales are down 20%. There are only 5 stores in the county, and rev per store is \$5.8Mn (per cap spend is \$190).
- **Solano (1: Coastal).** Sales are down 6% YTD. There are 16 stores in Solano County, with eight in Vallejo, where the company's store is located. Rev per store of \$4.8Mn is slightly above the state average (per cap spend of \$166 is above).

Putting it all together, if we judge "county quality" based on revenue per store (with these counties above the CA average: Santa Clara, Kings, Contra Costa, Orange, San Benito, San Joaquin, Solano) and YTD growth (only San Joaquin, Orange, and Contra Costa outperformed), we would say four counties screen well: Santa Clara (given the high rev/store), Contra Costa, San Joaquin, and Orange.

Brand Portfolio

In total, as per the Headset Data, the Gold Flora portfolio of brands is the 9th largest in the state (seven of the top eight are mostly one-brand companies: STIIIZY, Jeeter, Kiva, West Coast Cure, WYLD, Raw Garden, and Heavy Hitters). Importantly, of the top ten brands, only West Coast Cure has posted better growth year-to date.

Table 8: Gold Flora YTD performance vs. the peer group (as per Headset scanner data)

Total Sales \$Mn	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	YTD'23 Growth
Total Market	1,327.7	1,412.1	1,299.6	1,343.3	1,280.2	1,334.8	1,252.7	-4%
STIIIZY	84.1	95.7	93.2	99.4	93.5	96.6	97.6	5%
Jeeter	43.8	52.4	53.9	49.4	40.1	42.4	38.5	-19%
Kiva	44.4	46.0	43.7	49.1	45.6	41.9	37.2	-7%
West Coast Cure	8.8	14.2	18.9	25.2	32.0	34.7	33.2	138%
WYLD	30.5	33.5	31.1	31.3	30.1	30.5	31.7	-3%
House Brand	36.8	35.9	31.5	42.6	43.6	35.6	30.8	6%
Raw Garden	45.7	43.0	40.6	38.7	34.5	36.2	30.4	-22%
StateHouse	44.8	34.9	25.0	20.2	19.0	21.5	22.2	-40%
Heavy Hitters	27.1	26.2	23.3	22.6	19.9	20.7	22.1	-18%
Gold Flora	13.5	13.0	12.1	10.2	9.2	13.5	20.7	13%
CannaBiotix (CBX)	21.1	21.9	22.2	20.0	16.2	17.9	18.2	-20%

Note: 3Q23 is the first quarter to reflect in part the Gold Flora / TPCO business combination. Source: Headset

Table 9: Brand Performance

Gold Flora \$Mn	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	YTD'23 Growth
In House brands	13.5	13.0	12.1	10.2	9.2	13.5	20.7	13%
Aviation	2.7	2.1	2.0	2.1	2.4	2.6	2.1	4%
Caliva	4.3	3.8	3.5	2.0	0.8	0.6	1.1	-78%
Cruisers	0.0	0.0	0.0	0.0	0.0	3.6	10.7	nm
Current	0.0	0.0	0.0	0.0	0.0	0.0	0.0	nm
Gold Flora	2.1	3.5	3.2	3.1	3.2	2.3	2.1	-15%
Jetfuel	3.7	2.5	1.9	1.6	2.1	3.3	2.4	-4%
Mirayo by Santana	0.7	1.1	0.8	0.6	0.0	0.4	0.9	-49%
Monogram	0.0	0.0	0.0	0.0	0.0	0.1	0.1	nm
Roll Bleezy	0.0	0.0	0.7	0.8	0.7	0.2	0.6	102%
Sword & Stoned	0.0	0.0	0.0	0.0	0.0	0.4	0.8	nm
Distributed brands	5.8	6.4	7.2	5.7	4.9	6.6	5.4	-13%
3C	0.6	0.5	0.5	0.7	0.7	1.2	0.5	49%
Cronja	0.0	0.0	0.0	0.0	0.0	0.5	0.3	nm
Habit	0.8	0.8	0.8	0.8	0.7	1.1	0.9	5%
Henry's Original	4.3	5.0	5.8	4.2	3.4	3.7	3.6	-29%
Leisuretown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	nm
Liquid Joint	0.0	0.0	0.0	0.0	0.0	0.0	0.0	nm
Opi Not	0.0	0.0	0.0	0.0	0.0	0.0	0.0	nm
Tabs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	nm

Source: Headset

Table 10: Brand Portfolio



Note: Effective 1/1/24, the company discontinued Sword & Stoned and no longer distributes Cronja. Source: Company reports

At present, Cruisers accounts for almost half of the company's own brands sales sold across the state, followed by Jetfuel (about a fifth of Cruisers), Aviation, and Gold Flora. These four brands operate in flower, pre-roll, and vape (Cruisers also sells edibles; Aviation is in extracts too). We believe the company has room to gain share in flower, a category that remains quite fragmented (Cruisers already has 1.4% share in flower vs. 0% a year ago), but it could also reach a top 5 position in other categories (Cruisers is top 15 in flower and vape).

CA shows brands matter, especially in the case of manufactured products like edibles and vape. Respectively, the top two brands account for 54% and 31% of those two categories, compared with less than 7% for flower (context: in CA, flower accounts for 34% of sales, vape 26%, pre-rolls 18%, edibles 11%, concentrates 6%). In vape, STIIIZY has 24% share (3Q23, up from 9% in 1Q20, as per Headset), followed by Raw Garden with 7%. In edibles, Kiva has 29% and WYLD 25%. In pre-rolls, Jeeter has 17% and STIIIZY >6%. In concentrates, Raw Garden has 14% and 710 Labs 10%.

Pricing and rank for the company's brands. In the next two tables, we compare pricing for the company's various brands with peers in their respective segments (as mentioned before, we expect the company to fine tune and rationalize the brand portfolio, and over time also acquire other brands). If we compare with another CA in our coverage, we would argue Gold Flora has a much stronger retail store network than StateHouse Holdings, but on the other hand we would give StateHouse the edge in terms of their brand portfolio.

Table 11: Gold Flora Brands vs. Leading Brands in Edibles and Vape

	Edibles	vs. avg	Share Rank	Segment Share
\$/gram	0.16			
Leading Brands				
Kiva	0.18	13%	1	28.9%
WYLD	0.17	8%	2	24.6%
Kanha / Sunderstorm	0.18	11%	3	9.2%
Froot	0.09	-46%	4	4.8%
Heavy Hitters	0.18	11%	5	4.3%
Plus	0.20	27%	6	3.6%
Smokiez Edibles	0.15	-4%	7	2.3%
Good Tide	0.17	7%	8	1.9%
Highatus	0.14	-14%	9	1.5%
Emerald Sky	0.13	-22%	10	1.3%
Clscs	0.16	-1%	11	1.2%
Space Gem	0.21	30%	12	1.0%
Dr. Norm's	0.15	-9%	13	1.0%
STIIIZY	0.13	-21%	14	0.8%
Gold Flora				0.4%
Cruisers	0.12	-25%	24	0.3%
Mirayo by Santana	0.15	-6%	55	0.1%
StateHouse				2.3%
Smokiez Edibles	0.15	-4%	7	2.3%

	Vape	vs. avg	Share Rank	Segment Share
\$/gram	30.20			
Leading Brands				
STIIIZY	35.49	18%	1	24.2%
Raw Garden	29.37	-3%	2	24.6%
Plug Play	37.64	25%	3	9.2%
Heavy Hitters	51.20	70%	4	4.8%
West Coast Cure	20.61	-32%	5	4.3%
Jetty Extracts	34.04	13%	6	3.6%
Gelato	23.49	-22%	7	2.3%
Kurvana	56.76	88%	8	1.9%
Turn	26.18	-13%	9	1.5%
Jeeter	30.91	2%	10	1.3%
Cold Fire	42.46	41%	11	1.2%
Rove	37.99	26%	12	1.0%
Bloom	42.36	40%	13	1.0%
Sauce Essentials	36.29	20%	14	0.8%
Gold Flora				1.9%
Aviation	32.49	8%	149	0.03%
Caliva	19.77	-35%	141	0.03%
Cruisers	16.32	-46%	15	1.4%
Gold Flora	27.25	-10%	57	0.3%
Jetfuel	20.84	-31%	75	0.1%
StateHouse				1.2%
Dime Bag	27.36	-9%	32	0.6%
Kingpen	32.74	8%	36	0.5%
Sublime	20.13	-33%	108	0.1%

Source: Headset; Z&A calculations

Table 12: Gold Flora Brands vs. Leading Brands in Pre-Rolls and Flower

	Pre Rolls	vs. avg	Share Rank	Segment Share
\$/gram	8.54			
Leading Brands				
Jeeter	12.62	48%	1	16.4%
STIIIZY	11.50	35%	2	6.3%
Presidential	12.40	45%	3	4.0%
Lowell Herb Co / Lowel	7.48	-12%	4	3.7%
West Coast Cure	8.99	5%	5	3.7%
Pacific Stone	5.63	-34%	6	3.6%
Pure Beauty	11.56	35%	7	3.1%
Claybourne Co.	13.40	57%	8	2.9%
Kingpen (formerly 710)	10.72	26%	9	2.6%
Raw Garden	10.74	26%	10	2.1%
Caviar Gold	11.41	34%	11	1.9%
Selfies	9.01	5%	12	1.8%
Heavy Hitters	18.48	116%	13	1.6%
Lime	8.73	2%	14	1.5%
Gold Flora				0.9%
Aviation	10.72	26%	85	0.1%
Caliva	5.72	-33%	117	0.1%
Cruisers	6.58	-23%	37	0.6%
Gold Flora	8.17	-4%	162	0.04%
Jetfuel	14.27	67%	298	0.01%
Mirayo by Santana	7.64	-11%	148	0.05%
Monogram	18.32	115%	228	0.02%
StateHouse				4.3%
Dime Bag	6.11	-28%	23	0.8%
Kingpen	10.72	26%	9	2.6%
Loudpack	8.54	0%	88	0.1%
Sublime	9.63	13%	29	0.7%

	Flower	vs. avg	Share Rank	Segment Share
\$/gram	5.36			
Leading Brands				
House Brand	4.41	-18%	1	6.6%
CannaBiotix (CBX)	13.78	157%	2	4.0%
West Coast Cure	4.10	-24%	3	2.9%
Fig Farms	11.28	111%	4	2.3%
Pacific Stone	3.59	-33%	5	2.3%
STIIIZY	5.29	-1%	6	2.1%
Oakfruitland	6.57	23%	7	2.1%
Claybourne Co.	9.69	81%	8	2.1%
Alien Labs	9.48	77%	9	2.0%
Connected Cannabis C	9.35	74%	10	1.8%
Glass House Farms (C)	4.60	-14%	11	1.8%
Dime Bag	4.32	-19%	12	1.8%
Lolo	4.92	-8%	13	1.7%
UpNorth Humboldt	12.05	125%	14	1.7%
Gold Flora				3.0%
Aviation	8.08	51%	66	0.4%
Caliva	6.38	19%	99	0.2%
Cruisers	3.24	-40%	16	1.3%
Gold Flora	6.21	16%	79	0.3%
Jetfuel	5.66	6%	54	0.5%
Mirayo by Santana	4.55	-15%	117	0.2%
Monogram	14.57	172%	266	0.0%
StateHouse				1.9%
Dime Bag	4.32	-19%	12	1.8%
Loudpack	7.01	31%	165	0.1%
Sublime	10.7	100%	411	0.0%

Source: Headset; Z&A calculations

Cultivation

By mid 2024, the company should have total canopy of 107,000 sq ft of indoor growth (62K at its flagship Desert Hot Springs facility and another 45K at two San Jose facilities), with expected annual production of 44K lbs (harvested). For context, flower grown indoor sells for \$1,260/lb in CA compared with \$650 for greenhouse, and \$460 for outdoor (as per Cannabis Benchmarks).

In particular, management believes the company has a cost advantage at its Desert Hot Springs facility (lower tax rates, lower utility rates, labor supply), where it is producing top quality flower and expanding its bank of genetics.

Of additional import, having each of the components of product production on one campus in a “friendly” jurisdiction is a meaningful competitive advantage not only in efficiencies but security and quality control. Also, the company’s Black Lions Farms future cultivation site is already entitled providing a material advantage versus potential new participants that face this major barrier to entry, according to management.

Table 13: Cultivation Facilities



Source: Company reports

The California Cannabis Market

At >\$5Bn in retail sales (before factoring sales taxes), CA is the largest cannabis market in the US. We believe the state is ripe for consolidation, with companies with the right balance of brands, well-located storefronts, and vertically integrated operations, in good position to benefit. For the latter, balance sheet strength and capital access will be key. Gold Flora ended Sep with \$32Mn in cash and net debt is only 0.1x sales.

Table 14: Gold Flora's view of the CA market



Source: Company reports

Growth trends and per capita comps. At >\$5Bn in retail sales (before factoring sales taxes), CA is the largest cannabis market in the US, but the state lags most other rec states in per capita spend.

- CA \$130 per cap spend is well below \$330 in MI and \$270 in MA, and even below states that only recently went rec: MO \$230, MD \$180. High sales taxes (as much as 40% in some cases), low store density vs. other matured states (partly due to municipal restrictions), lax enforcement of illicit retail stores, and generally more red tape, all in part explain the state's low per capita.
- In theory, we could argue the state has significant runway for growth, provided change comes. Jan-Sep sales are down 4.3% yoy, after a 7% drop in 2022 (sales peaked in 2021 at \$5.8Bn). Bigger picture, the official data confirms what we have seen in other matured states: a large boost in CY21 due to stimulus and stay at home mandates, with sales in



CY21 up 23% yoy (yes, partly a recovery from a depressed COVID base in 2020), and then drops after that (-7% yoy in CY22 and -4.3% yoy for Jan-Sep 2023).

- Headset projects a 4% QoQ drop for 4Q23 (equivalent to -10% yoy), but we would qualify that estimate based on their recent estimates (projected -11% yoy for 3Q23, but sales only fell 4%). We believe sales are starting to stabilize.

Category Color. During 3Q23, market mix was flower 34%, vape 26%, pre-rolls 18%, edibles 11%, and concentrates 6% (the rest: drinks 2%; capsules 2%, tinctures 1%, topical 1%). While the overall market fell 6% yoy in 3Q23 (and -4.3% for the Jan-Sep period), trends varied across formats. Flower and concentrates both fell in the low-teens; vape was down mid-single digits; edibles flat; and pre-rolls were up low-single digits. At the brand level, flower remains a highly fragmented category (the #1 brand only has 3.7% share, and only five brands are above 2%), while manufactured lines like edibles (Kiva 30%; WYLD 22%) and vape (STIIIZY 24%) are concentrated; in pre-rolls, Jeeter is a distant #1 with 17% share, more than 3x the next player.

- **Flower** (34% of the CA market): Sales fell 16% yoy in 3Q23, and fell 16% too YTD for Jan-Sep. The decline was price driven, with average rev/gram down 18% YTD. Flower accounted for as much as 48% of the CA market back in 3Q20 (time of COVID lockdowns), but it was 34% of the market in 3Q23, as per Headset.
- **Vape** (26%). Sales fell 4% yoy in 3Q23 and were down 9% for the Jan-Sep period. In YTD terms, prices fell 18%, which means volumes were up mid-single digits. As a % of the market, vape has remained mostly stable (22% in 2020).
- **Pre-rolls** (18%). Sales fell 1% yoy in 3Q23 and were up +1% for the Jan-Sep period yoy. Volumes were up, with prices down 13% for the Jan-Sep period. Pre-rolls have gained share, and now account for 18% of total sales vs. 10% in 1Q20).
- **Edibles** (11%). Sales fell 6% yoy in 3Q23 and were down 4% for the Jan-Sep period. The decline in sales was mostly price-driven, with rev/gram down mid-single digits yoy both in 3Q23 and YTD.
- **Other formats:** Concentrates were 6% of sales; drinks and capsules each accounted for 2% of sales; tinctures and topicals were each 1% of sales. In YTD Jan-Sep terms, sales for concentrates fell 17%, beverages +7%, capsules -1%, topicals -15%, and tinctures -26%.

County Color. Per capita spend by county varies, partly on accessibility (store density, delivery rules). Among the 10 largest counties by sales (which account for 73% of sales and for 72% of the state's population), per cap spend goes from \$60 in San Bernardino and \$85 in Orange, to \$238 in Stanislaus and \$241 in San Francisco. Interestingly, while Jan-Sep sales were down 4.3% yoy, sales in the top 10 counties (by sales) fell 8% and were up 7% in the rest. We attribute the latter to more townships allowing rec retailing, and to some townships issuing more permits too. Re the top ten counties by sales, Jan-Sep yoy growth was as follows,

- Worst performers: Alameda -11%, Stanislaus -11%, Los Angeles -10%, Riverside -9%, Sacramento -8%, Santa Clara -8%.
- Down MSD: San Francisco -5%, San Diego -4%, San Bernardino -4%.
- Flat: Orange -1%.

Economics

Normally, the focus has been on CA's lower flower wholesale prices, but we think that does not capture the whole picture, given a) the mix of outdoor, greenhouse, and indoor growth; b) retail flower prices well above the average for western states; and c) CA's superior flower spreads vs. western states.

Table 15: CA retail flower prices and spreads vs. other rec states

	Flower prices \$/gram			Flower cost \$/gram			Flower spread \$/gram			Flower gross margins %	
	3Q22	3Q23	yoy ch	3Q22	3Q23	yoy ch	3Q22	3Q23	yoy ch	3Q22	3Q23
Arizona	5.45	4.24	-22%	2.98	2.33	-22%	2.47	1.90	-23%	45%	45%
California	6.34	5.36	-15%	3.04	2.65	-13%	3.30	2.71	-18%	52%	51%
Colorado	3.42	3.35	-2%	1.41	1.33	-5%	2.01	2.01	0%	59%	60%
Illinois	10.73	8.15	-24%	6.01	4.70	-22%	4.72	3.45	-27%	44%	42%
Massachusetts	9.25	5.80	-37%	3.93	2.85	-28%	5.32	2.95	-45%	58%	51%
Maryland	na	9.43	na	na	4.91	na	na	4.52	na	na	48%
Michigan	4.40	3.54	-20%	2.51	2.01	-20%	1.89	1.53	-19%	43%	43%
Nevada	6.66	6.37	-4%	3.45	3.42	-1%	3.22	2.94	-9%	48%	46%
Oregon	3.98	3.86	-3%	1.24	1.40	13%	2.74	2.45	-10%	69%	64%
Washington	3.69	3.31	-10%	2.01	1.79	-11%	1.68	1.52	-9%	45%	46%

Source: Headset; Z&A calculations

Table 16: CA retail prices by formats vs. other states

\$/gram	AZ	CA	CO	IL	MA	MD	MI	NV	OR	WA	CA vs. West	West avg
3Q23												
Beverage	0.12	0.08	0.19	0.22	0.43	0.19	0.13	0.10	0.07	0.08	-22%	0.11
Capsules	0.08	0.06	0.20	0.26	0.30	0.08	0.13	0.11	na	0.14	-50%	0.12
Concentrates	18.04	19.59	14.01	38.13	38.52	34.71	12.79	23.78	12.41	9.46	21%	16.21
Edible	0.10	0.16	0.16	0.21	0.22	0.18	0.05	0.18	0.09	0.16	11%	0.14
Flower	4.24	5.36	3.35	8.15	5.80	9.43	3.54	6.37	3.85	3.31	22%	4.41
Pre-Roll	9.80	8.54	7.36	13.25	10.26	12.96	6.04	11.49	3.86	3.67	15%	7.45
Tinctures	0.09	0.08	0.30	0.32	0.20	0.10	0.09	0.08	0.05	0.29	-48%	0.15
Topical	0.13	0.19	0.10	0.39	0.13	0.30	0.06	0.18	0.10	0.03	54%	0.12
Vape	34.62	30.20	29.78	64.96	47.69	54.29	15.08	48.24	22.99	19.70	-2%	30.92

Source: Headset; Z&A calculations

Note,

- Wholesale prices of \$730/lb (mid Dec, as per Cannabis Benchmarks) are the lowest in the US, but in part this is due to the large component of outdoor growth – flower grown indoors commands 3x the price vs. outdoor.

- Importantly, retail flower prices (and retail spreads) are higher in CA than in other western states, which makes for better retailer economics (even adjusting for red tape and other costs), both in terms of margins and revenue per store. Flower in CA retails for \$5.36/gram (3Q23 as per Headset) vs. WA \$3.31, CO \$3.35, MI \$3.54, OR \$3.85, AZ \$4.24. Retail spread per gram in CA is \$2.71/gram vs. WA \$1.52, MI \$1.53, AZ \$1.90, CO \$2.01, and OR \$2.44 (in fact, CA is not far off MA at \$2.95).
- Still, more recently, we have seen a decline in retailer margins. Flower retail prices were stable in 3Q23 vs. 2Q23 (as per Headset), although down 15% yoy (on top of a 21% drop in CY22). The Headset price and cost data is consistent with the notion of a yoy retailer margin squeeze in flower, with spreads per gram at \$2.71 in 3Q23 vs. \$3.30 in 3Q22 (and \$4.65 in 3Q20; \$3.69 in 3Q21).

Leading Groups/Brands in California

On the aggregate (all formats), this is a rather fragmented market, with only 4 players holding more than 3% total California market share (STIIIZY 8.8%, Jeeter 3.5%, Kiva 3.4%, and West Coast Cure 3.0%). There are another 8 companies with shares between 1-3%: WYLD 2.9%, Raw Garden 2.8%, Heavy Hitters 2.0%, Cannabiotix 1.4%, Gelato 1.3%, Plug Play 1.2%, Kanha/Sunderstorm 1.1%, and Jetty Extracts 1.1%.

So, while we hear a lot about “California brands”, in sales the companies are small compared with the MSOs. There are 14 MSOs with sales over \$150Mn (of which 3 generate more than \$1Bn in annual sales). For example, ex STIIIZY, if we take the #2 player (Jeeter), with \$156Mn in annual sales at retail (as per Headset), Jeeter probably only generate \$70-80Mn in actual net sales (i.e., they are far from being fully vertically integrated, so their actual net sales are much less than the \$156Mn retail sales number).

Table 17: Leading CA Brands

Total Sales \$Mn	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
Total Market	1,277.15	1,266.73	1,204.12	1,167.16	1,105.39	1,284.80	1,245.67
STIIIZY	84.09	95.66	93.21	99.37	93.50	96.64	97.60
Jeeter	43.76	52.38	53.93	49.37	40.10	42.40	38.45
Kiva	44.40	46.02	43.73	49.10	45.62	41.90	37.21
West Coast Cure	8.81	14.24	18.94	25.21	32.03	34.69	33.18
WYLD	30.47	33.54	31.15	31.30	30.14	30.45	31.74
House Brand	36.75	35.92	31.49	42.55	43.62	35.63	30.81
Raw Garden	45.69	43.02	40.58	38.67	34.54	36.21	30.44
Heavy Hitters	27.09	26.18	23.29	22.60	19.94	20.72	22.12
Cannabiotix (CBX)	21.12	21.87	22.20	19.97	16.16	17.85	18.23
Pacific Stone	17.93	16.38	16.04	14.78	12.74	14.00	15.75
Gelato	0.66	5.53	6.57	8.67	10.93	12.29	14.04
Claybourne Co.	13.37	11.23	10.82	11.20	10.85	12.82	13.87
Plug Play	11.08	14.44	18.22	19.60	17.80	15.92	13.20
Kanha / Sunderstorm	15.87	15.70	13.79	14.13	13.73	13.55	11.87
Jetty Extracts	10.38	9.52	10.67	10.99	11.31	12.25	11.81
Alien Labs	11.46	12.30	14.04	14.93	10.35	11.14	11.35
Cruisers	-	-	-	-	-	3.63	10.67
Dime Bag	13.59	10.59	7.80	6.48	6.74	8.47	10.21
Fig Farms	3.69	3.60	6.19	8.74	7.83	10.18	9.85
Connected Cannabis C	9.35	9.20	9.15	11.58	10.40	10.69	9.80
710 Labs	7.75	11.42	13.51	10.93	10.95	11.24	9.16

Source: Headset; Company reports; Z&A calculations

All that said, some of these brands are growing better than others, and their franchise strength and penetration varies by category. We discuss the top 10 brands here in order of sales growth performance,

- **Gelato** +192% (+114% 3Q23). Gelato was the 10th largest player in CA in 3Q23, with sales at retail of \$14Mn (\$10Mn vape; \$3Mn pre-rolls, \$1Mn flower). From nominal share in 1Q22, the company has risen to a #7 position with 3.4% share in 3Q23 (vape sales were up 134% yoy). It is also building in pre-rolls, with sales +78% in 3Q23 (1.4% share). Flower is small (0.3% share), but it was up 68% in 3Q23.
- **West Coast Cure** sales (~\$33Mn at retail) are up 138% YTD (Jan-Sep) and were up 75% in 3Q23 yoy. As per Headset, the 3Q23 mix was: \$11.1Mn flower, \$10.2Mn vape, \$7.3Mn pre-rolls, and \$4.6Mn concentrates. The company owns the 2nd best-selling flower brand in CA, with 3% share in flower; it is #5 in vape (3.6%), #5 in pre-rolls (3.7%), and #4 in concentrates (7.5% share). All categories grew, but flower and vape more than doubled in 3Q23 yoy.
- **STIIIZY** +5% YTD, and +5% in 3Q23 yoy. Of the \$98Mn in total retail sales in 3Q23, vape contributed \$71Mn. Although the company is the far away #1 vape brand (25% share vs. the next player at 6%), its 3Q23 vape sales fell 10% yoy. Flower added \$8Mn in sales, and it was up 4x yoy. STIIIZY only entered the pre-roll category in 2Q22, and sales have grown more than 4x since then to \$12.5Mn in 3Q23. It is #3 now in concentrates with 8.3% share (\$5Mn in sales). *Note: STIIIZY also owns the largest retail chain in the state, with 31 stores (including soon to open), followed by Catalyst with 20.*
- **WYLD** -3% YTD (+2% in 3Q23). The company generates all its sales from edibles (\$31.7Mn in 3Q23). It is the 2nd largest edible brand in CA (25% share), behind Kiva with 29%. WYLD went from a 15% share in 1Q20 to 23% in 1Q21 to 25% now.
- **Kiva** -7% YTD (-15% in 3Q23). Like WYLD, the company generates all its sales from edibles (\$37.2Mn in 3Q23). It is the largest edible brand in CA (29% share), followed by WYLD with 25%. While Kiva has been a consistent #1 in edibles, its share peaked at 37% in 4Q22, and has been declining since then.
- **Pacific Stone** -16% YTD (-2% in 3Q23). With sales of \$16Mn in 3Q23, PS generated half of sales from flower in 3Q23, and the other half mostly from pre-rolls. The flower business is down significantly, from \$29.8Mn in 4Q20 (5.6% share) to \$8.6Mn in 3Q23 (2.4% share, though still the 4th “largest” flower brand). Pre-roll sales were mostly stable yoy in 3Q23; PS is the #4 pre-roll brand with 2.4% share.
- **Heavy Hitters** -18% YTD (-5% 3Q23). It had sales of \$22Mn (vape \$13Mn, edibles \$6Mn, pre-roll \$3Mn) in 3Q23. From its core category, vape, the company has expanded over time to pre rolls and edibles, with mixed results in our view, while the vape business has struggled. In 3Q, vape sales were down 21% yoy, and the company’s 4.6% share (#4 brand) was well down from its peak of 8.1% in 2Q20. The company entered the pre-roll segment

in mid 2021, and now has 1.6% share (#13 brand), but 3Q23 sales fell 10%. Edible sales were up more than 80% yoy; it was the #5 brand with 4.4% share (#3 Kanha 9.3%; #4 Froot 4.8%).

- **Jeeter** -19% YTD (-29% 3Q23). About 85% of sales come from pre-rolls, where the company has the #1 brand (16.7% share in 3Q23). While the rise of the brand from 4% pre-roll share back in 1Q20 is commendable, we note share peaked at 26.4% in 3Q22 and is down more than 10pt since then. The other 15% of sales comes mainly from vape, but sales fell 40% yoy in 3Q23.
- **Cannabiotix** -20% YTD (-4% 3Q23). The company generates ~85% of sales from flower. Although it remains the #1 flower brand in CA (ex-house brands), yoy share dropped to 4.2% in 3Q23 from 4.9% in 3Q22 (what was its peak share of 4.9%). So, while flower sales fell 6% in CA in 3Q23, the company fell 20%. House brand share in flower rose 50bp yoy 4.9% in 3Q23. The company's sales of concentrates were stable yoy.
- **Raw Garden** -22% YTD (-25% 3Q23). 3Q23 sales of \$30Mn were comprised by \$18Mn in vape \$18Mn, \$8Mn in concentrates, pre-rolls \$4Mn). The company had 20% share in vape back in 1Q20, but this is down to 6.2% now (#2); 3Q23 vape sales fell 30% yoy. It is #1 in concentrates with 13.7% (3Q23), but this is down from a peak 21% in 4Q21; concentrate sales fell 13% yoy. Pre-roll sales fell 25% (it is the #10 brand with 2% share).

Key Brands by Category

Brand concentration and house brand relevance vary by categories. But not surprisingly, in our view, ready-to-consume manufactured products tend to show greater brand concentration and loyalty, than flower. We review key brands below, in order of formats that are more consolidated.

Edibles: The top 3 brands have 63% market share (the top ten 83%). As per Headset, in 3Q23 Kiva had 29% segment share, WYLD 25%, and Kanha 9%. Market share in this category tends to be sticky (the same top three brands had, respectively, 33%, 15%, and 13% share back in 1Q20), although the combined share of the 10 brands is slightly down from 88% in 1Q23. Sales growth trends also vary. Among the top 5 players, YTD Jan-Sep sales are down 7% for Kiva (vs. -4% for the category), -3% for WYLD, -14% for Kanha, up 68% for Froot (4.6% 3Q23 share), and +50% for Heavy Hitters. Sales for Plus (#6) are down 21%, and -40% for Smokiez (#7). Brands like Good Tide (#8) and Clsics (#11) are now among the top and had little sales a year ago. House brands are insignificant in edibles, with only 0.2% share.

Vape: The top 3 brands have 35% market share (the top ten 57%). As per Headset, in 3Q23 STIIIZY was #1 with 24.6% share (up from 9% in 1Q20), 4x the next player; the company has maintained share stable for the most part (peaking at 26.7% in 2Q22). That said, sales YTD for Jan-Sep fell 7% vs. -4% for the category. Other large vape players have seen more volatility. Raw Garden is #2 with 6.4% share, but YTD sales fell 32%; Plug Play (#3 with 4.6%) saw sales increase 7%; Heavy Hitters - 29% (#4; 4.6%); West Coast Cure is now #5 with sales up 332% YTD. Other meaningful gainers were



Gelato +172% (#7; 3.4%) and Turn (#9 now with little sales the prior year). House brands only had 0.6% share in 3Q23.

Pre-rolls: The top 3 brands have 27% market share (the top ten 49%). As per Headset, in 3Q23 Jeeter was #1 with 16.6% share, but this was down from a peak of 26% in 1H22; the next players were STIIIZY (6.4%), Presidential (4.1%), Lowell (3.7%), and West Coast Cure (3.7%). Unlike with edibles, share has moved around in this segment. YTD, sales for Jeeter are down 22%, while they are up 340% for STIIIZY (Presidential +19%, Lowell -2%, +51% for West Coast Cure). Claybourne (#8) is up 270% YTD and Raw Garden +70% (#10). House brands only have 1.4% share.

Flower: The top 3 brands have 9% market share (the top ten 24% ex house brands). We are doubtful of brand loyalty in this category. House brands are #1 with 6.7% share (we note this is low vs. states like CO and OR). The top 5 brands are Cannabiotix with 4.0% (it had minimal share in 1H20), West Coast Cure 2.9%, Fig Farms 2.3%, Pacific Stone 2.3, and STIIIZY 2.2%. Category sales are down 16% YTD, with wide ranging performance among the top players: House brands +1%, Cannabiotix -25%, West Coast Cure +183%, Fig Farms +86%, Pacific Stone -23%, STIIIZY +143%. Re other top 10 brands: Oakfruitland +2300%, Claybourne -24%, Alien Labs -15%, Connected +10%, and Glass House -25% YTD (its share peaked at 3% in 3Q21).

Key brands in other categories: In concentrates, the top 3 brands have 31% share (Raw Garden, 710 Labs, STIIIZY); the top 10 have 53%. In beverages, the top 3 brands have 43% share (St Ides, Uncle Arnie's, CANN); the top 10 have 75%. In topicals, Papa & Barkley has 45% share, followed by Mary's Medicinals with 23% (top 3 have 74%; top 10 have 93%). In tinctures, the top 3 have 42% share (Papa & Barkley, Care by Design, Yummi Karma); the top 10 have 81%.

A caveat to the above analysis. Prices can vary widely across brands, and at times some companies may become more aggressive in terms of price discounting, promotions, distribution push (to gain retail shelf space), and marketing spend (including in platforms like weedmaps). So, it is not just about sales growth, but more about consistency (an upward trend line in share) and sustainability. Regarding the latter, we see prices can vary widely within a category, and we wonder whether than some companies can survive in the long term with very low prices if their supply chain cannot really support such an approach. In the tables below, we compare prices for the leading brands in four segments.

The California Retail Market

CA has over 1,200 stores but that is low vs. other states, relative to population and land mass. Big picture, revenue per store (>\$4Mn) is above other matured markets and varies widely by county: San Diego County is 2x the state average; Santa Clara County is more than 5x the state average, but neighboring Monterey is below the state average at \$3Mn. Retail scale matters (especially in a context of narrowing retailer spreads for flower), as does a mix of "good" locations (preferably in less store-dense counties, with above average rev per store).

- According to the official state website, there are 1,241 active "commercial retailer" storefront licenses in California (another 253 have expired; 7 have been revoked; 63 have

been surrendered), plus another 468 active delivery licenses (“commercial retailer non-storefront”). Some of the delivery licenses may be owned by retailers with store fronts.

- On a total population of 39mn, this means 32 storefronts per 1mn people (or >31,000 people per store). Compared to other states, CA has low store density relative to its population; OR is at 196 and CO at 182, but even among newer rec states only IL has less stores per 1mn people (13). Add the fact that CA is a larger state in sq miles (164K), and the density is even less.
- We think this issue (plus higher taxes, and a large illicit trade) explains why CA lags other states in annual consumption per cap.

Rev/store vs. other states. Assuming zero sales for the delivery operators without storefront, annual sales per store in CA amount to \$4.2Mn taking the YTD sales run rate for the state (if we assume standalone delivery operators account for 15% of the industry, then rev/store would be \$3.7Mn). While low vs. the “license-restricted” states of the east, the CA store average is towards the higher end compared with other “unrestricted” licensing states (MA \$4.5Mn; MI \$3.8Mn; WA \$2.9Mn; CO \$1.5Mn; OR \$1.2Mn).

CA rev per store varies widely across counties. Due to several municipalities still not allowing storefronts in CA, sales by county vary widely.

Table 18: Sales and store data for California counties with 1mn people or more

Counties:	Los Angeles	San Diego	Orange	Riverside	San Bernardino	Alameda	Sacramento	Contra Costa	Fresno
Sales \$Mn	1,362.6	547.6	277.5	378.7	133.8	263.6	270.7	113.3	75.7
rev/store	3.5	7.7	5.2	2.9	5.4	7.1	6.9	5.7	4.0
pop (mn)	10.1	3.4	3.3	2.5	2.2	1.7	1.6	1.2	1.0
sq miles	4,084	4,526	948	7,209	20,105	813	994	716	6,011
# of stores	384	71	53	131	25	37	39	20	19
per 1mn pop	38	21	16	53	11	21	24	17	18
per 1k sq mile	94	16	56	18	1	46	39	28	3

Source: CA state data; Z&A calculations

- Among counties with 1mn people or more (nine in total, which account for 69% of CA’s population), six are well above the state average in terms of rev/store. San Diego County stores average \$8.4Mn rev/store pa (67 active store fronts); Sacramento \$7.6Mn (36); Alameda \$7.3Mn (37), Contra Costa \$6.1Mn (19); Orange County \$5.6Mn (51); San Bernardino \$5.3Mn (26). Among these nine most populous counties, Riverside at \$2.9Mn (130), had the lowest rev/store. Counties mostly in line with the state average: Fresno \$4.3Mn (18) and LA county \$3.7Mn (385).
- Among counties with populations between 400K and 1mn (another ten), the outliers were Kern County at \$8.3Mn rev/store (2 stores) and San Mateo at \$5.5Mn (12), at the top. At the bottom Santa Barbara (22 stores) and San Francisco County (72), each with \$3Mn rev/store; Monterey (22) and Ventura (28) also had low rev/store at \$3.1Mn (22). The

rest of the counties in this population group were between \$4-5Mn rev/store: Stanislaus, San Joaquin, Tulare, Sonoma, Solano (from highest to lowest).

- Among the smaller counties, Santa Clara stands out (9 stores) with rev/store of \$21.3Mn; Marin (1) \$13.2Mn; Nevada (2) \$9.8Mn; San Luis Obispo (8) \$8.6Mn; Kings (4) \$7.4Mn; and Yolo (4) \$7Mn. But several small counties have rev/store below \$1.5Mn: Humboldt, Lake, Siskiyou, Inyo, Mendocino, Del Norte, Mono (from highest to lowest).

Table 19: Retail Stats by County

Counties:	\$Mn Sales	\$Mn Rev Per Store	# of Stores	Stores per 1mn pop	Stores per 1k sq ml	Population 000s	Ares sq miles	\$ per cap spend
Alameda	263.6	7.1	37	21	46	1,747	813	151
Calaveras	11.3	2.8	4	88	4	45	1,037	250
Contra Costa	113.3	5.7	20	17	28	1,201	716	94
Del Norte	4.3	0.7	6	218	5	27	1,230	158
El Dorado	45.1	4.1	11	57	6	194	1,786	232
Fresno	75.7	4.0	19	18	3	1,032	6,011	73
Humboldt	33.0	1.3	25	182	6	137	4,052	241
Imperial	33.4	2.8	12	66	3	181	4,482	184
Inyo	3.6	0.7	5	261	0	19	10,227	188
Kern	15.4	7.7	2	2	0	930	8,163	17
Kings	28.9	5.8	5	33	4	152	1,392	190
Lake	9.7	1.1	9	130	7	69	1,329	141
Los Angeles	1,362.6	3.5	384	38	94	10,073	4,084	135
Marin	13.3	13.3	1	4	2	265	520	50
Mendocino	19.1	0.9	21	226	5	93	3,878	206
Merced	35.8	4.5	8	28	4	289	1,979	124
Mono	4.9	1.0	5	385	2	13	3,132	381
Monterey	66.7	2.9	23	52	6	446	3,771	150
Napa	18.9	2.1	9	65	11	138	789	137
Nevada	19.0	9.5	2	19	2	103	974	184
Orange	277.5	5.2	53	16	56	3,268	948	85
Placer	0.5	0.5	1	2	1	422	1,424	1
Riverside	378.7	2.9	131	53	18	2,487	7,209	152
Sacramento	270.7	6.9	39	24	39	1,635	994	166
San Bernardino	133.8	5.4	25	11	1	2,226	20,105	60
San Diego	547.6	7.7	71	21	16	3,360	4,526	163
San Francisco	215.8	2.9	74	83	1,579	895	47	241
San Joaquin	59.1	4.9	12	15	8	807	1,426	73
San Luis Obispo	63.6	7.1	9	31	3	286	3,300	222
San Mateo	59.4	5.0	12	15	27	778	449	76
Santa Barbara	61.5	2.8	22	48	6	456	3,789	135
Santa Clara	190.7	21.2	9	5	7	1,983	1,291	96
Santa Cruz	63.3	3.2	20	73	33	273	607	231
Shasta	36.6	4.1	9	48	2	187	3,847	196
Siskiyou	5.8	1.5	4	91	1	44	6,347	133
Solano	77.1	4.8	16	34	18	466	909	166
Sonoma	113.1	3.1	37	75	23	490	1,575	231
Stanislaus	134.3	4.8	28	50	18	564	1,515	238
Tulare	61.2	4.7	13	27	3	482	4,839	127
Tuolumne	na	na	2	36	1	56	2,274	
Undisclosed	77.3	6.4	12	-32	0	-376	32,046	-205
Ventura	85.4	3.0	28	33	13	850	2,208	100
Yolo	27.2	6.8	4	18	4	221	1,024	123
Yuba	na	na	2	24	3	84	632	
Total	5,157	4.2	1,241	32	8	39,100	163,696	132

Source: CA state data; Z&A calculations

Earnings Outlook

With \$32Mn in cash and aiming to be FCF positive over the next two years (but not until late 2024, as per our estimates), Gold Flora is arguably one of few operators in California well-placed to benefit from the eventual consolidation of the state market, especially regarding brands and retail stores (attrition will also play a role). Large MSOs have exited the state, and some of the larger private operators in the state may not be so well-placed to attract new capital given various controversies (alleged dealings with the grey market, inside and outside the state; allegations of pocketing retail excise taxes) and financial issues too (some have focused on top line and market share at the expense of profitability and cash burn). By mid-2024, the company will have quadrupled indoor growth capacity, funneling more product to its own stores. Gains in scale, merger synergies, increased verticality, fine tuning the brand portfolio (adding/cutting in house and 3rd party brands), plus store network expansion (especially in the coastal areas and license-restricted municipalities), will all contribute to margin expansion. Adjusted cash gross margins are seen going from the mid/high 50s to 65% by end of 2024, with even higher EBITDA margin expansion on cash opex leverage. Medium term capex investment will relate mostly to new store openings. Not surprisingly, CA at present is somewhat of a buyer's market, which bodes well for Gold Flora's financially disciplined management team.

Table 20: Our sales projections

\$Mn	3Q23	4Q23e	CY23e	1Q24e	2Q24e	3Q24e	4Q24e	CY24e	CY25e	CY26e
California market	1,253	1,240	5,108	1,225	1,294	1,264	1,245	5,028	5,146	5,265
qoq ch %	-6%	-1%	na	-1%	6%	-2%	-2%	na	na	na
yoy ch %	-4%	-8%	-5%	-4%	-3%	1%	0%	-2%	2%	2%
Gold Flora total sales	32.0	31.3		35.3	37.4	39.3	43.0	155.0	199.5	237.8
retail	28.2	26.7		31.1	33.3	35.5	39.6	139.4	182.0	213.8
wholesale	3.7	4.7		4.2	4.2	3.8	3.4	15.6	17.5	24.1
Gold Flora retail sales	28.2	26.7		31.1	33.3	35.5	39.6	139.4	182.0	213.8
own brands	5.9	6.1		7.1	8.3	9.9	11.9	37.3	54.6	64.1
3rd party brands	22.3	20.5		23.9	24.9	25.6	27.7	102.1	127.4	149.6
as % of market	2.25%	2.15%		2.54%	2.57%	2.81%	3.18%	2.77%	3.54%	4.06%
# of co stores	17	17	17	18	19	20	22	22	26	30
new store				1	1	1	2	5	4	4
avg rev/store pa	6.6	6.3		6.9	7.0	7.1	7.2	6.3	7.0	7.1
Gold Flora wholesale sales	3.7	4.7		4.2	4.2	3.8	3.4	15.6	17.5	24.1
own brands	1.9	2.8		2.4	2.3	2.0	1.5	8.2	10.0	16.6
3rd party brands	1.9	1.9		1.9	1.9	1.9	1.9	7.4	7.4	7.4
Implied co branded sales at retail	9.6	11.8		11.9	12.9	13.9	14.9	53.7	74.6	97.4
at 3rd party stores	3.7	5.6		4.7	4.6	4.0	3.1	16.4	20.0	33.3
own stores	5.9	6.1		7.1	8.3	9.9	11.9	37.3	54.6	64.1
Implied by Headset	20.7									
market share	1.65%	0.95%		0.97%	1.00%	1.10%	1.20%	1.07%	1.45%	1.85%

Note: We assume stores are cash funded (capex), but we realize some may be via M&A (and paid with stock)

Source: Company reports, Z&A estimates

Regarding external matters (the above issues relate more to execution and are mostly under the control of the company),

- We shall see how the CA market grows (it is down since 2021). It has potential to ramp as more municipalities open to rec retail. We project 2% pa growth.
- Oversupply is a potential risk, but with indoor only accounting for 6% of growth licenses, plus the high cost and long lead times of starting new indoor cultivation (in a market context of limited capital access), we do not foresee an oversupply situation in terms of flower grown indoor.
- Yes, retailer economics point to lower margins (see analysis in prior pages), but CA retail prices remain above other states in the west. Moreover, Gold Flora will offset part of these trends with increased verticality.
- It remains unclear whether the state will be more aggressive in terms of fighting the illicit market and or lowering the tax burden on the industry and the consumer. In this sense, NY state's efforts seem to be more advanced (maybe CA will follow?).

Table 21: Our financial projections

US\$ Mn	Sep 3Q23	Dec 4Q23e	Dec CY23e	Mar 1Q24e	Jun 2Q24e	Sep 3Q24e	Dec 4Q24e	Dec CY24e	Dec CY25e	Dec CY26e
Sales (\$ Mn)	32.0	31.3		35.3	37.4	39.3	43.0	155.0	199.5	237.8
<i>consensus Sales</i>		32.3		32.4	33.8	34.6	34.6	135.4	na	na
Profit margins										
Gross profit before FV adj	11.3	15.7		18.3	20.2	21.6	24.1	84.3	112.7	137.9
as % of sales	35.4%	50.0%		52.0%	54.0%	55.0%	56.0%	54.4%	56.5%	58.0%
Op exp	-25.6	-22.6		-23.0	-23.4	-23.4	-23.6	-93.5	-97.5	-106.8
as % of sales	-80.2%	-71.9%		-65.2%	-62.7%	-59.6%	-54.9%	-60.3%	-48.9%	-44.9%
EBIT	-14.3	-6.9		-4.7	-3.2	-1.8	0.5	-9.3	15.3	31.2
as % of sales	-44.8%	-21.9%		-13.2%	-8.7%	-4.6%	1.1%	-6.0%	7.7%	13.1%
adj EBITDA	-1.7	-2.3		-0.1	1.3	2.8	5.1	9.1	34.1	50.7
as % of sales	-5.4%	-7.5%		-0.4%	3.5%	7.1%	11.8%	5.9%	17.1%	21.3%
<i>consensus EBITDA</i>		-0.9		-0.9	-0.4	-0.2	-0.2	-1.7	na	na
EPS										
Pre tax income	29.8	-12.6		-10.5	-9.4	-7.7	-5.1	-32.6	-3.3	13.1
Tax rate assumption	22.9%	-26.0%		-36.5%	-45.2%	-58.9%	-99.7%	-54.1%	-708.9%	221.8%
Net income	22.9	-15.9		-14.4	-13.6	-12.2	-10.1	-50.3	-27.0	-15.9
Share count (FD) Mn	300.3	288.3		288.3	288.3	288.3	288.3	288.3	288.3	288.3
EPS	0.08	-0.06		-0.05	-0.05	-0.04	-0.04	-0.17	-0.09	-0.06
<i>consensus</i>		-0.03		-0.03	-0.03	-0.03	-0.03	-0.13	na	na
BS & CF highlights										
Operating cash flow	-24.8	-12.1		-5.2	-6.5	-5.4	-1.2	-18.2	4.3	14.5
(-) Capex	-0.8	-0.7		-0.8	-0.9	-0.9	-1.0	-3.6	-4.6	-5.5
Free cash flow	-25.6	-12.9		-6.0	-7.4	-6.3	-2.1	-21.8	-0.3	9.1
Ending net cash (debt)	-16.5	-29.3		-35.3	-42.7	-48.9	-51.1	-51.1	-51.4	-42.3
cash	32.3	18.9		15.0	15.0	15.0	15.0	15.0	15.0	15.0
financial debt	48.8	48.2		50.3	57.7	63.9	66.1	66.1	66.4	57.3
Equity	34.0	18.1		3.7	-9.9	-22.1	-32.2	-32.2	-59.2	-75.1

Source: Company reports, FactSet, Z&A estimates



Review of 3Q23 Results and 4Q Implications

The business combination of Gold Flora with TPCO Holdings Corp was completed on July 7, 2023, so 3Q23 results mostly reflected proforma results.

- **Sales:** It reported 3Q23 sales of \$32Mn, with \$28Mn from retail and the balance from wholesale (\$3.7Mn). According to management, retail sales were 21% comprised by own brands (the target is 30%), or about \$6Mn. We observe the Headset data point to \$21Mn in total retail sales of the company's brands at retail (at own stores and at 3rd party stores), so that would mean about \$15Mn sold at 3rd party stores (in terms of sales at retail), equivalent to ~\$7Mn in wholesale for Gold Flora, or more than \$4Mn what was reported. We realize there may be timing issues with the Headset data, but we interpret the inconsistency here as a sign of upside to 4Q sales as well as room in 4Q for own brands accounting for a larger share of company retail sales (which should help gross margins).
- **Gross margins:** It reported 35% gross margins. The company provided an adjusted metric of 57%, which excludes "operating expenses related to US tax code 280E" as well as non-recurring expenses. Merger synergies, cultivation expansion (in 3Q it activated 40K sq ft of canopy at its DHS facility; by 1Q24 it will benefit from another 35K sq ft at the Caliva San Jose facility), plus more own product sold through company stores (i.e., increased vertical integration), should all drive margin expansion in coming qtrs. We expect adjusted gross margins to reach ~65% range by end of 2024.
- **EBITDA and OCF:** For 3Q23, it disclosed adj EBITDA of -\$1.7Mn (5% of sales), and operating cash flow of -\$20Mn; capex was only \$0.5Mn for the quarter. Going forward capex should be minimal, as the capacity expansion has already been funded. Store openings would cost about \$0.7Mn, but this will depend on the company winning new licenses or adding new stores where it already holds licenses (San Jose). Store addition via M&A would be mostly funded with stock.
- **Debt leverage:** At the end of Sep, the company had \$32Mn in cash, which puts it in a strong position vis a vis California peers. Net debt of \$16Mn was only 0.1x sales. With improving margins and a softer capex cycle, the company expects to generate positive FCF in the coming quarters.

On the Company's Debt Structure and Outstanding Derivatives

The company booked gross debt of \$49Mn as of Sep 30, 2023 (\$5Mn of which may not be owed if ongoing litigation is successful).

- **Notes payable booked at \$29.1Mn (\$15.5Mn due within the 12 months to Sep 2024).** Of these, the three largest are: a) \$9Mn note related to the Airfield acquisition (8% pa; quarterly principal payments from March 2023 to Dec 2025); b) \$8.4Mn note related to the Higher Level of Care acquisition (8% pa; quarterly principal payments from Dec 2022 to Sep 2025); c) \$5.2Mn note related to the Shelf Life acquisition; although this debt is



shown in the books, the company is in “active litigation” as it believes no amounts are owed (it expects the litigation to be resolved in 1H24).

- **Convertible note booked for \$19.7Mn.** The principal of these notes is \$22.5Mn, and they mature on 12/31/25, carry an 8% rate; the conversion rate is \$0.7549. The company has an optional conversion feature if the 20-day VWAP exceeds \$1.0175. If converted, this would imply issuing close to 30mn shares (29.8mn), or about >10% of current outstanding shares.

Derivatives outstanding. Not factoring RSUs (282K outstanding), and besides the 29.8mn shares that would be issued from the convertible debt, the company has 139K in out of the money options and 69mn in out of the money warrants (of these, 33mn have a \$1.15 strike price; another 365mn have a strike price of \$11.50).

Our Evaluation Framework (“Filter”)

We expand here on our filter and how we evaluate companies in general.

- **Avoid highly levered companies (with negative cashflow trends).** The recent shareholder dilution seen with stocks like CGC (down 73% in the last three months vs. +6% for MSOS ETF) and TLRY (-32%), should serve as a cautionary tale for investors. That said, with some these North American companies, the question is about survival, so for minority equity investors the option is more about getting diluted or fully wiped out. Sure, most would prefer the former. Still, with the sector being inexpensive in general, we believe it is better to choose stocks with lower dilution risk (relatively speaking).
- **Avoid companies with governance issues and lackluster M&A track record.** While these factors are backward looking, they are still relevant. We prefer to avoid companies with a history of buying “related” assets at steep prices; with well above average executive compensation (unlinked to performance); with stacked boards; with a history of proven rule-breaking (here we do not include unproven allegations), such as cross-state shipping, improper labelling, THC inflation, just to name a few “transgressions”. In terms of M&A, one metric we factor is sales per share over time - we prefer scale, so no issue with M&A if it is accretive and grows a company’s moat and strategic position. But if we take net sales per share for 2Q23 vs. 2Q21, we see this metric among MSOs grew 23% for Schwazze and 15% for MariMed, while group average was -3%. In the same period, adj EBITDA per share is down for most MSOs, with few exceptions.
- **Look for sustainable franchise strength or specific know-how.** A small operator may only own a few stores, but if those stores outsell peers in the state by a factor of 2-3x rev/store, we see that as franchise strength. A company with a unique concept, such as Planet 13’s superstore in Las Vegas, or with niche strength, such as Decibel in infused pre-rolls in Canada, we see as having franchise strength. A company with a large retail store network,

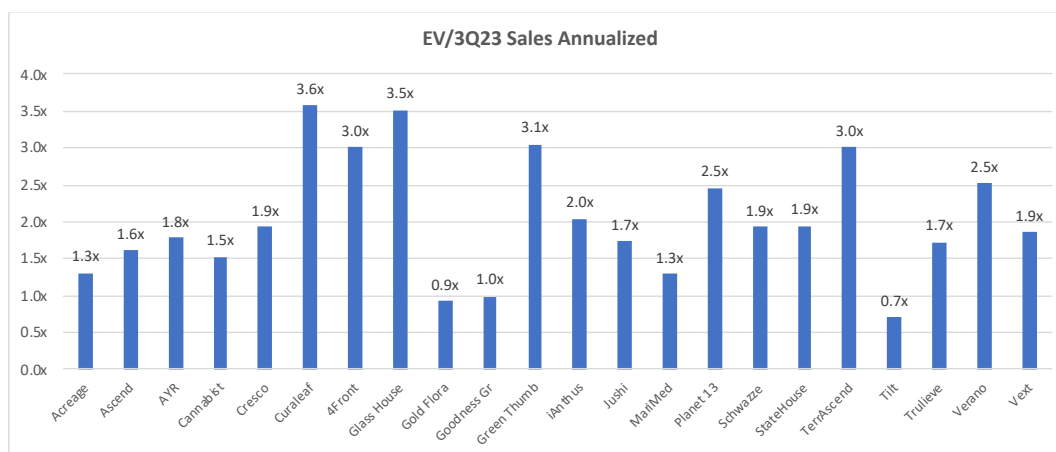
such as Trulieve in Florida, has franchise strength (and those stores outsell peers 2-3x on a per store basis). By the same token, Cresco Labs' leading wholesale presence (as per market data), also counts as franchise strength (and this is not just a function of retail presence – see its #1 position in MA). On the know-how front, we would highlight Village Farms' years of expertise in farming, and low production costs, at scale.

- **Positive financial metrics.** By this we mean profitability, cash flow conversion (EBITDA to OCF), and decent balance sheet. In 1Q23, Schwazze had the highest gross margin among MSOS (58%). MariMed and Tilt Holdings (TLLTF/NR) had the lowest cash recurring SGA to sales in 1Q23 (29% and 28%, respectively). Green Thumb (GTBIF/NR) has the best cash flow conversion in the group, with OCF/EBITDA of 51% in CY22. On balance sheet metrics among MSOs (net debt at less than 0.5x sales, or in net cash position), Green Thumb, MariMed, Planet 13, and Tilt Holdings stand out.
- **Visionary management (with financial discipline in mind, we would add).** We agree there are plenty of opportunities in the US for MSOs, and given financial restrictions (i.e., capital access, no US exchange listing), their options to expand internationally are more limited. That said, we value Curaleaf's forays into overseas markets via the EMMAC and Four20 Pharma deals (the latter is a leader importer in Germany). Tilray's plans to build a global powerhouse of CPG brands (not just THC), that are synergistic, also fits our vision filter (recent shareholder dilution notwithstanding). Plans to list in the TSX are also forward thinking in several aspects, so kudos to TerrAscend for pulling this off, and to those that may follow (Curaleaf's recent filings imply it may be next).

Valuation and Stock Performance

We calculate an EV of \$118Mn taking market cap of \$60Mn (288.3mn shares, 0.3mn RSUs; share price \$0.21) and broadly defined net debt of \$58Mn (financial net debt of \$16Mn, including \$5Mn debt in litigation; \$32Mn in leases net of right of use assets; \$5Mn in ST tax debt net of ST deferred tax liabilities; \$5Mn in contingent consideration). That implies 0.9x current sales. On our projected 2025 estimates, taking spot EV (i.e., not projected EV), the stock is valued at 0.6x sales, and 3.4x EBITDA. We do not assign price targets, but if we took 15-20x 2025 EBITDA, then by Dec'24 (taking a 1-year forward valuation view then), the stock would be at \$1.50-2.00 (almost 10x current levels, taking the high end of that range). Over time, with more institutions involved in the space, better understanding of the CA market, and Gold Flora growing top line both organically and via M&A, we would expect the stock to re-rate.

Table 22: EV to 1-year Forward EBITDA as per FactSet



Source: FactSet; company report

Bull and Bear Case

How much upside?

- The bull case:** If CA were “only” to close half of the per capita gap with Michigan, it would be a \$9Bn market (for modelling purposes, we project \$5.5Bn by 2026). The largest player in CA (STIIIZY) has a combined ~8% market share. In our projections, we assume Gold Flora’s brands only garner retail share of 1.85% by 2026, and we assume the company’s stores (70% 3rd party brands; 30% owned brands) reach 3.9% retail share by 2026. But if on the \$9Bn assumption, we took 5% blended retail/wholesale market share for Gold Flora (i.e., \$450Mn), 20% EBITDA margins, and 15x EBITDA, then the company’s EV would be \$1.35Bn (10x the current EV), or more than \$4 per share (>20x current levels).
- The bear case:** From a technical perspective, the stock runs the risk of being overlooked among the myriad of US plant touching stocks, given investors’ focus on license restricted states, concerns (on the surface) about the structure of the CA market, and Gold Flora’s

negative EBITDA. From a fundamental perspective, the main risk is that the CA market worsens as more stores open but are not additive to market growth (damaging retailer economics) and prices come down further (due to ramped legal competition, more legal product finding its way to the illicit market, and increased supply of hemp derivatives). We assign low probability to poor deal making or dilutive investments, as management has shown discipline in curating the brand and retail portfolio, and efficiently maximizing the use of its production facilities).

Table 23: EV calculation on a forward projected basis (different from spot EV)

US\$ Mn	Mar 3Q23	Mar 4Q23e	Mar CY23e	Mar 1Q24e	Mar 2Q24e	Mar 3Q24e	Mar 4Q24e	Mar CY24e	Mar CY25e	Mar CY26e
EV	118	130	130	141	150	159	165	165	176	177
Market cap (\$Mn)	60	60	60	60	60	60	60	60	60	60
Share price (US\$)	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21	0.21
Share count (Mn)	288.6	288.6	288.6	288.6	288.6	288.6	288.6	288.6	288.6	288.6
basic share count	288.3	288.3	288.3	288.3	288.3	288.3	288.3	288.3	288.3	288.3
RSUs	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
derivatives in the money	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt (\$Mn)	-58	-70	-70	-81	-90	-99	-105	-105	-117	-118
Net debt	-16	-29	-29	-35	-43	-49	-51	-51	-51	-42
cash	32	19	19	15	15	15	15	15	15	15
gross debt	49	48	48	50	58	64	66	66	66	57
Net Leases	-32	-32	-32	-33	-33	-33	-34	-34	-36	-37
right of use assets	85	85	85	85	85	85	85	85	85	85
gross leases	117	117	117	118	118	119	119	119	121	122
ST tax debt	-5	-4	-4	-8	-9	-11	-14	-14	-22	-29
Contingent	-5	-5	-5	-5	-5	-6	-6	-6	-8	-9
Multiples (current)										
EV/Sales	0.9x	1.0x		1.0x	1.0x	1.0x	1.0x	1.1x	0.9x	0.7x
EV/EBITDA	-17.2x	-13.9x		-268.7x	28.3x	14.2x	8.1x	18.2x	5.2x	3.5x

Source: company reports, FactSet, Z&A estimates

Table 24: EV calculation and forward price references

US\$Mn	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	
9-Jan-24							CY24	Current	CY24	Current	CY24	Current	CY24	Current
US MSOs	2.0x	1.8x	1.7x	10.0x	8.2x	7.4x								
Acreage Holdings	1.3x	1.2x	na	9.3x	5.9x	na	-0.8x	-0.7x	-4.2x	-3.5x	-1.0x	-0.9x	-5.3x	-4.4x
Ascend Wellness	1.6x	1.5x	1.4x	8.2x	6.9x	6.0x	-0.4x	-0.4x	-2.0x	-2.1x	-1.0x	-1.0x	-4.7x	-4.8x
Ayr Wellness	1.8x	1.6x	1.5x	7.4x	6.5x	5.8x	-0.8x	-0.9x	-3.2x	-3.7x	-1.3x	-1.4x	-5.1x	-5.7x
Cannabist Co	1.5x	1.4x	1.3x	10.0x	7.6x	6.2x	-0.5x	-0.5x	-2.7x	-3.3x	-1.0x	-1.1x	-5.5x	-6.9x
Cresco Labs	1.9x	2.0x	1.8x	9.1x	8.0x	7.6x	-0.6x	-0.5x	-2.3x	-2.1x	-0.9x	-0.9x	-3.8x	-3.6x
Curaleaf	3.6x	3.4x	3.0x	16.0x	13.6x	10.8x	-0.5x	-0.5x	-1.9x	-2.2x	-1.0x	-1.0x	-3.9x	-4.6x
4Front Ventures	3.0x	2.7x	na	26.9x	13.0x	na	-0.7x	-1.0x	-3.5x	-6.9x	-2.1x	-3.0x	-10.3x	-20.1x
Glass House	3.5x	2.6x	na	22.0x	9.5x	na	-0.1x	na	-0.4x	na	-0.4x	-0.4x	-1.5x	-2.0x
Gold Flora	0.9x	0.9x	na	na	na	na	na	-0.1x	na	na	na	-0.5x	na	na
Goodness Growth	1.0x	0.9x	na	4.0x	3.7x	na	-0.5x	-0.5x	-2.1x	-1.8x	-0.6x	-0.6x	-2.6x	-2.1x
Green Thumb	3.1x	2.9x	2.6x	10.2x	9.7x	8.6x	-0.1x	-0.1x	-0.5x	-0.5x	-0.3x	-0.3x	-1.2x	-1.2x
iAnthus	2.0x	na	na	na	na	na	na	-0.8x	na	-7.5x	na	-1.1x	na	-9.3x
Jushi	1.7x	1.7x	1.6x	11.4x	8.6x	7.9x	-0.7x	-0.7x	-3.4x	-4.7x	-1.3x	-1.3x	-6.4x	-9.0x
MariMed	1.3x	1.1x	0.9x	7.2x	5.0x	3.9x	-0.2x	-0.2x	-1.0x	-1.6x	-0.4x	-0.4x	-1.7x	-2.7x
Planet 13	2.5x	1.5x	1.5x	-13.6x	13.0x	10.0x	0.1x	0.2x	1.0x	21.4x	-0.1x	-0.1x	-0.6x	-11.5x
Schwazze	1.9x	1.7x	na	5.7x	4.1x	na	-0.9x	-0.9x	-2.1x	-3.1x	-1.1x	-1.2x	-2.7x	-3.9x
StateHouse	1.9x	na	na	na	na	na	na	-1.1x	na	-57.5x	na	-1.8x	na	-92.6x
TerrAscend	3.0x	2.5x	2.3x	13.3x	10.2x	8.3x	-0.5x	-0.5x	-2.0x	-1.9x	-0.8x	-0.8x	-3.2x	-3.1x
TILT	0.7x	0.7x	0.6x	20.0x	11.9x	8.0x	-0.3x	-0.3x	-5.1x	-5.7x	-0.6x	-0.6x	-11.0x	-12.3x
Truelieve	1.7x	1.7x	1.7x	6.2x	6.1x	6.0x	-0.5x	-0.5x	-1.7x	-1.7x	-0.7x	-0.7x	-2.5x	-2.6x
Verano	2.5x	2.4x	2.2x	7.7x	7.4x	6.9x	-0.3x	-0.3x	-0.9x	-0.8x	-0.6x	-0.7x	-2.0x	-1.8x
Vext	1.9x	1.2x	na	9.6x	4.8x	na	-0.6x	-1.1x	-2.4x	-8.1x	-0.6x	-1.1x	-2.5x	-8.3x

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 CY23 sales consensus estimates for Gold Flora, iAnthus, and StateHouse, we take "current" sales for each of them

Source: Company reports, FactSet, Z&A estimates

Recent Performance

In part due to liquidity, Gold Flora shares did not react as much to the HHS rescheduling news compared with most stocks in the sector (see MSOS ETF jump). That said, the stock has been catching up more recently, and it is up 42% in the last 30 days compared with +3% for the MSOS ETF (as per FactSet, in the last 6 months GRAM is up 12% compared with +22% for the ETF).

Table 25: GRAM vs. MSOS ETF



Source: FactSet

Table 26: Companies mentioned in this report

Company name	Ticker	Ticker	Rating	Company name	Ticker	Rating
US MSOs				Canada LPs		
4Front Ventures		FFNTF	Not rated	Aurora Cannabis	ACB	not rated
Acreage Holdings		ACRDF	Not rated	Auxly Cannabis Group	CBWTF	not rated
Ascend Wellness		AAWH	Not rated	Avant Brands	AVTBF	not rated
AYR Wellness		AYRWF	Not rated	BZAM	BZAMF	not rated
Columbia Care		CCHWF	Not rated	Canopy Growth Corporation	CGC	not rated
Cresco Labs		CRLBF	Not rated	Cronos Group	CRON	not rated
Curaleaf Holdings		CURLF	Not rated	Decibel Cannabis Co	DBCCF	Overweight
GlassHouse Brands		GLASF	Not rated	Organigram Holdings	OGI	not rated
Gold Flora		GRAM	Overweight	Rubicon Organics	ROMJF	not rated
Greenlane Holdings		GNLN	Not rated	SNDL	SNDL	not rated
Green Thumb Industries		GTBIF	Overweight	Tilray Brands	TLRY	not rated
Jushi Holdings		JUSHF	Not rated	Village Farms Intl	VFF	Overweight
MariMed Inc		MRMD	Overweight	Other		
Planet 13 Holdings		PLNHF	Overweight	New Lake Capital Partners	LFLY	Overweight
Schwazze		SHWZ	Not rated	Chicago Atlantic REFC	REFI	Overweight
StateHouse Holdings Inc		STHZF	Neutral	Leafly	LFLY	Not rated
TerrAscend Corp.		TSNDF	Not rated	Smoore International	SMORF	Not rated
TILT Holdings, Inc.		TLLTF	Overweight	Springbig	SBIG	Not rated
Trulieve Cannabis		TCNNF	Not rated	WM Technology	MAPS	Not rated
Verano Holdings		VRNOF	Overweight			
Vext Science, Inc.		VEXTF	Not rated			

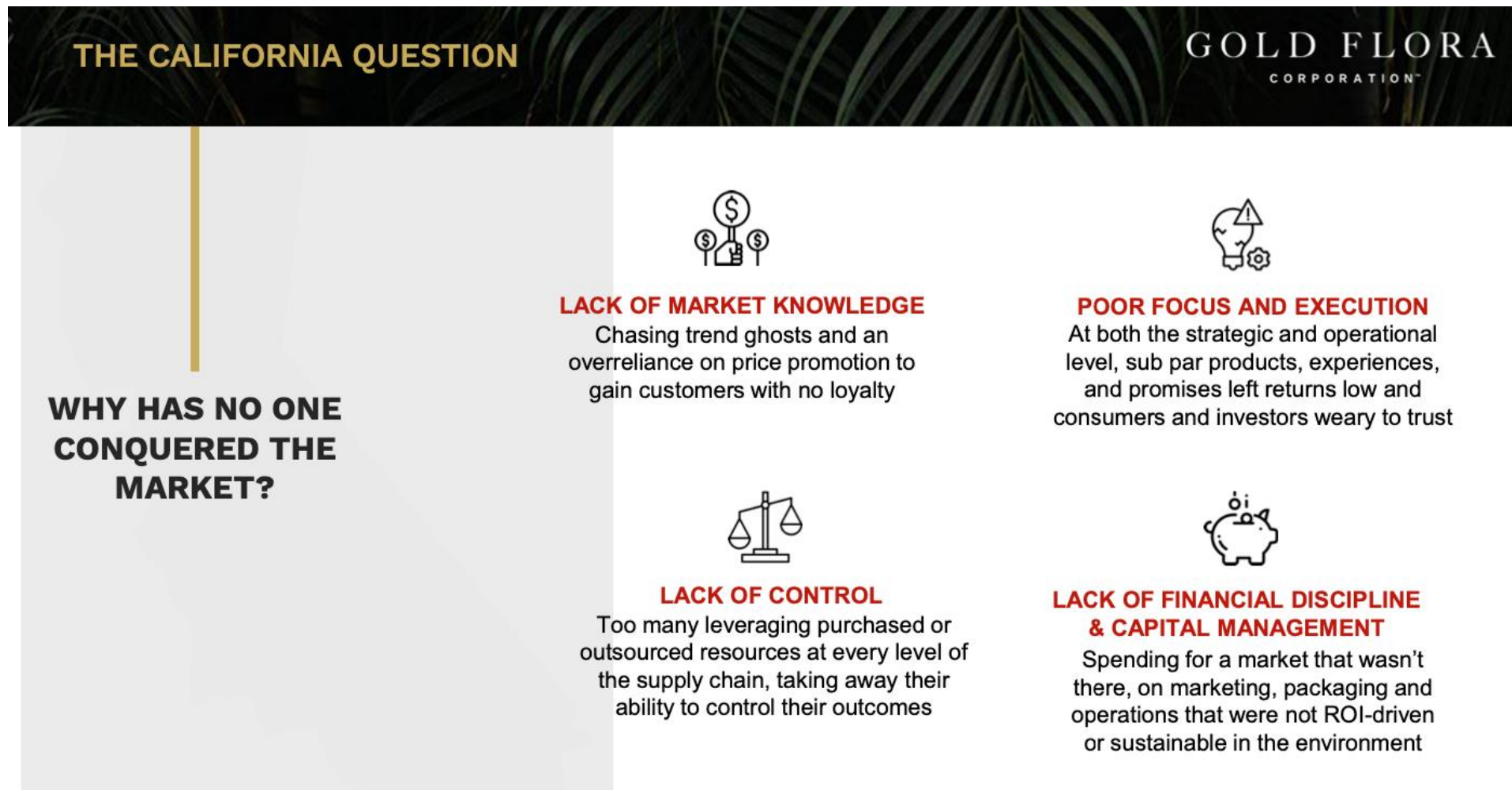
Note: others mentioned are either brands or private companies

Source: Z&A



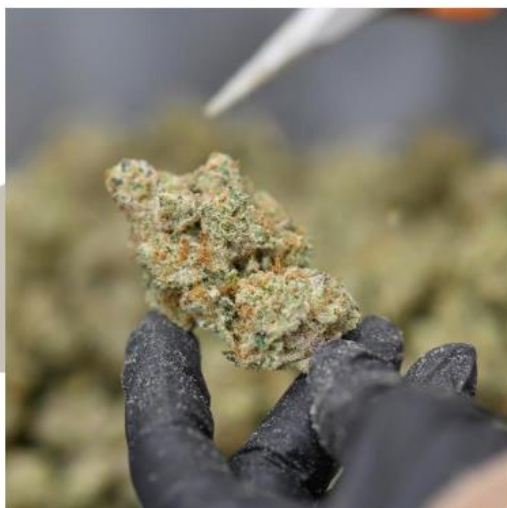
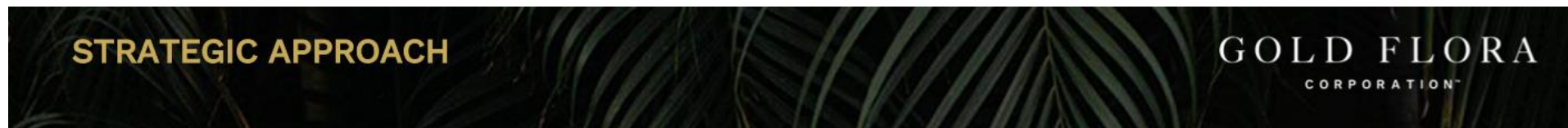
Appendix I: Company Slides and Maps

Exhibit 1: On the CA Opportunity



Source: Company reports

Exhibit 2: Strategy



CONTROL AND FOCUS AT EVERY LEVEL

We own every aspect of our supply chain, making our ability to succeed and provide return for our investors incredibly simple. We grow, manufacture, distribute, and sell world-class cannabis and cannabis-derived products. We understand our customer base and know how to drive results in the world's largest cannabis market. It's that simple.



DRIVE INFRASTRUCTURE AND EFFICIENCY

We are builders at our core, and every action we take is centered around leveraging an infrastructure-first mentality. We know efficiency and effectiveness drive maximum results, so we look for the smartest paths to success that can yield immediate returns and long-term growth.









DELIVER CRAFT & QUALITY EXPERIENCES

By controlling every aspect from seed to sale, we are able to dedicate downstream attention on upleveling products and retail experiences above and beyond the typical consumer cannabis offering. We have already built world class product and retail brands, and will continue to focus our strategy on the consumer endpoint as we scale to build loyalty, retention and advocacy.

Source: Company reports

Exhibit 3: Vertically Integrated Operations

VERTICALLY-INTEGRATED PLATFORM IN DETAIL FULLY OPTIMIZED CANNABIS POWERHOUSE TO BUILD FLY WHEEL GROWTH				
				
    				
CULTIVATION	MANUFACTURING	DISTRIBUTION	HOUSE BRANDS	RETAIL OPERATIONS
Location: Desert Hot Springs, San Jose Footprint: 107,000 sq. Feet* Licenses: 6 <i>*Options to expand</i>	Location: Desert Hot Springs Footprint: 18,000 sq. Feet Licenses: (2) Type 6A Non-Volatile Manufacturing	Location: Desert Hot Springs & Costa Mesa Footprint: 15,000 sq. Feet Licenses: (2) Type 11 Distro. Total Number of Distributed Brands in Catalog: 18 3C Farms, Aviation, Caliva, Cronja, Cruisers, Current, Gold Flora, Habit, Henry's Original, Jetfuel Cannabis, Leisuretawn, Liquid Joint, Mirayo by Santana, Monogram, Opi-Not, Roll Bleezy, Sword & Stoned, Tabs	Headquarters: Costa Mesa In-House Brands: 10 Aviation Caliva Cruisers Current Gold Flora Jetfuel Roll Bleezy Sword & Stoned Mirayo by Santana Monogram	Licenses: Type 10 Adult-use and Medicinal Retail Storefront and Delivery Locations: 15 open; 2 under construction Long Beach, Costa Mesa, Corona, Seaside, Hollister, San Jose (3), Bellflower, Hanford, West Hollywood, Santa Barbara, Stockton, Vallejo, Pasadena, Los Angeles, Concord

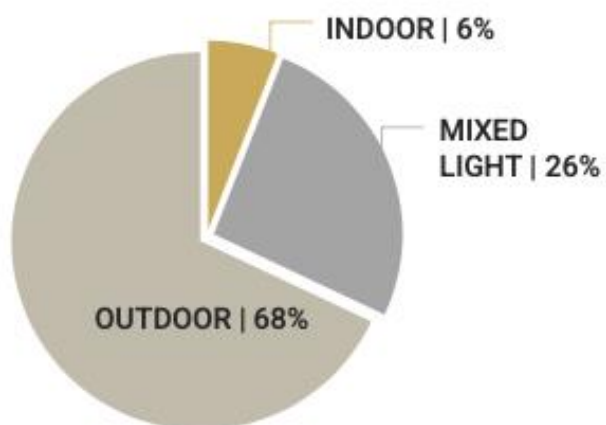
Source: Company reports

13

Exhibit 4: Cultivation edge



1. California Cultivation Licenses*



2. Gold Flora Cannabis Campus

- Positioned to be one of the largest indoor operators in California
- Lowest tax rates in the State
- Lowest agriculture utility rates
- Ample water supply – Sitting on large aquifer
- Affordable labor pool in Desert Hot Springs
- Fully entitled property to expand with infrastructure in place

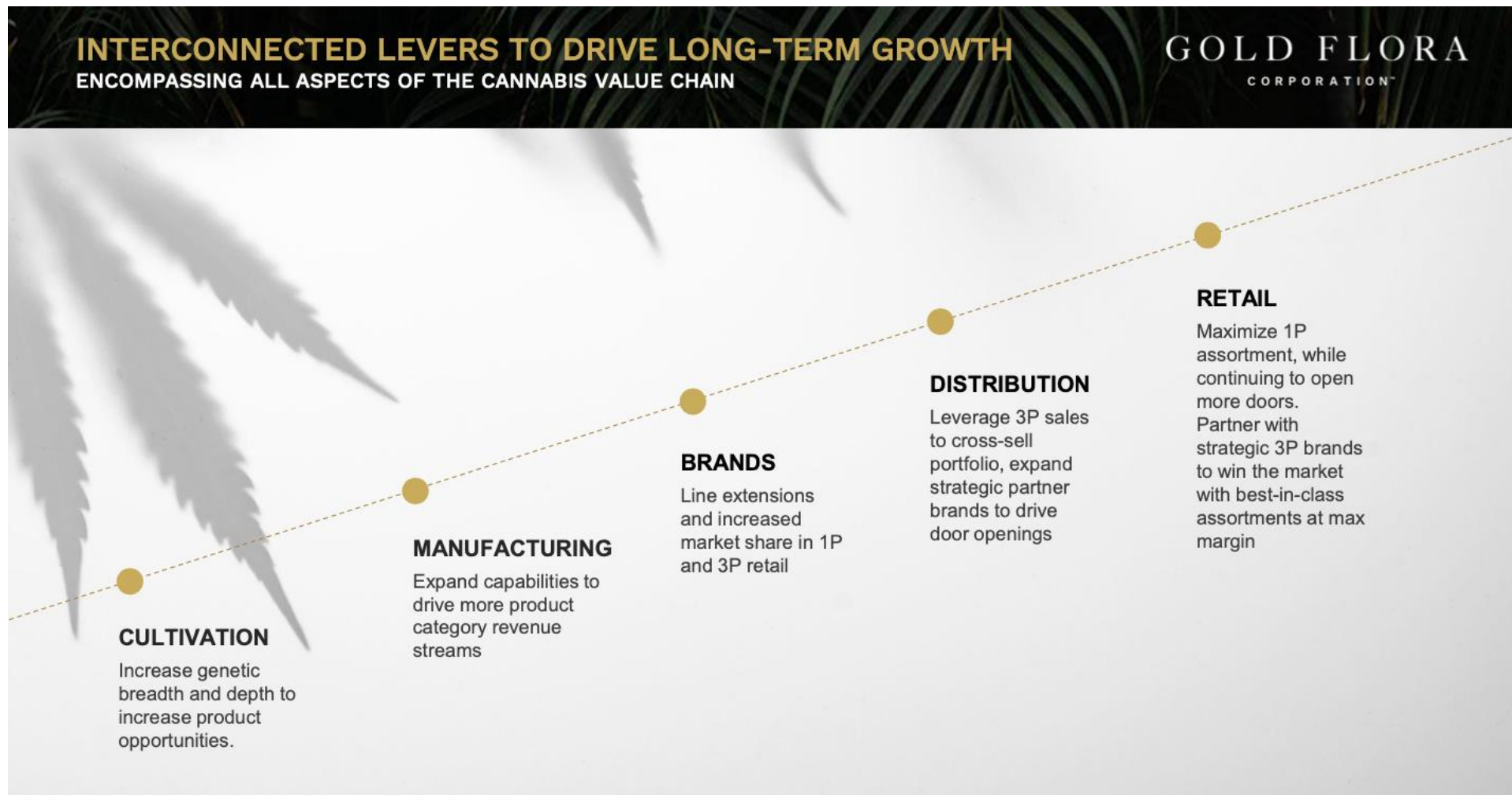
3. Gold Flora Genetics

- Unique and proprietary genetics sourced from around the world
- 30+ years cannabis breeding experience
- Deep heirloom and modern genetics collection
- Grow, evaluate and select from over 10,000 unique phenotypes annually



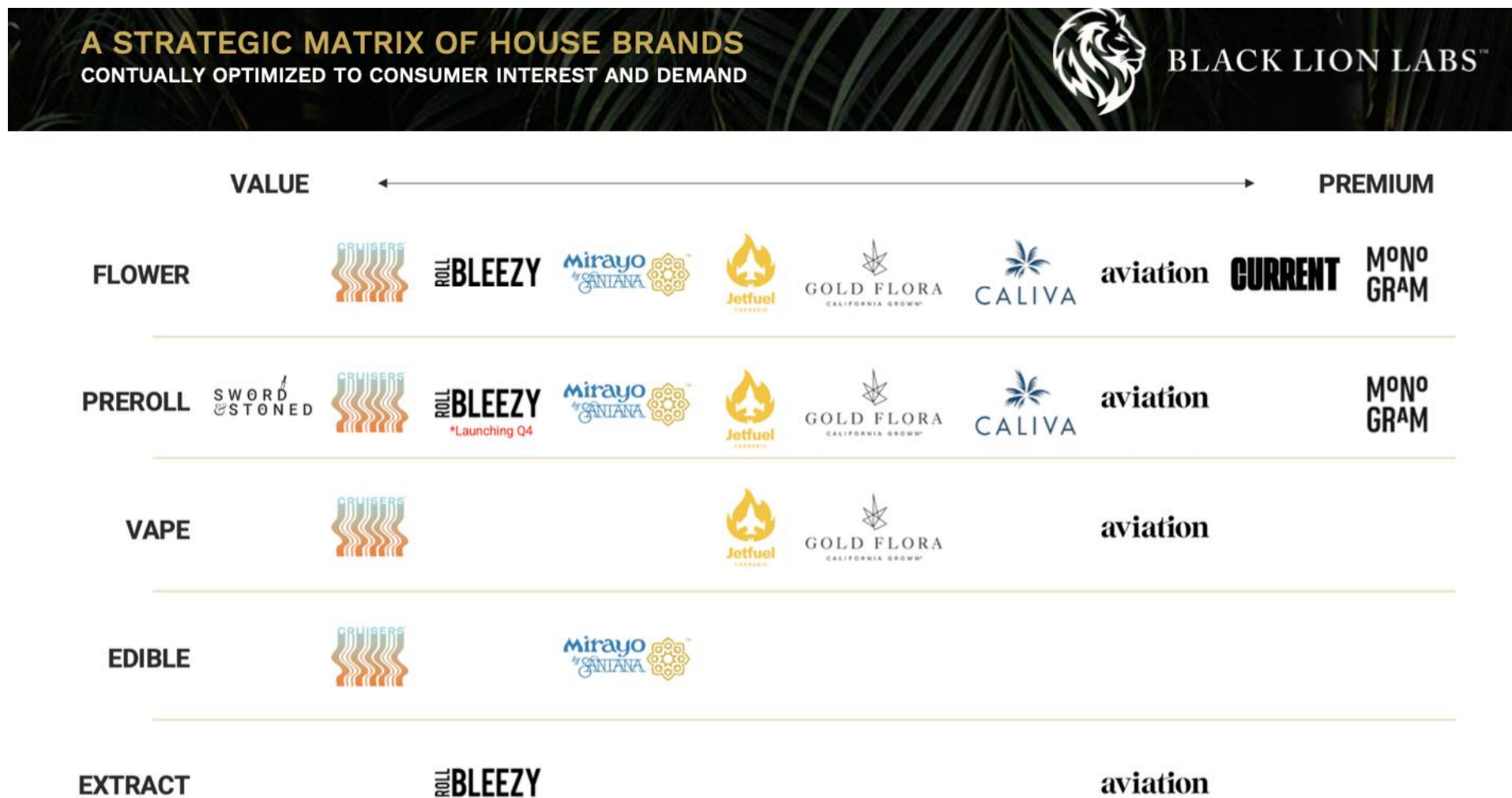
Source: Company reports

Exhibit 5: Levers



Source: Company reports

Exhibit 6: Brands



Source: Company reports

10 January 2024

Gold Flora: Initiation of Coverage

Exhibit 7: Senior Management Team



Laurie Holcomb
Chief Executive Officer



Roz Lipsey
Chief Operations Officer



Marshall Minor
Chief Financial Officer



Phillip Hague
Chief Cultivation Officer



Mark Russ
Chief Revenue Officer



Judith Schwimmer
Chief Legal Officer



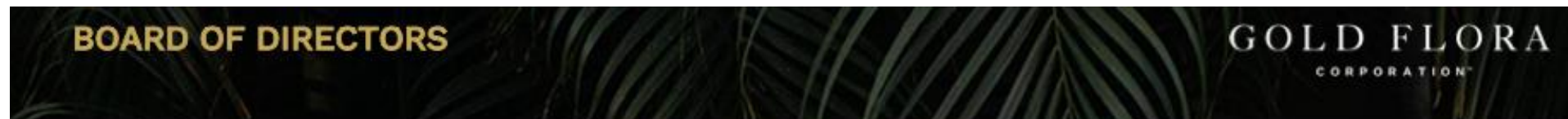
Greg Gamet
Chief Compliance Officer



Chris Lane
Chief Marketing Officer

Note: 1) In DE, the company earns revenue via management fees, rent, and licensing agreements. Source: Company reports

Exhibit 8: Board of Directors



Troy Datcher
Chairman of the Board



Laurie Holcomb
Director



Al Foreman
Director



Mark Castaneda
Director



Heather Molloy
Director



Michael W. Lau
Director



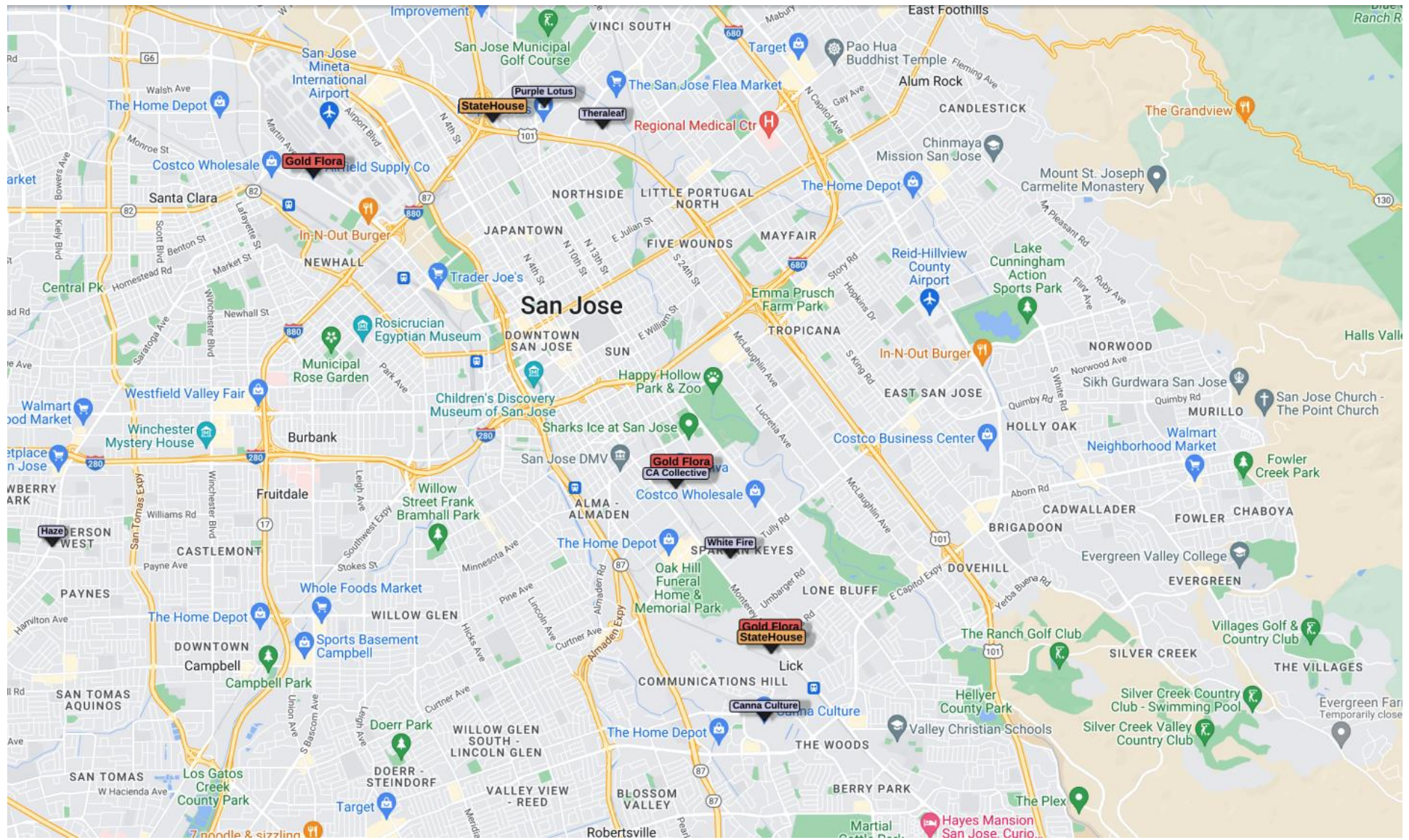
Jeffery Sears
Director

Source: Company reports

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Gold Flora: Initiation of Coverage

Exhibit 9: San Jose CA Dispensaries



Source: Company reports



Appendix II: Company Financials

10 January 2024

Gold Flora: Initiation of Coverage

Exhibit 10: Financial highlights

US\$ Mn	Sep 3Q23	Dec 4Q23e	Dec CY23e	Mar 1Q24e	Jun 2Q24e	Sep 3Q24e	Dec 4Q24e	Dec CY24e	Dec CY25e	Dec CY26e
Sales (\$ Mn)	32.0	31.3		35.3	37.4	39.3	43.0	155.0	199.5	237.8
<i>consensus Sales</i>		32.3		32.4	33.8	34.6	34.6	135.4	na	na
Profit margins										
Gross profit before FV adj	11.3	15.7		18.3	20.2	21.6	24.1	84.3	112.7	137.9
as % of sales	35.4%	50.0%		52.0%	54.0%	55.0%	56.0%	54.4%	56.5%	58.0%
Op exp	-25.6	-22.6		-23.0	-23.4	-23.4	-23.6	-93.5	-97.5	-106.8
as % of sales	-80.2%	-71.9%		-65.2%	-62.7%	-59.6%	-54.9%	-60.3%	-48.9%	-44.9%
EBIT	-14.3	-6.9		-4.7	-3.2	-1.8	0.5	-9.3	15.3	31.2
as % of sales	-44.8%	-21.9%		-13.2%	-8.7%	-4.6%	1.1%	-6.0%	7.7%	13.1%
adj EBITDA	-1.7	-2.3		-0.1	1.3	2.8	5.1	9.1	34.1	50.7
as % of sales	-5.4%	-7.5%		-0.4%	3.5%	7.1%	11.8%	5.9%	17.1%	21.3%
<i>consensus EBITDA</i>		-0.9		-0.9	-0.4	-0.2	-0.2	-1.7	na	na
EPS										
Pre tax income	29.8	-12.6		-10.5	-9.4	-7.7	-5.1	-32.6	-3.3	13.1
Tax rate assumption	22.9%	-26.0%		-36.5%	-45.2%	-58.9%	-99.7%	-54.1%	-708.9%	221.8%
Net income	22.9	-15.9		-14.4	-13.6	-12.2	-10.1	-50.3	-27.0	-15.9
Share count (FD) Mn	300.3	288.3		288.3	288.3	288.3	288.3	288.3	288.3	288.3
EPS	0.08	-0.06		-0.05	-0.05	-0.04	-0.04	-0.17	-0.09	-0.06
<i>consensus</i>		-0.03		-0.03	-0.03	-0.03	-0.03	-0.13	na	na
BS & CF highlights										
Operating cash flow	-24.8	-12.1		-5.2	-6.5	-5.4	-1.2	-18.2	4.3	14.5
(-) Capex	-0.8	-0.7		-0.8	-0.9	-0.9	-1.0	-3.6	-4.6	-5.5
Free cash flow	-25.6	-12.9		-6.0	-7.4	-6.3	-2.1	-21.8	-0.3	9.1
Ending net cash (debt)	-16.5	-29.3		-35.3	-42.7	-48.9	-51.1	-51.1	-51.4	-42.3
cash	32.3	18.9		15.0	15.0	15.0	15.0	15.0	15.0	15.0
financial debt	48.8	48.2		50.3	57.7	63.9	66.1	66.1	66.4	57.3
Equity	34.0	18.1		3.7	-9.9	-22.1	-32.2	-32.2	-59.2	-75.1

Source: Z&A estimates, company reports

10 January 2024

Gold Flora: Initiation of Coverage

Exhibit 11: Sales projections

\$Mn	3Q23	4Q23e	CY23e	1Q24e	2Q24e	3Q24e	4Q24e	CY24e	CY25e	CY26e
California market	1,253	1,240	5,108	1,225	1,294	1,264	1,245	5,028	5,146	5,265
qoq ch %	-6%	-1%	na	-1%	6%	-2%	-2%	na	na	na
yoy ch %	-4%	-8%	-5%	-4%	-3%	1%	0%	-2%	2%	2%
Gold Flora total sales	32.0	31.3		35.3	37.4	39.3	43.0	155.0	199.5	237.8
retail	28.2	26.7		31.1	33.3	35.5	39.6	139.4	182.0	213.8
wholesale	3.7	4.7		4.2	4.2	3.8	3.4	15.6	17.5	24.1
Gold Flora retail sales	28.2	26.7		31.1	33.3	35.5	39.6	139.4	182.0	213.8
own brands	5.9	6.1		7.1	8.3	9.9	11.9	37.3	54.6	64.1
3rd party brands	22.3	20.5		23.9	24.9	25.6	27.7	102.1	127.4	149.6
as % of market	2.25%	2.15%		2.54%	2.57%	2.81%	3.18%	2.77%	3.54%	4.06%
# of co stores	17	17	17	18	19	20	22	22	26	30
new store				1	1	1	2	5	4	4
avg rev/store pa	6.6	6.3		6.9	7.0	7.1	7.2	6.3	7.0	7.1
Gold Flora wholesale sales	3.7	4.7		4.2	4.2	3.8	3.4	15.6	17.5	24.1
own brands	1.9	2.8		2.4	2.3	2.0	1.5	8.2	10.0	16.6
3rd party brands	1.9	1.9		1.9	1.9	1.9	1.9	7.4	7.4	7.4
Implied co branded sales at retail	9.6	11.8		11.9	12.9	13.9	14.9	53.7	74.6	97.4
at 3rd party stores	3.7	5.6		4.7	4.6	4.0	3.1	16.4	20.0	33.3
own stores	5.9	6.1		7.1	8.3	9.9	11.9	37.3	54.6	64.1
Implied by Headset	20.7									
market share	1.65%	0.95%		0.97%	1.00%	1.10%	1.20%	1.07%	1.45%	1.85%

Source: Z&A estimates, company reports

Exhibit 12: Market growth assumptions

US\$ Mn	CY20	CY21	CY22	1Q23	2Q23	3Q23	4Q23e	CY23e	1Q24e	2Q24e	3Q24e	4Q24e	CY24e	CY25e	CY26e	CY27e	rec began
Total	18,389	24,904	25,654	6,640	7,076	7,285	7,313	28,314	7,394	7,707	7,845	7,908	30,855	34,904	37,623	40,027	
rec	11,478	15,995	16,538	4,215	4,488	4,727	4,704	18,134	4,713	4,972	5,083	5,106	19,874	22,218	24,298	26,108	
med	6,911	8,910	9,116	2,425	2,587	2,558	2,609	10,180	2,680	2,735	2,763	2,803	10,981	12,686	13,325	13,920	
Total (med/rec)	18,389	24,904	25,654	6,640	7,076	7,282	7,313	28,310	7,394	7,707	7,845	7,908	30,855	34,904	37,623	40,027	
AZ	1,034	1,359	1,390	351	339	292	297	1,279	300	297	296	301	1,193	1,209	1,227	1,247	Jan'21
CA	4,480	5,779	5,383	1,280	1,335	1,253	1,240	5,108	1,225	1,294	1,264	1,245	5,028	5,146	5,265	5,383	Oct'16
CO	2,191	2,229	1,769	394	389	398	362	1,543	361	370	379	374	1,485	1,530	1,578	1,627	Jan'14
CT	117	150	150	57	68	74	71	270	73	75	79	81	309	370	444	518	Jan'23
FLA	842	1,456	1,740	437	471	484	525	1,918	525	534	543	552	2,154	2,313	2,482	2,650	med
GA	0	1	16	9	12	13	15	49	21	27	29	32	109	136	156	157	med
IL	1,035	1,776	1,907	467	484	498	509	1,958	499	512	521	531	2,063	2,158	2,258	2,363	Jan'20
MA	921	1,644	1,755	427	449	471	478	1,825	466	471	475	484	1,896	1,929	1,963	1,997	Nov'18
MD	453	551	509	118	123	270	273	784	273	277	281	286	1,117	1,242	1,450	1,704	Jul'23
ME	41	96	171	48	55	66	56	226	58	66	79	67	269	321	382	456	Oct'20
MI	985	1,793	2,294	642	754	830	807	3,033	817	881	919	899	3,517	3,876	4,106	4,196	Dec'19
MN	20	25	36	12	17	18	19	66	19	20	21	21	80	266	448	619	Jan'25
MO	21	210	390	266	363	360	359	1,349	365	378	391	397	1,531	1,659	1,777	1,904	Feb'23
NH	35	44	50	13	14	14	14	54	13	14	14	14	55	60	60	60	med
NJ	196	217	555	179	193	198	208	779	217	227	231	238	913	1,070	1,078	1,085	Apr'22
NM	119	119	358	130	140	143	147	560	147	149	153	154	603	627	657	690	Apr'22
NV	780	1,042	882	213	213	215	211	853	215	224	220	217	876	910	936	962	Jul'17
NY	200	250	260	74	85	111	133	403	152	191	230	279	853	1,437	1,826	1,887	Dec'22
OH	223	379	467	120	119	118	123	481	127	131	134	138	530	1,163	1,648	2,326	Jan'25
OK	831	941	780	182	189	178	178	728	179	185	175	175	714	714	724	735	med
OR	1,111	1,184	994	231	242	244	239	957	236	247	249	244	976	996	1,015	1,036	Oct'15
PA	745	1,395	1,469	370	380	371	372	1,493	366	367	368	368	1,469	1,480	1,491	1,502	med
RI	47	44	39	14	15	17	18	65	19	21	22	23	85	106	128	149	Dec'22
VA	10	27	80	31	35	38	41	145	44	45	47	48	183	202	511	728	Jan'26
VT	37	52	73	23	24	24	24	94	26	27	27	28	108	117	117	117	May'22
WA	1,380	1,464	1,294	304	313	325	318	1,259	305	314	327	319	1,265	1,272	1,278	1,284	Jul'14
WV	0	0	26	15	17	17	18	66	19	20	22	23	84	101	118	135	med
Other states	535	676	817	232	240	244	253	969	324	343	351	370	1,388	2,493	2,500	2,506	

Note: For projection purposes, we assume even in CY27, states like FL, OK, PA and WV, are still med, but we keep reevaluating our assumptions. Source: Z&A estimates, Headset, state official data

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Gold Flora: Initiation of Coverage

Exhibit 13: Income statement

US\$ Mn	1Q23	2Q23	3Q23	4Q23e	CY23e	1Q24e	2Q24e	3Q24e	4Q24e	CY24e	CY25e	CY26e
Revenues			31,960	31,347		35,278	37,422	39,342	42,986	155,028	199,451	237,827
(-) Cost of revenues			-20,646	-15,673		-16,933	-17,214	-17,704	-18,914	-70,765	-86,709	-99,887
Gross profit			11,314	15,673		18,345	20,208	21,638	24,072	84,263	112,741	137,940
(-) General and administrative			-12,978	-11,000		-11,000	-11,000	-11,000	-11,000	-44,000	-43,493	-47,565
(-) Allowance for accounts receivable and notes receivable			-4	0		0	0	0	0	0	0	0
(-) Sales and marketing			-1,151	0		0	0	0	0	0	0	0
(-) Salaries and benefits			-5,883	-1,097		-1,235	-1,310	-1,377	-1,419	-5,340	-5,984	-7,135
(-) Share-based compensation			-469	-5,329		-5,644	-5,988	-5,901	-6,018	-23,551	-27,131	-30,917
(-) Lease expense			-1,679	0		0	0	0	0	0	0	0
(-) Depreciation of PPE and amortization of right of use assets under finance le			-818	-1,680		-1,680	-1,680	-1,680	-1,680	-6,720	-6,720	-6,720
(-) Amortization of intangible assets			-2,636	-796		-807	-819	-832	-846	-3,304	-3,545	-3,846
(-) Impairment			0	-2,650		-2,650	-2,650	-2,650	-2,650	-10,600	-10,600	-10,600
(-) Other			0	0		0	0	0	0	0	0	0
Loss from operations			-14,304	-6,878		-4,671	-3,238	-1,802	460	-9,252	15,269	31,156
(+) interest income			0	64		42	38	38	38	155	150	150
(-) interest expense			-6,832	-5,792		-5,887	-6,156	-5,931	-5,556	-23,530	-18,754	-18,255
(-) gain on bargain purchase			49,026	0		0	0	0	0	0	0	0
(-) loss on extinguishment of debt			-1,440	0		0	0	0	0	0	0	0
(-) change in fair value of contingent consideration			0	0		0	0	0	0	0	0	0
(-) other expense			3,315	0		0	0	0	0	0	0	0
Loss before provision for income taxes			29,765	-12,607		-10,516	-9,357	-7,695	-5,059	-32,628	-3,336	13,051
(-) provision for income taxes			-6,807	-3,291		-3,852	-4,244	-4,544	-5,055	-17,695	-23,676	-28,967
(-) disc ops			0	0		0	0	0	0	0	0	0
Net loss and comprehensive loss			22,958	-15,898		-14,368	-13,601	-12,239	-10,115	-50,323	-27,011	-15,916
(-) non controlling interest			-19	16		14	14	12	10	50	27	16
Net loss attributable to co			22,939	-15,882		-14,354	-13,587	-12,227	-10,104	-50,273	-26,984	-15,900
EPS - basic			0.08	-0.06		-0.05	-0.05	-0.04	-0.04	-0.17	-0.09	-0.06
EPS - diluted			0.08	-0.06		-0.05	-0.05	-0.04	-0.04	-0.17	-0.09	-0.06
weighted average common shares outstanding - basic			273.6	288.3		288.3	288.3	288.3	288.3	288.3	288.3	288.3
weighted average common shares outstanding - diluted			300.3	288.3		288.3	288.3	288.3	288.3	288.3	288.3	288.3

Source: Z&A estimates, company reports

Exhibit 14: Cash Flow

US\$ Mn	1Q23	2Q23	3Q23	4Q23e	CY23e	1Q24e	2Q24e	3Q24e	4Q24e	CY24e	CY25e	CY26e
Net earnings			-488	-15,882		-14,354	-13,587	-12,227	-10,104	-50,273	-26,984	-15,900
(+) D&A			10,197	4,473		4,498	4,526	4,557	4,588	18,169	18,722	19,412
Cash earnings			9,709	-11,409		-9,856	-9,061	-7,671	-5,516	-32,103	-8,263	3,512
(-) Working capital changes			-46	-734		4,700	2,563	2,296	4,356	13,916	12,558	11,023
(-) Other operating flows			-34,483	0		0	0	0	0	0	0	0
Operating cash flow			-24,820	-12,143		-5,155	-6,498	-5,375	-1,160	-18,187	4,296	14,535
(-) net capex			-764	-721		-811	-861	-905	-989	-3,566	-4,587	-5,470
Free cash flow			-25,584	-12,864		-5,967	-7,358	-6,280	-2,148	-21,753	-292	9,065
(-) acquisitions			0	0		0	0	0	0	0	0	0
(-) divestitures			0	0		0	0	0	0	0	0	0
(+) other			0	0		0	0	0	0	0	0	0
(+) share issuance			0	0		0	0	0	0	0	0	0
(-) stock options/warrants			0	0		0	0	0	0	0	0	0
Change in net			0	-12,864		-5,967	-7,358	-6,280	-2,148	-21,753	-292	9,065
Ending net (debt)			-16,471	-29,336	-29,336	-35,302	-42,660	-48,940	-51,088	-51,088	-51,380	-42,315
Cash/inv/sec			32,297	18,900	18,900	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Gross debts/loans/bonds			48,768	48,236	48,236	50,302	57,660	63,940	66,088	66,088	66,380	57,315

Source: Z&A estimates, company reports

Exhibit 15: Balance Sheet

US\$ Mn	1Q23	2Q23	3Q23	4Q23e	CY23e	CY24e	CY25e	CY26e
Cash and cash equivalents			32,297	18,900	18,900	15,000	15,000	15,000
Accounts receivable			2,812	2,758	2,758	3,782	4,706	5,517
Inventory			15,236	14,944	14,944	20,492	25,500	29,895
Notes and other receivables, net			124	122	122	167	208	244
Prepaid expenses and other current assets			3,954	3,878	3,878	5,318	6,618	7,759
Accounts receivable from related parties			0	0	0	0	0	0
Deferred rents receivable			0	0	0	0	0	0
Assets held for sale			997	978	978	1,342	1,669	1,957
Indemnification assets			3,194	3,133	3,133	4,296	5,346	6,268
Current assets			58,614	44,713	44,713	50,397	59,047	66,639
PPE, net			39,270	38,168	38,168	34,164	30,629	27,288
Right of use assets under finance leases			61,387	61,387	61,387	61,387	61,387	61,387
Intangible assets, net			75,625	72,975	72,975	62,375	51,775	41,175
Goodwill			11,068	11,068	11,068	11,068	11,068	11,068
Right of use assets under operating leases			23,703	23,703	23,703	23,703	23,703	23,703
Security deposits			0	0	0	0	0	0
Deposits and other long term assets			5,910	5,910	5,910	5,910	5,910	5,910
Prepaid expenses and other assets			0	0	0	0	0	0
Notes and other receivables, net			245	245	245	245	245	245
Investments			1,313	1,313	1,313	1,313	1,313	1,313
TOTAL ASSETS			277,134	259,481	259,481	250,561	245,076	238,726
Accounts payable and accrued liabilities			25,661	25,168	25,168	34,513	42,946	50,349
Accrued interest			1,792	1,758	1,758	2,411	3,000	3,517
Taxes payable			24,925	24,447	24,447	33,524	41,715	48,906
Due to related party			2,005	1,967	1,967	2,697	3,356	3,934
Consideration payable, current portion			4,633	4,544	4,544	6,231	7,753	9,090
Notes payable			15,532	15,000	15,000	32,853	33,144	24,079
Convertible notes payable			0	0	0	0	0	0
Operating lease liabilities, current portion			2,277	2,233	2,233	3,063	3,811	4,468
Finance lease liabilities, current portion			2,848	2,793	2,793	3,830	4,766	5,587
Liabilities held for sale			389	382	382	524	652	764
Contingent consideration			0	0	0	0	0	0
Current portion of earnout liability			0	0	0	0	0	0
Total current liabilities			80,062	78,291	78,291	119,644	141,143	150,693
Notes payable			13,509	13,509	13,509	13,509	13,509	13,509
Convertible notes payable			19,727	19,727	19,727	19,727	19,727	19,727
Earnout liability			0	0	0	0	0	0
Operating lease liabilities, less current portion			26,182	26,182	26,182	26,182	26,182	26,182
Finance lease liabilities, less current portion			86,053	86,053	86,053	86,053	86,053	86,053
Consideration payable			0	0	0	0	0	0
Preferred distributions payable			0	0	0	0	0	0
Deferred tax liabilities			17,492	17,492	17,492	17,492	17,492	17,492
Security deposits and other long term liabilities			20	20	20	20	20	20
Total liabilities			243,045	241,274	241,274	282,627	304,126	313,676
Common shares			0	0	0	0	0	0
Additional paid in capital			102,617	102,617	102,617	102,617	102,617	102,617
Accumulated deficit			-68,657	-84,539	-84,539	-134,812	-161,796	-177,696
Total stockholders equity			33,960	18,078	18,078	-32,195	-59,179	-75,079
Non controlling interest			129	129	129	129	129	129
TOTAL LIABILITIES AND EQUITY			277,134	259,481	259,481	250,561	245,076	238,726

Source: Z&A estimates, company reports



Appendix III: Benchmarking Data

Exhibit 16: Balance sheet comparisons

US\$ Mn	Acreage Holdings	Ascend Wellness	AYR Strategies	Columbia Care	Cresco Labs	Curaleaf	4Front Ventures	Glass House	Gold Flora	Goodness Growth	Green Thumb
Debt structure											
Financial debt, net	-213.9	-241.8	-373.1	-290.4	-415.0	-705.9	-79.2	-29.0	-16.5	-49.5	-140.9
Financial debt, gross	244.0	309.8	433.2	327.4	489.8	790.9	84.5	63.9	48.8	60.9	289.9
ST	13.8	9.0	75.9	47.8	18.3	53.7	7.9	0.0	15.5	53.9	1.0
LT	230.2	300.8	357.2	279.6	471.6	737.2	76.6	63.9	33.2	7.0	288.9
cash	30.0	68.0	60.0	37.0	74.8	85.0	5.4	34.9	32.3	11.3	149.0
Income tax payables	34.0	47.0	69.7	46.9	92.4	209.9	41.2	20.6	4.9	0.0	9.8
Deferred tax liabilities	10.6	31.6	72.4	0.0	75.2	318.2	7.6	3.8	17.5	0.0	62.6
Leases, net	2.0	133.3	-5.5	188.2	54.5	29.9	5.6	0.2	32.3	8.4	20.6
Gross leases	21.1	263.7	157.2	228.7	176.4	302.8	141.2	11.4	117.4	10.6	260.6
Right of use assets	19.1	130.3	162.7	40.5	122.0	272.9	135.6	11.2	85.1	2.1	240.0
Contingent considerations	0.0	0.0	0.0	0.3	8.6	23.0	0.0	-28.7	4.6	0.0	32.0
Ratios under various debt definitions											
Net financial (debt)	-213.9	-241.8	-373.1	-290.4	-415.0	-705.9	-79.2	-29.0	-16.5	-49.5	-140.9
trailing last 12 months											
to sales	-0.9x	-0.5x	-0.8x	-0.6x	-0.5x	-0.5x	-0.7x	-0.2x	-0.3x	-0.6x	-0.1x
to adj EBITDA	-5.4x	-2.4x	-3.3x	-3.9x	-2.8x	-2.4x	-7.3x	-0.8x	na	-3.6x	-0.4x
to OCF	na	-5.7x	-15.2x	-1511.5x	-6.3x	-14.7x	na	-2.3x	na	na	-0.6x
to FCF	na	-30.6x	-572.3x	na	-230.8x	na	na	na	na	na	na
last qtr annualized											
to sales	-0.92x	-0.49x	-0.80x	-0.56x	-0.52x	-0.52x	-0.64x	-0.15x	-0.13x	-0.61x	-0.14x
to adj EBITDA	-7.8x	-2.8x	-3.2x	-3.6x	-2.6x	-2.5x	-10.0x	-0.7x	na	-4.4x	-0.5x
to OCF	na	-2.4x	na	na	-5.8x	-7.7x	na	-0.8x	na	-7.6x	-1.9x
to FCF	na	-3.5x	na	na	-256.2x	-19.7x	na	-1.1x	-1.1x	na	na
Broader definition (1)	-249.9	-422.0	-437.4	-525.8	-570.4	-968.7	-126.0	-21.2	-58.3	-58.0	-203.3
trailing last 12 months											
to sales	-1.0x	-0.9x	-0.9x	-1.0x	-0.7x	-0.7x	-1.1x	-0.1x	-1.1x	-0.7x	-0.2x
to adj EBITDA	-6.3x	-4.1x	-3.8x	-7.0x	-3.8x	-3.3x	-11.7x	-0.6x	na	-4.2x	-0.6x
to OCF	na	-9.9x	-17.9x	-2736.3x	-8.7x	-20.2x	na	-1.7x	na	na	-0.9x
to FCF	na	-53.4x	-670.8x	na	-317.3x	na	na	na	na	na	na
last qtr annualized											
to sales	-1.1x	-0.9x	-0.9x	-1.0x	-0.7x	-0.7x	-1.0x	-0.1x	-0.5x	-0.7x	-0.2x
to adj EBITDA	-9.1x	-4.9x	-3.7x	-6.5x	-3.5x	-3.5x	-15.8x	-0.5x	na	-5.1x	-0.7x
to OCF	na	-4.2x	na	na	-7.9x	-10.6x	na	-0.6x	na	-8.9x	-2.8x
to FCF	na	-6.1x	na	na	-352.1x	-27.0x	na	-0.8x	-3.8x	na	na
Note: 1) broader definition of net debt includes financial net debt, ST income tax payables, leases net of rights of use, and contingent consideration (we do not include deferred											
Note: 2) "na" if EBITDA, OCF, and/or FCF negative											
Financials											
LTM metrics											
Sales	244	491	485	509	782	1,371	116	154	55	83	1,036
adj EBITDA	40	102	114	75	148	295	11	36	-58	14	316
OCF	-13	43	24	0	65	48	-44	12	na	-10	224
FCF	-35	8	1	-12	2	-41	-57	-17	na	-17	-19
Last qtr metrics annualized											
Sales	232	492	467	517	792	1,354	123	193	128	81	1,010
adj EBITDA	27	85	118	81	162	280	8	43	-7	11	303
OCF	-2	102	-21	-1	72	91	-183	36	-99	7	73
FCF	-28	69	-48	-1	2	36	-21	27	15	-3	-184

Source: Z&A estimates, company reports



Exhibit 17: Balance sheet comparisons (continued...)

US\$ Mn	iAnthus	Jushi Holdings	Marimed	Planet 13	Schwazze	StateHouse	TerrAscend	Tilt Holdings	Trulieve	Verano Holdings	Vext Science
Debt structure											
Financial debt, net	-145.8	-183.5	-38.1	39.6	-135.6	-109.0	-192.6	-52.9	-494.1	-317.8	-34.7
Financial debt, gross	155.9	213.4	52.7	0.9	155.4	112.3	221.5	57.0	646.5	420.4	39.0
ST	14.7	14.8	5.7	0.9	6.6	8.1	23.9	11.5	134.9	21.4	5.8
LT	141.2	198.6	47.1	0.0	148.9	104.2	197.6	45.5	511.6	399.0	33.2
cash	10.1	29.9	14.6	40.5	19.9	3.3	28.9	4.1	152.4	102.6	4.3
Income tax payables	0.0	32.6	9.6	0.8	14.1	37.3	45.9	1.8	0.0	227.1	0.0
Deferred tax liabilities	23.8	60.5	0.0	1.5	0.2	4.1	35.6	0.0	211.9	189.3	4.1
Leases, net	8.5	-3.8	0.6	5.6	2.9	12.4	6.7	42.9	21.1	4.0	0.1
Gross leases	35.6	61.5	12.7	27.3	26.1	31.5	39.5	58.0	182.6	88.3	1.0
Right of use assets	27.0	65.2	12.2	21.7	23.2	19.1	32.8	15.1	161.5	84.2	0.9
Contingent considerations	0.0	3.1	0.0	0.0	6.5	0.0	10.2	0.0	2.4	2.0	0.0
Ratios under various debt definitions											
Net financial (debt)	-145.8	-183.5	-38.1	39.6	-135.6	-109.0	-192.6	-52.9	-494.1	-317.8	-34.7
trailing last 12 months											
to sales	-0.9x	-0.7x	-0.3x	0.4x	-0.8x	-1.1x	-0.6x	-0.3x	-0.4x	-0.3x	-1.0x
to adj EBITDA	na	-4.4x	-1.5x	na	-2.4x	na	-2.9x	-15.9x	-1.1x	-1.0x	-4.2x
to OCF	na	na	-5.9x	na	-5.6x	na	-6.5x	-30.9x	-3.9x	-3.0x	-5.0x
to FCF	na	na	na	na	-9.0x	na	-22.7x	-49.3x	-11.7x	-4.5x	-8.3x
last qtr annualized											
to sales	-0.94x	-0.69x	-0.26x	0.38x	-0.80x	-1.08x	-0.67x	-0.32x	-0.44x	-0.34x	-0.95x
to adj EBITDA	na	-2.7x	-1.5x	na	-2.5x	-42.9x	-3.8x	-8.6x	-1.6x	-1.1x	-8.3x
to OCF	-32.2x	na	-7.5x	na	-12.6x	-7.5x	-12.5x	na	na	-3.3x	-2.8x
to FCF	-194.9x	na	na	na	-38.0x	-7.6x	-26.1x	na	na	-5.0x	-3.2x
Broader definition (1)	-154.3	-215.4	-48.3	33.2	-159.1	-158.7	-255.4	-97.6	-517.6	-551.0	-34.9
trailing last 12 months											
to sales	-1.0x	-0.8x	-0.3x	0.3x	-0.9x	-1.6x	-0.9x	-0.6x	-0.4x	-0.6x	-1.0x
to adj EBITDA	na	-5.2x	-1.9x	na	-2.9x	na	-3.9x	-29.3x	-1.2x	-1.8x	-4.2x
to OCF	na	na	-7.5x	na	-6.6x	na	-8.6x	-57.1x	-4.1x	-5.2x	-5.0x
to FCF	na	na	na	na	-10.6x	na	-30.2x	-90.9x	-12.3x	-7.8x	-8.3x
last qtr annualized											
to sales	-1.0x	-0.8x	-0.3x	0.3x	-0.9x	-1.6x	-0.9x	-0.6x	-0.5x	-0.6x	-0.9x
to adj EBITDA	na	-3.1x	-1.9x	na	-2.9x	-62.5x	-5.0x	-15.9x	-1.6x	-1.9x	-8.3x
to OCF	-34.1x	na	-9.5x	na	-14.8x	-10.9x	-16.6x	na	na	-5.8x	-2.9x
to FCF	-206.3x	na	na	na	-44.6x	-11.0x	-34.7x	na	na	-8.7x	-3.2x
Note: 1) broader definition of net debt includes financial net debt, ST income tax payables, leases net of rights of use, and contingent consideration (we do not include deferred											
Note: 2) "na" if EBITDA, OCF, and or FCF negative											
Financials											
LTM metrics											
Sales	156	278	146	100	169	101	298	173	1,154	927	35
adj EBITDA	-32	41	26	0	56	-7	66	3	445	310	8
OCF	-1	-3	6	-7	24	-1	30	2	125	106	7
FCF	-4	-19	-10	-15	15	-1	8	1	42	70	4
Last qtr metrics annualized											
Sales	155	266	146	103	170	101	288	166	1,127	936	37
adj EBITDA	-2	69	25	-2	55	3	51	6	315	286	4
OCF	5	-27	5	-6	11	15	15	-13	-94	96	12
FCF	1	-33	-18	-8	4	14	7	-14	-138	64	11

Source: Z&A estimates, company reports

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Gold Flora: Initiation of Coverage

Exhibit 18: Sales comps

	CY20	CY21	1Q22	2Q22	3Q22	4Q22	CY22	1Q23	2Q23	3Q23
SALES (\$Mn)										
Acreage	114.5	188.9	56.9	61.4	61.4	57.5	237.1	56.0	58.1	72.1
Ascend	143.7	332.4	85.1	97.5	111.2	112.1	405.9	114.2	123.0	141.3
AYR	155.1	357.6	99.5	110.1	119.6	136.3	465.6	117.7	116.7	114.4
Cannabist	179.5	460.1	123.1	129.6	132.7	126.2	511.6	124.5	129.2	129.2
Cresco	476.3	821.7	214.4	218.2	210.5	199.6	842.7	194.2	197.9	190.6
Curaleaf	626.6	1,196.0	296.1	337.6	339.7	363.0	1,336.3	336.5	338.6	333.2
4Front	57.6	104.6	26.0	28.4	32.5	31.6	118.6	30.4	30.7	23.0
Glasshouse Brands	48.3	69.4	14.0	16.5	28.3	32.2	90.9	29.0	44.7	48.2
Gold Flora	0.0	79.9	22.4	21.7	16.4	23.1	83.6	18.1	19.4	32.0
Goodness Growth	49.2	54.4	15.6	21.1	18.9	19.0	74.6	19.1	20.2	24.7
Green Thumb	556.6	893.6	242.6	254.3	261.2	259.3	1,017.4	248.5	252.4	275.4
iAnthus	151.7	203.0	42.8	43.5	39.4	37.6	163.2	36.8	38.7	42.9
Jushi	80.8	209.3	61.9	72.8	72.8	76.8	284.3	69.9	66.4	65.4
Marimed	50.9	121.5	31.3	33.0	33.9	35.8	134.0	34.4	36.5	38.8
Planet13	70.5	119.5	25.7	28.4	25.6	24.8	104.6	24.9	25.8	24.8
Schwazze	24.0	108.4	31.8	44.3	43.2	40.1	159.4	40.0	42.4	46.7
StateHouse	60.0	60.3	17.3	34.6	30.8	25.5	108.2	24.7	25.3	25.5
TerrAscend	148.0	194.2	48.6	64.8	67.0	67.4	247.8	69.4	72.1	89.2
Tilt	158.4	202.7	42.4	47.1	40.5	44.3	174.2	42.3	41.6	44.6
Trulieve	521.5	938.4	317.7	313.8	300.8	307.4	1,239.8	289.1	281.8	275.2
Verano	228.5	737.9	202.2	223.7	227.6	225.9	879.4	227.1	234.1	240.1
Vext	25.2	37.2	10.8	8.8	7.7	8.2	35.4	9.1	9.2	8.1

Source: Z&A estimates, company reports

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Gold Flora: Initiation of Coverage

Exhibit 19: Gross margin comps

	CY20	CY21	1Q22	2Q22	3Q22	4Q22	CY22	1Q23	2Q23	3Q23
GROSS MARGIN %										
Acreage	43%	51%	52%	50%	35%	35%	43%	48%	36%	47%
Ascend	42%	41%	28%	34%	33%	37%	33%	31%	23%	31%
AYR	57%	39%	41%	37%	41%	44%	41%	41%	49%	42%
Cannabist	35%	42%	46%	39%	39%	33%	39%	38%	40%	29%
Cresco	43%	49%	50%	52%	47%	44%	48%	44%	44%	49%
Curaleaf	50%	48%	54%	52%	49%	21%	43%	48%	43%	45%
4Front	63%	47%	52%	43%	46%	1%	35%	36%	31%	40%
Glasshouse Brands	39%	23%	17%	2%	31%	32%	24%	41%	55%	54%
Gold Flora	na	16%	30%	28%	26%	39%	31%	43%	49%	35%
Goodness Growth	35%	36%	16%	49%	51%	45%	41%	50%	46%	53%
Green Thumb	55%	55%	51%	49%	50%	48%	50%	50%	50%	49%
iAnthus	54%	54%	53%	45%	41%	43%	46%	42%	48%	41%
Jushi	47%	40%	31%	37%	38%	29%	34%	43%	46%	44%
Marimed	62%	55%	54%	45%	48%	44%	48%	45%	45%	43%
Planet13	49%	55%	50%	49%	41%	43%	46%	44%	46%	45%
Schwazze	28%	46%	34%	57%	60%	57%	53%	58%	58%	46%
StateHouse	47%	43%	32%	43%	36%	42%	39%	44%	49%	45%
TerrAscend	55%	58%	32%	35%	36%	57%	41%	49%	50%	54%
Tilt	37%	25%	22%	23%	24%	19%	22%	21%	10%	18%
Trulieve	74%	60%	57%	56%	56%	51%	55%	52%	50%	52%
Verano	59%	45%	49%	44%	54%	45%	48%	48%	49%	55%
Vext	39%	44%	75%	65%	60%	32%	59%	51%	30%	39%

Source: Z&A estimates, company reports

Exhibit 20: SGA comps

	CY20	CY21	1Q22	2Q22	3Q22	4Q22	CY22	1Q23	2Q23	3Q23
CASH SGA / GROSS PROFIT										
Acreage	191%	83%	79%	73%	121%	127%	96%	88%	99%	72%
Ascend	87%	86%	142%	102%	93%	87%	102%	99%	128%	92%
AYR	82%	105%	122%	120%	111%	116%	117%	108%	83%	81%
Cannabist	229%	120%	98%	143%	136%	187%	138%	99%	100%	152%
Cresco	95%	73%	81%	69%	77%	125%	86%	84%	88%	77%
Curaleaf	72%	68%	62%	61%	63%	176%	77%	70%	75%	65%
4Front	120%	97%	95%	105%	84%	5178%	135%	136%	149%	202%
Glasshouse Brands	118%	290%	550%	5691%	174%	163%	275%	113%	67%	67%
Gold Flora	na	957%	421%	406%	110%	500%	394%	227%	276%	192%
Goodness Growth	154%	170%	373%	83%	89%	87%	109%	75%	86%	51%
Green Thumb	65%	56%	56%	51%	63%	65%	58%	65%	67%	63%
iAnthus	120%	89%	104%	296%	144%	145%	172%	115%	121%	109%
Jushi	143%	135%	133%	145%	113%	347%	164%	84%	61%	63%
Marimed	50%	57%	58%	65%	63%	57%	61%	66%	76%	81%
Planet13	82%	100%	109%	93%	116%	128%	110%	113%	106%	115%
Schwazze	317%	69%	135%	61%	33%	100%	72%	75%	68%	70%
StateHouse	97%	117%	159%	128%	146%	124%	136%	123%	100%	103%
TerrAscend	55%	67%	137%	148%	121%	80%	114%	82%	84%	61%
Tilt	40%	76%	111%	114%	108%	144%	118%	134%	265%	108%
Trulieve	40%	57%	59%	62%	68%	80%	67%	68%	68%	66%
Verano	32%	82%	65%	73%	70%	131%	84%	69%	73%	65%
Vext	25%	32%	34%	39%	44%	55%	40%	57%	30%	82%

Source: Z&A estimates, company reports

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Gold Flora: Initiation of Coverage

Exhibit 21: EBITDA margins comps

	CY20	CY21	1Q22	2Q22	3Q22	4Q22	CY22	1Q23	2Q23	3Q23
EBITDA MARGIN	19%	14%	9%	-27%	16%	8%	1%	12%	13%	19%
Acreage	-26%	13%	15%	17%	14%	12%	15%	19%	12%	21%
Ascend	21%	24%	19%	21%	25%	25%	23%	20%	17%	21%
AYR	32%	27%	16%	18%	18%	22%	19%	22%	25%	25%
Cannabist	-11%	13%	14%	9%	16%	14%	13%	13%	16%	16%
Cresco	13%	24%	24%	23%	20%	15%	20%	15%	20%	26%
Curaleaf	23%	22%	28%	26%	26%	21%	23%	22%	21%	23%
4Front	28%	32%	28%	32%	29%	21%	23%	12%	6%	15%
Glasshouse Brands	3%	-13%	-46%	-59%	-10%	50%	-3%	-1%	21%	22%
Gold Flora	na	-108%	-107%	-100%	4%	-142%	-93%	-61%	-67%	-5%
Goodness Growth	-11%	-17%	-17%	11%	10%	13%	6%	8%	14%	28%
Green Thumb	32%	34%	28%	31%	32%	31%	31%	31%	30%	30%
iAnthus	70%	3%	23%	-816%	-13%	-98%	-237%	2%	-1%	11%
Jushi	5%	7%	-1%	1%	1%	9%	2%	11%	26%	15%
Marimed	32%	35%	33%	27%	25%	17%	24%	21%	17%	16%
Planet13	12%	14%	10%	5%	2%	-3%	3%	3%	-2%	1%
Schwazze	-32%	30%	25%	34%	37%	33%	33%	36%	33%	30%
StateHouse	12%	1%	-21%	-14%	-15%	-22%	-17%	-10%	3%	2%
TerrAscend	32%	36%	10%	11%	19%	25%	16%	18%	18%	27%
Tilt	-5%	11%	4%	2%	1%	-1%	2%	0%	4%	5%
Trulieve	50%	41%	33%	33%	33%	69%	32%	27%	28%	28%
Verano	77%	44%	43%	34%	36%	35%	37%	31%	31%	37%
Vext	27%	36%	35%	55%	43%	39%	43%	32%	11%	13%

Source: Z&A estimates, company reports

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Exhibit 22: Net interest expense comps

	CY20	CY21	1Q22	2Q22	3Q22	4Q22	CY22	1Q23	2Q23	3Q23
NET INTEREST / SALES										
Acreage	-8%	-8%	-8%	-8%	-8%	-13%	-9%	-14%	-15%	-9%
Ascend	-17%	-9%	-7%	-7%	-7%	-7%	-7%	-8%	-6%	-5%
AYR	-2%	-5%	-6%	-7%	-7%	-6%	-7%	-6%	-9%	-9%
Cannabist	-3%	-5%	-9%	-9%	-10%	-10%	-9%	-10%	-10%	-10%
Cresco	-7%	-6%	-7%	-6%	-7%	-8%	-7%	-8%	-10%	-6%
Curaleaf	-7%	-4%	-4%	-4%	-4%	-6%	-4%	-4%	-4%	-4%
4Front	-12%	-13%	-10%	-12%	-13%	-8%	-11%	-10%	-10%	-15%
Glasshouse Brands	4%	4%	-9%	-10%	-9%	-7%	-8%	-7%	-6%	-4%
Gold Flora	na	-6%	-6%	-6%	-35%	14%	-6%	-7%	-6%	-21%
Goodness Growth	-10%	-19%	-29%	-25%	-30%	-37%	-30%	-37%	-38%	-32%
Green Thumb	-3%	-2%	-2%	-2%	-1%	-1%	-2%	-1%	-1%	-1%
iAnthus	-16%	-11%	-14%	-13%	-9%	-9%	-11%	-10%	-10%	-8%
Jushi	-19%	-15%	-16%	-15%	-18%	-15%	-16%	-12%	-15%	-14%
Marimed	-19%	-2%	0%	0%	-1%	-1%	-1%	-7%	-7%	-6%
Planet13	-3%	0%	0%	0%	0%	1%	0%	1%	1%	1%
Schwazze	-96%	3%	-38%	3%	6%	-23%	-11%	-5%	-7%	1%
StateHouse	-7%	-5%	-8%	-20%	-18%	-22%	-18%	-17%	-19%	-11%
TerrAscend	-7%	-14%	-14%	-21%	-14%	-9%	-14%	-15%	-11%	-11%
Tilt	-4%	-5%	-7%	-8%	-10%	-8%	-8%	-10%	-13%	-14%
Trulieve	-4%	-4%	-6%	-6%	-6%	-7%	-6%	-8%	-7%	-8%
Verano	-2%	-5%	-5%	-5%	-5%	-31%	-12%	-7%	-6%	-6%
Vext	-2%	-5%	-2%	-2%	-1%	-1%	-1%	-1%	0%	-1%

Source: Z&A estimates, company reports

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Gold Flora: Initiation of Coverage

Exhibit 23: Operating Cash Flow

	CY20	CY21	1Q22	2Q22	3Q22	4Q22	CY22	1Q23	2Q23	3Q23
OPERATING CASH FLOW										
Acreage	-67.7	-40.5	-5.4	-18.1	-7.0	-19.6	-50.1	-8.1	-0.5	14.8
Ascend	-6.0	-41.7	-10.2	-10.3	-1.8	-16.1	-38.4	5.8	25.4	27.5
AYR	36.5	-27.8	-21.2	-13.7	0.2	0.5	-34.2	10.3	-5.3	19.0
Cannabist	-49.7	-0.5	-27.8	-72.0	-16.8	5.2	-111.4	-3.4	-0.3	-1.2
Cresco	-7.8	14.5	-3.4	-7.1	25.6	3.6	18.7	3.3	18.0	40.6
Curaleaf	12.4	-58.3	45.6	-34.0	59.9	-25.1	46.4	14.2	22.8	36.0
4Front	-14.0	5.8	-2.4	-0.5	0.9	10.7	8.8	-6.9	-2.0	-45.9
Glasshouse Brands	-12.6	-31.1	-15.5	-9.8	-6.2	-9.3	-40.8	4.5	8.3	9.1
Gold Flora	na	na	na	na	na	na	na	na	na	-20.0
Goodness Growth	-10.9	-30.5	-6.8	-3.1	-2.1	-6.1	-18.1	-3.8	1.6	-1.5
Green Thumb	95.9	132.0	55.4	-15.5	48.3	70.3	158.6	74.7	18.3	60.8
iAnthus	-9.8	16.1	1.8	-7.4	-8.5	-5.4	-19.5	-0.8	1.1	4.4
Jushi	-12.4	-14.3	-13.8	-13.9	1.5	4.8	-21.4	-3.6	-6.7	2.5
Marimed	3.4	35.9	8.5	-6.3	3.3	1.7	7.3	-4.5	1.3	7.9
Planet13	-0.9	-0.4	3.0	-1.8	1.1	1.5	3.8	-5.2	-1.6	-1.7
Schwazze	-9.8	8.4	3.6	-11.6	4.0	15.3	11.4	-0.9	2.7	6.9
StateHouse	-0.6	-15.3	-0.3	-21.8	-10.7	-4.2	-37.1	-1.4	3.7	1.2
TerrAscend	-27.9	-24.2	-18.8	-16.1	1.5	11.6	-21.8	8.4	3.9	5.8
Tilt	16.7	-8.6	4.2	-0.4	4.5	0.3	8.6	3.8	-3.3	1.0
Trulieve	99.6	12.9	45.1	-55.4	-21.6	55.0	23.1	0.4	-23.5	93.4
Verano	71.6	182.9	34.5	9.2	21.7	29.0	94.3	16.9	23.9	36.6
Vext	3.1	11.3	3.1	0.9	-1.0	2.9	5.9	0.4	3.1	0.6

Source: Z&A estimates, company reports



Appendix IV: Valuation Comps

Exhibit 24: US MSO EV Multiples

US\$Mn 9-Jan-24	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			Financial Net Debt				Broadly Defined Net Debt			
							Sales		EBITDA		Sales		EBITDA	
	2023	2024	2025	2023	2024	2025	CY24	Current	CY24	Current	CY24	Current	CY24	Current
US MSOs	2.0x	1.8x	1.7x	10.0x	8.2x	7.4x								
Acreage Holdings	1.3x	1.2x	na	9.3x	5.9x	na	-0.8x	-0.7x	-4.2x	-3.5x	-1.0x	-0.9x	-5.3x	-4.4x
Ascend Wellness	1.6x	1.5x	1.4x	8.2x	6.9x	6.0x	-0.4x	-0.4x	-2.0x	-2.1x	-1.0x	-1.0x	-4.7x	-4.8x
Ayr Wellness	1.8x	1.6x	1.5x	7.4x	6.5x	5.8x	-0.8x	-0.9x	-3.2x	-3.7x	-1.3x	-1.4x	-5.1x	-5.7x
Cannabist Co	1.5x	1.4x	1.3x	10.0x	7.6x	6.2x	-0.5x	-0.5x	-2.7x	-3.3x	-1.0x	-1.1x	-5.5x	-6.9x
Cresco Labs	1.9x	2.0x	1.8x	9.1x	8.0x	7.6x	-0.6x	-0.5x	-2.3x	-2.1x	-0.9x	-0.9x	-3.8x	-3.6x
Curaleaf	3.6x	3.4x	3.0x	16.0x	13.6x	10.8x	-0.5x	-0.5x	-1.9x	-2.2x	-1.0x	-1.0x	-3.9x	-4.6x
4Front Ventures	3.0x	2.7x	na	26.9x	13.0x	na	-0.7x	-1.0x	-3.5x	-6.9x	-2.1x	-3.0x	-10.3x	-20.1x
Glass House	3.5x	2.6x	na	22.0x	9.5x	na	-0.1x	na	-0.4x	na	-0.4x	-0.4x	-1.5x	-2.0x
Gold Flora	0.9x	0.9x	na	na	na	na	na	-0.1x	na	na	na	-0.5x	na	na
Goodness Growth	1.0x	0.9x	na	4.0x	3.7x	na	-0.5x	-0.5x	-2.1x	-1.8x	-0.6x	-0.6x	-2.6x	-2.1x
Green Thumb	3.1x	2.9x	2.6x	10.2x	9.7x	8.6x	-0.1x	-0.1x	-0.5x	-0.5x	-0.3x	-0.3x	-1.2x	-1.2x
iAnthus	2.0x	na	na	na	na	na	na	-0.8x	na	-7.5x	na	-1.1x	na	-9.3x
Jushi	1.7x	1.7x	1.6x	11.4x	8.6x	7.9x	-0.7x	-0.7x	-3.4x	-4.7x	-1.3x	-1.3x	-6.4x	-9.0x
MariMed	1.3x	1.1x	0.9x	7.2x	5.0x	3.9x	-0.2x	-0.2x	-1.0x	-1.6x	-0.4x	-0.4x	-1.7x	-2.7x
Planet 13	2.5x	1.5x	1.5x	-13.6x	13.0x	10.0x	0.1x	0.2x	1.0x	21.4x	-0.1x	-0.1x	-0.6x	-11.5x
Schwazze	1.9x	1.7x	na	5.7x	4.1x	na	-0.9x	-0.9x	-2.1x	-3.1x	-1.1x	-1.2x	-2.7x	-3.9x
StateHouse	1.9x	na	na	na	na	na	na	-1.1x	na	-57.5x	na	-1.8x	na	-92.6x
TerrAscend	3.0x	2.5x	2.3x	13.3x	10.2x	8.3x	-0.5x	-0.5x	-2.0x	-1.9x	-0.8x	-0.8x	-3.2x	-3.1x
TILT	0.7x	0.7x	0.6x	20.0x	11.9x	8.0x	-0.3x	-0.3x	-5.1x	-5.7x	-0.6x	-0.6x	-11.0x	-12.3x
Trulieve	1.7x	1.7x	1.7x	6.2x	6.1x	6.0x	-0.5x	-0.5x	-1.7x	-1.7x	-0.7x	-0.7x	-2.5x	-2.6x
Verano	2.5x	2.4x	2.2x	7.7x	7.4x	6.9x	-0.3x	-0.3x	-0.9x	-0.8x	-0.6x	-0.7x	-2.0x	-1.8x
Vext	1.9x	1.2x	na	9.6x	4.8x	na	-0.6x	-1.1x	-2.4x	-8.1x	-0.6x	-1.1x	-2.5x	-8.3x

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 CY23 sales consensus estimates for Gold Flora, iAnthus, and StateHouse, we take "current" sales for each of them

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

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Exhibit 25: US MSO EV Calculations

US\$Mn	FactSet	Z&A	US\$	mn	mn	Total	Financial	Net	ST income	Conting	ITM deriv	Total	Pref Stock
9-Jan-24	Spot EV	Spot EV	price	shares	deriv	Mkt Cap	net debt	leases	tax liab.	Cons.	inflow	BDND	Min Int
US MSOs													
Acreage Holdings	222	298	0.20	138.1	6.7	29	-214	-21	-34			-269	
Ascend Wellness	716	836	1.21	206.7	13.3	266	-244	-266	-60			-570	
Ayr Wellness	707	829	2.16	76.6	5.0	176	-417	-158	-78	0		-653	
Cannabist Co	715	777	0.50	428.9		215	-272	-246	-45	0		-563	
Cresco Labs	1,038	1,480	1.74	436.5	8.2	774	-415	-174	-111	-6		-706	
Curaleaf	3,737	4,807	4.41	741.9	8.4	3,309	-672	-281	-345	-81		-1,378	119
4Front Ventures	298	351	0.11	648.6		73	-95	-141	-41	0		-278	
Glass House	346	564	5.16	75.3	3.2	405	-26	-11	-21	-29		-87	72
Gold Flora	-7	118	0.21	288.3	0.3	60	-16	-32	-5	-5		-58	
Goodness Growth	146	88	0.25	108.7		28	-50	-11				-60	
Green Thumb	2,683	3,194	11.23	236.6	13.7	2,811	-162	-262	-16	-33	89	-383	
iAnthus	166	351	0.03	6,510.5		169	-146	-36				-181	
Jushi	409	463	0.58	196.6	1.1	115	-184	-62	-103	0		-348	
MariMed	123	193	0.29	376.1	5.5	109	-38	-13	-14			-65	19
Planet 13	148	248	0.79	301.7	1.2	238	20	-27	-3			-11	
Schwazze	148	342	0.70	171.3		120	-176	-28	-18	0		-222	
StateHouse	148	198	0.03	255.6	141.0	12	-114	-13	-39	-24	7	-184	2
TerrAscend	684	962	1.80	351.2	15.3	660	-186	-51	-59	-6		-303	
TILT	111	120	0.02	381.5	5.0	10	-51	-58	-1			-110	
Trulieve	1,211	1,913	5.90	186.0	3.3	1,117	-537	-173	-81	-4		-796	
Verano	2,001	2,357	4.86	343.4	9.8	1,716	-292	-95	-251	-2		-640	
Vext	48	69	0.22	149.8	0.4	33	-35	-1				-36	

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

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Exhibit 26: US MSO Estimates

US\$Mn Company name	FACTSET CONSENSUS					ZUANIC & ASSOCIATES ESTIMATES					Z&A vs. CONSENSUS			
	Revenues		Adj EBITDA		margin	Revenues		Adj EBITDA		margin	Revenues		Adj EBITDA	
	2024	2025	2024	2025	2024	2024	2025	2024	2025	2024	2024	2025	2024	2025
US MSOs														
Acreage Holdings	259	na	51	na	19.6%			not covered yet						
Ascend Wellness	576	589	121	139	21.1%			not covered yet						
Ayr Wellness	505	537	128	144	25.4%			not covered yet						
Cannabist Co	548	607	102	125	18.6%			not covered yet						
Cresco Labs	753	814	184	195	24.5%			not covered yet						
Curaleaf	1,412	1,579	353	445	25.0%			not covered yet						
4Front Ventures	131	na	27	na	20.6%			not covered yet						
Glass House	214	na	60	na	27.9%			not covered yet						
Gold Flora	135	na	-2	na	na	155	199	9	34	5.9%	15%	na	-648%	na
Goodness Growth	102	na	24	na	23.2%			not covered yet						
Green Thumb	1,108	1,211	329	370	29.7%	1,063	1,210	318	371	29.9%	-4%	0%	-3%	0%
iAnthus	na	na	na	na	na			not covered yet						
Jushi	275	284	54	59	19.6%			not covered yet						
MariMed	177	203	38	50	21.6%	185	221	41	53	22.3%	5%	8%	8%	6%
Planet 13	164	163	19	25	11.6%	150	163	16	25	10.5%	-9%	0%	-18%	0%
Schwazze	203	235	83	84	41.0%			not covered yet						
StateHouse	na	na	na	na	na	105	114	10	14	9.2%	na	na	na	na
TerrAscend	380	421	94	117	24.7%			not covered yet						
TILT	182	204	10	15	5.5%	182	207	11	16	5.8%	0%	2%	5%	9%
Trulieve	1,114	1,154	313	320	28.1%			not covered yet						
Verano	988	1,049	318	344	32.2%	960	1,032	314	340	32.8%	-3%	-2%	-1%	-1%
Vext	59	61	14	20	24.4%			not covered yet						

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

Exhibit 27: Canadian LP Valuation Comps

US\$Mn	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
US MSOs														
Aurora Cannabis Inc.	1.2x	1.1x	0.9x	22.4x	10.2x	6.0x	na	na	na	na	0.0x	0.0x	-0.9x	-0.4x
Auxly Cannabis Group Inc.	1.4x	na	na	346.1x	na	na	-1.1x	na	-273.2x	na	-1.3x	na	-310.1x	na
Avant Brands Inc	2.1x	na	na	15.4x	na	na	-0.3x	na	-2.1x	na	-0.7x	na	-4.9x	na
BZAM Ltd	0.8x	na	na	-2.1x	na	na	-0.4x	na	1.0x	na	-0.5x	na	1.4x	na
Canopy Growth Corporation	3.3x	3.0x	2.6x	-19.4x	-278.8x	30.1x	-1.5x	-1.3x	8.7x	125.0x	-1.5x	-1.3x	8.7x	125.0x
Cronos Group Inc	-0.4x	-0.4x	-0.3x	0.7x	1.8x	2.4x	na	na	na	na	8.4x	7.9x	-13.5x	-33.2x
Decibel Cannabis Company Inc	0.9x	0.8x	0.7x	4.0x	3.3x	2.8x	-0.3x	-0.3x	-1.6x	-1.3x	-0.4x	-0.3x	-1.8x	-1.5x
High Tide, Inc.	0.4x	0.4x	0.3x	12.6x	5.7x	3.9x	0.0x	0.0x	-0.7x	-0.3x	-0.1x	-0.1x	-2.6x	-1.2x
Nova Cannabis Inc	0.4x	0.4x	0.3x	4.0x	4.6x	3.5x	0.0x	0.0x	-0.1x	-0.2x	-0.2x	-0.2x	-2.0x	-2.3x
OrganiGram Holdings Inc	0.7x	0.6x	0.5x	-8.1x	15.5x	5.9x	na	na	na	na	0.4x	0.3x	-4.5x	8.6x
Rubicon Organics, Inc.	0.7x	0.6x	na	6.5x	3.8x	na	0.0x	0.0x	-0.3x	-0.2x	0.0x	0.0x	-0.3x	-0.2x
SNDL Inc.	0.5x	0.4x	0.4x	6.7x	10.7x	6.4x	na	na	na	na	0.1x	0.1x	0.9x	1.5x
Tilray Brands, Inc.	2.4x	1.9x	1.7x	36.6x	17.2x	9.5x	-0.1x	-0.1x	-1.9x	-0.9x	-0.2x	-0.1x	-2.4x	-1.1x
Village Farms International, Inc.	0.4x	0.4x	0.4x	9.6x	8.4x	5.5x	0.0x	0.0x	-1.0x	-0.8x	-0.1x	-0.1x	-2.0x	-1.8x

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

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Exhibit 28: EV Calculations for Canada LPs

C\$Mn 9-Jan-24	FactSet Spot EV	Z&A Spot EV	C\$ price	mn shares	mn deriv	Total Mkt Cap	Financial net debt	Gross leases	ST income tax liab.	Conting Cons.	ITM deriv inflow	Total BDND	Pref Stock Min Int
US MSOs													
Aurora Cannabis Inc.	191	305	0.62	475.1	16.9	293	53	-51		-14		-12	
Auxly Cannabis Group Inc.	149	162	0.02	1,009.0	249.9	17	-128	-17		0		-145	
Avant Brands Inc	46	55	0.15	258.3	3.4	38	-7	-10				-18	
BZAM Ltd	54	67	0.13	180.8	0.2	23	-31	-14				-45	
Canopy Growth Corporation	na	921	6.13	82.9	1.7	508	-413					-413	
Cronos Group Inc	-48	-60	2.77	381.1	7.8	1,056	1,119	-3				1,116	
Decibel Cannabis Company Inc	101	107	0.14	409.0	16.7	59	-42	-6				-48	
High Tide, Inc.	186	214	2.26	75.1	0.5	170	-12	-31				-44	
Nova Cannabis Inc	4	107	0.94	57.2		54	-4	-49				-53	
OrganiGram Holdings Inc	96	94	1.83	80.5	1.2	147	53		0			52	
Rubicon Organics, Inc.	33	29	0.50	56.1	6.9	28	-1	0				-1	
SNDL Inc.	293	434	2.09	236.7	12.8	495	232	-171				61	
Tilray Brands, Inc.	2,208	2,228	2.81	730.3		2,053	-115	-10		-20		-145	30
Village Farms International, Inc.	133	167	1.06	110.2		116	-17	-18				-35	16

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

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Exhibit 29: Other Companies Valuation Comps

			1/9/24	Mkt							Consensus		Cons	Net debt
US\$Mn			Price	Cap	(mn)	Net	Ent		1yr Forward	Consensus	1yF Estimates (US\$Mn)		EBITDA	to Cons
Company name	Ticker	Listing	US\$	US\$Mn	Shares	(Debt)	Value		EV/Sales	EV/EBITDA	Sales	EBITDA	mgn %	1yF EBITDA
Service Providers														
AFC Gamma	AFCG	NASDAQ	11.90	242	20	-17	259	<i>finco</i>	4.0x	#N/A	65	#N/A	#N/A	#N/A
Chicago Atlantic	REFI	NASDAQ	15.77	280	18	-52	332	<i>finco</i>	5.4x	#N/A	61	#N/A	#N/A	#N/A
Innovative Industrial Prop	IIPR	NYSE	93.92	2,627	28	-14	2,641	<i>finco</i>	8.5x	10.6x	310	250	81%	-0.1x
New Lake Capital Partners	NLCP	US OTC	16.60	355	21	42	313	<i>finco</i>	6.7x	#N/A	47	#N/A	#N/A	#N/A
River North	RIV	NYSE	11.43	245	21	34	211	<i>finco</i>	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
SHF Holdings	SHFS	NASDAQ	1.44	34	24	7	27	<i>finco</i>	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Silver Spike BDC	SSIC	NASDAQ	8.44	52	6	85	-32	<i>finco</i>	-2.1x	#N/A	16	#N/A	#N/A	#N/A
Leafly	LFly	NASDAQ	4.78	10	2	-4	14	<i>tech</i>	0.4x	-4.0x	38	-4	-9%	1.0x
Springbig	SBIG	US OTC	0.13	3	27	-6	9	<i>tech</i>	0.3x	2.5x	31	4	11%	-1.6x
WM Technology	MAPS	NASDAQ	0.85	47	55	0	47	<i>tech</i>	0.2x	1.6x	200	29	14%	0.0x
Greenlane Holdings	GNLN	NASDAQ	0.55	1	2	-8	8	<i>vape parts</i>	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
GrowGeneration	GRWG	NASDAQ	2.54	155	61	23	132	<i>pix & shovel</i>	0.6x	-63.1x	219	-2	-1%	-11.0x
HydroFarm	HYFM	NASDAQ	0.91	41	45	-165	206	<i>pix & shovel</i>	0.9x	19.7x	225	10	5%	-15.8x
Scotts Miracle Gro	SMG	NYSE	62.00	3,503	57	-2,874	6,377	<i>pix & shovel</i>	1.7x	11.5x	3,690	556	15%	-5.2x
urban-gro	UGRO	NASDAQ	1.60	17	11	6	12	<i>pix & shovel</i>	0.1x	-42.3x	113	0	0%	-20.0x
CBD, CPG, Pharma, International														
Charlotte's Web	CWBHF	US OTC	0.20	31	152	9	22	<i>CBD</i>	0.3x	-1.9x	78	-12	-15%	-0.8x
Clever Leaves	CLVR	NASDAQ	3.50	5	1	4	1	<i>CBD</i>	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
CV Sciences	CVSI	US OTC	0.04	6	152	-1	6	<i>CBD</i>	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Turning Point Brands	TPB	NYSE	25.21	441	17	-314	755	<i>CPG</i>	2.0x	7.7x	384	98	25%	-3.2x
IM Cannabis	IMCC	NASDAQ	0.32	2	8	-7	9	<i>Intl</i>	0.2x	20.8x	42	0	1%	-15.3x
InterCure	INCR	NASDAQ	1.39	63	46	-2	66	<i>Intl</i>	0.7x	-7.9x	90	-8	-9%	0.3x
Ispire Tech	ISPR	NASDAQ	11.40	618	54	45	573	<i>Intl</i>	2.0x	13.5x	281	43	15%	1.1x
Little Green Pharma	LGPPF	US OTC	#N/A	#N/A	298	0	#N/A	<i>Intl</i>	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
PharmaCielo	PCLOF	US OTC	0.20	30	155	-9	39	<i>Intl</i>	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Smooore Intl	SMORF	US OTC	0.72	4,378	6,078	2,106	2,273	<i>Intl</i>	0.2x	0.8x	15,143	2,831	19%	0.7x
Jazz Pharma	JAZZ	NASDAQ	122.38	7,736	63	-4,936	12,672	<i>pharma</i>	3.1x	6.8x	4,068	1,877	46%	-2.6x

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

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Exhibit 30: Stock Performance

9-Jan-24			
	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
US MSOs			
FFNTF	-13%	-51%	-57%
ACRDF	-22%	-38%	-76%
AAWH	-18%	34%	-18%
AYRWF	-15%	29%	61%
CXXIF	2%	-5%	38%
CBSTF	12%	-39%	-38%
CRLBF	-3%	6%	-11%
CURLF	6%	-1%	5%
GLASF	13%	17%	128%
GRAMF	73%	43%	-4%
GDNSF	1%	45%	39%
GTBIF	-1%	12%	31%
ITHUF	0%	0%	0%
JUSHF	-14%	-20%	-22%
LOWLF	6%	-39%	-78%
MRMD	-5%	-25%	-29%
PLNH	-5%	-5%	-12%
RWBYF	na	na	na
SHWZ	21%	-1%	-49%
STHZF	36%	-50%	-69%
TSNDF	15%	-4%	27%
GNRS	na	na	na
TLLTF	-2%	-52%	-60%
TCNNF	-2%	17%	-20%
VRNOF	7%	14%	58%
VEXTF	7%	3%	19%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
Canada			
ALEAF	na	na	-70%
ACB	-11%	-15%	-47%
CBWTF	-2%	10%	-25%
AVTBF	3%	-24%	-22%
BZAMF	-14%	-14%	-67%
CGC	-43%	-37%	-81%
CRON	-1%	4%	-18%
DBCCF	14%	-12%	30%
ETRGF	-29%	-36%	-40%
HITI	4%	9%	14%
NVACF	23%	61%	-5%
OGI	3%	13%	-58%
ROMJF	5%	11%	-44%
SNDL	6%	-6%	-26%
TLRY	10%	-1%	-28%
VFF	0%	1%	-45%
YOLO ETF	1%	1%	-15%
CBD, CPG, Pharma, International			
CWBHF	-11%	-26%	-64%
CLVR	63%	17%	-68%
CVSI	-9%	-10%	11%
TPB	4%	11%	14%
IMCC	-13%	-52%	-77%
INCR	5%	-2%	-63%
ISPR	1%	27%	#N/A

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
Service Providers			
AFCG	-3%	3%	-25%
AGFY	-6%	-48%	-81%
REFI	1%	7%	5%
IIPR	7%	23%	-6%
NLCP	19%	29%	2%
PW	16%	-17%	-85%
RIV	6%	7%	-6%
SHFS	44%	106%	-2%
SSIC	-11%	-11%	-14%
LFLY	-13%	-35%	-63%
SBIG	-3%	-7%	-78%
MAPS	-4%	-32%	-19%
GNLN	-10%	-5%	-84%
GRWG	-7%	-9%	-39%
HYFM	-15%	-17%	-28%
SMG	2%	27%	11%
UGRO	42%	29%	-47%
CBD, CPG, Pharma, International			
LGPPF	#N/A	#N/A	#N/A
PCLOF	69%	31%	-11%
SMORF	-10%	-19%	-56%
JAZZ	2%	-6%	-23%
Index			
S&P 500	3%	9%	22%
MSOS ETF	1%	5%	7%

Source: FactSet



Exhibit 31: Stock Performance – Last Six Months



Source: FactSet

10 January 2024

Gold Flora: Initiation of Coverage

Exhibit 32: Stock Performance – Last 12 Months



Source: FactSet



Appendix V: 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 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.



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