



3/19/2025

Village Farms International (VFF)

Company update: Overweight

US\$Mn								
Cons Rev	CY23a	CY24e	Prev	CY25e	Prev	CY26e	Prev	CY27e
1Q	64.7	78.1 A	78.1	76.5	77.1	82.8	81.1	88.7
2Q	77.2	92.2 A	92.2	88.6	90.4	95.1	94.8	100.9
3Q	69.5	83.4 A	83.4	88.9	90.6	94.1	95.3	100.3
4Q	74.2	82.6 A	81.9	89.8	84.8	91.5	87.7	88.7
FY	285.6	336.2 A	335.5	343.8	342.9	363.5	358.9	378.6
EBITDA	CY23a	CY24e	Prev	CY25e	Prev	CY26e	Prev	CY27e
1Q	0.5	3.6 A	3.6	4.8	5.8	8.8	7.5	10.1
2Q	4.5	-3.6 A	-3.6	-2.2	-1.2	7.9	7.0	9.2
3Q	3.2	5.3 A	5.3	8.1	8.6	10.2	9.2	11.7
4Q	-0.7	-3.5 A	4.0	8.7	6.9	10.5	9.4	10.2
FY	7.6	1.8 A	9.3	19.4	20.1	37.4	33.1	41.1

Share price (US\$)	0.70	Perf.	VFF	YOLO ETF	S&P500	Stance:	Overweight
Share count (mn)	112.3	30d	-7%	-15%	-7%		no price target
Market Cap (US\$Mn)	79	90d	-9%	-18%	-4%		FY=Dec
Ticker	VFF	1yr	-18%	-48%	10%		



US\$Mn	CY24	CY25	CY26
Projected EV	111	108	85
EV/Sales	0.3x	0.3x	0.2x
EV/EBITDA	61.8x	5.6x	2.3x

	FY24	CY25	CY26
Net debt/Sales	-0.1x	0.0x	na
Net debt/EBITDA	-11.1x	-0.9x	na
Free Cash Flow	0.3	2.9	22.6
Net (debt) cash	-19.9	-17.1	5.5

Consensus	CY25	CY26
Sales	349.6	373.9
EBITDA	20.0	24.4

Guidance CY24:	n/a
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Note: our estimates do not factor the Dutch Pilot yet

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Company Outlook

VFF trades at only 0.3x sales, despite being a top 3 player in rec in Canada, having international optionality in medical cannabis (MMJ), and significant EBITDA upside from the Dutch pilot. Already exporting to five markets, we expect the company to invest in RTM. Increased focus on profitable domestic rec share, away from value, is already showing results (per Hifyre 1Q25). Also, as we show here, the company has been a better steward of capital (re FCF, dilution, and \$ investments).

Outlook and other forward commentary. VFF remains arguably the most disciplined LP, in terms of equity capital raises (minimizing shareholder dilution), balance sheet management (low debt), and a conservative stance towards making new asset investments. It is also among the very few generating positive operating cash flow. True, in part this may have limited the company's forays to overseas markets (where its low-cost advantage and flower quality gives it an edge) initially, but this is quickly changing.

- VFF expects to triple MMJ direct export sales in CY25, from \$6.1Mn (C\$8.4Mn) in CY24. It already ships to five markets (including Australia, New Zealand, Germany). In the past, management has estimated that about a third of its domestic B2B wholesale sales are re-exported (i.e., ~\$8Mn of the \$29Mn reported in B2B for CY24), so we believe the 3x target is credible – especially in the context of strong growth overseas (see our latest reports on [Germany](#) and [Australia](#)).
- It plans to expand capacity in the Netherlands by 4x (by end of this year), where it is one of ten companies licensed to supply 85 coffeeshops as part of that country's rec pilot program. Management says its flower strains have been well received. We see significant EBITDA upside from the Netherlands for VFF (see our [Dutch pilot](#) report), especially with not all licensees up and running and producing top quality flower. All this assuming the authorities will ensure the 85 shops only buy licensed product.
- In the Canadian rec market the company will place less focus on the value end (where it had become more dependent on The Original Fraser Valley brand), and it will prioritize profitable sales growth “over competing for low margin business to drive volume and market share in Canada”. It said, “current dynamics in the value end of the supply chain in Canada and impacts of key account spend to maintain shelf space with retailers are not sustainable for the industry.” As we show below, the strategy is bearing fruit in terms of brand mix.
- Per Hifyre, flower and pre-rolls account for 95% of sales (flower 73%), with vape only 4%. That said, VFF is moving its extraction and vape manufacturing capabilities in-house in 2025, as it believes there are opportunities to capture profitable market share in these categories with new product offerings. It said Super Toast AIO vape, launched in Dec'24, is already #2 in ON and #6 nationally.



Domestic rec performance – based on the Hifyre scanner data.

- *Extrapolating data thru 3/19 for 1Q25, we estimate PSF flower sales (i.e., ex Quebec) will be down mid-single digits qoq, but the mix is shifting for the better.*
- *The value line The Original Fraser Valley (>\$3/gram) is now 33% of PSF sales compared with 40% in 2Q24. On the other hand, the Pure Sunfarms brand (approaching C\$5/gram) is now 42% of PSF flower sales vs. mid 30s before. Super Toast (>\$4/gram) is now 22% of PSF flower sales vs. 18% in 2Q24.*
- *Importantly, flower pricing is moving up for TGOV so far in 1Q25 (C\$3.23/gram, up 6% from C\$3.04 in 2Q24), while pricing for Pure Sunfarms and Super Toast is stable.*
- *The Hifyre data for Quebec is less straightforward to analyze (it implies QC accounts for 40% of VFF's national flower sales, which seems high to us), but it also points to a need for better mix, with the value brand Pure Laine Cannabis now 60% of Rose sales vs. 29% for Promenade.*
- *Per Hifyre, VFF pre-roll sales may be down more than 20% in 1Q25. So far, the company has been slow to adapt to the rise of infused formats; these are only 4% of VFF pre-roll sales, per Hifyre. Note: Canopy Growth has been making significant gains in infused with its Claybourne line (sales up 4x qoq, per Hifyre).*
- *Note: The analysis above is based on mix, and not on the latest market share trends. Regarding market share, management recently said that it has gained 120bp of flower share nationally since Dec'24, and noted VFF remains top 3 across all formats in Canada (#2 in ON and QC in CY24). All this "achieved organically, without M&A activity".*

About 4Q and CY24 trends. We focus on CF/BS before top line...

- *Cash flow: VFF consolidated operating cash flow doubled in CY24 to \$10.4Mn (companies like CGC, OGI, and TLRY reported negative OCF for the Nov/Dec year), or about 3% of sales. FCF was at break even, as capex increased from \$6.5Mn in CY23 to \$10.1Mn in CY24.*
- *B/S: VFF ended CY24 with \$20Mn in net debt (\$25Mn in cash), 6% of sales and 2x OCF. VFF is among the least levered LPs. Maturities are manageable (relative to the B/S and CF trends), with \$16Mn due in 2026 and \$17Mn in 2027.*
- *Share count: This remained mostly unchanged in CY24 (+2% to 112.3mn), with the count disclosed as of 3/7/25 also unchanged. Taking the latest reported share count by other large LPs (Jan/Feb/Mar), since Dec'23 the count increased by 109% at CGC, 65% at OGI, 28% at TLRY, and 15% at ACB. We are saying this in a descriptive manner, and not passing judgment, as some of these equity increases could have had strategic benefits. That said, it is comforting to see minimal shareholder dilution at VFF.*



- Profitability:** CY24 consolidated EBITDA was \$1.8Mn or +0.5% of total sales (-4.3% in the Dec qtr), compared with +2.7% in CY23 (4Q23 -0.9%). In absolute terms, CY24 cannabis EBITDA was \$7.3Mn and produce \$2.2Mn (contribution was much smaller from the other units), partly offset by cash corporate overheads (EBITDA) of \$7.5Mn. Cannabis EBITDA margins fell (CY24 4.9% vs. CY23 12.9%), offsetting improvements in produce (+0.3% to 1.3%) and lower absolute corporate overheads (-\$8.4Mn to -\$7.5Mn). All this said, MJ margins were impacted by write downs on acquired non-flower inventory – ex this event, cannabis gross margins are back in the 30-40% range, per management.
- Sales:** Consolidated sales of \$82.6Mn in 4Q24 were up 11% yoy; this was led by 17% growth in produce to \$43.3Mn and ~7% growth in cannabis sales to \$34.2Mn. While ahead of the market, we note the cannabis sales growth pace compares with 27% in 3Q24 and 47% in 1H24. In C\$, total cannabis sales (C\$204Mn) were up 32% in CY24 (+10% in 4Q24), with domestic branded rec (75% of the MJ sales in CY24) up 24% (+5% in 4Q24), domestic bulk wholesale +89% (+9%) to ~C\$40Mn, and international reaching C\$8.4Mn (+36% for the year, and up over 8x yoy in 4Q24).

Brief Benchmarking and Valuation

Valuation. At US\$0.70 per share (the stock is down 9% in the last 90 days vs. -18% for the YOLO ETF and -27% for the MSOS ETF), we calculate an EV of US\$111Mn (112.6mn shares including RSUs; net debt of \$20Mn; \$10Mn in redeemable non-controlling interest; \$1Mn in leases net of right of use assets). So, taking the spot EV of US\$111Mn, VFF trades at 0.3x consolidated current sales estimates. If we strip out produce at \$30Mn (5x normalized EBITDA of \$6Mn), US CBD at 1x sales (\$20Mn), and value the Texas greenhouses at \$50Mn, that would mean the cannabis unit is valued at US\$11Mn, or less than 0.1x our CY25 sales estimates for the cannabis unit (ACB and TLRY are ~1x consolidated sales). If we assign zero value to those three units (produce, CBD, TX), the stock would trade at 0.8x MJ sales. We realize questions about the value and upside optionality of the non-cannabis assets are subject to debate and cloud the SOP-based argument, but that should not take away from the fact that there is attractive hidden value in VFF shares. In short, investors here can buy a leading cannabis producer (one with a sustainable and disciplined financial model, the lowest production costs, and international optionality) at a compelling valuation – and one that is NASDAQ listed. *Note: With the stock trading below US\$1, per a NASDAQ notification, the company has until 4/16/25 to regain compliance with the “minimum bid requirement”. That said VFF may be eligible for an additional period of 180 calendar days to regain compliance. We understand the company is evaluating various options.*

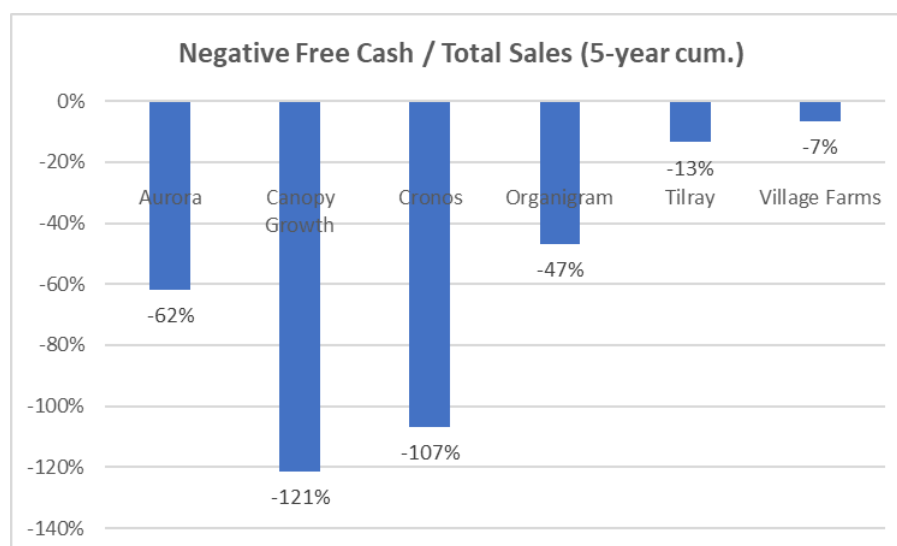
Stock not getting credit for what has been accomplished, via a gradual long-term approach. We believe the stock valuation partly suffers from the exposure to the produce business, in the sense of what we would call a “complexity discount” (how to value the volatile produce business?). That said, VFF should get credit for its methodic/gradual approach to cannabis. In the domestic market over the years it has gone from mostly B2B to branded, and it is now a consistent top 3 player. Also, VFF is certainly more than just a domestic producer, with an expanding export business (>C\$15Mn annually, if we take one third of B2B), investments overseas (Holland, Australia), and

room to take more control of its route to market overseas. VFF also has US optionality (in hemp via CBDistillery and to federal legalization via its TX produce greenhouses).

Importantly, the company has been a better steward of capital, with better FCF/sales metrics and above average total sales per share performance.

- On FCF.** Over the last 5 years (2020 through 2024), cumulative free cash flow was negative for all the six LPs reviewed here, ranging from -C\$2.5Bn at CGC to -C\$117Mn at VFF. That said, it should be noted that FCF trends at most companies have improved in recent years, with several generating positive FCF in their latest qtr (ACB, CRON, VFF). We also realize that in industries such as biotech, negative FCF is the “norm” during the “clinical studies” years, and this is seen as an investment on future growth and returns. In the case of the LPs, investors can decide whether these negative FCF figures forebode great future growth or not. That said, if we compare the 5-year cumulative FCF/revenues, the most relative burn took place at CGC (121%) and CRON (107%), and the least at VFF (7%) and TLRY (13%).

Table 1: Free Cash Flow as % of Sales



Source: Companies reports and Z&A calculations.

Table 2: Free Cash Flow

	Dec	Dec	Dec	Dec	Mar	Jun	Sep	Dec	Dec	5-year
C\$ Mn	CY20	CY21	CY22	CY23	1Q24	2Q24	3Q24	4Q24	CY24	Cum.
Free Cash Flow										
Aurora	-428	-122	-181	-68	-11	3	-29	24	-13	-813
Canopy Growth	-811	-580	-551	-406	-22	-56	-56	-28	-163	-2,510
Cronos	-236	-207	-121	-61	-5	1	7	6	9	-616
Organigram	-93	-50	-77	-63	-9	-5	-1	-6	-21	-304
Tilray	-70	-188	-120	-63	-13	0	-59	-48	-121	-561
Village Farms	3	-77	-45	-2	-3	-14	19	-2	0	-120

Source: Companies reports and Z&A calculations.

- Changes in the share count.** Starting from the March 2020 qtr (we take Feb'20 for OGI and TLRY) through calendar 4Q24 (for VFF we take 3Q24; for TLRY we take Nov'24), the share count increased by >110% at VFF to as almost <560% at TLRY (OGI >150%; CGC ~250%; ACB <400%). During that period (end to end), C\$ total reported consolidated sales per share (per qtr) declined at Canopy Growth (-84%), Tilray (-45%), and at Organigram (down 37%). On the other hand, they increased at Cronos, Aurora, and at VFF. EBITDA per share comparisons are not as obvious given negative numbers. So, just as VFF was the company with the least cash burn (5yr FCF/sales), it was also the one that made the least use of increases in the share count (ex-CRON).

Table 3: Share Count Evolution vs. Sales and EBITDA per Share

	Mar	Sep	Dec		Mar	Sep	Dec		Mar	Sep	Dec
	1Q20	3Q24	4Q4	ch %	1Q20	3Q24	4Q4	ch %	1Q20	3Q24	4Q4
Dilution	Qtr end share count (mn)				C\$ Sales per share				C\$ EBITDA per share		
Aurora	11.0	54.7	54.9	397%	0.668	1.484	1.607	141%	-0.458	0.185	0.421
Canopy Growth	35.0	120.1	155.4	243%	3.082	0.524	0.481	-84%	-2.914	-0.046	-0.022
Cronos	348.8	382.3	382.5	10%	0.032	0.122	0.111	242%	-0.143	-0.093	0.217
Organigram	43.3	108.6	126.2	151%	0.537	0.412	0.339	-37%	-0.001	0.040	-0.007
Tilray	133.3	875.4	929.3	557%	0.514	0.282	0.280	-45%	-0.017	0.013	0.012
Village Farms	52.9	112.3	112.3	112%	0.607	1.012	0.093	67%	0.021	0.064	na

Source: Companies reports and Z&A calculations. Note: Share count "converted" to latest comparable numbers post reverse splits.

- Funds raised over the years.** Regarding capital raised over the last five years (equity and debt): 1) Over the last 5-year period (counting CY20 to CY24), ACB raised equity (either for cash proceeds, debt conversion, or M&A), worth C\$1.38Bn; TLRY C\$913Mn; CGC C\$646Mn (between CY18 and CY19 it raised C\$5.5Bn in equity, but for this comparative analysis we only count from CY20); OGI C\$520Mn; and VFF C\$282Mn (CRON did not raise equity during that time); 2) In terms of net debt, four of these six companies reduced net debt during the period of analysis (ACB, OGI, TLRY, and VFF), while net cash (net debt) dropped (increased) by C\$1.23Bn at CGC and by C\$527Mn at CRON.

Table 4: Net Debt and Equity Raised in the Last 5 Years

	Dec	Dec	Dec	Dec	Sep	Dec				
C\$ Mn	CY20	CY21	CY22	CY23	CY23	CY24	4yr Change			
Net cash (debt) evolution										
Aurora	-109	-16	83	89	27	51	reduced by C\$Mn		160	
Canopy Growth	961	-87	-416	-426	-323	-263	grew by C\$Mn		-1,225	
Cronos	1,729	1,259	1,152	1,162	1,176	1,202	grew by C\$Mn		-527	
Organigram	-1	193	122	54	133	71	reduced by C\$Mn		72	
Tilray	-199	-527	-220	-253	-62	-74	reduced by C\$Mn		125	
Village Farms	-54	-14	-52	-23	-25	-28	reduced by C\$Mn		26	
	Dec	Dec	Dec	Dec	Mar	Jun	Sep	Dec	Dec	4yr
C\$ Mn	CY20	CY21	CY22	CY23	1Q24	2Q24	3Q24	4Q24	CY24	Change
Equity funds raised										
Aurora	748	174	418	41	1	0	0	0	2	1,384
Canopy Growth	0	3	2	34	47	54	85	118	303	646
Cronos	0	0	0	0	0	0	0	0	0	0
Organigram	165	220	0	0	41	26	0	0	67	520
Tilray	131	0	485	0	0	11	82	56	148	913
Village Farms	77	163	9	33	0	0	0	0	0	282

Source: Source: Companies reports and Z&A calculations.

Table 5: Companies mentioned in this report.

Company name	Ticker	Ticker	Rating
US MSOs			
4Front Ventures		FFNTF	not rated
Ascend Wellness		AAWH	will cover
AYR Wellness		AYRWF	not rated
Cannabist		CCHWF	not rated
Cansortium		CNTMF	not rated
Cresco Labs		CRLBF	Overweight
Curaleaf Holdings		CURLF	will cover
GlassHouse Brands		GLASF	not rated
Gold Flora		GRAM	Overweight
Green Thumb Industries		GTBIF	Overweight
Grown Rogue		GRUSF	not rated
Jushi Holdings		JUSHF	Overweight
MariMed		MRMD	Overweight
Planet 13 Holdings		PLNHF	Overweight
Schwazze		SHWZ	not rated
TerrAscend		TSNDF	will cover
TILT Holdings		TLLTF	Neutral
Trulieve Cannabis		TCNNF	will cover
Verano Holdings		VRNOF	Overweight
Vext Science, Inc.		VEXTF	Overweight
Vireo Growth		VREOF	will cover
Finance (MJ) Companies			
AFC Gamma		AFCG	Overweight
Chicago Atlantic BDC		LIEN	will cover
Chicago Atlantic REAF		REFI	Overweight
Innovative Industrial Properties		IIPR	will cover
New Lake Capital Partners		NLCP	Overweight
SHF Holdings		SHFS	not rated

Company name	Ticker	Rating
Canada LPs		
Aurora Cannabis	ACB	Neutral
Auxly Cannabis Group	CBWTF	not rated
Avant Brands	AVTBF	not rated
Avicanna	AVCN	not rated
Ayurcann Holdings	AYURF	not rated
Cannara Biotech	LOVFF	not rated
Canopy Growth Corporation	CGC	will cover
Cronos Group	CRON	not rated
Decibel Cannabis Co	DBCCF	Overweight
Organigram Holdings	OGI	not rated
Rubicon Organics	ROMJF	will cover
SNDL	SNDL	not rated
Tilray Brands	TLRY	Neutral
Village Farms Int'l	VFF	Overweight
Other		
Agrify	AGFY	not rated
Cannapresso	TBD	not rated
Cantourage AG	HIGH:FF	not rated
Flora Growth	FLGC	not rated
Grow Generation	GRWG	not rated
Intercure	INCR	not rated
Ispire Technology	ISPR	will cover
Leafly	LFLY	not rated
LFTD Partners Inc.	LIFD	Overweight
Smoores International	SMORF	will cover
Springbig	SBIG	not rated
Urban-gro	UGRO	not rated
WM Technology	MAPS	Neutral

Source: Z&A



Appendix I: Company Financials

19 March 2025

Village Farms International: Outlook and Benchmarking

Exhibit 1: Consolidated Highlights

US\$Mn	CY22	CY23	1Q24	2Q24	3Q24	4Q24	CY24	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
Proforma consolidated sales	293.6	285.6	78.1	92.2	83.4	82.6	336.2	76.5	88.6	88.9	89.8	343.8	363.5	378.6
qoq ch %	na	na	5%	18%	-10%	-1%	na	-7%	16%	0%	1%	na	na	na
yoy ch %	10%	-3%	21%	19%	20%	11%	18%	-2%	-4%	7%	9%	2%	6%	4%
guidance		na					na					na	na	na
consensus								78.4	90.1	90.1	93.8	349.6	373.9	na
Profit margins														
Gross profit after FV adj	27.5	49.4	15.5	9.2	15.7	6.9	47.4	16.5	10.5	20.6	21.1	68.7	89.6	95.1
as % of sales	9.4%	17.3%	19.9%	10.0%	18.8%	8.4%	14.1%	21.5%	11.9%	23.2%	23.5%	20.0%	24.6%	25.1%
Op exp	72.3	65.5	16.4	19.7	16.5	18.5	71.0	15.9	17.0	16.8	16.8	66.6	69.8	71.9
as % of sales	24.6%	22.9%	21.0%	21.3%	19.8%	22.4%	21.1%	20.8%	19.2%	18.9%	18.7%	19.4%	19.2%	19.0%
EBIT	-44.8	-16.1	-0.9	-10.4	-0.8	-11.5	-23.6	0.5	-6.5	3.8	4.3	2.2	19.8	23.2
as % of sales	-15.2%	-5.6%	-1.1%	-11.3%	-1.0%	-14.0%	-7.0%	0.7%	-7.3%	4.3%	4.8%	0.6%	5.4%	6.1%
Adj EBITDA	-21.3	7.6	3.6	-3.6	5.3	-3.5	1.8	4.8	-2.2	8.1	8.7	19.4	37.4	41.1
as % of sales	-7.3%	2.7%	4.6%	-3.9%	6.4%	-4.3%	0.5%	6.3%	-2.5%	9.2%	9.6%	5.6%	10.3%	10.9%
consensus								3.0	2.5	6.5	7.5	20.0	24.4	na
as % of sales								3.9%	2.7%	7.2%	8.0%	5.7%	6.5%	na
EPS														
Pre tax income	-96.7	-27.4	-2.4	-23.3	-0.7	-11.0	-37.3	-0.1	-7.1	3.1	3.7	-0.4	17.4	21.3
Tax rate assumption	-4.8%	-16.3%	-13.6%	-1.1%	-14.3%	21.3%	4.5%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Net income	-101.4	-31.8	-2.7	-23.6	-0.8	-8.7	-35.6	-0.1	-5.7	2.5	2.9	-0.4	14.0	17.0
Share count (FD) Mn	89.1	108.7	110.2	111.0	111.9	112.4	111.4	112.4	112.4	112.4	112.4	112.4	112.4	112.4
EPS	-1.13	-0.29	-0.03	-0.21	-0.01	-0.08	-0.32	0.00	-0.05	0.02	0.03	0.00	0.12	0.15
consensus								-0.02	-0.02	0.02	0.02	0.00	0.04	na
BS & CF highlights														
Operating cash flow	-19.9	5.3	-0.1	-7.0	17.0	0.4	10.3	7.2	-7.5	6.7	6.8	13.2	30.6	36.3
(-) Capex	-14.3	-6.5	-1.9	-3.0	-3.3	-1.9	-10.1	-2.3	-2.7	-2.7	-2.7	-10.3	-8.0	-8.3
Free cash flow	-34.2	-1.2	-1.9	-10.0	13.7	-1.5	0.3	4.9	-10.2	4.0	4.1	2.9	22.6	27.9
Ending net cash (debt)	-39.3	-16.8	-18.4	-18.8	-18.6	-19.9	-19.9	-15.0	-25.2	-21.2	-17.1	-17.1	5.5	33.5
Net debt/Sales	-0.1x	-0.1x	-0.1x	-0.1x	-0.1x	-0.1x	-0.1x	0.0x	-0.1x	-0.1x	0.0x	0.0x	0.0x	0.1x
Net debt/EBITDA	1.8x	-2.2x	-1.3x	1.3x	-0.9x	1.4x	-11.1x	-0.8x	2.9x	-0.7x	-0.5x	-0.9x	0.1x	0.8x
Equity	303.1	302.6	296.2	275.2	274.4	254.0	254.0	253.9	248.2	250.7	253.6	253.6	267.5	284.5

Source: Z&A estimates, company reports

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Village Farms International: Outlook and Benchmarking

Exhibit 2: Divisional Split

US\$Mn	CY22	CY23	1Q24	2Q24	3Q24	4Q24	CY24	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
Sales	293.6	285.6	78.1	92.2	83.4	82.6	336.2	76.5	88.6	88.9	89.8	343.8	363.5	378.6
Produce	160.3	151.2	36.1	47.0	42.8	43.3	169.2	36.5	47.5	43.2	43.7	170.9	172.6	174.3
Cannabis	109.9	114.0	37.4	40.7	36.5	34.2	148.9	35.4	36.5	41.0	41.4	154.2	171.9	184.8
Energy	0.1	0.0	0.0	0.1	0.2	0.4	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
US CBD	23.3	20.3	4.5	4.3	3.9	4.6	17.4	4.6	4.7	4.7	4.7	18.7	19.1	19.4
Gross Margin	9.4%	17.3%	19.9%	10.0%	18.8%	8.4%	14.1%	21.5%	11.9%	23.2%	23.5%	20.0%	24.6%	25.1%
Produce	-10.8%	0.1%	9.2%	-8.9%	8.1%	5.6%	3.0%	9.3%	-8.8%	8.2%	5.7%	3.1%	5.4%	5.4%
Cannabis	26.7%	31.5%	25.4%	26.3%	26.3%	2.5%	20.6%	31.0%	33.0%	35.0%	40.0%	35.0%	40.0%	40.0%
Energy	na	na	na	na	na	na	na	na	na	na	na	na	na	na
US CBD	67.2%	65.6%	59.4%	61.2%	63.4%	69.6%	63.5%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
EBITDA	-21.3	7.6	3.6	-3.6	5.4	-3.4	2.0	4.8	-2.2	8.1	8.7	19.4	37.4	41.1
Produce	-24.4	0.5	2.0	-6.4	2.3	4.1	2.2	2.8	-5.4	2.6	1.5	1.7	5.8	5.9
Cannabis	13.1	14.8	4.1	4.8	4.8	-6.4	7.3	5.7	6.8	9.1	11.3	33.0	45.5	49.4
Energy	-0.3	-0.2	0.0	0.1	0.3	0.4	0.8	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1
US CBD	0.2	0.9	-0.6	-0.2	-0.2	0.3	-0.7	-0.2	-0.2	-0.2	-0.2	-0.7	-0.5	-0.3
Corporate	-10.0	-8.4	-1.9	-1.8	-1.8	-1.9	-7.5	-3.5	-3.4	-3.4	-4.0	-14.4	-13.3	-13.8
EBITDA margin	-7.3%	2.7%	4.6%	-3.9%	6.5%	-4.1%	0.6%	6.3%	-2.5%	9.2%	9.6%	5.6%	10.3%	10.9%
Produce	-15.2%	0.3%	5.6%	-13.5%	5.5%	9.6%	1.3%	7.8%	-11.3%	6.1%	3.5%	1.0%	3.3%	3.4%
Cannabis	11.9%	12.9%	10.9%	11.8%	13.0%	-18.6%	4.9%	16.2%	18.6%	22.3%	27.4%	21.4%	26.5%	26.7%
Energy	na	na	na	na	na	na	na	na	na	na	na	na	na	na
US CBD	1.0%	4.2%	-13.6%	-5.6%	-4.0%	7.4%	-3.9%	-4.5%	-4.2%	-3.8%	-3.5%	-4.0%	-2.7%	-1.4%
Corp as % of total sales	-3.4%	-2.9%	-2.4%	-2.0%	-2.2%	-2.4%	-2.2%	-4.6%	-3.8%	-3.8%	-4.5%	-4.2%	-3.7%	-3.6%

Source: Z&A estimates, company reports

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Exhibit 3: Cannabis Projections

US\$Mn	CY22	CY23	1Q24	2Q24	3Q24	4Q24	CY24	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
Sales	107.2	112.0	37.0	40.3	40.2	40.3	157.8	35.4	36.5	41.0	41.4	154.2	171.9	184.8
Canada cannabis	103.4	107.4	35.5	38.8	38.9	38.5	151.7	33.1	33.4	36.3	34.1	136.9	138.9	144.7
branded	85.5	91.9	29.0	30.5	32.4	32.5	124.5	28.5	29.1	31.6	29.6	118.8	123.4	128.6
bulk	17.8	15.5	6.5	8.3	6.5	6.0	27.2	4.6	4.4	4.7	4.4	18.2	15.4	16.1
International	3.9	4.6	1.5	1.5	1.4	1.8	6.1	2.3	3.0	4.7	7.3	17.3	33.0	40.1
Cannabis P&L														
Sales	107.2	112.0	37.0	40.3	40.2	40.3	157.8	35.4	36.5	41.0	41.4	154.2	171.9	184.8
qoq ch %	na	na	17%	9%	0%	0%	na	-12%	3%	13%	1%	na	na	na
yoy ch %	11%	4%	47%	44%	42%	28%	41%	-4%	-10%	2%	3%	-2%	11%	8%
Gross profit	29.4	35.9	9.5	10.7	9.6	0.9	30.7	11.0	12.0	14.4	16.5	53.9	68.8	73.9
as % of sales	27.4%	32.1%	25.7%	26.6%	23.9%	2.2%	19.4%	31.0%	33.0%	35.0%	40.0%	35.0%	40.0%	40.0%
EBIT	-2.2	4.5	2.1	1.7	1.6	1.9	-4.4	3.5	4.5	6.9	9.0	23.9	36.3	40.0
as % of sales	-2.1%	4.0%	5.6%	4.2%	4.0%	4.8%	-2.8%	9.8%	12.4%	16.7%	21.9%	15.5%	21.1%	21.6%
EBITDA	13.1	14.8	4.1	4.8	4.8	-6.4	7.3	5.7	6.8	9.1	11.3	33.0	45.5	49.4
as % of sales	12.2%	13.2%	11.0%	12.0%	11.8%	-15.8%	4.6%	16.2%	18.6%	22.3%	27.4%	21.4%	26.5%	26.7%
Branded rec assumptions														
Canada rec market (C\$Mn)	4,518	5,163	1,196	1,258	1,380	1,404	5,238	1,279	1,308	1,421	1,334	5,343	5,556	5,778
Canada rec market (US\$Mn)	3,470	3,826	887	919	1,012	1,004	3,822	891	908	987	926	3,711	3,857	4,018
wholesale adj for 0.4x factor	1,388	1,531	355	368	405	402	1,529	356	363	395	370	1,484	1,543	1,607
PSF branded sales US\$Mn	85.5	91.9	29.0	30.5	32.4	32.5	124.5	28.5	29.1	31.6	29.6	118.8	123.4	128.6
in C\$Mn	112.2	124.0	39.1	41.8	44.2	45.5	170.4	40.9	41.9	45.5	42.7	171.0	177.8	184.9
share %	6.2%	6.0%	8.2%	8.3%	8.0%	8.1%	8.1%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%

(*) in practice, this may be more in the low/mid 30s.

Source: Z&A estimates, Hifyre, StatCan, company reports

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Exhibit 4: Cash Flow

US\$ 000s														
SUMMARY CASH FLOW	CY22	CY23	1Q24	2Q24	3Q24	4Q24	CY24	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
Net earnings	-101,146	-31,798	-2,852	-23,549	-820	-8,422	-35,643	-107	-5,719	2,503	2,913	-409	13,915	16,995
(+) D&A	13,054	15,926	4,558	4,840	5,109	4,331	18,838	4,277	4,301	4,328	4,356	17,262	17,570	17,898
Cash earnings	-88,092	-15,872	1,706	-18,709	4,289	-4,091	-16,805	4,170	-1,418	6,831	7,270	16,853	31,485	34,893
(-) Working capital changes	-2,246	-2,088	-3,290	-3,109	11,701	-4,864	438	3,045	-6,073	-145	-457	-3,630	-848	1,402
(-) Other operating flows	70,449	23,275	1,534	14,799	1,015	9,367	26,715	-16	-15	-14	-13	-59	-40	-22
Net operating cash flow	-19,889	5,315	-50	-7,019	17,005	412	10,348	7,198	-7,506	6,672	6,800	13,164	30,596	36,273
(-) net capex	-14,292	-6,518	-1,876	-3,003	-3,268	-1,936	-10,083	-2,294	-2,658	-2,667	-2,694	-10,313	-7,997	-8,328
Free cash flow	-34,181	-1,203	-1,926	-10,022	13,737	-1,524	265	4,904	-10,164	4,005	4,106	2,851	22,598	27,945
(-) acquisitions	-5,873	0	0	-3,096	-80	0	0	0	0	0	0	0	0	0
(-) divestitures	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(+) other	4,778	-1,099	295	12,754	-13,452	150	-3,429	0	0	0	0	0	0	0
(+) share issuance/repurchases	6,692	24,772	0	0	0	0	0	0	0	0	0	0	0	0
(-) stock options/warrants	192	83	0	0	0	0	0	0	0	0	0	0	0	0
Change in net	-28,392	22,553	-1,631	-364	205	-1,374	-3,164	4,904	-10,164	4,005	4,106	2,851	22,598	27,945
	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending net (debt)	-39,320	-16,767	-18,398	-18,762	-18,557	-19,931	-19,931	-15,027	-25,191	-21,186	-17,080	-17,080	5,518	33,463
Cash/inv/sec	21,676	35,291	31,685	29,657	28,696	24,631	24,631	27,935	18,968	23,001	27,197	27,197	49,962	77,631
Gross debts/loans/bonds	60,996	52,058	50,083	48,419	47,253	44,562	44,562	42,962	44,159	44,187	44,277	44,277	44,445	44,168
Net debt / Sales	-0.1x	-0.1x	-0.1x	-0.1x	-0.1x	-0.1x	-0.1x	0.0x	-0.1x	-0.1x	0.0x	0.0x	0.0x	0.1x
Net debt / Adj EBITDA	1.1x	-2.2x	-1.3x	1.3x	-0.9x	1.4x	-11.1x	-0.8x	2.9x	-0.7x	-0.5x	-0.9x	0.1x	0.8x

Source: Z&A estimates, company reports



Appendix II: Valuation Comps

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Exhibit 5: Canada LPs - Valuation Multiples (consolidated multiples)

Multiples 19-Mar-25	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			Financial Net Debt				Stock Performance		
	Current	2024	2025	Current	2024	2025	Sales		EBITDA		Current	2024	2025
							Current	CY24	Current	CY24			
Aurora Cannabis	1.1x	1.1x	1.0x	4x	7x	6x	na	na	na	na	-31%	3%	18%
Auxly Cannabis Group	1.2x	na	na	10x	na	na	-0.3x	na	-2.2x	na	-13%	92%	-68%
Avant Brands	0.6x	na	na	3x	na	na	-0.1x	na	-0.6x	na	32%	152%	325%
Cannara Biotech	1.6x	na	na	7x	na	na	-0.4x	na	-1.8x	na	-2%	81%	21%
Canopy Growth	1.6x	1.8x	1.7x	-35x	-28x	132x	-0.7x	-0.7x	14.7x	11.7x	-40%	-60%	-69%
Cronos Group	-3.1x	-3.1x	-2.6x	-2x	10x	42x	na	na	na	na	-6%	-2%	-17%
Decibel Cannabis	0.8x	0.8x	0.6x	4x	4x	3x	-0.3x	-0.4x	-1.6x	-1.9x	-1%	8%	-44%
Organigram Holdings	1.0x	1.0x	0.7x	-47x	180x	12x	na	na	na	na	-15%	-26%	-51%
Rubicon Organics	0.6x	na	na	4x	na	na	0.0x	na	-0.2x	na	28%	29%	37%
SNDL	0.4x	0.4x	0.4x	-21x	252x	na	na	na	na	na	-17%	-9%	4%
Tilray Brands	0.9x	0.9x	0.8x	21x	12x	9x	-0.1x	-0.1x	-1.5x	-0.8x	-31%	-44%	-66%
Village Farms International	0.3x	0.3x	0.3x	5x	61x	6x	-0.1x	-0.1x	-0.9x	-11.1x	-7%	-9%	-18%

Source: FactSet and company reports

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Exhibit 6: Canada LPs - EV Calculations

C\$Mn 19-Mar-25	Z&A Spot EV	C\$ price	mn shares	mn deriv	Total Mkt Cap	Financial net debt	Net leases	ST income tax liab.	Conting Cons.	ITM deriv inflow	Total BOND	Pref Stock Min Int
Aurora Cannabis	391	6.23	54.9	1.2	350	51	-43	0	-10	0	-2	39
Auxly Cannabis Group	166	0.08	1,285.7	133.4	114	-36	-14	0	-2	0	-52	
Avant Brands	27	1.03	10.6	0.2	11	-6	-10	0	0	0	-16	
Cannara Biotech	156	1.24	90.0	0.0	112	-43	0	-1	0	0	-44	
Canopy Growth	488	1.62	173.4	1.4	284	-204	0	0	0	0	-204	
Cronos Group	-523	2.65	267.3	0.0	708	1,233	-2	0	0	0	1,231	
Decibel Cannabis	76	0.07	576.7	16.3	43	-34	0	0	0	0	-33	
Organigram Holdings	113	1.55	134.0	19.3	238	124	0	0	0	0	124	
Rubicon Organics	34	0.51	56.5	5.5	32	-2	0	0	0	0	-2	
SNDL	373	2.22	265.4	14.7	621	287	-39	0	0	0	248	
Tilray Brands	1,093	0.92	937.7	26.1	891	-76	-69	0	-21	0	-166	36
Village Farms International	158	1.01	112.3	0.3	113	-29	-2	0	0	0	-30	14

Source: FactSet and company reports

Exhibit 7: Stock Performance

19-Mar-25	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
US MSOs			
Ascend	-15%	-23%	-70%
Ayr	-63%	-61%	-92%
Cannabist	-23%	-16%	-82%
Consortium	-14%	-14%	-72%
Cresco	-24%	-24%	-66%
Curaleaf	-33%	-35%	-81%
4Front	31%	-52%	-86%
GlassHouse	-24%	-18%	-34%
Gold Flora	-7%	192%	-85%
Vireo Growth	-14%	-16%	-5%
Grown Rogue	-16%	-20%	0%
Green Thumb	-14%	-20%	-54%
iAnthus	-24%	35%	-69%
Jushi	-26%	-1%	-62%
MarlMed	-33%	-24%	-64%
Planet13	-11%	-14%	-44%
Schwazze	-100%	-100%	-100%
StateHouse	na	na	-63%
Trulieve	-11%	-18%	-66%
TerrAscend	-22%	-29%	-74%
Vext	0%	-8%	-46%
Verano	-35%	-46%	-88%
International			
InterCure	-4%	-3%	-9%
PharmaCielo	-9%	-4%	105%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
Canadian LPs			
Aurora	-31%	3%	18%
Avant	-13%	92%	-68%
Auxly	32%	152%	325%
Ayurcann	-18%	-1%	-2%
Cannara	-2%	81%	21%
Canopy	-40%	-60%	-69%
Cronos	-6%	-2%	-17%
Decibel	-1%	8%	-44%
Entourage	-13%	-61%	-63%
High Tide	-20%	-30%	24%
OGI	-15%	-26%	-51%
Rubicon	28%	29%	37%
SNOL	-17%	-9%	4%
Tilray	-31%	-44%	-66%
VFF	-7%	-9%	-18%
Tech			
LFLY	7%	-79%	-88%
SBIG	9%	53%	-49%
MAPS	-10%	-10%	22%
Vape parts			
GNLN	-58%	-66%	-92%
ISPR	-30%	-45%	-69%
SMORF	36%	36%	100%
TLTTF	-24%	15%	-75%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
MJ Fincos			
AFCG	-26%	-27%	-49%
IIPR	-13%	-35%	-34%
NLCP	-3%	-20%	-14%
SHFS	-28%	-25%	-68%
LIEN	-7%	-12%	16%
REFI	-3%	-2%	-4%
Pix & Shovel			
AGFY	-22%	-52%	223%
GRWG	-13%	-26%	-38%
HYFM	-53%	-53%	-63%
SMG	-9%	-13%	-11%
UGRO	-7%	-31%	-69%
CBD			
CVSI	-20%	-3%	-9%
CWEB	7%	-5%	-39%
LFID	12%	3%	-84%
Index			
S&P 500	-7%	-4%	10%
S&P 477	-4%	0%	8%
Nasdaq	-6%	-2%	26%
MSOS ETF	-22%	-27%	-71%
YOLO ETF	-15%	-18%	-48%
Simple Group Averages			
Large Canada LP:	-24%	-25%	-33%
Tier 1 MSOs	-23%	-29%	-71%

Source: FactSet



Appendix III: Bio and Disclaimers



Analyst Bio

Pablo Zuanic is a well-known and highly rated equity analyst following the cannabis and psychedelics sector. Over the past five years he launched coverage of over 40 companies in the US, Canada, and overseas (MSOs, LPs, CBD, ancillary, psychedelics), kept close track of sectoral trends, and followed the reform process in the US 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. 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 Zuanic can be contacted via the company's portal www.zuanicassociates.com; via email pablo.zuanic@zuanicgroup.com; or via X @420Odysseus.*



Disclosures and Disclaimers

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

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

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