



2/28/2025

Verano Holdings (VRNOF)

Company update: Overweight

Sales	CY23a	CY24a	CY25e	Prev	CY26e	Prev	CY27e	Prev
1Q	227.1	221.3	213.7	222.2	217.0	238.2	235.5	263.5
2Q	234.1	222.4	216.3	224.6	222.5	245.5	243.0	270.3
3Q	240.1	216.7	215.4	231.3	231.2	251.2	263.8	297.3
4Q	<u>237.2</u>	<u>218.2</u>	218.4	<u>237.1</u>	<u>238.9</u>	<u>260.1</u>	<u>277.2</u>	<u>316.6</u>
FY	938.5	878.6	863.8	915.2	909.6	995.0	1,019.5	1,147.7
EBITDA	CY23a	CY24a	CY25e	Prev	CY26e	Prev	CY27e	Prev
1Q	70.0	66.5	61.8	63.7	61.6	67.0	66.4	73.8
2Q	71.5	70.6	62.5	64.3	63.2	68.9	68.6	75.8
3Q	89.3	64.5	62.1	65.7	65.5	70.5	69.6	77.2
4Q	<u>73.4</u>	<u>62.9</u>	<u>62.6</u>	<u>66.8</u>	<u>67.7</u>	<u>73.0</u>	<u>71.6</u>	<u>79.6</u>
FY	304.3	264.5	249.1	260.5	258.1	279.4	276.2	306.4

Share price (\$)	0.90	Perf.	VRNOF	MSOS	S&P500	Stance:	Overweight
Share count (mn)	365.1	30d	-26%	-6%	-3%		no price target
Market Cap (\$Mn)	329	90d	-39%	-31%	-2%		FY=Dec
Ticker	VRNOF	1yr	-84%	-63%	15%		



\$Mn	FY24	FY25	FY26
Projected EV	994	885	817
EV/Sales	1.1x	1.0x	0.9x
EV/EBITDA	3.8x	3.6x	3.2x
	FY24	FY25	FY26
Net debt/Sales	-0.4x	-0.3x	-0.2x
Net debt/EBITDA	-1.2x	-0.9x	-0.6x
Free Cash Flow	13.1	109.0	68.4
Net (debt) cash	-326.1	-217.0	-148.7
Consensus	FY25	FY26	
Sales	917.4	964.1	
EBITDA	271.2	293.6	
Guidance CY25:	Capex \$25-40Mn		

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We are publishing this report for FactSet compilation purposes. See appendix for our estimates.

Comparing the 4Q Results of Green Thumb, Trulieve, and Verano

We are evaluating financial results quarters “backwards”; in other words, instead of starting with sales and EBITDA, we begin with taxes, cash flow, and debt. Here we compare results for three tier 1 MSOs, which reported results after the close on Wed 2/26 and before the open on Thu 2/27.

- **Tax payments:** It paid income taxes (abiding by 280E) worth \$131Mn in CY24 (\$50Mn in 4Q24), or 21.7% of reported gross profits; tax debt reported on the B/S at YE24 was \$2.3Mn (0.2% of sales). For context, Verano paid \$82Mn (\$1.5Mn in 4Q24), or 18.4%; tax debt (ST and LT) was \$329Mn (>37% of sales). Trulieve reported “negative” payments (net refunds) of \$48Mn for CY24 (-\$1.7Mn in 4Q24); tax debt was \$445Mn (38% of sales).
- **OCF:** Green Thumb reported operating cash flow \$195Mn for the year (\$43Mn for 4Q24), or 17% of sales; if we adjust for the \$9Mn decline in ST tax liabilities, then OCF was \$204Mn (18% of sales). Comps?
 - Verano reported CY24 OCF of \$112Mn (\$44Mn in 4Q24), but this reflects an increase of \$268Mn in uncertain tax position liabilities, and a working capital decrease in income tax payable of \$190Mn. So, OCF factoring changes in tax debt was +\$34Mn (<4% of sales).
 - Trulieve reported \$272Mn in OCF, but this reflects an increase of \$265Mn in uncertain tax position liabilities, and a working capital decrease in income tax payable of \$8.5Mn. So, OCF factoring changes in tax debt was +\$16Mn (>1% of sales). Note: Trulieve’s CY24 cash flow was hurt by the \$117Mn invested in A3.
- **Capex differences?** While Green Thumb led the industry with capex in CY22-23, in CY24 the company decreased capex, while Verano and Trulieve increased it (we believe that some of this relates to investments hoping for A3 passage). Verano increased capex in CY24 \$99Mn from \$36Mn in CY23 (11% of sales vs. 4% in CY23). Trulieve also increased capex in CY24 to \$121Mn from \$40M the year before (10% vs. 4%). On the other hand, Green Thumb reduced capex in CY24 to \$80Mn (7%) from \$220Mn (21%)
- **Debt leverage?** Net financial debt for Green Thumb at YE24 was \$83Mn (7% of sales); if we add tax debt (\$2Mn), and leases net of right of use assets (\$29Mn), then “whole” net debt was \$115Mn (10% of sales). At Verano the “whole” net debt ratio was 76% (net debt \$326Mn; tax debt \$329Mn; net leases \$9Mn) and 67% at Trulieve (net debt \$318Mn; tax debt \$445Mn; net leases \$23Mn; contingent consideration \$6Mn).
- **Debt maturities?** Both Trulieve and Verano have large maturities due by CY26. Trulieve has \$3Mn in CY25 and \$373Mn in CY26; Verano \$24Mn and \$297Mn, respectively. Green Thumb has \$12Mn in CY25 and \$18Mn in CY26. We assume Verano and Trulieve will not need to rely on dilutive actions as Cannabist ([2/27 press release](#)) did this week (\$270Mn



in a mix of convertible and first lien notes due 2025-207 were exchanged for notes due 12/31/28, at slightly higher rates; note holders will also receive, 118.2mn shares, or 25% of the proforma count; existing shareholders will receive “anti-dilutive” warrants to buy 118.2 shares, or 20% proforma, for an exercisable price of C\$0.14 vs ~C\$0.08 now).

- **Adj EBITDA comparisons are tricky (numbers are not comparable).** As reported, Green Thumb reported adj EBITDA margins of 33.2% for 4Q24 (32.7% for the year); Trulieve 37% (35.4% for CY24); and Verano 28.8% (30.1%). In the case of Trulieve it added back the A3 campaign expenses (\$55Mn in 4Q24; >\$117Mn CY24). Reported gross margins at Green Thumb were 53.7% in 4Q24 (+230bp qoq; +240bp yoy); 62.1% at Trulieve in 4Q24 (+110bp seq; +850bp yoy); 49.3% at Verano in 4Q24 (-100bp qoq; -30bp yoy).
- **Sales:** Green Thumb reported 4Q24 sales of \$294.3Mn (vs. \$289.1Mn FactSet consensus), up 6% yoy. Verano reported sales of \$218.2Mn (vs. \$219.6Mn FactSet consensus), down 1% yoy. Trulieve reported sales of \$301.1Mn (vs. \$292.5Mn FactSet consensus), up 5% yoy.
 - **Retail sales trends:** Green Thumb retail sales were up 1% yoy in 4Q24 to \$210Mn (same stores sales fell 2.6% [base of 84], despite management noting about “20% deflation”); it opened 10 stores in CY24 (ending at 101). Verano retail sales fell 6% to \$175Mn (in particular, it noted weakness in NJ and IL; but Verano stopped disclosing sales by state sales); during the year it opened 9 stores and acquired 8 (6 in VA and 2 in AZ; deal closed on 8/22/24), ending with 153 stores (79 in FL, where it opened 5). Trulieve retail sales increased 4% yoy in 4Q24 to \$285Mn; it ended with 225 stores vs. 192 at YE23 (160 in FL YE24; 131 YE23).
 - **Store averages:** If we take the YE store count numbers as the 4Q averages (we realize this is not exact), this would mean average quarterly revenue per store at Green Thumb fell 9% yoy to \$2.08Mn in 4Q24; at Trulieve the average was \$1.27Mn in 4Q24, down 11% yoy; at Verano, the average was \$1.14Mn, down 16% yoy.
 - **CPG:** Net wholesale revenues were up 22% yoy at Green Thumb (\$84Mn or 29% of sales) in 4Q24, with management highlighting NJ, NY, and OH. At Verano, net CPG was down 16% in 4Q24 (\$44Mn, or 20% of sales). CPG is smaller at Trulieve, but this was up 19% yoy to \$16Mn in 4Q24 (5% of sales)
 - **Retail: own brands vs. 3rd party brands mix.** We calculate that of Green Thumb’s total retail sales, 88% came from own brands (81% for the year) compared with 47% for Verano (44%). We do not have data to calculate this ratio for Trulieve (it does not disclose intersegment eliminations).

The appendix shows our forward estimates. Verano guided for capex of \$25-40Mn for CY25, after \$99Mn in CY24.



Valuation

In the context of negative sentiment and historical lows, valuation comp analysis has limited use. Still, taking a long-term view (rising TAM; legalization; uplisting), MSOs like Verano should trade well above 4x EBITDA. That said, we realize the company's debt position is somewhat of a concern to us.

- We calculate a spot EV of \$994Mn, taking the current share price and the total share count at 365.1mn (358.7mn common shares; 6.3mn RSUs), plus net debt of \$326Mn, net leases of \$9Mn, tax debt of \$329Mn, and contingent consideration of \$1Mn.
- On current annualized sales (latest qtr x 4), Verano trades at 1.1x sales (MSO average 1.4x) and 4x EBITDA (6.4x). Based on FactSet consensus CY25, it trades at 1.1x (1.1x) and 3.7x, respectively (5.3x).
- We rate Verano Overweight, and we do not cover Trulieve. As explained in this report, we believe Green Thumb is in better standing than these two other stocks, and to some extent that may be reflected in the premium (Verano trades at 1.1x spot EV to current sales, and Trulieve at 1.4x).



Table 1: 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	Neutral
Ascend Wellness		AAWH	will cover	Auxly Cannabis Group	CBWTF	not rated
AYR Wellness		AYRWF	not rated	Avant Brands	AVTBF	not rated
Cannabist		CCHWF	not rated	Avicanna	AVCN	not rated
Cansortium		CNTMF	not rated	Ayurcann Holdings	AYURF	not rated
Cresco Labs		CRLBF	Overweight	Cannara Biotech	LOVFF	not rated
Curaleaf Holdings		CURLF	will cover	Canopy Growth Corporation	CGC	will cover
GlassHouse Brands		GLASF	not rated	Cronos Group	CRON	not rated
Gold Flora		GRAM	Overweight	Decibel Cannabis Co	DBCCF	Overweight
Green Thumb Industries		GTBIF	Overweight	Organigram Holdings	OGI	not rated
Grown Rogue		GRUSF	not rated	Rubicon Organics	ROMJF	will cover
Jushi Holdings		JUSHF	Overweight	SNDL	SNDL	not rated
MariMed		MRMD	Overweight	Tilray Brands	TLRY	Neutral
Planet 13 Holdings		PLNHF	Overweight	Village Farms Intl	VFF	Overweight
Schwazze		SHWZ	not rated	Other		
TerrAscend		TSNDF	will cover	Agrify	AGFY	not rated
TILT Holdings		TLLTF	Neutral	Cannapresso	TBD	not rated
Trulieve Cannabis		TCNNF	will cover	Cantourage AG	HIGH:FF	not rated
Verano Holdings		VRNOF	Overweight	Flora Growth	FLGC	not rated
Vext Science, Inc.		VEXTF	Overweight	Grow Generation	GRWG	not rated
Vireo Growth		VREOF	will cover	Intercure	INCR	not rated
Finance (MJ) Companies				Ispire Technology	ISPR	will cover
AFC Gamma		AFCG	Overweight	Leafly	LFLY	not rated
Chicago Atlantic BDC		LIEN	will cover	LFTD Partners Inc.	LIFD	Overweight
Chicago Atlantic REAF		REFI	Overweight	Smooore International	SMORF	will cover
Innovative Industrial Properties		IIPR	will cover	Springbig	SBIG	not rated
New Lake Capital Partners		NLCP	Overweight	Urban-gro	UGRO	not rated
SHF Holdings		SHFS	not rated	WM Technology	MAPS	Neutral

Source: Z&A



Appendix I: Company Financials

Exhibit 1: Financial highlights

US\$ Mn	Dec CY22	Dec CY23	Mar 1Q24	Jun 2Q24	Sep 3Q24	Dec 4Q24	Dec CY24	Mar 1Q25e	Jun 2Q25e	Sep 3Q25e	Dec 4Q25e	Dec CY25e	Dec CY26e	Dec CY27e
P&L metrics														
Sales	879.4	938.5	221.3	222.4	216.7	218.2	878.6	213.7	216.3	215.4	218.4	863.8	909.6	1,019.5
qoq ch %	na	na	-7%	0%	-3%	1%	na	-2%	1%	0%	1%	na	na	na
yoy ch %	19%	7%	-3%	-5%	-10%	-8%	-6%	-3%	-3%	-1%	0%	-2%	5%	12%
Gross profit	423.1	475.2	113.0	114.3	109.1	107.5	443.9	102.6	103.8	103.4	104.8	414.6	436.6	489.4
Total SGA	-585.8	-390.1	-90.3	-87.1	-92.3	-411.4	-681.1	-71.2	-71.9	-71.9	-73.0	-288.0	-302.4	-339.1
Operating income	-162.7	85.1	22.7	27.3	16.8	-303.9	-237.2	31.4	32.0	31.5	31.8	126.6	134.2	150.3
Net interest expense	-104.3	-59.8	-15.1	-14.2	-12.8	-12.6	-54.8	-13.0	-12.7	-12.6	-12.6	-50.9	-49.9	-49.2
Profit before tax	-163.4	27.8	6.7	8.8	2.9	-318.2	-299.9	18.4	19.3	18.8	19.3	75.8	84.3	101.1
Adj EBITDA	323.6	304.9	66.5	70.6	64.5	62.9	264.5	61.8	62.5	62.1	62.6	249.1	258.1	276.2
Net profit	-269.2	-117.3	-4.8	-21.8	-42.6	-272.7	-341.9	-5.2	-4.6	-5.0	-4.9	-19.6	-16.1	-11.5
EPS	-0.81	-0.34	-0.01	-0.06	-0.12	-0.76	-0.98	-0.01	-0.01	-0.01	-0.01	-0.05	-0.04	-0.03
FD share count (mn)	331.4	342.8	344.1	345.0	351.2	358.1	349.6	359.0	359.0	359.0	359.0	359.0	359.0	359.0
Gross margins	48.1%	50.6%	51.0%	51.4%	50.3%	49.3%	50.5%	48.0%	48.0%	48.0%	48.0%	48.0%	48.0%	48.0%
SGA/sales	-66.6%	-41.6%	-40.8%	-39.2%	-42.6%	-188.5%	-77.5%	-33.3%	-33.2%	-33.4%	-33.4%	-33.3%	-33.2%	-33.3%
Operating margin	-18.5%	9.1%	10.2%	12.3%	7.7%	-139.3%	-27.0%	14.7%	14.8%	14.6%	14.6%	14.7%	14.8%	14.7%
Net int exp/sales	-11.9%	-6.4%	-6.8%	-6.4%	-5.9%	-5.8%	-6.2%	-6.1%	-5.9%	-5.9%	-5.8%	-5.9%	-5.5%	-4.8%
EBITDA margin	36.8%	32.5%	30.1%	31.7%	29.7%	28.8%	30.1%	28.9%	28.9%	28.8%	28.7%	28.8%	28.4%	27.1%
FactSet consensus														
Sales								220.9	225.4	229.6	235.4	917.4	964.1	na
EBITDA								65.7	68.2	70.2	71.9	271.2	293.6	na
as % of sales								29.7%	30.3%	30.6%	30.6%	29.6%	30.5%	na
BS & CF highlights														
Operating cash flow	94.3	109.7	31.0	7.9	29.7	43.5	112.2	60.1	24.4	26.3	24.2	134.9	95.7	91.8
(-) Capex	-119.2	-36.3	-9.7	-18.5	-56.6	-14.2	-99.0	-6.4	-6.5	-6.5	-6.6	-25.9	-27.3	-30.6
Free cash flow	-24.8	73.4	21.3	-10.6	-26.9	29.3	13.1	53.7	17.9	19.8	17.6	109.0	68.4	61.2
Financial net (debt)	-328.2	-270.9	-250.9	-265.7	-355.2	-326.1	-326.1	-272.4	-254.5	-234.7	-217.0	-217.0	-148.7	-87.5
Net debt to Sales	-0.4x	-0.3x	-0.3x	-0.3x	-0.4x	-0.4x	-0.4x	-0.3x	-0.3x	-0.3x	-0.2x	-0.3x	-0.2x	-0.1x
Net debt to EBITDA	-1.0x	-0.9x	-0.9x	-0.9x	-1.4x	-1.3x	-1.2x	-1.1x	-1.0x	-0.9x	-0.9x	-0.9x	-0.6x	-0.3x
Broad net debt (tax, etc)	0.0	-529.9	-517.3	-527.2	-650.8	-665.5	-665.5	-611.9	-594.0	-574.2	-556.5	-556.5	-488.2	-427.0
Income tax paid	70.7	166.6	9.6	43.9	26.6	1.5	81.5	23.6	23.9	23.8	24.1	95.4	100.4	112.6

Source: Z&A estimates, company reports



Exhibit 2: Cannabis sales projections

US\$ Mn	CY22	CY23	1Q24	2Q24	3Q24	4Q24	CY24	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
Total sales reported (\$Mn)	879.4	938.5	221.3	222.4	216.7	218.2	878.6	213.7	216.3	215.4	218.4	863.8	909.6	1,019.5
Retail	721.3	741.4	168.6	164.7	164.4	174.6	672.3	170.0	171.2	169.3	170.6	681.1	703.9	792.1
Wholesale (net)	158.1	197.0	52.7	57.7	52.3	43.6	206.3	43.7	45.2	46.1	47.8	182.8	205.7	227.4
Total sales	649.6	938.5	221.3	222.4	216.7	218.1	878.5	213.7	216.3	215.4	218.4	863.8	909.6	1,019.5
AR	649.2	10.5	2.0	1.7	1.5	1.6	6.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AZ	0.0	76.9	17.3	17.0	16.9	17.5	68.8	17.4	16.2	14.7	15.6	63.9	61.6	62.7
CT	0.0	71.7	18.8	20.5	19.4	17.4	76.1	18.6	19.4	20.3	21.2	79.6	82.4	85.2
FL	0.4	222.0	50.3	49.2	45.3	48.0	192.8	43.7	43.8	43.8	43.9	175.2	175.9	176.5
IL	0.0	168.9	38.4	40.1	37.3	35.8	151.5	33.9	34.1	32.9	31.6	132.6	131.2	132.8
MA	0.0	15.9	4.1	4.2	4.0	4.1	16.4	3.7	3.8	3.9	3.9	15.3	13.6	13.8
MD	0.0	48.0	15.1	16.4	16.3	15.4	63.2	15.1	16.0	16.5	17.0	64.5	75.1	80.7
MI	0.0	6.1	1.6	1.7	1.7	1.7	6.6	1.6	1.7	1.7	1.7	6.8	5.5	5.5
NV	0.0	32.1	8.3	8.1	7.8	7.6	31.8	7.4	7.7	7.3	6.9	29.4	28.5	29.1
NJ	0.0	178.2	40.5	38.4	34.0	28.2	141.1	31.6	32.4	33.5	34.9	132.5	144.0	157.9
OH	0.0	28.8	6.6	6.8	10.5	13.4	37.3	13.6	13.9	14.2	14.6	56.4	70.9	85.9
PA	0.0	70.9	15.7	15.1	13.8	12.4	57.0	11.8	11.4	9.8	9.5	42.5	40.7	65.9
VA	0.0	0.0	0.0	0.0	5.1	12.0	17.1	12.1	12.6	13.3	14.3	52.3	66.0	107.8
WV	0.0	8.6	2.6	3.2	3.2	3.1	12.1	3.1	3.2	3.3	3.3	12.8	14.2	15.8
Sales mix %														
AR	100%	1%	1%	1%	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%
AZ	0%	8%	8%	8%	8%	8%	8%	8%	8%	7%	7%	7%	7%	6%
CT	0%	8%	8%	9%	9%	8%	9%	9%	9%	9%	10%	9%	9%	8%
FL	0%	24%	23%	22%	21%	22%	22%	20%	20%	20%	20%	20%	19%	17%
IL	0%	18%	17%	18%	17%	16%	17%	16%	16%	15%	14%	15%	14%	13%
MA	0%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	1%	1%
MD	0%	5%	7%	7%	8%	7%	7%	7%	7%	8%	8%	7%	8%	8%
MI	0%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
NV	0%	3%	4%	4%	4%	3%	4%	3%	4%	3%	3%	3%	3%	3%
NJ	0%	19%	18%	17%	16%	13%	16%	15%	15%	16%	16%	15%	16%	15%
OH	0%	3%	3%	3%	5%	6%	4%	6%	6%	7%	7%	7%	8%	8%
PA	0%	8%	7%	7%	6%	6%	6%	6%	5%	5%	4%	5%	4%	6%
VA	0%	0%	0%	0%	2%	6%	2%	6%	6%	6%	7%	6%	7%	11%
WV	0%	1%	1%	1%	1%	1%	1%	1%	1%	2%	2%	1%	2%	2%

Source: Z&A estimates, company reports



Exhibit 3: Market size projections

US\$ Mn	CY19	CY20	CY21	CY22	CY23	CY24e	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e	CY28e	CY29e	CY30e	rec began
Total (med/rec)	12,068	18,712	24,831	25,968	28,799	30,804	7,944	8,127	8,278	8,353	32,702	35,040	37,756	39,891	42,762	45,934	
AZ	841	801	1,359	1,426	1,419	1,244	316	301	278	300	1,193	1,195	1,217	1,239	1,262	1,285	Jan'21
CA	2,804	4,704	5,780	5,393	5,177	5,020	1,251	1,248	1,306	1,333	5,139	5,257	5,376	5,495	5,613	5,732	Oct'16
CO	1,748	2,191	2,229	1,769	1,529	1,375	339	330	340	299	1,309	1,284	1,298	1,311	1,324	1,338	Jan'14
CT	84	117	150	150	277	294	79	84	88	93	344	368	381	394	408	423	Jan'23
FLA	506	1,308	1,613	1,708	1,862	1,813	397	398	399	399	1,593	1,599	1,605	1,611	2,640	4,279	Jul'29
GA		0	1	16	49	109	34	34	34	34	136	156	216	355	475	530	med
IL	251	1,035	1,776	1,907	1,960	1,998	488	502	495	506	1,991	2,018	2,043	2,069	2,095	2,122	Jan'20
MA	677	962	1,644	1,755	1,806	1,848	462	471	487	488	1,907	1,941	1,976	2,011	2,047	2,084	Nov'18
MD	252	453	551	509	787	1,146	296	313	331	340	1,280	1,420	1,527	1,621	1,683	1,706	Jul'23
ME	9	16	93	171	229	265	63	69	84	74	290	304	318	334	350	367	Oct'20
MI	289	985	1,793	2,294	3,029	3,317	808	855	869	853	3,385	3,458	3,465	3,472	3,479	3,486	Dec'19
MN	20	20	25	36	66	82	18	17	15	15	66	376	619	762	877	991	Jan'26
MO	20	21	210	390	1,338	1,452	377	395	401	407	1,580	1,721	1,877	2,049	2,238	2,445	Feb'23
MT				304	319	304	78	82	67	83	310	316	324	332	341	351	Jan'22
NH	10	13	17	20	24	27	8	8	8	8	30	34	37	40	44	47	med
NJ	95	196	217	556	800	1,046	268	280	292	304	1,143	1,252	1,373	1,506	1,652	1,813	Apr'22
NM	119	119	119	358	556	603	150	148	151	149	597	598	609	609	609	609	Apr'22
NV	702	780	1,042	882	825	844	210	218	212	207	847	852	868	885	902	919	Jul'17
NY	173	200	250	265	431	1,148	505	554	603	652	2,312	3,071	3,195	3,327	3,470	3,621	Dec'22
OH	56	223	379	467	482	687	254	260	266	274	1,054	1,376	1,700	1,773	1,848	1,928	Aug'24
OK	428	831	941	780	728	714	179	185	175	175	714	724	735	746	757	769	med
OR	840	1,111	1,184	994	955	968	236	245	252	244	978	987	997	1,007	1,017	1,028	Oct'15
PA	671	823	1,353	1,457	1,530	1,653	399	387	346	333	1,464	1,429	2,311	2,663	2,781	2,905	Jul'26
RI	40	47	44	53	108	117	30	30	31	31	123	132	142	151	161	170	Dec'22
VA	0	10	27	100	167	237	67	68	70	71	276	307	501	995	1,245	1,403	Jul'27
VT	5	6	8	9	11	12	3	3	3	3	14	15	17	19	20	22	May'22
WA	1,200	1,280	1,422	1,294	1,259	1,265	306	315	327	320	1,268	1,270	1,273	1,275	1,278	1,281	Jul'14
WV	0	0	0	22	66	85	23	24	25	26	99	116	129	129	129	129	med
Other states	229	459	603	883	1,023	1,137	299	304	325	332	1,260	1,458	1,627	1,712	2,018	2,151	

Source: Z&A estimates, company reports

Exhibit 4: Cash Flow Projections

US\$ 000s	Dec	Dec	Mar	Jun	Sep	Dec	Dec	Mar	Jun	Sep	Dec	Dec	Dec	Dec
SUMMARY CASH FLOW	CY22	CY23	1Q24	2Q24	3Q24	4Q24	CY24	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
Net earnings	-268,873	-117,348	-4,822	-21,764	-42,567	-272,706	-341,859	-5,183	-4,580	-4,957	-4,861	-19,581	-16,087	-11,506
(+) D&A	141,387	141,133	35,552	35,733	36,865	31,514	139,664	30,436	30,558	30,681	30,804	122,480	123,824	125,913
Cash earnings	-127,486	23,785	30,730	13,969	-5,702	-241,192	-202,195	25,253	25,978	25,724	25,943	102,899	107,737	114,407
(-) Working capital changes	-38,957	-194	-7,891	-20,916	23,821	-56,302	-61,288	34,835	-1,576	528	-1,765	32,022	-12,068	-22,621
(-) Other operating flows	260,790	86,119	8,202	14,868	11,613	340,995	375,678	0	0	0	0	0	0	0
Operating cash flow	94,347	109,710	31,041	7,921	29,732	43,501	112,195	60,087	24,403	26,252	24,179	134,921	95,669	91,786
(-) net capex	-119,174	-36,330	-9,699	-18,516	-56,588	-14,245	-99,048	-6,410	-6,490	-6,463	-6,553	-25,915	-27,288	-30,586
Free cash flow	-24,827	73,380	21,342	-10,595	-26,856	29,256	13,147	53,678	17,913	19,789	17,626	109,006	68,381	61,200
(-) acquisitions	-114,752	-13,250	-32	0	-35,843	0	-35,875	0	0	0	0	0	0	0
(-) divestitures	6,249	2,180	0	0	52	12	64	0	0	0	0	0	0	0
(+) other	-4,016	-5,039	-1,315	-4,108	-26,931	-153	-32,507	0	0	0	0	0	0	0
(+) share issuance	0	0	0	-136	136	0	0	0	0	0	0	0	0	0
(-) stock options/warrants	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in net	-137,346	57,271	19,995	-14,839	-89,442	29,115	-55,171	53,678	17,913	19,789	17,626	109,006	68,381	61,200
Ending net (debt)	-328,153	-270,882	-250,887	-265,726	-355,168	-326,053	-326,053	-272,375	-254,462	-234,673	-217,047	-217,047	-148,666	-87,466
Cash/inv/sec	84,851	174,760	193,799	130,052	64,981	87,796	87,796	128,321	146,234	166,023	183,649	183,649	252,030	313,230
Gross debts/loans/bonds	413,004	445,642	444,686	395,778	420,149	413,849	413,849	400,696	400,696	400,696	400,696	400,696	400,696	400,696

Source: Z&A estimates, company reports

Exhibit 5: Forward EV Estimates (different from spot EV) and Share Price Scenarios (these are not price targets)

US\$ Mn	Dec CY23	Dec CY24	Mar 1Q25e	Jun 2Q25e	Sep 3Q25e	Dec 4Q25e	Dec CY25e	Dec CY26e	Dec CY27e	
Forward EV calculation (used for forward valuation)	529.9	994.1	940.6	922.7	902.9	885.3	885.3	816.9	755.7	
Market cap (\$Mn)	0.0	328.5	328.7	328.7	328.7	328.7	328.7	328.7	328.7	
Share price (US\$)	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	
Share count used for val purposes	0.0	365.1	365.3	365.3	365.3	365.3	365.3	365.3	365.3	
common shares	0.0	358.7	359.0	359.0	359.0	359.0	359.0	359.0	359.0	
RSUs and derivatives in the money	0.0	6.3	6.3	6.3	6.3	6.3	6.3	6.3	6.3	
Broadly defined net debt (\$Mn)	-529.9	-665.5	-611.9	-594.0	-574.2	-556.5	-556.5	-488.2	-427.0	
financial net cash (debt)	-270.9	-326.1	-272.4	-254.5	-234.7	-217.0	-217.0	-148.7	-87.5	
net leases	-3.7	-9.2	-9.2	-9.2	-9.2	-9.2	-9.2	-9.2	-9.2	
income taxes	-251.4	-329.3	-329.3	-329.3	-329.3	-329.3	-329.3	-329.3	-329.3	
contingent	-3.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	-0.9	
warrant inflow										
Valuation Multiples	CY23	CY24					CY25	CY26	CY26	
EV/Sales	0.6x	1.1	1.1	1.1	1.0	1.0	1.0	0.9	0.7	
EV/EBITDA	1.7x	3.8x	3.8x	3.7x	3.6x	3.5x	3.6x	3.2x	2.7x	
Scenarios		<i>by Dec'23</i>				<i>by Dec'24</i>	<i>by Dec'25</i>	<i>by Dec'25</i>	<i>by Dec'25</i>	upside
EV/Sales	0.9x	0.41				0.67	0.97	1.42	8%	current 1yf sector multiple
EV/Sales	1.2x	0.97				1.22	1.55	2.07	72%	assumes 25% peer premium
EV/Sales	3.0x	5.40				5.57	6.13	7.21	582%	
EV/Sales	3.7x	7.10				7.25	7.90	9.19	778%	sector quadruples
EV/Sales	7.0x	15.02				15.03	16.10	18.37	1688%	
EV/Sales	10.0x	22.24				22.13	23.57	26.74	2519%	
EV/EBITDA	3.8x	0.90				1.04	1.32	1.67	47%	current 1yf sector multiple
EV/EBITDA	4.7x	1.58				1.68	1.98	2.38	120%	assumes 25% peer premium
EV/EBITDA	7.0x	3.25				3.25	3.61	4.12	301%	
EV/EBITDA	10.0x	5.42				5.30	5.73	6.39	537%	
EV/EBITDA	15.0x	9.04				8.71	9.26	10.17	929%	
EV/EBITDA	15.0x	9.07				8.73	9.29	10.20	932%	sector quadruples

Source: Z&A estimates, company reports



Appendix II: MSO Valuation Comps



Exhibit 6: Valuation Comps – MSOs

US\$Mn 27-Feb-25	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			NET DEBT RATIOS				Broadly Defined Net Debt			
	Current	CY25e	CY26e	Current	CY25e	CY26e	Net Debt/Sales		Net Debt/EBITDA		BDND/Sales		BDND/EBITDA	
							Current	CY25	Current	CY25	Current	CY25	Current	CY25
US MSOs	1.4x	1.1x	0.9x	6.4x	5.3x	4.7x								
Ascend Wellness	1.1x	1.0x	1.0x	6.0x	5.1x	4.7x	-0.4x	-0.4x	-2.4x	-2.0x	-0.9x	-0.9x	-5.1x	-4.3x
Ayr Wellness	1.2x	1.2x	1.1x	5.3x	4.9x	4.7x	-0.9x	-0.8x	-3.7x	-3.4x	-1.1x	-1.1x	-4.9x	-4.6x
Cannabist Co	0.9x	0.9x	0.9x	6.9x	5.4x	4.8x	-0.6x	-0.6x	-4.5x	-3.6x	-0.8x	-0.8x	-6.4x	-5.1x
Cansortium	1.1x	na	na	3.7x	na	na	-0.5x	na	-1.9x	na	-0.9x	na	-3.1x	na
Cresco Labs	1.3x	1.3x	1.3x	4.7x	4.9x	4.9x	-0.5x	-0.5x	-1.8x	-1.9x	-0.8x	-0.8x	-2.7x	-2.9x
Curaleaf	1.7x	1.6x	1.5x	7.6x	6.4x	5.9x	-0.5x	-0.5x	-2.3x	-1.9x	-0.9x	-0.8x	-3.8x	-3.2x
4Front Ventures	2.0x	na	na	7.6x	na	na	-1.0x	na	-3.9x	na	-1.8x	na	-6.7x	na
Glass House	2.5x	3.0x	2.3x	7.7x	17.6x	10.7x	-0.1x	-0.1x	-0.3x	-0.7x	-0.2x	-0.3x	-0.8x	-1.7x
Gold Flora	1.0x	0.8x	0.7x	11.8x	7.7x	4.4x	-0.3x	-0.2x	-3.6x	-2.4x	-0.9x	-0.7x	-11.0x	-7.2x
Goodness Growth	1.9x	1.9x	na	-109.0x	7.9x	na	-0.5x	-0.5x	29.1x	-2.1x	-0.9x	-0.9x	51.1x	-3.7x
Green Thumb	1.6x	1.6x	1.5x	4.8x	5.2x	4.7x	-0.1x	-0.1x	-0.2x	-0.2x	-0.1x	-0.1x	-0.3x	-0.3x
Grown Rogue	3.3x	na	na	4.4x	na	na	0.2x	na	0.3x	na	0.0x	na	0.1x	na
lanthus	1.3x	na	na	9.8x	na	na	-1.0x	na	-7.3x	na	-1.0x	na	-7.5x	na
Jushi	1.5x	1.3x	1.2x	9.0x	6.6x	5.6x	-0.7x	-0.6x	-4.0x	-2.9x	-1.2x	-1.1x	-7.4x	-5.3x
MarilMed	0.9x	0.8x	0.7x	7.9x	4.6x	3.4x	-0.4x	-0.3x	-3.5x	-2.0x	-0.5x	-0.4x	-4.5x	-2.6x
Planet 13	1.0x	0.9x	0.7x	24.1x	10.1x	5.7x	0.1x	0.1x	3.7x	1.5x	-0.1x	-0.1x	-1.5x	-0.6x
Schwazze	1.1x	1.0x	na	4.6x	3.2x	na	-0.9x	-0.8x	-3.8x	-2.6x	-1.1x	-1.0x	-4.6x	-3.2x
TerrAscend	1.7x	1.6x	1.4x	9.0x	7.9x	5.6x	-0.6x	-0.6x	-3.1x	-2.8x	-1.0x	-1.0x	-5.7x	-5.0x
TILT	1.0x	1.0x	1.0x	-17.8x	88.2x	5.6x	-0.6x	-0.6x	9.9x	-49.0x	-1.0x	-1.0x	17.3x	-85.6x
Trulieve	1.4x	1.3x	1.3x	3.7x	4.1x	3.9x	-0.3x	-0.3x	-0.7x	-0.8x	-0.7x	-0.6x	-1.8x	-2.0x
Verano	1.1x	1.1x	1.0x	4.0x	3.7x	3.5x	-0.4x	-0.4x	-1.3x	-1.2x	-0.8x	-0.7x	-2.6x	-2.5x
Vext	1.7x	1.2x	1.0x	5.3x	4.0x	3.3x	-0.9x	-0.7x	-2.9x	-2.2x	-0.9x	-0.7x	-2.9x	-2.2x

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

Source: FactSet and company reports

Exhibit 7: Spot EV calculation - MSOs

US\$m	Z&A	US\$	mn	mn	\$Mn	\$Mn	\$Mn	\$Mn	\$Mn	\$Mn	\$Mn	\$Mn
27-Feb-25	Spot EV	price	shares	deriv	Total Mkt Cap	Financial net debt	Net leases	Income tax liab.	Conting Cons.	ITM deriv Inflow	Total BDND	Pref Stock Min Int
US MSOs												
Ascend Wellness	600	0.39	214.5	13.3	88	-241	-134	-137	0	0	-512	0
Ayr Wellness	565	0.36	116.2	3.4	43	-394	-5	-123	0	0	-522	0
Cannabist Co	408	0.06	472.7	8.2	28	-269	-26	-86	0	0	-380	0
Cansortium	115	0.06	304.9	5.6	19	-59	-9	-29	0	0	-97	0
Cresco Labs	957	0.88	441.0	8.9	396	-365	-56	-130	-10	0	-561	0
Curaleaf	2,276	1.33	743.8	11.2	1,004	-678	-24	-389	-56	0	-1,146	126
4Front Ventures	157	0.02	915.2	3.8	17	-81	-11	-42	-5	0	-139	0
Glass House	626	5.83	81.0	3.5	493	-25	0	-4	-32	0	-61	72
Gold Flora	131	0.03	287.7	0.1	8	-40	-34	-44	-4	0	-123	0
Goodness Growth	190	0.43	230.3	4.1	101	-51	-10	-29	0	0	-89	0
Green Thumb	1,869	7.20	235.9	7.7	1,754	-83	-29	-2	0	0	-115	0
Grown Rogue	88	0.62	143.5	0.0	89	5	-2	-2	0	0	1	0
IAntus	209	0.01	6,615.3	0.0	48	-157	-5	0	0	0	-161	0
Jushi	373	0.35	196.7	0.0	69	-165	-1	-139	0	0	-305	0
MarilMed	149	0.12	381.3	6.7	46	-66	-1	-17	0	0	-83	19
Planet 13	125	0.36	325.2	0.3	117	19	-7	-16	-5	0	-8	0
Schwazze	186	0.01	80.2	0.0	0	-151	-2	-33	0	0	-186	0
TerrAscend	492	0.51	355.8	3.1	182	-172	-5	-128	-4	0	-310	0
TILT	112	0.01	390.6	4.4	3	-62	-44	-2	0	0	-108	0
Trulieve	1,639	4.36	191.0	3.2	846	-318	-23	-445	-6	0	-793	0
Verano	994	0.90	358.7	6.3	329	-326	-9	-329	-1	0	-666	0
Vext	61	0.11	247.4	0.4	28	-33	0	0	0	0	-34	0

Source: FactSet and company reports

Exhibit 8: Stock Performance

27-Feb-25			
Stock Performance			
	Last	Last	Last
Ticker	30d	90d	12mo
US MSOs			
Ascend	5%	-5%	-73%
Ayr	-17%	-49%	-84%
Cannabist	5%	-47%	-83%
Consortium	-13%	-36%	-67%
Cresco	0%	-29%	-51%
Curaleaf	5%	-34%	-73%
4Front	73%	-28%	-78%
GlassHouse	-4%	-18%	-14%
Gold Flora	-72%	-26%	-91%
Vireo Growth	-17%	26%	8%
Grown Rogue	1%	-7%	29%
Green Thumb	1%	-24%	-45%
Ianthus	7%	57%	-63%
Jushi	16%	1%	-50%
MariMed	3%	-21%	-58%
Planet13	0%	-11%	-49%
Schwazze	-73%	-95%	-100%
StateHouse	na	na	-67%
Trulieve	-10%	-29%	-55%
TerrAscend	1%	-39%	-71%
Vext	-6%	-14%	-48%
Verano	-26%	-39%	-84%
Cannabis ETFs			
MSOS ETF	-6%	-31%	-63%
YOLO ETF	-6%	-21%	-41%

Stock Performance			
	Last	Last	Last
Ticker	30d	90d	12mo
Canadian LPs			
Aurora	76%	44%	98%
Avant	16%	139%	-67%
Auxly	33%	80%	305%
Cannara	32%	72%	27%
Canopy	-33%	-64%	-60%
Cronos	6%	-4%	-13%
Decibel	12%	24%	-37%
Entourage	-36%	-3%	-43%
High Tide	-12%	-13%	41%
OGI	-25%	-24%	-47%
Rubicon	8%	22%	-8%
SNDL	-7%	-18%	13%
Tilray	-31%	-45%	-58%
VFF	2%	-7%	-7%
CBD			
CVSI	-22%	-22%	-6%
CWEB	-11%	-16%	-29%
LFID	58%	16%	-80%
International			
InterCure	-7%	-22%	-6%
PharmaCielo	-30%	12%	201%
Simple Group Averages			
Large Canada LPs	-2%	-20%	-12%
Tier 1 MSOs	-6%	-31%	-62%

Stock Performance			
	Last	Last	Last
Ticker	30d	90d	12mo
MJ Fincos			
AFCG	2%	-13%	-26%
IIPR	5%	-34%	-24%
NLCP	-4%	-17%	-3%
SHFS	-14%	-20%	-62%
LIEN	12%	-4%	19%
REFI	6%	0%	-1%
Tech			
LFLY	-16%	-85%	-93%
SBIG	39%	3%	-40%
MAPS	-3%	5%	39%
Vape parts			
GNLN	-52%	-61%	-86%
ISPR	2%	-22%	-52%
SMORF	0%	-8%	86%
TLLTF	8%	20%	-79%
Pix & Shovel			
AGFY	-2%	-65%	148%
GRWG	-19%	-41%	-46%
HYFM	-20%	-38%	-41%
SMG	-25%	-23%	-4%
UGRO	1%	-46%	-66%
Market Indexes			
S&P 500	-3%	-2%	15%
S&P 477	3%	1%	15%
Nasdaq	-1%	-3%	43%

Source: FactSet



Appendix III: Bio and Disclaimers



Analyst Bio

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



Disclosures and Disclaimers

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