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VidaCann Deal and FL Update

Cannabis Sector Equity Research



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On Tue 7/18, we launched our cannabis equity research service (see [Sector Launch report](#)). We will publish thematic/macro reports during the first two months, and then follow with equity stock coverage. A full list of our recent reports is shown at the end of this report.

Florida Market Macro Trends

Certainly, rec legalization is the next big catalyst for this market. But in the meantime, we note this is already a sizeable medical market at >\$1.9Bn, with volume growth north of 30%, and with prices now starting to stabilize (after more than 20% deflation). With stock prices up since the HHS rescheduling news, we would expect more consolidation (even before we have more visibility on rec). Planet 13 announced plans to buy VidaCann (the 9th largest retail network in the state, with 26 stores, a greenhouse cultivation facility, and a state-of-the-art processing and analytical lab, as per Planet 13 management). In terms of retail network with ~20 stores, the only independent operators would be now Consortium (33 stores) and Green Dragon (33). It is not clear to us if more financially stretched MSOs may divest their FL assets (like Surterra with 45 stores, iAnthus 18, or Columbia Care 14).

Brief Color from Headset

The Headset points to recent \$ sales growth acceleration, with prices stabilizing in seq terms.

- Aug sales reached \$163Mn in Aug (flat MoM), or \$480Mn for the 3-month period ending 8/31. That puts the market on an annualized run rate of \$1.92Bn (average registered patients of 833K for the period would imply monthly patient spend of >\$190).
- Although monthly spend is down from \$200-250 2-3 years ago, new entrants continue to drive overall growth. In fact, in yoy terms Jun-Aug sales were up 13% yoy, compared with +6% in 2Q23, +2% growth both in 1Q23 and 4Q22.
- But unit sales have grown faster than \$s, as per Headset. The average price per unit was \$22.34 in Aug compared with \$28.85 in Aug 2021. Still, prices seem to be bottoming.
- On a 3-moving moving average basis, price/unit in Aug was up 2% QoQ, flat in 2Q (seq), and -6% in 1Q23. In yoy terms, the Aug 3-month drop of 10% was less than 14% in 2Q23 and -18% in 1Q23.
- The format mix for Jun-Aug was 43% flower, 24% vapes, 14% edibles, 9% concentrates, 5% pre-rolls (the other 5% was comprised by tinctures, topicals, capsules, and drinks). In yoy terms, for Jun-Aug flower was up 15%, vape +7%, edibles +47%, concentrates -10%, and pre-rolls +5%.



Brief Macro Color from OMMU

The OMMU data is encouraging (only volumes are available)

- Volume growth remains impressive in yoy terms, with blended growth up 30% for the 13 weeks thru 9/8 (flo +32%; non-flo +27%). That compares with +31% in 2Q, +22% in 1Q, and +23% in 4Q22.
- We would prefer to focus on the yoy trends, and seq trends (especially in FL) are somewhat distorted by seasonality (and seasonal promotions, like those around 4/20). Blended volumes for the 13w thru 9/8 are up +2% seq, after +11% in 2Q, +6% in 1Q, and +10% in 4Q22.
- Although the store count continues to expand (up 27% yoy, taking comparable 13w avgs), sales per store remain pretty stable. In fact, as per our math flo/store per qtr is up 3% for the 13w thru 9/8 (same for non-flo).
- True, OMMU does not provide \$s, so the missing link here is price deflation. That said, volume growth is impressive.

What if we cross Headset and OMMU? Headset points to +6% yoy \$ growth for 2Q23 and OMMU +31%. Does that mean prices were down 24% yoy (1.31/1.06) in 2Q23? The numbers for 1Q (+2% Headset; +22% OMMU) would also imply about 20% yoy deflation (for 4Q22 the implied deflation would be -21%). The implied deflation figures from crossing Headset and OMMU is somewhat similar to the \$/unit data from Headset (-18% for 1Q23; -14% for 2Q23). As the industry has moved to bigger pack sizes, we think like for like deflation is close to the high teens than the mid-teens implied by \$/unit.

All this means store economics are suffering. Yes, on the aggregate the market continues to grow in \$ and volumes, and as explained vol/store is up flat to slightly up. But what about profit margins? We realize FL is a vertically integrated (VI) market, so it is not just about the store economics. But if you are not expanding (stores), your absolute earnings are falling. If we take 60% gross margins and 35-40% EBITDA margins, we estimate VI \$ earnings per store are down 25% on a per gram basis. Assume a starting price of 100, cost of 40 (60% gross margin) and opex of 20. So, if prices fall 20%, the price is 80 and on costs of 40, that means gross profits in \$s are down >30% (from 60 to 40), and if we assume stable cash opex per store (we realize there would be operating leverage benefits), EBITDA per store would be down 40-50% (80-40-20 vs. 40 before). But again, with store growth this earnings decline, in total absolute terms, can be minimized.



OMMU Color per Operator

Trulieve remains the market leader in total sales, number of stores, and sales per store 2.5x the rest of the industry in flower.

- Among the top 5 operators (in flo), Trulieve flo volumes (40% flo vol share) are down 3% seq for the 13w thru 9/8 (in a flat flo market seq), Curaleaf is down 1% (11% share), Verano -7% (10%), AYR is -1%, and Surterra (5% share) is up 8% seq.
- In yoy terms, regarding the same 5 operators (in a flo market up 32% yoy), Trulieve flo vol is up 14%, Curaleaf -6%, Verano +67%, AYR +77%, and Surterra +10%.
- As of 9/8, there were 589 stores: Trulieve 126, Verano 70, AYR 62, Curaleaf 60, and Surterra 45, Consortium 33, Sunnyside 33, Green Dragon 33, and VidaCann 26. The remaining 101 stores are split among 11 operators.
- In terms of flo vol per store in 2Q23 Trulieve was at 4.56mn oz compared with the rest of the industry at 1.83mn. Among the top 5 players, Curaleaf was at 2.44mn, Verano 2.14mn, AYR 1.88mn, and Surterra 1.45mn
- Yoy flo volume growth for other players for 13w thru 8/9: Consortium +70%, Cresco +45%, Green Dragon +282%, and VidaCann +44%.
- While some players are much smaller than the top 5 in sales and stores, for some their sales per store metric are not far off the top tier: In 2Q (flo vol per store) Consortium 1.67mn, Cresco 1.33mn, Grow Healthy 2.88mn, Green Thumb 2.42mn Columbia Care 1.47mn, Sunburn 1.61mn

Planet 13 and VidaCann

We would expect more consolidation in the FL market, although visibility on whether FL will go rec may be the issue. Supposedly, the state Supreme Court has until April to opine on the ballot proposal (if they say nothing, the ballot can go ahead). After that, it comes down to whether the voters will meet the 60% threshold (polls are around there); we assume the industry would spend heavily to push for a yes vote. That said, given the run up in stock valuations in the last two weeks, we assume potential sellers may be willing to close deals now before that April deadline. In fact, Planet 13 managed to agree terms with a seller a couple of days before the news broke on the HHS rescheduling recommendation.

Planet 13 could become a top 5 player in FL with the VidaCann deal, over time. Planet 13 will buy VidaCann (FL's 9th largest operator by stores), by issuing 78.5mn shares plus \$9Mn in cash and promissory notes (as per deal terms announced on 8/28, just a couple of days before the HHS rescheduling recommendation news broke). With the stock at 0.51 on 8/25, we estimate the price



was ~\$49Mn (~\$79Mn taking the closing price of 0.89 as of 9/14). The transaction is expected to close by Jan 2024. Taking share prices as of 8/28, we estimate the valuation was around 1.3-1.4x CY22 sales (for CY22 sales of >\$35Mn). As per OMMU, YTD volumes are up near 30% for VidaCann (we think this reflects new capacity, as the store count has remained mostly stable), so the multiple (on 8/28 prices) for 2023 is closer to 1x. Compared to 5-7x FL multiples of 2-3 years ago this is a good deal. It also compares quite well with the \$55Mn Planet 13 paid for the Harvest Health paper license for FL (the value was written down in Sep 2021) and the deal will have positive cash flow benefits (no need to continue building Planet 13's own capacity in FL, and cash inflow from asset divestitures). All in, management estimates \$25Mn in cash savings. VidaCann had no debt and we understand gross margin were above the state average.

Other deal highlights as per the press release,

- **Cultivation:** A fully operational, greenhouse cultivation facility with a state-of-the-art processing and analytical lab, which at full capacity has the potential to support more than double the amount of the combined Planet 13 and VidaCann dispensary network in Florida. We understand the combined operation should get close to state-wide averages on per store metrics.
- **Dispensary network.** VidaCann currently operates 26 dispensaries and is the 9th largest dispensary network in Florida. With Planet 13's four leased dispensary locations in Florida (no overlap), and proven SuperStore and experiential retail expertise, the proposed acquisition has the potential to enhance both absolute and per-store revenue generation. Although this will be first time the company will manage a network of stores (it has one store each in CA and IL, plus the SuperStore in NV and a satellite store), the skill set is transferable, and we think the Planet 13 banner will travel with the consumer.
- **Complementary brand portfolio.** Well-respected house brand VidaCann and licensed brands Tikun Olam and Stanley Brothers complement Planet 13's leading house of brands portfolio (and other potential licensed brands it could bring to the state). As per management, the combined portfolio will create a diversified brand and product offering able to address every consumer use case.
- **Strong local management team.** As per the press release, "VidaCann's experienced management team and operational staff are expected to join Planet 13 to run the Florida operations after closing. VidaCann's top-tier management team built the company into a top 10 Florida operator through a focus on the consumer, along with efficiency and cost management".

We understand that Planet 13 will divest the 20-acre piece of land (a 65,000 sq ft facility had not been erected yet); it will also need to sell the paper license. Although FL is set to start a new round of licensing (but it could take >2 years to become operational for those that can garner a license), those trying to enter the state may be interested in some of these assets. More in general, we also expect other smaller mid-size operators in FL to be acquired in the



next year or two, especially as we get ballot visibility. Scale wise, the smaller players may not be able to compete with the larger players in the state.

Color on VidaCann as per OMMU,

- VidaCann had 26 stores as of 9/8/23; the last store opened in late Sep '22. The company had 24 stores as of YE21, and 18 at YE20.
- The company had 1.6% vol share in flo and non-flo in 2Q23.
- Flower volumes were up 44% yoy for the 13w ending 9/8, and non-flo +16%. Flo vol was up 74% yoy in 2Q and +43% in 1Q; non-flo was up 6% in 2Q and -9% in 1Q.
- Sales per store were 0.85mn in flo (vs the average ex Trulieve of 1.83mn; inc Trulieve the avg is 2.43mn) and 2.48mn mg for non-flo (avg ex Trulieve is 5.57mn; 7.18mn with Trulieve).



Links to our recent publications:

[Roadmap to Dec 2024](#) (July 18)

[2Q23 US MSO Trends](#) (July 21)

[Canadian LP Dynamics](#) (Jul 25)

[On the Rescheduling Question](#) (July 28)

[Canada Pre-Rolls: Deep Dive](#) (Aug 7)

[Med Sales Impact from Rec Start](#) (Aug 16)

[Canada Flower Prices and Share Trends](#) (Aug 28)

[HHS Rescheduling Recommendation](#) (Aug 31)

[Canada's Leading Exporters](#) (9/5)

[Maryland Wholesale Share Trends](#) (9/13)

Links to Recent Zoom Panels:

[Benzinga Panel on Rescheduling](#) (9/14)

**Table 1: Stocks mentioned in this report (the rest are private companies or brands)**

Name	Ticker	Rating
4Front Ventures	FFNTF	Not rated
Acreage Holdings	ACRDF	Not rated
Ascend Wellness	AAWH	Not rated
AYR Wellness	AYRWF	Not rated
Columbia Care	CCHWF	Not rated
Cresco Labs	CRLBF	Not rated
Curaleaf Holdings	CURLF	Not rated
Green Thumb Industries	GTBIF	Not rated
Jushi Holdings	JUSHF	Not rated
MariMed Inc	MRMD	Not rated
Planet 13 Holdings	PLNHF	Not rated
Schwazze	SHWZ	Not rated
StateHouse Holdings Inc	STHZF	Not rated
TerrAscend Corp.	TSNDF	Not rated
TILT Holdings, Inc.	TLLTF	Not rated
Trulieve Cannabis	TCNNF	Not rated
Verano Holdings	VRNOF	Not rated
Vext Science, Inc.	VEXTF	Not rated

Source: FactSet; Z&A



Appendix I: Company Data



Exhibit 1: Sales (\$Mn)

	CY20	1Q21	2Q21	3Q21	4Q21	CY21	1Q22	2Q22	3Q22	4Q22	CY22	1Q23	2Q23
SALES (\$Mn)													
Acreage	114.5	38.4	44.2	48.2	58.1	188.9	56.9	61.4	61.4	57.5	237.1	56.0	58.1
Ascend	143.7	66.1	83.4	94.4	88.5	332.4	85.1	97.5	111.2	112.1	405.9	114.2	123.0
AYR	155.1	58.4	91.3	96.2	111.8	357.6	99.5	110.1	119.6	136.3	465.6	117.7	116.7
Columbia Care	179.5	86.1	102.4	132.3	139.3	460.1	123.1	129.6	132.7	126.2	511.6	124.5	129.2
Cresco	476.3	178.4	210.0	215.5	217.8	821.7	214.4	218.2	210.5	199.6	842.7	194.2	197.9
Curaleaf	626.6	260.3	312.2	317.1	306.3	1,196.0	296.1	337.6	339.7	363.0	1,336.3	336.5	338.6
4Front	57.6	23.0	27.1	25.9	28.5	104.6	26.0	28.4	32.5	31.6	118.6	30.4	30.7
Goodness Growth	49.2	13.2	14.2	13.4	13.7	54.4	15.6	21.1	18.9	19.0	74.6	19.1	20.2
Green Thumb	556.6	194.4	221.9	233.7	243.6	893.6	242.6	254.3	261.2	259.3	1,017.4	248.5	252.4
iAnthus	151.7	51.8	54.2	49.3	47.7	203.0	42.8	43.5	39.4	37.6	163.2	36.8	38.7
Jushi	80.8	41.7	47.7	54.0	65.9	209.3	61.9	72.8	72.8	76.8	284.3	69.9	66.4
Marimed	50.9	24.6	32.6	33.2	31.0	121.5	31.3	33.0	33.9	35.8	134.0	34.4	36.5
Planet13	70.5	23.8	32.8	33.0	29.9	119.5	25.7	28.4	25.6	24.8	104.6	24.9	25.8
Schwazze	24.0	19.3	30.7	31.8	26.5	108.4	31.8	44.3	43.2	40.1	159.4	40.0	42.4
StateHouse	60.0	12.4	15.4	17.4	15.1	60.3	17.3	34.6	30.8	25.5	108.2	24.7	25.3
TerrAscend	148.0	53.4	58.7	49.1	33.0	194.2	48.6	64.8	67.0	67.4	247.8	69.4	72.1
Tilt	158.4	46.8	48.5	53.4	54.1	202.7	42.4	47.1	40.5	44.3	174.2	42.3	41.6
Trulieve	521.5	193.8	215.6	224.1	304.9	938.4	317.7	313.8	300.8	307.4	1,239.8	289.1	281.8
Verano	228.5	120.9	198.7	206.8	211.4	737.9	202.2	223.7	227.6	225.9	879.4	227.1	234.1
Vext	25.2	9.2	9.4	9.4	9.3	37.2	10.8	8.8	7.7	8.2	35.4	9.1	9.2

Source: Company reports, and Z&A estimates



Exhibit 2: Gross Margins

	CY20	1Q21	2Q21	3Q21	4Q21	CY21	1Q22	2Q22	3Q22	4Q22	CY22	1Q23	2Q23
GROSS MARGIN %													
Acreage	43%	54%	54%	49%	47%	51%	52%	50%	35%	35%	43%	48%	36%
Ascend	42%	45%	41%	43%	35%	41%	28%	34%	33%	37%	33%	31%	23%
AYR	57%	42%	24%	42%	46%	39%	41%	37%	41%	44%	41%	41%	49%
Columbia Care	35%	39%	53%	55%	25%	42%	46%	39%	39%	33%	39%	38%	40%
Cresco	43%	49%	48%	50%	51%	49%	50%	52%	47%	44%	48%	44%	44%
Curaleaf	50%	49%	50%	46%	46%	48%	54%	52%	49%	21%	43%	48%	43%
4Front	63%	60%	60%	60%	-1%	47%	52%	43%	46%	1%	35%	36%	31%
Goodness Growth	35%	43%	49%	38%	16%	36%	16%	49%	51%	45%	41%	50%	46%
Green Thumb	55%	57%	55%	55%	53%	55%	51%	49%	50%	48%	50%	50%	50%
iAnthus	54%	57%	58%	53%	47%	54%	53%	45%	41%	43%	46%	42%	48%
Jushi	47%	45%	48%	43%	28%	40%	31%	37%	38%	29%	34%	43%	46%
Marimed	62%	54%	60%	55%	50%	55%	54%	45%	48%	44%	48%	45%	45%
Planet13	49%	54%	57%	53%	57%	55%	50%	49%	41%	43%	46%	44%	46%
Schwazze	28%	38%	48%	47%	46%	46%	34%	57%	60%	57%	53%	58%	58%
StateHouse	47%	47%	46%	48%	32%	43%	32%	43%	36%	42%	39%	44%	49%
TerrAscend	55%	65%	59%	44%	64%	58%	32%	35%	36%	57%	41%	49%	50%
Tilt	37%	32%	27%	24%	18%	25%	22%	23%	24%	19%	22%	21%	10%
Trulieve	74%	70%	67%	69%	43%	60%	57%	56%	56%	51%	55%	52%	50%
Verano	59%	45%	50%	64%	20%	45%	49%	44%	54%	45%	48%	48%	49%
Vext	39%	45%	45%	44%	42%	44%	75%	65%	60%	32%	59%	51%	30%

Source: Company reports, and Z&A estimates



Exhibit 3: Adj EBITDA

	CY20	1Q21	2Q21	3Q21	4Q21	CY21	1Q22	2Q22	3Q22	4Q22	CY22	1Q23	2Q23
ADJ EBITDA													
Acreage	-29.5	1.6	8.1	6.5	8.5	24.6	8.6	10.4	8.8	7.0	34.8	10.6	6.8
Ascend	30.8	15.8	20.3	23.5	19.8	79.4	16.4	20.9	27.8	28.2	93.2	23.3	21.3
AYR	49.8	18.4	27.4	26.0	26.1	98.0	16.1	19.6	21.9	29.5	86.8	26.3	29.4
Columbia Care	-19.8	3.8	10.9	31.0	-65.1	57.9	16.8	12.0	21.0	17.5	67.4	16.4	20.3
Cresco	60.8	35.0	45.5	56.4	57.0	194.0	50.7	50.6	41.7	29.6	172.7	29.3	40.5
Curaleaf	144.1	62.6	64.5	71.4	63.3	261.8	82.3	86.6	86.6	76.9	305.4	73.2	70.0
4Front	15.9	4.3	7.5	7.5	10.9	34.0	7.4	9.2	9.3	1.8	32.5	3.5	2.0
Goodness Growth	-5.2	-1.8	-1.0	-1.9	-4.4	-9.1	-2.6	2.3	1.9	2.5	4.1	1.4	2.8
Green Thumb	179.6	71.4	79.3	81.2	76.0	307.8	67.0	78.7	84.5	81.2	311.5	76.2	89.9
iAnthus	106.1	5.2	8.1	2.9	-10.7	5.6	9.9	-354.7	-5.2	-37.0	-386.9	0.9	-0.4
Jushi	3.8	4.5	8.1	6.2	-4.4	14.3	-0.9	0.5	0.7	6.8	7.1	7.6	12.6
Marimed	16.3	8.0	13.9	12.6	1.8	42.8	10.4	8.9	8.6	6.1	32.4	7.1	6.3
Planet13	8.2	6.0	6.4	2.6	1.9	16.9	2.6	1.3	0.4	-0.8	3.5	0.7	-0.6
Schwazze	-7.6	5.8	10.0	8.8	7.5	32.2	7.9	15.0	15.9	13.3	52.0	14.5	13.8
StateHouse	7.4	1.0	3.5	2.9	-6.5	0.8	-3.6	-4.8	-5.5	-4.9	-18.7	-2.4	0.6
TerrAscend	47.6	21.6	23.2	9.2	15.6	69.6	4.9	5.8	11.3	16.9	38.8	12.2	12.8
Tilt	-7.2	5.7	7.1	5.0	4.5	22.3	1.5	1.1	0.6	-0.4	2.8	-0.1	1.5
Trulieve	260.1	90.8	95.3	98.0	100.4	384.6	105.4	104.5	98.8	106.2	400.1	78.2	78.7
Verano	176.9	60.8	80.6	110.7	87.2	339.3	87.2	75.5	82.1	78.9	323.8	79.7	81.3
Vext	6.8	3.1	3.5	3.5	3.4	13.4	3.8	4.8	3.3	3.2	15.1	2.9	1.0

Source: Company reports, and Z&A estimates



Exhibit 4: Reported Operating Cash Flow

	CY20	1Q21	2Q21	3Q21	4Q21	CY21	1Q22	2Q22	3Q22	4Q22	CY22	1Q23	2Q23
OPERATING CASH FLOW													
Acreage	-67.7	-1.6	-19.4	2.7	-22.2	-40.5	-5.4	-18.1	-7.0	-19.6	-50.1	-8.1	-0.5
Ascend	-6.0	-7.8	-4.2	-10.2	-19.4	-41.7	-10.2	-10.3	-1.8	-16.1	-38.4	5.8	25.4
AYR	36.5	-19.9	-2.5	0.2	-5.6	-27.8	-21.2	-13.7	0.2	0.5	-34.2	10.3	-5.3
Columbia Care	-49.7	-3.5	-15.6	23.4	-4.8	-0.5	-27.8	-72.0	-16.8	5.2	-111.4	-3.4	-0.3
Cresco	-7.8	13.0	-43.2	7.1	37.7	14.5	-3.4	-7.1	25.6	3.6	18.7	3.3	18.0
Curaleaf	12.4	-6.0	-73.1	51.7	-30.8	-58.3	45.6	-34.0	59.9	-25.1	46.4	14.2	22.8
4Front	-14.0	2.8	1.5	-0.3	1.8	5.8	-2.4	-0.5	0.9	10.7	8.8	-6.9	-2.0
Goodness Growth	-10.9	-5.0	-12.5	-5.2	-7.8	-30.5	-6.8	-3.1	-2.1	-6.1	-18.1	-3.8	1.6
Green Thumb	95.9	39.7	8.6	34.5	49.3	132.0	55.4	-15.5	48.3	70.3	158.6	74.7	18.3
iAnthus	-9.8	5.5	6.9	7.5	-3.7	16.1	1.8	-7.4	-8.5	-5.4	-19.5	-0.8	1.1
Jushi	-12.4	0.5	-13.6	-1.4	0.2	-14.3	-13.8	-13.9	1.5	4.8	-21.4	-3.6	-6.7
Marimed	3.4	6.8	10.8	10.7	7.6	35.9	8.5	-6.3	3.3	1.7	7.3	-4.5	1.3
Planet13	-0.9	4.3	-0.2	-1.9	-2.6	-0.4	3.0	-1.8	1.1	1.5	3.8	-5.2	-1.6
Schwazze	-9.8	1.7	-0.3	3.4	3.6	8.4	3.6	-11.6	4.0	15.3	11.4	-0.9	2.7
StateHouse	-0.6	-0.9	-5.4	-4.7	-4.3	-15.3	-0.3	-21.8	-10.7	-4.2	-37.1	-1.4	3.7
TerrAscend	-27.9	6.2	-16.3	-17.9	3.9	-24.2	-18.8	-16.1	1.5	11.6	-21.8	8.4	3.9
Tilt	16.7	2.6	0.0	-6.6	-4.7	-8.6	4.2	-0.4	4.5	0.3	8.6	3.8	-3.3
Trulieve	99.6	59.6	-10.4	25.9	-62.2	12.9	45.1	-55.4	-21.6	55.0	23.1	0.4	-23.5
Verano	71.6	24.8	32.0	74.7	51.3	182.9	34.5	9.2	21.7	29.0	94.3	16.9	25.1
Vext	3.1	2.3	2.2	2.2	4.5	11.3	3.1	0.9	-1.0	2.9	5.9	0.4	3.1

Source: Company reports, and Z&A estimates



Exhibit 5: Financial Net Debt

	CY20	1Q21	2Q21	3Q21	4Q21	CY21	1Q22	2Q22	3Q22	4Q22	CY22	1Q23	2Q23
NET DEBT													
Acreage	-125.8	-134.6	-104.7	-113.6	-126.5	-126.5	-143.9	-172.2	-175.5	-191.0	-191.0	-202.7	-213.9
Ascend	-153.5	-185.9	-48.2	-51.1	-103.3	-103.3	-89.9	-152.7	-219.0	-256.5	-256.5	-250.8	-241.8
AYR	-38.6	-1.9	-64.0	-124.8	-228.4	-228.4	-353.0	-370.7	-405.1	-352.0	-352.0	-341.3	-378.8
Columbia Care	-23.4	88.9	7.6	-23.1	-78.7	-78.7	-139.7	-244.2	-277.2	-280.9	-280.9	-290.6	-290.4
Cresco	-140.6	-27.4	-157.1	-224.5	-258.9	-258.9	-313.4	-394.1	-364.6	-366.4	-366.4	-408.6	-415.0
Curaleaf	-218.0	-24.9	-4.4	-24.8	-160.6	-160.6	-341.4	-399.9	-401.4	-459.5	-459.5	-478.0	-489.1
4Front	-48.1	-47.2	-43.6	-47.7	-48.2	-48.2	-62.0	-76.9	-79.2	-69.0	-69.0	-78.9	-79.2
Goodness Growth	25.1	20.9	1.2	-12.2	-12.2	-12.2	-22.6	-28.9	-33.8	-42.9	-42.9	-47.9	-49.5
Green Thumb	-15.3	175.8	161.6	31.8	-9.5	-9.5	-69.7	-108.2	-108.3	-98.0	-98.0	-92.5	-140.9
iAnthus	-159.7	-164.9	-166.5	-168.2	-176.8	-176.8	-178.2	-107.9	-120.2	-132.9	-132.9	-139.2	-145.8
Jushi	40.1	115.8	68.9	-8.1	-31.0	-31.0	-65.2	-142.8	-168.8	-163.1	-163.1	-174.9	-183.5
Marimed	-33.7	-6.9	-0.5	6.3	11.0	11.0	15.4	-15.5	-14.8	-20.0	-20.0	-31.9	-38.1
Planet13	78.1	140.2	135.4	127.8	60.7	60.7	61.3	51.7	50.0	51.5	51.5	41.8	39.6
Schwazze	-17.7	-31.3	-33.1	-38.2	8.8	8.8	-70.3	-87.2	-85.7	-88.8	-88.8	-96.0	-135.6
StateHouse	-38.5	-19.2	-24.3	-31.7	-39.1	-27.3	-66.8	-110.9	-124.1	-130.9	-130.9	-131.6	-125.6
TerrAscend	-129.4	51.9	-40.3	-90.2	-99.8	-99.8	-168.4	-202.8	-224.7	-179.2	-179.2	-175.6	-186.2
Tilt	-64.3	-63.7	-64.4	-73.5	-79.7	-79.7	-78.7	-95.4	-54.4	-56.2	-56.2	-43.7	-52.9
Trulieve	58.7	70.0	193.0	-3.9	-421.0	-421.0	-460.3	-552.6	-620.9	-578.3	-578.3	-640.6	-631.1
Verano	-23.8	71.9	15.9	-105.8	-190.8	-190.8	-244.6	-309.8	-315.7	-328.2	-328.2	-320.2	-317.8
Vext	-8.9	6.0	-6.4	-7.4	-7.4	-7.4	-8.7	-11.1	-16.2	-31.3	-31.3	-35.3	-34.7

Source: Company reports, and Z&A estimates



Appendix II: Valuation Comps



Exhibit 6: Valuation Comps – Part I

Company name	Ticker	Listing	9/14/2023		(mn)	Net	Ent	Last Qtr Annualized		1yr Forward Consensus		Consensus		EBITDA	Net debt
			Price	Mkt				EV/Sales	EV/EBITDA	EV/Sales	EV/EBITDA	1yF Estimates (US\$Mn)	mgn %		
			US\$	Cap	Shares	(Debt)	Value					Sales	EBITDA		EBITDA
US MSOs															
4Front Ventures Corp.	FFNTF	US OTC	0.26	168	648.6	-79	247	2.0x	31.1x	1.9x	8.7x	133	28	21%	-2.8x
Acreage Holdings, Inc. Class D	ACRDF	US OTC	0.54	74	138.1	-214	288	1.2x	10.5x	1.2x	7.3x	235	39	17%	-5.4x
Ascend Wellness Holdings LLC Cl:	AAWH	US OTC	1.19	253	212.9	-242	495	1.0x	5.8x	0.9x	4.3x	545	115	21%	-2.1x
Ayr Wellness, Inc.	AYRWF	US OTC	2.85	220	77.2	-379	599	1.3x	5.1x	1.1x	4.5x	522	132	25%	-2.9x
Columbia Care, Inc.	CCHWF	US OTC	1.37	574	419.3	-290	865	1.7x	10.6x	1.6x	8.3x	556	104	19%	-2.8x
Cresco Labs, Inc.	CRLBF	US OTC	2.46	1,072	436.5	-415	1,487	1.9x	9.2x	1.9x	9.0x	770	165	21%	-2.5x
Curaleaf Holdings, Inc.	CURLF	US OTC	5.39	3,874	718.7	-489	4,363	3.2x	15.6x	3.1x	12.9x	1,410	338	24%	-1.4x
Glass House Brands Inc	GLASF	US OTC	4.80	367	76.4	-44	411	na	na	2.5x	14.2x	168	29	17%	-1.5x
Goodness Growth Holdings, Inc.	GDNSF	US OTC	0.18	26	143.1	-124	150	1.9x	13.2x	1.6x	8.5x	95	18	19%	-7.0x
Green Thumb Industries Inc.	GTBIF	US OTC	11.54	2,755	238.8	-141	2,896	2.9x	8.1x	2.7x	8.9x	1,078	327	30%	-0.4x
Jushi Holdings Inc Class B	JUSHF	US OTC	0.73	144	196.6	-141	284	1.1x	5.6x	1.0x	4.8x	298	60	20%	-2.4x
MariMed Inc	MRMD	US OTC	0.49	182	371.6	-38	221	1.5x	8.7x	1.3x	5.1x	168	43	26%	-0.9x
Planet 13 Holdings, Inc.	PLNHF	US OTC	0.89	198	222.2	40	158	1.5x	-67.6x	1.1x	9.7x	144	16	11%	2.4x
Red White & Bloom Brands, Inc.	RWBYF	US OTC	0.04	20	469.5	-142	162	na	na	na	na	na	na	na	na
Schwazze	SHWZ	US OTC	0.98	69	70.6	-136	205	1.2x	3.7x	1.0x	2.9x	211	71	34%	-1.9x
StateHouse Holdings Inc	STHZF	US OTC	0.06	15	256.3	-126	140	1.4x	55.2x	na	na	na	na	na	na
TerrAscend Corp.	TSNDF	US OTC	2.20	771	350.5	-186	957	3.3x	18.7x	2.8x	12.4x	347	77	22%	-2.4x
TILT Holdings, Inc.	TLLTF	US OTC	0.04	17	378.5	-53	70	0.4x	11.3x	0.4x	8.3x	181	8	5%	-6.3x
Trulieve Cannabis Corp.	TCNNF	US OTC	7.10	1,321	186.0	-631	1,952	1.7x	6.2x	1.7x	6.2x	1,129	315	28%	-2.0x
Verano Holdings Corp. Class A	VRNOF	US OTC	4.82	1,656	343.4	-318	1,974	2.1x	6.1x	2.0x	6.1x	1,011	322	32%	-1.0x
Vext Science, Inc.	VEXTF	US OTC	0.21	32	151.1	-35	67	1.8x	15.9x	1.2x	3.9x	55	17	31%	-2.0x

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



Exhibit 7: Valuation Comps – Part II

Company name	Ticker	Listing	9/14/2023					Consensus						
			Price US\$	Mkt Cap	(mn) Shares	Net (Debt)	Ent Value	1yr Forward Consensus		1yF Estimates (US\$Mn)		EBITDA mgn %	Net debt EBITDA	
Canada														
Aleafia Health, Inc.	ALEAF	US OTC	0.02	6	403.2	-34	40	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
Aurora Cannabis Inc.	ACB	NASDAQ	0.84	291	345.3	54	237	1.1x	15.2x	206	16	8%	3.5x	
Auxly Cannabis Group Inc.	CBWTF	US OTC	0.01	12	906.0	-132	144	1.4x	-69.5x	106	-2	-2%	63.7x	
Avant Brands Inc	AVTBF	US OTC	0.14	29	206.1	3	26	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
BZAM Ltd	BZAMF	US OTC	0.13	21	157.1	0	21	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
Canopy Growth Corporation	CGC	NASDAQ	1.25	647	517.3	-459	1,106	3.5x	-11.4x	316	-97	-31%	4.7x	
Cronos Group Inc	CRON	NASDAQ	2.47	940	380.6	874	66	0.7x	-1.9x	96	-34	-36%	-25.5x	
Decibel Cannabis Company Inc	DBCCF	US OTC	0.13	51	404.7	-34	85	0.6x	2.4x	136	36	26%	-0.9x	
Entourage Health Corp	ETRGF	US OTC	0.01	4	306.7	-91	95	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
High Tide, Inc.	HITI	NASDAQ	1.96	139	71.0	-33	172	0.3x	5.1x	530	34	6%	-1.0x	
Nova Cannabis Inc	NVACF	US OTC	0.41	23	57.2	-40	63	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
OrganiGram Holdings Inc	OGI	NASDAQ	1.77	139	78.5	73	66	0.5x	6.9x	125	10	8%	7.6x	
Rubicon Organics, Inc.	ROMJF	US OTC	0.38	21	56.1	-1	23	0.4x	2.3x	51	10	19%	-0.1x	
SNDL Inc.	SNDL	NASDAQ	2.17	510	235.2	116	394	0.6x	18.7x	716	21	3%	5.5x	
Tilray Brands, Inc.	TLRY	NASDAQ	2.98	1,957	656.7	-142	2,098	2.8x	26.7x	759	78	10%	-1.8x	
Village Farms International, Inc.	VFF	NASDAQ	0.99	109	110.0	-49	158	0.5x	19.5x	289	8	3%	-6.1x	

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



Exhibit 8: Valuation Comps – Part III

Company name	Ticker	Listing	9/14/2023					Consensus						
			Price US\$	Mkt Cap	(mn) Shares	Net (Debt)	Ent Value	1yr Forward EV/Sales	Consensus EV/EBITDA	1yF Estimates (US\$Mn)		EBITDA mgn %	Net debt EBITDA	
Service Providers														
AFC Gamma, Inc.	AFCG	NASDAQ	12.68	258	20.4	-17	275	4.0x	#N/A	69	#N/A	#N/A	#N/A	
Chicago Atlantic Real Estate Finar	REFI	NASDAQ	14.99	266	17.8	-52	319	5.3x	#N/A	61	#N/A	#N/A	#N/A	
GrowGeneration Corp.	GRWG	NASDAQ	3.59	219	61.0	23	196	0.9x	-53.3x	229	-4	-2%	-6.3x	
Hydrofarm Holdings Group, Inc.	HYFM	NASDAQ	1.32	60	45.2	-165	224	0.9x	25.4x	240	9	4%	-18.7x	
Innovative Industrial Properties I	IIPR	NYSE	86.53	2,420	28.0	-14	2,434	7.9x	9.8x	308	248	80%	-0.1x	
Leafly Holdings, Inc.	LFLY	NASDAQ	9.97	22	2.2	-4	25	0.5x	-11.3x	46	-2	-5%	1.6x	
NewLake Capital Partners, Inc.	NLCP	US OTC	13.70	293	21.4	42	251	5.5x	#N/A	46	#N/A	#N/A	#N/A	
RiverNorth Opportunities Fund, I	RIV	NYSE	11.03	204	18.5	18	186	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
SHF Holdings Inc Class A	SHFS	NASDAQ	0.62	15	23.7	7	7	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
Scotts Miracle-Gro Company Clas	SMG	NYSE	54.71	3,036	55.5	-3,183	6,220	1.7x	12.1x	3,575	516	14%	-6.2x	
Silver Spike Investment Corp.	SSIC	NASDAQ	9.50	59	6.2	85	-26	-1.7x	#N/A	15	#N/A	#N/A	#N/A	
SpringBig Holdings, Inc.	SBIG	US OTC	0.15	4	26.7	-6	9	0.3x	6.8x	34	1	4%	-4.0x	
urban-gro Inc	UGRO	NASDAQ	1.42	15	10.8	6	10	0.1x	-8.9x	109	-1	-1%	-5.0x	
WM Technology, Inc. Class A	MAPS	NASDAQ	1.61	264	163.7	25	239	1.2x	9.2x	204	26	13%	0.9x	
CBD, CPG, Pharma, International														
Cardiol Therapeutics Inc. Class A	CRDL	NASDAQ	0.99	63	64.0	44	20	#DIV/0!	-1.1x	0	-18	#DIV/0!	-2.4x	
Charlotte's Web Holdings, Inc.	CWBHF	US OTC	0.34	52	152.1	9	43	0.5x	-5.2x	79	-8	-10%	-1.1x	
Clever Leaves Holdings, Inc.	CLVR	NASDAQ	3.76	5	1.5	4	2	0.1x	-0.3x	27	-6	-24%	-0.6x	
CV Sciences, Inc.	CVSI	US OTC	0.05	8	152.1	-1	9	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
Hempfusion Wellness, Inc.	CBDHF	US OTC	0.00	0	99.7	0	0	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
IM Cannabis Corp	IMCC	NASDAQ	0.70	5	7.6	-7	12	0.3x	5.4x	44	2	5%	-3.0x	
InterCure Ltd.	INCR	NASDAQ	1.72	78	45.6	-2	81	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
Jazz Pharmaceuticals Public Limit	JAZZ	NASDAQ	133.82	8,459	63.2	-4,936	13,395	3.4x	7.1x	3,991	1,888	47%	-2.6x	
Little Green Pharma Ltd.	LGPPF	US OTC	#N/A	#N/A	297.9	0	#N/A	#N/A	#N/A	40	4	9%	0.0x	
PharmaCielo Ltd.	PCLOF	US OTC	0.19	30	155.0	-9	39	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
Turning Point Brands Inc	TPB	NYSE	24.86	435	17.5	-314	749	1.8x	8.1x	420	93	22%	-3.4x	

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

Exhibit 9: Stock Performance

Stock Performance			
Ticker	Last 30d	Last 90d	Last 12mo
US MSOs			
FFNTF	173%	77%	-45%
ACRDF	138%	45%	-47%
AAWH	95%	74%	-36%
AYRWF	215%	237%	-24%
CXXIF	31%	33%	33%
CCHWF	219%	191%	-19%
CRLBF	127%	51%	-27%
CURLF	95%	79%	-4%
GLASF	30%	23%	89%
GNRS	3900%	-90%	-99%
GRAMF	26%	-12%	-82%
GDNSF	37%	29%	-84%
GTBIF	73%	54%	2%
GRUSF	12%	40%	425%
JUSHF	76%	77%	-54%
LOWLF	-11%	-9%	-84%
MRMD	81%	24%	-6%
PLNHF	60%	60%	-34%
RWBYF	21450%	nm	-49%
SHWZ	40%	-4%	-24%
STHZF	115%	18%	-75%
TSNDF	31%	36%	32%
TLLTF	57%	56%	-68%
TCNNF	80%	78%	-41%
VRNOF	74%	73%	-14%
VEXTF	19%	6%	-16%

Stock Performance			
Ticker	Last 30d	Last 90d	Last 12mo
Canada			
ALEAF	#N/A	-25%	-70%
ACB	57%	59%	-44%
CBWTF	0%	10%	-65%
AVTBF	-5%	33%	-15%
BZAMF	7%	-31%	-73%
CGC	214%	93%	-64%
CRON	43%	43%	-20%
DBCCF	30%	29%	68%
ETRGF	-4%	-10%	-62%
HITI	56%	48%	35%
NVACF	11%	-13%	-51%
OGI	30%	7%	-57%
ROMJF	0%	21%	-29%
SNDL	32%	53%	-17%
TLRY	14%	85%	-10%
VFF	3%	48%	-60%
CBD, CPG, Pharma, International			
CBDHF	na	0%	-100%
CRDL	6%	25%	-22%
CLVR	-45%	-50%	-84%
CVSI	26%	24%	-4%
CWBHF	25%	62%	-34%
GNLN	-4%	-56%	-97%
IMCC	-20%	-34%	-84%

Stock Performance			
Ticker	Last 30d	Last 90d	Last 12mo
Service Providers			
AFCG	-2%	-3%	-27%
AGFY	13%	-22%	-97%
CXXIF	31%	33%	33%
REFI	1%	-3%	3%
GRWG	24%	-5%	-20%
HYFM	37%	41%	-54%
IIPR	6%	17%	-4%
LFLY	56%	47%	-64%
NLCP	5%	14%	-10%
PW	8%	-25%	-91%
RIV	-3%	-1%	-24%
SMG	6%	-12%	-4%
SSIC	1%	16%	-11%
SBIG	-40%	-71%	-90%
UGRO	17%	3%	-54%
MAPS	48%	75%	-34%
CBD, CPG, Pharma, International			
INCR	11%	-19%	-63%
JAZZ	-4%	4%	-12%
LGPPF	na	na	na
PCLOF	84%	3%	-38%
TPB	-1%	8%	9%
YCBD	-3%	-25%	-90%

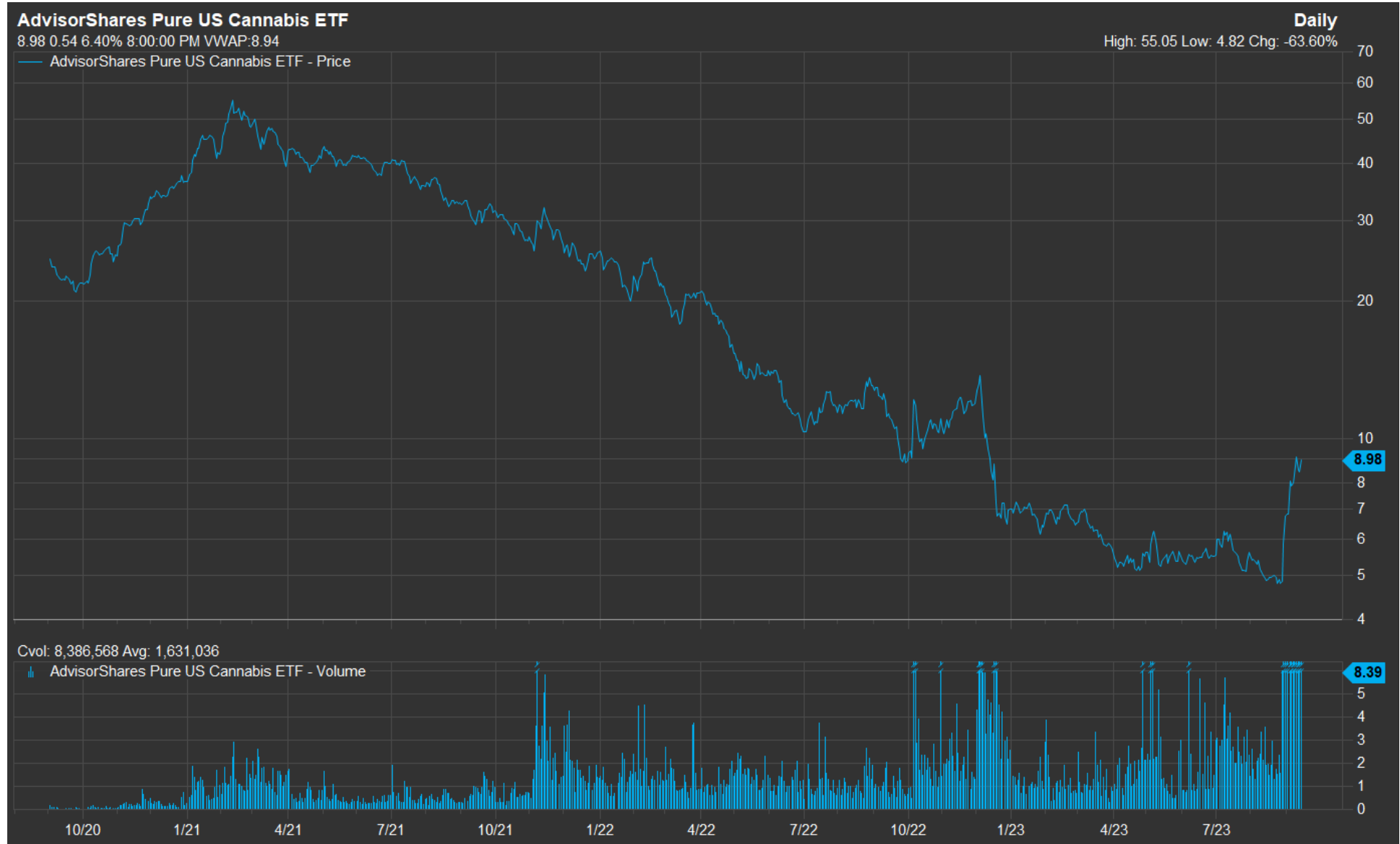
Source: FactSet



Appendix III: MSOS ETF



Exhibit 10: MSOS ETF since 7/31/20

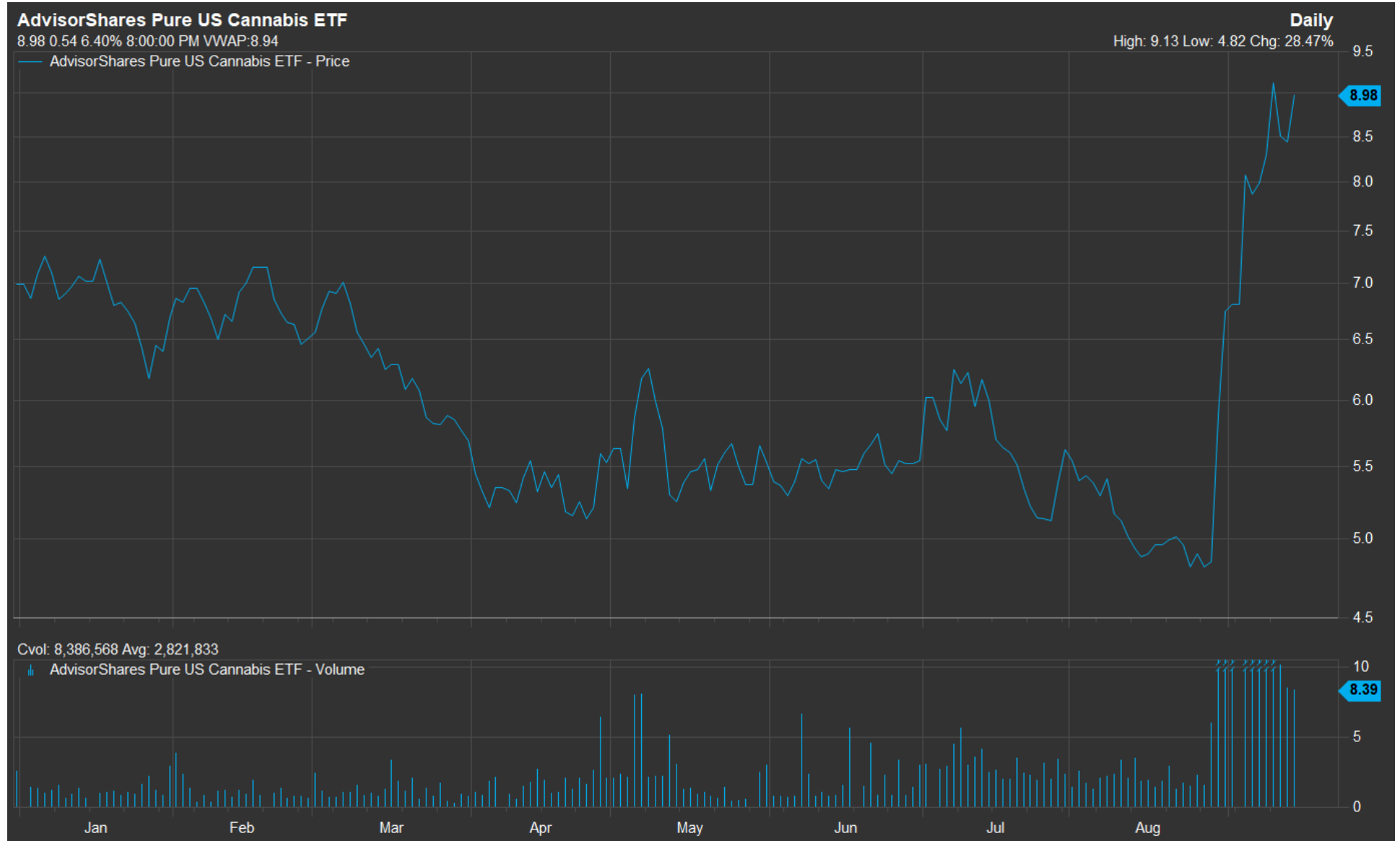


Source: FactSet

www.zuanicassociates.com



Exhibit 11: MSOS ETF YTD



Source: FactSet

www.zuanicassociates.com



Exhibit 12: MSOS ETF Positions (as 14 Sep 2023)

Security Description	Shares/Par (Full)	Price (Base)	Position \$Mn	Portfolio Weight	Asset Group	Market Cap	Mkt Cap Weight	Position Weight	Position Weight	
			640			16,095	100%	14-Sep	12-Jul	
GREEN THUMB INDUSTRIES SWAP REC	12,814,320	11.54	148	22.7%	TW	2,755	17.1%	23.1%	1.35x	24.3%
CURALEAF HOLDINGS INC SWAP REC	25,023,476	5.39	135	20.7%	TW	3,874	24.1%	21.1%	0.88x	22.0%
VERANO HOLDINGS CORP SWAP REC	16,404,834	4.82	79	12.1%	TW	1,656	10.3%	12.4%	1.20x	12.0%
TRULIEVE CANNABIS SWAP REC	10,828,420	7.10	77	11.8%	TW	1,321	8.2%	12.0%	1.46x	11.6%
CRESCO LABS INC SWAP REC	19,257,664	2.46	47	7.3%	TW	1,072	6.7%	7.4%	1.11x	8.6%
TERRASCEND CORP	20,866,491	2.20	46	7.0%	FS	771	4.8%	7.2%	1.50x	8.1%
COLUMBIA CARE INC SWAP REC	24,762,803	1.37	34	5.2%	TW	574	3.6%	5.3%	1.48x	2.7%
AYR WELLNESS INC REC	7,810,788	2.85	22	3.4%	TW	220	1.4%	3.5%	2.54x	2.4%
GLASS HOUSE BRANDS	3,219,467	4.80	15	2.4%	TW	367	2.3%	2.4%	1.06x	1.9%
JUSHI HOLDINGS INC SWAP REC	15,869,234	0.73	12	1.8%	TW	144	0.9%	1.8%	2.03x	1.8%
PLANET 13 HOLDINGS SWAP REC	9,165,870	0.89	8	1.3%	TW	198	1.2%	1.3%	1.04x	1.2%
4FRONT VENTURES CORP SWAP REC	26,046,091	0.26	7	1.0%	TW	168	1.0%	1.1%	1.01x	1.0%
C21 INVESTMENTS INC SWAP REC	8,597,268	0.36	3	.5%	TW	43	0.3%	0.5%	1.80x	0.6%
MARIMED INC	3,273,000	0.49	2	.3%	TW	182	1.1%	0.3%	0.22x	0.3%
VAPEN MJ VENTURES	4,956,256	0.21	1	.2%	TW		0.0%	0.2%		0.3%
ACREAGE HOLDINGS SUB VTG CL E ORD SW	2,440,161	0.41	1	.2%	TW	74	0.5%	0.2%	0.34x	0.2%
GOODNESS GROWTH HOLDINGS INC	4,390,229	0.18	1	.1%	TW	26	0.2%	0.1%	0.77x	0.2%
INNOVATIVE INDUSTRIAL PROPER	9,085	86.53	1	.1%	S	2,420	15.0%	0.1%	0.01x	0.2%
GOLD FLORA CORP SWAP	4,548,805	0.16	1	.1%	TW	17	0.1%	0.1%	1.06x	0.2%
RIV CAPITAL INC	4,294,850	0.13	1	.1%	FS	204	1.3%	0.1%	0.07x	0.1%
POWER REIT	241,656	1.38	0	.1%	S		0.0%	0.1%		0.1%
GROWN ROGUE INTERNATIONAL	1,100,000	0.21	0	.0%	TW	8	0.1%	0.0%	0.71x	0.1%
LOWELL FARMS INC-SUB SWAP REC	501,450	0.29	0	.0%	TW	1	0.0%	0.0%		0.0%
HEMPFUSION WELLNESS INC	7,964,631	0.00	0	.0%	FS	0	0.0%	0.0%		8.0%
DERIVATIVES COLLATERAL NOMURA	326,689,992	1.00	327	50.1%	MM	157		51.0%		207.9%
BLACKROCK TREASURY TRUST INSTL 62	113,130,890	1.00	113	17.4%	MM	171		17.7%		66.3%
DERIVATIVES COLLATERAL CLEARSTREET	27,224,028	1.00		4.2%	MM					
CASH	-455,249,101	100.00		-69.8%	CA					

Source: Advisor Shares website



Appendix IV: 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.



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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