

9/19/2023

A SAFE Roadmap

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.

A SAFE Roadmap

We continue to think, rescheduling, US exchange up listing, and a Cole Memo II (Garland Memo), are bigger catalysts for the US cannabis industry than SAFE. That said, over the next three months we expect no news flows on those other three factors, while SAFE will go through various (positive or negative) key milestones from here to end of November.

If we were drawing out the map, in chronological order, these are the steps (and likely catalysts) to follow,

1. Will the Senate Banking Committee mark-up vote be indeed scheduled for the week of Sep 25, or at least before the recess starts on 10/6. Trade journal Marijuana Moment wrote the vote has been scheduled for Wed Sep 27th (but the time of the meeting is “to be determined”). We have not been able to verify this information.
2. How will the 11 Republicans in the Senate Banking Committee vote? Of those 11, three are among the eight sponsors/co-sponsors (Cramer, Daines, Lummis). Regarding the rest, as we explain in detail here, we would only count on Thom Tillis (NC) and or JD Vance (OH) to potentially vote in favor; we are rather skeptical the other six would vote for SAFE.
3. What changes (and or add-ons) were made to the final bill that will receive a mark-up vote? We understand the final version should be public before the mark-up vote. That said, with 12 Democrats and Independents in the Committee and three Republican co-sponsors, the vote should already be 15-8. Or 17-6, if both Sen Tillis and Vance vote yes.
4. Senate floor vote scheduled for November? Assuming Sens. Tillis and Vance vote against SAFE during mark-up, the bill would still leave committee with a 15-8 vote (given the three Republican sponsors/co-sponsors, and 12 D+I majority). But a vote scheduling does not necessarily imply passage in the Senate floor (besides the 60 votes to avoid the filibuster, there is always the risk of attempts for further amendments in the Senate floor prior to the final vote. Especially, if this is all about posturing (we hope not, and assume the efforts are genuine).
5. We assume Senate Majority Leader, Chuck Schumer, would only bring the bill for a vote if he knows there are 60 votes (unless, again, that this is all just political posturing). As we explain here, if there will be other Republican votes for SAFE, we believe at best they could come from one or both of Missouri’s Senators (a state with a thriving rec and med market, and close to 200 licensed dispensaries that would benefit from SAFE), and or



Libertarian-leaning, Mike Lee from Utah. We are skeptical on the rest, in the current political environment.

6. Then if SAFE passes the Senate, we see two paths: a) a prolonged process thru mid 2024 where SAFE is also debated and or voted in the House, or, b) quick passage and House convergence if it is included in a must pass bill by year-end (supposedly, this time around, unlike last year, there has been plenty of debate and revisions through the formal Senate process). Given other priorities in the GOP-controlled House, we do not see SAFE passing, unless it receives overwhelming Senate support (quite unlikely). On the other hand, passage via the Omnibus or NDAA could be speedier and easier House Speaker McCarthy.

Mark-Up Vote Delays

The delays in the mark-up vote could be a good sign – maybe? The Secure and Fair Enforcement (SAFE) Banking Act was jointly filed on 4/26/23, in the House and Senate, with both Democrats and Republicans sponsors. True, it was not the first time it was filed (it was first filed in 2014), but this time it was more of a coordinated effort between the two sides, and, unlike in the past, the bill made progress in the Senate, and for the first time ever, the US Senate Committee on Banking, Housing, and Urban Affairs, held a public hearing on the Bill, and collected public feedback. A mark-up vote is expected to follow; this process (mark-up vote) has been constantly delayed, but we take solace on the fact that this is a de facto 15-8 vote. Why? There are 12 Democrats and Independents in the committee, and three of the Republicans are sponsors of SAFE. Perhaps Committee Chairman, Sherrod Brown (D-OD), thinks he can garner more than 15 votes, and in the process get the illusive 60th vote for SAFE in the Senate (51 D&I plus 8 Republican sponsors)? Hence, all the delays?

Very Low 60s in the Senate May Be as Good as it Gets

The SAFE sponsors. In the House, as of 9/18/2023, the bill (HR 2891: SAFE Banking Act of 2023) has 71 sponsors, including 52 Democrats and 19 Republicans; the latter includes the Primary Sponsor, Rep David Joyce (R-OH). In the US Senate, there are there are 34 Senate Democrats and Independents (31+3) plus eight Republican Senators co-sponsoring the bill (seven, to be exact, as Steve Daines is the lead sponsor): Bill Cassidy (LA), Kevin Cramer (ND), Susan Collins (ME), Steve Daines (MT), Cynthia Lummis (WY), Lisa Murkowski (AK), Rand Paul (KY), and Dan Sullivan (AK).

Who could be that 9th Republican vote? It is widely assumed that all 51 Senate Democrats and Independents (48+1) will vote for SAFE (the risk is in the add-ons, but more on that later). There are 49 Republicans in the Senate, and we know eight support SAFE. Via a process of elimination, we try to determine the 60th vote(s) here,

- We would rule out the 7 Republicans that are on the record opposing the rescheduling of cannabis: Blackburn (TN), Budd, (NC), Cotton (AR), Crapo (ID), Mullin (OK), Risch (ID), and



Rounds (SD). True, some could argue one thing does not imply the other, but we deem these Senators as “anti-cannabis” reform.

- So, besides the 8 Senate Republicans sponsoring or co-sponsoring SAFE, that leaves 34 potential Republicans to support SAFE.
- Progressivepunch.org (a left-wing outfit) gives a score of zero on its “progressive score on crucial votes” to a total of 28 Republicans: Barasso (WY), Blackburn (TN), Boozman (AR), Britt (AL), Budd (NC), Capito (WV), Cornyn (TX), Cotton (AR), Cramer (ND), Ernst (IA), Fischer (NE), Grassley (IA), Hagerty (TN), Hoeven (ND), Hyde-Smith (MS), Johnson (WI), Kennedy (LA), Lankford (OK), Lummis (WY), McConnell (KY), Ricketts (NE), Romney (UT), Rick Scott (FL), Tim Scott (SC), Thune (SD), Tuberville (AL), Wicker (MS), Young (IN). Can this be a “tell” on SAFE? Maybe not, as two of these Republicans are co-sponsors of SAFE (Cramer; Lummis)? But we would still not count on the rest (26 in total of which three are on the record against rescheduling: Blackburn, Budd, Cotton). *Note: We do not expect Sen Tuberville to vote for SAFE, despite news flow on his potential vote being quoted as yes or no by various outlets at various times.*
- So, that leaves 11 Republicans that could constitute the 60th vote for SAFE: Thom Tillis (NC, class II); JD Vance (OH, class III), Mike Braun (IN, I), Ted Cruz (TX, I), Lindsey Graham (SC, II); Josh Hawley (MO, I); Mike Lee (UT, III); Roger Marshall (KS, II); Jerry Moran (KS, III); Marco Rubio (FL, III); and Eric Schmitt (MO, III). Class I are those whose term expires in Jan’25. Mike Braun is running for Governor of Indiana, and his state has not legalized cannabis, so we would not count on him to vote for SAFE. We see Sens. Cruz and Rubio as too high profile to vote for SAFE (even though it is not supposed to be a “divisive partisan” issue). We consider Sen. Graham, a wild card on SAFE but would not count on him. That said, he has the 2nd highest progressive score (as per progressivepunch.org), second only to Sen Collins (Sen Murkowski is 3rd), among Republicans.
- Of the rest, Sens. Hawley, Lee, Marshall, Moran, Schmitt, Thillis, and Vance, we rule out the KS Senators (Marshall, Moran). Tillis and Vance are in the Senate Banking Committee, so if the mark-up vote (committee vote) takes place as scheduled on 9/27, we will know by then how both go on the record. If they vote no, then that would only leave the two MO Senators (Hawley, Schmitt) and Mike Lee, in our view. The latter is described as an economic and civil libertarian, so he could be that 60th vote. Maybe.
- But if we step back, and think big picture, we have a hard time believing reports from some quarters that SAFE could have over 70 votes in the Senate. We barely get to 60, or, at best, very low 60s.
- Progressivepunch.org source:
<https://progressivepunch.org/scores.htm?topic=&house=senate&sort=crucial-current&order=up&party=R>



Risks from the Side of Democrats

We see these as potential “derailing” risks,

- Last minute social equity add-ons. Last December, the final SAFE version only included two add-ons, HOPE (help for states to start a pardoning process) and GRAM (allowing MJ users to bear arms). We are not clear if any of these two add-ons made it to the version that the committee will vote.
- Risk that Senate Democrats lobby hard to get social equity into the final bill before the Senate vote, but after mark-up. But that would make the mark-up vote only posturing, so if we were to have additions, they should have been done during Committee. Right? Well, apparently, not necessarily, as plans to amend the legislation on the floor could still take place...
- We will not delve into the section 10 matter here, but we will keep an eye on whether the concerns of Sen Jack Reed (D-RI) were addressed in a manner that would not derail Republican support (from the 8 sponsors).

Bottomline: Again, big picture, all in, we would put the odds of successful passage of SAFE in the Senate at 50-60%. In the House via a must-pass bill this year-end? Only better slightly than 50%. Via a standalone route in the House next year? Less than 40%.

Table 1: Senate Banking Committee Members

Name			State			Name			State		
Majority (D-I)						Minority (R)					
Sherrod	Brown	OH	Tim	Scott	SC						
	<i>chairman</i>			<i>ranking member</i>							
Catherine	Cortez Masto	NV	Katie	Boyd	AL						
John	Fetterman	PA	Kevin	Cramer	ND						
Robert	Menendez	NJ	Mike	Crapo	ID						
Jack	Reed	RI	Steve	Daines	MT						
Tina	Smith	MN	Bill	Hagerty	TN						
Jon	Tester	MT	John	Kennedy	LA						
Chris	Van Hollen	MD	Cynthia	Lummis	WY						
Mark	Warner	VA	Mike	Rounds	SD						
Raphael	Warnock	GA									
Elizabeth	Warren	MA	Thom	Tillis	NC						
Kyrsten	Sinema	AZ	J.D.	Vance	OH						

Source: U.S. Senate



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)

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[VidaCann Deal and FL Update](#) (9/15)

Links to Recent Zoom Panels:

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



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%
Marimedia	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
FINANCIAL 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

US\$Mn		9/18/2023	Mkt					Last Qtr Annualized		1yr Forward Consensus		Consensus		Cons	Net debt
Company name	Ticker	Listing	Price US\$	Cap US\$Mn	(mn) Shares	Net (Debt)	Ent Value	EV/Sales	EV/EBITDA	EV/Sales	EV/EBITDA	1yF Estimates (US\$Mn)		EBITDA mgn %	to Cons 1yF EBITDA
US MSOs															
4Front Ventures Corp.	FFNTF	US OTC	0.24	156	648.6	-79	235	1.9x	29.5x	1.8x	8.2x	133	29	22%	-2.8x
Acreage Holdings, Inc. Class I	ACRDF	US OTC	0.51	70	138.1	-214	284	1.2x	10.4x	1.2x	7.2x	235	39	17%	-5.4x
Ascend Wellness Holdings LL	AAWH	US OTC	1.15	245	212.9	-242	487	1.0x	5.7x	0.9x	4.2x	545	116	21%	-2.1x
Ayr Wellness, Inc.	AYRWF	US OTC	2.83	218	77.2	-379	597	1.3x	5.1x	1.1x	4.5x	522	133	25%	-2.9x
Columbia Care, Inc.	CCHWF	US OTC	1.35	566	419.3	-290	856	1.7x	10.5x	1.5x	8.2x	556	104	19%	-2.8x
Cresco Labs, Inc.	CRLBF	US OTC	2.42	1,058	436.5	-415	1,473	1.9x	9.1x	1.9x	8.9x	770	165	21%	-2.5x
Curaleaf Holdings, Inc.	CURLF	US OTC	5.14	3,695	718.7	-489	4,184	3.1x	14.9x	3.0x	12.4x	1,411	338	24%	-1.4x
Glass House Brands Inc	GLASF	US OTC	4.55	0	0.0	-44	44	na	na	0.3x	1.5x	168	29	17%	-1.5x
Goodness Growth Holdings, I	GDNSF	US OTC	0.19	26	143.1	-124	151	1.9x	13.3x	1.6x	8.5x	96	18	19%	-7.0x
Green Thumb Industries Inc.	GTBIF	US OTC	11.30	2,698	238.8	-141	2,839	2.8x	7.9x	2.6x	8.7x	1,078	327	30%	-0.4x
Jushi Holdings Inc Class B	JUSHF	US OTC	0.80	157	196.6	-141	298	1.1x	5.9x	1.0x	5.0x	298	60	20%	-2.4x
MariMed Inc	MRMD	US OTC	0.50	185	371.6	-38	223	1.5x	8.8x	1.3x	5.2x	168	43	26%	-0.9x
Planet 13 Hldgs Inc Com	PLNHF	US OTC	0.87	194	222.2	40	155	1.5x	-66.2x	1.1x	9.4x	144	16	11%	2.4x
Schwazze	SHWZ	US OTC	0.97	68	70.6	-136	204	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	141	1.4x	55.5x	na	na	na	na	na	na
TerrAscend Corp.	TSNDF	US OTC	2.14	750	350.5	-186	936	3.2x	18.3x	2.7x	12.1x	348	78	22%	-2.4x
TILT Holdings, Inc.	TLTTF	US OTC	0.06	23	378.5	-53	76	0.5x	12.4x	0.4x	9.0x	181	8	5%	-6.3x
Trulieve Cannabis Corp.	TCNNF	US OTC	7.25	1,348	186.0	-631	1,979	1.8x	6.3x	1.8x	6.3x	1,129	316	28%	-2.0x
Verano Holdings Corp. Class	VRNOF	US OTC	5.00	1,717	343.4	-318	2,035	2.2x	6.3x	2.0x	6.3x	1,012	322	32%	-1.0x
Vext Science, Inc.	VEXTF	US OTC	0.20	30	151.1	-35	65	1.8x	15.4x	1.2x	3.7x	55	17	31%	-2.0x

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



Exhibit 7: Valuation Comps – Part II

US\$Mn	Company name	Ticker	Listing	9/18/2023	Mkt			Last Qtr Annualized				1yr Forward Consensus		Consensus		Cons	Net debt
				Price	Cap	(mn)	Net	Ent	EV/Sales	EV/EBITDA	EV/Sales	EV/EBITDA	1yF Estimates (US\$Mn)		EBITDA	to Cons	
				US\$	US\$MN	Shares	(Debt)	Value					Sales	EBITDA	mgn %	1yF EBITDA	
Canada																	
	Aleafia Health, Inc.	ALEAF	US OTC	0.02	6	403.2	-32	38	0.3x	57x	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
	Aurora Cannabis Inc.	ACB	NASDAQ	0.86	341	394.7	36	305	1.4x	48x	1.5x	19.5x	206	16	8%	2.3x	
	Auxly Cannabis Group Inc.	CBWTF	US OTC	0.01	15	1,265.9	-133	148	2.0x	52x	1.4x	-74.5x	106	-2	-2%	66.9x	
	Avant Brands Inc	AVTBF	US OTC	0.14	37	260.8	-6	43	1.8x	8.7x	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
	BZAM Ltd	BZAMF	US OTC	0.13	23	181.0	-25	48	0.8x	-2.7x	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
	Canopy Growth Corporation	CGC	NASDAQ	1.14	820	718.9	-350	1,170	3.6x	-6.8x	3.8x	-12.0x	307	-98	-32%	3.6x	
	Cronos Group Inc	CRON	NASDAQ	2.25	875	388.9	835	40	0.5x	-0.6x	0.4x	-1.2x	94	-33	-36%	-25.0x	
	Decibel Cannabis Company I	DBCCE	US OTC	0.13	52	409.0	-29	81	0.9x	3.7x	0.6x	2.2x	136	36	26%	-0.8x	
	Entourage Health Corp	ETRGF	US OTC	0.02	5	306.7	-91	96	na	na	na	na	na	na	na	na	
	High Tide, Inc.	HITI	NASDAQ	1.79	138	76.9	-9	147	1.6x	46.8x	0.3x	4.2x	538	35	6%	-0.3x	
	Nova Cannabis Inc	NVACF	US OTC	0.58	33	57.2	-5	38	0.2x	2.3x	na	na	na	na	na	na	
	OrganiGram Holdings Inc	OGI	NASDAQ	1.63	133	81.7	39	94	1.0x	-10.9x	0.8x	9.8x	125	10	8%	4.0x	
	Rubicon Organics, Inc.	ROMIF	US OTC	0.39	25	63.1	59	-34	-1.0x	-6.5x	-0.7x	-3.5x	51	10	19%	6.0x	
	SNDL Inc.	SNDL	NASDAQ	2.02	503	248.8	161	341	0.5x	52.6x	0.5x	16.2x	716	21	3%	7.6x	
	Tilray Brands, Inc.	TLRY	NASDAQ	2.56	1,800	703.3	-131	1,932	10.5x	86.9x	2.5x	25.2x	758	77	10%	-1.7x	
	Village Farms International, I	VFF	NASDAQ	0.91	100	110.2	-23	124	0.4x	7.0x	0.4x	15.2x	290	8	3%	-2.9x	

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



Exhibit 8: Valuation Comps – Part III

US\$m	Company name	Ticker	Listing	9/18/2023	Mkt			1yr Forward Consensus		Consensus		Cons	Net debt	
				Price	Cap	(mn)	Net	Ent	EV/Sales	EV/EBITDA	1yF Estimates (US\$m)	EBITDA	mgn %	to Cons
			US\$	US\$MN	Shares	(Debt)	Value			Sales	EBITDA		1yF EBITDA	
Service Providers														
	AFC Gamma, Inc.	AFCG	NASDAQ	13.08	266	20.4	-17	283	4.1x	#N/A	69	#N/A	#N/A	#N/A
	Chicago Atlantic Real Estate I	REFI	NASDAQ	15.44	274	17.8	-52	327	5.4x	#N/A	61	#N/A	#N/A	#N/A
	GrowGeneration Corp.	GRWG	NASDAQ	3.41	208	61.0	23	185	0.8x	-50.8x	229	-4	-2%	-6.3x
	Hydrofarm Holdings Group, I	HYFM	NASDAQ	1.45	66	45.2	-165	230	1.0x	25.7x	240	9	4%	-18.4x
	Innovative Industrial Propert	IIPR	NYSE	85.73	2,398	28.0	-14	2,412	7.8x	9.7x	308	248	80%	-0.1x
	Leafly Holdings, Inc.	LFLY	NASDAQ	11.55	25	2.2	-4	29	0.6x	-13.1x	46	-2	-5%	1.7x
	NewLake Capital Partners, In	NLCP	US OTC	14.17	303	21.4	42	261	5.7x	#N/A	46	#N/A	#N/A	#N/A
	RiverNorth Opportunities Fu	RIV	NYSE	10.87	201	18.5	18	183	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
	SHF Holdings Inc Class A	SHFS	NASDAQ	0.78	19	23.7	7	11	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
	Scotts Miracle-Gro Company	SMG	NYSE	53.93	2,993	55.5	-3,183	6,176	1.7x	11.9x	3,576	517	14%	-6.2x
	Silver Spike Investment Corp	SSIC	NASDAQ	9.36	58	6.2	85	-27	-1.8x	#N/A	15	#N/A	#N/A	#N/A
	SpringBig Holdings, Inc.	SBIG	US OTC	0.14	4	26.7	-6	9	0.3x	6.4x	34	1	4%	-3.8x
	urban-gro Inc	UGRO	NASDAQ	1.34	14	10.8	6	9	0.1x	-8.7x	109	-1	-1%	-5.4x
	WM Technology, Inc. Class A	MAPS	NASDAQ	1.56	255	163.7	25	230	1.1x	8.8x	204	26	13%	0.9x
CBD, CPG, Pharma, International														
	Cardiol Therapeutics Inc. Cla:	CRDL	NASDAQ	0.96	61	64.0	44	18	#DIV/0!	-1.0x	0	-18	#DIV/0!	-2.4x
	Charlotte's Web Holdings, In	CWBHF	US OTC	0.38	57	152.1	9	49	0.6x	-5.9x	79	-8	-10%	-1.1x
	Clever Leaves Holdings, Inc.	CLVR	NASDAQ	3.64	5	1.5	4	2	0.1x	-0.2x	27	-6	-24%	-0.6x
	CV Sciences, Inc.	CVSI	US OTC	0.05	7	152.1	-1	8	#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	0.65	5	7.6	-7	12	0.3x	5.1x	44	2	5%	-2.9x
	InterCure Ltd.	INCR	NASDAQ	1.70	77	45.6	-2	80	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
	Jazz Pharmaceuticals Public I	JAZZ	NASDAQ	132.36	8,367	63.2	-4,936	13,303	3.3x	7.0x	3,993	1,890	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	0.20	31	155.0	-9	40	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
	Turning Point Brands Inc	TPB	NYSE	23.61	413	17.5	-314	727	1.7x	7.8x	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	134%	76%	-48%
ACRDF	126%	29%	-50%
AAWH	93%	80%	-40%
AYRWF	220%	223%	-23%
CXXIF	44%	19%	42%
CCHWF	222%	183%	-19%
CRLBF	122%	43%	-28%
CURLF	87%	68%	-13%
GLASF	14%	24%	79%
GNRS	0%	-91%	-99%
GRAMF	11%	-20%	-82%
GDNSF	42%	16%	-84%
GTBIF	68%	49%	1%
GRUSF	27%	53%	475%
JUSHF	96%	66%	-48%
LOWLF	31%	11%	-80%
MRMD	78%	28%	-7%
PLNHF	68%	56%	-32%
RWBYF	25%	nm	-33%
SHWZ	30%	-4%	-19%
STHZF	100%	31%	-74%
TSNDF	28%	31%	31%
TLLTF	146%	66%	-54%
TCNNF	91%	81%	-38%
VRNOF	79%	73%	-10%
VEXTF	31%	-5%	-18%

Stock Performance			
Ticker	Last 30d	Last 90d	Last 12mo
Canada			
ALEAF	#N/A	-25%	-70%
ACB	73%	60%	-44%
CBWTF	-7%	2%	-68%
AVTBF	-2%	29%	-9%
BZAMF	9%	-36%	-75%
CGC	197%	81%	-67%
CRON	25%	32%	-29%
DBCCF	20%	30%	63%
ETRGF	27%	-5%	-44%
HITI	44%	41%	23%
NVACF	42%	22%	-24%
OGI	14%	-8%	-61%
ROMJF	-5%	19%	-7%
SNDL	16%	44%	-27%
TLRY	-3%	64%	-24%
VFF	11%	35%	-63%
CBD, CPG, Pharma, International			
CBDHF	na	9900%	-100%
CRDL	4%	-1%	-22%
CLVR	-49%	-51%	-85%
CVSI	25%	17%	-6%
CWBHF	49%	94%	-21%
GNLN	6%	-59%	-96%
IMCC	-30%	-35%	-86%

Stock Performance			
Ticker	Last 30d	Last 90d	Last 12mo
Service Providers			
AFCG	4%	0%	-25%
AGFY	22%	-28%	-98%
CXXIF	44%	19%	42%
REFI	4%	-3%	5%
GRWG	24%	-5%	-22%
HYFM	41%	41%	-49%
IIPR	8%	15%	-5%
LFLY	87%	70%	-55%
NLCP	11%	15%	-7%
PW	-12%	-36%	-91%
RIV	-3%	-2%	-24%
SMG	8%	-14%	1%
SSIC	-2%	15%	-11%
SBIG	-30%	-73%	-92%
UGRO	21%	-5%	-57%
MAPS	56%	67%	-34%
CBD, CPG, Pharma, International			
INCR	10%	-20%	-61%
JAZZ	-4%	3%	-13%
LGPPF	na	na	na
PCLOF	110%	21%	-34%
TPB	-6%	4%	3%
YCBD	6%	-25%	-90%

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 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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