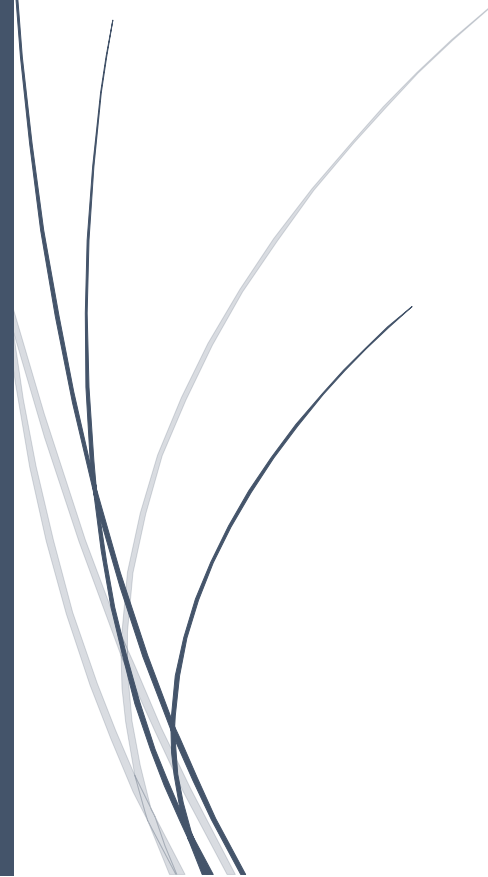


3/19/2024

Potential DEA Questions

Cannabis Sector Equity Research



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Legal Questions Being Asked by the DEA?

A Wall Street Journal article ([Biden Push to Ease Marijuana Restrictions Sparks Tensions](#)), from [What is the Timeline for Rescheduling Marijuana? | McGlinchey Stafford PLLC](#) 3/8/24, if correct, may help explain Vice President Harris very public message to the DEA (“...they need to get to this as quickly as possible”) last Friday. But our focus here is specifically on this part of that article: “HHS officials in recent weeks have asked the Justice Department’s Office of Legal Counsel to weigh in on legal issues related to moving pot to a less-restrictive status”. Is the HHS the one asking, or is the HHS asking because the DEA is asking? Besides, the HHS took ten months to issue its recommendation since President Biden mandated the scheduling review of cannabis, and it is not yet seven months since the DEA received the HHS memo.

We are less concerned about other issues raised in the WSJ article. In our view, the 252-page HHS document (see [HHS Memo Released - What's Next](#)) is thorough and comprehensive, so we are less worried about other quotes in the article from those in the DEA supposedly against rescheduling: “move is half baked”; “some in the DEA are saying the drug’s medicinal benefits remain unproven”; “more research is needed about marijuana’s long term health effects”. The same article says, “the DEA, according to rules created by Congress, can only reschedule marijuana if it has scientific proof of its medical effectiveness”, but the 252 pages directly answer that point, in our judgment.

On the Potential DEA Questions

We believe these could be some of the questions... (we list ten)

Is the Controlled Substances Act, in so far as approved drugs/substances/compounds (DSCs) in Schedule II to V classifications, a federal construct, and thus all DSCs (II to V) are federally legal? The short answer is yes. While everything in Schedule I is federally illegal, everything in Schedules II to V is federally legal. Also, everything in Schedules II to V requires a Dr. prescription (Rx, not just a “recommendation, as is the case for state level medical cannabis programs).

- Or asked another way, is there any DSC presently included in the CSA (II to V, not I) that is at present federally illegal? The answer to this question is no. As a result, rescheduling cannabis to Schedule III would de facto make cannabis federally legal (we leave the question of bifurcation between med and rec for later in this report).
- Rescheduling without federal legalization is neither practical nor feasible.
- The DOJ/HHS/DEA would create a controversial precedent if they included cannabis in Schedule III while keeping it federally illegal, and any such attempt would be challenged (judicially) by various parties, starting with the pharmaceutical industry.
- Those wanting to reschedule while maintaining the federal illegality (“leave it to the states”) assume abnormal state level profits (in some markets) will be protected this way. But we would argue federal legalization would carry a slew of much greater benefits:



greater access to all types of banking services; potential to list in the major US stock exchanges; patient insurance reimbursement; just to name a few.

- Net, the DEA will likely ask, can you reschedule cannabis while keeping it federally illegal? We say the answer is no. So, very simple (...) then, to reschedule they will need to make it federally legal.
- *Note: The conventional wisdom consensus narrative has it that cannabis will be moved to Schedule III, but that it will remain federally illegal, with each state deciding on their respective programs, and that a new DOJ memo would be issued to protect/regulate such model. We are very doubtful of this narrative.*

But does not the UCSA already set a precedent of states having their own CSAs? In short, no. We quote here from a Congressional Research Service [report](#) (see page 4). “With respect to both pharmaceutical and non-pharmaceutical drugs, many drugs subject to the CSA are also subject to state-controlled substance laws. Such state laws often mirror federal law, and they are relatively uniform across jurisdictions because almost all states have adopted a version of a model statute called the Uniform Controlled Substances Act (UCSA). However, states are free to modify the UCSA, and have done so to varying extents. There is not a complete overlap between drugs subject to federal and state-controlled substance laws. States may decide not to impose state controls on substances that are not subject to the CSA, or they may choose to impose modified versions of federal controls at the state level. The states cannot alter federal law, and when state and federal law conflict, the federal law controls. Thus, when states “legalize” or “decriminalize” a federally controlled substance (as many have done recently with respect to marijuana), the sole result is that the substance is no longer controlled under state law. Any federal controls remain in effect and potentially enforceable in those states”. Again, we do not believe rescheduling without federal legalization is possible – while rescheduling with federal legalization is possible.

How would a Schedule III classification impact recreational cannabis? Close to half of the states have legalized rec (the very same products sold for med or rec use are sold at the same dispensaries, although in most states the dispensaries have special lines for med patients, and in some cases, they are taxed differently). Rec is bought essentially “OTC behind the counter” (like Mucinex, for which no Rx prescription is required). But Mucinex is not in the CSA. Some will say the CSA does not bifurcate cannabis. We say it does need to at present because cannabis is federally illegal (Schedule I drugs may be part of the CSA, but they are illegal). Once the DOJ/HHS/DEA decide to reschedule cannabis to III, we believe bifurcation will be required, de facto. Net, you can reschedule medical cannabis to Schedule III, but rec cannabis either remains in Schedule I or is outright de-scheduled and regulated like other compounds that can be sold without prescriptions (like Mucinex), or like dietary supplements, or like alcohol or tobacco.

Do the same prescribing and distribution rules apply to all DSCs in Schedules II to V? or are there exceptions? We believe the answer to this is yes – the same rules apply. These products must be prescribed (Rx) by Drs and the prescription process must follow proper documentation. On the other hand, at present, medical cannabis at the state level is “prescribed” in “recommendations” forms (not Rx), which are then taken by patients to licensed dispensaries. Some DSCs may be



prescribed off-label (Ketamine) for other uses than the original one intended (Ketamine is approved as an anesthetic, but it can be prescribed for other purposes), but they still require a formal Rx prescription. In terms of distribution, DSCs in Schedules II to V are sold through approved pharmacies (even virtual ones) and are shipped across state lines (interstate trade) by suppliers as well as wholesale distributors. In some cases, Rx DSCs are also shipped directly by post to the patient across state lines. In short, by placing (medical) cannabis in Schedule III, the prescription and distribution rules would need to change (to make them consistent with all other approved DSCs in II to V), in our understanding.

Will the FDA oversight of marijuana change? As per a [9/13/23 CSR report](#), “the scope of and demand for FDA oversight for medical marijuana and related products may grow considerably [we insert our own note here: please observe that the CSR does “bifurcate” by using the term medical marijuana]. In the short term, FDA may need to generate or update a substantial amount of technical information to clarify its regulatory approach to marijuana for relevant stakeholders. Given that marijuana is a complex substance containing various pharmaceutical components and is available to consumers in numerous formats, FDA may also need to consider long-term resource allocation to ensure that marijuana products consistently meet applicable regulatory standards”. We could not have said it better. We would just add that every DSC in Schedules II to V is overseen by the FDA, and we are doubtful (medical) marijuana would be an exception.

If placed on Schedule III, would the FDA have to clearly specify for which types of uses (and or instances) would medical cannabis be prescribed for? We say yes. At present, chronic pain, followed by anxiety, are the two main conditions used for medical cannabis “recommendations”. But even if the FDA specifies conditions, we assume off-label would still be allowed.

Would rescheduling open the door to insurance reimbursement? Yes, but first it must be made federally legal, and second, then insurance companies (private as well as state and or government owned) must approve the reimbursement (we assume this would be a slow and gradual process, but do not rule it out over time).

By federally legalizing medical cannabis, would imports (of med cannabis) be allowed? Not all approved Rx drugs (DSCs) in Schedule II to V are manufactured in the US, and imports are allowed. Sure, patients must still get a prescription and buy the imported DSC from a licensed pharmacy. So, in our view, consistent with other Schedule II to V DSCs, imports would be allowed. We are not talking here about unapproved drugs that can be bought online from “Canadian pharmacies” without a prescription, although given the lack of crackdown on this informal channel, we wonder if federal legalization of medical cannabis could open this (unlicensed and unapproved) door too?

Would rescheduling open the door to more research? Again, only if made federally legal.

Does the Chevron Deference play a factor in the rescheduling process (see [Harvard Gazette](#))? We doubt the DEA is waiting for the Supreme Court decision (a decision by this Conservative court could back pedal on the 1984 SUCO “Chevron” decision) to respond to the HHS. From the Gazette, “Chevron is about the power of administrative agencies relative to the courts. It stands for the idea that judges should defer to agency interpretations of the gaps and ambiguities in the laws they



implement, so long as those implementations are reasonable". That said, if SUCO rules before the DEA makes a decision, and it reverses Chevron, the entire rescheduling review process could be called into question, with the matter left to the courts (unless Congress eventually acts).

On our Prognosis...

If we are right about these potential DEA questions, we do not see how the DEA/HHS/DOJ can agree on detailed answers in such a short period of time. To be clear, we believe a rescheduling announcement is likely, but implementations (the details; the framework) would be left TBD.

So, in terms of how things play out, we prefer to assign probability to the three scenarios:

- The DEA says yes to rescheduling (we assign 51% probability to this scenario): But we worry the details and implementation would be left for a 2nd Biden term. At best, there will be time for a public comment period in 3Q24, but for little more before the election. Yes, politics play a part, and this why we expect a positive (a yes) headline answer. But only that. We see this as the "best case" scenario this year, and do not expect more.
- The DEA says no to rescheduling (39% probability): If this happens before June (i.e., the release of a no answer), we would not rule out the Administration raising the ante and promising to de-schedule and or legalize marijuana if President Biden is re-elected. We do not believe they would need to take this stance if the DEA approves rescheduling.
- No response from the DEA (10% probability): We would be very surprised if the DEA does not respond by June at the latest. It is a presidential election year, and President Biden ordered the review and touted the process in his recent State of the Union.

Note #1: Our focus in this report is on rescheduling, but for the record we do not share recent renewed optimism on SAFER. The latest version has less Republican Senators supporting it, and we do not expect Speaker Johnson to put SAFER up for a vote (if it makes it that far).

Note #2: This note has been edited for greater clarity since its first publication on 3/19.

Link to our recent reports on Cannabis Rescheduling

[What to Look for When the DEA News Breaks](#) (2/2/24)

[HHS Memo Released - What's Next](#) (1/15/24)

[Bull Case Math w/o 280e](#) (8/31/23)

[On the Rescheduling Question](#) (7/28/23)



Appendix I: Valuation Comps

Zuanic & Associates

Exhibit 1: Valuation Multiples Comps – US MSOs

US\$Mn 19-Mar-24	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			Financial Net Debt				Broadly Defined Net Debt			
	2023	2024	2025	2023	2024	2025	Sales		EBITDA		Sales		EBITDA	
							CY24	Current	CY24	Current	CY24	Current	CY24	Current
US MSOs	2.0x	1.8x	1.7x	11.5x	8.6x	7.5x								
Acreage Holdings	1.2x	1.1x	na	8.8x	5.6x	na	-0.8x	-0.9x	-4.2x	-8.1x	-1.0x	-1.1x	-4.9x	-9.5x
Ascend Wellness	1.3x	1.2x	1.1x	6.5x	5.6x	4.9x	-0.4x	-0.4x	-2.0x	-2.1x	-0.8x	-0.8x	-3.5x	-3.7x
Ayr Wellness	1.4x	1.3x	1.2x	5.7x	5.2x	4.5x	-0.8x	-0.9x	-3.3x	-3.7x	-1.0x	-1.1x	-3.9x	-4.3x
Cannabist Co	0.9x	0.9x	0.8x	6.5x	5.4x	4.5x	-0.5x	-0.5x	-3.2x	-3.3x	-0.6x	-0.7x	-4.0x	-4.2x
Cansortium	1.4x	na	na	4.1x	na	na	na	na	na	na	na	na	na	na
Cresco Labs	1.9x	2.0x	1.9x	8.6x	7.6x	7.3x	-0.6x	-0.5x	-2.1x	-2.1x	-0.8x	-0.8x	-3.0x	-3.0x
Curaleaf	3.8x	3.6x	3.4x	16.8x	14.6x	12.8x	-0.5x	-0.5x	-1.9x	-3.2x	-0.8x	-0.8x	-3.2x	-5.3x
4Front Ventures	1.8x	1.6x	na	16.1x	7.8x	na	-0.7x	-1.0x	-3.5x	-6.9x	-1.1x	-1.5x	-5.3x	-10.3x
Glass House	4.3x	3.3x	na	27.5x	13.2x	na	-0.1x	na	-0.5x	na	-0.4x	-0.4x	-1.4x	-1.8x
Gold Flora	1.1x	0.9x	na	na	na	na	na	-0.1x	na	na	na	-0.5x	na	na
Goodness Growth	1.2x	1.0x	na	4.8x	4.4x	na	-0.5x	-0.5x	-2.1x	-1.8x	-0.6x	-0.6x	-2.5x	-2.1x
Green Thumb	3.3x	3.1x	2.9x	10.7x	10.3x	9.5x	-0.1x	-0.1x	-0.4x	-0.4x	-0.2x	-0.2x	-0.6x	-0.6x
Grown Rogue	3.4x	na	na	14.5x	na	na	na	na	na	na	na	na	na	na
iAnthus	1.6x	na	na	na	na	na	na	-0.8x	na	-7.5x	na	-0.9x	na	-8.0x
Jushi	1.6x	1.5x	1.4x	10.5x	8.7x	7.2x	-0.7x	-0.7x	-3.8x	-8.6x	-1.0x	-1.1x	-5.9x	-13.5x
MariMed	1.2x	1.1x	0.9x	7.5x	6.4x	4.6x	-0.3x	-0.3x	-1.8x	-2.1x	-0.4x	-0.4x	-2.3x	-2.8x
Planet 13	1.7x	1.4x	1.1x	-3.3x	12.0x	5.9x	0.3x	0.3x	2.4x	35.1x	0.1x	0.2x	1.2x	18.2x
Schwazze	1.9x	1.6x	na	5.8x	4.0x	na	-0.7x	-0.7x	-1.6x	-2.4x	-0.8x	-0.8x	-1.9x	-2.8x
StateHouse	2.0x	na	na	na	na	na	na	-1.1x	na	-57.5x	na	-1.8x	na	-92.6x
TerrAscend	2.8x	2.6x	2.4x	13.0x	11.7x	9.9x	-0.5x	-0.5x	-2.4x	-1.9x	-0.7x	-0.7x	-3.4x	-2.7x
TILT	0.6x	0.6x	0.5x	51.3x	18.7x	11.2x	-0.3x	-0.3x	-9.0x	-5.7x	-0.5x	-0.5x	-16.9x	-10.6x
Trulieve	2.5x	2.5x	2.4x	8.9x	8.7x	8.3x	-0.5x	-0.5x	-1.6x	-1.7x	-0.6x	-0.6x	-1.9x	-2.1x
Verano	2.6x	2.6x	2.4x	7.9x	8.0x	7.4x	-0.2x	-0.2x	-0.8x	-0.6x	-0.6x	-0.6x	-1.8x	-1.5x
Vext	1.8x	1.2x	na	9.3x	4.8x	na	-0.6x	-1.1x	-2.6x	-8.1x	-0.6x	-1.1x	-2.6x	-8.1x

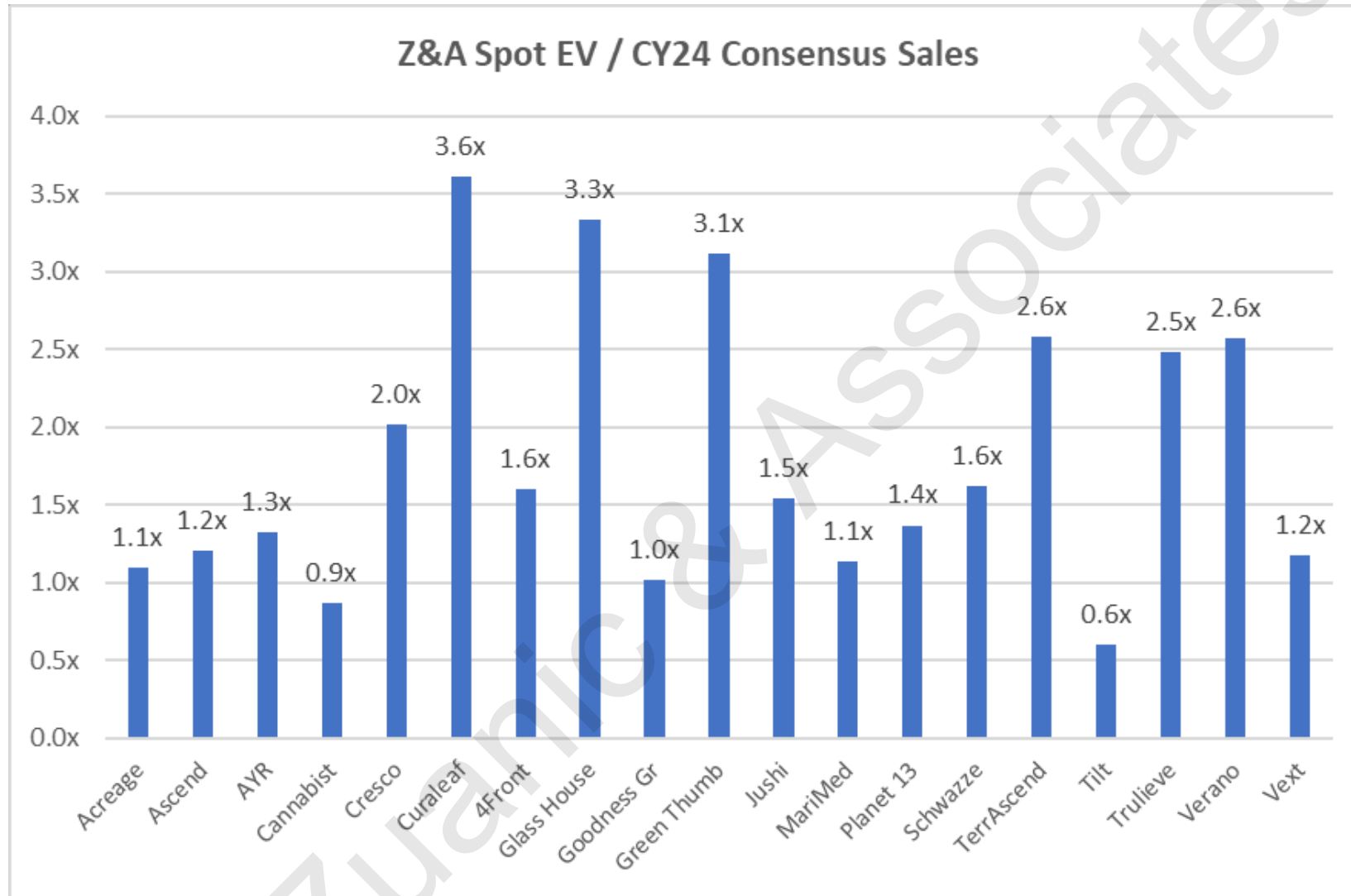
1) By "current", we mean the latest reported qtr annualized; 2) Multiples calculated using FactSet consensus (when available) for 2023, 2024, and 2025

3) As there are no consensus estimates for Cansortium, Grown Rogue, iAnthus, and StateHouse, we take "current" sales for each of them

Source: FactSet and company reports



Exhibit 2: US MSOs EV/Sales



Source: FactSet; Z&A Estimates

Exhibit 3: Spot EV calculation – US MSOs

US\$Mn 19-Mar-24	FactSet Spot EV	Z&A Spot EV	US\$ price	mn shares	mn deriv	Total Mkt Cap	Financial net debt	Net leases	ST income tax liab.	Conting Cons.	ITM deriv inflow	Total BDND	Pref Stock Min Int
US MSOs													
Acreage Holdings	222	284	0.20	139.9	29.7	34	-214	-2	-34			-250	
Ascend Wellness	744	696	1.18	206.9	13.3	259	-244	-134	-60			-438	
Ayr Wellness	715	654	2.03	76.6	5.0	166	-417	6	-78	0		-489	
Cannabist Co	623	456	0.27	429.3		115	-272	-23	-45	0		-340	
Cansortium		145	0.21	298.3	6.3	64	-49	-7	-26			-81	
Cresco Labs	1,232	1,498	2.05	436.5	8.2	912	-415	-54	-111	-6		-586	
Curaleaf	4,305	5,112	5.16	744.3	7.9	3,878	-672	-18	-345	-81		-1,115	119
4Front Ventures	293	210	0.10	648.6		68	-95	-6	-41	0		-142	
Glass House	450	699	7.02	75.3	3.2	551	-26	0	-21	-29		-76	72
Gold Flora		135	0.27	288.3	0.3	77	-16	-32	-5	-5		-58	
Goodness Growth	161	104	0.42	108.7		46	-50	-8				-58	
Green Thumb	3,238	3,478	13.48	237.1	7.1	3,291	-147	-23	-11	-33	28	-187	
Grown Rogue		86	0.50	170.8		85	4	-3	0	0		0	
iAnthus	115	272	0.02	6,510.5		117	-146	-9				-155	
Jushi	433	426	0.70	196.6	1.1	139	-183	1	-106			-288	
MariMed	182	185	0.26	375.1	5.8	99	-52	-1	-14			-67	19
Planet 13	135	163	0.56	320.6	1.3	180	32	-6	-5	-5		17	
Schwazze	165	329	1.01	171.3		173	-134	-3	-18	0		-156	
StateHouse	153	207	0.05	255.6	141.0	21	-114	-13	-39	-24	7	-184	2
TerrAscend	730	896	1.74	351.2	15.3	638	-186	-7	-59	-6		-258	
TILT	111	106	0.03	381.5	5.0	10	-51	-43	-1			-95	
Trulieve	2,101	2,863	11.75	186.0	3.3	2,224	-537	-16	-81	-4		-639	
Verano	2,181	2,406	5.27	343.5	9.8	1,862	-229	-3	-311	-2		-545	
Vext	46	64	0.19	149.8	0.4	29	-35	0				-35	

Source: FactSet and company reports



Exhibit 4: Forward estimates – US MSOs

US\$Mn 19-Mar-24	FACTSET CONSENSUS					ZUANIC & ASSOCIATES ESTIMATES					Z&A vs. CONSENSUS			
	Revenues		Adj EBITDA		margin	Revenues		Adj EBITDA		margin	Revenues		Adj EBITDA	
	2024	2025	2024	2025	2024	2024	2025	2024	2025	2024	2024	2025	2024	2025
US MSOs														
Acreage Holdings	259	na	51	na	19.6%									
Ascend Wellness	577	615	124	142	21.5%									
Ayr Wellness	495	542	126	146	25.3%									
Cannabist Co	527	567	85	100	16.0%									
Cansortium														
Cresco Labs	744	780	198	205	26.6%									
Curaleaf	1,416	1,512	351	400	24.8%									
4Front Ventures	131	na	27	na	20.6%									
Glass House	210	na	53	na	25.2%									
Gold Flora	145	na	4	na	na	155	199	9	34	5.9%	7%	na	147%	na
Goodness Growth	102	na	24	na	23.2%									
Green Thumb	1,117	1,203	339	366	30.4%	1,093	1,225	330	378	30.2%	-2%	2%	-3%	3%
Grown Rogue														
iAnthus	na	na	na	na	na									
Jushi	277	302	49	60	17.6%	295	319	51	56	17.4%	6%	6%	5%	-5%
MariMed	163	196	29	41	17.7%	157	218	25	44	15.9%	-4%	11%	-13%	8%
Planet 13	120	156	14	28	11.4%	120	156	14	28	11.4%	0%	0%	0%	0%
Schwazze	203	235	83	84	40.8%									
StateHouse	na	na	na	na	na	105	114	10	14	9.2%	na	na	na	na
TerrAscend	347	380	76	91	22.0%									
TILT	176	197	6	9	3.2%	180	205	11	16	5.8%	3%	4%	87%	71%
Trulieve	1,154	1,207	331	347	28.6%									
Verano	936	999	301	326	32.2%	905	972	280	298	30.9%	-3%	-3%	-7%	-9%
Vext	54	68	13	22	24.6%									

Source: FactSet and company reports



Exhibit 5: Canada LP Valuation Multiples

Multiples 19-Mar-24	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			Financial Net Debt				Broadly Defined Net Debt			
							Sales		EBITDA		Sales		EBITDA	
	Current	2024	2025	Current	2024	2025	Current	CY24	Current	CY24	Current	CY24	Current	CY24
Aurora Cannabis Inc.	0.9x	0.7x	0.6x	13.6x	6.9x	4.5x	na	na	na	na	0.1x	0.1x	1.7x	0.9x
Auxly Cannabis Group Inc.	1.4x	na	na	348.7x	na	na	-1.1x	na	-273.2x	na	-1.3x	na	-310.1x	na
Avant Brands Inc	1.7x	na	na	11.9x	na	na	-0.3x	na	-2.1x	na	-0.7x	na	-4.9x	na
BZAM Ltd	0.6x	na	na	-1.7x	na	na	-0.4x	na	1.0x	na	-0.5x	na	1.4x	na
Canopy Growth Corporation	1.5x	1.4x	0.8x	-13.1x	-50.6x	-35.7x	-1.4x	-1.2x	11.8x	45.6x	-1.4x	-1.2x	11.8x	45.6x
Cronos Group Inc	0.3x	0.3x	0.2x	-0.5x	-0.9x	-1.0x	na	na	na	na	8.5x	8.3x	-13.8x	-24.6x
Decibel Cannabis Company Ir	0.8x	0.7x	0.6x	3.6x	3.0x	2.7x	-0.3x	-0.3x	-1.6x	-1.3x	-0.4x	-0.3x	-1.8x	-1.5x
High Tide, Inc.	0.4x	0.4x	0.3x	11.1x	5.0x	3.6x	0.0x	0.0x	-0.7x	-0.3x	0.0x	0.0x	-0.9x	-0.4x
Nova Cannabis Inc	0.4x	0.4x	0.4x	4.2x	3.9x	3.1x	0.0x	0.0x	-0.1x	-0.1x	0.0x	0.0x	-0.4x	-0.4x
OrganiGram Holdings Inc	1.4x	1.2x	1.1x	366.8x	36.0x	14.6x	na	na	na	na	0.6x	0.6x	168.9x	16.6x
Rubicon Organics, Inc.	0.6x	na	na	5.0x	na	na	0.0x	na	-0.3x	na	0.0x	na	-0.3x	na
SNDL Inc.	0.3x	0.3x	0.3x	4.4x	5.4x	na	na	na	na	na	0.2x	0.2x	3.0x	3.7x
Tilray Brands, Inc.	2.2x	1.9x	1.8x	43.0x	17.7x	10.8x	-0.2x	-0.2x	-4.8x	-2.0x	-0.4x	-0.3x	-6.8x	-2.8x
Village Farms International, l	0.5x	0.4x	0.4x	10.0x	10.5x	6.9x	-0.1x	-0.1x	-1.3x	-1.4x	-0.1x	-0.1x	-1.4x	-1.4x

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

Exhibit 6: Canada LP EV Calculations

C\$Mn 19-Mar-24	FactSet Spot EV	Z&A Spot EV	C\$ price	mn shares	mn deriv	Total Mkt Cap	Financial net debt	Net leases	ST income tax liab.	Conting Cons.	ITM deriv inflow	Total BDND	Pref Stock Min Int
Aurora Cannabis Inc.	185	237	4.89	54.5	1.6	267	89	-48		-11		30	
Auxly Cannabis Group Inc.	151	163	0.02	1,009.0	249.9	18	-128	-17		0		-145	
Avant Brands Inc	33	43	0.10	258.3	3.4	25	-7	-10				-18	
BZAM Ltd	40	54	0.05	180.8	0.2	10	-31	-14				-45	
Canopy Growth Corporation	na	473	5.14	9.1	1.7	47	-426					-426	
Cronos Group Inc	73	40	3.08	381.1	7.8	1,175	1,138	-3				1,135	
Decibel Cannabis Company Ir	92	97	0.12	409.0	16.7	50	-42	-6				-48	
High Tide, Inc.	190	189	2.30	75.1	0.5	173	-12	-4				-16	
Nova Cannabis Inc	4	114	1.82	57.2		104	-4	-7				-11	
OrganiGram Holdings Inc	213	200	3.10	94.1	4.2	291	92					92	
Rubicon Organics, Inc.	25	23	0.38	56.1	6.9	21	-1	0				-1	
SNDL Inc.	273	282	2.01	236.7	12.8	476	232	-37				194	
Tilray Brands, Inc.	2,298	2,351	2.62	742.7		1,944	-262	-83		-28		-373	34
Village Farms International, I	145	174	1.16	110.2		128	-23	-1				-24	22

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

Exhibit 7: Canada LP Consensus Estimates

C\$Mn Estimates	REVENUES			Adj EBITDA			Adj EBITDA Margins		
	Current	2024	2025	Current	2024	2025	Current	2024	2025
Aurora Cannabis Inc.	258	319	379	17	35	53	6.8%	10.9%	13.9%
Auxly Cannabis Group Inc.	113	na	na	0	na	na	0.4%	na	na
Avant Brands Inc	26	na	na	4	na	na	13.9%	na	na
BZAM Ltd	84	na	na	-32	na	na	-37.9%	na	na
Canopy Growth Corporation	314	346	603	-36	-9	-13	-11.5%	-2.7%	-2.2%
Cronos Group Inc	133	137	200	-82	-46	-41	-62.0%	-33.8%	-20.8%
Decibel Cannabis Company Ir	121	138	160	27	32	36	22.2%	23.3%	22.7%
High Tide, Inc.	497	533	612	17	38	52	3.4%	7.1%	8.5%
Nova Cannabis Inc	271	286	321	27	29	37	10.0%	10.2%	11.4%
OrganiGram Holdings Inc	146	162	186	1	6	14	0.4%	3.4%	7.4%
Rubicon Organics, Inc.	40	na	na	5	na	na	11.4%	na	na
SNDL Inc.	950	996	1,052	64	52	na	6.8%	5.2%	na
Tilray Brands, Inc.	1,051	1,206	1,306	55	133	218	5.2%	11.0%	16.7%
Village Farms International, I	373	413	455	17	17	25	4.7%	4.0%	5.6%

Note: for Decibel and VFF, we use our 2024-2025 estimates; for the rest, we use FactSet consensus if available. Current means latest qtr annualized

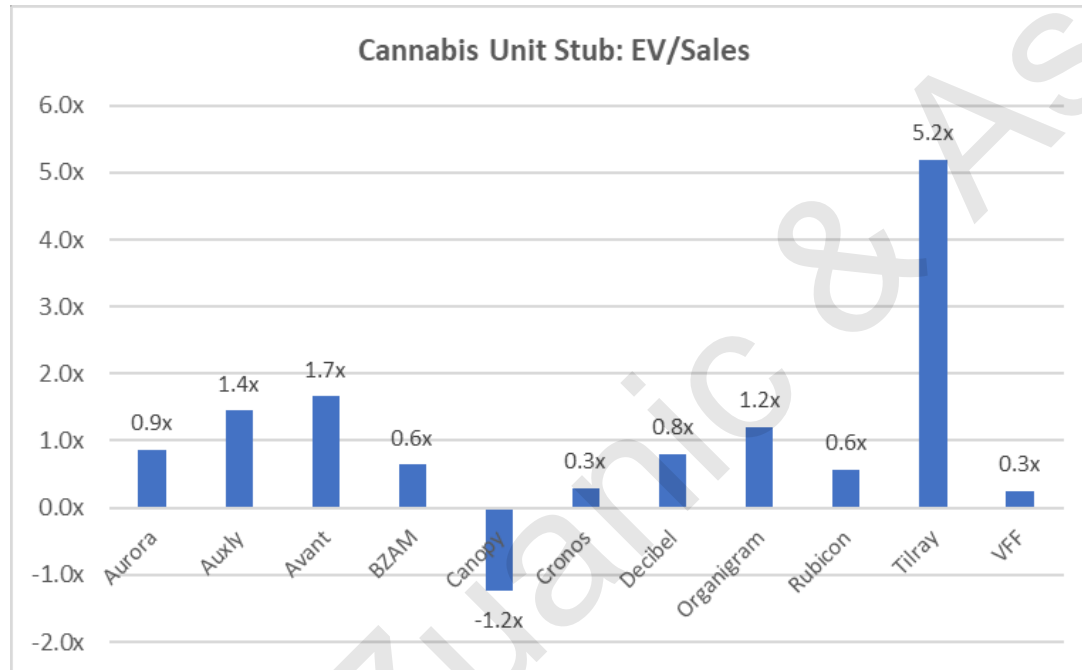
Source: FactSet, company reports, and Z&A estimates

Exhibit 8: Implied Value of Cannabis Strip for Canada LPs

C\$Mn	Aurora	Auxly	Avant	BZAM	Canopy	Cronos	Decibel	OGI	Rubicon	Tilray	VFF
Total EV	237	163	43	54	473	40	97	200	23	2,351	174
MJ EV	192	163	43	54	-238	40	97	200	23	1,954	39
MJ Sales (ann.)	223	113	26	84	192	133	121	167	40	376	155
MJ multiple	0.9x	1.4x	1.7x	0.6x	-1.2x	0.3x	0.8x	1.2x	0.6x	5.2x	0.3x

Source: FactSet; Z&A Estimates

Exhibit 9: Implied Value of Cannabis Strip for Canada LPs



Source: FactSet; Z&A Estimates



Exhibit 10: Service Providers and International Cannabis Stocks

US\$Mn	Company name	Ticker	Listing	3/19/2024	Mkt	Net	Ent			Consensus		Cons	Net debt		
				Price	Cap					(mn)	(Debt)	Value	1yr Forward	Consensus	1yF
			US\$	US\$MN	Shares					EV/Sales	EV/EBITDA	Sales	EBITDA	mgn %	1yF EBITDA
Service Providers															
	AFC Gamma	AFCG	NASDAQ	12.63	258	20	-8	267	<i>finco</i>	3.9x	#N/A	68	#N/A	#N/A	#N/A
	Chicago Atlantic	REFI	NASDAQ	16.04	292	18	-58	350	<i>finco</i>	5.7x	#N/A	61	#N/A	#N/A	#N/A
	Innovative Industrial Prop	IIPR	NYSE	98.15	2,762	28	-139	2,901	<i>finco</i>	8.9x	11.6x	325	251	77%	-0.6x
	New Lake Capital Partners	NLCP	US OTC	17.90	367	21	24	343	<i>finco</i>	7.0x	#N/A	49	#N/A	#N/A	#N/A
	River North	CNPOF	US OTC	0.07	10	136	-12	23	<i>finco</i>	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
	SHF Holdings	SHFS	NASDAQ	0.88	21	24	7	14	<i>finco</i>	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
	Silver Spike BDC	SSIC	NASDAQ	9.75	61	6	85	-24	<i>finco</i>	-2.0x	#N/A	12	#N/A	#N/A	#N/A
	Leafly	LFLY	NASDAQ	2.27	5	2	-4	9	<i>tech</i>	0.2x	-1.9x	40	-5	-11%	0.8x
	Springbig	SBIG	US OTC	0.17	5	27	-6	10	<i>tech</i>	0.3x	2.4x	31	4	14%	-1.3x
	WM Technology	MAPS	NASDAQ	0.98	54	55	0	54	<i>tech</i>	0.3x	1.8x	199	31	16%	0.0x
	Greenlane Holdings	GNLN	NASDAQ	0.51	1	2	-8	8	<i>vape parts</i>	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
	GrowGeneration	GRWG	NASDAQ	2.00	123	61	23	100	<i>pix & shovel</i>	0.5x	-514.1x	215	0	0%	-115.5x
	HydroFarm	HYFM	NASDAQ	0.82	37	46	-154	191	<i>pix & shovel</i>	1.0x	37.7x	195	5	3%	-30.3x
	Scotts Miracle Gro	SMG	NYSE	67.33	3,804	57	-2,874	6,678	<i>pix & shovel</i>	1.8x	11.4x	3,654	584	16%	-4.9x
	urban-gro	UGRO	NASDAQ	2.20	24	11	6	18	<i>pix & shovel</i>	0.2x	25.0x	118	1	1%	7.6x
CBD, CPG, International															
	Charlotte's Web	CWBHF	US OTC	0.17	25	152	9	16	<i>CBD</i>	0.2x	-1.4x	78	-12	-15%	-0.8x
	Clever Leaves	CLVR	NASDAQ	3.90	6	1	4	2	<i>CBD</i>	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
	CV Sciences	CVSI	US OTC	0.04	6	152	-1	7	<i>CBD</i>	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
	Turning Point Brands	TPB	NYSE	28.20	496	18	-260	757	<i>CPG</i>	2.0x	7.7x	386	98	25%	-2.7x
	IM Cannabis	IMCC	NASDAQ	0.30	2	8	-7	9	<i>Intl</i>	0.2x	20.5x	42	0	1%	-15.3x
	InterCure	INCR	NASDAQ	2.00	91	46	-2	94	<i>Intl</i>	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
	Ispire Tech	ISPR	NASDAQ	9.61	521	54	45	476	<i>Intl</i>	1.9x	#N/A	248	#N/A	#N/A	#N/A
	Little Green Pharma	LGPPF	US OTC	#N/A	#N/A	298	0	#N/A	<i>Intl</i>	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
	PharmaCielo	PCLOF	US OTC	0.10	15	155	-9	24	<i>Intl</i>	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
	Smoore Intl	SMORF	US OTC	0.83	5,068	6,078	2,106	2,963	<i>Intl</i>	0.2x	1.1x	13,988	2,644	19%	0.8x
	Jazz Pharma	JAZZ	NASDAQ	123.40	7,682	62	-4,170	11,853	<i>pharma</i>	2.8x	6.5x	4,162	1,826	44%	-2.3x

Source: FactSet; Z&A Estimates

Exhibit 11: Stock Performance

19-Mar-24	Stock Performance		
Ticker	Last 30d	Last 90d	Last 12mo
US MSOs			
FFNTF	17%	5%	-54%
ACRDF	-20%	-8%	-76%
AAWH	-32%	12%	-1%
AYRWF	3%	21%	162%
CXXIF	-11%	69%	27%
CBSTF	-29%	-29%	-53%
CRLBF	18%	44%	23%
CURLF	1%	38%	52%
GLASF	3%	53%	138%
GRAMF	-38%	78%	7%
GDNSF	4%	75%	171%
GTBIF	-3%	37%	65%
ITHUF	-14%	-40%	-3%
JUSHF	7%	46%	23%
LOWLF	-19%	-13%	-60%
MRMD	-7%	-7%	-37%
PLNH	-22%	-17%	-32%
RWBYF	na	na	na
SHWZ	-26%	88%	-22%
STHZF	-4%	215%	7%
TSNDF	3%	27%	16%
GNRS	na	na	na
TLLTF	-24%	51%	-63%
TCNNF	37%	131%	93%
VRNOF	-16%	44%	77%
VEXTF	-29%	1%	20%

Stock Performance			
Ticker	Last 30d	Last 90d	Last 12mo
Canada			
ALEAF	na	na	na
ACB	-8%	-24%	-51%
CBWTF	10%	26%	-6%
AVTBF	-10%	-31%	-49%
BZAMF	-49%	-65%	-84%
CGC	-1%	-27%	-81%
CRON	0%	19%	17%
DBCCF	-1%	-10%	-11%
ETRGF	-8%	-35%	-66%
HITI	-10%	8%	47%
NVACF	33%	79%	120%
OGI	5%	80%	-9%
ROMJF	-14%	-18%	-40%
SNDL	0%	3%	-5%
TLRY	1%	-6%	-26%
VFF	0%	13%	-10%
YOLO ETF	-1%	28%	19%
CBD, CPG, Pharma, International			
CWBHF	13%	-23%	-46%
CLVR	-11%	73%	-61%
CVSI	3%	0%	0%
TPB	23%	12%	38%
IMCC	-2%	-8%	-56%
INCR	11%	63%	10%
ISPR	-20%	-22%	#N/A

Stock Performance			
Ticker	Last 30d	Last 90d	Last 12mo
Service Providers			
AFCG	8%	2%	5%
AGFY	-29%	-68%	-91%
REFI	0%	-5%	23%
IIPR	7%	-2%	22%
NLCP	9%	17%	31%
PW	-7%	15%	-85%
CNPOF	-20%	-15%	-37%
SHFS	-16%	-6%	52%
SSIC	23%	10%	6%
LFly	-38%	-56%	-73%
SBIG	4%	32%	-75%
MAPS	-1%	33%	12%
GNLN	19%	-1%	-85%
GRWG	-14%	-23%	-44%
HYFM	-9%	-2%	-52%
SMG	16%	7%	-8%
UGRO	-9%	85%	-21%
CBD, CPG, Pharma, International			
LGPPF	#N/A	#N/A	#N/A
PCLOF	-30%	-5%	-36%
SMORF	19%	1%	-33%
JAZZ	-3%	1%	-9%
Index			
S&P 500	3%	8%	32%
MSOS ETF	3%	48%	47%

Source: FactSet



Appendix II: Bio and Disclaimers

Zuanic & Associates



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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