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Upside if Excise Tax is Changed

Cannabis Sector Equity Research



Pablo Zuanic
ZUANIC & ASSOCIATES
pablo.zuanic@zuanicgroup.com
[420Odysseus](http://420Odysseus.com); www.zuanicassociates.com



Summary

Canadian LPs could be facing several positive catalysts in the year ahead,

- As per a [Legislative Review of the Cannabis Act](#) published Friday 3/22/24 (“Final Report of the Expert Panel”), Canada may change the way it collects excise tax on cannabis.
- The original intent of the law (2018) was to garner excise taxes equivalent to 10% of industry gross revenues (or close to that). But given flat C\$ tax rates at low price points (and other issues), most companies now pay 30-40% of reported gross domestic rec revenues in excise taxes.
- If we assume the rate goes back to a general 10% rate, the industry would benefit. By that we mean consumers, retailers, distributors, and producers. As per the math we show here, for some Canadian LPs the valuation upside from such a change could be greater than their current market caps, even assuming they only keep 1/3 of the gross benefit.
- Of course, it remains to be seen whether the government fiscal authorities will agree to collecting less revenue... As per MJBiz Daily, for FY23 (Mar) collections from federal excise duties on cannabis reached C\$895Mn, more than beer and wine combined C\$888Mn.
- Still, unarguably, top down, catalysts are lining up for the Canadian LP group: changes to the Cannabis Act (excise taxes and more); price stabilization and potential shake-out (consolidation; boards garnishing payments from LPs for unpaid excise taxes); potential significant growth ramp in Germany’s medical market (see our report [German Reform Upside](#)); US reform news flow generating opportunities for LPs and also boosting stock valuations.

Calculating the Upside: Excise Tax Change

First, some context. As per the “Final Report”, the Canadian government is evaluating the excise tax system on sales of cannabis: how taxes are collected (which part of the value chain) and potentially going back to a general ~10% of gross sales vs. \$ absolute (\$1/gram) at low price points.

- Most Canadian LPs pay excise taxes equivalent to 30-40% of gross domestic rec sales. The price mix of an LP’s portfolio (given the minimum C\$1 tax per gram, companies with average lower prices end up paying a larger %) and format mix (vapes, especially larger formats, end up paying a higher %) are explain the varying % across companies.
- Based on the latest reported qtr, Ayurcann (45.3%), Decibel (40.5%), and Village Farms (39.0%) had the highest ratio of excise taxes reported relative to domestic gross rec sales. Others in the high 30s included OGI, SNDL, and TLRY (all three at 36-37%).

Upside if the C\$ Excise Tax on Cannabis is Changed

- There is no excise tax on exports or sales to other LPs. Excise taxes are collected on domestic rec and medical sales. For most companies, domestic medical is a very small part of their sales (Aurora and Canopy Growth being the main exceptions).
- For Canopy Growth, excise taxes were 10% of gross domestic med sales and 29% for rec in the last reported qtr; for Aurora these %s were 11% and 31%, respectively.

Our calculations of the potential upside,

- We take a base case scenario that a 10% excise tax will be collected on rec sales (no C\$1 per gram minimum). Based on the latest qtr reported, the excise taxes at VFF would be \$7.5Mn compared with \$29.2Mn reported. If we annualize the net benefit (4x\$21.7Mn), for VFF this would be \$87Mn. The table below shows the #s for other LPs.
- If this proposal goes through (say, a 10% excise tax), it is not obvious to us that 100% of the benefit would flow to the LPs, necessarily. Some of the savings may be passed on to the consumer in the form of lower prices; also, some of the benefits may be captured by retailers and the boards (i.e., the wholesalers); and some (but not all) may go to the LPs.
- Regardless of how much goes to the LPs, not all will necessarily flow to their bottom line (some may get reinvested in the form of consumer education and other initiatives).
- In the table below, we assume 33% of the benefit flows to the LP in the form extra EBITDA (i.e., flows to the bottom line). If we take a 5x multiple on that benefit and compare that with the companies' market caps, we can then derive the "valuation upside" for the various LP stocks from this potential reform.
- As we show in the table, upside for VFF is close to 100%, ~200% for Decibel and Auxly, and over 300% for the likes of BZAM and Ayurcann. All based on the latest quarter disclosed.

Table 1: Potential Excise Tax Savings and Potential Valuation Boost

CSMn	Latest reported quarter (CSMn)			per qtr "new" excise tax	annualized		as % of mkt cap	If LP keeps 33% of benefit	@5x EBITDA	% of mkt cap	Market Cap	EV
	Gross Rec Sales	Rec Excise Tax	Tax as % of Gross		100%	100% benefit						
Aurora	17.0	-5.3	-31.4%	if 10%>	-1.7	14.5	5%	4.8	24.2	8%	309	279
Auxly	39.9	-11.7	-29.3%	if 10%>	-4.0	30.8	105%	10.3	51.4	174%	29	175
Avant	15.8	-3.8	-24.2%	if 10%>	-1.6	9.0	36%	3.0	14.9	61%	25	42
Ayurcann	10.6	-4.8	-45.3%	if 10%>	-1.1	15.0	339%	5.0	25.1	564%	4	2
BZAM	27.7	-8.6	-30.9%	if 10%>	-2.8	23.2	174%	7.7	38.6	291%	13	58
Cannara Biotech	26.3	-7.8	-29.7%	if 10%>	-2.6	20.7	24%	6.9	34.5	40%	86	89
Canopy Growth	33.1	-9.7	-29.4%	if 10%>	-3.3	25.7	33%	8.6	42.9	54%	79	505
Cronos	37.4	-13.2	-35.2%	if 10%>	-3.7	37.7	3%	12.6	62.9	5%	1,309	170
Decibel	46.8	-18.9	-40.5%	if 10%>	-4.7	57.0	116%	19.0	94.9	194%	49	97
Organigram	54.2	-19.8	-36.5%	if 10%>	-5.4	57.6	18%	19.2	96.0	30%	323	281
Rubicon	13.0	-2.9	-22.7%	if 10%>	-1.3	6.6	29%	2.2	11.0	49%	22	24
SNDL	33.2	-12.2	-36.8%	if 10%>	-3.3	35.5	6%	11.8	59.2	11%	555	361
Tilray	97.4	-36.2	-37.2%	if 10%>	-9.7	106.0	5%	35.3	176.7	8%	2,181	2,589
Village Farms	75.0	-29.2	-39.0%	if 10%>	-7.5	86.9	56%	29.0	144.8	93%	155	201

Source: FactSet; company reports; Z&A calculations



Table 2: Stocks mentioned in this report

Company name	Ticker	Ticker	Rating	Company name	Ticker	Rating
US MSOs				Canada LPs		
4Front Ventures		FFNTF	Not rated	Aurora Cannabis	ACB	not rated
Acreage Holdings		ACRDF	Not rated	Auxly Cannabis Group	CBWTF	not rated
Ascend Wellness		AAWH	Not rated	Avant Brands	AVTBF	not rated
AYR Wellness		AYRWF	Not rated	BZAM	BZAMF	not rated
Columbia Care		CCHWF	Not rated	Cannara Biotech	LOVFF	not rated
Cresco Labs		CRLBF	Not rated	Canopy Growth Corporation	CGC	not rated
Curaleaf Holdings		CURLF	Not rated	Cronos Group	CRON	not rated
GlassHouse Brands		GLASF	Not rated	Decibel Cannabis Co	DBCCF	Overweight
Gold Flora		GRAM	Overweight	Organigram Holdings	OGI	not rated
Greenlane Holdings		GNLN	Not rated	Rubicon Organics	ROMJF	not rated
Green Thumb Industries		GTBIF	Overweight	SNDL	SNDL	not rated
GroiwN Rogue		GRUSF	Not rated	Tilray Brands	TLRY	not rated
Jushi Holdings		JUSHF	Overweight	Village Farms Intl	VFF	Overweight
MariMed		MRMD	Overweight	Other		
Planet 13 Holdings		PLNHF	Overweight	Chicago Atlantic REFC	REFI	Overweight
Schwazze		SHWZ	Not rated	Intercure	INCR	Not rated
StateHouse Holdings Inc		STHZF	Neutral	Irwin Naturals	IWINF	Not rated
TerrAscend		TSNDF	Not rated	Leafly	LFLY	Not rated
Tilt Holdings		TLLTF	Overweight	New Lake Capital Partners	NLCP	Overweight
Trulieve Cannabis		TCNNF	Not rated	Smoores International	SMORF	Not rated
Verano Holdings		VRNOF	Overweight	Springbig	SBIG	Not rated
Vext Science, Inc.		VEXTF	Not rated	WM Technology	MAPS	Neutral

Source: FactSet; company reports; Z&A calculations



Appendix I: Math of Excise Tax Upside

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Upside if the C\$ Excise Tax on Cannabis is Changed

Exhibit 1: Potential Excise Tax Savings and Potential Valuation Boost

	Latest reported quarter (C\$Mn)				per qtr	annualized	as % of	If LP keeps	@5x	% of	Market	% of	EV
	Gross Rec	Rec Excise	Tax as %		"new"	100%							
	Sales	Tax	of Gross		excise tax	100% benefit							
C\$Mn													
Aurora	17.0	-5.3	-31.4%	if 10%->	-1.7	14.5	5%	4.8	24.2	8%	309	9%	279
Auxly	39.9	-11.7	-29.3%	if 10%->	-4.0	30.8	105%	10.3	51.4	174%	29	29%	175
Avant	15.8	-3.8	-24.2%	if 10%->	-1.6	9.0	36%	3.0	14.9	61%	25	35%	42
Ayurcann	10.6	-4.8	-45.3%	if 10%->	-1.1	15.0	339%	5.0	25.1	564%	4	1111%	2
BZAM	27.7	-8.6	-30.9%	if 10%->	-2.8	23.2	174%	7.7	38.6	291%	13	67%	58
Cannara Biotech	26.3	-7.8	-29.7%	if 10%->	-2.6	20.7	24%	6.9	34.5	40%	86	39%	89
Canopy Growth	33.1	-9.7	-29.4%	if 10%->	-3.3	25.7	33%	8.6	42.9	54%	79	8%	505
Cronos	37.4	-13.2	-35.2%	if 10%->	-3.7	37.7	3%	12.6	62.9	5%	1,309	37%	170
Decibel	46.8	-18.9	-40.5%	if 10%->	-4.7	57.0	116%	19.0	94.9	194%	49	98%	97
Organigram	54.2	-19.8	-36.5%	if 10%->	-5.4	57.6	18%	19.2	96.0	30%	323	34%	281
Rubicon	13.0	-2.9	-22.7%	if 10%->	-1.3	6.6	29%	2.2	11.0	49%	22	46%	24
SNDL	33.2	-12.2	-36.8%	if 10%->	-3.3	35.5	6%	11.8	59.2	11%	555	16%	361
Tilray	97.4	-36.2	-37.2%	if 10%->	-9.7	106.0	5%	35.3	176.7	8%	2,181	7%	2,589
Village Farms	75.0	-29.2	-39.0%	if 10%->	-7.5	86.9	56%	29.0	144.8	93%	155	72%	201

Note: Data based on the latest reported qtr; all in C\$ (numbers for that report in US\$ have been converted to C\$).

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



Appendix II: Valuation Comps

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25 March 2024

Upside if the C\$ Excise Tax on Cannabis is Changed

Exhibit 2: Canada LP Valuation Multiples

Multiples 25-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.	1.1x	0.9x	0.7x	16.1x	8.1x	5.3x	na	na	na	na	0.1x	0.1x	1.7x	0.9x
Auxly Cannabis Group Inc.	1.5x	na	na	373.2x	na	na	-1.1x	na	-273.2x	na	-1.3x	na	-310.1x	na
Avant Brands Inc	1.6x	na	na	11.7x	na	na	-0.3x	na	-2.1x	na	-0.7x	na	-4.9x	na
BZAM Ltd	0.7x	na	na	-1.8x	na	na	-0.4x	na	1.0x	na	-0.5x	na	1.4x	na
Cannara Biotech	1.1x	na	na	4.3x	na	na	0.0x	na	-0.1x	na	0.0x	na	-0.2x	na
Canopy Growth Corporation	1.6x	1.5x	0.8x	-14.0x	-53.8x	-38.0x	-1.4x	-1.2x	11.8x	45.4x	-1.4x	-1.2x	11.8x	45.4x
Cronos Group Inc	1.3x	1.2x	0.8x	-2.1x	-3.7x	-4.1x	na	na	na	na	8.6x	8.3x	-13.8x	-24.6x
Decibel Cannabis Company Inc	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	12.1x	5.4x	4.0x	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	4.5x	4.2x	3.3x	0.0x	0.0x	-0.1x	-0.1x	0.0x	0.0x	-0.4x	-0.4x
OrganiGram Holdings Inc	1.9x	1.7x	1.5x	-16.5x	50.7x	20.5x	na	na	na	na	0.3x	0.3x	-2.4x	7.5x
Rubicon Organics, Inc.	0.6x	na	na	5.2x	na	na	0.0x	na	-0.3x	na	0.0x	na	-0.3x	na
SNDL Inc.	0.4x	0.4x	0.3x	5.6x	8.3x	na	na	na	na	na	0.2x	0.2x	3.0x	4.4x
Tilray Brands, Inc.	2.5x	2.1x	2.0x	47.2x	19.5x	11.8x	-0.2x	-0.2x	-4.8x	-2.0x	-0.4x	-0.3x	-6.8x	-2.8x
Village Farms International, Inc.	0.5x	0.5x	0.4x	11.6x	12.1x	7.9x	-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 3: Canada LP EV Calculations

C\$Mn 25-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.	229	279	5.67	54.5	1.6	309	89	-48		-11		30	
Auxly Cannabis Group Inc.	165	175	0.03	1,009.0	249.9	29	-128	-17		0		-145	
Avant Brands Inc	32	42	0.10	258.3	3.4	25	-7	-10				-18	
BZAM Ltd	44	58	0.07	180.8	0.2	13	-31	-14				-45	
Cannara Biotech	85	89	0.95	90.0	1.5	86	-2	0	-1			-3	
Canopy Growth Corporation	na	505	8.67	9.1	1.7	79	-426					-426	
Cronos Group Inc	210	170	3.43	381.1	7.8	1,309	1,141	-3				1,139	
Decibel Cannabis Company Inc	91	97	0.12	409.0	16.7	49	-42	-6				-48	
High Tide, Inc.	206	205	2.52	75.1	0.5	189	-12	-4				-16	
Nova Cannabis Inc	4	121	1.93	57.2		110	-4	-7				-11	
OrganiGram Holdings Inc	296	281	3.43	94.1	4.2	323	42		0			42	
Rubicon Organics, Inc.	26	24	0.40	56.1	6.9	22	-1	0				-1	
SNDL Inc.	356	361	2.35	236.7	12.8	555	232	-37				194	
Tilray Brands, Inc.	2,538	2,589	2.94	742.7		2,181	-262	-84		-28		-374	34
Village Farms International, Inc.	172	201	1.41	110.2		155	-23	-1				-24	22

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

Exhibit 4: 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	320	380	17	35	53	6.8%	10.9%	13.9%
Auxly Cannabis Group	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
Cannara Biotech	78	na	na	21	na	na		na	na
Canopy Growth Corporation	314	347	605	-36	-9	-13	-11.5%	-2.7%	-2.2%
Cronos Group Inc	133	137	201	-82	-46	-42	-62.0%	-33.8%	-20.8%
Decibel Cannabis Company Inc	121	138	160	27	32	36	22.2%	23.3%	22.7%
High Tide, Inc.	497	531	612	17	38	51	3.4%	7.1%	8.4%
Nova Cannabis Inc	271	286	321	27	29	37	10.0%	10.2%	11.4%
OrganiGram Holdings Inc	146	163	186	-17	6	14	-11.7%	3.4%	7.4%
Rubicon Organics, Inc.	40	na	na	5	na	na	11.4%	na	na
SNDL Inc.	950	1,009	1,076	64	44	na	6.8%	4.3%	na
Tilray Brands, Inc.	1,054	1,209	1,310	55	133	219	5.2%	11.0%	16.7%
Village Farms International	373	414	456	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

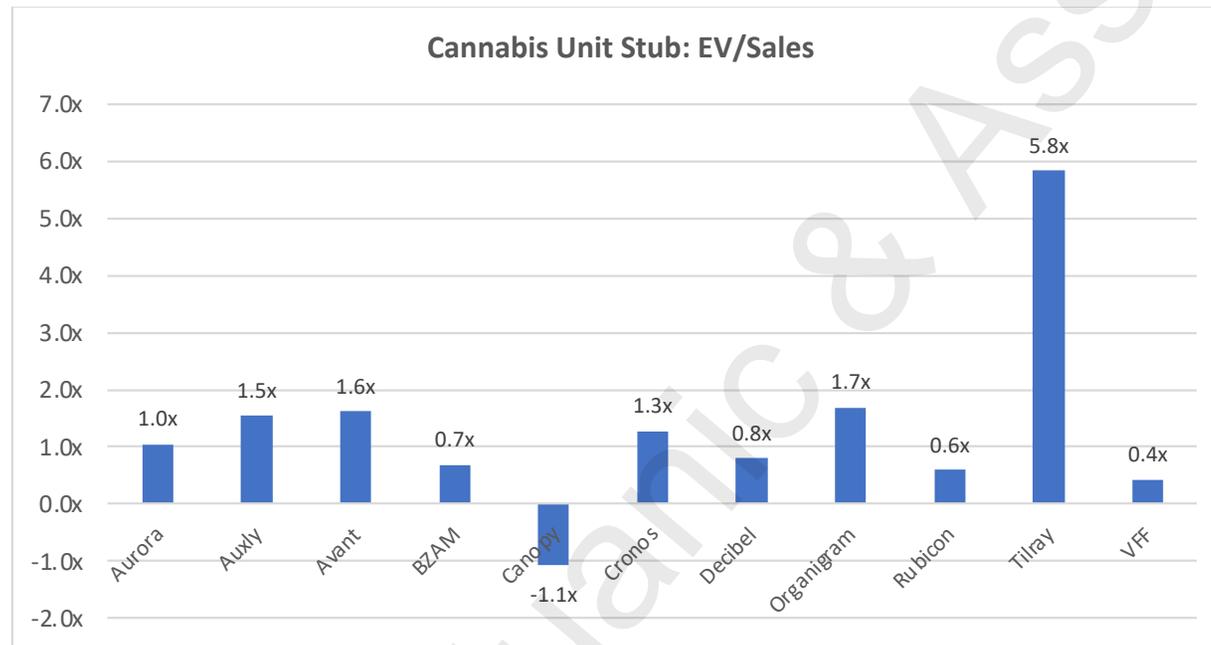
Upside if the C\$ Excise Tax on Cannabis is Changed

Exhibit 5: Implied Value of Cannabis Strip for Canada LPs

C\$Mn	Aurora	Auxly	Avant	BZAM	Cannara	Canopy	Cronos	Decibel	OGI	Rubicon	Tilray	VFF
Total EV	279	175	42	58	89	505	170	97	281	24	2,589	201
MJ EV	234	175	42	58	89	-206	170	97	281	24	2,192	66
MJ Sales (ann.)	223	113	26	84	78	192	133	121	167	40	376	155
MJ multiple	1.0x	1.5x	1.6x	0.7x	1.1x	-1.1x	1.3x	0.8x	1.7x	0.6x	5.8x	0.4x

Source: FactSet; Z&A Estimates

Exhibit 6: Implied Value of Cannabis Strip for Canada LPs



Source: FactSet; Z&A Estimates

Exhibit 7: Valuation Multiples Comps – US MSOs

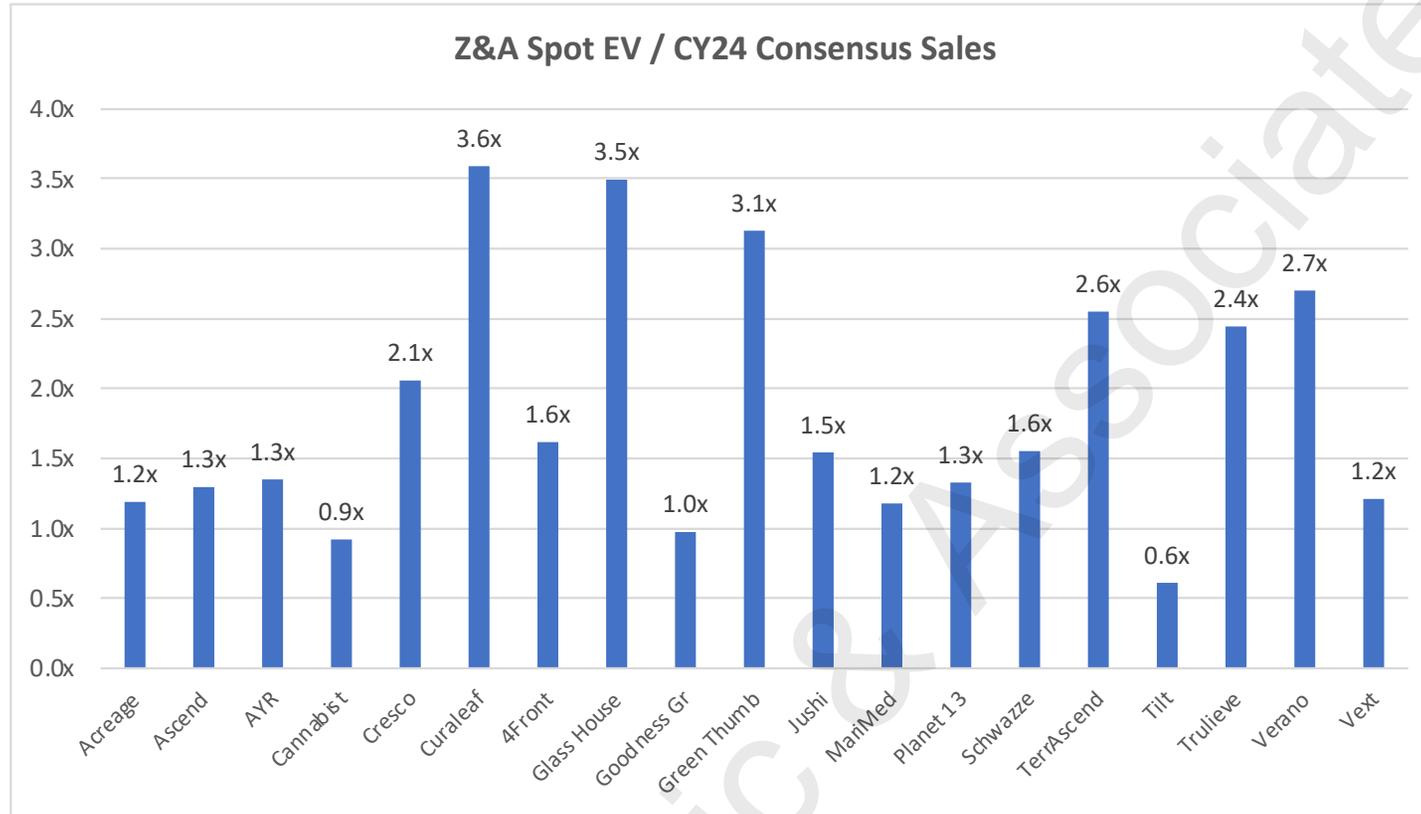
US\$Mn 25-Mar-24	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			Financial Net Debt				Broadly Defined Net Debt			
	2023	2024	2025	2023	2024	2025	Sales		EBITDA		Sales		EBITDA	
							CY24	Current	CY24	Current	CY24	Current	CY24	Current
US MSOs	2.0x	1.8x	1.7x	11.6x	8.7x	7.6x								
Acreage Holdings	1.3x	1.2x	na	9.5x	6.0x	na	-0.8x	-0.9x	-4.2x	-8.1x	-1.0x	-1.1x	-4.9x	-9.5x
Ascend Wellness	1.4x	1.3x	1.2x	7.0x	6.0x	5.3x	-0.4x	-0.4x	-2.0x	-2.1x	-0.8x	-0.8x	-3.5x	-3.7x
Ayr Wellness	1.4x	1.3x	1.2x	5.9x	5.3x	4.6x	-0.8x	-0.9x	-3.3x	-3.7x	-1.0x	-1.1x	-3.9x	-4.3x
Cannabist Co	1.0x	0.9x	0.9x	7.0x	5.8x	4.8x	-0.5x	-0.5x	-3.3x	-3.3x	-0.6x	-0.7x	-4.1x	-4.2x
Cansortium	1.4x	na	na	4.1x	na	na	na	na	na	na	na	na	na	na
Cresco Labs	2.0x	2.1x	2.0x	8.8x	7.8x	7.5x	-0.6x	-0.5x	-2.1x	-2.1x	-0.8x	-0.8x	-3.0x	-3.0x
Curaleaf	3.8x	3.6x	3.4x	16.7x	14.5x	12.7x	-0.5x	-0.5x	-1.9x	-3.2x	-0.8x	-0.8x	-3.2x	-5.3x
4Front Ventures	1.8x	1.6x	na	16.3x	7.9x	na	-0.7x	-1.0x	-3.5x	-6.9x	-1.1x	-1.5x	-5.3x	-10.3x
Glass House	4.5x	3.5x	na	28.7x	13.8x	na	-0.1x	na	-0.5x	na	-0.4x	-0.4x	-1.4x	-1.8x
Gold Flora	1.0x	0.9x	na	na	na	na	na	-0.1x	na	na	na	-0.5x	na	na
Goodness Growth	1.1x	1.0x	na	4.5x	4.2x	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	9.6x	-0.1x	-0.1x	-0.4x	-0.4x	-0.2x	-0.2x	-0.5x	-0.6x
Grown Rogue	3.0x	na	na	13.0x	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	8.8x	7.2x	-0.7x	-0.7x	-3.8x	-8.6x	-1.0x	-1.1x	-5.9x	-13.5x
MariMed	1.3x	1.2x	1.0x	7.8x	6.7x	4.7x	-0.3x	-0.3x	-1.8x	-2.1x	-0.4x	-0.4x	-2.3x	-2.8x
Planet 13	1.6x	1.3x	1.0x	-3.2x	11.7x	5.7x	0.3x	0.3x	2.4x	35.1x	0.1x	0.2x	1.2x	18.2x
Schwazze	1.8x	1.6x	na	5.6x	3.8x	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	2.3x	12.9x	11.6x	9.8x	-0.5x	-0.5x	-2.4x	-1.9x	-0.7x	-0.7x	-3.4x	-2.7x
TILT	0.6x	0.6x	0.5x	51.7x	18.9x	11.3x	-0.3x	-0.3x	-9.0x	-5.7x	-0.5x	-0.5x	-16.9x	-10.6x
Trulieve	2.5x	2.4x	2.3x	8.7x	8.5x	8.1x	-0.5x	-0.5x	-1.6x	-1.7x	-0.6x	-0.6x	-1.9x	-2.1x
Verano	2.7x	2.7x	2.5x	8.2x	8.4x	7.7x	-0.3x	-0.3x	-0.9x	-0.8x	-0.6x	-0.5x	-1.8x	-1.5x
Vext	1.8x	1.2x	na	9.6x	4.9x	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 8: US MSOs EV/Sales



Source: FactSet; Z&A Estimates

Exhibit 9: Spot EV calculation – US MSOs

US\$Mn 25-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	226	306	0.33	139.9	29.7	56	-214	-2	-34			-250	
Ascend Wellness	795	750	1.42	206.9	13.3	313	-244	-134	-60			-438	
Ayr Wellness	725	668	2.19	76.6	5.0	179	-417	6	-78	0		-489	
Cannabist Co	653	486	0.34	429.3		146	-272	-23	-45	0		-340	
Cansortium	140	145	0.21	298.3	6.3	64	-49	-7	-26			-81	
Cresco Labs	1,256	1,532	2.13	436.9	8.2	946	-415	-54	-111	-6		-586	
Curaleaf	4,282	5,085	5.12	744.3	7.9	3,851	-672	-18	-345	-81		-1,115	119
4Front Ventures	295	212	0.11	648.6		70	-95	-6	-41	0		-142	
Glass House	473	731	7.43	75.3	3.2	583	-26	0	-21	-29		-76	72
Gold Flora	130	133	0.26	288.3	0.3	75	-16	-32	-5	-5		-58	
Goodness Growth	157	99	0.38	108.7		41	-50	-8				-58	
Green Thumb	3,252	3,495	13.55	237.1	7.1	3,308	-147	-23	-11	-33	28	-187	
Grown Rogue	75	77	0.45	170.8		76	4	-3	0	0		0	
iAnthus	115	272	0.02	6,510.5		117	-146	-9				-155	
Jushi	435	428	0.71	196.6	1.1	141	-183	1	-106			-288	
MariMed	189	192	0.28	375.1	5.8	106	-52	-1	-14			-67	19
Planet 13	131	159	0.55	320.6	1.3	176	32	-6	-5	-5		17	
Schwazze	160	315	0.93	171.3		159	-134	-3	-18	0		-156	
StateHouse	150	202	0.04	255.6	141.0	16	-114	-13	-39	-24	7	-184	2
TerrAscend	723	887	1.72	351.2	15.3	629	-186	-7	-59	-6		-258	
TILT	117	106	0.03	381.5	5.0	11	-51	-43	-1			-95	
Trulieve	2,063	2,817	11.51	186.0	3.3	2,179	-537	-16	-81	-4		-639	
Verano	2,302	2,512	5.62	343.5	9.8	1,985	-271	-4	-248	-4		-527	
Vext	47	66	0.21	149.8	0.4	31	-35	0				-35	

Source: FactSet and company reports



25 March 2024

Upside if the C\$ Excise Tax on Cannabis is Changed

Exhibit 10: Forward estimates – US MSOs

US\$Mn 25-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	83	100	15.8%									
Cansortium	na	na	na	na	na									
Cresco Labs	744	781	197	204	26.4%									
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	na	na	na	na	na									
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	-	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	929	991	300	325	32.3%	905	972	280	298	30.9%	-3%	-2%	-7%	-8%
Vext	54	68	13	22	24.6%									

Source: FactSet and company reports

Exhibit 11: Service Providers and International Cannabis Stocks

US\$Mn	Company name	Ticker	Listing	3/25/24	Mkt	Net	Ent	1yr Forward	Consensus		Cons	Net debt			
				Price	Cap				(mn)	Debt			Value	EV/Sales	EV/EBITDA
			US\$	US\$MN	Shares	(Debt)	Value				mgn %	1yF EBITDA			
Service Providers															
	AFC Gamma	AFCG	NASDAQ	13.10	268	20	-8	276	<i>finco</i>	4.1x	#N/A	68	#N/A	#N/A	#N/A
	Chicago Atlantic	REFI	NASDAQ	16.28	296	18	-58	354	<i>finco</i>	5.8x	#N/A	61	#N/A	#N/A	#N/A
	Innovative Industrial Prop	IIPR	NYSE	104.39	2,938	28	-139	3,076	<i>finco</i>	9.5x	12.2x	323	252	78%	-0.5x
	New Lake Capital Partners	NLCP	US OTC	18.81	386	21	24	362	<i>finco</i>	7.4x	#N/A	49	#N/A	#N/A	#N/A
	River North	CNPOF	US OTC	0.07	9	136	-12	22	<i>finco</i>	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
	SHF Holdings	SHFS	NASDAQ	0.92	22	24	7	15	<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	3.25	7	2	-4	11	<i>tech</i>	0.3x	-2.4x	40	-4	-11%	0.8x
	Springbig	SBIG	US OTC	0.15	4	27	-6	10	<i>tech</i>	0.3x	2.3x	31	4	13%	-1.3x
	WM Technology	MAPS	NASDAQ	1.09	60	55	0	60	<i>tech</i>	0.3x	1.9x	199	31	16%	0.0x
	Greenlane Holdings	GNLN	NASDAQ	0.50	1	2	-8	8	<i>vape parts</i>	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
	GrowGeneration	GRWG	NASDAQ	2.60	160	61	23	137	<i>pix & shovel</i>	0.6x	-401.6x	214	0	0%	-65.8x
	HydroFarm	HYFM	NASDAQ	0.95	44	46	-154	197	<i>pix & shovel</i>	1.0x	37.8x	195	5	3%	-29.5x
	Scotts Miracle Gro	SMG	NYSE	73.02	4,125	57	-2,874	7,000	<i>pix & shovel</i>	1.9x	12.0x	3,656	585	16%	-4.9x
	urban-gro	UGRO	NASDAQ	1.91	21	11	6	15	<i>pix & shovel</i>	0.1x	19.9x	119	1	1%	7.3x
CBD, CPG, Pharma, International															
	Charlotte's Web	CWBHF	US OTC	0.17	25	154	-13	38	<i>CBD</i>	0.6x	-2.0x	65	-19	-30%	0.7x
	Clever Leaves	CLVR	NASDAQ	4.88	7	1	4	3	<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	28.71	505	18	-260	766	<i>CPG</i>	2.0x	7.8x	386	98	25%	-2.7x
	IM Cannabis	IMCC	NASDAQ	0.40	3	8	-7	10	<i>Intl</i>	0.2x	22.2x	42	0	1%	-15.3x
	InterCure	INCR	NASDAQ	2.50	114	46	-2	116	<i>Intl</i>	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
	Ispire Tech	ISPR	NASDAQ	5.98	324	54	45	279	<i>Intl</i>	1.1x	#N/A	250	#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	0.13	20	155	-9	29	<i>Intl</i>	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
	Smooore Intl	SMORF	US OTC	0.89	5,406	6,078	2,106	3,300	<i>Intl</i>	0.2x	1.2x	13,917	2,666	19%	0.8x
	Jazz Pharma	JAZZ	NASDAQ	122.04	7,597	62	-4,170	11,768	<i>pharma</i>	2.8x	6.4x	4,159	1,825	44%	-2.3x

Source: FactSet; Z&A Estimates

Exhibit 12: Stock Performance

25-Mar-24	Stock Performance		
Ticker	Last 30d	Last 90d	Last 12mo
US MSOs			
FFNTF	22%	14%	-46%
ACRDF	55%	66%	-58%
AAWH	-10%	43%	30%
AYRWF	11%	15%	241%
CXXIF	-11%	46%	24%
CBSTF	-13%	-16%	-36%
CRLBF	26%	52%	36%
CURLF	1%	37%	68%
GLASF	8%	62%	158%
GRAMF	-24%	79%	24%
GDNSF	-11%	44%	159%
GTBIF	2%	28%	72%
ITHUF	-10%	-30%	-14%
JUSHF	5%	59%	38%
LOWLF	-17%	-14%	-65%
MRMD	1%	-6%	-27%
PLNH	-25%	-20%	-34%
RWBYF	na	na	na
SHWZ	-36%	63%	-22%
STHZF	-23%	72%	-27%
TSNDF	5%	14%	20%
GNRS	na	na	na
TLLTF	-28%	32%	-56%
TCNNF	29%	127%	100%
VRNOF	-5%	44%	91%
VEXTF	-14%	2%	16%

	Stock Performance		
Ticker	Last 30d	Last 90d	Last 12mo
Canada			
ALEAF	na	na	na
ACB	23%	-14%	-41%
CBWTF	71%	99%	54%
AVTBF	-9%	-35%	-46%
BZAMF	-23%	-52%	-78%
CGC	85%	24%	-67%
CRON	15%	27%	31%
DBCCF	2%	-15%	-14%
ETRGF	-4%	-24%	-56%
HITI	6%	16%	67%
NVACF	42%	120%	150%
OGI	26%	100%	-2%
ROMJF	-8%	-12%	-38%
SNDL	25%	12%	12%
TLRY	21%	-1%	-17%
VFF	28%	35%	23%
YOLO ETF	7%	31%	29%
CBD, CPG, Pharma, International			
CWBHF	15%	-22%	-50%
CLVR	30%	123%	-56%
CVSI	15%	11%	-5%
TPB	25%	13%	43%
IMCC	8%	18%	-42%
INCR	29%	86%	16%
ISPR	-43%	-52%	#N/A

	Stock Performance		
Ticker	Last 30d	Last 90d	Last 12mo
Service Providers			
AFCG	15%	3%	9%
AGFY	-36%	-66%	-89%
REFI	2%	-3%	24%
IIPR	15%	4%	41%
NLCP	14%	18%	54%
PW	12%	22%	-80%
CNPOF	-15%	-25%	-44%
SHFS	-13%	-26%	88%
SSIC	8%	16%	7%
LFLY	-8%	-33%	-59%
SBIG	1%	-8%	-77%
MAPS	10%	45%	28%
GNLN	12%	0%	-85%
GRWG	24%	6%	-22%
HYFM	6%	9%	-44%
SMG	28%	14%	8%
UGRO	-25%	53%	-25%
CBD, CPG, Pharma, International			
LGPPF	#N/A	#N/A	#N/A
PCLOF	-1%	21%	-18%
SMORF	29%	11%	-34%
JAZZ	-5%	1%	-11%
Index			
S&P 500	5%	10%	32%
MSOS ETF	6%	44%	60%

Source: FactSet



Appendix III: 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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