



11/22/2024

# Cresco Labs (CRLBF)

Company Update: Overweight

US\$ Mn							
Sales	FY23a	FY24e	Prev	FY25e	Prev	FY26e	Prev
1Q	194.2	184.3 A	184.3	184.3	200.4	180.1	244.0
2Q	197.9	184.4 A	184.4	187.5	206.0	179.2	257.9
3Q	190.6	179.8 E	190.6	183.7	230.8	202.6	279.6
4Q	188.2	183.6 E	201.0	185.2	239.7	210.5	287.5
FY	770.9	732.0 E	760.3	740.7	876.9	772.3	1,069.0
EBITDA	FY23a	FY24e	Prev	FY25e	Prev	FY26e	Prev
1Q	29.3	53.2 A	53.2	50.8	59.3	49.6	72.2
2Q	40.5	53.9 A	53.9	51.6	60.8	49.3	76.2
3Q	49.0	51.3 E	55.7	50.5	68.1	55.9	84.3
4Q	54.8	50.7 E	60.8	51.0	70.8	58.1	86.9
FY	173.6	209.0 E	223.6	203.9	259.0	213.0	319.6

  

Share price (US\$)	1.13	Perf.	CRLBF	MSOS ETF	S&P500	Stance:	Overweight
Share count (mn)	448.0	30d	-28%	-36%	2%		no price target
Market Cap (US\$Mn)	506	90d	-35%	-35%	7%		FY=Dec
Ticker	CRLBF	1yr	-35%	-34%	31%		



\$Mn	FY24	FY25	FY26
Projected EV	962	878	806
EV/Sales	1.3x	1.2x	1.0x
EV/EBITDA	4.6x	4.3x	3.8x

  

	FY24	FY25	FY26
Net debt/Sales	-0.4x	-0.3x	-0.2x
Net debt/EBITDA	-1.5x	-1.1x	-0.7x
Free Cash Flow	143.1	84.3	82.8
Net (debt) cash	-308.6	-224.3	-141.5

  

Consensus	FY24	FY25	FY26
Sales	725.1	735.2	817.1
EBITDA	205.2	200.8	223.9

  

Guidance CY24:	n/a		
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## Company Update

**We rate Cresco Overweight.** We attach our updated estimates post 3Q24. With FL not going rec, it could be said that the main growth catalysts for the industry now at the state level are PA flipping rec and OH issuing AU rules (yes, MN too, but only two MSOs have exposure there). Cresco is well positioned in both states with leadership positions. The stock trades at a discount to Curaleaf and Green Thumb, and mostly in line with Trulieve and Verano below 5x CY24 EBITDA (see appendix). Given our concerns about increased competition in FL, we would say Cresco screens better than those two stocks re outlook (Cresco has FL exposure too, but less than Trulieve and Verano). All that said, in our view, Cresco could benefit from a strategic partner to help it scale up and narrow the size gap with the other Tier 1 MSOs. *Note: Our latest macro estimates now assume PA going rec from July 2026 (vs. July 2025 before); we assume FL and VA remain med at least thru Dec'27 (we had VA going rec from June 2026).*

For our macro views see our [report from 11/18](#). Sure, there is plenty of uncertainty, and MJ stock valuations (depressed) reflect that. Let's see what DJT2 brings (will a conservative AG clash with the HHS appointee? where will DJT land on cannabis, especially given his many priorities and likely GOP pushback (despite promises made in the campaign trail)? Will rescheduling be derailed given new legal challenges? and if so, how/when will it be started again? All this said, we are buyers of Cresco here, taking a one to 2-year view.

## Benchmarking the Tier 1 MSOs

Across various financial metrics, Green Thumb leads the group of the five largest MSOs. In that sense, the valuation is attractive at 7x current EBITDA vs. 10x for Curaleaf. Of the three stocks trading near 5x EBITDA, on debt leverage and adjusted cash flow trends Cresco screens below Trulieve and Verano. All this said, we may be splitting hairs here, as we see these five MSOs are long term players, with sustainable models, and stock upside once we get better visibility on the regulatory outlook. We provide this analysis for context as part of this note on our macro views.

- **Sales and momentum:** As per 3Q24 results, Curaleaf reported sales of \$331Mn (-3% seq); Green Thumb \$287Mn (+2%); Trulieve \$284Mn (-6%); Verano \$227Mn (inc a full qtr of the AZ/VA deal) down 5% (ex-VA/AZ deal), and Cresco \$180Mn (-2%). Beyond seasonal and weather issues impacting AZ and FL in 3Q24, of these five companies we believe Trulieve and Verano face the toughest outlook given what we anticipate will be a more challenging FL market.
- **EBITDA margins:** Adjusted EBITDA margins in 3Q24 were 34% for Trulieve (down 100bp seq); Green Thumb 31% (-200bp); Verano 30% (-200bp), Cresco 29% (flat), and Curaleaf 23% (+200bp).

- Adjusted cash flow:** In our view, reported operating cash flow minus the increase in tax debt (as not paying income taxes is distorting reported cash flow metrics) gives a better sense of real adjusted cash flow, and of what we call true EBITDA to OCF conversion. On this metric, Green Thumb leads, and Cresco and Curaleaf lag. Cresco reported 9mo OCF of \$89Mn (27% of sales) but total tax debt (ST and LT) increased by \$92Mn between YE23 and 3Q24, so adjusted 9mo OCF was -\$3Mn (-1% of 9mo sales). At Curaleaf, adj OCF was +\$4Mn (\$116Mn-\$112Mn), or 0% of sales. At Trulieve, adj OCF was +\$37Mn (\$241Mn-\$204Mn), or 4% of sales. At Verano, adj OCF was +\$30Mn (\$69Mn-\$39Mn), or 5% of sales. At Green Thumb, adj OCF was +\$139Mn (\$152Mn-\$13Mn), or 17% of sales.
- Financial net debt plus tax liabilities relative to total revenues:** Financial net debt relative to LTM sales is 7% at Green Thumb, 14% at Trulieve, 40% at Verano, 50% at Curaleaf, and 53% at Cresco. ST tax payables plus LT uncertain tax provisions/benefits compared to LTM sales are 33% at Trulieve and 32% at Verano; 27% at Cresco and 29% at Curaleaf; 2% at Green Thumb. So, if add up the two (financial net debt and tax debt), the most levered tier 1 MSOs are Cresco at 80% of sales, Curaleaf 79%, and Verano at 72%; Trulieve is at 47%, and Green Thumb at 9%.
- Gross cash holdings:** Trulieve \$318Mn; Green Thumb \$174Mn; Cresco \$157Mn; Curaleaf \$90Mn; and Verano \$65Mn.
- Regarding valuation** (taking net debt, tax debt, net leases, and contingent obligations in the EV math): In terms of EV to current sales (3Q annualized), Green Thumb and Curaleaf trade at 2.2x; Trulieve at 1.8x; and both Cresco and Verano are at 1.6x. Regarding EV to current EBITDA, Curaleaf is at 10x, Green Thumb at 7x, and the other three at >5x (Cresco 5.5x, Trulieve 5.3x, Verano 5.2x).

Table 1: Companies mentioned in this report.

Company name	Ticker	Ticker	Rating
<b>US MSOs</b>			
4Front Ventures		FFNTF	not rated
Acreage Holdings		ACRDF	not rated
Ascend Wellness		AAWH	not rated
AYR Wellness		AYRWF	not rated
Cannabist		CCHWF	not rated
Cansortium		CNTMF	will cover
Cresco Labs		CRLBF	Overweight
Curaleaf Holdings		CURLF	will cover
GlassHouse Brands		GLASF	not rated
Gold Flora		GRAM	Overweight
Goodness Growth		GDNF	not rated
Green Thumb Industries		GTBIF	Overweight
Grown Rogue		GRUSF	not rated
Jushi Holdings		JUSHF	Overweight
MariMed		MRMD	Overweight
Planet 13 Holdings		PLNHF	Overweight
Schwazze		SHWZ	will cover
StateHouse Holdings Inc		STHZF	not rated
TerrAscend		TSNDF	not rated
TILT Holdings		TLLTF	Neutral
Trulieve Cannabis		TCNNF	will cover
Verano Holdings		VRNOF	Overweight
Vext Science, Inc.		VEXTF	Overweight
<b>Tech</b>			
Leafly		LFLY	not rated
Springbig		SBIG	not rated
WM Technology		MAPS	Neutral

Source: Z&amp;A

Company name	Ticker	Rating
<b>Canada LPs</b>		
Aurora Cannabis	ACB	Neutral
Auxly Cannabis Group	CBWTF	will cover
Avant Brands	AVTBF	will cover
Avicanna	AVCN	not rated
BZAM	BZAMF	not rated
Cannara Biotech	LOVFF	not rated
Canopy Growth Corporation	CGC	will cover
Cronos Group	CRON	not rated
Decibel Cannabis Co	DBCCF	Overweight
Organigram Holdings	OGI	not rated
Rubicon Organics	ROMJF	not rated
SNDL	SNDL	not rated
Tilray Brands	TLRY	Neutral
Village Farms Intl	VFF	Overweight
<b>Finance Companies</b>		
AFC Gamma	AFCG	Overweight
Chicago Atlantic BDC	LIEN	will cover
Chicago Atlantic REFC	REFI	Overweight
Innovative Industrial Properties	IIPR	not rated
New Lake Capital Partners	NLCP	Overweight
RIV Capital	CNPOF	not rated
SHF Holdings	SHFS	not rated
<b>Other</b>		
Intercure	INCR	not rated
LFTD Partners Inc.	LIFD	Overweight
Ispire Technology	ISPR	will cover
Smoores International	SMORF	will cover



# Appendix I: Company Financials

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## Cresco Labs: Company Update Post 3Q Results

### Exhibit 1: Financial highlights

US\$ Mn	Dec CY22	Dec CY23	Mar 1Q24	Jun 2Q24	Sep 3Q24	Dec 4Q24e	Dec FY24e	1Q25e	2Q25e	3Q25e	4Q25e	Dec FY25e	Dec FY26e	Dec FY27e
<b>Reported Sales</b>	842.7	770.9	184.3	184.4	179.8	183.6	732.0	184.3	187.5	183.7	185.2	740.7	772.3	950.0
qoq ch %	na	na	-2%	0%	-2%	2%	na	0%	2%	-2%	1%	na	na	na
yoy ch %	3%	-9%	-5%	-7%	-6%	-2%	-5%	0%	2%	2%	1%	1%	4%	23%
<b>Guidance</b>						na	na	na	na	na	na	na	na	na
<b>Consensus</b>						175.9	725.1	176.0	180.2	186.8	191.5	735.2	817.1	na
<b>Profit margins</b>														
Gross profit before FV adj	407.0	362.4	92.2	94.8	93.4	94.3	374.8	93.1	94.7	92.7	93.5	374.0	390.2	479.8
as % of sales	48.3%	47.0%	50.0%	51.4%	52.0%	51.4%	51.2%	50.5%	50.5%	50.5%	50.5%	50.5%	50.5%	50.5%
Op exp	491.3	450.2	63.0	62.4	67.1	60.1	257.8	58.8	59.9	59.2	59.8	258.4	268.5	315.5
as % of sales	58.3%	58.4%	34.2%	33.8%	37.3%	32.7%	35.2%	31.9%	31.9%	32.2%	32.3%	34.9%	34.8%	33.2%
EBIT	-84.3	-87.8	29.2	32.4	26.3	34.2	117.0	34.2	34.8	33.6	33.7	115.6	121.7	164.4
as % of sales	-10.0%	-11.4%	15.8%	17.6%	14.7%	18.6%	16.0%	18.6%	18.6%	18.3%	18.2%	15.6%	15.8%	17.3%
Adj EBITDA	172.7	173.6	53.2	53.9	51.3	50.7	209.0	50.8	51.6	50.5	51.0	203.9	213.0	263.5
as % of sales	20.5%	22.5%	28.8%	29.2%	28.5%	27.6%	28.6%	27.5%	27.5%	27.5%	27.5%	27.5%	27.6%	27.7%
<b>Consensus EBITDA</b>						46.9	205.2	47.0	49.3	51.3	52.7	200.8	223.9	na
<b>as % of sales</b>						26.7%	28.3%	26.7%	27.4%	27.5%	27.5%	27.3%	27.4%	na
<b>EPS</b>														
Pre tax income	-126.9	-146.9	15.9	-40.9	11.3	22.5	8.8	22.6	23.2	21.9	22.2	90.0	97.6	142.6
Tax rate assumption	70.1%	22.4%	-112.9%	25.0%	-168.0%	-25.0%	-598.4%	-25.0%	-25.0%	-25.0%	-25.0%	-25.0%	-25.0%	-25.0%
Net income after min int	-212.0	-175.5	-5.2	-54.3	-10.5	16.9	-53.2	17.0	17.4	16.5	16.7	67.5	73.2	107.0
Share count (FD) Mn	298.2	323.8	343.6	344.9	347.4	347.4	345.8	347.4	347.4	347.4	347.4	347.4	347.4	347.4
EPS	-0.71	-0.54	-0.02	-0.16	-0.03	0.05	-0.15	0.05	0.05	0.05	0.05	0.19	0.21	0.31
<b>consensus</b>						0.00	-0.18	0.01	0.01	0.02	0.02	-0.01	0.07	na
<b>BS &amp; CF highlights</b>														
Operating cash flow	18.7	58.6	36.5	17.2	49.4	65.6	168.6	43.7	-23.8	34.2	67.3	121.4	121.4	153.0
(-) Capex	83.0	55.4	3.8	6.4	6.1	9.2	25.5	9.2	9.4	9.2	9.3	37.0	38.6	47.5
Free cash flow	-64.3	3.2	32.7	10.7	43.3	56.4	143.1	34.5	-33.2	25.0	58.1	84.3	82.8	105.5
Net cash (debt)	-366.4	-401.0	-394.8	-395.0	-365.0	-308.6	-308.6	-274.2	-307.4	-282.3	-224.3	-224.3	-141.5	-36.0
Net debt/Sales	-0.4x	-0.5x	-0.5x	-0.5x	-0.5x	-0.4x	-0.4x	-0.4x	-0.4x	-0.4x	-0.3x	-0.3x	-0.2x	0.0x
Net debt/EBITDA	-2.1x	-2.3x	-1.9x	-1.8x	-1.8x	-1.5x	-1.5x	-1.3x	-1.5x	-1.4x	-1.1x	-1.1x	-0.7x	-0.1x
Equity	627.0	505.7	503.3	467.7	456.9	473.8	473.8	490.7	508.1	524.6	541.3	541.3	614.5	721.5

Source: Z&A estimates, company reports

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## Cresco Labs: Company Update Post 3Q Results

### Exhibit 2: Sales projections

US\$ Mn	CY22	CY23	1Q24	2Q24	3Q24	4Q24e	FY24e	1Q25e	2Q25e	3Q25e	4Q25e	FY25e	FY26e	FY27e
<b>Sales (reported)</b>	<b>842.5</b>	<b>770.8</b>	<b>184.3</b>	<b>184.3</b>	<b>179.7</b>	<b>183.6</b>	<b>731.8</b>	<b>184.3</b>	<b>187.5</b>	<b>183.7</b>	<b>185.2</b>	<b>740.7</b>	<b>772.3</b>	<b>950.0</b>
wholesale	367.2	306.3	66.3	65.8	62.0	63.3	257.3	64.8	66.1	65.0	65.5	261.4	270.3	325.3
retail	475.3	464.5	118.0	118.5	117.7	120.3	474.5	119.5	121.4	118.7	119.7	479.3	502.0	624.7
<b>By states (our est)</b>	<b>842.5</b>	<b>770.8</b>	<b>184.3</b>	<b>184.3</b>	<b>179.7</b>	<b>183.6</b>	<b>731.8</b>	<b>184.3</b>	<b>187.5</b>	<b>183.7</b>	<b>185.2</b>	<b>740.7</b>	<b>772.3</b>	<b>950.0</b>
IL	379.7	332.5	70.6	71.7	65.3	66.8	274.4	66.1	68.1	67.3	69.4	270.9	276.9	281.9
PA	252.4	235.8	56.8	57.7	53.2	52.7	220.4	52.9	50.4	44.7	42.4	190.5	182.2	303.2
CA	18.9	9.1	1.8	1.3	1.3	1.2	5.6	1.9	2.0	1.9	1.9	7.7	7.9	8.1
MA	77.2	74.0	18.1	18.5	19.0	19.5	75.1	18.5	18.6	19.2	19.0	75.3	74.7	76.1
FL	28.0	42.7	17.9	17.3	17.9	18.0	71.1	17.7	17.6	17.6	17.5	70.3	70.4	71.2
NY	1.3	2.2	0.7	0.8	0.9	1.0	3.3	1.0	1.1	1.2	1.2	4.5	5.8	6.3
OH	58.5	58.4	13.1	12.4	17.5	20.0	63.1	21.7	25.0	26.9	28.7	102.3	133.9	182.5
MI	0.0	13.6	5.2	4.6	4.6	4.5	18.8	4.6	4.7	4.9	5.0	19.2	20.4	20.8
<b>Sales mix %</b>														
IL	45%	43%	38%	39%	36%	36%	37%	36%	36%	37%	37%	37%	36%	30%
PA	30%	31%	31%	31%	30%	29%	30%	29%	27%	24%	23%	26%	24%	32%
CA	2%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
MA	9%	10%	10%	10%	11%	11%	10%	10%	10%	10%	10%	10%	10%	8%
FL	3%	6%	10%	9%	10%	10%	10%	10%	9%	10%	9%	9%	9%	7%
NY	0%	0%	0%	0%	0%	1%	0%	1%	1%	1%	1%	1%	1%	1%
OH	7%	8%	7%	7%	10%	11%	9%	12%	13%	15%	15%	14%	17%	19%
MI	0%	2%	3%	2%	3%	2%	3%	2%	3%	3%	3%	3%	3%	2%

Source: Z&A estimates, company reports

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## Cresco Labs: Company Update Post 3Q Results

### Exhibit 3: Market growth assumptions

US\$ Mn	CY21	CY22	CY23	1Q24	2Q24e	3Q24e	4Q24e	CY24e	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e	rec began
Total	25,035	25,711	28,499	7,353	7,587	7,812	7,823	30,575	8,044	8,311	8,425	8,489	33,269	35,359	38,312	
rec	15,961	16,581	18,267	4,706	4,902	5,123	5,116	19,847	5,196	5,423	5,561	5,593	21,773	23,867	26,701	
med	9,074	9,130	10,232	2,648	2,685	2,689	2,707	10,728	2,848	2,888	2,864	2,896	11,496	11,492	11,611	
Total (med/rec)	25,035	25,711	28,499	7,353	7,587	7,812	7,823	30,575	8,044	8,311	8,425	8,489	33,269	35,359	38,312	
AZ	1,359	1,426	1,376	325	301	311	331	1,267	325	306	316	337	1,284	1,306	1,330	Jan'21
CA	5,780	5,393	5,177	1,222	1,294	1,264	1,245	5,025	1,251	1,324	1,294	1,274	5,143	5,262	5,380	Oct'16
CO	2,229	1,769	1,529	356	360	378	318	1,413	342	345	362	305	1,354	1,345	1,348	Jan'14
CT	150	150	277	73	73	76	76	298	80	84	89	93	346	419	493	Jan'23
FLA	1,616	1,705	1,860	489	480	497	501	1,966	491	488	488	487	1,954	1,956	1,977	med
GA	1	16	49	21	27	29	32	109	34	34	34	34	136	156	157	med
IL	1,776	1,907	1,960	493	505	496	504	1,998	488	503	497	509	1,998	2,033	2,070	Jan'20
MA	1,644	1,755	1,806	441	457	470	480	1,848	462	471	487	488	1,907	1,941	1,976	Nov'18
MD	551	509	787	273	284	292	297	1,146	310	320	330	343	1,304	1,516	1,780	Jul'23
ME	93	171	229	58	63	76	67	265	66	72	87	77	303	346	396	Oct'20
MI	1,793	2,294	3,029	793	837	912	892	3,433	919	947	975	1,005	3,846	4,075	4,165	Dec'19
MN	25	36	66	19	20	21	21	80	18	17	15	15	66	376	619	Jan'26
MO	210	390	1,338	348	363	375	381	1,467	385	395	405	409	1,593	1,708	1,833	Feb'23
NH	17	20	24	7	7	7	7	27	8	8	8	8	30	34	37	med
NJ	217	556	800	225	235	245	256	962	268	279	291	303	1,142	1,251	1,372	Apr'22
NM	119	358	556	147	150	156	156	609	157	158	162	162	640	654	670	Apr'22
NV	1,042	882	825	219	212	208	206	844	210	218	212	207	847	869	893	Jul'17
NY	250	265	431	138	152	172	192	654	201	216	230	245	892	1,164	1,259	Dec'22
OH	379	467	482	122	120	175	208	625	225	262	284	307	1,078	1,463	1,994	Aug'24
OK	941	780	728	179	185	175	175	714	179	185	175	175	714	724	735	med
OR	1,184	994	955	234	243	249	242	968	239	248	254	247	987	1,007	1,027	Oct'15
PA	1,353	1,457	1,530	411	426	411	405	1,653	399	387	346	333	1,464	1,429	2,378	Jul'26
RI	44	53	108	29	30	29	29	117	24	24	24	24	96	106	115	Dec'22
VA	27	100	167	52	57	62	67	237	67	68	70	71	276	307	357	med
VT	8	9	11	3	3	3	3	12	3	3	3	3	14	15	17	May'22
WA	1,422	1,294	1,259	305	314	327	319	1,265	307	316	328	321	1,272	1,278	1,284	Jul'14
WV	0	22	66	20	21	22	22	85	23	24	25	26	99	116	133	med
Other states	804	932	1,073	353	369	375	391	1,488	565	611	632	679	2,486	2,501	2,515	

Source: Z&A estimates, Headset, state official data



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## Cresco Labs: Company Update Post 3Q Results

### Exhibit 4: Cash Flow

US\$ 000s	Dec	Dec	Mar	Jun	Sep	Dec	Dec	Mar	Jun	Sep	Dec	Dec	Dec	Dec
SUMMARY CASH FLOW STATEMENT	CY22	CY23	1Q24	2Q24	3Q24	4Q24e	FY24e	1Q25e	2Q25e	3Q25e	4Q25e	FY25e	FY26e	FY27e
Net earnings before min int	-215,843	-179,852	-2,055	-51,179	-7,694	16,882	-44,046	16,971	17,407	16,457	16,667	67,502	73,219	106,967
(+) D&A	51,930	62,512	15,331	14,930	14,931	13,503	58,695	13,277	13,489	13,704	13,916	54,386	56,183	60,040
Cash earnings	-163,913	-117,340	13,276	-36,249	7,237	30,384	14,648	30,248	30,896	30,161	30,583	121,887	129,401	167,007
(-) Working capital changes	13,454	15,218	10,597	-14,015	33,384	35,203	65,169	13,432	-54,741	4,068	36,733	-509	-8,016	-13,962
(-) Other operating flows	169,200	160,686	12,598	67,424	8,742	0	88,764	0	0	0	0	0	0	0
Net cash used in operating activities	18,741	58,564	36,471	17,160	49,363	65,587	168,581	43,680	-23,846	34,229	67,316	121,378	121,386	153,044
(-) net capex	-83,026	-55,385	-3,782	-6,434	-6,072	-9,178	-25,466	-9,216	-9,374	-9,185	-9,259	-37,034	-38,614	-47,501
Free cash flow	-64,285	3,179	32,689	10,726	43,291	56,409	143,115	34,464	-33,219	25,043	58,057	84,345	82,771	105,544
(-) acquisitions	-4,241	-2,498	-2,770	-3,942	-229	0	-6,941	0	0	0	0	0	0	0
(-) divestitures/lease liabilities	47,914	2,594	478	106	32	0	616	0	0	0	0	0	0	0
(+) other	-3,412	-11,722	-14,508	6,300	-12,066	0	-20,274	0	0	0	0	0	0	0
(+) share issuance	-86,643	-26,206	-9,649	-13,467	-1,022	0	-24,138	0	0	0	0	0	0	0
(-) stock options/warrants	3,215	0	2	7	0	0	9	0	0	0	0	0	0	0
Change in net	-107,452	-34,653	6,242	-270	30,006	56,409	92,387	34,464	-33,219	25,043	58,057	84,345	82,771	105,544
Ending net (debt)	-366,357	-401,010	-394,768	-395,038	-365,032	-308,623	-308,623	-274,159	-307,378	-282,335	-224,278	-224,278	-141,507	-35,963
Cash/inv/sec	121,510	108,520	124,901	115,950	156,555	210,709	210,709	245,173	211,954	236,997	295,054	295,054	377,825	483,369
Gross debts/loans/bonds	487,867	509,530	519,669	510,988	521,587	519,332	519,332	519,332	519,332	519,332	519,332	519,332	519,332	519,332

Source: Z&A estimates, company reports

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## Cresco Labs: Company Update Post 3Q Results

Exhibit 5: Forward EV calculations (and forward multiples as per our methodology), and forward share price scenarios

US\$ Mn	Dec CY22	Dec CY23	1Q24	2Q24	3Q24	4Q24e	Dec FY24e	Dec FY25e	Dec FY26e	Dec FY27e		
Current valuation												
EV (\$Mn)	1,036	1,053	1,062	1,097	983	964	964	880	808	722		
Market cap (\$Mn)	466	508	506	509	508	508	508	508	508	508		
Share price (US\$)	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13	1.13		
FD share count (Mn)	412.0	449.2	448.0	450.2	449.9	449.9	449.9	449.9	449.9	449.9		
common shares (prof	407.7	441.0	438.2	441.0	441.0	441.0	441.0	441.0	441.0	441.0		
RSUs	4.3	8.2	9.8	9.2	8.9	8.9	8.9	8.9	8.9	8.9		
Basic share count (Mn)	298.2	323.8					345.8	347.4	347.4	347.4		
Broadly defined net deb	-571	-545	-556	-588	-474	-455	-455	-372	-300	-214		
net financial debt (prof	-366	-401	-395	-395	-365	-309	-309	-224	-142	-36		
net leases	-54	-55	-56	-56	-56	-56	-56	-56	-56	-56		
other debt (taxes payab	-95	-82	-98	-128	-43	-80	-80	-81	-92	-111		
contingent	-56	-7	-7	-9	-10	-10	-10	-10	-10	-10		
warrant inflow												
Multiples (Z&A)												
PE		-2.1x	-18.7x	-1.8x	-9.3x	5.8x	-7.3x	5.8x	5.4x	3.7x		
EV/Sales		1.4x	1.4x	1.5x	1.4x	1.3x	1.3x	1.2x	1.0x	0.8x		
EV/EBITDA		6.1x	5.0x	5.1x	4.8x	4.8x	4.6x	4.3x	3.8x	2.7x		
Price scenarios												
							by Dec'23	by Dec'24	by Dec'25	by Dec'26	upside by Dec'25	upside by Dec'26
EV/Sales		1.3x					1.15	1.36	1.61	2.33	43%	106%
EV/Sales		2.0x					2.24	2.47	2.77	3.75	145%	232%
EV/Sales		3.0x					3.87	4.11	4.48	5.86	297%	419%
EV/Sales		4.0x					5.50	5.76	6.20	7.97	449%	605%
EV/Sales		6.0x					8.75	9.05	9.63	12.19	752%	979%
EV/Sales		8.0x					12.00	12.34	13.06	16.42	1056%	1353%
EV/EBITDA		4.8x					3.20	3.15	3.25	3.78	187%	235%
EV/EBITDA		9.0x					5.16	5.06	5.24	6.25	364%	453%
EV/EBITDA		12.0x					6.55	6.42	6.66	8.01	489%	609%
EV/EBITDA		15.0x					7.95	7.78	8.08	9.76	615%	764%
EV/EBITDA		18.0x					9.34	9.14	9.50	11.52	741%	920%
EV/EBITDA		35.0x					17.24	16.84	17.55	21.48	1453%	1801%

Source: Z&A estimates, company reports



# Appendix II: Valuation Comps

## Exhibit 6: US MSOs Valuation Multiples

US\$Mn 21-Nov-24	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			Financial Net Debt				Broadly Defined Net Debt			
							Sales		EBITDA		Sales		EBITDA	
	Current	CY24e	CY25e	Current	CY24e	CY25e	CY24	Current	CY24	Current	CY24	Current	CY24	Current
<b>US MSOs</b>	<b>1.6x</b>	<b>1.5x</b>	<b>1.2x</b>	<b>8.6x</b>	<b>9.2x</b>	<b>10.6x</b>								
Acreage Holdings	2.1x	1.3x	na	135.6x	6.6x	na	-1.0x	-1.6x	-5.1x	-104.8x	-1.2x	-2.0x	-6.3x	-129.2x
Ascend Wellness	1.1x	1.1x	1.1x	6.1x	5.6x	5.0x	-0.4x	-0.4x	-2.2x	-2.4x	-0.9x	-0.9x	-4.7x	-5.1x
Ayr Wellness	0.9x	0.9x	0.8x	3.4x	3.9x	3.4x	-0.8x	-0.8x	-3.3x	-3.0x	-0.7x	-0.7x	-2.9x	-2.6x
Cannabist Co	0.9x	0.9x	0.9x	7.2x	7.0x	5.3x	-0.6x	-0.6x	-4.4x	-4.5x	-0.8x	-0.8x	-6.2x	-6.4x
Consortium	1.1x	na	na	4.1x	na	na	na	na	na	na	na	na	na	na
Cresco Labs	1.4x	1.4x	1.3x	4.8x	4.8x	4.9x	-0.5x	-0.5x	-1.8x	-1.8x	-0.7x	-0.7x	-2.3x	-2.3x
Curaleaf	2.1x	2.1x	1.9x	9.2x	9.2x	7.7x	-0.5x	-0.5x	-2.3x	-2.3x	-0.9x	-0.9x	-3.8x	-3.8x
4Front Ventures	2.1x	na	na	7.7x	na	na	na	-1.0x	na	-3.8x	na	-1.7x	na	-6.5x
Glass House	2.9x	3.8x	na	9.1x	21.0x	na	-0.1x	na	-0.7x	na	-0.3x	-0.2x	-1.7x	-0.8x
Gold Flora	1.0x	1.0x	0.8x	12.0x	29.3x	7.5x	na	-0.3x	na	na	na	-0.9x	na	na
Goodness Growth	1.6x	1.7x	na	-95.0x	6.8x	na	-0.5x	-0.5x	-2.1x	29.1x	-0.9x	-0.9x	-3.7x	51.1x
Green Thumb	2.1x	2.1x	2.0x	6.7x	6.7x	6.7x	-0.1x	-0.1x	-0.2x	-0.2x	-0.1x	-0.1x	-0.4x	-0.4x
Grown Rogue	3.7x	na	na	5.0x	na	na	na	na	na	na	na	na	na	na
iAnthus	1.1x	na	na	5.5x	na	na	na	-0.9x	na	-4.4x	na	-0.9x	na	-4.5x
Jushi	1.5x	1.4x	1.3x	8.9x	7.0x	6.0x	-0.6x	-0.7x	-3.1x	-4.0x	-1.2x	-1.2x	-5.8x	-7.4x
MariMed	1.0x	1.0x	0.8x	8.6x	8.0x	4.7x	-0.4x	-0.4x	-3.3x	-3.5x	-0.5x	-0.5x	-4.2x	-4.5x
Planet 13	1.1x	1.1x	0.9x	26.9x	17.4x	5.2x	0.2x	0.1x	2.4x	3.7x	-0.1x	-0.1x	-1.0x	-1.5x
Schwazze	1.1x	1.1x	na	8.1x	5.3x	na	-0.9x	-0.9x	-4.1x	na	-1.1x	-1.1x	-5.1x	na
StateHouse	1.9x	na	na	19.7x	na	na	na	-1.1x	na	-11.2x	na	-1.8x	na	-18.9x
TerrAscend	2.0x	1.9x	1.9x	10.6x	9.9x	9.3x	-0.6x	-0.6x	-2.9x	-3.1x	-1.0x	-1.0x	-5.3x	-5.7x
TILT	1.0x	0.9x	0.7x	-17.7x	na	73.3x	-0.5x	-0.6x	15.1x	9.9x	-0.9x	-1.0x	26.3x	17.3x
Trulieve	1.6x	1.6x	1.5x	4.9x	4.6x	4.7x	-0.3x	-0.3x	-0.7x	-0.8x	-0.6x	-0.6x	-1.8x	-1.8x
Verano	1.4x	1.4x	1.3x	4.7x	4.6x	4.3x	-0.4x	-0.4x	-1.3x	-1.4x	-0.7x	-0.8x	-2.5x	-2.5x
Vext	1.8x	1.8x	na	10.1x	8.9x	na	-0.9x	-0.9x	-4.3x	-4.9x	-0.8x	-0.8x	-4.2x	-4.8x

1) We take FactSet consensus estimates for CY24e and CY25e multiples

2) By "current", we mean the latest reported qtr annualized

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

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## Cresco Labs: Company Update Post 3Q Results

### Exhibit 7: US MSOs EV Calculations

US\$Mn 21-Nov-24	FactSet Spot EV	Z&A Spot EV	US\$ price	mn shares	mn deriv	Total Mkt Cap	Financial net debt	Net leases	Income tax liab.	Conting Cons.	ITM deriv inflow	Total BDND	Pref Stock Min Int
<b>US MSOs</b>													
Acreage Holdings	244	337	0.13	125.0	1.0	16	-261	-3	-58			-322	
Ascend Wellness	592	612	0.44	214.5	13.3	100	-241	-134	-137			-512	
Ayr Wellness	631	416	0.72	114.0	31.1	105	-359	4	-11	0	55	-311	
Cannabist Co	553	428	0.10	472.7	8.2	48	-269	-26	-86			-380	
Cansortium	140	125	0.09	304.9	5.6	29	-59	-9	-29			-97	
Cresco Labs	937	983	1.13	441.0	8.9	508	-365	-56	-43	-10		-474	
Curaleaf	2,280	2,774	1.99	743.8	11.2	1,502	-678	-24	-389	-56		-1,146	126
4Front Ventures	241	160	0.03	915.2	3.8	26	-79	-8	-40	-6	0	-134	
Glass House	489	742	7.20	81.0	3.5	608	-25	0	-4	-32		-61	72
Gold Flora	130	134	0.04	287.7	0.1	11	-40	-34	-44	-4		-123	
Goodness Growth	101	165	0.33	230.3	4.1	76	-51	-10	-29			-89	
Green Thumb	2,350	2,404	9.25	236.2	9.3	2,270	-82	-28	-23	0	0	-133	
Grown Rogue	75	99	0.70	143.5		100	5	-2	-2			1	
iAnthus	35	197	0.01	6,615.3		36	-156	-6				-162	
Jushi	332	366	0.32	196.7	0.0	62	-165	-1	-139			-305	
MarlMed	142	162	0.15	381.0	5.0	59	-66	-1	-17			-83	19
Planet 13	100	140	0.41	325.2	0.3	132	19	-7	-16	-5		-8	
Schwazze	180	195	0.11	80.2		9	-151	-2	-33	0		-186	
StateHouse	144	200	0.02	256.4	138.6	6	-114	-10	-54	-22	7	-192	2
TerrAscend	446	581	0.75	355.8	3.1	271	-172	-5	-128	-4		-310	
TILT	109	111	0.01	390.6	4.4	3	-62	-44	-2			-108	
Trulieve	1,201	1,869	6.13	186.0	3.3	1,159	-300	-21	-384	-5		-710	
Verano	901	1,217	1.55	356.9	8.6	566	-355	-6	-285	-4		-651	
Vext	49	66	0.14	245.5	3.4	34	-32	1				-31	

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

## Exhibit 8: Canada LPs Valuation Multiples

Multiples 21-Nov-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	1.2x	1.2x	1.1x	9.7x	11.9x	7.9x	na	na	na	na	0.0x	na	-0.4x	na
Auxly Cannabis Group	0.5x	na	na	2.8x	na	na	-0.4x	na	-2.0x	na	-0.5x	na	-2.8x	na
Avant Brads	0.6x	na	na	1.7x	na	na	-0.1x	na	-0.4x	na	-0.4x	na	-1.2x	na
BZAM	0.3x	na	na	3.4x	na	na	-0.2x	na	-2.4x	na	-0.3x	na	-3.4x	na
Cannara Biotech	0.8x	na	na	5.4x	na	na	0.0x	na	0.0x	na	0.0x	na	0.0x	na
Canopy Growth	4.2x	3.8x	3.5x	-49.6x	-58.2x	2545.7x	-1.3x	-1.2x	15.3x	17.9x	-1.3x	-1.2x	15.3x	17.9x
Cronos Group	-2.5x	-2.3x	-1.9x	6.3x	7.8x	90.4x	na	na	na	na	7.8x	7.0x	-19.5x	-24.0x
Decibel Cannabis	0.8x	0.8x	0.6x	4.7x	4.4x	3.0x	-0.4x	-0.4x	-2.1x	-2.0x	-0.4x	-0.4x	-2.1x	-2.0x
Nova Cannabis	0.4x	na	na	12.1x	na	na	0.0x	na	-0.1x	na	0.0x	na	-0.9x	na
Organigram Holdings	0.9x	0.8x	0.7x	-12.7x	25.6x	10.1x	na	na	na	na	0.5x	0.5x	-7.4x	15.0x
Rubicon Organics	0.4x	na	na	6.0x	na	na	0.0x	na	-0.4x	na	0.0x	na	-0.4x	na
SNDL	0.7x	0.7x	0.6x	15.8x	413.3x	na	na	na	na	na	0.2x	0.2x	4.4x	116.4x
Tilray Brands	1.1x	1.0x	1.0x	10.3x	13.4x	9.9x	0.0x	0.0x	-0.3x	-0.4x	-0.1x	-0.1x	-0.9x	-1.2x
Village Farms International	0.2x	0.3x	0.3x	-6.2x	10.7x	4.2x	0.0x	0.0x	1.0x	-1.7x	0.0x	0.0x	1.0x	-1.7x

1) We take FactSet consensus estimates for CY24e and CY25e multiples

2) By "current", we mean the latest reported qtr annualized

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

## Exhibit 9: Canada LPs EV Calculations

C\$Mn 21-Nov-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	310	393	6.01	54.9	1.2	337	27	-43		0		-16	40
Auxly Cannabis Group	164	58	0.04	0.0	0.0	0	-41	-15		-2		-58	
Avant Brads	155	19	0.56	10.5	0.3	6	-5	-8				-13	
BZAM	112	45	0.00	180.8	0.2	0	-31	-14				-45	
Cannara Biotech	85	60	0.66	90.0	0.0	60	0	0	0			0	
Canopy Growth	na	1,048	5.45	131.6	1.5	725	-323					-323	
Cronos Group	-68	-381	2.84	274.6	6.3	798	1,181	-2				1,179	
Decibel Cannabis	66	74	0.07	581.9	16.3	41	-34	0				-33	
Nova Cannabis	1	119	1.77	62.1		110	-1	-8				-9	
Organigram Holdings	137	137	2.09	103.8	0.0	217	80		0			80	
Rubicon Organics	22	21	0.32	56.2	4.3	19	-1	0				-1	
SNDL	476	608	2.78	264.3	16.2	779	209	-38				171	
Tilray Brands	1,205	1,294	1.82	628.9	0.0	1,147	-42	-49		-21		-112	35
Village Farms International	141	121	1.08	80.3		86	-19	-1				-19	15

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

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## Cresco Labs: Company Update Post 3Q Results

### Exhibit 10: Performance

21-Nov-24	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
<b>US MSOs</b>			
Ascend	-46%	-61%	-62%
Ayr	-63%	-60%	-67%
Cannabist	-53%	-62%	-73%
Cansortium	-39%	-39%	-8%
Cresco	-28%	-35%	-35%
Curaleaf	-37%	-36%	-45%
4Front	-39%	-53%	-85%
GlassHouse	-15%	-23%	52%
Gold Flora	-55%	-54%	-67%
Vireo Growth	-28%	-29%	45%
Grown Rogue	10%	17%	150%
Green Thumb	-10%	-12%	-9%
iAnthus	-42%	-64%	-81%
Jushi	-38%	-44%	-59%
MarlMed	-7%	-32%	-49%
Planet13	-32%	-38%	-47%
Schwazze	0%	-48%	-82%
StateHouse	NN/A	-29%	-25%
Trulieve	-51%	-37%	7%
TerrAscend	-38%	-48%	-52%
Vext	-8%	-19%	-40%
Verano	-54%	-60%	-63%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
<b>Canadian LPs</b>			
Aurora	-22%	-30%	-7%
Avant	-43%	-66%	-87%
Auxly	-23%	-12%	97%
Cannara	5%	-17%	-28%
Canopy	-10%	-36%	-32%
Cronos	-4%	-12%	0%
Decibel	36%	-3%	-53%
Entourage	-12%	-9%	-46%
High Tide	-8%	39%	87%
Nova	1%	0%	152%
OGI	-15%	-23%	22%
Rubicon	-20%	-31%	-22%
SNDL	-1%	-3%	35%
Tilray	-17%	-30%	-26%
VFF	-14%	-26%	-1%
<b>CBD</b>			
CVSI	-17%	-20%	25%
CWEB	-2%	-15%	-38%
LFID	-14%	3%	-73%
<b>International</b>			
InterCure	-24%	-20%	25%
PharmaCielo	-11%	56%	172%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
<b>MJ Fincos</b>			
AFCG	-5%	-3%	-16%
CNPOF	-32%	-17%	18%
IIPR	-18%	-12%	35%
NLCP	-7%	-8%	41%
SHFS	-22%	-42%	-49%
LIEN	-1%	12%	36%
REFI	3%	3%	5%
<b>Tech</b>			
LFLY	-23%	-23%	-70%
SBIG	-22%	-13%	-63%
MAPS	29%	6%	39%
<b>Vape parts</b>			
GNLN	-62%	-72%	-68%
ISPR	-6%	-16%	-53%
SMORF	20%	20%	66%
TLLTF	-39%	-64%	-83%
<b>Index</b>			
S&P 500	2%	7%	31%
S&P 477	1%	1%	20%
Nasdaq	8%	14%	48%
MSOS ETF	-36%	-35%	-34%
YOLO ETF	-22%	-23%	-11%

Source: FactSet and company reports





# Appendix III: Bio and Disclaimers



## Analyst Bio

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



## Disclosures and Disclaimers

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