



8/26/2024

Decibel Cannabis Co. (DB-CA)

Company Update

C\$Mn								
Sales	CY22a	CY23a	CY24e	Prev	CY25e	Prev	CY26e	Prev
1Q	16.7	24.9	21.0 A	21.0	21.9	20.5	24.6	22.6
2Q	18.6	30.9	22.2 A	20.2	23.6	22.6	27.1	25.0
3Q	18.3	30.2	22.6 E	22.1	26.0	25.0	29.8	27.6
4Q	<u>25.8</u>	<u>29.9</u>	<u>22.8</u> E	<u>23.0</u>	<u>22.8</u>	<u>25.5</u>	<u>26.6</u>	<u>28.1</u>
FY	79.3	116.0	88.5	86.3	94.4	93.6	108.2	103.3
EBITDA	CY22a	CY23a	CY24e	Prev	CY25e	Prev	CY26e	Prev
1Q	2.5	6.8	3.6 A	3.6	3.5	4.2	6.1	5.0
2Q	3.2	7.3	3.9 A	4.9	4.7	4.6	6.6	5.4
3Q	4.3	6.7	3.3 E	6.7	5.9	5.1	7.1	6.0
4Q	<u>7.1</u>	<u>5.2</u>	<u>3.6</u> E	<u>7.8</u>	<u>4.6</u>	<u>5.1</u>	<u>6.5</u>	<u>6.1</u>
FY	17.0	25.9	14.5	23.0	18.7	19.0	26.2	22.5

Share price (C\$)	0.08	Perf.	DB-CA	YOLO	S&P500	Stance: Overweight
Share count (mn)	409.0	30d	53%	-2%	2%	no price target
Market Cap (C\$Mn)	33	90d	-19%	-15%	5%	FY=Dec
Ticker	DB-CA	1yr	-47%	30%	27%	

\$Mn			
	FY24	FY25	FY26
Projected EV	71	57	39
EV/Sales	0.8x	0.6x	0.4x
EV/EBITDA	4.9x	3.1x	1.5x

	FY24	FY25	FY26
Net debt/Sales	-0.4x	-0.3x	-0.1x
Net debt/EBITDA	-2.7x	-1.4x	-0.3x
Free Cash Flow	0.0	13.5	17.9
Net (debt) cash	-38.7	-25.2	-7.3

Consensus	FY24	FY25	FY26
Sales	94.7	110.8	121.0
EBITDA	18.9	25.0	31.6
Guidance CY24:	n/a		



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Updated Views Post Call with CEO and 2Q23

We remain Overweight. Decibel trades at 0.8x CY24 sales and 4.2x adj EBITDA. We find the valuation compelling (for what is the #4 player in Canada rec, with a leading franchise in infused pre-rolls and top 3 position in vape), expect the vape and IPR franchise to stabilize by 4Q, and see upside from the company's reentry to domestic rec flower (core and core+) and as it grows exports. On cash flow and manageable debt levels, Decibel has the resources to execute on (returning) CEO's Benjamin Sze's strategic vision. *Note: all \$ figures are C\$ unless noted otherwise.*

Brief take on 2Q24 results (released on 8/14). Decibel's reported net domestic rec sales (\$22.1Mn) in 2Q24 fell 19% yoy (the 2nd quarter in a row of yoy decline), in a market that was up 3% yoy in 2Q24 as per Hifyre (StatCan points to a 4% yoy drop, but we believe the StatCan data is losing reliability). Decibel's domestic sales drop was mostly driven by share loss in the infused pre-roll and vape segments. Adj EBITDA margins of 18% in 2Q24 were well below the peak of 27% in 1Q23, with the decline all driven by tighter lower gross margins (42% vs. 51%). In 2Q24, reported SGA (\$7.5Mn) was 34% of sales, and 81% of gross profits (vs. 56% in 2Q23). Capex is now minimal, but operating cash flow has declined to a range of \$0.90-0.95M per quarter in 1H24 vs. an average of \$1.8Mn in CY23. Net debt of \$37Mn as of June was 0.4x annualized sales and 1.9x adj EBITDA, which is manageable (albeit it is >10x OCF).

What the Hifyre scanner data implies.

- The Hifyre scanner data shows consistent MoM market share declines for Decibel, with 5.3% in July 2024 (on the total Canadian rec market), after 5.6% in 2Q24 and 6.1% in 1Q24 (and 7.3% in 2Q23). Segment share loss in pre-rolls and vape explains the decline. *Note: in 2Q24, pre-rolls accounted for 70% of Decibel sales (>98% infused) and vape for 27%.*
- Decibel (primarily via its General Admission brand) had 12.1% total pre-roll share (#1) in 2Q24 vs. 16.1% at its peak in 3Q23 (and 15.6% in 2Q23). In vape, after peaking at 16.6% in 4Q22 (16.5% in 1Q23) Decibel share was 9.3% in 2Q24 (per Hifyre).
- The infused pre-roll category continues to grow, but competition has heated up (OGI and PSF in the value end, and Jeeter in the core+ segment). Total market sales of "infused joints" (per the Hifyre definition) went from \$11.3Mn in 1Q22 to \$108.6Mn in 1Q24 (i.e., a 10x jump in the space of 2 years), accounting for 29% of total pre-roll category in 1Q24 vs. 5% in 1Q22 (22% in 1Q23). While Decibel has kept its #1 position in infused, its share of infused pre-roll sales has gone from 75% in 1Q22 to 56% in 1Q23, 48% in 1Q24, and now 41% in 2Q24.
- In vape, Decibel (mix: 510 carts 61%; disposables 20%; closed loop 18%; live resin carts 1%) management recognizes it has been slow to adapt to larger format sizes. For example, per Hifyre, during 2Q24 only 8% of its 510 carts sales came from sizes above 1ml (of 82 510 cart SKUs, only 7 were 1.2ml). In disposables, of 36 SKUs, it only had one SKU above 1ml, and that 1.2ml SKU accounted for only 0.4% of its sales of disposables.



What management is now planning. A “big focus” is on defending Decibel’s turf in IPR and vape, and ramping flower production aiming for the core and core+ segments.

- Management admits 50% share in IPR was not necessarily sustainable. it is launching new flavor extensions in IPR, expanding distribution (ON and western Canada), innovating around the Vox brand, and increasing sales and marketing support.
- In the case of vape, it says it will launch bigger size SKUs in 510s and disposables (our read is that management is now more cautious on the upside in closed loops).
- A renewed focus on flower is also a big component of the strategy under returning CEO Benjamin Sze. With flower accounting for 37% of the overall market, management sees upside; starting from only 0.2% segment share, it aspires to 4-5% over time. Given easier manufacturing cycles in pre-rolls and vape, and early success, CEO Sze believes Decibel mistakenly gravitated away from flower.
- Given tightening supplies of quality flower (and more output exported), Decibel sees an opportunity to take share. It has two cultivation facilities (with associated debt) and plans to compete on the above mainstream segment (what it calls core to core+; C\$22 RSP for a 3.5g pack size), with its Qwest brand – all this on the conviction of having a superior product. So far, Qwest flower sales are ahead of forecast (“hard to keep it in stock”), and the Decibel has room to ramp up production (45% utilization of 9ton production capacity).
- As Qwest rebuilds brand equity strength, Decibel could also make a push in standard pre-rolls (where it is under-indexed) with the Qwest brand.
- Re exports, the company has started to ship to Australia and the UK (vape and flower) and management expects to resume shipments to Israel in 3Q.
- On the financial front, the goal is to get to a \$10Mn pa free cash flow run rate (cut costs; capex of \$200K per qtr; manage working capital; growth the top line via flower). It aims to bring down debt by about \$6Mn over the next two years.

Valuation. The stock almost doubled following the release of 2Q24 results (and the new strategic initiatives) on 8/14, but it is still down 47% over the last 12 months compared with +30% for the YOLO ETF (+42% for MSOS ETF) and +27% for the S&P 500. We calculate an EV of C\$71Mn (market cap of \$34Mn; net debt of \$37Mn). Taking spot EV, Decibel trades at 0.8x CY24 sales and 4.2x adj EBITDA. We find the valuation compelling (for what is the #4 player in Canada rec), expect the vape and IPR franchise to stabilize by 4Q, and see upside from the company’s reentry to domestic rec flower and as it expands overseas. See link to our [initiation of coverage report](#) from 12/18/24, and our prior [update report](#) from 7/18.

Table 1: Stocks Mentioned in this Report

Company name	Ticker	Ticker	Rating
US MSOs			
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		GDNSF	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	Not rated
StateHouse Holdings Inc		STHZF	Neutral
TerrAscend		TSNDF	Not rated
TILT Holdings		TLLTF	Overweight
Trulieve Cannabis		TCNNF	will cover
Verano Holdings		VRNOF	Overweight
Vext Science, Inc.		VEXTF	will cover
Tech			
Leafly		LFLY	Not rated
Springbig		SBIG	Not rated
WM Technology		MAPS	Neutral

Source: Z&A estimates

Company name	Ticker	Rating
Canada LPs		
Aurora Cannabis	ACB	Neutral
Auxly Cannabis Group	CBWTF	not rated
Avant Brands	AVTBF	not rated
Avicanna	AVCN	will cover
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	will cover
Rubicon Organics	ROMJF	not rated
SNDL	SNDL	not rated
Tilray Brands	TLRY	Neutral
Village Farms Intl	VFF	Overweight
Finance Companies		
AFC Gamma	AFCG	will cover
Chicago Atlantic REFC	REFI	Overweight
Innovative Industrial Properties	IIPR	will cover
New Lake Capital Partners	NLCP	Overweight
RIV Capital	CNPOF	not rated
SHF Holdings	SHFS	not rated
Silver Spike Inv Corp	SSIC	will cover
Other		
Intercure	INCR	Overweight
Irwin Naturals	IWINF	Not rated
Ispire Technology	ISPR	will cover
Smoore International	SMORF	will cover



Appendix I: Company Financials

26 August 2024

Decibel Holdings: Company Update Post CEO Call and 2Q Print

Exhibit 1: Financial highlights

C\$ 000s	CY22	CY23	1Q24	2Q24	3Q24e	4Q24e	CY24e	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
Sales	79.3	116.0	21.0	22.2	23.0	24.2	90.3	21.9	22.5	26.6	26.3	97.3	110.5	124.3
qoq ch %	na	na	-30%	6%	4%	5%	na	-9%	3%	18%	-1%	na	na	na
yoy ch %	51%	46%	-16%	-28%	-24%	-19%	-22%	5%	2%	15%	9%	8%	14%	13%
guidance							na					na	na	na
consensus					23.3	25.1	91.0	24.2	25.8	27.4	28.3	104.2	108.4	na
Profit margins														
Gross profit before FV adj	34.0	51.6	10.0	9.3	9.9	10.6	39.8	9.9	10.6	12.5	12.6	45.5	55.2	62.2
as % of sales	42.9%	44.5%	47.9%	41.9%	43.0%	44.0%	44.1%	45.0%	47.0%	47.0%	48.0%	46.8%	50.0%	50.0%
Gross profit after FV adj	26.4	41.9	10.2	8.8	9.9	10.6	39.5	9.9	10.6	12.5	12.6	45.5	55.2	62.2
as % of sales	33.3%	36.1%	48.5%	39.7%	43.0%	44.0%	43.8%	45.0%	47.0%	47.0%	48.0%	46.8%	50.0%	50.0%
Op exp	27.1	40.4	8.5	7.8	8.6	8.6	33.5	8.6	8.6	8.6	8.6	34.5	37.7	42.0
as % of sales	34.2%	34.9%	40.4%	35.4%	37.4%	35.6%	37.1%	39.3%	38.3%	32.5%	32.9%	35.5%	34.1%	33.8%
EBIT	-0.7	1.4	1.7	1.0	1.3	2.0	6.0	1.2	2.0	3.9	4.0	11.0	17.5	20.2
as % of sales	-0.9%	1.2%	8.1%	4.3%	5.6%	8.4%	6.6%	5.7%	8.7%	14.5%	15.1%	11.3%	15.9%	16.2%
adj EBITDA	17.0	25.9	3.6	3.9	3.5	4.3	15.3	3.5	4.2	6.1	6.2	20.0	26.7	29.6
as % of sales	21.4%	22.3%	17.1%	17.8%	15.2%	17.6%	16.9%	15.9%	18.7%	23.0%	23.8%	20.6%	24.1%	23.8%
Consensus EBITDA					3.9	4.3	16.8	4.2	4.7	5.1	5.5	22.2	23.3	na
as % of sales					16.9%	17.3%	18.4%	17.4%	18.2%	18.6%	19.4%	21.3%	21.4%	na
EPS														
Pre tax income	-4.5	-1.8	0.2	0.1	0.5	1.3	2.0	0.5	1.3	3.2	3.3	8.2	14.9	17.8
Tax rate assumption	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	-4.5	-1.8	0.2	0.1	0.5	1.3	2.0	0.5	1.3	3.2	3.3	8.2	14.9	17.8
Share count (FD) Mn	404.2	408.1	424.0	419.0	419.0	419.0	420.2	419.0	419.0	419.0	419.0	419.0	419.0	419.0
EPS	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.02	0.04	0.04
BS & CF highlights														
Operating cash flow	8.3	7.1	0.9	1.0	-2.3	-1.9	-2.3	1.7	7.2	0.2	4.7	13.8	19.9	28.1
(-) Capex	-3.3	-1.5	-0.3	-0.1	-0.2	-0.2	-0.8	-0.2	-0.2	-0.3	-0.3	-0.9	-1.0	-2.0
Free cash flow	5.0	5.6	0.6	0.9	-2.5	-2.1	-3.1	1.5	7.0	-0.1	4.5	12.9	18.9	26.1
Ending net cash (debt)	-40.8	-37.5	-37.6	-37.2	-39.7	-41.8	-41.8	-40.3	-33.3	-33.3	-28.9	-28.9	-10.0	16.1
LTM EBITDA	17.0	25.9	22.7	19.4	16.2	15.3	15.3	15.2	15.4	18.1	20.0	20.0	26.7	29.6
Net debt/Sales	-0.5	-0.3	-0.4	-0.4	-0.4	-0.4	-0.5	-1.8	-1.5	-1.3	-1.1	-0.3	-0.1	0.1
Net debt/EBITDA	-2.4	-1.4	-1.7	-1.9	-2.5	-2.7	-2.7	-2.7	-2.2	-1.8	-1.4	-1.4	-0.4	0.5
Equity	47.2	46.2	42.9	43.1	43.6	44.9	44.9	45.4	46.6	49.8	53.1	53.1	68.0	85.8

Source: Z&A estimates, company reports

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Decibel Holdings: Company Update Post CEO Call and 2Q Print

Exhibit 2: Sales

C\$Mn	CY22	CY23	1Q24	2Q24	3Q24e	4Q24e	CY24e	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
Net Sales	79.3	116.0	21.0	22.2	23.0	24.2	90.3	21.9	22.5	26.6	26.3	97.3	110.5	124.3
Domestic rec	68.6	105.8	20.6	22.1	22.7	23.9	89.3	21.6	22.2	26.2	25.9	95.9	108.9	122.5
Exports	1.9	3.7	0.4	0.0	0.3	0.3	1.0	0.3	0.3	0.3	0.4	1.3	1.5	1.8
Retailing	8.9	6.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sales and market share assumptions														
Canada rec sales	4,518	5,163	1,196	1,230	1,418	1,422	5,266	1,255	1,291	1,489	1,440	5,476	5,695	5,923
market (0.4x)	1,807	2,065	478	492	567	569	2,106	502	517	596	576	2,191	2,278	2,369
total market % share	4.2%	5.1%	4.3%	4.5%	4.0%	4.2%	4.2%	4.3%	4.3%	4.4%	4.5%	4.4%	4.8%	5.2%

Source: Z&A estimates, company reports

26 August 2024

Decibel Holdings: Company Update Post CEO Call and 2Q Print

Exhibit 3: Cash Flow

C\$ 000s	CY22	CY23	1Q24	2Q24	3Q24e	4Q24e	CY24e	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
EV calculation (C\$Mn)	74	70	70	69	72	74	74	72	65	65	61	61	42	16
Market cap (C\$Mn)	33	33	33	33	33	33	33	33	33	33	33	33	33	33
Share price (C\$)	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
Share price (US\$)	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
FD share count (Mn)	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0
common shares	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0
RSU/DSUs	17.2	17.7	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3
derivatives in the mon	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Broadly defined net debt	-41	-37	-37	-37	-39	-41	-41	-40	-33	-33	-28	-28	-9	17
net financial debt	-41	-37	-38	-37	-40	-42	-42	-40	-33	-33	-29	-29	-10	16
leases	0	1	1	1	1	1	1	1	1	1	1	1	1	1
other debt/deferred taxes														
warrant/option/convert inflow														
<i>Note: our comp tables use a static definition of EV (i.e. the current one); but in this table we used projected EV</i>														
Multiples (Z&A)														
PE	-7.2x	-18.4x	54.3x	142.0x	15.6x	6.6x	16.6x	68.5x	26.7x	10.6x	10.1x	4.1x	2.2x	1.9x
EV/Sales	0.9x	0.6x	0.8x	0.8x	0.8x	0.8x	0.8x	0.8x	0.7x	0.6x	0.6x	0.6x	0.4x	0.1x
EV/EBITDA	4.3x	2.7x	4.9x	4.4x	5.1x	4.3x	4.8x	5.2x	3.9x	2.7x	2.4x	3.0x	1.6x	0.5x

Source: Z&A estimates, company reports

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Decibel Holdings: Company Update Post CEO Call and 2Q Print

Exhibit 4: Projected EV

C\$ 000s	CY22	CY23	1Q24	2Q24	3Q24e	4Q24e	CY24e	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
EV calculation (C\$Mn)	74	70	70	69	72	74	74	72	65	65	61	61	42	16
Market cap (C\$Mn)	33	33	33	33	33	33	33	33	33	33	33	33	33	33
Share price (C\$)	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08	0.08
Share price (US\$)	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
FD share count (Mn)	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0
common shares	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0	409.0
RSU/DSUs	17.2	17.7	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3	16.3
derivatives in the mon	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Broadly defined net debt	-41	-37	-37	-37	-39	-41	-41	-40	-33	-33	-28	-28	-9	17
net financial debt	-41	-37	-38	-37	-40	-42	-42	-40	-33	-33	-29	-29	-10	16
leases	0	1	1	1	1	1	1	1	1	1	1	1	1	1
other debt/deferred taxes														
warrant/option/convert inflow														
<i>Note: our comp tables use a static definition of EV (i.e. the current one); but in this table we used projected EV</i>														
Multiples (Z&A)														
PE	-7.2x	-18.4x	54.3x	142.0x	15.6x	6.6x	16.6x	68.5x	26.7x	10.6x	10.1x	4.1x	2.2x	1.9x
EV/Sales	0.9x	0.6x	0.8x	0.8x	0.8x	0.8x	0.8x	0.8x	0.7x	0.6x	0.6x	0.6x	0.4x	0.1x
EV/EBITDA	4.3x	2.7x	4.9x	4.4x	5.1x	4.3x	4.8x	5.2x	3.9x	2.7x	2.4x	3.0x	1.6x	0.5x

Source: Z&A estimates, company reports

Note: The common shares of Decibel ("Common Shares") trade on the TSX-Venture Exchange ("TSX-V") under the ticker symbol "DB" and on the OTCQB Venture Market under the symbol "DBCCF". The Company's warrants trade on the TSX-V under the trading symbol "DB.WT.A".



Appendix II: Valuation Comps

Exhibit 5: LPs Valuation Multiples

Multiples 25-Aug-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.	1.8x	1.6x	1.5x	53.4x	23.1x	14.6x	na	na	na	na	0.0x	na	1.4x	na
Auxly Cannabis Group Inc.	1.2x	na	na	13.9x	na	na	-0.4x	na	-5.0x	na	-0.6x	na	-6.8x	na
Avant Brands Inc	0.9x	na	na	2.0x	na	na	-0.2x	na	-0.4x	na	-0.5x	na	-1.1x	na
BZAM Ltd	0.6x	na	na	-1.5x	na	na	-0.4x	na	1.0x	na	-0.5x	na	1.4x	na
Cannara Biotech	1.4x	na	na	7.9x	na	na	-0.6x	na	-3.3x	na	-0.6x	na	-3.3x	na
Canopy Growth Corporation	1.1x	4.7x	2.9x	-5.7x	-77.7x	157.0x	-0.3x	-1.3x	1.6x	21.2x	-0.3x	-1.3x	1.6x	21.2x
Cronos Group Inc	0.7x	0.6x	0.5x	-1.6x	-1.9x	-57.9x	na	na	na	na	8.4x	7.7x	-20.0x	-24.5x
Decibel Cannabis Company Inc	0.8x	0.8x	0.7x	4.9x	4.2x	3.2x	-0.4x	-0.4x	-2.6x	-2.2x	-0.4x	-0.4x	-2.6x	-2.2x
High Tide, Inc.	0.4x	0.4x	0.4x	5.1x	5.5x	4.3x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	-0.1x	-0.1x
Nova Cannabis Inc	0.4x	0.4x	0.3x	6.0x	5.5x	3.7x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	-0.5x	-0.4x
OrganiGram Holdings Inc	1.2x	1.2x	1.0x	-12.9x	39.5x	13.6x	na	na	na	na	0.5x	0.5x	-5.0x	15.4x
Rubicon Organics, Inc.	0.9x	na	na	-18.1x	na	na	-0.1x	na	1.7x	na	-0.1x	na	1.7x	na
SNDL Inc.	0.8x	0.7x	0.6x	14.9x	73.3x	na	na	na	na	na	0.2x	0.2x	4.3x	21.2x
Tilray Brands, Inc.	2.3x	1.9x	1.7x	42.0x	18.5x	14.5x	-0.1x	-0.1x	-1.5x	-0.7x	-0.2x	-0.1x	-3.1x	-1.4x
Village Farms International, Inc.	0.5x	0.5x	0.4x	10.4x	17.1x	6.3x	-0.1x	-0.1x	-1.3x	-2.1x	-0.1x	-0.1x	-1.4x	-2.2x

Source: FactSet and company reports

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Decibel Holdings: Company Update Post CEO Call and 2Q Print

Exhibit 6: LPs EV Calculations

C\$Mn 25-Aug-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.	405	496	8.57	54.6	0.0	468	63	-50		0		13	41
Auxly Cannabis Group Inc.	172	124	0.04	1,250.3	249.9	63	-45	-16		0		-61	
Avant Brands Inc	20	29	0.05	278.6	2.0	13	-6	-10				-16	
BZAM Ltd	116	49	0.02	180.8	0.2	4	-31	-14				-45	
Cannara Biotech	85	111	0.72	90.0	0.0	65	-46	0	-1			-46	
Canopy Growth Corporation	na	1,339	8.61	111.1	1.8	973	-366					-366	
Cronos Group Inc	69	90	3.19	382.0	7.8	1,244	1,156	-2				1,154	
Decibel Cannabis Company Inc	70	71	0.08	409.0	15.8	34	-37	1				-37	
High Tide, Inc.	216	212	2.65	78.6	0.4	209	0	-3				-3	
Nova Cannabis Inc	1	108	1.72	57.3		99	-1	-8				-9	
OrganiGram Holdings Inc	186	186	2.60	94.5	5.0	258	72		0			72	
Rubicon Organics, Inc.	31	31	0.46	56.2	4.1	28	-3	0				-3	
SNDL Inc.	502	612	2.88	263.2	10.9	789	217	-40				177	
Tilray Brands, Inc.	2,215	2,307	2.53	831.9		2,103	-83	-67		-20		-170	34
Village Farms International, Inc.	182	203	1.45	111.7		162	-25	-1				-26	15

Source: FactSet and company reports

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Decibel Holdings: Company Update Post CEO Call and 2Q Print

Exhibit 7: MSOs Valuation Multiples

US\$Mn 25-Aug-24	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			Financial Net Debt				Broadly Defined Net Debt			
							Sales		EBITDA		Sales		EBITDA	
	2023	2024	2025	2023	2024	2025	CY24	Current	CY24	Current	CY24	Current	CY24	Current
US MSOs	1.9x	1.8x	1.6x	11.7x	11.2x	8.0x								
Acreage Holdings	0.3x	1.1x	na	2.7x	5.6x	na	-0.8x	-0.9x	-4.2x	-8.1x	-1.0x	-1.1x	-4.9x	-9.5x
Ascend Wellness	1.4x	1.2x	1.2x	6.7x	6.3x	5.5x	-0.4x	-0.4x	-2.1x	-2.0x	-0.8x	-0.8x	-4.1x	-4.0x
Ayr Wellness	1.3x	1.2x	1.1x	5.3x	5.3x	4.4x	-0.8x	-0.8x	-3.4x	-3.4x	-0.7x	-0.7x	-3.0x	-3.0x
Cannabist Co	0.9x	0.9x	0.8x	6.6x	6.5x	4.7x	-0.5x	-0.5x	-3.9x	-3.3x	-0.7x	-0.7x	-4.9x	-4.2x
Cansortium	1.2x	na	na	3.6x	na	na	na	na	na	na	na	na	na	na
Cresco Labs	0.7x	0.7x	0.7x	3.2x	2.6x	2.5x	-0.5x	-0.5x	-1.9x	-2.0x	-0.7x	-0.7x	-2.6x	-2.8x
Curaleaf	3.1x	3.0x	2.8x	13.9x	13.1x	10.8x	0.0x	0.0x	0.0x	0.0x	-1.3x	-1.3x	-5.6x	-8.6x
4Front Ventures	1.9x	2.1x	na	18.7x	11.5x	na	-0.9x	-0.9x	-4.8x	-5.7x	-1.5x	-1.5x	-8.2x	-9.7x
Glass House	5.7x	4.4x	na	37.2x	22.1x	na	-0.1x	na	-0.6x	na	-0.4x	-0.4x	-1.8x	-1.8x
Gold Flora	0.9x	0.8x	0.7x	na	45.7x	5.2x	na	-0.3x	na	na	na	-0.9x	na	na
Goodness Growth	0.9x	0.8x	na	4.8x	3.6x	na	-0.5x	-0.5x	-2.2x	-1.8x	-0.6x	-0.6x	-2.5x	-2.1x
Green Thumb	2.6x	2.4x	2.3x	8.4x	7.5x	7.2x	-0.1x	-0.1x	-0.3x	-0.3x	-0.1x	-0.1x	-0.4x	-0.4x
Grown Rogue	4.1x	na	na	17.6x	na	na	na	na	na	na	na	na	na	na
iAnthus	1.5x	na	na	na	na	na	na	-0.8x	na	-7.5x	na	-0.9x	na	-8.0x
Jushi	1.5x	1.5x	1.4x	10.0x	7.2x	6.2x	-0.7x	-0.7x	-3.1x	-8.4x	-1.1x	-1.1x	-5.2x	-13.9x
MariMed	1.2x	1.1x	0.9x	7.1x	8.8x	4.9x	-0.4x	-0.4x	-3.2x	-2.6x	-0.5x	-0.5x	-4.0x	-3.3x
Planet 13	1.9x	1.5x	1.1x	-8.0x	16.4x	6.6x	0.1x	0.2x	1.6x	20.0x	0.0x	0.0x	0.2x	2.6x
Schwazze	1.1x	1.1x	na	3.6x	5.1x	na	-0.8x	-0.7x	-3.7x	-2.4x	-0.9x	-0.8x	-4.3x	-2.8x
StateHouse	1.9x	na	na	na	na	na	na	-1.1x	na	-57.5x	na	-1.8x	na	-92.6x
TerrAscend	5.0x	5.0x	4.7x	22.9x	24.7x	21.5x	-0.8x	-0.7x	-4.1x	-2.7x	-1.6x	-1.4x	-8.0x	-5.3x
TILT	0.7x	0.8x	0.7x	54.7x	na	19.6x	-0.4x	-0.3x	381.6x	-7.0x	-0.8x	-0.6x	680.8x	-12.6x
Trulieve	2.2x	2.1x	2.0x	7.8x	6.4x	6.4x	-0.5x	-0.5x	-1.4x	-1.7x	-0.5x	-0.6x	-1.6x	-2.1x
Verano	2.0x	2.1x	2.0x	6.3x	6.8x	6.1x	-0.3x	-0.3x	-0.9x	-0.7x	-0.6x	-0.5x	-1.9x	-1.5x
Vext	2.1x	1.9x	na	13.0x	7.9x	na	-0.9x	-1.1x	-3.8x	-8.1x	-0.9x	-1.1x	-3.8x	-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

26 August 2024

Decibel Holdings: Company Update Post CEO Call and 2Q Print

Exhibit 8: MSOs EV Calculations

US\$Mn 25-Aug-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
US MSOs													
Acreage Holdings	247	286	0.21	139.9	29.7	36	-214	-2	-34			-250	
Ascend Wellness	728	718	1.10	211.5	13.3	247	-238	-134	-99			-470	
Ayr Wellness	702	602	1.83	114.0	31.1	266	-382	5	-13	0	55	-336	
Cannabist Co	624	456	0.27	429.3		116	-272	-23	-45	0		-340	
Cansortium	140	125	0.14	298.3	6.3	44	-49	-7	-26			-81	
Cresco Labs	1,142	556	1.77	0.0	0.0	0	-395	-56	-98	-7		-556	
Curaleaf	2,990	4,228	3.10	738.1	7.9	2,313	8	-1,115	-672	-18		-1,796	119
4Front Ventures	261	188	0.06	916.2	20.2	55	-79	-8	-40	-6	0	-134	
Glass House	643	912	9.68	75.7	3.2	764	-26	0	-21	-29		-76	72
Gold Flora	130	113	0.08	0.0	0.0	0	-37	-31	-41	-4		-113	
Goodness Growth	121	81	0.51	45.3		23	-50	-8				-58	
Green Thumb	2,633	2,739	10.60	237.0	9.3	2,611	-114	-26	-25	0	37	-128	
Grown Rogue	75	104	0.61	170.8		103	4	-3	0	0		0	
iAnthus	95	250	0.01	6,510.5		95	-146	-9				-155	
Jushi	382	408	0.57	196.6	1.1	113	-179	1	-117			-295	
MariMed	159	176	0.20	380.6	5.0	76	-63	-1	-16			-80	19
Planet 13	142	191	0.60	325.2	0.3	194	18	-6	-5	-5		2	
Schwazze	185	190	0.18	171.3		31	-138	-3	-18	0		-159	
StateHouse	146	195	0.02	255.9	138.6	9	-114	-13	-39	-24	7	-184	2
TerrAscend	655	1,572	1.48	366.5	351.2	1,062	-258	-186	-7	-59		-510	
TILT	112	113	0.02	390.5	4.4	7	-59	-44	-3			-106	
Trulieve	1,805	2,517	9.90	186.0	3.3	1,874	-537	-16	-86	-4		-644	
Verano	1,717	1,919	3.92	346.4	8.7	1,392	-266	-6	-251	-4		-527	
Vext	53	72	0.17	217.5	0.4	37	-35	0				-35	

Source: FactSet and company reports

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Decibel Holdings: Company Update Post CEO Call and 2Q Print

Exhibit 9: Stock Performance

25-Aug-24	Stock Performance		
Ticker	Last 30d	Last 90d	Last 12mo
US MSOs			
AAWH	21%	-8%	99%
ACRDF	-31%	-52%	-3%
AYRWF	-11%	-27%	123%
CBSTF	31%	0%	-35%
CNTMF	-4%	-18%	120%
CRLBF	8%	-13%	67%
CURLF	-25%	-39%	7%
CXXIF	0%	-30%	-5%
FFNTF	-45%	-42%	-39%
GLASF	40%	4%	149%
GRAMF	-39%	-61%	-32%
GDNSF	6%	-21%	370%
GRUSF	3%	-27%	236%
GTBIF	-5%	-14%	56%
ITHUF	-13%	-23%	12%
JUSHF	4%	-15%	33%
LOWLF	-65%	-85%	-96%
MRMD	16%	-19%	-34%
PLNH	27%	2%	21%
SHWZ	-40%	-65%	-75%
STHZF	22900%	53%	-1%
TCNNF	-4%	-14%	162%
TLTFF	-15%	-48%	-38%
TSNDF	16%	-9%	-17%
VEXTF	-4%	-20%	-1%
VRNOF	3%	-17%	43%

	Stock Performance		
Ticker	Last 30d	Last 90d	Last 12mo
Canadian LPs			
ACB	10%	-7%	27%
AVTBF	-18%	-36%	-74%
BZAMF	-41%	-41%	-86%
CBWTF	27%	-14%	175%
CGC	-11%	-32%	54%
CRON	-1%	-15%	32%
DBCCF	53%	-19%	-47%
ETRGF	23%	20%	-34%
HITI	5%	-18%	51%
LOVFF	21%	-11%	-32%
NVACF	45%	42%	218%
OGI	16%	2%	29%
ROMJF	0%	16%	-2%
SNDL	3%	-9%	30%
TLRY	4%	1%	-25%
VFF	-1%	-12%	17%
Cannabis - International			
CLVR	-99%	-19%	-30%
IMCC	29%	-99%	-100%
INCR	-16%	-11%	24%
LGPPF	na	na	na
PCLOF	-14%	20%	63%
Tech			
LFLY	-9%	10%	-71%
SBIG	-42%	-51%	-62%
MAPS	3%	9%	-9%

	Stock Performance		
Ticker	Last 30d	Last 90d	Last 12mo
MJ Fincos			
AFCG	7%	-19%	-19%
CNPOF	28%	13%	24%
IIPR	1%	8%	56%
NLCP	2%	-4%	57%
PW	16%	100%	23%
SHFS	0%	-17%	50%
SSIC	-4%	1%	21%
REFI	-3%	0%	9%
Pix & Shovel			
AGFY	-23%	-24%	-89%
GRWG	-8%	-12%	-20%
HYFM	-16%	-32%	-47%
SMG	7%	8%	44%
UGRO	-1%	-9%	32%
Vape parts			
GNLN	182%	40%	-1%
ISPR	16%	-2%	-24%
SMORF	-18%	6%	2%
TLLTF	-15%	-48%	-38%
Index			
S&P 500	2%	5%	27%
S&P 477	4%	5%	14%
Nasdaq	12%	12%	35%
MSOS ETF	-4%	-20%	42%
YOLO ETF	-2%	-15%	30%

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 five years he launched coverage of over 40 companies in the US, Canada, and overseas (MSOs, LPs, CBD, ancillary, psychedelics), kept close track of sectoral trends, and followed the reform process in the US, Canada, Germany, Australia, 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 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. Now, more than a 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 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 Zuanic can be contacted via the company's portal www.zuanicassociates.com; via email at pablo.zuanic@zuanicgroup.com; or via X @420Odysseus.*



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, research, and advisory services. Potential conflicts of interest are duly reflected in the respective specific company reports.

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Disclosure: Zuanic & Associates offers advisory and research services, and it also organizes investor events and conferences. The firm is often engaged by various operators in the cannabis industry (both plant touching companies and those providing services, private and public, in North America and overseas) on an ongoing or ad hoc basis. The company discussed in this report is a paying customer of the services provided by the firm.

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