



10/12/2026

Aurora Cannabis (ACB)

Company Update: Neutral

C\$ Mn							
Sales	FY26a	FY27e	Prev	FY28e	Prev	FY29e	Prev
1Q	98.0	67.6	A	74.1		82.2	
2Q	90.4	70.2	E	73.3		83.6	
3Q	94.2	73.3	E	78.4		84.4	
4Q	<u>84.8</u>	<u>77.7</u>	E	<u>81.3</u>		<u>87.3</u>	
FY	367.4	288.7	E	307.2		337.6	
EBITDA	FY26a	FY27e	Prev	FY28e	Prev	FY29e	Prev
1Q	10.8	3.4	A	7.2		7.5	
2Q	9.2	4.1	E	5.2		11.4	
3Q	18.4	5.3	E	7.7		11.6	
4Q	<u>9.2</u>	<u>6.7</u>	E	<u>6.9</u>		<u>12.0</u>	
FY	47.7	19.5	E	27.0		42.5	
C\$ Mn							
Share price (C\$)	6.34	<u>Perf.</u>	<u>ACB</u>	<u>YOLO</u>	<u>S&P500</u>	Stance:	Neutral
Share count (mn)	64.9	30d	15%	-12%	2%	no price target	
Market Cap (C\$Mr)	411	90d	64%	1%	3%	FY=Mar	
Ticker	ACB	1yr	-27%	-27%	16%		
C\$ Mn							
							
C\$Mn	FY27e	FY28e					
Projected EV	331	316					
EV/Sales	1.1x	1.0x					
EV/EBITDA	16.9x	11.7x					
Net debt/Sales	na	na					
Net debt/EBITDA	na	na					
Free Cash Flow	-22	14					
Net (debt) cash	135	145					
Consensus	FY27e	FY28e					
Sales	na	na					
EBITDA	na	na					
Sales Guidance FY27	~C\$290Mn						

Pablo Zuanic

ZUANIC & ASSOCIATES

pablo.zuanic@zuanicgroup.com



On a Potential OGI Bid

Summary. The Canadian stock market is closed today for Thanksgiving there (the US stock market is open), so, if Friday's chatter about a potential Aurora/Organigram merger (proposal) is true, we would not expect any formal confirmation until Tuesday (10/13). If at all. The latest Curaleaf offer (US\$1 cash per ACB share plus 0.4013 of a CURLF share), at US\$4.74, is more than 60% above where ACB was trading before news of the first Curaleaf offer came out (\$2.89 on 8/10). Besides the hefty premium to where ACB was trading, the Curaleaf pitch is also about better stewardship (we will not opine) and giving ACB shareholders US exposure. As we have often argued in previous research notes, investors (excessive?) focus on the US story, has overlooked the LP optionality in the growing overseas markets (which has pushed up MSO valuations, while the opposite has taken place with LPs, generally speaking). If the Curaleaf bid should teach investors one thing, it is about the potential of the international markets and about the strategic importance of compliant EU-GMP supply chain (especially at source). Given the run up in ACB shares, it is hard for us to envision a scenario of everything going back to status quo (pre 8/11); could the ACB board tolerate the potential 40% drop in the ACB share price? As we explain here, with BAT's backing, we believe OGI could outbid Curaleaf (which can only go so far in increasing the cash piece of the offer; sure, more stock could help, but S3 delays do not help the case). BAT had only one page (Capital Markets Day on Sep 29-30), in its "brick-like" investor deck, dedicated to cannabis, but if the OGI/Sanity deal steep valuation (with BAT's backing) is a sign, in our opinion, BAT gets it (the international medical cannabis upside). It remains unclear, when OGI's Moncton NB >120ton facility will receive EU GMP certification. In short, ACB's >60 tons indoor EU-EMP compliant capacity (River and Safari, per our estimates), plus >2tons in Germany (Leuna), have great strategic value (both to OGI and Curaleaf). *Note: we are not taking sides on the matter, but here we review the bid structure scenarios, and compare scale, sales, margins, and supply chain for ACB, CURLF, and OGI (we also compare with High Tide's Remexian).*

Comparing the Key Players: Sizes, Sales, Margins, Supply Chain

Comparing supply chains. If we compare OGI/Sanity, High Tide/Remexian, Curaleaf, and Aurora, we calculate the latter is the smaller of the four in terms of German wholesale revenues, with the first three near C\$40Mn in the latest qtr and ACB at C\$25Mn. But re supply chain, ACB has the edge. HITI buys from various 3rd parties (10.2 tons in the latest qtr); OGI supplies most of the Sanity business (although not all), but all of it is EU GMPd by 3rd parties (OGI management estimates this at a cost of C\$0.50/gram). In recent podcasts, Curaleaf has said it only grows about 20% of its international business, with the balance bought from 3rd parties (Curaleaf's Northern Green Canada unit grows but also provides EU-GMP services to 3rd parties)

Per the latest data, we estimate ACB's German sales are below those of OGI, HITI, and Curaleaf. ACB's German sales are about a third less than those generated by OGI/Sanity, Curaleaf, and High Tide's Remexian, per our estimates, taking data from the latest reported quarters. That said, in part due to supply chain, and a more premium portfolio, we calculate ACB's European gross margins may be 2x those of the peers mentioned here.

- Curaleaf reported international sales of US\$51.4Mn (C\$71Mn) for the June qtr, split as follows: US\$16.4Mn retail (mostly UK, per our estimates); US\$31.9Mn wholesale (mostly Germany, we estimate); and US\$3.1Mn in fee income. If we assume, >90% of wholesale was Germany, that would imply sales of ~C\$40Mn. For the June qtr, it reported cash gross margins of 44% (vs. 56% for its domestic business).
- ACB reported international sales of C\$43.3Mn (all wholesale), with Europe accounting for C\$32.1Mn and Oceania for C\$11.2Mn. ACB is also one of the leaders in Poland and bought downstream assets in the UK recently. We estimate Germany is >75% of ACB's European wholesale revenues, or C\$25Mn. ACB reported cash gross margins of 61% for its global medical cannabis business in the June qtr (down from 69% a year earlier, as it felt the impact from changes in reimbursement to veterans starting 4/1/26), with international likely close to 70% per our estimates.
- OGI said Sanity Group sales (now fully-owned by OGI) in the June qtr (proforma) were €25.5Mn (C\$41Mn). OGI does not split gross margins by division, but in the June qtr they reached 37% vs. 25% in March, to a large extent due to the consolidation of the Sanity #s (the deal closed on 4/15/26). Assuming rec gross margins did not change much between the March and June qtr, we estimate the OGI/Sanity gross margins (inc D&A) around 60%.
- High Tide said Remexian revenues were C\$38.2Mn in the latest July qtr (2026), with gross margins of 26%. Volumes were up 35% qoq, while sales (in C\$) were up 21% qoq (implying rev/ton was down ~12%).

On the Curaleaf Offer and Potential OGI Bid

The Curaleaf offer. Per the latest offer (10/5), Curaleaf will pay US\$1 per ACB share plus 0.4013 of a CULRF share (latest share price is US\$9.33). The latter is equivalent to US\$4.74. ACB shares are at US\$4.44 (>6% discount). Taking the latest ACB share count reported (8/4) of 64,861,819 shares, the deal values the ACB market cap at US\$308Mn. Taking ACB's net cash of C\$149Mn (US\$108Mn), the deal EV is US\$200 (or C\$285Mn, taking the latest FX rate of 0.701). If we take ACB FactSet consensus for FY27 Mar (C\$294Mn sales; EBITDA C\$20Mn), the Curaleaf offer values Aurora at 1x sales and 14x EBITDA, and taking CY27 FactSet consensus (C\$304Mn sales; C\$32Mn EBITDA) at ~1x sales and 9x EBITDA. In the event of a competing bid, by how much more can Curaleaf increase its offer, or at least the cash component?

- Per the latest offer, we estimate the proforma net debt at US\$667Mn, or 2.2x EBITDA (we assume synergies at 7% of target co sales), or 3.8x if we factor the \$480Mn in tax debt of Curaleaf (including 280e related "uncertain tax provision"). The Curaleaf share count goes up from 265.8mn to 291.8mn (i.e., Curaleaf shareholders will own 91% of the newco).
- If Curaleaf were to set the offer at \$5 per ACB share, all cash, the Curaleaf proforma net debt to EBITDA would be 3x (4.6x inc. tax debt). We do not think that is viable in the current industry context. We think 2.5x would be the maximum threshold; at that level, CULRF could increase the cash component to US\$2.50 (for a total offer of US\$6.24, or

C\$8.90, if it does not change the cash ratio of 0.4013 Curaleaf shares per ACB shares; or it could lower the cash component and leave the total offer of ~\$4.74 unchanged). The table below shows the current offer structure

Table 1: Math of Curaleaf Buying ACB (per latest offer)

	US\$ Mn Curaleaf	C\$Mn Aurora	US\$ Mn Aurora	C\$Mn Both	US\$ Mn Synergies	Deal Cash Flows ?	US\$ Mn New Co
Financials							
Sales	1,385	270	195	1,580			1,580
EBITDA	280	14	10	290	14		304
EBITDA margin	20.3%	5.1%	5.1%				19.2%
EBIT	17	-35	-25	-8	14		5
EBIT margin	1.2%	-12.9%	-12.9%				0.3%
Net cash (debt)	-710	149	108	-602		-65	-667
Net cash(debt)/EBITDA	-2.5x	na	na				-2.2x
Tax debt	-480						-480
Net debt inc tax debt to EBITDA	-4.2x	na	na				-3.8x
Share count (mn)	265.8		64.9			new CURLF count (mn) ->	291.8
Current share price (US\$)	9.33		4.44				
Target Company Valuation							
Implied ACB EV (US\$ Mn)				200			
Implied ACB market cap bid (US\$ Mn)				308			
Total ACB share price bid (US\$)			4.74				
cash component (US\$ per share)			1.00	65	US\$ Mn cash		
stock component (0.4013 ratio)			3.74	26.0	mn (CURLF shares issued)		
Bid premium			7%				

Source: Z&A estimates; company reports

Table 2: Math of Curaleaf Buying ACB increasing cash per share to US\$2.50 and total bid to US\$6.24/share

	US\$ Mn Curaleaf	C\$Mn Aurora	US\$ Mn Aurora	C\$Mn Both	US\$ Mn Synergies	Deal Cash Flows ?	US\$ Mn New Co
Financials							
Sales	1,385	270	195	1,580			1,580
EBITDA	280	14	10	290	14		304
EBITDA margin	20.3%	5.1%	5.1%				19.2%
EBIT	17	-35	-25	-8	14		5
EBIT margin	1.2%	-12.9%	-12.9%				0.3%
Net cash (debt)	-710	149	108	-602		-162	-765
Net cash(debt)/EBITDA	-2.5x	na	na				-2.5x
Tax debt	-480						-480
Net debt inc tax debt to EBITDA	-4.2x	na	na				-4.1x
Share count (mn)	265.8		64.9			new CURLF count (mn) ->	291.8
Current share price (US\$)	9.33		4.44				
Target Company Valuation							
Implied ACB EV (US\$ Mn)				297			
Implied ACB market cap bid (US\$ Mn)				405			
Total ACB share price bid (US\$)			6.24				
cash component (US\$ per share)			2.50	162	US\$ Mn cash		
stock component (0.4013 ratio)			3.74	26.0	mn (CURLF shares issued)		
Bid premium			41%				

Source: Z&A estimates; company reports

Can OGI pay more? In terms of sales, OGI is now (including Sanity proforma) 1.6x larger than ACB, and EBITDA is almost 4x; it has net debt of C\$9Mn vs. net cash of C\$149Mn for ACB. But in terms of market cap, OGI is smaller than ACB (C\$191Mn vs. C\$411Mn). Per our math, we do not think OGI can buy ACB on its own (even with a mix of stock and cash), so BAT would need to step in.

- **Scenario OGI on its own (not doable, in our view).** Assuming OGI would need to top the Curaleaf bid (let's stay US\$6.00, or C\$8.55 taking the latest FX rate of 0.701) but could not lever to more than 2.5x net debt to EBITDA (deal proforma, assuming synergies at 7% of target co sales), the C\$8.55 offer would be C\$5 cash and 2.2571 OGI shares per ACB share. The latter would result in a new OGI share count of 287mn (It would issue 146mn shares). So, OGI would end up with 2.5x proforma net debt to EBITDA leverage, and ACB shareholders would own 51% of the newco (and OGI shareholders would be diluted to 49%).
- **Scenario of BAT stepping in.** BAT is capped at 30% voting control (due to UK rules) and 49% ownership. At present it owns 29.95% of the common stock and also owns preferred shares in OGI (in the OGI books at C\$71Mn). In the example above (which we do not think is doable), BAT would be diluted to 14.7% ownership. But it could still increase its stake in the proforma company by injecting new monies into OGI. For example (see table), if it injects C\$60Mn (for another >40mn shares), OGI could fund the C\$8.55 per share offer for ACB, paying C\$6.43 cash (to be at 2.5x proforma leverage) and 1.5696 OGI shares for every ACB share. In this case, OGI shareholders would own 64% of the newco, and BAT 19%. We realize this is just one example (and there are many iterations/permutations), but our point is that if BAT wants to help OGI take control of ACB (and outbid Curaleaf), it has the flexibility to do so.

Table 3: Scenario of OGI buying ACB at C\$8.55 per share with no BAT involvement (not doable)

C\$ Mn	C\$Mn OGI	C\$Mn ACB	C\$Mn Both	Deal Synergies	Deal Bid	New Co
Financials						
Sales	423	270	693			693
EBITDA	54	14	67	19		86
EBITDA margin	12.7%	5.1%				12.5%
EBIT	21	-35	-14	19		5
EBIT margin	5.0%	-12.9%				0.8%
Net cash (debt)	-9	149	140		-357	-217
Net cash(debt)/EBITDA	-0.2x	na				-2.5x
Share count (mn)	141.0	64.9				146.4
Current share price (C\$)	1.35	6.34				287.4
Current market cap (C\$Mn)	191	411				
Target Company Valuation						
Implied ACB EV (C\$ Mn)			405			
Implied ACB market cap bid (C\$ Mn)			555			
Total ACB share price bid (C\$)			8.55			
cash component (C\$ per share)			5.50	357 US\$ Mn cash		
stock component	-> ratio	2.2571	3.05	146.4 mn (OGI shares issued)		
Bid premium			35%			

Source: Z&A estimates; company reports

Table 4: Scenario of OGI buying ACB at C\$8.55 per share with BAT involvement

C\$ Mn	C\$Mn OGI	C\$Mn ACB	C\$Mn Both	Deal Synergies	Deal Bid	New Co
Financials						
Sales	423	270	693			693
EBITDA	54	14	67	19		86
EBITDA margin	12.7%	5.1%				12.5%
EBIT	21	-35	-14	19		5
EBIT margin	5.0%	-12.9%				0.8%
OGI post C\$60Mn BAT equity injection						
Net cash (debt)	51	149	200		-417	-217
Net cash(debt)/EBITDA						-2.5x
Share count (mn)	183.2	64.9			OGI shares to issue ->	101.8
Current share price (C\$)	1.35	6.34			new OGI count (mn) ->	285.0
Current market cap (C\$Mn)						
Target Company Valuation						
Implied ACB EV (US\$ Mn)			405			
Implied ACB market cap bid (US\$ Mn)			555			
Total ACB share price bid (C\$)			8.55			
cash component (C\$ per share)			6.43		417 US\$ Mn cash	
stock component	-> ratio	1.5696	2.12		101.8 mn (OGI shares issued)	
Bid premium			35%			

Source: Z&A estimates; company reports

Table 5: Stocks Mentioned in this Report (Z&A covers 20 MJ stocks at present)

Company name	Ticker	Ticker	Rating
US MSOs			
Cresco Labs		CRLBF	Overweight
Green Thumb Industries		GTBIF	Overweight
Jushi Holdings		JUSHF	Overweight
MariMed		MRMD	Overweight
Planet 13 Holdings		PLNHF	Overweight
Verano Holdings		VRNOF	Overweight
Vext Science		VEXTF	Overweight
Vireo Growth		VREOF	Overweight
Ascend Wellness		AAWH	not rated
Curaleaf Holdings		CURLF	not rated
GlassHouse Brands		GLASF	not rated
TerrAscend		TSNDF	not rated
Trulieve Cannabis		TCNNF	not rated
CBD/Hemp			
Charlotte's Web		CWBHF	Overweight
CV Sciences		CVSI	not rated
cbdMD		YCBD	not rated
LFTD Partners Inc.		LIFD	not rated
International			
Cantourage		HIGH	not rated
IM Cannabis		IMCC	not rated
Intercure		INCR	not rated
Little Green Pharma		LGP	not rated

Source: Z&A ratings

Company name	Ticker	Rating
Canada LPs		
Decibel Cannabis Co	DB	Overweight
Rubicon Organics	RUBI	Overweight
Village Farms Intl	VFF	Overweight
Aurora Cannabis	ACB	Neutral
Canopy Growth	CGC	Neutral
Tilray Brands	TLRY	Neutral
Cronos Group	CRON	will cover
Auxly Cannabis Group	XLY	not rated
Avant Brands	AVNT	not rated
Cannara Biotech	LOVFF	not rated
Organigram Holdings	OGI	not rated
Simply Solventless	HASH	not rated
SNDL Inc	SNDL	not rated
Vape Parts		
Ispire Technology	ISPR	not rated
Smoore International	SMORF	not rated
Finance (MJ) Companies		
Chicago Atlantic BDC	LIEN	Overweight
Chicago Atlantic REAF	REFI	Overweight
New Lake Capital Partners	NLCP	Overweight
Advanced Flower Capital	AFCG	Neutral
Innovative Industrial Properties	IIPR	not rated
Tech		
WM Technology	MAPS	Overweight



Appendix I: Company Financials

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Aurora Cannabis: On a Potential OGI Bid

Exhibit 1: Financial Highlights

C\$ Mn	Mar FY24	Mar FY25	Jun 1Q26	Sep 2Q26	Dec 3Q26	Mar 4Q26	Mar FY26	Jun 1Q27	Sep 2Q27e	Dec 3Q27e	Mar 4Q27e	Mar FY27e	Mar FY28e	Mar FY29e
Sales (\$ Mn)	87.3	88.1	98.0	90.4	94.2	84.8	367.4	67.6	70.2	73.3	77.7	288.7	307.2	337.6
qoq ch %	na	na	-160%	-8%	4%	-10%	na	-20%	4%	4%	6%	na	na	na
yoy ch %	-61%	1%	17%	11%	7%	-151%	317%	-31%	-22%	-22%	-8%	-21%	6%	10%
P&L														
Gross profit before FV adj	50	-96	36	36	46	41	159	29	38	41	44	152	172	193
as % of sales	57%	-108%	37%	39%	49%	48%	43%	43%	55%	56%	56%	53%	56%	57%
EBIT	7	-139	-20	-19	2	-10	-47	-9	-1	0	2	-7	7	23
as % of sales	8%	-158%	-21%	-21%	2%	-12%	-13%	-13%	-1%	1%	2%	-2%	2%	7%
adj EBITDA	14	50	11	9	18	9	48	3	4	5	7	19	27	42
as % of sales	15.7%	56.5%	11.0%	10.2%	19.5%	10.9%	13.0%	5.1%	5.8%	7.1%	8.6%	6.7%	8.7%	12.5%
EPS														
Pre tax income	8	-138	-19	-47	-2	11	-57	-4	0	1	2	-1	8	25
Tax rate assumption	2%	0%	22%	-10%	215%	723%	-141%	-11%	2%	2%	2%	-41%	2%	2%
Net income after min int	7	-139	-15	-51	2	-71	-136	-4	0	1	2	-2	8	24
Share count (FD) Mn	261.4	55.3	56.2	56.0	56.3	57.3	56.5	61.7	58.7	61.7	61.7	60.9	61.7	61.7
EPS	0.09	-2.48	-0.27	-0.91	0.03	-1.19	-2.35	-0.07	0.00	0.01	0.03	-0.03	0.13	0.39
<i>consensus</i>								-0.05	-0.07	0.01	0.02	0.35	0.50	na
BS and CF highlights														
Operating cash flow	-87	16	10	-40	17	0	-14	-4	0	2	1	-1	33	43
(-) Capex	-17	-19	-5	-6	-6	-5	-23	-5	-5	-5	-5	-20	-19	-20
Free cash flow	-104	-3	5	-47	11	-5	-36	-10	-5	-3	-4	-22	14	23
Ending net cash (debt)	150	122	126	126	82	93	93	149	149	111	108	108	118	136
Net cash (debt)/Sales	1.7x	1.4x	0.3x	0.3x	0.2x	0.3x	0.3x	0.6x	0.5x	0.4x	0.3x	0.4x	0.4x	0.4x
Net cash (debt)/EBITDA	10.9x	2.5x	2.9x	3.4x	1.1x	2.5x	1.9x	10.8x	9.2x	5.3x	4.1x	5.6x	4.4x	3.2x
Equity	560	567	552	532	536	512	512	527	494	494	496	496	504	528

Source: Z&A estimates, company reports

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Aurora Cannabis: On a Potential OGI Bid

Exhibit 2: Divisional Sales Trends

C\$ Mn	Mar FY24	Mar FY25	Jun 1Q26	Sep 2Q26	Dec 3Q26	Mar 4Q26	Mar FY26	Jun 1Q27	Sep 2Q27e	Dec 3Q27e	Mar 4Q27e	Mar FY27e	Mar FY28e	Mar FY29e
Net sales	87.3	88.1	98.0	90.4	94.2	84.8	367.4	67.6	70.2	73.3	77.7	288.7	307.2	337.6
Canada Rec	47.0	40.0	7.9	6.9	5.2	3.6	23.5	2.1	1.0	0.0	0.0	3.0	0.0	0.0
Canada bulk	2.4	4.4	1.4	1.4	1.5	4.1	8.4	1.5	1.5	1.5	1.5	6.0	6.0	6.0
Canada Med	103.1	107.4	27.7	26.8	28.3	28.3	111.0	20.7	21.3	21.6	22.1	85.8	89.5	95.2
International Med	72.4	137.0	37.1	42.7	48.0	48.8	176.5	43.3	46.4	50.1	54.1	194.0	211.7	236.3
Other/Propagation	44.8	54.4	23.9	11.6	11.3	0.0	46.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Seq ch	-61%	1%	-160%	-8%	4%	-10%	317%	-20%	4%	4%	6%	-21%	6%	10%
Canada Rec	-15%	-15%	-4%	-13%	-25%	-29%	-41%	-43%	-53%					
Canada Med	6%	4%	3%	-3%	6%	0%	3%	-27%	3%	1%	2%	-23%	4%	6%
International Med	53%	89%	-10%	15%	13%	2%	29%	-11%	7%	8%	8%	10%	9%	12%
Canada rec assumptions (C\$ Mn)														
Market size C\$ rsp	5,226	5,419	1,426	1,469	1,435	1,316	5,646	1,455	1,498	1,464	1,355	5,773	5,946	6,124
QoQ ch %	na	na	11%	3%	-2%	-8%	na	11%	3%	-2%	-7%	na	na	na
YoY ch %	12%	4%	7%	5%	2%	2%	4%	2%	2%	2%	3%	2%	3%	3%
Market size C\$ ex factory	2,613	2,710	713	734	718	658	2,823	727	749	732	678	2,886	2,973	3,062
Co rec market share	2%	1%	1%	1%	1%	1%	1%	0%	0%	0%	0%	0%	0%	0%
Co sales C\$Mn	47	40	8	7	5	4	24	2	1	0	0	3	0	0
Med intl assumptions (C\$ Mn)														
Market size C\$ rsp (CF est)	3,663	3,634	1,020	1,122	1,178	1,237	4,557	1,299	1,364	1,432	1,504	5,598	6,805	8,271
QoQ ch %	na	na	5%	10%	5%	5%	na	5%	5%	5%	5%	na	na	na
YoY ch %	36%	-1%	22%	26%	26%	28%	25%	27%	22%	22%	22%	23%	22%	22%
Market size C\$ ex factory	1,832	1,817	510	561	589	619	2,279	649	682	716	752	2,799	3,402	4,136
Co market share	4%	8%	7%	8%	8%	8%	8%	7%	7%	7%	7%	7%	6%	6%
Co sales C\$Mn	72	137	37	43	48	49	177	43	46	50	54	194	212	236

Source: Z&A estimates, company reports

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Aurora Cannabis: On a Potential OGI Bid

Exhibit 3: Gross Profits by Division

C\$ Mn	Mar FY24	Mar FY25	Jun 1Q26	Sep 2Q26	Dec 3Q26	Mar 4Q26	Mar FY26	Jun 1Q27	Sep 2Q27e	Dec 3Q27e	Mar 4Q27e	Mar FY27e	Mar FY28e	Mar FY29e
REPORTED														
Gross profit bef fv adj	78.1	167.0	36.0	34.5	46.2	35.0	151.6	29.2	38.3	41.0	43.9	152.4	172.3	193.1
Canada Rec	-7.0	-0.6	-0.1	-1.5	1.3	-1.0	-1.3	0.2	0.0	0.0	0.0	0.3	0.0	0.0
Medical (Canada + exports)	81.7	158.1	38.8	37.4	48.0	44.6	168.9	32.4	38.2	40.9	43.8	155.3	172.0	192.8
Bulk/Bevo	3.4	9.5	-2.8	-1.4	-3.1	-8.7	-16.0	-3.4	0.1	0.1	0.1	-3.2	0.3	0.3
As % of sales	89%	190%	37%	38%	49%	41%	41%	43%	55%	56%	56%	53%	56%	57%
Canada Rec	-15%	-2%	-1%	-22%	25%	-27%	-6%	11%	5%					
Medical (Canada + exports)	47%	65%	60%	54%	63%	58%	59%	51%	56%	57%	58%	56%	57%	58%
Bulk/Bevo	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
As % of total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Canada Rec	-9%	0%	0%	-4%	3%	-3%	-1%	1%	0%	0%	0%	0%	0%	0%
Medical (Canada + exports)	105%	95%	108%	108%	104%	128%	111%	111%	100%	100%	100%	102%	100%	100%
Bulk/Bevo	4%	6%	-8%	-4%	-7%	-25%	-11%	-12%	0%	0%	0%	-2%	0%	0%
ADJ CASH GP														
Gross profit ex dep and ex i	131.5	185.0	49.0	51.8	55.6	50.5	206.9	39.5	42.2	44.9	48.0	174.6	189.0	208.6
Canada Rec	11.5	9.0	2.6	1.9	1.5	0.8	6.7	0.4	0.2	0.2	0.0	0.8	0.0	0.0
Medical (Canada + exports)	110.8	169.0	44.6	48.9	52.6	50.9	197.0	39.4	41.6	44.4	47.4	172.8	186.7	206.4
Bulk cannabis	-0.8	-4.9	0.5	0.4	0.5	-1.2	0.3	-0.3	0.2	0.2	0.2	0.4	0.9	0.9
Bevo	10.2	11.9	1.3	0.6	1.0	0.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
As % of sales	43%	50%	50%	59%	60%	56%	58%	58%	60%	61%	62%	60%	62%	62%
Canada Rec	25%	22%	33%	27%	28%	22%	28%	20%	20%					
Medical (Canada + exports)	63%	69%	69%	69%	69%	66%	69%	61%	61%	62%	62%	62%	62%	62%
Bulk cannabis	-33%	-109%	37%	30%	35%	-30%	3%	-21%	16%	16%	16%	7%	16%	16%
Bevo	23%	22%	10%	51%	50%									
As % of total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Canada Rec	9%	5%	5%	4%	3%	2%	3%	1%	0%	0%	0%	0%	0%	0%
Medical (Canada + exports)	84%	91%	91%	94%	95%	101%	95%	100%	99%	99%	99%	99%	99%	99%
Bulk cannabis	-1%	-3%	1%	1%	1%	-2%	0%	-1%	1%	1%	0%	0%	0%	0%
Bevo	8%	6%	3%	1%	2%	0%	1%	0%	0%	0%	0%	0%	0%	0%

Source: Z&A estimates, company reports

Exhibit 4: Summary Cash Flow

SUMMARY CASH FLOW	Mar FY24	Mar FY25	Jun 1Q26	Sep 2Q26	Dec 3Q26	Mar 4Q26	Mar FY26	Jun 1Q27	Sep 2Q27e	Dec 3Q27e	Mar 4Q27e	Mar FY27e	Mar FY28e
<i>C\$ 000s</i>													
Net earnings	7,461	-125,002	-15,209	-51,474	1,820	-71,101	-135,964	-4,033	-274	711	2,029	-1,567	7,756
(+) D&A	3,761	24,861	6,182	6,235	6,392	-4,617	14,192	3,965	3,925	3,985	4,045	15,919	16,761
Cash earnings	11,221	-100,141	-9,027	-45,239	8,212	-75,718	-121,772	-68	3,650	4,695	6,074	14,352	24,517
(-) Working capital changes	-634	34,668	22,960	-35,700	-41,516	39,480	-14,776	15,120	-3,627	-2,236	-5,371	3,886	8,544
(-) Other operating flows	0	-40,167	4,656	1,575	3,723	-9,954	0	0	0	0	0	0	0
Net cash used in operating activities	10,588	-105,640	18,589	-79,364	-29,581	-46,192	-136,548	15,052	24	2,459	703	18,237	33,061
(-) net capex	-5,240	-18,859	-18,859	-3,615	-5,979	-5,174	-33,627	-5,410	-5,000	-5,000	-5,000	-20,410	-18,985
Free cash flow	5,348	-124,499	-270	-82,979	-35,560	-51,366	-170,175	9,642	-4,976	-2,541	-4,297	-2,173	14,076
(-) acquisitions/divestitures	0	0	0	0	0	0	0	0	0	0	0	0	0
(-) other (inc bond conversion)	0	128,689	2,841	38,976	46,033	123,398	211,248	-25,221	-33,326	0	0	-58,547	0
(+) other proceeds	0	-2,657	0	0	0	0	0	0	0	0	0	0	0
(+) share issuance	0	126	0	0	0	0	0	0	0	0	0	0	0
(-) stock options/warrants	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in net	5,348	1,659	2,571	-44,003	10,473	72,032	41,073	-15,579	-38,302	-2,541	-4,297	-60,720	14,076
	0												
Ending Net debt	140,928	123,621	126,192	82,189	92,662	164,694	164,694	149,115	110,813	108,272	103,974	103,974	118,050
Cash/inv/sec	141,928	185,328	186,033	141,946	154,437	164,694	164,694	149,115	111,813	109,272	104,974	104,974	119,050
Gross debts/loans/bonds	1,000	61,707	59,841	59,757	61,775	0	0	0	1,000	1,000	1,000	1,000	1,000

Source: Z&A estimates, company reports



Appendix II: Valuation Comps

Exhibit 5: LPs Valuation Multiples

Multiples 12-Oct-26	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			Financial Net (Debt)				Stock Performance		
	Current	CY26	CY27	Current	CY26	CY27	to Sales		to EBITDA		30-day	90-day	1-year
Aurora Cannabis	1.1x	1.0x	0.9x	20.7x	14.2x	8.7x	na	na	na	na	15%	64%	-27%
Auxly Cannabis Group	2.1x	2.2x	2.0x	6.9x	7.1x	6.5x	0.0x	0.0x	-0.1x	-0.1x	3%	38%	69%
Avant Brands	0.6x	na	na	-3.8x	na	na	na	na	na	na	-14%	0%	-36%
Cannara Biotech	1.1x	1.1x	0.9x	3.9x	4.2x	3.5x	-0.1x	-0.1x	-0.3x	-0.4x	-40%	-34%	-33%
Canopy Growth	1.4x	1.3x	1.2x	na	na	na	na	na	na	na	-14%	-15%	-46%
Cronos Group	2.1x	2.2x	na	8.5x	11.5x	na	na	na	na	na	1%	17%	20%
Decibel Cannabis	0.7x	0.8x	0.7x	3.4x	3.4x	3.0x	-0.3x	-0.3x	-1.3x	-1.3x	-13%	-4%	-23%
Organigram Holdings	0.7x	0.8x	0.6x	5.2x	7.5x	4.3x	0.0x	0.0x	-0.2x	-0.2x	-15%	-2%	-51%
Rubicon Organics	0.6x	0.7x	0.6x	9.8x	8.8x	8.8x	-0.1x	-0.1x	-1.9x	-1.7x	-14%	-1%	-26%
Simply Solventless	0.4x	0.3x	0.3x	1.2x	5.8x	4.0x	na	na	na	na	-4%	79%	-83%
SNDL	0.3x	0.3x	0.3x	5.6x	9.2x	7.6x	na	na	na	na	-15%	-6%	-53%
Tilray Brands	0.7x	0.6x	0.5x	10.4x	9.2x	7.6x	na	na	na	na	-19%	-21%	-80%
Village Farms International	1.2x	1.3x	1.1x	5.1x	6.0x	4.9x	na	na	na	na	-12%	31%	-24%

1) We take FactSet consensus estimates for CY25e and CY26e (or our estimates if there is no consensus); 2) By "current", we mean the latest reported qtr annualized; 3) several LPs have net cash

2) The CGC multiples should be adjusted for the market value of the equity stake in TerrAscend (on the EV) and for the revenues of C-USA (denominator). We estimate the adj curr multiple at

0.7x

Source: FactSet and company reports

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Exhibit 6: LPs EV Calculations

C\$Mn 12-Oct-26	Z&A Spot EV	C\$ 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	Equity Stakes
Aurora Cannabis	286	6.34	64.9	2.2	425	149	-10	0	0	0	139	0	
Auxly Cannabis Group	392	3.37	101.2	10.0	374	-5	-10	0	-2	0	-17		
Avant Brands+A57	19	0.58	15.1	1.0	9	2	-11	0	0	0	-9		
Cannara Biotech	136	1.24	98.8	0.0	123	-12	0	-1	0	0	-14		
Canopy Growth	445	1.18	449.3	8.8	541	96	0	0	0	0	96		
Cronos Group	544	4.60	368.4	5.9	1,723	1,181	-1	0	0	0	1,179		
Decibel Cannabis	105	1.64	38.5	3.5	69	-40	0	0	0	4	-36		
Organigram Holdings	278	1.35	141.0	5.1	197	-9	0	0	0	0	-9	71	
Rubicon Organics	44	0.45	67.6	7.8	34	-9	-2	0	0	0	-10		
Simply Solventless	16	0.03	115.5	0.0	3	-8	0	-5	0	0	-12	0	
SNDL	281	1.75	248.7	12.0	456	206	-31	0	0	0	175		
Tilray Brands	897	4.97	147.8	5.8	764	29	-185	0	0	0	-156	-24	
Village Farms International	451	3.83	122.3	16.9	533	47	-1	0	0	36	82	9	9

Source: FactSet and company reports

Exhibit 7: Stock Performance

12-Oct-26			
Ticker	Stock Performance		
	Last 30d	Last 90d	Last 12mo
US Operators			
Ascend	-11%	0%	-54%
Cresco	-17%	-17%	-55%
Curaleaf	-6%	-1%	-5%
C21 Investments	na	na	na
GlassHouse	-49%	-64%	-47%
Grown Rogue	-16%	-16%	-6%
Green Thumb	-16%	-8%	-26%
iAnthus	-1%	11%	-44%
Jushi	-12%	18%	-37%
MariMed	-22%	-7%	-60%
Nevis Brands	-20%	-57%	-82%
Planet13	-20%	-14%	-54%
Rythm	-20%	-11%	-60%
Trulieve	-15%	23%	21%
TerrAscend	-26%	-12%	-43%
Verano	-14%	-12%	-33%
Vext Science	0%	10%	-33%
Vireo Growth	-24%	-6%	-56%
Stock Market Indexes and ETFs			
S&P 500	2%	3%	16%
S&P 477	1%	0%	8%
Nasdaq	-2%	6%	4%
MSOS ETF	-16%	-4%	-21%
YOLO ETF	-12%	1%	-27%

Stock Performance			
Ticker	Last 30d	Last 90d	Last 12mo
Canadian LPs			
Aurora	15%	64%	-27%
Auxly	3%	38%	69%
Avant	-14%	0%	-36%
Cannara Biotech	-40%	-34%	-33%
Canopy Growth	-14%	-15%	-46%
Cronos	1%	17%	20%
Decibel	-13%	-4%	-23%
High Tide	-3%	18%	-27%
NextLeaf Solutions	-31%	-40%	-53%
OGI	-15%	-2%	-51%
Rubicon	-14%	-1%	-26%
Simply Solventless	-4%	79%	-83%
SNDL	-15%	-6%	-53%
Tilray	-19%	-21%	-80%
VFF	-12%	31%	-24%
CBD			
CVSI	-24%	-40%	-68%
CWEB	-19%	-20%	50%
LFID	-30%	-56%	-72%
YCBD	-22%	-51%	-73%
Simple Group Averages			
Large Canada LPs	-10%	11%	-44%
Tier 1 MSOs	-14%	-3%	-20%

Stock Performance			
Ticker	Last 30d	Last 90d	Last 12mo
MJ Fincos			
AFCG	-11%	9%	-18%
IIPR	-9%	-19%	-5%
NLCP	-1%	1%	20%
SHFS	-77%	-83%	-99%
LIEN	-9%	-5%	-12%
REFI	-12%	-12%	-24%
Tech			
Leafly	na	na	na
Springbig	43%	105%	-46%
Weedmaps	-14%	-16%	-72%
Pix & Shovel			
GRWG	-7%	1%	-13%
HYFM	-2%	13%	-71%
SMG	-13%	-24%	-15%
UGRO	-25%	-96%	-99%
International			
IM Cannabis	-18%	5%	11%
InterCure	-7%	-40%	-68%
PharmaCielo	-18%	-34%	-33%
Vape parts			
Greenlane	-2%	7%	-91%
Ispire	8%	-6%	-33%
Smooore	0%	14%	-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 seven 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 consulted 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 close to 30 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. Pablo is often a guest speaker at industry conferences (London, Berlin, Brisbane, Chicago, New York, and others). At various points in his career, he has been II ranked and called as expert witness in industry investigations. Pablo 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 <https://zuanicassociates.com/> ; via email at pablo.zuanic@zuanicgroup.com; or via X @420Odysseus.*



Disclosures and Disclaimers

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