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Canify AG

Private Company report

Key Highlights: We are distributing this private company report for general information purposes.

- Canify AG (private company) is one of the fastest growing players in the German medical cannabis market (MMJ), focusing both on the cash payer and the reimbursed segments. In our view, the company is uniquely positioned to benefit from the growth of the nascent German MMJ market. It projects CY27 sales of €50Mn, 6x above CY24 levels (with CY24 up close to 6x yoy).
- Canify seeks to differentiate itself with a diversified overseas supplier base and by being one of only a handful of companies with EU-GMP processing and packaging facilities in Germany. It has well-developed route-to-market capabilities, an experienced sales team, and clinics services. In addition to selling under its Canify brand, it offers CMO as well as white label services.
- While sales growth in the short term will be mostly driven by cash payer flower demand (top selling strains include Gorilla Glue from Uruguay and Strawberry Banana from Portugal), it recently launched extracts and plans to add “novel pharmaceutical” cannabis products (sprays, inhalers) to expand in the reimbursed market (a slower growing but stickier segment).
- In the short term, the company’s capital raising plans (1H25) aim for a >2x sales valuation, and it sees this rising to >5x by the time of a potential IPO in 2026 (commanding more a “biotech-type” multiple) as four things happen: German MMJ market growth accelerates; it gains market share; it builds its reimbursed business; and its novel pharma product line up expands (including non-MMJ products). Conservatively, we value Canify at €255Mn, and close to €800Mn in a bull case.

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Canify AG: Private Company Report Summary

We are distributing this private company report for general information purposes. Canify AG (private stock company) is one of the fastest growing players in the German medical cannabis market (MMJ), focusing both on the cash payer and reimbursed segments. It is uniquely positioned to benefit from the growth of the nascent German MMJ market. Canify seeks to differentiate itself with a diversified overseas supplier base and by being one of only a handful of companies with EU-GMP processing and packaging facilities in Germany. With a well-developed route-to-market arm (from imports to pharmacies), an experienced sales team, and clinics services (brick & mortar and online), Canify management aims to become a top 5 player in German MMJ. In addition to selling under its Canify brand, it offers CMO as well as white label services. While sales growth in the short term will be driven by cash payer flower demand (Canify's top selling strains include Gorilla Glue from Uruguay and Strawberry Banana from Portugal), it recently launched extracts and it plans to add "novel pharmaceutical" cannabis products (sprays, inhalers) to expand in the reimbursed MMJ market (a slower growing but stickier and potentially more profitable segment), and may even leverage that unit with non-MMJ adjacent products in the future. Canify's seasoned c-suite with a background in the pharmaceutical industry is a core strength.

State of the German medical cannabis (MMJ) market. Changes to how MMJ is prescribed, enacted on 4/1/24, have resulted in increased sales, with imports up 4x in 4Q24 (32 tons) vs. 1Q24 levels, according to BfArM data. Our trade checks in late CY24 pointed to stock outs of several in-demand SKUs and large importers (including Canify) noted "lost sales" owing to stronger than expected demand. Indeed, on pent-up demand, we would expect imports to reach 35-40 tons by 1Q25 (and >180 tons in CY25). Growth is being driven by what we would call the "wellness" or "pseudo rec" part of the market (as we have seen in several US MMJ markets like FL and PA). Indeed, reimbursed sales (flower and extracts) have remained flat (per the gkv-gamsi data available), with cash payers mostly driving the market's growth. While the latter is mostly flower-driven (Canadian dried flower exports to Germany, as per StatCan, increased 3.2x to C\$31Mn when comparing 4Q24 with 1Q24), demand for extracts is also up although on a smaller base (Canadian extracts exports to Germany grew 2.5x when comparing the monthly average of 2H24 with 1Q24). Ease of prescription is a key factor, in our view, with new teleclinics emerging (some charging negligible fees, allowing online services from the first appointment, and even in some cases issuing the Rx prescription after patients only complete a questionnaire) and more online pharmacies offering 24-hour turnaround (and delivery). All this said, we realize Germany's MMJ program is more of a pharmaceutical nature vs. the US (in Germany, precise doctor Rx prescriptions are required; MMJ is sold via pharmacies only and they must repackage the final product), and this should be factored in making projections.

Projecting the size of the German MMJ market. A more conservative coalition will start governing Germany in 1H25, but we do not expect major changes to the country's MMJ program (see Z&A's recent [Zoom panel](#)) with perhaps stricter telehealth rules phased in. On the other hand, we would not expect Germany to enact a rec program (nor pilots) for the foreseeable future. Also, potentially new restrictions may be imposed on cannabis social clubs, which on the margin could help MMJ (although to start with, we do not see the clubs as major threats to MMJ anyway). In projecting the MMJ market, we must take North American comps carefully. In Canada only 1% of



the population is in the medical program, but Canada has a thriving rec market, which has almost halved med sales since rec began. In the US, in states like FL and PA, about 4% of the population buy MMJ as registered patients, but in the US very generic “recommendations” are issued (with patients deciding formats, brands, and dosage), compared with Germany where Rx prescriptions are rather specific. All this said, we believe 1.5% to 2% penetration of the German population is possible by end of CY26 (<0.4% in 4Q24). On our standard assumption of US\$200 (€189) monthly spend per patient, this would point to MMJ sales of US\$3-4Bn exiting 2026 (4-6x 4Q24 levels). At present, assuming MMJ pharmacy purchases (ex-dronabinol and drugs like Sativex/Epidiolex) are about ~60% of imports (with the other 40% reexported or destroyed) and taking an average retail price of €8 per gram, we calculate the market in 4Q24 was at €608M (US\$663Mn), in annualized terms, with the reimbursed piece at ~€120Mn. Yes, in the last 12 months we calculate the cash market has gone from €40Mn (annualized) to close to €490Mn (per annum), while the reimbursed market has been flat. All this in a context of shortages, stock outs, and clinics and pharmacies in several cases still in build out mode. Indeed, the 4Q German import numbers probably understate the actual underlying demand (Canada’s C\$ export numbers to Germany in 4Q24 were up 73% QoQ vs. 50% qoq growth in imports reported by the German authorities).

In this context, who will benefit? Taking a 2-year view, we believe that those companies with well-established operations (brands, sales teams), distribution (strong grip of route to market, including relationships with the top 20 selling pharmacies), patient/doctor insights (which Canify can garner from its clinics), and control of a consistent and diverse supply chain (ability to fill rising demand, broad spectrum of SKUs, access to products from more than one source), will be best placed to benefit from the rising demand from cash payers for dried flower (Germany does not allow vape, edibles, or pre-rolls; cash payer demand for extracts is small). In this sense, we see Canify being uniquely positioned. Importantly, the competitive landscape is in a state of flux, with the larger Canadian LPs expanding their supply chain capabilities; German importers (with various business models regarding own brand sales vs. resale of 3rd party brands, and domestic redistribution for a fee vs. fully integrated RTM) also seeking to find consistent supplies; and new exporters from various countries trying to establish partnerships and or distribution deals to enter the German MMJ market. Also, few companies have EU-GMP processing/packaging facilities in Germany (only Canify, Cantourage, and Demecan), which allows them to enjoy greater flexibility and access to a broader base of overseas suppliers. Given the 80:20 rule applies to clinics/doctors/pharmacies, we expect the German market will remain rather concentrated, with smaller/newer overseas growers (without German RTM) having to rely on established importers.

How Canify stacks up. Among the non-vertical importers (those that do not own EU-GMP certified cultivation overseas), Canify screens well by having an experienced MMJ salesforces in the German market and by selling most of its products under the Canify brand (although its infrastructure also allows it to provide CMO services and white labelling). Canify says it offers great support to doctors and pharmacies (call center, web portal) and fast turnaround in filling orders from pharmacies (for the most part, pharmacies use a limited number of suppliers). Canify has expanded its supply chain to seven companies by late CY24 and aims for >20 by end of 2025. Because of its EU-GMP facility in Bavaria, it has access to a broader supplier network (while others can only import EU-GMP ready product). German market MMJ economics remain attractive given the current demand/supply

imbalance, however, Canify management expects prices to soften by 2H25 and is thus also seeking to expand supplies from low-cost producing countries (say, Colombia and parts of Africa), as part of a menu that also includes premium and mainstream lines. Cognizant of the fickle nature of the flower cash payer patient base, Canify has a two-pronged approach: stay on top of the patient-led segment by offering the most in demand flower strains (closely monitoring pharmacy purchases and stocks availability), while also building a steadier business flow by focusing on bringing in new formats for the reimbursed market (such as a new sublingual spray, and an asthma-like inhaler). Longer term, Canify management believes it will be able to also add non-MMJ products to its portfolio (catering to specific “adjacent” conditions to those served with MMJ). Management also sees its Canify clinics arm as a source of differentiation and a tool to capture doctor and patient insights, which can then be valuable both in the cash payer as well as reimbursed segments.

Impressive growth track record, and even more impressive ambitions. While “newer” to market, compared with more established importer/distributors, Canify is catching up rapidly (preliminary sales figures point to 6x growth in CY24, despite temporary stock-outs), and disrupting the market with a business model that should command higher margins (given mostly own-branded sales; higher % of sales from the reimbursed market vs. peers; and greater control of the “value chain” given its EU-GMP facility). Despite stock outs in CY24, resulting in a couple of “quasi dried months” (something also faced by most importers in CY24), Canify management says CY24 sales should reach ~€8Mn (6x yoy), with 2H24 gross margins of 53% and break-even EBITDA. Besides expanding its flower offerings, Canify launched sales of extracts last July (management is confident it can take share from well-entrenched brands; also, the extracts segment may be boosted by new restrictions on dronabinol). It projects €21Mn in sales for CY25 (with ~€5Mn expected for 1Q25, it may beat the current guidance), doubling to €50Mn by CY27 (with ~30% EBITDA margins vs. 23% in CY25). These projections exclude the upside from entering other countries (it plans to enter Switzerland, UK, and Poland, in the next 12-18 months) and from what it calls “novel” MMJ products (it has exclusive deals for a sublingual spray with Tetra BioPharma, and an asthma-type inhaler with Alveon GmbH; the latter is still going through clinical trials). Management believes international and the “novel products” could expand the projected sales base by as much as 5x.

Funding needs and targeted valuation. Canify plans to raise €15Mn (Series B) during 1H25, by issuing 92,000 shares (on an outstanding base of 270,000 now) at a price of €163 per share. According to management, the raise will help fund growth for 2027 and beyond, but the current infrastructure should be enough for Canify to reach its 2025-2026 financial targets. Roughly, the offering would value the company at €59Mn, or 1.2x projected CY27 sales, which is mostly in line with peers on a 1yF basis (in our view, this protects the downside for investors buying at €163). By the time of the IPO in 2026, management targets a valuation of €150-250Mn (3-5x sales), with the company by then, per management’s vision, garnering a multiple reflecting its higher margins, and the upside from novel products (closer to a biotech-type valuation multiple - not just a “cannabis distributor” multiple). Our sum of the parts analysis taking rather conservative assumptions yields a valuation of €255Mn (we include CMO/clinics revenue plus the optionality from international sales, novel products, and non-MJ revenues). But this valuation factors only 1% MMJ population penetration by CY27; if that number were to reach 3% by CY27, the Canify valuation could be close to €800Mn (see math inside).

Company Background and Strategy

Based in Bavaria, Germany, Canify AG is a licensed pharmaceutical company focusing on medical cannabis. Per management,

- Its products are based on scientific data, high-end technology, and an ambition to help patients, and come from a diversified supply chain.
- Its approach to sales and distribution is to make medical cannabis as easy and convenient as possible for pharmacies and wholesalers.
- It also offers tailor-made manufacturing and market access solutions for 3rd party (CMO) collaborators, setting standards in terms of quality, production capacity and delivery time.
- Its manufacturing excellence meets the highest standards set by European GACP and GMP guidelines, so it can deliver transparency and traceability from the grow room to the patient, according to management.

The business model is three-pronged, providing access to the German MMJ market to contract manufacturing organizations (CMOs); putting together a broad array of products available to German patients; and providing (via its Canify Clinics arm) telemedicine via which patients can connect with doctors and pharmacies. Among the non-vertical importers (those that do not own cultivation overseas or in Germany), Canify stands out by having one of the most experienced medical cannabis sales teams in the German market and by selling most of its products under the Canify brand (while also leveraging its infrastructure for white labelling).

Table 1: Canify business model, as described above



Source: Company reports

There are >100 licensed MMJ importers in Germany, but we estimate less than 20 account for the bulk of sales. Canify is one of them. Strategies vary,

- Some have vertically integrated operations, with cultivation overseas and in some cases also in Germany (Aurora, Tilray) plus route to market capabilities. Others import on a white label basis and sell under their own brands, or resell overseas brands, and in some cases also act as wholesalers to the pharmacies distributing brands from other importers.
- Of the latter, in varying degrees, some have a more pharmaceutical approach (focusing on extracts and thus on rather on the reimbursed market, say Vertanical), while others are more focused on cash payers (and on flower). True, none of this is black and white (hybrid models are the norm).
- Among the importers, some do so under their own brands and or sell 3rd party brands (see the case of Cansativa with Cookies, or the German affiliate of N. Macedonia's Phcann International selling Tyson 2.0). Developing a stable, reliable, and consistent supply chain is a key competitive factor at this stage in the German MMJ market.

In this context, while somewhat newer, Canify seeks to differentiate itself with a broad overseas supplier base, selling mostly under its own "Canify" brand. Canify is one of few companies with EU-GMP processing/packaging facilities in Germany. Cognizant of the fickle nature of the flower cash payer patient base, Canify has a two-pronged approach: stay on top of market trends by offering the most in demand flower strains (closely monitoring pharmacy purchases and stocks availability) and building a steadier business flow by focusing on bringing in new formats for the reimbursed market (such as a sublingual spray, and an asthma-like inhaler).

Product Offerings

As part of its hybrid model, the company will expand its offering to the reimbursed market (the latter a present is less than 10% of company sales):

- it launched extracts in July (from Somai in Portugal), it is in the process of launching a spray (imported from Tetra Pharma) and will start clinical trials with Alveon GmbH for an asthma like inhaler for MMJ patients (offering much faster onset).
- Canify management sees the reimbursed market as being "stickier" (with potential to grow and take share from others). It is the reason why it has invested in an experienced pharmaceutical like salesforce.
- Longer term, it believes the salesforce could be leveraged to also sell non-MMJ products to patients with similar conditions (being treated by the doctors it currently visits).

All of the above makes sense, in our opinion, taking a long-term view. That said, at present, MMJ market growth in Germany is being driven by cash payers, which we would describe as "pseudo rec", which may prefer "rec" type brands and or strains. Canify is well-aware of this factor and has

put together a varied portfolio of flower SKUs, sourced from several countries (see company flower SKU listings shown in the flowzz website).

Table 2: Canify flower SKUs listed in the flowzz website (shown in the same order as in the flowzz portal)

Brand	Strain	THC/CBD	Price	In-stock?	Origin
CANIFY					
Canify	Chapel of Love	30/1	€ 9.19 / gram	vorratig	Portugal
Canify	Exodus Cheese	18/1	€ 7.00 / gram	vorratig	Lesotho
Canify	Durban Sky	18/1	€ 5.90 / gram	vorratig	Lesotho
Canify	White Lemon X	24/1	€ 7.49 / gram	vorratig	n/a
Canify	Gorilla Glue 4	22/1	€ 5.98 / gram	vorratig	Uruguay
Canify	Big Buddha	18/1	€ 4.49 / gram	vorratig	Uruguay
Canify	Strawberry Banana	23/1	€ 7.12 / gram	vorratig	Portugal
Canify	Purple Dog Bud	23/1	€ 6.48 / gram	vorratig	Uruguay
Canify	Big Buddha	23/1	€ 5.98 / gram	vorratig	Uruguay
Canify	Gorilla Glue 4	18/1	€ 4.90 / gram	vorratig	Uruguay
Canify	Strawberry Banana	25/1	€ 7.99 / gram	vorratig	Portugal
Canify	Black Cherry Pie	23/1	€ 7.30 / gram	vorratig	Portugal
Canify	Kush Mints	25/1	n/a	nicht lieferbar	Colombia
Canify	Gorilla Glue 4	20/1	€ 5.99 / gram	vorratig	Uruguay
Canify	Purple Dog Bud	20/1	€ 13.50 / gram	vorratig	Uruguay
Canify	MAC	20/1		nicht lieferbar	Colombia
Canify	Kush Mints	23/1		nicht lieferbar	Colombia
Canify	Headband	22/1	n/a	nicht lieferbar	Portugal
Canify	Master Kush	22/1	€ 7.95 / gram	vorratig	Portugal
Canify	Island Sweet Skunk	22/1	€ 7.50 / gram	vorratig	Portugal
Canify	Mango	18/1	€ 8.15 / gram	vorratig	Portugal
Canify	Pink Kush	18/1	n/a	nicht lieferbar	Portugal
Canify	Sirius	22/1	€ 7.95 / gram	vorratig	Portugal
Canify	Pink Kush	22/1	n/a	nicht lieferbar	Portugal
Canify	Mango	22/1	n/a	nicht lieferbar	Portugal

Note: Leading strains include Gorilla Glue in the value segment; Strawberry Banana in mainstream; Chapel of Love in premium. Source: flowzz portal; Z&A surveys.

Supply Chain

Canify has now expanded its supply chain to seven companies and aims for more than 20 by end of 2025. While market economics remain attractive in the context of the current demand and supply imbalance, management expects prices to soften by 2H25 and will expand supplies from low-cost producing countries (say, Colombia and parts of Africa). A key factor in selecting suppliers relates to consistency of quality as well as supply, and also of the supplier's ability to keep with growing demand in Germany.

Table 3: Supply chain



Source: Company reports

Importantly, because of its EU-GMP facility in Bavaria (in a building previously used as a nuclear bunker by NATO), it has access to a broader supplier network (while others can only import EU-GMP ready product), and more flexibility in putting together SKUs for pharmacies (i.e., more control on pack sizes sent to the point of sale) and overall control of the final product sold.

Table 4: EU GMP Facility in Bavaria



Source: Company reports

Route to Market

We could say there are three parties involved in (and or impacting) the MMJ purchase decision in Germany (i.e., brand, format, strain, potency): doctors, patients, pharmacies (all three discussed in detail in the “industry” section of this report).

- For the reimbursed market, the doctor is the primary decision maker. Canify relies on its experienced salesforce to visit doctors (whether working out of MMJ dedicated clinics or more general practices) and explain the benefits of its various products; it also offers a call center for pharmacies and doctors to consult.
- For the cash payer market (mostly flower), Canify primarily focuses on stocking popular strains, offers a wide range of SKUs (potency, price, origin), and interacts with pharmacy in the case of competitor stock outs (to determine if it can fill orders for specific strains). Advertising is not allowed in Germany’s MMJ market, and the company does not rely on social media influencers to push its products on reddit/facebook or other platforms.
- Canify uses [Phoenix Pharmahandel](#) for physical logistics/distribution in Germany. While this may cause some lumpiness in monthly revenues, given timing of shipments and accrual of discounts, Canify manages the sales, invoicing, and collection process.

Table 5: Grunhorn Flower SKUs



Source: Company reports

Long-Term Vision

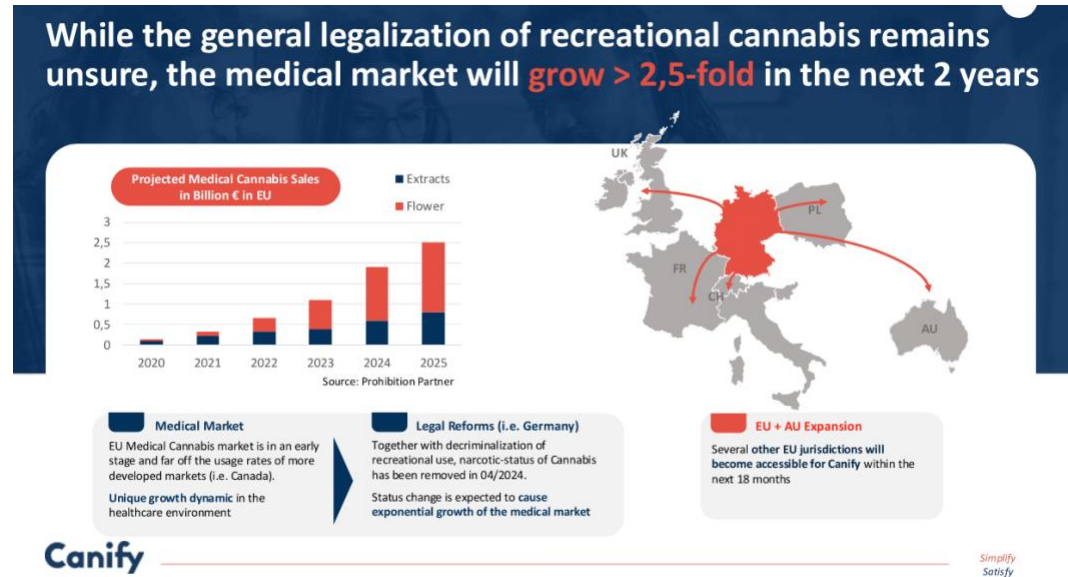
While “newer” to the MMJ market, compared with some of the other importers and distributors mentioned, Canify is catching up rapidly, and doing so with a business model that should command higher margins (given its branded model; higher % of sales in the reimbursed market vs. peers; and more control of the “value chain” given its EU-GMP facility). Importantly, it plans to leverage its RTM capabilities to expand beyond core MMJ distribution.

Expansion outside Germany and to “novel” pharmaceutical products.

- **On the Alveon product.** Canify AG and the German Swiss medical technology company [Alveon GmbH](#) are planning a joint venture with the aim of developing and marketing an innovative medical device for the vaporization of medical cannabis extracts worldwide: The Smart Dose Vaporizer (SDV). The SDV is based on a highly innovative and patent-protected technology that has the potential to revolutionize cannabis therapy, according to management. It says that precise temperature control and reliable dosing, based on pharmaceutical standards, form the basis for optimal control and safety during inhalation. Compared to previous dosage forms, this enables a much more targeted use of the active ingredient and achieves a new quality of inhaled cannabis applications. The new dosage form should fill a gap in the medical cannabis portfolio: although inhaled cannabis flowers have a rapid onset of action, they are not the first choice from a pharmaceutical point of view; orally administered cannabis extracts, on the other hand, have a delayed effect, but enjoy great medical acceptance. The approach, developed jointly by Canify and Alveon, combines the advantages of both dosage forms and has not been available in this form before. Once approved, the SDV will be the first metered inhaler with European CE certification as a medical device for use as a medical aid in cannabis therapy with medical cannabis extracts. *Note: product approval will be based on the result of clinical studies.*
- **On the Tetra BioPharma product.** Canify recently announced it was taking over German distribution of Xatepa, a new product in medical cannabis therapy developed by the Danish biotech company Tetra Pharm Technologies. Xatepa is a formulation medicine for sublingual administration with a balanced THC and CBD content, based on the innovative formulation technology Zyndikate™, developed by Tetra Pharm Technologies specifically for the delivery of cannabinoid-based preparations. Xatepa is characterized by improved pharmacokinetic properties compared to conventional extracts, with a significantly faster absorption of the active ingredient being particularly noteworthy. Canify management says that with Xatepa, it will have a product in its portfolio that closes a gap in non-inhaled medical cannabis therapy due to its innovative formulation and the associated rapid absorption of active ingredients. Martin Rose, Tetra Pharm Technology CEO claims its patent-protected platform technology for drug delivery, Zyndikate™, is the key to this, and says it has thus developed a lipid-based nanotechnology that enables it to overcome the hurdle of administering poorly soluble drugs. We are told that by overcoming this hurdle, Zyndikate™ ensures the fastest onset of action of all comparable known delivery methods, meaning that Zyndikate™ provides relief to the patient much faster.

The German MMJ Market

Table 6: Management's expectations about market growth



Source: Company reports

State of the German medical cannabis (MMJ) market

- Changes to how MMJ is prescribed, enacted on 4/1/24, have resulted in increased sales, with imports up 4x in 4Q24 (31.6 tons) vs. 1Q24 levels, according to BfArM data. Trade checks point to lingering stock outs of several in-demand SKUs and large importers have noted “lost sales” owing to stronger than expected demand.
- Indeed, on pent-up demand, we would expect imports to reach ~35-40 tons in 1Q25 (and 180 tons in CY25). Growth is being driven by what we would call the “wellness” or “pseudo rec” part of the market (as we have seen in several US MMJ markets like FL and PA). Indeed, reimbursed sales (flower and extracts) have remained flat (per the gkv-gamsi data), so cash payers are driving the market growth.
- While the latter is mostly flower-driven (Canadian dried flower exports to Germany, as per StatCan, increased 3.2x to C\$31Mn when comparing 4Q24 with 1Q24), demand for extracts is also picking up although on a smaller base (per StatCan, Canadian exports to Germany of extracts grew 2.5x when comparing the monthly average of 2H24 with 1Q24).
- Ease of prescription is a key factor, in our view, with new teleclinics emerging (some charging negligible fees, allowing online services from the first appointment, and even in some cases issuing the Rx prescription after patients only complete a questionnaire) and more online pharmacies offering 24-hour turnaround (and delivery).



- All this said, we realize Germany's MMJ program is more of a pharmaceutical nature vs. the US (in Germany, precise doctor Rx are required; MMJ is only sold via pharmacies, which must repackage the final product), and this should be factored when making projections.

What Changed on 1st April 2024

Medical cannabis was already federally legal in Germany before 1 April 2024 (this is why NASDAQ has allowed Canadian LPs to be listed in the exchange, despite those LPs selling and or producing cannabis in Germany), but post changes enacted since then, it is now easier for doctors to prescribe cannabis as MMJ was removed from the narcotics list (see below for what this "rescheduling" means in practice). A doctor's prescription (Rx) is still required, but the form and process are now different and easier; for brick & mortar pharmacies (apothekes), the process is less cumbersome and with fewer restrictions.

All in, the removal of MMJ from the Narcotics List has led to a significant increase in medical cannabis sales, as the change makes it easier for doctors to prescribe, for patients to access, for pharmacies to store, and for companies to market.

- According to several operators, more doctors have begun to prescribe MMJ, as prior to rescheduling the "pink" narcotic prescription format (required for MMJ prescriptions before when cannabis was in the Narcotics List) posed a "real emotional" and "practical" (administrative effort) burden. So, the change decreased the barriers legally and mentally for the doctors; and resulted in less paperwork and safety checks. They can prescribe "without hesitation or doubts", market players tell us, and "doctors no longer have to worry that they are making a mistake by prescribing cannabis". Regular prescriptions (those for Rx drugs not part of the Narcotics List) are less regulated in Germany than those for narcotics, and as a result doctors are more willing (and are more flexible) in issuing prescriptions. On the other hand, they are extremely careful with "pink sheet" prescriptions (narcotics) as they can lose their medical license if something is wrongly prescribed.
- Also, for doctors that were already prescribing cannabis, post 1 April 2024, they are now allowed to do all this entirely remotely (with a narcotic, the first consultation must be in person). Also, more doctors have now begun to prescribe MMJ, and they can also use telemedicine. Yes, this will put massive price pressure on the online teleclinics dedicated to MMJ. Why? Since now everyone can go to their original doctor for a prescription (assuming the said doctor is willing to prescribe), why would patients pay extra for a teleclinic (unless the fees are negligible, or the process is easier)?
- It has become easier for patients to get access to a cannabis prescription and self-medicating patients have migrated from the illicit market to the legal MMJ market – particularly as the latter has become more reliable and affordable. Yes, in part, the increasing demand for prescriptions has been served by the rising number of cannabis

clinics opening. So, the legal MMJ market has benefited from patients migrating from the illicit market, given the ease and low cost of garnering an Rx prescription.

- The change has also made it easier for companies in terms of packaging as well as marketing (more leeway, on the margin, regarding how these products are promoted and marketed, although direct advertising is not allowed). By the same token, pharmacies no longer need to keep the products in a standalone locked safe.

Regarding technical aspects of narcotics regulations in Germany.

- *Narcotics are the substances and preparations listed in Annexes I to III of the Narcotic Drugs Act. Narcotic drugs ("Betäubungsmittel", BtM) as defined by the German Narcotic Drugs Act ("Betäubungsmittelgesetz", BtMG) are the substances and preparations listed in Schedules I to III of that Act. A substance or preparation is included in these Schedules if this is scientifically justified based on its mode of action. Also, a substance's potential to cause dependence, the possibility of producing narcotics from it, or the extent of abuse as well as its direct or indirect danger to health can lead to its inclusion in the Schedules.*
- *Such substances and preparations are also subject to the BtMG if required based on amendments to the Schedules to the Single Convention on Narcotic Drugs of 1961 or the Convention of 1971 on Psychotropic Substances. In Germany, control of the legal trade in narcotic drugs belongs to the tasks of the Federal Opium Agency at the BfArM.*
- *Notifications: In accordance with Section 18 of the German Narcotic Drugs Act ("Betäubungsmittelgesetz", BtMG), all participants in the trade with narcotic drugs who have been issued a license in accordance with Section 3 BtMG, are obligated to submit regular notifications on all movements and manufacturing processes in that connection. These notifications shall be submitted to the BfArM for the preceding calendar half-year by 31 January and 31 July. The notification obligation starts when the license is issued and does not end until it expires or is waived. Even if there was no activity with regard to participation in the trade in narcotics within a reporting period, it is still necessary to submit a notification, in such cases a so-called "Fehlanzeige" (nil notification) on the corresponding form. Notifications are to be submitted on the forms (available in German only,) issued by the BfArM - depending on the nature of the trade in narcotics.*
- *Record keeping: The holder of a license pursuant to Section 3 of the German Narcotic Drugs Act ("Betäubungsmittelgesetz", BtMG) is obligated to document every quantity received or supplied and the resulting stock consecutively and separately for each narcotic drug and each site.*



Other key changes implemented since 4/1/24 (as part of the so-called Pillar 1)

- **Decriminalization:** Possession of up to 25 grams of cannabis in public is now allowed (no practical bifurcation here between adult and medical MJ), and up to 50 grams at home, for those aged 18 or older. Public consumption will be allowed, with some exceptions (not near schools or at sports venues). We know that in NYC (and other places in the US), the decriminalization of possession led to several unlicensed stores selling adult cannabis. As such, in a US context, we are normally fearful of decriminalization in isolation. What happens in Germany will depend on enforcement. Also, we are told that, “culturally”, Germans will be less prone to opening unlicensed retail stores, and or to buy from them (let’s see about this).
- **Home Cultivation:** This will be allowed up to three plants. We do not expect home grow to have a major impact on how the German MMJ market develops. On the one hand, those already growing at home, may on the margin stop and move to the legal market. On the other hand, “newbies” to home grow are likely a small number, to make an impact on MMJ legal demand growth, in our view.
- **Clubs:** Adults will be able to join “cannabis social clubs” (of up to 500 members) where members will organize and grow cannabis (this is not the same as home growth) and be allowed to withdraw up to 50 grams per month (30 grams for those 18-21 years old) for personal consumption. Membership fees will cover club costs. Clubs will not be allowed to make profits. People will be able to join only one club. We believe the clubs may impact more the illicit market than take from the existing MMJ market. The law does not allow a role for existing cannabis producers to support or partner with these clubs. In practice, the license approval process for clubs has been slow, with only one club opening so far.

Growth so Far: Imports, Pharmacy Purchases

German imports grew 4x in 4Q24 vs. 1Q24, following changes in the narcotics law back in April, and we expect the German medical cannabis (MMJ) market to continue to grow. In fact, as per our math, the market is still rather underdeveloped (even factoring the 4Q ramp), with MMJ buyers (we calculate 275,000 patients) accounting for less than 0.4% of the population. Yes, we realize this is still more of a pharmaceutical cannabis market compared with the US, so we would not expect PA or FL like penetration. Canada MMJ has ~1% population penetration, but that is despite a large rec market. Penetration of 1% by end of CY25 and 2% by YE26 is possible in Germany.

German imports reached 31.6 tons in 4Q24 (BfArM), up 2.5x vs. 1Q24, and up 53% vs. 3Q24.

- Imports had been mostly steady through 1Q24, averaging 7.8ton per qtr in 1H23, 8.4ton per qtr in 2H23 and 8.1 in 1Q24. With the new MMJ rules that started on 4/1/24, we saw a jump to 11.7ton in 2Q24, 20.1 in 3Q24, and 31.6 ton in 4Q24.
- The German authorities no longer disclose German pharmacies’ purchases (3Q23 was the last time this was disclosed). But for Jan-Sep 2023, purchases averaged 4.8ton per qtr, or



about 60% of imports. That figure was consistent with the metrics seen from 2017 thru 2022 (55-60% range). The 40% gap was historically explained by rejections (some imports not meeting German specs) and reexports.

- Even if rejections increased in 2H24, as probably importers rushed to build inventories, maybe running the risk of increased rejections, we'd say the 2H24 ratio must have been at worse in the 50-55% range.
- If so, 4Q24 pharmacy purchases were in the 16–17-ton range, or 19 tons if taking 60%.

Canadian Exports in 4Q24

Canadian dried flower C\$ exports doubled yoy in 4Q24 (+31% QoQ) and reached record levels in December, per StatCan. Germany is now the #1 destination (Australia moved down to #2) and accounted for 80% of the absolute C\$ growth between 1Q24 and 4Q24 (when including shipments to Portugal that are later reexported). Reg unlocks in other market may further fuel export growth. The international MMJ markets are rather consolidated and high margin and represent potentially great upside for most of the Canadian LPs with export capabilities, distribution arrangements, and or feet on the ground.

Dried flower C\$ exports from Canada doubled yoy in 4Q24 (>C\$90Mn) and reached record levels in the month of December. At \$34.8Mn, Dec was 22% above Nov, 29% above Oct, 41% above Sep, and 2.5x above the \$14Mn monthly average of 1Q24. For CY24, DF exports reached >\$261Mn in CY24 vs. \$160Mn in CY23 and \$128Mn in CY22. On a monthly basis, the ramp began in May'24 (\$25.4Mn), with June/July around \$21Mn, Aug/Sep \$24Mn, and Oct/Nov \$28Mn. *Note: Numbers are in C\$ unless noted otherwise.*

- **Destinations:** In 4Q24, Germany surpassed Australia as the main destination for Canadian dry flower C\$ exports, accounting for 34% (17% in 1Q24) of total DF exports vs. 31% for Australia (57% in 1Q24). The next markets were Portugal at 15% (2%), Israel 10% (11%), and UK 5% (0%). In terms of the absolute C\$ growth delta between 1Q24 and 4Q24 of \$47Mn (\$90Mn vs. \$43Mn), Germany accounted for half of that and Portugal for 27%. Most of the exports to Portugal are reshipped to Germany after EU GMP processing, so we calculate Germany could have accounted for close to 80% of the absolute C\$ growth between 1Q24 and 4Q24. The rest of the C\$ growth was driven by the UK (9%), Israel (8%), and Australia (6%).
- **Momentum by markets:** DF C\$ exports to Germany were up 3.1x in 4Q24 yoy (and 4x if we include Portugal). Growing domestic production in Australia and imports from other countries may explain the “slowdown” in DF C\$ exports to Australia (in CY23 Canada accounted for 81% of all MMJ import volumes in Australia; CY24 Aussie data is not out yet), with 4Q24 up 11% yoy vs. 26% in 4Q23. Israel remains a key market, but C\$ exports of C\$9Mn in 4Q24 (up only 15% yoy) are well below the \$31Mn peak of 4Q21. The rapid rise of telemedicine platforms in the UK (100,000 patients now and counting) helped make that market the 4th destination for Canadian dried flower exports. *Note: Yes, we*



realize quarterly trends can be volatile (no shipments to Denmark in 4Q24 after \$6Mn in 3Q24; we see Denmark also as a reshipping point).

- **Pricing:** Average DF export prices in 4Q24 were C\$2.39/gram vs. \$2.11 in 3Q24, with mix accounting for the increase. Average prices to Germany were \$3.03/gram in 4Q24 vs. \$2.48 to Australia (Portugal \$1.51; Israel \$1.84; UK \$3.48). Given robust demand growth trends, it is surely too early to expect any signs of deflation. That said, prices to Germany at \$3.03 in 4Q24 were off 3Q24 (\$3.40), and Australia is down from the \$2.80 of 4Q23 (\$2.53 1Q24). *Note: What some of the Canadian LPs report includes “route to market”, so their C\$ numbers are not comparable with FOB prices from Canada. For example, Aurora reported \$41Mn in international sales for the Dec qtr (see [our review](#)), but that number is not comparable with the total DF C\$ exports of \$90Mn, as the ACB figures reflect “prices to pharmacy” in markets like Australia and Germany.*
- **Company implications:** We will not delve in this report into detailed company read, but in principle most Canadian LPs with export capabilities (EU GMP certified manufacturing and processing facilities; overseas distribution capabilities and route to market, or at least established distribution partnerships; know-how to navigate the regulatory complexities), should benefit from the rise of the overseas MMJ markets. In C\$ scale, the largest (in alphabetical order) are Aurora, Canopy Growth, and Tilray. Both CRON and OGI also have arrangements overseas. Companies like Avant, Decibel (see our note on the [AgMedica deal](#)), Rubicon, SNDL, and Village Farms, are also gearing up for export growth (in fact, VFF says about a third of its B2B sales in Canada end up being reexported). *Note: VFF is one of ten licensees in the Dutch rec pilot – see [our report](#).*

Extracts export growth (here we include oils, extracts, vape, pastilles, as reported by StatCan) has been more erratic quarter to quarter, with 4Q24 at \$4.5Mn vs. \$13.4Mn in 3Q24, \$18.8Mn in 2Q24, and \$10.4Mn in 1Q24. That said, C\$ exports of extracts have been stable when comparing 12mo periods (CY24 \$47Mn; CY23 \$48Mn; CY22 \$45Mn).

- Our read of the export markets is that, generally, as med is “deregulated” more of the demand growth starts to come from dried flower (the consumer-led segment), while oils/extracts tend to flatten out or even fall (C\$ extracts exports to Australia fell 3% when comparing calendar 2H24 with 1H24). But this may vary by market. Indeed, as more doctors are willing to prescribe MMJ, extracts could also see some growth.
- In the case of Germany, Canadian C\$ extracts exports doubled between 2H24 vs. 1H24 (and 2H24 was up 64% yoy vs. 2H23). Companies with strong presence in extracts should benefit (Tilray is #1 in Germany in extracts with 40-50% share, as per our estimates). But given the volatility in extract qtr to qtr figures, we will reserve judgment on the growth potential of this format overseas (extracts are the #1 format in the reimbursed segment, while flower is #1 in the cash payer segment). *Note: Data for the reimbursed market in Germany is out only thru calendar 2Q24, and it had pointed to muted growth trends (that data shows 2Q24 reimbursed sales were up only 1% vs. 4Q23).*

In short, we would expect Canada's MMJ export growth to be mostly driven by flower, for the time being. For context, average monthly extracts exports in 2H24 were \$3Mn/mo (\$4Mn/mo in 2H23) compared with \$27Mn for dried flower (\$14Mn/mo in 2H23). In CY23, flower exports were more than 2x C\$ exports of extracts figure, but in 2H24 dried flower exports were 9x larger.

Note: most of the "extract" export data relates to "oils" with tablets and vape being a much smaller segment (vape was only recently allowed in the Australia MMJ market, so vape remains a small part of the total "extract" export data). Our databases are available upon request to our clients.

German MMJ Market: The Doctor/Pharmacy/Patient Triangle

Here we discuss the dynamics between the three groups.

Doctors/Clinics. Perhaps at the risk of oversimplifying, we understand doctors dealing with cash payers (especially those working out of MMJ dedicated clinics), are very much influenced by the patient regarding what to prescribe. The opposite tends to be true in the case of those doctors prescribing cannabis to patients that will be reimbursed. As such, the influence of supplier sales staff with doctors may be more limited when dealing with cash payer prescriptions. We understand there is no exact data to determine what % of scripts comes from doctors working out of MMJ-dedicated clinics. Flowzz lists a total of 150 recommended clinics for patients to get a prescription (some charging less than €10 for the first Rx), of which about half are MMJ specialists (see [link](#)); the rest include various types of clinics, including pain centers, neurology, naturopathy specialists, and general medicine. Per German rules, these clinics and doctors make decisions on what to prescribe independent of MMJ suppliers. To our knowledge, the authorities in Germany has enforced this rule and imposed fines on those breaking them (i.e., clinics pushing certain brands specifically).

Pharmacies. As mentioned before, despite hefty profit margins, less than 100 pharmacies account for the bulk of MMJ sales in Germany. Others may stock MMJ as part of serving their regular clients, but this is not a core part of their business. In part this is due to the complex logistics required in which pharmacies must repackage the final product into their own jars (even if they receive exactly the same amount per script, say 3.5 grams). At least for the smaller pharmacies, this tends to limit the # of SKUs they carry. While we realize flowzz is in part sponsored, on a per SKU basis, they tend to only list 10-15 pharmacies stocking a specific SKU (highlighting the one with the lowest price). Given the complexity involved, the large MMJ focused pharmacies prefer to work with a limited number of suppliers (with vertical operations, that are able to skip local distributors) and selected distributors selling a broad range of brands

Patients. Cash payers are driving the market growth at present, and we understand they tend to rotate brands/strains as they seek to experiment with various types of flower types (even though they can be influenced by reddit reviews). The latter is exacerbated at present, by the current lack of consistent supplies, where even the largest online pharmacies show a large number of SKUs out of stock. That said, the larger and more reliable suppliers are able to foster strong relationships with these pharmacies and are in a good position to offer the more popular strains under their own brands (replacing the incumbent SKUs when out of stocks). In some cases, we believe this

may give them an edge in altering scripts at the pharmacy level. All this dynamic is rather different with reimbursed patients, in which case they tend to stick to what their doctors recommend. As mentioned before, sales of reimbursed MMJ have been flat with only 1% growth when comparing sales for 2Q24 vs. 4Q23 (reimbursed data is available only thru 2Q24). Per BfArM, reimbursed flower sales amounted to €24Mn in 2Q24 and reimbursed extracts to €10Mn, for an annualized reimbursed market of €136Mn (we understand reimbursed SKUs carry higher prices than those in the cash paying market).

Key Players in the German MMJ Market

Strong growth in the German market bodes well for several listed cannabis companies with sales there, although we do not have market share data. Also, companies do not split their international sales by country (with ACB providing the most disclosure in this regard so far).

- We understand companies like Tilray and Curaleaf (EMMAC) source a good part of their imports from Portugal (as well as from Canada). There are several private operators in Portugal, with Somai Pharmaceuticals a key player.
- Aurora now ships all its exports from Canada (no longer from Denmark)
- Canopy Growth partly outsources its exports to Germany, including from Denmark.

What the respective companies data says (based on the latest quarterly results),

- Curaleaf reported international wholesale revenues (IWR) of US\$18.5Mn for 3Q24 vs. \$11.6Mn (note: the company also reported \$10Mn in international retail sales, all coming from its UK unit). While Curaleaf also ships to Poland, we understand Germany was a big driver of the growth between 3Q and 1Q. However, 4Q IWR was down 5% to US\$17.6Mn.
- Aurora reported shipments to Europe of C\$26Mn in the Dec qtr compared with C\$10Mn in the Mar qtr (and C\$11Mn in the June qtr). *Note: ACB also reported sales to Australia of C\$14.6Mn for the Dec qtr.*
- Tilray reported international MMJ sales for the Nov qtr of US\$15Mn vs. \$12Mn in May. It does not split international cannabis sales by country or region.
- Canopy Growth reported international MMJ sales for the Dec qtr of C\$12Mn vs. C\$10Mn in Jun. It does not split cannabis international sales, but it provides consolidated sales by country (total CGC sales in Germany were C\$17.7Mn in the Dec qtr, but that also includes Storz & Bickel).
- The other Canadian LPs exports numbers are smaller. That said, VFF says about a third of its B2B sales get reexported. In the Sep qtr, VFF reported US\$1.4Mn in international sales (vs. US\$1.5Mn in the Mar qtr), and US\$7.4Mn in B2B (US\$6.5Mn in Mar). If we take 1/3, that would mean VFF's exported products in the Sep qtr were almost US\$4Mn (C\$5.5Mn).



- Several other listed Canadian LPs are gearing up for exports or already exporting. See Decibel's acquisition of AgMedica ([Z&A report](#)), and Organigram's investment in Sanity Group (see [our recent call](#)).
- There are several large private players in Germany, most of them importing from various overseas suppliers (of the German companies, Demecan is the only one supplementing imports with its own domestic production in Germany), including Canify, Cannamedical, Cansativa, Cantourage, and Four20 Pharma (now owned by Curaleaf), to name a few. We understand Vertanical only imports from its own facility in Denmark. Cantourage is the only public listed company.

Current Assortment and Form Restrictions

Pre-rolls, edibles, and vape are not allowed in Germany, with MMJ sales comprised mainly by dried flower and extracts (chiefly tinctures/oils, with a small part of tablets and pastilles). At present, stock outs and the resulting turnover of SKUs are key features of the German MM market - in particular, in the case of flower.

Note: In this next section we provide SKU color based on the flowzz and Grunhorn websites. We realize this only provides a snapshot and should be seen as mostly anecdotal and is not necessarily an exact reflection of the market or total SKUs available or their distribution reach.

Case Study: flowzz. Flowzz is a portal that compares prices for almost all SKUs in the market across various pharmacies (comparing prices) and provides links to prescribers. On 11/26/24, it showed a total of 887 flower SKUs from 72 different suppliers. As per the website, 561 of these SKUs were in stock (and had prices reported) from 45 different suppliers (note: 27 suppliers were mentioned in the portal but either their products were out of stock or prices were not shown for their SKUs). We share here some big picture views from our detailed scan review of the flowzz website (our databases with total SKUs and SKU names by operator are available upon request to our clients).

- Of the 45 suppliers with stocks, a total of 13 were shown with ten or more SKUs available: Cannamedical with 77; Cantourage 53; Tilray 53; Remexian 51; Four20 Pharma 37; enua Pharma 32; Cansativa 27; IMCC 24; Canify 19; Aurora 17; Demecan 17; Nimbus 16; and Canopy Medical 11.
- Of the 561 SKUs available, 162 were of potency above 25% (including 57 with 30% or more); 209 with potency between 20-25%; and 185 below 20%.
- In terms of products with the most reviews, we found flowzz would quote prices from over 20 pharmacies, typically, but with more than half not having the product available. For example, Cantourage's Ceres 23:1 No.2 Slurricane Mint, was available in only 10 of the 22 pharmacies shown. Aurora's Pedanios 31:1 Cosmic Cream was sold in 55 pharmacies (but 8 did not have stock). Tilray's most reviewed product was shown in only 8 pharmacies, of which only two had stocks. In short, it would seem pharmacy penetration can vary significantly.



Germany's MMJ Market Potential

Projecting the size of the German MMJ market. We do not expect major changes to the country's MMJ program under the new government (at most perhaps more stringent telehealth rules). On the other hand, we would not expect Germany to enact a rec program (nor pilots) for the foreseeable future. Perhaps, new restrictions are imposed on cannabis social clubs, which on the margin could help MMJ (although to start with, we do not see the clubs as major threats to MMJ anyway). In projecting the MMJ market, we must take comps carefully. In Canada only 1% of the population is in the medical program, but Canada has a thriving rec market, which has almost halved med sales since rec began. In states like FL and PA, ~4% of the population is in the MMJ program, but there very generic "recommendations" are issued (with patients deciding formats, brands, and dosage), compared with Germany where Rx prescriptions are rather specific. All this said, we believe 1% penetration by end of CY25 and 2% by YE26 is possible. If we take our standard assumption of US\$200 (€189) monthly spend per patient, this would point to MMJ sales of US\$2Bn exiting CY25 and US\$4Bn exiting 2026.

Potential impediments to growth. When we asked various market participants about structural factors that may be limiting the market growth at present, we generally found consistency in their answers, with the following often mentioned:

- **Stable supplies.** Most importers (those that do not own or control overseas cultivation) have noted issues with sourcing MMJ in large amounts into Germany (in line with the new demand), in a consistent and reliable manner, and in the quality demanded by German consumers. Small craft growers are not able to fulfill this new demand; German importers without GMP facilities are restricted to the few overseas growers with GMP-approved cultivation; frequent changes in strains and brands make it difficult to develop consumer following and complicate the interaction between pharmacies and doctors (due to stock-outs). Moreover, it takes time for new suppliers to get their permits in order for German approval (6 to 12 months process). Domestic producers like Aurora, Demecan, and Tilray, are now allowed to produce above their prior BfArM set quotas, but this may take time to ramp (even though other companies may be granted domestic production licenses, it may take them at least two years to be up and running and we doubt the economics will make those projects viable).
- **Limited options (until now) of non-smokeable offerings.** Doctors that are not focused on MMJ prescribing, generally do not like prescribing smokeable products (dried flower in the case of Germany, as vape and pre-rolls are not allowed), and until recently can only prescribe oils (tablets/capsules are rare). But most of these products are similar THC/CBD dosages, have low bioavailability, and long onsets. As a result, the lack of more efficacious products, that are not smokeable, will slow the conversion of more German doctors to the "MMJ cause". That said, as mentioned before, Canify might be able to introduce new formats in the market that could entice more German doctors to start prescribing MMJ.
- **More pharmacies offering MMJ.** In total, there are over 20,000 pharmacies in Germany, of which we understand about 2,500 may sell MMJ. But many of these may serve one or



two customers only. In fact, less than 100 pharmacies in all of Germany account for the bulk of MMJ sales (those with active online services lead the market). As a result, the market remains “niche” with limited general population awareness - we believe this also limits the willingness of more general doctors to prescribe. If the three “As” (access, affordability, assortment) drive market size, “access” (stores) may be a limiting factor. We are told many consumers (as much as half) do not like having cannabis delivered (risk of loss; perception issues) and prefer the live in-person interaction with the pharmacist (let’s call them “budtenders”); if so, few pharmacies stocking MMJ would limit the market size.

- **Few EU-GMP facilities in Germany.** With only a handful of operators being able to process EU-GMP within Germany, for the rest this narrows the range of suppliers to growers overseas with GMP-certified facilities (mainly in Canada and Portugal). In this regard, we believe Canify (given its EU-GMP facility in Germany) has an edge over large importers like Cansativa, Sanity Group, or Cannamedical.

Canify Financial Projections

Canify projects €21Mn in sales for CY25 (after €7.9Mn in CY24), doubling to €50Mn by CY27, with ~30% EBITDA margins by then vs. 23% targeted for CY25. The table below shows Canify's own projections split by revenue line. Per our own estimates (how the German MMJ market develops, and about Canify's own market share evolution), we calculate the company should be able to reach its own sales targets through 2028 even without factoring the upside from: a) Canify entering other countries (it plans to enter Switzerland, UK, and Poland, in 12-18 months); b) the launching "novel" and exclusive MMJ products such as a sublingual spray with Tetra BioPharma and an asthma-type inhaler with Alveon GmbH (note: *some of these products may need to go through clinical trials but could grow sales by as much as 5x, per management*); c) using the company's distribution arm in the MMJ reimbursed segment, to sell Rx adjacent non-MMJ products on a distribution fee model (thus leveraging its salesforce to doctors/pharmacies and overall distribution infrastructure). *Note we only assume 1.2% MMJ penetration by CY28; at 2% our CY28 sales estimate would be €91Mn.*

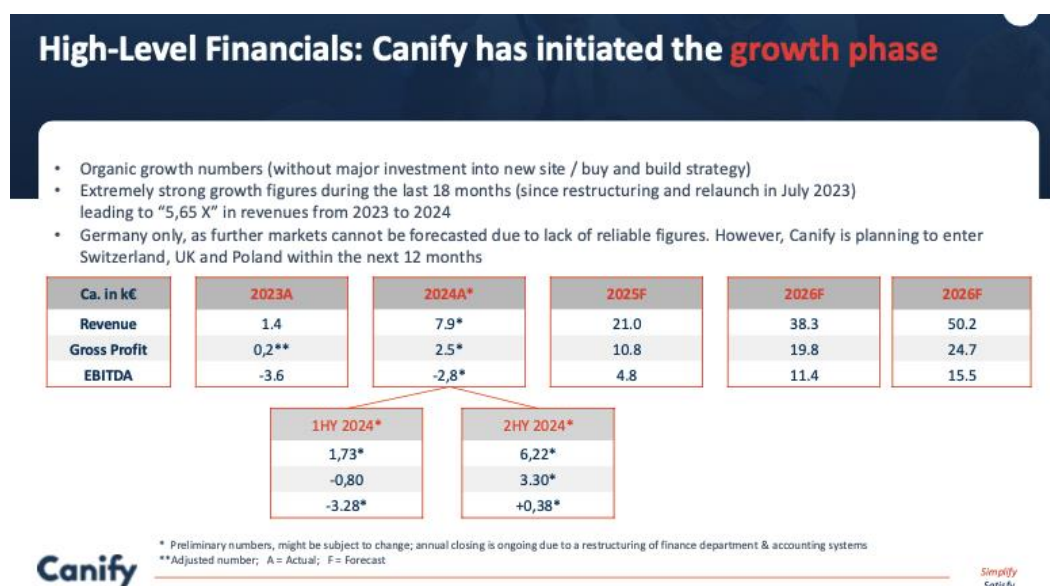
Table 7: Financial Model

€ 000s	CY22	CY23	CY24	CY25e	CY26e	CY27e	CY28e
Canify's own sales projections	1,400	7,900	21,045	38,187	50,256	58,234	
flowers			12,537	17,157	20,034	20,994	
extracts			1,553	3,221	4,356	7,320	
clinics			2,337	3,076	3,565	4,200	
contract manufacturing			3,518	5,303	7,529	8,400	
additional products				1,800	2,797	3,240	
GACP				4,455	7,375	7,713	
other markets			1,100	3,175	4,599	6,367	
Z&A's projections for Canify	1,400	7,900	21,606	35,204	48,683	59,768	
core distribution (flower; extracts)	1,400	6,918	15,751	26,826	37,589	47,168	
implied market share	1.8%	4.6%	4.5%	4.9%	5.0%	5.0%	
clinics			315	2,337	3,076	3,565	4,200
contract manufacturing			668	3,518	5,303	7,529	8,400
additional products			0	0	0	0	0
novel products			0	0	0	0	0
non-MMJ products			0	0	0	0	0
international sales			0	0	0	0	0
clinics			0	0	0	0	0
contract manufacturing			0	0	0	0	0
German MMJ market assumptions							
German population (mn)	84.5	84.6	84.6	84.6	84.7	84.7	
MMJ penetration	0.10%	0.35%	0.60%	0.80%	1.00%	1.20%	
# of patients	86,296	300,000	507,567	677,095	846,791	1,016,658	
Spend per patient per month (€)	150	142	140	150	160	165	
Market size (€Mn)	119	155	302	700	1,104	1,504	1,887
Implied tons	14.8	19.4	41.9	100.0	157.7	214.8	269.5
Avg retail price (€)	8.00	8.00	7.00	7.50	7.00	7.00	7.00
Market size at wholesale (€Mn)		78	151	350	552	752	943

Note: historical market size numbers based on import data and pharmacy purchases

Note: Yes, our base case projects a smaller MMJ market for Germany. Source: Company reports

Table 8: Top-Down Company Projections



Source: Company reports

Our sales projections assume minimal market share gains in the core MMJ distribution model but given the company's current growth momentum and the planned expansion of its salesforce and RTM capabilities, we believe share gains of 200-300bp would not be unreasonable. *Note: There is no specific MMJ market size data for Germany (reimbursable data does not account for the cash payer market; the authorities report quarterly MMJ imports but no longer disclose pharmacy purchases) or scanner data to track operator performance across all channels (especially the fast-growing cash payer market). So, there are no precise numbers of current underlying market growth, or sales for the key players That said, if we assume 60% of imports are the equivalent of pharmacy purchases, that can give us a sense of quarterly volumes. After that, we must make assumptions about average retail pricing and about spend per month per patient to garner market size in euros. We showed our base case market size projections in prior table.*

Regarding profitability and cash flow,

- In core distribution it assumes 50% gross margins for flower and 75% for extracts. For CMO it assumes 90% gross margins; 50% for GACP revenues; and 50% for clinics.
- In terms of overheads, SGA was about 50% of sales in CY24, but management sees this coming down to <30% in 2025 and stabilizing in the 20% range after that.
- As a result, EBITDA margins should climb to ~30% by 2026 and 2027.
- Capex should be in the €13.5Mn range in CY25 (after €2.5Mn in CY24) but should be minimal after that.

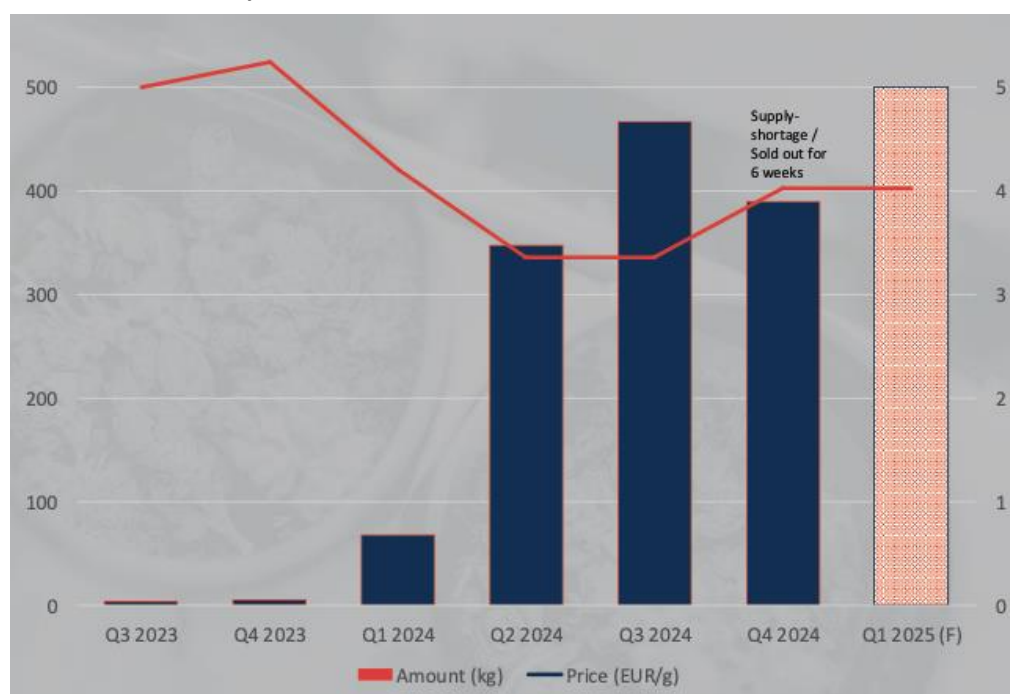
- So, management projects negative FCF of -€10Mn for CY25, but projects €10-18Mn per annum for the 2026-2028 period.
- See detailed financial projections in the appendix.

Results so Far

While “newer” to market, compared with some of the other importer/distributors mentioned above, Canify is quickly catching up (preliminary figures for CY24 point to sales growing close to 6x yoy) and with a business model that should command higher margins (given its branded model; higher % of sales in the reimbursed market vs. peers; and more control of the “value chain” given its EU-GMP facility). That said, temporary stock-outs due to supply chain issues on the import side (an issue most importers faced in CY24) negatively impacted revenues in CY24.

Company sales volumes increased from ~60 kgs in 1Q24 to ~470 kgs in 3Q24 (350 kgs in 2Q24). Stock-outs (in Oct/Nov) resulted in lost sales of 300-500kg in 4Q24, according to management. So, adjusted, 4Q could have been in the 800 kg mark (the mid-point of stock outs plus <400 kgs in 4Q actual sales volumes). Stock-outs have eased but still will impact 1Q25 sales. Again, according to management, the sales run rate should now be in the 300-400kg per month level, but for 1Q25 guidance calls for “only” 500 kgs. New more premium lines have helped the mix, and rev/gram should be in the €4/gram range in 1Q25 vs. €3.30 back in 3Q24. If we take the 400 kg per month sales assumption, this would mean an annualized sales run rate at present of >€19Mn. So, the €21Mn sales target for CY25 is quite doable (and even beatable), if supply chain issues are solved.

Table 9: Latest Quarterly Trends



Source: Company reports

Funding Needs

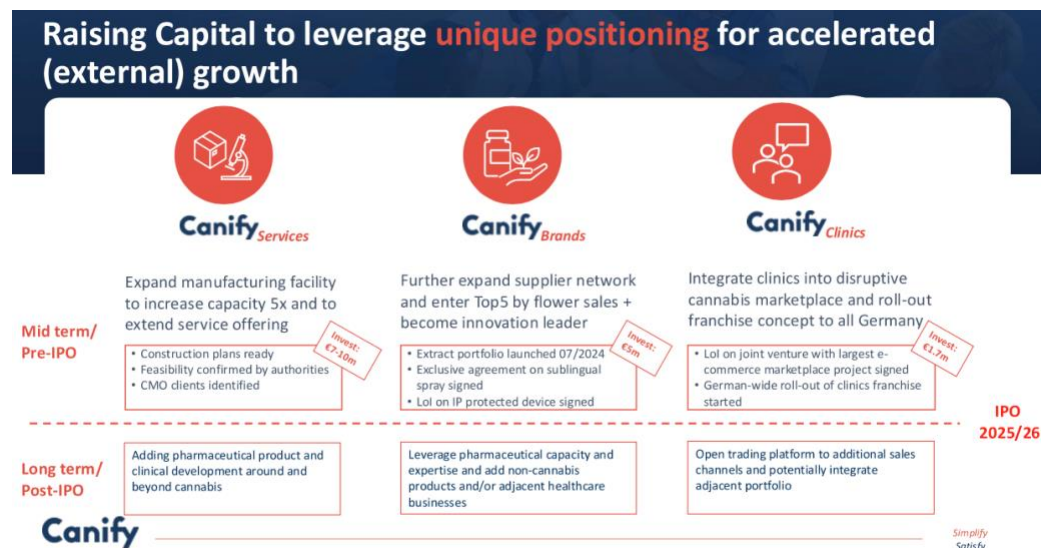
Canify plans to raise €15Mn (Series B) during 1H25, by issuing 92,000 shares (on an outstanding base of 270,000 now) at a price of €163 per share. According to management, the raise will help fund growth for 2027 and beyond, but the current infrastructure should be enough for Canify to reach its 2025-2026 financial targets. Close to half of the proceeds (€6.9Mn) will go to expand the existing EU-GMP facility; €5.1Mn will be allocated for a new research facility for “advanced pharmaceutical products” (i.e., the Tetra/Alveon GmbH products); the remaining €3Mn will go to marketing expenses, additional equipment, opex, and future IPO expenses.

Table 10: Funding Needs



Source: Z&A

Table 11: Expansion Plans



Source: Z&A

As the company expands in 2025, it may also consider M&A with other operators as it scales up (it may expand its telehealth piece). It aims to IPO (in the German stock exchange, also targeting a co-listing in the US) by CY26, with part of those future proceeds deployed to grow the future non-cannabis medical business. See appendix for detailed BS and CF projections.

Table 12: IPO Plans

EXIT Strategy Three-Stage Process



Source: Z&A

Table 13: Seasoned management team

Canify Executive Team: A Professional And Seasoned Management Team

+150 Years of Experience in the Healthcare Industry



Supervisory Board

- Roderick Stephan**
Chairman of the Supervisory Board
Partner at Altitude Investment Management. Seasoned manager of venture-capital-funds in the Cannabis industry.
- Anton Nakhodkin**
Member of the Supervisory Board
Managing Director and Board Member at Somal Pharmaceuticals. Experienced, hands-on leader in early-to-mid stage medical cannabis investments. With a track record in investing in cannabis projects.
- Dr. Manfred Ziegler**
Co-chairman of the Supervisory Board
Managing partner of the Conzima group of companies. 35 years of experience in national and international companies in the mechanical engineering, automotive, medical, pharmaceutical industry.

Canify

- Sascha Mielcarek, CEO**
>20 years of leadership experience in international healthcare industry with far-reaching operational expertise in General Management, Marketing, Sales, Business Development/M&A, R&D & Supply Chain. Enjoys building organizations from scratch and to position them for sustainable growth. Passionate about challenging the status quo and driving strategic transformation, performance turn around and organizational overhaul. Strong track record in the cannabis industry, previously leading Tilray from scratch to market leadership in Europe. Within a year, developed Canify into a profitable cannabis company, entering the Top10 in Germany.
- Arne Wilkens**
Chief Commercial Officer
 - Around 20 years of Pharmaceutical experience in the fields of market analytics, marketing and sales, business development and M&A
 - Was heading the German business of the market leader in medical cannabis before joining Canify & disposes of an excellent network with key market players in Germany and beyond.
- Sebastian Pöttsch**
Chief Finance Officer
 - More than 15 years of experience in finance, consulting and venture capital (e.g. Accenture, Deloitte).
 - International Project Lead, C-level at various startups as well as venture capital firm, Co-Founder of Canify. Expert in fundraising, organizational change and restructuring of finance and IT-functions.
- Silvia von Pistor**
Chief Innovation Officer
 - More than 20 years of R&D knowledge in pharma, International registrations, regulatory strategies and market access expertise
 - Experienced manager, change management expert with strong project management toolkit.

Simplify Satisfy

Source: Z&A

Valuation Scenarios for Canify

Our Take on Valuation

In our conservative base case, we estimate a valuation for Canify of €255Mn, but in a more bullish scenario with 3% MMJ population penetration, the valuation could be as high as €780Mn.

Sum of the parts take: The core distribution MMJ business, per our estimates, should garner close to €38Mn in sales by CY27 (with ~30% EBITDA margins). We project another \$11Mn sales from the CMO business (€7.5M, at 90% gross margins), plus clinic revenue (€3.5Mn) by then. To that we would add optionality from novel products, non-MJ lines, and international. In total, we garner a valuation of €255Mn

- Core distribution business at 15-20x EBITDA (Sales €38M; EBITDA \$12Mn) would imply a valuation of €180-240Mn (at 5x sales, the valuation would be €190Mn).
- We would take CMO and clinics at 1x sales, implying €11Mn in valuation.
- Optionality from other business lines (novel products; non-MJ; international). By CY27, per management these could reach €15M in sales. If we take 50% probability (optionality) and 30% EBITDA margins at 15x, the value to factor here would be €34Mn.

Sensitivity analysis: If in a more optimistic scenario, we assume 2.5-3.0% population penetration by CY27 (vs. 1% for our base case) for MMJ, that would point to a market size of €4.1-4.9Bn. If we take 5% share for Canify in wholesale (0.5x) and 20x EBITDA (30% margins), that would imply a €615-738Mn valuation for core MMJ distribution in Germany. If we add €45Mn, as per above for CMO/clinics plus optionality, this more bullish scenario would yield a valuation of €660-780Mn (14x upside taking the high end vs. the valuation of €59M reflected in the current Series B raise).

Factors to monitor: We believe these three factors in the months ahead will determine the potential valuation of Canify's core MMJ distribution business.

- Pace of growth of the MMJ German market: Our base case only calls for 1% population penetration by YE27. We think that is conservative. Canada is at 1% with a vibrant legal rec market and limited reimbursement in the medical market. The ease of prescription via telemedicine platforms and same-day delivery are features that are not available in US states MMJ markets with 3% penetration.
- Canify market share: As we showed before, we assume only 4.5-5% market share for Canify. Given the expansion of the product suite, salesforce, and supply chain, we believe the company can command market share gains and become a top 5 player. Also, the nature of the German market would lead to a more concentrated market vs. the fragmented markets we generally see in North America.



- ***Profitable business model:*** Few peers in this space can command 30% EBITDA margins. In fact, several peers relying on 3rd party brands and or mostly wholesale distribution models (thin margins), will not be able to report that type of profitability.

The most direct comps may be Aurora Cannabis (NASDAQ: ACB) and Cantourage. Other Canadian LPs are more diversified to be direct comps and most of the German operators (importers and distributors) are private. The ACB share price recently doubled (US\$6.55) as the company reported sales and EBITDA above consensus and showed robust and above peers international sales growth (this business garners >70% gross margins). While North American cannabis stocks are volatile, based on FactSet consensus estimates, ACB is trading at 1.5x CY25 sales and 8x EBITDA (ACB reported 26% margins in the Dec qtr). Cantourage (discussed before in this report), is more of a distributor/wholesale (hence the lower margins), and Cantourage revenues also include sales of dronabinol, and the UK operation (i.e. the business is not directly comparable with Canify). That said, Cantourage delivered sales of €51M for CY24, with EBITDA margins below 8%; analyst estimates point to ~€85Mn in sales for CY25 and 10% EBITDA margins. With a current market cap of €56Mn, the company is valued at 0.7x sales and <7x EBITDA.

Canify's Management Take on Valuation

In the short term (1H25), management is valuing Canify at €59Mn and aims for a €150-250M valuation by the time of the IPO in CY26.

- **Series B €15Mn equity raise in 1H25.** Canify plans to raise €15Mn (Series B) during 1H25, by issuing 92,000 shares (on an outstanding base of 270,000 now) at a price of €163 per share. According to management, the raise will help fund growth for 2027 and beyond, but the current infrastructure should be enough for Canify to reach its 2025-2026 financial targets. Roughly, the offering would value the company at €59Mn, or 1.2x projected CY27 sales, which is mostly in line with peers on a 1yF basis. The attractive valuation comp helps protect the downside for investors buying at €163, in our view.
- **IPO by CY26.** Management targets a valuation of €150-250Mn by the time of the IPO. That would value Canify at 3-5x the company's CY27 sales projections, well above direct peers, but management believes the company should garner more of a biotech-type multiple by then (and not just a "cannabis distributor" multiple). In fact, if we factor the optionality from novel products, non-MJ lines, and international, the sales base could be much higher by then (assuming much higher numbers than projected by management).

Certainly, in the medium term, the company will need to show it can deliver on its sales targets (and narrow the gap with the larger players in core MMJ distribution), on its aspiration of higher EBITDA margins (vs. other importers, like Cantourage), be at least free cash flow neutral, and build a credible presence in the reimbursed market (now <10% of sales). If the company can indeed add the novel products to its portfolio and also add non-MJ adjacent lines for the reimbursed market, then Canify would deserve a higher multiple (5x sales or ~17x EBITDA if garnering 30% margins).

Table 14: Companies mentioned in this report

Company name	Ticker	Ticker	Rating
US MSOs			
4Front Ventures		FFNTF	not rated
Ascend Wellness		AAWH	will cover
AYR Wellness		AYRWF	not rated
Cannabist		CCHWF	not rated
Consortium		CNTMF	not rated
Cresco Labs		CRLBF	Overweight
Curaleaf Holdings		CURLF	will cover
GlassHouse Brands		GLASF	not rated
Gold Flora		GRAM	Overweight
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
TerrAscend		TSNDF	will cover
TILT Holdings		TLLTF	Neutral
Trulieve Cannabis		TCNNF	will cover
Verano Holdings		VRNOF	Overweight
Vext Science, Inc.		VEXTF	Overweight
Vireo Growth		VREOF	will cover
Finance (MJ) Companies			
AFC Gamma		AFCG	Overweight
Chicago Atlantic BDC		LIEN	will cover
Chicago Atlantic REAF		REFI	Overweight
Innovative Industrial Properties		IIPR	will cover
New Lake Capital Partners		NLCP	Overweight
SHF Holdings		SHFS	not rated
Canada LPs			
Aurora Cannabis		ACB	Neutral
Auxly Cannabis Group		CBWTF	not rated
Avant Brands		AVTBF	not rated
Avicanna		AVCN	not rated
Ayurcann Holdings		AYURF	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	will cover
SNDL		SNDL	not rated
Tilray Brands		TLRY	Neutral
Village Farms Int'l		VFF	Overweight
Other			
Agrify		AGFY	not rated
Cannapresso		TBD	not rated
Cantourage AG		HIGH:FF	not rated
Flora Growth		FLGC	not rated
Grow Generation		GRWG	not rated
Intercure		INCR	not rated
Ispire Technology		ISPR	will cover
Leafly		LFLY	not rated
LFTD Partners Inc.		LIFD	Overweight
Smoores International		SMORF	will cover
Springbig		SBIG	not rated
Urban-gro		UGRO	not rated
WM Technology		MAPS	Neutral

Source: Z&A



Appendix I: Company Financials

Exhibit 1: Z&A's Sales Projections for Canify – base case

€ 000s	CY22	CY23	CY24	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	1Q26e	2Q26e	3Q26e	4Q26e	CY26e	CY27e	CY28e
Z&A's projections for Canify															
core distribution (flower; extracts)	1,400	6,918	3,082	3,545	4,156	4,968	15,751	5,815	6,397	6,997	7,617	26,826	37,589	47,168	
implied market share	1.8%	4.6%	4.5%	4.5%	4.5%	4.5%	4.5%	4.7%	4.8%	4.9%	5.0%	4.9%	5.0%	5.0%	
clinics		315	538	561	596	643	2,337	707	738	784	846	3,076	3,565	4,200	
contract manufacturing		668	809	844	897	967	3,518	1,220	1,273	1,352	1,458	5,303	7,529	8,400	
additional products		0					0					0	0	0	
novel products		0					0					0	0	0	
non-MJ products		0					0					0	0	0	
international sales		0					0					0	0	0	
clinics		0					0					0	0	0	
contract manufacturing		0					0					0	0	0	
German MMJ market assumptions															
German population (mn)	84.5	84.6	84.6	84.6	84.6	84.6	84.6	84.6	84.6	84.6	84.6	84.6	84.6	84.7	84.7
MMJ penetration	0.10%	0.35%	0.40%	0.45%	0.52%	0.60%	0.60%	0.65%	0.70%	0.75%	0.80%	0.80%	1.00%	1.20%	
# of patients	86,296	300,000	338,209	380,580	439,782	507,567	507,567	549,864	592,310	634,618	677,095	677,095	846,791	1,016,658	
Spend per patient per month (€)	150	142	135	138	140	145	140	150	150	150	150	150	160	165	
Market size (€Mn)	119	155	302	137	158	185	221	700	247	267	286	305	1,104	1,504	1,887
Implied tons	14.8	19.4	41.9	19.6	22.5	26.4	31.5	100.0	35.3	38.1	40.8	43.5	157.7	214.8	269.5
Avg retail price (€)	8.00	8.00	7.00	7.00	7.00	7.00	7.50	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Market size at wholesale (€Mn)	78	151	68	79	92	110	350	124	133	143	152	552	752	943	
Note: historical market size numbers based on import data and pharmacy purchases															
Other metrics															
German MMJ imports (tons)	24.9	32.5	69.9	32.6	37.5	44.0	52.6	166.7	58.9	63.5	68.0	72.5	262.9	358.0	449.2
German pharmacy purchases	14.8	19.4	41.9	19.6	22.5	26.4	31.5	100.0	35.3	38.1	40.8	43.5	157.7	214.8	269.5
% of imports	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Canada DF exports to Germany (C\$ Mn)	164.9	261.0	na	na	na	na	na	na	na	na	na	na	na	na	na
Canada extracts exports to Germany (C\$Mn)	48.0	47.1	na	na	na	na	na	na	na	na	na	na	na	na	na
FX rate US\$ to C\$			0.73	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
FX rate Euro to US\$			1.08	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03

Source: Z&A estimates

Exhibit 2: Canify's own Sales Projections

€ 000s	CY22	CY23	CY24	CY25e	CY26e	CY27e	CY28e
Canify's own sales projections	1,400	7,900	21,045	38,187	50,256	58,234	
flowers			12,537	17,157	20,034	20,994	
extracts			1,553	3,221	4,356	7,320	
clinics			2,337	3,076	3,565	4,200	
contract manufacturing			3,518	5,303	7,529	8,400	
additional products				1,800	2,797	3,240	
GACP				4,455	7,375	7,713	
other markets			1,100	3,175	4,599	6,367	

Source: Company projections

Exhibit 3: Income Statement Projections – per Canify

INCOME STATEMENT						
Currency: EUR	FY23F	FY24F	FY25F	FY26F	FY27F	FY28F
Revenues	1,071,672	9,571,000	21,045,175	38,186,373	50,255,830	58,233,812
Cogs	324,739	(4,877,110)	(9,941,281)	(18,512,440)	(23,967,338)	(27,689,648)
Gross profit	1,396,411	4,693,890	11,103,894	19,673,934	26,288,492	30,544,164
Margin in %	130.3%	49.0%	52.8%	51.5%	52.3%	52.5%
Expenses	(3,661,190)	(4,706,482)	(6,069,600)	(8,370,480)	(9,806,052)	(11,492,960)
Margin in %	-341.6%	-49.2%	-28.8%	-21.9%	-19.5%	-19.7%
EBITDA	(2,264,779)	(12,593)	5,034,294	11,303,454	16,482,440	19,051,204
EBITDA Margin in %	-211.3%	-0.1%	23.9%	29.6%	32.8%	32.7%
Capital raise costs	(108,503)	(610,000)	(1,420,000)	-	-	-
Depreciation	(177,524)	(224,913)	(230,000)	(230,000)	(230,000)	(230,000)
EBIT/Operating profit	(2,550,806)	(847,506)	3,384,294	11,073,454	16,252,440	18,821,204
EBIT Margin in %	-238.0%	-8.9%	16.1%	29.0%	32.3%	32.3%
Taxes	-	-	-	-	-	-
Other expenses	(122,150)	(346,481)	(133,142)	-	-	-
Net income	(2,672,957)	(1,193,986)	3,251,152	11,073,454	16,252,440	18,821,204
Margin in %	-249.4%	-12.5%	15.4%	29.0%	32.3%	32.3%

Source: Company projections

Exhibit 4: Balance Sheet Projections – per Canify

BALANCE SHEET						
Currency EUR	FY23P	FY24F	FY25F	FY26F	FY27F	FY28F
Cash on hand	421,688	1,249,857	4,082,338	13,255,577	28,536,678	46,566,010
Accounts receivable	1,573,628	2,130,816	1,954,730	3,705,079	4,526,552	5,168,557
Finished goods	1,493,345	2,027,073	2,406,939	2,786,804	3,166,670	3,546,536
Current assets	3,488,662	5,407,746	8,444,006	19,747,460	36,229,900	55,281,104
Other assets	-	-	-	-	-	-
Differenz Balance sheet	-	-	-	-	-	-
Loan given	-	-	-	-	-	-
Advance payments	-	-	-	-	-	-
Fixed assets	2,108,838	4,383,925	17,653,925	17,423,925	17,193,925	16,963,925
Total assets	5,597,500	9,791,671	26,097,931	37,171,385	53,423,825	72,245,029
Accrued expenses	-	-	-	-	-	-
Bank liabilities	-	-	-	-	-	-
Account payables	2,462,526	802,109	802,109	802,109	802,109	802,109
Other liabilities	2,424,216	2,249,231	1,104,338	1,104,338	1,104,338	1,104,338
Liabilities	4,886,742	3,051,340	1,906,447	1,906,447	1,906,447	1,906,447
Capital	31,336,782	38,560,342	52,760,342	52,760,342	52,760,342	52,760,342
Retained earnings	(27,953,068)	(30,626,024)	(31,820,011)	(28,568,858)	(17,495,404)	(1,242,965)
Current year earnings	(2,672,957)	(1,193,986)	3,251,152	11,073,454	16,252,440	18,821,204
Equity	710,758	6,740,332	24,191,484	35,264,938	51,517,378	70,338,582
Equity rate	12.7%	68.8%	92.7%	94.9%	96.4%	97.4%
Total Liability & Equity	5,597,500	9,791,671	26,097,931	37,171,385	53,423,825	72,245,029

Source: Company projections

Exhibit 5: Cash Flow Projections – per Canify

CASH FLOW						
Currency EUR	FY23P	FY24F	FY25F	FY26F	FY27F	FY28F
Net income (loss)	(3,031,400)	(1,193,986)	3,251,152	11,073,454	16,252,440	18,821,204
Depreciation	178,600	224,913	230,000	230,000	230,000	230,000
Net cash flow	(2,852,800)	(969,073)	3,481,152	11,303,454	16,482,440	19,051,204
(Increase)/decrease in inventories	(1,103,200)	(533,727)	(379,866)	(379,866)	(379,866)	(379,866)
(Increase)/decrease in trade receivables	(210,400)	(557,188)	176,086	(1,750,349)	(821,473)	(642,006)
Increase/(decrease) in trade liabilities	(2,300,057)	(1,660,417)	-	-	-	-
Change in trade working capital	(3,613,657)	(2,751,333)	(203,779)	(2,130,215)	(1,201,339)	(1,021,872)
(Increase)/decrease in other assets	-	-	-	-	-	-
Increase/(decrease) in accrued expenses	2,145	-	-	-	-	-
Increase/(decrease) in other liabilities	1,630,100	-	-	-	-	-
Change in working capital	(1,981,412)	(2,751,333)	(203,779)	(2,130,215)	(1,201,339)	(1,021,872)
Gain (-)/loss (+) on disposals of fixed assets	-	-	-	-	-	-
Cash flow from operations	(4,834,212)	(3,720,406)	3,277,373	9,173,239	15,281,101	18,029,332
Inflow from disposals of intangibles	-	-	-	-	-	-
Inflow from disposals of tangibles	-	-	-	-	-	-
Inflow from disposals of financial assets	-	-	-	-	-	-
Capital expenditure on intangible assets	(688,000)	-	-	-	-	-
Capital expenditure on fixed assets	(10,000)	(2,500,000)	(13,500,000)	(0)	(0)	(0)
Capital expenditure on financial assets	-	-	-	-	-	-
Inflow from sale of consolidated companies	-	-	-	-	-	-
Outflow for the investment in consolidated comp.	-	-	-	-	-	-
Cash flow from investment activities	(698,000)	(2,500,000)	(13,500,000)	(0)	(0)	(0)
Free cash flow	(5,532,212)	(6,220,406)	(10,222,627)	9,173,239	15,281,101	18,029,332
Inflow from equity contributions	3,653,000	7,223,560	14,200,000	-	-	-
Difference in Equity	-	-	-	-	-	-
Outflow for dividend payments	-	-	-	-	-	-
Inflow from issuing of bonds / loans	2,210,300	1,125,015	-	-	-	-
Outflow for redemption of bonds / loans	-	(1,300,000)	(1,144,892)	-	-	-
Cash flow from financing activities	5,863,300	7,048,575	13,055,108	-	-	-
Change of cash and cash equivalents	331,088	828,169	2,832,481	9,173,239	15,281,101	18,029,332
Cash and cash equivalents at beginning of year	90,600	421,688	1,249,857	4,082,338	13,255,576	28,536,678
Cash and cash equivalents at end of year	421,688	1,249,857	4,082,338	13,255,576	28,536,678	46,566,010

Source: Company projections



Appendix II: Company Slides

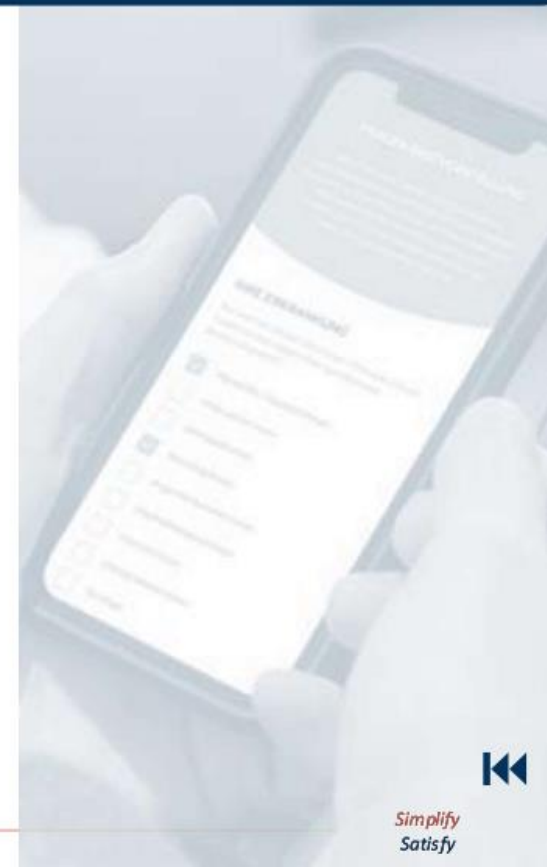
Exhibit 6: About the Company

Investment Highlights

20

Break-Even Reached - Invest in Growth

-  **Strong Team:** unique management team with track record in building German Cannabis leader
-  **Market Opportunity:** strong positioning in Germany, Europe's fastest growing market
-  **Traction:** fastest growing cannabis company in Germany, strong and efficient salesforce on the ground (from 0 to >200 kg monthly sales in less than 12 months)
-  **Unique Value Proposition:** three interconnected business units and broad network of premium suppliers
-  **Scalable through unique production facility and knowhow:** able to import GACP into GMP territory
-  **Financial Performance:** break-even reached in 08/2024 – additional funding needed to grow faster and higher (not for survival like most of competitors)
-  **Competitive Advantage:** unique positioning through innovative product portfolio & services
-  **Proven and scalable Business Case** with significant upside potential
-  **Solid risk / return profile** for investors
-  **Clear Exit Strategy** through IPO



Source: Company reports

Exhibit 7: Expansion Plans

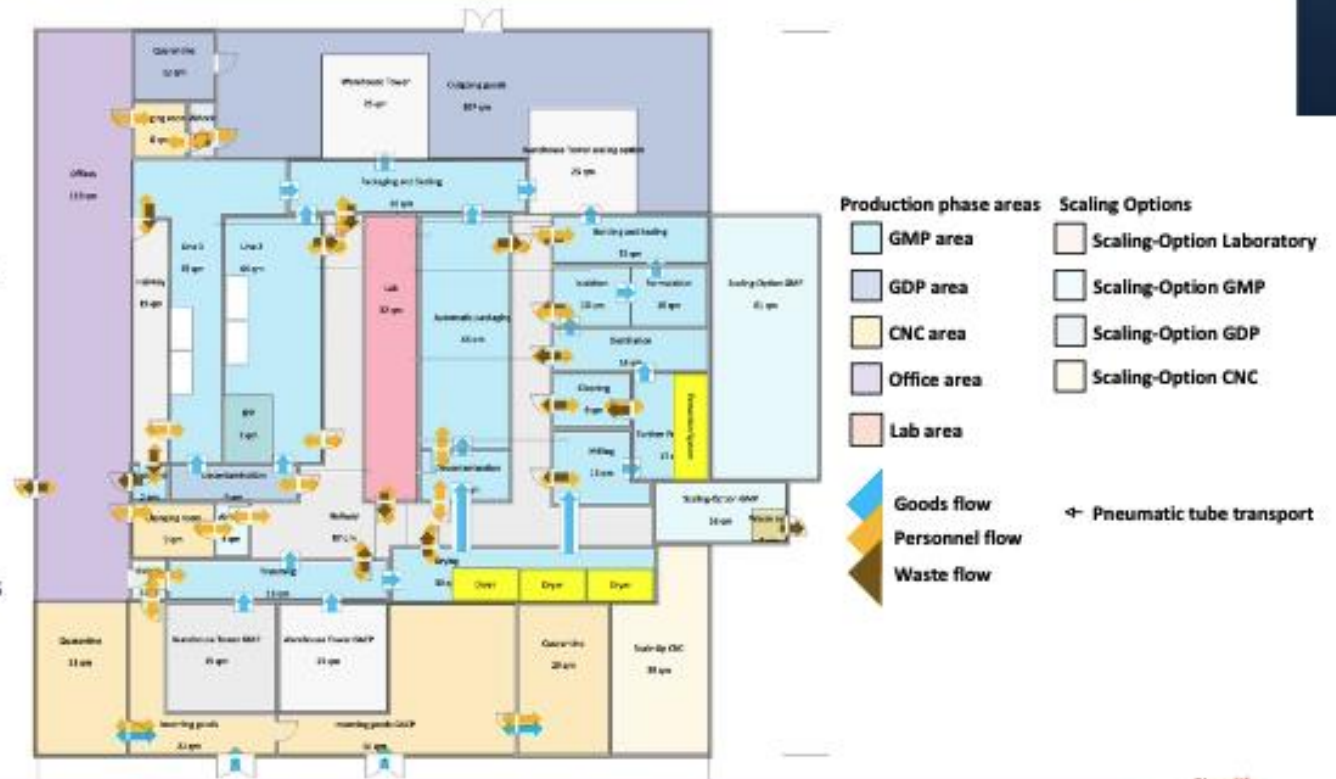
Raising Capital to expand **unique manufacturing footprint**

Capacity:

- Increased output
- GACP product handling
- Laboratory services
- Extraction, distillation & formulation
- Bottling & sealing

Expected output/complexity:

- GACP & GMP products
- WET & DRY flowers
- Potency testing
- Micro seed screening
- Oil formulation, isolates etc.
- Liquid formulations, capsules, tablets & nanotabs
- Clinicals trials



Canify

*Simplify
Satisfy*

Source: Company reports

Exhibit 8: Management Team

5

Canify Executive Team: A Professional And Seasoned Management Team

+150 Years of Experience in the
Healthcare Industry

Supervisory Board



Roderick Stephan

Chairman of the Supervisory Board

Partner at Altitude Investment Management. Seasoned manager of venture-capital-funds in the Cannabis industry.



Anton Nakhodkin

Member of the Supervisory Board

Managing Director and Board Member at Somai Pharmaceuticals. Experienced, hands-on leader in early-to-mid stage medical cannabis investments. With a track record in investing in cannabis projects.



Dr. Manfred Ziegler

Co-chairman of the Supervisory Board

Managing partner of the Conzima group of companies. 35 years of experience in national and international companies in the mechanical engineering, automotive, medical, pharmaceutical industry.



Sascha Mielcarek, CEO

>20 years of leadership experience in international healthcare industry with far-reaching operational expertise in General Management, Marketing, Sales, Business Development/M&A, R&D & Supply Chain. Enjoys building organizations from scratch and to position them for sustainable growth. Passionate about challenging the status quo and driving strategic transformation, performance turn around and organizational overhaul. Strong track record in the cannabis industry, previously leading Tilray from scratch to market leadership in Europe. Within a year, developed Canify into a profitable cannabis company, entering the Top10 in Germany.



Arne Wilkens

Chief Commercial Officer

- Around 20 years of Pharmaceutical experience in the fields of market analytics, marketing and sales, business development and M&A
- Was heading the German business of the market leader in medical cannabis before joining Canify & disposes of an excellent network with key market players in Germany and beyond.



Sebastian Pötzsch

Chief Finance Officer

- More than 15 years of experience in finance, consulting and venture capital (e.g. Accenture, Deloitte).
- International Project Lead, C-level at various startups as well as venture capital firm, Co-Founder of Canify. Expert in fundraising, organizational change and restructuring of finance and IT-functions.



Silvia von Pistor

Chief Innovation Officer

- More than 20 years of R&D knowledge in pharma, International registrations, regulatory strategies and market access expertise
- Experienced manager, change management expert with strong project management toolkit.

Canify

*Simplify
Satisfy*

Source: Company reports



Appendix III: Valuation Comps

19 March 2025

Canify AG: Private Company Report

Exhibit 9: US MSOs - Valuation Multiples

US\$Mn 12-Mar-25	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			NET DEBT RATIOS				BROADER DEFINITION OF NET DEBT			
							Net Debt/Sales		Net Debt/EBITDA		BDND/Sales		BDND/EBITDA	
	Current	CY25e	CY26e	Current	CY25e	CY26e	Current	CY25	Current	CY25	Current	CY25	Current	CY25
US MSOs	1.3x	1.0x	0.9x	6.2x	5.2x	4.0x								
Ascend Wellness	1.0x	1.0x	1.0x	5.7x	4.8x	4.5x	-0.4x	-0.4x	-2.4x	-2.0x	-0.9x	-0.9x	-5.1x	-4.3x
Ayr Wellness	1.2x	1.2x	1.2x	7.1x	5.7x	5.5x	-0.9x	-0.9x	-5.2x	-4.1x	-1.1x	-1.2x	-6.8x	-5.5x
Cannabist Co	0.9x	0.9x	0.9x	6.8x	5.8x	4.7x	-0.6x	-0.6x	-4.5x	-3.8x	-0.8x	-0.8x	-6.4x	-5.4x
Consortium	1.0x	na	na	3.7x	na	na	-0.5x	na	-1.9x	na	-0.9x	na	-3.1x	na
Cresco Labs	1.2x	1.3x	1.2x	4.4x	4.5x	4.6x	-0.5x	-0.5x	-1.8x	-1.8x	-0.8x	-0.8x	-2.7x	-2.8x
Curaleaf	1.6x	1.5x	1.4x	6.8x	6.7x	6.1x	-0.5x	-0.5x	-2.2x	-2.2x	-0.9x	-0.9x	-3.9x	-3.8x
4Front Ventures	2.0x	na	na	7.4x	na	na	-1.0x	na	-3.9x	na	-1.8x	na	-6.7x	na
Glass House	2.2x	2.6x	2.0x	6.8x	14.1x	8.6x	-0.1x	-0.1x	-0.3x	-0.6x	-0.2x	-0.3x	-0.8x	-1.6x
Gold Flora	1.0x	0.8x	0.7x	11.9x	7.7x	4.4x	-0.3x	-0.2x	-3.6x	-2.4x	-0.9x	-0.7x	-11.0x	-7.2x
Goodness Growth	1.6x	1.6x	na	6.8x	6.7x	na	-0.5x	-0.5x	-2.1x	-2.1x	-0.9x	-0.9x	-3.7x	-3.6x
Green Thumb	1.5x	1.5x	1.4x	4.5x	5.0x	4.7x	-0.1x	-0.1x	-0.2x	-0.2x	-0.1x	-0.1x	-0.3x	-0.3x
Grown Rogue	2.7x	na	na	3.5x	na	na	0.2x	na	0.3x	na	0.0x	na	0.1x	na
iAnthus	1.2x	na	na	9.4x	na	na	-1.0x	na	-7.3x	na	-1.0x	na	-7.5x	na
Jushi	1.4x	1.4x	1.3x	11.6x	7.2x	6.2x	-0.6x	-0.6x	-5.2x	-3.3x	-1.2x	-1.2x	-9.8x	-6.1x
MariMed	1.0x	0.9x	0.8x	6.3x	5.9x	4.6x	-0.4x	-0.4x	-2.8x	-2.6x	-0.6x	-0.5x	-3.8x	-3.5x
Planet 13	0.8x	0.7x	0.6x	20.4x	8.5x	4.8x	0.1x	0.1x	3.7x	1.5x	-0.1x	-0.1x	-1.5x	-0.6x
Schwazze	1.1x	1.0x	na	4.7x	3.2x	na	-0.9x	-0.8x	-3.8x	-2.6x	-1.1x	-1.0x	-4.6x	-3.2x
TerrAscend	1.6x	1.5x	1.5x	8.5x	7.4x	6.6x	-0.6x	-0.6x	-3.1x	-2.7x	-1.0x	-1.0x	-5.7x	-4.9x
TILT	1.0x	1.0x	1.0x	-17.9x	88.5x	5.6x	-0.6x	-0.6x	9.9x	-49.0x	-1.0x	-1.0x	17.3x	-85.6x
Trulieve	1.3x	1.3x	1.3x	3.6x	4.0x	4.0x	-0.3x	-0.3x	-0.7x	-0.8x	-0.7x	-0.7x	-1.8x	-2.0x
Verano	1.0x	1.0x	1.0x	3.6x	3.5x	3.3x	-0.4x	-0.4x	-1.3x	-1.3x	-0.8x	-0.8x	-2.6x	-2.6x
Vext	1.7x	1.2x	1.0x	5.4x	4.0x	3.3x	-0.9x	-0.7x	-2.9x	-2.2x	-0.9x	-0.7x	-2.9x	-2.2x

1) Current is based on the latest reported qtr annualized (Sales and EBITDA); 2) We take FactSet consensus estimates for CY25e and CY26e multiples

Source: FactSet and company reports

Exhibit 10: Canada LPs - Valuation Multiples (consolidated multiples)

Multiples 12-Mar-25	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			Financial Net Debt				Stock Performance		
	Current	2024	2025	Current	2024	2025	Sales		EBITDA		Current	2024	2025
							Current	CY24	Current	CY24			
Aurora Cannabis	1.6x	1.7x	1.5x	6x	10x	8x	na	na	na	na	9%	51%	117%
Auxly Cannabis Group	1.2x	na	na	10x	na	na	-0.3x	na	-2.2x	na	-18%	75%	-69%
Avant Brands	0.6x	na	na	3x	na	na	-0.1x	na	-0.6x	na	46%	95%	374%
Cannara Biotech	1.6x	na	na	7x	na	na	-0.4x	na	-1.8x	na	4%	73%	19%
Canopy Growth	1.6x	1.7x	1.7x	-35x	-28x	131x	-0.7x	-0.7x	14.7x	11.6x	-44%	-66%	-63%
Cronos Group	-3.0x	-3.0x	-2.5x	-2x	10x	42x	na	na	na	na	-2%	-3%	-5%
Decibel Cannabis	0.8x	0.8x	0.6x	4x	4x	3x	-0.3x	-0.4x	-1.6x	-1.9x	-7%	2%	-36%
Organigram Holdings	0.9x	0.9x	0.6x	-43x	166x	11x	na	na	na	na	-39%	-33%	-48%
Rubicon Organics	0.6x	na	na	4x	na	na	0.0x	na	-0.2x	na	7%	22%	7%
SNDL	0.4x	0.4x	0.4x	-21x	254x	na	na	na	na	na	-17%	-16%	16%
Tilray Brands	0.9x	0.8x	0.8x	21x	12x	9x	-0.1x	-0.1x	-1.5x	-0.8x	-37%	-50%	-62%
Village Farms International	0.3x	0.3x	0.3x	5x	12x	6x	-0.1x	-0.1x	-0.9x	-2.2x	-12%	-20%	-5%

1) We take FactSet consensus estimates for CY24e and CY25e multiples, if available; 2) By "current", we mean the latest reported qtr annualized

Source: FactSet and company reports

Exhibit 11: Stock Performance

12-Mar-25	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
US MSOs			
Ascend	-34%	-34%	-73%
Ayr	-63%	-61%	-90%
Cannabist	-29%	-34%	-82%
Consortium	-25%	-31%	-70%
Cresco	-24%	-26%	-51%
Curaleaf	-38%	-41%	-74%
4Front	14%	-17%	-79%
GlassHouse	-7%	-22%	-24%
Gold Flora	-48%	20%	-86%
Vireo Growth	-30%	12%	2%
Grown Rogue	-11%	-21%	-1%
Green Thumb	-6%	-15%	-41%
iAnthus	-10%	14%	-69%
Jushi	-24%	-4%	-52%
MarlMed	-20%	-22%	-54%
Planet13	-16%	-17%	-40%
Schwazze	809%	-90%	-99%
StateHouse	na	na	-63%
Trulieve	-12%	-12%	-54%
TerrAscend	-34%	-37%	-72%
Vext	7%	-14%	-34%
Verano	-45%	-48%	-85%
International			
InterCure	-8%	-5%	5%
PharmaCielo	-20%	-6%	119%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
Canadian LPs			
Aurora	9%	51%	117%
Avant	-18%	75%	-69%
Auxly	46%	95%	374%
Ayurcann	-28%	6%	15%
Cannara	4%	73%	19%
Canopy	-44%	-66%	-63%
Cronos	-2%	-3%	-5%
Decibel	-7%	2%	-36%
Entourage	-20%	-62%	-66%
High Tide	-19%	-28%	40%
OGI	-39%	-33%	-48%
Rubicon	7%	22%	7%
SNOL	-17%	-16%	16%
Tilray	-37%	-50%	-62%
VFF	-12%	-20%	-5%
Tech			
LFLY	5%	-79%	-88%
SBIG	-2%	38%	-53%
MAPS	-10%	-9%	39%
Vape parts			
GNLN	-65%	-69%	-91%
ISPR	-15%	-35%	-59%
SMORF	0%	-9%	66%
TLTTF	9%	7%	-73%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
MJ Fincos			
AFCG	1%	-9%	-30%
IIPR	-4%	-32%	-28%
NLCP	-7%	-21%	-5%
SHFS	-36%	-25%	-67%
LIEN	-2%	-11%	16%
REFI	-1%	-4%	-5%
Pix & Shovel			
AGFY	-25%	-51%	154%
GRWG	-29%	-45%	-52%
HYFM	-46%	-51%	-59%
SMG	-7%	-15%	-5%
UGRO	-3%	-34%	-58%
CBD			
CVSI	-25%	-5%	5%
CWEB	-17%	-13%	-42%
LFID	7%	-14%	-82%
Index			
S&P 500	-7%	-8%	10%
S&P 477	-1%	-2%	9%
Nasdaq	-11%	-10%	22%
MSOS ETF	-21%	-26%	-63%
YOLO ETF	-18%	-23%	-41%
Simple Group Averages			
Large Canada LP:	-24%	-23%	-8%
Tier 1 MSOs	-25%	-28%	-61%

Source: FactSet



Appendix IV: 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 and advisory services. Potential conflicts of interest are duly reflected in the respective specific company reports.

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