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AN HCN E-BOOK

Cannabis Without Borders

Building the Export Bridge to Europe

By Jason Hart · Sponsored by High Ground Medica

Canada grows it. Germany needs it. Eight chapters on who is building the bridge between them, and what the market will pay for it.

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High Ground Medica (HGM) is an Alberta company licensed by Health Canada for medical sales, processing and cultivation. From its facility near Oyen, it is building a route from approved Canadian growers to patients in Germany and the broader European market.

Its model combines sourcing from multiple approved growers, processing within its own GMP quality system, and importation and distribution through established German partners, including California's Medical.

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Cannabis Without Borders with Jason Hart is an HCN—Cannabis Financial News series, sponsored by High Ground Medica. Its articles appear here as written for HCN, with related pieces combined into single chapters, bulleted lists and new chapter summaries.













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FOREWORD

The road between two markets

Canada has no shortage of cannabis. Germany's medical market is importing more of it every year: imports nearly tripled in 2025, and Canada supplied close to half. Between the two sits one of the most demanding supply chains in any industry. Every shipment depends on:

- An export permit from Health Canada, issued shipment by shipment
- Pharmaceutical quality standards that now reach back to the farm
- A licensed importer and distributor in Germany
- Working capital to carry product for months before a European pharmacy pays

That chain is where most export plans stall. A grower can produce excellent Cannabis and still be unable to sell a gram of it in Germany. Regulators in the German state of Hesse have treated the drying of flower as a critical manufacturing step, raising the bar for anyone shipping product grown and dried to farm standards. Lenders want to see inspections passed and shipments paid for before they commit larger sums.

In November 2026 the industry put a price on getting all of this right. Organigram agreed to pay a 93 percent premium for Aurora, a company whose value lies largely in certified facilities and European distribution that already work. Most producers cannot buy a platform like that, and few can afford the years it takes to build one.

This book is about the companies building the bridge, and the capital behind them.

HCN—Cannabis Financial News



CANNABIS WITHOUT BORDERS

201,094 kg

German medical cannabis imports in 2025, almost three times 2024

01

Photo: CRYSTALWEED cannabis / Unsplash. Illustrative, not HGM's facility.

CHAPTER 1

High Ground Medica Is Building a New Route Between Canadian Cannabis and European Medicine

An Alberta processor is building the infrastructure that lets approved Canadian growers reach Europe's largest medical market, one financed shipment at a time.

IN THIS CHAPTER

- Canada has the cultivation capacity; Germany has the demand. HGM aims to connect them through a pharmaceutical supply chain.
- HGM projects a gross spread of about CAD $2.40 a gram, before the considerable costs of international trade.
- A proposed CAD $25 million facility would finance individual shipments through escrow, starting with six.

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Canada has no shortage of cannabis. Europe has no shortage of demand. The difficult part is connecting the two through a pharmaceutical supply chain that can satisfy regulators, protect product quality and deliver consistent commercial returns.

High Ground Medica believes it can provide that connection.

Based in Alberta, Canada, High Ground Medica is a licensed medical cannabis processor developing an international platform for sourcing, processing and exporting Canadian medical cannabis to Germany and the broader European market.

The company's strategy is not based on owning every cultivation facility or relying on a single brand. Instead, HGM plans to provide the infrastructure through which approved Canadian producers can reach tightly regulated international markets.

That places HGM in a different position from the vertically integrated operators that dominated the first phase of Canada's cannabis industry.

Rather than growing everything itself, HGM can select suitable products and genetics from approved cultivators, bring them within its processing and quality-control system and prepare them for sale into Europe.

Health Canada lists High Ground Medica as an Alberta cannabis license holder authorized for medical sales, processing and cultivation.

A Canadian Company With an International Focus

High Ground Medica's international ambitions are not new.

A company presentation published in 2021 described a strategy centered on producing medical-grade cannabis for Europe, with Germany identified as a primary market. At the time, HGM was developing its 133,000-square-foot facility near Oyen, Alberta, and planning a supply chain connecting Canadian production with European pharmaceutical distribution.

The company has continued developing that strategy around its Alberta processing operation, European relationships and proposed EU-GMP infrastructure.

> **Canada has no shortage of cannabis. Europe has no shortage of demand.**
>
> CANNABIS WITHOUT BORDERS

HGM says it maintains an active commercial relationship with Germany and is also advancing opportunities in the United Kingdom.

Its central market opportunity is straightforward: Canada has substantial cultivation capacity and comparatively low wholesale prices, while Germany has become Europe's largest regulated medical cannabis market and remains heavily dependent on imports.

Germany imported 201,094 kilograms of medical cannabis in 2025, compared with approximately 72,850 kilograms in 2024. Canada supplied 93,006 kilograms—nearly half the total—making it Germany's largest international supplier.

That is the rapidly expanding trade corridor HGM intends to serve.

THE ARITHMETIC, PER GRAM

What HGM expects to pay, and to receive

CAD $1.35	›	CAD $3.75	=	CAD $2.40
to buy qualifying Canadian medical cannabis		to sell the processed product into Europe		potential gross spread, before costs

Before processing, laboratory testing, packaging, freight, insurance, regulatory compliance and financing. Not a profit per gram. Source: HGM's current projections, Chapter 1.

The Economics Behind the Strategy

According to HGM's current projections, the company expects to purchase qualifying Canadian medical cannabis for approximately CAD $1.35 per gram and sell the processed product into Europe for approximately CAD $3.75 per gram.

That represents a potential gross spread of CAD $2.40 per gram before processing, laboratory testing, packaging, freight, insurance, regulatory compliance and financing expenses.

The distinction is important. This is not a projection of CAD $2.40 in profit on every gram. It is the initial commercial spread from which the considerable costs of pharmaceutical-grade international trade must be paid.

HGM's opportunity depends on controlling those costs while protecting product quality, satisfying regulators and delivering cannabis that meets European customer requirements.

Solving the Processing Problem

Exporting medical cannabis is not as simple as moving flower from a Canadian warehouse to a German buyer.

Products must pass through licensed organizations, comply with Canadian export requirements and satisfy the pharmaceutical and import standards of the destination market. Each shipment also requires the necessary regulatory approvals and permits.

HGM's proposed answer is its GMP II Satellite Solution.

Under this model, HGM would establish a satellite processing operation at an approved GACP cultivation site. Cannabis could then be dried, stabilized and potentially undergo initial processing within HGM's quality system before being transported to a European GMP I facility for final processing, testing and packaging.

The company believes this approach could reduce problems associated with transporting freshly harvested cannabis to a separate processing site, including:

- Microbial exposure
- Inconsistent drying
- Product degradation
- Additional logistical costs

It would also allow HGM to work with multiple approved Canadian producers rather than depending on one cultivation facility.

HGM's model therefore combines three essential components:

- Flexible sourcing from approved Canadian cultivators
- Processing and quality control through HGM's proposed EU-GMP system
- Importation and European distribution through established partners

The company identifies its relationship with California's Medical as an important part of that structure. Subject to final regulatory approvals and shipment-specific permits, the relationship is intended to provide an established route from approved Canadian producers to customers in Germany and the broader European market.

Financing Individual Shipments

To finance its expansion, HGM is seeking a CAD $25 million senior secured revolving credit facility.

The proposed structure is organized around identifiable shipments rather than providing unrestricted corporate capital.

Each advance would finance an approved cannabis purchase and associated expenses, including processing, laboratory testing, packaging, insurance, freight and regulatory compliance. When the European customer pays for the shipment, the advance would be repaid and the capital could be redeployed into another approved transaction.

The proposed facility carries annual interest of 15% on drawn capital, with an initial term ending December 31, 2027. The first six shipments would each be capped at CAD $2 million.

Funds would be distributed through controlled escrow directly to approved suppliers. HGM anticipates paying 50% following verified delivery and the remaining 50% after 30 days.

European customer payments would enter a lender-controlled account and be applied first to fees, interest and principal before the remaining balance was released to HGM.

Subject to due diligence, existing creditor rights and definitive documentation, the proposed security package would include:

- The financed inventory
- Accounts receivable
- Insurance proceeds
- Cash generated by each shipment

The first six transactions are intended to prove the model. Before approving greater deployment of the facility, they would allow a lender to evaluate:

- Regulatory compliance
- Logistics
- Product quality
- Customer acceptance
- Margins and collection performance

FINANCING INDIVIDUAL SHIPMENTS

The proposed credit facility, in four numbers

CAD $25M	15%	CAD $2M	50 / 50
senior secured revolving credit facility	annual interest on drawn capital	cap on each of the first six shipments	paid to suppliers on verified delivery, then after 30 days

Initial term ends December 31, 2027. Subject to lender approval, due diligence and definitive documentation.

Managing Existing Debt

HGM has existing debt associated with developing its processing and export platform. The proposed facility would not refinance that debt.

Instead, it would finance revenue-generating shipments through a separately controlled structure secured by the inventory, receivables, insurance proceeds and cash associated with those transactions.

After each advance is repaid, HGM plans to direct residual operating cash flow toward its highest-cost existing debt. The objective is to reduce leverage and strengthen the balance sheet progressively through the end of 2027.

Any existing security interests, creditor priorities and required intercreditor or subordination arrangements

would be addressed through lender due diligence and definitive documentation.

From Canada to Europe—and Eventually the United States

The company's immediate opportunity is Canadian cannabis entering Germany and other European medical markets.

HGM is also establishing a U.S. venture that could eventually create a second international supply channel. Any export of U.S.-origin medical cannabis would remain subject to the necessary DEA registrations, federal authorizations and shipment-specific permits.

That expansion is not required for the initial Canadian program, but it reveals the larger ambition behind the company.



> **The first six transactions are intended to prove the model.**
>
> CANNABIS WITHOUT BORDERS

High Ground Medica is not positioning itself simply as an Alberta cannabis processor. It is working to build regulated infrastructure connecting North American production with international pharmaceutical demand.

There is still considerable execution risk. EU-GMP certification must be completed, regulatory approvals must be secured, individual shipments must be authorized and the economics must withstand processing, logistics and financing costs. The proposed credit facility also remains subject to lender approval, due diligence and definitive documentation.

But the underlying market is real. Germany imported more than 200 million grams of medical cannabis in 2025, almost three times its 2024 volume, while Canada remained its leading supplier.

High Ground Medica's opportunity is to make that international supply chain more efficient, flexible and accessible to approved Canadian producers.

If it succeeds, HGM will not merely participate in the global medical cannabis market. It will help build the infrastructure that supports it.

CHAPTER 2

Jonathan Jacobson Bought a Head Start. Now He Is Turning It Into an Export Business.

Jonathan Jacobson bought years of groundwork aimed at Europe. His task now is to turn it into a repeatable export business, one financed shipment at a time.

IN THIS CHAPTER

- Jacobson bought a company that had worked toward Germany since at least 2021, rather than starting from nothing.
- HGM's satellite GMP model dries flower inside its quality system at the farm, the step German regulators now scrutinize.
- The route is built to be shared by many growers, with a U.S. venture in preparation.

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CANNABIS WITHOUT BORDERS

133,000

square feet at HGM's facility near Oyen, Alberta

02

Photo: Diego Barros / Pexels. Illustrative, not Jonathan Jacobson or HGM.

In Cannabis, the most valuable thing a company can own is often not a building or a brand. It is time already spent.

Jonathan Jacobson understood that when he acquired High Ground Medica. Rather than starting an international Cannabis business from nothing, he bought one that had already spent years working toward Europe, and set about finishing the job.

The decision to buy, not build

HGM had been focused on Germany well before Jacobson arrived. A company presentation from 2021 identified Germany as its core market and described a plan to connect its facility near Oyen, Alberta, with European pharmaceutical distribution.

Jacobson, now HGM's Executive Chairman, saw what that groundwork was worth. Licences, a facility, regulatory relationships and a European plan already in motion would have taken a new company years to assemble. Acquiring HGM let him start several steps down the road.

It is the same logic the wider industry is now applying at much larger scale. Organigram's agreement to pay a 93% premium for Aurora is, at its core, a payment for international access that already exists. [1] Jacobson made a similar bet earlier, and at a fraction of the price.

Looking Beyond the Canadian Market

High Ground Medica operates from Alberta, where its facility near Oyen anchors the company's Canadian processing operations.

> **In Cannabis, the most valuable thing a company can own is often not a building or a brand. It is time already spent.**
>
> CANNABIS WITHOUT BORDERS

Jacobson's focus, however, extends far beyond Alberta.

His strategy is based on a fundamental imbalance in the international market. Canada has developed an extensive regulated cultivation sector, creating significant production capacity and competitive wholesale pricing. Germany, meanwhile, has rapidly growing demand for medical cannabis but remains overwhelmingly dependent on foreign suppliers.

Germany imported 201,094 kilograms of medical cannabis in 2025, compared with approximately 72,850 kilograms in 2024. Canada supplied 93,006 kilograms, making it the country's largest international supplier.

For Jacobson, the opportunity is not simply to sell Canadian cannabis abroad. It is to construct a dependable system through which products can repeatedly move from approved producers to European customers.

Building Infrastructure Instead of Chasing Hype

Jacobson's approach reflects a practical view of where lasting value can be created in cannabis.

High Ground Medica does not need to own every cultivation facility supplying its system. Its model is designed to source suitable products from multiple approved Canadian cultivators and process them within a consistent quality framework.

That creates flexibility. Instead of depending on the output of one farm, HGM can identify the genetics, specifications and suppliers that best match European demand.

The company's proposed GMP II Satellite Solution is central to that thinking.

Traditional exporters may need to qualify a cultivator's existing drying operation or transport freshly harvested cannabis to a separate GMP facility. Both alternatives can create additional costs and risks, including:

- Microbial contamination
- Inconsistent moisture levels
- Transportation delays
- Deterioration in product quality

Jacobson's proposed model would place a satellite GMP II operation at an approved GACP cultivation site. Cannabis could be dried and stabilized within HGM's quality system before being transported to a European GMP I facility for final processing, testing and packaging.

It is an infrastructure-led solution to an infrastructure problem.

THE GMP II SATELLITE SOLUTION

From an approved Canadian farm to a European customer



A proposed model, subject to final regulatory approvals and shipment-specific permits. Source: Chapter 2.

Solving the problem regulators care about

Jacobson has also positioned HGM ahead of a shift in European regulation.

German regulators are paying closer attention to how Cannabis is dried and handled before it reaches Europe. In 2026 guidance, authorities in the state of Hesse treated controlled drying as a critical manufacturing step and questioned flower that receives pharmaceutical processing only after it arrives. [2]

HGM's GMP II Satellite Solution was designed for exactly that problem. It places a GMP operation at the grower's site, so flower is dried and stabilized inside HGM's quality system from harvest onward, then completed at a European GMP facility. For growers, it offers a way to meet rising standards without building and certifying their own pharmaceutical infrastructure.

HGM says its EU-GMP certification process with German authorities is now in its final stage. Certification, like every individual export permit, remains subject to regulatory approval.

Three years of unglamorous work

What followed was the slow, detailed work that rarely makes headlines.

Over about three years, HGM has assembled the pieces of a Canada-to-Europe export route:

- Supply relationships with approved Canadian growers
- A GMP quality system
- Partners in Germany for importation and distribution
- A financing structure organized around individual shipments rather than open-ended corporate spending

That last point says a good deal about Jacobson's approach. HGM's proposed credit facility ties each advance to a specific approved shipment, paid out through escrow and repaid when the European customer pays. It treats the business as a series of measurable transactions that each have to stand on their own, which is how lenders and institutional partners prefer to see it.

Connecting Canada With Europe

HGM's relationship with California's Medical is an important component of Jacobson's European strategy.

The partnership is intended to combine HGM's Canadian sourcing and processing capabilities with California's Medical's European importation and distribution infrastructure.

Subject to final regulatory approvals and shipment-specific permits, the objective is to create an established route from approved Canadian producers to customers in Germany and the broader European market.

A platform built to be shared

Jacobson's model is not about owning every farm. It is about building a route that many growers can use.

That makes HGM a potential partner for Canadian licensed producers that want European revenue but lack the time or resources to build their own export bridge. Longer term, Jacobson is also looking south. HGM is preparing a U.S. venture intended to open a similar route for qualifying American growers, subject to DEA registrations, federal authorizations and shipment permits.

A HEAD START, PUT TO WORK

From groundwork to milestones

2021	Acquisition	~3 years	Final stage	Next
A company presentation names Germany as HGM's core market.	Jonathan Jacobson buys HGM and its European groundwork.	Growers, a GMP quality system, German partners and shipment financing.	EU-GMP certification with German authorities, the company says.	Certifications granted, shipments approved, product accepted, payments collected.

Certification and each export permit remain subject to regulatory approval. Source: Chapter 2.

What comes next

The next phase will be measured in concrete milestones: certifications granted, shipments approved, product accepted by European buyers and payments collected.

Jacobson has chosen one of the more demanding paths in Cannabis. But in a market where buyers are paying large premiums for international access, the years HGM has already invested may prove to be its greatest asset.

Jonathan Jacobson did not just buy a company. He bought a head start, and he is now putting it to work.

SOURCES

[1] Organigram and Aurora joint announcement, Nov. 3, 2026, via Cannabis Business Times: https://www.cannabisbusinesstimes.com/business-issues-benchmarks/mergers-and-acquisitions/news/16424371/organigram-to-acquire-aurora-establish-a-global-cannabis-leader

[2] Hanf Magazin, Sept. 1, 2026: https://www.hanf-magazin.com/en/kein-recht-auf-gmp-washing-hessen-stellt-das-importmodell-fuer-cannabisblueten-infrage/



CANNABIS WITHOUT BORDERS

About 46%

of Germany's 2025 medical cannabis imports came from Canada

03

German and EU flags at the Reichstag, Berlin. Photo: Niklas Jeromin / Pexels.

CHAPTER 3

Germany's Medical Cannabis Market Is Becoming a Global Supply Opportunity

Rising imports, a prescription channel and buyers who source abroad make Germany a real market for North American suppliers, if they understand how it works.

IN THIS CHAPTER

- Germany's medical system, not its adult-use reforms, is the established channel for international suppliers.
- Imports nearly tripled in 2025, with Canada the leading supplier, though imports are not the same as patient sales.
- Lasting value lies in processing, quality, distribution and financing, not just the wholesale spread.

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Germany's medical Cannabis market offers North American producers an opportunity that exists today: supplying prescription products through an established pharmaceutical channel. Its significance lies in the combination of rising imports, regulated distribution and buyers able to source internationally.

Understanding that opportunity requires looking beyond legalization headlines. The market is shaped by prescribing, pharmacy access, product specifications and the ability to deliver consistent batches at a competitive price.

A medical market with its own rules

Germany's 2024 reforms created distinct frameworks for adult home cultivation, noncommercial cultivation associations and medical Cannabis. These are separate routes to access, with different commercial implications. The medical system is the relevant established channel for international suppliers. [1]

Under the Medical Cannabis Act, physicians prescribe and pharmacies dispense against a prescription. Businesses undertaking activities such as commercial importation and distribution require the applicable permissions. [2]

Consequently, the route to a patient runs through several professional buyers and gatekeepers. Cultivators sell into a supply chain whose purchasing decisions depend on quality, documentation, availability and price. A popular recreational cultivar does not automatically become a suitable medical import.

Imports reveal the size of the opportunity

Germany imported approximately 201,094 kilograms of Cannabis in 2025, compared with roughly 72,850 kilograms in 2024, according to BfArM figures reported by StratCann. Canada supplied 93,006 kilograms, approximately 46% of the total, while Portugal supplied 55,164 kilograms. [3]

These are import volumes, rather than pharmacy sales or patient consumption. Inventory, onward trade and subsequent reporting revisions affect their interpretation. They establish the scale of cross-border supply without proving that every imported gram has found a patient.

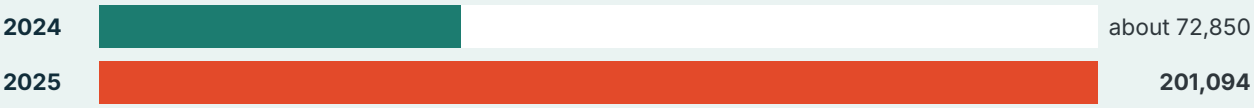
> **The market is shaped by prescribing, pharmacy access, product specifications and the ability to deliver consistent batches at a competitive price.**
>
> CANNABIS WITHOUT BORDERS

Canada's position shows that North American participation is already substantial. Portugal's role also illustrates why the country exporting a finished shipment and the original cultivation location should not automatically be treated as the same thing.

An expanding market still creates competition. Importers can compare suppliers across jurisdictions, while local production provides another source of supply. Exporters therefore need to identify a specific customer requirement, rather than assume that Germany will absorb any available harvest.

IMPORTS REVEAL THE SIZE OF THE OPPORTUNITY

German medical cannabis imports, in kilograms



93,006 kg
supplied by Canada in 2025, about 46% of the total

55,164 kg
supplied by Portugal

Imports
not pharmacy sales or patient consumption

BfArM figures reported by StratCann. Figures may be revised. Source: Chapter 3.

What German buyers need

Flower and extracts require different specifications and processing arrangements. Even within flower, buyers may seek different cannabinoid profiles, cultivars, batch sizes and price points.

Consistency has commercial value. A buyer needs confidence that the next shipment will meet the same agreed specification, arrive with complete records and support continuity of treatment. A discounted batch is less attractive if the product cannot be reordered reliably.

How North America can serve the market

Canada offers an established legal route for qualifying medical or scientific exports. Health Canada requires a permit for each shipment; holding a domestic Cannabis licence does not authorize unrestricted overseas sales. [5]

European pharmaceutical quality requirements apply alongside those export controls. Good manufacturing practice addresses manufacturing quality, while good distribution practice protects product integrity during storage and distribution. The obligations depend on the product and the activities performed at each site. [6]

In practice, a transaction requires more than a purchase order. The parties need:

- Agreed specifications
- Supplier qualification
- Testing responsibilities
- Batch documentation
- Import arrangements
- Clear acceptance terms

A failure at one stage can delay the entire transaction.

This creates a market for processors and intermediaries that coordinate the steps between cultivation and pharmaceutical distribution. Producers can retain their cultivation focus while using specialist partners for activities they are not equipped or authorized to perform.



> **A discounted batch is less attractive if the product cannot be reordered reliably.**
>
> CANNABIS WITHOUT BORDERS

A case in point

Alberta-based High Ground Medica illustrates that model. The company reports an active German export relationship and describes a platform combining Canadian sourcing, processing oversight and export

coordination. Its proposed satellite processing and North American sublicensing strategy would extend participation to approved producers. These remain company-described capabilities and plans; individual sites and shipments still need the relevant approvals. [4]

The economics extend beyond the wholesale spread

The gap between a producer's selling price and a German pharmacy's retail price is not an exporter's margin. Different businesses perform different services along the route, and each carries costs and risks.

Processing, testing, packaging, freight, insurance and financing must be paid before a transaction's return can be assessed. Inventory rejection, delayed acceptance and slow collections can turn an attractive quoted spread into a disappointing cash result.

Working capital deserves particular attention. A supplier may pay for product and preparation well before receiving payment from its European customer. Increasing volume can therefore increase financing needs even when sales appear healthy.

Commercial discipline begins with the buyer. Clear specifications, realistic delivery schedules and enforceable acceptance and payment terms matter as much as cultivation cost.

Access policy is another variable. Changes in prescribing or dispensing rules can affect how easily patients obtain treatment and how quickly inventory moves. An export strategy should withstand slower growth, changing demand and lower selling prices.

Where lasting value is likely to develop

Germany's opportunity is broader than moving inexpensive flower across the Atlantic. It includes:

- Product development
- Pharmaceutical processing
- Quality services
- Distribution
- The financing of dependable supply

For Canadian producers, the immediate task is to establish repeat business with authorized buyers. For U.S. producers, any future route requires the applicable federal permissions alongside destination-market compliance. Demand in Germany cannot substitute for authorization in the country of origin.

The EU should also be understood as a collection of national medical markets. Pharmaceutical standards provide common reference points, but Germany's rules on prescribing and patient access do not automatically apply elsewhere.

The most useful measures of progress are accepted shipments, repeat orders, consistent supply and collected cash. Headline import growth identifies an opportunity; those operating results establish whether a supplier has built a business.

Germany has become a significant destination for international medical Cannabis. Its next phase will reward suppliers that understand the healthcare channel as thoroughly as they understand the crop.

SOURCES

[1] German Federal Ministry of Health, Cannabis Act overview: https://www.bundesgesundheitsministerium.de/service/gesetze-und-verordnungen/detail/cannabisgesetz

[2] Medical Cannabis Act, particularly sections 3, 4 and 12: https://www.gesetze-im-internet.de/medcang/BJNR06D0C0024.html

[3] StratCann, 3 March 2026, reporting BfArM import data; figures may be revised and are not patient sales: https://stratcann.com/news/canada-continued-to-supply-the-bulk-of-german-medical-cannabis-imports-in-2025/

[4] High Ground Medica, company description of its international distribution model: https://hgmedica.ca/intl-distribution

[5] Health Canada, Importing and exporting cannabis: https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/industry-licensees-applicants/manage-licence-cultivation-processing-sale-medical-purposes/apply-import-export.html

[6] European Commission, Good Manufacturing and Distribution Practices: https://health.ec.europa.eu/medicinal-products/good-manufacturing-and-distribution-practices_en

Market analysis prepared on 22 October 2026. Company examples are illustrative; approvals and performance have not been independently audited.

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Cannabis Without Borders

JH

Hosted by Jason Hart

Archer Loch Capital

The conversations behind this book, on video. Jason Hart talks with the people moving medical Cannabis across borders: growers, processors, regulators and the capital behind them.

ON THE SHOW

- How North American product reaches patients in Europe
- The licences, quality systems and financing behind every export
- The deals putting a price on international access

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CHAPTER 4

Could California Become Germany's Next Recognizable Cannabis Origin

Germans already know California's culture. Whether that familiarity becomes a medical-market origin depends on product, permits and supply.

IN THIS CHAPTER

- California-themed products already sell in Germany, including one listed as Canadian in origin.
- Recognition can help a product be noticed, but it cannot replace reliable supply or appropriate prescribing.
- California-grown exports would need U.S. federal permissions alongside German import rules.



CANNABIS WITHOUT BORDERS

One permit

required by Health Canada for each export shipment

04

Palm-lined street in Hollywood, Los Angeles. Photo: Jake Blucker / Unsplash.

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California's products and ideas have been crossing the Atlantic for decades. Germans watch Hollywood films, listen to West Coast hip-hop, drink Californian wine and use technology developed in Silicon Valley.

The cultural connection can be wonderfully incongruous. A German music fan can dress for Compton while waiting for a tram in Berlin. California has exported the soundtrack and the style without needing to export the weather.

That familiarity raises an interesting question for Cannabis: over the next decade, could California become a recognized origin in Germany's medical market?

> **California has exported the soundtrack and the style without needing to export the weather.**
>
> CANNABIS WITHOUT BORDERS

The opportunity deserves attention, but cultural recognition is only the opening. Building a durable market also requires products that meet German requirements and a lawful supply chain capable of delivering them.

California already has a place in the vocabulary

A German company called California's Medical offers a particularly useful illustration. Its product portfolio includes Calimed Compton Haze, identified on its website as Canadian in origin, with Sage N' Sour listed as the cultivar. [1]

California provides the cultural reference. Canada provides the stated product origin. Germany provides the medical distribution market.

That distinction matters. Brand identity, breeding lineage and cultivation location can travel separately. California-associated branding does not establish that flower was grown in the state.

The example shows that businesses already use California's identity in Germany. It does not establish how many patients recognize it or whether they will pay more for it.

ONE PRODUCT, THREE PLACES

How a single name can travel

CA

California

provides the cultural reference

CAN

Canada

provides the stated product origin

DE

Germany

provides the medical distribution market

FOUR AUDIENCES, FOUR QUESTIONS

Importer
evaluates a commercial proposition

Pharmacy
evaluates a product it can source and dispense

Physician
evaluates treatment

Patient
may weigh affordability, availability and a consistent experience

Example: Calimed Compton Haze from California's Medical, listed as Canadian in origin. Source: Chapter 4.

Why recognition may help and where it stops

A familiar origin can reduce the effort required to introduce a product. Wine offers a useful analogy: a place name can suggest a set of associations before a buyer knows an individual producer.

For Cannabis, California may evoke breeding expertise, cultivation history and recognizable cultivar families. These are positioning possibilities to investigate, rather than evidence that all German buyers share the same preferences.

The relevant audiences also differ. An importer evaluates a commercial proposition. A pharmacy evaluates a product it can source and dispense. A physician evaluates treatment. A patient's priorities may include affordability, availability and a consistent experience.

An effective market-entry strategy must address those needs individually. Cultural familiarity can help a producer be noticed, but it cannot replace reliable supply or appropriate prescribing.

Germany's medical channel remains a prescription system: doctors prescribe and pharmacies dispense under the Medical Cannabis Act. It should not be confused with a California-style recreational retail market. [2]

Breeding lineage and terpene descriptions can help characterize a product. They do not, by themselves, establish a clinical benefit. Nor does popularity in a U.S. dispensary demonstrate that the same formulation or format will fit German requirements.

Canada is already part of the story

North America's immediate supply opportunity is not dependent on California-grown flower entering Europe.

Canada already has a framework for medical or scientific Cannabis exports, with a Health Canada permit required for each shipment. Canadian production can therefore serve qualifying German demand through authorized counterparties today. [3]

Where genetics have been lawfully obtained and used, an internationally familiar cultivar may be cultivated in Canada. Its growing conditions, processing and batch quality still need to be assessed on their own merits. Genetics are not a substitute for quality assurance, and origin descriptions should remain accurate.

The commercial lesson is that a brand or cultivar can develop a presence before its place of cultivation changes. That may help build buyer knowledge, but it does not mean that a California-branded Canadian product is California-grown.

For example, High Ground Medica describes a Canadian processing and export platform serving Germany, with a North American sublicensing strategy intended to involve additional producers. The model illustrates the infrastructure required to connect cultivation with overseas medical buyers. Any extension to U.S.-grown supply remains dependent on the relevant authorizations. [4]

What would make California grown supply possible

For Californian cultivators, market interest and export permission are separate requirements.

DEA's published regulatory actions describe a 2026 rule placing qualifying medical marijuana products in Schedule III while retaining import and export permit controls. This is a regulatory development to assess, not blanket authorization for state-licensed producers to ship overseas. [5]

A prospective supplier must establish which entities, sites, products and activities can meet U.S. federal requirements. The receiving side must also satisfy German import and pharmaceutical rules.

Commercial or brand sublicensing can organize relationships between businesses. It cannot transfer a government registration, authorize an unapproved site or remove a shipment-permit requirement.

Preparation can nevertheless begin before a first shipment is approved. Producers can study buyer specifications, assess processing needs, establish realistic cost models and identify qualified counterparties.

The most valuable early conversations will concern what a German customer would actually order, at what price and with what acceptance criteria. Expressions of enthusiasm for "Cali" are less useful than a clearly defined, commercially workable requirement.

A ten year opportunity worth testing

California could become a meaningful origin story in Germany's Cannabis market. The state's cultural familiarity provides a plausible starting advantage, and existing California-themed products show those associations already being used.

The scale of that advantage remains uncertain. Consumer research, buyer interviews and repeat-order data would provide better evidence than assuming music and film preferences translate directly into medical purchasing decisions.

Competition will also shape the result. German production and suppliers from Canada, Europe and elsewhere will continue to compete for orders. A premium origin story must offer something buyers value beyond a higher price.

Over the next decade, several outcomes are possible. Californian genetics and brands could expand through licensed cultivation outside the United States. Qualifying California-grown medical products could develop an export market if the required permissions are secured. Both routes could coexist.

For producers, that suggests a staged approach:

1. Understand the customer.
2. Establish a suitable product.
3. Build compliant distribution.
4. Then test whether provenance improves purchasing and retention.

California has already demonstrated that its ideas can travel. Whether its Cannabis becomes an enduring German medical-market category will depend on how well the product serves the patient—and how reliably the supply chain serves the buyer.

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The California outlook is editorial analysis, not a sales forecast. Analysis prepared on 22 October 2026.



CANNABIS WITHOUT BORDERS

About 3 years

HGM has spent assembling its route from Canada to Europe

05

Photo: Diego Barros / Pexels. Illustrative, not HGM's facility.

CHAPTER 5

Everyone Wants a Bridge From North American Cannabis to Europe. Few Have the Time to Build One.

Germany's demand is plain. The route to it is a chain of licences, inspections, partners and capital, and it takes years to assemble.

IN THIS CHAPTER

- Each Canadian export needs its own permit, and European buyers expect GMP for the steps that make a medicine.
- German regulators are questioning flower dried to farm standards and processed only on arrival.
- Growers can spend years building their own bridge, or work with a company that has built one.

High Ground

HCN MEDIA GROUP

Ask almost any Canadian licensed producer where growth will come from, and Europe comes up within minutes. Germany's medical Cannabis imports rose from about 72,850 kilograms in 2024 to about 201,094 kilograms in 2025, and Canada supplied about 93,000 kilograms of that, close to half. [1]

The demand is plain. What is far less plain is how to reach it.

Across Canada, and increasingly in the United States, companies are trying to build the same thing: a dependable route that takes flower from an approved farm, through pharmaceutical processing, into a European pharmacy. Most of them are discovering that the route is not a single step. It is a chain of licences, inspections, quality systems, import partners and financing, and every link has to hold at the same time.

Why the bridge is so hard to build

A grower can produce excellent Cannabis and still be unable to sell a gram of it in Germany.

Each Canadian export needs its own Health Canada permit. [2] The destination market applies pharmaceutical standards on top of that, and European buyers expect good manufacturing practice (GMP) for the steps that turn harvested plants into a medicine. [3]

Those standards are tightening. In 2026 guidance, the medicines regulator in the German state of Hesse treated the controlled drying of Cannabis flower as a critical manufacturing step and questioned the practice of importing flower grown and dried under farm standards and then giving it pharmaceutical processing only once it reaches Europe. Trade publications have called that practice "GMP washing." [4][5]

The message to exporters is clear. Quality has to be built in at the start of the chain, not certified at the end of it.

That raises the bar for anyone hoping to enter the market. A new entrant needs:

- A GMP quality system that reaches back to the farm
- Qualified personnel
- Supplier agreements
- An importer and distributor in Europe
- The working capital to buy, process, test, insure and ship product months before a European customer pays

Time is the real barrier

None of these pieces can be bought off the shelf. Quality systems take time to write and prove. Inspections are scheduled by regulators, not applicants. Import partners want to see a track record. Lenders want to see inspections passed and shipments paid for before they commit larger sums.



> **Quality has to be built in at the start of the chain, not certified at the end of it.**
>
> CANNABIS WITHOUT BORDERS

That is why so many export plans stall. The idea is sound, but assembling the full chain can take years, and few companies have the time, the capital or the patience to see it through.

TIME IS THE REAL BARRIER

Why the bridge takes years to build

1. **Quality systems** take time to write and prove
2. **Inspections** are scheduled by regulators, not applicants
3. **Import partners** want to see a track record
4. **Lenders** want inspections passed and shipments paid for

Source: Chapter 5.

A case in point: High Ground Medica

Alberta-based High Ground Medica (HGM) offers a useful example of what the finished bridge looks like.

HGM has spent about three years assembling its route from Canadian cultivation to European medicine. It operates from a licensed facility near Oyen, Alberta, and has organized its model around three parts: sourcing from multiple approved Canadian growers, processing within its own GMP quality system, and importation and distribution in Germany through established partners, including California's Medical. [6]

Its answer to the drying problem is what it calls the GMP II Satellite Solution. Rather than trucking freshly harvested Cannabis to a distant facility, or relying on a farm's own drying room, HGM places a satellite GMP operation at an approved grower's site. Flower is dried and stabilized inside HGM's quality system from the start, then moves to a European GMP facility for final processing, testing and packaging.

In other words, it addresses the very issue European regulators are now focused on.

HGM says it has supply agreements with several Canadian licensed producers and that its EU-GMP certification process with German authorities is in its final stage. As with any regulated program, inspections, certifications and individual shipment permits still have to be completed and approved.

Build it or join it

For a Canadian grower that wants European revenue, the choice is becoming simpler. It can spend years and considerable capital building its own export bridge, with no guarantee of reaching the other side, or it can work with a company that has already done most of that work.

The same choice will eventually face American growers. HGM is preparing a U.S. venture intended to give qualifying American producers a route to international medical markets, subject to DEA registrations, federal authorizations and shipment permits. That opportunity remains in the future, but the infrastructure being built in Canada today is what would make it possible.

> **The scarce resource is not supply. It is a proven, compliant route to market, and the time it takes to build one.**
>
> CANNABIS WITHOUT BORDERS

Europe's demand for medical Cannabis is real and growing. The scarce resource is not supply. It is a proven, compliant route to market, and the time it takes to build one.

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CHAPTER 6

Why Organigram, BAT and Curaleaf Are Paying Up for Aurora: The Market Has Put a Price on Certified Capacity

The year's biggest Canadian Cannabis deal puts a market price on certified capacity and European reach. A CFO asks what the price is for, and finds the answer is time.

IN THIS CHAPTER

- Organigram's 93% premium works out to about C$270 million, covered by synergies only if management executes.
- Buyers are paying about C$8 to C$11 per gram of annual EU-GMP capacity, a ceiling on what certified access is worth.
- British American Tobacco is funding roughly three quarters of the cash, a bet that certified capacity is scarce.



CANNABIS WITHOUT BORDERS

93%

premium Organigram agreed to pay for Aurora

06

Frankfurt skyline, Germany. Photo: Tobias Reich / Unsplash.

High Ground

HCN MEDIA GROUP

When two well-advised buyers chase the same asset, a CFO stops asking whether the price is high and starts asking what the price is for.

Aurora Cannabis has drawn two such buyers. Curaleaf announced a hostile bid on August 11 and launched it a week later: 0.3463 Curaleaf shares plus US$0.75 in cash for each Aurora share, about US$4.00 at the time and a 45% premium to Aurora's 30-day average price. [1] On October 6, Curaleaf raised its offer to 0.4013 shares plus US$1.00 in cash, with the value capped at US$6.00. [2] Aurora's board rejected both.

On November 3, Organigram signed a friendly deal at C$7.80 a share, about C$561 million on a fully diluted basis. That is a 93% premium to Aurora's undisturbed close on August 10 and 21% above the value of Curaleaf's amended bid. [3] Curaleaf has since said it will "improve our bid substantially," but only once it gets due diligence access. Its current offer expires December 4. [4]

Not acreage. Access.

Canada does not lack cultivation capacity. If Organigram simply wanted more flower, it could buy it far more cheaply on the wholesale market.

What Aurora offers is harder to find. The company describes itself as a leader in global medical Cannabis, with EU-GMP manufacturing and patient and pharmacy access across Canada, Europe, Australia and New Zealand. [9] German trade publication Krautinvest counts four EU-GMP certified sites in Aurora's network, three in Ontario and one in Leuna, Germany, and reports that Aurora's international medical revenue rose 44% to a record US$61.4 million in the September quarter. [11]

That is the asset. Certified facilities, established distribution and relationships with prescribers and pharmacies abroad: an export bridge that already carries product and already earns revenue.

The premium in dollars

Strip the headline down. At a 93% premium, Aurora's undisturbed equity value was roughly C$290 million. Organigram is paying about C$270 million above it.



> **That is the first lesson: the premium is a bet on execution, and the buyer pays for it up front.**
>
> CANNABIS WITHOUT BORDERS

What justifies C$270 million? Organigram points to more than C$50 million a year in identified synergies. [3] Curaleaf's own bid documents put Canadian peers at about 7.1 times adjusted EBITDA. [1] Capitalize C$50 million of run-rate savings at that multiple and the result is about C$355 million, more than the premium. On paper, the synergies pay for it.

A CFO reads the fine print. Run-rate savings arrive over time, cost money to capture and depend on integration, which has failed often in this sector. The synergy case covers the premium only if management executes. That is the first lesson: the premium is a bet on execution, and the buyer pays for it up front.

What the buyer actually gets

The second lesson matters more. Curaleaf stated its rationale plainly: Aurora has more than 50 tonnes a year of EU-GMP cultivation and manufacturing capacity. [1] Organigram's deal presentation says the combined company would hold five EU-GMP certified facilities in Canada and Germany, with about 75 tonnes of EU-GMP capacity, and calls that footprint expensive and time-consuming for competitors to replicate. [5]

Run the arithmetic. C$561 million spread across 50 tonnes of annual EU-GMP capacity comes to about C$11 for every gram of yearly capacity. Net out the roughly C$149 million in cash and investments Aurora reported in August, with no debt, and the figure falls

to about C$8. [6] Both numbers overstate the value of capacity alone, because the price also buys Aurora's Canadian business, brands and Australian sales. Even so, they mark a ceiling on what the market will pay for certified access to Europe: high single digits to low double digits, in Canadian dollars, per gram of annual capacity.

Why BAT is writing the check

Follow the cash. Organigram's cash consideration is capped at about C$254 million. British American Tobacco will buy 141 million new Organigram shares at C$1.33, for about C$187.5 million, or roughly three quarters of that cash. ATB Financial has committed up to C$210 million in senior secured facilities. [3] BAT's economic stake rises to about 42%, its voting is capped at 30%, and it has signed an irrevocable agreement to vote for the deal. [3][5]

BAT has backed Organigram since 2021 and committed C$124.6 million more in 2023. [7] A long-horizon strategic investor does not add C$187.5 million at the market price to fund a 93% premium unless it believes certified international capacity is scarce and growing scarcer.

Two bidders, one conclusion

When two of the industry's most experienced buyers compete for the same company, it tells the market something. Both concluded that building comparable international infrastructure from scratch would cost more, take longer and carry more risk than paying a substantial premium for a platform that already works.

Organigram's own position underlines the point. Krautinvest notes that its Moncton facility is still awaiting EU-GMP certification. [11] Buying Aurora gives Organigram certified capacity and European reach immediately, rather than in some future year.

Organigram chief executive James Yamanaka called the transaction "a defining step in Organigram's strategy to build a disciplined, global cannabis leader." [9] Aurora chief executive Miguel Martin said the combination "will accelerate Aurora's international growth strategy by strengthening commercial execution." [9]

The rest of the field

Contrast the rest of the sector. Aurora carries a C$6.4 billion accumulated deficit, about 72% of it from impairments of businesses it acquired, by Curaleaf's count. [1] Canadian medical revenue is under pressure after Veterans Affairs Canada cut reimbursement rates. [6] Organigram, the winning bidder, needs a tobacco company's balance sheet to close. Most producers have neither the certification nor the currency to compete.

THE PREMIUM IN DOLLARS

What Organigram is paying for Aurora, and why

C$7.80
per Aurora share, about C$561M fully diluted

~C$270M
paid above Aurora's undisturbed value of about C$290M

C$50M+
a year in identified synergies

~C$355M
those synergies, valued at 7.1 times adjusted EBITDA

C$8 to C$11
paid per gram of Aurora's annual EU-GMP capacity

C$187.5M
new equity from British American Tobacco

C$210M
senior secured facilities committed by ATB Financial

The author's illustrations from public figures. The per-gram range also buys Aurora's Canadian business, brands and Australian sales. Source: Chapter 6.

Buy, build or partner

Most Canadian producers cannot pay C$561 million for an export platform. Few can afford to spend years building one either.

That leaves a third route: partnering with companies that have built the infrastructure and can carry other growers' product across it.

Where HGM fits

Alberta-based High Ground Medica (HGM) has spent about three years building the asset these buyers are bidding up: a route from approved Canadian growers, through its own GMP quality system and satellite drying at the farm, to German pharmacies through its import partner. HGM says its EU-GMP certification is in its final stage, with final reviews scheduled for late November 2026 and the first quarter of 2027. HGM's own estimate, drawn from the Curaleaf and Aurora premium, puts the implied value of a GMP certification at about US$50 million. [8] Certification, and every export permit, remains subject to regulatory approval.

> **The market has priced time.**
>
> CANNABIS WITHOUT BORDERS

The CFO's conclusion is plain. The market has priced time. Buyers will pay a premium for capacity that is already certified and already shipping, because building it takes years. Companies that have done that work hold the scarce asset. Everyone else is still spending to catch up.

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CANNABIS WITHOUT BORDERS

5 questions

a CFO now asks before paying for a Cannabis asset

07

The European Union flag in Brussels. Photo: Pexels.

CHAPTER 7

Cannabis Buyers Have Stopped Paying for Forecasts. Here Is What They Pay for Now.

The first Cannabis deal cycle paid for acreage and forecasts. The 2026 contest for Aurora shows buyers now pay for certified capacity and working channels.

IN THIS CHAPTER

- The 2018 deals ended in write-downs: about C$6.4 billion of accumulated deficit at Aurora alone.
- Both 2026 bidders priced assets that already earn revenue in regulated export markets.
- Against a CFO's five questions, HGM has done most of the work; certification is the item to watch.

High Ground

HCN MEDIA GROUP

The first Cannabis acquisition cycle paid for promises. The second pays for proof.

In late 2017, Aurora launched a hostile all-stock bid for CanniMed Therapeutics. It ended in an agreed deal worth about C$1.1 billion in January 2018. A year later, Green Growth Brands made a hostile bid for Aphria valued at about C$2.8 billion. It expired in April 2019 without enough shares tendered, and Green Growth later sought creditor protection. [1] Buyers in that era paid for acreage, licences and projected demand.

The bill came due. Aurora's accumulated deficit reached C$6.4 billion, about 72% of it from impairments of businesses it bought, by Curaleaf's count. [2] Write-downs of that size are what happens when a purchase price reflects a forecast rather than a cash flow.

What changed in 2026

The contest for Aurora shows a different kind of buyer. Curaleaf built its bid on Aurora's more than 50 tonnes of EU-GMP capacity and its international medical business, and attached no financing or due diligence condition. [2] Organigram's winning offer of C$7.80 a share, a 93% premium, rests on five certified facilities, about 75 tonnes of EU-GMP capacity and more than C$50 million of identified synergies. [3][4] The combined company reports trailing revenue of about C$623 million and adjusted EBITDA of about C$80 million. [4]

The common thread is clear. Both bidders priced assets that already earn revenue in regulated export markets. Neither paid for a greenhouse plan.

The CFO's diligence list

A CFO evaluating a Cannabis asset today asks five questions.

1. Is the certification in hand? A facility awaiting EU-GMP certification is an option, not an asset. Organigram's own Moncton facility was still awaiting EU-GMP, by Krautinvest's account, which helps explain why Organigram chose to buy certified capacity. [5]



> **The first Cannabis acquisition cycle paid for promises. The second pays for proof.**
>
> CANNABIS WITHOUT BORDERS

2. Does product reach a paying customer? A channel means an importer, a distributor and pharmacy relationships under contract. The demand exists: Germany imported about 201,094 kilograms of medical Cannabis in 2025, and Canada supplied about 93,000 kilograms of it. [6]

3. How long is the cash cycle, and who funds it? Export trade ties up cash for months between purchase and payment. The cycle, and who carries it, decides returns.

4. Will the quality system survive tighter rules? In 2026 guidance, regulators in the German state of Hesse treated drying as a critical manufacturing step and questioned flower that receives pharmaceutical processing only after it reaches Europe, a practice trade publications call "GMP washing." [7]

5. Can it scale without matching capital spending? Capacity that grows by adding partners, not buildings, compounds return on capital.

THE CFO'S DILIGENCE LIST

Five questions, and how HGM answers them

1. Certification in hand?
EU-GMP in its final stage, with final reviews late November 2026 and Q1 2027; not yet granted

2. A paying customer?
Sales into Germany through import partner California's Medical

3. Cash cycle and who funds it?
Financed shipment by shipment, repaid in an estimated 90 to 120 days

4. Ready for tighter rules?
Flower dried and stabilized at the farm under HGM's quality control

5. Scale without capital spending?
Grows by adding approved growers, not buildings

HGM figures are company estimates. Source: Chapter 7.

How HGM measures up

Apply the list to Alberta-based High Ground Medica (HGM).

Certification: HGM says its EU-GMP certification is in its final stage, with final reviews scheduled for late November 2026 and the first quarter of 2027. It is not yet in hand, and it is the milestone investors should watch. [8]

Channel: HGM sells into Germany through its import partner, California's Medical, and says its escrow arrangements and senior lender are in place. [8]

Cash cycle: HGM finances shipment by shipment. Each advance is tied to an approved shipment and repaid when the European customer pays, over a cycle the company estimates at 90 to 120 days. [8]

Quality system: HGM's GMP II Satellite Solution dries and stabilizes flower at the grower's site under HGM's quality control, the very step Hesse now scrutinizes. [8]

Scale: HGM sources from five or more approved Canadian producers and processes at its facility of about 130,000 square feet near Oyen, Alberta. It grows by adding growers, not buildings. [8]

Not every box is checked. Certification is the gating item, and a CFO prices that risk. But the list separates HGM from a company selling a plan. Most of the work acquirers now pay premiums for is done.

The new rule

Proof commands a premium; promises take a discount. The 2018 deals taught the sector what happens when buyers pay for forecasts. The 2026 bidding war shows buyers will still pay up, close to double the market price, for certified capacity and working channels. Growers and investors should ask which side of that line a company sits on before the next deal sets the price.

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CHAPTER 8

A CFO's Stress Test of High Ground Medica's Trade Model

High Ground Medica's plan starts with a shipment, not a facility. That makes it easier for a CFO to test where the model bends.

IN THIS CHAPTER

- On HGM's estimates, a 100 kg batch earns about C$168,800 of contribution over a cycle of about 120 days.
- Delay and a 10% price cut together leave a margin near 11%: thin, but still positive.
- Each advance is tied to an approved shipment and retired by the collected receivable.



49.2%

HGM's modelled contribution margin on a 100 kg batch

08

Photo: Diego Barros / Pexels. Illustrative, not HGM's facility.

Most Cannabis business plans start with a facility and end with a forecast. High Ground Medica's starts with a shipment. That makes it easier to analyze and, for a CFO, easier to stress test.

The unit economics

HGM buys dried flower from approved Canadian growers at about C$1.35 a gram and sells into the German medical market at about C$3.75, a gross spread of about C$2.40 a gram before processing, freight, compliance and financing costs. [1] These are company estimates.

HGM models a 100-kilogram sample batch. Peak cash exposure is about C$158,500. Gross revenue is about C$343,300. Contribution is about C$168,800, a 49.2% margin on revenue, over a cycle of about 120 days from purchase to collection. [1] Divide contribution by peak exposure and the company's base case returns about 107% on the cash committed to each cycle.

The stress test

A CFO never accepts a base case on its own. Three sensitivities show where the model bends.

Certification delay. Until HGM's EU-GMP certification is granted, the company estimates that interim processing in Switzerland adds about C$1.00 a gram. [1] On 100 kilograms, that is C$100,000. Contribution falls to about C$68,800, a margin of about 20%. The model still earns money, but certification is worth about C$1.00 a gram to it, or about C$1 million on every 1,000 kilograms shipped. That is why the certification timetable is the number to watch.

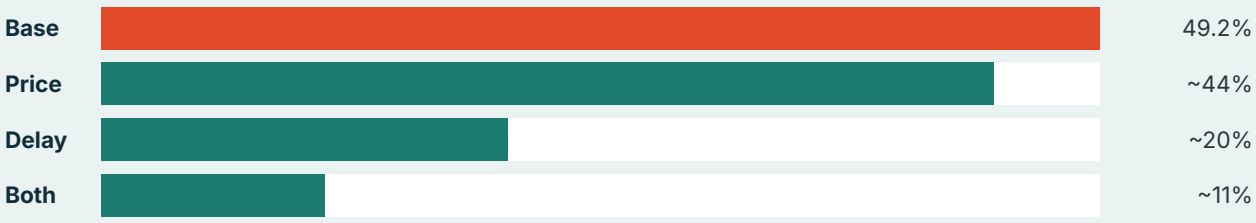
Price. A 10% fall in the European selling price cuts revenue by about C$34,300 and contribution to about C$134,500, a margin of about 44%.

Both at once. Combine the delay and the price cut and contribution falls to about C$34,500, a margin near 11%. Thin, but still positive. A model that survives its own worst case on paper deserves a closer look.

Time matters as much as margin. At a 120-day cycle, capital turns about three times a year. Stretch the cycle to 180 days and it turns about twice. A CFO tracks days, not just dollars.

THE STRESS TEST

Contribution margin on a 100 kg batch



C$1.35
to buy a gram

C$3.75
to sell it in Germany

~120 days
per cycle, about three turns a year

Base: about C$168,800 of contribution. Price: a 10% lower selling price. Delay means interim processing in Switzerland at about C$1.00 a gram until EU-GMP certification. Unit economics are company estimates; sensitivities are the author's illustrations. Source: Chapter 8.

Where the risk sits

HGM stages risk across the cycle. Exposure is highest at the start, when cash is in inventory awaiting regulatory release. It eases in transit and import approval, and is lowest at sale and collection, when the company says receivables can be financed at up to 90% of the purchase order. [1]

> **A CFO tracks days, not just dollars.**
>
> CANNABIS WITHOUT BORDERS

Each advance is tied to a specific approved shipment, paid out through escrow and repaid when the European customer pays. [1] HGM names its diligence partners: Stoke as senior secured lender, Control Union for certification, CTrust for credit rating, BCAGS for track and trace, T5tek for asset tracking and California's Medical as German importer. [1] Lenders know this structure as self-liquidating trade finance: the collected receivable retires the advance.

The satellite design also trims a cost that rarely appears in a business plan: product lost between harvest and processing. Because flower is dried and stabilized at the farm under HGM's quality system, the company expects less degradation in transit and more flexible sourcing across its growers. [1] For a CFO, fewer failed batches mean fewer write-offs on inventory already paid for.

Why the structure matters now

Set that against how the industry's largest deal is being financed. To buy Aurora's certified capacity, Organigram is drawing on about C$187.5 million of new equity from British American Tobacco at C$1.33 a share and up to C$210 million in senior secured facilities from ATB Financial. [2] That is the cost of acquiring a platform outright.

A shipment-level model asks capital to fund inventory in transit for months, not facility losses for years. The demand side is not in doubt. Germany imported about 201 tonnes of medical Cannabis in 2025, against about 2.6 tonnes of domestic production, and Canada supplied nearly half of those imports. [3]

The CFO's verdict

The shipment model does not remove risk. It makes risk visible, measurable and time-bound, which is what lenders and investors need before they commit. The largest single variable is certification, worth about C$1.00 a gram to the model, and a CFO would watch that milestone above all else.

Buyers are paying roughly C$8 to C$11 for each gram of Aurora's annual certified capacity. A model built to earn a gross C$2.40 on every gram it ships, and to recycle its capital several times a year, belongs on any serious investor's list.

SOURCES

[1] High Ground Medica company materials, November 2026 (company estimates): https://hgmedica.ca/intl-distribution

[2] Organigram and Aurora joint release, Nov. 3, 2026, via BNN Bloomberg: https://www.bnnbloomberg.ca/press-releases/2026/11/03/organigram-to-acquire-aurora-and-establish-a-global-cannabis-leader/

[3] StratCann, March 2026, reporting BfArM import data; domestic production figure from HGM company materials.

AFTERWORD

Who has already built the road

Across ten chapters, one question keeps returning: who will carry North American Cannabis to the patients who need it in Europe, and how?

The answer offered here is infrastructure. Not acreage, which Canada already has, and not demand, which Germany already shows. What the trade needs is a chain that holds at every link:

- Growers working to the right standard
- Flower dried and handled inside a pharmaceutical quality system
- Certified processing
- Trusted importers and distributors
- Financing matched to the timing of each shipment

German regulators are raising expectations on exactly those steps, which makes a route built correctly from the farm onward more valuable, not less.

The Aurora transaction showed what the industry's largest buyers will pay for that kind of access. For most growers, buying a platform is out of reach, and building one takes years. Partnering with a company that has already done much of the work is the third path. It is the path High Ground Medica has organized itself around, first for Canadian growers and, if federal authorizations allow, for American growers too.

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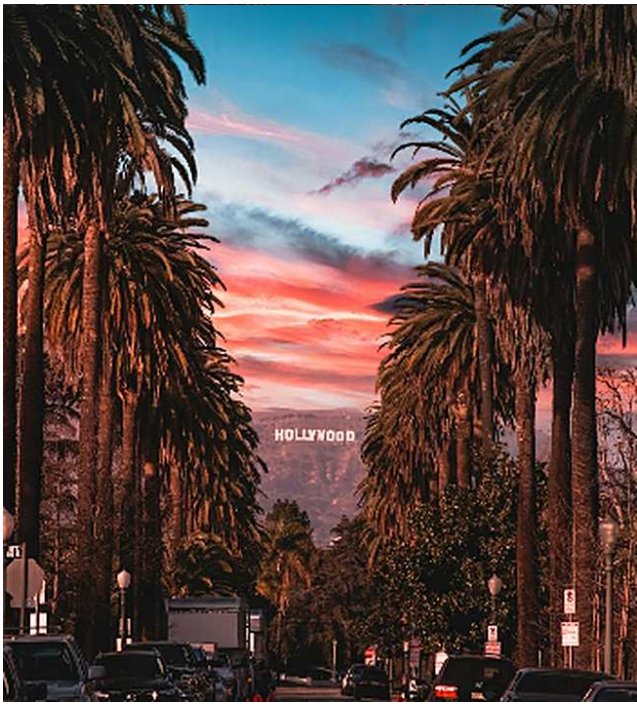



REFERENCE

Glossary

Key terms from the Cannabis Without Borders series, as they are used in these chapters.

Acquisition premium
The amount a buyer pays above a company's market price. Organigram's offer for Aurora carried a 93% premium to Aurora's last undisturbed closing price.

BfArM
Germany's Federal Institute for Drugs and Medical Devices, whose import data is the main measure of how much medical cannabis enters the country.

Cash cycle
The time from paying for product to collecting from the customer. HGM estimates 90 to 120 days per shipment.

Contribution margin
Revenue left after the direct costs of a sale, before overhead, shown as a share of revenue. HGM models 49.2% on a 100 kg batch.

Escrow
An arrangement in which a neutral party holds funds and releases them only when agreed conditions are met.

EU-GMP certification
Confirmation by a European regulator that a facility meets EU good manufacturing practice. Certified capacity is central to selling medical cannabis into Germany.

GACP
Good agricultural and collection practice: the standard for how medicinal plants are grown and harvested before pharmaceutical processing begins.

GMP (good manufacturing practice)
The quality standards that govern how medicines are produced, handled and documented. European buyers expect GMP for the steps that turn harvested plants into a medicine.

GMP II Satellite Solution
High Ground Medica's model of placing a satellite GMP operation at an approved grower's site, so flower is dried and stabilized inside HGM's quality system from harvest onward before final processing in Europe.

"GMP washing"
A trade-press term for importing flower grown and dried under farm standards and giving it pharmaceutical processing only once it reaches Europe, a practice German regulators have questioned.

Health Canada export permit
The permit required for each individual shipment of cannabis leaving Canada for an approved destination.

Hostile bid
An offer made directly to a company's shareholders without the support of its board, as Curaleaf's first offer for Aurora was.

Shipment-based financing
A credit structure in which each advance is tied to a specific approved shipment, paid through escrow and repaid when the European customer pays.

Synergies
Cost savings or extra revenue a buyer expects from combining two companies. Organigram identified more than C$50 million a year in the Aurora deal.

About this book



About the author

Jason Hart, of Archer Loch Capital, specializes in stock-backed and asset-backed financing. Jason hosts Cannabis Without Borders, HCN's interview series on international Cannabis, sponsored by High Ground Medica. Learn more at archerlochcapital.com.

About High Ground Medica

High Ground Medica (HGM) is an Alberta-based company building a route from approved Canadian growers to European medicine. It operates from a licensed facility near Oyen, Alberta, and organizes its model around sourcing from multiple approved Canadian growers, processing within its own GMP quality system, and importation and distribution in Germany through established partners. Jonathan Jacobson is HGM's Executive Chairman. HGM is preparing a U.S. venture intended to give qualifying American growers a route to international medical markets, subject to federal authorizations. Learn more at hgmedica.ca.

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Cannabis Without Borders: Building the Export Bridge to Europe, by Jason Hart. Sponsored by High Ground Medica. Produced by HCN—Cannabis Financial News in partnership with High Ground Medica. The chapters were written by Jason Hart of Archer Loch Capital for HCN in 2026. They appear as written, apart from formatting, bulleted lists and the combining of related chapters. Disclosure: High Ground Medica is an HCN client.

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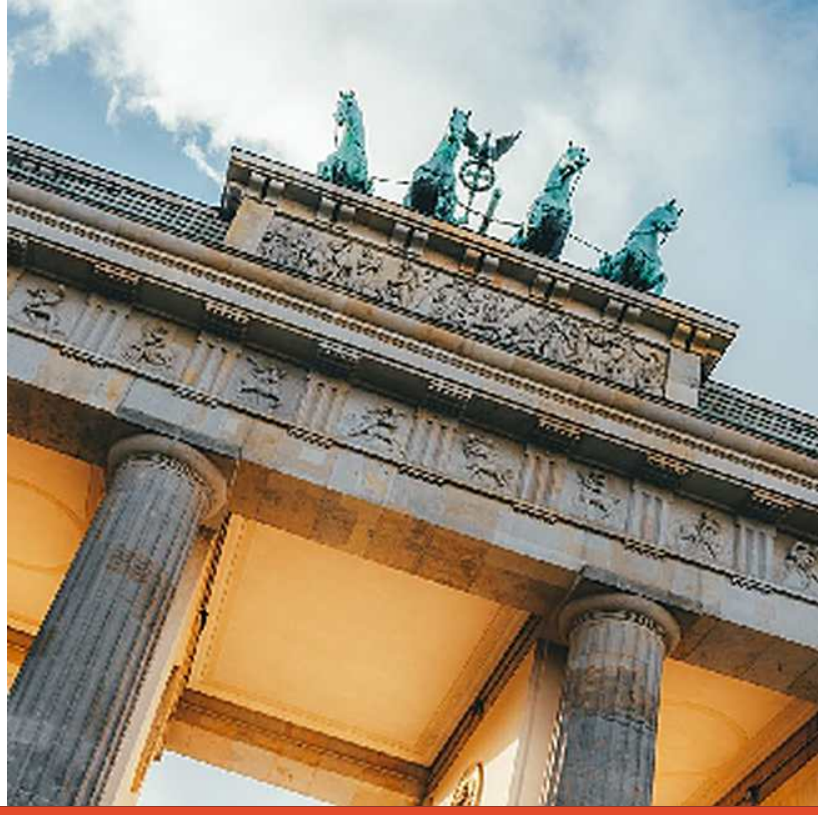

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Cannabis Without Borders

Building the Export Bridge to Europe

Canada grows it. Germany needs it. Eight chapters on who is building the bridge between them, and what the market will pay for it.

High Ground

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