



11/21/2024

# TILT Holdings (TLLTF)

Company Update: Neutral

Sales	CY23a	CY24e	Prev	CY25e	Prev	CY26e	Prev	CY27e
1Q	12.5	10.7 A	10.7	9.0	11.0	9.4	11.0	9.9
2Q	12.5	9.5 E	9.5	9.2	10.0	9.7	10.5	10.2
3Q	13.1	8.7 E	9.0	9.5	9.5	10.0	10.3	10.2
4Q	13.5	8.8 E	9.0	9.9	9.6	10.4	10.3	10.9
FY	51.6	37.6 E	38.2	37.6	40.1	39.4	42.1	41.1
EBITDA	CY23a	CY24e	Prev	CY25e	Prev	CY26e	Prev	CY27e
1Q	-0.1	-0.6 A	-0.6	0.5	-0.6	1.0	-0.6	1.2
2Q	2.4	-0.3 E	-0.3	0.7	-0.3	1.0	-0.3	1.2
3Q	0.7	-0.2 E	-0.8	0.7	-0.8	1.0	-0.8	1.3
4Q	0.0	0.3 E	1.0	0.9	1.0	1.1	1.0	4.7
FY	3.1	-0.8 E	-0.8	2.8	-0.8	4.1	-0.8	8.4

Share price (US\$)	\$0.60	Perf.	LIFD	MSOS ETF	S&P500	Stance:	Overweight
Share count (mn)	14.8	30d	-14%	-36%	2%	no price target FY=Dec	
Market Cap (US\$Mn)	8.9	90d	3%	-35%	7%		
Ticker	LIFD	1yr	-73%	-34%	31%		



\$Mn	FY24	FY25	FY26
Projected EV	10.3	8.4	3.5
EV/Sales	0.3x	0.2x	0.1x
EV/EBITDA	-12.1x	3.0x	0.8x
	FY24	FY25	FY26
Net debt/Sales	na	na	na
Net debt/EBITDA	na	na	na
Free Cash Flow	0.2	1.9	4.9
Net (debt) cash	-0.2	1.7	6.6
Consensus	FY24	FY25	FY26
Sales	na	na	na
EBITDA	na	na	na
Guidance CY24:	n/a		

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## Company Update

**Summary:** Plans to potentially divest the plant touching business (PTB) make sense to us. The Jupiter unit has potential (despite ongoing market share erosion in vape part), if the company continues to work with CCELL in collaborative ways to deal with the increased competition and changes in consumer trends. But in the current landscape, with TILT's valuation in line with similar size peers, lack of visibility on several key issues (sale and price of PTB; the evolution of Jupiter; Smoore/CCELL making radical changes), and high debt levels, we prefer to remain Neutral. See our [Downgrade to Neutral](#) report from 8/21/24.

**Brief 3Q24 recap: plant touching business (PTB).** PTB sales fell 7% seq and -14% yoy, with deflation a general theme, less rev/store in MA (owing to more store openings), and the PA wholesale piece impacted as more vertical operators allocate more own product to their stores (reducing their net purchases from outside vendors like TILT's Standard Farms unit). TILT does split margins by division, but we note reported consolidated gross margins have fallen from 18% in 1Q24 to 16% in 2Q and 14% in 3Q. That said, with Jupiter's transition to a distribution fee model for about half of its business, we would expect 4Q margins to ramp (3Q only captured one month of the announced distribution fee model). Note. See our [initiation report](#) (11/2/23) for a detailed discussion of these assets.

**Brief 3Q24 recap: Jupiter (vape parts).** Underlying Jupiter sales trends are tougher to assess, as since 3Q (Sep) about half of its US sales have shifted to a distribution fee model. Back in 3Q23, Jupiter posted net sales of \$33Mn, with Canada contributing \$6Mn (rounding) and the US the balance. Of the US piece (\$27Mn taking 3Q23), we calculate \$15Mn has moved (since Sep) to a distribution fee model generating a 15% fee. So, all else equal, US sales should have been ~\$22Mn in 3Q24 (\$0.8Mn from distribution fees on \$5Mn, for the month of Sep, and \$12Mn on the full P&L sales), but these came in at \$9.4Mn (total Jupiter was \$15.8Mn and Canada was \$6.4Mn). Management attributed the like for like decline to issues with the vape parts supplier (shipment delays and invoicing transitions issues with customers shifted to the distribution model). If our math is right, the yoy drop in LFL Jupiter's US revenues is concerning (Canada was up 11% yoy, but GM went from 29% to zero), because it shows the recent changes have not altered the market share bleed. Of course, if these are indeed transitory issues, as per management, we should see improvements in coming qtrs.

**The potential divestiture of the plant-touching business.** We roughly estimate two thirds of the plant touching business (PTB) sales come from MA (vertical ops), 20-25% from the PA cultivation business, and the balance from an OH processing unit. In total, we calculate ~75% of revenues are generated by wholesale (own brands and partner brands). Based on new regs, the company has been granted licenses to open 3 stores in PA (and garnered funding to go ahead with these stores). TILT does not provide a split of gross margins (or EBITDA) by division; but in the past, if we took 20% GM for Jupiter, that would have meant plant touching was in the 30-40% range. But we believe this is much lower now. Based on comps, we'd take somewhere between 0.5-1x sales to value PTB, or \$20-30Mn (taking the low and mid end of that range) vs. TILT's \$3Mn market cap (all this before factoring net debt and associated lease commitments).

**Outlook.** Here we discuss Jupiter only, on the assumption the PTB will, sooner or later, be divested. Supposedly, Jupiter and Smoore's CCELL unit, are working in greater coordinated fashion now than in the past, bringing innovation to the market, and CCELL also diversifying its production base away from China (given the threat of looming tariffs). Jupiter has also strengthened its management team with recent hires. The companies are adapting to new consumer trends in vape, like the rise of AIOs (see our [report](#) from 11/11/24). All this said, we understand that CCELL now has its own people based in the US for direct customer support (so far, no overlap with Jupiter, we are told), and Jupiter is also (on the margin) developing its own proprietary technologies (as alluded by management in past calls) and supplementing its existing supply chain. We are not sure where this will all end up. But given the competitive threats, in our judgment, it could be better for Smoore/CCELL to merge its North American distributors and take an equity stake in the combined company. No, we do not believe the current state of affairs is sustainable – in fact, it has led to the continued market share bleed of the past five years. All this is unfortunate given the opportunity. Given its vast resources, historical know-how, and R&D capabilities, we believe that with the proper structure the Smoore CCELL ecosystem (with its US distributors) should be able to keep (and grow) its leadership in the vape parts industry.

**Stock performance and valuation.** The TILT valuation is seemingly attractive, with market cap only at \$3Mn and total annualized revenues of \$108Mn (taking 3Q24). But total debt is an issue, with net debt at \$62Mn (\$12Mn due in 2025 and \$38Mn in 2026) and net leases at \$44Mn. With the stock at 1c, we calculate a spot EV of \$111, or 1x sales (in line with tier 3 MSOS; yes, we realize Jupiter could be valued higher). EBITDA is negative, although +\$2Mn of operating cash flow in 3Q24 was encouraging. If PTB can be sold for at least \$20Mn, with no new cash infusion, and the buyer taking part of the net debt and net leases, that would leave an EV for Jupiter of \$91Mn. If we take a sales base for Jupiter of \$64Mn per annum (3Q24 x 4), with distribution fees at \$9Mn (100% GM) and the balance of \$53Mn generating 20% gross margins, that would mean Jupiter gross profits of \$20Mn. If we assume cash opex of \$10Mn, that yields EBITDA of \$10Mn. At 9x EBITDA, the Jupiter business could be an attractive investment, especially factoring growth for 2025 and with some of the changes outlined above in the Smoore/CCELL ecosystem implemented. But given the lack of visibility of several of these issues (sale of PTB; evolution of Jupiter; Smoore/CCELL making radical changes) and the high debt levels, we prefer to remain Neutral.

Table 1: Companies mentioned in this report.

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

Source: Z&amp;A

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



# Appendix I: Company Financials

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## TILT Holdings: Company Update Post 3Q Print

### Exhibit 1: Financial highlights

US\$ Mn	Dec CY22	Dec CY23	Mar 1Q24	Jun 2Q24	Sep 3Q24	Dec 4Q24e	Dec CY24e	Mar 1Q25e	Jun 2Q25e	Sep 3Q25e	Dec 4Q25e	Dec CY25e	Dec CY26e	Dec CY27e
<b>P&amp;L metrics</b>														
Sales	174.2	166.0	37.5	26.6	27.0	22.8	113.9	23.4	24.7	26.3	27.0	101.4	117.4	131.0
qoq ch %	na	na	0%	-29%	1%	-15%	na	3%	6%	6%	3%	na	na	na
yoy ch %	-14%	-5%	-11%	-36%	-39%	-39%	-31%	-38%	-7%	-3%	18%	-11%	16%	12%
Gross profit	38.2	24.4	6.7	4.3	3.8	4.8	19.6	5.6	6.3	7.3	7.8	26.9	37.5	41.7
Total SGA	-129.0	-67.5	-12.1	-27.8	-11.3	-11.9	-63.1	-9.6	-9.4	-9.5	-9.5	-38.1	-37.1	-39.6
Operating income	-90.9	-43.2	-5.4	-23.5	-7.5	-7.1	-43.5	-4.0	-3.1	-2.3	-1.8	-11.2	0.4	2.1
Net interest expense	-14.0	-21.0	-6.0	-6.8	-6.7	-6.3	-25.8	-6.7	-6.8	-6.5	-6.7	-26.7	-27.9	-28.8
Profit before tax	-104.5	-67.2	-11.2	-29.8	-14.1	-13.4	-68.5	-10.7	-9.9	-8.8	-8.5	-37.9	-27.4	-26.7
Adj EBITDA	2.8	2.1	0.0	-1.2	-1.6	-2.2	-5.0	0.9	1.7	2.6	3.1	8.3	19.9	21.6
Net profit	-107.5	-62.4	-9.7	-35.9	-12.6	-11.8	-70.1	-9.4	-8.7	-7.8	-7.5	-33.4	-24.1	-23.5
EPS	-0.29	-0.16	-0.03	-0.09	-0.03	-0.03	-0.18	-0.02	-0.02	-0.02	-0.02	-0.09	-0.06	-0.06
FD share count (mn)	375.5	379.6	385.7	390.5	389.5	389.5	388.8	389.5	389.5	389.5	389.5	389.5	389.5	389.5
<b>Gross margins</b>														
Gross margins	21.9%	14.7%	17.9%	16.0%	14.1%	21.1%	17.2%	23.9%	25.5%	27.6%	28.8%	26.6%	31.9%	31.9%
SGA/sales	-74.1%	-40.7%	-32.3%	-104.4%	-41.8%	-52.3%	-55.4%	-41.1%	-38.2%	-36.3%	-35.4%	-37.6%	-31.6%	-30.2%
Operating margin	-52.2%	-26.0%	-14.4%	-88.4%	-27.7%	-31.2%	-38.2%	-17.2%	-12.7%	-8.6%	-6.6%	-11.1%	0.4%	1.6%
Net int exp/sales	-8.1%	-12.7%	-16.1%	-25.5%	-24.8%	-27.7%	-22.7%	-28.4%	-27.4%	-24.9%	-24.9%	-26.3%	-23.7%	-22.0%
EBITDA margin	1.6%	1.2%	0.1%	-4.5%	-5.8%	-9.8%	-4.4%	3.7%	7.1%	10.0%	11.5%	8.2%	16.9%	16.5%
<b>FactSet consensus</b>														
Sales				26.6	27.4	29.1	120.5	na	na	na	na	164.0	na	na
EBITDA				-1.2	-1.1	-0.6	-2.9	na	na	na	na	6.1	na	na
as % of sales				-4.5%	-4.1%	-1.9%	-2.4%	na	na	na	na	3.7%	na	na
<b>BS &amp; CF highlights</b>														
Operating cash flow	8.6	5.4	-2.4	0.7	2.0	-13.8	-13.5	-4.2	-3.1	-2.0	-2.2	-11.5	-2.8	-2.6
(-) Capex	-15.1	-0.7	-0.2	-0.3	-0.1	-0.1	-0.7	-0.1	-0.1	-0.1	-0.1	-0.5	-0.6	-0.7
Free cash flow	-6.5	4.7	-2.7	0.5	1.9	-13.9	-14.2	-4.3	-3.2	-2.1	-2.3	-12.0	-3.4	-3.2
Financial net (debt)	-56.2	-48.8	-56.2	-59.4	-62.1	-76.0	-76.0	-80.3	-83.5	-85.7	-88.0	-88.0	-91.4	-94.6
cash	3.5	3.3	3.5	2.7	3.9	2.6	2.6	2.6	2.7	2.8	2.8	2.8	3.0	3.1
debt	59.7	52.2	59.7	62.1	66.0	78.6	78.6	82.9	86.2	88.4	90.8	90.8	94.3	97.7
Net debt to Sales	-0.3x	-0.3x	-0.4x	-0.6x	-0.6x	-0.8x	-0.7x	-0.9x	-0.8x	-0.8x	-0.8x	-0.9x	-0.8x	-0.7x
Net debt to EBITDA	-20.0x	1.6x	-369.4x	12.4x	9.9x	8.5x	-0.5x	-23.4x	-11.9x	-8.2x	-7.1x	0.3x	0.1x	0.1x
Income tax paid	0.4	0.4	0.1	0.0	0.0	na	na	na	na	na	na	na	na	na

Source: Z&A estimates, company reports

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## TILT Holdings: Company Update Post 3Q Print

### Exhibit 2: Cash Flow

US\$ 000s	Dec	Dec	Mar	Jun	Sep	Dec	Dec	Mar	Jun	Sep	Dec	Dec	Dec	Dec
SUMMARY CASH FLOW	CY22	CY23	1Q24	2Q24	3Q24	4Q24e	CY24e	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e
Net earnings	-107,464	-63,817	-9,651	-35,947	-12,649	-11,824	-70,071	-9,404	-8,712	-7,757	-7,486	-33,359	-24,147	-23,516
(+) D&A	23,931	21,552	4,980	4,979	4,652	4,881	19,492	4,883	4,886	4,888	4,891	19,547	19,434	19,483
Cash earnings	-83,533	-42,265	-4,671	-30,968	-7,997	-6,943	-50,579	-4,521	-3,827	-2,869	-2,595	-13,812	-4,713	-4,033
(-) Working capital changes	18,648	19,979	-36	4,111	7,348	-6,862	4,561	338	718	852	409	2,317	1,912	1,480
(-) Other operating flows	73,497	27,653	2,268	27,599	2,665	0	32,532	0	0	0	0	0	0	0
<b>Operating cash flow</b>	<b>8,612</b>	<b>5,367</b>	<b>-2,439</b>	<b>742</b>	<b>2,016</b>	<b>-13,805</b>	<b>-13,486</b>	<b>-4,183</b>	<b>-3,109</b>	<b>-2,017</b>	<b>-2,187</b>	<b>-11,495</b>	<b>-2,801</b>	<b>-2,553</b>
(-) net capex	-15,142	-713	-221	-258	-93	-114	-686	-117	-124	-131	-135	-507	-587	-655
<b>Free cash flow</b>	<b>-6,530</b>	<b>4,654</b>	<b>-2,660</b>	<b>484</b>	<b>1,923</b>	<b>-13,919</b>	<b>-14,172</b>	<b>-4,300</b>	<b>-3,232</b>	<b>-2,148</b>	<b>-2,321</b>	<b>-12,002</b>	<b>-3,388</b>	<b>-3,208</b>
(-) acquisitions	0	1,400	0	0	0	0	0	0	0	0	0	0	0	0
(-) divestitures	9	15,000	0	0	0	0	0	0	0	0	0	0	0	0
(+) other	29,954	-13,654	-4,666	-3,759	-4,564	0	-12,989	0	0	0	0	0	0	0
(+) share issuance	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(-) stock options/warrants	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Change in net</b>	<b>23,433</b>	<b>7,400</b>	<b>-7,326</b>	<b>-3,275</b>	<b>-2,641</b>	<b>-13,919</b>	<b>-27,161</b>	<b>-4,300</b>	<b>-3,232</b>	<b>-2,148</b>	<b>-2,321</b>	<b>-12,002</b>	<b>-3,388</b>	<b>-3,208</b>
<b>Ending net (debt)</b>	<b>-56,228</b>	<b>-48,828</b>	<b>-56,154</b>	<b>-59,429</b>	<b>-62,070</b>	<b>-75,989</b>	<b>-75,989</b>	<b>-80,289</b>	<b>-83,522</b>	<b>-85,670</b>	<b>-87,991</b>	<b>-87,991</b>	<b>-91,379</b>	<b>-94,588</b>
Cash/inv/sec	3,500	3,332	3,519	2,677	3,909	2,600	2,600	2,629	2,692	2,766	2,801	2,801	2,967	3,096
Gross debts/loans/bonds	59,728	52,160	59,673	62,106	65,979	78,589	78,589	82,919	86,213	88,435	90,792	90,792	94,347	97,683

Source: Z&A estimates, company reports

## Exhibit 3: Divisional split

US\$ Mn	Dec CY22	Dec CY23	Mar 1Q24	Jun 2Q24	Sep 3Q24	Dec 4Q24e	Dec CY24e	Mar 1Q25e	Jun 2Q25e	Sep 3Q25e	Dec 4Q25e	Dec CY25e	Dec CY26e	Dec CY27e
<b>By products</b>														
Sales	174.2	166.0	37.5	26.6	27.0	22.8	113.9	23.4	24.7	26.3	27.0	101.4	117.4	131.0
Cannabis	48.0	47.9	10.4	10.9	10.1	10.2	41.6	9.7	10.1	10.8	11.2	41.8	48.5	55.5
Accessories	126.2	118.1	27.1	15.8	15.8	12.6	71.4	13.8	14.6	15.4	15.8	59.6	68.9	75.5
Sales yoy ch %	-14%	-5%	-11%	-36%	-39%	-39%	-31%	-38%	-7%	-3%	18%	-11%	16%	12%
Cannabis	15%	0%	-20%	-16%	-14%	-1%	-13%	-7%	-7%	7%	10%	0%	16%	14%
Accessories	-22%	-6%	-7%	-45%	-52%	-54%	-40%	-49%	-7%	-2%	25%	-16%	16%	10%
Gross profits	38.2	24.4	6.7	4.3	3.8	4.8	19.6	5.6	6.3	7.3	7.8	26.9	37.5	41.7
Cannabis	12.9	0.8	1.3	1.1	0.6	1.5	4.6	1.7	1.9	2.2	2.2	8.1	13.4	15.3
Accessories	25.2	23.6	5.4	3.2	3.2	3.3	15.0	3.9	4.4	5.1	5.5	18.9	24.1	26.4
As % of sales	22%	15%	18%	16%	14%	21%	17%	24%	26%	28%	29%	27%	32%	32%
Cannabis	27%	2%	12%	10%	6%	15%	11%	18%	19%	20%	20%	19%	28%	28%
Accessories	20%	20%	20%	20%	20%	26%	21%	28%	30%	33%	35%	32%	35%	35%
<b>By region</b>														
Sales	174.2	166.0	37.5	26.6	27.0	22.8	113.9	23.4	24.7	26.3	27.0	101.4	117.4	131.0
US	161.0	na	na	na	na	na	na	na	na	na	na	na	na	na
Canada	12.8	na	na	na	na	na	na	na	na	na	na	na	na	na
Other	0.4	na	na	na	na	na	na	na	na	na	na	na	na	na
Sales yoy ch %	-14%	-5%	-11%	-36%	-39%	-39%	-31%	-38%	-7%	-3%	18%	-11%	16%	12%
US	-15%	na	na	na	na	na	na	na	na	na	na	na	na	na
Canada	-3%	na	na	na	na	na	na	na	na	na	na	na	na	na
Gross profits	38.2	24.4	6.7	4.3	3.8	4.8	19.6	5.6	6.3	7.3	7.8	26.9	37.5	41.7
US	34.3	na	na	na	na	na	na	na	na	na	na	na	na	na
Canada	3.7	na	na	na	na	na	na	na	na	na	na	na	na	na
Other	na	na	na	na	na	na	na	na	na	na	na	na	na	na
As % of sales	22%	15%	18%	16%	14%	21%	17%	24%	26%	28%	29%	27%	32%	32%
US	21%	na	na	na	na	na	na	na	na	na	na	na	na	na
Canada	29%	na	na	na	na	na	na	na	na	na	na	na	na	na

Source: Z&amp;A estimates, company reports



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## TILT Holdings: Company Update Post 3Q Print

Exhibit 4: Forward EV calculations (and forward multiples as per our methodology), and forward share price scenarios

US\$ Mn	Dec CY23	Mar 1Q24	Jun 2Q24	Sep 3Q24	Dec 4Q24e	Dec CY24e	Dec CY25e	Dec CY26e	Dec CY27e
<b>EV calculation for val purposes</b>	<b>104.8</b>	<b>105.2</b>	<b>108.8</b>	<b>111.2</b>	<b>124.5</b>	<b>124.5</b>	<b>137.1</b>	<b>141.0</b>	<b>144.5</b>
Market cap (\$Mn)	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8
Share price (US\$)	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Share count used for val purposes	395.8	395.6	394.9	395.0	395.2	395.2	395.2	395.2	395.2
common shares	384.8	387.4	390.5	390.6	390.8	390.8	390.8	390.8	390.8
RSUs and derivatives in the money	10.9	8.1	4.4	4.4	4.4	4.4	4.4	4.4	4.4
Broadly defined net debt (\$Mn)	-102.0	-102.4	-106.0	-108.4	-121.8	-121.8	-134.3	-138.2	-141.8
financial net cash (debt)	-56.2	-56.2	-59.4	-62.1	-76.0	-76.0	-88.0	-91.4	-94.6
net leases	-43.3	-43.5	-43.7	-43.8	-43.7	-43.7	-43.8	-44.0	-44.1
short-term income taxes	-2.6	-2.8	-2.9	-2.5	-2.1	-2.1	-2.5	-2.8	-3.1
contingent warrant inflow									
<b>Valuation Multiples</b>	<b>CY23</b>					<b>CY24</b>	<b>CY25</b>	<b>CY26</b>	<b>CY26</b>
EV/Sales	0.6x	0.7	1.0	1.0	1.4	1.1	1.4	1.2	1.1
EV/EBITDA	50.8x	692.0x	-22.8x	-17.7x	-13.9x	-25.1x	16.5x	7.1x	6.7x
<b>Scenarios</b>						<i>by Dec'23</i>	<i>by Dec'24</i>	<i>by Dec'25</i>	<i>by Dec'25</i>
EV/Sales of	<b>1.0x</b>					-0.02	-0.08	-0.05	-0.03
EV/Sales of	<b>1.5x</b>					0.12	0.04	0.10	0.14
EV/Sales of	<b>2.0x</b>					0.27	0.17	0.24	0.30
EV/Sales of	<b>3.0x</b>					0.56	0.43	0.54	0.64
EV/Sales of	<b>5.0x</b>					1.13	0.94	1.14	1.30
EV/Sales of	<b>7.0x</b>					1.71	1.46	1.73	1.96
EV/EBITDA of	<b>3.0x</b>					-0.35	-0.28	-0.20	-0.19
EV/EBITDA of	<b>5.0x</b>					-0.37	-0.23	-0.10	-0.09
EV/EBITDA of	<b>10.0x</b>					-0.43	-0.13	0.15	0.19
EV/EBITDA of	<b>15.0x</b>					-0.50	-0.02	0.40	0.46
EV/EBITDA of	<b>20.0x</b>					-0.56	0.08	0.66	0.73

Source: Z&A estimates, company reports



# Appendix II: MSO Valuation Comps

## Exhibit 5: Valuation Comps – MSOs

US\$Mn 21-Nov-24	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			Financial Net Debt				Broadly Defined Net Debt			
							Sales		EBITDA		Sales		EBITDA	
	Current	CY24e	CY25e	Current	CY24e	CY25e	CY24	Current	CY24	Current	CY24	Current	CY24	Current
<b>US MSOs</b>	<b>1.6x</b>	<b>1.5x</b>	<b>1.2x</b>	<b>8.6x</b>	<b>9.4x</b>	<b>10.7x</b>								
Acreage Holdings	2.1x	1.3x	na	135.8x	6.6x	na	-1.0x	-1.6x	-5.1x	-104.8x	-1.2x	-2.0x	-6.3x	-129.2x
Ascend Wellness	1.1x	1.1x	1.1x	6.1x	5.5x	5.0x	-0.4x	-0.4x	-2.2x	-2.4x	-0.9x	-0.9x	-4.7x	-5.1x
Ayr Wellness	0.9x	0.9x	0.8x	3.4x	3.9x	3.4x	-0.8x	-0.8x	-3.3x	-3.0x	-0.7x	-0.7x	-2.9x	-2.6x
Cannabist Co	0.9x	0.9x	0.9x	7.3x	7.0x	5.4x	-0.6x	-0.6x	-4.4x	-4.5x	-0.8x	-0.8x	-6.2x	-6.4x
Consortium	1.1x	na	na	4.1x	na	na	na	na	na	na	na	na	na	na
Cresco Labs	1.4x	1.4x	1.4x	5.0x	5.0x	5.1x	-0.5x	-0.5x	-1.8x	-1.8x	-0.7x	-0.7x	-2.3x	-2.3x
Curaleaf	2.1x	2.1x	1.9x	9.3x	9.3x	7.7x	-0.5x	-0.5x	-2.3x	-2.3x	-0.9x	-0.9x	-3.8x	-3.8x
4Front Ventures	2.1x	na	na	7.8x	na	na	na	-1.0x	na	-3.8x	na	-1.7x	na	-6.5x
Glass House	2.9x	3.8x	na	9.1x	21.2x	na	-0.1x	na	-0.7x	na	-0.3x	-0.2x	-1.7x	-0.8x
Gold Flora	1.0x	1.0x	0.8x	12.0x	29.2x	7.5x	na	-0.3x	na	na	na	-0.9x	na	na
Goodness Growth	1.7x	1.7x	na	-98.2x	7.0x	na	-0.5x	-0.5x	-2.1x	29.1x	-0.9x	-0.9x	-3.7x	51.1x
Green Thumb	2.1x	2.2x	2.0x	6.8x	6.7x	6.8x	-0.1x	-0.1x	-0.2x	-0.2x	-0.1x	-0.1x	-0.4x	-0.4x
Grown Rogue	3.7x	na	na	5.0x	na	na	na	na	na	na	na	na	na	na
iAnthus	1.1x	na	na	5.5x	na	na	na	-0.9x	na	-4.4x	na	-0.9x	na	-4.5x
Jushi	1.5x	1.4x	1.3x	9.0x	7.0x	6.1x	-0.6x	-0.7x	-3.1x	-4.0x	-1.2x	-1.2x	-5.8x	-7.4x
MariMed	1.0x	1.0x	0.8x	8.8x	8.2x	4.8x	-0.4x	-0.4x	-3.3x	-3.5x	-0.5x	-0.5x	-4.2x	-4.5x
Planet 13	1.1x	1.2x	0.9x	28.4x	18.3x	5.5x	0.2x	0.1x	2.4x	3.7x	-0.1x	-0.1x	-1.0x	-1.5x
Schwazze	1.1x	1.1x	na	8.1x	5.3x	na	-0.9x	-0.9x	-4.1x	na	-1.1x	-1.1x	-5.1x	na
StateHouse	1.9x	na	na	19.7x	na	na	na	-1.1x	na	-11.2x	na	-1.8x	na	-18.9x
TerrAscend	2.0x	1.9x	1.9x	10.7x	10.0x	9.4x	-0.6x	-0.6x	-2.9x	-3.1x	-1.0x	-1.0x	-5.3x	-5.7x
TILT	1.0x	0.9x	0.7x	-17.7x	na	73.3x	-0.5x	-0.6x	15.1x	9.9x	-0.9x	-1.0x	26.3x	17.3x
Trulieve	1.7x	1.6x	1.5x	4.9x	4.7x	4.7x	-0.3x	-0.3x	-0.7x	-0.8x	-0.6x	-0.6x	-1.8x	-1.8x
Verano	1.4x	1.4x	1.4x	4.8x	4.7x	4.4x	-0.4x	-0.4x	-1.3x	-1.4x	-0.7x	-0.8x	-2.5x	-2.5x
Vext	1.8x	1.8x	na	10.2x	9.0x	na	-0.9x	-0.9x	-4.3x	-4.9x	-0.9x	-0.9x	-4.3x	-4.9x

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

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

Source: FactSet and company reports

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### Exhibit 6: Spot EV calculation - MSOs

US\$Mn 21-Nov-24	FactSet Spot EV	Z&A Spot EV	US\$ price	mn shares	mn deriv	Total Mkt Cap	Financial net debt	Net leases	Income tax liab.	Conting Cons.	ITM deriv inflow	Total BDND	Pref Stock Min Int
<b>US MSOs</b>													
Acreage Holdings	244	338	0.13	125.0	1.0	16	-261	-3	-58			-322	
Ascend Wellness	590	610	0.43	214.5	13.3	98	-241	-134	-137			-512	
Ayr Wellness	631	416	0.72	114.0	31.1	105	-359	4	-11	0	55	-311	
Cannabist Co	555	430	0.10	472.7	8.2	50	-269	-26	-86			-380	
Cansortium	140	125	0.09	304.9	5.6	29	-59	-9	-29			-97	
Cresco Labs	966	1,023	1.22	441.0	8.9	549	-365	-56	-43	-10		-474	
Curaleaf	2,305	2,804	2.03	743.8	11.2	1,533	-678	-24	-389	-56		-1,146	126
4Front Ventures	243	162	0.03	915.2	3.8	28	-79	-8	-40	-6	0	-134	
Glass House	492	747	7.25	81.0	3.5	613	-25	0	-4	-32		-61	72
Gold Flora	130	133	0.04	287.7	0.1	10	-40	-34	-44	-4		-123	
Goodness Growth	103	171	0.35	230.3	4.1	82	-51	-10	-29			-89	
Green Thumb	2,377	2,435	9.38	236.2	9.3	2,302	-82	-28	-23	0	0	-133	
Grown Rogue	75	99	0.70	143.5		100	5	-2	-2			1	
iAnthus	35	197	0.01	6,615.3		36	-156	-6				-162	
Jushi	336	371	0.34	196.7	0.0	66	-165	-1	-139			-305	
MarlMed	144	164	0.16	381.0	5.0	62	-66	-1	-17			-83	19
Planet 13	105	147	0.43	325.2	0.3	139	19	-7	-16	-5		-8	
Schwazze	180	194	0.10	80.2		8	-151	-2	-33	0		-186	
StateHouse	144	200	0.02	256.4	138.6	6	-114	-10	-54	-22	7	-192	2
TerrAscend	450	587	0.77	355.8	3.1	276	-172	-5	-128	-4		-310	
TILT	109	111	0.01	390.6	4.4	3	-62	-44	-2			-108	
Trulieve	1,210	1,880	6.18	186.0	3.3	1,170	-300	-21	-384	-5		-710	
Verano	929	1,247	1.63	356.9	8.6	596	-355	-6	-285	-4		-651	
Vext	49	66	0.14	245.5	3.4	34	-32	0				-32	

Source: FactSet and company reports

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### Exhibit 7: Stock Performance

21-Nov-24	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
<b>US MSOs</b>			
Ascend	-47%	-62%	-63%
Ayr	-63%	-60%	-67%
Cannabist	-51%	-60%	-72%
Consortium	-39%	-40%	-8%
Cresco	-22%	-30%	-29%
Curaleaf	-35%	-34%	-44%
4Front	-34%	-49%	-84%
GlassHouse	-14%	-22%	53%
Gold Flora	-56%	-55%	-68%
Vireo Growth	-22%	-24%	56%
Grown Rogue	10%	17%	150%
Green Thumb	-9%	-11%	-7%
iAnthus	-42%	-64%	-81%
Jushi	-34%	-40%	-57%
MarlMed	-3%	-29%	-46%
Planet13	-28%	-34%	-44%
Schwazze	-9%	-52%	-83%
StateHouse	##N/A	-29%	-25%
Trulieve	-50%	-37%	8%
TerrAscend	-37%	-47%	-51%
Vext	-8%	-19%	-40%
Verano	-52%	-58%	-61%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
<b>Canadian LPs</b>			
Aurora	-21%	-30%	-7%
Avant	-39%	-64%	-86%
Auxly	-21%	-10%	102%
Cannara	5%	-17%	-28%
Canopy	-8%	-35%	-31%
Cronos	-3%	-11%	2%
Decibel	29%	-8%	-55%
Entourage	-26%	-24%	-55%
High Tide	-6%	42%	90%
Nova	1%	0%	152%
OGI	-14%	-22%	23%
Rubicon	-4%	-18%	-6%
SNDL	0%	-2%	36%
Tilray	-16%	-29%	-25%
VFF	-14%	-26%	0%
<b>CBD</b>			
CVSI	-12%	-15%	32%
CWEB	1%	-12%	-35%
LFID	-14%	3%	-73%
<b>International</b>			
InterCure	-20%	-15%	32%
PharmaCielo	-9%	60%	177%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
<b>MJ Fincos</b>			
AFCG	-5%	-3%	-16%
CNPOF	-32%	-17%	18%
IIPR	-18%	-11%	36%
NLCP	-6%	-7%	42%
SHFS	-23%	-43%	-50%
LIEN	-1%	12%	36%
REFI	3%	3%	5%
<b>Tech</b>			
LFLY	-22%	-22%	-70%
SBIG	-22%	-13%	-63%
MAPS	29%	6%	39%
<b>Vape parts</b>			
GNLN	-63%	-73%	-69%
ISPR	-3%	-13%	-51%
SMORF	20%	20%	66%
TLLTF	-37%	-63%	-83%
<b>Index</b>			
S&P 500	1%	6%	31%
S&P 477	0%	0%	19%
Nasdaq	8%	14%	47%
MSOS ETF	-34%	-33%	-32%
YOLO ETF	-20%	-22%	-10%

Source: FactSet



# Appendix III: Bio and Disclaimers



## Analyst Bio

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



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