



5/23/2024

TILT Holdings (TLLTF)

Company update

Sales	FY22a	FY23e	FY24e	Prev	FY25e	Prev	FY26e	Prev
1Q	42.4	42.3	37.5 A	38.2	41.7	44.7	49.8	na
2Q	47.1	41.6	34.2 E	40.3	44.4	47.3	52.9	na
3Q	40.5	44.6	38.1 E	41.2	47.6	48.8	55.8	na
4Q	<u>44.3</u>	<u>37.5</u>	<u>39.4</u> E	<u>42.0</u>	<u>48.4</u>	<u>50.2</u>	<u>56.4</u>	na
FY	174.2	166.0	149.1	161.7	182.1	191.0	215.0	na
EBITDA	FY22a	FY23e	FY24e	Prev	FY25e	Prev	FY25e	Prev
1Q	1.5	-0.1	0.0 A	1.7	1.2	3.6	2.5	na
2Q	1.1	1.7	0.0 E	2.3	1.8	3.8	2.9	na
3Q	0.6	2.1	0.6 E	2.8	2.2	3.9	3.7	na
4Q	<u>-0.4</u>	<u>-1.6</u>	<u>1.0</u> E	<u>3.1</u>	<u>2.8</u>	<u>4.0</u>	<u>4.4</u>	na
FY	2.8	2.1	1.7	9.9	8.1	15.3	13.4	na

Share price (\$)	0.03	Perf.	TLLTF	MSOS	S&P500	Stance: Overweight
Share count (mn)	395.6	30d	5%	1%	6%	no Price Target
Market Cap (\$Mn)	12	90d	-25%	-6%	4%	FY=Dec
Liquidity (ADTV \$Mn)	0.009	1yr	-31%	55%	28%	Ticker: TLLTF



\$Mn	FY24	FY25	FY26
Projected EV	126.1	137.6	145.1
EV/Sales	0.8x	0.8x	0.7x
EV/EBITDA	75.1x	17.0x	10.8x

	FY24	FY25	FY26
Net debt/Sales	-0.5x	-0.4x	-0.4x
Net debt/EBITDA	1.7x	0.4x	0.3x
Free Cash Flow	-14.1	-10.6	-6.6
Net debt	-67.6	-78.1	-84.8

Consensus	FY24	FY25	FY26
Sales	159.1	181.6	na
EBITDA	5.4	9.3	na

Guidance CY24: n/a

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Updated Views and Estimates

We attach our updated estimates based on the 1Q24 print and general management commentary. At a big picture level, disruptions on the supply side of the vape hardware business have led to sales opportunities being temporarily lost (mostly on the “stock” side of the business, with the “custom” business remaining strong). On the other hand, the cannabis plant touching business continues to perform well, and better cost management has helped stabilize SGA. Debt and debt maturities remain of concern to us, especially in the context of lackluster cash flow trends, and increase the risk of stock dilution, in our view. All that said, at 0.7x EV/sales we find the valuation attractive and see “franchise value” in TILT’s Jupiter unit being the #1 vape hardware in the market, and we also believe the asset value of the company’s plant touching businesses in PA and OH has increased given rec legalization trends (a fact in the case of OH, and rather likely in the case of PA).

On Jupiter: In theory, this part of the business (71% of sales in CY23 and carrying higher margins, at least last year, due to challenges in the plant touching cannabis business) has several tailwinds, with vape sales in most markets outperforming other categories; also, the rise of hemp-derivatives (where vape plays a relevant part) opens an entire new market for vape hardware vendors. In this context, Jupiter’s status as the largest CCELL distributor in the US and CCELL’s status as the leading technology in vape hardware (still outselling new vendors like AVD, ISPR, and others), should bode well for the TILT company outlook. Indeed, company management has said that demand for Jupiter products remains strong and the “opportunity for hardware sales in NA and beyond is growing”. Also, Jupiter has been developing its own IP, and no longer solely relies on Smoore. That said, we realize the relationship with Smoore is key to Jupiter’s own success. Both parties are working on supply chain issues (see our [April 12 TILT report](#)), which should help minimize business being lost – in our view, the current state of affairs is not sustainable. In fact, these disruptions still linger and are expected to lead to a QoQ drop in Jupiter sales in 2Q24.

On the plant touching cannabis business: We calculate two thirds of this business comes from the MA operation (wholesale ~60% and retail being the balance, comprised by two rec stores and one medical store in Cambridge), and the balance from wholesale in OH and PA. Sales for this unit remain steady despite deflation and increased competition in the footprint (MA, OH, PA). The Headset data continues to point to strength for TILT in MA wholesale (especially for the licensed brand, Old Pal), and management notes similar gains in PA (where it recently began selling Level products, as per a new licensing agreement; it is also in the process of start selling Eddie Parker branded cannabis). In Pennsylvania, as a not vertically integrated grower, TILT now has the right to apply for three retail licenses (as per new regulations in the state). With a tight application window (May 12 to June 12), TILT has entered into an agreement with another MSO, which will help fund the store’s development (in total, the unnamed MSO will extend as much as \$10Mn in funding with interest rates escalating from 20% to 40%). We assume similar arrangements may become available in soon to rec Ohio (where Tilt has manufacturing, but not cultivation)

About the balance sheet. TILT ended March with \$56Mn in net debt (about 0.4x sales), up from \$49Mn YE23. Relative to sales, net debt appears manageable (vs. peers), but given break even EBITDA and negative LTM operating cash flow (-\$0.9Mn), leverage is an issue. Just in 1Q24, TILT

had to capitalize interest, so total gross debt increased from \$58.5Mn YE23 to \$65.5Mn in 1Q24. The current portion of notes payable was \$29Mn at the end of 1Q24. Given the new agreement with Smoore (re payables and related guarantees), the company is in the process of negotiating a forbearance agreement with noteholders (this has dragged on more than we expected, and we assume it will come down to what the parties agree relating to additional warrants, potentially). Regarding payables, at \$53.6Mn (1Q24), these were about 44% of 1Q24 annualized COGS (~161 days) compared with 38% in 1Q23 (139 days). We do not what percentage of payables relates to Smoore.

Stock performance and valuation. TILT shares are rather illiquid, even for the context of US OTC cannabis stocks, with less than \$10K traded per day compared with \$8Mn for the likes of Green Thumb (NASDAQ listed CGC trades \$165Mn per day and TLRY \$70Mn). So, it is difficult to read too much into the stock performance, down 25% the last 90 days vs. -6% for the MSOS ETF and +4% for the S&P 500 (last 30 days: +5%; +1%; +6%). Stock fluctuations and technical issues aside, we continue to believe TILT's valuation is compelling, even though debt and debt maturities are of concern. On a spot EV basis, the stock trades at 0.7x FactSet consensus 2024 sales compared with 1.8x for the MSO average. We calculate spot EV of \$108Mn taking market cap of \$12Mn (387.4mn shares at \$0.03 plus 8.1mn in RSUs/PSUs; we exclude 92mn in warrants with a strike price of 9c) plus broadly defined net debt of \$102Mn (financial net debt of \$56Mn; \$3Mn in ST tax debt; \$43Mn in leases net of right of use assets). See appendix for potential future valuation scenarios. We stay Overweight.

Table 1: Companies mentioned in this report.

Company name	Ticker	Ticker	Rating
US MSOs			
4Front Ventures		FFNTF	Not rated
Acreage Holdings		ACRDF	Not rated
Ascend Wellness		AAWH	Not rated
AYR Wellness		AYRWF	Not rated
Columbia Care		CCHWF	Not rated
Cresco Labs		CRLBF	Not rated
Curaleaf Holdings		CURLF	Not rated
GlassHouse Brands		GLASF	Not rated
Gold Flora		GRAM	Overweight
Greenlane Holdings		GNLN	Not rated
Green Thumb Industries		GTBIF	Overweight
Jushi Holdings		JUSHF	Overweight
MariMed Inc		MRMD	Overweight
Planet 13 Holdings		PLNHF	Overweight
Schwazze		SHWZ	Not rated
StateHouse Holdings Inc		STHZF	Neutral
TerrAscend Corp.		TSNDF	Not rated
TILT Holdings, Inc.		TLLTF	Overweight
Trulieve Cannabis		TCNNF	Not rated
Verano Holdings		VRNOF	Overweight
Vext Science, Inc.		VEXTF	Not rated
Canada LPs			
Aurora Cannabis		ACB	not rated
Auxly Cannabis Group		CBWTF	not rated
Avant Brands		AVTBF	not rated
BZAM		BZAMF	not rated
Canopy Growth Corporation		CGC	not rated
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	not rated
Village Farms Intl		VFF	Overweight
Other			
Chicago Atlantic REFC		REFI	Overweight
Intercure		INCR	Not rated
Irwin Naturals		IWINF	Not rated
Leafly		LFLY	Not rated
New Lake Capital Partners		NLCP	Overweight
Smoores International		SMORF	Not rated
Springbig		SBIG	Not rated
WM Technology		MAPS	Neutral

Source: Z&A



Appendix I: Company Financials

23 May 2024

TILT Holdings: Company update

Exhibit 1: Financial highlights

US\$ Mn	Dec CY22	Mar 1Q23	Jun 2Q23	Sep 3Q23	Dec 4Q23	Dec CY23	Mar 1Q24	Jun 2Q24e	Sep 3Q24e	Dec 4Q24e	Dec CY24e	Dec CY25e	Dec CY26e
P&L metrics													
Sales	174.2	42.3	41.6	44.6	37.5	166.0	37.5	34.2	38.1	39.4	149.1	182.1	215.0
qoq ch %	na	-5%	-2%	7%	-16%	na	0%	-9%	11%	3%	na	na	na
yoy ch %	-14%	0%	-12%	10%	-15%	-5%	-11%	-18%	-15%	5%	-10%	22%	18%
Gross profit	38.2	8.8	4.0	8.0	3.6	24.4	6.7	6.3	7.3	7.9	28.2	38.0	47.8
Total SGA	-129.0	-16.4	-18.0	-12.7	-20.4	-67.5	-12.1	-11.4	-11.7	-11.9	-47.2	-50.2	-54.6
Operating income	-90.9	-7.6	-14.0	-4.7	-16.9	-43.2	-5.4	-5.1	-4.5	-4.1	-19.0	-12.2	-6.7
Net interest expense	-14.0	-4.0	-5.5	-6.4	-5.1	-21.0	-6.0	-5.8	-6.2	-6.0	-24.1	-25.3	-25.6
Profit before tax	-104.5	-3.5	-31.1	-10.6	-21.9	-67.2	-11.2	-10.9	-10.7	-10.1	-42.9	-37.6	-32.3
Adj EBITDA	2.8	-0.1	1.7	2.1	-1.6	2.1	0.0	0.0	0.6	1.0	1.7	8.1	13.4
Net profit	-107.5	-4.9	-26.9	-8.7	-22.0	-62.4	-9.7	-9.1	-8.9	-8.4	-36.0	-31.3	-26.9
EPS	-0.29	-0.01	-0.07	-0.02	-0.06	-0.16	-0.03	-0.02	-0.02	-0.02	-0.09	-0.08	-0.07
FD share count (mn)	375.5	377.7	378.3	379.6	382.7	379.6	385.7	387.4	387.4	387.4	387.0	387.4	387.4
Gross margins	21.9%	20.8%	9.7%	17.9%	9.5%	14.7%	17.9%	18.4%	19.1%	20.0%	18.9%	20.9%	22.3%
SGA/sales	-74.1%	-38.8%	-43.2%	-28.5%	-54.4%	-40.7%	-32.3%	-33.3%	-30.9%	-30.3%	-31.6%	-27.6%	-25.4%
Operating margin	-52.2%	-18.0%	-33.5%	-10.6%	-44.9%	-26.0%	-14.4%	-14.8%	-11.8%	-10.3%	-12.7%	-6.7%	-3.1%
Net int exp/sales	-8.1%	-9.5%	-13.3%	-14.3%	-13.5%	-12.7%	-16.1%	-17.1%	-16.3%	-15.3%	-16.2%	-13.9%	-11.9%
EBITDA margin	1.6%	-0.2%	4.0%	4.7%	-4.4%	1.2%	0.1%	0.1%	1.6%	2.6%	1.1%	4.4%	6.3%
FactSet consensus													
Sales								39.3	40.4	41.5	159.1	181.6	na
EBITDA								1.2	1.6	1.9	5.4	9.3	na
as % of sales								2.9%	3.8%	4.5%	3.4%	5.1%	na
BS & CF highlights													
Operating cash flow	8.6	3.8	-3.3	1.0	4.0	5.4	-2.4	-4.5	-3.2	-3.1	-13.3	-9.6	-5.6
(-) Capex	-15.1	-0.1	-0.2	0.0	-0.4	-0.7	-0.2	-0.2	-0.2	-0.2	-0.8	-0.9	-1.1
Free cash flow	-6.5	3.6	-3.5	0.9	3.6	4.7	-2.7	-4.7	-3.4	-3.3	-14.1	-10.6	-6.6
Financial net (debt)	-56.2	-43.7	-52.9	-50.7	-48.8	-48.8	-56.2	-60.8	-64.2	-67.6	-67.6	-78.1	-84.8
cash	3.5	5.2	4.1	2.8	3.3	3.3	3.5	2.7	2.8	2.9	2.9	3.2	3.5
debt	59.7	48.9	57.0	53.5	52.2	52.2	59.7	63.5	67.1	70.4	70.4	81.3	88.2
BS & CF highlights													
OCF/Sales	4.9%	8.9%	-8.0%	2.1%	10.6%	3.2%	-6.5%	-13.1%	-8.5%	-7.9%	-8.9%	-5.3%	-2.6%
Capex/Sales	-8.7%	-0.3%	-0.5%	-0.1%	-1.0%	-0.4%	-0.6%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%
Net debt to Sales	-0.3x	-0.3x	-0.3x	-0.3x	-0.3x	-0.3x	-0.4x	-0.4x	-0.4x	-0.4x	-0.5x	-0.4x	-0.4x
Net debt to EBITDA	-20.0x	138.3x	-7.9x	-6.0x	7.4x	1.6x	-369.4x	-725.0x	-26.2x	-16.8x	1.7x	0.4x	0.3x
Income tax paid	0.4	0.0	0.0	0.0	0.0	0.4	0.1	na	na	na	na	na	na

Source: Z&A estimates, company reports

23 May 2024

TILT Holdings: Company update

Exhibit 2: Cash Flow

US\$ 000s	Dec	Mar	Jun	Sep	Dec	Dec	Mar	Jun	Sep	Dec	Dec	Dec	Dec
SUMMARY CASH FLOW	CY22	1Q23	2Q23	3Q23	4Q23	CY23	1Q24	2Q24e	3Q24e	4Q24e	CY24e	CY25e	CY26e
Net earnings	-107,464	-4,866	-28,337	-8,663	-21,951	-63,817	-9,651	-9,094	-8,893	-8,404	-36,042	-31,311	-26,889
(+) D&A	23,931	5,496	5,994	5,037	5,025	21,552	4,980	4,903	4,907	4,910	19,700	19,683	19,604
Cash earnings	-83,533	630	-22,343	-3,626	-16,926	-42,265	-4,671	-4,191	-3,986	-3,494	-16,342	-11,628	-7,285
(-) Working capital changes	18,648	6,997	-2,492	5,275	10,199	19,979	-36	-491	573	195	242	1,346	1,177
(-) Other operating flows	73,497	-3,853	21,501	-698	10,703	27,653	2,268	186	181	172	2,807	639	549
Operating cash flow	8,612	3,774	-3,334	951	3,976	5,367	-2,439	-4,496	-3,232	-3,127	-13,294	-9,643	-5,559
(-) net capex	-15,142	-125	-201	-25	-362	-713	-221	-171	-190	-197	-779	-910	-1,075
Free cash flow	-6,530	3,649	-3,535	926	3,614	4,654	-2,660	-4,667	-3,422	-3,324	-14,073	-10,553	-6,634
(-) acquisitions	0	0	0	1,400	0	1,400	0	0	0	0	0	0	0
(-) divestitures	9	15,000	0	0	0	15,000	0	0	0	0	0	0	0
(+) other	29,954	-6,128	-5,681	-104	-1,741	-13,654	-4,666	0	0	0	-4,666	0	0
(+) share issuance	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
Change in net	23,433	12,521	-9,216	2,222	1,873	7,400	-7,326	-4,667	-3,422	-3,324	-18,739	-10,553	-6,634
Ending net (debt)	-56,228	-43,707	-52,923	-50,701	-48,828	-48,828	-56,154	-60,821	-64,243	-67,567	-67,567	-78,120	-84,754
Cash/inv/sec	3,500	5,189	4,113	2,783	3,332	3,332	3,519	2,685	2,819	2,865	2,865	3,179	3,454
Gross debts/loans/bonds	59,728	48,896	57,036	53,484	52,160	52,160	59,673	63,506	67,062	70,432	70,432	81,299	88,207

Source: Z&A estimates, company reports

23 May 2024

TILT Holdings: Company update

Exhibit 3: Divisional split

US\$ Mn	Dec CY22	Mar 1Q23	Jun 2Q23	Sep 3Q23	Dec 4Q23	Dec CY23	Mar 1Q24	Jun 2Q24e	Sep 3Q24e	Dec 4Q24e	Dec CY24e	Dec CY25e	Dec CY26e
By products													
Sales	174.2	42.3	41.6	44.6	37.5	166.0	37.5	34.2	38.1	39.4	149.1	182.1	215.0
Cannabis	48.0	13.0	12.9	11.7	10.3	47.9	10.4	10.7	11.5	11.8	44.3	54.4	65.9
Accessories	126.2	29.3	28.7	32.8	27.3	118.1	27.1	23.5	26.6	27.6	104.8	127.7	149.0
Sales yoy ch %	-14%	0%	-12%	10%	-15%	-5%	-11%	-18%	-15%	5%	-10%	22%	18%
Cannabis	15%	15%	6%	-4%	-17%	0%	-20%	-18%	-2%	15%	-7%	23%	21%
Accessories	-22%	-6%	-18%	16%	-15%	-6%	-7%	-18%	-19%	1%	-11%	22%	17%
Gross profits	38.2	8.8	4.0	8.0	3.6	24.4	6.7	6.3	7.3	7.9	28.2	38.0	47.8
Cannabis	12.9	2.9	-1.7	1.4	-1.9	0.8	1.3	1.6	2.0	2.4	7.2	12.4	18.0
Accessories	25.2	5.9	5.7	6.6	5.5	23.6	5.4	4.7	5.3	5.5	21.0	25.5	29.8
As % of sales	22%	21%	10%	18%	10%	15%	18%	18%	19%	20%	0%	0%	0%
Cannabis	27%	23%	-13%	12%	-18%	2%	12%	15%	17%	20%	16%	23%	27%
Accessories	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
By region													
Sales	174.2	42.3	41.6	44.6	37.5	166.0	37.5	34.2	38.1	39.4	149.1	182.1	215.0
US	161.0	38.2	36.2	na	na	na	na	na	na	na	na	na	na
Canada	12.8	4.1	5.4	na	na	na	na	na	na	na	na	na	na
Other	0.4	0.0	0.0	na	na	na	na	na	na	na	na	na	na
Sales yoy ch %	-14%	0%	-12%	10%	-15%	-5%	-11%	-18%	-15%	5%	-10%	22%	18%
US	-15%	-4%	-16%	na	na	na	na	na	na	na	na	na	na
Canada	-3%	78%	50%	na	na	na	na	na	na	na	na	na	na
Gross profits	38.2	8.8	4.0	8.0	3.6	24.4	6.7	6.3	7.3	7.9	28.2	38.0	47.8
US	34.3	7.8	2.6	na	na	na	na	na	na	na	na	na	na
Canada	3.7	1.0	1.4	na	na	na	na	na	na	na	na	na	na
Other			0.0	na	na	na	na	na	na	na	na	na	na
As % of sales	22%	21%	10%	18%	10%	15%	18%	18%	19%	20%	0%	0%	0%
US	21%	20%	7%	na	na	na	na	na	na	na	na	na	na
Canada	29%	25%	27%	na	na	na	na	na	na	na	na	na	na

Source: Z&A estimates, company reports

23 May 2024

TILT Holdings: Company update

Exhibit 4: Cannabis sales projections

US\$ Mn	Dec CY22	Mar 1Q23	Jun 2Q23	Sep 3Q23	Dec 4Q23	Dec CY23	Mar 1Q24	Jun 2Q24e	Sep 3Q24e	Dec 4Q24e	Dec CY24e	Dec CY25e	Dec CY26e
Cannabis Sales	48.0	13.0	12.9	11.7	10.3	47.9	10.4	10.7	11.5	11.8	44.3	54.4	65.9
wholesale	36.4	10.4	10.2	8.8	7.8	37.2	7.7	7.9	8.5	8.9	33.0	42.7	54.1
retail	11.6	2.6	2.8	2.9	2.4	10.7	2.7	2.8	2.9	2.9	11.3	11.6	11.8
By states (our estimates)	48.0	13.0	12.9	11.7	10.3	47.9	10.4	10.7	11.5	11.8	44.3	54.4	65.9
MA	27.4	7.5	7.9	8.1	6.8	30.3	6.9	7.2	7.5	7.4	28.9	30.7	31.2
OH	4.7	1.5	1.4	1.3	1.2	5.4	1.2	1.2	1.7	2.1	6.2	12.2	18.1
PA	16.0	4.0	3.6	2.4	2.2	12.2	2.3	2.3	2.3	2.3	9.2	11.4	16.6
Sales mix % (our est)													
MA	57%	58%	61%	69%	66%	63%	66%	67%	66%	62%	65%	56%	47%
OH	10%	12%	11%	11%	12%	11%	12%	11%	15%	18%	14%	22%	27%
PA	33%	31%	28%	20%	22%	25%	22%	21%	20%	20%	21%	21%	25%
Market size estimates (\$Mn) rec/med													
MA	1,755	425	449	471	460	1,806	441	459	483	471	1,854	1,905	1,939
OH	467	120	119	118	125	482	122	121	167	213	623	1,222	1,812
PA	1,469	373	383	418	418	1,592	414	416	417	418	1,666	1,908	2,765

Source: Z&A estimates, company reports

23 May 2024

TILT Holdings: Company update

Exhibit 5: Forward EV calculations (and forward multiples as per our methodology), and forward share price scenarios

US\$ Mn	Dec CY23	Mar 1Q24	Jun 2Q24e	Sep 3Q24e	Dec 4Q24e	Dec CY24e	Dec CY25e	Dec CY26e
EV calculation for val purposes	114.1	114.5	118.8	122.6	126.1	126.1	137.6	145.1
Market cap (\$Mn)	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1
Share price (US\$)	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Share count used for val purposes	395.8	395.6	395.6	395.6	395.6	395.6	395.6	395.6
common shares	384.8	387.4	387.4	387.4	387.4	387.4	387.4	387.4
RSUs and derivatives in the money	10.9	8.1	8.1	8.1	8.1	8.1	8.1	8.1
Broadly defined net debt (\$Mn)	-102.0	-102.4	-106.7	-110.6	-114.0	-114.0	-125.6	-133.1
financial net cash (debt)	-56.2	-56.2	-60.8	-64.2	-67.6	-67.6	-78.1	-84.8
net leases	-43.3	-43.5	-43.4	-43.5	-43.6	-43.6	-43.9	-44.2
short-term income taxes	-2.6	-2.8	-2.5	-2.8	-2.9	-2.9	-3.6	-4.2
contingent warrant inflow								
Valuation Multiples	CY23					CY24	CY25	CY26
EV/Sales	0.7x					0.8	0.8	0.7
EV/EBITDA	55.4x					75.1x	17.0x	10.8x
Scenarios						<i>by Dec'23</i>	<i>by Dec'24</i>	<i>by Dec'25</i>
EV/Sales of	2.8x					0.76	0.97	1.18
EV/Sales of	0.8x					0.00	0.04	0.08
EV/Sales of	1.0x					0.09	0.14	0.21
EV/Sales of	3.0x					0.84	1.06	1.29
EV/Sales of	5.7x					1.86	2.31	2.77
EV/Sales of	7.0x					2.35	2.91	3.47
EV/EBITDA of	5.0x					-0.27	-0.22	-0.17
EV/EBITDA of	7.4x					-0.26	-0.17	-0.08
EV/EBITDA of	10.0x					-0.25	-0.11	0.00
EV/EBITDA of	75.1x					0.03	1.22	2.22
EV/EBITDA of	20.0x					-0.20	0.09	0.34

Source: Z&A estimates, company reports



Appendix II: MSO Valuation Comps

23 May 2024

TILT Holdings: Company update

Exhibit 6: Valuation Comps – MSOs

US\$Mn 23-May-24	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			Financial Net Debt				Broadly Defined Net Debt			
							Sales		EBITDA		Sales		EBITDA	
	2023	2024	2025	2023	2024	2025	CY24	Current	CY24	Current	CY24	Current	CY24	Current
US MSOs	2.1x	1.8x	1.6x	12.5x	9.9x	7.2x								
Acreage Holdings	0.4x	1.3x	na	3.1x	6.4x	na	-0.8x	-0.9x	-4.2x	-8.1x	-1.0x	-1.1x	-4.9x	-9.5x
Ascend Wellness	1.4x	1.2x	1.2x	6.9x	5.7x	5.1x	-0.4x	-0.4x	-1.9x	-2.0x	-0.8x	-0.8x	-3.7x	-4.0x
Ayr Wellness	1.5x	1.4x	1.3x	6.0x	5.6x	4.8x	-0.8x	-0.8x	-3.1x	-3.4x	-0.7x	-0.7x	-2.7x	-3.0x
Cannabist Co	0.9x	0.9x	0.8x	6.5x	6.3x	4.4x	-0.5x	-0.5x	-3.7x	-3.3x	-0.7x	-0.7x	-4.7x	-4.2x
Consortium	1.3x	na	na	3.8x	na	na	na	na	na	na	na	na	na	na
Cresco Labs	1.9x	2.0x	1.9x	8.5x	7.2x	6.8x	-0.6x	-0.5x	-2.0x	-2.1x	-0.8x	-0.8x	-2.9x	-3.0x
Curaleaf	3.7x	3.5x	3.3x	16.3x	14.6x	12.6x	-0.5x	-0.5x	-2.0x	-3.2x	-0.8x	-0.8x	-3.3x	-5.3x
4Front Ventures	2.1x	2.3x	na	20.3x	12.5x	na	-1.1x	-1.0x	-5.8x	-6.9x	-1.6x	-1.5x	-8.7x	-10.3x
Glass House	5.4x	4.0x	na	35.4x	16.8x	na	-0.1x	na	-0.5x	na	-0.3x	-0.4x	-1.5x	-1.8x
Gold Flora	1.0x	1.0x	0.6x	na	11.6x	3.8x	na	-0.2x	na	na	na	-0.6x	na	na
Goodness Growth	1.0x	0.9x	na	5.1x	4.0x	na	-0.5x	-0.5x	-2.3x	-1.8x	-0.6x	-0.6x	-2.7x	-2.1x
Green Thumb	3.0x	2.8x	2.6x	9.6x	9.0x	8.4x	-0.1x	-0.1x	-0.4x	-0.4x	-0.2x	-0.2x	-0.6x	-0.6x
Grown Rogue	5.7x	na	na	24.4x	na	na	na	na	na	na	na	na	na	na
iAnthus	1.6x	na	na	na	na	na	na	-0.8x	na	-7.5x	na	-0.9x	na	-8.0x
Jushi	1.6x	1.5x	1.4x	10.4x	7.7x	6.7x	-0.6x	-0.7x	-3.3x	-8.4x	-1.1x	-1.1x	-5.4x	-13.9x
MariMed	1.2x	1.1x	0.9x	7.4x	7.4x	4.5x	-0.3x	-0.3x	-2.1x	-2.2x	-0.4x	-0.5x	-2.8x	-2.9x
Planet 13	2.0x	1.5x	1.1x	-4.0x	18.4x	7.1x	0.1x	0.1x	0.9x	10.4x	0.0x	-0.1x	-0.6x	-6.6x
Schwazze	1.4x	1.4x	na	4.6x	6.0x	na	-0.8x	-0.7x	-3.4x	-2.4x	-0.9x	-0.8x	-3.9x	-2.8x
StateHouse	1.9x	na	na	na	na	na	na	-1.1x	na	-57.5x	na	-1.8x	na	-92.6x
TerrAscend	2.6x	2.5x	2.3x	12.2x	11.8x	10.2x	-0.6x	-0.5x	-2.6x	-1.9x	-0.8x	-0.7x	-3.6x	-2.7x
TILT	0.7x	0.7x	0.6x	55.6x	21.0x	12.3x	-0.4x	-0.3x	-10.3x	-6.7x	-0.6x	-0.6x	-18.8x	-12.1x
Trulieve	2.4x	2.3x	2.2x	8.5x	7.4x	7.2x	-0.5x	-0.5x	-1.5x	-1.7x	-0.5x	-0.6x	-1.7x	-2.1x
Verano	2.3x	2.3x	2.1x	7.0x	7.4x	6.6x	-0.3x	-0.3x	-0.9x	-0.8x	-0.6x	-0.5x	-1.8x	-1.5x
Vext	2.4x	1.9x	na	15.0x	10.5x	na	-0.8x	-1.1x	-4.4x	-8.1x	-0.8x	-1.1x	-4.4x	-8.1x

1) By "current", we mean the latest reported qtr annualized; 2) Multiples calculated using FactSet consensus (when available) for 2023, 2024, and 2025

3) As there are no consensus estimates for Consortium, Grown Rogue, iAnthus, and StateHouse, we take "current" sales for each of them

Source: FactSet and company reports

23 May 2024

TILT Holdings: Company update

Exhibit 7: EV calculation - MSOs

US\$Mn 23-May-24	FactSet Spot EV	Z&A Spot EV	US\$ price	mn shares	mn deriv	Total Mkt Cap	Financial net debt	Net leases	Income tax liab.	Conting Cons.	ITM deriv inflow	Total BDND	Pref Stock Min Int
US MSOs													
Acreage Holdings	255	325	0.44	139.9	29.7	75	-214	-2	-34			-250	
Ascend Wellness	741	731	1.16	211.5	13.3	261	-238	-134	-99			-470	
Ayr Wellness	738	683	2.39	114.0	31.1	347	-382	5	-13	0	55	-336	
Cannabist Co	623	456	0.27	429.3		115	-272	-23	-45	0		-340	
Consortium	140	134	0.17	298.3	6.3	53	-49	-7	-26			-81	
Cresco Labs	1,216	1,476	2.00	436.9	8.2	890	-415	-54	-111	-6		-586	
Curaleaf	4,213	4,974	5.01	738.1	7.9	3,739	-672	-18	-345	-81		-1,115	119
4Front Ventures	286	204	0.10	648.6		62	-95	-6	-41	0		-142	
Glass House	608	868	9.12	75.7	3.2	720	-26	0	-21	-29		-76	72
Gold Flora	130	129	0.20	287.5	0.2	58	-26	-32	-8	-4		-71	
Goodness Growth	134	86	0.63	45.3		28	-50	-8				-58	
Green Thumb	2,938	3,136	12.05	236.1	7.1	2,931	-147	-23	-11	-33	9	-206	
Grown Rogue	75	144	0.84	170.8		143	4	-3	0	0		0	
iAnthus	124	279	0.02	6,510.5		124	-146	-9				-155	
Jushi	398	424	0.65	196.6	1.1	129	-179	1	-117			-295	
MariMed	176	184	0.25	379.6	5.7	94	-53	-1	-16			-70	19
Planet 13	141	195	0.59	321.8	0.3	189	10	-6	-5	-5		-6	
Schwazze	211	248	0.52	171.3		89	-138	-3	-18	0		-159	
StateHouse	144	192	0.02	255.6	141.0	6	-114	-13	-39	-24	7	-184	2
TerrAscend	684	837	1.58	351.2	15.3	579	-186	-7	-59	-6		-258	
TILT	117	114	0.03	384.8	10.9	12	-56	-43	-3			-102	
Trulieve	1,985	2,724	11.02	186.0	3.3	2,086	-537	-16	-81	-4		-639	
Verano	1,920	2,120	4.51	343.5	9.8	1,593	-271	-4	-248	-4		-527	
Vext	61	83	0.22	217.5	0.4	48	-35	0				-35	

Source: FactSet and company reports

Exhibit 8: Stock Performance

23-May-24			
	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
US MSOs			
AAWH	-8%	-28%	35%
ACRDF	10%	110%	5%
AYRWF	1%	15%	93%
CBSTF	0%	-33%	-46%
CNTMF	-7%	-8%	126%
CRLBF	1%	8%	20%
CURLF	4%	-3%	75%
CXXIF	14%	-14%	36%
FFNTF	-1%	3%	-42%
GLASF	6%	34%	158%
GRAMF	-2%	-39%	26%
GDNSF	51%	44%	240%
GRUSF	25%	55%	571%
GTBIF	0%	-13%	63%
ITHUF	-1%	-5%	1%
JUSHF	1%	-11%	33%
LOWLF	-5%	-50%	-77%
MRMD	-4%	-13%	-43%
PLNH	-6%	-19%	5%
SHWZ	-24%	-62%	-49%
STHZF	-63%	-69%	-62%
TCNNF	4%	18%	147%
TLTFF	5%	-25%	-31%
TSNDF	-3%	-8%	-4%
VEXTF	24%	-7%	14%
VRNOF	-6%	-24%	56%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
Canadian LPs			
ACB	7%	107%	9%
AVTBF	-21%	-37%	-55%
BZAMF	27%	-68%	-86%
CBWTF	1%	201%	192%
CGC	19%	176%	-13%
CRON	14%	21%	42%
DBCCF	-33%	-23%	-31%
ETRGF	-18%	-12%	-55%
HITI	9%	37%	71%
LOVFF	-2%	-11%	-7%
NVACF	-13%	-11%	71%
OGI	-3%	-7%	-7%
ROMJF	11%	-3%	-23%
SNDL	20%	65%	26%
TLRY	8%	4%	-24%
VFF	2%	56%	68%
Cannabis - International			
CLVR	-24%	23%	-21%
IMCC	0%	-20%	-62%
INCR	25%	48%	30%
LGPPF	na	na	na
PCLOF	-10%	44%	46%
Tech			
LFLY	-24%	-53%	-76%
SBIG	28%	23%	-63%
MAPS	-17%	-2%	-11%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
MJ Fincos			
AFCG	4%	9%	4%
CNPOF	49%	13%	12%
IIPR	13%	20%	56%
NLCP	10%	24%	61%
PW	28%	6%	-71%
SHFS	3%	-25%	95%
SSIC	2%	18%	31%
REFI	0%	-2%	8%
Pix & Shovel			
AGFY	14%	-49%	-93%
GRWG	11%	24%	-36%
HYFM	-7%	-6%	-24%
SMG	-3%	12%	-4%
UGRO	0%	-35%	5%
Vape parts			
GNLN	-9%	28%	-83%
ISPR	43%	-25%	2%
SMORF	9%	36%	-15%
TLLTF	5%	-25%	-31%
Index			
S&P 500	6%	4%	28%
S&P 477	3%	5%	7%
Nasdaq	2%	10%	15%
MSOS ETF	1%	-6%	55%
YOLO ETF	7%	8%	40%

Source: FactSet



Appendix III: Bio and Disclaimers



Analyst Bio

Pablo Zuanic is a well-known and highly rated equity analyst following the cannabis and psychedelics sector. Over the past five years he launched coverage of over 40 companies in the US, Canada, and overseas (MSOs, LPs, CBD, ancillary, psychedelics), kept close track of sectoral trends, and followed the reform process in the US and elsewhere. His firm Zuanic & Associates publishes equity research on the cannabis and psychedelics sectors, both from a macro/sectoral level in a thematic manner, as well as specific reports on listed stocks. The research service is aimed at institutional investors and corporations. The firm is also available for short-term consulting and research advisory projects. At various points in his career, Pablo was II ranked and called as expert witness in industry investigations. He has a deep global background having covered stocks over the past 20 years in the US, Europe, Latin America, and Asia, across consumer sub sectors. Prior employers include JP Morgan, Barings, and Cantor Fitzgerald. An MBA graduate of Harvard Business School, he started his career as a management consultant, which brings a strategic mindset to his approach to equity research. *Pablo Zuanic can be contacted via the company's portal www.zuanicassociates.com; via email pablo.zuanic@zuanicgroup.com; or via X @420Odysseus.*



Disclosures and Disclaimers

About the firm: Zuanic & Associates is a domestic limited liability company (LLC) registered in the state of New Jersey. The company's registered address is Five Greentree Centre, 525 Route 73, N Suite 104, Marlton, New Jersey 08053, USA. Pablo Zuanic is the registered agent. The firm publishes equity research on selected stocks in the cannabis and psychedelics sector, as well as thematic macro industry notes. The firm also provides consulting, research, and advisory services. Potential conflicts of interest are duly reflected in the respective specific company reports.

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