



1/10/2025

# Tilray Brands (TLRY)

Company Update: Neutral

Sales	FY23a	FY24a	FY25e	Prev	FY26e	Prev	FY27e	Prev
1Q	153.2	176.9	200.0 A	200.0	225.2	228.5	237.3	240.0
2Q	144.1	193.8	211.0 E	215.7	224.5	231.8	237.0	243.2
3Q	145.6	188.3	211.6 E	217.0	222.2	229.5	234.6	241.0
4Q	184.2	229.9	255.4 E	271.1	263.0	279.5	278.4	293.6
FY	627.1	788.9	878.0 E	903.8	934.9	969.3	987.3	1,017.8
EBITDA	FY23a	FY24a	FY25e	Prev	FY26e	Prev	FY27e	Prev
1Q	12.8	10.7	9.3 A	9.3	19.2	19.3	21.2	21.3
2Q	11.0	10.1	9.0 E	12.1	16.6	15.6	24.6	23.8
3Q	13.3	10.2	13.9 E	12.6	22.3	22.2	20.1	19.8
4Q	22.2	29.5	26.3 E	32.1	24.1	29.0	26.5	31.8
FY	59.4	60.5	58.6 E	66.1	82.2	86.1	92.4	96.7

  

Share price (US\$)	1.22	Perf.	TLRY	YOLO	S&P500	Stance:	Neutral
Share count (mn)	929.4	30d	-7%	-9%	-4%		no price target
Market Cap (US\$Mn)	1,134	90d	-23%	-24%	1%		FY=May
Ticker	TLRY	1yr	-42%	-27%	22%		



\$Mn	FY25e	FY26e	FY27e
Projected EV	1,306	1,321	1,335
EV/Sales	1.5x	1.4x	1.4x
EV/EBITDA	22.3x	16.1x	14.4x

  

	FY25e	FY26e	FY27e
Net debt/Sales	-0.1x	-0.1x	-0.1x
Net debt/EBITDA	-1.8x	-1.4x	-1.4x
Free Cash Flow	-138.8	-14.5	-12.3
Net debt	-103.6	-118.1	-130.4

  

Consensus	FY25e	FY26e	FY27e
Sales	904.1	957.0	na
EBITDA	68.8	92.7	na

  

Guidance FY25:	950-1000	<- Sales	
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## Updated Estimates/Views Post Fiscal 2Q25

*TLRY shares are down 12% intraday (11am ET) following the release of Nov qtr results before the market open. The company missed FactSet consensus estimates (sales by 2%; EBITDA \$9Mn vs. \$11.6Mn) and integration efforts temporarily worsened FCF trends, but we are encouraged by several factors (our Neutral notwithstanding): the growth in international (25% yoy) and increased focus on the patient-led segment; a more profit margin based approach to the Canadian rec market (and to innovation); ongoing successful integration of the various alc drinks assets acquired (more regionally focused; footprint rationalization; 3<sup>rd</sup> party distributor engagement; continued margin accretive innovation); and the entry into HDD9 beverages in the US, where it is uniquely positioned given its access to a broad distributor network (vs. peers that are mostly focused on the online DTC channel). Also, management remains confident it will deliver on its FY25 sales guidance of \$950Mn to \$1Bn (1H25: \$411Mn), and believes it is well-placed to benefit from potential regulatory changes in the US with the incoming administration. That said, we will remain neutral for now and will keep an eye on top line trends vs guidance; gains in international MMJ; gross margins and FCF trends.*

**Our take on 2Q25 (Nov).** At the divisional level, our focus is on absolute adj \$ gross profits (TLRY does not split EBITDA by business line). *Note: All numbers in US\$ unless noted otherwise.*

- Cannabis: Total net sales grew 7% seq to \$65.7Mn (net rec +1% qoq at \$38.2Mn per our estimates; intl med \$14.9Mn +22%; domestic net med \$6.7Mn +7%, per Z&A; domestic B2B \$6.6Mn +20%). The highlight is clearly the intl piece, which we estimate may carry 2-3x higher gross margins. The rec piece is undergoing a transition on SKU rationalization given an increased focus on profitability. Adj gross profits fell 4% seq to \$23.2Mn, with margins down 420bp to 35.3%; the latter is partly explained by the B2B piece and ongoing pressure in rec. We discuss outlook later in this note.
- Beverages: This piece is harder to evaluate, in our view, given recent M&A (i.e. the yoy and qoq base are not comparable; the TAP craft brands deal closed in early Sep'24 and the BUD craft brands closed in early Oct'23), seasonality, and no proforma commentary by qtr. Net sales increased seq +13% to \$63.1Mn (Nov is a weaker seasonal than Aug, but 2Q25 has almost a full quarter of the TAP brands). Adj gross margins increased 80bp to 42.1%. *Note: Management noted 2Q included about \$2Mn in sales from the HDD9 launch.*
- Other (distribution and wellness): These two other units accounted for 20% of adj gross profits. German pharma distribution adj gross profit was up 2% seq to \$8.6Mn, and wellness (hemp food) -2% to \$4.4Mn.

Re the B/S and cash flow: Reported FCF for 2Q25 was -\$46.1Mn (-\$42Mn in 1Q25); the company also discloses adj FCF exing out what it calls growth capex. Management explained the weaker yoy FCF performance on "increased demand on the working capital as it moved from ABI's payment terms through their co-manufacturing agreements to now its own payment terms during the continued integration of production into Tilray's own beverage operations". Net debt at the end

of Nov was only \$53Mn (\$252Mn in gross cash), or less than 0.1x annualized 2Q25 sales. During 1H25, the company disclosed \$18Mn in acquisitions (TAP brands) and raised \$112Mn in new equity (owing to M&A and at the market equity offerings). At the time of the publication of this report, the 10-Q is not out yet, so we do not have the latest share count (it was 903.3mn on 10/8/24).

**Outlook commentary.** Our focus is mostly on international MMJ, US optionality, and the launch of HDD9 drinks. That said, the company has significant ambitions in beverages and will continue to scale (although it is still well below the size of Boston Beer's \$2Bn in sales).

- FY25 sales guidance was kept at \$950Mn to \$1Bn. 4Q (May) tends to be seasonally strong for the beverage business (shipments ahead of the summer, including Memorial Day). That said, we are below guidance.
- SKU rationalization efforts may continue to dent top line, both for beverages as well as Canada MJ rec, but on the other hand accretive product innovation (30 new MJ SKUs planned for 2H25 in Canada rec) and cost synergies should still lead to higher \$ adjusted gross profits over time.
- While international may be choppy qtr to qtr (due to permit issues), we value Tilray's increased focus on the patient-led channels in key markets like Germany and Australia. The company has dominant market share in extracts (led by its Tilray balanced THC/CBD SKUs) and relies on its sales force to engage with prescribing doctors. Now, with more flower SKUs (brands, strains, potency levels) and engagement with pharmacies/patients (following local norms), TLRY should benefit from flower growth (see our [German imports](#) note as well as our report on the strong growth of [Canadian exports](#)). TLRY benefits from three cultivation locations (Canada, Portugal, Germany).
- Estimates on the size of the HDD9 drinks market vary (see our recent [Zoom panel](#)), but we estimate the bulk of industry sales at present comes from the online DTC channel with some notable exceptions at the state level in brick & mortar (off premise as well as on premise) as in the case of MN. There is also a question around velocity for HDD9 drinks at this point to garner the interest of the B&M trade (retailer and distributors). That said, we agree with the management vision that future growth should be mostly driven by B&M, and that TLRY is uniquely placed given its access to a broad 3<sup>rd</sup> party network of beer distributors, compared to other HDD9 drinks vendors.
- Now, re US optionality. We would divide this into three parts. One, the beer distributor network is a plus now in the short term with HDD9 (at the state level this will depend on individual regs), and potentially in the future with the federal legalization of rec (sure, timeline is uncertain). Two, the company believes it would be well-placed if the US were to federally legalize medical cannabis (with doctor Rx prescriptions and FDA regulated sales via pharmacies), and it sees this as a ~\$250Mn revenue opportunity assuming only 2-3% share (our take? It remains uncertain how and when the US will federally legalize cannabis, and whether/how it will bifurcate rec/med). Three, while based on company

commentary, it seems unlikely TLRY will follow the likes of CGC and SNDL in building US rec beachheads via “options-based agreements” (TLRY’s terminology), we are intrigued by the appointment of AYR interim CEO Steven Cohen to the TLRY Board and do not see this path as totally closed.

- Re alc drinks we would note this is a (sizeable) source of stable cash flow and profitability (seasonality aside), and we share the view TLRY can reap both top line and cost synergies with increased focus (vs. the brands’ prior owners) and as it further scales up. All this, besides future and present optionality (in this last case, see HDD9).

#### Valuation and stock performance, and investment thesis.

- The stock is down 23% in the last 3mo compared with -49% for the MSOs ETF (subset of large Canadian LPs is down 19%; S&P500 +1%). Taking the intraday share price of US\$1.22, we calculate a spot EV of US\$1.25Bn (appendix LP comps are shown in C\$), which implies 1.5x the current pace of sales (2Q25 annualized; we calculate FY24 proforma at \$870Mn factoring all the TAP brands acquired) and 1.3x the midpoint of FY25 sales guidance. If we strip out the cannabis assets (see SOP analysis), we calculate the cannabis piece trades north of 2x spot EV/sales, above Canadian LP peers (<1x), but in line with the likes of Curaleaf and Green Thumb. Given the company’s global potential, we could say the valuation is far from rich in absolute terms.
- Tilray has the stock liquidity (one the two most liquid cannabis stocks, and one of the few for which investors can get bank/broker custody), a large market cap, and a significant cash balance. While we rate the stock Neutral (mostly on relative valuation), we believe Tilray is one of the few cannabis companies building a global ecosystem of assets, brands, footprint, and facilities, combined with a robust balance sheet, which makes us think it should be one of the global MJ industry leaders taking a 5 to 10-year view (in what should be a much larger and consolidated industry by then).
- True, the lack of a specific THC cannabis piece in the US, and mixed stock performance (in part on concerns about opex and shareholder dilution, which may not always be entirely justified, in our view), may limit the stock’s appeal for some, in our interpretation. That said, therein may lie a buying opportunity.
- Still, we prefer to remain sidelined (though more constructive), but we are keeping a close eye on international (2Q25 was a positive qt for that division), growth in drinks, US moves, and FCF trends. Our FY25 sales estimate is below the guidance range (and we realize that may remain a driver of sentiment in the short term).

Table 1: Stocks mentioned in this report

Company name	Ticker	Ticker	Rating
<b>US MSOs</b>			
4Front Ventures		FFNTF	not rated
Ascend Wellness		AAWH	will cover
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
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
TerrAscend		TSNDF	not rated
TILT Holdings		TLLTF	Neutral
Trulieve Cannabis		TCNNF	not rated
Verano Holdings		VRNOF	Overweight
Vext Science, Inc.		VEXTF	Overweight
Vireo Growth		VREOF	will cover
<b>Finance (MJ) Companies</b>			
AFC Gamma		AFCG	Overweight
Chicago Atlantic BDC		LIEN	will cover
Chicago Atlantic REAF		REFI	Overweight
Innovative Industrial Properties		IIPR	not rated
New Lake Capital Partners		NLCP	Overweight
SHF Holdings		SHFS	not rated
<b>Canada LPs</b>			
Aurora Cannabis		ACB	Neutral
Auxly Cannabis Group		CBWTF	will cover
Avant Brands		AVTBF	will cover
Avicanna		AVCN	not rated
Ayurcann Holdings		AYURF	will cover
Cannara Biotech		LOVFF	not rated
Canopy Growth Corporation		CGC	will cover
Cronos Group		CRON	not rated
Decibel Cannabis Co		DBCCF	Overweight
Organigram Holdings		OGI	will cover
Rubicon Organics		ROMJF	not rated
SNDL		SNDL	not rated
Tilray Brands		TLRY	Neutral
Village Farms Intl		VFF	Overweight
<b>Other</b>			
Agrify		AGFY	not rated
Cannapresso		TBD	not rated
Cantourage AG		HIGH:FF	not rated
Flora Growth		FLGC	not rated
Grow Generation		GRWG	not rated
Intercure		INCR	not rated
Ispire Technology		ISPR	will cover
Leafly		LFLY	not rated
LFTD Partners Inc.		LIFD	Overweight
Smoores International		SMORF	will cover
Springbig		SBIG	not rated
Urban-gro		UGRO	not rated
WM Technology		MAPS	Neutral

Source: Z&amp;A ratings



# Appendix I: Company Financials



10 January 2025

## Tilray Brands: Updated Views and Estimates Post Fiscal 2Q25

### Exhibit 1: Financial Highlights

US\$ Mn	May FY23	Aug 1Q24	Nov 2Q24	Feb 3Q24	May 4Q24	May FY24	Aug 1Q25	Nov 2Q25	Feb 3Q25e	May 4Q25e	May FY25e	May FY26e	May FY27e
<b>Net Sales (\$ Mn)</b>	627.1	176.9	193.8	188.3	229.9	788.9	200.0	211.0	211.6	255.4	878.0	934.9	987.3
qoq ch %	na	-4%	10%	-3%	22%	na	-13%	5%	0%	21%	na	na	na
yoy ch %	0%	15%	34%	29%	25%	26%	13%	9%	12%	11%	11%	6%	6%
guidance							na	na	na	na	950-1000	na	na
consensus Sales									217.7	270.4	904.1	957.0	na
<b>Profit margins (on net sales)</b>													
Gross profit before FV adj	147.0	44.2	47.4	49.4	79.8	220.8	59.7	61.2	62.8	90.9	274.6	307.6	339.3
as % of sales	23.4%	25.0%	24.5%	26.2%	34.7%	28.0%	29.8%	29.0%	29.7%	35.6%	31.3%	32.9%	34.4%
Gross profit after FV adj	147.0	44.2	47.4	49.4	79.8	220.8	59.7	61.2	62.8	90.9	274.6	307.6	339.3
as % of sales	23.4%	25.0%	24.5%	26.2%	34.7%	28.0%	29.8%	29.0%	29.7%	35.6%	31.3%	32.9%	34.4%
Op exp	1,516.6	78.6	89.2	131.5	96.3	395.5	96.3	103.4	94.5	108.9	403.2	408.1	433.8
as % of sales	241.8%	44.4%	46.0%	69.8%	41.9%	50.1%	48.1%	49.0%	44.7%	42.7%	45.9%	43.7%	43.9%
EBIT	-1,369.7	-34.4	-41.8	-82.1	-16.5	-174.7	-36.6	-42.2	-31.7	-18.1	-128.6	-100.5	-94.5
as % of sales	-218.4%	-19.4%	-21.6%	-43.6%	-7.2%	-22.1%	-18.3%	-20.0%	-15.0%	-7.1%	-14.6%	-10.8%	-9.6%
adj EBITDA	58.7	10.7	10.1	10.2	29.5	60.5	9.3	9.0	13.9	26.3	58.6	82.2	92.4
as % of sales	9.4%	6.1%	5.2%	5.4%	12.8%	7.7%	4.7%	4.3%	6.6%	10.3%	6.7%	8.8%	9.4%
guidance					29-32	60-63	na	na	na	na	na	na	na
consensus adj EBITDA									12.7	34.7	68.8	92.7	na
as % of sales									5.8%	12.8%	7.6%	9.7%	na
<b>EPS</b>													
Pre tax income	-1,450.2	-48.6	-49.6	-107.9	-43.0	-249.0	-33.8	-83.2	-36.9	-23.2	-177.1	-120.9	-114.9
Tax rate assumption	-0.5%	14.9%	-6.8%	-2.7%	-64.2%	-10.7%	2.6%	2.4%	-0.5%	-0.5%	1.5%	-0.5%	-0.5%
Net income	-1,452.7	-71.5	-49.0	-92.7	-15.4	-236.2	-53.1	-85.3	-35.6	-22.3	-196.4	-116.7	-110.9
Share count (FD) Mn	618.0	691.2	730.8	754.4	794.2	742.6	831.9	831.9	903.3	903.3	867.6	903.3	903.3
EPS	-2.35	-0.10	-0.07	-0.12	-0.02	-0.32	-0.06	-0.10	-0.04	-0.02	-0.23	-0.13	-0.12
consensus									-0.03	-0.01	-0.12	-0.07	na
<b>BS &amp; CF highlights</b>													
Operating cash flow	8	-16	-30	-15	31	-31	-35	-41	-3	-37	-116	2	1
(-) Capex	-21	-4	-6	-10	-10	-29	-7	-5	-5	-5	-23	-17	-14
Free cash flow	-13	-20	-36	-25	21	-60	-42	-46	-9	-42	-139	-15	-12
Ending net cash (debt)	-131	-86	-193	-177	-61	-61	-42	-53	-62	-104	-104	-118	-130
Net debt/Sales	-0.2x	-0.1x	-0.2x	-0.2x	-0.1x	-0.1x	-0.1x	-0.1x	-0.1x	-0.1x	-0.1x	-0.1x	-0.1x
Net debt/EBITDA	-2.2x	-2.0x	-4.8x	-4.4x	-0.5x	-1.0x	-1.1x	-1.5x	-1.1x	-1.0x	-1.8x	-1.4x	-1.4x
Equity	3,316	3,379	3,368	3,359	3,453	3,453	3,478	3,473	3,437	3,415	3,415	3,298	3,187

Source: Z&A estimates, company reports

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## Tilray Brands: Updated Views and Estimates Post Fiscal 2Q25

### Exhibit 2: Divisional Split

	May FY23	Aug 1Q24	Nov 2Q24	Feb 3Q24	May 4Q24	May FY24	Aug 1Q25	Nov 2Q25	Feb 3Q25e	May 4Q25e	May FY25e	May FY26e	May FY27e
US\$Mn													
<b>Total net sales</b>	<b>627.1</b>	<b>176.9</b>	<b>193.8</b>	<b>188.3</b>	<b>229.9</b>	<b>788.9</b>	<b>200.0</b>	<b>211.0</b>	<b>211.6</b>	<b>255.4</b>	<b>878.0</b>	<b>934.9</b>	<b>987.3</b>
cannabis	220.4	70.3	67.1	63.4	71.9	272.8	61.2	65.7	64.2	66.7	257.8	290.8	328.4
beverage alcohol	95.1	24.2	46.5	54.7	76.7	202.1	56.0	63.1	64.6	102.1	285.7	300.1	304.7
pharma distribution	258.8	69.2	67.2	56.8	65.6	258.7	68.1	67.6	68.2	69.5	273.3	277.4	281.6
hemp food	52.8	13.3	12.9	13.4	15.7	55.3	14.8	14.6	14.6	17.1	61.1	66.6	72.5
<b>Gross Profits</b>	<b>147.0</b>	<b>44.2</b>	<b>47.4</b>	<b>49.4</b>	<b>79.8</b>	<b>220.8</b>	<b>59.7</b>	<b>61.2</b>	<b>62.8</b>	<b>90.9</b>	<b>274.6</b>	<b>307.6</b>	<b>339.3</b>
cannabis	57.7	19.8	20.6	20.9	26.3	87.7	24.2	23.2	23.1	25.4	95.8	111.1	128.7
beverage alcohol	46.3	12.9	16.0	18.9	40.8	88.6	22.9	25.2	27.1	52.1	127.3	140.5	152.3
pharma distribution	27.5	7.7	7.1	5.6	7.8	28.1	7.9	8.4	8.2	8.3	32.9	36.1	36.6
hemp food	15.5	3.8	3.7	4.1	4.9	16.4	4.7	4.5	4.4	5.1	18.6	20.0	21.8
<b>Mix of Gross Profits</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
cannabis	39%	45%	44%	42%	33%	40%	41%	38%	37%	28%	35%	36%	38%
beverage alcohol	32%	29%	34%	38%	51%	40%	38%	41%	43%	57%	46%	46%	45%
pharma distribution	19%	17%	15%	11%	10%	13%	13%	14%	13%	9%	12%	12%	11%
hemp food	11%	9%	8%	8%	6%	7%	8%	7%	7%	6%	7%	6%	6%

Source: Z&A estimates, company reports



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## Tilray Brands: Updated Views and Estimates Post Fiscal 2Q25

### Exhibit 3: Cannabis Projections

	May FY23	Aug 1Q24	Nov 2Q24	Feb 3Q24	May 4Q24	May FY24	Aug 1Q25	Nov 2Q25	Feb 3Q25e	May 4Q25e	May FY25e	May FY26e	May FY27e
US\$Mn													
<b>Total net sales</b>	<b>220.4</b>	<b>70.3</b>	<b>67.1</b>	<b>63.4</b>	<b>71.9</b>	<b>272.8</b>	<b>61.2</b>	<b>65.7</b>	<b>64.2</b>	<b>66.7</b>	<b>257.8</b>	<b>290.8</b>	<b>328.4</b>
Canadian rec	152.9	45.3	45.2	40.9	40.0	171.5	37.9	38.2	36.1	36.6	148.8	159.9	178.1
Canadian med	22.5	5.5	5.7	5.7	5.8	22.7	5.6	6.0	5.8	5.8	23.2	23.0	23.0
Canadian bulk	1.4	5.3	4.3	2.8	13.0	25.3	5.5	6.6	6.3	6.3	24.7	26.9	28.6
International	43.6	14.3	11.9	14.0	13.1	53.3	12.2	14.9	16.0	18.0	61.1	81.0	98.7
<b>YoY ch %</b>	<b>-7%</b>	<b>20%</b>	<b>35%</b>	<b>33%</b>	<b>12%</b>	<b>24%</b>	<b>-13%</b>	<b>-2%</b>	<b>1%</b>	<b>-7%</b>	<b>-5%</b>	<b>13%</b>	<b>13%</b>
Canadian rec	3%	8%	25%	27%	-6%	12%	-16%	-16%	-12%	-9%	-13%	7%	11%
Canadian med	-18%	-6%	-1%	5%	6%	1%	2%	6%	1%	0%	2%	-1%	0%
Canadian bulk	-79%	1251%	1717%	4666%	1632%	1665%	4%	54%	128%	-51%	-2%	9%	6%
International	-19%	37%	55%	44%	-17%	22%	-14%	25%	14%	37%	15%	33%	22%
<b>Mix %</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Canadian rec	69%	64%	67%	65%	56%	63%	62%	58%	56%	55%	58%	55%	54%
Canadian med	10%	8%	8%	9%	8%	8%	9%	9%	9%	9%	9%	8%	7%
Canadian bulk	1%	8%	6%	4%	18%	9%	9%	10%	10%	9%	10%	9%	9%
International	20%	20%	18%	22%	18%	20%	20%	23%	25%	27%	24%	28%	30%

Source: Z&A estimates, company reports

## Exhibit 4: Canadian Cannabis Rec Market Assumptions

Mn	2019	2020	2021	2022	2023	1Q24e	2Q24e	3Q24e	4Q24e	2024e	2025e	2026e	2027e
Our projections													
Rec (US\$)	926	1,955	3,092	3,470	3,826	887	919	1,012	996	3,814	3,911	4,068	4,205
Rec (C\$)	1,188	2,620	3,875	4,518	5,163	1,196	1,258	1,380	1,381	5,214	5,423	5,640	5,865
yoy ch %	679%	121%	48%	17%	14%	1%	-1%	0%	4%	1%	4%	4%	4%
qoq ch %	na	na	na	na	na	-10%	5%	10%	0%	na	na	na	na
	Nov	Nov	Nov	Nov	Nov	Feb	May	Aug	Nov	Nov	Nov	Nov	Nov
Rec (C\$)	1,097	2,470	3,819	4,448	5,140	1,237	1,231	1,355	1,380	5,203	5,417	5,634	5,935
yoy ch %		125%	55%	16%	16%	4%	-2%	-1%	4%	1%	4%	4%	5%
qoq ch %	na	na	na	na	na	-7%	-1%	10%	2%	na	na	na	na
Sales by province													
Ontario	254	722	1,423	1,803	2,125	457	477	533					
Alberta	286	575	717	797	894	223	223	242					
British Columbia	255	370	551	670	797	175	188	212					
Quebec	97	496	601	586	623	160	183	185					
Rest	296	457	583	662	723	180	310	149					
YoY ch %		121%	48%	17%	14%	1%	-1%	1%					
Ontario		184%	97%	27%	18%	-6%	-9%	-75%					
Alberta		101%	25%	11%	12%	8%	0%	-73%					
British Columbia		45%	49%	21%	19%	-3%	-6%	-73%					
Quebec		412%	21%	-2%	6%	10%	18%	-70%					
Rest		54%	28%	14%	9%	10%	77%	-79%					
QoQ ch %		na	na	na	na	-10%	5%	10%					

Source: Z&amp;A estimates, company reports

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## Tilray Brands: Updated Views and Estimates Post Fiscal 2Q25

### Exhibit 5: Cash Flow

SUMMARY CASH FLOW	May FY23	Aug 1Q24	Nov 2Q24	Feb 3Q24	May 4Q24	May FY24	Aug 1Q25	Nov 2Q25	Feb 3Q25e	May 4Q25e	May FY25e	May FY26e	May FY27e
US\$ 000s													
Net earnings	-1,443,000	-55,863	-46,183	-104,983	-15,375	-222,404	-34,652	-85,275	-35,598	-22,346	-177,871	-116,689	-110,914
(+) D&A	130,149	30,789	31,552	32,842	31,730	126,913	31,814	34,050	32,927	29,041	127,832	126,615	127,685
<b>Cash earnings</b>	<b>-1,312,851</b>	<b>-25,074</b>	<b>-14,631</b>	<b>-72,141</b>	<b>16,355</b>	<b>-95,491</b>	<b>-2,838</b>	<b>-51,225</b>	<b>-2,672</b>	<b>6,695</b>	<b>-50,039</b>	<b>9,926</b>	<b>16,771</b>
(-) Working capital changes	14,400	5,571	-13,059	-21,397	18,736	-10,149	-36,767	-18,285	-637	-43,626	-99,316	-7,607	-15,286
(-) Other operating flows	1,306,357	3,661	-2,719	78,177	-4,384	74,735	4,298	28,786	0	0	33,084	0	0
<b>Net cash used in operating activities</b>	<b>7,906</b>	<b>-15,842</b>	<b>-30,409</b>	<b>-15,361</b>	<b>30,707</b>	<b>-30,905</b>	<b>-35,307</b>	<b>-40,724</b>	<b>-3,309</b>	<b>-36,931</b>	<b>-116,271</b>	<b>2,318</b>	<b>1,485</b>
(-) net capex	-20,800	-4,152	-5,859	-9,528	-9,710	-29,249	-6,736	-5,436	-5,290	-5,108	-22,569	-16,828	-13,822
<b>Free cash flow</b>	<b>-12,894</b>	<b>-19,994</b>	<b>-36,268</b>	<b>-24,889</b>	<b>20,997</b>	<b>-60,154</b>	<b>-42,043</b>	<b>-46,160</b>	<b>-8,598</b>	<b>-42,039</b>	<b>-138,840</b>	<b>-14,510</b>	<b>-12,336</b>
(-) acquisitions	-26,718	22,956	-83,582	0	0	-60,626	0	-18,210	0	0	-18,210	0	0
(-) divestitures	4,304	342	23	801	7,343	8,509	28	603	0	0	631	0	0
(+) other	-35,663	41,480	13,290	39,976	78,867	173,613	-5,244	7,845	0	0	2,601	0	0
(+) share issuance	129,593	0	0	0	8,619	8,619	66,472	45,045	0	0	111,517	0	0
(+) share repurchase	-1,189	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
<b>Change in net</b>	<b>58,622</b>	<b>44,784</b>	<b>-106,537</b>	<b>15,888</b>	<b>115,826</b>	<b>69,961</b>	<b>19,213</b>	<b>-10,877</b>	<b>-8,598</b>	<b>-42,039</b>	<b>-42,301</b>	<b>-14,510</b>	<b>-12,336</b>
<b>Ending net (debt)</b>	<b>-131,243</b>	<b>-86,459</b>	<b>-192,996</b>	<b>-177,108</b>	<b>-61,282</b>	<b>-61,282</b>	<b>-42,069</b>	<b>-52,946</b>	<b>-61,544</b>	<b>-103,583</b>	<b>-103,583</b>	<b>-118,093</b>	<b>-130,429</b>
Cash/inv/sec	448,529	466,465	261,367	225,858	260,522	260,522	280,055	252,249	230,948	192,197	192,197	178,260	167,076
Gross debts/loans/bonds	579,772	552,924	454,363	402,966	321,804	321,804	322,124	305,195	292,492	295,780	295,780	296,353	297,505

Source: Z&A estimates, company reports



# Appendix II: Valuation Comps

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## Tilray Brands: Updated Views and Estimates Post Fiscal 2Q25

### Exhibit 6: Canadian LPs Valuation Multiples

Multiples 10-Jan-25	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			Financial Net Debt				Broadly Defined Net Debt			
	Sales			EBITDA			Sales		EBITDA		Sales		EBITDA	
	Current	2024	2025	Current	2024	2025	Current	CY24	Current	CY24	Current	CY24	Current	CY24
Aurora Cannabis	1.2x	1.2x	1.1x	9.4x	11.6x	8.1x	na	na	na	na	0.0x	na	-0.4x	na
Auxly Cannabis Group	0.5x	na	na	2.8x	na	na	-0.4x	na	-2.0x	na	-0.5x	na	-2.8x	na
Avant Brads	0.6x	na	na	2.0x	na	na	-0.1x	na	-0.4x	na	-0.4x	na	-1.2x	na
BZAM	0.3x	na	na	3.4x	na	na	-0.2x	na	-2.4x	na	-0.3x	na	-3.4x	na
Cannara Biotech	0.9x	na	na	6.6x	na	na	0.0x	na	0.0x	na	0.0x	na	0.0x	na
Canopy Growth	3.1x	2.8x	2.6x	-36.6x	-46.8x	381.3x	-1.3x	-1.2x	15.3x	19.5x	-1.3x	-1.2x	15.3x	19.5x
Cronos Group	-2.8x	-2.5x	-2.1x	7.1x	9.2x	-345.9x	na	na	na	na	7.8x	6.9x	-19.7x	-25.6x
Decibel Cannabis	0.9x	0.8x	0.6x	4.8x	4.5x	3.2x	-0.4x	-0.4x	-2.1x	-2.0x	-0.4x	-0.4x	-2.1x	-1.9x
Organigram Holdings	1.0x	na	na	-83.7x	na	na	na	na	na	na	1.1x	na	-95.7x	na
Rubicon Organics	0.5x	na	na	7.3x	na	na	0.0x	na	-0.4x	na	0.0x	na	-0.4x	na
SNDL	0.6x	0.6x	0.6x	14.4x	383.8x	na	na	na	na	na	0.2x	0.2x	4.4x	118.3x
Tilray Brands	1.5x	1.4x	1.3x	8.8x	18.5x	13.8x	-0.1x	-0.1x	-0.4x	-0.8x	-0.1x	-0.1x	-0.8x	-1.7x
Village Farms International	0.3x	0.3x	0.3x	1.1x	10.5x	4.4x	-0.1x	-0.1x	-0.2x	-2.2x	-0.1x	-0.1x	-0.2x	-2.3x

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

Source: FactSet, company reports, and Z&A estimates

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## Tilray Brands: Updated Views and Estimates Post Fiscal 2Q25

### Exhibit 7: Canadian LPs EV Calculations

C\$Mn 10-Jan-25	FactSet Spot EV	Z&A Spot EV	C\$ price	mn shares	mn deriv	Total Mkt Cap	Financial net debt	Net leases	ST income tax liab.	Conting Cons.	ITM deriv inflow	Total BOND	Pref Stock Min Int
Aurora Cannabis	298	382	5.81	54.9	1.2	326	27	-43		0		-16	40
Auxly Cannabis Group	181	58	0.05	0.0	0.0	0	-41	-15		-2		-58	
Avant Brads	213	22	0.79	10.5	0.3	9	-5	-8				-13	
BZAM	112	45	0.00	180.8	0.2	0	-31	-14				-45	
Cannara Biotech	85	73	0.81	90.0	0.0	73	0	0	0			0	
Canopy Growth	na	773	3.38	131.6	1.5	450	-323					-323	
Cronos Group	-103	-426	2.75	271.8	6.3	765	1,193	-2				1,191	
Decibel Cannabis	67	76	0.07	576.7	16.3	43	-34	0				-33	
Organigram Holdings	155	155	2.19	133.6	17.7	332	177		0			177	
Rubicon Organics	27	25	0.39	56.2	4.3	24	-1	0				-1	
SNDL	429	555	2.59	264.3	16.2	726	209	-38				171	
Tilray Brands	1,655	1,793	1.72	903.3	26.1	1,595	-74	-68		-21		-163	35
Village Farms International	141	127	1.07	79.4		85	-26	-1				-27	15

Source: FactSet, company reports, and Z&A estimates



## Exhibit 8: US MSO Valuation Multiples

US\$Mn 10-Jan-25	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>1.5x</b>	<b>1.4x</b>	<b>1.2x</b>	<b>6.8x</b>	<b>6.3x</b>	<b>5.2x</b>								
Ascend Wellness	1.1x	1.1x	1.0x	6.0x	5.5x	5.0x	-0.4x	-0.4x	-2.2x	-2.4x	-0.9x	-0.9x	-4.6x	-5.1x
Ayr Wellness	0.8x	0.8x	0.8x	3.6x	3.5x	3.3x	-0.8x	-0.8x	-3.4x	-3.4x	-0.7x	-0.7x	-2.9x	-2.9x
Cannabist Co	0.9x	0.9x	0.9x	7.0x	6.8x	5.2x	-0.6x	-0.6x	-4.4x	-4.5x	-0.8x	-0.8x	-6.2x	-6.4x
Consortium	1.1x	1.1x	na	4.0x	4.0x	na	na	na	na	na	na	na	na	na
Cresco Labs	1.4x	1.4x	1.4x	4.8x	4.9x	5.1x	-0.5x	-0.5x	-1.8x	-1.8x	-0.8x	-0.8x	-2.8x	-2.7x
Curaleaf	1.8x	1.8x	1.6x	7.8x	7.8x	6.5x	-0.5x	-0.5x	-2.3x	-2.3x	-0.9x	-0.9x	-3.8x	-3.8x
4Front Ventures	1.9x	1.9x	na	7.0x	7.0x	na	na	-1.0x	na	-3.8x	na	-1.7x	na	-6.5x
Glass House	2.4x	3.2x	na	7.6x	17.8x	na	-0.1x	na	-0.7x	na	-0.3x	-0.2x	-1.8x	-0.8x
Gold Flora	1.0x	1.0x	0.8x	11.7x	54.3x	7.3x	na	-0.3x	na	na	na	-0.9x	na	na
Goodness Growth	2.2x	2.2x	na	-125.1x	9.0x	na	-0.5x	-0.5x	-2.1x	29.1x	-0.9x	-0.9x	-3.7x	51.1x
Green Thumb	1.7x	1.7x	1.6x	5.4x	5.3x	5.4x	-0.1x	-0.1x	-0.2x	-0.2x	-0.1x	-0.1x	-0.4x	-0.4x
Grown Rogue	3.3x	3.3x	na	4.5x	4.5x	na	na	na	na	na	na	na	na	na
iAnthus	1.2x	1.2x	na	9.4x	9.4x	na	na	-1.0x	na	-7.3x	na	-1.0x	na	-7.5x
Jushi	1.5x	1.4x	1.3x	8.8x	7.3x	6.1x	-0.6x	-0.7x	-3.3x	-4.0x	-1.2x	-1.2x	-6.1x	-7.4x
MariMed	0.9x	0.9x	0.8x	7.9x	7.5x	4.6x	-0.4x	-0.4x	-3.3x	-3.5x	-0.5x	-0.5x	-4.2x	-4.5x
Planet 13	1.0x	1.1x	na	24.6x	26.9x	na	0.2x	0.1x	4.0x	3.7x	-0.1x	-0.1x	-1.7x	-1.5x
Schwazze	1.1x	1.1x	na	7.8x	5.2x	na	-0.9x	-0.9x	-4.2x	na	-1.1x	-1.1x	-5.2x	na
TerrAscend	1.7x	1.7x	1.7x	9.4x	8.8x	8.4x	-0.6x	-0.6x	-2.9x	-3.1x	-1.0x	-1.0x	-5.3x	-5.7x
TILT	1.0x	0.9x	1.0x	-17.6x	-17.6x	87.3x	-0.5x	-0.6x	13.0x	9.9x	-0.9x	-1.0x	22.7x	17.3x
Trulieve	1.4x	1.4x	1.3x	4.3x	4.1x	4.1x	-0.3x	-0.3x	-0.7x	-0.8x	-0.6x	-0.6x	-1.8x	-1.8x
Verano	1.2x	1.2x	1.2x	4.2x	4.1x	3.9x	-0.4x	-0.4x	-1.3x	-1.4x	-0.7x	-0.8x	-2.5x	-2.5x
Vext	1.8x	1.8x	na	5.5x	7.2x	na	-0.9x	-0.9x	-3.6x	-2.8x	-0.9x	-0.9x	-3.6x	-2.7x

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

Source: FactSet, company reports, and Z&A estimates

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## Tilray Brands: Updated Views and Estimates Post Fiscal 2Q25

Exhibit 9: US MSOs EV Calculations

US\$Mn 10-Jan-25	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>													
Ascend Wellness	588	608	0.42	214.5	13.3	96	-241	-134	-137			-512	
Ayr Wellness	615	378	0.46	114.0	31.1	67	-359	4	-11	0	55	-311	
Cannabist Co	542	415	0.07	472.7	8.2	35	-269	-26	-86			-380	
Cansortium	140	123	0.09	304.9	5.6	27	-59	-9	-29			-97	
Cresco Labs	879	989	0.95	441.0	8.9	428	-365	-56	-130	-10		-561	
Curaleaf	1,926	2,358	1.44	743.8	11.2	1,086	-678	-24	-389	-56		-1,146	126
4Front Ventures	231	145	0.01	915.2	3.8	11	-79	-8	-40	-6	0	-134	
Glass House	401	623	5.79	81.0	3.5	489	-25	0	-4	-32		-61	72
Gold Flora	130	130	0.03	287.7	0.1	7	-40	-34	-44	-4		-123	
Goodness Growth	125	218	0.55	230.3	4.1	129	-51	-10	-29			-89	
Green Thumb	1,947	1,932	7.33	236.2	9.3	1,799	-82	-28	-23	0	0	-133	
Grown Rogue	75	89	0.63	143.5		90	5	-2	-2			1	
iAnthus	39	200	0.01	6,615.3		39	-156	-5				-161	
Jushi	328	363	0.30	196.7	0.0	58	-165	-1	-139			-305	
MariMed	128	148	0.12	381.3	6.7	45	-66	-1	-17			-83	19
Planet 13	92	128	0.37	325.2	0.3	120	19	-7	-16	-5		-8	
Schwazze	173	187	0.01	80.2		1	-151	-2	-33	0		-186	
TerrAscend	394	517	0.58	355.8	3.1	206	-172	-5	-128	-4		-310	
TILT	108	111	0.01	390.6	4.4	2	-62	-44	-2			-108	
Trulieve	1,004	1,636	4.89	186.0	3.3	926	-300	-21	-384	-5		-710	
Verano	770	1,077	1.17	356.9	8.6	427	-355	-6	-285	-4		-651	
Vext	47	63	0.13	245.5	3.4	32	-32	1				-31	

Source: FactSet, company reports, and Z&A estimates

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## Tilray Brands: Updated Views and Estimates Post Fiscal 2Q25

### Exhibit 10: Stock Performance

10-Jan-25	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
<b>US MSOs</b>			
Ascend	-10%	-46%	-65%
Ayr	-16%	-75%	-79%
Cannabist	-22%	-64%	-85%
Consortium	-4%	-48%	-10%
Cresco	-12%	-42%	-45%
Curaleaf	-19%	-51%	-67%
4Front	-45%	-77%	-89%
GlassHouse	-12%	-34%	12%
Gold Flora	-22%	-69%	-88%
Vireo Growth	67%	17%	117%
Grown Rogue	-9%	-10%	102%
Green Thumb	-14%	-29%	-35%
iAnthus	-22%	-44%	-77%
Jushi	-10%	-41%	-49%
MariMed	-10%	-21%	-59%
Planet13	-3%	-35%	-53%
Schwazze	-90%	-91%	-99%
StateHouse	na	na	-50%
Trulieve	-9%	-58%	-17%
TerrAscend	-24%	-51%	-68%
Vext	-11%	-14%	-42%
Verano	-18%	-63%	-76%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
<b>Canadian LPs</b>			
Aurora	-8%	-23%	-11%
Avant	37%	-26%	-83%
Auxly	30%	28%	180%
Cannara	13%	33%	-5%
Canopy	-34%	-40%	-48%
Cronos	-3%	-7%	-6%
Decibel	8%	28%	-52%
Entourage	-33%	-37%	-40%
High Tide	-13%	38%	79%
Nova	MN/A	MN/A	MN/A
OGI	-1%	-6%	14%
Rubicon	1%	-9%	-26%
SNDL	-3%	-4%	17%
Tilray	-7%	-23%	-42%
VFF	-4%	-13%	-4%
<b>CBD</b>			
CVSI	-5%	-22%	-4%
CWEB	5%	-6%	-40%
LFID	-13%	-44%	-78%
<b>International</b>			
InterCure	18%	-22%	-4%
PharmaCielo	-32%	32%	117%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
<b>MJ Fincos</b>			
AFCG	-13%	-14%	-30%
CNPOF	-20%	-42%	-10%
IIPR	-41%	-51%	-32%
NLCP	-12%	-12%	2%
SHFS	-11%	-24%	-74%
LIEN	-10%	-11%	36%
REFI	-7%	-3%	-4%
<b>Tech</b>			
LFLY	18%	-21%	-68%
SBIG	-6%	-11%	-37%
MAPS	1%	60%	62%
<b>Vape parts</b>			
GNLN	-6%	-65%	-74%
ISPR	-23%	-30%	-61%
SMORF	-7%	8%	83%
TLLTF	-37%	-52%	-78%
<b>Index</b>			
S&P 500	-4%	1%	22%
S&P 477	-6%	-4%	8%
Nasdaq	-5%	5%	34%
MSOS ETF	-15%	-49%	-53%
YOLO ETF	-9%	-24%	-27%

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 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.*



## Disclosures and Disclaimers

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