



Ratings

Store Insights Report

B+

Store Rating: B+

Portfolio Health: High Grade

Inventory Exposure: \$36,476

Area of concern: Overstocking in select categories

Portfolio Information:

Retailer: THC Shop

Legal Name: Coastal Herb

Address: 1740 Atlantic Ave, Atlantic City, NJ 08401

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Category Risk Opinions

Drink (brand ct: 5)

Rating: B+

Outlook: Negative

Inventory Exposure: \$-593

You are currently overstocked by \$593 in the Drink category.

Edible (brand ct: 27)

Rating: CC+

Outlook: Negative

Inventory Exposure: \$-8,103

You are currently overstocked by \$8,103 in the Edible category.

Flower (brand ct: 37)

Rating: BB

Outlook: Negative

Inventory Exposure: \$-11,592

You are currently overstocked by \$11,592 in the Flower category, severely exceeding recommended inventory levels.

Preroll (brand ct: 25)

Rating: BB-

Outlook: Negative

Inventory Exposure: \$-6,766

You are currently overstocked by \$6,766 in the Preroll category, resulting in excess inventory exposure.

Topical (brand ct: 2)

Rating: B

Outlook: Neutral

Inventory Exposure: \$-126

You are currently overstocked by \$126 in the Topical category, slightly exceeding recommended inventory levels.

Vape (brand ct: 16)

Rating: BB-

Outlook: Negative

Inventory Exposure: \$-7,168

You are currently overstocked by \$7,168 in the Vape category.



Category Risk Opinions - cont.

Wax (brand ct: 10)

Rating: CC

Outlook: Negative

Inventory Opportunity: \$-2,126

You are currently overstocked by \$2,126 in the Wax category.

Analyst Opinion:

The inventory portfolio demonstrates certain areas that needs significant improvement from a stocking perspective. The current rating reflects a selection of brands with steady profit margins but a need for improvement in which brands we stock and improvements with profit margin.



Executive Summary & Portfolio Health

ANALYST OPINION

The B+ Risk Rating reflects a portfolio that requires improvement in stocking the appropriate amounts of inventory in relation to the stability and overall financial risk of those brands. **Inventory risk is fairly spread across all categories with drinks and topicals being of least concern, this exposure represents the risk of aging inventory, expiration, and the constricted cash flow from paying vendors while waiting for the product to sell.**

The outlook remains Fair. Management has the opportunity to improve portfolio quality through inventory rationalization and targeted reductions within overstocked categories. Successful execution of these initiatives may improve cash flow efficiency, reduce inventory exposure, and support future rating upgrades.

Z Ratings believes the portfolio maintains adequate overall inventory quality despite elevated exposure within select categories. Continued inventory optimization efforts may improve cash flow efficiency, reduce portfolio risk, and support future rating upgrades.

Glossary

Grade	Risk Classification
AAA	High-Grade
AA+	High-Grade
AA	High-Grade
AA-	High-Grade
A+	High-Grade
A	High-Grade
A-	High-Grade
BBB	High-Grade
BB+	High-Grade
BB	High-Grade
BB-	High-Grade
B+	High-Grade
B	High-Grade
B-	High-Grade
CCC	Speculative
CC+	Speculative
CC	Speculative
CC-	Speculative
C+	Speculative
C	Speculative
C-	Speculative