



STATEHOUSE

H O L D I N G S

PREMIER CALIFORNIA OPERATOR BUILDING A PROFITABLE PLATFORM
March 2024



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FORWARD LOOKING STATEMENTS

Certain information set forth in this presentation, together with any supplements and any other information that may be furnished to prospective investors by the Company in connection therewith, contains “forward-looking statements” and “forward-looking information” within the meaning of applicable Canadian securities legislation (referred to herein as forward-looking statements). Except for statements of historical fact, certain information contained herein constitutes forward-looking statements which include but are not limited to statements related to activities, events or developments that the Company expects or anticipates will or may occur in the future, statements related to the Company’s business strategy objectives and goals, and management’s assessment of future plans and operations which are based on current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Forward-looking statements can often be identified by the use of words such as “may”, “will”, “could”, “would”, “anticipate”, “believe”, “expect”, “intend”, “potential”, “estimate”, “budget”, “scheduled”, “plans”, “planned”, “forecasts”, “goals” and similar expressions or the negatives thereof. Forward-looking statements are neither historical facts nor assurances of future performance. Forward-looking statements in this business overview include statements regarding: successful and timely expansion of cultivation facilities; incremental improvements to cultivation yields and cost structure as a result of said expansion; the Company’s retail expansion strategy and plans to grow its market share in California; the development and expansion of the Company’s brands; and strategic acquisition opportunities. Forward-looking statements are based on a number of factors and assumptions made by management and considered reasonable at the time such information is provided, and forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

Risk factors that could cause actual results, performance or achievement to differ materially from those indicated in the forward-looking statements include, but are not limited to the following: the market for the Company’s products; the timing and unpredictability of regulatory actions; regulatory, legislative, legal or other developments with respect to its operations or business; general economic conditions and financial markets; the loss of key management personnel; capital requirements and liquidity; access to capital; the timing and amount of capital expenditures; the impact of the COVID-19 pandemic; conflicts of interest; uninsurable risks; and litigation and other factors beyond the Company’s control.

Readers are cautioned that the foregoing list and the risk factors referred to under the heading “Risk Factors” are not exhaustive. All of the forward-looking statements made in this presentation are qualified by these cautionary statements and other cautionary statements or other factors contained herein. Although management believes that the expectations conveyed by forward-looking statements herein are reasonable based on information available on the date such forward-looking statements are made, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change except as required by applicable securities laws. The forward-looking statements contained herein are presented for the purposes of assisting readers in understanding the Company’s plan, objectives and goals and may not be appropriate for other purposes. The reader is cautioned not to place undue reliance on forward-looking statements.

ASSUMPTIONS

The Company made the following assumptions and relied on the following factors and considerations in this presentation: 1) Targets are based on historical results of the underlying entities including the consolidated results of operations, where applicable; 2) Targets are subject to increased capacity and production estimates for flower yields and additional cultivation expansion plans being realized during fiscal year 2022; 3) Revenue sustainability and growth depend on a variety of factors, including among other things, location, competition, legal and regulatory requirements. Pricing is projected using a combination of ongoing and anticipated market trends, as well as recently realized wholesale and retail prices; and 4) Cost of goods sold, before taking into account the impact of fair value changes in biological assets (which are non-cash in nature, and, accordingly, are excluded from calculations of Adjusted EBITDA), has been projected based on estimated costs of production and capacity available from a vertically integrated supply chain. Cost of goods sold relating to retail inventory purchased from third-parties has been projected in line with historical levels. However, gross margin can be influenced by a number of factors including, among other things, the cost and yields of cannabis cultivation and production, wholesale cannabis prices, and other relevant factors.

FUTURE-ORIENTED FINANCIAL INFORMATION

To the extent any forward-looking statement in this presentation constitutes “future-oriented financial information” or “financial outlooks” within the meaning of applicable Canadian securities laws, such information is being provided to demonstrate the anticipated market penetration and the reader is cautioned that this information may not be appropriate for any other purpose and the reader should not place undue reliance on such future-oriented financial information and financial outlooks. Future-oriented financial information and financial outlooks, as with forward-looking statements generally, are, without limitation, based on the assumptions and subject to the risks set out above under the heading “Forward Looking Statements” and “Assumptions”. The Company’s actual financial position and results of operations may differ materially from management’s current expectations. Any future-oriented financial information and financial outlooks used herein is neither audited nor reviewed. Where possible, the information has been constructed by management from available audited or audit reviewed financial statements. Where no audited or audit reviewed information has been available, additional management accounting information has been utilized to construct the financial information. The targets set forth in the future-oriented financial information, and the related assumptions, involve known and unknown risks and uncertainties that may cause actual results to differ materially. While the Company believes there is a reasonable basis for these targets, such targets may not be met. Accordingly, do not place undue reliance on any future-oriented financial information or financial outlooks.

PRESENTATION OF FINANCIAL INFORMATION

Certain financial information included in this presentation is neither audited nor reviewed. Where possible, the information has been constructed by management from available audited or audit reviewed financial statements. Where no audited or audit reviewed information has been available, additional management accounting information has been utilized to construct financial information. Financial statements have not been prepared in accordance with the same standards. Readers are cautioned not to place undue reliance on such information.

THIRD PARTY INFORMATION

This presentation also contains or references certain market, industry and peer group data which is based upon information from independent industry publications, market research, analyst reports and surveys and other publicly available sources. Although the Company believes these sources to be generally reliable, such information is inherently imprecise, subject to interpretation and has not been verified by the Company due to limits on the availability and reliability of data, the voluntary nature of the data gathering process and other inherent limitations and uncertainties. The Company has not independently verified any of the data from third party sources referred to in this presentation and accordingly, the accuracy and completeness of such data is not guaranteed. The Company does not make any representation or warranty, express or implied as to, and no reliance should be placed on, the fairness, completeness, correctness or accuracy of such information.

NON-IFRS MEASURES, RECONCILIATION AND DISCUSSION

This presentation contains references to certain non-IFRS financial measures, including “EBITDA”, “Adjusted EBITDA”, “Adjusted EBITDA margin”, “Gross profit”, and “Gross margin”. EBITDA, which means earnings before interest, taxes, depreciation, and amortization, is used as an indicator of the Company’s overall profitability. Adjusted EBITDA is a measure of the Company’s overall financial performance and is used as an alternative to earnings or net income in some circumstances. Adjusted EBITDA is essentially net income (loss) with interest, taxes, depreciation and amortization, non-cash adjustments and other unusual items added back. Adjusted EBITDA Margin is Adjusted EBITDA divided by revenue and is expressed as a percentage. This measure can be used to analyze and compare profitability among companies and industries, as it eliminates the effects of financing and capital expenditures. It is often used in valuation ratios and can be compared to enterprise value and revenue. Gross Profit is the difference between revenue and cost of goods sold. Gross Margin is the Gross Profit divided by revenue and is expressed as a percentage. These measures do not have any standardized meaning according to International Financial Reporting Standards (“IFRS”) and therefore may not be comparable to similar measures presented by other companies.

There are no comparable IFRS financial measures presented in Harborside’s unaudited condensed interim consolidated financial statements. Reconciliations of the supplemental non-IFRS financial measures are presented in the Company’s most recent management’s discussion and analysis (the “MD&A”). The Company believes that the non-IFRS measures provide information useful to shareholders and investors in understanding our performance and may assist in the evaluation of the Company’s business relative to that of its peers. For more information, please see “Use of Non-IFRS Financial Measures” in the Company’s most recent MD&A available on www.sedar.com.

RISK FACTORS

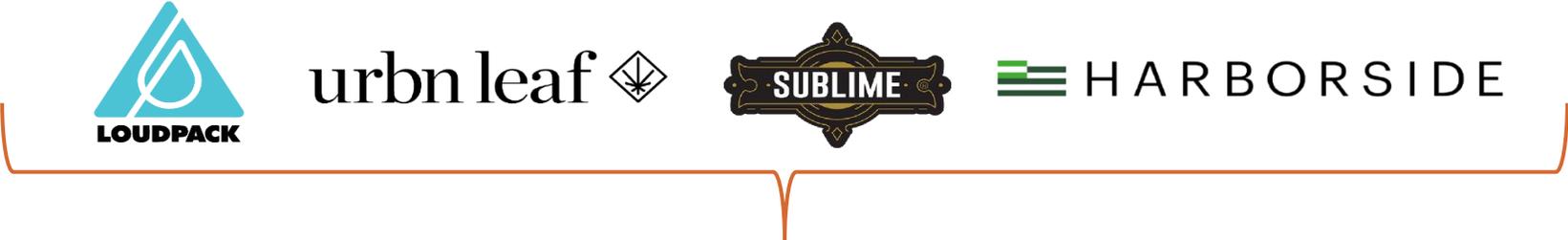
There are a number of risk factors that could cause future results to differ materially from those described herein. A discussion of the principal risk factors relating to the Company’s operations and business, appear in the listing statement of the Company dated May 30, 2019, and the Company’s most recently-filed MD&A, both of which are publicly available on the Company’s profile on www.sedar.com. Additional risks and uncertainties, including risks related to the Company’s acquisition of FGW Haight, Inc. and other potential acquisitions, and those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company’s business or any investment therein.

CANNABIS-RELATED PRACTICES OR ACTIVITIES ARE ILLEGAL UNDER U.S. FEDERAL LAWS

Harborside derives 100% of its revenues from doing business in the cannabis industry in the U.S. The concepts of “medical cannabis” and “adult-use cannabis” do not exist under U.S. federal law. The U.S. Federal Controlled Substances Act classifies “marijuana” as a Schedule I drug. Accordingly, cannabis-related practices or activities, including without limitation, the manufacture, sale, importation, possession, use or distribution of cannabis and its derivatives are illegal under U.S. federal law and the enforcement of the relevant laws poses a significant risk. These laws and their enforcement are in flux and vary dramatically from jurisdiction to jurisdiction. The enforcement of these laws and its effect on the Company and its business, employees, directors and shareholders are uncertain, and accordingly, involve considerable risk. Strict compliance with state laws with respect to cannabis will neither absolve the Company of liability under U.S. federal law, nor will it provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may adversely affect the Company’s operations and financial performance. See “Risk Factors” above.

Premier California Operator

Delivering best in class cultivation, leading consumer brands, and a statewide retail presence.



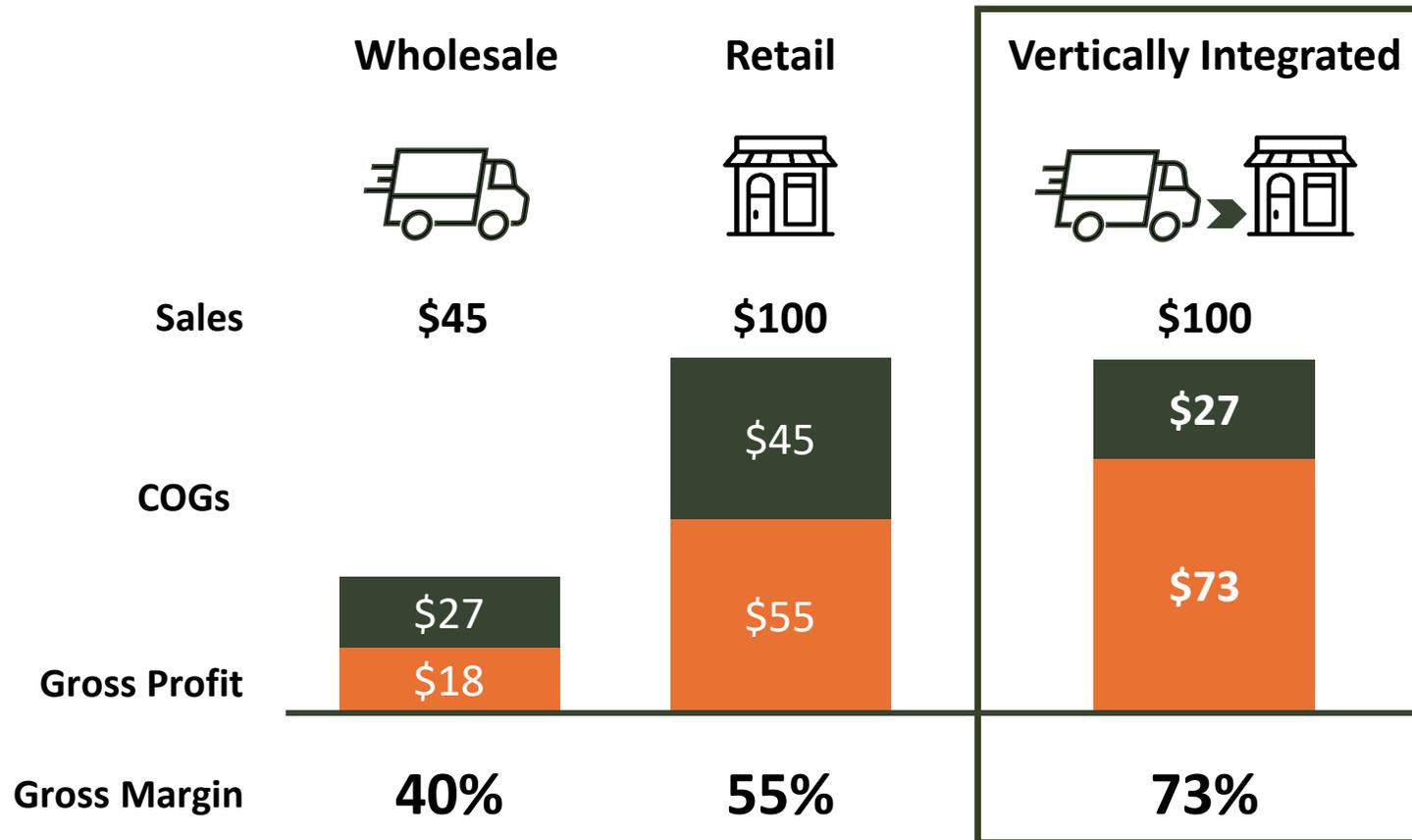
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Building A Profitable Platform

Vertical structure to control quality, limit impact of commodity price swings, maximize margin and secure direct access to consumers, resulting in more consistent margins when compared to standalone operators¹



Sources: Management estimates

Notes: (1) This is a forward looking statement that is subject to a number of risks and assumptions. See "Cautionary Statements", "Forward Looking Statements", "Future-Oriented Financial Information" and "Assumptions" on pages 2 and 3. (2) This is a non-IFRS reporting measure. See "Non-IFRS Measures, Reconciliation and Discussion".

Adding Quality At Every Step Of The Value Chain

Progressive and **award-winning** greenhouse cultivation bringing science-based horticultural practices to cannabis

Optimized manufacturing facility **ramping up capacity** utilization

Top retailers with **attractive store footprint** and **300,000-member** STASH customer loyalty program

Expanded strategic offering with new **high margin** managed service business line

Skilled sales team selling **legacy brands** across the state



Vertically Integrated Operations

Cultivation

205,000 sq ft of operational mixed light canopy in the Salinas Valley

Manufacturing

State-of-the-art processing facility with \$400M+ of annual capacity ^{1,2}

Wholesale

In-house sales team leveraging Nabis to distribute owned brands to over 600 3rd party retailers

Retail

11 Locations under Urbn Leaf and Harborside

(1) This is a forward looking statement that is subject to a number of risks and assumptions. See "Cautionary Statements", "Forward Looking Statements", "Assumptions" and "Future-Oriented Financial Information" on pages 2 and 3. (2) Assumes current market pricing for branded products, maximum utilization of currently installed equipment and operating the facility at 24 hours per day 6 days per week.

Best-In-Class Cultivation



Enhancing cultivation practices through strategic partnerships with key genetics breeders and academic research providers



On-going research to improve growing techniques and develop new technology to enhance terpene profiles, yields, and shelf appeal



Vastly improved cultivation output with 2023 yields up 50% over 2022 at Salinas due to improved lighting and growing techniques



Awarded Gold and Silver medals at the California State Fair

Manufacturing Top Quality Products

Years of Perfecting the Craft

With 8+ years combined experience in manufacturing, Statehouse is innovating the way flower, concentrates, vapes and edibles are crafted. Our products keep up with the ever-changing need for new cannabinoids, while also introducing new formats and ratios to keep things fresh and exciting for the everyday consumer.

Consistency and Quality are Key

As a fully seed to sale organization we have complete control over our supply chain. We take care in ensuring every step of the cultivation and manufacturing process is quality controlled to the highest level of detail. Assuring our customers that every product they receive is safe and enjoyable.

Capacity to produce all StateHouse products and brands while offering white label services for 3rd party brands.



Delivering Value And Quality To Customers

Retail

- Increased California retail presence in key strategic markets with a new Urbn Leaf dispensary and consumption lounge in West Hollywood at premier location on Sunset Boulevard
- In-house branded products representing >50% of total retail sales
- Launched high-value customer loyalty program “Stash”, which hit a milestone 300,000 members



Branded Sales

- Steady growth of our branded sales in 2023 in a declining market
- Introduced innovative new products and developed a quarterly launch plan for new and revised products

LA WEEKLY'S 2022 Top 2 California Dispensaries



#1

 HARBORSIDE

"Harborside, the original legal cannabis retailer in California, has played an instrumental role in making cannabis safe and accessible to a broad and diverse community since 2006".



#2

urbn leaf 

"Urbn Leaf has been at the forefront of normalizing a cannabis lifestyle in creating engaging programs for urbanites as well as active aging communities, through education, community interactions and social equity programs".

LA WEEKLY

For more information, click below:

[LA WEEKLY'S 2022 BEST DISPENSARIES & DELIVERY](#)

Meeting Consumers With A Statewide Retail Presence



11 Retail Locations

Statewide retail presence consolidated under the Urbn Leaf banner, coupled with in-house delivery services

930,000

Unique Customers in the Trailing 12 Months

\$57

Average Basket Size

Centralized Supply Chain Assets

Producing all product forms except beverage

Proximity of supply chain assets generates synergies and reduced fixed costs

Strategic High Margin Expansion

Managed Service Business Line

By utilizing extensive company experience and expertise, StateHouse has built a comprehensive suite of managed service offerings designed to support both burgeoning enterprises looking to break new ground, established operations in need of revitalization, and distressed assets needing complete restoration and revival.

New agreement with Pelorus for StateHouse to operate a Humboldt County Cultivation Facility:

The Humboldt Facilities include a **150,000 sq ft** greenhouse production facility with **four acres** of field production, a **10,000 sq ft** biomass processing facility, and a **2,000 sq ft tissue** culture laboratory. Providing a full range of services, including:

- Cultivation and operational expertise,
- Human resources, legal, and compliance,
- Post-harvest production and processing,
- Contract manufacturing, and
- Distribution and safety management.



Leveraging Our Established Platform For Growth⁽¹⁾

- Continued cultivation improvements, including the addition of CO2, lighting and air circulation in Q1 2024, which is anticipated to increase cannabis yields and potency.
- Optimizing manufacturing through additional automated trimming and pre-roll production, expected to improve throughput, consistency, and quality to contribute to improving cash flow.
- Curated product line with emphasis on higher margin products backed by aggressive digital marketing program to drive customer engagement and sales. Funding new product development to revitalize our brands, increase market penetration, and order sizes.
- Adding new outside brands to sales platform to drive fee revenue and increase market share at retailer and adding White Label clients to our cultivation and manufacturing businesses, increasing volume (asset utilization) and margin.
- Reviewing large pipeline of acquisitions in California to expand our retail base.
- Recently expanded into managed service opportunities to gain access to biomass and earn management fees. Reviewing additional opportunities in California, Michigan and Illinois to scale this line of business for cultivation and branded sales management.



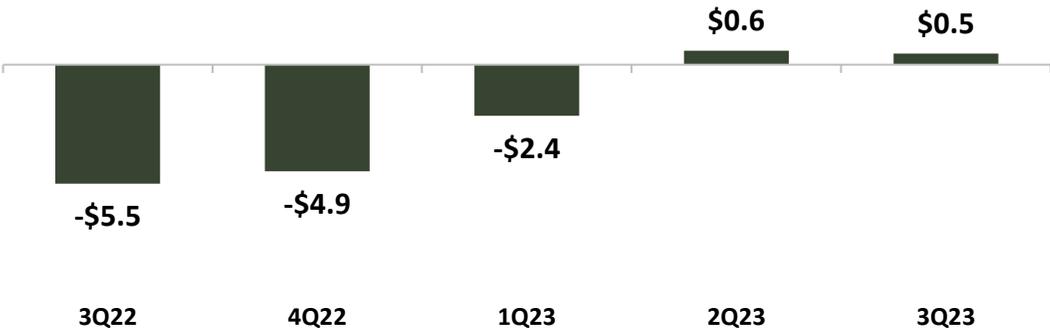
(1) These targets, and the related assumptions, involve known and unknown risks and uncertainties that may cause actual results to differ materially. While StateHouse believes there is a reasonable basis for these targets, such targets may not be met. These targets represent forward-looking information. Actual results may vary and differ materially from the targets. See "Forward-Looking Information" slide.

Improving Financial Metrics in a Challenging Market

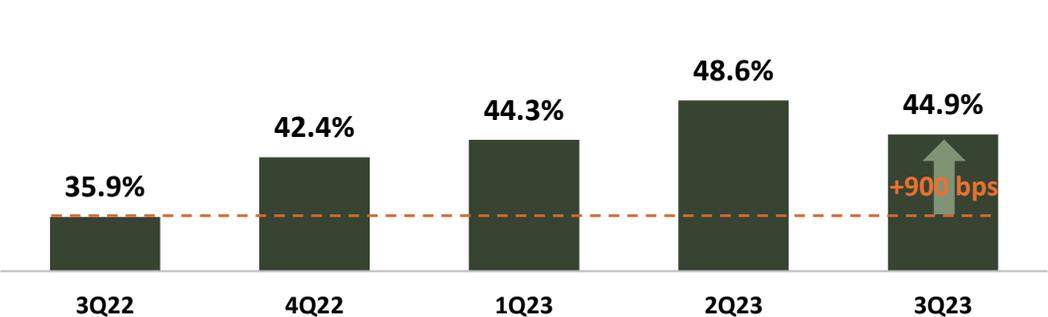
Net Revenue USD\$M



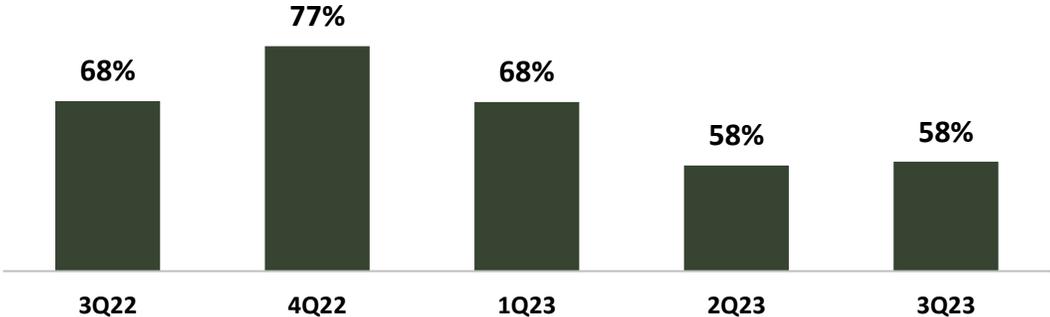
Adjusted EBITDA USD\$M



Adjusted Gross Margin %



OPEX as a % of Net Revenue



Bolstered Balance Sheet

Strengthened financial position through an agreement with Pelorus for revised debt obligations and a capital infusion

- Extended the repayment date of the Series A Loan Agreement to February 10, 2027,
- Incremental term loan of \$7.521 million

Debt Summary

	\$	Interest	Maturity
Pelorus	77.3	10.25% Cash	2/2027
Series A (Pelorus)	15.0	SOFR +12.5%	2/2027
Carryover Notes	27.8	9.0% Accruing	4/2025
Tax Provisions	16.5	n/a	n/a
IRS Payment Plan	5.7	0.0%	4/2032

Sources: Company filings.

Notes: (1) Fully diluted shares outstanding presented in millions. (2) See "Cautionary Statements", "Forward Looking Statements", "Future-Oriented Financial Information" and "Presentation of Financial Information" on pages 2 and 3. (4) Capitalization balances based on Q3 2022 public reporting

Executive Team

Experienced and motivated leadership team with extensive background leading successful CPG and cannabis companies



Edward Schmults

Chief Executive Officer and Director



Kavi Bhai

Chief Financial Officer



Will Senn

Chief Corporate Development Officer



Jack Nichols

General Counsel



Robert Bacchi

Chief Technology Officer



Board of Directors



Matthew Hawkins
Chairman



Edward Schmults
Chief Executive Officer and Director



James Scott
Director



Felicia Snyder
Director

Investment Highlights

Leading market position in California, the largest U.S. cannabis market, est. 2025 revenue of \$7.4B

Vertically integrated operating platform, to maximize returns at every stage of the cannabis value chain

Strong cultivation and manufacturing capabilities, meeting 100% of Statehouse's own retail needs

Leading brand house with a top-three retail platform in California, diversified products across multiple brands, form factors, and price points

Well positioned to expand through organic growth, consolidation of California's fragmented cannabis industry and new high margin managed service business line

EST



2021

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