

Acquire a very well-equipped sun powered grow producing low-cost, high-quality cannabis

**Sax Capital Partners LLC is acting as the exclusive sell-side
Financial Advisor to the Company**



Sax Capital

Investment Highlights

The Company is a Washington based, Tier 3, sun-grown cannabis cultivator and processor, operating at ½ capacity and earning c.\$ 622 thousand in revenue in 2021, while advancing its gross margins to c.25%

- **The Company** is a profitable, organic cannabis cultivator, based in Washington.
- **Strong fundamentals with more capacity additions to materialize on** The Company has had very solid operations in the last five years, as reflected in historical revenue performance and gross margins. Revenue has been travelling in the vicinity of c.\$ 700 thousand, on average, despite recent pricing pressures. At baseline, Management expects to increase revenue to approximately \$ 1 million and gross margins topping 38% by 2022, underpinned by (i) new product additions; (ii) new partnerships in retail and footprint expansion; (iii) a continuation of scale economics ; (iv) deepening capital expenditure into capacity additions; and (v) the more aggressive marketing campaigns that will add to an already very strong brand.

Key product lines

- A premium, top quality product line; and
- Standard product line

Greenhouses and logistics



Key data



Canopy
Hybrid
30,000 sq.



Average price of flower to retailers
\$481 per lbs



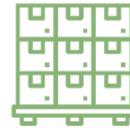
Facilities
Production
141,570 sq ft



Licenses
Tier 3 P/P
Licenses



Yearly flower capacity
2800 Pounds



Average price of flower wholesale
\$205 per lbs



Yearly Trim capacity
1200 Pounds



Average wholesale price of trim
\$68 per lbs

The industry has secular growth momentum

Cannabis in the US is set to carry on the continued path of growth and profitability underpinned by:

- Federal legalization in sight;
- Robust business models;
- The easier access to finance and capital;
- The capture of the illicit market and increase of cannabis users; and
- Intensive Capex deployment targeted to increase scale.

...and so is the Company by leveraging :

- The already profitable business model and Management expertise;
- The efficient cost structure in production;
- The future expansion plans in greenhouses, processing and logistics; and
- The additions of new “moaty” products as the most efficient way to further elevate returns on capital and value creation;



Industry Themes

The US cannabis industry is poised to become one of the best long-term growth opportunities in decades

Strong margins and solid growth

Expanding market

Federal legalization

Access to finance

The industry is increasing scale

The business prospects for the future are compelling, with continued growth expected in existing markets, as well as new medical and / or adult-use markets over the next couple of years. These will be translated strong revenue growth and solid EBITDA margins

As per baseline estimates from COWEN, BDSA Research, the Total Addressable Market (TAM) is expected to grow to c.USD 68 billion and further advance to c.USD 100 billion by 2030, showcasing a 5% CAGR

Federal legalization seems inevitable and this will certainly be the major catalyst for the sector growth

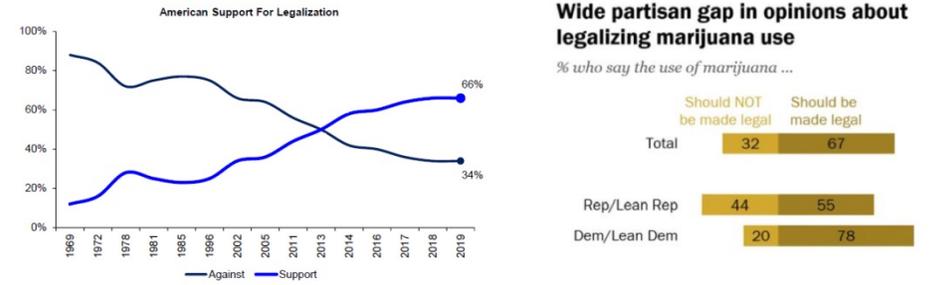
Cost of debt is still high (10%-11%), but accessing capital is getting easier, boosted by the STATE Act

Capital expenditure is on the rise, underpinned by industry growth positive outlook

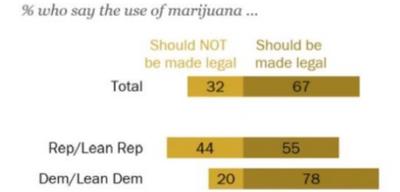
Key Catalysts for Future Growth

- The US cannabis industry is poised to potentially become one of the best long-term growth opportunities in decades.
- After a tough year, spurred by legislative gridlock at the federal level, concerns about pricing, margins and growth, the sector suffered from negative investor sentiment, as reflected in the 2021 average returns. However, this does not negate a strong underlying growth story, with very solid margins embedded, as the industry advances to capture its TAM (total addressable market) by cannibalizing the illicit market, state-level expansion by targeting 50mm US cannabis users, to accessing capital in easier ways, deploying more growth Capex and consolidating through active M&A.

Federal legalization is inevitable underpinned by (i) the clear bipartisan consensus; and (ii) the increasing American support for legalization

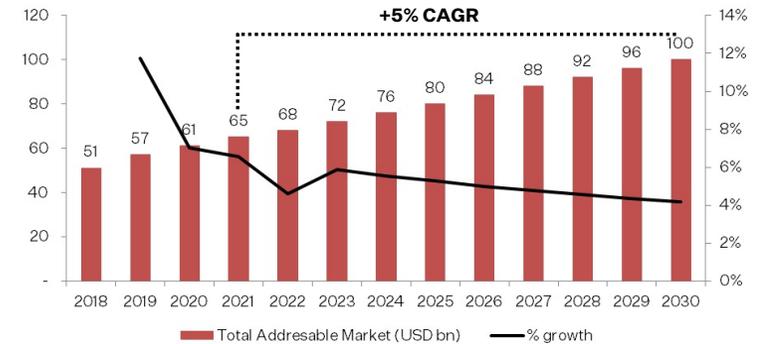


Wide partisan gap in opinions about legalizing marijuana use



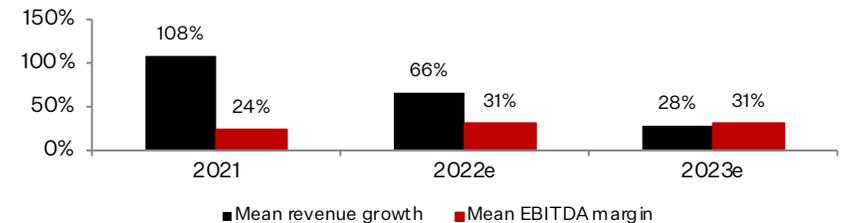
Source: Gallup International

The Total Addressable Market (TAM) growth will be driven by (i) the cannibalization of the illicit markets; and (ii) penetration growth in cannabis users expected to reach at c.50 million.



Source: Cowen Research, State Reports, Sax Capital analysis

Consensus revenue growth and EBITDA margins for already profitable companies are expected to consolidate in the next two years



Source: Company reports, Capital IQ, Sax Capital analysis
*Already profitable companies

Company Overview

- The Company** is a profitable, Washington based cannabis cultivator and processor, operating a land plot that features senior water rights, two acres of fenced in production area, and sits in an ideal climate for cannabis cultivation with 190 days of sun per year, low relative humidity, a warm fall season, and just 9 inches of rain and 6 inches of snow spread across 68 days per year.
- Cost efficient cannabis products** including a range of premium cannabis products and widely recognizable brands of flower, pre-rolls, and enhanced pre-rolls. The Company's products are currently sold **in 40+ dispensaries in Washington**.
- Already profitable, good gross margins** The Company topped \$US 0.6 million in revenue in 2021, with core gross margins settling at \$US 0.15 million. From 2018 to 2021, the Company has earned c.37% gross margins, while revenue is expected to top \$US 0.9 million in 2022.
- High level of Management expertise** The Founders and key Management have **EXTENSIVE expertise** in cannabis strains and organic farming. Leveraging on this consolidated culture, it has allowed the Company to develop cost efficient, premium products and increase yields since the very beginning.
- Real estate is a real opportunity** The Company has 35 acres of ideal farmland with senior irrigation rights, allowing them to grow quality sun grown cannabis. A 2.5-acre portion of the land is fenced and used as the production area with some outlying areas. The outlying area is used for irrigation, water storage, equipment storage, and employee parking. The production area contains 4 small greenhouses, as well as three large, uncovered greenhouses that could be fully built out. The outdoor production area of High Five is 141,570 sq ft where most of the plants are grown. The packaging, processing, and curing of the flowers takes place in the indoor processing area of 2,400 sq ft.
- Highly efficient logistics and production capacity** Production facilities are highly modernized, efficient and complementing the positioning of the Company to produce cost efficient, sun-grown, organic cannabis products. At baseline, Management believes that production capacity can be increased even further, leveraging on the land size and processing capabilities.
- Value creation vision** is clear and rests on producing cost efficient, "moaty", high quality products and brands, leverage on the increase of scale to further optimize the cost structure and ultimately vertically integrate in order to provide encapsulation to potential pricing pressures.

An Asset-Rich Company with very solid operations

Cost leadership and great quality

- low production utility costs;
- compared to most other grow locations in Washington, there is less danger of an early frost destroying the crops, and the dry climate minimizes the risk of mold; and
- the soil is rich in the necessary nutrients and is well-drained due to the cloth pots used in cultivation.

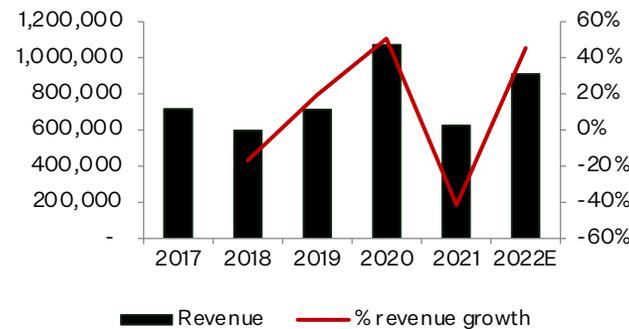
Solid operations despite pricing pressures

- robust market share with consolidated revenue growth and client base in the past 3 years; and
- very good gross;

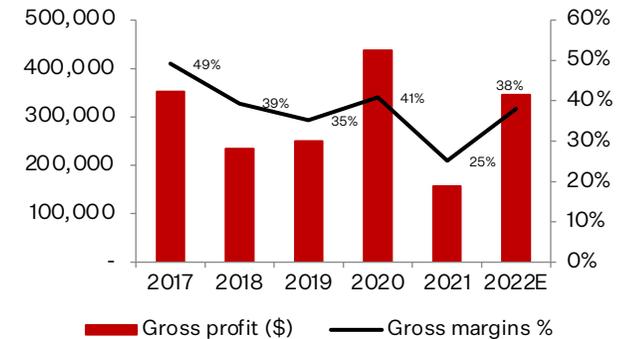
A real opportunity to acquire Real Estate

- 35 acres of ideal farmland with senior irrigation rights, allowing them to grow quality sun grown cannabis;
- four small greenhouses with real potential to add three large ones and boost production capacity; and
- the packaging, processing, and curing of the flowers takes place in the indoor processing area of 2,400 sq ft.

Revenue performance (2017-2022E)



Gross profit performance (2017-2022E)



Information About The Exclusive Financial Advisor

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