

Acquire a Leading, Highly Profitable, Award-Winning Cannabis Cultivator and Processor

**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, profitable, organic cannabis cultivator and processor poised to advance to \$12 million in revenue and \$4 million in core EBITDA by 2024

- **The Company** is a highly profitable, award winning, hybrid organic cannabis cultivator, based in Washington.
- **Strong fundamentals and even a stronger brand**, as reflected in historical revenue performance and EBITDA margins. At baseline, Management expects to increase revenue to approximately \$ 12 million and EBITDA margins topping 30% by 2024, underpinned by (i) new product additions; (ii) new partnerships in retail and footprint expansion; (iii) a continuation of scale economics ; (iv) deepening capital expenditure with \$5 million in the next three years, to enhance production capacity; and (v) the more aggressive marketing campaigns that will add to an already very strong brand.

Key products

- Multiple Brand Lines of:
 - Flower;
 - Pre-rolls (multi-brand lines);
 - Enhanced Pre-rolls
 - Vape Cartridges (multi-brand lines); and
 - Concentrates.

Greenhouses and logistics



Key data



Canopy
Hybrid
60,000 sq.



Average price of flower to retailers
\$1.75 per gram



Facilities
Production
110,300 sq ft



Licenses
2 Tier 3 P/P
Licenses



Monthly flower capacity
2000 Pounds



Average price of flower wholesale
\$1.20 to \$1.50 per gram



Monthly Trim capacity
1500 Pounds



Average wholesale price of trim
\$0.24 per gram

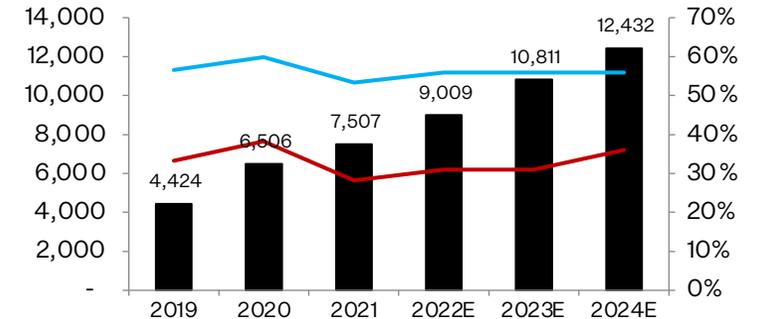
The industry has secular growth momentum

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 supply chain management and far-reaching partnerships;
- The strong brand and even stronger product quality;
- 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;



■ Revenue (\$US'000) — % EBITDA margin — % gross margin

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

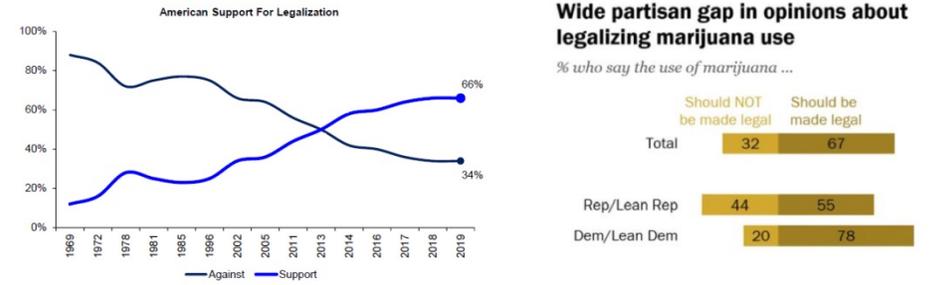
Cost of debt is still high (10%-11%), but accessing capital is getting easier, boosted by the STATE Act

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

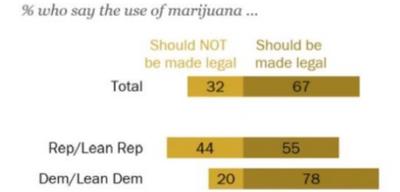
Key Catalysts for Future Growth

- 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

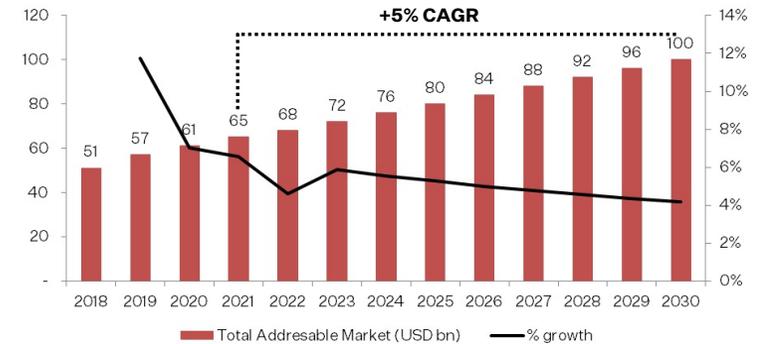


Wide partisan gap in opinions about legalizing marijuana use



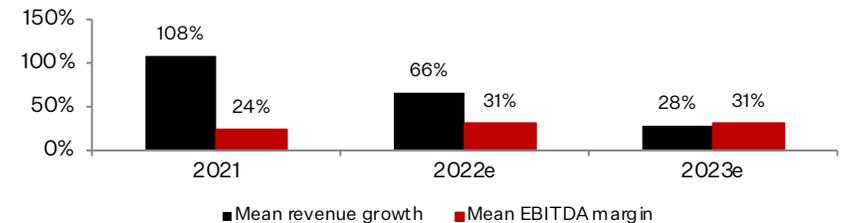
Source: Gallup International

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 highly profitable, award winning, greenhouse-producing organic cannabis cultivator, based in Washington.
- Top quality cannabis products** including a range of premium cannabis products and widely recognizable brands of flower, edibles, oils, vape cartridges, pre-rolls, and enhanced pre-rolls. The Company's products are currently **in 100+ dispensaries in Washington**, while a new partnership with a well-known nationwide brand, is expected to expand their retail footprint in the state dramatically.
- Already profitable, high EBITDA margins** The Company topped \$US 7.5 million in revenue in 2021, with core EBITDA settling at \$US 2.1 million. From 2018 to 2021, the Company has grown at a c.30% rate in revenue, while EBITDA margins have been robust at c.33%. At baseline, the Company is expected to advance to \$12 million in revenue by 2024 and a 2x 2021 EBITDA for the same year, underpinned by the deployment in greenhouse Capex, elevated product quality and enhanced efficiency in supply chain networks and partnerships.
- 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 premium products and increase yields since the very beginning.
- Scale and Capex** have shown strong momentum since 2018, with the Company focused to add to its greenhouses and modern production systems. This in turn, has helped to monetize on the generated **scale economics**, dragging production costs down. For the next 3 years, the Company plans to deploy \$5 million in Capex.
- Strong sales channel** Supply chain management **has been key** to the Company's success as **it is wide and far-reaching**. Leveraging on this, the Company has built strong business relationships with a number of premium state processors. The brand is very strong and Management expects to enhance it with future partnerships with celebrity brands.
- Highly efficient logistics and production capacity** Production facilities are highly modernized, efficient and complementing the positioning of the Company to produce top quality, organic cannabis products. Production capacity is increasing in response to the ever-increasing demand for the Company's products. The Company deployed more than \$4 million in Capex between 2020 and 2021.
- Value creation vision** is clear and rests on producing "moaty", high quality products and brands, leverage on the very efficient supply chains, increase scale to optimize the cost structure and ultimately vertically integrate in order to provide encapsulation to potential pricing pressures.

A profitable company with a clear Competitive Moat in cultivation and processing

Clear competitive moat poised to deepen

- Strong brand and quality and organic products
- Wide, efficient partnerships and supply chain
- Optimized cost structure and economics of scale

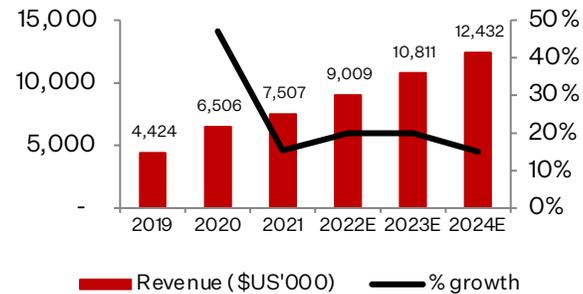
Profitability is there and consolidating

- Robust market share with consolidated revenue growth in the past 3 years
- Historical high EBITDA margins
- 2022-2024e average revenue growth of c.18%
- 2022-2024e EBITDA margin targeting to remain stable at 33%

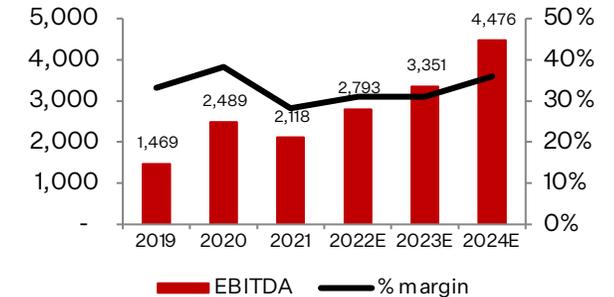
Scale and future Capex to add to cash flows

- Continued attention to monetize on scale economics
- \$4 million in Capex between 2020 and 2021
- \$5 million in new Capex for the next 3 years.
- \$2 million in free cash flow by 2024.

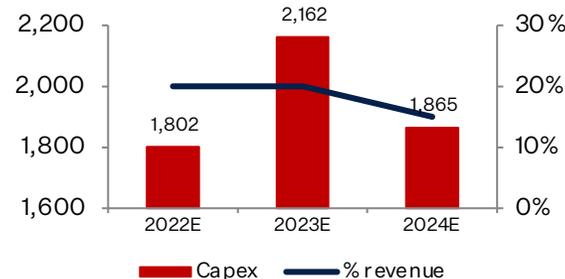
Revenue performance (2018-2024E)



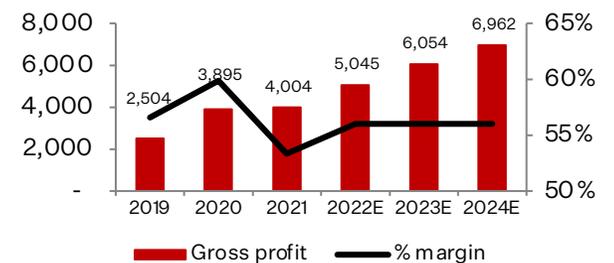
EBITDA performance (2018-2024E)



Capex deployment (2022E-2024E)



Gross profit performance (2018-2024E)



Information About The Exclusive Financial Advisor

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