

# GLASS HOUSE BRANDS

NEO: GLAS.A.U

OTCQX: GLAS.F

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Q2 2023 INVESTOR PRESENTATION

# DISCLAIMERS



## Cautionary Statements

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All financial information is in U.S. dollars, unless otherwise indicated.

## Forward Looking Information

Certain information set forth in this presentation and any other information that may be furnished to prospective investors by the Company in connection therewith, other than statements of historical fact, may be considered "forward-looking statements" and "forward-looking information" within the meaning of applicable Canadian securities legislation (referred to herein as forward-looking statements). Forward-looking statements 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 Corporation's business strategy objectives and goals, and the Corporation's management's assessment of future plans and operations which are based on management's 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", "should", "anticipate", "believe", "expect", "intend", "potential", "estimate", "budget", "scheduled", "plans", "planned", "forecasts", "goals" and similar expressions or the negatives thereof.

In particular, and without limiting the generality of the foregoing, forward looking statements in this presentation include statements related to the buildout and development of the cultivation facility owned by the Company in Camarillo, California (referred to herein as the SoCal Farm); the Company's business plans and strategies; the addressable markets for the Company's products; the Company's competitive position; the ability to develop products, scale production and distribute products; the Company's plans to grow its market share in existing and new markets; the Company's investment in new technologies and products; the Company's expansion of production capacity; the development and expansion of the Company's brands; strategic acquisition opportunities; the future size of the cannabis market in California and the United States; the receipt of licenses from regulatory authorities; and the Company's future financial performance. In addition, the financial projections and estimates contained under "Pro Forma Wholesale Biomass Economics" and elsewhere in this presentation, including proforma gross profit and gross profit margin constitute "**forward looking information**" within the meaning of applicable securities laws. Such information is being provided to demonstrate potential future outcomes and may not be appropriate for other purposes and should not be relied upon as necessarily being indicative of future financial results. Forward looking statements involve known and unknown risks and uncertainties, many of which are beyond our control, that could cause actual results to differ materially from those that are disclosed in or implied by such forward looking statements. These risks and uncertainties include, but are not limited to, those described in the Risk Factors and the other risk factors identified in this presentation. Although the Company has attempted to identify the main risk factors that could cause actual results to differ materially from those contained in forward looking statements, there may be other risk factors not presently known to the Company or that they presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. Although the forward-looking statements contained in this presentation are based upon what the Company believes are reasonable assumptions, you are cautioned against placing undue reliance on these statements since actual results may vary from the forward-looking statements. Any data demonstrating the historical performance contained in this presentation are intended only to illustrate past performance and are not necessarily indicative of the future performance of the Company. Consequently, all of the forward-looking statements contained in this presentation are qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that the Company anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on our business, financial condition or results of operation.

## Non-GAAP Measures

This presentation makes reference to certain non-U.S. GAAP measures, such as proforma gross profit and gross profit margin, among other non-GAAP measures that may be identified herein. These measures are not recognized under U.S. GAAP and do not have a standardized meaning prescribed by U.S. GAAP. Rather, these measures are provided as additional information to complement U.S. GAAP measures by providing further understanding of GH Group's results of operations from management's perspective. Market participants frequently use non-U.S. GAAP measures in the evaluation of issuers. The Company's management uses these non-GAAP measures for trend analyses and for budgeting and planning purposes. The Company believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating projected operating results and trends in and in comparing the Company's financial measures with other similar companies, many of which present similar non-GAAP financial measures to investors. Management of the Company do not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in the Company's financial statements. In addition, they are subject to inherent limitations as they reflect the exercises of judgments by management about which expense and income are excluded or included in determining these non-GAAP financial measures. You should review the Company's current financial statements and not rely on any single financial measure to evaluate the Company's business. Readers are also referred to the heading "Non-GAAP Financial Measures" in the Company's Q2 2023 MD&A at [www.Sedarplus.ca](http://www.Sedarplus.ca).

## Cannabis-related Activities are Illegal Under U.S. Federal Laws

The Company 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 "marihuana" 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.

## ACHIEVEMENTS



### WE LISTED IN JUNE 2021, WHAT HAVE WE ACCOMPLISHED SINCE?

- ❖ Acquired the 165-acre SoCal Farm, with 5.5m sq ft of cultivation footprint spread amongst 6 state-of-the-art greenhouses.
- ❖ Obtained and immediately drew down \$50m senior secured loan from Whitehawk to fund capex for the Phase I retrofit of the SoCal Farm in December 2021.
- ❖ SoCal Farm licenses acquired in March 2022, first harvest in late May, first sale in late June - all ahead of schedule.
- ❖ Acquired PLUS Gummies, a top five California edibles brand, in April 2022.
- ❖ Expanded from 3 Dispensaries to 10.
- ❖ Raised \$31m in cash in 2H22 via our Series B and Series C Preferred Stock offerings and have \$15 million in commitments for Series D Preferred Stock offering, as well as \$8 million cash received.
- ❖ In Q2 2023, wholesale biomass revenues and volume sales more than quadrupled versus the previous year, and revenues from our retail dispensaries doubled to \$10 million due to the acquisition of 4 dispensaries and the addition of 3 new ones.
- ❖ We began retrofitting SoCal Farm Greenhouse 5 in July with cultivation expected to begin in early 2024. When complete, it will expand existing capacity by 250,000 pounds, or more than 70%.<sup>1</sup>

GLASS HOUSE ACHIEVED 31% REVENUE GROWTH IN 2022 AND EXPECTS TO GROW 2023 REVENUE TO \$165 - \$170 MILLION, WHICH IS MORE THAN 80% GROWTH VERSUS 2022. WE WERE CASH FLOW POSITIVE IN THE FIRST TWO QUARTERS OF THIS YEAR AND EXPECT TO BE CASH FLOW POSITIVE FOR REST OF YEAR.

1. Assumes sufficient capital for conversion, the availability of additional licenses, and supporting market conditions.

# INVESTMENT HIGHLIGHTS



## **LARGEST CULTIVATION FOOTPRINT, UNMATCHED CAPACITY**

UP TO 6M SQ. FT. OF BEST-IN-  
CLASS CULTIVATION FACILITIES



## **A BRAND-BUILDING MACHINE IN THE #1 US MARKET**

HIGH QUALITY, SUN-GROWN CANNABIS  
AT SCALE AND PREDICTABLE SUPPLY  
CAPABILITY SUPPORT THE SUCCESS OF  
OUR BRANDED PRODUCTS



## **CALL OPTION ON INTERSTATE COMMERCE**

STRONGLY POSITIONED TO  
CARRY LEADING MARKET SHARE  
AND COST ADVANTAGE  
NATIONWIDE



## **COMPELLING COST STRUCTURE**

100% OWNED CULTIVATION  
ASSETS; STATE-OF-THE ART  
AND GEOGRAPHICALLY  
CONCENTRATED



## **DEVELOPING A ROBUST RETAIL, DELIVERY AND DISTRIBUTION NETWORK**

STRONG ACCESS TO CUSTOMER  
TOUCH AND SHELF SPACE TO  
DRIVE BRAND AWARENESS AND  
PLACEMENT



## **TOP ESG PLAY IN CANNABIS**

95% LOWER CO<sub>2</sub> EMISSIONS  
AND ENERGY USE THAN THE  
AVERAGE INDOOR GROW





WE ASPIRE  
TO BE THE

**# 1**

CANNABIS  
COMPANY

IN THE

**# 1**

MARKET IN  
THE  
WORLD



## MISSION

BECOME THE LARGEST AND MOST  
PROFITABLE VERTICALLY-INTEGRATED  
CANNABIS COMPANY IN CALIFORNIA,  
DELIVERING BRANDS TO CONSUMERS  
ACROSS ALL SEGMENTS

# CALIFORNIA: HIGH GROWTH & CONSOLIDATION POTENTIAL



**30 M**  
ADULTS<sup>1</sup>



**> 260 M**  
TOURISTS<sup>2</sup>



**~ 5,600**  
CULTIVATORS<sup>3</sup>



**~ 1,150**  
DISTRIBUTORS<sup>3</sup>



**1,700**  
RETAILERS<sup>3</sup>



**~ 750**  
BRANDS<sup>4</sup>

1. Source: <https://www.census.gov/quickfacts/CA>

2. Source: <https://industry.visitcalifornia.com/research/travel-forecast>

3. Source: <https://search.cannabis.ca.gov>

4. Source: Headset, the number of brands selling flower, pre-rolls, edibles and/or vape products with sales greater than \$30k during Q2 2023. Exact number is 748, down from 960 in June 2022 and 955 at the end of Q1 2022.



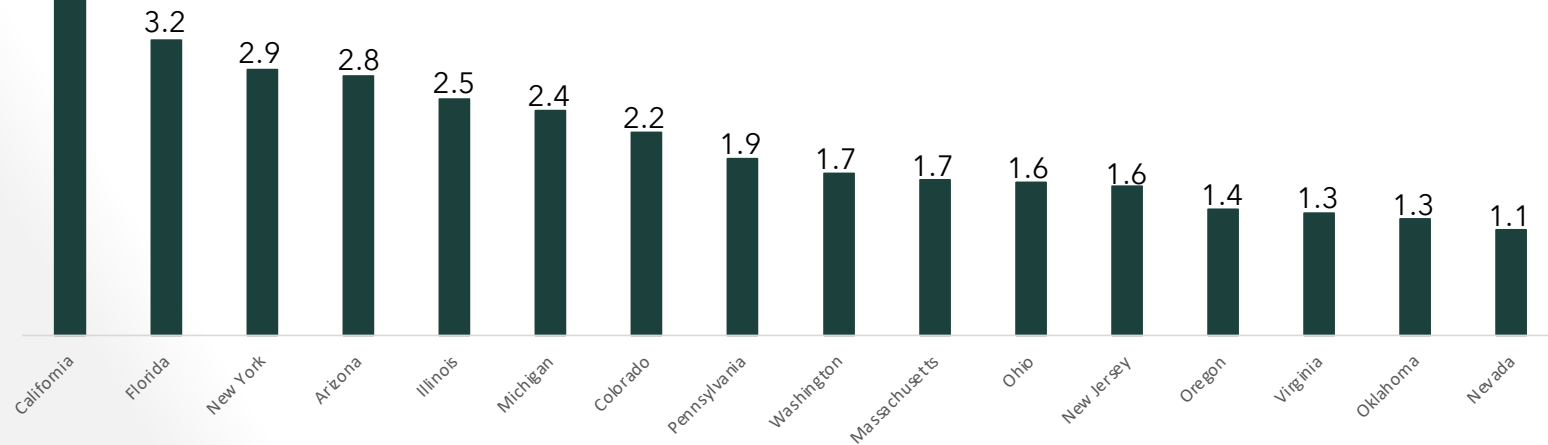
# CALIFORNIA: LARGEST SINGLE US CANNABIS MARKET

2025e ----- 7.8  
Market Size  
Projection  
(Legal, \$B)

2022a -----  
Market Size  
\$5.3B (Legal)\*

THE LEGAL MARKET IN CALIFORNIA IS MORE THAN **TWICE THE SIZE** OF THE NEXT BIGGEST MARKET;  
ALMOST AS LARGE AS THE NEXT THREE STATES **COMBINED**

THE ILLEGAL MARKET IN CALIFORNIA IS ESTIMATED TO BE **2X - 3X** THE SIZE OF THE LEGAL MARKET, REPRESENTING HUGE POTENTIAL UPSIDE FOR LEGAL BRANDS AS MORE AND MORE COUNTIES LEGALIZE DISPENSARIES IN THEIR JURISDICTIONS



Source: Headset forecast for 2025 US Market Forecasts, as of February 2022

\* California Department of Tax and Fee Administration, Legal Cannabis Retail Revenues for 2022

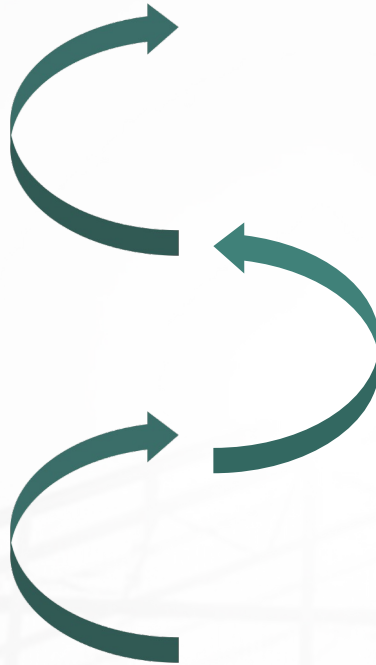
# THE VERTICAL ADVANTAGE



Increased cultivation utilization



Increased brand sales



Increased wholesale CPG



Owned stores

## NEW DISPENSARIES

- NHC: Grover Beach, Lemoore, Morro Bay & Turlock<sup>1</sup>
- The Pottery<sup>2</sup>
- Pharmacy: Santa Ynez, Isla Vista<sup>3</sup>



1. The NHC - Grover Beach and NHC - Lemoore dispensary acquisitions closed on 7 Sep 2022. For more information, please see [here](#). The NHC - Morro Bay dispensary acquisition closed 15 Sep 2022. For more information, please see [here](#). The NHC - Turlock acquisition closed on 21 Apr 2023, please see [here](#) for more information.

2. Acquired the remaining equity ownership interests of The Pottery on July 28th, 2022. For more detail, please see [here](#).

3. Pharmacy Isla Vista opened in December 2022. For more detail, please see [here](#). Pharmacy Santa Ynez opened in early January 2023. For more detail, please see [here](#).

# UNMATCHED CAPACITY AND RAPIDLY EXPANDING RETAIL FOOTPRINT



## We added 7 new dispensaries since September 2022 and now have a total of 10

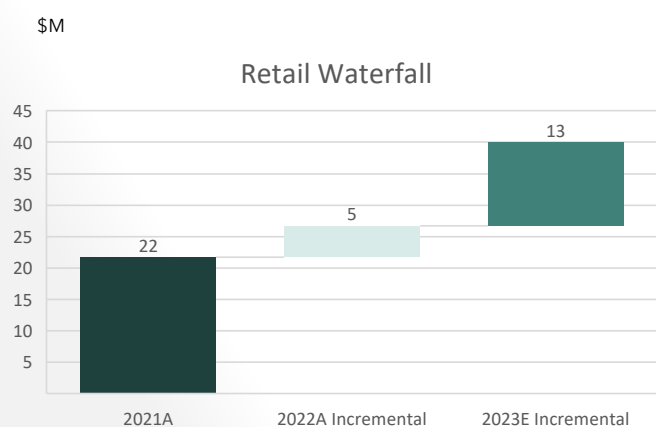
- Acquired the remaining equity ownership interests of The Pottery in Q3 22.<sup>1</sup>
- Acquired 3 NHC dispensaries in Grover Beach, Lemoore and Morro Bay in Q3 22 and opened NHC-Turlock on April 27<sup>th</sup>, 2023. <sup>2</sup>
- Farmacy Isla Vista opened in December '22 and Santa Ynez opened in early January '23.<sup>3</sup>

1. Acquired the remaining equity ownership interests of The Pottery on July 28th, 2022. For more detail, please see [here](#).
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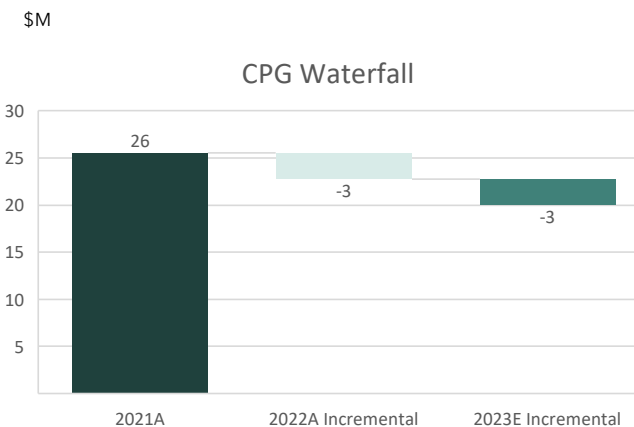
# DRAMATIC EXPANSION IN REVENUES ALREADY UNDERWAY



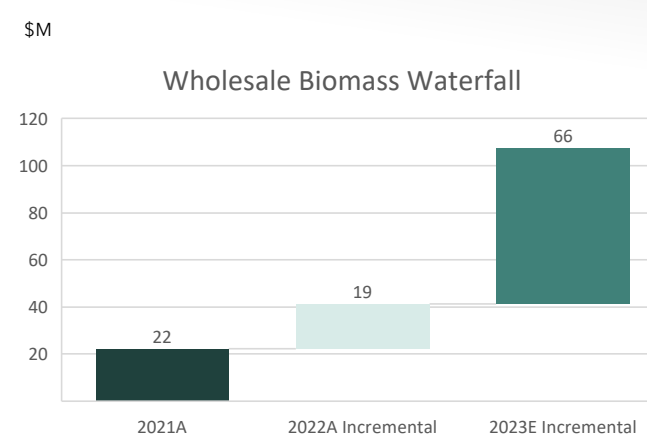
## BUILDING BLOCKS IN PLACE TO REACH \$165-\$170M ANNUAL REVENUE IN 2023<sup>1</sup>



**Retail:** Projecting \$13m in additional revenues in 2023 due to revenues from 7 new dispensaries added since Q3 22, but 2023 revenue growth will be negatively impacted by the change in excise tax collection and an extremely competitive marketplace.



**CPG:** Full year of PLUS and Allswell is offset by negative growth in the California flower market and an extremely competitive retail environment.



**Wholesale Biomass:** SoCal Phase I output in the second half drove 2022 growth. In 2023, revenues are expected to benefit from higher wholesale pricing and from having SoCal Phase I production all year.

<sup>1</sup>. In our Q2 earnings release, the Company provided the following guidance for fiscal year 2023: We are raising our full year 2023 consolidated revenue guidance to \$165M to \$170M which represents 84% growth over fiscal 2022 at the midpoint and is an increase of \$5 million to \$10 million from our previous guidance of \$160 million. The statement assumes the following in potential revenues from each source: 1) Annualized wholesale biomass sales of \$105 million to \$110 million; 2) Annualized retail revenues of \$40 million; 3) Annualized wholesale CPG revenues of \$20 million. Please see Forward-looking disclosures statement on Slide 2.



STRONG BRANDS ACROSS ALL SEGMENTS



**EXISTING BRANDS COVER >70% OF CANNABIS CATEGORIES**



GOOD. HONEST. CANNABIS.



FUNCTIONAL. FLAVORFUL. CANNABIS EDIBLES.



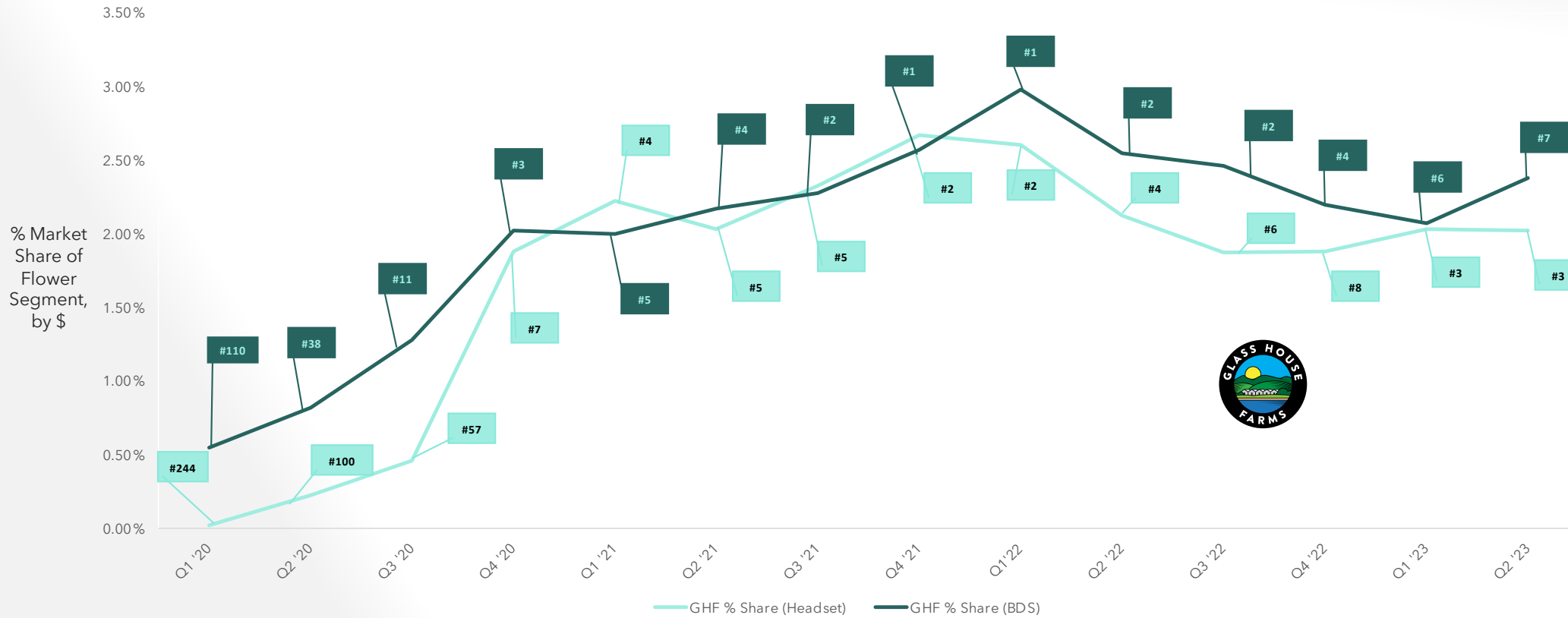
MAMA SUE  
by Sue Taylor



CONSISTENTLY AMONGST THE LEADERS IN CALIFORNIA FLOWER SHARE



**BY Q4 '21, OUR FIRST BRAND REACHED THE #1 FLOWER RANKING IN BDSA & #2 RANKING IN HEADSET ANALYTICS AND HAS DEMONSTRATED STEADINESS IN A VOLATILE AND COMPETITIVE MARKET**



Source: Headset + BDS Analytics, Q1 2020 thru Q2 2023





## UNMATCHED CAPACITY & LOW-COST PRODUCTION

- Q4 22 COST OF PRODUCTION HIT A RECORD LOW \$127/LB
- PROJECTED COST OF PRODUCTION FOR 2H 23 IS \$120/LB

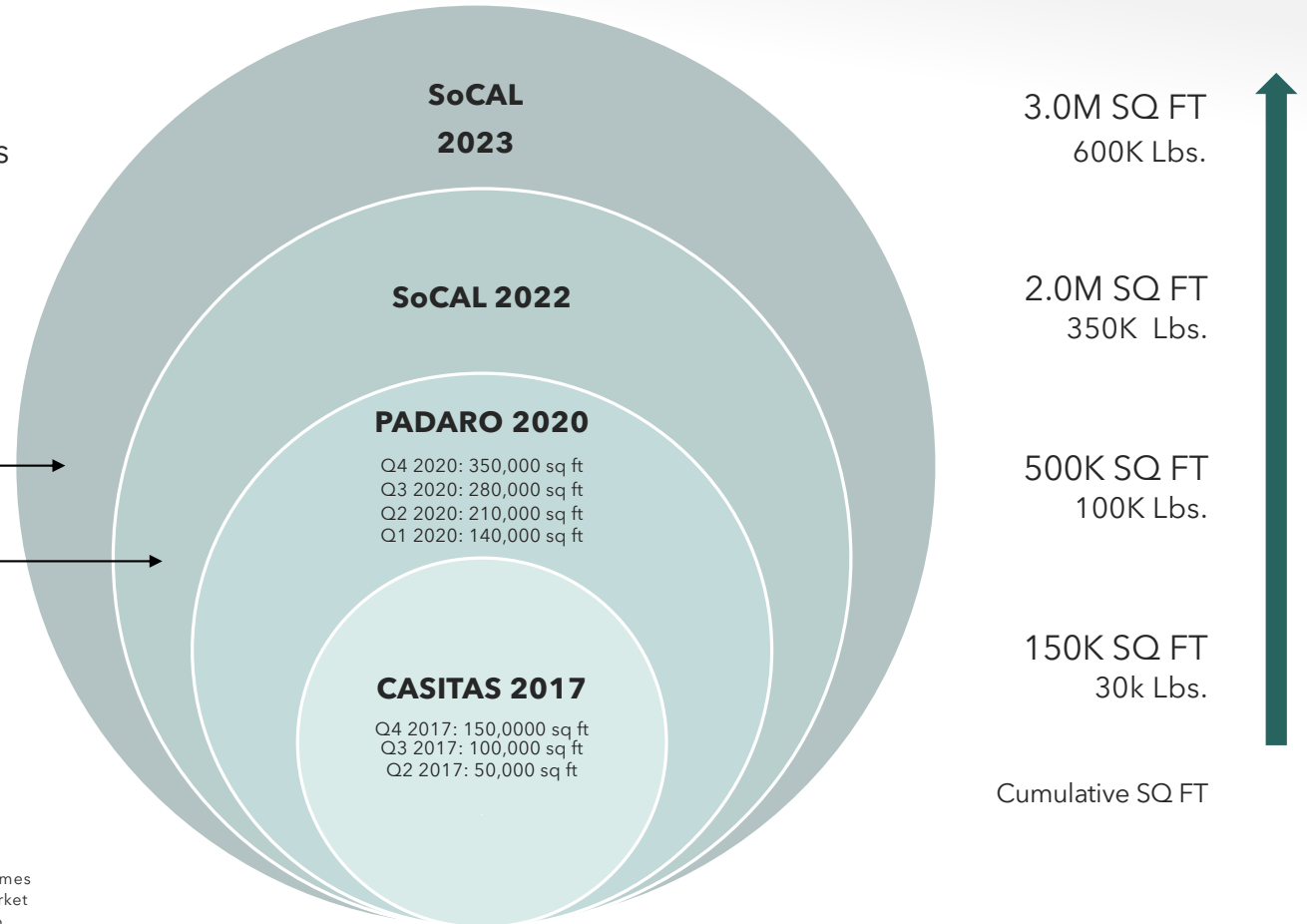


**5.5M SQ. FT. OF HIGH TECH, BEST IN CLASS, CONTROLLED ENVIRONMENT GREENHOUSES**  
INDOOR QUALITY AT CLOSE TO OUTDOOR COSTS



**NEW, UNMATCHED CAPACITY**

- 165-acre property in Southern California (SoCAL)
- Planned 5.5M sq ft of cultivation across 6 state-of-the-art greenhouses to be built out in 3 Phases.
- 1.5M dry pounds of cannabis per annum after full greenhouse conversion
- **Phase 2:** +1.0M SQ FT (1 greenhouse)<sup>1</sup>
- **Phase 1:** +1.5M SQ FT (1 nursery and 1 greenhouse, retrofit completed in 2022)



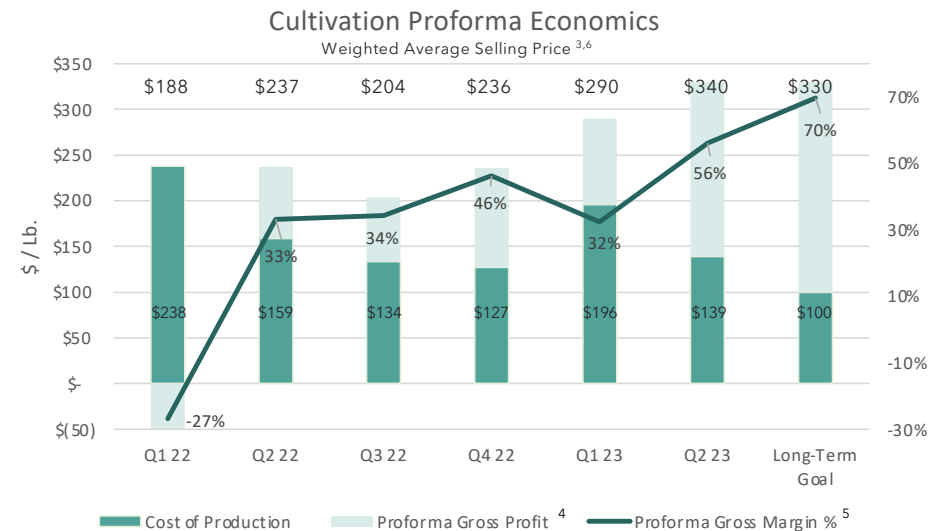
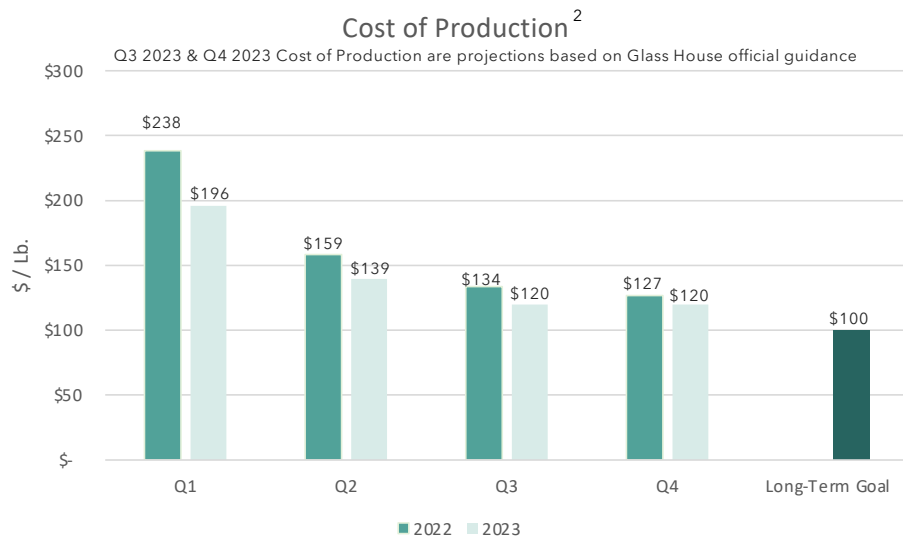
1. Graphic components showing future potential is forward looking information and assumes sufficient capital for conversion, the availability of additional licenses, and supporting market conditions. The square foot measurement represents green house facility size. Please see Disclaimers on Slide 2.

# OPERATIONS: UNMATCHED COST STRUCTURE



## PRO FORMA WHOLESALE BIOMASS ECONOMICS<sup>1</sup>

Declining cost of production leads to improving gross margins



1. This table includes forward-looking information that is disclosed using non-GAAP measures. These non-GAAP measures are described in the notes below. For more information on non-GAAP measures and forward-looking statements, please see Disclaimers on Slide 2.
2. Cost of Production includes all expenses from nursery & cultivation to curing & trimming at which point the product is ready for sale as wholesale cannabis or to be transferred to CPG. 2022, Q1 2023 and Q2 2023 cost are actual. Q3 23 and Q4 23 cost are Glass House guidance.
3. Weighted Average Selling Price = the individual selling price for flower, smalls and trim multiplied by the mix of product for each product sold.
4. Proforma Gross Profit = Weighted Average Selling Price minus Cost of Production.
5. Proforma Gross Profit Margin = Proforma Gross Profit divided by Weighted Average Selling Price
6. Full Year 2023 projected weighted average selling price of \$330/lb. is used for proforma Gross Margin calculation for 'Long Term Goal'. Cost of production is typically highest in Q1 and Q2 due to a seasonal decline in pounds produced. We expect to produce 350,000 to 355,000 pounds of wholesale biomass in 2023, with 43% in the first half and 57% in the second half, based on the midpoint of guidance.
7. The purpose of this financial analysis is to provide investors with a basis for analysis of the Company's proforma cost structure. Readers are cautioned that the information may not be appropriate for other purposes.

# EXISTING RETAIL AT YEAR-END 2021



THE FARMACY - SANTA BARBARA  
*Voted Best Local Dispensary 2020 and 2021*



THE FARMACY - SANTA ANA  
*Top 11 Coolest Dispensaries - VenueReport*



DELIVERY



THE FARMACY - BERKELEY  
*Best Delivery East Bay 2021*



# NEW RETAIL - NATURAL HEALING CENTER



GROVER BEACH<sup>1</sup>



MORRO BAY<sup>2</sup>



LEMOORE<sup>1</sup>



TURLOCK<sup>3</sup>



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# NEW RETAIL - FARMACY AND THE POTTERY

## NEW FARMACY DISPENSARIES IN SANTA BARBARA COUNTY

### THE FARMACY ISLA VISTA<sup>1</sup>



### THE FARMACY SANTA YNEZ<sup>2</sup>



### THE POTTERY - LOS ANGELES<sup>3</sup>



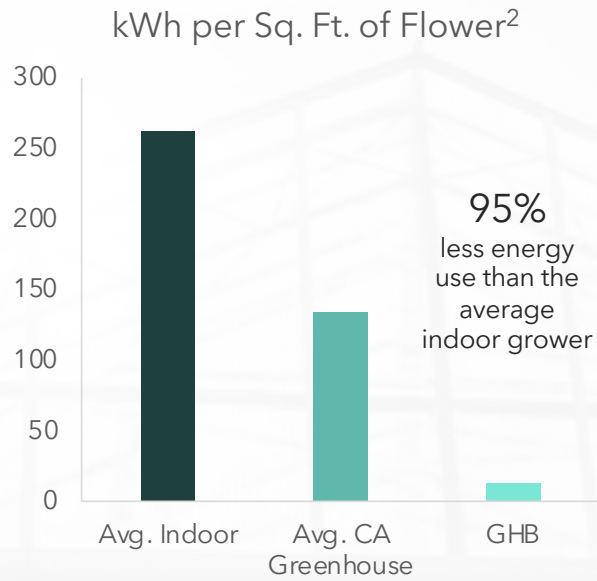
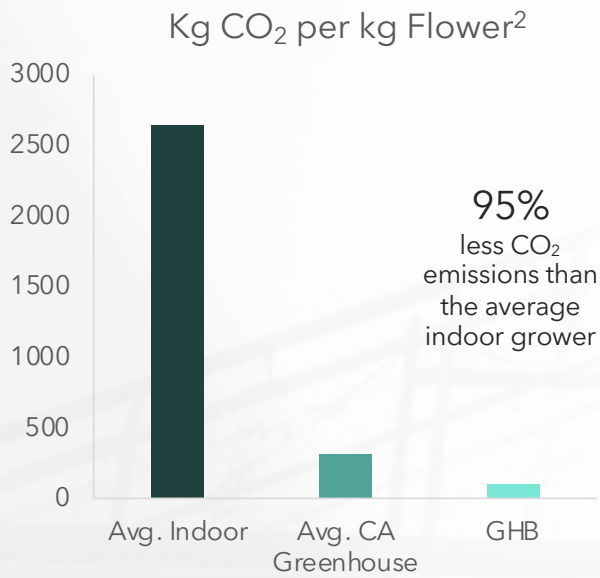
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*Cited by Thrillist, Angeleno and the L.A. Times as one of the Best High-End Dispensaries in Southern California*

# ESG AS A STRATEGIC AND COMPETITIVE ADVANTAGE



- **STRATEGICALLY LOCATED IN CALIFORNIA, WHERE GROWING CONDITIONS ARE OPTIMAL**
- **FOCUS ON ENERGY EFFICIENCY WITH SOLAR AND COGENERATION CAPABILITIES**
- **ESG MANDATED U.S. AUM ARE FORECAST TO REACH \$53 TRILLION BY 2025<sup>1</sup>**



**SUSTAINABLE LEADERSHIP**

**AWARD WINNER**

**2020:** Stewardship

**2021:** Energy

1. Bloomberg: <https://www.bloomberg.com/professional/blog/esg-assets-may-hit-53-trillion-by-2025-a-third-of-global-aum/>  
2. Seinerger July-2021, GHB commissioned study



## MEET THE GLASS HOUSE TEAM



**KYLE KAZAN**  
Co-founder, Chairman & CEO



**GRAHAM FARRAR**  
Co-founder, President & Board Director



**MARK VENDETTI**  
Chief Financial Officer



**HILAL TABSH**  
Chief Revenue Officer



**BEN VEGA**  
General Counsel & Corporate Secretary



**JOHN  
BREBECK**  
VP Investor Relations



**BEN  
VASQUEZ**  
VP Farm Operations



**JENNIFER  
BARRY**  
VP Retail



**WILL  
TU**  
VP Corporate Controller



**GERRIT  
VANDERKOOY**  
VP Cultivation

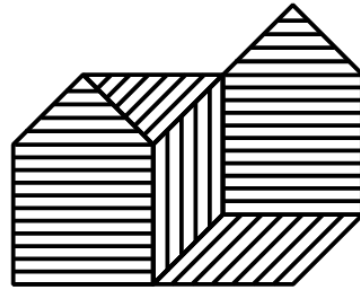


**JACQUELINE  
DE GINESTET**  
VP Sales



**JOSHUA  
KARCHMER**  
VP Marketing





GLASS HOUSE  
BRANDS

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HISTORICAL FINANCIAL DATA

# REVENUE AND GROSS PROFIT



(000's \$)	Revenue						FY21	FY22
	Q122	Q222	Q322	Q422	Q123	Q223		
Retail (B2C)	\$ 4,858	\$ 4,839	\$ 6,440	\$ 10,593	\$ 9,373	\$ 10,073	\$ 21,734	\$ 26,731
Wholesale CPG (B2B)	\$ 3,992	\$ 4,945	\$ 7,862	\$ 5,989	\$ 5,182	\$ 3,954	\$ 25,543	\$ 22,788
Wholesale (Biomass (B2B)	\$ 5,122	\$ 6,689	\$ 13,954	\$ 15,607	\$ 14,467	\$ 30,639	\$ 22,169	\$ 41,373
Total	\$ 13,972	\$ 16,473	\$ 28,257	\$ 32,189	\$ 29,022	\$ 44,665	\$ 69,447	\$ 90,891
Sequential % Change								
Retail (B2C)	-5%	0%	33%	64%	-12%	7%		
Wholesale CPG (B2B)	-41%	24%	59%	-24%	-13%	-24%		
Wholesale (Biomass (B2B)	-21%	31%	109%	12%	-7%	112%		
Total	-24%	18%	72%	14%	-10%	54%		
% change to LY								
Retail (B2C)	-3%	-24%	23%	106%	93%	108%	50%	23%
Wholesale CPG (B2B)	-31%	-19%	13%	-11%	30%	-20%	93%	-11%
Wholesale (Biomass (B2B)	14%	8%	180%	140%	182%	358%	8%	87%
Total	-8%	-12%	65%	75%	108%	171%	44%	31%
Gross Profit								
(000's \$)	Q122	Q222	Q322	Q422	Q123	Q223	FY21	FY22
Retail (B2C)	\$ 2,084	\$ 2,037	\$ 2,651	\$ 4,482	\$ 4,871	\$ 5,487	\$ 9,419	\$ 11,253
Wholesale CPG (B2B)	\$ 655	\$ 89	\$ 1,078	\$ (917)	\$ 921	\$ 239	\$ 5,174	\$ 905
Wholesale (Biomass (B2B)	\$ (400)	\$ (1,872)	\$ 5,011	\$ 6,661	\$ 6,165	\$ 18,646	\$ 1,427	\$ 9,400
Total	\$ 2,339	\$ 254	\$ 8,726	\$ 10,219	\$ 11,956	\$ 24,372	\$ 16,019	\$ 21,538
% of Revenue								
Retail (B2C)	43%	42%	41%	42%	52%	54%	43%	42%
Wholesale CPG (B2B)	16%	2%	14%	-15%	18%	6%	20%	4%
Wholesale (Biomass (B2B)	-8%	-28%	36%	43%	43%	61%	6%	23%
Total	17%	2%	31%	32%	41%	55%	23%	24%

# WHOLESALE BIOMASS METRICS



## Wholesale Biomass Production and Cost per Pound

	Q122	Q222	Q322	Q422	Q123	Q223	FY21	FY22
Equivalent Dry Pounds of Production	16,729	25,173	74,624	75,344	48,099	103,336	96,785	191,870
% change to LY	7%	9%	164%	153%	188%	311%	79%	98%
Cost per Equivalent Dry Pounds of Production	\$ 238	\$ 159	\$ 134	\$ 127	\$ 196	\$ 139	\$ 189	\$ 143
% change to LY	-2%	-18%	-25%	-24%	-18%	-12%	-14%	-24%
Ending Operational Canopy (000 sq. ft)	332	332	959	959	959	959	332	959

## Wholesale Biomass Sold and Average Selling Price per Pound

	Q122	Q222	Q322	Q422	Q123	Q223	FY21	FY22
Equivalent Dry Pounds Sold	17,894	19,859	68,512	66,127	49,923	90,174	69,153	172,392
% change to LY	41%	38%	265%	184%	179%	354%	235%	149%
Equivalent Dry Pounds Sold Average Selling price	\$ 188	\$ 237	\$ 204	\$ 236	\$ 290	\$ 340	\$ 233	\$ 218
% change to LY	-29%	-30%	7%	29%	54%	43%	-58%	-6%

Equivalent Dry Pounds Average Selling Price excludes the impact of cultivation tax.

# NET INCOME / (LOSS)



(000's)	<b>Net Income / (Loss)</b>		
	Q2 2022	Q1 2023	Q2 2023
Revenues, net	\$ 16,473	\$ 29,022	\$ 44,665
Cost of goods sold	\$ 16,219	\$ 17,066	\$ 20,293
Gross profit	\$ 254	\$ 11,956	\$ 24,372
% of Net Sales	2%	41%	55%
Expenses:			
General and administrative	\$ 10,875	\$ 11,386	\$ 13,054
Sales and marketing	\$ 898	\$ 652	\$ 997
Professional fees	\$ 2,670	\$ 1,500	\$ 2,200
Depreciation and amortization	\$ 2,837	\$ 3,836	\$ 3,569
Impairment		\$ 23,007	\$ 1,328
Total expenses	\$ 17,281	\$ 40,382	\$ 21,149
Gain (Loss) from Operations	\$ (17,028)	\$ (28,425)	\$ 3,223
Interest Expense	\$ 1,571	\$ 2,080	\$ 2,547
Other expense	\$ (6,139)	\$ 5,858	\$ 20,336
Total other expense	\$ (4,568)	\$ 7,938	\$ 22,883
Provision for income taxes	\$ 1,733	\$ 2,422	\$ 5,246
<b>Net income (Loss)</b>	<b>\$ (14,192)</b>	<b>\$ (38,785)</b>	<b>\$ (24,905)</b>

# ADJUSTED EBITDA



(000's)	<b>Adjusted EBITDA</b>		
	Q2 2022	Q1 2023	Q2 2023
<b>Net income (loss)</b>	\$ (14,192)	\$ (38,785)	\$ (24,905)
Interest	\$ 1,571	\$ 2,080	\$ 2,547
Depreciation and amortization	\$ 2,837	\$ 3,836	\$ 3,569
Taxes	\$ 1,733	\$ 2,422	\$ 5,246
<b>EBITDA (non-GAAP)</b>	<b>\$ (8,052)</b>	<b>\$ (30,447)</b>	<b>\$ (13,544)</b>
Share-based Compensation Expense	\$ 3,491	\$ 1,631	\$ 1,532
Stock Appreciation Rights Expense	\$ 92	\$ -	\$ 14
Loss on Equity Method Investments	\$ 73	\$ 2,264	\$ (36)
(Gain) Loss on Change in Fair Value of Derivative Liabilities	\$ 53	\$ (13)	\$ 143
Impairment Expense	\$ -	\$ 23,007	\$ 1,328
Loss on Extinguishment of Debt	\$ -	\$ -	\$ -
Loss on Disposition of Subsidiary	\$ -	\$ -	\$ -
Non-Operational Startup Costs	\$ 99	\$ -	\$ -
Change in Fair Value of Contingent Liabilities	\$ (6,314)	\$ 3,410	\$ 19,100
Non-Operational Notes Receivable Bad Debt Reserve	\$ -	\$ -	\$ -
Loan Amendment Fee	\$ -	\$ -	\$ 1,000
Acquisition Related Professional Fees	\$ 792	\$ -	\$ -
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$ (9,766)</b>	<b>\$ (149)</b>	<b>\$ 9,538</b>

## SELECT BALANCE SHEET INFORMATION



(000's)	<b>Select Balance Sheet Information</b>		
	Q2 2022	Q1 2023	Q2 2023
Cash, Cash Equivalents and Restricted Cash	\$ 17,451	\$ 16,368	\$ 22,690
Accounts receivable, net	3,652	3,681	3,589
Prepaid expenses and other current assets	5,327	4,627	4,317
Inventory	12,252	14,681	16,699
Current portion of notes receivable	6,061	1,301	-
<b>Total Current assets</b>	<b>\$ 44,744</b>	<b>\$ 40,658</b>	<b>\$ 47,295</b>
Operating and finance lease right-of-use assets, net	3,610	10,562	12,212
Investments	6,869	1,982	2,018
Property, plant and equipment, net	212,648	214,473	211,134
Intangible Assets, Net and Goodwill	34,975	47,036	46,797
Deferred Tax Asset	773	1,160	1,569
Other assets	3,627	3,711	3,574
<b>Total Assets</b>	<b>\$ 307,246</b>	<b>\$ 319,584</b>	<b>\$ 324,599</b>
Accounts payable and accrued liabilities	\$ 11,918	\$ 25,852	\$ 28,032
Income taxes payable	7,070	9,412	14,736
Contingent earnout liability	44,056	18,059	32,714
Shares payable	2,757	8,596	8,595
Current portion of operating and finance lease liabilities	561	1,123	1,506
Current portion of notes payable	9,490	48	49
<b>Total current liabilities</b>	<b>\$ 75,852</b>	<b>\$ 63,090</b>	<b>\$ 85,632</b>
Operating and finance lease liabilities, net of current portion	3,085	9,560	10,855
Other non-current liabilities	1,631	4,877	5,013
Deferred tax liabilities	-	-	-
Notes payable, net of current portion	61,886	62,887	63,632
<b>Total Liabilities</b>	<b>\$ 142,455</b>	<b>\$ 140,414</b>	<b>\$ 165,132</b>
Preferred Equity Series B and C	-	58,299	59,839
APIC, Accumulated Deficit and Non-Controlling Int.	164,791	120,871	99,629
Total Shareholders' Equity	164,791	179,170	159,468
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 307,246</b>	<b>\$ 319,584</b>	<b>\$ 324,599</b>

## SELECT CASH FLOW INFORMATION



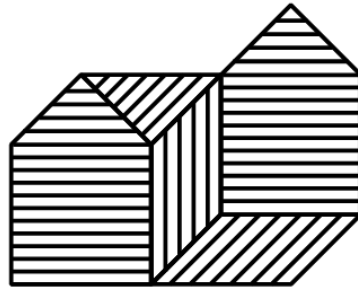
(000's)	Select Cash Flow Information			
	Q2 2022	Q1 2023	Q2 2023	
<b>Net Income (Loss)</b>	\$ (14,192)	\$ (38,785)	\$ (24,905)	
Share-based compensation	\$ 3,491	\$ 1,631	\$ 1,532	
Depreciation and amortization	\$ 2,837	\$ 3,836	\$ 3,569	
Other	\$ (5,683)	\$ 29,246	\$ 22,260	
<b>Cash From Net Income (Loss)</b>	<b>\$ (13,547)</b>	<b>\$ (4,071)</b>	<b>\$ 2,456</b>	
Accounts receivable	\$ 277	\$ 2,053	\$ (924)	
Prepaid expenses and other current assets	\$ 2,428	\$ 3,720	\$ 310	
Inventory	\$ (2,316)	\$ (2,623)	\$ (1,768)	
Other assets	\$ (27)	\$ (48)	\$ (6)	
Accounts payable and accrued liabilities	\$ 3,671	\$ 3,432	\$ 2,800	
Income taxes payable	\$ 1,589	\$ 1,862	\$ 5,324	
Other	\$ 149	\$ 133	\$ 73	
<b>Working Capital Impact</b>	<b>\$ 5,770</b>	<b>\$ 8,529</b>	<b>\$ 5,808</b>	
<b>Operating Cash Flow</b>	<b>\$ (7,777)</b>	<b>\$ 4,458</b>	<b>\$ 8,265</b>	
Purchases of property and equipment	\$ (7,596)	\$ (1,090)	\$ (206)	
Other	\$ (3,744)	\$ (45)	\$ (233)	
<b>Net Investing Activities</b>	<b>\$ (11,340)</b>	<b>\$ (1,135)</b>	<b>\$ (438)</b>	
Distributions to Preferred Shareholders	\$ (860)	\$ (1,367)	\$ (1,376)	
Other	\$ 12,595	\$ 269	\$ (129)	
<b>Net Financing Activities</b>	<b>\$ 11,735</b>	<b>\$ (1,099)</b>	<b>\$ (1,505)</b>	
Cash Change	\$ (7,381)	\$ 2,225	\$ 6,322	
Cash and cash equivalents, beginning of period	\$ 24,833	\$ 14,144	\$ 16,368	
<b>Cash and Cash, Equivalents, End of Period</b>	<b>\$ 17,451</b>	<b>\$ 16,368</b>	<b>\$ 22,690</b>	

# EQUITY TABLE (QUARTER-END Q1 2023)



(000's)	Q2 23	Q1 23	Change	Comments
<b>Total Equity and Exchangeable Shares</b>	70,030	68,376	1,654	Plus Performance RSU's (1.3M), Exercise of RSU's and Convertible Notes
<b>Total Warrants</b>				
Series C	1,000	1,000	-	Exercise price of \$5.00 with an expiration date of August 2027
Series B	10,000	10,000	-	Exercise price of \$5.00 with an expiration date of August 2027
Series A	2,654	2,654	-	Exercise price of \$10.00 with an expiration date of June 2024
SPAC	30,665	30,665	-	Exercise price of \$11.50 with an expiration date of June 2026
<b>Total Warrants</b>	<b>44,319</b>	<b>44,319</b>	-	
Stock Options	1,436	1,452	(17)	Exercise Price between \$2.26 and \$4.60 with expiration dates from October 2024 to October 2026
RSU's	1,663	1,874	(211)	Up to 3-year vesting through 2026
<b>Total</b>	<b>3,099</b>	<b>3,326</b>	<b>(227)</b>	
Share Price at Quarter End	\$ 3.30	\$ 2.75	\$ 0.55	
<b>Convertible Debentures</b>				
Series A	\$ 11,895	\$ 11,895	\$ -	8% semi annual interest, cash or shares, higher of 10 day VWAP 5 trading days prior to pay date or \$4.08, Maturity 4/15/27
Series B	\$ 4,111	\$ 4,111	\$ -	8% semi annual interest, cash or shares, lower of 10 day VWAP 5 trading days prior to pay date or \$10.00, Maturity 4/15/27
Total	\$ 16,006	\$ 16,006	\$ -	
# of Shares if converted assuming share price at quarter end	4,161	4,410	(249)	





GLASS HOUSE  
BRANDS

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APPENDIX

# BOARD OF DIRECTORS



KYLE KAZAN

- Co-founder, Chairman & CEO of Glass House Group
- 30+ years of successful Private Equity & investment experience with focus on real estate
- Launched 23 PE funds, over \$2.75B current value owned & managed properties
- Joined cannabis industry in 2016, co-founding what would become Glass House Group
- Former law enforcement officer & special ed teacher
- Frequent guest professor in business; graduate of and former varsity basketball player for USC



GRAHAM FARRAR

- Co-founder, President & Board Director of Glass House Group
- 20+ years of serial entrepreneurship, including taking two companies public
- Part of original/founding teams at Software.com, Sonos, & iStoryTime Inc. (zuuka)
- Joined cannabis industry by founding Elite Garden Wholesale, an ag-tech hydroponics supply company
- Board member of Seacology, Heal the Ocean, and Santa Barbara Bowl Foundation



JAMIE MENDOLA

- Head of Strategy and M&A at Mercer Park LP and AYR Wellness
- 20 years of experience as a private and public equity investor
- Founder and CEO of Pacific Grove Capital, a long-short hedge fund that also launched one of the earliest dedicated SPAC funds in the United States
- Former Partner at Scout Capital, a \$7B hedge fund
- Previous experience at J.P. Morgan, JLL Partners, and Watershed Capital
- B.S. from Binghamton University and 4-year baseball letterman; M.B.A. from Stanford's Graduate School of Business



HUMBLE LUKANGA

- Founder of Life Line Financial Group, premiere wealth management firm servicing some of the best-known performers & leaders in business, sports & entertainment
- Trustee of the University of New Mexico; Board Director for several companies & foundations
- B.A. & M.B.A. University of New Mexico; certified CFP; UCLA Personal Finance Planning degree
- Named to The Hollywood Reporter's Top Business Managers list for 3 years running; New Mexico Business Weekly's "Top 40 Under 40"

## BOARD OF DIRECTORS (CONT'D)

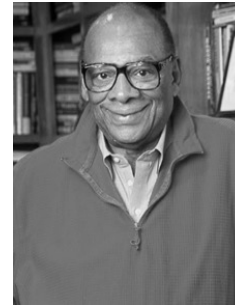
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JOCELYN ROSENWALD

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- Co-founder and Board Director of Glass House Group
- Veteran of real estate investment industry; most recently, successfully managed \$500M portfolio
- Since 2016, supervised operations of the 4 funds that would become Glass House Group
- B.A. University of Pennsylvania; M.A. in Education, Hunter College; M.B.A UCLA Anderson School of Business
- Teach for America alumna, founding teacher at KIPP Star Elementary School



GEORGE RAVELING

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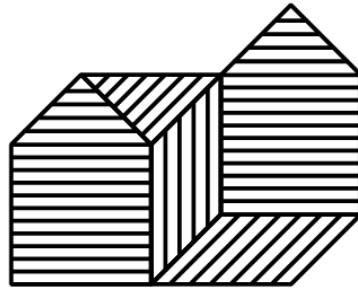
- First African American basketball coach in the Pac-8 (now Pac-12); head coach at Washington State, University of Iowa, & USC; assistant coach of medal-winning 1984 and 1988 US Olympic teams
- Nike's former Director of International Basketball; former commentator for Fox Sports & CBS
- Inducted into Naismith Memorial Basketball Hall of Fame, National Collegiate Hall of Fame; recipient of John W. Bunn Lifetime Achievement Award
- Author of two books; co-founder (w/Michael Lombardi) of The Daily Coach leadership program
- B.S. in Economics from Villanova University, where he is also in the Villanova Hall of Fame



BOB HOBAN

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- 12-year veteran of the cannabis industry and Founder of Hoban Law Group, a leading global full-service commercial cannabis law firm and the first of its kind
- Co-Founder of Gateway Proven Strategies, a leading global cannabis industry consulting firm
- Has founded, created, bought, and sold over 15 of his own cannabis companies
- Crafted cannabis policy solutions for over 30 countries
- Widely recognized by a variety of publications and organizations as one of the most influential people in the global cannabis industry



GLASS HOUSE  
BRANDS

NEO: GLAS.A.U

OTCQX: GLAS.F

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