

MJBizDaily  
**Investor**  
**Intelligence**

# EXECUTIVE WEBCAST

Thursday, October 24, 2019  
2:00 p.m. ET / 11:00 a.m. PT

**FEATURING**

**Andrew Berman**

*President & CEO*

Harborside

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# MJBizDaily Investor Intelligence Executive Webcast October 24, 2019

Proprietary & Confidential  
Figures in USD\$ unless otherwise noted

## CAUTIONARY NOTES REGARDING PROPOSED ACQUISITIONS

Certain disclosure in this document assumes that Harborside Inc., formerly Lineage Grow Company Ltd. ("Harborside", or the "Company") successfully completes the acquisition of Lucrum Enterprises Inc., d/b/a LUX Cannabis Dispensary ("Lux"), a California corporation (the "Lux Acquisition") pursuant to a binding letter of intent between the Company and Lux. There are significant risks relating to obtaining regulatory approval from the local authorities for the Lux Acquisition, risks on the current temporary state licence not being extended or the annual state licence not being granted, risk of not being able to enter into a definitive agreement; risks of consent and approval of a third party landlord under the leases; and risk of the Company's board deciding not to proceed with the Lux Acquisition. Due to these risks, there is no assurance that the Lux Acquisition will be completed as proposed or at all. Completion of the Lux Acquisition is subject to satisfactory completion of due diligence, execution of a definitive agreement, and receiving all required approvals and consents.

## FORWARD LOOKING STATEMENTS

This business overview does not contain, nor does it purport to contain, a summary of all the material information concerning the Company or the terms and conditions of any potential investment in the Company. If and when you determine to proceed with discussions and investigations regarding a possible investment in the Company, prospective investors are urged to carry out independent investigations in order to determine their interest in investing in the Company.

This business overview contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended. These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often include words such as "anticipates," "estimates," "expects," "projects," "intends," "plans," "believes" and words and terms of similar substance in connection with discussions of future operating or financial performance, including the assumption used in creating projected financial information. Forward-looking statements relate to future events and future performance. Forward looking statements in this business overview include: (i) successful and timely expansion and retrofit of cultivation facilities; and (ii) incremental improvements to cultivation yields and cost structure as a result of said expansion; and the Lux Acquisition. Forward-looking statements are based on the opinions and assumptions of management as of the date made, and are subject to a variety of risks and other factors that could cause actual events/results to differ materially from these forward looking statements.

The Company's forward-looking statements are based on management's current expectations and assumptions regarding the Company's business and performance, the economy and other future conditions and forecasts of future events, circumstances and results. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty, changes in circumstances, and the business and legal risks associated with the Company and its customers, vendors, and affiliates. The Company's actual results may vary materially from those expressed or implied and may differ materially as a result of government regulation, economic, strategic, political and social conditions including but not limited to the risk factors disclosed.

More particularly, financial projections are based upon a great number of variables, estimates, and judgments on matters, including those over which the Company will have no control including, without limitation, the market for the Company's proposed services, economic conditions generally, the state of the industry, the effects of competition, and the legal and regulatory environment. The projections are principally intended for use as objectives and are not intended, and should not be taken, as assurances that the projected results will be obtained by the Company. The Company will not be undertaking to update those projections or otherwise revise the projections or the assumptions upon which they are based on an ongoing basis.

## RISKS & DISCLOSURES

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 Management's Discussion and Analysis of Financial Condition and Operating Performance for the three and six months ended June 30, 2019 (the "Q2 MD&A") which are publicly available on the Company's profile on [www.sedar.com](http://www.sedar.com). Additional risks and uncertainties, including 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.

## NON-IFRS MEASURES, RECONCILIATION AND DISCUSSION

This business overview contains references to "Adjusted EBITDA", which is a non-IFRS financial measure. 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. 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. This measure does 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 Q2 MD&A. The Company believes that the 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 "Non-IFRS Measures" in the Company's Q2 MD&A available on [www.sedar.com](http://www.sedar.com).

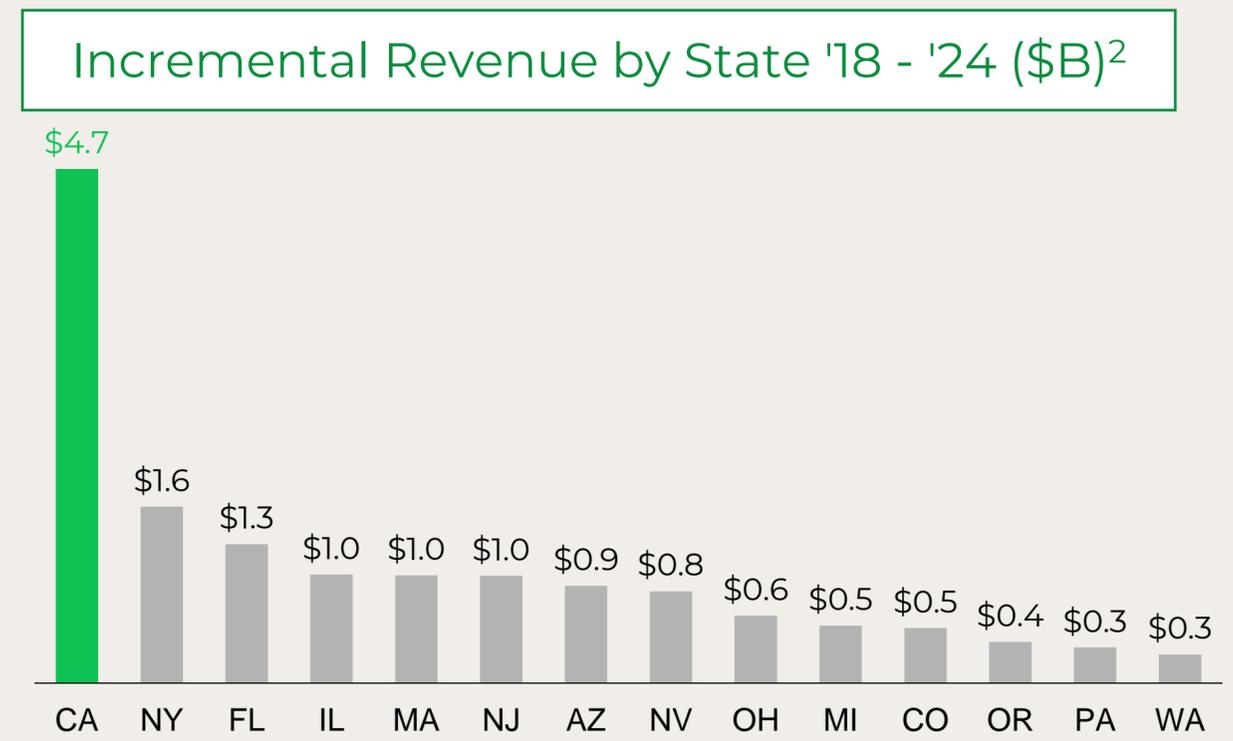
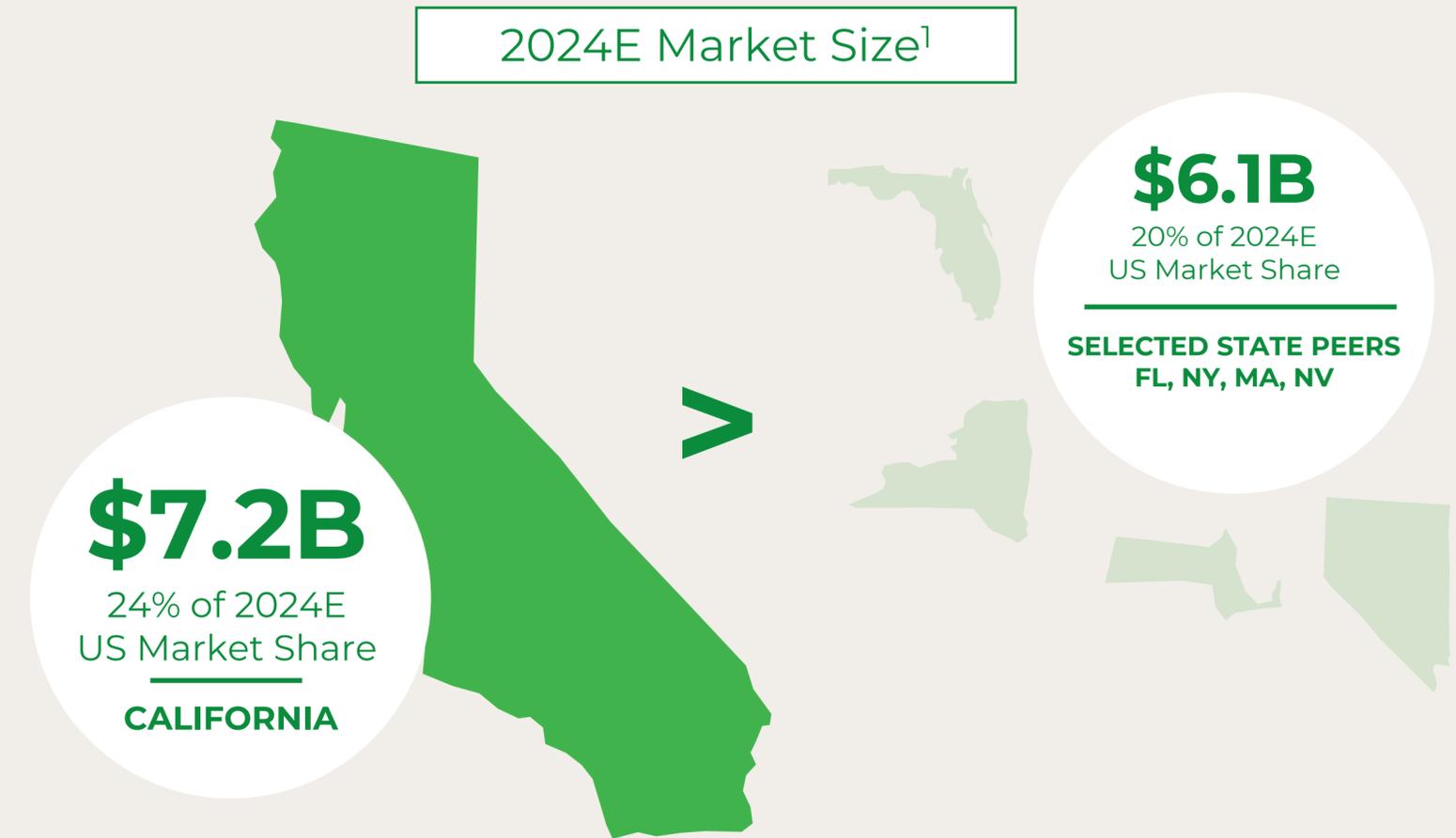
# CALIFORNIA FOCUS

Market potential & growth for California eclipses the combined value of FL, NY, MA & NV

- The SF Bay Area cannabis market is expected to grow to ~\$2B in 2022
- Harborside dispensaries have generated ~\$300M in sales to date, and we are strategically focused on growing our market share in California

<sup>1</sup>Source: Arcview Research Group CA market growth estimates, adjusted for proportion of CA residents residing in the Bay Area.

<sup>2</sup>Source: Arcview Research Group.



# RETAIL FOOTPRINT

Operating five dispensaries that produced approximately \$40M in sales in 2018<sup>1</sup>

- California's seminal dispensary operator, with over 12 years of operating track record and know-how
- Recognized globally for excellence in cannabis retail for more than a decade

<sup>1</sup> Assumes inclusion of the LUX Acquisition. See "Cautionary Notes Regarding Proposed Acquisitions," "Forward Looking Statements" and "Risks & Disclosures."

<sup>2</sup> Two additional dispensaries are anticipated to open in 2019: Harborside Desert Hot Springs (under managed services agreement) and Harborside San Leandro (100% owned).

## PRO FORMA RETAIL FOOTPRINT



# STRATEGY

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Execution and success of our existing platform is paramount and underpins our retail and branded products growth strategy

- Consolidate & expand retail footprint in CA
- Develop a house of cannabis brands
- Optimize & scale cultivation
- Add manufacturing & production capability
- Continue as curator of cannabis products by innovating & meeting customer preferences



# STRONG RETAIL METRICS

Significant market share and captive shelf space drive industry-leading sales

## Q2 2019 RETAIL METRICS<sup>1</sup>

**\$10.5MM**  
of Sales in  
Q2 19

**>1,300**  
Average  
Customers per  
Day

**\$86**  
Average  
Basket Size

**\$6,300**  
Sales per  
Square Foot

## SCALE

Retail operations command 2%<sup>2</sup> of California's entire retail market

## STRONG RETAIL TRAFFIC

Location, brand loyalty and service drive industry-leading retail operations, while some competitors spend nearly 15X on marketing as a percentage of sales to drive similar performance<sup>3</sup>

<sup>1</sup> Based on historical store level data for Q2 19 in Harborside Oakland and Harborside San Jose retail cannabis dispensary stores.

<sup>2</sup> Based on CDTFA Cannabis Tax Revenues for First Quarter of 2019.

<sup>3</sup> Based on MMEN Q3 19 sales & marketing expense as % of sales vs. Harborside Q2 19 sales & marketing expense as % of sales.

# RETAIL NEW STORE GROWTH

HARBORSIDE  
DESERT HOT SPRINGS  
COMING SOON



HARBORSIDE  
SAN LEANDRO  
COMING SOON



LUX  
SAN JOSE  
PENDING



- Expected opening Q4 2019
- Strategic location off 10 Freeway between Los Angeles and Arizona
- 1 of 2 dispensaries in CA with a drive-thru
- MSA in place with 10% equity ownership

- Expected opening Q4 2019
- Strategic location on 880 corridor between Oakland and San Jose
- Acquired full ownership in October 2019 (previously 50% JV with MSA in place)
- Permitted for retail, distribution and manufacturing

- On track to close this year
- Adds 3,700 sq. ft. of retail space in southeast San Jose, CA's 3rd largest city
- Holds one microbusiness license for retail, manufacturing, and distribution
- Covers adult-use & medicinal sales
- 1 of 16 authorized San Jose retail stores

# LAUNCHED THE KEY BRAND

- High end at value price
- Targeting third-party dispensaries
- Sales channels: in-house retail, wholesale and 3rd-party retail
- Available in >90 stores statewide



KEY Red Berry Fruit  
Awarded Third Place at  
Bay Area Cannabis Cup (June 2019)



# CULTIVATION & PRODUCTION

Strategically focused on high quality greenhouse cultivation and processing

## DIVERSIFIED CANOPY

Greenhouse canopy provides a breadth of product, efficiencies in production and large-scale biomass for manufacturing (160,000 sq. ft. and 37,000 lbs/year at current full capacity with ability to expand)<sup>1</sup>

## ADVANTAGES OF HARBORSIDE FARMS

Harborside's Salinas, CA production campus features light deprivation technology to maximize grow cycles, supplemental lighting to maximize yields and technologically advanced drying rooms (Darwin Chambers) to protect production quality, includes state of the art Dutch Venlo greenhouse (44,000 sq. ft.)



<sup>1</sup> Based on run-rate operating canopy expected to be completed by CY 2019.



# CULTIVATION & PRODUCTION

Leveraging technology and scale to lower production costs

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## ADVANCED CULTIVATION EXPERTISE

Partnered with world-class cultivator Sjoerd Broeks to optimize cultivation operations

## SCALABLE

Expansion capability enables us to double our growing canopy over the next two years

## SECURED TESTING CAPACITY

Partnership in place with certified labs to ensure timely product testing and compliance

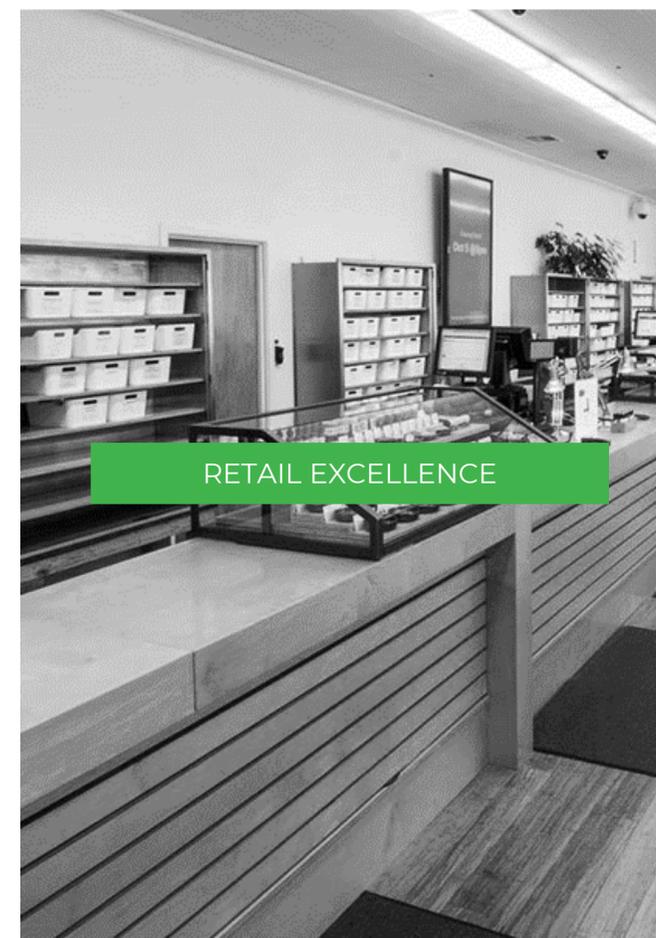


HARBORSIDE FARMS – SALINAS VALLEY, CA

# INVESTMENT HIGHLIGHTS

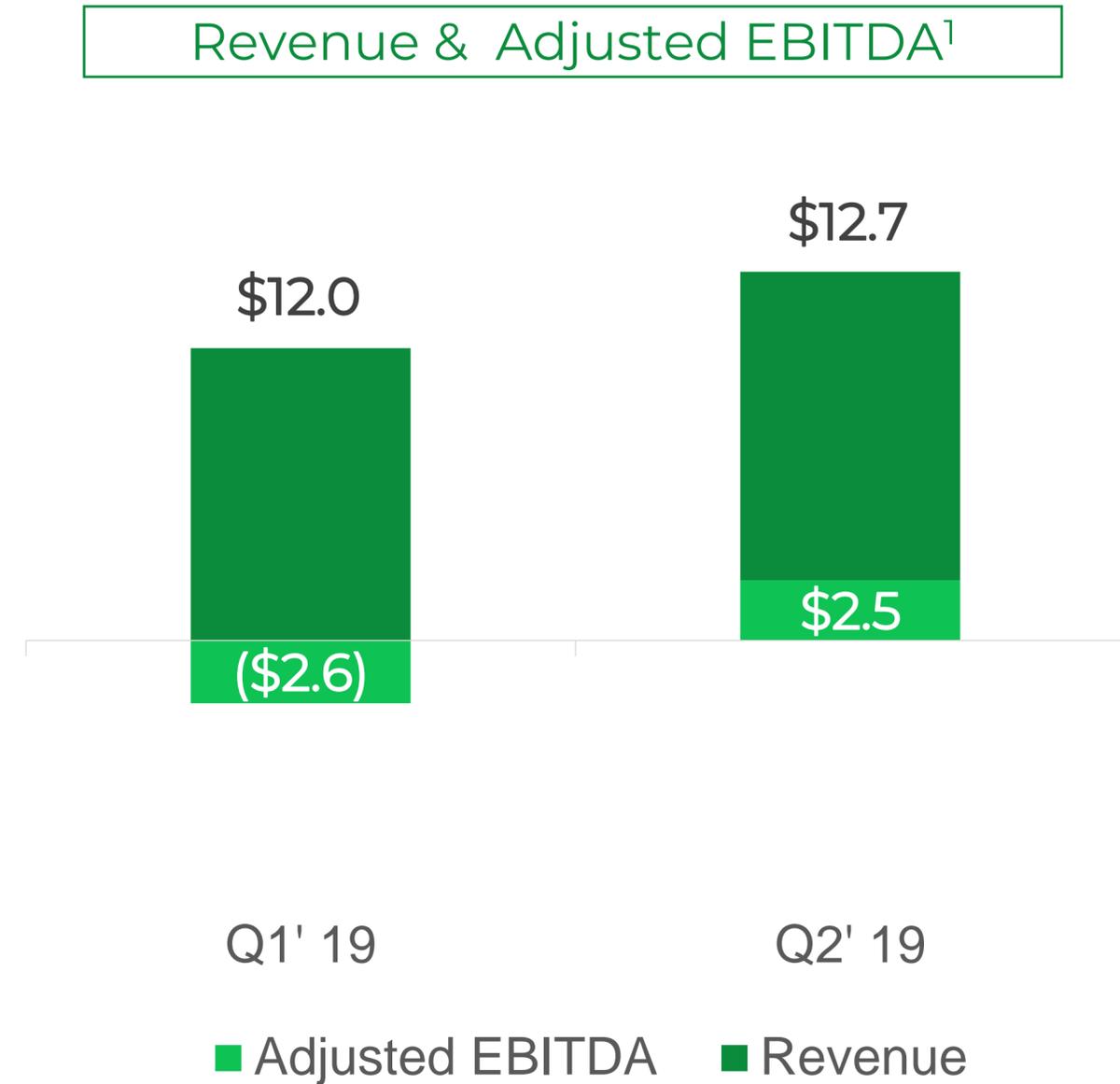
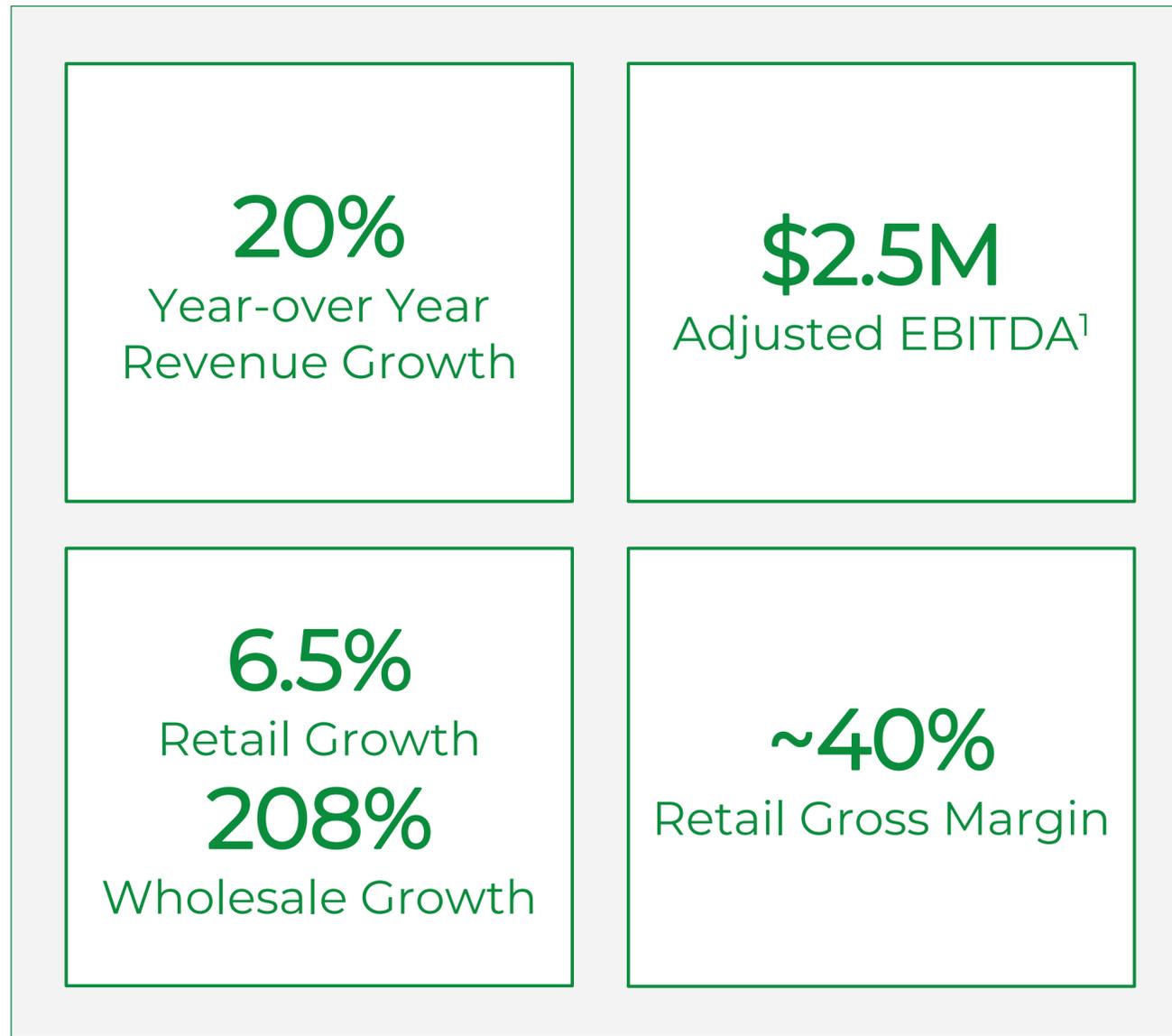
Deep industry expertise and prominent brands in Northern California's growing market, with a portfolio of operating assets from cultivation to retail

- Focused strategy in leading market: California
- Unparalleled retail track record, ubiquitous brand
- Vertically integrated model
- Managing costs, near-term path to profitability
- Strong balance sheet
- Acquisition pipeline
- Trading at <1x sales



# SOLID Q2 AND FIRST HALF RESULTS

First reporting quarter since public under the Harborside banner



<sup>1</sup>This is a non-IFRS measure. See “Non-IFRS Measures, Reconciliation and Discussion.”



THE  
HARBORSIDE  
GROUP

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THANK YOU

