



HARVEST

Earnings Conference Call

March 30, 2021

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DISCLAIMER

IMPORTANT: YOU MUST READ THE FOLLOWING BEFORE CONTINUING:

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This press release contains “forward-looking statements,” within the meaning of United States and Canadian securities laws. Such statements reflect current estimates, expectations and projections about future events and involve risks and uncertainties relating to future events and Harvest Health and Recreation Inc.’s (“Harvest”) performance, and actual events may differ materially from these forward looking statements, which may be identified by the use of words such as, “may”, “would”, “could”, “will”, “likely”, “expect”, “anticipate”, “believe”, “intend”, “plan”, “forecast”, “project”, “estimate”, “outlook” and other similar expressions. These forward looking statements include, without limitation, statements regarding the prospects for growth in the cannabis industry; the development of federal and state cannabis regulatory framework in the United States applicable to multi-state operators, including a delay in, or a failure to, federally decriminalize cannabis in the United States, as well as such frameworks in Harvest’s core markets; adverse changes in the application or enforcement of current laws, including those related to taxation; adverse changes in the public perception of cannabis; the effects of the weather, natural disasters, and health pandemics, including the novel coronavirus (COVID-19) on customer demand, Harvest’s supply chain as well as its consolidated results of operation, financial position and cash flows; the ability of Harvest to develop Harvest’s brand and meet its growth, revenue and profitability projections and objectives; its ability to generate sufficient cash flow to repay debt obligations and to fund operating expenses and future investment; the ability of Harvest to complete planned acquisitions that are accretive to its revenue; the ability of Harvest to obtain and/or maintain licenses to operate in the jurisdictions in which it operates or in which it expects or plans to operate; changes in general economic, business and political conditions, including changes in the financial markets, and, in particular, the ability of Harvest to raise debt and equity capital in the amounts and at the costs that it expects; the ability to locate and acquire suitable companies, properties or assets necessary to execute on Harvest’s business plans; the ability of Harvest to execute planned store openings and secure cannabis supply at appropriate amounts and cost; fluctuations in the prevailing prices for cannabis and cannabis products in the markets that Harvest operates in and sources supply; its ability to resolve existing and future litigation and arbitrations on acceptable terms; and increasing costs of compliance with extensive government regulation. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. In addition, even if the outcome and financial effects of the plans and events described herein are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Forward-looking statements involve significant risks, assumptions, uncertainties and other factors that may cause actual future results or anticipated events to differ materially from those expressed or implied in any forward-looking statements. Please see the heading “Risk Factors” in Harvest’s Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission and in Harvest’s Annual Information Circular, which was filed on SEDAR, both of which were filed on March 30, 2021, and subsequent filings that Harvest makes with the Securities and Exchange Commission and SEDAR, for a discussion of the material risk factors that could cause actual results to differ materially from the forward-looking information. Harvest does not undertake to update any forward-looking statements that are included herein, except in accordance with applicable securities laws.

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To the extent any forward-looking information in this presentation constitutes “future-oriented financial information” or “financial outlooks” within the meaning of applicable United States and 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 information generally, are, without limitation, based on the assumptions and subject to the risks set out above under the heading “Forward-Looking Information.” Please also see risks highlighted under the heading “Risk Factors” in our U.S. and Canadian filings, and under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020, as well as our subsequent filings in the United States and Canada. Harvest’s actual financial position and results of operations may differ materially from management’s current expectations and, as a result, Harvest’s revenue and expenses may differ materially from the revenue and expenses profiles provided in this presentation. Such information is presented for illustrative purposes only and may not be an indication of Harvest’s actual financial position or results of operations.



DISCLAIMER

USE OF NON-U.S. GAAP FINANCIAL MEASURES:

To supplement its financial statements, Harvest provides investors with information related to Adjusted EBITDA, which is a financial measure that is not calculated in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”). A reconciliation of Adjusted EBITDA to net loss, the most directly comparable GAAP measure, has been provided in this presentation. Adjusted EBITDA is calculated as net income (loss) before non-controlling interest before net interest and other financing costs, income taxes, depreciation and amortization expenses; fixed and intangible asset impairments; gain or loss on assets; change in fair value adjustment of liability; other (income) expense; foreign exchange gain (loss); share-based compensation expense; contract asset (recovery) impairment; discontinued operations, net of tax; other expansion expenses (pre-open); and transaction and other special charges. Other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures. Harvest believes these non-GAAP financial measures provide useful information to management and investors regarding certain financial and business trends relating to Harvest’s financial condition and results of operations. Management uses these non-GAAP financial measures to compare Harvest’s performance to that of prior periods for trend analyses and planning purposes. Non-U.S. GAAP measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with U.S. GAAP. Non-U.S. GAAP measures exclude significant expenses that are required by U.S. GAAP to be recorded in the Harvest’s financial statements and are subject to inherent limitations.

THIRD PARTY INFORMATION:

This presentation includes market and industry data (“Third-Party Content”) which was obtained from various publicly available sources and other sources. The Third-Party content is not created or endorsed by Harvest. The Third-Party Content is obtained from sources believed to be reliable and that no guarantees are made by Harvest as to its accuracy, completeness, or timeliness. THERE IS NO WARRANTY OF MERCHANTABILITY, NO WARRANTY OF FITNESS FOR A PARTICULAR USE, AND NO WARRANTY OF NON-INFRINGEMENT. THERE IS NO WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, REGARDING THIRD PARTY CONTENT.

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

The U.S. Federal Controlled Substances Act classifies “marihuana” as a Schedule I drug. Accordingly, cannabis-related activities, including without limitation, the cultivation, manufacture, importation, possession, use or distribution of cannabis and cannabis products are illegal under U.S. federal law. Strict compliance with state and local 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 prosecution which may be brought against the Company with respect to adult-use or recreational cannabis. Any such proceedings brought against the Company may adversely affect the Company’s operations and financial performance. Prospective investors should carefully consider the risk factors described under “Cautionary Note Regarding Forward-Looking Information” and “Cautionary Note Regarding Future-Oriented Financial Information” in this presentation and in our other reports filed with United States and Canadian securities regulators before investing directly or indirectly in the Company and purchasing the securities described herein.



AGENDA

- Strategic Overview
- Arizona Market, Recreational Launch, and Approach
- Fourth Quarter Highlights
- Quarterly Trends
- Liquidity
- Recent Developments
- Capital Allocation
- Core Markets
- Financial Highlights



STRATEGIC OVERVIEW

- Harvest has a unique opportunity to build a sustainable business during this time when the patchwork of laws and regulations limits competition
- Harvest identifies and invests in core markets
 - State-regulated, limited license markets
 - Allow opportunity to build scale
 - Offer significant growth opportunities such as expansion to include recreational cannabis consumption
- We expect to use returns from investments in core markets to enter new markets that meet investment criteria



ARIZONA MARKET

- Harvest has been building its operations in Arizona since 2011
- The recent launch of adult use sales demonstrates success of strategy to focus on core markets
- Harvest was ready and able to start recreational sales at all 15 of its retail locations on the first day - January 22, 2021
- Successful launch in Arizona reinforces belief that team can replicate this success in other markets



ARIZONA RECREATIONAL LAUNCH

- Launch was fast and smooth
- Revenues increased between 45% and 248% compared to the fourth quarter between January 22 and end of February (prior to the issuance of stimulus checks)
- Average increase in revenue was ~100% during that timeframe
- Most locations are serving an even balance of medical patients and recreational customers
- Traffic has increased and order size has decreased since the launch of recreational sales
- Results to date have exceeded pre-launch expectations



ARIZONA APPROACH

- Harvest remains committed to its strategy to invest in retail storefronts in Arizona, partly supported by cultivation and manufacturing facilities
- Wholesale supply has tightened since adult use sales began
- Given the more limited market structure for retail compared to wholesale operations in Arizona, Harvest believes investments in retail should be prioritized over wholesale
- The Arizona market may reach \$2.5 billion at maturity with an estimated 169 storefronts
- Market structure allows for up to 338 off site cultivation facilities, with unlimited capacity, resulting in less competitive dynamics over time

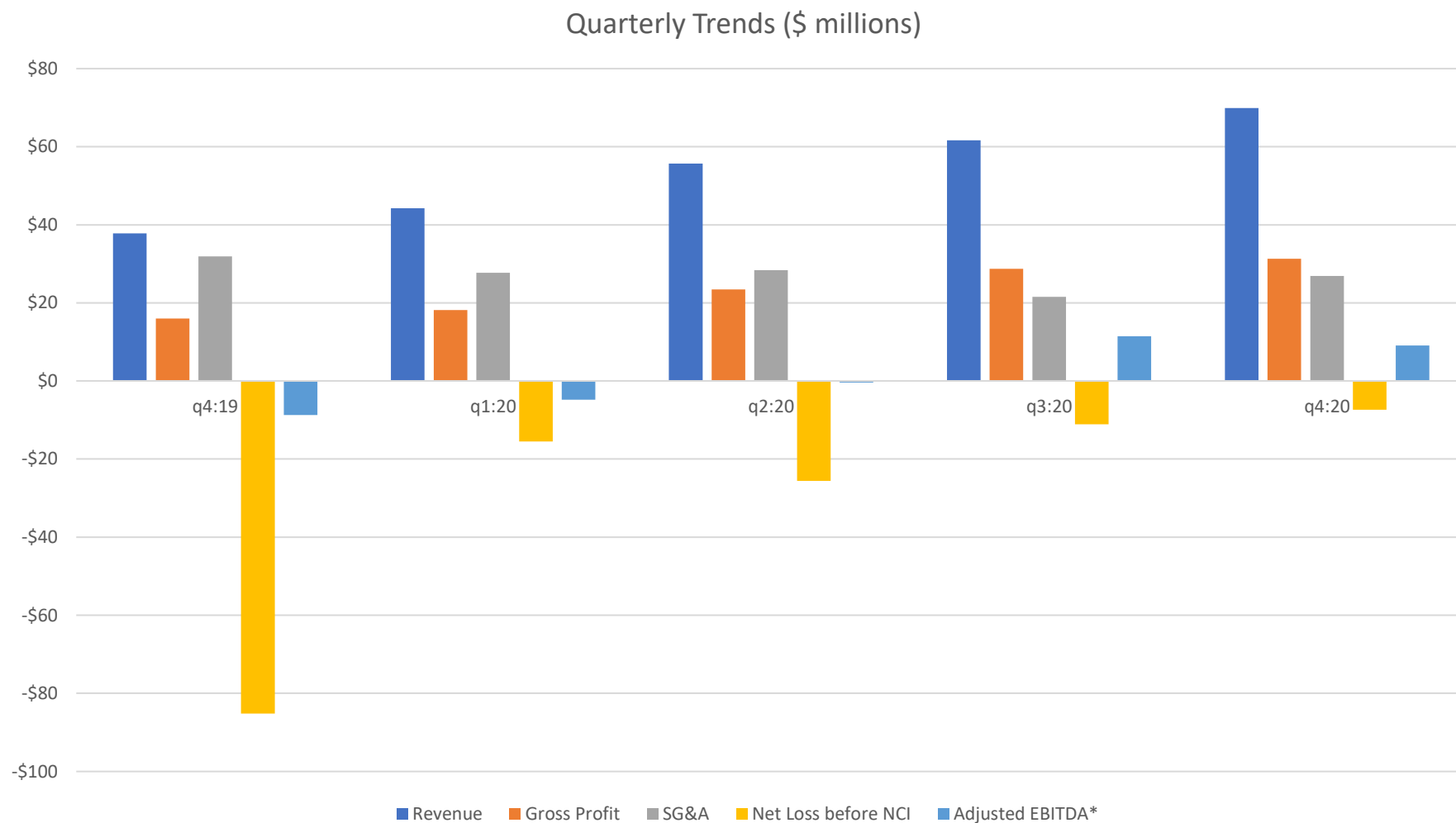


FOURTH QUARTER HIGHLIGHTS

- Fourth quarter sales grew +85% year over year and +13% sequentially
- Growth drivers include increased sales in existing and new stores and contributions from cultivation and manufacturing expansion
- Financial reporting has been converted to U.S. GAAP
- Fourth quarter net loss before non-controlling interest was \$7.4 million
- Fourth quarter adjusted EBITDA* was \$9.1 million; under IFRS accounting, fourth quarter adjusted EBITDA was \$16.4 million
- Completed bought deal financing with \$32.4 million proceeds in October 2020
- Completed divestiture of Arkansas assets for \$12.9 million net proceeds in November 2020
- Repaid \$20 million in real estate backed financing and conversion of \$19.1 million in debt to equity
- Reduced outstanding litigation, settling cases with Devine Holdings and minority interest owners of Interurban Capital Group

*Refer to reconciliation of Adjusted EBITDA, a Non-GAAP Measure, on slide 20

QUARTERLY TRENDS



*Refer to reconciliation of Adjusted EBITDA, a Non-GAAP Measure, on slide 20



LIQUIDITY

- As of December 31, 2020, Harvest had ~\$78 million in cash and \$265 million in debt
- As of March 26, 2021, Harvest had ~\$92 million in cash
- Debt service for 2021 is ~\$49 million, including \$10 million convertible notes expected to be repaid with conversion to equity
- Capital expenditures for 2021 are expected between \$35 million and \$45 million, with up to \$11.5 million eligible for reimbursement
- Harvest expects to meet its financial obligations and will make necessary adjustments to meet obligations while pursuing growth objectives



RECENT DEVELOPMENTS

- On January 22, 2021, recreational cannabis sales commenced in Arizona at all 15 Harvest locations
- On January 25, 2021, Harvest announced a sale leaseback transaction for a 292,000 ft² cultivation and processing facility in Alachua, FL
 - The property was sold for \$23.8 million
 - Harvest expects up to \$10.8 million in reimbursements for tenant improvements
- On February 22, 2021, Harvest divested two retail dispensaries in North Dakota for an immaterial amount of cash
- On March 11, 2021, Harvest opened one new retail location in Whitehall, Pennsylvania, marking ninth dispensary in the state
- On March 15, 2021, Harvest announced the settlement of its dispute with Falcon International



CAPITAL ALLOCATION

- Harvest is focused on improving operations across the existing asset base and further penetrating into key states
- Capital expenditures in 2021 are expected between \$35 million and \$45 million compared to \$26.9 million in 2020
- The majority of 2021 capital expenditures are slated for our top four states where we expect additional investments will yield fast and favorable returns
- Timing and magnitude of capital allocation depends on market conditions and availability of financing

ARIZONA

Limited License Medical/Recreational Market

123 Operational Dispensaries as of 2/28/21

130 Licenses for Retail/Up to 169 Maximum

338 Potential Cultivation and Manufacturing Operators

301,612 Medical Patients Reported February 2021

Recreational Sales Launched January 22, 2021

Harvest Operations*

15 open retail dispensaries

Camp Verde: cultivation facility with 37,372 ft² greenhouse and 3.3 acre outdoor

El Mirage: 9,234 ft² indoor cultivation facility

Flagstaff: 10,000 ft² processing facility

Phoenix: 58,890 ft² indoor cultivation and processing facility

Willcox: cultivation facility with 70,000 ft² greenhouse and zoning for 25 acre outdoor

Capital Expenditures

Expansion of cultivation and processing

Addition of up to three retail locations

Additional vertical license available in May 2023 upon expiration of licensing agreement

*Facility sizes represent actual building square footage and may include space designated for future expansion



FLORIDA

Limited License Medical Market

325 Approved Dispensaries

All Vertical Licenses – No Wholesale Market

515,676 Qualified Patients Reported 03/26/21

Harvest Operations*

6 open retail dispensaries

Alachua: 292,000 ft² indoor cultivation and processing facility

Gainesville: 37,500 ft² greenhouse facility

Capital Expenditures

Expansion of cultivation and processing to support additional retail locations in 2021

*Facility sizes represent actual building square footage and may include space designated for future expansion



MARYLAND

Limited License Medical Market

102 Dispensary Licenses

19 Cultivation Licenses/24 Processing Licenses

127,649 Patients Reported February 2021

Harvest Operations*

3 open retail dispensaries

Hancock: 101,750 ft² indoor cultivation, 8,400 ft² processing facility and 12,000 ft² greenhouse cultivation

Capital Expenditures

Expansion of cultivation and processing

*Facility sizes represent actual building square footage and may include space designated for future expansion



PENNSYLVANIA

Limited License Medical Market

109 Operational Dispensaries

27 Cultivation and Processing Facilities Online

500,000+ Patients and Caregivers December 2020

Harvest Operations*

9 open retail dispensaries; licensed for 15 total

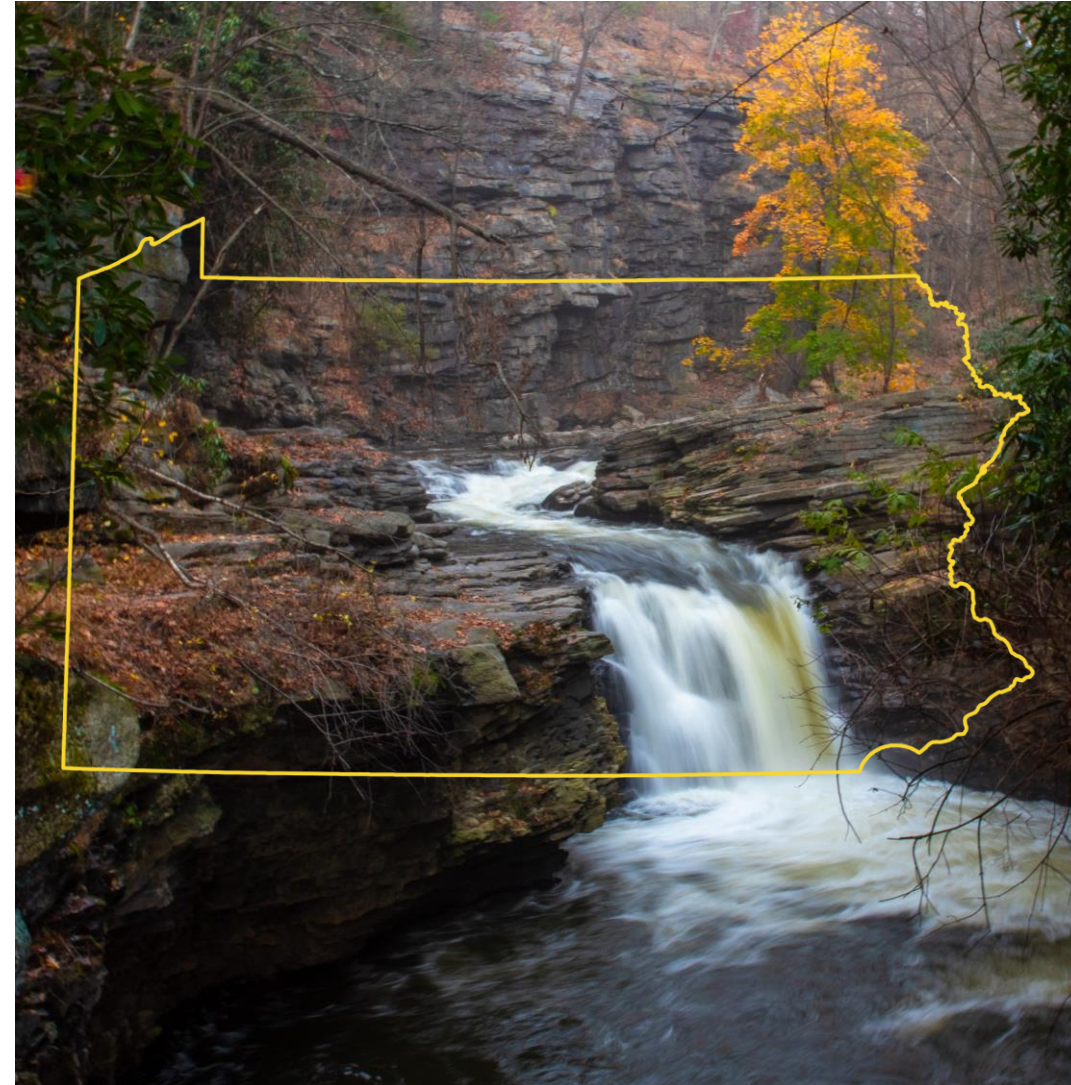
Reading: 46,800 ft² indoor cultivation and processing facility

Capital Expenditures

Expansion of cultivation and processing

Additional retail locations opening in 2021

*Facility sizes represent actual building square footage and may include space designated for future expansion





FINANCIAL HIGHLIGHTS

- Fourth quarter sales grew +85% year over year and +13% sequentially
- Fourth quarter same store sales comp was +57% year over year (26 stores) and +7% sequentially (34 stores)
- SG&A of \$26.9 million was 38% of revenue
- Fourth quarter net loss before non-controlling interest was \$7.4 million
- Fourth quarter GAAP adjusted EBITDA* was \$9.1 million; under IFRS accounting, fourth quarter adjusted EBITDA was \$16.4 million
- Completed bought deal financing with \$32.4 million proceeds in October 2020
- Completed divestiture of Arkansas assets for \$12.9 million net proceeds in November 2020
- Repaid \$20 million in real estate backed financing and conversion of \$19.1 million in debt to equity

*Refer to reconciliation of Adjusted EBITDA, a Non-GAAP Measure, on slide 20

FINANCIAL HIGHLIGHTS

INCOME STATEMENT HIGHLIGHTS

(USD millions)	Q4:20	Q3:20	Q2:20	Q1:20	Q4:19
Revenue	69.9	61.6	55.7	44.2	37.8
Gross Profit	31.3	28.7	23.4	18.1	16.6
Gross Margin	44.8%	46.6%	42.1%	41.0%	43.8%
SG&A	26.9	21.6	28.4	27.7	31.9
SG&A as % Revenue	38.5%	35.0%	51.0%	62.6%	84.5%
Net Loss before Non-Controlling Interest	(7.4)	(11.1)	(25.6)	(15.5)	(85.2)
Adjusted EBITDA*	9.1	11.5	(0.4)	(4.8)	(8.8)

*Refer to reconciliation of Adjusted EBITDA, a Non-GAAP Measure, on slide 20

REVENUE DETAIL

	Q4:20	Q3:20	Q2:20	Q1:20	Q4:19
Retail	52.4	46.5	42.3	30.0	25.2
Wholesale	10.9	8.5	7.2	6.1	6.4
Licensing & Other	6.6	6.6	6.2	8.2	6.1
Total	69.9	61.6	55.7	44.2	37.8

REVENUE DETAIL %

	Q4:20	Q3:20	Q2:20	Q1:20	Q4:19
Retail	75%	75%	76%	68%	67%
Wholesale	16%	14%	13%	14%	17%
Licensing & Other	9%	11%	11%	18%	16%
Total	100%	100%	100%	100%	100%

2021 OUTLOOK:

2021 Revenue Target: \$380 million

Q1:21 Revenue Target: at least \$87 million

DILUTED SHARE COUNT ESTIMATE

(millions as of December 31, 2020 on as if converted basis)

Subordinate Voting Shares	220.9
Multiple Voting Shares*	1.8
Super Voting Shares	2.0
Total Shares Outstanding	402.9

*converted at 100 subordinate shares per 1 multiple voting share

Employee Stock Options/RSUs	3.9
Warrants	6.6
Total Options, Warrants	10.5

Pro Forma Diluted Shares 413.4

excludes 10.7 million out of the money options

excludes 19.5 million out of the money warrants

excludes shares issuable upon conversion of debt

\$10 million convertible at Cd\$3.6692

\$100 million convertible at \$11.42

BALANCE SHEET HIGHLIGHTS

(USD millions)	Q4:20
Cash	78.1
Debt	265.0

FINANCIAL HIGHLIGHTS

Reconciliation of Non-GAAP Financial Measures

The table below reconciles Net Loss to Adjusted EBITDA for the periods indicated.

	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
Net loss (GAAP) before non-controlling interest	\$ (7,398)	\$ (85,173)	\$ (59,578)	\$ (168,814)
Add (deduct) impact of:				
Net interest and other financing costs ⁽¹⁾	13,194	5,328	39,013	10,198
Income tax	(1,482)	185	3,650	3,756
Amortization and depreciation ⁽²⁾	2,827	2,002	11,290	7,754
Fixed and intangible asset impairments	664	16,977	664	16,977
(Gain) loss on assets	(12,266)	2,431	(11,752)	2,313
Fair value adjustment of liability	14,433	1,457	10,125	(5,482)
Other (income) expense	(6,962)	7,773	(17,185)	8,286
Foreign currency (gain) loss	(19)	469	63	970
Share-based compensation expense	4,147	(1,420)	22,495	17,695
Contract asset impairment	(1,688)	35,098	732	35,098
Discontinued operations, net of tax	(142)	568	1,278	568
Other expansion expenses (pre-open)	3,648	2,658	12,719	9,770
Transaction & other special charges	136	2,894	1,830	17,200
Adjusted EBITDA (non-GAAP)	<u>\$ 9,092</u>	<u>\$ (8,753)</u>	<u>\$ 15,344</u>	<u>\$ (43,711)</u>

(1) Includes \$71, \$164, \$401 and \$684 of interest reported in cost of sales.

(2) Includes \$810, \$879, \$3,370 and \$2,394 of depreciation reported in cost of sales.

RETAIL PRESENCE

ARIZONA	710 W Elliot Rd #102	Tempe	Opened	05/2013
	15190 N Hayden Rd	Scottsdale	Opened	09/2016
	1691 Industrial Blvd	Lake Havasu	Acquired	07/2017
	3828 S Vermeersch Rd	Avondale	Opened	09/2017
	1821 W Baseline Rd	Guadalupe	Acquired	09/2017
	2734 E Grant Rd	Tucson	Opened	01/2018
	2400 Arizona 89A	Cottonwood	Opened	04/2018
	13631 N 59th Ave	Glendale	Opened	02/2019
	1860 N Salk Dr	Casa Grande	Acquired	07/2019
	2630 W Indian School Rd	Phoenix	Acquired	07/2019
	13433 E Chandler Blvd	Chandler	Opened	09/2019
	9275 W Peoria Ave	Peoria	Acquired	02/2020
	7320 E Butherus Dr, Ste 100	Scottsdale	Acquired	02/2020
	940 E Juanita Ave	Mesa	Acquired	02/2020
	2017 W Peoria Ave	Phoenix	Opened	09/2020
CALIFORNIA	2449 N 2nd Street	Napa	Opened	12/2018
	1053 Highland Way	Grover Beach	Acquired	08/2019
	712 Lincoln Blvd	Venice	Opened	09/2019
	312 N Palm Canyon	Palm Springs	Opened	10/2019
FLORIDA	4967 W Irlo Bronson Memorial Hwy	Kissimmee	Opened	02/2019
	1800 West Tennessee St	Tallahassee	Opened	03/2019
	182 W State Road 434 #1016	Longwood	Opened	04/2019
	7050 Sumter Crossing Dr	North Port	Opened	04/2019
	10095 Beach Blvd, Ste 450	Jacksonville	Opened	05/2019
MARYLAND	3833 SW Archer Road, Suite B	Gainesville	Opened	08/2019
	12200 Rockville Pike	Rockville	Opened	01/2018
	1526 York Road	Lutherville-Timonium	Acquired	09/2019
PENNSYLVANIA	3531 Washington Blvd Suite 112 - 133	Halethorpe	Acquired	12/2019
	3225 N 5th St Hwy Suite 1	Reading	Opened	10/2018
	201 Lancaster Avenue	Reading	Opened	09/2019
	340 S Washington Avenue	Scranton	Opened	10/2019
	2500-2504 North 6th Street	Harrisburg	Opened	11/2019
	339 Main Street	Johnstown	Opened	11/2019
	20269 Route 19 N	Cranberry Township	Opened	09/2020
	3401 Hartzdale Dr	Camp Hill	Opened	10/2020
	826 W Dekalb Pike	King of Prussia	Opened	10/2020
	1809 MacArthur Rd	Whitehall	Opened	03/2021

As of 03/30/2021; Dates listed in table represent timing of initial revenue contribution.



HARVEST IS A LEADING U.S. MULTI-STATE OPERATOR

- Harvest Health & Recreation is well positioned as an industry leader in the U.S. combining a targeted strategy, talented management team and disciplined capital allocation.
- Rooted in Arizona and founded in 2011, we are led by entrepreneurs, cannabis pioneers, marketing, manufacturing, retail and integration specialists.
- By combining organic growth and strategic acquisitions, we have grown to become one of the largest multi-state cannabis operators in the U.S.



**2011
YEAR FOUNDED**



**>1,075+
EMPLOYEES**



**\$1.5B
ENTERPRISE VALUE⁽¹⁾**



**37 RETAIL
LOCATIONS⁽¹⁾**



**\$380M
REVENUE TARGET⁽²⁾**



**12 CULTIVATION &
PROCESSING LOCATIONS**

(1) As of close on 03/30/21 (2) Full year 2021

THANK YOU

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HARVEST



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