

# HIGHDRATION KITCHEN PARTNER PRESENTATION



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## CANNABIS PRODUCT INNOVATIONS

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MA REGULATED THC

HEMP-DERIVED THC

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[MELTCUBES.COM](https://meltcubes.com)

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JANUARY 2025

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# BRAND INNOVATION IN THE THC BEVERAGE CATEGORY



# EXECUTIVE SUMMARY

## MASSACHUSETTS REGULATED MARKET AND D9 EXPANSION

- Applying consumer packaged goods brand development and go-to-market expertise to the legal cannabis industry
- Partnering with best-in-class suppliers and manufacturers to produce the highest quality THC-infused products
- Launched **melt** in Massachusetts in October '23 and are now available in 30+ accounts across the state
- Developing growth plans beyond Massachusetts focused on launching a hemp-derived D9 THC version of **melt** and a hemp-derived THC gelatin shot brand called **gel** for direct-to-consumer marketing of both products in 30+ states
- Actively exploring strategic partnerships to generate increased working capital, improve operational efficiencies, and execute hemp-expansion plans

# LEADERSHIP TEAM

## **HARRY GROOME, CEO, & FOUNDER**

Harry established Highdration Kitchen in 2021 with the aim of disrupting the cannabis industry by introducing innovative and high-quality brands appealing to a broad range of consumers.

## **PETER GROOME, STRATEGY & BRAND**

Peter is an advertising agency founder, CEO, and CMO for start-ups with 30 years of experience in consumer product brand building and go-to-market strategies.

## **JASON CAMILLOS, SALES, MARKETING & DISTRIBUTION**

Jason has devoted his career to sales and marketing of beverages. He played a key role in developing and selling several successful beverage businesses, including Vitamin Water and Body Armor.

## **PETER IMBER, FINANCE & OPERATIONS**

Peter is the Managing Member of North Point Partners, which provides strategic advisory services to small public and private businesses across various industries.



# OUR FIRST PRODUCT BREAKTHROUGH



# A RECIPE FOR SUCCESS

## VERSATILE

For any DIY drink occasion – a mixer, a quick shot, or an ice cube

## SOCIAL

Broader usage occasions than vapes, pre-rolls, and gummies

## EFFECTIVE

Onset within 10 minutes

## CONSISTENT

Precise THC infusion from 5mg individual cubes

## EFFICIENT

3x higher THC/liquid ratio and half the cost of RTD-infused cans

## SMART

More portable and less packaging waste than RTD-infused cans

## NATURAL

No sugar, no calories, natural preservatives

## FLAVORFUL

Lemon, Lime, and Original



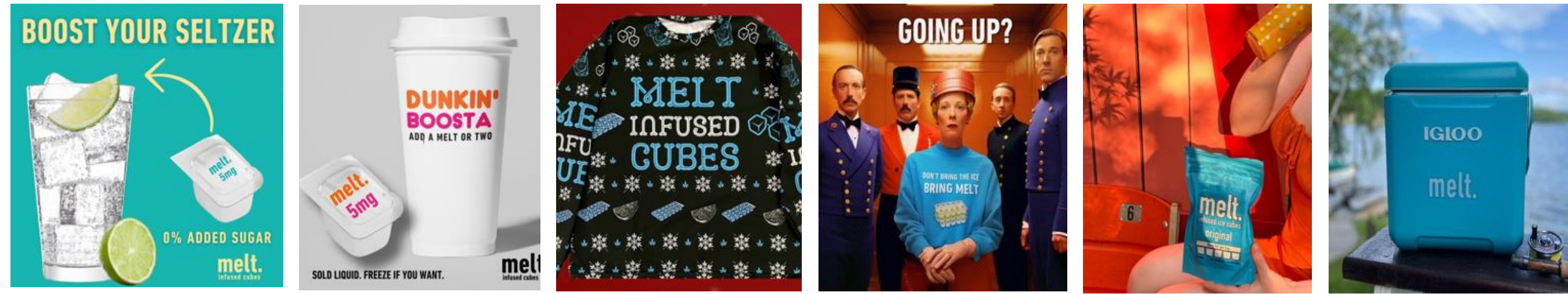


# A DYNAMIC BRAND

Elevating Any Drink and Any Drinking Occasion



WITH MELT, EVERY GLASS IS HALF FULL





# MARKET TRACTION: MASS. LAUNCH

- Sold in 30 MA dispensaries and counting
- Double-digit % month-over-month retail sales increases since October launch through the end of Jan. '24
- HK's top retail account has purchased nearly 350 trays of melt in the past two months
- Trade and consumer brand awareness steadily growing through sustained grassroots sales and marketing efforts – with a focus on the top 10 performing accounts





# EXCITEMENT FOR MELT

**“A game changer...”**  
—Budtender Review

**“Good to vibe with friends.  
Brilliant idea!”**  
—Consumer Review

**“Much better margins than cans.”**  
—Dispensary GM

**“...Necessary for the advancement  
of mankind.”**  
—Talking Joints Memo



**BEVNET**  
Highdration Kitchen Launches The First and Only Cannabis-Infused Ice Cubes in Massachusetts

FRAMINGHAM, Mass. — Highdration Kitchen announced its launch of the first and only cannabis-infused ice cubes in Massachusetts, called melt. This new category innovation is designed to appeal to a wide range of consumers from cannabis regulars to the “cannabis curious.”



melt will soon be available at licensed dispensaries throughout the state. melt infused ice cubes are designed to enhance homemade drinks like seltzers, juices, teas, coffees, and mocktails. melt cubes are sold in pure liquid form in pre-packaged ice trays of 10 infused cubes and designed to be easily frozen and consumed at home.



**TRENDHUNTER™**  
THE CUTTING EDGE OF COOL



Highdration Kitchen Launches the 'melt' Infused Ice Cubes

Report Date: July 16, 2022 | Location: Framingham, Massachusetts | Source: Highdration Kitchen

Highdration Kitchen has recently made a significant stride in the cannabis industry with the introduction of melt, the first and only cannabis-infused ice cubes. These innovative ice cubes are specifically crafted to enhance the potency and taste of homemade beverages, including seltzers, juices, teas, coffees, and mocktails. By infusing a touch of cannabis into these beverages, melt aims to provide consumers with a unique and enhanced drinking experience.



**Ganjapreneur**



Highdration Kitchen Launches First & Only Cannabis-Infused Ice Cubes In Massachusetts

FRAMINGHAM, MASSACHUSETTS, June 16, 2022 — Highdration Kitchen announced the launch of the first and only cannabis-infused ice cubes in



**TJM**  
TALKING JOINTS MEMO



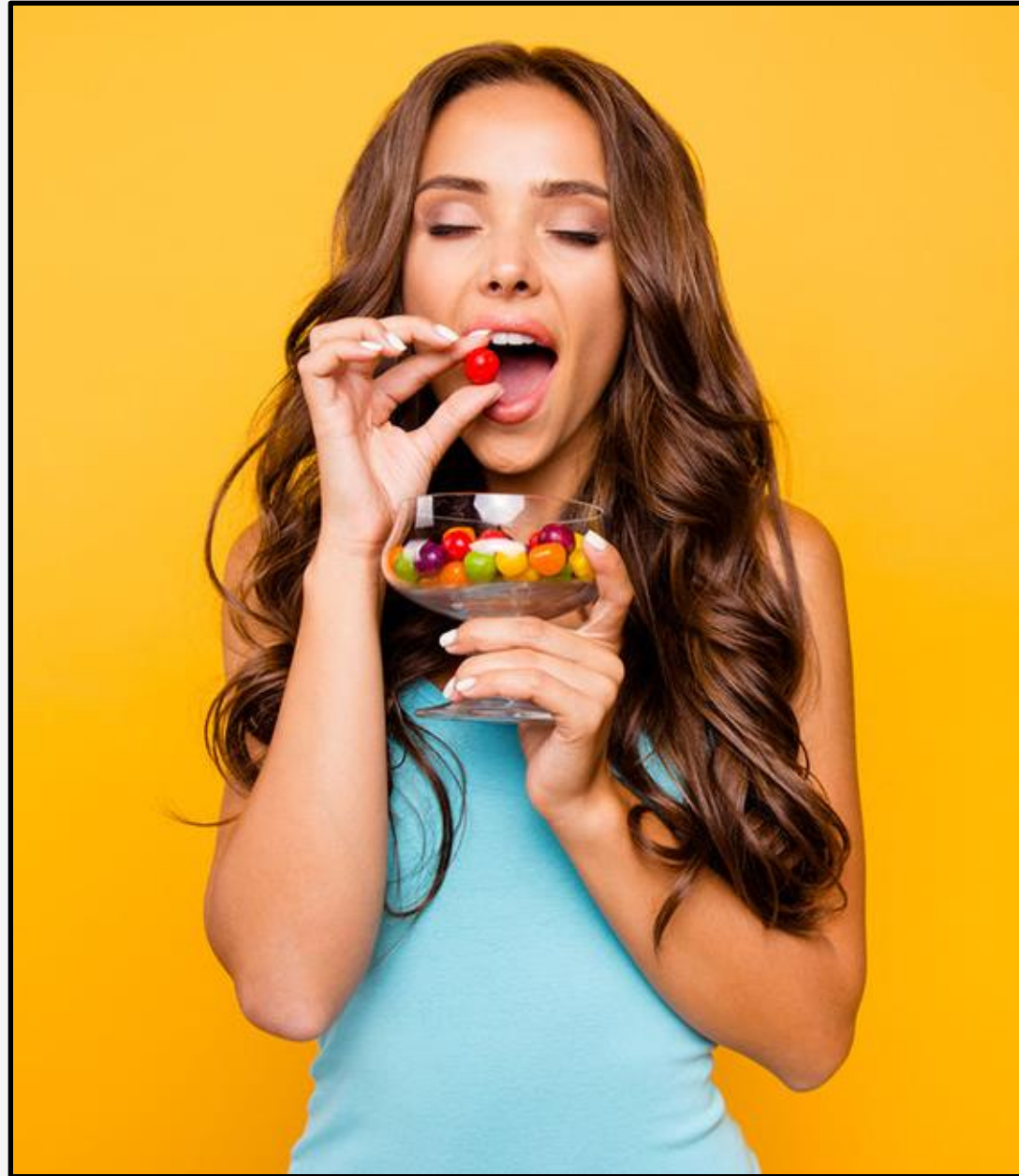
**Not only are these THC cubes practical, they're necessary for the advancement of humankind**

First, a warning, any mention to a non-cannabis user (and even some heads who indulge) that you purchased infused ice cubes will be met with a comment like, "But the melt up... Are you pulling my leg?"

But we are not pulling your leg or anyone else's unless their foot is breaking our freezer. Because in our freezer, buried under frozen vegetables so children won't find them, are multiple bags of Melt infused ice. With 10 small cubes per tray for a total of 50mg of THC, we're beginning to consider them to be among the most casual and convenient delivery methods around.



# BROAD CONSUMER APPEAL



## CANNA-CURIOUS

Interested in THC consumption, but not current THC formats like flower and vapes



## SOBER CURIOUS

Growing numbers replacing alcoholic beverages with THC-infused beverages



## THC BEVERAGE CURIOUS

Light to heavy THC consumers exploring new, more social formats



# AT THE INTERSECTION OF KEY TRENDS



- Only 62% of adults under age 35 say they drink alcohol, 10% less than two decades ago – *Gallup*
- Gen Z is drinking more than 20% less than other generations at their age – *Gallup*
- Sales on NA beer, wine, and spirits at off-premise locations like grocery stores have grown 31% over the past year – *Neilson*



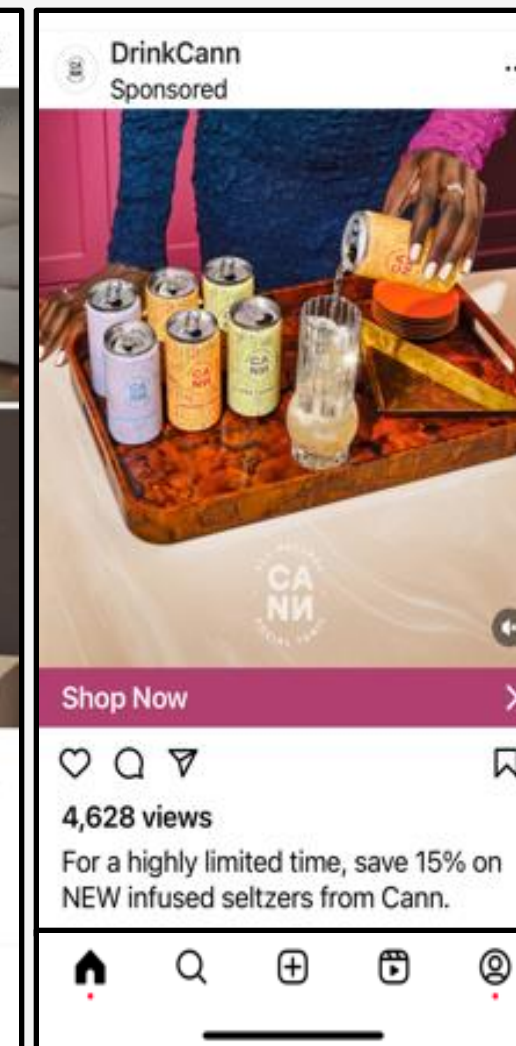
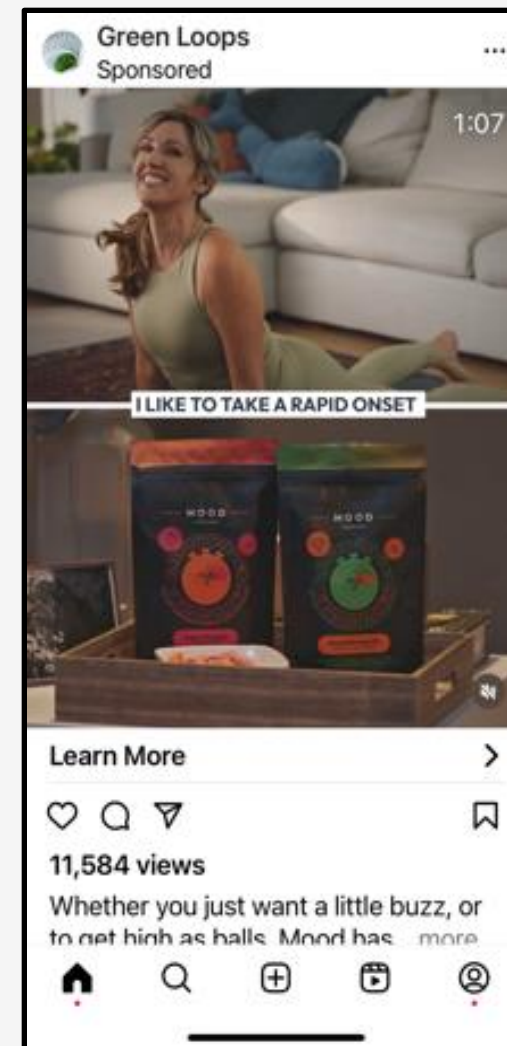
- Marijuana consumption has doubled among adults 18-34 since 2013 – *Gallup*
- Cannabis-infused drinks are expected to grow to \$8.7B by 2032, a CAGR of 38% – *Fact.MR*

# WELL-POSITIONED FOR D9 GROWTH

- Hemp-derived THC products are legal under the 2018 Farm Bill
- Several brands currently sell through DTC e-commerce platforms and distribute in more than 40 states
- RTD THC beverages are now sold in convenience, grocery, and beer and liquor stores in multiple states

**Forbes**

**Projecting \$100 Million,  
Hemp Startup MOOD  
Confounds Expectation**





# FOCUS: STRATEGIC EXPANSION

1. Build on the momentum created since the Mass. launch to expand brand presence and distribution to 75 **melt** audience- and brand-aligned dispensaries before the end of '24.
2. Leverage learnings to date to launch a national hemp-derived THC portfolio through DTC and traditional retail channels.

# PRODUCT EXPANSION STRATEGY

Innovative THC-infused consumables that elevate any social occasion



CUBES2GO



JELLO SHOTS

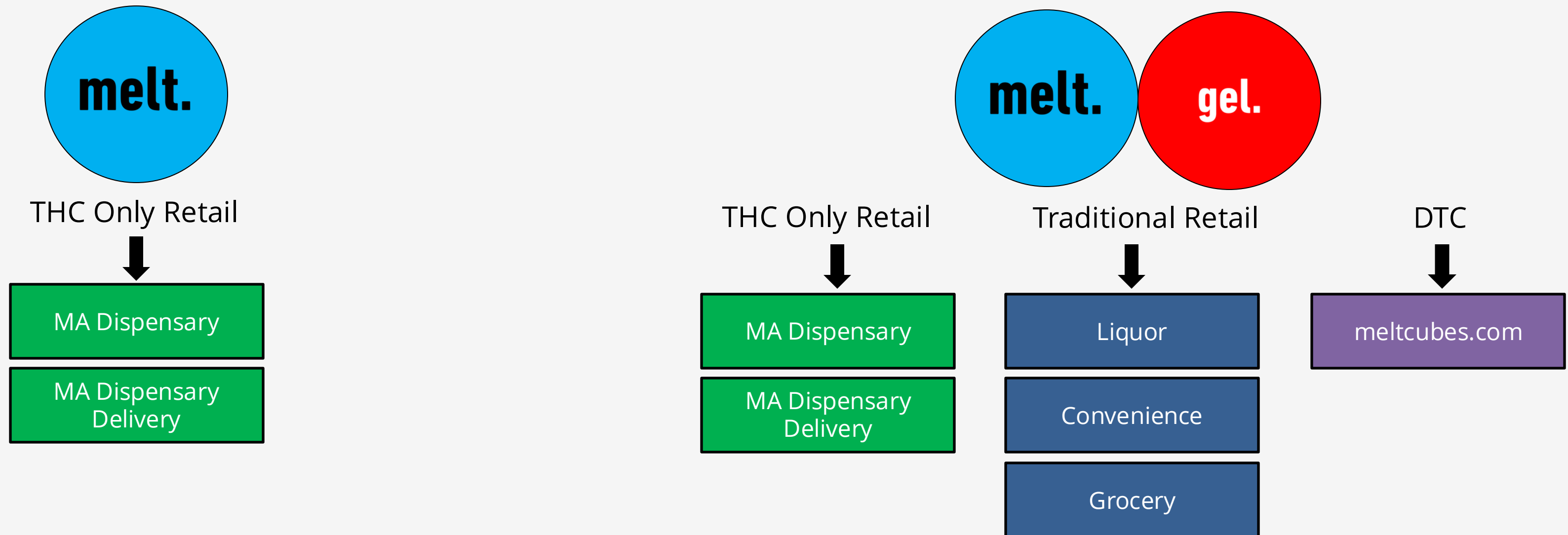
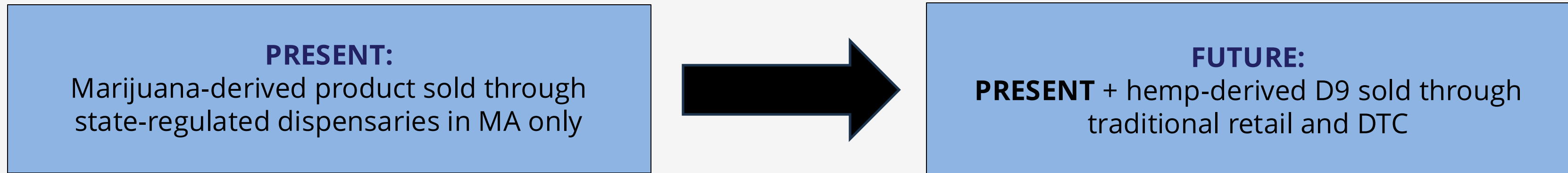


ICE POPS



# DISTRIBUTION STRATEGY

Expand from dispensary-only in one state to D-to-C, traditional retail distribution, and expanded product mix in 40+ states



# SALES & MARKETING STRATEGY

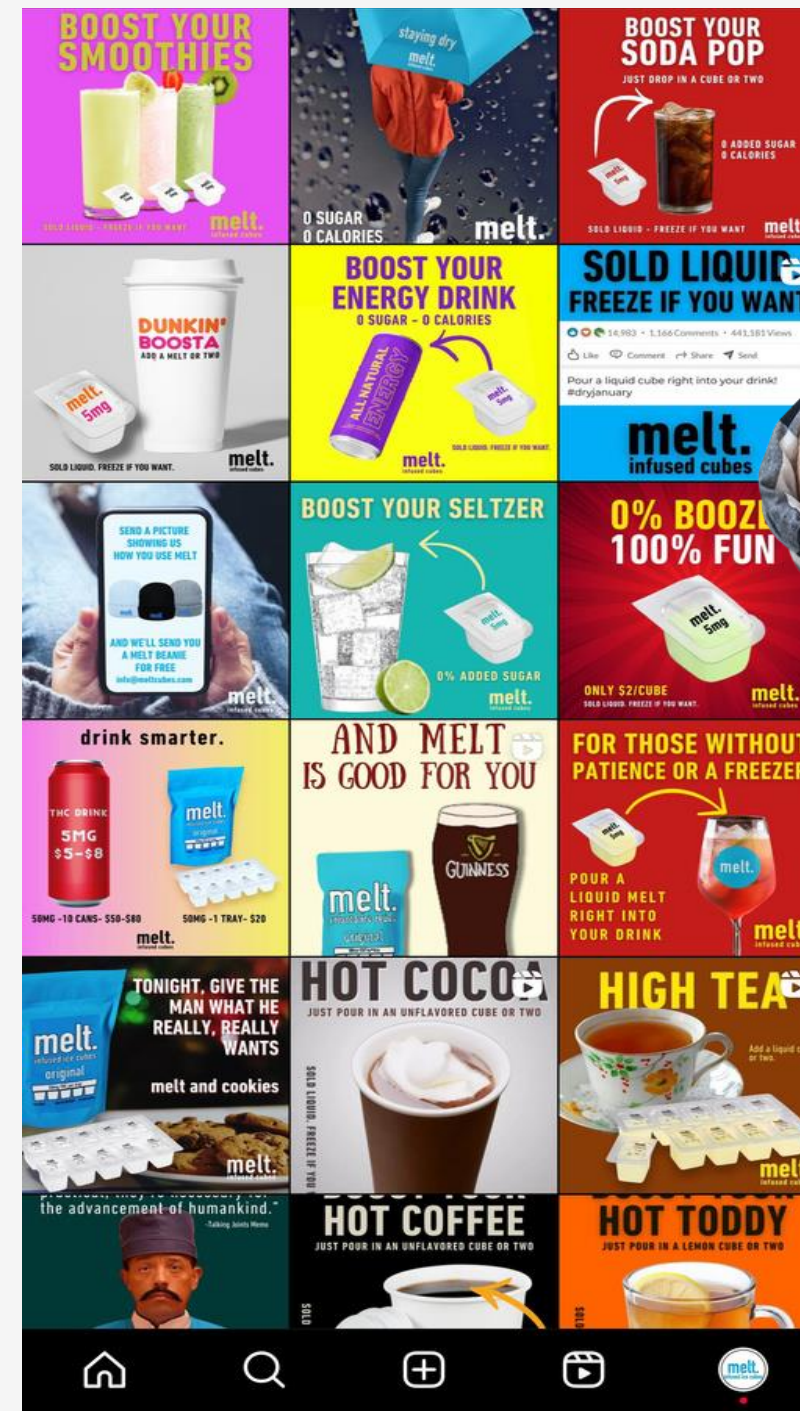
Expand brand engagement and trial through DTC marketing and on-premise promotions

## DTC Marketing:

- Targeted paid Instagram and Facebook ads in 40 hemp-approved states for direct purchase at meltcubes.com
- Content co-creation and distribution with strategic influencers

## Retail Sales:

- Dedicated brand ambassadors for sales support and on-premise activation at dispensaries, grocery, C-stores, liquor and beer retailers
- Cross-beverage category strategic alliances and product bundles
- Retail event activation via pop-ups and POS retailer social media cross-promotion





# PRICING STRATEGY

Maintain healthy margins while providing an attractive opportunity for retailers and competitive consumer positioning



## MELT WHOLESALE

\$10 PER TRAY

\$120 PER CASE



## MELT MSRP

\$20 PER TRAY (50MG)

\$2 PER CUBE



## COMP 50MG MSRP

EDIBLES: \$20-\$30

PRE-MADE DRINKS: \$50-\$80

# MANUFACTURING STRATEGY

Leverage partnerships with industry leaders to produce high-quality products with scale capacity

## PRODUCTION

- Highdration Kitchen owns all production machinery
- Tooling is easily integrated into a 3<sup>rd</sup> party manufacturing facility for scale, labor, compliance, and to reduce overhead
- Manufacturing capacity = 30,000 trays per month on a single shift, scalable to 60,000 per month





# KEY FINANCIAL & OPERATING METRICS

- Wholesale margins >75%; DTC margins expected to be >85% with room to improve further with scale and efficiencies
- Existing manufacturing infrastructure can produce enough product for \$7,000,000/year in sales
- The outsourced model results in a low monthly burn of \$30,000/month, including lease payments ending in June (overhead will ramp up with D9 and DTC initiatives)

# PARTNERSHIP OPPORTUNITIES

A strategic merger between Highdration Kitchen and an established cannabis products manufacturer or retailer looking for portfolio and team expansion in the regulated and D9 markets.





**CHEERS!**

# DISCLAIMER

The Company's proposed business is dependent on laws pertaining to the cannabis industry. Cannabis remains illegal under federal law. Cannabis is a schedule-I controlled substance and is illegal under federal law. It remains illegal under United States federal law to grow, cultivate, sell, or possess cannabis for any purpose or to assist or conspire with those who do so. Additionally, 21 U.S.C. 856 makes it illegal to "knowingly open, lease, rent, use, or maintain any place, whether permanently or temporarily, for the purpose of manufacturing, distributing, or using any controlled substance." Even in those states in which the use of cannabis has been authorized, its use remains a violation of federal law. Any person that is connected to the cannabis industry, including, but not limited to, investors in the Company, may be at risk of federal criminal prosecution and civil liability. Any investments could also be subject to civil or criminal forfeiture and a total loss. Since federal law criminalizing the use of cannabis preempts state laws that legalize its use, strict enforcement of federal law regarding cannabis would likely result in the Company's inability to proceed with its business plan and a possible total loss of its investment. Additionally, pursuant to 26 U.S. Code § 280E, any business engaged in the trafficking of a controlled substance may be prohibited from making certain deductions or obtaining certain tax credits. Some courts have determined that contracts relating to state legal cultivation and sale of cannabis are unenforceable on the grounds that they are illegal under federal law and therefore void as a matter of public policy. The Company may have difficulty accessing the service of banks and bankruptcy protections, which may make it difficult for them to operate or unwind. Since the use of cannabis is illegal under federal law, there is a compelling argument that banks cannot accept for deposit funds from businesses involved with cannabis. Consequently, businesses involved in the cannabis industry often have trouble finding a bank willing to accept their business. The inability to open bank accounts may make it difficult for the Company to operate and the reliance on cash can result in a heightened risk of theft. Additionally, some courts have denied cannabis businesses bankruptcy protection, thus, making it very difficult for lenders to recoup their investments. Insurance Risks. In the United States, many cannabis related companies are subject to a lack of adequate insurance coverage including, without limitation, general coverage for cultivating cannabis and traditional commercial insurance covering dispensary transit. In addition, many insurance companies may deny claims for any loss relating to cannabis for reasons such as it is illegal under federal law, a contract for an illegal item is unenforceable or there can be no insurable interest in an illegal item. Common Units Not Registered Under the Securities Act or State Blue Sky Laws. The Units will not be registered for public sale or resale under the Securities Act or the securities laws of any state, in reliance upon exemptions which depend in part upon the investment intent of the investors. There is no present plan to register the Units in the future. Accordingly, the Units must be acquired for investment purposes only and not with a view to resale or other distribution. Such Units will only be offered and sold to such persons that are "accredited investors" as defined in Rule 501 of Regulation D promulgated under the Securities Act. Such Units will be offered without registration in reliance upon the Securities Act exemption for transactions not involving a public offering. Investors will be required to make certain representations to the Company, including that they are acquiring interests in the Company for their own account, for investment purposes only and not with a view to their distribution. Risks Associated with Investing in Securities in General. Investment in the Company's Units involves a high degree of risk. All securities investments risk the loss of all capital. The Company makes no guarantee or representation that the Company will achieve its business objectives or that a Subscriber will receive a return of his, her, or its capital. Making an investment in the Company is speculative. Prospective Subscribers should carefully consider, among other factors, the matters described in this section, each of which could have a material adverse effect on the value of the Units offered hereby. As a result of these factors, as well as other risks set forth elsewhere in this document, there can be no assurance that the Company will be able to implement the business plan or that the Units will be of value in the future. A prospective Subscriber should only invest in the Units as part of an overall investment strategy and only if the prospective Subscriber is able to withstand a total loss of his, her, or its loan. THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN AN INVESTMENT IN THE COMPANY. SUBSCRIBER SHOULD READ THIS AGREEMENT AND THE OPERATING AGREEMENT, BOTH IN THEIR ENTIRETY, AND CONSULT WITH THEIR OWN ADVISORS BEFORE DECIDING WHETHER TO INVEST IN THE COMPANY. IN ADDITION, AS THE COMPANY'S INVESTMENT PROGRAM DEVELOPS AND CHANGES OVER TIME, AN INVESTMENT IN THE COMPANY MAY BE SUBJECT TO ADDITIONAL AND DIFFERENT RISK FACTORS.