

Glass House Brands Secures \$50M Senior Loan for Expansion

Glass House Brands Secures \$50M Senior-Secured Loan for Growth

Glass House Brands (GLASF), a leading cannabis cultivator and producer, has announced the signing of a new \$50 million senior-secured credit facility. This loan will provide financial flexibility for the company to pay down existing debt and support its operational growth.

Loan Terms and Structure

The newly secured loan carries a fixed interest rate of 8.58% for the duration of the term. The first two years will be interest-only, providing Glass House Brands with a period of financial relief before principal payments begin. In the last three years, the company will make principal and interest payments based on a straight-line amortization schedule spanning 15 years. A final balloon payment of \$40 million will be due at maturity.

Collateral and Security

The credit facility is secured by a first priority lien on Glass House Brands' key assets, including its Camarillo, Padaro, and Casitas greenhouse farms and facilities. Additionally, the lender will hold a first priority lien on the rest of the company's assets, excluding other real estate holdings. This structure provides the lender with significant security while allowing the company to maintain operational control over its primary assets.

Key Financial Covenants

As part of the agreement, Glass House Brands must adhere to specific financial covenants to ensure financial stability and compliance:

Minimum Liquidity Requirement: The company is required to maintain a minimum of \$10 million in liquidity, which must be held in an account at the lending institution throughout the term of the loan.

Fixed-Charge Coverage Ratio: Glass House Brands must maintain a consolidated fixed-charge coverage ratio of at least 1.25x, which will be tested quarterly on a trailing-twelve-month basis. The first evaluation will take place on December 31, 2024.

Utilization of Loan Proceeds

Glass House Brands intends to use the proceeds from this \$50 million loan for multiple strategic financial objectives. A major portion of the funds—approximately \$41 million—will be allocated to paying off the

outstanding balance on the previous senior secured loan. The remaining capital will be used for working capital needs and general corporate purposes, enabling the company to enhance its financial position and expand operations.

Strengthening Financial Stability

With this new credit facility, Glass House Brands aims to improve its balance sheet while ensuring sufficient liquidity for future growth. The company's ability to secure favorable loan terms demonstrates confidence from financial institutions in its long-term viability and operational strategy.

This financing move positions Glass House Brands to navigate the evolving cannabis market while maintaining its commitment to financial discipline and strategic expansion.

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