

MedMen Announces Preliminary Fourth Quarter 2019 Systemwide Revenue Results and Provides Additional Corporate Updates

- *Pro forma fourth quarter systemwide revenue, including pending acquisitions, of US\$61 million, representing an annualized run rate of approximately US\$245 million*
- *Company is now on track to achieve an approximately 30% overall reduction in corporate SG&A from the December 2018 quarter, surpassing initial target reduction of 20%*
- *Through the recent awarding of licenses and assuming completion of pending acquisitions, the Company is licensed for 92 retail stores across the U.S., including 17 retail stores in California*
- *Completed previously announced amendments to US\$250 million financing arranged by Gotham Green Partners*
- *Signed definitive documentation for US\$30 million equity financing with Wicklow Capital and Gotham Green Partners*

LOS ANGELES--(BUSINESS WIRE)--August 13, 2019--**MedMen Enterprises Inc.** (CSE: MMEN) (OTCQX: MMNFF) (“**MedMen**” or the “**Company**”), a leading cannabis retailer with operations across the U.S., today announced unaudited systemwide revenue figures for the fiscal fourth quarter 2019, which ended on June 29, 2019. The Company also provided an update on several corporate initiatives, including efforts to optimize SG&A and raise capital, the status of the pending PharmaCann transaction and retail store expansion. The Company plans to announce financial results for Fiscal 2019 after market close on October 28, 2019.

“Q4 2019 was another quarter of solid execution for MedMen and a very strong end to our fiscal year,” said Adam Bierman, MedMen co-founder and chief executive officer. “Throughout 2019, we broadened our geographic footprint through strategic acquisitions, which leverage our existing corporate infrastructure as we enter new markets. Following the closing of pending acquisitions, we will be licensed for up to 92 retail locations across 12 states, and there is tremendous opportunity ahead to turn the balance of our retail licenses into revenue-generating storefronts.”

Unaudited Systemwide Revenue:

For the fiscal fourth quarter 2019, systemwide revenue across MedMen’s operations in California, Nevada, New York, Arizona and Illinois, excluding pending acquisitions, totaled US\$42.0 million (CA\$55.5 million), up 15% sequentially. This growth represents the Company’s third consecutive double-digit sequential revenue increase since going public in May 2018. For the fourth quarter, gross margins across retail operations were 50%, compared to 51% in the previous quarter. Pro forma systemwide revenue, which includes pending acquisitions that have not yet closed, totaled US\$61.3 million (CA\$81.0 million) for the quarter. This pro forma revenue figure is based on 37 retail stores that were operational at the end of the quarter and includes the recently announced pending acquisitions of operational retailers in Long Beach, California and Vallejo, California.

MedMen's stores in California's recreational market continue to perform well quarter over quarter. The Company's 11 operational retail locations in California reported a combined US\$27.4 million (CA\$36.2 million) in revenue for the fourth quarter, an increase of 10% sequentially. Revenue by quarter for Fiscal 2019 is summarized in the table below.

FY 2019 Revenue Summary

<i>Currency in USD</i>	Q1	Q2	Q3	Q4	Total
Systemwide Revenue	21.5	29.9	36.6	42.0	130.0
Revenue of Pending Acquisitions					
PharmaCann	7.3	9.8	15.5	17.5	50.1
Other	10.7	9.9	2.8	1.8	25.2
Total Pro Forma Revenue (non-IFRS)	39.5	49.6	54.9	61.3	205.3
Operational Stores (Pro Forma)	17	31	32	37	37

Corporate SG&A Optimization:

Based on preliminary figures for the fourth quarter 2019 and subsequent initiatives in fiscal first quarter of 2020, MedMen expects to significantly surpass the targeted 20 percent reduction in its corporate SG&A expenses from its quarter ending December 2018, which totaled US\$164 million on an annualized basis. The Company is now on track to reduce its run-rate corporate SG&A expenses by 30 percent by the end of the September 2019 quarter, or to approximately US\$115 million on an annualized basis going forward. Key drivers of this continued decrease in corporate SG&A expenses include: i) general corporate cost savings, ii) strategic headcount reductions across various departments and iii) elimination of non-core functions and overhead in various departments.

Financing and Balance Sheet Developments:

MedMen has completed the previously announced amendments to its US\$250 million senior secured credit facility arranged by Gotham Green Partners (the "**Facility**"). These amendments offer the Company greater access to capital by providing MedMen the ability to draw down the full remaining balance of the Facility without any trading price hurdles. The amendments also make changes to certain financial covenants under the Facility, providing MedMen further flexibility in managing its balance sheet and growth initiatives.

As a result of the amendments to the Facility, the conversion price per share of the senior secured convertible notes ("Notes") issued in both Tranche 1 – which has an aggregate principal amount of US\$100 million – and the initial portion of Tranche 2 – which has an aggregate principal amount of US\$25 million have been updated. For Tranche 1, the conversion price per share of the Notes is now US\$2.55. For the initial portion of Tranche 2, the conversion price per share of the Notes is now US\$2.17. No amendments were made to the warrants issued by the Company in connection with either tranche. Additionally, the previously disclosed Facility amendment fee will be given effect within the documentation for the second portion of Tranche 2, such portion of Tranche 2 contemplated to be in the aggregate principal amount of US\$50 million.

MedMen has also executed definitive subscription documentation for its non-brokered offering of subordinate voting shares for aggregate gross proceeds of US\$30 million (the “**Equity Placement**”) at a price per share of US\$2.05 with the subscribers, Wicklow Capital and Gotham Green Partners. Closing of the Equity Placement is expected in the coming days. Shares issued pursuant to the Equity Placement will be subject to a hold period of four months from the closing date thereof. The gross proceeds from the Equity Placement together with the remaining financing commitment under the Facility total US\$155 million. These proceeds may be used when available to finance working capital requirements and to execute on the Company’s retail footprint expansion plans.

Please note this news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the United States Securities Act of 1933, as amended, and applicable state securities laws. Please refer to the Company’s news releases dated July 10, 2019, May 23, 2019 and April 23, 2019 and to other regulatory documents available on the Company’s profile at www.sedar.com for additional details regarding the Facility and its amendments.

PharmaCann Transaction:

On December 24, 2018, MedMen announced that the Company entered into a definitive business combination agreement (the “**Transaction**”) to acquire PharmaCann, LLC (“**PharmaCann**”), one of the largest vertically-integrated multistate cannabis operators in the U.S. The Transaction is subject to the requirements of the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “**HSR Act**”), which provides that the business combination may not be completed until the applicable waiting period is terminated or expires. On January 11, 2019, MedMen and PharmaCann filed the requisite notification and report forms under the HSR Act with the Antitrust Division of the Department of Justice (the “**DOJ**”) and the Federal Trade Commission (the “**FTC**”).

On March 15, 2019, MedMen and PharmaCann received requests for additional information and documentary material (“**Second Requests**”) from the DOJ regarding the Transaction. The HSR waiting period will expire, and the parties may complete the Transaction, 30 days after MedMen and PharmaCann substantially comply with the Second Request, unless early termination of the HSR waiting period is granted or the DOJ has taken any action that extends the waiting period or that results in a court order requiring remedies or stopping the Transaction.

As of August 9, 2019, MedMen and PharmaCann each declared substantial compliance with the Second Request. Completion of the Transaction remains subject to the expiration or termination of the HSR waiting period and other customary closing conditions. Assuming that the conditions to close are satisfied or waived, the Transaction is expected to be complete by the end of calendar year 2019.

As consideration for the Transaction, PharmaCann equityholders are expected to receive approximately 168.4 million subordinate voting shares in the combined company, based on MedMen's fully-diluted shares outstanding as of June 29, 2019. The total share consideration is subject to change based on the Company's fully-diluted subordinate voting shares outstanding as of the closing date of the Transaction.

Please refer to the Company's filings available on the Company's profile at www.sedar.com for additional details regarding the Transaction.

Growing Retail Footprint:

MedMen is currently licensed for up to 92 locations across 12 states, including locations to be acquired through pending acquisitions. This geographic footprint includes the Company's industry-leading California retail network of 17 stores.

- **California:** MedMen increased its total retail license count in California to 17, with the recent acquisitions of two retailers in Long Beach and one retailer in Vallejo. The Long Beach transactions include the previously announced acquisition of One Love Beach Club and a recent acquisition of a non-operational retail license. Of these 17 retail licenses, 13 are operational as MedMen stores, including the recently opened MedMen Sorrento Valley location. The Company was also recently awarded commercial retail licenses in the cities of Pasadena and Turlock. MedMen expects to have a total of 30 retail locations in California within the next 24 months.
- **Illinois:** On June 25, 2019, Illinois Governor J.B. Pritzker signed a landmark bill legalizing adult cannabis use in the state beginning January 1, 2020. This legalization is projected to generate approximately US\$2 billion in annual sales, as well as 23,000 new jobs for Illinois a few years after the program launches. Through the proposed acquisition of PharmaCann, MedMen expects to become a prominent retailer in Illinois with a total of 10 store locations, the maximum number of retail stores a single company can operate based on state regulations.
- **Florida:** On June 14, 2019, MedMen announced its expansion into Florida with the opening of its first retail location in West Palm Beach. MedMen is licensed to open up to 35 retail locations in Florida and has over 20 leases already secured in the state. The Company is slated to open an additional 11 stores in the state during the second-half of calendar 2019, including retail stores in Key West, Orlando, Miami Beach, St. Petersburg and Pensacola. The Company's own suite of brands – [statemade], LuxLyte and MedMen – are already being sold at the West Palm Beach location.

Investor Relations Notice:

As MedMen continues to expand and enhance its efforts to engage with the investment community, the Company announced today that it will be relaunching its investor website. The investor site will continue to serve as a valuable resource for investors to stay informed on the latest company news and financials. An updated version of the corporate presentation, which

features details on the Company's business strategy, geographic footprint and path to profitability, has also been posted today on the investor site. Further, the Company has retained strategic investor relations firm ADDO Investor Relations, comprised of professionals with deep investor relations experience with top-tier consumer retail companies, to support the Company's internal investor relations efforts.

About MedMen:

MedMen is a cannabis retailer with operations across the U.S. and flagship stores in Los Angeles, Las Vegas and New York. MedMen's mission is to provide an unparalleled experience that invites the world to discover the remarkable benefits of cannabis because a world where cannabis is legal and regulated is a safer, healthier and happier world. Learn more at www.medmen.com.

Cautionary Note Regarding Forward-Looking Information and Statements:

This press release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current condition, but instead represent only MedMen's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of MedMen's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or may contain statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "will continue", "will occur" or "will be achieved". The forward-looking information and forward-looking statements contained herein may include, but are not limited to, expectations regarding the results of the Company's ongoing corporate SG&A optimization efforts, expectations regarding the completion of pending acquisitions, including the satisfaction of the conditions precedent to the completion of the Transaction and the timing for completion of the Transaction, expectations regarding the number of new locations to be opened in calendar year 2019 and in the next 24 months, expectations regarding the ability of the Company to draw-down on the remainder of the Facility, and expectations for other economic, business, and/or competitive factors.

By identifying such information and statements in this manner, MedMen is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of MedMen to be materially different from those expressed or implied by such information and statements. In addition, in connection with the forward-looking information and forward-looking statements contained in this press release, MedMen has made certain assumptions. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information and statements are the following: inability to satisfy the conditions

precedent to the completion of the Transaction or other acquisitions, including inability to receive the requisite regulatory approvals; inability to satisfy the conditions precedent for the Company to be able to draw down on the remainder of the Facility; changes in general economic, business and political conditions, including changes in the financial markets; changes in applicable laws and compliance with extensive government regulation. Should one or more of these risks, uncertainties or other factors materialize, or should assumptions underlying the forward-looking information or statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected.

Although MedMen believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. The forward-looking information and forward-looking statements contained in this press release are made as of the date of this press release, and MedMen does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward-looking information and statements attributable to MedMen or persons acting on its behalf is expressly qualified in its entirety by this notice.

Source: MedMen Enterprises

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