

## MedMen Announces US\$20 Million Financing Commitments – Designated News Release

9/16/2020

LOS ANGELES--(BUSINESS WIRE)-- MedMen Enterprises Inc. (“MedMen” or the “Company”) (CSE: MMEN) (OTCQX: MMNFF), a leading cannabis retailer with operations across the U.S., today announced financing commitments totaling over US\$20,000,000 from existing lenders and institutional investors. The commitments include (1) US\$10,000,000 in gross proceeds under a new unsecured convertible facility, (2) US\$5,700,000 in additional gross proceeds under its senior secured term loan led by Stable Road Capital and (3) US\$5,000,000 in additional gross proceeds under its senior secured convertible facility led by Gotham Green Partners.

“We are pleased with the continued support from our existing capital partners as we continue our recent track record of execution,” said MedMen Executive Chairman, Ben Rose. “The financing package is a significant milestone for the Company and is a reflection of the commitment the Company has made to strengthen the balance sheet, accelerate its path to profitability and sustainability and focus on its core retail business. We look forward to continue expanding the MedMen brand.”

### Unsecured Convertible Facility:

The Company entered into a US\$10,000,000 unsecured convertible debenture facility (“Convertible Facility”) with certain institutional investors (collectively, the “Investors”). On September 16, 2020, the Company closed on an initial US\$1,000,000 (“Initial Tranche”), with subsequent tranches expected to be closed in the coming months, subject to certain conditions. Under the Convertible Facility, the convertible debentures (“Debentures”) shall have a conversion price equal to the closing price on the trading day immediately prior to the closing date, a maturity date of 24 months from the date of issuance and will bear interest from the date of issuance at 7.5% per annum, payable semi-annually in cash. The Debentures issued to the Investors for the initial tranche have

a conversion price of US\$0.1670 (“**Conversion Price**”) per Class B Subordinate Voting Share (“**Share**”).

Subject to certain conditions, the Company has the right to call additional tranches, totaling US\$1,000,000 each, no later than 20 trading days following the issuance of each tranche, including the initial tranche, up to a maximum of US\$10,000,000 under all tranches. The timing of additional tranches can be accelerated based on certain conditions. The Investors have the right to at least four additional tranches, with any such subsequent tranche to be at least US\$1,000,000.

At the closing of each additional tranche, the Company shall issue share purchase warrants equal to 55% of the number of Shares a debenture is convertible into for a particular tranche. Each warrant will be exercisable to purchase one Share for a period of 24 months from the date of issuance at an exercise price equal to 120% of the volume weighted average price of the Shares on the Canadian Securities Exchange (“**CSE**”) for ending on the trading day immediately prior to the applicable closing of each tranche. As part of the Initial Tranche, the Company issued to the Investors a total of 3,293,413 warrants, each exercisable at US\$0.21 per share for a period of 24 months from the date of issuance.

The Debentures shall provide for the automatic conversion into Shares in the event that the Shares trade at a volume weighted average trading price that is 50% above the Conversion Price on the CSE for forty-five (45) consecutive trading days.

### **Senior Secured Term Loan:**

The Company has also entered into a further amendment to the commercial loan agreement that governs its senior secured term loan (the “**October 2018 Loan**”) with funds managed by Stable Road Capital and its affiliates (“**Term Loan Lenders**”). The amendments include, among other things, an increase in the potential size of the facility by US\$12,000,000, of which US\$5,700,000 (“**Incremental Notes**”) is fully committed by the Term Loan Lenders. On September 16, 2020, the Company closed on US\$3,000,000, with the remaining US\$2,700,000 expected to be funded on September 30, 2020.

The principal amount of the Incremental Notes will carry an interest rate of 18.0% per annum, to be paid as follows: (a) 12.0% shall be paid in cash monthly in arrears; and (b) 6.0% shall accrue monthly to the outstanding principal as payment-in-kind.

The October 2018 Loan was also amended to include, among other things, a modification to the minimum liquidity covenant, which extends the period during which it is waived from September 30, 2020 to December 31, 2020. The minimum liquidity threshold resets to US\$5.0 million thereafter to US\$7.5 million effective on March 31, 2021 and then to US\$15.0 million effective on December 31, 2021.

As consideration for the increase in the size of the facility under the October 2018 Loan and the amendment to the covenant, the Company is issuing warrants as follows: on the closing of the initial US\$3,000,000, the Company issued to the Term Loan Lenders a total of 30,000,000 warrants, each exercisable at US\$0.20 per share for a period of five years and 20,227,865 warrants, each exercisable at US\$0.34 per share for a period of five years; on closing of the remaining US\$2,700,000 tranche, the Company will issue to the Term Loan Lenders an additional 27,000,000 warrants, each exercisable at the greater of (a) US\$0.20 per Share and (b) 115% multiplied by the volume-weighted average trading price of the Shares for the five consecutive trading days ending on the trading day immediately prior to the applicable funding date of the second tranche.

### Senior Secured Convertible Facility:

On September 14, 2020, the Company was also advanced an additional US\$5,000,000 in gross proceeds (the **"Incremental Advance"**) under its Senior Secured Convertible Facility (the **"Facility"**) led by funds affiliated with Gotham Green Partners. In connection therewith, the Company is co-issuing, with its subsidiary MM CAN USA, Inc., additional senior secured convertible notes (the **"Notes"**) to the lenders under the Facility in an aggregate principal amount equal to the Incremental Advance with a conversion price per Share equal to US\$0.20. As consideration for the purchase of the additional Notes, participating lenders will receive a US\$468,564 fee with a conversion price of US\$0.20 per Share (the **"Restatement Fee Notes"**), consistent with the terms of the Facility.

Pursuant to the terms of the Facility, the conversion price for 5.0% of the existing Notes outstanding prior to Tranche 4 and Incremental Advance (including paid-in-kind interest accrued on such Notes), being 5.0% of an aggregate principal amount of US\$170,729,923, was amended to US\$0.20 per Share. The Company issued to the lenders 25,000,000 share purchase warrants of the Company (the **"Incremental Advance Warrants"**), each of which is exercisable to purchase one Share for a period of five (5) years from the date of issuance at an exercise price equal to US\$0.20 per Share, and cancelled 1,080,255 share purchase warrants of the Company (the **"Existing Warrants"**) held by holders of the existing Notes and, in exchange, issued 16,875,000 share purchase warrants of the Company (the **"Replacement Warrants"**) at an exercise price equal to US\$0.20 per Share. The Notes issued in connection with the Incremental Advance, the Restatement Fee Notes, the Incremental Advance Warrants, the Replacement Warrants and any Shares issuable as a result of conversion or exercise of the same, will be subject to a hold period from the date of issuance of such Notes or such Warrants as applicable.

The Facility was amended to include, among other things, a modification to the minimum liquidity covenant, which extends the period during which it is waived from September 30, 2020 to December 31, 2020. The minimum liquidity threshold resets to US\$5.0 million thereafter to US\$7.5 million effective on March 31, 2021 and then to US\$15.0 million effective on December 31, 2021.

Further details on the Facility are available can be found on the Company's press release dated March 30, 2020.

The securities issued in the financing commitments have not been registered under the Securities Act of 1933, as amended, or any state or other applicable jurisdiction's securities laws, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and applicable state or other jurisdictions' securities laws.

This press release shall not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

## ABOUT MEDMEN:

MedMen is North America's leading cannabis retailer with flagship locations in Los Angeles, Las Vegas, Chicago, and New York. MedMen offers a robust selection of high-quality products, including MedMen-owned brands [statemade], LuxLyte, and MedMen Red through its premium retail stores, proprietary delivery service, as well as curbside and in-store pick up. MedMen Buds, an industry-first loyalty program, provides exclusive access to promotions, product drops and content. MedMen believes that a world where cannabis is legal and regulated is safer, healthier and happier. Learn more about MedMen and The MedMen Foundation at [www.medmen.com](http://www.medmen.com)

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