
MedMen Reports First Quarter Fiscal Year 2019 Financial Results

National footprint and solid performance position the Company to operationalize and optimize assets in premium markets

- *Reported revenues of \$21.5 million representing 1,094% revenue growth over first quarter fiscal 2018.*
- *Performed favorably with \$6,188 annualized sales per square foot with an 82% conversion rate across eight stores in Southern California.*
- *Continued territorial expansion in six key markets with closing of the acquisition of Treadwell Nursery in Florida and opening of first branded retail store in downtown Las Vegas.*
- *Deepened management team and Board of Directors, including naming Benjamin Rose Chairman.*
- *Subsequent to quarter end, announced agreements to acquire PharmaCann and Level Up, significantly growing the Company's retail, cultivation and production presence throughout key markets.*

LOS ANGELES (November 29, 2018) – [MedMen Enterprises Inc.](#) (“MedMen” or the “Company”) (CSE: MMEN) (OTCQX: MMNFF) (FSE: A2JM6N), today released its consolidated financial results for the first quarter of fiscal 2019. All financial information for the three-month period ended September 30, 2018 is reported in U.S. dollars, unless otherwise indicated.

Management Commentary

“Our first quarter performance underlines the successful execution of our growth strategy and ongoing commitment to provide mainstream cannabis consumers a wide breadth of products for their lifestyle and wellness needs,” said Adam Bierman, MedMen chief executive and co-founder. “Our four-pillars strategy – built around a quality team, superior assets, strong balance sheet and the ability to efficiently and effectively raise and deploy capital – has set us up to successfully achieve our vision. We are now entering a new phase focused on fully operationalizing our vast footprint.”

Since going public in May, MedMen has advanced its first-mover advantage at a highly accelerated pace. Upon closing of all pending transactions, MedMen will be licensed for 69 retail stores and 16 cultivation and production factories across 12 states, reaching about half of the U.S. addressable market. MedMen has a proven concept and track record, having

established a 5.3% market share in California, one of the most mature cannabis markets in the U.S. The Company now plans to leverage this experience to accelerate the development of new locations and its seed-to-sale operations.

First Quarter 2019 Overview

Financial:

- Systemwide sales revenue of \$21.5 million up 1,094% from first quarter fiscal 2018 and 4.4% from fourth quarter 2018.
- Reported an annualized sales per square foot of \$6,188 across eight stores in Southern California with an 82% conversion rate.
- According to recently published figures by the California Bureau of Cannabis Control, MedMen stores accounted for approximately 5.3% of all legal retail cannabis and cannabis product sales in the state.

Business and Brand Development:

- Announced the completion of its first “test crop” harvest at state-of-the-art cultivation and production facility, MedMen Mustang, outside of Reno, Nevada on July 3.
- Opened its first branded store in downtown Las Vegas on July 19.
- Completed an investment in The Hacienda Company, which owns Lowell Herb Co., a California-based cannabis brand known for its pack of pre-rolls called Lowell Smokes, on July 25.
- Received approval from the State of New York to manufacture and sell cannabis-infused lotions and topical pain-alleviating sprays for medical marijuana patients on July 30.
- Signed an exclusive license agreement granting rights to use the iconic Woodstock brand on cannabis products manufactured and sold in six states: California, Nevada, Massachusetts, Florida, Illinois and Arizona on August 22.
- Secured prime retail locations with long term leases in Ft. Lauderdale, Miami Beach, West Palm Beach, St. Petersburg and Key West. The Company completed the acquisition of a dispensary and cultivation license in Florida that permits MedMen to open 30 medical marijuana dispensaries and conduct cultivation, delivery and manufacturing operations in the state on September 7.

People:

MedMen expanded its executive team and continued to build its Board of Directors.

Management:

- Appointed David Dancer as chief marketing officer. Mr. Dancer offers more than 25 years of experience leading brands such as Teleflora, Charles Schwab, Visa and American Express.
- Appointed Mike Lane as chief digital officer. Mr. Lane brings more than 20 years of experience leading design and development of digital customer experiences at major brands like Live Nation, Ticketmaster, FOX Broadcasting and Adobe.

Board of Directors:

- Stacey Hallerman, former vice president, chief legal counsel and corporate secretary at Richmond North America, to its Board of Directors.
- Jay Brown, co-founder and chief executive officer of RocNation, to its Board of Director.
- Antonio Villaraigosa, former Mayor of Los Angeles and past president of U.S. Conference of Mayors, to its Board of Directors.
- Benjamin Rose, chief investment officer of Wicklow Capital, to Chairman of the Board of Directors.

Capital Markets and Financing Activities:

- Subordinate voting shares were listed on the Frankfurt Stock Exchange under the symbol “A2JM6N” on June 18.
- Completed a bought deal financing of 15,681,818 units at a price of \$4.15 per unit, which included the exercise in full by the underwriters of their over-allotment option, for aggregate gross proceeds of approximately \$65,800,000 on September 27.

Subsequent Events

Business Development:

- Entered the Illinois market through the pending acquisition of a licensed medical dispensary in Oak Park on October 3.
- Announced the acquisition of a northern California licensed dispensary in the City of Emeryville outside San Francisco on October 10.
- Announced binding letter of intent to acquire PharmaCann on October 11 in an all-stock transaction valued at \$682 million (based on the closing price of the subordinate voting shares on October 9). The transaction will double the number of states where MedMen has licenses to 12, which accounts for over 50% of the total estimated 2030 U.S. addressable market of \$75 billion as stated by the Cowen Group. Combined, MedMen and PharmaCann would be licensed for 67 retail stores and 14 factories, including pending acquisitions by MedMen. Closing is expected to occur in 6 to 12 months, following receipt of regulatory approvals.
- Announced sale lease back transaction on three of its assets. Under the terms of the deal, the Company sold its Abbot Kinney and downtown Las Vegas properties to

Stable Road Capital. Additionally, the Company plans to sell its Beverly Hills property to Treehouse Real Estate Investment Trust, Inc.

- Agreed to acquire control of Kannaboost Technology Inc. and CSI Solutions LLC, collectively referred to as “Level Up,” in a cash and stock transaction valued at \$33 million. Level Up holds licenses for two vertically-integrated operations in Arizona, including retail locations in Scottsdale and Tempe and 25,000 square feet of cultivation and production capacity in Tempe and Phoenix. The Company will also receive a 40% stake in top-selling brand K.I.N.D. Concentrates, which is currently distributed in over 90% of the dispensaries in Arizona. Closing is expected within 90 days of the original announcement date of November 1, following receipt of regulatory approvals and other customary closing conditions.

Brand:

- Launched its first comprehensive suite of new cannabis products under the brand [statemade] during the opening of the second branded store in Las Vegas, MedMen Paradise, on October 5.
- Completed strategic minority investments in Old Pal, a popular California-based brand that provides high-quality cannabis flower, on October 23.

People:

- Appointed Ben Cook, an accomplished global supply chain executive with brands such as Apple and Sam’s Club, as chief operating officer on October 9.
- Announced Clarence Foster as senior vice president of human resources. Foster has over 20 years’ experience leading companies in the manufacturing, automotive and consumer products industries, including Nissan Motors and L’OREAL on October 16.
- Appointed Jim Miller as interim chief financial officer, succeeding James Parker. Jim has served as the Company’s vice president of accounting since January 2018. Prior to joining MedMen, Miller held several senior finance and accounting positions at leading entertainment firms such as the Walt Disney Company and Viacom on November 16.

Capital Markets and Financing Activities:

- Closed a \$77 million senior secured term loan with funds managed by Hankey Capital and an affiliate of Stable Road Capital. Proceeds will be used for acquisitions, capital expenditures and other corporate expenses on October 4.
- Qualified to uplist on the OTCQX® Best Market by OTC Markets Group under the ticker symbol “MMNFF” on October 24.
- Announced entering into a \$56 million bought deal equity financing, issuing 13,640,000 units at a price per unit of US \$4.11 on November 16. Each unit will be comprised of one Class B subordinate voting share and one class B share purchase warrant. The exercise price is US\$5.16 per warrant and are exercisable for a term expiring on September 27, 2021.

First Quarter Fiscal Year 2019 Review

For the first quarter of fiscal 2019, systemwide revenue was \$21.5 million across the Company's operations in California, Nevada and New York. This represents a 1,094% increase over the first quarter of fiscal 2018 and a 4.4% increase over the fourth quarter of fiscal 2018. The year-over-year increase was driven primarily by the opening of seven additional retail stores and strong results from the California market. The Company operated 14 locations at the end of the first quarter. Southern California accounted for 86% of first quarter systemwide revenue and 8 out of the 14 open retail stores at quarter end. The quarter was impacted by a state-wide supply chain challenge in California during the month of July. This supply shortage, which all operators in the state faced, impacted our California store sales into August, but was fully resolved by month's end.

Gross profit for the first quarter, before biological asset adjustment, was \$11.7 million, as compared to \$5.9 million in the fourth quarter last year. This represents a 98% growth rate. Gross profit margin in the first quarter, excluding biological asset adjustments, was 54% compared to 29% in the previous quarter

During the first quarter, the Company continued to make significant investments in building the corporate infrastructure and team required to execute its strategy for long-term growth. SG&A expenses included \$4.8 million in marketing and branding, \$16.3 million for salaries and benefits. Furthermore, SG&A expenses for the first quarter also included \$1.4 million acquisition related costs and \$24.9 million of cash and non-cash stock-based compensation and employee incentive plans expense and \$4.7 million for state, local and federal tax-related expenses.

For the first quarter 2019, the Company reported a net loss attributable to the Company of \$66.5 million, or loss of \$1.42 per share, compared to a net loss of \$78.7 million, or loss of \$1.95 per share, for the fourth quarter last year.

ADDITIONAL INFORMATION

Additional information relating to the Company's first quarter 2019 results is available on SEDAR at www.sedar.com in the Company's Annual Financial Statements and Management Discussion & Analysis ("MD&A").

MedMen refers to certain non-IFRS financial measures such as annualized sales per square foot, Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and adjusted EBITDA (earnings defined as earnings before interest, taxes, depreciation, amortization, less certain non-cash equity compensation expense, including one-time transaction fees and all other non-cash items). These measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers.

Please see the “Supplemental Information (Unaudited) Regarding Non-IFRS Financial Measures” at the end of this press release for more detailed information regarding non-IFRS financial measures.

CONFERENCE CALL AND WEBCAST:

MedMen Enterprises will host a conference call and audio webcast with Chief Executive Officer and Co-Founder Adam Bierman and interim Chief Financial Officer Jim Miller today at 5:00 pm Eastern to discuss the financial results in further detail.

Webcast Information:

A live audio webcast of the call will be available on the Events and Presentations section of MedMen’s website at: <https://investors.medmen.com/events-and-presentations/default.aspx>.

Calling Information:

Toll Free Dial-In Number: (844) 559-7829
International Dial-In Number: (647) 689-5387
Conference ID: 1980019

ABOUT MEDMEN:

MedMen Enterprises is a leading cannabis company in the U.S. with assets and operations across the country. Based in Los Angeles, MedMen brings expertise and capital to the cannabis industry and is one of the nation’s largest financial supporters of progressive marijuana laws. Visit <http://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, information concerning proposed acquisitions in Northern California, Arizona, Illinois

and of PharmaCann LLC, expectations regarding whether such proposed acquisitions will be consummated, including whether conditions to the consummation of the proposed acquisitions will be satisfied and whether the proposed acquisitions will be completed on the current terms, the timing for completing the proposed acquisitions, expectations for the effects of the proposed acquisitions (including on the Company's footprint and asset base) on the ability of the Company to successfully achieve business objectives, 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: the inability to consummate the proposed acquisitions; the failure to obtain requisite regulatory approvals and third party consents and the failure to satisfy other conditions to the consummation of the proposed acquisitions, which could impact closing or closing on the proposed terms and schedule; the potential impact of the announcement or consummation of the proposed acquisitions on relationships, including with regulatory bodies, employees, suppliers, customers and competitors; changes in general economic, business and political conditions, including changes in the financial markets; changes in applicable laws; compliance with extensive government regulation; and the diversion of management time on the proposed acquisitions. 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.

MEDIA CONTACT:

Briana Chester
Senior Publicist

Email: briana.chester@medmen.com
(424) 888-4260

INVESTOR RELATIONS CONTACT:

Stéphanie Van Hassel
Head of Investor Relations
Email: investors@medmen.com
(323) 705-3025

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