



September 23, 2019

To Our Stakeholders:

With the recent close of our 2019 fiscal year we are near the 10-year anniversary of the start of a simple idea: that society becomes safer, healthier and happier as it gets introduced to the benefits of legal, regulated cannabis. As the premier cannabis retailer in the U.S. we have been laying the groundwork for almost a decade, introducing millions of first-time customers to the life-changing benefits of cannabis. We have evolved through many chapters in the life of the business and having completed our first year as a public company, we can reflect on where we stand and how we are executing against our goals.

Our growth as a company has been transformative year over year as we've continued to evolve and upgrade our ecosystem for ourselves, our customers and our stakeholders. We are proud of the fact that last year we served over 1.2 million customers from 50 different states and over 100 different countries. We have added millions of new ambassadors, who are sharing their in-store (and digital) experiences with their family and friends, and unlocking the true power of word-of-mouth. We are very proud of the milestones we've accomplished as a company over the past year as we steadily march forward.

Since 2018 we:

- Became the first cannabis unicorn in the history of the United States, and subsequently became the first cannabis company in the U.S. to go public with a \$1B+ market cap
- Surpassed \$160 million in annualized revenue, despite less than 25% of our stores being operational in recreational markets
- Achieved over 7% market share and became the leading retailer in the largest cannabis market in the world—California—which is expected to be an \$11B+ market
- Launched an industry first national loyalty program with over 100,000 individual participants already signed up in the first 9 weeks of the launch
- Launched an industry first national delivery program, which will serve over 50% of the U.S. population based on addressable market



- Surpassed two million total visits into our stores providing us analytics and insights to continuously improve the experience for our customers
- Ended the fiscal year with over 1,300 enthusiastically committed employees

While industry tailwinds helped propel us forward over the past twelve months, we've also faced hurdles: the illicit market continues to thrive in our core markets (particularly in California), several jurisdictions (both cities and states) have delayed recreational sales, and there has been an influx of new well-capitalized peers going after the same prize using our own retail blueprint. The public markets are still trying to understand how to assess and value companies within cannabis, and our business still remains largely misunderstood and misreported by the street.

In our journey to become the ultimate winner in cannabis retail, we may make decisions differently than other companies, decisions that are predicated on maximizing our first-mover advantage and scaling as fast as possible in the most critical cannabis markets in the U.S. We look at cannabis retail like other disruptive industries such as ride sharing, music streaming, and vacation rentals, in which "winning" companies such as Uber, Spotify and Airbnb have been able to capture outsized market share. Yes, there will be payouts for those finishing second, third, and fourth, but a disproportionately large share of the prize goes to the leader. Through technology and leveraging scale, speed to build a competitive advantage has never been more critical—hence why we are so excited about the digital roll-out of our delivery and loyalty program. Today, we are the undisputed leader in cannabis retail, but know that in order to win, we must continue to press on and not rest on our laurels. It isn't the current set of peers we should be worried about, but rather the "fast" second-movers that are able to learn from the mistakes, indecision and lack of speed of the first-movers.

Every decision we make is based on a belief that:

- We are building a once-in-a-generation company within a once-in-a-generation industry
- There will be one clear winner in cannabis retail
- Securing the premier locations in the most attractive consumer markets positions our business and brand for long-term defensibility



- We must continue to aggressively expand and leverage our customer base, brand, and infrastructure to defend and cement our current industry leading position
- There will be \$100 billion companies built in cannabis

We believe that providing access to legal, regulated cannabis will allow people to lead happier lives. Every day tens of thousands of people walk into an approachable, well-located MedMen store where they are greeted by passionate, educated cannabis enthusiasts who welcome them to the future. A future where people can think more for themselves and live life in color. A future where sleep is easier, sex is better and chronic pain is tackled.

Apple, Amazon, Whole Foods, Starbucks, Facebook,... Although these businesses weren't built using the same blueprint, a common thread connects them all. Each of these businesses was founded by an entrepreneur who saw a way to help people lead happier and more connected lives. That founder then fought against the status quo to deliver on their vision and persevered, and society ultimately evolved as a result of discovering this new access. These companies all sacrificed short term profits for long term business defensibility and brand equity. And just when the investment community seemingly had enough of their visions of grandeur, we woke up to find that these businesses had become the clear #1 in their newly created or re-envisioned category with the door slammed right behind them.

Cannabis is an industry that is disrupting the status quo in every way and we have led this charge since 2010. Grounded in our mission we have made bold decisions based on incomplete information, making our own luck through unwavering commitment, work ethic and vision of what a future with legal access to cannabis can mean to society. Our steadfastness has paid off as we have been ahead of each turn in legislation, positioning our business and brand along the way. We have earned the right to end up the clear industry leader; but the company, and the industry, must continue to evolve to get there.

What's next...

2020 is all about ecosystem for MedMen. With our current and planned footprint, we now enter a year where we will push to make as many connection points with our customers as possible.



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- We must become more than the premier brick and mortar cannabis retailer in a city. We must become an engrained part of our customers' lifestyles.
 - With our nationwide loyalty program, MedMen must become the *national* shopping destination for our customers. Whether at home, or on the road for work or leisure, our loyalty program makes it even easier and more desirable to stay brand loyal regardless of locale.
 - With our omni-channel platform, which now includes delivery, MedMen must provide increased access and convenience for our customers. Delivery will allow our customers to benefit from the MedMen ecosystem regardless of their preferred method of shopping, providing customer service and product selection at all times.
 - With the launch of our owned brands, MedMen needs to provide the same high-quality products across all markets. This consistency will allow for our customers to discover products that work for them and then access those products regardless of where they are in the U.S.

As we stare down our upcoming 10-year anniversary there is so much to be proud of, with so many lives enhanced through the work of a team of dedicated, mission-based people. And yet, there is more upside and opportunity in the next 12 months than everything we have experienced over the last nine years.

2019 was an incredible year and we are grateful to our customers for their trust and our stakeholders for their support. We now must stay focused amidst an ever-changing backdrop. We must not lose our ambitions and commitment to win. We must always put the company first. And it will not be a clearly defined, straight road as we build this company while we build an industry. We will make many decisions along the way, some right and some wrong, but as long as we keep our north star in sight our world will continue to get safer, healthier and happier.

With the utmost sincerity,
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