Q4 Company

NEWS RELEASE

MedMen Closes Senior Secured Convertible Financing and Provides Additional Corporate Updates

3/30/2020

- Announces closing of US$12,500,000 convertible note financing under existing Gotham Green credit facility
- Expands funding capacity under facility from US$250,000,000 to US$285,000,000
- Receives final US$7,000,000 payment from divestiture of non-core Illinois cultivation asset, resulting in US$17,000,000 in total gross proceeds
- Appoints Tom Lynch, Partner and Senior Managing Director of SierraConstellation Partners, as Interim Chief Executive Officer and Chief Restructuring Officer, and Tim Bossidy, as Interim Chief Operating Officer, to guide Company through its financial and operational reorganization

LOS ANGELES--(BUSINESS WIRE)-- MedMen Enterprises Inc. (**"MedMen"** or the **"Company"**) (CSE: MMEN) (OTCQX: MMNFF) announces today that it has closed on US$12,500,000 in additional gross proceeds under its US$250,000,000 senior secured convertible debt facility (the "**Facility"**) led by funds affiliated with Gotham Green Partners (collectively, **"GGP"**). In aggregate, GGP and co-investors have invested US$147,500,000 into the Company under the Facility to date. The Company is also providing corporate governance and management updates, including changes to the Board of Directors and Interim Chief Executive Officer position.

"Gotham Green Partners has been a crucial source of support and guidance in this challenging environment," said Ben Rose, Executive Chairman. "MedMen will continue to execute its turnaround plan, balance the needs of key stakeholders in these uncertain times and remain focused on strengthening its brand and retail experience. We are fortunate to have Tom Lynch and his track record of excellence to lead the company forward. Further affirmation of the opportunity ahead comes from the addition of Errol Schweizer to our Board of Directors. I am thrilled to welcome him to the Company and look forward to the benefit of his retail expertise."

“The renewal of Gotham Green Partners’ support is a reflection of MedMen’s commitment to disciplined growth, capital allocation, and prioritization of retail culture,” said Tom Lynch, Interim Chief Executive Officer. “This is an important recognition of the progress made. I look forward to partnering with the team to realize the Company’s position as a leading national cannabis retailer.”

“We believe in the Company’s ability to navigate through industry and global economic headwinds,” said Jason Adler, Managing Member of Gotham Green Partners. “Brands with strong customer loyalty and defensible footprints will remain well-positioned in this climate. The additional capital will allow the Company to continue executing on its strategic plan.”

Senior Secured Convertible Financing:

The Company has been advanced an additional US$12,500,000 in gross proceeds under Tranche 4 of the Facility. In connection therewith, the Company is co-issuing, with its subsidiary MM CAN USA, Inc., additional senior secured convertible notes (“Notes”) to the lenders under the Facility in an aggregate principal amount equal to such advance (the “Tranche 4 Notes”) with a conversion price per Class B Subordinate Voting Share of the Company (each, a “Subordinate Voting Share”) equal to US$0.26 per share.

In connection with Tranche 4, the Company is also issuing the lenders 48,076,922 share purchase warrants of the Company (the “Tranche 4 Warrants”), each of which is exercisable to purchase one Subordinate Voting Share for a period of five (5) years from the date of issuance at an exercise price equal to US$0.26 per share.

The Tranche 4 Notes and the Tranche 4 Warrants, and any Subordinate Voting Shares issuable as a result of conversion or exercise of the same, will be subject to a four month hold period from the date of issuance of such Notes or such Warrants as applicable.

In addition, the Company has amended and restated the securities purchase agreement with the lenders that governs the Facility. The amendments provide the Company with greater access to capital and additional operating flexibility. Subject to the funding requirements of the Company and certain other conditions, GGP has committed to use commercially reasonable efforts to fund up to US$150,000,000 under the Facility through Tranche 4 and subsequent tranches, to be funded over time (each such subsequent tranche, an “Incremental Advance”). The final US$25,000,000 of this amount is subject to acceptance by the Company. Under the agreement, GGP has a period of 90 days in which to provide the Company with funding commitments for the Incremental Advances (each, a “Funding Commitment”), which period will be extended to a total of 180 days if the Funding Commitments reach at least US$50,000,000 (inclusive of the Tranche 4 Notes) during the initial 90-day period. Provided that there is no guarantee as to the size or timing of the first Incremental Advance, the first Incremental Advance is anticipated

to be completed in the near term.

The Company will issue Notes to the lenders participating in an Incremental Advance ("Incremental Notes") with a conversion price per Subordinate Voting Share equal to the five (5) day volume weighted average trading price ("VWAP") of the Subordinate Voting Shares as of the trading day immediately preceding the date of completion of such Incremental Advance, subject to a minimum price of US$0.20 and maximum price of US$0.40 (in respect of each Incremental Advance, a "Restatement Conversion Price"), provided that the first Incremental Advance will have a Restatement Conversion Price of US$0.26. The Company will also issue to the lenders participating in an Incremental Advance share purchase warrants of the Company ("Incremental Warrants"), representing 100% coverage on the aggregate principal amount of such Incremental Advance, each of which will be exercisable to purchase one Subordinate Voting Share for a period of five (5) years from the date of issuance, at an exercise price per Subordinate Voting Share equal to the Restatement Conversion Price for such Incremental Advance. The Tranche 4 Warrants and any Incremental Warrants that are issued will be exercisable on a cashless (net exercise) basis.

All Notes will continue to bear interest from their date of issuance at the higher of (i) 2.5%, and (ii) LIBOR, plus 6.0% per annum. All Notes will also continue to be subject to the existing maturity date of April 23, 2022 (the "Maturity Date"), with a 12-month extension feature available to the Company on certain conditions, including payment of an extension fee of 1.0% of the aggregate principal amount outstanding under the Notes, provided that if the Tranche 4 Notes and Funding Commitments reach at least US$100,000,000 in the aggregate, the lenders will have certain options to extended the Maturity Date of the outstanding Notes to up to April 23, 2027 at the latest.

Certain of the financial covenants under the Facility have also been modified to provide the Company with additional balance sheet flexibility. The modifications include a reduction in the required go-forward minimum cash balance and the removal of the fixed charge coverage ratio requirement that was to become effective in calendar 2021.

As additional consideration for the purchase of the Tranche 4 Notes, the lenders participating in Tranche 4 were paid an advance fee of 1.5% of the aggregate principal amount of the Tranche 4 Notes, which fee will also be paid in respect of any Incremental Advances. In connection with the amendments made to the Facility, a fee of approximately US$8,200,000 (the "Restatement Fee Amount")was paid through the issuance of additional Notes to the applicable lenders in an aggregate principal amount equal to the Restatement Fee Amount, which Notes have a conversion price per Subordinate Voting Share equal to US$0.26. Up to the same aggregate principal amount of additional Notes will be issuable as a fee if the Tranche 4 Notes and Funding Commitments in the aggregate total at least US$100,000,000, whereby if less than US$87,500,000 in Incremental Advances (excluding the Tranche 4 Notes) is raised, the aggregate principal amount of such additional fee Notes will be proportionately

lower.

As additional consideration for the amendment of the Facility, the conversion price for 12.5% of the existing Notes outstanding prior to Tranche 4 (including paid-in-kind ("PIK") interest accrued on such Notes) (collectively, the "Existing Notes"), being 12.5% of an aggregate principal amount of US$163,997,255, was amended to US$0.26 per Subordinate Voting Share. In addition, 2,700,634 of the 21,605,067 existing share purchase warrants of the Company issued under the Facility and outstanding prior to Tranche 4 (collectively, the "Existing Warrants") were cancelled and replaced by 32,451,923 share purchase warrants of the Company (the "Tranche 4 Replacement Warrants"), each of which is exercisable to purchase one Subordinate Voting Share for a period of five (5) years from the date of issuance at an exercise price equal to US$0.26 per share.

As any Incremental Advances are funded, the conversion price of additional Existing Notes will be amended and additional Existing Warrants will be cancelled and replaced by new share purchase warrants of the Company (the "Incremental Replacement Warrants" and, collectively with the Tranche 4 Replacement Warrants, the "Replacement Warrants"), each of which will be exercisable to purchase one Subordinate Voting Share for a period of five (5) years from the date of issuance. The principal amount of the Existing Notes that will be repriced and the number of Existing Warrants that will be cancelled and replaced upon an Incremental Advance will be based on the percentage that the amount of such Incremental Advance is of a total funding target of US$100,000,000 (the "Funding Target Percentage"). The applicable Existing Notes will be repriced to the Restatement Conversion Price for such Incremental Advance. The Incremental Replacement Warrants issued as a part of such Incremental Advance will represent 50% coverage on the amount determined by multiplying the Funding Target Percentage by US$135,000,000 (the "Existing Funded Amount"), and will have an exercise price per Subordinate Voting Share equal to the Restatement Conversion Price for such Incremental Advance. The Replacement Warrants will be exercisable on a cashless (net exercise) basis.

As an example, assuming that an Incremental Advance is completed under the Facility in the aggregate principal amount of US$15,000,000, at a time when the five (5) trading day VWAP of the Subordinate Voting Shares is US$0.30, Incremental Notes in an aggregate principal amount of US$15,000,000 would be issued, with a conversion price per Subordinate Voting Share equal to US$0.30, and 50,000,000 five (5)-year Incremental Warrants would be issued, with an exercise price per Subordinate Voting Share equal to US$0.30. Additionally, an aggregate principal amount of approximately US$24,599,588 of the Existing Notes, representing approximately 15% of the aggregate principal amount under the Existing Notes, would have their conversion price per Subordinate Voting Share amended to US$0.30, 3,240,760of the Existing Warrants, representing approximately 15% of the number of Existing Warrants outstanding prior to Tranche 4, would be cancelled and 33,750,000 five (5)-year Incremental Replacement Warrants (representing a Funding Target Percentage of 15%, multiplied by the Existing Funded Amount and further multiplied by 50%, divided by US$0.30) would be issued, with an exercise price per Subordinate Voting Share equal

to US$0.30.

Notwithstanding the foregoing, no Replacement Warrants will be able to be exercised by the applicable lenders prior to the eighteen (18) month anniversary of their issuance. In addition, if the Company's retail operations achieve two (2) consecutive three-month periods of positive after-tax free cash flow during any time prior to the expiry date for the Replacement Warrants, then all outstanding Replacement Warrants will be automatically cancelled upon achieving the milestone.

As part of the amendments to the GGP Facility, the Company has agreed that the committee previously formed to select independent directors to be appointed or elected to the Board, will be responsible for selecting five (5) (increased from four (4)) of the seven (7) members of the Board. Currently, three (3) of the six (6) members of the Board have been approved by this committee. In accordance with the existing process, in the future, the Company will propose director candidates to this committee for consideration and approval. In the coming weeks, as there are currently six (6) members of the Board, it is contemplated that an additional director will be selected by the committee and appointed by the Board in accordance with applicable corporate laws and there may otherwise be additional changes to the composition of the Board.

Sale of Non-Core Assets:

On February 25, 2020 the Company entered into definitive agreements to assign its rights to acquire a licensed cultivation and manufacturing facility in Hillcrest, Illinois for total gross proceeds of US$17,000,000 (the "Hillcrest Transaction"). As part of the Hillcrest Transaction, the Company received an initial payment of US$10,000,000 on February 25, 2020. The second payment of US$7,000,000 was received on March 23, 2020.

Management Changes:

The Company has retained interim management and advisory firm, SierraConstellation Partners ("SCP"), to support the Company in the development and execution of its turnaround and restructuring plan. As part of the engagement, Tom Lynch has been appointed as Interim Chief Executive Officer and Chief Restructuring Officer, succeeding Ryan Lissack, and will be reporting to the Board. Mr. Lynch is a Partner and Senior Managing Director at SCP and previously served as Chairman and Chief Executive Officer of Frederick's of Hollywood Group, a publicly traded specialty retailer, and more recently Interim Chief Executive Officer of David's Bridal. Tim Bossidy, Director at SCP, has been appointed as Interim Chief Operating Officer. Mr. Bossidy has previously served in interim management and financial advisory roles across the cannabis and consumer/retail sectors.

FY 2020 and 2021 Outlook:

The Company also announced today that it is withdrawing its fiscal year 2020 and 2021 revenue and store count guidance provided on December 11, 2019 due to uncertainty surrounding the magnitude of the novel coronavirus (**"COVID-19"**) pandemic and its impact on retail operations in its core markets. In addition to COVID-19, unanticipated delays in licensing, particularly in California and Massachusetts have also impeded the Company's ability to achieve its revenue and store count targets. The Company is also withdrawing its guidance as to the timing of the Company generating positive adjusted EBITDA, positive EBITDA and positive free cash flow. While the Company continues to execute on its efforts to improve store profitability, reduce corporate SG&A and delay capital-intensive projects, the Company is re-assessing the timing of these cash flow milestones due to the potential impact of COVID-19 on its turnaround plan.

COVID-19 Update:

As the spread of COVID-19 continues, MedMen's goal is to keep its community healthy. The Company is closely following recent guidelines released by each state and local jurisdiction, plus that of the CDC and World Health Organization, in the best interest of its customers and employees and has adopted the recommended safety protocol at its retail stores, cultivation facilities, distribution centers and corporate offices. The Company is encouraging use of its in-store pick-up and delivery service, where applicable, for customers who rely on cannabis products for their everyday well-being.

Additional Information:

Please refer to the Company's news releases dated December 11, 2019, October 29, 2019, August 13, 2019, July 10, 2019, May 23, 2019 and April 23, 2019 and to other documents available on the Company's profile at **www.sedar.com** for additional details as to the Facility, including the amendments made thereto.

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.

ABOUT MEDMEN:

MedMen is North America's premium cannabis retailer with flagship locations in Los Angeles, Las Vegas, Chicago and New York. Through a robust selection of high-quality products, including MedMen-owned brands [statemade], LuxLyte and MedMen Red, and a team of cannabis-educated associates, MedMen has defined the next generation

discovery platform for cannabis and all its benefits. MedMen's industry-leading technology enables a fully compliant, owned-and-operated delivery service and MedMen Buds, a nationwide loyalty program. MedMen believes that a world where cannabis is legal and regulated is safer, healthier and happier. 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 "as an example", and "believes", or variations of such words and phrases or may contain statements that certain actions or events "may occur", "will be", or "will continue". The forward-looking information and forward-looking statements contained herein may include, but are not limited to, expectations regarding the ability of the Company to close future Incremental Advances, future share prices and the size of future Incremental Advances (including the first Incremental Advance), the Company's ability to meet its obligations under the Facility and the Company's ability to identify suitable Board and Chief Executive Officer candidates.

Such forward-looking information and statements are based on certain assumptions made by management and other factors used by management in developing such information and statements.

Although MedMen believes that the assumptions and factors used in preparing, and the expectations contained in, its 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.

SOURCE: MedMen Enterprises

View source version on **businesswire.com**: **https://www.businesswire.com/news/home/20200330005227/en/**

OFFICER:

Tom Lynch

Interim Chief Executive Officer

Email: **info@medmen.com**

(855) 292-8399

MEDIA CONTACT:

Christian Langbein

Vice President, Communications

Email: **communications@medmen.com**

(424) 320-2367

INVESTOR RELATIONS CONTACT:

Stéphanie Van Hassel

Vice President, Investor Relations

Email: **investors@medmen.com**

(323) 705-3025

Source: MedMen Enterprises