

**CRESCOLABS<sup>®</sup>**



**TRYKE<sup>™</sup>**  
COMPANIES

**BUILDING AMERICA'S MOST IMPORTANT CANNABIS COMPANY**

**TRANSACTION PRESENTATION**  
SEPTEMBER 2019

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**A FULLY INTEGRATED MULTI-STATE SEED TO SALE OPERATOR**

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**ONE OF THE MOST PROFITABLE PRIVATE CANNABIS OPERATIONS WITH 6 OPERATING DISPENSARIES,  
SIGNIFICANT HISTORICAL SALES AND CONTRIBUTION MARGIN**

## Increasing Cresco Labs' market share in the markets that matter.

1. Accelerating Top-Line Growth

2. Driving Efficiencies Through Operations

3. Performance-Driven Capital Agenda

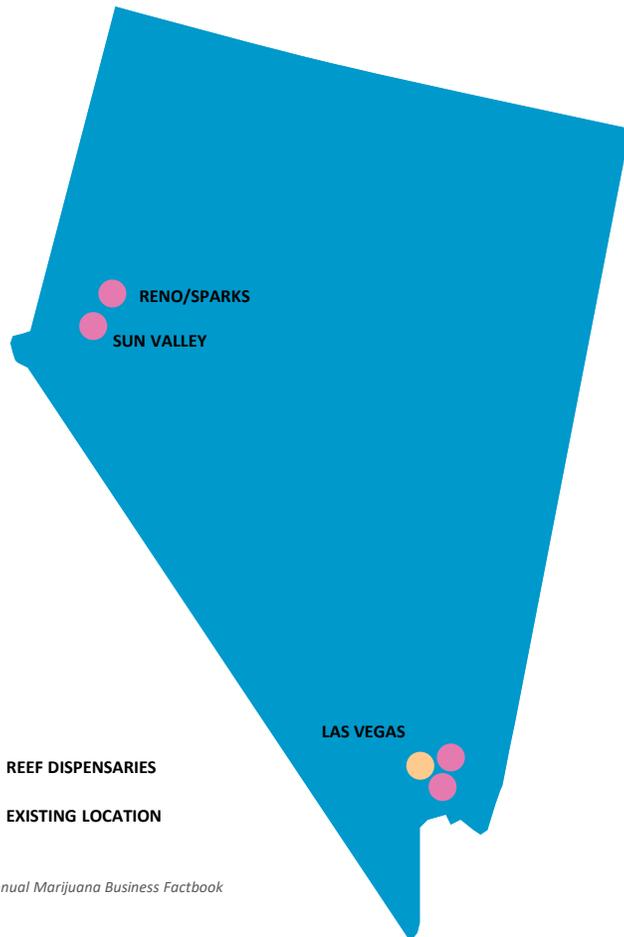


# DRIVING REVENUE AND INCREASING BRAND VISIBILITY AS WE EXECUTE ON OUR STRATEGY TO GO DEEPER IN EXISTING MARKETS



1. 2018 unaudited financials; excludes ATM revenue  
 2. Square footage of flower canopy

# LEADERSHIP IN NEVADA: A RECREATIONAL CANNABIS EPICENTER



Nevada is one of the fastest growing cannabis markets in the U.S. today with sales expected to reach US\$940 million in 2019<sup>1</sup>

~42M annual tourists (2/3 of retail sales)



**Top 3**  
market share in Nevada



**4 Reef**  
**Dispensaries**

2 in Las Vegas,  
1 in Reno/Sparks,  
1 in Sun Valley

**1 of 2**  
dispensaries adjacent  
to the Las Vegas strip

**10,200 lb/year**  
cultivation

**880lb/year**  
Near-term processing capacity

1. 2019 Annual Marijuana Business Factbook

# THE ICONIC REEF DISPENSARY LAS VEGAS

**CRESCO**  
LABS®

**1.3+ Million**  
transactions  
to date

**~1,400 customers per day**  
at an average transaction size  
of US\$58



**\$67M**  
in revenue  
since 2015

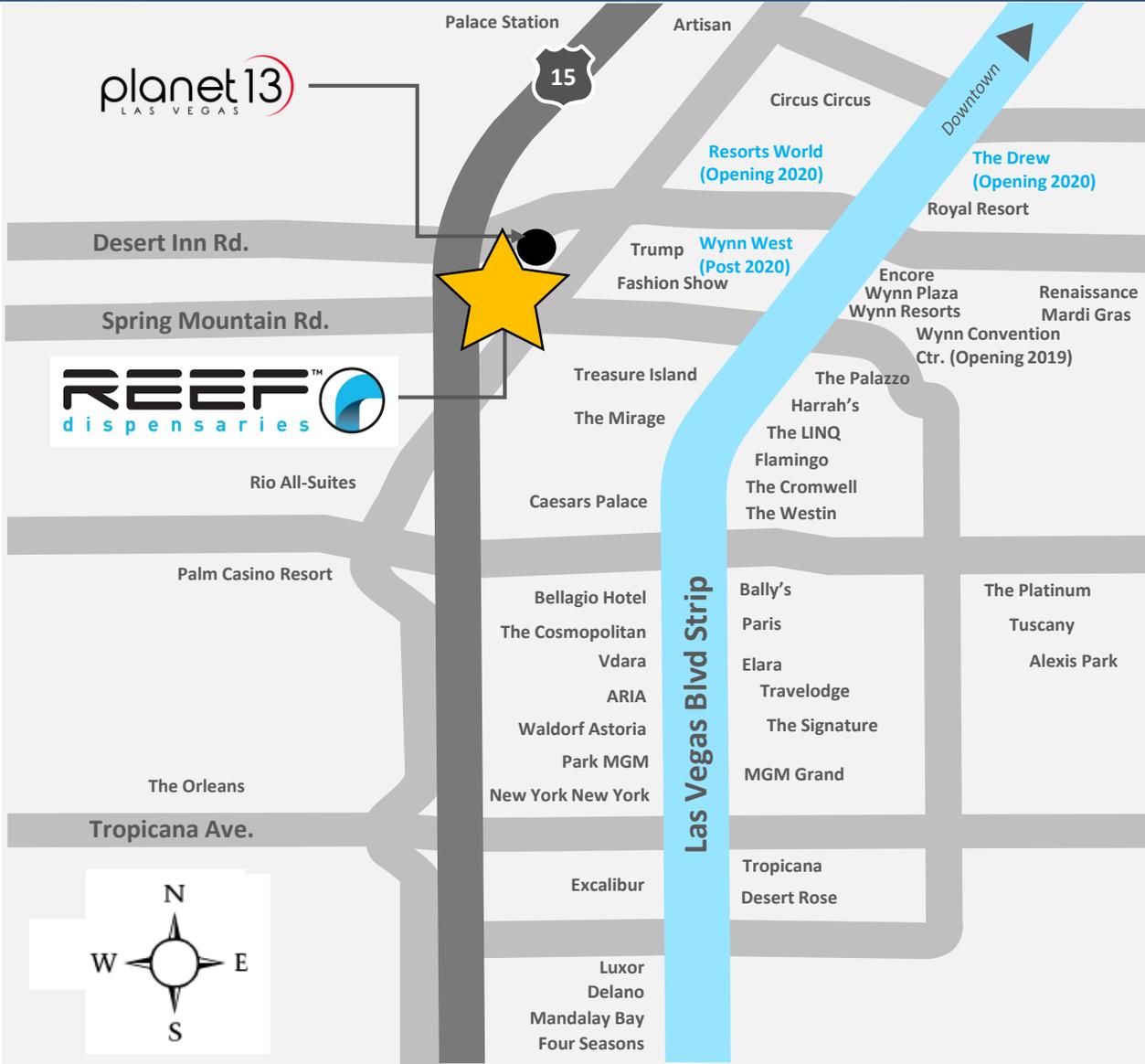
**Outstanding**  
visibility for Cresco Labs Brands

**OPEN**  
**24/7/365**

One of the most  
**valuable retail locations in the**  
**U.S.**



# MOST VALUABLE BRAND PLATFORM IN THE WORLD



- Reef's flagship Las Vegas Strip dispensary is one of only two dispensaries located directly adjacent to the Strip
  - ~65,000 overlooking hotel rooms in the surrounding area
  - Only ~2,500 feet from the Strip
- 42+ Million tourists per year
- World-class location to build a national brand

# TOP SELLING TRYKE-BRANDED PRODUCTS CAPTURE ADDITIONAL MARGIN, AND ENHANCE PREMIUM BRAND RECOGNITION

**CRESCO**  
LABS®

Includes Tryke flower, concentrate, edibles and oral sprays, and proprietary Khalifa Kush



Tryke-grown flower tiers include: Black Label (traditional, vintage); Gold Label (popular, higher quality); Platinum (small-batch, top-shelf); and Diamond (limited edition)



Available in shatter, crumble, rosin, and budder consistencies, and also offered via preloaded cartridges and dabbable syringes



Wide selection of top-rated edibles including gummies, cereal treats, chews and tinctures



Sole distributor of Khalifa Kush cannabis products in Arizona and Nevada



Large product suite of additional products including oral sprays, topicals and CBD products



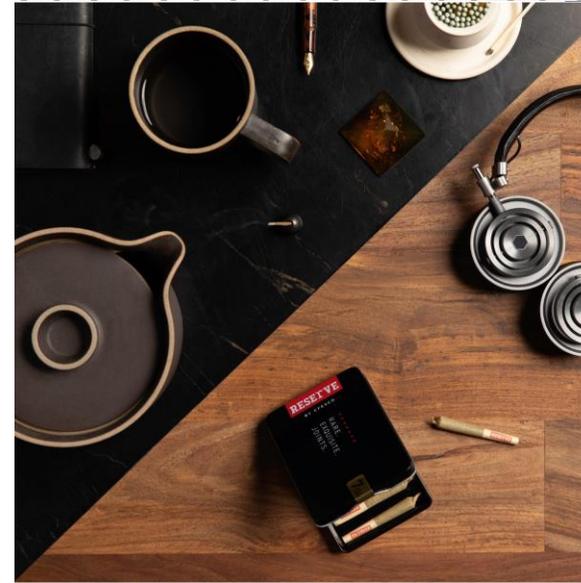
# OPPORTUNITY TO BROADEN CRESCO BRANDS REACH AND WHOLESALE

**CRESCO**  
LABS®

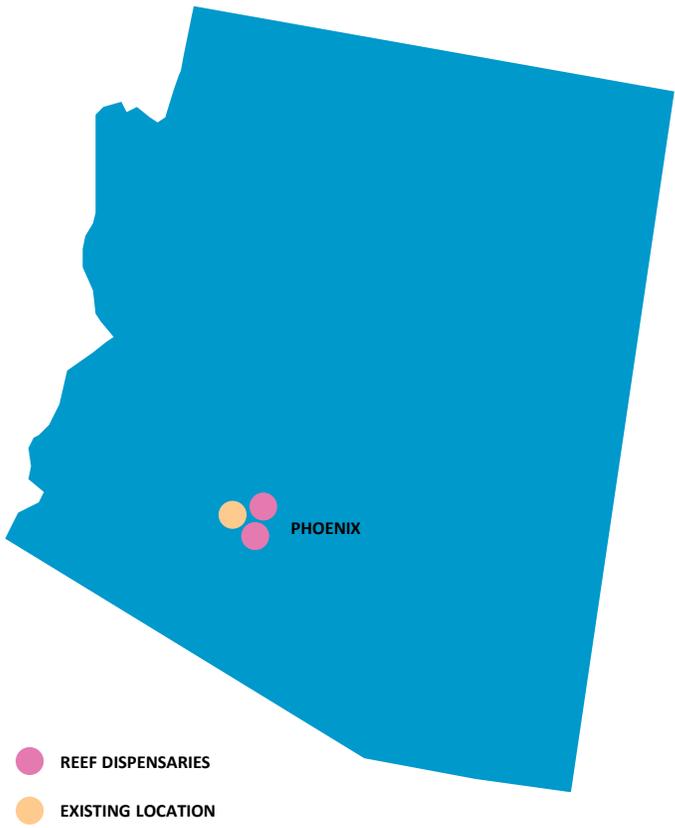
**MINDY'S**  
*Mindy Segal's*

**#3 top selling edible in Nevada**

**Opportunity to wholesale Cresco's higher-margin branded products across the state**



# BUILDING ARIZONA: ONE OF THE LARGEST MEDICAL-ONLY MARKETS



State population of 7.2 million; 7<sup>th</sup> fastest growing U.S. state from 2010 – 2018<sup>1</sup>

The greater Phoenix area is the 5<sup>th</sup> largest city in the U.S. with 4.5 million people

Arizona medical cannabis sales expected to reach US\$760 million in 2019<sup>2</sup>

Favorable tailwinds on the path to legalization of recreational cannabis

- Assuming the approval of recreational sales, the Arizona market is projected to reach US\$1.1 billion by 2022<sup>3</sup>



**2 Reef  
dispensaries**  
Phoenix & Phoenix  
Southeast Valley

**Omni-channel**  
customer shopping  
experience with  
home delivery



**6,800 lb/year**  
cultivation

**440lb/year**  
near-term processing capacity

1. United States Census Bureau  
2. 2019 Annual Marijuana Business Factbook  
3. Canaccord Genuity research estimates

# INDUSTRY LEADING SCALE

**CRESCO**  
LABS®



PRO-FORMA COMBINED



**STORES**

**29**

**6**

**35**



**RETAIL  
LICENSES**

**56**

**6**

**62**



**PRODUCTION  
FACILITIES**

**23**

**2**

**25**



**EMPLOYEES**

**+1,270 EMPLOYEES**

**400**

**1,670**



**TOTAL  
ADDRESSABLE  
MARKET**

**151 MILLION PEOPLE**

**13.4 MILLION PEOPLE  
(3.4M INCREMENTAL)**

**154 MILLION PEOPLE**

\* with pending acquisitions and regulatory approval

# TRANSACTION SUMMARY



<b>TRANSACTION</b>	Cresco will purchase from Sellers all of the equity interests of the Business Companies and the Real Estate Companies (the "Transaction").
<b>PURCHASE PRICE:</b>	<p>\$282.5 million (all amounts in USD) payable as follows:</p> <ul style="list-style-type: none"><li>▪ \$55 million, <u>minus</u> all debt of the Companies, <u>plus</u> any cash of the Companies not otherwise distributed prior to Closing. <u>Plus</u> the amount spent by the Companies on capex between June 20, 2019 and Closing pursuant to a mutually agreed capex plan or otherwise approved in advance by Cresco; and</li><li>▪ \$227.5 million payable in newly issued common units of Cresco Labs, LLC, convertible into shares of Cresco Labs, LLC (the "Share Consideration"), with the number of shares to be determined at signing of the Agreement based on 10-day VWAP, subject to a collar adjustment and a lockup as described below.</li></ul>
<b>COLLAR</b>	The number of shares delivered to Sellers at Closing as Share Consideration will be adjusted if necessary, based on the 10-day VWAP preceding Closing so that the aggregate value of the Share Consideration is not less than \$209 million and not greater than \$242 million.
<b>WORKING CAPITAL ADJUSTMENT:</b>	Following Closing, there will be an upward or downward adjustment to the Purchase Price based on any difference between the Companies' working capital as of Closing and a mutually agreed working capital target.
<b>LOCKUP OF SELLERS</b>	The Share Consideration will be subject to lockup, with release to Sellers in equal tranches on the 9-month, 15-month and 21-month anniversaries of Closing.

CRESCOLABS®



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COMPANIES

THANK YOU