

“ We adapt, and we adapt quickly,  
and we're off and running.”

**Phil Jackson**  
"EPISODE III." THE LAST DANCE. ESPN.

## FROM OUR FOUNDER



**Ben Kovler**  
CHAIRMAN  
CHIEF EXECUTIVE OFFICER  
FOUNDER

# To you, Green Thumb Shareholder,

**2019 was a strong year for Green Thumb on nearly every front.** The team delivered \$216 million in total revenue, beating our expectations, and more than tripling revenue from the prior year. We hit the high end of our new store opening guidance with 20 new stores, more than doubling our retail fleet to 39 stores at year end. We closed our strategic acquisitions on time and tripled the size of our team. Most importantly, we were able to guide the business through the back half of 2019 as we converted to positive adjusted operating EBITDA. We are now moving towards achieving our goal of positive free cash flow in 2020—all while maintaining a strong balance sheet. This sets us up well for the future as we build on our solid foundation for sustainable growth.

That said, as I write this letter, the COVID-19 pandemic has inflicted far-reaching consequences on our nation and our citizens. Our first priority has been and will continue to be the health and safety of our team, our customers and our entire supply chain. To date, all our stores and facilities have been designated as “essential businesses” and remain open, our expansion projects are still underway according to plan, and we continue to innovate and evolve the business in the face of COVID-19.

I have never been more proud of our team; they have worked around the clock to ensure that our customers have continued safe access to products that are providing relief from anxiety and pain, especially in these uncertain times. I firmly believe that our team is our most valuable asset, and our shared values of humility, gratitude, hard work, collaboration, transparency and integrity have guided us through times of change and uncertainty over the past five years.

## Doing What We Say We're Going to Do

Since founding the business in 2014, we adopted the simple commitment of doing what we say we're going to do. This concept requires a sound strategic plan, a strong platform for execution, transparent communications, and above all, considerable discipline.

While the cannabis industry had its share of growing pains in 2019, we remain bullish on the medium and long-term prospects of the sector.



Our mission is clear: promote well-being through the power of cannabis by distributing brands at scale while giving back to the communities in which we serve. And we have been doing just that from a position of strength in our financials, our operating platform, and our team.

As I reflect on the initiatives outlined in last year's report, I am proud to say that we achieved our objectives by staying true to our business model of Enter, Open, Scale.

## One Big Idea—Three Small Words—Enter, Open, Scale

In 2019 we **entered** four new markets: California, Colorado, Connecticut and New York. In addition, we won a cultivation and processing license in Ohio, three retail licenses in California and a cultivation license in Maryland. We are currently operating in 12 vibrant markets that serve over 150 million potential customers.

We **opened** 20 stores nationwide and ended the year with 39 locations. In the fourth quarter alone, we opened six stores in five weeks across five states: two in Pennsylvania, and one each in Florida, New Jersey, Connecticut and Ohio. This reflects extraordinary execution on the part of our retail A-team.

We **scaled** our business in many ways. We expanded our brand production and distribution capabilities in Nevada by adding two cultivation facilities, three operating retail stores in Las Vegas and by winning eight additional retail licenses. We put significant capital to work to expand capacity and improve production standardization and automation across key markets. On the brand side, we broadened our portfolio to include the much-loved Beboe brand, which marked our entry into the luxury CBD and beauty market, and incredibles, one of the most established and trusted chocolate and gummy brands in the country. Our portfolio includes six brands that span across a variety of consumer needs and product categories—flower, edibles, vape, and topicals.

## Illinois—A Model for the Future

When the adult use program in Illinois became effective on January 1, 2020, it validated our strategic plan to establish strong footholds in limited-license markets that had the potential to expand into adult use. Five years ago, we were the first company to open a medical dispensary in Illinois and now with adult use underway, we see a viable, credible, robust, multibillion-dollar industry unfolding before our eyes.

Heading into January 1st, we reinforced our supply chain and streamlined logistics across our operations. We successfully had four stores open on the first day of adult use sales. Now we have expanded to six stores with adult use sales across the state.

The range of consumers who walk into our stores every day – across ages and socioeconomic backgrounds – and our designation as “essential” during this unprecedented time, re-enforces my conviction that cannabis is being widely accepted as a legitimate means to improve the well-being of Americans.

We believe the strong rollout of adult use sales in our home state demonstrates the tremendous opportunity ahead as adult use programs emerge throughout the country. States like Connecticut, Pennsylvania, New York, New Jersey, Ohio and Maryland can look to Illinois as a model for adult use regulation, as perhaps may our federal government. Using Illinois as a prototype, these states can fulfill a genuine need of their citizens, as well as create new jobs and another source of tax revenue. With our strong presence in these key states, we are well positioned to capture the opportunities ahead.

I also want to point out that other states may look to Illinois and our LEAP program as a social equity model for the industry. Since the program's launch in August 2019, we have provided pro-bono counsel to approximately 200 social equity applicants. As the Illinois social equity licenses are awarded, we will pivot our program to a business incubator where we will help license winners set up for success. It is a privilege to share lessons learned and best practices with a new generation of business owners in this evolving industry.

## 2020 — A Test of Resolve

2020 will test the determination and strength of every person, company and country. During this unprecedented time of disruption, it's never been more important for Green Thumb to follow its North Star. While cannabis businesses have been deemed "essential" by law in many states during the COVID-19 period, at Green Thumb, "essential" extends to all our stakeholders—employees, customers, investors and communities—and we will do our best to uphold our commitments to all.

We are fortunate to have a high degree of adaptability throughout our organization and are prepared to adjust to an even more rapidly changing environment. In many instances, the current environment has accelerated longstanding strategic priorities such as bolstering our e-commerce, delivery and customer service infrastructure to move closer to adopting an omnichannel manufacturer and retailer model. These initiatives will further position our company for long-term success.

We believe our strategic platform for 2020 will be supported by our strong balance sheet, which we continue to optimize. In 2019, we completed several strategic financings, including a \$105 million private placement of senior secured notes and three sale and leaseback transactions with Innovative Industrial Properties totaling \$96.8 million. In a capital constrained market, we take great comfort knowing that all scheduled expansion projects in 2020 are fully funded and the business is on-track to self-fund its future growth. As always, disciplined capital allocation and profitable growth will continue to guide our operating playbook in 2020 and through these unprecedented times.

You will note that this year's annual report is now on Form 10-K and complies with US Generally Accepted Accounting Principles or GAAP. This reflects Green Thumb's registration with the SEC as a domestic issuer effective February 2020. This is a positive step that further aligns our business operations with our commitment to provide our shareholders with increased transparency and comfort through our reporting.

Our mission to promote well-being through the power of cannabis and our strategy to distribute brands at scale are deeply aligned. We will keep building on the foundation laid in 2019 to continue to win in 2020—however it may evolve.

## In Closing

I want to thank our now over 1,700-strong team for the hard work this year—closing out 2019 with solid performance, kicking off 2020 with the successful launch of the Illinois adult use market, and now mobilizing to safely serve customers during COVID-19.

Even with the uncertainty ahead, we believe our continued store accessibility, strong business model and balance sheet will be a source of strength upon which we will build for the future.

We remain hopeful that recovery is on the horizon and we, as a nation, will be stronger on the other side. To all the doctors, nurses, scientists and health organizations around the world working diligently to treat patients and find cures – Thank you. And to our Green Thumb team on the front lines – thank you for all you do.

Finally, I want to recognize our Board of Directors for their collaboration and guidance. Most importantly, we are grateful for you, our shareholders, for your continued support and all our loyal customers and friends, who made this successful year possible.

As always, we welcome your questions, thoughts and ideas. We're growing every day.

**ON BEHALF OF THE ENTIRE  
GREEN THUMB TEAM—**

**Thank you  
& take care,**



**Ben Kovler**

Chairman | Chief Executive Officer | Founder

April 20, 2020

