

FROM OUR FOUNDER



Ben Kovler
CHAIRMAN
CHIEF EXECUTIVE OFFICER
FOUNDER

“Simplicity is the ultimate sophistication.”

LEONARDO DA VINCI

To you, Green Thumb Shareholders,



January 1, 2021 First Day of Adult Use Cannabis Sales in Illinois

We rang in 2020 with incredible optimism. On January 1, in our home state of Illinois, adult-use cannabis became legal and before our retail stores even opened, there was a flood of eager customers waiting in very cold weather to enter our doors to buy legal cannabis. The image of all those smiling mask-less faces, huddled together for warmth is something we'll always remember, and something that was soon to change.

In last year's shareholder letter, I wrote to you that 2020 and the global pandemic would be a test of resolve for every person, company, and country. At that time, we already knew that our industry received an essential business designation by local governments across the country. This validated that cannabis is for the people; that cannabis job creation and retention are meaningful, and that states benefit from cannabis tax revenues. Essential in our industry means that people deserve and are entitled to well-being through cannabis. As Americans found new ways of living and learning, so did Green Thumb. Our team innovated rapidly to meet people's needs and rallied to ensure the safety of our staff so that we could continue to serve our customers.

I am very proud of our team who faced these challenges with true grit. A special thank you to those who continue to serve our customers on the frontlines every single day with the consistent, reliable, transparent, and honest cannabis products made by our team across the country.



Consumers caught "z's" with the new Snoozzeberry bar



Cann's cheery and uber delightful packaging

Every Day is Day 1 at Green Thumb

While we did not invent the concept of a Day 1 company, we believe the best way to operate is staying grounded in the long term while being open to rethinking with new information. Fortunately for us, we can play this game, remove assumptions, and reinvent regularly in this fast-paced, evolving industry. We enjoy taking cues from the rhyme of history with a fresh look each morning. Our team accomplished a great deal in 2020 and, good news, it's still Day 1.

2020 Scorecard:

- Continued building the team and hired 1,300 people throughout the pandemic.
- Expanded our service channels and completed nearly 4 million direct-to-consumer cannabis transactions, more than double 2019.
- Provided 11 new communities with access to legal cannabis with new dispensary openings, plus upgraded several stores based on our latest learnings. We proudly ended the year with 51 open dispensaries.
- Invested in innovation of our brand and product portfolio including alternatives to pharmaceutical sleep aids like incredible Snoozzeberry, and substitutes for sparkling alcoholic beverages like our partnership with Cann, the leading cannabis-infused social tonic.
- Expanded the capacity and capabilities of our cultivation and production facilities in the key markets of Illinois, New Jersey, and Pennsylvania.
- Became SEC registered, transitioned to U.S. GAAP reporting, and positioned the Company closer to a listing on a major U.S. exchange.

Financial Execution and Capital Market Leadership

In 2020, only six years since our founding in 2014, we generated \$557 million in revenue, 2.5 times greater than the \$216 million reported in 2019 and 9 times greater than the \$62 million reported in 2018. Given no M&A activity inside the business and a global pandemic outside the business, **our organic growth in 2020 represents strong execution in the face of robust consumer demand.**

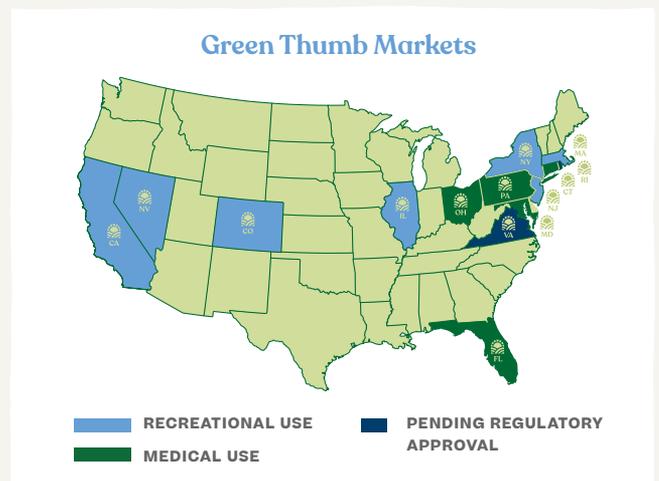
It's simple:
Americans are choosing
cannabis for well-being.

In the third and fourth quarters, we reached another milestone – positive U.S. GAAP net income – and for the full year, we generated approximately \$180 million in adjusted operating EBITDA, six times greater than \$28 million reported in 2019. Our business model is generating operating leverage as we scale. We continue to position our infrastructure, team, and balance sheet to ride the tidal wave of consumer demand ahead.

Green Thumb has been busy in the capital markets since the fourth quarter ended. In February 2021, we raised \$156 million of additional equity capital. The equity we sold was registered with the SEC—a major milestone for Green Thumb and for the industry—and the shares were sold directly to U.S. investors. In the second quarter 2021, we raised \$217 million of debt in order to replace the \$105 million of senior debt. **This transaction generated an additional \$100+ million of cash for the business net of the payoff.** Two very important things on these capital raises: 1) They were done with NO INVESTMENT BANKERS – meaning no fees, or as we like to say, “gross = net.” This is a big win for shareholders (a \$15 million win to be more exact). And 2) The debt comes at an industry low 7% (at the time of this writing). History has taught us that the winners in new industries are those with the lowest cost of capital and the strongest balance sheets – two fundamental objectives for Green Thumb in the capital markets. This new capital will allow us to focus on shareholder value creation through strategic investments to scale our existing operations in addition to accretive M&A opportunities.

Location, Location, Location

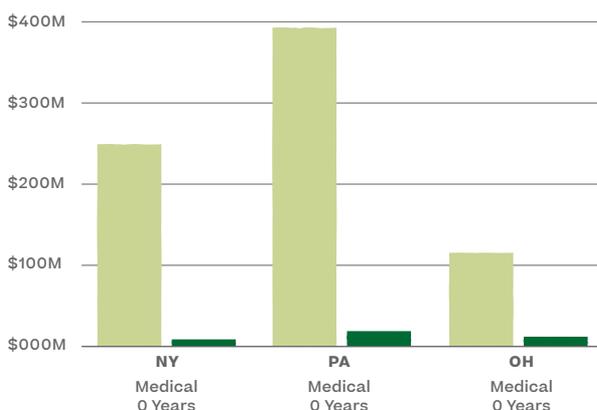
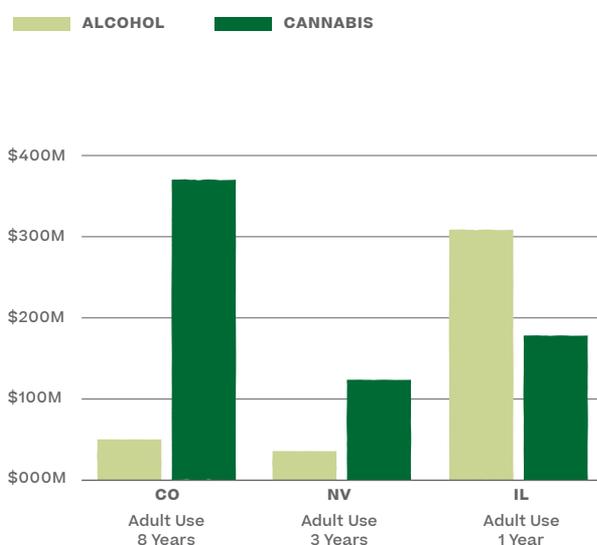
Change is happening. In the not-too-distant future, the country will embrace cannabis as routinely as sleep medications or alcohol. Green Thumb is well-positioned to benefit from this shift in consumer preference. We operate in rather favorable U.S. markets that serve as the foundation for our future, generating meaningful returns on invested capital that drive further growth. Our Enter, Open, Scale strategy has always been simple in concept, deliberate in execution, and looking in the rear-view mirror, very lucky: IL (Green Thumb entered 2015; adult-use sales began 2020); NV (E 2015--AU 2017); MA (E 2016--AU 2018); CO (E 2019--AU 2014); CA (E 2019--AU 2016); NY (E 2018--AU passed 2021); NJ (E 2018--AU passed 2020); MD (E 2017); PA (E 2017); FL (E 2018); OH (E 2018); CT (E 2019).



Our home state of Illinois generated over \$1 billion of legal cannabis sales during the first year of legal adult use and we think it will grow significantly from here. During the first quarter of 2021, tax revenue generated from the sale of cannabis in Illinois (\$86 million) exceeded tax revenue generated from alcohol sales in Illinois (\$73 million) for the first time, and demand in Illinois continues to climb. We only need to look at 2020 cannabis tax revenue in Colorado (\$387 million) or Nevada (\$124 million) to see into the crystal ball on what lies ahead. Change is sweeping the country and we believe the velocity of that change is increasing.

Alcohol vs. Cannabis 2020 Tax Revenue

GENERATED BY STATE



Alcohol excise tax and cannabis tax figures based off state government reports

Connecting with Consumers

Our culture was built with a relentless focus on finding new and innovative ways to serve customers and meet more of their needs. We have expanded our dispensary service model to include online and kiosk ordering as well as roll-thru and curbside pickup, while maintaining our core in-store experience where people connect with people. **We continue to invest in our brand and product offerings for the tastes and preferences of our evolving consumer base.** For example, we have introduced and expanded our Dr. Solomon's portfolio of cannabinoid-infused sublingual tinctures, lotions, and balms, offering a natural yet potent alternative to traditional pain relievers. Our Rythm flower and full-spectrum vape relaunch celebrates the plant's nuance with the strain-specific product education our consumers are seeking. Rythm flower should be the country's premium national flower brand. **America, it is time to Find Your Rythm.**

Our brands and products continue to connect with people, and we remain focused on delivering high quality experiences that help more people discover well-being through cannabis. **Our approach also accelerates opportunity beyond our four walls. It attracts other top brands to enter partnerships and collaborations with Green Thumb.** We established key relationships with Cookies, a destination cannabis retailer with high-demand cannabis products, and Cann, the leading cannabis-infused social tonic poised to change the future of social drinking. What all our brands have in common are experiences that are creating real relationships with people—we connect with our customers and they connect with us. It's simple, but not easy.

Planting Seeds for Social Impact

Our customers represent all walks of life, and it's important for us to reflect and support the communities we serve. We have fantastic initiatives that have grown over the years, like our annual Rythm x Pride celebration and advocacy in partnership with the GLBT Historical Society, or our day 1 program in which we contribute the first day profits from each new store opening to local organizations doing important work in their communities. Purchases of our Dogwalkers brand pre-rolls continue to support local animal advocacy organizations through the Bailey Legacy Fund, in honor of the brand's inspiration, my family's dog, Bailey.

But it is time to think bigger. **We will continue to commit meaningful resources towards social impact through cannabis, with a specific lens of creating access to opportunity for diverse communities, and those most impacted by the failed War on Drugs.**



Chyno, @theboywiththebluebeard, celebrating Pride with Rythm

This is on top of our pro-bono expungement support, scholarship awards, and our LEAP program's social equity cannabis application assistance initiative. Green Thumb is dedicated to doing our part to enable wealth creation for new entrepreneurs and communities that have not yet had the opportunity. We know there is much to do to support and create diverse and inclusive communities as an employer, throughout our supply chain, our hiring, our partnerships, and our activities. We remain committed to social impact and will be increasing our efforts.

Riding the Green Wave

The capital markets are awakening to the U.S. cannabis opportunity and Green Thumb is proud to lead the way. **We believe it is time for a new consciousness of well-being through cannabis for millions of Americans.** For example, the New York adult-use market has the potential to become one of the largest in the country, greater than \$5 billion. The new legislation most notably recognizes the importance of social equity. We look forward to seeing New York execute on bringing new people into the industry from the beginning and creating new wealth in America. The New York legislation might serve as the blueprint for the rest of the country. As currently written, it authorizes resentencing and motion to vacate pending cannabis offenses, and expungements for past cannabis-related offenses, which will help with employment, housing opportunities, and loans.

In a full circle moment for the industry, Green Thumb is turning a former federal prison that once incarcerated people for cannabis into our New York cannabis facility.

We see this as a self-contained economic stimulus package fueled by demand for cannabis. When completed, it will create hundreds of jobs, generate a lot of vital tax revenue, enable well-being and continue to remove people's assumptions on cannabis.

Your company is well-situated in the Northeast with New York and New Jersey and we see untapped potential along the Atlantic Coast and in the Midwest including Connecticut, Illinois, Massachusetts, Maryland, Ohio, and Pennsylvania, and Rhode Island. Out West, we see tourism returning to Nevada and have begun operating in the nation's largest cannabis market with the opening of our first store in California. We recently announced our entry into Virginia, our 13th market upon closing of that exciting acquisition. Just one year after Virginia's medical program began, the Commonwealth passed the adult use sales of cannabis. While the South largely remains a cannabis desert, the Green Wave is on the horizon. We are all invested in how the next generation of American cannabis entrepreneurs looks and where they come from. We feel the pressure and are ready for it. It's simple, but not easy.

Finally, as I write this letter, I reflect on what a privilege it is to participate in this incredible industry. Cannabis is one of the fastest growing sectors in the United States. It is reassuring that we have seen this movie before as we write American history together. Green Thumb will stick to our core values. It is my job to make sure we do. **The plan is to continue with our proven business model, keep our heads down and execute, remain careful stewards of your capital, respect the plant, enrich the communities where we operate and always put our customers front and center in everything we do.** The plan is simple, but not easy.

The power of well-being through cannabis is real and the opportunity is immense. We are growing every day with the trust and support you have given us. I am proud to be leading this team, at this time, in this space. It is still Day 1.

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

**Thank you
& take care,**

Ben Kovler

Chairman | Chief Executive Officer | Founder

May 10, 2021

