



**FQ1 2020
Supplemental Earnings Slides**

January 8, 2020

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FQ1 2020 HIGHLIGHTS

- ✓ FQ1 net revenue of **\$35.0 million**
 - + Revenue growth was **predominantly organic**, up **38% YoY**
 - + Medical States up **51% QoQ**

- ✓ **Continued Strong Cross-Selling Activity, Especially with Larger Customers**
 - + **49** customers spent more than \$500,000 in trailing twelve months, **up from 42 in FY 2019**
 - + Customers spending more than **\$1 million** in trailing twelve months purchased an average of **81 SKUs**

- ✓ **Scale, Operational Efficiency, and Improved Product Mix Drive Fourth Consecutive Quarter of Gross Margin Enhancement**
 - + **20.8%** on a GAAP basis in FQ1, **up 70 bps** from 20.1% in FQ4 2019

- ✓ **Cost Cutting and Restructuring Efforts Help Build Pathway Toward Adjusted EBITDA Profitability**
 - + Completed reduction in headcount, generating approximately **\$4.3 million** in net annual cost savings

REVENUE BREAKOUT BY LOCATION

Geography	Q1 2020 Revenue	% Q1 2020 Revenue	YoY Growth	QoQ Growth
CA	\$7.7	22.2%	-44%	-57%
CO	\$3.2	9.0%	63%	-14%
WA	\$2.6	7.3%	11%	-27%
OR	\$2.0	5.8%	2%	-1%
NV	\$1.7	4.8%	54%	-13%
MI	\$1.1	3.1%	656%	-52%
IL	\$0.6	1.8%	767%	1%
MA	\$0.6	1.7%	45%	-64%
ME	\$0.3	0.9%	22%	-37%
Other Rec States	\$0.2	0.6%	-48%	-44%
REC STATES TOTAL	\$20.0	57.2%	-11%	-42%
Medical States	\$11.0	31.6%	534%	51%
Other States**	\$2.4	6.8%	323%	-40%
Other Countries	\$0.3	0.9%	501%	45%
Canada	\$1.3	3.6%	174%	16%
TOTAL REVENUES	\$35.0	100.0%	38%	-26%

	QoQ Growth	YoY Growth
RECREATIONAL STATES	-42%	-11%
MEDICAL STATES	51%	534%
TOTAL REVENUE	-26%	38%

REVENUE BY 4 CATEGORIES QoQ + YoY

Product Categories	Q1 2020 Revenue	% of Revenue	YoY Growth	Q1 2019 Revenue	QoQ Growth	Q4 2019 Revenue
Vape	\$21.3	61.1%	35%	\$15.8	-32%	\$31.3
Packaging, Papers & Supplies	\$7.2	20.6%	3%	\$7.0	-12%	\$8.2
Services**	\$3.3	9.4%	NM	\$0.2	-11%	\$3.7
Energy & Natural Products	\$3.1	9.0%	31%	\$2.4	-17%	\$3.8
TOTAL REVENUES	\$35.0	100.0%	38%	\$25.3	-26%	\$47.0

* Amounts in millions. Total amounts may not add up due to rounding

** Services revenue includes sales from hemp trading, retail services, and the Hybrid Creative

NM = Not Meaningful

SKU CROSS-SELL PROGRESSION (TTM)

Customer Value	# of Customers	Avg Revenue	Avg # of SKUs	Change from Q4 (TTM) (Customers)	Change from Q4 (TTM) (SKUs)
\$ 10-49k	581	\$22,437	13	-38	+1
\$ 50-99k	119	\$68,233	21	-7	+1
\$ 100-249k	91	\$156,602	28	+3	-2
\$ 250-499k	39	\$342,230	39	-1	-3
\$ 500- 999k	30	\$730,743	61	+7	+4
\$ 1000k+	19	\$4,238,949	81	+0	+12

Customer Size	FY 2016	FY 2017	FY 2018	FY 2019	TTM
\$50-99k	6	29	88	126	119
\$100k - \$249k	5	13	51	89	91
\$250k - \$499k	2	7	18	39	39
\$500k - \$999k	0	5	10	23	30
\$1000k+	0	0	4	19	19

THANK YOU

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