

*Supreme.*

THE SUPREME CANNABIS COMPANY / **TSXV:FIRE**

INVESTOR OVERVIEW

# DISCLAIMER

Certain information regarding The Supreme Cannabis Company, Inc. (“Supreme” or the “Company”) contained herein may constitute forward-looking statements within the meaning of applicable securities laws and or be subject to change without notice. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements of fact. Forward-looking statements are current as of the date they are made and are based on applicable estimates and assumptions made by us at the relevant time in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances. However, the Company does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required un-

der applicable securities laws in Canada. Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. Many factors could cause our actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the factors discussed in the “Risk Factors” section of the Company’s Annual Information Form dated January 22, 2018 (“AIF”). A copy of the AIF and the Company’s other publicly filed documents can be accessed under the Company’s profile on the System for Electronic Document Analysis and Retrieval (“SEDAR”) at [www.sedar.com](http://www.sedar.com). The Company cautions that the list of risk factors and uncertainties

described in the AIF is not exhaustive and other factors could also adversely affect its results. Certain industry data contained in this presentation have been obtained from third party sources and the Company has not independently verified any of the data from third party sources nor it ascertained the underlying assumptions relied upon therein, or whether such data has changed since the date thereof. The Company’s forward-looking statements are expressly qualified in their entirety by this cautionary statement. Furthermore, statements regarding the amount of share purchase warrants, shares, stock options are all subject to further change without notice.



## **SUPREME CANNABIS**

Supreme Cannabis is a global organization that produces and distributes consumer-centric proprietary Cannabis plant products. Supreme's mission is to make a positive impact on people and the planet by continuing to grow better cannabis businesses globally.

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## **\$FIRE**

FIRE symbolizes our passion for the cannabis plant, our mission to make a positive impact and our unrelenting desire to continue to get better.

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# COMPANY HIGHLIGHTS: \$FIRE



## LONG-TERM MARKET THESIS

Understands the market, consumer centric, focused on building proprietary value and long-term advantage



## CONSUMER-FOCUSED

Engage the cannabis enthusiast consumer and provide a high-quality premium product and brand that reflects their discerning tastes and preferences



## AMONG FASTEST SCALING

Revenue growth since cultivation license approval is one of the fastest in industry; revenue run rate of \$8.3M<sup>1</sup> ranks Supreme in top 10 publicly traded Canadian LPs<sup>2</sup>



## BUILDING BRANDS

7ACRES listed in top-tier brand category in all provincial supply agreements<sup>3</sup>



## DISTRIBUTION AGREEMENTS

7ACRES available for retail sale coast-to-coast by October 17<sup>th</sup>, 2018



## DISCIPLINED INVESTMENTS

Equity interest and distribution agreement with Lesotho-based Medigrow - expected to be major global cannabis oil producer and exporter within 12-18 months

1. Revenue run rate is the annualized last fiscal quarter

2. Excludes US-based companies and those with US operations, and those not directly in the production business e.g., technology platforms, retail, private equity

3. As at Sept 1, 2018, listing categories have been disclosed for BC, AB and MB

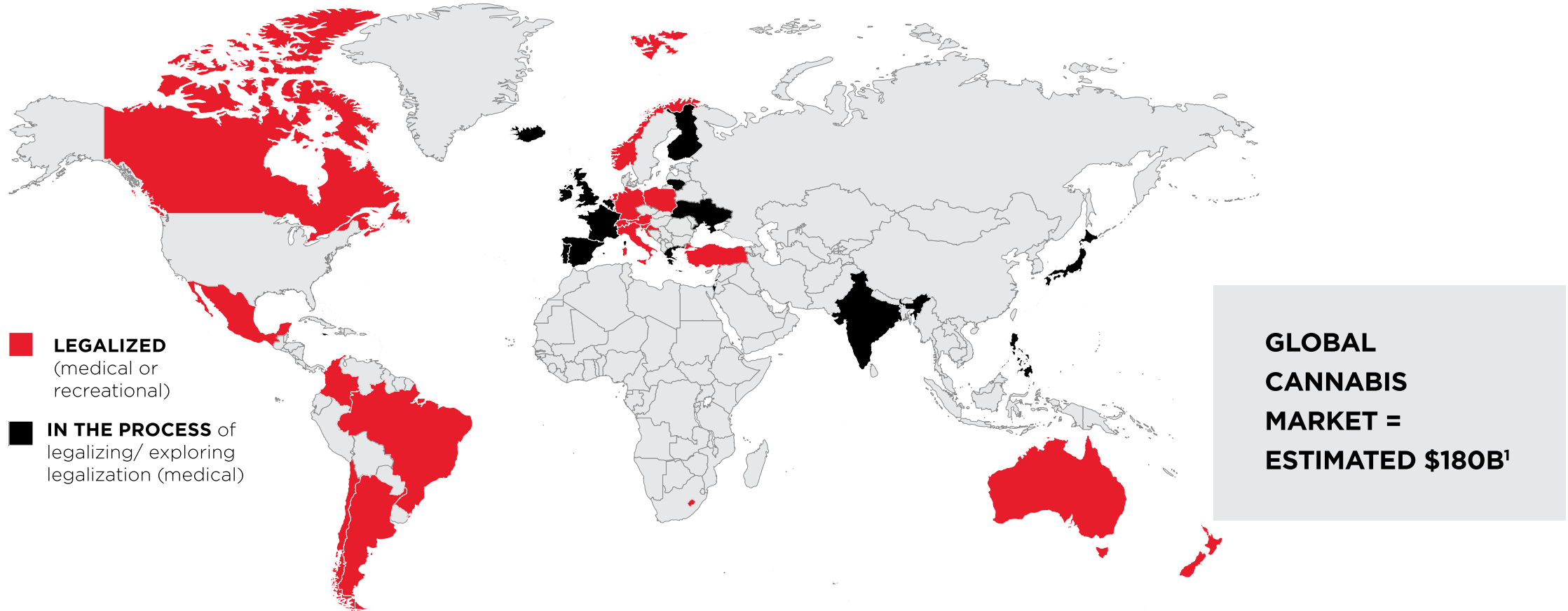


# KEY TOPICS

- **UNPRECEDENTED GLOBAL GROWTH INDUSTRY**

- STRONG CORE BUSINESS AND PREMIUM BRAND
- POSITIONED FOR DISCIPLINED GROWTH
- NATIONAL LISTING SUCCESS: FIRST IN, WINS
- OUR CULTURE AND PEOPLE ARE KEY DIFFERENTIATORS

# EMERGING GLOBAL MARKET FOR CANNABIS



1. Eight Capital, "The Value Case for Investing in the Cannabis Sector" Estimate of market over time.



# GLOBAL COMPANIES PURSUING OPPORTUNITIES IN CANNABIS

PHARMACEUTICALS

ALCOHOL

TOBACCO



# CANADIAN CANNABIS MARKET COMPARABLE TO ALCOHOL

## CANNABIS MARKET

**\$22.6B+**



**\$4.9-8.7B**  
RETAIL MARKET



**\$12.7B-\$22.6B**  
ANCILLARY MARKET  
Testing labs, security, etc

## ALCOHOL MARKET

2016 fiscal year

**\$22.1B**



**\$9.2B**  
BEER



**\$7.0B**  
WINE



**\$5.1B**  
SPIRITS



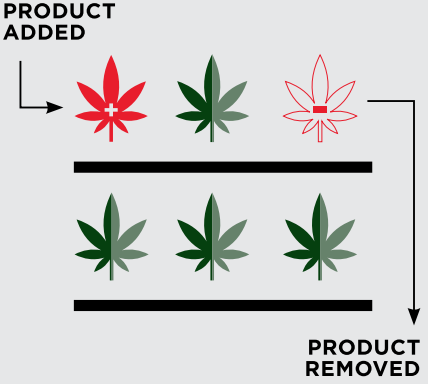
**\$0.8B**  
OTHER

SOURCE: Deloitte Report - Recreational Marijuana Insights and Opportunities

SOURCE: Statistics Canada - CANSIM Table 183-0023




# UNPRECEDENTED LISTING OPPORTUNITY



PRODUCT ADDED


PRODUCT REMOVED

Following the provincial liquor and wine model, product categories are a “zero sum game”

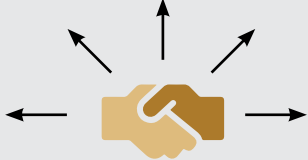


18Mths 24Mths

**LIMITED WINDOW** of opportunity: 18-24 months to revenue from cultivation license



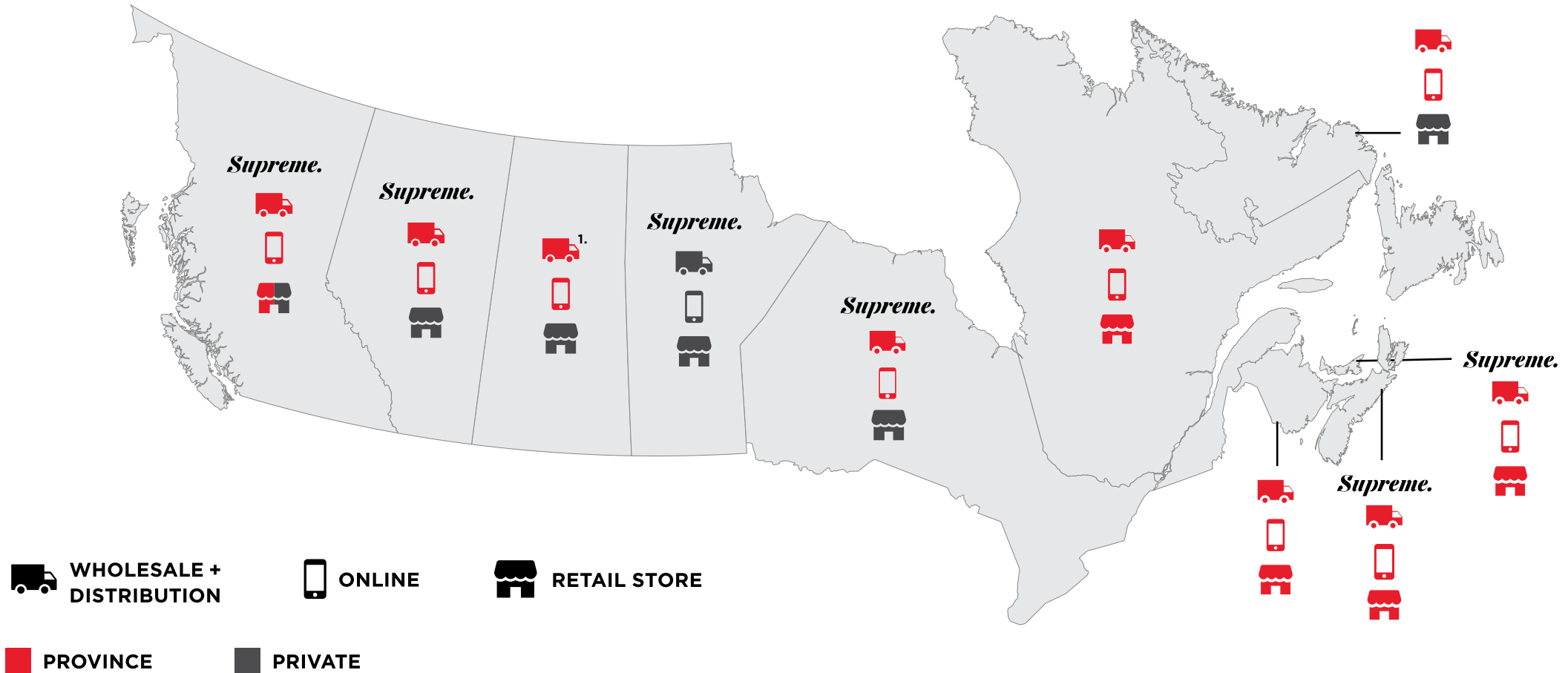
Tobacco standards to be applied **NOT** beer and liquor – no mass marketing



**IMPORTANT** to have established relationships with provinces and private retailers

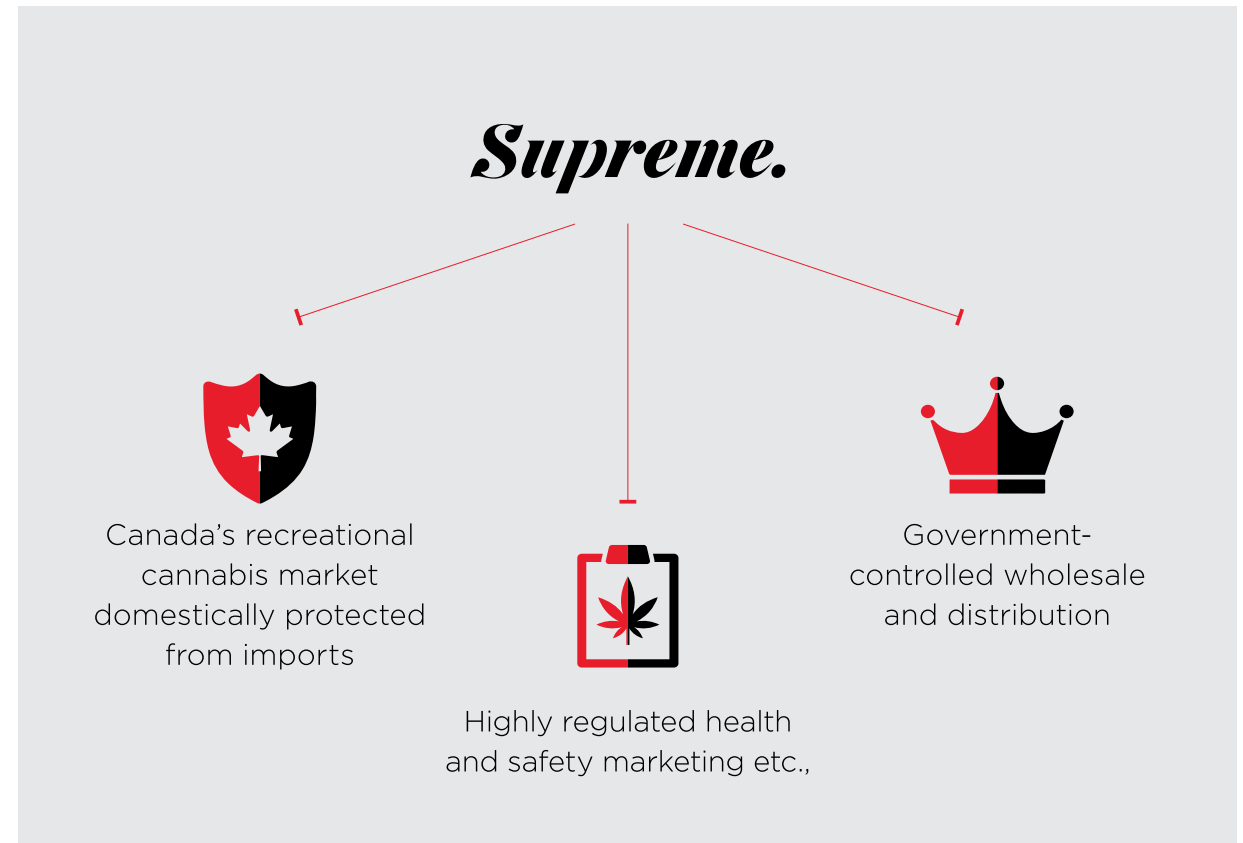
**NATIONAL DISTRIBUTION = SUCCESS IN CANADIAN REC**

# CANADIAN RECREATIONAL CANNABIS LANDSCAPE





## HIGH BARRIERS TO ENTRY FAVOR EARLY MOVERS





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# 7 A C R E S

- Canada's only LP principally focused on premium brands and products with coast-to-coast distribution
- B2B business well positioned for adult use
- Current annual production run rate of 13,333 kg (Sept 1, 2018)
- Estimated production run rate of 50,000 kg at full capacity (est. early 2019)
- Premium pricing

# WE UNDERSTAND OUR CONSUMERS

## LACE

(Legal Aged Cannabis Enthusiast)



- Average age **20-30**<sup>1</sup>
- **60/40** male/female<sup>1</sup> and signs moving to 50/50
- Broad socio-economic distribution<sup>1</sup>



## WHAT LACE CONSUMERS WANT



Discerning and informed consumers demanding quality

**85%** of cannabis enthusiasts will not purchase products that have subpar scent and flavour<sup>2</sup>

**63%** of cannabis enthusiasts will reject products that don't pass their visual inspection<sup>2</sup>

## THE BUSINESS

More than **4M** Canadians currently consume cannabis at least monthly

**“ 20% OF USERS CONSUME 80% OF CANNABIS ”**



- Finance Minister Vic Fedeli

Aug 13, 2018

**926,000 kg** expected to be consumed in first year of legalization - Health Canada<sup>3</sup>




<sup>1,2</sup>. Legal Aged Recreational Cannabis Enthusiast Buying Behavior 2018 - Bridgeable

<sup>3</sup>. Marijuana Policy Group Report for Health Canada 2018

# 7ACRES STRATEGY FOR CANADIAN REC MARKET

## 1. PRODUCE QUALITY PRODUCT

### USER REVIEWS: KEY TAKEAWAYS

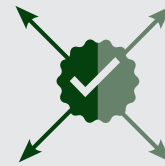
- Average Rating - 4.5 / 5 
- Potency relative to THC % is high in comparison to other LP's 
- User reviews demonstrate THC % not sole factor of effect 

### RECOGNIZED BY INDUSTRY



## 2. SCALE QUALITY

### QUARTERLY REVENUES FY2018<sup>1</sup>



Q1	<b>\$1.56M</b>
Q2	<b>\$1.68M (+8%)</b>
Q3	<b>\$2.07M (+23%)</b>
Q4	<b>\$3.55M (+71%)</b>

## 3. ESTABLISH PREMIUM BRAND AND PRICING

**7ACRES**

7ACRES listed as premium product by all provinces<sup>2</sup>



**\$6-7/g**

7ACRES average wholesale price in medical cannabis market

**\$4.50-\$4.75/g<sup>3</sup>**

Other LP's average wholesale price

1. No revenues generated prior to Q12018

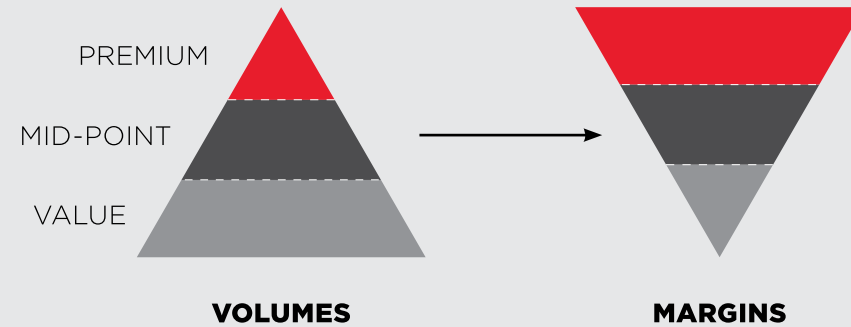
2. ON, NS, and PEI have not disclosed listing categories

3. Based on BMO research estimates for recreational market "Supply Agreements for Announced for Manitoba (June 29, 2018)



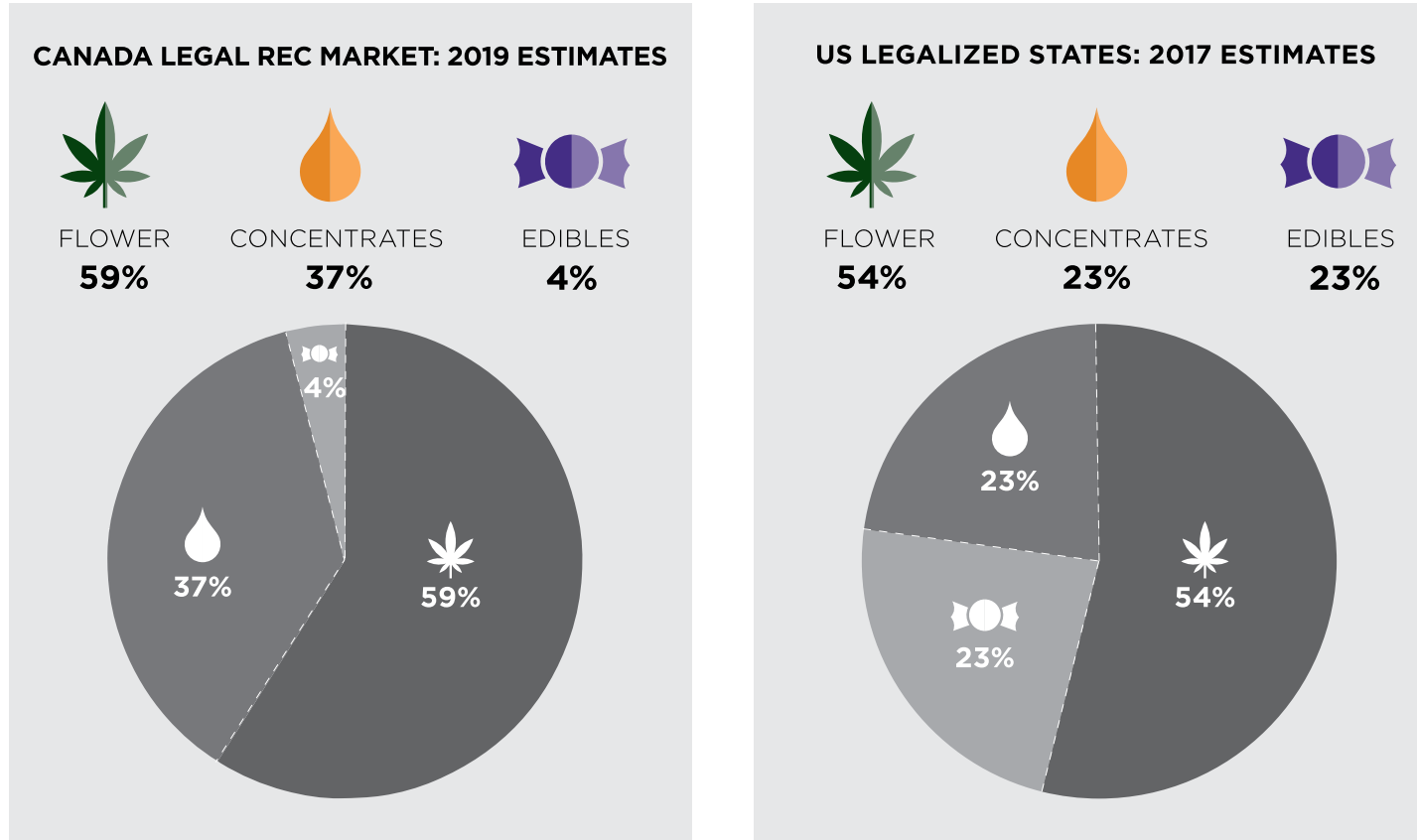
## 7ACRES FOCUSED ON HIGH MARGIN SEGMENT OF MARKET

### ILLUSTRATIVE MODEL OF WINE PRODUCER AND DISTRIBUTOR





# WHY FLOWER



**FLOWER DOMINANT IN NEW AND MATURE MARKETS**

**Source:** Brightfield Analytics Group. Canadian and US Cannabis Markets. Canadian market represents estimate for first full year of legalization. US market represents data from those states that have some form of legalization - largely represented by CA, WA, OR, CO, and MI.



# THE IMPORTANCE OF FLOWER

## SIZE OF FLOWER MARKET



**88%** of Canadian cannabis consumers used flower in last 12 months<sup>1</sup>

**55-65%** of cannabis consumption in Canada

**50%-55%** in mature markets (i.e., legalized US states)

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## INPUT FOR SPECIALTY PRODUCTS



- Quality of flower directly correlated to quality of concentrates in mature markets

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## PROPRIETARY VALUE



- Genetics drive long-term value in mature cannabis industry
- Large scale cultivation provides **PLATFORM VALUE**

<sup>1</sup> Health Canada Cannabis Survey 2017. HC estimates that consumers who used cannabis in the last 12 months: 88% used flower, 32% used edibles, and 24% used other (e.g., concentrates)

# PROPRIETARY VALUE: REGULATED CULTIVATION AT SCALE

ERP, Automation, Integration, Optimization

IBM  
SAP  
PRIVA

**GROW OS:**

## QUALITY SPECIFICATION DRIVEN OUTPUT



- Customizable cultivation program
- Proprietary drying technology
- Hybrid manual finish (automated and hand trim)

## CULTIVATION SCALE



- Large lot output
- Proprietary SOPs to drive bulk cultivation

## PRODUCTION SYSTEM (MANAGEMENT SYSTEM)



- Management system built for scale
- Learning organization to continually improve versus innovate
- Improvement by standard
- Training Program (7ACRES School of Management)

## COMMERCIAL INFRASTRUCTURE:

- Built for scale
- Long term useful life
- Hybrid Greenhouse pioneer (Indoor facility with sky light)

## GENETICS:

- Business focused selection
- Royalty driven genetics business
- Proprietary selection program

**CULTURE**



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## GLOBAL MEDICAL STRATEGY









- Global distribution partnership and 10% equity interest
- International medical cannabis oils
- API / Commodity business to begin
- Tremendous progress in 11 months from license
- Current land package has potential capacity of 40,000 litres of cannabis oil (min 50% active) per year
- First LP to move into the Lesotho market



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# PROVINCIAL SUPPLY AGREEMENTS EARLY INDICATOR OF SUCCESS

	TOTAL # OF SUPPLY AGREEMENTS	MARKET CAP <sup>1</sup> (MILLIONS)
EXCLUSIVE LP GROUP		
	9	\$13,231
	7	\$3,947
	6	\$7,943
	6	\$822
<b><i>Supreme.</i></b>	6	\$519
	5	\$8,372
	5	\$1,080

OTHER NOTABLE LP'S		
	3	\$2,269
	3	\$1,098
	0	\$1,427

1. Supply Agreement data and Market Cap is at September 1, 2018

Source: S&P Capital IQ, Corporate and Provincial Press Releases



Exclusive group of 7 LPs (including **FIRE**) have supply deals with 5 or more provinces<sup>2</sup>

2. Supreme has supply agreements with BC, AB, MB, ON, NS and PEI (as at September 1, 2018)



**DISTRIBUTION DRIVES REVENUE, NOT CAPACITY ALONE**



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# LEADERSHIP BUILT FOR GROWTH

**NAVDEEP DHALIWAL\***  
CHIEF EXECUTIVE  
OFFICER

**JOHN FOWLER\***  
PRESIDENT, FOUNDER

**SCOTT WALTERS\***  
VP CORPORATE  
DEVELOPMENT

**CHANDER BATRA**  
CHIEF INFORMATION  
OFFICER

**DIMITRE NAUMOV**  
CHIEF FINANCIAL  
OFFICER

**SONY GOKHALE**  
GENERAL COUNSEL

**OMER AZEEZ**  
VP MARKETING AND  
REGULATORY AFFAIRS

**STEVE CHAN**  
VP INVESTOR RELATIONS  
AND CORPORATE  
COMMUNICATIONS

**CRAIG YOUNG**  
VP SALES

**BARINDER BHULLAR**  
VP GOVERNMENT  
RELATIONS AND  
INTERNATIONAL AFFAIRS

**MICHAEL LA BRIER**  
CHAIRMAN OF THE  
BOARD

**RON FACTOR**  
DIRECTOR OF THE  
BOARD

**COLIN MOORE**  
DIRECTOR OF THE  
BOARD

\*Executive also serves as a member of the board

## SELECT EXPERIENCE OF OUR TEAM



# CATALYSTS



## **SCALE 7ACRES TO 50,000 KGS OUTPUT PER YEAR**

Expected completion  
of 7ACRES facility at  
end of 2018



## **LAUNCH LEADING BRAND 7ACRES WITH NATIONAL DISTRIBUTION**

Secure provincial  
supply agreements  
coast-to-coast with  
premium product  
listing



## **TALENT DEVELOPMENT**

Build core team  
with expertise in  
regulated consumer  
environments



## **BROADEN PRESENCE IN OTHER VERTICALS AND PRODUCT AREAS**

- Establish medical  
and wellness brands
- Prepare for  
concentrate and other  
recreational products



## **ACCELERATE INTERNATIONAL STRATEGY**

Advance  
distribution of  
Medigrow cannabis  
oils and GMP  
accreditation



## **DISCIPLINED INVESTMENTS**

Strategic deployment  
of capital



# THANK YOU!

CONTACT INFORMATION

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## **INVESTOR RELATIONS**

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## **THE SUPREME CANNABIS COMPANY INC.**

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Toronto, ON M6J 2Z7

416 630 7272

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# APPENDIX

## SUPREME QUICK FACTS

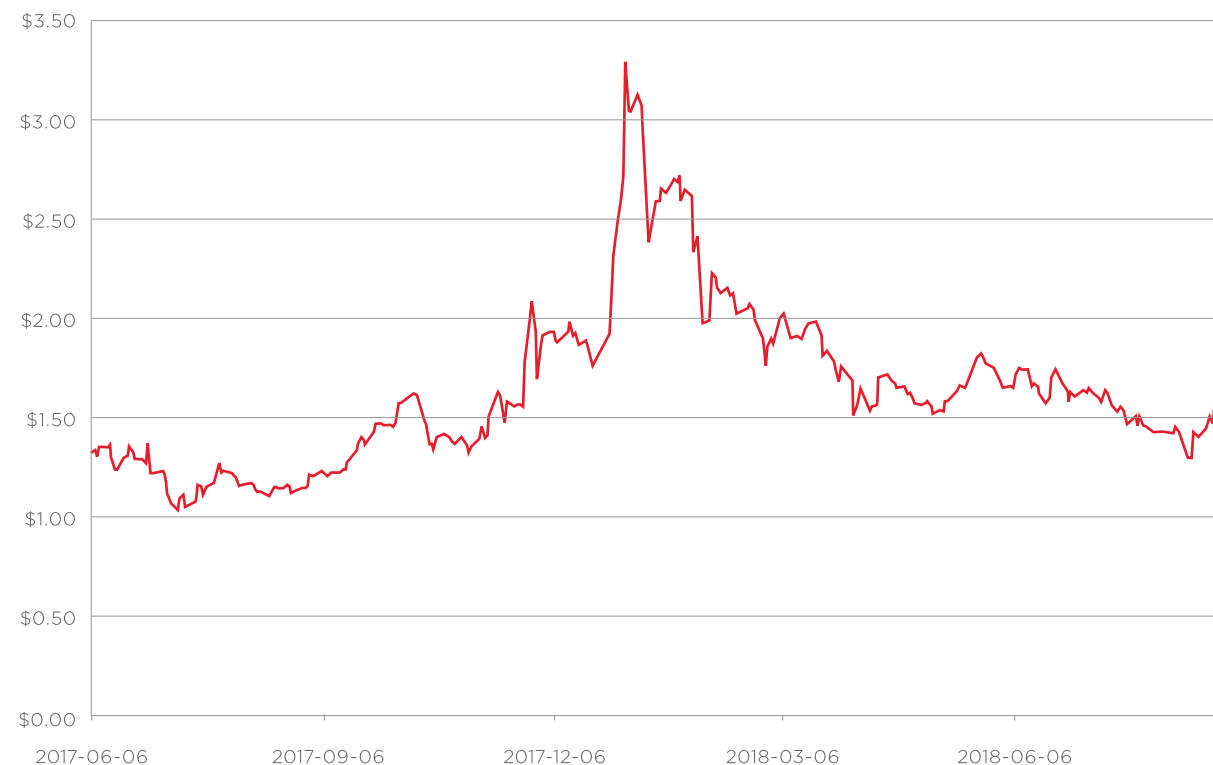
AS OF JUNE 30, 2018

<b>HEALTH CANADA LICENSE</b>	Mar 2016
<b>CASH</b>	~\$56M
<b>CURRENT CAPACITY</b>	13,333 kg/year
<b>POTENTIAL CAPACITY</b>	50,000 kg/year
<b>MARKET CAP<sup>1,2</sup></b>	~\$567M
<b>SHARES I/O<sup>2</sup></b>	~260M
<b>WARRANTS, OPTIONS AND CONV. DEBENTURES<sup>2</sup></b>	~107M
<b>FULLY DILUTED SHARES I/O<sup>2</sup></b>	~367M

1. Financial figures as at most recently disclosed quarter

2. Market Cap and Share Capital data is as at September 20, 2018

### SUPREME CANNABIS \$FIRE SHARE PRICE



Source: S&P Capital IQ

\$ FIRE

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THE SUPREME CANNABIS COMPANY / **TSXV:FIRE**

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