

OTCQX SHWZ

NEO SHWZ



CORPORATE PRESENTATION | JUNE 2024





# SAFE HARBOR

This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as “believes,” “plan,” “expects,” “anticipates,” “will,” “should,” “positioned” and words of similar import. Examples of forward-looking statements include, among others, statements regarding Medicine Man Technologies, Inc.’s dba Schwazze (the “Company”) operations, financial performance, business or financial strategies, or achievements.

Forward-looking statements are neither historical facts or assurances of future results of performance. Instead, they are based only on the Company’s current beliefs, expectations and assumptions regarding the future of the Company’s business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of the Company’s control. Actual outcomes and results and the Company’s financial performance and condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements.

Important factors that could cause actual results and financial conditions to differ materially from those indicated in the forward-looking statements include, among others, the following: the Company’s ability to finance any of its proposed acquisitions; the Company’s ability to close on any of its proposed acquisitions; the Company’s ability to successfully integrate and achieve synergies and its objectives with respect to any of its proposed acquisitions; the Company’s ability to successfully execute its business, financial and growth strategies; the Company’s ability to successfully identify future acquisition targets, expand into additional

states, open new dispensaries, and offer new products, services and other offerings; the U.S. federal government’s enforcement priorities regarding the cannabis industry; changes in laws and regulations applicable to cannabis and the cannabis industry, including the classification of cannabis as a Schedule I controlled substance under the Controlled Substances Act and Section 208E of the Internal Revenue Code of 1986, as amended; and the demand for cannabis products. Any forward-looking statement in this presentation is based only on information currently available to the Company and speaks only as of the date of this presentation. The Company disclaims any obligation to update any forward-looking statement or to announce publicly the results of any revisions to any forward-looking statement to reflect future events or developments except as required by law.

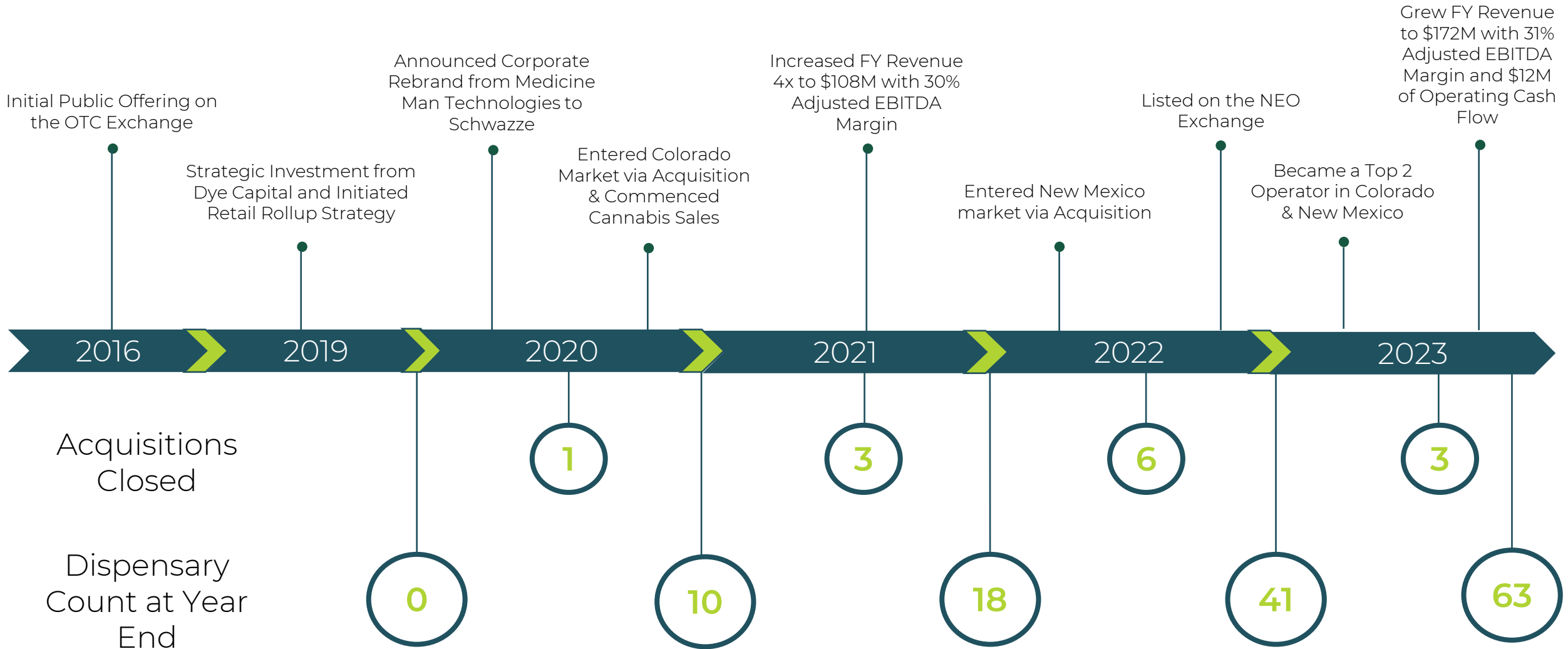
The unaudited preliminary pro forma results, projections and other financial information discussed in this presentation consists of estimates derived from the Company’s and the acquisitions targets’ internal books and records and are based on various assumptions that have been prepared and made by the Company’s management. Such financial information is subject to the completion of financial closing procedures, final adjustments and other developments that may arise between now and the time such financial information is finalized. Further, the assumptions used in developing such financial information are subject to significant uncertainties and contingencies and may not prove to be correct. Therefore, actual results may differ materially from such financial information and such financial information is subject to change.



We are a **Data-Driven**, Vertically Integrated Cannabis Operator with a **Regional** Focus and Leading **Retail** Footprint in both **Colorado** and **New Mexico**.



# HISTORY OF SCHWAZZE





# SCHWAZZE TODAY<sup>1</sup>



**HEADQUARTERS**  
Denver, Colorado

Operating in Colorado  
and New Mexico



## RETAIL

64 Dispensaries  
COLORADO (30)  
NEW MEXICO (34)



## CULTIVATION

5 Facilities      42 Acres Outdoor  
100K+ ft<sup>2</sup> Indoor    104K ft<sup>2</sup> Hoop /  
Green Houses



## MANUFACTURING

4 Facilities (2 in CO and 2 in NM)  
38k ft<sup>2</sup> Manufacturing /  
Fulfillment Facilities





# MARKET ENVIRONMENT



**Well positioned** to lead in competitive cannabis markets

**24**

states where cannabis is legal recreationally<sup>(1)</sup>

**246M**

people living in states with legal access to high-THC cannabis<sup>(1)</sup>

**19%**

ANNUAL

**11%**

MONTHLY

U.S. cannabis use incidence<sup>(2)</sup>

**\$100B**

in annual cannabis sales predicted by 2030<sup>(2)</sup>



# DIFFERENTIATED STRATEGY



Our goal is to create outsized value by becoming the #1 cannabis operator in the markets we serve, offering a diverse range of brands and assortment with exceptional service, becoming the consumers' retailer of choice.



## GO DEEP IN RETAIL

Focused on growing our diversified and focused asset portfolio in Colorado and New Mexico

## RUN LEAN

Efficiently allocate people and resources to drive out costs

## DRIVE HOUSE BRANDS

Grow our products into market leading brands, enhancing the Schwazze House of Brands

## MEASURE AND MANAGE

Meticulously collect and analyze data to improve operations and customer experience



# GOING DEEP IN RETAIL

Concentrated retail operations drive market share gains and cost efficiencies – a winning long-term strategy

## Sales Volume

Being one of the largest players in a market provides disproportionate market share<sup>1</sup>

## Brands

Retail depth enables brand recognition – 2 consumer brands & 5 retail banners

## Economies of Scale

One of the most profitable cannabis companies in the U.S.<sup>2</sup>



## Geographic Coverage

We are going deep, not wide. Leading market share in Colorado & New Mexico

## Shelf Space

Enables broad consumer choice & cost efficiency due to buying power

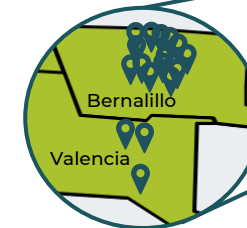
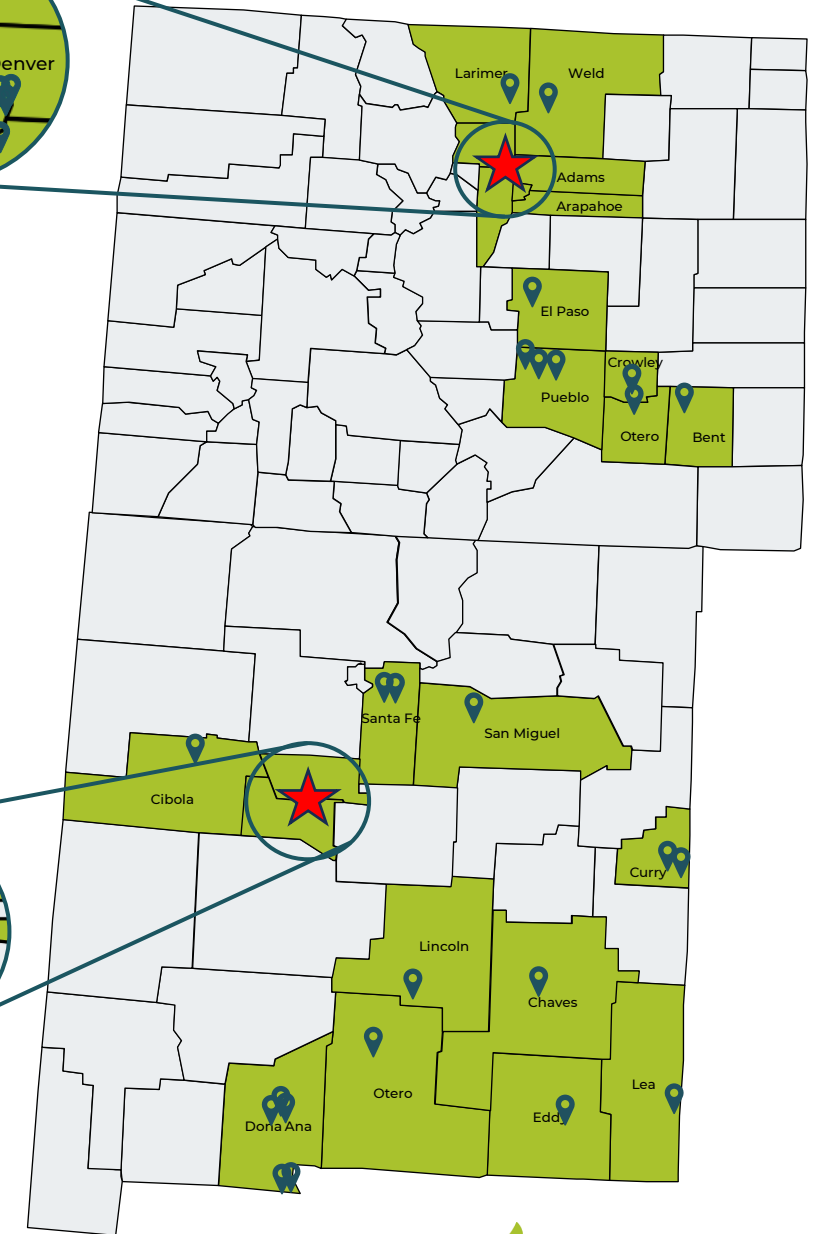
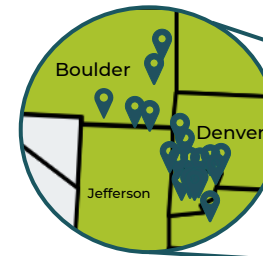
## Customer Experience / Loyalty

A unified platform for customer engagement and loyalty program with current penetration of >70%





# SUPER REGIONAL FOOTPRINT



COLORADO	
Annual Cannabis Retail Sales <sup>(1)</sup>	\$1.5B
Retail Dispensaries <sup>(3)</sup>	30
Population <sup>(4)</sup>	5.9M

NEW MEXICO	
Annual Cannabis Retail Sales <sup>(2)</sup>	\$557M
Retail Dispensaries <sup>(3)</sup>	34
Population <sup>(4)</sup>	2.1M



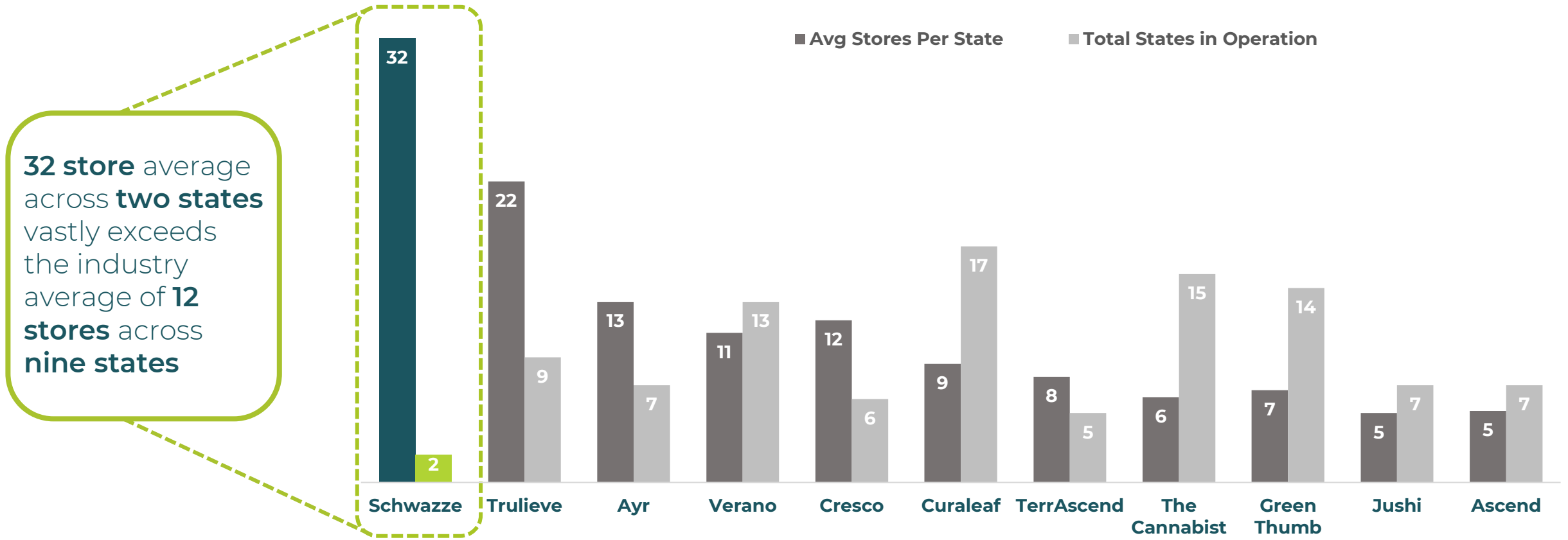
emeraldfields™  
A CANNABOUTIQUE





# THE DEEPEST RETAIL FOOTPRINT AMONGST U.S. MSO'S

With 34 retail dispensaries in New Mexico and an additional 30 in Colorado, Schwazze offers a unique opportunity for **deep regional exposure** across neighboring states

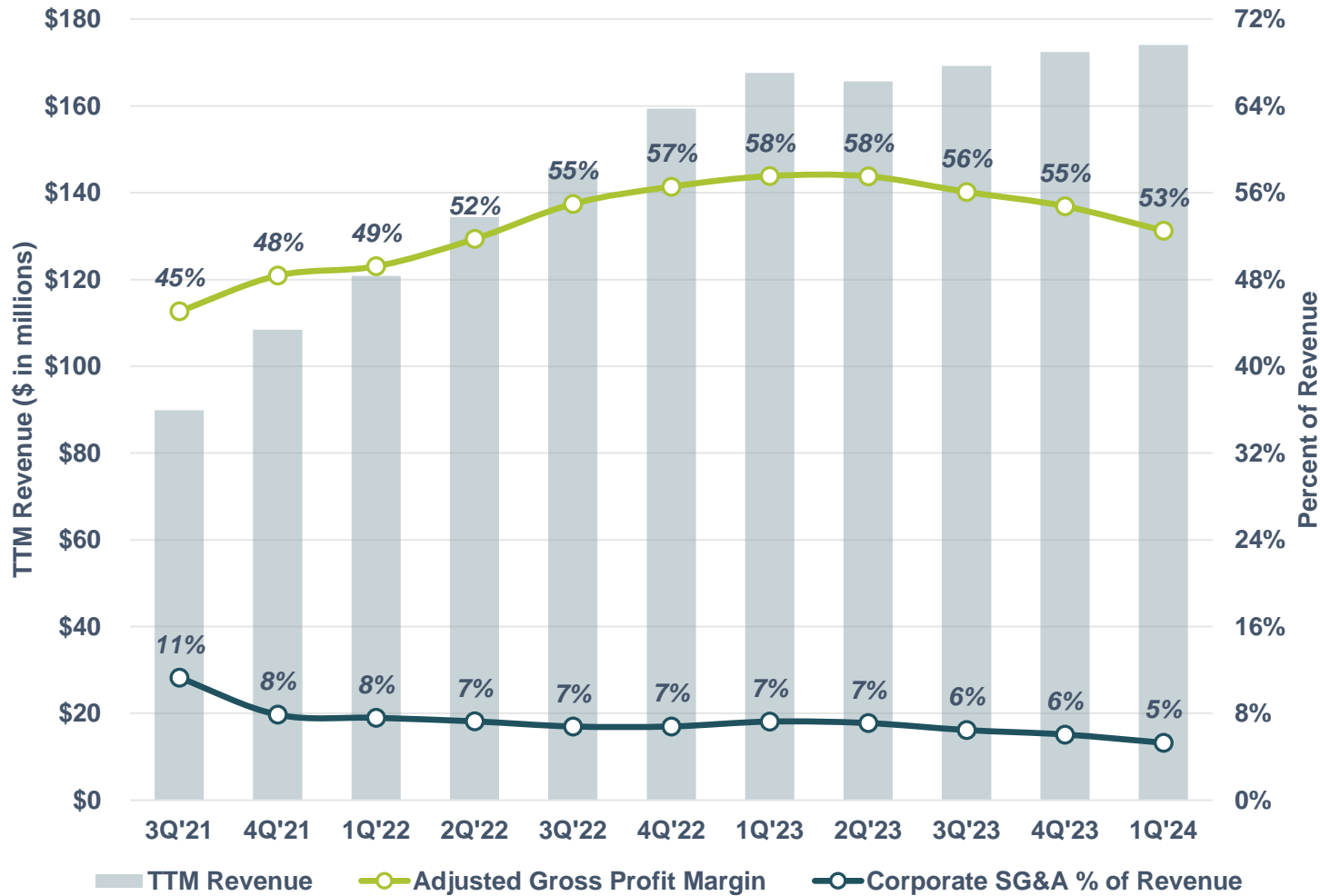


**32 store** average across **two states** vastly exceeds the industry average of **12 stores** across **nine states**

1. Store count data as of March 31, 2024



# RUNNING LEAN



## Schwazze Operating Playbook

- Implement lean, proven practices in production, manufacturing and retail
- Drive down costs by identifying operational and cost synergies while improving product quality
- Achieve margin expansion by leveraging bulk purchasing power during supplier negotiations
- Consistent optimization effort within each part of Schwazze's supply chain and retail operations while generating material sales growth



# BRAND STRATEGY

Retail brands drive consumer brands

## RETAIL

Our retail footprint is built in densely populated areas with high levels of cannabis consumer penetration and spending

Paves way for broad market recognition and a unified loyalty program

Rich customer data informs brand strategy

Helps drive 3rd party brand partnerships

64 stores in two states as of March 2024

NM: ~8% retail market share

CO: ~7% retail market share



## CONSUMER

Purplebee's

Every Day WEED

Deep retail footprint provides the foundation for rapid expansion of our CPG platform – a currently untapped channel

Enables licensing of brands from other markets to offer a variety of price points and form factors





# MEASURE AND MANAGE

## Implementing the Schwazze Playbook at Retail to Drive Revenue Growth & Margin Expansion



### Price Optimization

- Price elasticity models to understand impact of price changes, as well as the resulting sales and profit impact by SKUs
- This analytical approach avoids a “race to the bottom” and maintain pricing with pulsed promotions



### Promotional Effectiveness

- Detailed analysis of promotions impact on revenue, profit, basket penetration, avg basket, etc.
- Sharing promotional effectiveness and impact with vendor partners helped launch vendor funded promotion programs that brought in more than \$1.3M in vendor funding in FY'22



### Store Allocation Tool

- Built a store allocation tool that solves for target inventory, sales history, upcoming demand and promotional activity to order and replenish inventory by store/SKU
- Improved data insight and automated solution helped reduce time required for store allocations by 90% while increasing in-stock levels by more than 1500 bps



### Labor Optimization

- Use store traffic patterns to create a labor optimization model to staff stores appropriately



### Loyalty Customer Profiling

- Detailed profiling of our loyalty customers to understand buying behavior for targeted marketing



# Financial Performance



# TRAILING 12 MONTH **PERFORMANCE**

	1Q'23	2Q'23	3Q'23	4Q'23	1Q'24
<i>\$ in Millions</i>	TTM	TTM	TTM	TTM	TTM
Retail	150.2	150.2	152.4	155.5	157.3
Cannabis Wholesale	13.2	12.9	13.6	14.4	14.2
Non-Cannabis & Other	4.2	2.6	3.3	2.6	2.6
<b>Total Revenue</b>	<b>\$167.6</b>	<b>\$165.7</b>	<b>\$169.3</b>	<b>\$172.4</b>	<b>\$174.1</b>
Adjusted Gross Profit <sup>1</sup>	96.4	95.3	94.9	94.4	91.4
<i>Gross Profit Margin</i>	57.5%	57.5%	56.1%	54.7%	52.5%
Adjusted EBITDA <sup>2</sup>	58.7	57.5	55.7	53.4	46.2
<i>Adjusted EBITDA Margin</i>	35.0%	34.7%	32.9%	31.0%	26.6%

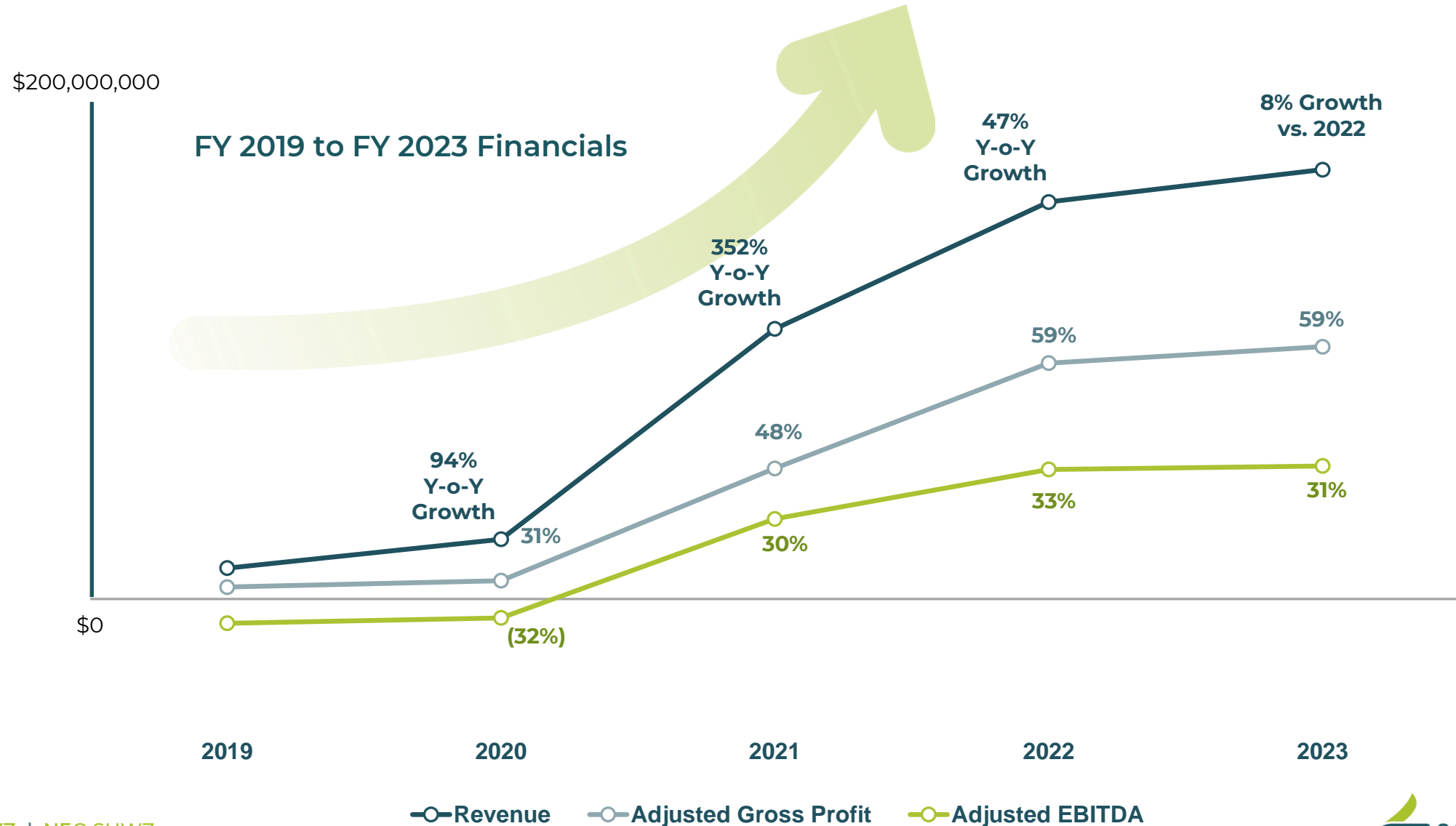
TTM = Trailing Twelve Months

(1) Adjusted Gross Profit represents GAAP reported Gross Profit, but excludes one-time non-recurring expenses and other non-operating expenses within Cost of Goods Sold.

(2) Adjusted EBITDA is derived from Operating Income, which is adjusted for one-time expenses including merger and acquisition and capital-raising costs, non-cash related compensation costs, goodwill impairment, costs related to discontinued operations, depreciation and amortization, and other one-time expenses. Adjusted EBITDA is a non-GAAP financial measure.



# ACCELERATED GROWTH & PROFITABILITY







# INVESTMENT HIGHLIGHTS

- **Differentiated Strategy** – Retail Forward, Super-Regional MSO; Focused on Market Share and Brand Development
- **Seasoned Management Team** – Demonstrated Track Record in Competitive Low Margin Sectors and Demonstrating Playbook again in Cannabis
- **Proven Acquisition Strategy** – Implementing the Schwazze operating playbook at new stores has consistently led to improved sales performance and gross margin expansion
- **Strong Financial Profile** – FY 2023 Revenue up 8% to \$172M, with \$53M of Adjusted EBITDA and \$12M of Cash Flow from Operations





OTCQX & NEO **SHWZ**

#### CORPORATE OFFICE

Schwazze

865 N. Albion St., Ste 300  
Denver, CO 80220

**T** 303-371-0387

#### INVESTOR RELATIONS CONTACT

Sean Mansouri, CFA or Aaron D'Souza

**Elevate IR**

**T** 720-330-2829

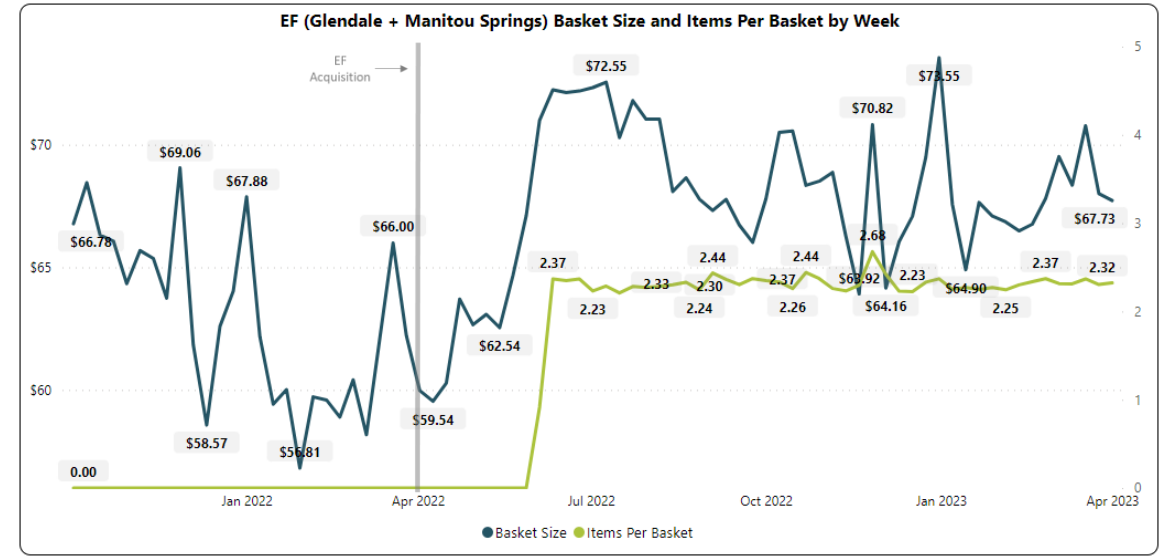
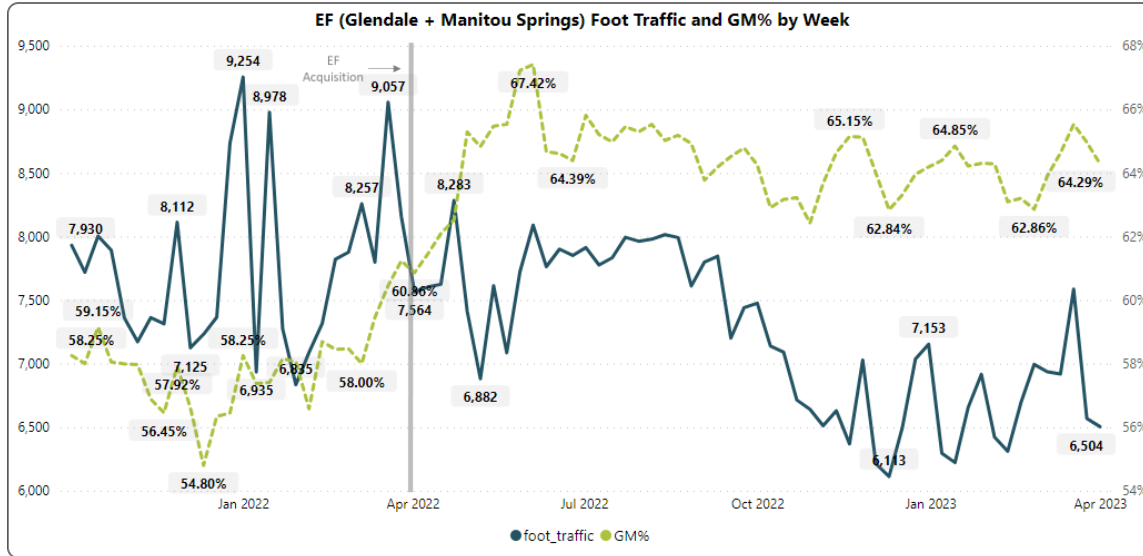
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# APPENDIX



# Emerald Fields Performance Post-Acquisition



## Gross Margin (%) is up 640 basis points since acquisition

- COGS reductions, supplier funded promotions, and other synergies have the potential to push this number even higher
- Margin drivers: tiered assortment offering (Good/Better/Best), vendor management (best cost across banners), price optimization (hi-low model, pulse promotions).

Pre-Acquisition Gross Margin

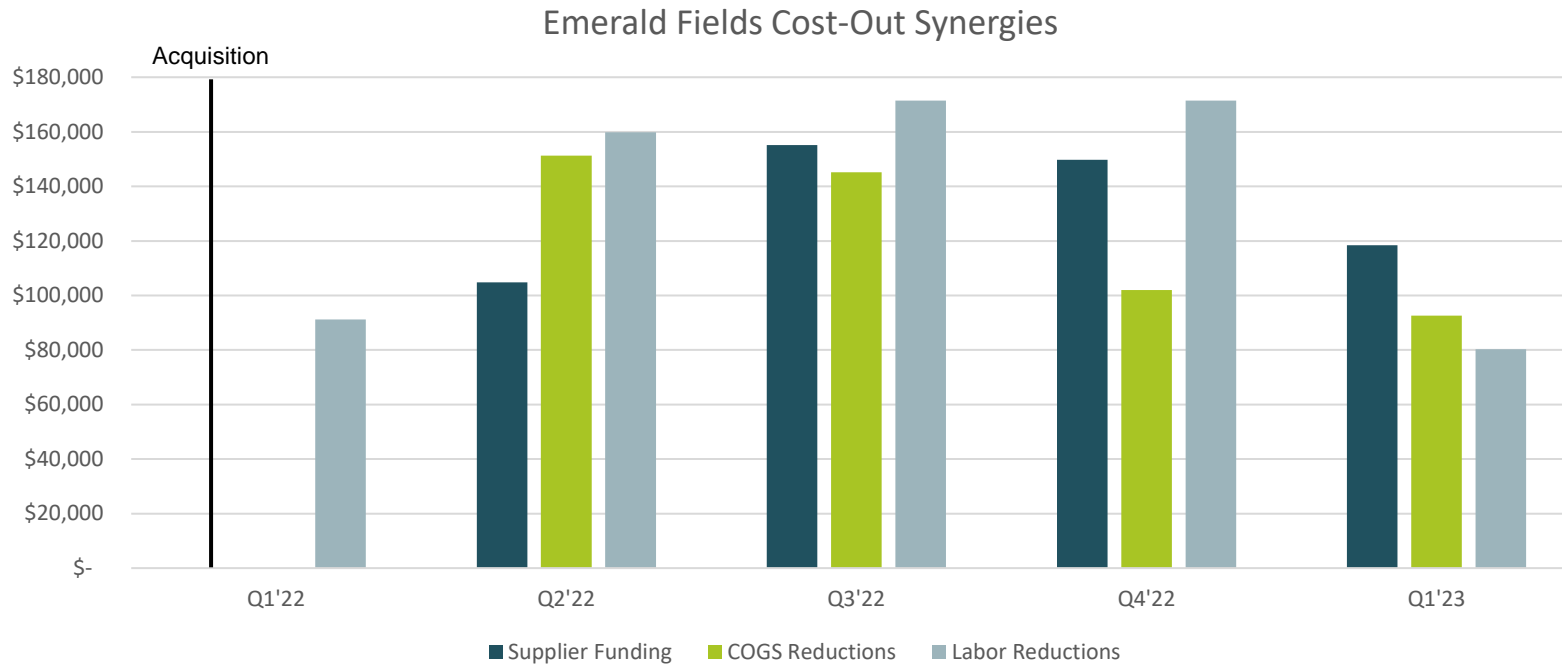
**57.4%**

Post-Acquisition Gross Margin

**63.8%**



# Emerald Fields Cost-Out Synergies



FY' 22 Cost-Out Synergies	
Supplier Funding	\$ 409,749
COGS Reductions	\$ 398,435
Labor Reductions	\$ 593,857
<b>Overall</b>	<b>\$ 1,402,041</b>
Projected FY' 23 Cost-Out Synergies	
Supplier Funding	\$ 473,666
COGS Reductions	\$ 403,258
Labor Reductions	\$ 91,803
<b>Overall</b>	<b>\$ 968,727</b>

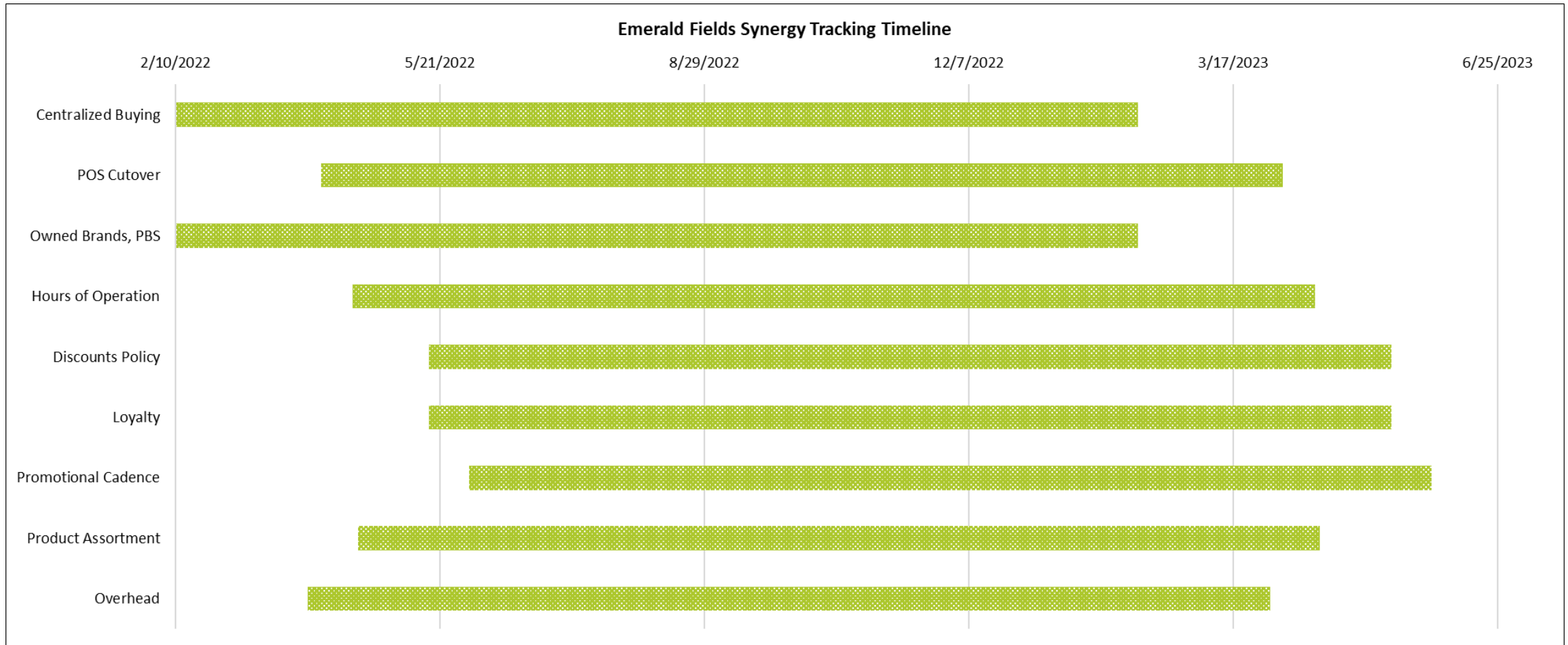
## Schwazze to recognize ~\$2.4 million in cost-out synergies post acquisition

- Procurement generated ~\$398k of cost-out synergies in FY '22. Conservatively project cost-out synergies will generate slightly more in FY '23
- Supplier funded promotions are now consistent across both CO banners and Manitou generates a large amount of savings due to the high volume of sales
- Superfluous positions were removed upon acquisition which have led to ~\$685k in savings



# Emerald Fields Synergies Timeline

Schwazze expects to recognize full synergies and optimized run rate ~12-15 months post acquisition



\*Promotional cadence consolidated with SBUDS on 2/1/23



# NEW MEXICO

## 176% CAGR FROM 2020-2025F

**MANUFACTURING**  
2 facilities  
15K ft<sup>2</sup>

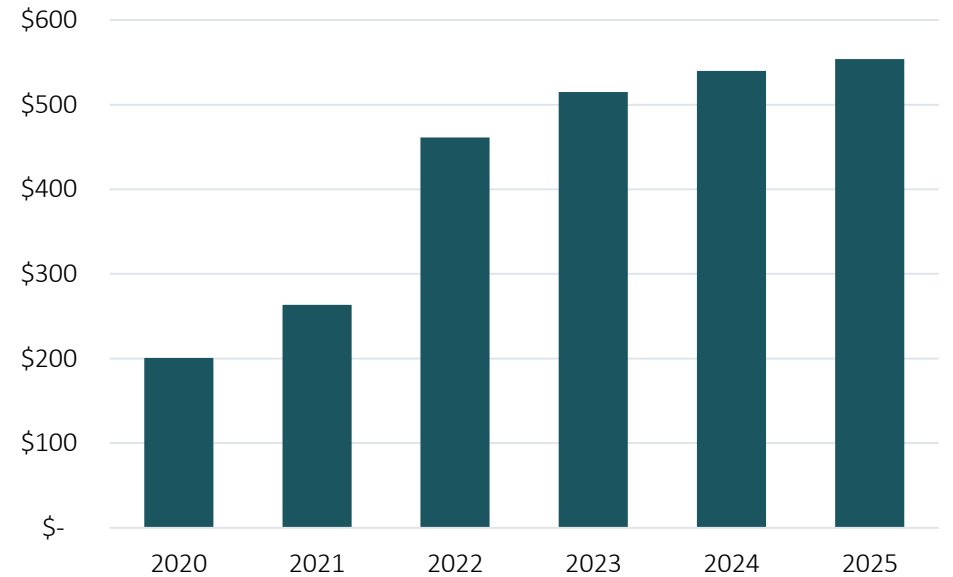


**RETAIL**  
34 retail locations  
83K ft<sup>2</sup>

**CULTIVATION**  
58K ft<sup>2</sup> of cannabis production

**Rightsized capital investment with capacity to meeting growing market demands**

### BDSA NM Legal Market Estimates<sup>1</sup>





# COLORADO

## STRONG OPERATIONAL FOOTPRINT

### #1 Retail Store Footprint in the State<sup>(1)</sup>

Rank	Parent	Banner	Total
1	Schwazze	Star Buds	22
		Emerald Fields	6
		Standing Akimbo	2
Total Schwazze			30
2	Pharmacann	LivWell	25
3	DP Retail	Native Roots	21
4	Columbia Care	The Green Solution	18
5	Green Dragon	Green Dragon	17
T6	Igadi LTD	Igadi	10
T6	Silver Stem	Silver Stem	10
T8	Lightshade Labs	Lightshade	9
T8	Rocky Mountain Cannabis	Rocky Mountain Cannabis	9

### MANUFACTURING <sup>(1)</sup>

2 Facilities  
24K ft<sup>2</sup>

### RETAIL <sup>(1)</sup>

30 Retail Locations  
74K ft<sup>2</sup>

### CULTIVATION <sup>(1)</sup>

42K ft<sup>2</sup> of Indoor Cannabis  
Production  
42 Acres of Outdoor  
34 Hoop Houses





# C-SUITE EXPERIENCE



## **Forrest Hoffmaster** Interim Chief Executive Officer & Chief Financial Officer

Successful track record with 30+ years of experience managing retail, manufacturing, and operations of purpose-driven companies. Forrest stewarded specialty retailer New Seasons Market to financial health by growing EBITDA by 30% over a two-year period, resulting in successful sale to Good Foods Holding LLC.



## **Dan Pabon** Chief Policy and Regulatory Affairs Officer

Experienced former Colorado State Representative who was instrumental in the writing and passing of cannabis laws in Colorado and other states and countries. Dan has 15+ years of expertise in emerging regulatory systems, legal research and legislative relations.



## **Christine Jones** Chief Legal Officer

More than 25 years of corporate counsel experience, most recently SVP, legal and corporate secretary for Long Play, Inc. where she managed all the company's legal affairs, including: regulatory compliance, securities, licensing, litigation, employment, mergers & acquisitions, real estate, risk management and intellectual property.



# MANAGEMENT EXPERIENCE



## **Collin Lodge** President, Retail

10+ years experience in Retail Operations, M&A, and Integration from Albertsons Companies. As a skilled negotiator, Collin excels at expanding eCommerce, launching subscription services and last mile delivery, while establishing mutually beneficial strategic partnerships.



## **Dan Bonach** EVP Human Resources

15+ years experience in HR & Safety functions for Molson Coors and Lank O'Lakes. At Molson Coors, Dan was instrumental in leading employee engagement strategies, improving retention, leadership development and facilitating multiple re-organizations. He also led the creation of their safety program and Diversity/ Equity/ Inclusion strategy.



## **Chris Driessen** EVP Commercial Sales

Known for his leadership, strategy development and brand building expertise, Chris has 20+ years in sales expansion roles. Formerly CEO of Front Range Biosciences, a biotechnology firm, Chris brings over a decade of experience to the cannabis industry. Prior to his leadership role there, he held roles as president and CEO of Slang. During his time at Slang, Chris built Open into one of the most widely distributed and recognized brands in cannabis.



## **Jim Parco** President, Biosciences

In 2014, Jim Parco founded Mesa Organics (Purplebee's) which is the leading Colorado extractor and manufacturer of cannabis products. Prior to that, Jim served two decades of active duty in the Air Force and was a tenured full professor of economics and business for nine years at Colorado College. Jim holds his PhD from University of Arizona.



# BOARD OF DIRECTORS



## Justin Dye

Justin Dye brings over 25 years of experience in general management, M&A, operations, private equity and corporate finance. Prior to joining Schwazze, he led the growth of Albertsons from ~\$10Bn to over ~\$60Bn in sales with over 2,300 stores and 285,000 employees, creating one of the largest privately held companies in the U.S. He holds a Bachelor degree in Political Science from DePauw University.



## Marc Rubin

With 25 years of experience investing in and helping to grow companies, Marc Rubin is the Managing Partner of Revity Capital Partners, LLC, a private equity firm focused on lower- to middle-market partnership-oriented transactions. Prior to launching Revity Capital Partners, he was a Partner in several investment partnerships that took a private equity-like approach to investing in public companies. Mr. Rubin also previously spent time as a senior deal professional at Parthenon Capital, a strategy consultant at Parthenon Group, and an Economist at a business unit of Standard and Poor's. He holds an MBA from Stanford Business School



## Bradley Stewart

Bradley Stewart is a Private Equity-backed CEO, board member and advisor where he specializes in building technology and services companies with a focus on strategic transformation, balance sheet restructuring and M&A. He currently serves as Senior Advisor at Sixth Street, as Chairman at Perch and as an independent board member at Private Medical and Semper Paratus (Nasdaq: LGSTU). Previously, Mr. Stewart was CEO at Fair Technologies, Chairman and CEO at XOJet, and a Senior Advisor at TPG, a leading private equity firm. He received an MBA from Columbia Business School, a BSB in Corporate Finance from the University of Minnesota's Carlson School of Management and a Lower Division Completion Certificate from the University of Minnesota's College of Science & Engineering.



## Kathy Vrabeck

Kathy Vrabeck has extensive Board and executive experience, currently serving as Chair of the Board of Directors of MediaAlpha (NYSE: MAX). Ms. Vrabeck is also COO of BODi, where she is responsible for the Digital Product, Consumer and Enterprise Technology, global Supply Chain, Customer Service, R&D, Security, People and Property Management. She has held leadership roles at Korn Ferry, Legendary Entertainment, Electronic Arts, Inc., and Activision, Inc. Ms. Vrabeck holds an MBA from the Indiana University Kelley School of Business and a BA in French and Economics from DePauw University.



## Pratap Mukharji

Pratap Mukharji is a retired consultant with over 30 years of experience in management consulting, the majority with Bain & Company leading its Supply Chain and Service Operations practices. With a concentration in Industrials and Retail, Mukharji has led strategy, M&A, transformation and turnaround, operations improvement, due diligence, omnichannel, and e-commerce efforts across multiple industries. Prior to Bain, he was at Kearney and Booz-Allen & Hamilton.



## Paul J. Montalbano, MD

Paul J. Montalbano, MD, is a private practicing neurosurgeon in Boise, Idaho. His background includes over 30 years in healthcare, developing two highly successful multidisciplinary programs in the nonprofit and for-profit sector. While serving on the governing and financial boards of the for-profit hospital, its revenues have increased from \$8 to \$64 million dollars. He received his Bachelor's Degree in Biology from Loyola University of Chicago, Medical Degree from Northwestern University Feinberg School of Medicine and completed his neurosurgical training in complex spinal reconstruction and brain surgery at the University of South Florida.



## Jeff Cozad

Jeff Cozad is the co-founder of CRW Cann Holdings, LLC – a special purpose vehicle created to support Schwazze's vision of becoming the dominant, vertically integrated player in the Colorado cannabis market. He is also the Managing Partner of his family office, Cozad Investments, LP, which has completed more than 20 investments across a disparate set of industries over the past 13 years. Mr. Cozad holds an MBA from The University of Chicago Booth School of Business and received a BA in Economics and Management from DePauw University, where he serves on the Board of Trustees and is the Chairman of the University Endowment Fund Investment Committee.



## Jonathan Berger

Jonathan Berger is the retired CEO of Great Lakes Dredge & Dock, Inc. (Nasdaq: GLDD). In addition to having been a director of GLDD he was also a director of Boise Paper, Inc. a New York Stock Exchange listed company where he previously served as both chair of the audit and compensation committees. Berger is currently a director of Alloy - a privately held specialty environmental contractor and Partner with Genesis Business Humanity, a boutique advisory firm helping bring Israeli tech companies to the US. He is a former partner in KPMG, the international accounting and consulting firm where he ran their corporate finance practice unit on a national level. Previously, Berger held a CPA license and securities licenses 7, 24, 63. He received a BS in Human Development from Cornell University and an MBA from Emory University.



# BALANCE SHEET

<i>\$ in Millions USD</i>	Mar 31, 2024	Dec 31, 2023
<b>Assets</b>		
Cash & Cash Equivalents	\$ 13.2	\$ 19.2
Accounts Receivable	3.4	4.3
Inventory	26.4	25.8
Other Assets	303.6	308.8
<b>Total Assets</b>	<b>\$ 346.6</b>	<b>\$ 358.1</b>
<b>Liabilities</b>		
Accounts Payable	9.4	13.3
Current Portion of Long-Term Debt	29.6	3.5
Long-Term Debt	130.1	153.3
Other Liabilities	73.6	68.7
<b>Total Liabilities</b>	<b>\$ 242.7</b>	<b>\$ 238.8</b>
<b>Total Shareholder Equity</b>	<b>\$ 103.9</b>	<b>\$ 119.3</b>



# ADJUSTED EBITDA RECONCILIATION

<i>\$ in Millions USD</i>	Three Months Ended Mar 31	
	2024	2023
Net income (loss)	\$ (16.1)	\$ 1.7
Addbacks:		
Interest expense, net	8.3	7.7
Provision for income taxes	4.0	4.7
Other (income) expense, net of interest expense	1.1	(8.5)
Depreciation and amortization	5.6	6.6
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA) (non-GAAP measure)</b>	<b>\$ 2.9</b>	<b>\$ 12.3</b>
Non-cash stock compensation	0.3	0.2
Deal related expenses	0.6	1.2
Capital raise related expenses	-	-
Severance	0.5	0.1
Retention program expenses	0.8	0.3
Pre-operating & dark carry expenses	1.1	0.4
One-time legal settlements	0.4	-
Other non-recurring items	0.8	-
<b>Adjusted EBITDA (non-GAAP measure)</b>	<b>\$ 7.3</b>	<b>\$ 14.5</b>
<i>Adj. EBITDA as a % of Revenue</i>	<i>17.6%</i>	<i>36.3%</i>



# CAPITALIZATION

**\$0.82**  
 Stock Price  
 03/29/24

<i>\$ and Shares in Millions</i>	<b>Current</b>
Common Shares Outstanding	78.7
Total Preferred Shares ("As-Converted" to Common) <sup>(1)</sup>	0.9
Net Warrants/Options <sup>(2)</sup>	-
<b>Fully Diluted Shares Outstanding <sup>(3)</sup></b>	<b>79.6</b>
Star Buds Seller Notes	\$ 44.3
Altmore Note	12.0
RGO Seller Note	17.0
Convertible Debt	104.2
Everest Seller Note	15.0
Akimbo Deferred Purchase Price	2.0
<b>Total Debt</b>	<b>\$ 194.4</b>
Cash & Cash Equivalents	13.2
<b>Net Debt</b>	<b>\$ 181.2</b>
Market Capitalization	65.3
<b>Enterprise Value</b>	<b>\$ 246.5</b>

Source: Company filings: 10Q 03/31/24

Notes (1) Assumes outstanding preferred stock converted to common stock at \$1.20 per share for purposes of calculating equity value; includes accrued dividends through 03/31/24; does not include shares of common stock issuable upon potential conversion of new senior secured convertible notes.

(2) Inclusive of net in-the-money options and warrants

(3) Based on a treasury method calculation as of 03/31/24