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Introducing Functional Cannabis



CANNABIS AND SMOKING ARE ON A COLLISION COURSE

Since legal cannabis began, the broadest range of product options and the most expert customer service have centered on smokables. But carcinogens and lung damage should not be the price of entry for the benefits of cannabis. The vast majority of cannabis consumers don't want to "get high"; they want to use cannabis to address specific conditions. As legalization expands, more and more consumers want non-smokable, socially dosed, discreet formats.

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EDIBLES ARE THE FUTURE

But edibles have been highly problematic. The edibles category is cluttered with cheaply made, unpredictable, bad-tasting product. Most edibles don't offer specific therapeutic effects and they take far too long to activate. (It's no coincidence that so many people have nightmare stories about edibles.)

Consumers need healthier, more effective options to meet their increasingly specific needs.

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SOLVING THE PROBLEM WITH EDIBLES OPENS UP A WHOLE NEW WORLD

Our company is pioneering ways to deliver NON-SMOKABLE controlled doses of cannabis and plant medicines in safe, discreet and user-friendly formats that enable cannabis to become a wellness tool and a performance-enhancing “supplement.”

1 PRODUCTS THAT TASTE GREAT

2 DELIVER SPECIFIC EFFECTS

3 ACTIVATE IN RECORD TIME

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MEET FUNCTIONAL CANNABIS

The existing cannabis market was designed for stoners.

There is a vast untapped segment of people who are interested in health and wellness, but have yet to discover cannabis as a crucial tool in their self-care routine.

1906 straddles the cannabis market and the overall health and wellness market by creating finely tuned formulas that enhance the most important parts of high-functioning adults' lives – sleep, sex, energy, cognitive focus, relaxation, and mood.

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FUTURE CONSUMERS ARE AT OUR DOOR

New consumers want what we're making, according to an extensive survey we commissioned with the Harris Poll.

72% ARE WOMEN

33% ARE BOOMERS

54% DO NOT CURRENTLY USE CANNABIS

63% ARE INTERESTED IN EDIBLES

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FUNCTIONAL CANNABIS IS BECOMING MAINSTREAM

A recent survey tells us that the vast majority of adults (3 out of 4) are interested in using cannabis as medicine. Modern life ask a lot of us, and right now, many people turn to pharmaceuticals and alcohol for help. The majority of people would prefer a plant-based alternative, and cannabis is very promising. Even among people who already use cannabis, most cannabis consumers are actually using cannabis to treat pain, anxiety, or sleep problems, rather than "get high."

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ANTIDEPRESSANT USE HAS
SURGED 65%
IN THE LAST 15 YEARS

70% OF WOMEN
EXPERIENCE ANXIETY
EVERY MONTH

EACH NIGHT,
30-40 MILLION ADULTS
HAVE TROUBLE SLEEPING

75% OF PEOPLE
ARE INTERESTED IN
CANNABIS AS MEDICINE

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1906 EXPERIENCES TO ENHANCE AND OPTIMIZE YOUR DAY AND NIGHT

AROUSAL

LOVE

An aphrodisiac made from five exotic plants sourced from across the globe. A special blend of cannabis and herbs that will make your bed levitate. Cosmopolitan calls it "howling-at-the-moon-type magic."



ENERGY

GO

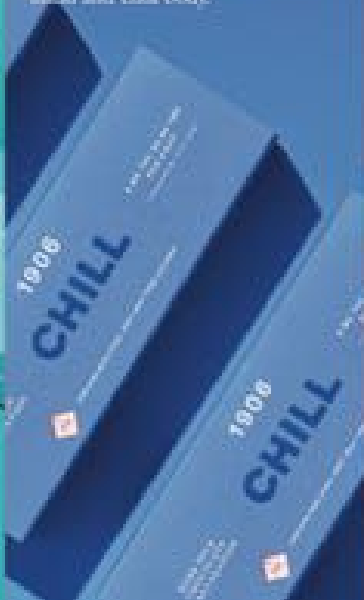
High-functioning cannabis mixed with caffeine and energizing herbs. Optimized to give your day more productivity and your nights more mojo. Fast acting, long lasting, ultra delicious.



RELAXATION

CHILL

A perfectly balanced blend of stress-reducing plant medicines and a relaxing cannabis formulation to promote a calm mind and chill body.



EUPHORIA

BLISS

An all-natural euphoric high that will transform your mood and supercharge your day. Highly targeted herbs plus specialized cannabis to give you a bubbly sense of wellbeing and happiness.



SLEEP

MIDNIGHT

Don't sleep with big pharma. Midnight is a highly effective blend of sleep-promoting herbs and relaxing cannabis. A great night of sleep as natured.



COGNITIVE FOCUS

GENIUS

A special blend of plant medicines and cannabis to promote attentional focus, mental clarity, and cognitive performance.



**WE ARE THE ONLY COMPANY TO INCORPORATE
OTHER PLANT MEDICINES AND SUPPLEMENTS IN
OUR EXPERIENCE-FOCUSED FORMULATIONS.**



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WINNING THE CATEGORY

1. This is the fastest-acting edible on the market. Patented lipid microencapsulation technology delivers onset time of 20 minutes or less.
2. 1906 has a superior taste owing to novel technology, artisanal ingredients, and world-class chocolate-making technique.
3. Targeted experiences surpass the ambition of any other edibles brand.
4. A wide range of consumption options creates flexible usage with high-functioning adults in mind.

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	1906	CDDA	DIXIE	KIVA	INCREDIBLES
FAST ACTING	✓				
LOW DOSE	✓		Limited	Limited	
TARGETED EFFECTS	✓				
PREMIUM POSITIONING	✓	✓		✓	
CANNABIS	Single source, organic, strain specific	Multiple sources, not organic	Multiple sources, not organic	Multiple sources, organic	Multiple sources, not organic
TASTE OF CANNABIS	Virtually none	Medium	High	Medium	High
BROAD PRODUCT LINE	✓	✓	✓	✓	✓

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A SAFE AND PLEASURABLE TOOLKIT FOR MODERN LIVING



CONFECTIONS



PRESSED TABLETS



BEVERAGES

ENHANCEMENT AT YOUR FINGERTIPS

**PICK YOUR DESIRED
EXPERIENCE.**

1906's unique products
generate distinct psychological
and physiological experiences.

**CHOOSE HOW YOU'D
LIKE TO PARTAKE.**

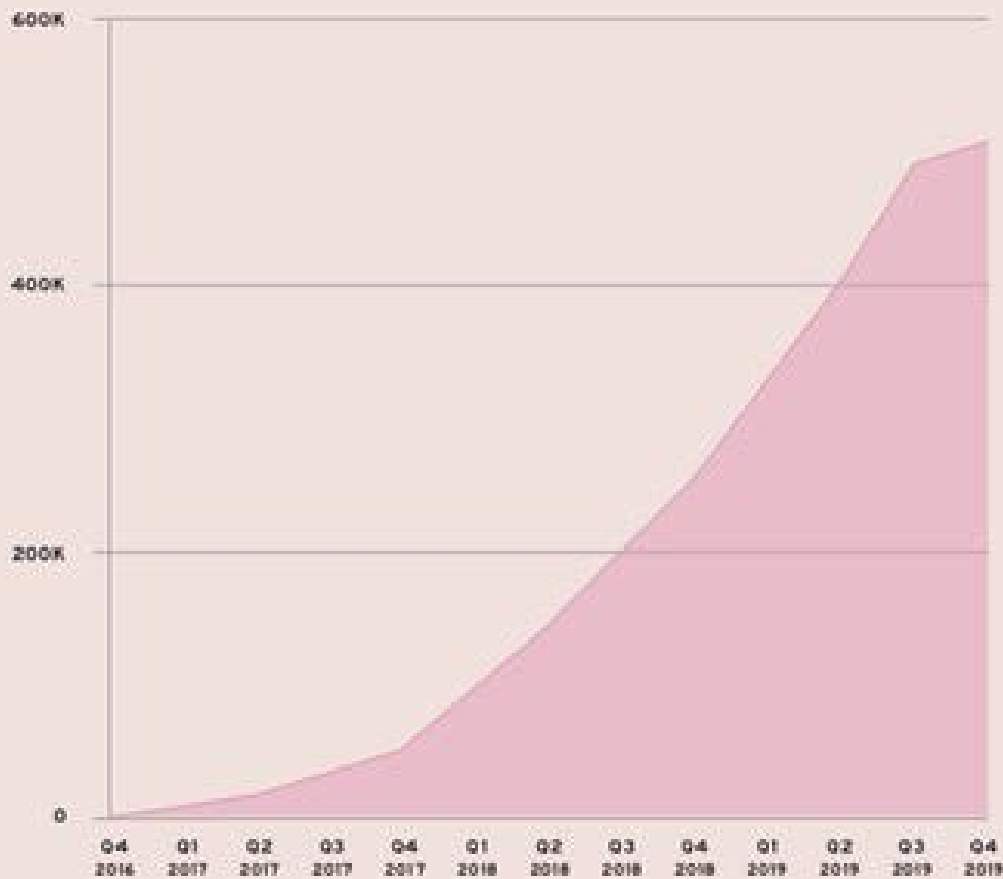
Confections
Pressed Tablets/Mints
Beverages

ENJOY.

Controlled-dose products,
artful shapes, gorgeous
packaging, truly delicious taste.

PHENOMENAL GROWTH EVERY QUARTER

Units Sold (cumulative since inception)



Revenue Growth - 2018 vs. 2019



Sales Per Store (Per Quarter in 2019)

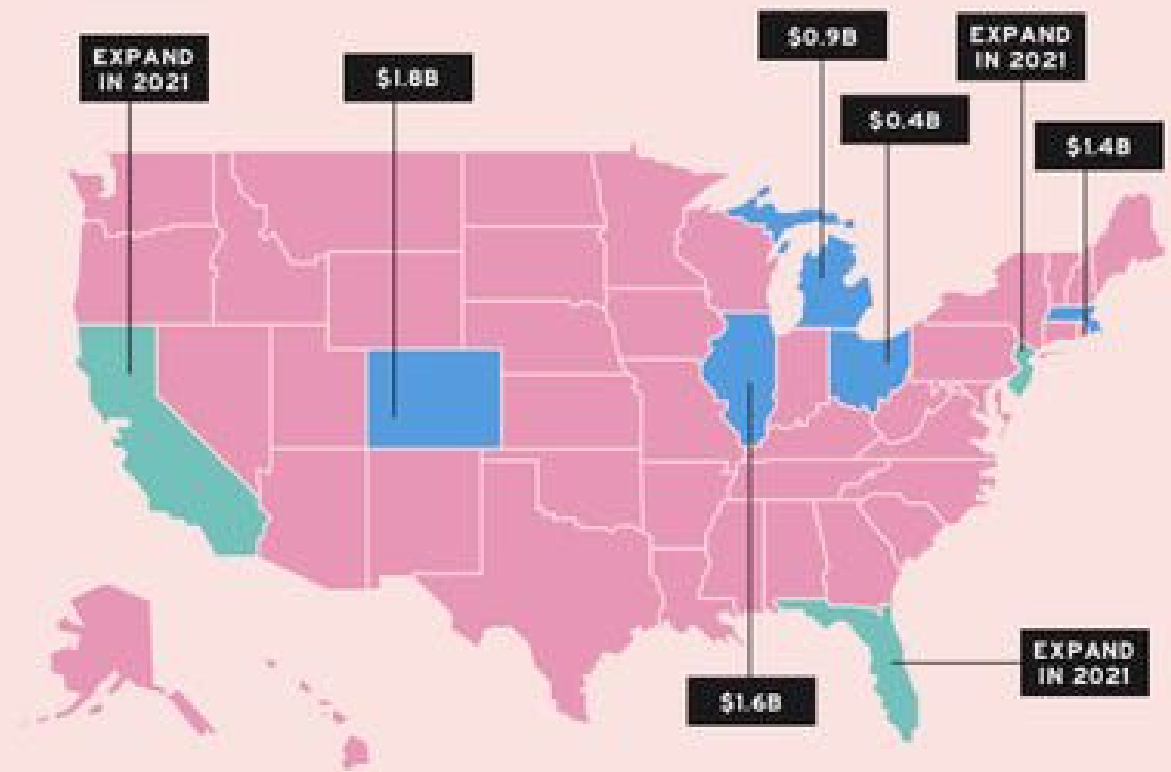


WE ARE DISCIPLINED AND FOCUSED ABOUT HOW WE GROW

We are currently building manufacturing facilities in Illinois, Massachusetts and Michigan with our strategic partner, Ascend.

We are pursuing a vertically integrated license in New Jersey and have secured local approvals for our Jersey City facility.

We have chosen these states for highly strategic reasons including population demographics, geographic reach, and regulatory climates.



MARKET SIZE ESTIMATES (2020)



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A MASSIVELY DIFFERENTIATED OFFERING

1

PLANT POWER

Six different thoughtful formulations of super powerful adaptogens and herbs plus socially dosed cannabis.

2

RAPID ONSET

Proprietary technology for the fastest onset in the market: 20 minutes or less.

3

OPTIMAL RATIOS OF CBD TO THC

Our ratios of CBD to THC are 1:1 for most products and 5:1 for our relaxing formula.

4

QUALITY FIRST

All 1906 products use single-strain, pesticide-free cannabis and are triple tested for consistency.

5

INCREDIBLE FLAVOR

Our delicious artisanal chocolates use a patented technique for flavor masking, so there's no cannabis taste.



UNPRECEDENTED TECHNOLOGY + FACILITIES

INDUSTRIAL-SCALE R&D AND MANUFACTURING OPERATIONS

- "Even our Standards are High" ethic
- Growth in contract manufacturing opportunity
- Global sourcing of plant medicines
- Early 2020, we are expanding to Massachusetts, Illinois, Michigan and Ohio, markets primed for low-dose brands like 1906

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COSMOPOLITAN Bloomberg

POPSUGAR. HIGHTIMES

Forbes PENTHOUSE

TRENDSHUNTER VOGUE

.Mic BUSINESS INSIDER

Bloomberg Businessweek ROOSTER EATER

The Daily Meal goop

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DISRUPTION IS EVERYTHING

Our marketing strategy is based on disrupting the category with a unique brand proposition: Functional Cannabis for high-functioning adults. This means experiences designed to help people enhance their days and nights, combining cutting-edge technology and long-proven adaptogens, herbs and cannabis.

Our marketing pillars are:

- Budtender engagement
- PR / Media
- Social / Influencers
- Experiences

Dominating share of voice through features in some of the most notable media outlets in the country, including CNN, Vanity Fair, Business Insider, and Vogue, we've been recognized by mainstream media as **"one of the most innovative new brands in the cannabis sector."**

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Pure, unadulterated eight hours of sleep, just like the doctor ordered...
Midnight chocolates taste fan-friggin-delicious...I would buy 1906 Midnight again in a heartbeat.

DGO MAGAZINE

1906's goal is to provide consumers with cannabis products that fit into their daily routine without overpowering them. Midnight contains a highly targeted blend of sleep-inducing plant medicines and relaxing cannabis to promote deeper and more restful sleep.

MG MAGAZINE

1906's Love gives you the perfect high for getting it on: body and mind.

VENNA

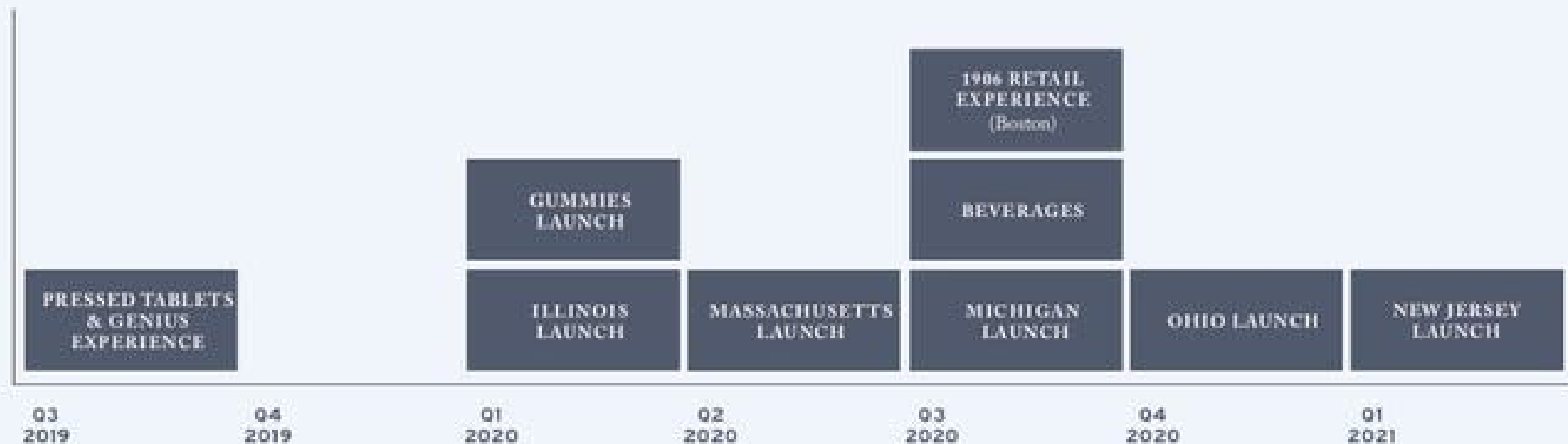
FINANCIAL FORECASTS (\$ MILLIONS)

	2017	2018	2019	2020		2021
				BASE CASE	STRETCH CASE	STRETCH CASE
TOTAL REVENUE	\$0.57	\$1.93	\$3.52	\$15.27	\$20.66	\$52.75
COLORADO	\$0.57	\$1.93	\$3.52	\$6.00	\$6.94	\$11.90
CHOCOLATE	\$0.57	\$1.93	\$3.23	\$4.10	\$4.39	\$4.90
NEW PRODUCTS	–	–	\$0.29	\$1.90	\$2.55	\$7.00
MASSACHUSETTS	–	–	–	\$5.14	\$7.13	\$16.04
MICHIGAN	–	–	–	\$2.20	\$3.44	\$8.34
ILLINOIS	–	–	–	\$1.81	\$3.03	\$15.63
OHIO	–	–	–	\$0.11	\$0.11	\$0.84
COGS	\$0.36	\$1.25	\$1.90	\$6.02	\$7.10	\$17.33
GROSS MARGIN	45%	45%	49%	57%	57%	58%
TOTAL EXPENSES	\$1.50	\$5.14	\$8.64	\$12.30	\$12.30	\$15.04
EBITDA	\$(1.86)	\$(3.21)	\$(7.02)	\$(3.06)	\$1.25	\$20.38

OTHER BRANDS ARE TAPPING INTO OUR SKILLS FOR CONTRACT MANUFACTURING



MORE ACCESS FOR MORE PEOPLE VIA A DISCIPLINED ROLLOUT OVER THE NEXT 18 MONTHS



Note: The launch of vapes is on hold given the current vaping crisis.

A WORLD-CLASS TEAM OF VISIONARIES



PETER BARSOOM
CEO & Co-founder

- Extensive career in finance and business strategy (American Express, Merrill Lynch, Morgan Stanley, BlueMountain Capital).



ERIN HOLZER
Operations & Manufacturing

- 11+ years manufacturing chocolate; former Chief Chocolate Maker & Head Engineer at Theo Chocolate.
- Built Theo's bean-to-bar chocolate factory, now capable of producing 4M pounds of products.



JACKIE CORNELL
Chief of Policy & Health Innovations

- Principal Deputy Commissioner of the NJ Health Department where she pushed forward policies and programs to serve New Jersey's most vulnerable citizens.



HEATHER LARIMER
Chief Marketing Officer

- Writer and creative director for some of the most prominent brands in the world, including Target, Apple, YouTube, CLIF Bar, Delta Airlines, Uber, and Nike.
- Most recently worked at Apple's ad agency (Media Arts Lab) focusing on brand initiatives, brand voice, and brand strategy. Also was a creative director and the lead writer on XQ, the flagship project of Laurene Powell Jobs' foundation, The Emerson Collective.



JIM FREELAND

Director of Sales, Retail
& Field Marketing

- 25+ years experience in both wholesale and retail merchandising with Nautica, Macy's and Jonathan Adler.
- Managed regional Brand Ambassador programs at Nautica focused on product placement, presentation and client satisfaction.



JUSTIN KIRKLAND

Science & Technology
(Consulting)

- 10+ years working in pharmaceutical, botanical, and dietary supplement industries.
- Formulated and patented the first water-soluble certified CBD organic delivery system.



LAMIA MCKEARN

Colorado License Holder
& Administration

- Direct importer for the past 20 years; former owner/manager of Habitat Imports.
- Degrees in Biology and Psychology and an M.S. in Nutritional Sciences.



NATASHA LANNERD

Director of Business
Development

- Extensive background in sales management and business development within the natural foods and cannabis sectors (Udi's Gluten-Free Foods, PAX).
- Launched PAX in Colorado.



LAUREN PETERSEN

Director of Retail
Operations

- Former General Manager of Silverpeak Apothecary in Aspen.

THIS IS YOUR MOMENT

Massive market opportunity.

We're creating a category of premium, experiential products in a market that has limited differentiation.

Team with a vision and proven track record of execution.

Superior economics and attractive return on investment.

Be a part of the fastest-growing piece of the fastest-growing industry.

Help create an entirely new category of fast-acting cannabis/plant medicines.

APPENDIX

MARKET RESEARCH AND INDUSTRY CONTEXT

1906 HAS CREATED A BRAND AT THE LEADING EDGE OF THE FUTURE CANNABIS INDUSTRY

- Adult use is legal in 10 states and medical cannabis is legal in 33 states. 62% of Americans support legalization.
- The cannabis market is experiencing 42% year over year growth and is expected to grow to \$50 billion.

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Annual U.S. Cannabis Sales vs. Other Industries & Goods



U.S. Legal Cannabis Revenue Projections



Source: Marijuana Business Daily, First Research, SEM USA, Center for Behavioral Health Statistics and Quality, National Survey on Drug Use and Health, 2011-2012, Gallup.

OUR RESEARCH TELLS US WE'RE EXACTLY WHAT CONSUMERS NEED

Last fall, we partnered with the Harris Poll on research about how the dispensary experience must change to meet the needs of current consumers, and reach a growing population of people who are interested in cannabis but wary of dispensaries.

We learned that most people do not want to get high. They want to be well.

We also learned that people want cannabis with specific benefits, and they'd prefer an alternative to smokables. Both of these ideas are what 1906 is built on.

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79% WANT TO RELAX

72% WANT TO RELIEVE PAIN

68% WANT HELP WITH SLEEP

65% WANT TO RELIEVE ANXIETY

35% LIKE THE FEELING OF BEING HIGH

Harris Poll Consumer Research Survey, August 2018

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“HEALTH” TRUMPS HIGH

The vast majority of consumers aren't looking to get stoned,
they're looking to get well.

Allow me to come in and not judge.
I use it for pain, not to get high.

WOMAN, 42, COLORADO

Make me feel reassured that I am
doing this for quality of life and
not to get high.

MAN, 49, CALIFORNIA

Provide more options for people
who are looking for anxiety help,
not to get high.

WOMAN, 36, COLORADO



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OUR AUDIENCE IS DEVELOPING RIGHT IN FRONT OF US

This emerging audience is a mixture of casual cannabis users and non-users.

Life hackers interested in optimal living.

Women are a growing presence.

Our users are a broad age range, have discretionary income, are health conscious and are open minded, with a preference for natural alternatives.

They are culturally astute and in the know. People who are on the leading edge because they like to have an edge.

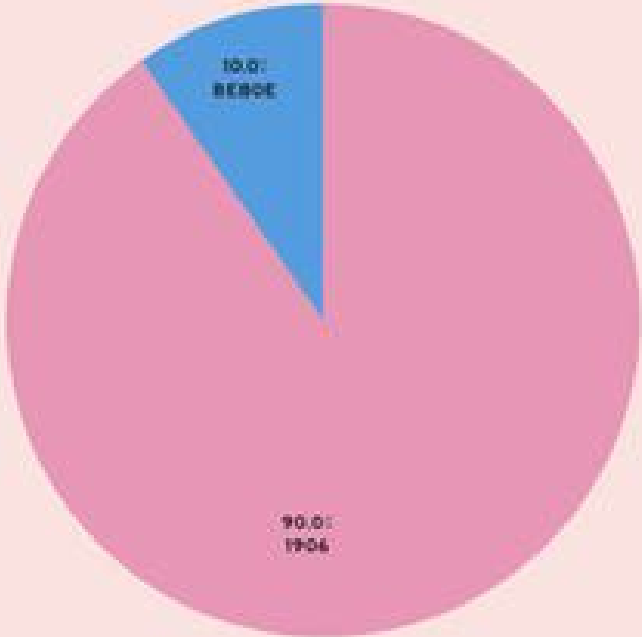
1906 increasingly appeals to an upscale, high-functioning soccer mom or creatively focused professional. It's a Lululemon, REI, Whole Foods crowd.

This large and lucrative audience segment will soon substitute 1906 products for alcohol, pharmaceuticals, and energy drinks.

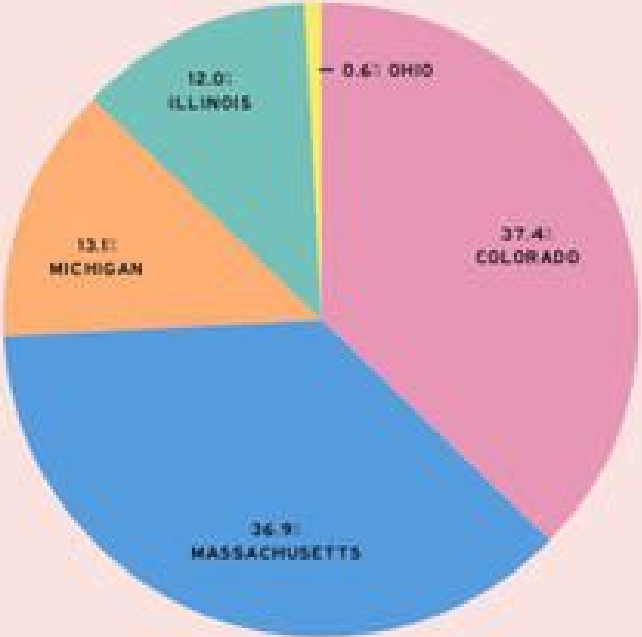
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2020 SOURCES OF REVENUE

2020 Sources of Revenue by Brand



2020 Sources of Revenue by State



FOR MORE INFORMATION,
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