



CRONOS

G R O U P



GINKGO BIOWORKS

September 4, 2018

Disclaimers & Cautionary Statements

CRONOS GROUP

The information found herein, and any other materials provided by Cronos Group (the “**Company**”), are intended solely for discussion purposes and are not intended as, and do not constitute, an offer to sell or a solicitation of an offer to buy any security, and should not be relied upon by you in evaluating the merits of investing in any securities. These materials are not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use is contrary to local law or regulation. This information is confidential and should not be distributed, in whole or in part, beyond the recipient and its advisors.

The Company believes the information contained in this document to be reliable but makes no warranty or representation, whether express or implied, and assumes no legal liability for the accuracy, completeness or usefulness of any information disclosed. Any estimates, investment strategies, and views expressed in this document are based upon current market conditions and/or data and information provided by unaffiliated third parties and is subject to change without notice.

This document contains “forward-looking information” and “forward-looking statements” within the meaning of applicable Canadian and U.S. securities laws. All information contained herein that is not clearly historical in nature may constitute forward-looking information. In some cases, forward-looking statements can be identified by words or phrases such as “may”, “will”, “expect”, “plan”, “anticipate”, “intend”, “potential”, “estimate”, “believe” or the negative of these terms, or other similar expressions intended to identify forward-looking statements.

Some of the forward-looking statements contained in this press release include Cronos Group’s expectations regarding the potential success of, and the costs and benefits associated with, its partnership with Ginkgo Bioworks Inc. (“**Ginkgo**”), expectations about the development of the cannabis industry and potential demand for cultured cannabinoids, expectations of the regulatory framework for cultured cannabinoids as well as the Cronos Group’s intention to continue to rapidly expand its global footprint, build an international iconic brand portfolio and develop disruptive intellectual property. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive risks, uncertainties and contingencies that may cause actual financial results, performance or achievements to be materially different from the estimated future results, performance or achievements expressed or implied by those forward-looking statements and the forward-looking statements are not guarantees of future performance. A discussion of some of the material risks applicable to Cronos Group can be found in its current MD&A and Annual Information Form, both of which have been filed on SEDAR and can be accessed at www.sedar.com. The forward-looking information included in this news release is made as of the date of this news release and, except as required by law, Cronos Group disclaims any obligation to update or revise any forward-looking statements. Readers are cautioned not to put undue reliance on these forward-looking statements.

Cannabinoids Today

EXPENSIVE

Cannabinoids are the active ingredients produced in cannabis plants that are used to make value add cannabis products. Cannabis plants have long growth cycles and require expensive and time consuming post-production processes to produce pure cannabinoids.

HARD TO SCALE

Rare cannabinoids are present at $< 1\%$ by dry weight within a plant. There is not a current agricultural or post-production solution to generate rare cannabinoids on a commercial scale.

LIMITED ACCESS

Rare cannabinoids are key to product differentiation and are near impossible to produce commercially through traditional cultivation.

CANNABINOID TOMORROW

BIOSYNTHESIS

EXPENSIVE

Through biosynthesis Cronos Group and Ginkgo Bioworks are creating a landmark partnership that will reduce the cost of cannabinoid production, create commercial scale and the ability to access rare cannabinoids.

HARD TO SCALE

Ginkgo Bioworks’ platform could enable Cronos Group to produce the cannabinoids (ingredients) that are essential for product development at a fraction of the cost, at commercial scale and at higher purity than what is currently available.

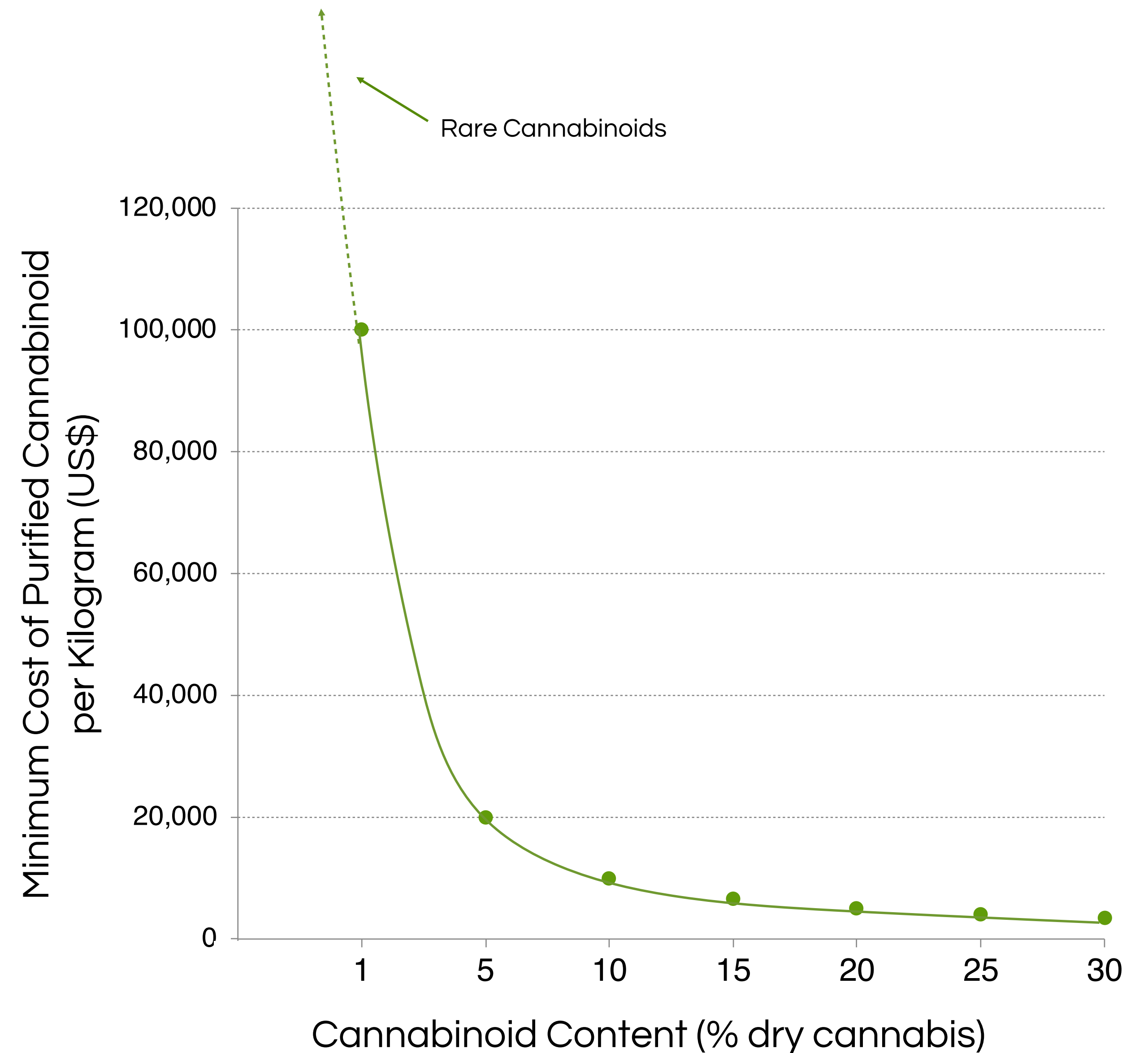
LIMITED ACCESS

Using this production methodology, Cronos Group could leverage existing fermentation infrastructure (breweries or pharmaceutical CMOs) rather than incurring heavy CapEx to build new cultivation and extraction facilities.

The Advantage Illustrated

TARGET PRODUCTION YIELD OF CULTURED CANNABINOIDS <\$1,000 PER KG

- Depending on genetics, growing and extraction methodologies, costs for purified cannabinoids can vary significantly
- Regardless of these variables...Cost of rare cannabinoids present at less than 1% dry weight of the plant would be prohibitively expensive even if it were technically feasible (which it isn't)





Premier Partner: Ginkgo Bioworks

Ginkgo Bioworks designs
and prints DNA to
engineer organisms that
can do useful things.



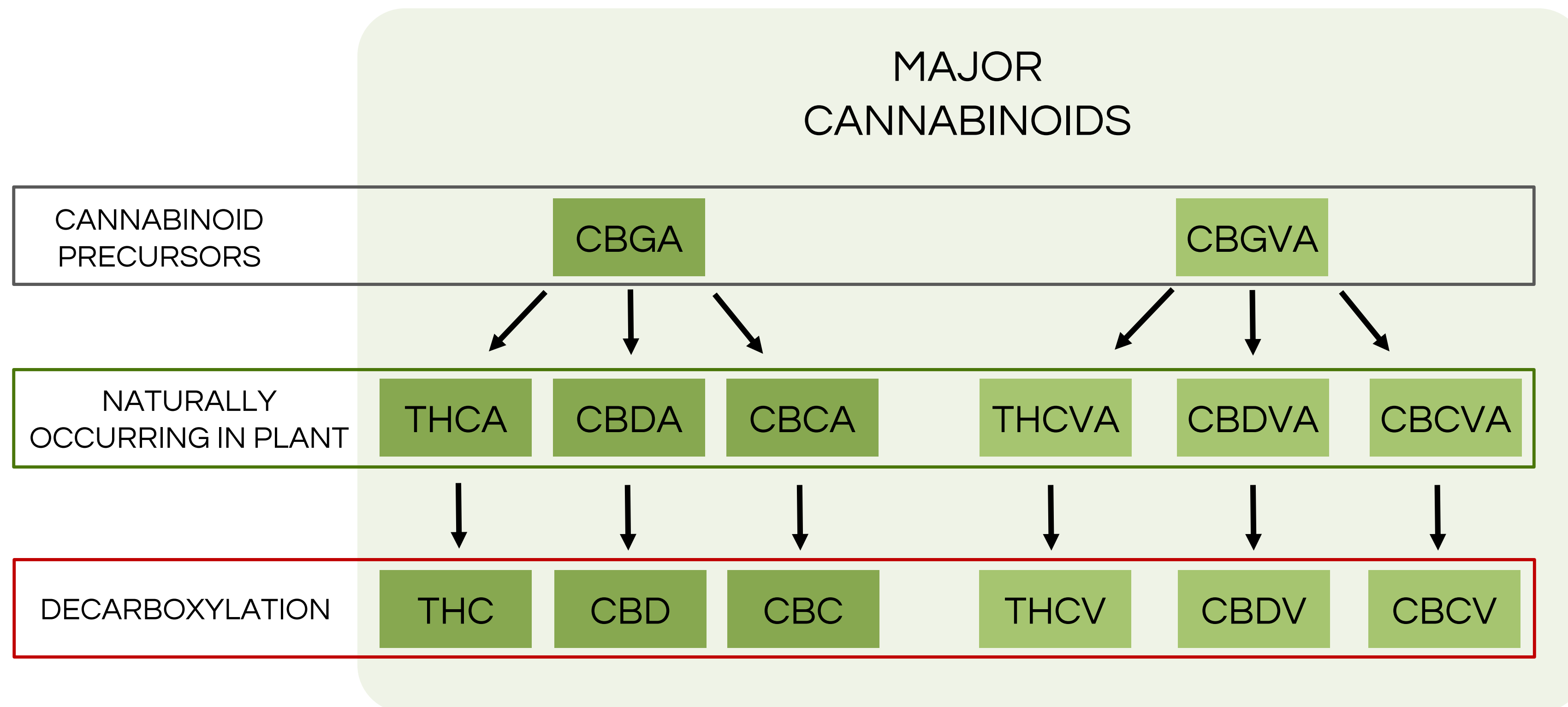
Premier Partner: Ginkgo Bioworks

Ginkgo Bioworks innovates across multiple industries, from agriculture to pharmaceuticals to industrial chemicals, alongside partners and customers



Partnership Overview

- Ginkgo Bioworks to design microorganisms which can produce desired “target cannabinoids” at an industrial scale
- 8 target cannabinoids to be produced by yeast via industrial fermentation
- Target production yields at a fraction of the cost of traditional cannabinoids production in plants: **< \$1,000 USD per KG**
- Cronos Group will have the exclusive right to use and commercialize the key patented intellectual property related to the production of the target cannabinoids perpetually and globally



Partnership Transaction Terms

- Cronos Group will fund certain R&D and foundry expenses expected to be approximately US \$22 million
- Cronos Group will issue up to 14.7 million common shares in the aggregate, in accordance with the milestone allocations described below; based on the 60-day VWAP for CRON common stock of US \$6.81 as of July 17, 2018 when the letter of intent was executed
- Tranches of CRON commons shares will be issued only once each of the target cannabinoids can be produced for less than US \$1,000 per kilogram of **pure** cannabinoid at a scale of greater than 200 liters as follows:

Target Cannabinoid	% Milestone Shares Issued	# Milestone Shares Issue
THC(A)	20%	2,934,981
CBD(A)	15%	2,201,235
CBC(A)	10%	1,467,490
CBG(A)	10%	1,467,490
THCV(A)	15%	2,201,235
CBGV(A)	10%	1,467,490
CBDV(A)	10%	1,467,490
CBCV(A)	10%	1,467,490
8 Target Cannabinoids	100%	14,674,903

Partnership Summary

- Biosynthesis is a potentially disruptive and cost effective means to produce cannabinoids at a commercially viable scale with limited CapEx
- Cronos Group and Ginkgo Bioworks creates a premier partnership that is uniquely well equipped to create cultured cannabinoids
- 8 target cannabinoids to be produced via industrial fermentation
- Equity distributed when each of the target cannabinoids can be produced for less than US \$1,000 per kilogram of pure cannabinoid at a scale of greater than 200 liters