



Green Thumb Industries (GTI) Announces Revenue Up 291% in Second Quarter 2018

Market Expansion and Disciplined Capital Allocation Lay Foundation for Continued Growth

Chicago and Vancouver, August 28, 2018 -- Green Thumb Industries Inc. ("GTI" or the "Company") (CSE: GTII) (OTCQX: GTBIF), a national cannabis consumer packaged goods company and owner-operator of the high growth national retail chain RISE™ Dispensaries, today reported its financial results for the second quarter ended June 30, 2018.

Financial Highlights

- Second quarter 2018 revenues increased 291% year-over-year to \$13.6 million. Quarter-over-quarter revenues increased 25%.
- EBITDA¹ was a negative \$4.7 million for the quarter. Adjusted EBITDA¹ which excludes non-cash and one-time expenses related to the Bayswater reverse takeover transaction ("RTO") was \$0.5 million.
- GTI's net income was \$0.4 million, up from a loss of \$1.6 million in first quarter 2018.
- Current assets totaled \$128.4 million as of June 30, 2018, including cash and cash equivalents of \$112.7 million.
- The Company has approximately \$7.9 million of total debt, \$1.4 million of which is due within 12 months.
- The Company raised net proceeds of \$61 million through a brokered and non-brokered private placement in connection with the RTO of a Canadian public company.

Management Commentary

"The second quarter was a critical quarter for GTI. We became a publicly-traded company on June 13th. The team has been hard at work and that is reflected in the results for our first reporting period as a public company – generating solid revenue growth, raising capital, entering new markets and attracting top talent," said GTI Founder and Chairman Ben Kovler.

"What lies ahead is even more exciting as this rapidly evolving industry takes shape," Kovler continued. "We strongly believe that brands developed and produced thoughtfully, consistently, and with the consumer in mind is the path to creating and capturing the most long-term shareholder value. Over the past four years, we've built a solid base business on that

conviction and our strategy to distribute brands at scale is supported by our vertically integrated business and leading national distribution platform across eight states with a total reach of over 94 million people. We also have a strong balance sheet and are focused on allocating that capital to position the business for growth opportunities ahead.”

Business Infrastructure Development

Through business development and acquisition-related activities, the Company’s geographic reach expanded to eight U.S. markets with a total population of over 94 million and includes eight cultivation and manufacturing facilities and licenses for 59 retail stores. The Company made substantive progress in the following areas:

- **New York License:** The Company executed a definitive agreement to acquire a New York licensee, which will make GTI one of ten license holders in the regulated New York State cannabis market.
- **Ohio Dispensary Licenses:** The Company was awarded licenses to open five dispensaries in Ohio, the maximum number permitted under current regulations.
- **Talent:** Hired over 150 new team members across the country, bringing the total headcount to approximately 400. Over 100 employees are equity holders in the Company. A stock option plan has been developed to continue to align incentives with shareholders.
- **Board of Directors:** The Company is building a world-class board of directors with strong independent members. Additions include Glen T. Senk and Wes Moore. Senk, ex-CEO of Urban Outfitters, scaled the Anthropologie retail concept. Moore is the CEO of Robin Hood, New York City’s largest poverty-fighting organization.

Consumer Packaged Goods Business Development

- At the end of the second quarter, the Company generated wholesale revenue by producing and distributing consumer packaged products in three out of eight GTI markets – Illinois, Maryland and Pennsylvania.
- Nevada, Massachusetts, Florida and New York are in various stages of production.
- GTI continues to build out and increase the reach of its suite of branded products including Rythm, DogWalkers and The Feel Collection.

Retail Business Development

- The Company opened five RISE retail stores in the second quarter, bringing the total store count to 13.
- Stores opened in Pennsylvania (Erie, Steelton, Carlisle); Maryland (Joppa); and Massachusetts (Amherst).
- Total consolidated revenue includes 10 of the 13 open stores as two are pending the closing of the transaction (Steelton and Carlisle) and the other is a non-consolidated joint venture (Effingham).

Capital Markets and Financing Activities

- Listed subordinate voting shares on the Canadian Securities Exchange (“CSE”) under the ticker symbol “GTII” and began trading on June 13.
- Following the quarter, listed subordinate voting shares on the OTCQX Best Market under the ticker symbol “GTBIF” and began trading on July 9.
- Subsequent to the end of the second quarter, GTI closed a bought deal financing transaction raising \$59 million in net proceeds which will be used to close the definitive agreement to acquire a license in New York and the buildout of five Ohio dispensaries.

Second Quarter 2018 Financial Overview

For the purpose of analysis, total revenue is segmented into wholesale and retail. Wholesale revenue is attributable to the manufacture, sale and distribution of packaged cannabis products to third-party retail customers. Retail revenue is attributable to direct sales to end consumers in the Company’s retail stores.

As of the three months ended June 30, 2018, GTI has operating revenue in five of its eight markets: Nevada, Illinois, Pennsylvania, Massachusetts, and Maryland and has ramped up expenses related to the buildout of new markets in Florida, Ohio and New York in preparation for revenue generation in the second half of 2018 and into 2019.

Total revenue for the second quarter of 2018 was \$13.6 million, as compared to \$3.5 million for the second quarter of 2017 and \$10.9 million for the first quarter of 2018. The year-over-year revenue increase was primarily driven by increased wholesale distribution of its finished branded products to retail customers in Illinois and Maryland, along with increased foot traffic in the Company’s retail stores across all five markets. In particular, year-over-year retail growth was driven by new store openings and acquisitions: notably revenue from the acquisition of two Illinois stores, the opening of RISE stores in Pennsylvania and Maryland, a new RISE store in Nevada and the commencement of adult use sales in the Nevada market.

Gross profit before biological asset adjustment for the second quarter of 2018 was \$6.3 million or 46%, as compared to \$1.7 million or 50% for the second quarter of 2017. Gross profit after net gains on biological asset transformation for the second quarter was \$6.9 million, representing a gross margin of 50%, as compared to 36% for the same period a year ago, and driven by increased harvested cannabis and wholesale shipments.

General and administrative expenses were \$11.3 million for the second quarter of 2018, as compared to \$2.5 million for the same period last year. The increase was driven by \$4.0 million of salaries and benefits due to an increase in headcount from the Company’s new retail facilities in Illinois, Nevada, Maryland and Pennsylvania along with corporate staff development and a non-cash charge related to equity incentive compensation of \$1.0 million. The Company

also recorded a non-cash listing fee of \$3.0 million in addition to \$1.3 million of one-time professional fees related to the RTO.

Other income was \$34.5 million for the second quarter of 2018, primarily reflecting the fair market value of outstanding warrants held in iAnthus Capital Holdings related to a Debenture Purchase Agreement with the company that was executed in January of 2018.

GTI's net income for the second quarter of 2018 was \$0.4 million, compared to a net loss of \$1.3 million for the second quarter of 2017, and net loss of \$1.6 million for the first quarter of 2018.

EBITDA¹ loss was \$4.7 million for the second quarter of 2018, compared to EBITDA¹ loss of \$1.3 million for the second quarter of 2017. Excluding one-time charges of \$1.0 million in expenses related to employee equity grants (non-cash), and \$4.3 million related to the RTO, GTI generated \$0.5 million in adjusted EBITDA¹ for the second quarter of 2018.

Balance Sheet and Liquidity

As of June 30, 2018, total assets were \$230.1 million, including cash and cash equivalents of \$112.7 million and long-term liabilities of \$10.4 million. The Company has \$7.9 million of total debt, \$1.4 million of which is due within 12 months. Total authorized and issued common shares on a fully diluted basis were 139,471,034.

Subsequent to the end of the second quarter, GTI closed a bought deal financing for net proceeds of \$59 million. The net proceeds will provide funding to close the definitive agreement to acquire a license in New York and the buildout of five Ohio dispensaries.

Total authorized and issued common shares on a fully diluted basis including the subsequent raise is 146,771,034.

Additional Information

Additional information relating to the Company's second quarter 2018 results is available on SEDAR at www.sedar.com in the Company's Interim Financial Statements and Management Discussion & Analysis ("MD&A").

GTI refers to certain non-IFRS financial measures such as Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and adjusted EBITDA earnings defined as earnings before interest, taxes, depreciation, amortization, less certain non-cash equity compensation expense, including one-time transaction fees and all other non-cash items. These measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers.

1. *Please see the “Supplemental Information (Unaudited) Regarding Non-IFRS Financial Measures” at the end of this press release for more detailed information regarding non-IFRS financial measures.*

Conference Call and Webcast

GTI will host a conference call on Tuesday, August 28, 2018 at 5:00 pm ET to discuss its financial results for the second quarter ended 2018. The conference call may be accessed by dialing 877-273-8145 (Toll-Free) or 647-689-5400 (International) with conference ID: 6479046. A live audio webcast of the call will also be available on the Investor Relations section of GTI’s website at <https://www.gtigrows.com/investors> and will be archived for replay.

About Green Thumb Industries:

Green Thumb Industries (GTI), a national cannabis cultivator, processor and dispensary operator, is dedicated to providing dignified access to safe and effective cannabis nationwide while giving back to the communities in which it serves. As a vertically integrated company, GTI manufactures and sells a well-rounded suite of branded cannabis products including flower, concentrates, edibles, and topicals. The Company also owns and operates a rapidly growing national chain of retail cannabis stores called RISE™ dispensaries. Headquartered in Chicago, Illinois, GTI has eight manufacturing facilities and licenses for 59 retail locations across eight highly regulated U.S. markets. Established in 2014, GTI employs approximately 400 people and serves thousands of patients and customers each year. GTI was named a Best Workplace 2018 by Crain’s Chicago Business. More information is available at GTIgrows.com.

Cautionary Note Regarding Forward-Looking Information

This press release contains statements which constitute “forward-looking information” within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs and current expectations of GTI with respect to future business activities. Forward-looking information is often identified by the words “may,” “would,” “could,” “should,” “will,” “intend,” “plan,” “anticipate,” “believe,” “estimate,” “expect,” or similar expressions and include information regarding: (i) statements regarding the future direction of GTI (ii) the ability of the Company to successfully achieve its business objectives, (iii) plans for expansion of GTI, and (iv) expectations for other economic, business and/or competitive factors.

Investors are cautioned that forward-looking information is not based on historical facts but instead reflect GTI management’s expectations, estimates or projections concerning the business of GTI future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although GTI believes that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of the combined company. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking

information are the following: the potential impact of the announcement of the going public transaction on relationships, including with regulatory bodies, employees, suppliers, customers and competitors; changes in general economic, business and political conditions, including changes in the financial markets; and in particular in the ability of the Company to raise debt and equity capital in the amounts and at the costs that it expects; adverse changes in the public perception of cannabis; decreases in the prevailing prices for cannabis and cannabis products in the markets that the Company operates in; adverse changes in applicable laws; or adverse changes in the application or enforcement of current laws; and increasing costs of compliance with extensive government regulation. This forward-looking information may be affected by risks and uncertainties in the business of GTI and market conditions.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although GTI has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. GTI does not intend, and does not assume any obligation, to update this forward-looking information except as otherwise required by applicable law.

No securities regulatory authority has in any way passed upon the merits of the proposed transactions described in this news release or has approved or disapproved of the contents of this news release.

Investor Contact:

Jennifer Dooley
VP, Investor Relations, Corporate Development
InvestorRelations@gtigrows.com
310-622-8257

Media Contact:

Linda Marsicano
VP, Corporate Communications
lmarsicano@gtigrows.com
773-354-2004

Source: Green Thumb Industries

Green Thumb Industries Inc. (formerly Bayswater Uranium Corporation)
Unaudited Interim Condensed Consolidated Statements of Operations
For the Three Month Periods Ended June 30, 2018 and 2017
(Amounts Expressed in United States Dollars)

	Three Months Ended	
	June 30,	
	2018	2017
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenues, net of discounts	\$ 13,624,658	\$ 3,480,568
Cost of Goods Sold, net	<u>(7,337,040)</u>	<u>(1,741,556)</u>
Gross Profit before Biological Asset Adjustment	<u>6,287,618</u>	<u>1,739,012</u>
Net Effect of Changes in Fair Value of Biological Assets	<u>584,764</u>	<u>(494,960)</u>
Gross Profit	<u>6,872,382</u>	<u>1,244,052</u>
Expenses:		
General and Administrative	11,251,399	2,471,811
Sales and Marketing	354,292	32,324
Depreciation and Amortization	<u>522,550</u>	<u>54,026</u>
Total Expenses	<u>12,128,241</u>	<u>2,558,161</u>
Loss From Operations	<u>(5,255,859)</u>	<u>(1,314,109)</u>
Other Income (Expense):		
Other Income (Expense), net	34,612,194	-
Interest Income	378,082	-
Interest Expense	<u>(466,668)</u>	<u>(9,667)</u>
Total Other Income (Expense)	<u>34,523,608</u>	<u>(9,667)</u>
Income (Loss) Before Provision for Income Taxes And Non-Controlling Interest	<u>29,267,749</u>	<u>(1,323,776)</u>
Provision For Income Taxes	<u>4,253,000</u>	<u>-</u>
Net Income (Loss) Before Non-Controlling Interest	25,014,749	(1,323,776)
Net Income Attributable To Non-Controlling Interest	<u>24,621,861</u>	<u>-</u>
Net Income (Loss) Attributable To Green Thumb Industries Inc.	<u>\$ 392,888</u>	<u>\$ (1,323,776)</u>
Net Income (Loss) per share - basic and diluted	\$ 0.00	
Weighted average number of shares outstanding - basic and diluted	139,471,034	

Green Thumb Industries Inc. (formerly Bayswater Uranium Corporation)
Interim Condensed Consolidated Statements of Financial Position
(Amounts Expressed in United States Dollars)

	June 30, 2018	December 31, 2017
	<i>(Unaudited)</i>	<i>(Audited)</i>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 112,650,317	\$ 29,565,497
Accounts Receivable	2,303,003	892,373
Members Contribution Receivable	-	2,785,998
Due from Related Parties	3,109,695	1,188,686
Inventories	6,254,143	2,689,762
Biological Assets	2,221,273	2,117,131
Prepaid Expenses and Other Current Assets	1,902,377	550,389
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Total Current Assets	128,440,808	39,789,836
Property and Equipment, Net	40,226,129	31,558,357
Intangible Assets, Net	14,124,874	14,161,995
Investments	39,057,680	-
Goodwill	188,260	188,260
Deposits and Other Assets	8,102,505	1,458,833
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TOTAL ASSETS	\$ 230,140,256	\$ 87,157,281
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 4,659,685	\$ 4,044,760
Accrued Liabilities	2,988,800	1,160,521
Current Portion of Notes Payable	1,437,303	8,861,376
Income Tax Payable	197,490	214,000
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Total Current Liabilities	9,283,278	14,280,657
Long-Term Liabilities:		
Deferred Rent	296,769	301,105
Deferred Income Taxes	3,685,000	-
Notes Payable, Net of Current Portion	6,467,787	7,206,673
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TOTAL LIABILITIES	19,732,834	21,788,435
EQUITY OF GREEN THUMB INDUSTRIES INC.	171,979,312	62,002,496
NON-CONTROLLING INTEREST	38,428,110	3,366,350
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 230,140,256	\$ 87,157,281

Green Thumb Industries Inc. (formerly Bayswater Uranium Corporation)
Supplemental Information (Unaudited) Regarding Non-IFRS Financial Measures
For the Three Month Periods Ended June 30, 2018 and 2017
(Amounts Expressed in United States Dollars)

The following information provides reconciliations of the supplemental non-IFRS financial measures, presented in this press release to the most directly comparable financial measures calculated and presented in accordance with International Financial Reporting Standards. The Company has provided the non-IFRS financial measures in the press release, which are not calculated or presented in accordance with IFRS, as supplemental information and in addition to the financial measures that are calculated and presented in accordance with IFRS. These supplemental non-IFRS financial measures are presented because management has evaluated the Company's financial results both including and excluding the adjusted items and believe that the supplemental non-IFRS financial measures presented provide additional perspective and insights when analyzing the core operating performance of the Company's business. These supplemental non-IFRS financial measures should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the IFRS financial measures presented in the press release.

	Three Months Ended June 30,	
	2018	2017
Operating expenses (IFRS)	\$ 12,128,241	\$ 2,558,161
Employee equity grants, non-cash	(1,006,988)	-
Bayswater listing fees, non-cash	(3,002,634)	-
RTO-related expenses	(1,262,429)	-
Adjusted operating expenses (non-IFRS measure)	<u>\$ 6,856,190</u>	<u>\$ 2,558,161</u>
Loss from operations (IFRS)	\$ (5,255,859)	\$ (1,314,109)
Depreciation and amortization	522,550	54,026
Earnings before interest, taxes, depreciation and amortization (EBITDA) (non-IFRS measure)	<u>\$ (4,733,309)</u>	<u>\$ (1,260,083)</u>
Loss from operations (IFRS)	\$ (5,255,859)	\$ (1,314,109)
Depreciation and amortization	522,550	54,026
Employee equity grants, non-cash	1,006,988	-
Bayswater listing fees, non-cash	3,002,634	-
RTO-related expenses	1,262,429	-
Adjusted EBITDA (non-IFRS measure)	<u>\$ 538,742</u>	<u>\$ (1,260,083)</u>